



SIR ARTHUR LEWIS
INSTITUTE OF
SOCIAL AND
ECONOMIC
STUDIES



Introduction: Breaking the Barriers: Entrepreneurship, Enterprise, Competitiveness and Growth in the Caribbean

Author(s): Indianna D. Minto-Coy, Noel M. Cowell and Michelle McLeod

Source: *Social and Economic Studies*, June/September 2016, Vol. 65, No. 2/3 (June/September 2016), pp. 1-13

Published by: Sir Arthur Lewis Institute of Social and Economic Studies, University of the West Indies

Stable URL: <https://www.jstor.org/stable/26380229>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <https://about.jstor.org/terms>



JSTOR

Sir Arthur Lewis Institute of Social and Economic Studies and University of the West Indies are collaborating with JSTOR to digitize, preserve and extend access to *Social and Economic Studies*

Introduction

Breaking the Barriers: Entrepreneurship, Enterprise, Competitiveness and Growth in the Caribbean

Indianna D. Minto-Coy, Noel M. Cowell and Michelle McLeod

ABSTRACT

*This article introduces the special issue to the **Inaugural Conference on Business and Management** hosted by the Mona School of Business and Management in 2015. It pulls together the main findings, arguments and perspectives of those papers that were most closely aligned with the theme of the conference. In so doing, it focuses on the challenges to increasing entrepreneurship, enterprise, competitiveness and growth in Small Island Developing States (SIDS), such as those in the Caribbean, and the strategies for addressing them. These challenges and strategies are advanced primarily from the point of view of small businesses that tend to dominate the business landscape of SIDS. Taken together these papers, support the view of much of the scholarly and practitioner community that insufficient attention has been paid to this group of businesses within the Caribbean and more generally in the SIDS context. Drawing from the papers, a number of challenges and solutions are highlighted, many of which point to the role of policy (including legal and regulatory), technology, business strategy and contextual learning. This introduction also suggests some areas for future research and policy directions.*

Key Words: Entrepreneurship, Enterprise, Competitiveness, Small Business, Small Island Developing States

Enterprise and entrepreneurship are widely recognized as key sources of dynamism, competitiveness, growth and development in any economy (see e.g. Dutta 2001; Dana 2011). Scholars point to the relationship between entrepreneurship and resource mobilization, particularly the mobilization of human resources to drive innovation and job creation (see e.g. Ardichvili, Cardozo & Ray 2003; Dana 2011; Naudé 2011; Raposo et al. 2011). The focus on entrepreneurship is increasingly privileging medium, small and

micro businesses (MSMEs). While scholars make it clear that neither innovation nor entrepreneurship are restricted to any particular size of business (see for example Carland, Hoy, Boulton and Carland 1984), it is generally recognised that medium, small and micro businesses are not merely smaller versions of large corporations. As such, the same policy and management strategies cannot be applied. For instance, small business leaders and owners are often required to have a wider knowledge and understanding of business issues, while the motivations for start-up may also differ from big businesses (see e.g. Walker & Brown 2004). Small businesses are also held to be critical for economic renewal, innovation, entrepreneurship, competitiveness and employment, as well as, the ability to improve livelihoods (see e.g. Agupusi 2007). This has been argued to be the case for countries such as the US and UK (Acs 1999; Acs and Audretsch 1993; Karlsson, Johannisson and Storey 1993).

Nonetheless, in spite of the efforts of a small body of distinguished scholars over the last two or three decades (including for example Storey 1994) and publications such as the *International Small Business Journal*, it seems fair to say that business scholarship has been characterized by insufficient focus on the challenges of small businesses. This is particularly the case in vulnerable locations such as the Small Island Developing States¹ of the Caribbean. Even more, nearly five decades of scholarship in the region has focused heavily on the socio-economic dimensions of regional development with inadequate attention to the role of business, entrepreneurship, enterprise and the challenges of small businesses. Indeed, some scholars suggest a traditional resistance to considering the place of entrepreneurship in regional development (Ramkissoon-Babwah, 2013).

Notwithstanding this, it is maintained that entrepreneurship and an enterprising culture can add value to the fortunes of small island states in the Caribbean with considerable economic opportunities for these societies, including in the SME sector. Small businesses are believed to be a significant contributor to employment and job creation, with the turn to entrepreneurship among young people adding to the number of small business start-ups

across the region. As such, entrepreneurship and enterprise in the Caribbean region can be supported through an assessment of the gaps that exist with understanding the challenges of small businesses in the region, the barriers to growth and the technologies to support innovation and competitiveness. The papers in this collection represent an attempt to respond to some of these important gaps in Caribbean research and scholarship.

Indeed, where research studies have emerged on entrepreneurship, enterprise and competitiveness, as well as small business in the region, these have to some degree been driven by the need to meet the requirements of external funding agencies and have tended to model the small business as a version of a larger enterprise. In spite of this, however, limited budgetary allocation to research has meant that those MSMEs located in small vulnerable economies such as those in the Caribbean, remain largely neglected. Despite the fact that the work of a number of scholars has increasingly sought to address this gap (Wint 1998 & 2003; Barclay 2004; Williams 2009; Williams and Morgan 2012), much remains to be done in the way of investigating the challenges to the emergence of entrepreneurship, enterprise and competitiveness in the Region. This is so given the impacts which these have on the ability of the small business sector to develop and thrive. While the value of this body of work cannot be underestimated, there remains a need for specific advice and research internally and independently driven by Caribbean scholarship.

This special issue itself comprises a selection of some of the most thought-provoking papers from the *Inaugural Conference on Business and Management* organised by the Mona School of Business & Management in Montego Bay, Jamaica, January 7-9, 2015.² The event was convened under a theme, which has been retained for this publication—“Breaking the Barriers: Entrepreneurship, Enterprise, Competitiveness and Growth in the Caribbean”. The guiding premise for that event was the longstanding focus of conferences in the region on various aspects of the society from politics to economic development, with various sub-topics along the continuum. However, there has never been a specific focus on business and management in the Caribbean academic space.

Business and management are, at best, subsumed as a track or a group of disparate presentations at these conferences. Further, where there has been a business and management conference in the region such as the Academy of Business Research conference, it has generally borrowed from other jurisdictions and as such, does not permit specific focus on Caribbean businesses. The conference itself, provided a forum for the sharing of ideas about the role of business and management practice, scholarship and education in the advancement of small vulnerable economies.

A focus on business in the Caribbean region is particularly important for a number of important and interrelated reasons. The Caribbean is at a precarious point in its development. Unemployment, poverty (up to 21% in some cases) and low growth, as well as lingering challenges to small business growth and development are issues which require urgent attention (Smith 2014). Furthermore, there is an acknowledgement that research takes place within particular *contexts* (Festing, Schäfer and Scullion 2013; Khanna 2014). Grant and Perren, have for instance called for the broadening of perspectives in research on small business entrepreneurship (2002). This suggests that there is a place for more research within the wider scholarship on the themes of this special issue generally and in a developing and SIDS context.

OVERVIEW OF THE CONTRIBUTIONS

The contributions that follow allow for the exploration of critical Caribbean business issues such as attracting investment, accountability, the role of technology and innovation, and the management of small operations. The collection comprises a research note and an opinion piece; the former based on the Keynote Address to the 2015 Conference by renowned Professor of Enterprise, David Storey and the latter, written by Michael Roofe (member of Faculty at the Mona School of Business and Management) and Allison Stone-Roofe (Jamaica's Ambassador to Brazil). Together, the papers address, in one single accessible location, a comprehensive set of issues facing the development and competitiveness of SIDS in the Caribbean and beyond, making practical recommendations for addressing some of the challenges faced by these economies.

The first article, from Densil Williams takes the under-development of research on Foreign Direct Investments (FDI) in Small Island Developing States (SIDS), including those in the Caribbean, as a starting point. Williams reviews the conditions of SIDS as host countries and the impact on the inflow of Foreign Direct Investment (FDI) into these countries. The paper offers a model to examine the country conditions of 35 Small Island Developing States (SIDS) and the flow of FDI. In so doing, the author highlights the importance of foreign investment to small economies and the important role of policy. Building on previous work, which indicated the importance of per capita income, he examines variables such as fiscal balance, current account balance, and debt to Gross Domestic Product (GDP) ratio to determine their relationship with FDIs in SIDS. The paper shows per capita income to be a critical factor in the ability of SIDS to attract FDI.

Innovation in organizational forms and varieties of entrepreneurship are also playing out in the Caribbean. This is evidenced in Medine's contribution, which highlights the role of *social* entrepreneurship and *social* enterprises in the Caribbean setting. While the focus is largely on Trinidad and Tobago, the findings do, to some degree, reflect the experiences of the wider Caribbean and other SIDS. Individual and societal entrepreneurship are consistent and underlying themes in Caribbean societies and have been essential for the survival of many excluded (by choice or forced) from the formal system. To this end, the work of volunteer organisations and NGO groups has been critical in communities, helping to build empowerment and reduce exclusion. Medine's work hints at the need for a more sustainable approach to such organizations, which marries the prerogative for sustainability with social motivations. The latter is an important consideration underpinning the drive to reduce dependence, particularly on foreign aid and support, and by extension the constraints on operational and philosophical autonomy. While the paper focuses on non-governmental organisations, the findings can be extrapolated to other organisational forms, including small businesses who are dependent on government support for sustenance.

E-commerce is one area that has been highlighted as a potential area of competitiveness for the SIDS of the Caribbean and by extension, for firms operating in similar contexts (Escalante, 2006). Indeed, e-commerce is one tool for Caribbean small

businesses to overcome the challenges of market entry, meeting the demand for extending and diversifying economic activity and market size beyond its physical geography, as well as to internationalise and access transnational diaspora locations (Minto-Coy 2011). It is therefore, fitting that one of the contributions to this issue also focuses on this topic. Marshall and Coke consider the relationship between e-money, consumption and sectoral growth in Jamaica. Using the Autoregressive Distributed Lag (ARDL) model they demonstrate that e-money has a positive relationship to food and beverage consumption, financial services, as well as with the agricultural, forestry and fishing sectors. While the study is limited by the focus on card payments as a form of e-commerce, the authors offer empirical support for the short-term and long term impacts of the growth in e-payments on consumption and sectoral growth, noting the importance of promoting the use of e-money instruments and financial inclusion.

The role of scholarship and research in overcoming the challenges to entrepreneurship, enterprise and innovation is critical. This is not only for identifying and understanding the challenges, but ultimately in deriving solutions, and minimising and mitigating such challenges. The contribution from Minto-Coy & McNaughton should be viewed in this context. Their study investigates the barriers to entrepreneurship and innovation in the Caribbean by focusing on case studies of mobile banking in Jamaica and Kenya. This is done through the theoretical lens of institutional theory. While entrepreneurship and innovation are shown to be important, the suggestion is that the institutional context and capacity—institutional endowment—will affect the extent to which these will thrive in any country. The larger lesson is the value of examining the region's experiences in light of those globally. This is as a marker for identifying specific features of institutional endowment in the Caribbean and the effect that these may have on the ability to innovate and compete, as well as for entrepreneurial ideas to take root and have a transformative effect on local economies and businesses. As noted by authors such as Porter (2007), government has a critical role to play in unleashing and stimulating the conditions to drive competitiveness and growth. Hence, a critical point from Minto-Coy & McNaughton's analysis is the importance of policy and government regulation, *in appropriate* amounts, for competitiveness and development.

Recently, a promising line of scholarship centred on family-owned businesses has emerged helping to bring to the fore issues faced by small businesses, including the role of gender (see for example, Nicholson, 2010). Leaning on this development, Nicholson and Rao-Graham address the knowledge transfer gap that can arise due to generational transition. Their paper explores the development and role of a Knowledge Management System (KMS) for FOBs in three Caribbean countries, Barbados, Jamaica and Trinidad and Tobago. Important too, is the suggestion that culture also has an impact on business with the prevalence of the oral tradition being suggested as a challenge for succession planning and knowledge management among small and family-owned businesses in the English-speaking Caribbean. Inadequate knowledge transfer is presented as a threat to business continuity and the KMS approach is therefore proposed as a solution.

The research note by noted academic and global expert in entrepreneurship in small business, David Storey, is a full measure of the intent to marry sound scholarship with practical and relatable solutions for the Caribbean, as well as to provide a space for reflection from among the best in the field of entrepreneurship and business studies. Through the case of Jamaica, Storey's contribution focuses on an increasingly relevant theme for the Caribbean; that is, the policy choices and implications for making countries more entrepreneurial. The paper draws together four decades of research, consultancies and observations in countries spanning Europe, Africa, the Middle East and the Caribbean. Storey highlights the relevance of macro-policies and the role of national policy-makers who are aware of their operational context, in deriving policies to stimulate an economy. More specifically, the importance of policy-makers being clear on the intent of policies and the means by which they are to offer support for businesses is highlighted. Storey's paper also hints at a solution which is missing from the majority of prescriptions but mentioned briefly by Minto-Coy & McNaughton. That is, the role of the region's diaspora, particularly as potential financiers for businesses. Indeed, the special role of the diaspora in this regard is not to be underestimated, with governments across the region, increasingly focusing on the ways in which their transnational population can in fact contribute to growing investments and entrepreneurship (Minto-Coy 2016a & b; 2013; 2011).

In their commentary, Roofe and Stone-Roofe focus on the policy guidelines that can be adopted from the Mercosur region to the Caribbean context towards the improvement of SME performance in the latter. In so doing they undertake a case study and comparison of SME practices in Brazil and Jamaica to explore lessons and align best practices that can contribute to the improvement of SMEs in the Caribbean. According to the authors, the importance of this sector rests in the growing contribution of these businesses to export revenue. The commentary also echoes a note that is reflected in some of the other contributions, most notably those of Williams and Storey. They suggest that it is important to address context and the specific endowment of the Caribbean in deriving the most appropriate solutions towards developing a landscape where innovation, competitiveness and growth will emerge. These papers call for such developments to take account of the lessons from international experiences and best practices.

SUMMARY AND IMPLICATIONS

This article serves as a brief introduction to this special issue which focuses on the themes of entrepreneurship, enterprise, competitiveness and growth mainly in the Anglophone Caribbean. Nevertheless, the conditions detailed in this collection extend to the wider Caribbean and to many small-island and developing states, which face similar challenges to growth and enterprise development. With a focus on SMEs, the overarching question guiding the introduction and papers in this issue is what are the challenges to, and strategies for, increasing entrepreneurship, enterprise and competitiveness and growth in SIDS, such as the Caribbean?

To this end, and drawing from the collection of articles, a number of challenges and solutions can be summarised here. For Williams, there is the need for the Caribbean and other SIDS to grow their economies and per capita income as a means for addressing the challenge of increasing their attractiveness for FDIs. Medine's call is for more sustainability and independence, which can come from becoming more entrepreneurial and enterprising. In highlighting the ongoing slow pace in the adoption of new technology among businesses and society at large, the papers by Marshall and Coke, and Nicholson and Rao-Graham, indicate that

business sustainability, entrepreneurship and growth require more ready use of technologies such as e-commerce, knowledge management systems and improved financial literacy. Such a turn would facilitate the move away from lingering (business) cultural features such as the preference for cash-based transactions and oral economies. According to Minto-Coy & McNaughton, challenges reside in the specific nature of the region's institutional endowment which stymie the adoption and absorption of entrepreneurial innovations. These all align with the solutions and guides offered by Storey on how to make countries more entrepreneurial. Ultimately, Storey's suggestion is for governments to be clear on the purpose of related policies and the means by which such policies will be implemented. Consistently running through the papers is the clear theme that there is a role for policy and governments in deriving suitable policies and environmental conditions that can contribute towards the breaking of barriers to business and management challenges across the region.

Finally, the articles, taken as a whole carry an important subtext: there is insufficient attention to the specific challenges of entrepreneurship, enterprise and competitiveness in small island developing economies, and this includes those faced by small businesses. This Special Issue organised under the auspices of the Mona School of Business and Management, marks a radical departure from the traditional approaches to social science scholarship in the Caribbean, engaging with scholars who want to contribute to the development of discussions and research on business and management issues in the Region and similar socio-economic contexts.

The articles do not cover the gamut of issues suggested by the title of this special issue. For instance, there is clearly a need for greater focus on the role of the region's diaspora as potential financiers for businesses and as markets. Similarly, there is a range of challenges and opportunities flowing from the dominance of family ownership among businesses in SIDS and even the focus on the crucial subject of intergenerational knowledge transfer in this issue, barely scratches the surface. Additionally, further research could be done in ordering or prioritising the solutions and strategies suggested here. Nevertheless, the issue offers scholarship and practical guidance, which can advance the breadth and scope of

research, policy and strategy on business and management issues in SIDS.³

REFERENCES

- Acs, Z. 1999. *Are Small Firms Important? Their Role and Impact*, Boston, Mass: Kluwer Academic Publishing
- Acs, Zoltan and D. Audretsch. 1993. *Small Firms and Entrepreneurship: An East-West Perspective*, Cambridge: Cambridge University Press.
- Agupusi, P. 2007. "Small Business Development and Poverty Alleviation in Alexandra, South Africa". Paper prepared for the second meeting of the Society for the Study of Economic Inequality (ECINEQ Society, Berlin; July 12–14 2007). Accessed: 21 August 2016. Available at: <https://www.diw.de/sixcms/detail.php/60111>.
- Barclay, L.A. 2004. "FDI-Facilitated Development: The Case of the Natural Gas Industry of Trinidad and Tobago." *Oxford Development Studies*, 32 (4): 485–505.
- Caribbean Development Bank. 2016. "Micro-Small-Medium Enterprise Development in the Caribbean: Towards a New Frontier". Available at: http://www.caribank.org/wp-content/uploads/2016/05/Study_Micro-Small-and-Medium-Enterprise-Development.pdf
- Carland, J. W., F. Hoy, W.R. Boulton and J.O. Carland. 1984. Differentiating Entrepreneurs from Small Business Owners. *The Academy of Management Review*, 9(2): 354–359. doi:10.2307/258448.
- Dana, L.P. 2011. *World Encyclopedia of Entrepreneurship*. Cheltenham: Edward Elgar.
- Dutta, B. 2009. *Entrepreneurship Management (Text and Cases)*. Delhi: Excel Books.
- Escalante, R. 2006. "E-Commerce Challenges for Caribbean Businesses". *Encyclopedia of Developing Regional Communities With Information and Communications Technology*. Stewart Marshall, Wal Taylor & Xinghuo Yu (eds). London: IGI Global, pp. 239–245.
- European Commission. 2016. *Growth: Internal Markets, Industry Entrepreneurship and SMEs*. Available at: <http://ec.europa.eu/growth/>

3 The authors wish to thank the following for their contribution towards the production of this volume: Marvalyn Campbell, Oma Coke, Anne Crick, Edward Dixon, Leighton Duncan, Maria Elo, Brian Hall, Graham Hall, Janice Henlin, Paulette Henry, Michael Marshal, Claudette Morgan, Winston R. Moore, Lawrence Nicholson, Lila Rao-Graham, Latoya Roberts, Michael Roofoe, Mario Smith, Alison Stone Roofoe, David Storey, Gordon Swaby and Densil Williams.

smes/business-friendly-environment/sme-definition_en

- Grant, P and L. Perren. 2002. "Small Business and Entrepreneurial Research: Meta-theories, Paradigms and Prejudices." *International Small Business Journal*, 20 (2): 185-211.
- Granvorka, et al. 2016. "Disaster Risk Management in the Caribbean". *Public Administration and Policy in the Caribbean*. Edited by Indianna D. Minto-Coy & Evan M. Berman. Boca Raton, London, New York: CRC Press.
- Festing, M., L. Schäfer and H. Scullion. 2013. Talent management in medium-sized German companies: an explorative study and agenda for future research. *International Journal of Human Resource Management*, 24(9), 1872–1893. doi:10.1080/09585192.2013.777538
- Karlsson, C., B. Johannisson and D. J. Storey. 1993. *Small Business Dynamics: International, Regional and National Perspectives*. London: Routledge.
- Khanna, T. 2014. Contextual intelligence. Retrieved August 16, 2015, from <https://hbr.org/2014/09/contextual-intelligence>.
- Ministry of Industry Investment and Commerce. 2013. "Micro, Small and Medium Enterprise (MSME) and Entrepreneurship Policy 2013". Available at: <http://www.miic.gov.jm/sites/default/files/pdfs/Tabled%20MSME%20and%20Entrepreneurship%20Policy.pdf>.
- Minto-Coy, I. D. 2016a. "Diaspora Engagement for Development in the Caribbean". *Diasporas, Development and Governance in the Global South*. Edited by Abel Chikanda, Jonathan Crush and Margaret Walton-Roberts. New York: Springer.
- Minto-Coy, I.D. 2016b. "The Role of Diasporas in the Growth and Internationalisation of Businesses in Countries of Origin", in *Diaspora Business*, Maria Elo & Liesl Riddle (eds.), Oxford, UK: Inter-Disciplinary Press.
- Minto-Coy, I. D. 2013. Unpublished paper. 'The Draft Jamaica Diaspora Policy', Consultancy Report prepared for the Government of Jamaica to guide the production of the National Diaspora Policy.
- Minto-Coy, I.D. 2011. 'Beyond Remittancing: An Investigation of the Role of Telecoms in Facilitating and Extending the Diaspora's Contribution to the Caribbean'. *Canadian Foreign Policy Journal* 17(2): 129-141.
- Minto-Coy, I.D. and L. Rao-Graham. 2016. "Mainstreaming Disaster Risk management into management education: The Case of the Mona School of Business & Management". *AD-Minister*.
- Mona School of Business and Management 2015. Inaugural Conference on Business and Management, January 7 to 9. Jamaica: Mona School of

- Business and Management. ISBN ISBNs: 978-976-41-0258-8 and 978-976-41-0259-5.
- Naudé, W. 2011. *Entrepreneurs and Economic Development* <http://unu.edu/publications/articles/are-entrepreneurial-societies-also-happier.html>.
- Porter, M. 2007. "Clusters and Economic Policy: Aligning Public Policy with the New Economics of Competition". *ISC White Paper* November 2007 Rev. 10/27/09. Cambridge, Mass: Harvard Business School.
- Nicholson, L. 2010. Jamaican Family-Owned Businesses: Homogeneous or Non-Homogeneous? *Social and Economic Studies*, 59(3), 7 –29.
- Ramkissoon-Babwah, Natasha. 2013. "The Role of the Caribbean Entrepreneur in Economic Development—Strategy and Process". *Journal of Economics and Sustainable Development*, 4 (11): 32-35.
- Raposo, Mário, D. Smallbone, K. Balaton and L.Hortoványi. 2011. "Introduction: Entrepreneurship, Growth and Economic Development", *Entrepreneurship, Growth and Economic Development: Frontiers in European Entrepreneurship Research*, Cheltenham, UK: Edward Elgar, pp 1-10.
- Smith, W. 2014. *Building Growth into the Caribbean Sustainability Agenda - The Role of Entrepreneurship*. Presentation at the Fifth Caribbean Microfinance Forum Gala Awards Dinner, Montego Bay Jamaica, June 5, 2014. Accessed: 11 August 2016. Available at: <https://www.caribank.org/uploads/2012/05/Micro-Finance-Forum-Speech-by-the-President.pdf>.
- Storey, D. J. 1994. *Understanding the Small Business Sector*. London, New York: Routledge.
- UN-OHRLLS (United Nations- Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States). 2011. *Small Island Developing States: Small Islands, Big(ger) Stakes*. New York: UN.
- Walker, E and A. Brown. 2004. "What success factors are important to small business owners?" *International Small Business Journal*, 22(6): 577-594.
- Williams, D.A. 2009. "Determinants of Outward Foreign Direct Investments from Small Island Developing States." *American Journal of Economics and Business Administration* 1 (2): 45–54.
- Williams, D.A., and B. Morgan. 2012. *Competitiveness of Small Nations. What Matters?* Kingston: Arawak Publications.
- Wint, A.G. 1998. "The Role of Government in Enhancing the Competitiveness of Developing Economies: Selective Functional

Intervention in the Caribbean." *International Journal of Public Sector Management* 11 (4): 281–99.

Wint, Alvin. 2003. *Competitiveness in Small Developing Economies: Insights From the Caribbean*. Kingston: The University of the West Indies Press.