



INTERNATIONALISATION OF SMEs – a SBA Perspective

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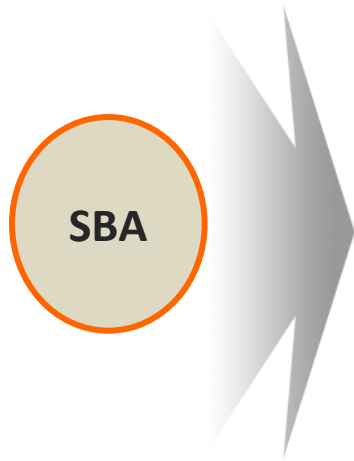


A CARIBBEAN IDEALOGY

Sir Arthur Lewis espoused an “industrialisation by invitation” policy for the Caribbean.

Lewis argued **“the size of the West Indian islands even with a customs union, was insufficient to facilitate a manufacturing base of the magnitude to benefit from economies of scale.....it was necessary for the West Indies to take other steps to position the region in an international arena”**. Arthur Lewis, (1950) ‘The Industrialisation of the British West Indies’, *Caribbean Economic Review*, 2 1-53.

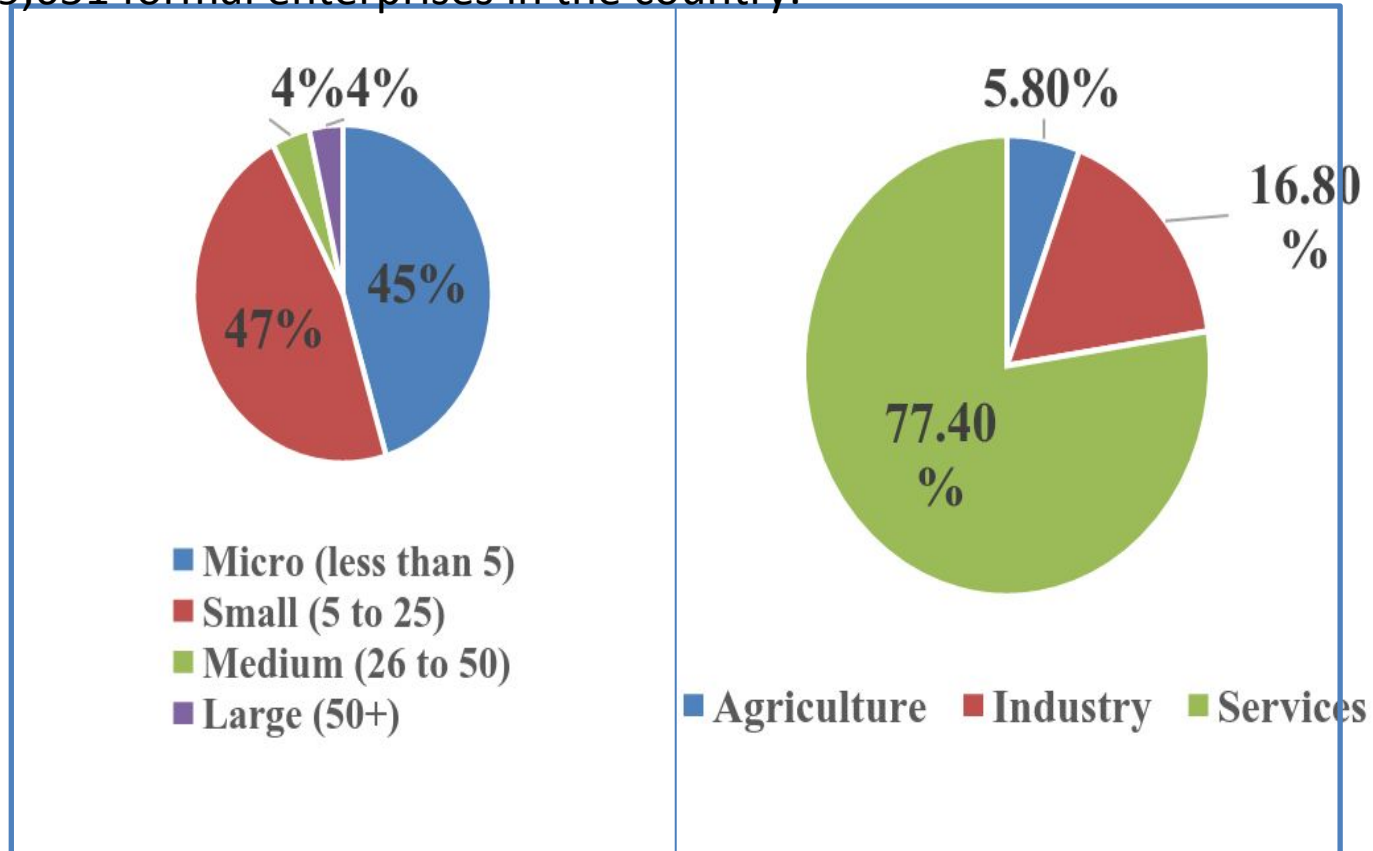
SME ECOSYSTEM



- LEGISLATION
- FINANCE
- EDUCATION
- NETWORKS
- CULTURE
- SUPPORTS

NUMBER OF SMALL BUSINESSES

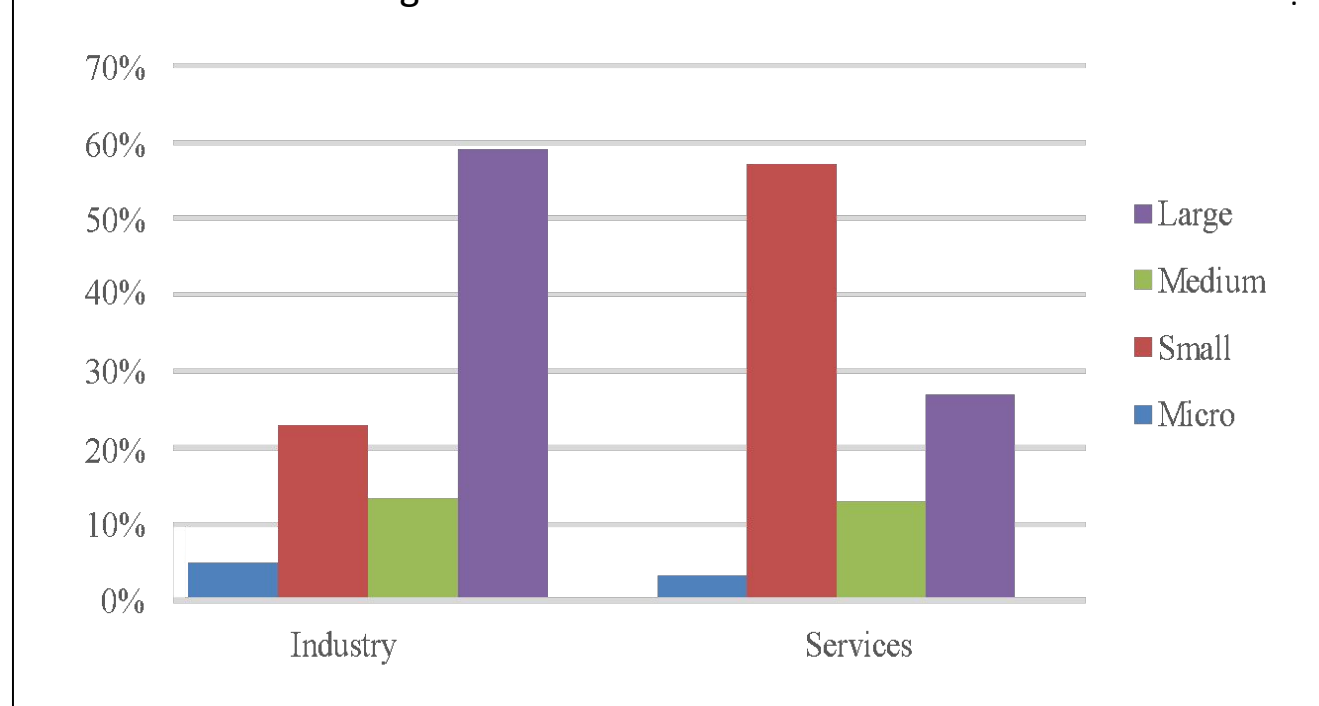
Recent research (SBA, 2015) confirmed there is an estimated 9,651 formal enterprises in the country.



Distribution of Enterprises by Size Category and Broad Sector (%)

CONTRIBUTION OF SMALL BUSINESSES TO GROSS DOMESTIC PRODUCT

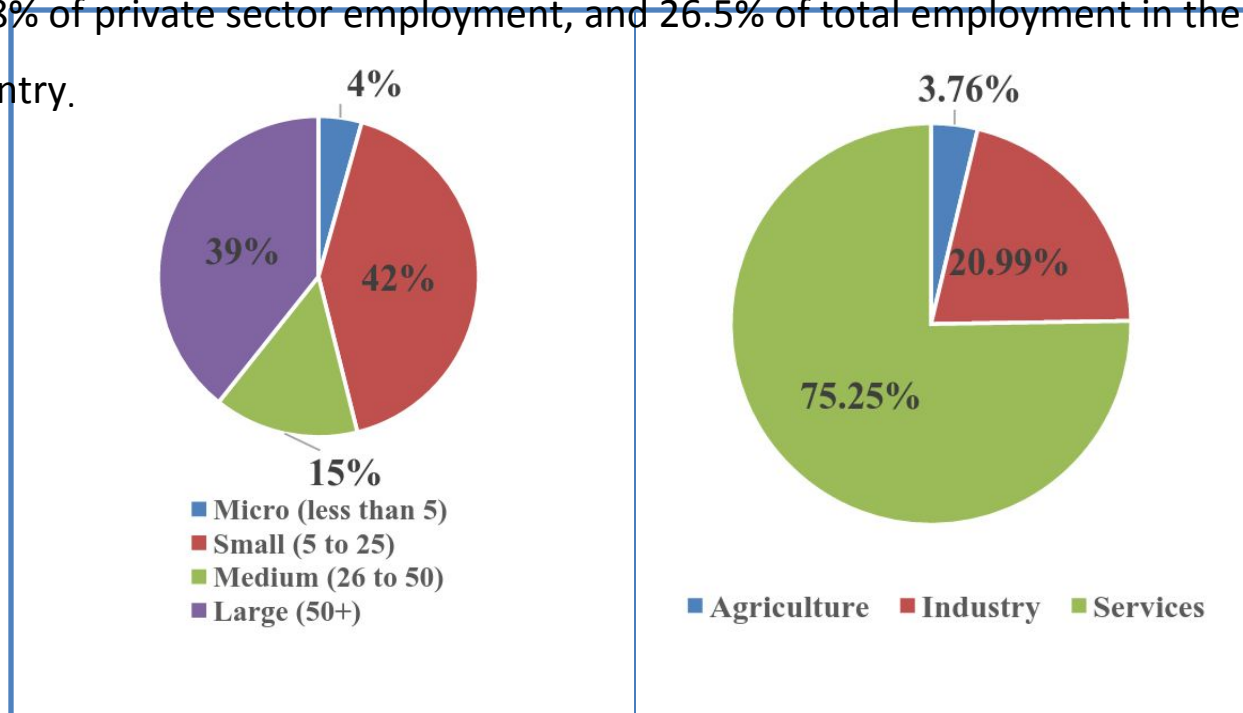
Non-agriculture Micro and Small Enterprises contributed 51.4%, and non-agriculture Medium-sized enterprises contribute 12.7%, for a total contribution from non-agriculture MSMEs of 64.1% of national value-added.



Percentage Contribution to Value-Added in Industry and Services by Enterprise Size (%)

NUMBER OF PERSONS EMPLOYED/RATIO OF EMPLOYMENT

The survey revealed that MSMEs account for 60.7% of private sector employment, and 47.6% of total employment in the country in 2015. The bulk of this employment is in small service companies, which accounted for 33.8% of private sector employment, and 26.5% of total employment in the country.



Distribution of Employment by Size Category and Broad Sector (%)

SUMMARY OF RESEARCH ON INTERNATIONALISATION (SBA, 2011)

27% of firms were engaged in internationalisation strategies

Barbados' internationalisation begins with an intention to enter the global arena

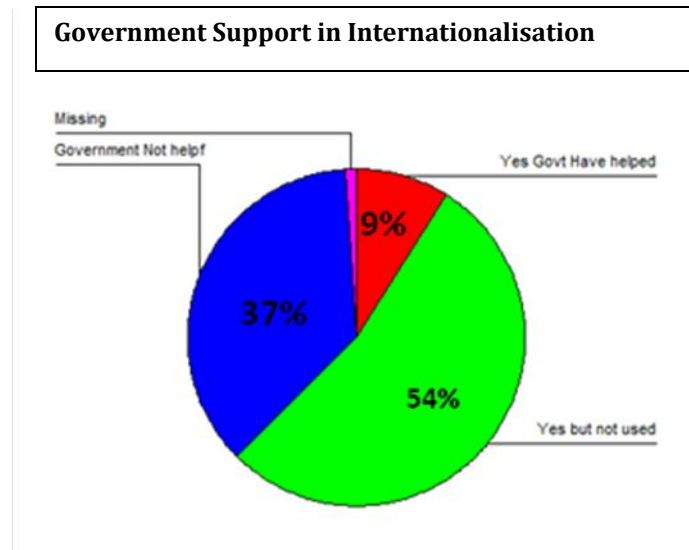
The MSMEs export an estimated USD\$26.9 million even as they import a lower amount of \$17 million

Barriers to exporting include a) financing of trade, b) training and c) market intelligence

Driver for internationalisation is motivation and whether there is a perceived opportunity to export

A CASE FOR INTERNATIONALISATION

- Contributes to the economic development of nations by creating new national industries
- Improving productivity in existing businesses
- Creating employment
- Competitiveness of MSMEs



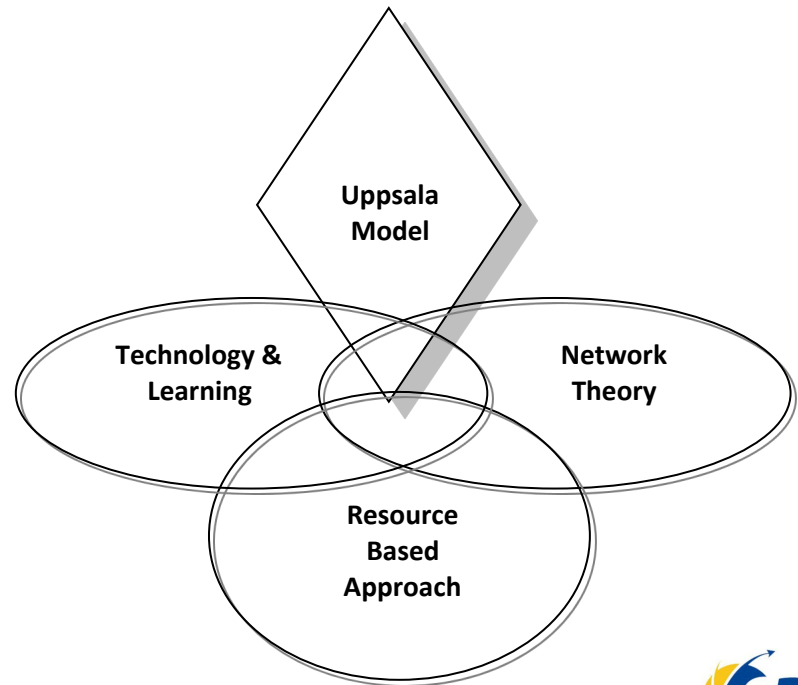
FORMS OF INTERNATIONALISATION



UPPSALA MODEL (Johanson & Vahlne)

- no regular export
- export via agents
- establishment of offshore subsidiary
- full offshore production

Over-lapping Internationalisation Models



LEVEL OF INTERNATIONALISATION

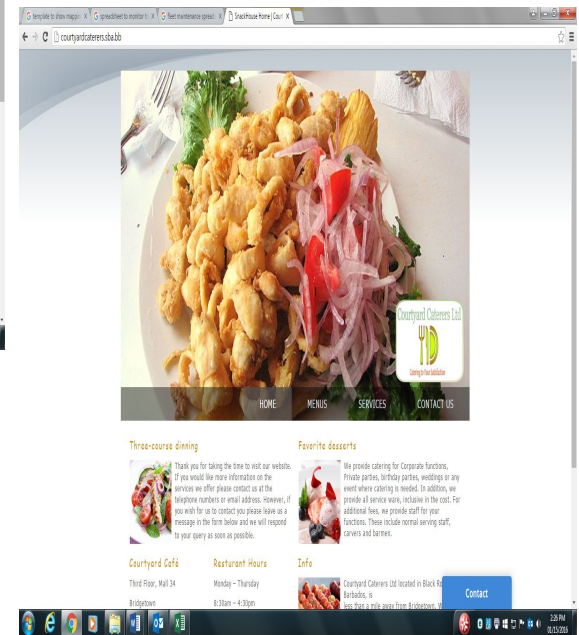
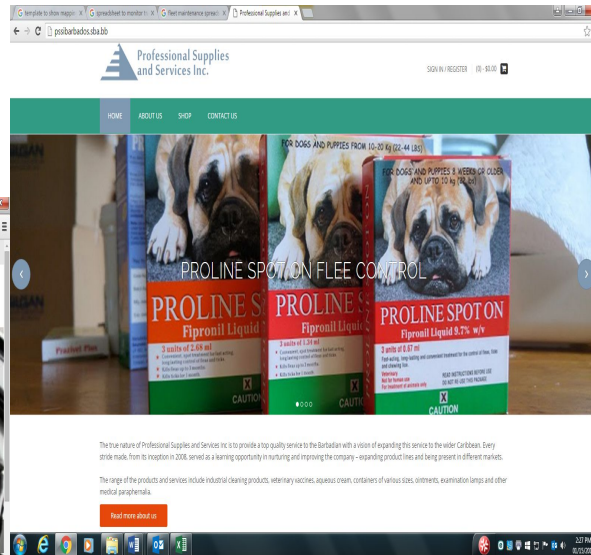
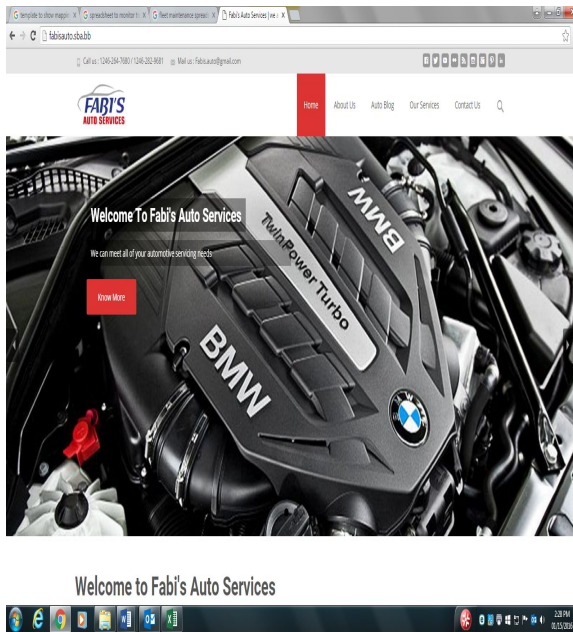
- 16% multi country exporters
- 7% established exporters
- 4% early stage exporters
- 0% entrepreneurial exporter
- 73% nascent exporters

BARRIERS TO INTERNATIONALISATION

- **Lack of Knowledge**
- **Lack of Resources**
- **Technology and Innovation**
- **Internet and E-commerce**
- **Productivity**

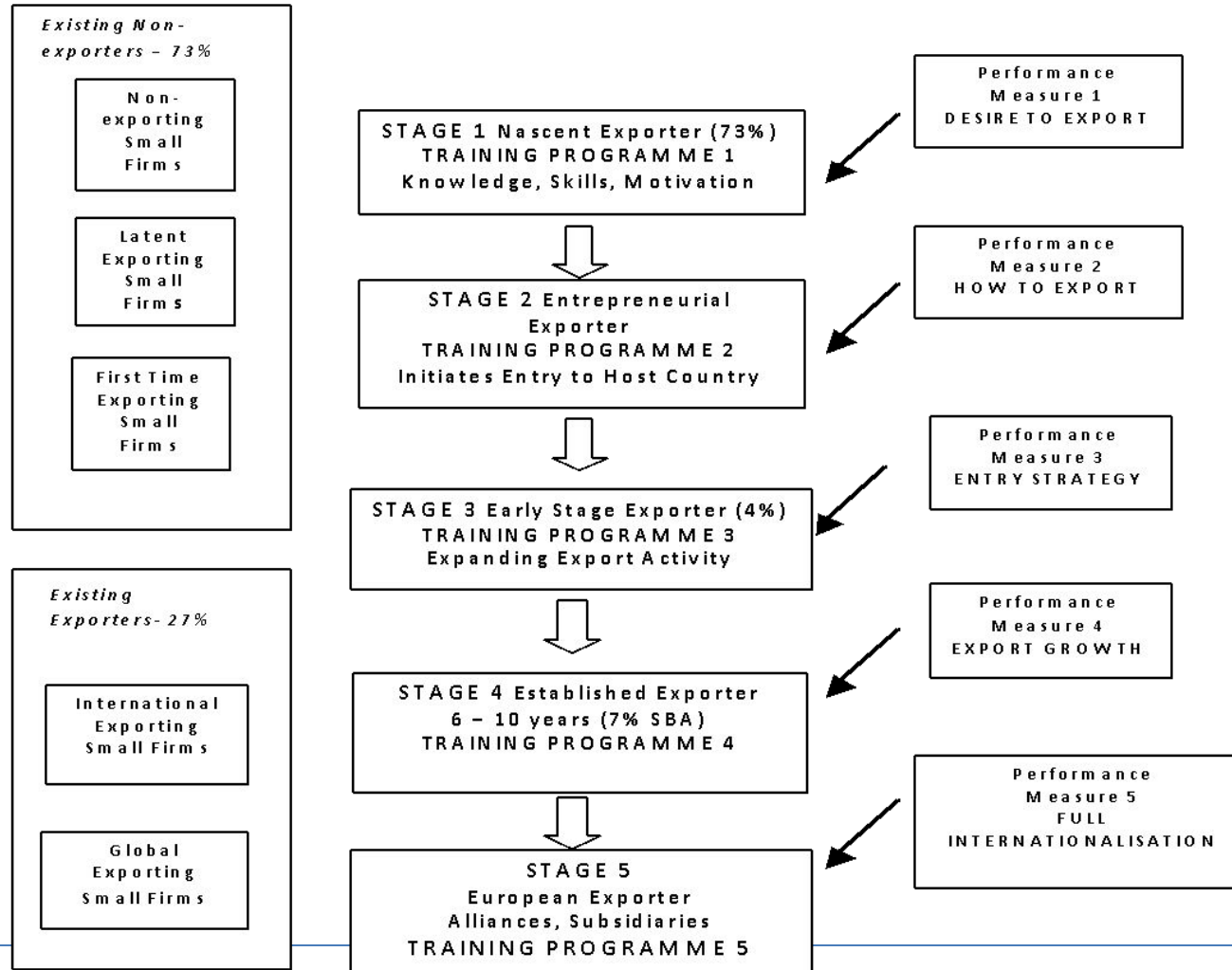
Technology Solutions

TechSmart Project



MODEL TO FACILITATE INTERNATIONALISATION

Programme and Stages for Sustainable Internationalisation in Barbados



TRAINING & TECHNICAL SUPPORT

PROGRAMME 1

Programmes in Export Awareness – Markets in Caribbean, Opportunities

Stimulate non-exporting firms to begin preparation to undertake exporting programmes

PROGRAMME 2

Programmes on International Market Entry including:

International Marketing Research, International Marketing, Country Analysis, Entry Strategies, Basic E-Commerce and website management

PROGRAMME 3

Programmes in Management & Implementation including:

Opportunity Analysis, Export and Import Administration, including Financing
Legal and Contract requirements for International Business
Trade Show presentation & Analysis

PROGRAMME 4

Programmes in Advanced Strategic Management including:

Expanded Entry Strategies - Agents, Alliances, Partners
Expanded E-Commerce networks and Communications

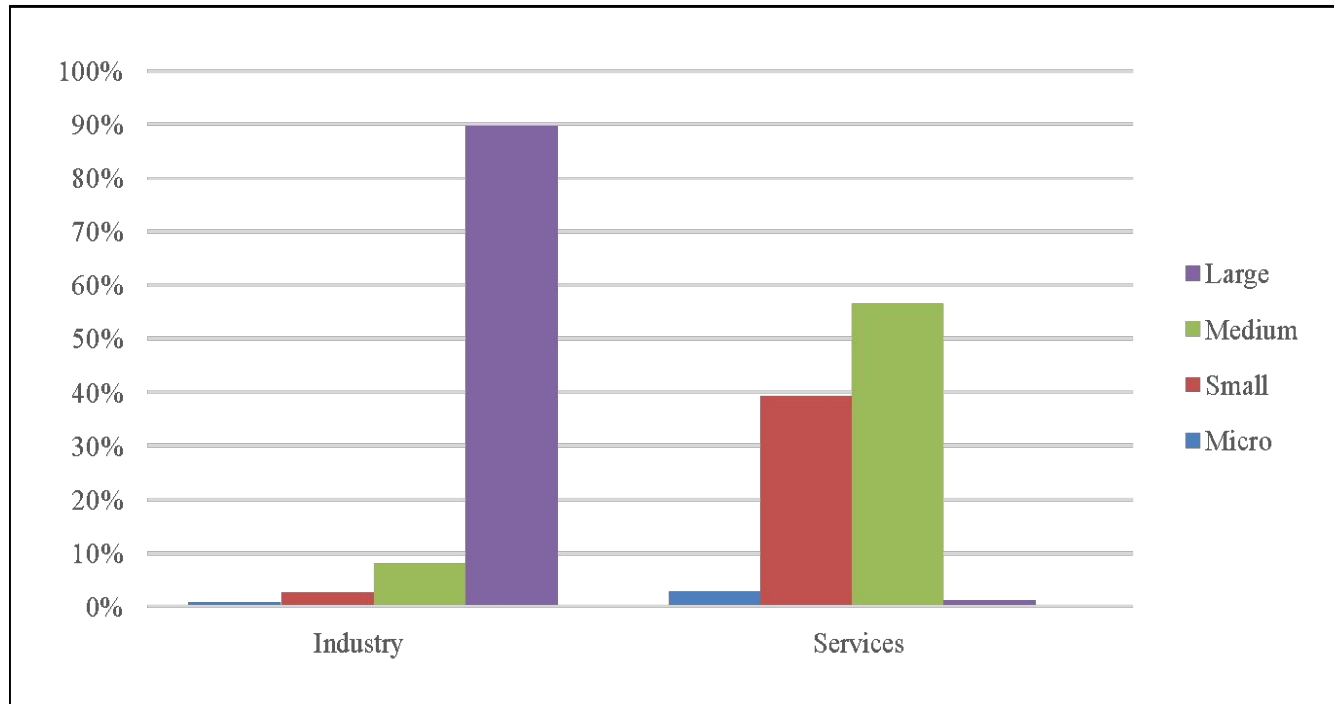
PROGRAMME 5

Programmes to Sustain Global Internationalisation including:

Analysis of North American Markets, Analysis of South American Markets
Analysis of European Markets
Senior International Management & Finance

CONTRIBUTION OF SMALL BUSINESS TO EXPORTS

Overall, MSMEs accounted for 38.8% of total exports, with only 1.1% coming from microenterprises.



Percentage Contribution to Exports for Industry and Services by Enterprise Size (%)

Thank You!

