

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 and must have mechanical ability and 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 manage this money properly has kept many from improving their standard of living and accessing financial resources in the formal economy.

In fisheries as diverse as those of the Philippines and the Caribbean, small-scale fishermen are noted to have the ability to manage their fishing business better 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 or inclination to repay loans. 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. 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. Successful development programs must deal with these underlying issues; provision of credit alone is not enough.

As part of a larger fisheries development project in St. Kitts (St. Christopher/Nevis) in the West Indies (which also includes construction of a modified multipurpose fishing vessel, development of new fishery techniques, and development of underutilized fishery resources) a program in small-business management was developed for local fishermen to improve their ability to operate a small fishing business.

Business Management Training

The foundation of the business management training was a recordkeeping system developed through observation of the fishing activity with

In St. Christopher/Nevis, West Indies, training is offered to small-scale fishermen not only in fishery techniques but also in the management of a small fishing business.



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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, it had to show results right away to the fishermen and not be so complicated as to discourage them. 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; others were found to be too complex. Some, for instance, 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 were selected because it was felt that they would provide the fisherman with a sound and

simple basis for analyzing his business and would enable lenders to make sound 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 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 fishermen. The program described above 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



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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 asks 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 made it possible to provide weekly summaries to the fishermen of their fishing activity. This allowed them to begin to make comparisons of their fishing activity on a weekly and monthly basis and to observe

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 handle better 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.

For more information about the project, contact the author or Dr. Mel Goodwin, S.C. Sea Grant Consortium, 287 Meeting St., Charleston, South Carolina 29401, USA.