Enterprise and entrepreneurship in the Caribbean region: introduction to the special issue

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Entrepreneurship as a pseudo-discipline has matured to the point where it has even begun to question the myths which have developed around it. As a panacea for the development ills of capitalism, studies have spanned various ideological viewpoints and methodological approaches. Spatially, entrepreneurship studies have now grown to include countries of the Global South and emerging economies, particularly those of Eastern Europe. This special issue extends this geographical reach to the small island developing states (SIDS) of the Caribbean, particularly the English-speaking Caribbean with a British colonial legacy rooted in the remnants of the plantation economy. The commencement of political independence in the 1960s has not resulted in any significant economic independence for the region as it remains dependent on foreign capital for investment, whilst its key sectors (tourism, offshore finance) remain subject to the volatility of the economies of the global north. These external factors aside, the papers in this special issue identify domestic and enterprise level constraints to the development of enterprise and entrepreneurship in the region. In this Introduction we place these, mostly micro-level studies, in a wider historical, macroeconomic and institutional framework and conclude that policy-makers need to better understand the concept of entrepreneurship and its role in achieving domestic and regional development goals. Even more challenging is our recommendation that those formulating and delivering these policies and practices do so with an entrepreneurial mindset.
1. Introduction: Enterprise and Entrepreneurship in the Caribbean Region

Explicit attention to entrepreneurship research in the Caribbean is not new. Over sixty years ago the Caribbean’s only Nobel Laureate in Economics, Arthur Lewis, emphasised the need to learn the trade of entrepreneurship from foreign capitalists. However, it was not until the 1990s that the first comprehensive volume on the subject was published; *Entrepreneurship in the Caribbean: Culture, Structure, Conjecture*, edited by Selwyn Ryan and Taimoon Stewart and published by the University of the West Indies in 1994 (Ryan and Stewart 1994). Other individual scholarly endeavours have followed1, but none have yet provided the opportunity for scholars to document what is special, or different, about the nature of entrepreneurship in the region and the challenge this creates for policy-makers seeking to bring about positive change.

The papers presented at the Mona School of Business and Management (MSBM) Conference: *Connecting the Dots: Enterprise. Entrepreneurship and Sustainable Development*, held in Jamaica in November 2016, provided that opportunity. The conference enabled scholars to identify key entrepreneurship-related themes in a Caribbean context, leaving the Editors with four tasks. The first was the unenviable responsibility of selecting papers that best combined scholarly merit with policy relevance; the second was to put together a text that placed the individual papers within the wider Caribbean entrepreneurship context; the third was to provide informed guidance to policy-makers; and the fourth was to highlight important areas of uncertainty that merited further attention by scholars.

1 The most recent collation of scholarly works in the area was as a result of the 2015 Mona School of Business and Management’s business and management conference, published in *Social and Economic Studies* (Minto-Coy, Cowell and McLeod 2016).
To achieve these aims this special issue goes beyond the shores of the region by reaching out to an international audience. It captures the unique historical context of the Caribbean, emphasising that history matters and, in the absence of an underlying ‘entrepreneurial spirit’, seeks to identify the causes of regional underperformance, towards informing potential solutions. That is, a re-understanding of what entrepreneurship means in a developing country context, understanding the challenges and ways forward, and subsequently, a reorientation of public policy.

The rest of this introduction is structured as follows. As many of the studies in this special issue are focused at the enterprise level, the following subsection provides a general context of enterprise and entrepreneurship in the region. The discussion is then placed in the context of the research by Caribbean Nobel Laureate Arthur Lewis where we reconceptualise Lewis’s thesis around the wooing of foreign investors in the context of the region’s growing diaspora. We then provide an overview of the papers and end with pointers for policy directions that are closely linked with suggestions for future research paths.

2. The Context of Enterprise and Entrepreneurship in the Caribbean

2.1. The External perception

The global image of the Caribbean is one of small islands with white sandy beaches, crystal clear waters, and cloudless skies, set against the dulcet rhythmical backdrop of reggae or calypso music. These are the core elements of any tourism marketing effort for the region. Bob Marley, rum, Rihanna, Bolt and, in times past, West Indian Cricket, would be the easily noted products of the Caribbean to an outsider. Tourism, the cultural and creative industries, sports, and products
with an inextricable link with the Caribbean are what the region is renowned for and have enabled it to garner global recognition despite its small size.

To many, the Caribbean is considered a playground, rather than a place for serious business. Trinidad and Tobago is seen as the home of the steelpan, and carnival as its medium of expression, not as a site of petroleum extraction and the headquarters of regional conglomerates. Jamaica is the land of reggae and Ganja, not one of the top 10 bauxite producers in the world\(^2\). Barbados had a reputation for being the playground of the rich and famous, not as a competent offshore financial centre (OFC). When Caribbean nations are noted in global business news, it is frequently as tax havens and hoarders of the tax wealth of the global north, rather than as the providers of the same services as those in the ‘reputable’ financial centres of London, New York or Zurich. This marginalisation, and being viewed as peripheral, has bedevilled the region since the 1600s (Anderson 2000).

### 2.2: Emerging from History

The contemporary Caribbean enterprise is a product of a historical transition process from a plantation economy, through industrialization and independence starting in the 1960s, to the current period that is characterised by an increasingly globalized economy (Stewart 1994, Potter et al. 2004) and all its attendant challenges. Understanding the contemporary Caribbean enterprise requires an understanding of Caribbean history, the role of the Caribbean as the ‘periphery’ required for capitalism to exist and grow (Stewart 1994; Minto-Coy and Berman 2016), as well as the role played by race and ethnicity (Boxill 2003, Ryan 1994, Nicholson and Lashley 2016). Higman and Monteith (2010, 6) provide a broad contextual summary:

‘Imperial government made the rules encouraging and controlling enterprise...particularly through slavery, denying the full participation of the majority of the people in capitalist development. In this way, the business history of the West Indies can be understood as the internal history of capitalism and the taproot of imperialism.’

Deere et al. (1990, 4) observed that ‘the Caribbean produces what it does not consume and consumes what it does not produce’, and this certainly held true in the early years of colonialization where economic activity was centred around the activities of plantations, pirates and merchants. Exporting sugar and other primary products to the core was the role of the region, while the mercantile class profiteered by retailing imports to the white plantocracy. The Caribbean was integrated in global value chains, albeit at the lowest of levels.

The dominance of primary product exports and the import of goods for the wholesale and retail trades characterised the formal economy. Subsistence agriculture and the sale of surplus in urban markets characterised the independent economic activity of ex-slaves following emancipation in 1834. Employment opportunities were mainly supplied by the plantations or the merchants serving them. In the post-independence period, which commenced in the early 1960s, primary product exports continued to dominate these economies, with the import of goods for retail sale far exceeding the production and export of both agricultural and manufactured goods.

**2.3: The Contemporary Caribbean Private Sector**

The trade imbalance for the region is shown in Figure 1. Apart from the natural resource-rich countries of Trinidad and Tobago, Guyana, and Suriname, all of the other countries’ merchandise imports were higher in value than their exports over the period since independence. Furthermore, although there has been some significant variation over time in The Bahamas, the ratio in the
smaller countries has increased over time. This is particularly pronounced for the Organisation of Eastern Caribbean States (OECS) where, since the loss of preferential market access to the EU in the mid-1990s, imports have exceeded the value of exports by over 500%. What is interesting is that, even during the period of preferential treatment for agricultural products, the region was still importing to a greater extent than it was exporting.

**Figure 1: Merchandise Import/Export Ratio for Caribbean Countries (1962 to 2016)**

Over time, as the production of primary agricultural products waned in importance, tourism increased as did, to some degree, international financial services. As shown in Figure 2, with the exception of the resource-rich countries, services dominate the economies of the region, with tourism accounting for a significant share of total export earnings, as shown in Figure 3.
As Figure 3 demonstrates, with the exception of St. Kitts and Nevis, international tourism receipts account for over 50% of total exports for the micro states of the OECS, with The Bahamas showing the greatest dependency on tourism at 65%.

Given the historically heavy reliance on merchandise imports, a legacy of subsistence existence by the majority, a lack of market space for enterprise growth due to the first-mover advantage afforded to the original, mainly white and near-white, mercantile class, the loss of preferential
treatment, and the rise in importance of tourism to compensate, The Economist’s (2016, 15) description of the contemporary private sector in the region is perhaps not surprising:

‘The Caribbean private sector consists largely of small- and medium-sized enterprises (SMEs). Such companies are mostly locally owned, conduct their business in small- and medium-sized towns and lack strong links to the international economy. As a result of these factors, sales and employment growth at many of these firms lag behind those of their peers in other small economies. Such businesses tend to be concentrated in the tourism and retail sectors, and nearly 75% are classified as small, compared with 66% in small economies globally.’

The underlying World Bank Enterprise Survey data that informed this statement indicates that the average number of full-time employees in the region at the enterprise level was 29, as compared to a global average of 37, and a Latin American average of 44 (World Bank 2010).

2.4: The Causes and Correlates of Caribbean Economic Performance

The current situation in the Caribbean can be argued to be merely a consequence of being a collection of small island developing states (SIDS) existing at the economic and geographic periphery. However, Ruprah, Melgarejo, and Sierra (2014), in comparing the performance of Caribbean economies to the rest of small economies (ROSE) globally, suggest that ‘the Caribbean has more challenges than just those derived from size alone’ (p.16), reflected in lower productivity and competitiveness, weak institutions, a weak private sector, a poor macro economy and ‘a harsh geographical and economic neighbourhood’ (p.50).

The role of the latter was illustrated by the intensity of the 2017 hurricane season which had a devastating effect on Caribbean business, particularly small businesses. The impact of such
disasters, and other climate-change-related risks, on enterprise development cannot be overstated. For example, Hurricane Maria which hit Dominica on September 18, 2017 decimated the country’s agricultural sector, damaging around 90% of buildings and destroying major business infrastructure, including telecommunications, roads and bridges (Kassam 2017, UN 2017). The total loss from this single hurricane was 110% of Dominica’s GDP. In that same month, Hurricane Irma decimated the Virgin Islands (British) resulting in losses amounting to 148% of its GDP.

The impact of these linkages between weak institutions, a weak private sector and poor macroeconomic performance, occasioned by low productivity and low competitiveness is captured by Ruprah, Melgarejo, and Sierra (2014, 34) who observe that the weak private sector:

‘does not bode well for a strategy that, ceteris paribus, assumes that private sector exports will be the future engine of growth, because the private sector relies on preferential treatment by public institutions to keep the unproductive grip on the economy, with no incentives to engage in competitive markets.’

If the taproot of the history of business in the Caribbean is imperialism (Higman and Monteith 2010), then the taproot of the contemporary situation is public institutions, id est. the legislative, regulatory and programmatic framework. The reality is that there has been insignificant appreciation for the role of public policy and administration in economic growth and enterprise development with politics dominating the economy (Minto-Coy 2016a). Historically, public administration evolved as a mechanism for implementing policies emerging from the centre and for maintaining law and order on the islands (see e.g. Gray 2004). Emphasis was on rule and rote with little room for innovative policy-making as informed by the local context.
In this vein, there are several components of the institutional framework that have hampered the development of an indigenous entrepreneurial class. Among these is an education system that caters more for the development of employees, rather than on encouraging innovation and risk-taking entrepreneurship (Danns 1994; Lashley 2012).

A second key area of policy failure is in the provision of finance for enterprise development - hence the establishment of government-funded finance schemes. As with education, this market failure in finance is also a historical relic, dating back to the 1800s. From 1836 to the end of the 19th Century, the financial landscape of the region was dominated by the Colonial Bank which was established to provide finance to plantation owners that could not be satisfied by local merchants and moneylenders (Armstrong 2010). The British banks, which dominated the region, were considered conservative during the colonial period, and demonstrated a level of ethnic discrimination. As noted by Monteith (2010):

‘their [the banks] assessments of risk and creditworthiness were also based on assumptions about ethnicity…that people of non-European ancestry in general lacked sufficient monetary and commercial responsibility’ (p.125).

Although greater flexibility in lending practices was seen in the early 1900s, Monteith (2010) adds that ‘This flexibility did not extend to providing credit facilities to the peasantry and small farming and small business communities, or to the middle class’ (p.145).

In modern times the commercial banking sector in the region continues to be dominated by foreign ownership, this time Canadian rather than British so, although there is now more variety
in the financial products and services on offer, there remains an underlying conservatism within the commercial banking sector. In the wider financial context Marshall (2002) argues that:

‘the ideas, interests and institutions fashioned by this ruling alliance of merchants, bankers, economists, populist politicians and technocrats have turned out to be thoroughly conservative’ (p.747).

Clarke and Danns (1997) reinforce this view and say:

‘the region’s financial sector has been conservative in the sense of being reactive and accommodating as opposed to proactive to changes in the economy and wider society’ (p.13).

Innovative policymaking towards creating a supportive environment for domestic enterprise development currently appears far from the minds of both policy-makers and finance providers. This was so historically when these were centred in England and later – in the capital cities of the newly independent islands. Unfortunately it remains the case today that indigenous innovation and entrepreneurship remains a yet-to-be-completed task in a region that has emerged from the shadow of European nations vying for political or cultural hegemony across the region. Based partly upon this evidence we make the case at the end of this Introduction that a policy reset is needed.

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3 Storey (2004) found that in Trinidad and Tobago owners of micro and small enterprises from an African background were more likely to be denied bank funding than those from an Asian background. There were, however, no differences by gender. The use of “denial” or rejection is likely to be an under-estimate of financial exclusion since it excludes “good” non-applicants – the so-called “Discouraged Borrowers” (Kon and Storey 2004).
2.5: *The Lewis Perspective*

Nearly 70 years ago Arthur Lewis (1950) recognised the need to develop an indigenous entrepreneurial class. His recommendation was that this could be achieved through the attraction of foreign entrepreneurs who would pass on ‘the baton’ of their entrepreneurial knowledge. Through the ‘wooing and fawning’ of foreign investors, it was expected that the ‘tricks of the trade’ would be passed on, leading to an indigenously-driven form of industrialisation (Downes 2004, 5). Lewis’ work, *The Industrialisation of the British West Indies*, was integral in the founding of the institutional approach to enterprise development in the region, especially in relation to the establishment of industrial development corporations (IDCs) which provided access to infrastructure and fiscal incentives for FDI. However, Lewis’ vision was only partially executed; the *invitation to industrialise* was accepted, but limited enfranchisement of the indigenous entrepreneur actually took place (Lashley 2012).

It was not until the 1990s that public policy began to explicitly address the development of indigenous micro and small enterprises through the establishment of an institutional framework. Legislation and various institutions were established to support small business development, specifically in relation to the provision of microcredit through government-funded Micro Finance Institutions (MFIs), and training and technical assistance supplied through the decades-old IDCs (Lashley 2012). From this time, the terms ‘the entrepreneur’ and ‘entrepreneurship’ gained widespread airing in political discourse but their impact was limited in part because of the powerful role played by politics and patronage. Entrepreneurship was too frequently equated with basic self-employment in the expectation that an increase in the number of entrepreneurs would drive down unemployment. The role of the entrepreneur as an individual embodying innovation, risk-taking and high value-added activities was less frequently articulated. Political
support was therefore provided to alleviate poverty, and empower women and the youth in an attempt to address the societal ills that can result from a lack of employment opportunities.

This overly-social focus meant that fewer resources were available to support policies focussing on entrepreneurship as a driver of economic growth and development through innovation and diversification. In the Caribbean, it appears that there has been a wholesale buy-in to what Rehn et al. (2013) discuss as the myths of entrepreneurship, without a requisite understanding of what entrepreneurship is, and what it should mean in a developmental context.

“...entrepreneurship is assumed to be a powerful force of good in society, generating value, stimulating the economy, driving technological and societal progress, and creating jobs in the process. Questioning any one of these may seem either like the worst kind of scholastics or as proof positive that the questioner is suffering from as-of-yet undiagnosed issues.” (p.545)

We acknowledge that a policy focus on microenterprises has the key benefit that some such enterprises may grow because their owners have learnt the tricks of the trade. However there is little evidence that policy-makers have carefully critiqued this evidence and, based on that evidence, have agreed a definition of entrepreneurship and the role it can play in economic growth and development. Only then can scarce resources be applied to their most productive and efficient use.

Lewis’ definition of entrepreneurship was one based on outcomes, that is, the manner in which entrepreneurial practice would lead to economic growth. In this sense, entrepreneurship is not
defined simply as self-employment, but focusses on those business practices that would contribute to growth, not simple petty-accumulation.

The lack of an explicit understanding of entrepreneurship being defined based on outcomes is perhaps the underlying reason for the lack of policy effectiveness in generating an entrepreneurial culture in the region. Perhaps adapting Rehn et al.’s (2013) myths of entrepreneurship to form an explicit output-based definition of the developmental entrepreneur, that is, an entrepreneur that contributes to socio-economic growth and development, would assist in enhancing the effectiveness of policy targeted at private sector development. In this vein we would then consider developmental entrepreneurship as those business practices that are ‘a force for good in society’ (p.545), that generate value-added, stimulate economic growth and technological change, and generate jobs. This would differ from the pathological approach which defines the entrepreneur based on the characteristics and actions of personally successful businessmen and more recently businesswomen, whose business practice may merely redistribute value as they seek larger pieces of the economic pie rather than growing the pie itself. Is it not the agents that ‘grow the pie’ that deserve the benefits of scarce public funds? As Shane (2009) asks, should we be practicing good policy or good politics?

The answers to these core questions as to whether the current Caribbean entrepreneur provides the outcomes expected of the mythological entrepreneur currently appear to be negative. This judgement is based on the conclusions of Ruprah, Melgarejo and Sierra (2014) who, as we noted

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4 Baumol, Litan, and Schramm (2007) suggest that there are ‘...two ways in which wealth may be acquired: by undertaking productive activities that enlarge the size of total output for any society, or by ignoring that objective and seeking instead to gain a larger share of whatever output is generated. In the vernacular, the choices are to expand the pie or seek larger slices’ (p.104).
above, see the region as characterised by low growth, competitiveness, and productivity, and a weak private sector. In addition, if exporting is considered as a proxy for entrepreneurial outputs, then again, the region falls short of the entrepreneurship benchmark.

We now conclude this section by placing entrepreneurship in the Caribbean in its global context.

2.7: The Prevalence and Constraints to Entrepreneurship in the Caribbean

The case made above is that governments in the Caribbean, in their efforts to stimulate entrepreneurship, have placed too much weight on self-employment and insufficient weight on innovation, risk-taking and high value activities. This focus may be understandable since the most extensive international comparisons on the topic are provided by the Global Entrepreneurship Monitor (GEM), that defines entrepreneurship as:

‘Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business.’

GEM therefore provides a valuable benchmark enabling the ‘entrepreneurial’ status of the region to be assessed, but one that does not fully reflect the development needs of the region because of its emphasis on enterprise creation rather than development.

Reviewing the GEM data for 2014 reveals some contrasting results for the Caribbean versus a selection of developed countries, including Singapore. As indicated in Table 1, fear of failure is

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lower in the Caribbean, while entrepreneurial intentions are higher. While similar results between the two groups are seen for early stage ‘entrepreneurship’ and established business ownership, the starkest difference is seen in relation to employment growth prospects, innovation and participation in the business services sector. In the Caribbean, it appears that while there is a similar level of participation, or intention to participate in business ownership, the prospects for employment generation and innovation are lower, with less than 10% of those involved in Total Early-stage entrepreneurial Activity (TEA) respondents in highly knowledge-intensive services; on average 34% of TEA in other selected states were in these sectors.

Table 1: Selected GEM Adult Survey Results for the Caribbean and Other Selected States (%) (2014)

<table>
<thead>
<tr>
<th>Country</th>
<th>Fear of failure rate</th>
<th>Entrepreneurial intentions</th>
<th>Total early-stage Entrepreneurial Activity (TEA)</th>
<th>Established Business Ownership</th>
<th>High Job Creation Expectation</th>
<th>Innovation</th>
<th>Business Services Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbados</td>
<td>23.4</td>
<td>11.5</td>
<td>12.7</td>
<td>7.1</td>
<td>12.3</td>
<td>25.7</td>
<td>12.9</td>
</tr>
<tr>
<td>Belize</td>
<td>32.6</td>
<td>10.1</td>
<td>7.1</td>
<td>5.7</td>
<td>19.1</td>
<td>23.5</td>
<td>10.5</td>
</tr>
<tr>
<td>Jamaica</td>
<td>22.0</td>
<td>35.3</td>
<td>19.3</td>
<td>14.4</td>
<td>9.8</td>
<td>13.9</td>
<td>3.2</td>
</tr>
<tr>
<td>Suriname</td>
<td>16.1</td>
<td>4.6</td>
<td>2.1</td>
<td>5.2</td>
<td>5.1</td>
<td>5.1</td>
<td>4.0</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>16.8</td>
<td>33.9</td>
<td>14.6</td>
<td>8.5</td>
<td>27.5</td>
<td>16.0</td>
<td>10.2</td>
</tr>
<tr>
<td>Caribbean Average</td>
<td>22.2</td>
<td>19.1</td>
<td>11.2</td>
<td>7.8</td>
<td>14.7</td>
<td>16.8</td>
<td>8.2</td>
</tr>
<tr>
<td>Canada</td>
<td>36.5</td>
<td>12.0</td>
<td>13.0</td>
<td>9.4</td>
<td>26.5</td>
<td>35.1</td>
<td>34.8</td>
</tr>
<tr>
<td>France</td>
<td>41.2</td>
<td>14.2</td>
<td>5.3</td>
<td>2.9</td>
<td>24.2</td>
<td>40.1</td>
<td>31.4</td>
</tr>
<tr>
<td>Germany</td>
<td>40.0</td>
<td>5.9</td>
<td>5.3</td>
<td>5.2</td>
<td>20.0</td>
<td>24.0</td>
<td>37.3</td>
</tr>
<tr>
<td>Ireland</td>
<td>39.3</td>
<td>7.2</td>
<td>6.5</td>
<td>9.9</td>
<td>32.0</td>
<td>36.9</td>
<td>34.4</td>
</tr>
<tr>
<td>Singapore</td>
<td>39.4</td>
<td>9.4</td>
<td>11.0</td>
<td>2.9</td>
<td>35.8</td>
<td>20.5</td>
<td>27.8</td>
</tr>
<tr>
<td>Sweden</td>
<td>36.5</td>
<td>8.5</td>
<td>6.7</td>
<td>6.5</td>
<td>19.1</td>
<td>36.6</td>
<td>46.8</td>
</tr>
<tr>
<td>UK</td>
<td>36.8</td>
<td>6.9</td>
<td>10.7</td>
<td>6.5</td>
<td>21.3</td>
<td>21.5</td>
<td>27.2</td>
</tr>
<tr>
<td>United States</td>
<td>29.7</td>
<td>12.1</td>
<td>13.8</td>
<td>7.0</td>
<td>34.2</td>
<td>36.7</td>
<td>35.5</td>
</tr>
<tr>
<td>Other States Average</td>
<td>37.4</td>
<td>9.5</td>
<td>9.0</td>
<td>6.3</td>
<td>26.6</td>
<td>31.4</td>
<td>33.8</td>
</tr>
</tbody>
</table>


Table 2 shows the same countries’ results for the National Expert Survey which provide an indication as to the state of Entrepreneurial Framework Conditions (EFC). As the table shows,

6 The 2014 data is utilised as it is the most recent year to provide data on all five countries of the region included in the GEM programme.

7 Includes Business Services, Information and Communication, Financial Intermediation and Real Estate, Professional Services or Administrative Services as defined by ISIC 4.0.
the Caribbean EFCs are rated below that of the other selected countries for all of the selected variables, and with the exception of post-school entrepreneurial training, commercial/professional infrastructure, and cultural/social norms, all of the other selected indicators are below the median value of 2.5. Of note is the low value for the R&D transfer indicator which rates the national R&D system and the extent to which it can provide new commercial opportunities for SMEs. If we associate entrepreneurship with innovation, and, as indicated in Table 1, the level of innovation is low, then this is a critical element of the EFC that public policy across the region will need to address.

Table 2: Selected GEM National Experts Survey Results for the Caribbean and Other Selected States (2014) (5-point Likert scale)

<table>
<thead>
<tr>
<th>Country</th>
<th>Financing for entrepreneurs</th>
<th>Governmental support and policies</th>
<th>Taxes and bureaucracy</th>
<th>Governmental programs</th>
<th>Basic school entrepreneurial education and training</th>
<th>Post school entrepreneurial education and training</th>
<th>R&amp;D transfer</th>
<th>Commercial and professional infrastructure</th>
<th>Cultural and social norms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbados</td>
<td>2.4</td>
<td>2.4</td>
<td>1.9</td>
<td>2.3</td>
<td>1.7</td>
<td>3.0</td>
<td>1.8</td>
<td>2.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Belize</td>
<td>2.1</td>
<td>2.6</td>
<td>2.2</td>
<td>2.5</td>
<td>2.1</td>
<td>2.5</td>
<td>1.8</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Jamaica</td>
<td>2.2</td>
<td>2.2</td>
<td>2.0</td>
<td>2.3</td>
<td>2.1</td>
<td>3.0</td>
<td>2.0</td>
<td>2.9</td>
<td>3.0</td>
</tr>
<tr>
<td>Suriname</td>
<td>2.3</td>
<td>2.7</td>
<td>2.4</td>
<td>2.4</td>
<td>2.1</td>
<td>3.5</td>
<td>2.0</td>
<td>3.2</td>
<td>3.0</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>2.7</td>
<td>1.8</td>
<td>2.4</td>
<td>2.3</td>
<td>1.8</td>
<td>2.5</td>
<td>2.0</td>
<td>2.9</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Caribbean Average</strong></td>
<td><strong>2.4</strong></td>
<td><strong>2.3</strong></td>
<td><strong>2.2</strong></td>
<td><strong>2.4</strong></td>
<td><strong>2.0</strong></td>
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Source: [http://gemconsortium.org/data](http://gemconsortium.org/data) [Accessed 7th July 2017].

While the issue of finance does not feature as prominently as other shortcomings in the GEM data, it remains one of the oft-cited constraints to business development in the region. The World Bank’s Doing Business data⁸ indicates that the Getting Credit Distance-to-Frontier (DTF)

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⁸ See: [http://www.doingbusiness.org/data/exploretopics/getting-credit](http://www.doingbusiness.org/data/exploretopics/getting-credit) [Accessed 2nd April 2018]
score is 35 out of a maximum of 100, which would give the region the rank equivalent of 131st out of 186 countries in the database. The main cause of this low ranking is a lack of credit registries in the region with only 12% of the adult population being covered by a credit bureau. At the enterprise level, the Compete Caribbean PROTEqIN database⁹, a survey of over 1,900 businesses from across the region conducted in 2014, indicates that 27% of businesses considered access to finance as a major/very severe obstacle to their businesses’ development, and 28% considered the cost of finance similarly. Of the three most serious obstacles to their businesses, 58% mentioned finance (access and cost), while the other most noted obstacles were an inadequately educated workforce at 38%, and crime, theft and disorder at 30%.

Overall, the data on enterprise and entrepreneurship in the region indicates that, while there is a lower fear of failure and higher levels of intention to start a business, the potential contribution to the economy, with respect to employment and innovation, is significantly lower than in more developed states. This relatively lower level of entrepreneurial ‘performance’ is mirrored in the framework conditions, especially as it relates to finance (access and cost), R&D transfer and entrepreneurial education in the formal education system. This suggests that, although the Caribbean may be a ‘hotbed’ of self-employment, it is not an entrepreneurial region in the full sense of the word.

The above review has posed many questions but one overriding one remains: what can the region do, through the development of enterprise and entrepreneurship, to address its relative economic underperformance? We now turn to the papers in this Special Issue for answers.

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⁹ See: http://competecaribbean.org/proteqin/ [Accessed 2nd April 2018]
3. Addressing the Caribbean’s Entrepreneurship Deficit

The genesis of this Special Issue of *Entrepreneurship and Regional Development* has as an underlying assumption that the region “…has to explore more actively the entrepreneurial option for its growth and sustainability in an increasingly global environment” (Storey, Minto-Coy, and Lashley 2015, 386). This simple statement belies the complexities involved. First we must be clear about the meaning of entrepreneurial growth and sustainability and then lay out our strategic goals. Only then can we consider how to deal with the constraints and obstacles to achieving the desired goals - such as an intensely competitive global environment, limited fiscal space and rigid economic structures.

But alas! There is no single path through which the Caribbean can achieve entrepreneurial growth and sustainable development. The similarity from the outside, bestowed by a common colonial evolution, mars the many differences which exists within the region, a point highlighted by most of the authors in this collection. This heterogeneity, with respect to size and initial resource endowments, militates against a single path approach. Nevertheless there remain important guiding issues for the region to address:

- The conceptualisation and definition of entrepreneurship in a developmental context;
- Clarity as to what the strategic goals are for entrepreneurship, and the development of strategies to match goals; that is, growth is required, but growth in what?
- Identification of the core constraints to achieving the desired strategic goals and addressing the underlying causes.

Entrepreneurship is argued to be a process of opportunity discovery and exploitation (Kirzner 1979, Shane 2003). While conceptually many agents in the public and private sectors can
discover entrepreneurial opportunities, there is one sole agent for exploitation - the entrepreneur. To date the general policy approach of the region’s governments has been to provide generic support. That is, with respect to various forms of financing (microcredit, tax and fiscal incentives, guarantees), technical assistance and training (Lashley 2012), with the actual process of entrepreneurial discovery and exploitation left solely to the entrepreneur. However, the uptake of such incentives, particularly for R&D and subsequent innovation, is low. Lashley (2017) notes that the rate of R&D and innovation, as well as the utilisation of external support tends to be low across the region, while partnerships with other entities (research centres, other enterprises) are practically non-existent. Specifically for innovation, there are limited explicit programmes, and where they do exist (Jamaica, Barbados and Trinidad and Tobago), utilisation is also low. Indeed, even where opportunities may be present, entrepreneurship and innovation are also inhibited by lingering sentiments and policies towards protectionism, as well as risk-aversion (Minto-Coy & McNaughton 2016).

This reality has several lessons for those delivering policy: first that it needs to focus on more than simply designing support to actually marketing the existence of such support (Minto-Coy & Elo, 2018). Second, there is need for more post-engagement assessment with entrepreneurs who have participated in such programs, as well as those who have never participated, as a means of identifying success factors and inhibitors in these programmes10.

10 The Caribbean is not alone in failing to subject its SME and entrepreneurship policies to scrutiny. See Fotopoulos and Storey (2018) for examples drawn from high income countries.
Third, entrepreneurship should be considered as a vehicle through which to address the most severe socio-economic problems of the region; while understanding that it cannot be a panacea. Included here is the emerging focus on social enterprise and social entrepreneurship (Medine 2016, Williams & Knife, 2015). By firstly identifying the correlates and causal order of the region’s problems, entrepreneurship policy can be developed to address them. For the Caribbean, the most pressing socio-economic problems relate to high levels of under- and unemployment and high levels of public sector debt; from these core issues stem many of the other issues currently facing the region, including low growth, poverty, crime and violence (Browne, 2016).

The above foci need to be considered when making decisions on the distribution of scarce public funds to promote entrepreneurship and ultimately economic development. A core decision is the extent to which public funds are directed towards “macro” areas such as education and crime-reduction in the expectation this will improve the entrepreneurial environment and the extent to which public funds are directly focussed on supporting individual, or groups of, enterprises –the micro option.

It is appreciated that businesses will be created and survive in sectors not directly related to national goals but, in delivering micro policy, the issue here is what type of businesses should be the recipient of scarce public resources. The advantage of the small economies of the region is that alternative, more proactive, approaches to those utilised in large developed states can be more feasibly executed.
Within the micro policy area, Shane’s (2009) statement and discussion of *Why encouraging more people to become entrepreneurs is bad public policy*, and Storey’s (2016, 178) challenge for policy-makers to “decide on the purpose of policy”, whether it is to create new firms or enhance the performance of existing ones that need to be explored. We can go further, by asking what types of growth policy-makers want, and in what sectors are these most likely to be achieved. Once again we emphasise this is not arguing for a controlled economy but rather for clarity about where public funds should be allocated. Our challenge to policy-makers is for them to be clear on what they are trying to achieve on the grounds that, only once these aims are specified, is policy likely to be delivered in a cost-effective manner.

Although Storey (2016, 178) suggests that macro policies appear to perform better than micro policies in achieving “*objectives in a cost-effective manner*”, perhaps the solution is a complementary policy mix. Addressing the macro issues and market failures identified as constraining business development will be critical, including those identified in this special issue: education and training; and access to finance, especially in relation to R&D, innovation, and productivity. At the micro level, the picking of winners should not be dismissed, as US venture capitalists and business angels have achieved some notable successes (Shane 2009). The Caribbean has proven its ability in tourism, the cultural and creative industries, sports and inherently Caribbean products, however the full exploitation of these sectors and subsectors has proven elusive, and it is to this that we now turn.
3.1: The ‘New’ Lewis: The Role of the Caribbean Diaspora in Addressing Deficits in Caribbean Entrepreneurship

While governments play a key leading role in addressing the various constraints and obstacles to growth, it is the currently weak private sector across the region (Ruprah, Melgarejo and Sierra 2014) that has the crucial role to play. However, if it continues along its current path of an unproductive over-reliance on public institutions for support, its practice of importing for resale with little or no added value, and does not engage in competitive markets, then there is a case for a policy re-set. One attractive option implies returning to Lewis’ original vision of importing entrepreneurial skills from foreign capitalists in the hope these can be learnt, and will eventually become absorbed by those remaining in the Caribbean.

In the 1960s Lewis’ recommendation would have naturally meant turning towards non-Caribbean nationals but nowadays we need to broaden this notion of importing entrepreneurial skills to include the region’s relatively large transnational population – the diaspora – as an additional source of entrepreneurial talent.

For the Caribbean, migration remains one of the key defining features of its history and present. Foner (1998, 47) for instance, observes that no other region has been as “deeply and continuously” affected by migration as the Caribbean. This includes the movement of Europeans and forced migration of Africans to the Region giving rise to colonialism, to its contemporary showing in the departure of nationals largely to the core (i.e. developed countries of the global north, including the US, UK, France, Spain and the Netherlands). The prominence of migration
and diaspora as enduring themes naturally opens a space for a focus on their role in promoting entrepreneurship\textsuperscript{11}.

The entrepreneurship and international business literature has drawn attention to the role of diaspora entrepreneurs and transnational diaspora entrepreneurship (Riddle, Hrivnak & Nielsen 2010, Riddle & Brinkerhoff 2011, Elo, Harima and Freiling 2015, Elo & Minto-Coy 2018, Minto-Coy 2018a and 2018b). In a Caribbean context, diaspora entrepreneurship takes on even more resonance given the resources possessed by the diaspora and their levels of support for the homeland. The diaspora heavily underpins several Caribbean economies through remittances, providing a significant proportion of the GDPs of many islands. The World Bank shows that, although this contribution varies both over time and between islands, it was 7.7\% of Guyana’s GDP in 2016\textsuperscript{12}, 17.3\% for Jamaica and 9.8\% for Dominica. While remittancing is driven by a desire to support families and communities, there is also wider goodwill towards their countries of origin (COO). Dhanani and Lee (2013) suggest that as much as 85\% of the region’s diaspora are interested in investing in the region. Not only is there an interest but many also have the funds, with some already serving as angel investors for local businesses. Diaspora investors and entrepreneurs can therefore help to address some challenges related to accessing finance, especially for MSMEs, in so doing addressing some of Lewis’s underlying terms for regional development.

\textsuperscript{11} \textit{Entrepreneurship and Regional Development} has provided an outlet for research that has shaped knowledge and understanding of these and related themes in recent years (e.g. Aliaga-Isla and Rialp 2013, Baycan-Levent and Nijkamp 2009, Beckers and Blumberg 2013, Brzozowski, Cucculelli and Surdej 2014, Kloosterman 2003, 2010, Sepulveda, Syrett and Lyon 2011).

\textsuperscript{12} To reflect the variance the Guyana figure in 2014 was 24.5\%. 

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Indeed, many among the diaspora have learnt and are practising the skills of ‘foreign capitalists’ in global business centres such as London, New York and Toronto. The diaspora offer a route to developing entrepreneurship and perhaps constitutes a closer match to the entrepreneurial traits that have been noted as being largely absent among those staying in the region. Already returnee diaspora entrepreneurs are contributing to improving the culture and practice around enterprise and entrepreneurship in the region (Minto-Coy & Hugues 2017). While the focus on the ‘fun side’ of the region and on cultural icons such as Bob Marley and Rihanna has overshadowed the contributions of notable transnational diaspora entrepreneurs such as Michael Lee-Chin and Ray Chang, the latter have been instrumental in driving investments and lending their expertise towards the development of the COO both nationally and at the community levels. The contribution is delivered through physical return with entrepreneurial knowledge and cultural capital. It also takes places transnationally via the creation of business networks, investment opportunities, and the provision of other critical business resources from their base overseas or countries of residence – COR (Minto 2009, Minto-Coy 2011, 2018b, Nurse 2011). This points to a path to enterprise and entrepreneurial growth for the diaspora that goes well beyond the provision of remittances.

In his industrialisation by invitation thesis, Lewis also conceptualised a role of foreign capital in facilitating access to foreign markets which he viewed as a route to overcoming the limits of small regional markets (Downes, 2004). Here again, the modern-day version of Lewis vision is delivered by the diaspora. As well as having introduced new ideas, new brands, new attitudes and new tastes to the region; they have also been instrumental in taking Caribbean brands, attitudes and tastes from the region to the world. Caribbean companies are increasingly targeting their diaspora as major customer segments for their services and products by going global and
through highlighting their cultural brand as an integral part of their business model. Prime examples from the UK context are Levi Roots\(^{13}\) and Port Royal Patties\(^{14}\) whilst Jamaica has seen a growth in non-traditional exports such as yams, cheese, sauces and other diaspora products (Gordon, 2018).

Importantly the diaspora market often goes beyond the traditional focus on food to include financial products and services, such as bill payment, peer-to-peer money transfer, home country investment and tourism services. At the same time, entrepreneurs in the diaspora have started businesses that have in turn supported entrepreneurship and enterprise locally (Minto-Coy 2018a, 2018b). For instance, the US-based Golden Krust Bakery and Grill have partnered with regionally-based manufacturers and suppliers, as well as by twinning the offerings in their over 100 restaurant chains across the US with Caribbean-made products. By facilitating the internationalisation of Caribbean-based businesses, the diaspora have helped to drive individual and corporate entrepreneurship. It is no coincidence that many of the most dynamic businesses in the Caribbean and among its diaspora have been those built on providing services to the diaspora market or who have used the diaspora as key informants in location and investment decisions. Among these are Grace Kennedy & Company Limited, Lasco Jamaica Limited, Jamaica National and Telesur (Minto-Coy 2011 and 2016b). In this way, the diaspora has provided a niche market for Caribbean exports serving as a gateway into global export and mainstream markets, so helping to overcome challenges related to liabilities of size and foreignness (Minto-Coy, 2016c).

\(^{13}\) http://www.leviroots.com

\(^{14}\) http://portroyalpatties.com
Although the modern-day version of the ‘foreign investor’ has features that distinguish them from traditional investors – most notably psychological attachment – they still need to be “wooed”. This requires strategic action at the policy level in creating a facilitative environment or sticky places (Minto-Coy and Elo 2018, 2017) for encouraging and scaling up the diaspora’s involvement in the region via entrepreneurship and investments. Here consideration of the motivations and attractions for diaspora entrepreneurs is important especially since the diaspora is not a uniform group with fixed interests across different generations of diasporans (Minto-Coy and Elo 2017 & 2018b). While goodwill and nostalgia may be sufficient for some, others will be more strongly influenced by returns (social or financial) on their investments. For those who choose to return with skills and capital to invest, considerations such as the transportability of pensions, health services and even the extent to which their ‘diaspora’ status brings concession will be important. This emphasises the potentially key role in entrepreneurship promotion played by “macro” issues such as the tax and regulatory system.

Universities also have a potentially important role in this modern-day exposition of the Lewis thesis: they can provide the research to inform policies; they can offer space for the development of incubators; and they can provide an “honest broker” facility in which entrepreneurs, customers, business angels and those providing all forms of business support can mingle. Finally, and perhaps most importantly in the long run, they can deliver an educated workforce that is entrepreneurially-aware.

In summary, the diaspora has a place in the Lewis thesis in three ways: as international markets for export-led growth; in attracting FDI and as the source of entrepreneurship; and innovation for local economic development.
4. Overview of the Contributions

The papers in this Special Issue draw upon evidence at the micro level, addressing such issues as R&D and innovation (Broome, Moore and Alleyne), training, productivity and innovation (Mohan, Strobl and Watson), networking and diaspora relations (Schott), and the key role of the entrepreneur in enterprise development (Williams and Ramdani). At a wider level, Hurley’s review of the literature provides a conceptual underpinning of the issues of enterprise competitiveness, while Drinkwater, Lashley and Robinson investigate macro constraints to enterprise development in the region. The approach is mostly quantitative, with four of the six papers using some form of econometric analysis. Williams and Ramdani, in their assessment of factors that support SME survival and prosperity adopt a qualitative case study approach whilst Hurley uses a structured, thematic evaluation in his review.

Our task in this section is to highlight the key themes within the individual papers and to then link them to issues such as historical context and diversity that were discussed in Section 3 above.

Drinkwater, Lashley and Robinson present an overarching view which seeks to identify the constraints on business growth in the Caribbean with emphasis on SMEs. It provides a good entry into the discussion on these themes in the Caribbean by illustrating the role of macro-based factors that merit the attention of policy-makers. Through econometric analysis they identify three main barriers: an inadequately trained work force, access to finance, and crime, theft and disorder. Countries across the region are clustered along the three main obstacles with some experiencing more of one obstacle than the other. A closer look at the data reveals some interesting variations across countries. By the use of a series of ordered probit regression models to assess the strength of the identified constraints across different businesses and by using
Jamaica as the benchmark, the authors are able to demonstrate that female-owned businesses identify competitor practices in the informal sector and corruption as their main constraints. In contrast, customs and trade regulations are identified as a major constraint for medium-size enterprises. Further, the major problems identified in Jamaica are high tax rates and the practices of competitors in the informal economy, alongside crime, theft and disorder. The authors then identify a number of clusters with, for example, Jamaica, Belize and Guyana being affected most severely by crime, tax rates, electricity and corruption. While identifying the problem is the first step towards improvement, importantly, the authors go beyond simply identifying barriers to propose a set of recommendations for encouraging economic growth in the region.

The contribution of Broome, Moore and Alleyne draws upon well-established work on the relationship between innovation and R&D (Acs and Audretsch 1998) and between innovation, entrepreneurship and performance at the micro and macro-levels (Ndubisi & Iftikhar 2012). It contributes to an understanding of the factors influencing R&D investments among firms, and more directly of the relationship between R&D and financial constraints among firms in the Caribbean. As observed earlier, Caribbean firms have one of the lowest levels of R&D investments and this is especially the case for small firms faced with financial obstacles. Moving beyond this point the authors therefore consider the decisions by firms to invest in R&D. They suggest there are three main characteristics for those who choose to invest: those that are technologically inclined; those with access to financing; and those that participate in trade. This understanding is an important first step towards any public policy or managerial response aimed at increasing the viability and profitability of Caribbean enterprises that operate in key growth areas.
Mohan, Strobl and Watson, also consider innovation, but they link it to human capital development via their focus on in-firm training and productivity. They investigate the delivery of, and obstacles to, in-firm training. They find that training is generally low in the Caribbean at 67%, falling below the Latin American average of 75% (McArdle 2004). Perhaps more worryingly, the impact of training on innovation and productivity at the firm level is difficult to identify. As with Drinkwater et al., they observe notable differences across the countries in the region, with firms in the Eastern Caribbean being much less likely to provide training. These findings differ from previous studies that showed that Jamaica, for instance, had a high level of in-firm training. They show that Jamaica actually sits among the lowest in the region at 34% from the World Bank Enterprise Survey (WBES) and 38% in the Compete Caribbean PROTEqIN survey. One possible explanation for this, also in line with the results of Drinkwater et al., is that a better educated workforce presents fewer in-firm training challenges in countries such as Jamaica than where the education system is weaker. Mohan et al. also find that in-firm training in the region is affected by factors such as firm size, ownership, workforce structure, innovative activity and if a firm exports or is part of a larger organisation. Their result is in line with Broome et al. by shedding light on another of the challenges to growth and development in the Region. The authors end their paper with a call for panel data that will allow for an assessment of the inputs for firms that exit or survive, noting the value of this information for small firms. This is important given the weak result linking in-house training provision to enterprise performance.

Williams and Ramdani examine the specific characteristics of successful SMEs in the Caribbean. Using the Storey (1994) determinants of growth framework the authors identify three groups of variables: the characteristics of the entrepreneur; the firm; and the strategies it adopts. The
authors then link each to small firm prosperity. The case study approach demonstrates its value in conducting exploratory research by allowing for hypothesis building and testing as well as its use in identifying factors affecting the success or failure of a policy or intervention (Barkley 2006). Their findings suggest that characteristics of the entrepreneur and the firm’s strategy are the main factors in determining firm prosperity. The entrepreneur’s characteristics are further broken down into strategic leadership, their networks, as well as how well they knew their products and business operations. The firm characteristics that mattered most were the strategy of branding and market diversification. As they note, these findings differ from those examining large firms in both developed and developing settings. For this reason alone they provide valuable research and theoretical directions for identifying and understanding the determinants of growth and performance among Caribbean small firms.

Hurley continues the focus on SME competitiveness, but extends it to include micro as well as small enterprises (MSMEs), validly arguing that their inclusion makes the evidence more relevant for small island economies (SIEs). He provides a detailed and systematic review of the extant literature on firm competitiveness and then contrasts this with the literature on small firm competitiveness, finally linking it to MSMEs in SIEs. This comprehensive approach is useful because it establishes a clear trajectory for assessing relationships and for drawing conclusions from different strands of research. Beyond concerns of theoretical relevance is the reality that research affects policy, with issues such as appropriateness and relevance coming into play. In short, policy responses on innovation that are effective in one setting – and even for SMEs generally - may not fully capture “the strength, direction and nature” of MSMEs relationships in SIEs.
Although Williams and Ramdani and Hurley briefly point to a role for the region’s transnational population - the diaspora - in discussing the success and development of SMEs and Caribbean entrepreneurs, it is Schött who brings this actor centre-stage. He compares entrepreneurship in the Caribbean to that in the diaspora and finds that people at home are more likely to become entrepreneurs than those in the diaspora, but that being a diasporan entrepreneur is more satisfying than being an employee in the diaspora. Diaspora entrepreneurs are also more advantaged in the transnational sphere. This comparative advantage is reflected in their ability to export, innovate and grow their businesses. This mixed-embeddedness in home and host societies, and the networks linking these with other settings, equip such entrepreneurs with the resources for success (see also, Minto-Coy & Hugues 2017, Elo and Minto-Coy, 2018). In addressing the phenomenon of the Caribbean diaspora entrepreneur, Schött also provides some insight into some of Williams and Ramdani’s observations about the value of networks and contacts in assisting Caribbean entrepreneurs to identify opportunities and gain access to export markets; namely, the role of the region’s transnational population, including its diaspora entrepreneurs.

Other important themes cut across several papers. Among these is gender and its association with entrepreneurial success. Broome et al demonstrate that firms managed by females were less likely to invest in R&D (Apesteguia, Azmat and Iriberri 2012, Schubert et al. 1999). The suggestion is that R&D is more likely in SMEs owned by both males and females than in those owned solely by females.

The role of firm size is also examined in several papers with, for example, small firms investing less in R&D and training. Although this pattern is not unique to the Caribbean, its aggregate impact is likely to be greater in regions where there is an absence of large firms. Hence there has
to be concerns with a lingering state of low productivity, R&D and innovation across the region. On the other hand, and as noted, the real picture of the state of affairs in the region may still not be adequately captured given the nature of the research tools and techniques being employed (see discussion on Mohan, Strobl and Watson for instance).

All the papers in this Issue explore aspects of enterprise, entrepreneurship and development in the Caribbean which are largely under-researched but we believe matters are improving because of the data contributions made by the World Bank, the external donor-funded Compete Caribbean programme, and the Global Entrepreneurship Monitor (GEM). Furthermore, since the early 2000s the World Bank has been conducting Doing Business surveys across the globe, and these have enabled an identification of some of the broad constraints to business at a country level. In 2010, they executed wide-ranging Enterprise Surveys in Latin America and the Caribbean, and continue to do so across developing countries, while the Compete Caribbean programme conducted follow-up enterprise surveys across the region in 2014; GEM conducts surveys of adults and national experts to assess the level of entrepreneurial activity and framework conditions. These data collection exercises have enabled the first comprehensive analysis of enterprise and entrepreneurship in the region, for the most part confirming many of the anecdotal conclusions reached in previous research but opening up new avenues for research. There remains, however, a clear need for such data gathering to be improved in both their frequency and scope with the development of panels rather than one-off snapshots, the results of which can be misleading.

**5. Summary and Going Forward**

This closing section performs three functions: first it reflects on the contribution of the papers at the conceptual level, seeking to highlight the Caribbean context; second it points towards future
research directions; and third, whilst acknowledging the limitations of our knowledge, we offer our “best” guidance on policy directions based on the evidence presented.

We see considerable opportunities for conceptual development around the diaspora which, arguably, aligns more closely with the mythological image of entrepreneurs than with home-based entrepreneurs. The Caribbean context is a particularly valid space for researching this actor and for investigating their roles in entrepreneurial networks and ecosystems (Minto-Coy & Elo 2017, Elo & Minto-Coy, 2018). However more work is needed in understanding the agency of diaspora entrepreneurs and in theorising this concept. We need to understand better how a lack of initial competitive advantage among small and emerging countries in an increasingly competitive global environment is addressed by a powerful diaspora. For instance, is there a role for the diaspora in addressing liabilities identified in the international business literature, including those of size, foreignness and newness (Zaheer 1995; Abatecola et al. 2012, Minto-Coy 2016c)?

Further research could improve our understanding of the ways in which the diaspora market could be targeted as an export and gateway market; and the role and effectiveness of policy and particularly the role of academic institutions (e.g. as incubators) in creating the spaces for diaspora investments and engagement. The diaspora can fill a number of roles envisioned by Lewis as it relates to the wooing of foreign investors by gaining a foothold in local and international markets and as a route to crossing-over into mainstream markets. It makes a powerful case for the Caribbean to develop a diaspora marketing strategy, as well as an ecosystem for attracting diaspora entrepreneurs and investors.

Future research opportunities in the Caribbean relate not only to developing new themes but also to the evidence-base for conducting research. The World Bank data, for example, provides excellent context but there is now a powerful case for the collection of more and better data that
captures the specificities of the Caribbean, as well as in addressing some recognised limitations. For instance, Mohan, Strobl and Watson noted that their use of PROTEqIN and WBES surveys to address in-firm training yielded surprising results but argued this might have been reflective of the questions asked. These questions were more relevant to the training practices of large firms delivering formalised training and an insufficient focus on the experiences of SMEs, which are more likely than larger firms to favour informal over formal training due to cost and other limitations. Work on this – and virtually all SME related topics - would be considerably enhanced by the creation of enterprise panels to track developments over time, primarily because the exit rates of SMEs is very high. Without such panels, drawing inferences about the factors influencing currently successful SMEs is misguided if a high proportion of them will have ceased in three years. Snapshot surveys are helpful as a starting point but can only point to associations and do not necessarily imply causation. Only the outcome of panels can avoid misleading the policy-makers to whom we now turn.

How do these papers help them? It is best to begin by emphasising a core theme which is that the enterprise policy framework needs to be Caribbean-specific. Although drawing upon experience from elsewhere, it has to be compatible with the history and tradition of the region. Given that proviso, we emphasised earlier the importance of being clear about objectives. We also made the case that the evidence from elsewhere was that it was macro, rather than micro- policies that had the better track record (Storey 2017)

However, what makes the Caribbean “special” is that, historically, policy-makers have sought to spur economic growth through attracting FDI, as recommended by Lewis (1950), in whatever sectors foreign capitalists demanded, as well as providing a facilitative business environment for businesses to be established and grow. The main problem with these approaches was that there
was no industrial guiding, leading to footloose foreign investors arriving in sectors not embedded in the Caribbean. These enterprises frequently departed when conditions became unfavourable, leaving behind them poorly performing indigenous businesses.

So, in any period of fiscal constraints, Caribbean policy-makers need to be ‘smart’ in their use of public funds to promote the creation and development of indigenous enterprise. One clear option is to provide support for enterprises in sectors that have some form of relative or technical advantage or address a specific development need (such as climate change or education/skill development). Lashley (2017) recently examined the practices of small countries (Malta, Iceland, Moldova, Estonia, and Ireland) that have developed a research, development and innovation strategy (RD&I). He highlights several sectors with the potential to assist in any ‘Smart Specialisation’ sectoral targeting. These include: sustainable eco-tourism; green energy; ICTs; creative/cultural/sports sectors; agro-processing; and offshore health and education services.

The risk in this approach is that some sectoral advantages may be temporary and governments world-wide have a mixed track record in identifying “winners” at either a sectoral or enterprise level. However, as we continue to emphasise, there is no “sure-fire” policy guaranteed to enhance entrepreneurship and economic development. We therefore think it appropriate for governments to use some public funds for the development of firms in smart sectors.

The introduction of new support structures for stimulating enterprise and entrepreneurship is, of itself, not sufficient in a context where informality remains high and where there is a historical hesitance to engage with the state (Gray 2004). To be effective, the marketing and communication around the existence of support mechanisms, as well as assistance in meeting the formal requirements for support (e.g. completing application forms) requires upgrading. To this end our view is that a better-integrated entrepreneurial ecosystem approach is likely to be far
more effective than the sometimes disjointed and piecemeal approaches that have tended to be the norm. Collectively, the papers in this issue suggest some of the main elements of such an ecosystem, but the policy-makers are still required to integrate the individual components.

This Special Issue does not claim to have addressed all the complex, historically embedded or emerging issues that relate to enterprise and entrepreneurship in the Caribbean. For instance, we acknowledge that the single most important factor influencing the sustainability of Caribbean SMEs and enterprise creation is climate change and mitigating the adverse impact of natural disasters.

A second area of concern for policy makers where we have offered little guidance is the high rate of youth unemployment in the Caribbean. There is evidence that social entrepreneurship, which is newly emerging in the Caribbean and draws upon the UK experience, could be a useful approach and one worthy of attention from policy-makers. Our view is that there is space for considering a unique Caribbean brand of social entrepreneurship that avoids some of the methodological challenges seen in other policy areas discussed above.

Ultimately, we have raised many questions and identified some of the issues that can be addressed via ‘smart’ policy development which we define as that which draws upon evidence from elsewhere but which is appropriate for the SIDS of the Caribbean. In this way, this Special Issue is timely. Not only does it provide information on the state of these themes in the region but it also offers the opportunity to reflect on them from a global perspective by providing fresh lenses for viewing some of them from a Caribbean perspective.

There remain issues that have not been dealt with such as natural disasters; other issues where coverage has been superficial – such as youth unemployment or crime; and issues that have received much attention but which now require much more reliable data – such as assessing
policy impact. All are fruitful avenues for future research on the Caribbean which will then provide a better comparative and general understanding of the region in a global context. Arthur Lewis wrote: “Some key is needed to open the door behind which the dynamic energies of the West Indian people are at present confined” (1950, 891). It is our hope that the papers and recommendations covered here will assist in pointing the way towards this key.
References


Fotopoulos G and Storey, D.J. 2018. “Public policies to enhance regional entrepreneurship: another programme failing to deliver? Small Business Economics


