

Business Management for Small Scale Fishermen: A Program in St. Kitts, West Indies

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Success in fishing requires a number of attributes. It is obvious that the fisherman must be good at using his gear, have mechanical ability, and have the skill to navigate and locate fish. While all of these are important, success in fishing, if we measure success in terms of profit, is determined by the fisherman's managerial ability. His ability to harvest great quantities of fish does not guarantee success. He must also make the correct business decisions.

There are many successful small scale fishermen, in terms of high catch rates, throughout the world. Natural and acquired knowledge, plus technological innovation and advances, have helped many fishermen increase their catch. Yet, while many fishermen make good incomes, their inability to properly manage this money has kept many from improving their standard of living and accessing financial resources in the formal economy.

In fisheries as diverse as the Philippines and the Caribbean it has been observed that small scale fishermen have the ability to better manage their fishing business but require technical support and guidance to learn formal techniques of business management. Most fishermen currently manage their fishing operation on a day-to-day basis without much thought for longer term needs and obligations. As the small scale fishing sector develops from a labor intensive to a more capital intensive scale of operation, fishermen will be required to be better able to manage loans, short- and long-term cash flow, and make investment decisions.

Access to credit for small scale fishermen is hampered by several factors including safety standards of vessels, management skill, and lenders perceptions of fishermen's ability to repay loans. If they are to be successful in assisting the fisheries sector to develop, in addition to strictly making loans, then credit programs will need to deal with these underlying issues.

Stricter requirements are being placed on credit for small scale fishermen. Those fishermen wanting to obtain loans to purchase new boats, engines, and/or gear will be required to show their ability to manage and repay the loan and to manage the overall fishing business. Those fishermen who can present business records and substantiate their managerial abilities, and thus be of lower risk to the lender, will have greater access to capital.

As part of a major fishery project aimed at developing fisheries in St. Kitts, which also includes construction of a modified multi-purpose fishing vessel,

development of new fishery techniques, and development of underutilized fishery resources, a program in small business management was developed for the fishermen in order to help them to improve their ability to operate a small fishing business. The project is being undertaken by the Foundation for National Development in collaboration with the St. Kitts' Division of Fisheries and the South Carolina Sea Grant Consortium with funding from the Inter American Foundation.

BUSINESS MANAGEMENT TRAINING

The foundation of the business management training was a recordkeeping system, which was developed through observation of the fishing activity and with the assistance of the fishermen and fishing officers. Records serve as the basis for other business management methods. By initiating a recordkeeping system the fishermen are able to learn the basics of business management and to develop a baseline of information on their fishing operation.

Very few fishermen in St. Kitts keep any type of formal, written business record. Records of fishing activity and accounts of sales and loans are usually kept in the head of the fisherman or his wife, or on the back of an envelope or in a child's school notebook. The recordkeeping form asked for specific information on effort, costs and catch on a daily basis.

In initiating the recordkeeping system both the fishermen and their wives were given training in its use and application. Women play an important role in the fishing activity and often maintain the financial accounts of the fishing business and the household and so should be included in any type of training of this sort.

A computer spreadsheet program was developed to complement the recordkeeping form. The computer make it possible to provide weekly summaries to the fishermen of their fishing activity. This data allowed them to begin to make comparisons of their fishing activity on a weekly and monthly basis and to observe changes and trends in effort, catch and costs.

Assistance was provided to the fishermen in completing and interpreting the results of the records. It is important that continued support and encouragement be given to the fishermen at the beginning of the recordkeeping to answer questions and maintain interest. The recordkeeping system was maintained as the only aspect of the business management training for several months so that the fishermen could become familiar and comfortable with its use and the results generated from it. It was felt that if a business management training program was to be successful that it had to show results right away to the fishermen and not be so complicated as to turn the fisherman off. The recordkeeping system accomplished this. The recordkeeping system is maintained by the St. Kitts' Foundation for National Development, a private foundation to assist small business development in the country.

As a secondary benefit of the recordkeeping system, the St. Kitts' Fisheries Division was able to obtain information on the island/state's fishermen and fishery which will prove useful in fishery management and development.

Following several months of recordkeeping by the fishermen and technical assistance to them, subsequent training in more advanced aspects of business management methods is to be conducted through workshops and individual assistance. Before conducting these workshops existing materials on small business management for fishermen and farmers were reviewed. Most of these materials were found to be inadequate for the needs of small fishermen in developing countries. The materials were found to be too complex for the needs of the small fisherman. Some of the materials available were written for larger scale, commercial operations or for fishing operations in developed countries and made reference to managerial skills and practices beyond the capabilities and needs of the fishermen of St. Kitts. New materials were prepared for use in training. Using the recordkeeping as a baseline and in discussion with lenders, fishermen and fishery officers, three fundamental financial management methods are presented. These methods include budgeting (including the concepts of variable cost, fixed cost and returns), cash flow analysis, and net worth statement. These three financial management methods were selected because it was felt that they would provide the fisherman with a sound and simple basis for analyzing his business and for lenders to make decisions on loans. More advanced training in financial analysis methods such as investment analysis and financial ratio analysis is available for those fishermen who request it.

The training materials and workshops rely on utilization of the data from the fisherman's own operation to work through examples and prepared financial analysis forms. The training is based on two basic principles: keep it simple and applicable. By using their own data the fishermen retain interest in the workshop and in the learning process.

We are still in the learning process in terms of business management training of small scale fisherman. The program described above is proving to be successful and appears to have the potential for successful application in other fisheries throughout the Caribbean region and the world.

Small scale fishermen remain a priority development sector in most developing coastal nations. Success in improving the standard of living of small fishermen and their access to capital, and in fishery development efforts, can be partially accomplished through business management training. Fishermen must begin to view their operation as a business. Improving the fisherman's managerial ability will allow him to better handle his day-to-day business obligations, as well as his long term commitments to creditors and others. Business management training should also help to improve low loan repayment rates to the small scale fisheries sector.