
WORKING GROUP 4 CASE STUDY – JAMAICA

The Jamaica Cluster Competitiveness Project (JCCP)

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Overview – a case study about techniques in building trust for productive dialogue

Productive public-private dialogue is a transformation process – it involves the transition from low to high levels of trust. In the case of Jamaica, this transformation has been helped by communication technologies, cluster methodologies, and adopting a more formal approach to dialogue.

Context – economic stagnation and mutual public-private mistrust

Jamaica has not experienced sustained economic growth since its independence, 43 years ago. Average annual growth in real terms has hovered at or below 1% per annum. Both a cause and consequence of the island's economic stagnation had been the increasingly adversarial dialogue between the public and private sectors. Lack of cooperation and coordination undermined efforts to address mutually reinforcing deteriorations in levels of security, public health, education, governance and economic growth.

The prevailing paradigm for public-private dialogue in Jamaica was predominately informal. IDB studies found an alarmingly high amount of ministerial discretion in the providing exemptions for tax and customs. Informal dialogue led to rent-seeking behavior, to the detriment of the wider economy. The scope for arbitrary favors was a disincentive to new investment and to forming cohesive private sector institutions that could effectively engage the government with one voice.

To address the country's deteriorating economic performance, the government launched its National Industrial Policy (NIP) in 1997. The NIP intended to bring the private sector into collaboration with government to elaborate the details and implement related policies, but the underlying assumption of the NIP was that government was the master strategist in economic affairs.

By 2002 it had become clear that the NIP had not succeeded either in delivering growth for Jamaica or fostering a sense of partnership between the public and private sectors. This failure compounded the prevailing sense of distrust between the public and private sectors. Surveys conducted in Jamaica at the outset of the JCCP found that 84% of respondents considered the trust between the island's public and private sectors to be amongst the worst in the world.

This was the context within which the JCCP was launched in September 2002. The JCCP was a two-year pilot project managed by the Jamaica Exporter's Association (JEA). The project was funded by DFID, USAID, the Government of Jamaica, the JEA and participating firms.

Within two years the JCCP had successfully fostered a formal and high-trust PPD in all three of its targeted sectors (Agribusiness, Tourism and Entertainment). The PPD fostered by the JCCP was the result of a highly structured cluster process that focused on strengthening the linkages between

firms, government agencies, and the international market. In effect, the JCCP helped to fill the many “missing links” that existed throughout the economy.

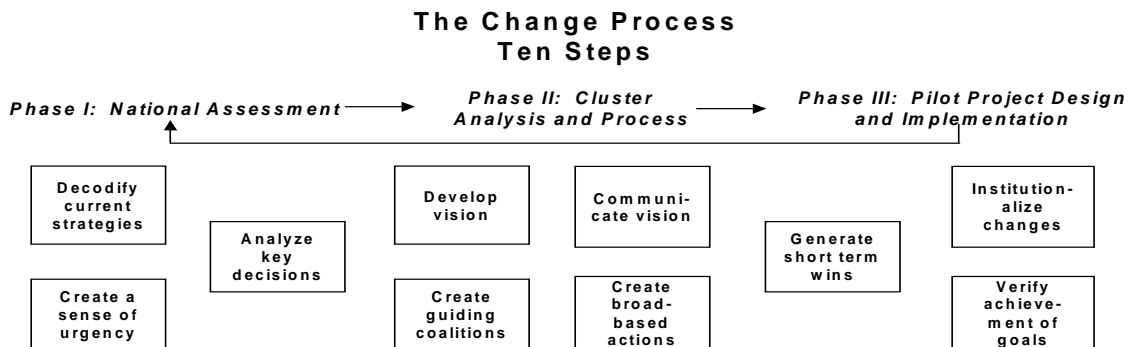
Objectives

The goal of the JCCP was to generate greater prosperity in Jamaica by building new competitive advantages at the firm level, to increase firms’ export capacity and their contribution to the nation’s economy. The project sought to:

1. Increase sales and profits at the firm level by way of new products, new sales channels, and targeting more attractive customer segments;
2. Improve the enabling environment by eliminating regulatory constraints to growth and competitiveness and strengthening the capacity of the private sector to engage in a PPD around issues of competitiveness.

Processes and Milestones

The JCCP was designed in recognition of the fact that competitiveness is driven by firms, not governments. This was in marked contrast to the NIP’s approach of government taking the lead, which created a set of unrealistic expectations on the part of the private sector and a mandate the public sector could never fulfil. To re-establish the trust needed to build competitiveness after the mutual resentment caused by the NIP failure, a ten-step change process was introduced:



Productive communication technologies

Phase I of the JCCP focused on improving PPD by explicitly addressing the attitudes and beliefs that shape and steer the dialogue. Productive communication technologies focus on identifying the belief systems that determine the tone and content of the PPD. Only by making these attitudes and beliefs explicit can they be reconciled and/or altered.

One of the productive communication technologies employed during the JCCP was a “mental models survey”. The survey was administered at the outset of the project to approximately 400 respondents drawn from the public and private sectors. More than 50 questions were asked on critical economic development issues such as ‘the role of government’ and ‘the competence of the private sector’.

The results of the survey were used to identify prevailing beliefs, assumptions and expectations which were then discussed in a series of facilitated workshops. It was the mental models survey that

highlighted the disconnect that existed between the private sector's poor opinion of government (87% of respondents agreed that government did not know what's best for Jamaica) and their expectation that government should lead on most economic issues. This was the very thinking, implicitly espoused by both the public and private sectors, that fatally undermined the NIP process.

The survey results were used to identify and openly discuss the paternalism that had come to dominate the PPD in Jamaica. This was the critical first step towards breaking a very unproductive PPD paradigm.

Productive communication technologies were employed in the context of cluster process. Cluster methodologies emphasize the strengthening of linkages between the many industries, suppliers, and government agencies that must work together in order to produce the complex products that sophisticated customers demand. Phase II of the Ten-Step Change Process brought leaders from the public, private, and donor communities together under the guidance of a Cluster Coordinator to collaboratively develop mutually agreed industry objectives, plans, budgets, and commitments.

In each of the three clusters, detailed market research was used to ensure the PPD was data-driven and not fed purely by emotion. Bringing participants together in a structured, and brokered, process entailing on-going interactions over time fostered greater trust between the public and private sector resulting in a more productive PPD.

High-level annual events can be helpful, but such events are no substitute for the hundreds of interactions that occur between public and private decision makers within the cluster process. In many respects, Phase II was about creating the collaboration needed to implement the cluster strategy.

Process Outcomes

By the time each cluster began to develop their action plans, buy-in of the strategy had already been secured and workgroup members were ready to work together on implementing the strategy. Specifically, the PPD that had been fostered enabled:

1. *The development of a shared vision for the industry.* The development of a shared vision is critical milestone in the process because it serves to focus the energies of each stakeholder around a common aspiration so that their respective efforts complement one another.
2. *The respective roles of the public and private sector to be defined.* With a shared vision and market research to guide them the public and private sector were able to mutually agree on their respective roles in the creation of prosperity. The private sector realized that it must lead on the development of business strategy. For its part, the public sector accepted that it must support the private sector by upgrading the island's human and institutional capital.
3. *The development of an industry strategy and implementation plan.* Not only was a strategic plan developed but the means of its implementation was clearly defined. Both the private and public sector had a sense of ownership.

Results

With these enabling factors in place, the JCCP surpassed its objectives in several respects:

- *Bottom line results:* the project's ROI amounted to approximately 300%.

- *Reach:* More than 200 firms and 100 institutions participated in the programme, well above the 60 called for by the project.
- *Sustainability:* Several initiatives became self-sustaining in Phase III of the 10-Step Process. Both the Tourism and Entertainment Clusters were institutionalized with the election of representative Executive Committees. The fact that these organizations were established on the basis of a shared vision strengthened their ability to engage the public sector with one voice.

Going Forward

The JCCP was recently extended for three more years. The mandate of the programme has been broadened to include the development of structures to support broad based PPD around both economic and social issues. We are confident that the lessons learned during the pilot phase of the JCCP will serve us well in this regard.

Authors:

Kenneth Hynes, Director, and Country Coordinator for OTF Group Jamaica

Kenneth Hynes has over ten years of experience working with private and public sector leaders on a range of strategy issues, including competitiveness building, strategic alliances, and export development programs. Ken currently leads the project team for the National Competitiveness Program in Jamaica, working with over 200 Jamaican SMEs on a variety of collective and firm-level initiatives to improve their competitiveness, and is a Director of the Jamaica Exporters Association's Competitiveness Company.

Ken leads strategy coaching and training engagements for several of the most prominent organizations in Jamaica, advising public and private sector leaders in the areas of corporate strategy and public policy. He is frequently asked to speak on issues of organizational strategy and global competitiveness. Recently Ken co-led a DFID-sponsored seminar on sugar diversification in the Caribbean and spoke on opportunities in the region at a Wharton School of Business conference. In addition to his work in the Caribbean, Ken supports OTF Group project teams in Africa.

Prior to joining OTF Group, Ken worked as a Commercial and Political Risk Underwriter with the Export Development Corporation in Canada, where he helped Canadian firms expand internationally by way of export promotion, foreign direct investment, and strategic alliances. Ken worked in a variety of countries in Africa, Asia, and Latin America, specifically in the consumer food products and financial services industries.

Ken's interest in developing and transitional economies stems from his work experience in a number of emerging markets. He is particularly interested in business strategy for firms in developing countries, and the collaboration that is required between the public and private sectors to find sustainable solutions in the development process.

Ken holds a BA in Economics from Concordia University. He earned a Masters of Arts from The Fletcher School of Law and Diplomacy, Tufts University. Ken's research work at The Fletcher School was later published as an Executive MBA case study by Harvard Business School

Beverley Morgan, Director, Jamaica Exporters' Association

Beverley Morgan is a director of the Jamaica Exporters' Association, largely responsible for new project design and development. Her projects include a World Bank investment of US\$8m for innovation, new technology and technical support for export expansion, and the Small Business Export Development Project. She designed and was Project Coordinator for the Jamaica Cluster Competitiveness Project, which worked with OntheFrontier Group and was funded by international partners to enhance the competitiveness of Jamaican firms. Beverley is head of the Competitiveness Company of the JEA that was formed to institutionalise and expand competitiveness initiatives.

Beverley is a member of the Civil Society Advisory Committee of The InterAmerican Development Bank, charged with ensuring that the Bank's lending to the public sector is reflective of positive social and environmental values. She was a member of the Task Force on Agribusiness (1997–1999) of the InterAmerican Development Bank's Informatics Initiative 2000, and presented the position paper on technology and agribusiness on behalf of nineteen countries in the region.

Beverley chaired the Advisory Committee to the Minister of Technology on Electronic Commerce from 1999 to 2001, as well as the first joint venture company established by the University of the West Indies and private sector interests to undertake the commercialization of certain research

findings of the Life Sciences Faculty of the University. She chaired the Agribusiness Industry Advisory Cluster of the National Industrial Policy and was the Chairperson of the Jamaica Agricultural Development Foundation, a not-for-profit international partnership between Land O' Lakes Dairy Cooperative of Minnesota, the Rockefeller Brothers Foundation and the Jamaican private sector. The aim was to monetize surplus dairy products from the United States PL480 programme, and the proceeds were used to make loans to more than 500 small farmers.

A Director of the Bank of Jamaica between 1992 and 2000, Beverley is the Chairperson of the Anti-Dumping and Subsidies Commission, the organization charged with ensuring equity in international trade and with implementing international trade remedies. This Commission has been singled out by the World Trade Organisation as a model organization for international trade remedies, worthy of emulation by developing countries.

Beverley is also a director of Area Youth Foundation, a not-for-profit, foundation that works with urban at-risk youth, teaching life skills and personal development, and organising educational programmes to enhance their employment opportunities.

Beverley has an Honours Degree in Spanish from the University of Manchester, a Masters Degree in Latin American Studies from the University of Liverpool, a Certificate in Export Marketing from the Graduate School of International Studies, University of Miami, and is a Hewlett Packard Doctoral Fellow at Case Western Reserve University's Weatherhead School of Management.