The State of Small Business in Barbados

SUMMARY OF THE NATIONAL SURVEY OF THE MICRO, SMALL & MEDIUM ENTERPRISE SECTOR

September, 2016

Small Business ASSOCIATION

ACKNOWLEDGEMENT

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FOREWORD

The Small Business Association (SBA) is pleased to bring to our stakeholders and the wider public this first publication of a National Survey on the Micro, Small and Medium Enterprise (MSME) sector in Barbados. This report summarises a body of research and analyses on the state of small business in Barbados relative to key variables of significance to the sector. The SBA commissioned this survey due to the dearth of quantitative and qualitative information on MSMEs, and has sought through this report to provide policymakers, business support organisations, students and the general pubic with a macro view of the contribution of the sector and opportunities for future innovation and growth.

This survey, which is the first for the MSME sector in Barbados, scientifically analysed and categorised research data such as the contribution of the small business community to gross domestic product, the result of which further justifies the need for continued enabling legislative and policy interventions for the sector. The estimated revenue generated by MSMEs indicates a contribution of 47.5% of the overall $7.3 billion of revenue generated by the private non-agricultural sector in Barbados, a statistic worthy of attention. The survey also demonstrates that while the majority of value-added in industry is contributed by large enterprises, the majority of value-added in services is obtained from small firms. This data confirms the hypothesis of many, that the MSME sector is a major contributor to social and economic development and ought to be better engaged to further maximise this contribution.

Across the globe, research has shown that MSMEs are integral to economic growth, employment creation and the social development of a nation. This survey confirms that Barbados is without exception and now provides a framework around which strategies and structures for the growth of the sector can be pursued. Interventions that focus on developing sunrise industries, software development, information and communication technologies, and the creative & cultural services, are but a few of the opportunities that warrant strategic action.

This research project reaffirms the SBA's on-going commitment to assist MSMEs in making the transformational change that will reposition them for sustainable growth within the highly competitive global marketplace. We thank our project partners and consulting team for collaborating with us on this initiative and look forward to continuing the process of bringing relevant data and analysis on the MSME sector to our many publics.

Lynette P. Holder (Ms)
Chief Executive Officer
Small Business Association

REMARKS FROM PROJECT PARTNER

The Government of Barbados has always acknowledged that Barbados possesses entrepreneurial talent that has driven its economic growth and development for centuries. Entrepreneurs are the risk takers, innovators and change agents that have led Barbados' transformation from a low-income economy dependent upon sugar production, into one of the richest and most developed countries of the Eastern Caribbean. By extension, emerging small and medium size enterprises (SMEs) have become important players in the private sector and have contributed to the diversification, increased sophistication and growth of the Barbados economy.

It is important to understand the impact of SMEs and the characteristics of this heterogeneous sector to better enable policy makers to create conducive microeconomic business environment. In so doing, new businesses would evolve from entrepreneurial activities and subsequently develop into commercially successful enterprises. This environment must include simplified legal and regulatory frameworks, good governance, abundant and accessible finance, suitable infrastructure, supportive education and training, and capable public and private institutions.

It is within this context that the Ministry of Labour, Social Security and Human Resource Development welcomed the opportunity to provide financial support to the Small Business Association for its initiative to conduct a National Survey of the Small Business Sector. The Small Business Association must be commended for its continued efforts to promote small business in Barbados. This organization is a valued partner in the private sector that will assist in Barbados' transformation into a globally competitive, innovation rich nation that has balanced economic growth with the development and empowerment of its people.

Senator Dr. the Hon. Esther Byer Suckoo,
Minister of Labour, Social Security
and Human Resource Development

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INTRODUCTION

The Barbados MSME Survey 2016

The **Small Business Association** (SBA) commissioned a national survey in 2015, of the micro, small and medium enterprise (MSME). This research project was necessitated by a general lack of sector specific analytical information upon which rational business and policy making decisions can be made.

The research project sought to "create an information resource base of relevant statistics within the small business sector, to inform key decision-making and lobbying actions by the SBA on behalf of MSMEs." The specific objective of the assignment was to determine the status of the sector and its contribution to the Barbadian economy.

This project is supported by the Human Resource Development Strategy of Barbados, Ministry of Labour, Social Security and Human Resource Development, with funding provided by the European Union. The Sir Arthur Lewis Institute of Social and Economic Studies (SALISES) of The University of the West Indies, Cave Hill Campus, Barbados, was contracted to conduct the Survey.

The variables of interest for the MSME survey were as follows:

1. **Number of Small Businesses**
2. **Number of Persons Employed/Ratio of Employment**
3. **Contribution of Small Business Community to Gross Domestic Product**
4. **Contribution of Small Business Community to Exports**
5. **Number of Female Small Business Owners and Entrepreneurs**
6 **Fast Growing Activities within the Small Business Community**
7. **Amount and Type of Research and Development being Conducted by Small Businesses**
8. **The Age, Experience and Educational Levels of Small Business Owners**
9. **Estimated Revenue Generated by the MSME sector**

In order to provide this information, a number of data sources, both primary and secondary, were utilised.

Secondary data was obtained from:

- Barbados Statistical Service:
    - Continuous Household Labour Force Survey (Quarter 2, 2015)
    - 2010 Census of Housing and Population (2013)
    - Business Register (2005)

- Corporate Affairs and Intellectual Property Office (CAIPO) (2015)
- National Insurance Scheme (NIS) Annual Report 2009
- Inland Revenue Department (2007)
- Value Added Tax Department (2006)
- Barbados Country Assessment of Living Conditions 2010 (CALC) (2012)

Survey data was also utilised, specifically:

- Productivity Technology Innovation in the Caribbean **(**PROTEqIN**)** survey of 123 small, medium and large enterprises
- Barbados MSME Survey 2016 of micro, small and medium enterprises conducted specifically for this project.

More details are given below:
A range of estimates was used to determine an adequate sample size given the variable level of estimates for the number of enterprises in the country. The estimates of 4,000, 7,000, 8,000, 12,000, 16,000 and 20,000 enterprises, resulted in margins of error for various sample sizes as seen in Table 1.

Table 1: Estimates of Margin of Errors for various sample sizes

Population	Margin of Error at 95% Confidence Interval (Sample Size = 600) (+/-)	Margin of Error at 95% Confidence Interval (Sample Size = 500) (+/-)	Margin of Error at 95% Confidence Interval (Sample Size = 400) (+/-)
4,000	3.69	4.10	4.65
7,000	**3.83**	**4.22**	**4.76**
8,000	3.85	4.24	4.78
12,000	3.90	4.29	4.82
16,000	3.93	4.31	4.84
20,000	3.94	4.33	4.85

The margin of error for these sample sizes are within the acceptable margin of +/- 5%. To enable comparison within various cohorts (age, industry etc.), a target sample size of 600 was decided upon.

The final sample size obtained was 590, with 542 enterprises accepted as fitting the inclusion criteria; this sample size has a margin of error at the 95% confidence of between +/-3.91% and+/- 4.14% for the various population estimates; all below the required interval of +/-5%.

The broad units of analysis for the project were micro, small and medium-sized enterprises (MSMEs). More specifically, it was considered by the project team that the survey targets will be *formally registered* MSMEs. Currently, the Small Business Development (Amendment) Act, 2006, Section 3, defines a small business as:

1) *For the purposes of the Act, a small business is an enterprise that*
  - ***a)*** *Is incorporated under the Companies Act;*
  - ***b)*** *Has satisfied* ***any two of the following*** *criteria:*
    - *a. The small business has not more than \$1,000,000.00 as stated or paid up capital;*
    - *b. The small business has not more than \$2,000,000.00 in annual sales;*
    - *c. The small business has not more than 25 employees;*
  - ***c)*** *Subject to subsection (2), is not more than 25 percent owned or controlled by a company whose share capital and annual sales exceed the share capital and annual sales mentioned in paragraph (b) or by a subsidiary of that company or by a subsidiary of a large group of companies;*
  - ***d)*** *Is not controlled by a company whose share capital and annual sales exceed the share capital and annual sales mentioned in paragraph (b) respectively;*

e) *Has no agreement for the payment of fees on a continuing basis for managerial or other services to any person where those services do not form part of the normal business operations of the enterprise.*

2) *Paragraph (c) of subsection 1) does not apply to a small business that is financed by venture capital.*

While this definition is laid out in the Act, the basic criterion for inclusion of formally registered **micro and small enterprises (MSEs)** utilised for the research was any two of the following:

- $1 million or less stated or paid up capital
- $2 million or less in annual sales
- 25 or less employees

Enterprises that are not formally registered or are under the control of another company were excluded as MSEs.

In relation to **medium-sized enterprises**, there is no specific definition in Barbados. the generally used definition of medium enterprises utilised by the SBA and the Barbados Statistical Service is between 26 and 50 employees. In maintaining this local context, this definition in relation to employment is utilised in the current research.

The sample frame was constructed from various sources including: the membership database of the SBA; information from the Barbados Investment Development Corporation (BIDC); data from previous SALISES enterprise surveys; and publically available membership lists of the Barbados Manufacturers' Association (BMA), the Barbados Hotels and Tourism Association (BHTA), and Fund Access.

It was appreciated that the utilisation of data from a variety of organisations would result in duplication and therefore checks for duplicates were undertaken following collation of the information.

Over 2000 enterprises were contacted to complete the survey of which 590 responses were received. Of these completions, 542 were considered valid and were included in the final database for analysis. The survey instrument was completed online, via telephone and face-to-face depending on the preference of the informant.

Companies were excluded from the database for not being registered with CAIPO, being a subsidiary of another company, having more than 50 employees, or completing less than 40% of the survey.

The informant for the survey were mostly the owners (88.4%), while the remainder were completed by other senior persons (general manager, director or CEO), with 58.9% being male and 82.4% being over 35 years of age. A large proportion of respondents had completed technical/vocational education (55.0%) while 41.8% had a university education. 96.8% of overall respondents had post secondary education (3.2% had secondary education or below).

SUMMARY OF SURVEY RESULTS

1. NUMBER OF SMALL BUSINESSES

Overall the procedures employed estimated a total of 9,651 formal enterprises in the country.

This estimate approximates to employment levels of:

- 3,803 employees in agriculture in 563 enterprises up from 435 enterprises in 2005;
- 21,106 employees in industry in 1619 enterprises, up from 1,279 enterprises in 2005; and
- 75,597 employees in services in 7469 enterprises, up from 5,895 enterprises in 2005

The table below outlines the estimated distribution using specific sector data by size group.

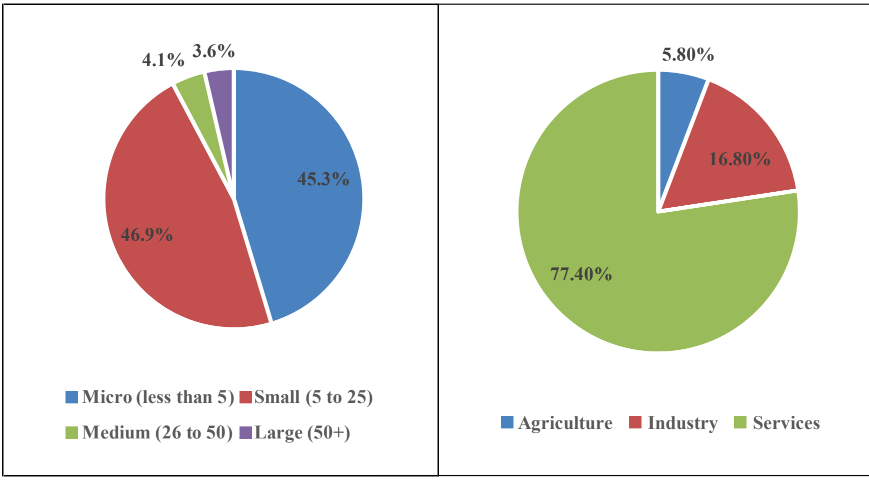
Table 2: Estimates of the Number of Businesses by Size Category

Sector	Micro (Less than 5)	Small (5 to 25)	Medium (26 to 50)	Large (50+)	TOTAL	Sector (%)
Agriculture	266	266	16	15	563	5.8
Manufacturing	605	303	64	81	1053	10.9
Mining & Quarrying	16	9	2	3	30	0.3
Finance	124	64	8	12	208	2.2
Hotels and Restaurants	517	282	56	58	913	9.5
Construction	314	173	36	14	537	5.6
Wholesale/Retail	963	1683	101	64	2811	29.1
Transport, Storage, Comms.	839	280	50	39	1208	12.5
Real Estate, Renting & Business	732	1467	66	66	2331	24.1
Total	**4376**	**4527**	**399**	**352**	**9654**	**100.0**
Distribution (%)	45.3	46.9	4.1	3.6	100.0	

Note: Some of the figures do not sum to the totals displayed due to rounding of estimates during calculations.

As shown in Figure 1, these findings indicate that micro and small enterprises comprise 92.2% of formal enterprises in the country, while medium enterprises (26 to 50 employees) account for 4.1% of enterprises.
With regards to the broad sector, agriculture accounts for 5.8% of enterprises, industry for 16.8%, and services for 77.4%.

Figure 1: Distribution of Enterprises by Size Category and Broad Sector (%)



Size categories used are:

- Micro: less than 5 employees
- Small: 5 to 25 or less employees
- Medium: 26 to 50 employees
- Large: more than 50 employees

2. NUMBER OF PERSONS EMPLOYED/RATIO OF EMPLOYMENT

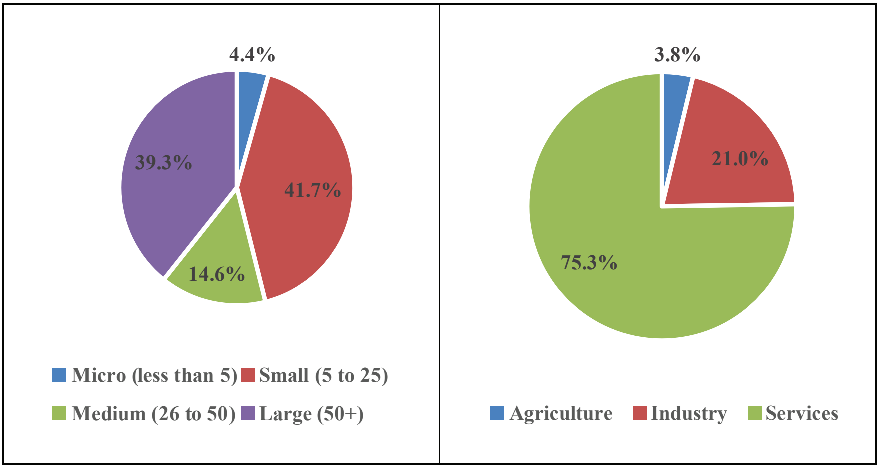
In estimating the number of enterprises, the number of persons employed by size and sector was also estimated. The information in the figures below indicates that MSMEs account for 60.7% of private sector employment, and 47.6% of total employment in the country in 2015. The bulk of this employment is in small service companies, which accounted for 33.8% of private sector employment, and 26.5% of total employment in the country.

Table 3: Estimates of the Number of Persons Employed by Enterprise Size

Sector	Size Category	Median Employees	Estimated Enterprises	Estimated Employment	Share (%)
Agriculture	Micro	1	266	266	0.26
	Small	8	266	2128	2.12
	Medium	30	16	480	0.48
	Large	60	15	929	0.90
	Subtotal		**563**	**3803**	**3.76**
Industry	Micro	1	934	934	0.93
	Small	12	485	5816	5.79
	Medium	30.5	102	3103	3.10
	Large	114.5	98	11253	11.17
	Subtotal		**1619**	**21106**	**20.99**
Services	Micro	1	3175	3175	3.16
	Small	9	3776	33980	33.83
	Medium	39.5	280	11080	11.01
	Large	115	238	27363	27.25
	Subtotal		**7469**	**75597**	**75.25**
Total	Micro		4375	4375	4.36
	Small		4527	41932	41.74
	Medium		398	14651	14.59
	Large		351	39491	39.31
	Total		**9651**	**100449**	**100**

Note: Some of the figures do not sum to the totals displayed due to rounding of estimates during calculations.

Figure 2: Distribution of Employment by Size Category and Broad Sector (%)



3. CONTRIBUTION OF SMALL BUSINESS COMMUNITY TO GROSS DOMESTIC PRODUCT

The production/output approach was used to derive estimates of the value-added generated by small businesses in the island.

The results of the calculations suggest that the estimation sums to approximately 8.7% above reported value-added. However, the interest here is in the relative contribution of the MSME sector, which from the estimates indicates that non-agriculture Micro and Small Enterprises contributed 51.4%, and non-agriculture Medium-sized enterprises contribute 12.7%, for a total contribution from non-agriculture MSMEs of 64.1% of national value-added.

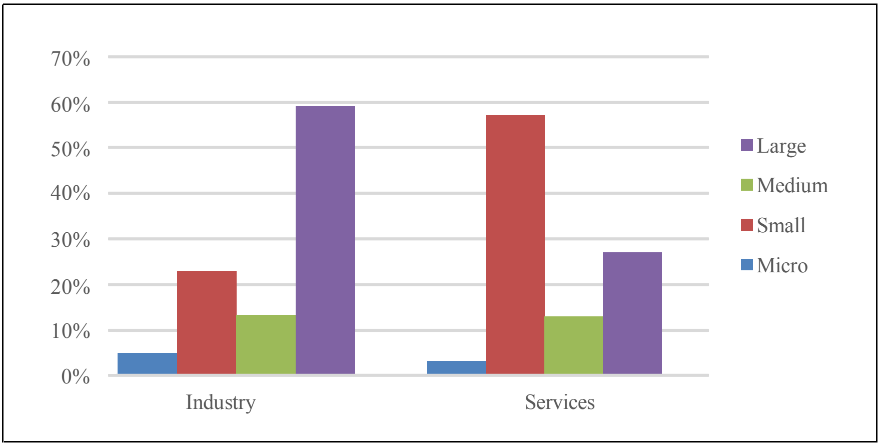
Table 4: Estimates of Value Added Contribution by Enterprise Size and Sector

Size	Sector	Estimated VA per Employee	Total Employees	Contribution to Value Added	VA Share
Micro	Industry	103,818.35	934	96,966,339	1.2
	Services	58,640.32	3175	186,183,027	2.3
Small	Industry	76,450.54	5816	444,636,314	5.6
	Services	99,465.97	33980	3,379,853,745	42.3
Medium	Industry	82,770.72	3103	256,837,539	3.2
	Services	68,410.07	11080	757,983,597	9.5
Large	Industry	101,962.27	11253	1,147,381,435	14.4
	Services	58,405.77	27363	1,598,156,989	20.0
			Industry VA	1,945,821,626	24.3
			Services VA	5,922,177,359	74.1
			Non-agriculture VA Total	7,867,998,985	98.4
			*Agriculture VA**	*125,800,000*	*1.6*
			Estimated VA	7,993,798,985	100.0
			*Reported VA**	*7,356,800,000*	

* Data from UN Data for 2014: see
http://data.un.org/Data.aspx?q=Barbados&d=SNAAMA&f=grID3A2013BcurrID3ANCU3BpcFlag3A03BcrID3A52
Note: Some of the figures do not sum to the totals displayed due to rounding of estimates during calculations.

The figure above demonstrates that while the majority of value-added in industry is contributed by large enterprises, the majority of value-added in services is obtained from small enterprises.

Figure 3: Percentage Contribution to Value-Added in Industry and Services by Enterprise Size (%)



4. CONTRIBUTION OF SMALL BUSINESS COMMUNITY TO EXPORTS

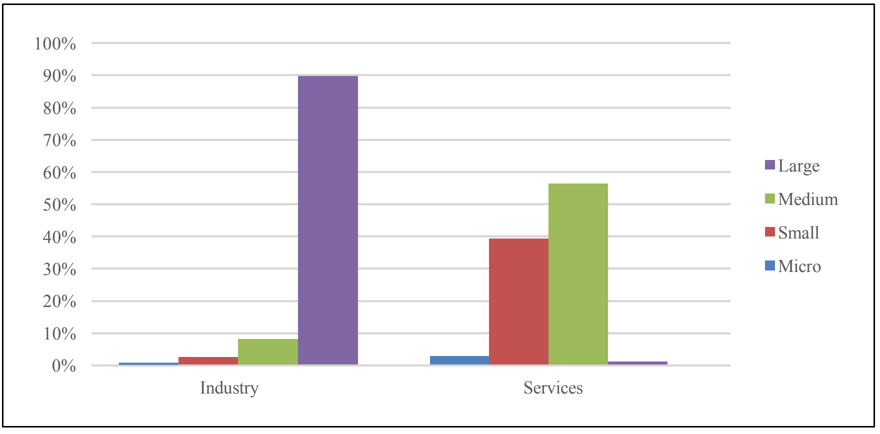
Overall, MSMEs accounted for 38.8% of total exports, with only 1.1% coming from microenterprises. As with value-added, the majority of industry exports are from large enterprises. With respect to services, the majority of exports are from small and medium enterprises, as shown in the figure below.

Table 5: Estimates of Contribution to Exports by Enterprise Size and Sector

Size	Sector	Percentage Exporting	Total Firms	Number of Exporting Firms	Median Employees	Employees-Exporting Firms	Exports per Employee ($)	Total Exports ($)	Share of Total Exports (%)
Micro*	Industry	8.5	934	**79**	1	**79**	7571	601062	0.2
	Services	5.8	3175	**184**	1	**184**	18538	3413773	1.0
Small*	Industry	13.9	485	**67**	12	**809**	7192	5818184	1.6
	Services	15.3	3776	**578**	9	**5,200**	8642	44934528	12.6
Medium**	Industry	66.7	102	**68**	30.5	**2,075**	9348	19397446	5.4
	Services	37.5	280	**105**	39.5	**4,148**	15558	64526805	18.1
Large**	Industry	68.2	98	**67**	114.5	**7,653**	28371	217115376	60.8
	Services	0.24	238	**1**	115	**66**	21256	1396264	0.4
TOTAL			9088	**1,149**		**79**		357203438	100.0
							Industry	242932068	68.0
							Services	114271370	32.0

*Estimates from MSME Survey.
**Estimates from PROTEqIN Survey.
Note: Some of the figures do not sum to the totals displayed due to rounding of estimates during calculations.

Figure 4: Percentage Contribution to Exports for Industry and Services by Enterprise Size (%)



5. NUMBER OF FEMALE SMALL BUSINESS OWNERS AND ENTREPRENEURS

From the MSME Survey, 34.4% of enterprises had females as the largest owner, the related percentage for males was 59.6%, while 6.1% had equal male and female ownership. 47.7% of sole proprietorships were female owned and 60.7% of other legal forms had at least one of the owners being female.

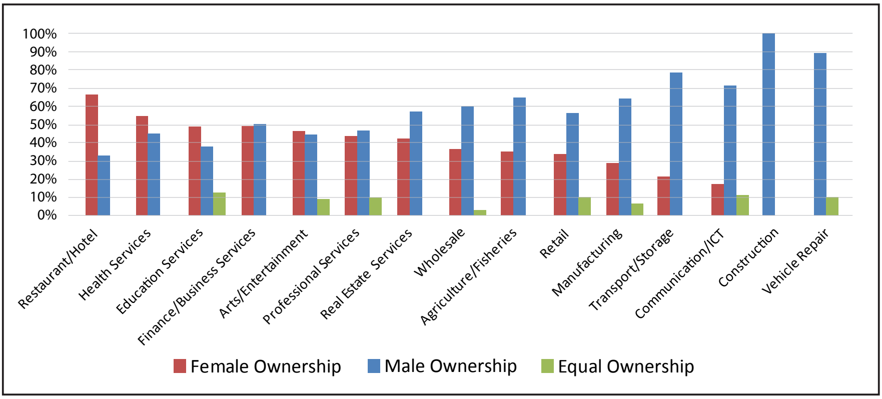
The sectors which accounted for the majority of females as the largest owner were Professional Services (19.3%), Manufacturing (15.0%), Retail (11.2%) and Arts and Entertainment (10.7%). The related sectors for males were Manufacturing (18.8%), Professional Services (11.4%) and Retail (10.5%) (See Table 6 below).

Table 6: Sex of Largest Owner by Sector (%)

Sector	Male	Female	Equally owned	Total
Agriculture/Fisheries	7.70	7.50		7.20
Manufacturing	**18.80**	**15.00**	18.20	17.50
Construction	9.30			5.50
Transport/Storage	7.70	3.70		5.90
Vehicle Repair	5.20		6.10	3.50
Wholesale	5.90	6.40	3.00	5.90
Retail	**10.50**	**11.20**	18.20	11.20
Restaurant/Hotel	1.50	5.30		2.80
Communication/ICT	6.20	2.70	9.10	5.10
Arts/Entertainment	5.90	**10.70**	12.10	7.90
Health Services	3.70	8.00		5.00
Education Services	1.90	4.30	6.10	2.90
Finance/Business Services	1.20	2.10		1.50
Real Estate Services	1.20	1.60		1.30
Professional Services	**11.40**	**19.30**	24.20	14.90
Other	1.90	2.10	3.00	2.00
Total	100.00	100.00	100.00	100.00

In examining subsectors of under- and over-representation, Figure 5 demonstrates that females are over-represented in hospitality services and health services, while construction enterprises were completely male owned. With the exception of education, finance and arts/entertainment, males dominate the ownership of all other subsectors.

Figure 5: Distribution of Enterprise Ownership by Gender of Owner and Sector (%)



Examining ownership by broad sector of operation reveals that females are primarily in the service sector with 77.5% of majority female-owned firms being in this sector; the related percentage for majority male-owned firms was 64.2%.

Table 7: Sex of Largest Owner by Broad Sector (%)

Broad Sector	Male	Female	Equally owned	Total
Agriculture	7.7	7.5		7.2
Industry	28.1	15.0	18.2	23.0
Services	64.2	77.5	81.8	69.9
Total	100.00	100.00	100.00	100.00

With respect to size, the majority of females as the largest owner were in microenterprises (82.6%), while this size category accounted for 58.0% of males as the largest owner.

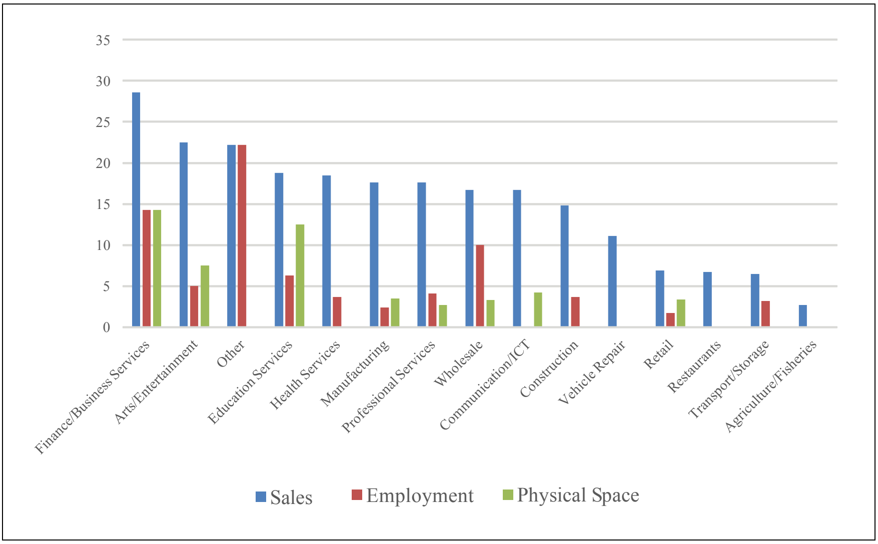
Table 8: Sex of Largest Owner by Enterprise Size Category (%)

	Male	Female	Equally owned	Total
Micro (less than 5)	58.0	82.6	68.8	67.0
Small (5 to 25)	38.7	16.9	28.1	30.6
Medium (26 to 50)	3.3	0.6	3.1	2.4
Total	100.00	100.00	100.00	100.00

6. FAST GROWING ACTIVITIES WITHIN THE SMALL BUSINESS COMMUNITY

In order to assess the sectors which were growing, the survey instrument included items related to changes in the key variables of sales, employment, exports and physical space. In relation to sales, the sectors where a significant percentage of respondents indicated increases were Finance and Business Services, Arts and Entertainment and 'Other', as shown in the figure below. There were limited increases in the other variables.

Figure 6: Increases Experienced in last 2 years by Sector (%)



In looking specifically at sector descriptions, as presented by respondents, the following table highlights some of the specific subsectors that are demonstrating growth.

Table 9: Specific Sector Descriptions for Enterprises Experiencing Increases in last 2 years

Sales	Employment	Exports	Physical Space
Accounting, tax and consulting services	*Accounting, tax and consulting services*	*Accounting, tax and consulting services*	*Accounting services*
Advertising and entertainment	Construction services	*Clothing design*	Architectural and construction services
Aromatherapy	*Electrical and ICT services*	*Graphic design*	Ceramics
Clothing design	*Entertainment*	*Media production*	*Childcare*
Entertainment and Event planning	Food manufacturing	Personal fitness	*Education*
Food manufacturing	Glass products	*Pharmaceuticals*	*Electrical and ICT services*
Gourmet condiments, pepper sauces and seasonings	Marine services	Pottery	*Event management*
Graphic design, web design and software development	*Primary education*	Wooden crafts	Food manufacturing
Personal fitness	Secretarial services		*Graphic design*
Pharmaceuticals			*Pharmaceuticals*
Photography			*Photography*
Wooden crafts			*Software design*

From these lists, there is a clear trend, with accounting services being present on all lists as well as specialist services related to design (clothing, website and graphic design), entertainment and media, education, and ICT. With respect to goods, specialty foods, pharmaceuticals, glass, pottery and wooden crafts are the main outputs of enterprises that have indicated some form of growth in the last 2 years.

7. AMOUNT AND TYPE OF INNOVATION & RESEARCH AND DEVELOPMENT BY MSMES

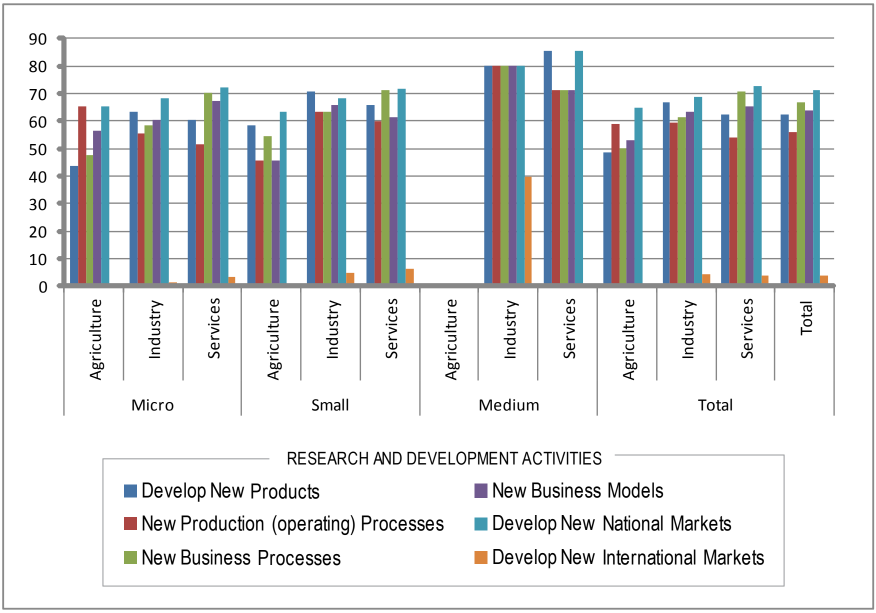
To assess the level of innovation being undertaken by MSMEs, respondents were asked to indicate if they had introduced any new or significantly improved products or services, or new or significantly improved business processes in the last two years. Overall, 70.7% had introduced new/improved products or services and 57.6% had introduced new/improved business processes. However, innovation was lower in agriculture at 60% for new/improved products/services and 42.9% for new/improved business processes.

Table 10: Innovation Activities by Size and Sector (%)

		Innovation Activities	
Size	**Sector**	**New/Improved Products/Services**	**New/Improved Business Processes**
Micro	Agriculture	**60.9**	**47.8**
	Industry	73.0	54.0
	Services	69.1	57.0
Small	Agriculture	**58.3**	**33.3**
	Industry	70.7	61.0
	Services	75.3	64.5
Medium	Agriculture	-	-
	Industry	60.0	60.0
	Services	100.0	71.4
Total	Agriculture	60.0	42.9
	Industry	71.6	56.9
	Services	71.5	59.5
	Total	70.7	57.6

With respect to research and development (R&D), more than half of the respondents in each category undertook any such activities. The exception is the development of new international markets which is below 10% for all enterprise types except for medium enterprises in industry at 40%. As with innovation, R&D is low for agricultural enterprises, while the R&D in the development of new markets is the most prevalent with over 70% of enterprises undertaking such.

Figure 7: Research and Development Activities by Size and Sector (%)



8. AGE, EXPERIENCE AND EDUCATIONAL LEVELS OF SMALL BUSINESS OWNERS

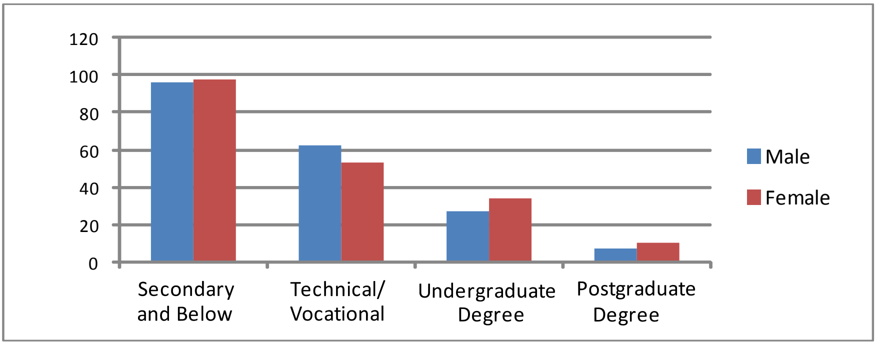
The majority of owners from the survey were under 50 years of age (67.7%), 64.3% for males and 72.9% for females (See Table 11 below).

Table 11: Age Group of Owner by Sex (%)

Sex of Owner	Less than 25	25 to 34	35 to 49	50 to 65	Over 65	Total	*Number*
Male	4.6	17.7	42.0	32.5	3.2	100.0	*283*
Female	0.5	14.1	58.3	24.0	3.1	100.0	*192*
Total	2.9	16.2	48.6	29.1	3.2	100.0	*475*

In relation to business experience, owners had been involved in their current business for on average 14 years, with limited difference seen in relation to sex. With respect to years of experience in other businesses, interestingly only 1.5% of the business owners had no previous business experience, with the average years of experience being 13 years, with only a slight variation between males and females of 14 years and 12 years respectively.

Figure 8: Owners' Highest Level of Education by Sex (%)



The level of education of owners can be assessed as high, with 58.6% having technical/vocational training and 38.0% having a university education. These proportions however vary by sex, with 44.1% of female owners having a university education as opposed to 33.9% of male owners. This difference is however reversed in relation to technical/vocational training which is more prevalent amongst male owners, 62.2% versus 53.4%.

9. ESTIMATED REVENUE GENERATED BY THE MSME SECTOR

Estimated revenue generated by MSMEs in the country was calculated in a similar manner to that for the calculation of value-added where the per employee rate was applied at the various sector and size grouping with the product being the revenue estimate. The elements of the calculations for non-agricultural revenue (there was insufficient data on medium and large enterprises in the agricultural sector therefore this sector is not included in the current selection) are shown in the table below.

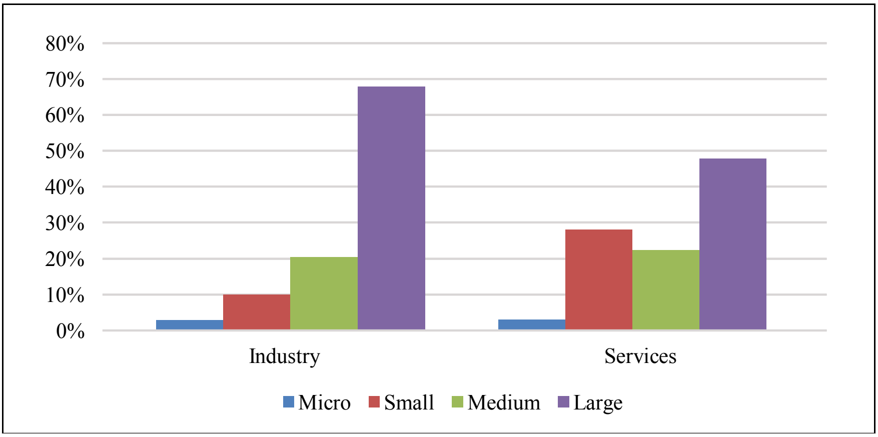
The results of the estimation indicate that of the $7.3 billion of revenue generated by the private, non-agricultural, sector, 47.5% was generated by the MSME sector; 2.7% from microenterprises, 23.2% from small enterprises and 21.5% from medium enterprises. As expected, given the structure of the economy, the majority of revenue was generated by the service sector (75.0%); MSMEs in services contributed approximately 39.4% of total revenue.

Table 12: Estimated Revenue Generated by Size and Sector

Size	Sector	Sales per Employee	Total Employees	Revenue Generated	Share
Micro*	Industry	51,754	934	48,338,236	0.7
	Services	47,394	3175	150,475,950	2.1
Small*	Industry	30,153	5816	175,369,848	2.4
	Services	44,510	33980	1,512,449,800	**20.8**
Medium**	Industry	117,047	3103	363,196,841	5.0
	Services	108,728	11080	1,204,706,240	16.6
Large**	Industry	109,441	11253	1,231,539,573	16.9
	Services	94,746	27363	2,592,534,798	**35.6**
			Industry	1,818,444,498	25.0
			Services	5,460,166,788	75.0
			Non-agriculture Revenue	7,278,611,286	100.0

* Information from BB MSME Survey.
**Information from PROTEqIN data.
Note: Some of the figures do not sum to the totals displayed due to rounding of estimates during calculations.

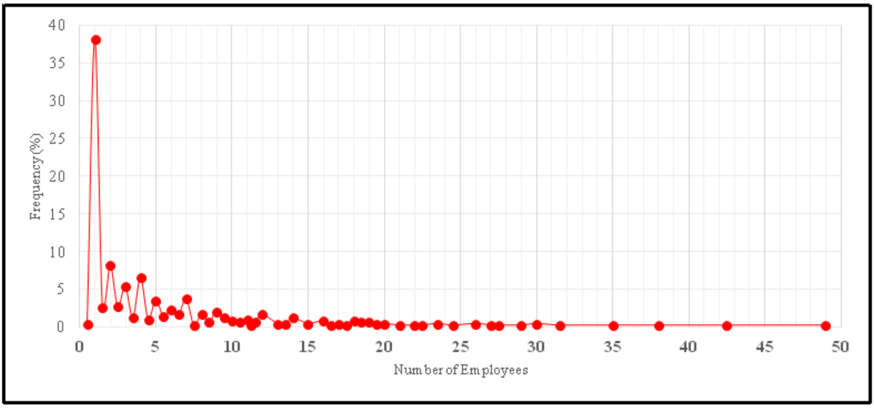
Table 9: Percentage Contribution to Revenue for Industry and Services by Enterprise Size (%)



GENERAL BUSINESS DEMOGRAPHICS AND CHARACTERISTICS

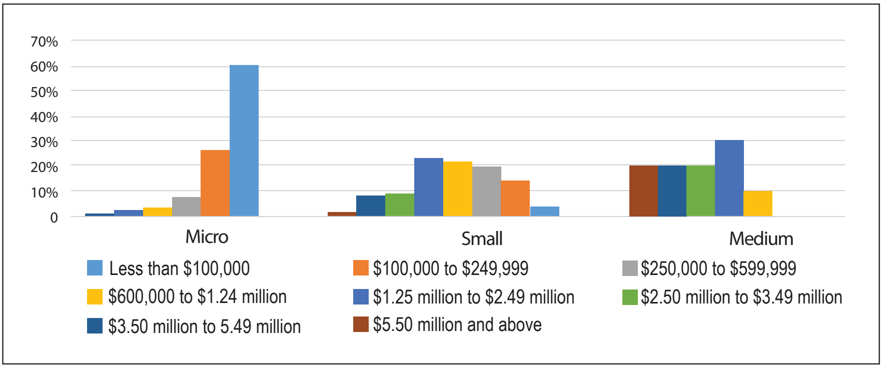
The oldest business in the sample was 52 years old, with the youngest less than a year. The average age of businesses was 15 years. With respect to size, the mean number of employees was 5, with a median of 2, ranging from one part-time employee (1.2% of respondents) to 49 employees. Figure 9 presents the frequency distribution for the number of employees in the sampled enterprises.

Figure 9: Frequency Distribution of Number of Employees (%)



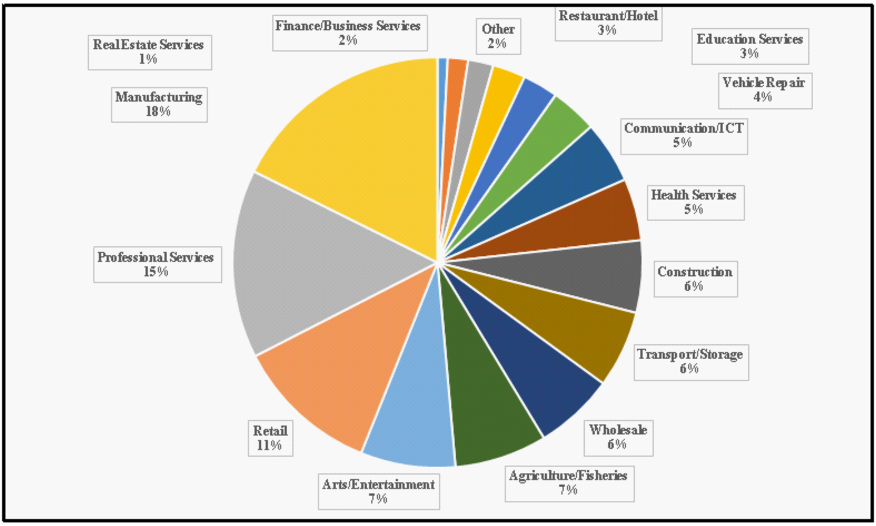
The distribution by size category (employees) was 67.0% micro (less than 5 employees), 30.6% small (5 to 25 employees) and 2.4% medium (26 to 50 employees). In terms of sales, 41.7% of the sample had sales of less than $100,000, and 22.4% between $100,000 and $249,999. Only 4 enterprises (0.8%) had sales in excess of $5.5 million.

Figure 10: Distribution of Sales by Size Grouping



With respect to specific subsector of operation, the majority of enterprises were in Manufacturing (17.8%) and Professional Services (15.1%), followed by Retail (11.4%) and Arts and Entertainment (7.4%) (See Figure 11 below).

Figure 11: Distribution of Respondents by Sector (%)



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