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**Inner Kingston Development Project
Monitoring and Evaluation Report No. 3**

**SURVEY OF
KRC TENANTS**

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EXECUTIVE SUMMARY

The Inner Kingston Development Project was initiated in mid-1986 with the aim of helping to revitalize downtown Kingston's economy and provide badly needed jobs for the unemployed in the surrounding area. The Kingston Restoration Company (KRC) has undertaken a program to rehabilitate vacant and derelict buildings for occupancy by small- and medium-scale manufacturing firms. This report summarizes the findings from a survey of the 21 firms which have leased space in the first three industrial properties (representing a total of 143,500 rentable square feet) renovated by KRC.

Tenant Characteristics

The 21 firms interviewed included 16 manufacturing firms (8 general, 5 electronics, and 3 garment), 3 food processing operations, and 2 firms carrying out other activities. KRC's properties have been successful at providing space for new and small-scale manufacturers who were believed to face a shortage of suitable space for lease; half the firms have 10 or fewer employees and only one firm has more than 100 workers. Of the 21 firms, 11 were newly-started businesses; eight of these new firms were manufacturing concerns. The 10 previously existing firms cited reasons pointing to a shortage of suitable manufacturing space to explain why they decided to move.

KRC's space has been successful at bringing new activity to Downtown, not simply shifting firms which were already located in Downtown to improved quarters. Only 3 of the tenants were previously-established downtown businesses; 85 percent of the firms are either new (52 percent) or have relocated from outside of Downtown (33 percent).

Employment

One of the principal goals of KRC redevelopment activities is to generate employment Downtown. A total of 515 new jobs have been created; employment in the 21 firms rose from 184 employees before moving into or starting operations in KRC space to 699 in September 1989. Garment manufacturing and electronics assembly provided 313 and 134 new jobs, respectively. The 11 new firms have created 271 new jobs; the 10 already-existing businesses have added 244 workers since moving to KRC properties.

KRC also aimed to create jobs for residents in the project area. Of a total of 699 employees working in the 21 firms, about one quarter live in Downtown. Almost half of the workers in the electronics assembly operations and about a fifth of the employees in the other categories (except "other activities") come from downtown neighborhoods. The proportion of Downtown residents within the workforce is also shown by the survey to be sensitive to the location of KRC facilities. Local residents are much more likely to be part of the workforce when the job opportunities are close-by. The share of Downtown residents in total employment at near-by Machado is about 5 times higher than at the more-distant Pechon Street properties.

The hiring patterns reported by the firms indicate that they have been willing to

take on local residents as workers. However, it cannot be determined with certainty at this time whether the high hiring rates for local residents are reflecting a higher turnover rate within this segment of the workforce or whether local residents are making up an increasing proportion of employees. Businesses rely mainly on direct contacts, personal referrals, and applications submitted by prospective employees as their main methods for identifying new employees. Most firms consistently place the strongest emphasis on the applicant's work experience—both in general terms and in relation to the vacancy being filled; education ranks third overall in the employers' consideration.

The response from employers about their experience operating in Downtown and hiring local residents from the area was positive. The large majority of businesses stated that they found local residents to perform as well as their other workers and that they would continue to hire Downtown residents. Almost all the businesses interviewed expressed the opinion that the quality of the workforce as a whole was low and suffered from problems similar to those attributed to the Downtown residents.

Average earnings are significantly higher for general manufacturing and food processing operations (which tend to be smaller in size, have proportionately more managerial and supervisory staff, and require more skilled labor) than for electronics assembly and garment manufacturing (which utilize large amounts of low-skill labor and which are dominated by female workers). The wages reported are in line with wages offered for similar work among the large-scale export industries in the Kingston Free Zone.

Future Developments

In August and September 1989 (when the survey was conducted), most tenants had a positive view of their future. About three quarters of the businesses (15 out of 21) said that, overall, their business had been performing as well or better than they had expected. Firms which produced for the domestic market and did not face international competition in the export market tended to have the most positive outlook. Thirteen of the firms interviewed reported that they expected to increase their workforce within the next 6 months, adding about 140 new jobs (mainly among the manufacturing operations). If these planned expansions take place and with the remaining space at the Knitting Mills recently leased, it is likely that by mid-1990, the three KRC properties surveyed will be employing over a thousand workers; the properties will have allowed firms located there to create over 700 new jobs.

Perhaps the strongest endorsement for KRC's renovation of the properties was the expressed willingness of the tenants to purchase the space they currently occupy if it became available. Twelve of the 21 tenants said they would be interested in buying their leased space. There were concerns also: A number of tenants felt that they would be expanding within the next 1 to 2 years and were concerned about the unavailability of space for expansion within the KRC properties. Other firms expressed worry over their ability to keep up with the rent escalations (both within their lease and beyond). A number of firms raised grievances concerning the management of the properties.

SURVEY OF KRC TENANTS

INTRODUCTION

The Inner Kingston Development Project was initiated in mid-1986 with the aim of helping to revitalize downtown Kingston's economy and provide badly needed jobs for the unemployed in the surrounding area. The project is being implemented by the Kingston Restoration Company (KRC), a non-profit, public interest corporation, and the Urban Development Corporation (UDC).

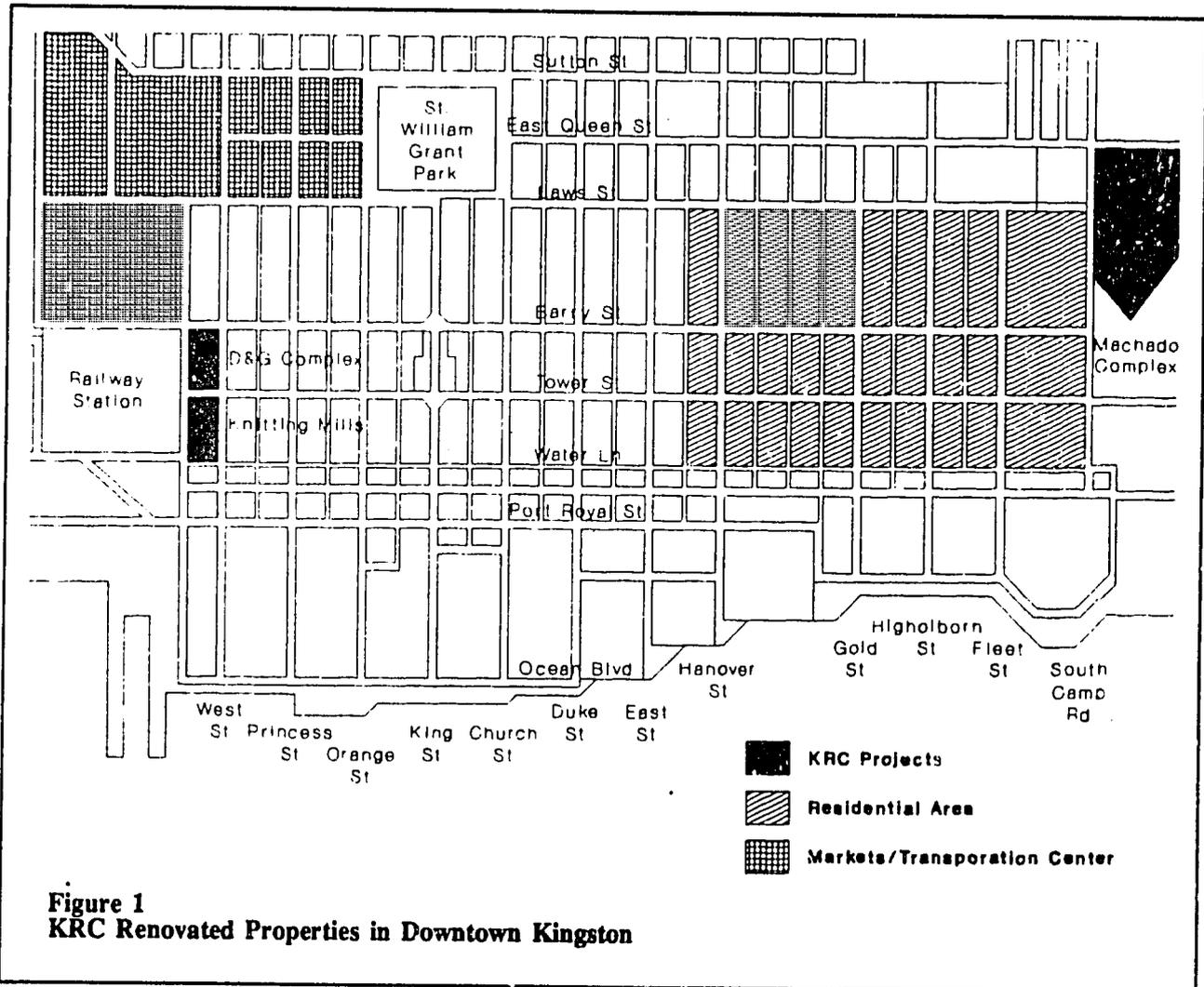
The emphasis in KRC's programme to date has been the rehabilitation of vacant and derelict buildings for occupancy by small- and medium-scale manufacturing firms. However, KRC is also providing: matching grants to local property owners for building facade and structural improvements; grants to churches and other institutions for job training and community betterment programmes; rehabilitation of buildings for commercial and retail use; and landscaping, lighting and other street improvements. UDC's activities in the project include developing a new downtown bus terminal and the replacement of the Harbour Street trunk sewer as well as other infrastructure improvements. (A more complete description of the project can be found in Annex A of Monitoring and Evaluation Report No. 2, *Inner Kingston: Conditions at Baseline.*)

KRC and UDC (along with USAID which has assisted the project), believed that revitalization activities should be accompanied by a programme of research to reliably measure the changes taking place downtown while the project is underway. This paper is the third in a series of monitoring reports which are intended to provide information and progress updates on various aspects of the implementation and impact of the project.

The report summarizes the findings from a survey of firms which have leased space in properties renovated by KRC. The survey and report characterize the first group of tenants KRC attracted to its Downtown renovations and measures the employment impacts created by these tenants. This and other information in the survey provide useful inputs for future decisions by KRC (or other investors) about what types of development to undertake, the sorts of firms to whom space should be marketed, and potential property management problems arising out of these kinds of mixed use developments.

The KRC projects (shown in Figure 1) which were surveyed include:

- D&G Complex on Pechon Street (32,000 square feet of rentable space): a former brewery, this complex contains 8 rentable units ranging in size from 1,700 to 5,300 square feet (plus a canteen) in a three-storey building.
- Machado Industrial Complex at South Camp Road and Victoria Avenue (72,000 square feet of rentable space): previously used to manufacture cigarettes, this complex contains 12 rentable units in 11 separate buildings (plus a canteen) within a large compound. The units range in size from 28,300 to 1,000 square feet.



- Knitting Mills, also on Pechon Street (39,500 square feet of rentable space): a renovated two-storey industrial property, it contains two 19,000 square foot units and a separate 1,200 square foot unit.

The D&G and Knitting Mills projects are located on the western edge of Downtown, adjacent to the Markets and Transportation Center facilities being renovated and constructed by UDC. These large developments are part of a long-term redevelopment of Western Kingston. The Machado Complex is located next to the residential area which is KRC's main target population for job creation arising out of its developments. Both sites have good access to major transportation routes in and out of Downtown.

The survey was carried out in August and September 1989 to collect data on the characteristics of the firms renting space from KRC and to observe to what extent project goals of local job generation were succeeding. The survey instrument (reproduced in

Annex A) was designed by The Urban Institute staff and O'Neil Cuffe, a Jamaican consultant. Interviews were conducted by the consultant with representatives—mainly managers and managing directors (12, and owners (3)—of the 21 firms occupying space in KRC properties. (The 21 businesses include the canteen operation at the Machado Industrial Complex).

The topics covered by the survey included: employment, hiring practices, and wages; reasons for choosing to lease downtown space from KRC; and how KRC space compares with alternative facilities. The response rates to questions in the survey were generally high; all the firms approached participated in the survey and most questions were replied to by more than 90 percent of the firms. The lowest rates were found with questions relating to wages and salaries (67 percent responding) and questions asking employers to compare downtown employees with other employees (the response rate was high, but half of those responding had no opinion). The respondents also provided much additional commentary relating to the topics covered by the survey. These comments are incorporated into the survey results reported below.

TENANT CHARACTERISTICS

The 21 firms interviewed were grouped into three manufacturing and two other production categories:

- **Manufacturing (General):** Firms producing goods not included in the electronics and garment categories identified below. The eight firms within this classification manufacture a variety of goods including radiators, aluminum building products, commercial signs, furniture, cosmetics, and handicrafts.
- **Manufacturing (Electronics):** The five firms in this category are mainly involved with the assembly of electrical and electronic components. Two firms are US-owned and operate "807" export assembly operations. (Item 807 of the United States tariff schedule allows goods to be imported duty-free if they are assembled overseas of components manufactured in the United States.)
- **Manufacturing (Garments):** Two of the three businesses in this category assemble garments for export under the 807 program.
- **Food Processing:** Three firms (including the canteen at Machado) produce and distribute food products.
- **Other Activities:** This residual category includes a cigarette distribution firm and an importer.

The location of the firms within KRC's developments is shown in Table 1.

Most of the firms interviewed had been operating in the space provided by KRC for at least a year and had fully established their operations. (Although, as will be seen below in the section on business performance, more than half the tenants plan to expand

Table 1
Location of Firms Surveyed

	Total	D&G Complex	Machado Complex	Knitting Mills
Manufacturing (General)	8	1	6	1
Manufacturing (Electronics)	5	2	2	1
Manufacturing (Garments)	3	2	1	0
Food Processing	3	1	2	0
Other Activities	2	1	1	0
TOTAL	21	7	12	2

their operations in the near future.) The D&G Complex on Pechon Street was completed at the end of 1987; five of the seven tenants had begun their occupancy of the building during the first half of 1988. The Machado Industrial Complex was completed in stages starting in October 1987; final construction was completed in mid-1988. Seven of the twelve tenants at Machado had taken up their spaces by August 1988; all but one of the remaining firms had occupied their space for at least six months. The Knitting Mills property was completed in early 1989, but was not yet fully leased in August 1989. The two tenants present had occupied their spaces for approximately six months, though one firm was still setting up their operation and was not yet at full capacity. (Since the time of the survey, KRC has leased the remaining space in Knitting Mills to an 807 garment manufacturer who plans to employ approximately 300 workers.)

KRC's properties have been successful at providing space for the target market identified in the project design: new and small-scale manufacturers who were believed to face a shortage of suitable space for lease. Table 2 shows the size distribution of firms leasing KRC space; KRC has attracted mainly small businesses. Almost half the firms have 10 or fewer employees and only one firm has more than 100 workers (a garment manufacturer producing for export under the 807 program). Among the manufacturing

Table 2
Business Size
(Number of Firms)

	Total Firms	Number of Employees				
		< 11	11 - 25	26 - 50	51 - 100	> 100
Manufacturing (General)	8	6	2	0	0	0
Manufacturing (Electronics)	5	0	3	1	1	0
Manufacturing (Garments)	3	0	0	1	1	1
Food Processing	3	2	1	0	0	0
Other Activities	2	1	1	0	0	0
TOTAL	21	9	7	2	2	1

Table 3
Previous Location of Businesses

	Total	New Business	Downtown	Other Location
Manufacturing (General)	8	4	1	3
Manufacturing (Electronics)	5	2	0	3
Manufacturing (Garments)	3	2	1	0
Food Processing	3	2	1	0
Other Activities	2	1	0	1
TOTAL	21	11	3	7

operations, the garment manufacturers tend to be larger-sized operations, followed by the electronics assembly operations and the small-scaled general manufacturers.

Of the 21 firms, 11 were newly-started businesses; eight of these new firms were manufacturing concerns (see Table 3). These 11 new businesses include the two US-owned electronics manufacturers which expanded and set up Jamaican operations. The 10 previously existing firms cited reasons pointing to a shortage of suitable manufacturing space to explain why they decided to move. Asked to give the major reasons why they chose to lease a KRC property, 6 of the 10 firms stated that the quality of the space offered by KRC influenced their decision to move. Half of the 10 firms said they required more space for production. Only two of the 10 firms which moved indicated that KRC's rent was cheaper than alternative spaces they might have used. The experience to date has confirmed KRC's presumption that there would be market demand for higher quality space than that normally offered to small firms in the Kingston area. Nine of the 10 relocating firms indicated that the space they leased from KRC was "much better" in quality than the space they previously occupied; only 3 relocating firms indicated that the rent level was lower than what they had previously paid.

Both newly-started and existing firms voiced the opinion that they would have been able to find alternative premises if the KRC space had not been available. However, they also stated that the ready availability of KRC space and its other features (quality of space, amount of space, and security arrangements) made it very attractive compared to the accessible alternatives. At the same time, KRC's development of multiple spaces within a common complex (which made some of these benefits possible) has been the source of some dissatisfaction. Some tenants voiced complaints about the side effects of many different uses within one complex: the smell of paints and solvents from one business affecting workers in other nearby businesses; litter caused by scraps from garment operations. These complaints were most common when different types of operations occupied the same building.

KRC's space has been successful at bringing new activity to Downtown, not simply shifting firms which were already located in Downtown to improved quarters. Only 3 of the tenants were previously-established downtown businesses; 85 percent of the firms are

either new (52 percent) or have relocated from outside of Downtown (33 percent).

EMPLOYMENT

One of the principal goals of KRC is to generate employment Downtown—especially for the Downtown residents who face one of the highest unemployment rates in Jamaica. Table 4 shows the jobs created by the tenants leasing space from KRC since they set up operations in KRC's refurbished space. A total of 515 new jobs (*i.e.*, net additional jobs) have been created; employment in the 21 firms rose from 184 employees before moving into or starting operations in KRC space to 699 in September 1989. Garment manufacturing and electronics assembly provided 313 and 134 new jobs, respectively. In terms of job creation, newly-started firms and existing businesses have made approximately equal contributions. The 11 new firms have created 271 new jobs; 79 percent of these jobs are in garment and electronics operations (106 and 107 new workers, respectively). The 10 already-existing businesses have added 244 workers since moving to KRC properties. These new jobs have been concentrated entirely in the manufacturing operations: 10 in general manufacturing, 27 in electronics assembly, and 207 in garment operations. The firms which moved from other premises stated that they did not have to offer any special compensation to get their employees to move with the business to Downtown; no companies reported losing employees because of the move.

Table 5 shows the composition of the workforce in each of the activity categories. The general manufacturing operations—with their small average size (just over 9 employees)—have only 54 percent of their workforce directly involved with production (*i.e.*, skilled operators and other workers). The larger electronics and garment assembly operations (with an average of over 70 employees) have more staff per management and support positions; over 85 percent of their workforces are production workers.

The workforces in garment manufacturing and electronics assembly (the two largest sources of employment) are predominantly female; women make up 95 percent of the

Table 4
Employment Change Since
Starting Operations at KRC Property
(Number of Employees)

	Present Total	Previous Total	Net Change	New Jobs (New Firms)	New Jobs (Existing Firms)
Manufacturing (General)	74	37	37	26	11
Manufacturing (Electronics)	154	20	134	107	27
Manufacturing (Garments)	413	100	313	106	207
Food Processing	40	24	16	16	0
Other Activities	18	3	15	16	-1
TOTAL	699	184	515	271	244

Table 5
Workforce Composition
(percent)

	Total	Management	Supervisory	Clerical	Skilled Operators	Other Workers
Manufacturing (General)	100.0	21.6	13.5	10.8	44.6	9.5
Manufacturing (Electronics)	100.0	5.8	5.8	2.6	76.0	9.7
Manufacturing (Garments)	100.0	4.4	6.3	3.9	76.5	9.0
Food Processing	100.0	17.5	17.5	12.5	7.5	45.0
Other Activities	100.0	11.1	16.7	33.3	38.9	0.0
TOTAL	100.0	7.4	7.9	5.6	68.1	11.0

workers in the garment operations and 75 percent of the employees in the electronics assembly firms. In the other categories, women make up an average of 31 percent of the workforce.

KRC has been fairly successful with its aim of creating jobs for residents in the project area. The firms surveyed draw a significant number of their employees and new hires from Downtown (see Figure 1 for the boundaries of this residential area). Table 6 gives a detailed breakdown of the share of Downtown residents in current employment and hirings since firms started operating in KRC space. Of a total of 699 employees working in the 21 firms, 173 (or about one quarter) live in Downtown. Almost half (45 percent) of the workers in the electronics assembly operations and about a fifth of the employees in the other categories (except "other activities") come from downtown neighborhoods. It should be noted, though, that KRC's success in creating jobs has not been complete; 7 businesses (which have created a total of 94 jobs since occupying KRC space) do not employ any residents of Downtown. These firms are mainly small manufacturers (less than 20 employees), although one is garment manufacturer with more than 50 employees.

Table 6
Residency of Workforce and New Hires

	Total Workers	Workers Residing Downtown	Percent Residing Downtown	Total Hires	Hires Residing Downtown	Percent Residing Downtown
Manufacturing (General)	74	14	18.9	126	24	19.0
Manufacturing (Electronics)	154	69	44.8	116	84	72.4
Manufacturing (Garments)	413	80	19.4	571	111	19.4
Food Processing	40	9	22.5	26	9	34.6
Other Activities	18	1	5.6	3	0	0.0
TOTAL	699	173	24.7	842	228	27.1

The proportion of Downtown residents within the workforce is not only related to the type of activity which the firm undertakes, but is also shown by the survey to be sensitive to the location of KRC facilities—as was hypothesized at the beginning of the project. Local residents are much more likely to be part of the workforce when the job opportunities are close-by. The share of Downtown residents in total employment at Machado—which is adjacent to the Downtown residential area—is about 5 times higher than at the Pechon Street properties (32 percent versus 6 percent, respectively). The higher rate of Downtown resident participation at Machado is also a reflection of KRC's more intensive efforts to assist one tenant (an electronics assembly operation) in identifying potential employees through its community development program and local community-based organizations.

Similarly, the size of the firm and its ownership appear to make a difference; larger firms are more likely to hire local residents. The 8 firms with fewer than 10 employees only show 17 percent of their workforce to be Downtown residents. The share of Downtown residents in the workforce of the remaining 13 larger businesses is half again as large, or 25 percent of all employees. Many small businesses rely on their owners and family members to play an active role in their management and may lack the capacity to evaluate potential employees who are not somehow linked through family or existing employees. Perhaps surprisingly, the highest rates of Downtown residents in the workforce are found in foreign-owned firms where owners and managers compare the labor force favorably with that in other Caribbean and Central American locations.

The hiring patterns reported by the firms indicate that they have been willing to take on local residents as workers. In all but one category, the proportion of Downtown residents among new hires is at least as high or higher than the proportion of Downtown residents among the workforce. Unfortunately, complete data on the rate of turnover in the workforce could not be assembled and the partial data available is hard to interpret. Thus, it cannot be determined with certainty at this time whether the high hiring rates for local residents are reflecting a higher turnover rate within this segment of the workforce or whether local residents are making up an increasing proportion of employees. Anecdotal evidence, however, suggests that turnover among workers from Downtown is not substantially different from that of other workers in the manufacturing industries (although the turnover rate is quite high for unskilled labor as a whole in Jamaica).

Businesses rely mainly on direct contacts, personal referrals, and applications submitted by prospective employees as their main methods for identifying new employees. One electronics assembly firm has relied heavily on a local community-based organization (CBO) to assist it in identifying job applicants from the local community. This firm has found over 80 percent of its employees from within Downtown. Otherwise, businesses have not used CBOs or KRC as a resource for finding new employees.

With regard to the factors which they consider when looking for new employees, most firms consistently place the strongest emphasis on the applicant's work experience—both in general terms and in relation to the vacancy being filled. (The survey results are summarized in Table 7.) Education ranks third overall in the employers' consideration. Other factors mentioned by employers include the attitude of the applicant, the employer's personal impression of the applicant, and the quality of the

Table 7
Average Ranking by Employers of Hiring Factors

	Related Work Experience	General Work Experience	Education	References	Personal Impression	Attitude of Applicant
Manufacturing (General)	1	2	4	4	2	6
Manufacturing (Electronics)	1	2	4	5	6	3
Manufacturing (Garments)	1	4	3	4	4	2
Food Processing	1	2	3	6	5	4
Other Activities	1	1	3	4	5	5
TOTAL	1	2	3	6	5	4

applicant's references. These findings indicate Downtown residents, who usually have little job experience or education, should have a difficult time securing employment. However, as noted below, those that have found jobs have performed well.

The response from employers about their experience operating in Downtown and hiring local residents from the area was positive:

- Only 2 of the 14 firms which employ Downtown residents stated that their performance was below average compared to their workforce as a whole. Three firms found their employees from Downtown above average while 8 firms thought Downtown residents performed on par with the workforce average. (Two had no opinion.)
- Only 1 business reported that their experience with employees from the local area was poorer than they had expected; 6 firms thought the local workers met the firms' expectations and another 6 found the local workers exceeded what the firms had expected. (One had no opinion.) This, of course, may partly reflect the general negative attitude toward Downtown which many businesses have before locating there.
- Nine businesses stated they had not encountered any particular problems with their employees from Downtown; only 4 cited particular problems. (One had no opinion.)
- Thirteen of the 14 firms reported that they would continue to hire new employees from among the local residents; just 1 business stated they would not hire a Downtown resident.

In general, those firms which employed Downtown residents were satisfied with their performance. The larger businesses found that there was no significant difference between local residents and employees from elsewhere. The 7 firms which did not

employ Downtown residents tended to have the strongest negative comments about their qualities as potential employees, referring to poor work habits, low levels of productivity, and complaints of theft. However, those small businesses which actually employ local residents had fewer complaints and—like the larger firms—did not seem to find local workers any more problematic to deal with than the rest of their employees. Almost all the businesses interviewed expressed the opinion that the quality of the workforce as a whole was low and suffered from problems similar to those attributed to the Downtown residents.

The survey also questioned employers on wages and benefits paid to employees. Just over half the firms paid their employees on a weekly basis, with the remaining firms split between monthly and fortnightly pay schedules. Only 9 of the 21 firms interviewed provided complete information on both the number of employees and their aggregate earnings; a further 4 businesses provided data for some of their employees. However, as shown in Table 8, the 13 firms reporting did provide data on almost 80 percent of the workers employed at KRC properties.

Average earnings are significantly higher for general manufacturing and food processing operations (which tend to be smaller in size, have proportionately more managerial and supervisory staff, and require more skilled labor) than for electronics assembly and garment manufacturing (which utilize large amounts of low-skill labor and which are dominated by female workers). The category averages also conceal quite wide variation within the category. Average weekly wages in the general manufacturing category range from J\$163 to J\$583 per week. (At the time of the survey, J\$5.50 = US\$1.00.) In the other manufacturing categories, the spread of average wages is much less, ranging from J\$122 per week to J\$231 per week in the garment industry and from J\$156 per week to J\$233 per week in electronics assembly operations. These wages are in line with wages offered for similar work among the large-scale export industries in the Kingston Free Zone. Some of the wage differentials explicitly reflect productivity differentials, as wages are paid on a piece-rate production basis.

There are no unions in any of the businesses interviewed. Non-wage benefits are often conferred on employees at the discretion of the owners. Five businesses do not offer any benefits to their employees. Benefits offered by the other firms are shown in

Table 8
Average Weekly Wages

	Total Firms	Firms Reporting	Percent of Workers Reported	Average Weekly Wage (J\$)
Manufacturing (General)	8	6	79.7	348
Manufacturing (Electronics)	5	2	51.3	171
Manufacturing (Garments)	3	3	93.2	143
Food Processing	3	2	82.5	448
Other Activities	2	0	0.0	n/a
TOTAL	21	13	79.5	187

Table 9
Benefits Offered by Firms

	Total Firms	Uniforms	Health Scheme	Insurance	Laundry Allowance	Subsidized Lunch
Manufacturing (General)	8	4	4	4	1	0
Manufacturing (Electronics)	5	3	3	1	3	3
Manufacturing (Garments)	3	1	0	0	0	1
Food Processing	3	2	1	2	1	1
Other Activities	2	0	0	0	0	0
TOTAL	21	10	8	7	5	5

Table 9. Uniforms and protective clothing are usually offered where required by the nature of the work. Six firms offer three or more different types of benefits, such as health coverage, subsidized lunch, and a laundry allowance. However, the quality and distribution of these benefits is sometimes *ad hoc* in nature. One employer said, "Yes, I provide benefits. If workers come and ask me for lunch money, I will give them—and they do this every day. I will also give them bus fare."

FUTURE DEVELOPMENTS

Most tenants had a positive view of their future. About three quarters of the businesses (15 out of 21) said that, overall, their business had been performing as well or better than they had expected. (The survey responses are summarized in Table 10.) General manufacturing firms, which tend to be new businesses or small businesses which are expanding, reported the greatest degree of satisfaction with their performance. The other manufacturing operations (garments and electronics) registered the highest numbers of firms whose performance to date had not measured up to expectations. These firms

Table 10
Business Performance Since Moving to KRC Premises

Expectations	Number of Businesses	Above Expectations	As Expected	Below
Manufacturing (General)	8	4	3	1
Manufacturing (Electronics)	5	1	2	2
Manufacturing (Garments)	3	0	1	2
Food Processing	3	2	1	0
Other Activities	2	0	1	1
TOTAL	21	7	8	6

Table 11
Employment Increase Expected in Next Six Months

	Number of Businesses	No Change	Will Increase	Percent Increase	Additional Employees
Manufacturing (General)	8	3	5	39	17
Manufacturing (Electronics)	5	0	5	68	105
Manufacturing (Garments)	3	2	1	25	10
Food Processing	3	2	1	50	5
Other Activities	2	1	1	70	1
TOTAL	21	8	13	55	138

have been facing increased competition within the export market both from other Jamaican firms and other operations in the Caribbean. This problem has been particularly severe in the garment industry.

At the time of the survey, one third of the businesses reported job vacancies totalling 37 positions in their firms. All but 6 of the vacancies were with manufacturing operations. The jobs to be filled were mainly positions requiring technical or managerial skills: 9 positions for supervisory or office staff; 9 positions for technical staff (such as printers or welders); and 7 positions for sales representatives. The remaining 10 open positions were for sewing machine operators at a garment manufacturing operation. This may indicate a problem firms will face: How to attract enough high-skilled staff in order to expand employment opportunities for less-skilled workers which can be drawn from the pool of unemployed residents in Downtown.

Thirteen of the firms interviewed reported that they expected, at the time of the survey, to increase their workforce within the next 6 months (see Table 11). About 140 new jobs are planned, mainly among the manufacturing operations. Most firms are only planning to make modest additions (in terms of numbers of jobs) to their workforces. It should be noted, though, that since many of these operations are quite small, these new jobs often represent substantial increases in the size of the firm in proportionate terms. The majority of the new jobs (87 out of 138) are planned to be created by two electronics assembly firms. These increases will represent a doubling in size of one business and a 70 percent increase for the other.

If these planned expansions take place and with the remaining space at the Knitting Mills recently leased, it is possible that by mid-1990, the three KRC properties surveyed will be employing over a thousand workers; the properties will have allowed firms located there to create over 700 new jobs.

In terms of the specific characteristics they liked about their leased space, most tenants ranked location (both in terms of access for distribution and to a pool of labor) and security as the best features of the KRC properties (see Table 12). The quality of the space was also mentioned often by firms as an important feature of the KRC properties.

Table 12
Average Ranking of Factory Space Characteristics

	Location for Distribution	Location for Labor Supply	Quality of Space	Security	Canteen	Rent Level
Manufacturing (General)	2	2	4	1	5	—
Manufacturing (Electronics)	2	1	2	4	—	5
Manufacturing (Garments)	1	4	2	3	—	—
Food Processing	1	—	1	2	—	—
Other Activities	1	3	—	2	—	4
TOTAL	1	3	4	2	6	5

Perhaps the strongest endorsement for KRC's renovation of the properties was the expressed willingness of the tenants to purchase the space they currently occupy if it became available. Twelve of the 21 tenants said they would be interested in buying their leased space (see Table 13). Some businesses had already given some thought the purchase and managing of the properties. One firm suggested a cooperative form of ownership where owners would have to occupy their space (rather than hold it for speculative purposes). Others thought a simple condominium arrangement would work, without restrictions on the use of the individual units.

The businesses interviewed also raised a number of concerns about their future within the KRC properties. A number of tenants felt that they would be expanding within the next 1 to 2 years and were concerned about the unavailability of space for expansion within the KRC properties. (All properties are now fully leased; most leases are 5 years in length and do not start expiring until 1993. See Annex A for details.) Such firms may be a logical source of demand for future KRC renovations. Other firms expressed worry over their ability to keep up with the rent escalations (both within their lease and beyond).

Table 13
Tenant Willingness to Buy Current Space

	Number of Businesses	Yes	No	Don't Know
Manufacturing (General)	8	7	1	0
Manufacturing (Electronics)	5	1	1	3
Manufacturing (Garments)	3	2	0	1
Food Processing	3	2	0	1
Other Activities	2	0	1	1
TOTAL	21	12	3	6

Other grievances raised concerned the management of the properties. Most tenants felt a better job could be done of resolving problems and maintaining the properties. Some of the problems identified included:

- Leaking roofs not repaired (or repaired only after a long delay);
- Late garbage collection;
- Poor drainage at the Machado Complex;
- Problems with the utilities (especially electric power capacity and lack of telephone service);
- Confusion over who is responsible for property management—many tenants call KRC to lodge complaints although Life of Jamaica Property Management is responsible for the operation of the complexes.

The tenants also identified a number of improvements which could be made to the properties in order to make them function better. These included:

- Communication system (intercom) between the main gate and factory spaces;
- Hoist needed at D&G Complex to lift heavy items to upper levels;
- Better signage and directories to identify entrances and firms within the complexes.

None of KRC's tenants identified any security-related matter as a cause for concern. This is significant because one aspect of the conventional wisdom about why Downtown would be difficult to redevelop was that firms could not be guaranteed a secure environment in which to operate. The high ranking which tenants gave to security at the KRC properties (see Table 12) indicates that the tenants do feel security is a major concern and that KRC has adequately addressed the issue.

CONCLUSION

The survey results indicate that KRC has been successful in meeting the project goals of increasing the amount of rental space suitable for light manufacturing use by new and expanding firms and create jobs for residents of the Downtown area. In terms of the quantified Inner Kingston Development Project targets, the three restorations completed by KRC represent 44 percent of the refurbished factory space to be produced by KRC.

The 699 workers employed at these three sites account for only 28 percent of the project target for total employment—future expansion by present tenants should push this proportion up to between 40 and 45 percent. However, the proportion of new jobs created (*i.e.*, net additional jobs) is significantly higher than the one third forecast in the project plan. Almost three quarters of the total jobs are new positions created by the firm since moving to the KRC space. Where employment performance has not quite measured up to the project's full expectations is in the number of Downtown residents who would be hired by these expanding firms. The project plan had hoped that about a third of the jobs in KRC factory space would be held by locals; in fact, the proportion has been slightly less, about one quarter. However, the survey also indicates that employers are finding that using Downtown residents as part of their workforce is not more difficult than hiring from elsewhere; this represents a major shift in the perceptions of employers about

the Downtown labor force.

KRC's efforts to attract manufacturing firms to Downtown are also having other beneficial effects on Downtown, apart from the direct effects of job creation. A survey of Downtown businesses carried out in 1987 found that largest sector in the Downtown economy—both in terms of the number of private-sector business establishments and the number of private-sector employees—was the retail sector (not including higglers on the street and in the markets); these firms accounted for more than a quarter of all business establishments and employment in Downtown. They tended to be small in scale, with about 10 employees per establishment, on average. In comparison, the 79 manufacturing firms in Downtown (which do not include those in KRC properties) made up only 7 percent of the Downtown private sector business establishments and accounted for only 12 percent of private sector employment. The activities brought to Downtown by KRC thus represent a net increase of 20 percent in the number of manufacturing firms and a 47 percent net increase in the number of manufacturing workers. Thus, KRC has helped diversify the Downtown economy away from such heavy reliance on small-scale commercial operations as its main source of activity and employment.

Another issue which the survey has underlined is the importance of the location of jobs in the job creation process. Significantly more Downtown residents were employed at the KRC site (Machado) which was located adjacent to the Downtown residential area. KRC's other properties, on the west side of Downtown and relatively far from the residential areas, showed a much poorer record of providing employment to Downtown residents. (It should also be noted that the size and ownership of the firms also appeared to affect the likelihood of a firm hiring residents from Downtown.) That several of KRC's future industrial development projects are located adjacent to the residential neighborhoods of Downtown (along Harbour Street) implies KRC properties should continue to be strong sources of employment for Downtown residents.

ANNEX A
KRC TENANTS

Project/Tenant	Product	Lease Signed	Space Leased (square feet)
D&G Complex			
Hongs Fashion World Ltd.	807 garment	May 1988	5,135
Albert Wong Ltd.	Food processing	March 1988	4,830
Multi-Projects Ltd.	Jewelry & signs	February 1988	5,365
Dr. Bird Micro Systems Ltd.	Electronics assembly	May 1988	2,091
Communications Engineering Ltd.	Electronics assembly	January 1988	3,482
Premier Products Ltd.	807 garment	January 1988	5,336
Unity Plumbing & Parts	Repairs & distribution	July 1989	1,936
Canteen	Food service	June 1989	673
Machado Complex			
La Moda Manufacturing	807 garment	October 1987	28,326
Cigarette Company of Jamaica	Office & distribution	August 1987	2,700
T&D Radiator Works	Radiator parts	May 1988	4,975
DML Industries	Cosmetics	July 1988	2,000
Busha Browne Co. Ltd.	Processing & distribution	October 1988	1,000
Mr. Joose Ltd.	Food processing	April 1988	6,662
Instrument Transformers Ltd.	807 electronics	September 1987	14,221
Aluminum Building Products	Aluminum products	October 1988	2,000
Merinjam (Jamaica) Ltd.	807 electronics	May 1988	6,450
Island Craft	Wood handicrafts	May 1988	2,275
Canteen	Food service	January 1988	980
Knitting Mills			
Leonard de Cordova Ltd.	Household goods	February 1989	19,000
Negrin (Jamaica) Ltd.	807 garment	March 1990	19,000
Raw Materials Ltd.	Processing & distribution	February 1989	1,248

ANNEX B

URBAN INSTITUTE

SURVEY OF EMPLOYERS

QUESTIONNAIRE

I.D. #

1-2

1. NAME OF BUSINESS/FIRM.....

2. ADDRESS
.....

3. NAME OF REPORTING OFFICER

4. POSITION

5. NATURE OF BUSINESS.....

6. HOW LONG ARE YOU AT THIS ADDRESS? [|] MONTHS

7. DID YOUR BUSINESS START AT THIS ADDRESS?

Yes [1] No [2]

If Yes go to Ques. 11.

8. WHERE WAS YOUR BUSINESS LOCATED BEFORE?.....
.....

9. WHY DID YOU MOVE TO THIS LOCATION? (Tick as many as, and rank in order of importance)

- [] Better facilities
- [] Cheaper rent
- [] Needed more factory space
- [] Better location
- [] Easier access to transportation
- [] Security
- [] Other specify.....

10 HOW MANY EMPLOYEES DID YOU TAKE WITH YOU TO THIS LOCATION? [| |]

3

4

5-6

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8-9

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17-19

11. HOW MANY EMPLOYEES DO YOU HAVE WORKING PRESENTLY AND THREE MONTHS AGO IN EACH OF THESE CATEGORIES?

	Presently		3 Months		
1. Management / Professional					20-25
2. Supervisory					26-31
3. Secretarial/clerical					32-37
4. Skilled workers (technicians, machine operators craftsmen etc.)					38-43 44-49
5. Other workers					50-55
TOTAL					56-61

12. HOW MANY OF YOUR WORKERS ARE:
Male [| |] Female [| |] 62-67

13. DO YOU PROVIDE ANY OF THE FOLLOWING BENEFITS FOR YOUR EMPLOYEES? (Tick as many as)
- | | |
|------------------------|----|
| [] Uniforms | 68 |
| [] Health Schemes | 69 |
| [] Insurance | 70 |
| [] Laundry | 71 |
| [] Lunch | 72 |
| [] Transportation | 73 |
| [] Other specify..... | 74 |

14. WHAT ARE THE CHARACTERISTICS YOU LOOK FOR IN NEW EMPLOYEES? (Rank in order of importance)
- | | |
|-------------------------------------|----|
| [] Work experience in related jobs | 75 |
| [] General work experience | 76 |
| [] Educational level | 77 |
| [] References | 78 |
| [] Personal impression | 79 |
| [] Attitude of applicant | 80 |
| [] Other specify..... | 81 |

15. HOW MANY OF YOUR CURRENT EMPLOYEES LIVE IN THE DOWNTOWN AREA? [|] 82-83

16. WHAT IS THE TOTAL NUMBER OF NEW EMPLOYEES YOU HAVE HIRED SINCE YOU STARTED HERE? [| |] 84-86

17. HOW MANY OF THESE NEW EMPLOYEES WERE FROM THE DOWNTOWN AREA? [|] 87-88

18.	HOW DO YOU MOST COMMONLY COME TO HIRE PERSONS FROM THE DOWNTOWN AREA? (Tick one)	
	[1] Applications	
	[2] Direct contact	
	[3] KRC reference	
	[4] Community based organisation reference (specify which one).....	89
	[5] Personal references (specify).....	
	[6] Other (specify)	
19.	WOULD YOU SAY THAT YOUR EMPLOYEES FROM THE DOWNTOWN AREA PERFORM:(Tick one)	
	[1] Better than average	
	[2] Worse than average	
	[3] Average	90
	[4] Don't know	
	[5] Other (specify)	
20.	WOULD YOU CHARACTERISE YOUR EXPERIENCE WITH EMPLOYEES FROM THE DOWNTOWN AREA AS:(Tick one)	
	[1] Better than you expected	
	[2] Worse than you expected	91
	[3] Same as you expected	
	[4] Don't know	
	[5] Other specify.....	
21.	DO YOU ENCOUNTER GREATER DIFFICULTY WITH WORKERS FROM THE DOWNTOWN AREA AS AGAINST OTHER WORKERS?	
	Yes [1] No [2]	92
	If yes what are the two problems which most concern you?	
	[] Low skills level	93
	[] Dishonesty	94
	[] Unreliability	95
	[] Poor work habits	96
	[] Other specify.....	97
22.	WILL YOU CONTINUE TO EMPLOY PEOPLE FROM THE DOWNTOWN AREA IF THEY ARE AVAILABLE? Yes [1] No [2]	98
23.	IF NO, WHAT COULD BE DONE TO MAKE YOU MORE WILLING TO EMPLOY WORKERS FROM THE DOWNTOWN AREA?.....	99-100
	

24. DO YOU AT PRESENT HAVE ANY VACANT POSITION IN YOUR COMPANY? Yes [1] No [2] 101
 (If yes please list areas and number of vacant position)
 Position Number of position
 []..... [] 102-103
 []..... [] 104-105
 []..... [] 106-107
 []..... [] 108-109
 []..... [] 110-111
 []..... [] 112-113
 []..... [] 114-115
 []..... [] 116-117
 []..... [] 118-119
 []..... [] 120-121

25. DO YOU ANTICIPATE AN INCREASE OR DECREASE IN YOUR WORKFORCE OVER THE NEXT 6 MONTHS AND BY HOW MUCH? 122-127
 [|] % Increase [|] % Decrease
 [] Don't know [] No change

RECORD 1 128

26. TYPE OF EMPLOYEE	Number of Employees	Aggregate Earnings	Aggregate Hours Pd.
1. SALARIED EMPLOYEES		//////////	//////////
Paid Monthly			//////////
Paid Twice Monthly			//////////
Paid Fortnightly			//////////
Paid Weekly			//////////
Paid Other than above			//////////
2. WAGE EARNERS			//////////
Hourly Rated(full time)			
Straight time	//////////		
Over time	//////////		
Hourly Rated(Part-time or casual)			
Paid other than above (task or piece rate)			//////////
TOTAL			

RECORD 2 128.

10

27. OVERALL, HOW HAS YOUR BUSINESS DONE SINCE YOU BEGAN OPERATIONS AT THIS LOCATION? (tick one)
- [1] Better than expected
 - [2] Worse than expected
 - [3] About the same as expected
 - [4] Other
- (If factory was previously located elsewhere answer questions 28 to 30)
28. HOW WOULD YOU COMPARE YOUR PRESENT FACTORY SPACE WITH WHERE YOU WERE PREVIOUSLY? (Tick one)
- [1] Much better
 - [2] Somewhat better
 - [3] About the same
 - [4] Somewhat worse
 - [5] Much worse
 - [6] Other specify.....
29. HOW MUCH RENT PER SQ.FT. WERE YOU PAYING AT YOUR PREVIOUS LOCATION? J\$[| |]per sq.ft.
30. WHAT SERVICES AND UTILITIES WERE INCLUDED IN THIS RENT? (Tick any amount)
- [] Electricity
 - [] Water
 - [] Security
 - [] Telephone
 - [] Janitor
 - [] Receptionist
 - [] Other specify.....
31. IN TERMS OF YOUR OWN BUSINESS, HOW IMPORTANT IS THE QUALITY OF THE FACTORY SPACE TO YOUR OPERATIONS? (Tick one)
- [1] Very important
 - [2] Somewhat important
 - [3] Not important
 - [4] Other specify.....
32. HOW IMPORTANT IS THE LOCATION OF FACTORY TO YOUR BUSINESS? (Tick one)
- [1] Very important
 - [2] Somewhat important
 - [3] Not important
 - [4] Other specify.....

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c 21

33. IN ORDER OF IMPORTANCE, WHAT ARE THE THREE MOST IMPORTANT THINGS YOU LIKE ABOUT THE FACTORY SPACE YOU PRESENTLY OCCUPY? (Insert numbers 1 to 3)

- Location for distribution of product 18
- Location for ease of labour force getting to work 19
- Quality of interior space 20
- Security 21
- Canteen 22
- Rent level 23
- Special problems of the site(specify)..... 24
-
- Special advantages of the site(specify)..... 25
-

34. IF THIS SPACE WAS NOT AVAILABLE WHAT WOULD YOU HAVE DONE?(Tick one)

- [1] Not have started business when I did
- [2] Seek other location
- [3] Remained in previous location 26
- [4] Closed down the operation
- [5] Would not have expanded
- [6] Other specify.....

35. WOULD YOU BE INTERESTED IN BUYING THE FACTORY SPACE YOU NOW OCCUPY? Yes [1] No [2] 27

36. WHAT CONCERNS/PROBLEMS DO YOU HAVE ABOUT THE FACTORY SPACE YOU PRESENTLY OCCUPY

- 28
- 29
- 30
- 31
- 32
- 33

THANK YOU.

CR