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**YOUTH, UNEMPLOYMENT AND  
THE CARIBBEAN INFORMATION SOCIETY:  
A CHALLENGE AND AN OPPORTUNITY**

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# **YOUTH, UNEMPLOYMENT AND THE CARIBBEAN INFORMATION SOCIETY: A CHALLENGE AND AN OPPORTUNITY**

## **1. Introduction**

Youth unemployment has become a troubling feature of the Caribbean landscape. One of the consequences is that young persons in the region have been robbed of the relatively worry-free transition time between adolescence and adulthood. In effect, there is an abrupt curtailment of their age of innocence. Many of those who are employed are often deliberately exploited in what has become, for employers, a booming buyers market. Now impressive (and expensive) academic qualifications are no longer a guarantee of good long-term employment prospects.

There is no buffer between young minds and this harsh reality. Older persons, subject to the same uncertainties, might assume them to be temporary. They would have the advantage of being able to recall a time when things were different and take some comfort in the expectation that economic conditions would improve. But there exists a pervasive hopelessness among large sections of young people, which manifests itself in a number of destructive ways. The spiralling crime, increased drug use, the high incidence of AIDS and other sexually transmitted diseases are some of the signs. All agree that something needs to be done. The question is: "what?"

Caribbean youth of a generation ago went almost mindlessly into the jobs that were available at that time. Then, the nursing service, the teaching service, the public service and even the police service in the region were expanding and absorbing school leavers. In the private sector banking, insurance and other companies were expanding. There were various avenues for migration of the excess capacity. Young people left school and other academic institutions knowing that there was a pattern to follow. Now, the road map to the future is less clear and outcomes less predictable.

Many young persons drift into whatever activities are subliminally suggested to them by the social, cultural and economic environment. However, side by side with this distressing volume of unemployment and aimlessness there exists a shortage of skilled and creative persons in the area of Information and Communication Technology (ICT). It is a critical shortage, since rapid developments in this area have accelerated the integration of the world economy and made possible the creation of a global knowledge-based, information society. These developments have changed the way people live and work, the way governments govern and businesses compete, offering in the process, many new avenues for job creation. But there is a challenge. Not all countries are benefiting from this revolution. There is a growing "digital divide" and the Caribbean must ensure that it is not left stranded on the wrong side. The new development paradigm requires non-traditional thinking. It requires boldness and initiative, and a readiness to embrace new opportunities. Much of the creative energy needed to cope with this challenge will come from young people. Therefore, if the region is to make any real progress towards its goal of becoming a significant player in the global information society, Caribbean youth have a leading role to play.

This paper explores an approach to tackling the challenge of youth unemployment that focuses on the information and communications technology sector and on nurturing the entrepreneurial initiatives of young persons. For the purpose of this paper, "youth" is defined as persons between the ages of 15 and 25. This group comprises roughly 25% of the labour force of the English-speaking Caribbean. Unemployed youth are persons in this age group actively seeking work. Two case studies are included by way of illustration.

## **2. The nature and consequences of the youth unemployment problem**

A document entitled "Youth unemployment and employment policy"<sup>1</sup> makes the point that youth unemployment is higher than adult unemployment in almost every country for which figures

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<sup>1</sup> Youth unemployment and employment policy: a global perspective. Niall O'Higgins. Geneva: International Labour Organisation, 2001.

are available. The Caribbean is no exception to this trend. A 1997 document commissioned by the International Labour Organisation (ILO)<sup>2</sup> says of the Caribbean that:

*The youth cohort looms larger in terms of unemployment. An estimated 404,000 persons or 15% of the region's labour force are unemployed. Of this 51% or 203,000 are between the ages of 15-25. As a result, youth unemployment rates are substantially above the national averages across the region and average around 40% in the 15-19 age group and 30% in the 20-24 age group*

Table I illustrates. With the lone exception of the Netherlands Antilles, the youth disproportionately populate the ranks of the unemployed in the region. The available data suggests that in most countries the percentage of young unemployed females is higher, but not significantly so, except in the case of Jamaica. Trinidad and Tobago, where there is a persistently higher rate of unemployment among young men, is an exception to this trend.

<b>Table I</b>				
	<b>Year</b>	<b>Size of labour force</b>	<b>Percentage unemployed</b>	<b>Under 25 as % unemployed</b>
<b>Bahamas</b>	1999	157,640	7.8	38.2
<b>Barbados</b>	2001	142,800	9.7	36.8
<b>Belize</b>	1999	89,210	12.8	50.8
<b>Dominica</b>	1997	33,420	23.1	39.5
<b>Grenada</b>	1998	41,015	15.1	48.9
<b>Jamaica</b>	2001	1,104,800	15.0	50.8
<b>Netherlands Ant.</b>	1998	65,009	16.7	22.9
<b>Saint Lucia</b>	2000	76,005	16.4	49.5
<b>Suriname</b>	1998	98,719	10.6	40.9
<b>Trinidad &amp; Tobago</b>	2001	576,500	7.8	38.2

Source: International Labour Organisation (ILO).

<sup>2</sup> The challenge of youth unemployment in the Caribbean. ILO 1997

The reasons for the higher rate of unemployment among youth are varied. The rate of economic expansion has slowed down, foreign direct investment is falling. As a consequence the labour market is contracting. The sustained high rate of population growth during the 1970s and 1980s has now thrown record numbers of school leavers on to the job market. Younger job seekers find it difficult to compete with their older counterparts because they lack the experience required. Younger persons are often hired in a temporary capacity, and this makes them vulnerable targets when businesses are forced by unfavourable economic circumstances to cut back on expenditure. Young persons can be fired with fewer reservations since it is assumed that there would be fewer persons dependent on their income.

O'Higgins, however, makes the point that:

*Periods of unemployment early in a person's "working" life could permanently impair an individual's productive potential and therefore long-term prospects ... patterns of behaviours established early in life tend to persist.*

With significant numbers unemployed and presumably becoming increasingly unemployable, there will be serious implications for the future of Caribbean society, as a whole.

A 1996 document prepared by the Organization of American States (OAS)<sup>3</sup> considers the inability of the formal, wage sector labour markets to absorb the annual outflow of school leavers as one of the most serious challenges facing the region today. Unacceptably high levels of poverty is the direct result of these circumstances. To effectively combat poverty then, governments must first fight and win the battle against youth unemployment.

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<sup>3</sup> Youth employment and enterprise development: OAS strategies to combat poverty in the Caribbean. Roy L. Thomasson. OAS, 1996

## **2. Responding to the youth unemployment challenge**

Governments have recognised the disruptive potential of this problem and indeed many Caribbean countries are already feeling the negative effects. Governments, to their credit, have recognised the opportunities inherent in the burgeoning global information and communications technology sector, and have sought to introduce programmes to match the needs of young people with the promise of these new developments. A few of these are mentioned below.

In 1994, the Government of Barbados established a Youth Entrepreneurship Scheme, better known by its affirmative acronym "Yes!" as an arm of its Ministry of Youth Affairs. A magazine of the same name is issued monthly to provide information to young entrepreneurs on various aspects of business management. The magazine also serves to promote the work of selected young entrepreneurs. More recently the government launched Project OASIS with initial funding of some one million Barbados dollars to "stop the drift of that 10 – 15% of young people away from the mainstream processes of personal and national development"<sup>4</sup>. Edutech 2000<sup>5</sup> was another programme with which the Government of Barbados responded to the challenge of youth unemployment. The programme has four main components: curriculum reform; teacher training to develop the capacity of teachers to bring technology upgrading to the physical plant; and improving the technological infrastructure.

Saint Lucia launched the Millennium Project in 1999, a programme aimed at incorporating information technology in the school curricula at all levels and strengthening institutional administration in the education system by providing principals and other education administrators with the appropriate information systems in order to assist in decision-making.

An important component of the National Information and Communications Technology Plan of Trinidad and Tobago, aptly titled "Fast Forward" is training and capacity building. . The College of Science, Technology and Applied Arts of Trinidad and Tobago (COSTATT) will have an

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<sup>4</sup> Government of Barbados budget address 2003

<sup>5</sup> <http://www.edutech2000.gov.bb/>

important role to play in this regard. The Youth Training and Employment Partnership Programme (YTEPP) of Trinidad and Tobago had a similar intent. This programme offers a comprehensive training to young people, aimed at increasing their chances of becoming wage earners or self-employed. Training is free and open to all young people, 15 years and over, who are out of school and unemployed. The aim is to bring them back into the classroom.

In Jamaica the University of Technology has established the Technology Innovation Centre<sup>6</sup>, a business incubator offering office space and a variety of services to young "techno-preneurs" (entrepreneurs in the information and communications technology sector).

This is just a small sample of the many government initiatives aimed at engaging and assisting youth.

International organizations active in the region have also begun to engage with respect to this issue. A World Bank Concept Paper<sup>7</sup> presents the following rationale for investing in youth:

*Stunted youth development has implications for the economy, society at large, public expenditures, and future generations since (i) a lack to contribute to the modern economy will impede economic growth and exacerbate income inequality and poverty; (ii) a low-skilled work force will not attract foreign investment; (iii) a society with high youth crime rates will discourage the development of two of the Caribbean's potentially large industries - export processing zones and tourism; and (iv) crime, an unemployable labour-force, high fertility rates, and violence would divert resources away from productive public investments. Finally, adults who entered the challenges of adulthood unprepared are more likely to pass on to their children their negative behaviours, thus perpetuating the cycle.*

In a document prepared for the OAS, Roy Thomasson<sup>3</sup> notes that the formal wage sector can no longer absorb the numbers leaving school each year. Employment creation for young people,

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<sup>6</sup> <http://www.ticjamaica.com>

<sup>7</sup> Youth Development in Caribbean Countries. World Bank 2002



through enterprise development, would therefore have to be the primary engine of future economic growth in the Caribbean region.

The Youth Development Programme of the Inter-American Development Bank (IDB) has planned an Electronic Showcase on Youth Entrepreneurship in Latin America and the Caribbean to launch a programme of youth activities to coincide with the Annual Board of Governors meeting scheduled to take place in Peru in March 2004. The projects selected for the showcase must fall within one of six themes, of which Information Technology is one. This is a timely initiative since entrepreneurship appears to present the best option for job creation among youth in the information and communication technology sector. But these entrepreneurial initiatives will have to be nurtured and facilitated through business incubators or similar systems if they are to be successful.

#### **4. Business Incubation - an understanding**

The business incubation concept is not at all new to the Caribbean region. The idea of actively supporting fledgling small enterprises was central in the creation of industrial parks with factory shells rented at concessionary rates to new business owners.

These facilities were not called incubators then. Historically these programmes were in the main aimed at attracting foreign investors with the promise of low overheads, relatively cheap labour, tax holidays and other concessions. For the host country, whose objective was the diversification of economies that were then still predominantly agricultural, the expected benefit was the jobs created and foreign exchange earned. Local ventures were not expressly excluded but they were not the primary target of these interventions. What is envisioned in the modern concept of business incubation is much more than a place where foreign business will be given factory space, pay low cost rent and be provided with the necessary infrastructure to make the "offshore-ization" of the business venture worthwhile.

A Harvard Business School document entitled: "The state of the incubator marketplace"<sup>8</sup>

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<sup>8</sup> The state of the incubator marketplace: Hansen, M. T., Nohria, N; Berger, J.A. - Harvard Business School. June 2002

defines a business incubator as any organization that provides some combination of support services, financing and a physical home to entrepreneurial ventures". In the United States business incubators were set up to profit from the proliferation of "dot.com" companies. The business incubator would purchase equity in fledgling companies, provide a range of incubation services in exchange, and divest the shares so acquired at a substantial profit as soon as the company was ready to go public. Most incubators were physical, but some were virtual. As a business model it appears to have worked for that country, resulting in win-win for both parties.

The approach to business incubation adopted by France<sup>9</sup>, is considerably different. There, business incubation is regarded as an extension of the business support infrastructure provided by the State:

*In France, responsibility for incubation policy and implementation falls under the Ministry of Trade and Industry. According to the French definition of business incubation, an incubator must have a physical entity - otherwise it cannot be regarded as an incubator in the proper sense but rather as simply another type of business support organization. The value-added of incubation is perceived as deriving very much from the provision of localized management advisory services on site, and the inter-firm networking opportunities which arise from being located in an incubator environment. Incubation in France, by definition, is focused on the business of actively nurturing new SME start-ups within the four walls of the incubator. Outreach projects and follow up on graduates is very much a part of the post incubation process. However the essence of what the incubator is and what it can achieve stems from the building itself - through which it provides a range of services and organizes a variety of activities.*

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<sup>9</sup> <http://europa.eu.int/>

Incubation efforts appropriate to the Caribbean would likely have more in common with the French approach, but the issues of small size and sustainability present particular challenges for the Caribbean. Four years ago the Caribbean Development Bank (CDB) approved a proposal for funding submitted by the National Development Corporation in Saint Lucia to erect a small business incubator in an area adjoining an industrial estate. Subsequently the Corporation conducted a feasibility study to determine whether a business incubator could be self-sustaining. Their conclusion was that it could not and the project was put on hold.

To have the best chance of success, an incubator should be a shared initiative involving the government, the private sector, universities and other tertiary institutions. Government, because it has a social responsibility; and the university, because it is in its own interest to lend support to activities that could bring commercial reality to academic ideas. The private sector stands to benefit from the creation of increasingly sophisticated indigenous IT expertise and the services which the ICT companies would offer. Indigenous ICT “as” business is good “for” business. There should also be room in the ownership structure for active participation from youth organizations. In this way, a culture of cooperation will evolve.

Even though an entity whose entire focus is business incubation might in theory be able to offer a better quality of service to its clients, the reality is that most countries lack the critical mass to make this a viable option. There is probably no one model that would be appropriate to all Caribbean countries, which have populations that range in size from less than 5000 in Montserrat, to several million in the case of the larger countries. The model best suited for the smaller islands of the Caribbean would probably be the multi-purpose business park where incubation services are provided alongside other business services. The establishment of a flexible cost structure would permit graduated companies to pay a higher cost for services than that paid by the incubatee. Funds must come from fees for services rendered as well as other clients of the space. Equity in the incubated companies is also another possibility.

There are other pitfalls that might lie in the way of business incubation services in the region and have a negative domino effect. These are:

- Rapid funds depletion
- Inability to provide the promised services
- Inadequate staff (can't afford to pay them)
- Loss of credibility
- Service becomes anaemic and perfunctory
- In the end the staff loses, becomes preoccupied with its own survival
- The whole experiment is written off as a failure

But these will have to be overcome in the interest of the young technopreneurs who will be the focus of the final section of this paper.

## **5. The young "Techno-preneur"**

The gadgets of the information and communications technology revolution are ideally suited for exploitation by the young, perhaps because of the dominant audio-visual nature of most applications. Indeed many of the ICT products, which are best known internationally were conceived of and developed by young persons. Innovative ideas generally come from young persons with no vested interest to protect, no track record to defend, no empire to preserve, no paralyzing fear of failure, and no responsibilities to give them pause. The most creative ideas emanate from a free, unfettered spirit. The region must harness this energy.

Entrepreneurs and innovators in the ICT sector in the Caribbean share remarkable similarities even though their individual circumstances may differ in a number of ways. In general they are:

- Young
- Courageous
- Male
- Self-motivated

- Confident about their own abilities
- Impatient with the pace at which technology-friendly policies are implemented by government
- Somewhat mystified by government regulations
- Generally optimistic about their own future

These are some of the characteristics of people who will lead the transition to an information society, if such transition is to take place. They come to business through different routes. Two of their stories are related below.

**Case 1**

*A company ceases operations abruptly, leaving its small staff suddenly unemployed. Out of this debacle a bespectacled leader emerges with a vision and a plan of action sketched in fairly broad strokes. These newly displaced employees got together to continue to provide the IT services which they had previously provided as employees, to the clients which had been serviced by the company.*

*The leader sinks the princely sum of \$500.00 into the business. It was all he had, apart from an idea and his resolve. Together they formulated a plan to create a multi skilled team of computer graphic artists, multimedia developers, animators, Internet specialists, programmers and writers. Their plan was to offer these services not only locally and in the region, but to market their services internationally as well.*

*The leader is easily recognizable. He is the one who will be willing to risk his shirt on the venture. The others follow him because they have some faith in the idea; they have nothing to lose and they have nothing else to do anyway. After all it beats staying at home waiting for some response to the job applications they have surreptitiously sent out "just in case". And as for the venture, they contribute "sweat equity", a delightfully ironic term for the "no sweat" approach adopted in the circumstances.*

*And so a business is born. The leader gives up a room or two in his home, a modest apartment to start with. He gives up most of his recreation. He doesn't have time to play, and more importantly he doesn't have any money to play with. One by one the frills start to go - the trips abroad, the expensive clothes, the fetes, the CDs. The carefree confidence of youth soon follows. His hair starts to recede.*

*Meanwhile the partners are realizing that man cannot live by sweat alone and begin one by one to quietly trail away. They redouble their efforts to find alternative employment, answering ads for web designer, systems administrator, computer graphic artists, even lowly data entry clerks.*

*Notwithstanding the challenges, our young entrepreneur carries on manfully with what remains of his team (and his hair). But now he has to do everything by himself the technical, the clerical, the manual, the menial. He can't meet his deadlines. Some cash is flowing, but slowly, like molasses. His bills pile up - until one day, he too, comes to the realization that man, even Superman cannot live by sweat alone. He is at the point where he may have to throw in the towel and join the ever lengthening bread line, a little older, a lot sadder, but much wiser.*

*.... Fortunately, this story doesn't end there .....*

*Government stepped in and provided technical assistance and pointed the fledgling company towards reliable sources of legal, financial and other expertise. Initially, they had a tough time understanding the regulatory environment and getting the various agencies to understand the nature of the business they were in. And yes, it wasn't always easy keeping the vision alive in the minds of the team. They have not had 100% success, but have done quite well in the circumstances.*

*Other difficulties had to do with meeting the legitimate expectations of some clients. For example, the company is awarded a contract to design a web site and it fulfils the terms of the contract, providing the client with a web presence that is both functional and esthetically pleasing. Their understanding is that the continuous updating required to keep the site dynamic would come from the clients themselves, but often that follow-up input is not forthcoming. The client becomes disappointed in what the site has done for his business and translates that into an undeserved dissatisfaction with the work itself. There will be no positive referrals from that source!*

*The business has survived for more than five years now. The managing director tells me that he looks older than his years, but he admits that this is a factor which tends to inspire more confidence from his clients, many of whom have their own preconceived notions about the abilities of young persons. The company, which recently celebrated its fifth anniversary, continues to forge ahead, looking now to the world market.*

(S. John 2003)

**Case 2**

*The second story is a saga of two young men, absurdly young, but with an idea and the good sense to form a strategic partnership to advance their business aspirations. The business was started by a fourteen year who was challenged by his father to develop a web site for a company with which he was associated. At that time he knew very little about web sites beyond the fact that he used them. "Could you design a web site", the father asked. "No, but I will find out" was the cheerful reply. That is how it started. So he went to the Internet and learnt everything that he could and developed this site for a financial company.*

*Funds from that success were plowed into the business. The demands of school and examinations slowed them down some, but not by much and they began to look forward to leaving school, not with uncertainty and apprehension but with some impatience. They couldn't wait to throw all of their time and energies into this exciting new business venture.*

*Our young entrepreneur had something really precious going for him - supportive parents who encouraged him to pursue the business venture. As he put it with the characteristic breeziness of youth, "They didn't fight the flow". Indeed his general manager is his mother. He has a business partner who is as committed as he is. The company in two short years was able to rent business premises at market rates in a downtown commercial district.*

*This is a business that started with a challenge and the gift of a computer from a father. But the intangibles were enormous - the natural "incubative" input from the parents. If you see this chap, he still looks as though he is 14 years old! Being in business has been a sobering and maturing experience though. They have developed an appreciation for the gray areas hidden between the black and white. Yes, business has been a real education. In a typical month you can find these guys designing web sites, negotiating new contracts, producing streaming video, and more recently they started an e-commerce project.*

*Now our young entrepreneur balances school with his full time job. He is pursuing a degree in computer science and management, but with the sort of focus that not too many students will have. He knows that what he learns there will have a direct bearing on the success of his business. His vision for his company is to be the premier, "e-solutions" company in the Caribbean region. He and his partners are trying to change how the Internet is perceived in the Caribbean.*



*At the beginning there were nine, but most have dropped out, some to pursue further studies. Now there are only two. Their policy is to have no full time employees. Every one works on contract, paid according to work produced, occupying ten workstations that are generally filled with hard working committed talented, fulfilled young people. Juggling school and work, juggling work assignments with school assignments. No TV, limited time for trivia, less time for sleeping, partying in moderation. Two very young men not yet 21, Their business involves consulting, software development, multimedia production, graphic design and CD production. Essentially, they see their role as offering custom solutions and one of the most important aspects of their business is ensuring customer comfort with the choices that they make.*

(S. John 2003)

## **6. Nurturing the ICT entrepreneur - Conclusion**

The cases documented above help to put a human face, to bring a micro focus and some context to the discussion on nurturing the business enterprises established by the young. When you nurture fledgling business, you are nurturing the creativity of a country and safeguarding its future. You are creating a psychological as well as a physical space where ideas can sprout and take firm root.

There are no jobs for the vast majority of young persons who are unleashed onto the job market each year. The focus has to be on helping them to make their own. These are real people, as illustrated in the two cases outlined, not some fuzzy abstraction. These are the people who will determine how soon and with what success the region will become a part of the global information society. These young people need focused help in order to make a success of the business ventures on which they embark with so much enthusiasm and optimism. They have good marketable ideas. Investing in youth will ensure that the Caribbean doesn't get left stranded, drifting aimlessly on the wrong side of the digital divide. The message therefore has to be, "don't fight the flow." Channel it.