



SISTEMA ECONÓMICO
LATINOAMERICANO
Y DEL CARIBE



Overview and Prospects of Entrepreneurship in LAC: The Caribbean Case

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Cooperación Económica y Técnica

Seminario – Taller sobre Emprendimiento “Hacia la creación de una economía impulsada por el emprendimiento – desmitificando el proceso”

Bridgetown, Barbados

17 y 18 de agosto de 2016

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SELA Seminar-Workshop 2016

Session 1: Overview and Prospects of Entrepreneurship in LAC: The Caribbean Case

Presented by Jonathan G. Lashley, PhD., Fellow,

Sir Arthur Lewis Institute of Social and Economic Studies (SALISES), University of the West Indies, Cave Hill Campus, Barbados at Latin American and Caribbean Economic System (SELA) Seminar-Workshop on Entrepreneurship 'Towards the Creation of an Entrepreneurial-driven Economy- Demystifying the Journey', Bridgetown, Barbados, 17th to 18th August 2016.

Main Points

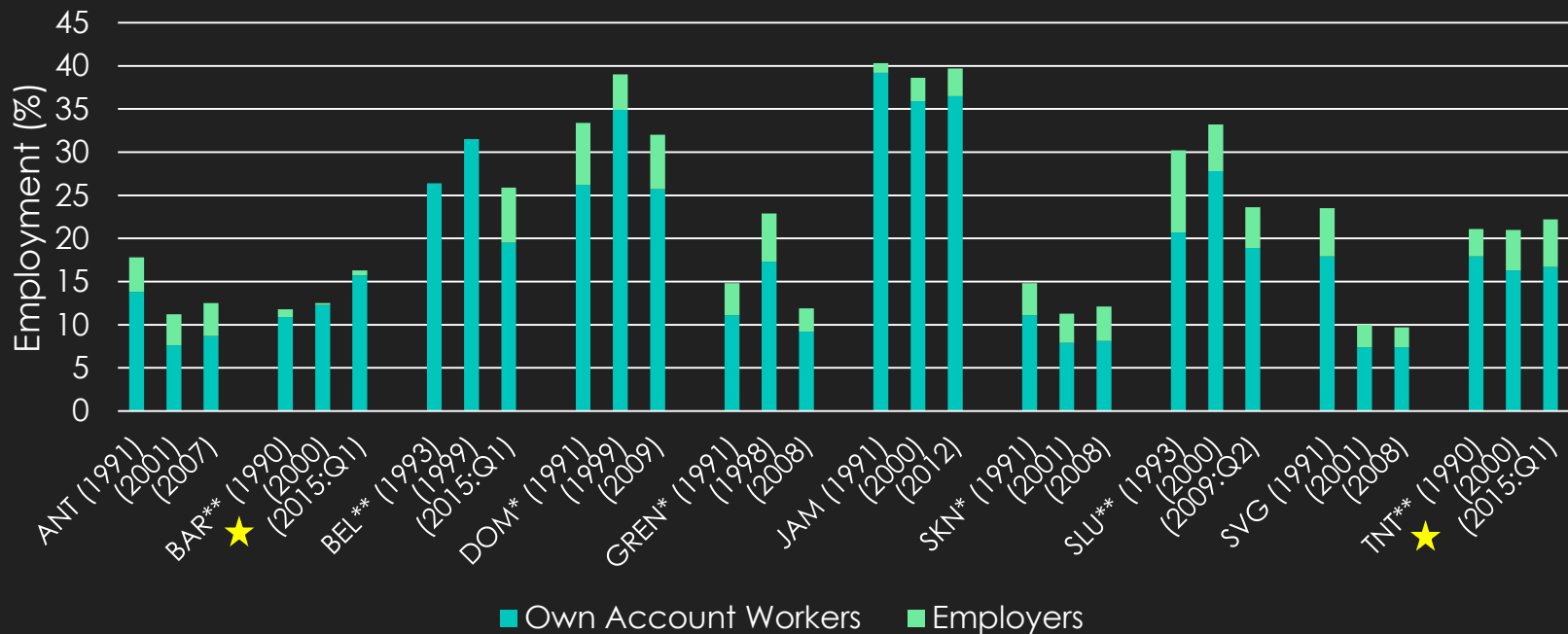
1. Governments in the region need to clearly define what is meant in policy terms by 'Entrepreneurship' and the **primary goal** of public policy in supporting its development
2. Need to address the main constraints to enterprise development, including the issue of accessing affordable finance, and the promotion of 'internationalisation'

1. Entrepreneurship in Caribbean Policy

- In Caribbean public policy:
 - 'Entrepreneurship' = Self-employment
 - Policy goals are broad and diverse:
 - Poverty alleviation
 - Empowerment
 - Enhanced quality of life
 - Enhanced productivity
 - Increased economic growth
 - Foreign exchange generation
- Such broad goals make it difficult to implement strategies to meet all objectives with a fiscal constraint- focus is needed
- Strategy with PRIMARY GOAL to promote foreign exchange generation will be different to one seeking to alleviate poverty

Lack of Progress in 'Entrepreneurship'

Self-Employed in the Caribbean (Percentage of Employed)

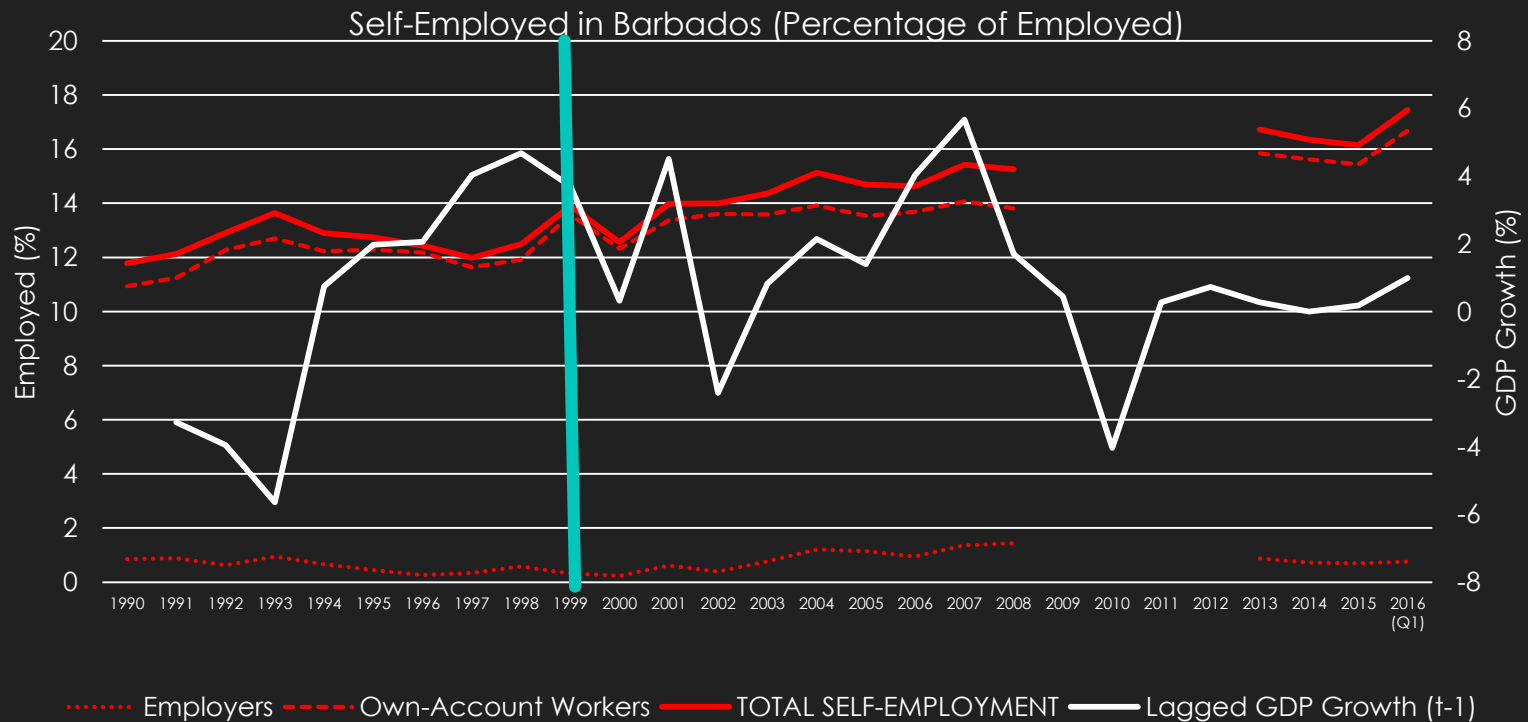


Source: ILO KILM 8th Edition (unless otherwise stated)

*Most recent data from Country Poverty Assessment

**Most recent data from National Statistical Office

Progress in 'Entrepreneurship' confined to own-account workers...

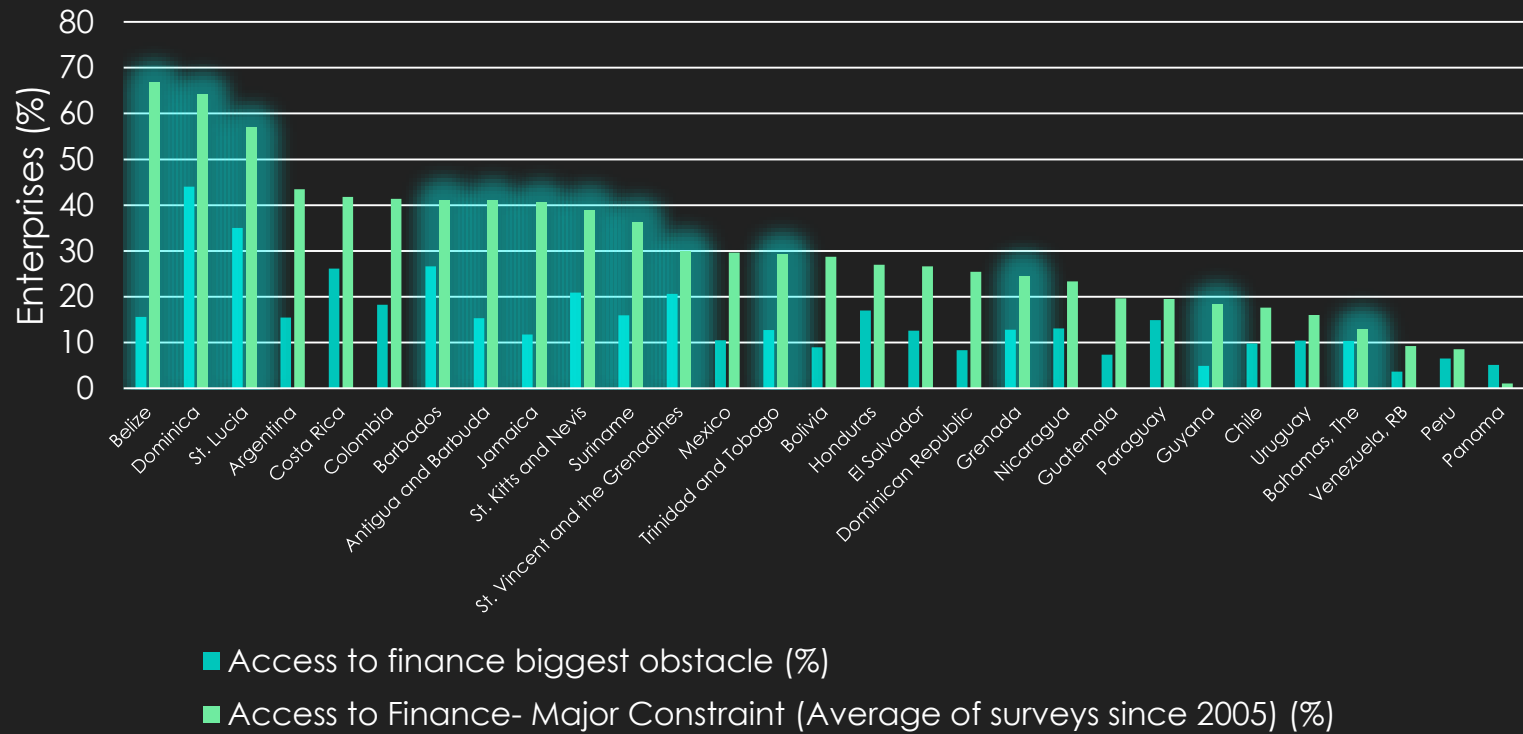


Source: Barbados Statistical Service Continuous Household Labour Force Survey (various years) (labour force data); World Development Indicators (GDP).

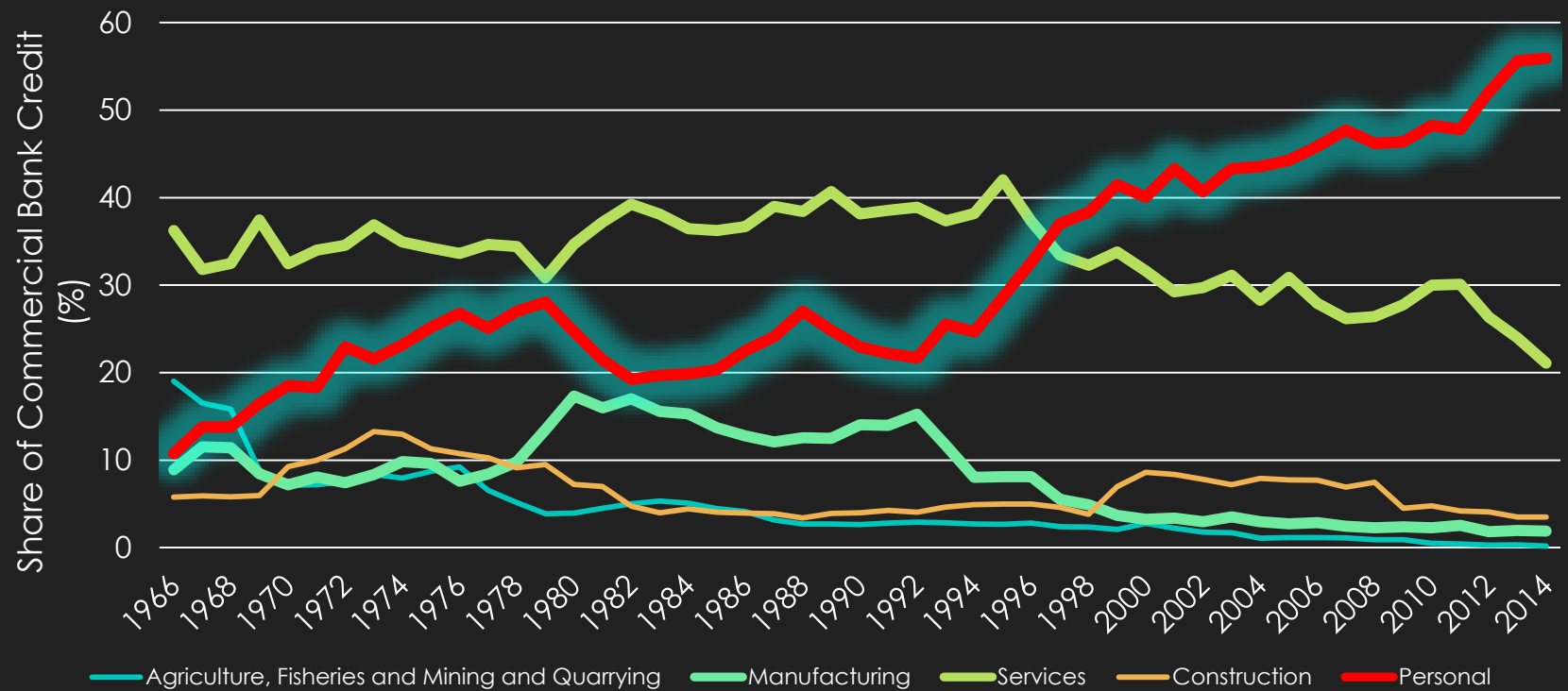
2. Constraints to Entrepreneurship's Contribution

1. Access to finance
2. Domestic focus and a lack of entrepreneurial orientation

In CARICOM access to finance is a major constraint...



In Barbados, commercial bank finance increasingly directed to Consumer Credit...



Lack of 'true' entrepreneurial orientation with a domestic market focus...

Exporting Activity

- **92.8% of firms main market is domestic**, with 18.8% undertaking some level of exporting
- For exporting firms, exports account for 41.1% of sales
- Destinations mainly other CARICOM countries, followed by USA and Europe
- Exporters more likely to have some foreign ownership

(Source: PROTEqIN data)

Potential Causes of Domestic Focus

- "*Satisficer*" attitude
- Fear (risk aversion)
- Lack of knowledge of internationalisation modes
- Non-niche product choice and high levels of domestic competition
- Government policy that focusses on '*wooing and fawning*' foreign investors and generating low value-added self-employment

Creating a Entrepreneurial-driven Economy

- Determine PRIMARY policy goal for an entrepreneurial development policy
- Introduce compulsory entrepreneurial education programmes in secondary schools
- Implement widespread training and sensitisation in internationalisation modes
- Develop proactive rather than reactive business support
- Encourage product development in high value-added activities
- Develop comprehensive credit bureau systems (reduces risk of lending and cost of borrowing)
- Develop comprehensive financing system for MSMEs (equity and debt)



Thank You

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