

## Promoting Entrepreneurial Development through Strategic Change Management: The Institute of Management

### BELIZE

#### **Introduction**

The prominence given to “human resource development” as a cross-cutting theme in the SIDS POA underlies the need for consistent and comprehensive attention aimed at enhancing the quality of human life, if sustainable development is to be genuinely achieved. Taken in conjunction with the all-pervasive and penetrating influence of global economic and technological forces on all aspects of life, in even the smallest and most remote communities of SIDS, the mobilising of human resources as social and intellectual capital, assumes additional significance.

It is therefore both encouraging and informative to learn of experiences in SIDS, which successfully pursue a path of development, at the centre of which is an enhanced entrepreneurial capacity to meet the powerful challenges of globalisation and trade liberalisation.

In this regard, the efforts of the Belize Institute of Management are portrayed to illustrate how the factors of size and scale become opportunities for improved management capacity.

#### **Background**

During almost ten years from its establishment in 1975, the Belize Institute of Management (BIM) concentrated its training programmes on the large enterprises, mainly in commerce and tourism. With a grant from the USAID in 1985, a Small and Medium-Scale Enterprise Project was initiated. The main problems tackled were the need for entrepreneurial skills in the small enterprise sector (SES), given the thrust for tourism development to encourage small hotels and guest houses, tour groups and related services. To enhance competitiveness, in the face of globalisation, quality standards needed to improve. But it became apparent that training could only be one component in a systematic

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approach to human resource development and institutional strengthening for the promotion of entrepreneurs in a small economy which nevertheless had to respond to the demands of a global market place. As a national institution in a small society of a population of two hundred and fifty thousand persons, the achievements in management development by BIM are a singular tribute to Belize, as it attempts to pursue a national development strategy based on sustainable human development.

Belize, a former British colony situated in Central America serves the unique geo-political and cultural role of linking the CARICOM member states, mainly English-speaking, with the predominantly Spanish-speaking Central American states. As a low-lying coastal society, Belize has attempted to design a development strategy conscious of its fragile eco-system and of the need to diversify the conservation and management of its natural resources.

But the growing political and social pressures to intensify economic growth by exploitation of expansive forestry and marine resources have begun to have negative consequences on the natural environment. Particularly vulnerable is Belize's Barrier Reef, the largest living coral reef in the world, second only in length to Australia's Great Barrier Reef.

The chain of islands off the coast of Belize, called Cayes, provides an attractive aquatic experience for the development of an unique tourist sector, predominantly comprising of small-scale hotel resorts. As a sharp contrast to the enormous expansion of five and four star up-market hotel properties on the coastal areas of the Bahamas, Barbados and Jamaica, for example, they portray great potential for eco-tourism.

It has been recognised that significant potential exists for sound economic returns to small local entrepreneurs, if quality and highly efficient services can be consistently provided to a growing tourist clientele, both foreign and local. The concerns for quality service in the tourist sector and at the same time, the interests of environmentally-conscious entrepreneurs have begun to feature very prominently as a growing need to be addressed by human resource and management development agencies and professionals in Belize.

Moreover, at the level of government policy-makers, greater attention is being given to an expansion of the tourism sector, as an avenue for efficient small and medium-scale enterprise development. In addition, there is widespread acknowledgement that management skills will be increasingly required throughout the society. The overall objective therefore is for all sectors to become "economically competitive" in

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global terms, as the country attempts to find a niche for itself as a provider of high quality services in the eco-tourism sector or through exports of traditional agricultural products.

In December 1996, the World Heritage Bureau officially declared the Belize Barrier Reef, a Protected Area Site, a "World Heritage Site," in recognition of its outstanding ecological importance. This requires that the Reef receive adequate environmental protection and management so that economic gains to the society can be derived from efficient quality service by a range of stakeholders - small hotels and guest houses, tour groups, dive operators and other service providers - while ensuring that opportunities for future generations to enjoy this magnificent natural phenomenon are not jeopardised through economic exploitation by the present generation.

#### **Evolution of the Institute**

BIM, as a donor-assisted project under the Belize Chamber of Commerce and Industry (BCCI), was identified as having a key role to play in the movement for quality service as a defining characteristic of enterprises in Belize.

BIM evolved from 1975 as a volunteer organisation of professionals in management and finance, to a not-for-profit agency with legal status in-

dependent of the Chamber of Commerce by 1987. This could not have been so successful without a technical co-operation programme of USAID. The latter had adopted a policy to support private sector development as a means of promoting small and medium business against the appeal of socialism and the inefficient operations of state-owned enterprises.

Belize was a major beneficiary of USAID funding and BIM was one of the local institutions, whose potential was readily apparent. By 1993, the technical and financial support from USAID ended, but BIM, with an autonomous Board of Directors had become a fully self-sustainable organisation. Located in the capital, Belize City, BIM is recognised as having the best fully equipped Management and Business Development Centre in the country.

Income is derived from: custom-designed and on-demand training for both private and public sectors; consultancies and technical assistance to large, medium and small enterprises; as well as rental of its conference and training facilities. The latter was provided by USAID grant-funding and comprises five training rooms with capacity of fifteen to twenty participants in each and audio-visual equipment with additional cable service and satellite network connections for distance education and tele-conferencing.

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Having a small full-time staff, headed by a managing director and low recurrent overheads, qualified trainers and technical personnel are contracted to deliver specific programmes and form part of a cadre of trainers and consultants.

The mission of BIM is to maintain a leading role in the social and economic development of Belize and to improve the quality of life for its people. BIM will continuously strive to increase efficiency and productivity through the development of entrepreneurship, leadership, competence and ethical practices in business and management, skills training programmes and through research and technical assistance activities.

#### **Approaches Adopted for Human Resource Development**

In BIM's operating philosophy, training is a significant component of human resource development (HRD) but not to be equated since this would imply the transmission of knowledge and acquisition of new skills are sufficient for effective use of human resources in business. Rather, a multi-faceted approach has characterised BIM's efforts and the institution from the mid-1980's was very involved in the total quality movement (TQM) in Belize.

As a private sector training institution, BIM recognises that it must be constantly on the look-out for "cutting-edge" approaches and technology which can be adapted and adopted to the benefit of its clientele. Benefitting from TQM, an area of concentration in training programmes offered by the institute was "service excellence." Under such a thematic approach, all training was linked to "quality" concepts and service for customer-satisfaction was paramount.

With such an orientation and involvement in "service excellence," BIM was a logical choice to be the lead agency in a "Service Best" programme of the Belize Tourism Industry Association, which was licensed by the Central American Chamber of Commerce to offer certification to hotels, restaurants and tour operators in recognition of a "quality-service" provider. An important lesson being conveyed to small operators was the importance of consistent standards of high quality service. While, relatively easy "start-up" financing and basic procedural training are available and useful, consistency in standards and quest for "continuous improvement," as a pillar of TQM, was a distinguishing feature in making business competitive and sustainable, in the context of global competitiveness.

Closely aligned to "quality" concerns in tourism, are those of "safety," part-

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icularly in the food processing sector, either for export-markets or for consumption by the tourist sector and the local population. With experience in the promotion of ISO 9000 and accompanying training for certification of enterprises, BIM was again positioned to be a lead agency. On this occasion, it was for safety regulations in the food processing sector in Belize, through recognition as an affiliate of the worldwide programme in the food industry, known as Hazard Analysis Critical Control Points (HACCP), providing international standards for food safety regulations. These serve as a means of customer protection by ensuring elimination of contaminants in food processing.

In the case of Belize, a programme like HACCP has wide economic significance. For instance, it can ensure that the lobster exporting companies are certified and meet international safety requirements. Similarly, livestock of beef or pork and poultry for exports are required to meet USAID standards, while within the tourism sector, clientele of hotels expect no lower standards in food preparations. Citrus as an export industry is not only certified by ISO 9000, but also chemical residues must be kept at standards acceptable to the USAID. Although these requirements are based on concerns for consumer safety and protection, they can constitute non-tariff barriers, against which small economies like Belize have to receive appropriate technical capacity

and enhanced human resources development for survival in global markets. In this regard, to “think globally and act locally” is an applicable watchword to the approaches adopted by BIM.

From an extensive array of programmes aimed at traditional skills development, mainly at the supervisory management level in medium to large business enterprises, BIM turned to an holistic approach to entrepreneurial development. By this is meant, that other than skills, the mind-set of clients was addressed, in such a manner as to encourage risk-taking, forecasting of needs, collaborative decision-making as a basis for setting specified outputs and taking initiative to overcome constraints.

An analysis of a decade of training to which clients were invited to BIM’s headquarters had indicated both attitudinal and structural obstacles which minimised the impact of classroom instruction-type training. For example, the owner-operated and family business enterprises were hard-pressed for staff to be “absent” for training. The relatively high turnover made it reluctant for owners to want to train middle-level employees and in instances where there was not a constraining reluctance for staff to be trained, the ability to pay for the real costs of training tended not to be readily affordable.

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Despite having reasonable numbers of employees trained and new skills acquired, in areas such as record-keeping, accounting principles, leadership and motivation, time management and computer applications, beneficiaries of training courses returned to their enterprises and were found not to be achieving at expected levels. Nor did the impact of training appear to have beneficial results, at least not in the short-term of one or two years.

It became evident that more emphasis had to be given to the change process in the enterprises with which BIM had been involved as a provider of training courses. This was to be addressed through a USAID funded project (1991-94) on Small and Medium Enterprise Development.

### **Challenges and Constraints**

The new focus of HRD was a two-fold aim to promote local consulting cadres as apprentice consultants of BIM who would serve attachments inside small and medium enterprises and develop a business counselling and referral system for building entrepreneurial capacity across several enterprises. Such a consulting network would be proactive rather than reacting to crises in poor performance and could be comprised of students at university and junior college, enrolled in management courses. Interacting with clients from

within their enterprises became the major thrust of the HRD services provided by BIM. The main costs for these services were subsidised from a technical co-operation grant through support of the USAID-funded Small and Medium Enterprise Development Project between 1991-1994.

An important challenge to be addressed by their clientele was the problem of "scale," whereby the unit costs of utilities, interest rates from the established financial intermediaries, regressive indirect taxes, levies on gross receipts and purchasing of supplies, constitute an operating environment at a relative disadvantage to the small enterprises. This underlying need was recognised as requiring advocacy and mechanisms for policy reforms so that an enabling environment could be created to support empowerment of small entrepreneurs. In this regard, BIM was required to assume a leadership role as an advocate of changes in government policy.

Such a role was exercised by BIM through its membership in the BCCI. In addition to this, efforts were made to establish a Belize Consortium for Business Development (BCBD), as a principal goal of the USAID Technical Cooperation Programme. A draft constitution for a small business association was prepared and a membership drive initiated. The impact of this was to be realised in the establishment of a

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small business "window" within the Development Finance Corporation (DFC), a government statutory agency, providing concessionary rates for loans to those enterprises, classified as "small," on account of being usually "owner-managed" and having less than ten employees.

Needs analyses of this sector revealed major constraints consisting of lack of adequate market and management information systems and limited access to appropriate technology, which could re-design processes in the enterprises and improve productivity<sup>5</sup>.

In this regard, BIM would prove to be a tremendous resource through its active involvement in the Commonwealth Partnership for Technology Management and a leading member in the Caribbean Quality Management Network. The delivery of technical assistance that was custom-made and grounded in diagnostic studies of the stage of development to which a specific enterprise had attained, enabled the growth of a consciousness among small operators in which the notion of "size" was secondary to the overriding focus on entrepreneurial and business development.

The methodology of BIM's technical assistance was centred on providing business counselling, as much as possible, directly related to a particular client and, on the other hand, organising

business clinics, for more than one client, so as to examine common problems and learn from similar experiences.

By this means, technical assistance was supposed to create an awareness of "development needs" within the small enterprises, at different "stages," to which solutions would be applied in a phased manner. In this regard, the main challenge was for the enterprise to correctly assess and recognise the needs as endogenous and organic so that requests for training, reorganisation of processes, access to finance and technology, where required, would be demand-driven. The general principle was one of identifying constraints from the perspective of the critical stage of development which the business had attained.

In this perspective, emphasis has to be placed on leadership skills to encourage "visioning" and willingness to be innovative. Moreover, the client organisation, as a small and medium enterprise, is encouraged to embark on a strategic change process, which is systematic. In other words, the management of a change process from a systems perspective becomes the guiding principle, because the future is so uncertain and the ability to be flexible and responsive to change demands of the market will be a determining factor in the survival and sustainable development of the enterprise.

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## **Response to BIM and Impact of Strategic Management**

In combination with technical competence, BIM's services are aimed at empowerment of the workforce in an enterprise. Interestingly, the clientele requesting the technical assistance from BIM include organisations whose aims and objectives are not primarily economic or commercial. For instance, the University College of Belize, desirous of improving its performance as an educational institution, has been assisted in a strategic planning initiative.

Similarly, an umbrella organisation of national development agencies, drawn from the NGO sector, has been introduced to a strategic change process, aimed at creating a new type of leadership and results-oriented culture in the organisations.

More significantly, recognition of the potential impact of BIM, as an innovative, management development institution, has been acknowledged by the Inter-American Development Bank (IDB) in selecting BIM as executing agency for a three-year programme on trade promotion and business development.

Working closely with BIM over the preceding two years from 1995, the programme addresses issues of globalisation and trade liberalisation as they impact on Belize and attempt to be proactive in three areas.

First, the design of a Market Intelligence Unit within the BCCI is aimed at moving the agricultural sector from production-dominated concerns to marketing of non-traditional commodities in response to demands, both local and international.

A second component provides Technical Assistance for Institutional Strengthening of producer groups and commodity associations dealing with the non-traditionals of peppers, honey, livestock, legumes, lobsters and shrimp. By means of technical assistance, food safety regulations to ensure against contamination will be monitored and the necessary training provided to producer groups to enable certification for exports.

Questions of consistency in standards and opportunities for small enterprises to enter global markets are also being addressed by the design and adoption of a Quality Plan. To address those concerns, BIM utilises an in house certified ISO 9000 inspector for management audits of procedures by factories. Compliance records are established in keeping with required standards for food processing. Training is made available as required from a technical assistance component of the IDB project.

The significant impact of BIM in its work with the Citrus Growers Association of Belize in a preparatory two-year period from 1995, prior to the IDB

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Programme, is testimony of the scaling-up of training and an approach to human resource development in which strategic management principles were the driving force.

### **Lessons Learned**

From BIM's experience, relying on a small team of well-trained professionals in finance and management disciplines, working in a small society but thinking globally; a few instructive lessons can be derived:

- Training as a stand alone activity does not solve problems, because organisational and motivational dimensions are boundaries of a systematic relation in which skills acquired will have to function. BIM evolved from a training agency into more of a counselling and mentoring institution so as to promote business development.
  - In small societies, a slow response to global changes makes our organisations and enterprises operate in a "catch-up" mode which forces us to be heavily reacting to external
- pressures and restricted in having endogenous needs of our agenda for development adequately addressed. Small societies are now required to plan and to build up cadres of specialised negotiating teams, which have been pro-active and futuristic in relation to the priority needs of our societies. The Priority Areas of the SIDS Pro-gramme of Action need to be translated into concrete demands over fixed periods in the immediate and medium-term.
  - A culture that is "laissez-faire" in orientation will not be effective in responding to competitiveness. A major task will be to develop and foster a culture of "continuous improvement." Essential to this will be opportunities for ongoing professional development, as well as minimising conflict and mistrust among professionals.

The "social capital" of our societies continue to need opportunities to be optimised and a strong commonality of purpose continuously fostered.

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**Recommendations**

BIM's success in facilitating entrepreneurial developing through strategic change management is outstanding and merely represents the "tip of the iceberg" in terms of the real needs of the Caribbean in this area. Such success could not have been possible without donor support and good leadership within BIM.

It is recommended that governments of developing countries seek donor support to assist their private sector NGOs and interest groups to adopt strategies such as that utilized by BIM to enhance/support entrepreneurial development in their country.

<sup>5</sup>Extensive discussion on these issues are treated in ILO, Small Business - Key Ingredients and Constraints to their Success - TSSI/UNDP Study, Port of Spain, October 1995.