

“The Entrepreneurship Challenge in a Time of Change”
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ABSTRACT

Tacit understanding of the concept of the entrepreneur brings a belief that they are important agents in economic growth and development. Indeed Baumol (1968:64) placed the entrepreneur at *‘the apex of the hierarchy that determines the behaviour of the firm’* and hence economic growth. However, Baumol also recognised that the inclusion of the entrepreneur in economic theory was implicit in nature, citing that *‘he [sic] remained a shadowy entity without clearly defined form or function’* (p.64). This implicit role of the entrepreneur has been addressed to a degree in recent times with greater study of this once shadowy figure; however, the attainment of a clearly defined form or function is still elusive.

Specific definitions of the motivations and actual role of the entrepreneur as an economic actor has caused much debate from as far back as the 18th Century, with the work of Cantillon spawning a variety of classifications of the entrepreneur. The three main traditions to emerge have been characterised by researchers as the German (Thunen-Schumpeter) Tradition, the Austrian (Mises-Kirzner-Shackle) Tradition and the Chicago (Knight-Schultz) Tradition. In attempting to define the entrepreneur, these various approaches have sought to form a single characterization and understanding. The research questions such an approach and proposes that the entrepreneur should be considered a creature of its economic environs. Despite globalisation’s attached belief of the homogenisation of the economic sphere, it is proposed that nation states at different levels of development have different requirements, conditions, and roles for these economic agents of growth. The following research reviews the various debates on the ‘meaning of entrepreneurship’, and highlights the various latent conditions and entrepreneurship character that affects the existence, discovery and exploitation of entrepreneurial opportunities. Due to these recognised differences at the level of economic development, it is proposed that a different approach to that utilised in more developed economies for enhancing entrepreneurial growth will need to be undertaken. In attempting to chart a path forward the research draws on a survey of young persons in Barbados as to their attitudes and intentions towards entrepreneurship, and proposes some preliminary recommendations for further development in this area.

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Introduction

The historical debate on the ‘meaning of entrepreneurship’ has spawned a variety of definitions and descriptions of the role of the entrepreneur in economic growth. These debates have approached the subject area from a variety of economic perspectives, and within each approach seek to develop an overarching definition of the entrepreneur, and a specific location within the economic sphere. However, this notion is challenged in the current research, as it appears that these approaches adopt a theoretical framework rooted in a positivist methodology that disregards the specific contingent circumstances of the individual, the individual nation state and regional groupings of states. In this approach, the Orwellian concept that ‘all nations are created equal’ is accepted and followed, *ad nauseum*. In seeking to bring to bear greater relevance to this stream of literature however, it is accepted here that ‘...some are more equal than others’.

In accepting this principle that level of socio-economic development will bring to bear different demands, and roles for the entrepreneur as an agent of economic growth, the following paper reviews the main themes to emerge in the debates on entrepreneurship and seeks to synthesise the conclusions of relevance to small developing states such as those seen in the Caribbean. In undertaking this task, a basic assumption is that entrepreneurs are critical to economic growth and development. However, this concept has failed to be interrogated in any depth as it relates to economic development and accepted as true either implicitly or explicitly by practitioners and policy makers. However, to undertake such an in-depth interrogation is beyond the scope of the current paper, where the main aim is to identify the relevance and effectiveness of existing public policy towards enhancing the discovery and exploitation of entrepreneurial opportunities, entrepreneurship, and enterprise development in a developing world context, specifically that of Barbados.

The following paper is structured as follows. A review of the relevant literature is presented centred on the three main economic schools of thought as regards entrepreneurship. Secondly, a theoretical proposition is offered as to where the developing world entrepreneur fits within a theory of the entrepreneur’s role and character. This is followed by a review of a survey on entrepreneurial attitudes and intentions among a selection of Barbadian youth to investigate the future prospects for entrepreneurship development. After reviewing these results, what can be termed the demand for entrepreneurial services, a brief critique of the entrepreneurial support services supplied within the Barbadian economy follows. Policy recommendations to enhance the role of the entrepreneur in the economy in Barbados and the region complete the paper.

Literature Review

Debates and discussions as to the definition, role and character of the entrepreneur have their roots in the work of 18th century economic theorist Richard Cantillon who characterised the entrepreneur as an arbiter (Thornton, ny). Since this time, surveys of the literature in the area have identified three main schools of thought, characterised by their differing proposals as to the role and character of the entrepreneur (see Hebert and Link, 1989; Endres and Woods, 2006). The three main schools described in these works were the German (Thunen-Schumpeter) Tradition, the Austrian (Mises-Kirzner-Shackle) Tradition and the Chicago (Knight-Schultz) Tradition (Hebert and Link, 1989). Endres

and Woods (2006), termed these schools the behavioural, Austrian and neoclassical schools respectively. Related to these works, and of relevance to the current research, is the theorising of Wennekers and Thurik (1999) and Shane and Venkataraman (2000) who attempt to link entrepreneurship to economic growth through the discovery and exploitation of entrepreneurial opportunities.

In order to attempt to apply these theoretical endeavours to the situation in the Caribbean, what will be required is firstly an understanding of the constraints facing entrepreneurial development in developing countries, followed by a determination of the 'goal' for entrepreneurship, which at the moment appears to be related to enhancing the social good.

To be able to undertake this task, the role of the entrepreneurship in economic development/growth will need to be understood. The theoretical literature in this area acts as a useful starting point that allows for an understanding of the link between economic development and the role of entrepreneurship.

Thurik and Wennekers' (2004) note that Schumpeter characterised the entrepreneur as the '*prime cause of economic development*' (p.140) through the introduction of new 'inventions' that make other products and processes obsolete; the process of 'creative destruction'.

Thurik and Wennekers (2004) note that small business has always been a concern of policy-makers, however, they note that '*...the way in which it has mattered has drastically changed*' (p.142). This is proposed as a change from small businesses mattering as a social good, to small businesses as a vehicle for entrepreneurship. It appears that in the Caribbean, the small business is still seen as a social good that should be maintained to provide employment and henceforth contribute to efforts at poverty alleviation. This is a view supported by the international development agencies, where the main thrust of enterprise development strategies is directed towards poverty alleviation and the provision of employment. Thurik and Wennekers (2004) however note that such an approach incurs a cost in terms of foregone economic growth due to a lack of concentration on small business as a vehicle for entrepreneurship.

Indeed, the commensurate economic growth, competitiveness and job creation results are not being seen in the Caribbean, along with the promotion of personal development and resolution of social issues that Thurik and Wennekers (2004) attribute to entrepreneurship. The question remains, why, if these support frameworks are in place, are the benefits not being seen. The answer here may lie in the type of entrepreneurship being promoted and supported (small business synonymous with entrepreneurship and promoted as a social good), and structural and cultural barriers inherited from a conservative colonial culture with a focus on commerce/non-traded sectors rather than industry (production and value added).

From the mid-1980s to the present day, there has been a marked increase in the attention paid to the link between entrepreneurship and economic growth. Hebert and Link (1989) note that the main themes proposed were based on both static and dynamic theories, but go on to state that static theories offer '*neither change nor uncertainty*' (p.41), and it is only in a dynamic world that the entrepreneur becomes a robust figure. In static models, the entrepreneur is simply repeating past procedures and techniques, and in this light fails to offer the kind of growth for which the entrepreneur has been either implicitly or explicitly recognised.

In looking at the more dynamic theories of entrepreneurship, Hebert and Link (1989) identify three major traditions of thought, all tracing their origin to Richard Cantillon in the 18th century. Hebert and Link (1989) identify these traditions and their main contributors as:

- The German Tradition; Thünen and Schumpeter
- The Chicago Tradition: Knight and Schultz
- The Austrian Tradition: Mises, Kirzner, and Shackle

In seeking to explain the various approaches Hebert and Link (1989) speak to the contributions of Schumpeter, Schultz, and Kirzner in turn.

Schumpeter is cited as viewing development as a dynamic process ‘...*a disturbing of the status quo*’ (p.43), and to the entrepreneur he attributes the title *persona causa* of this dynamic process of economic development. According to Hebert and Link (1989), Schumpeter provided a role for the entrepreneur by his observation that economic processes were organic, and that change came from within the economic system, not just from without. Schumpeter’s view of the entrepreneur is as the agent that causes economic disturbances, unlike the view of other schools of thought, particularly the Chicago School, that characterise the entrepreneur as reactive to economic imbalance, a reconciling rather than a disruptive influence on the economic system.

It appears, from a basic view of the entrepreneur as a reactor to imbalance, that without some exogenous shock to the economy, the entrepreneur does not exist as ‘...*economic life proceeds routinely on the basis of past experience; there are no forces evident for any change of the status quo*’ (Hebert and Link 1989:44). Such an observation lends support to Baumol’s (1968) view that with this as the prevailing view in mainstream economics, that the entrepreneur was expunged from mainstream economic theory.

In Schumpeter’s theory the entrepreneur is more than just a manager following set procedures. He is the instigator of imbalance in a dynamic economic environment.

These views are however in contrast to that of Schultz, a main figure in the Chicago School. In defining entrepreneurship, as opposed to the entrepreneur, Schultz holds fast to the concept that it is the ability to deal with disequilibria rather than cause disequilibria. This is the main thrust of Schultz’s argument.

Unlike Schultz, an examination of the works of Kirzner reveals more of an affinity with Schumpeter, although there are inherent differences as it relates to whether the entrepreneur was the *persona causa* of economic imbalance or of equilibrium, where Kirzner assigns the entrepreneur the task of creating the adjustments necessary to move the market towards equilibrium.

Kirzner identifies alertness to profit opportunities as the essence of the entrepreneur, and identifies three main influences on his theorising about the entrepreneur. He views the market process as essentially an entrepreneurial, learning process citing his influences as the work of Mises and Hayek. He however remains adamant that entrepreneurial acts are acts of discovery. Kirzner states that these acts are *creative* acts, an obvious alignment to Schumpeter. In his critique of mainstream economics he, as scholars before him, notices the lack of accommodation of the entrepreneur by lack of scope for purposeful human action.

Although Kirzner attributes to entrepreneurship the role of adjuster to equilibrium, he makes clear that this is an unachievable state, as in a dynamic economy:

'...knowledge is neither complete nor perfect, therefore markets are constantly in states of disequilibrium, and it is this disequilibrium that gives scope to the entrepreneurial function' (Hebert and Link 1989:46)

In this manner, the Kirzner entrepreneur is neither Schumpeterian nor Schultzian. At the root of this *cloudiness* are the differing views of the various schools as to the nature of the market process. In summing up Kirzner's contribution, Hebert and Link (1989) paraphrase Kirzner's wider view:

'In other words, one must specify the nature of the market process under investigation in order to understand the concrete manifestation of the entrepreneurial function within that process' (p.47)

This is one of the more important contributions that Hebert and Link (1989) make to debate in the area, especially for small developing states such as Barbados, where it is essential to understand the nature of the workings of the economy in order to locate a role for the entrepreneur. Hebert and Link (1989) make a further contribution in their identification of 'change' as the *'province of the entrepreneur'* (p.48). However, this raises the question as to whether this issue of change is one of the main hurdles in inspiring an entrepreneurial culture among more conservative² societies, as is the case in Barbados, where deviations from the *status quo* appear unwelcome.

In summing up the main debates in the field, Hebert and Link (1989) dismiss as unimportant, at the elemental level, the discourse to emerge as to whether the entrepreneur reacts to or causes economic imbalance. The authors claim that what should be important is attention to the basic elements of entrepreneurship, which they cite as perception, courage, and action. This may be important to Hebert and Link (1989) in their theory-building exercise to locate the entrepreneur in economic theory. However, in looking at the issue of entrepreneurship as a development tool for small developing countries, this issue of economic imbalance is critical. This is especially if the view is held that the enabling environment for the entrepreneur that causes economic imbalance through innovation in product and process, will be different to the enabling environment for the entrepreneur that reacts to economic imbalance by identifying market failures and attempting to correct them. If this view is accepted, then Kirzner's 'wider view' must be followed if policy is to be implemented to promote the entrepreneur and entrepreneurship. In this instance it must therefore be queried whether small developing countries with limited resources can in fact 'cause' economic imbalances at this stage of the development cycle?

In Wennekers and Thurik (1999), they form some of the basis for their 2004 discourse on small business, entrepreneurship and economic growth. However, their 1999

² The term conservative is defined here as: *'...favouring the keeping of what is established or traditional; disliking change'* (O'Neill, 2001: 269). Synonyms include: conventional, unprogressive, middle-of-the-road, cautious.

contribution is of greater depth in terms of investigating the plethora of issues and contributions examined in the literature.

Wennekers and Thurik (1999) view the link between entrepreneurship and economic growth as an indirect one. Utilising this assumption, the authors stress the need for firstly, the identification of *intermediate linkages*, as well as *conditions* for entrepreneurship. In providing a rationale for their approach, Wennekers and Thurik (1999) hypothesise that personal traits lie at the root of entrepreneurship, and that entrepreneurship and intermediate linkages both depend on the underlying cultural and institutional conditions in a country. The authors diagrammatically show their preliminary framework as follows:

Conditions (personal, cultural, institutional) → Entrepreneurship (multidimensional; different levels of analysis) → Intermediate Linkages (innovation, competition) → Economic Growth.

In reviewing the historical literature on entrepreneurship, Wennekers and Thurik (1999) follow a similar path to that of Hebert and Link (1989) with their classification of the schools of thought as the Schumpeterian (German), Neo-Classical (Chicago), and the Austrian. They characterise the approaches in a more explicit manner than Hebert and Link (1989) by their observations that:

'The (neo-) classicals stress the role of the entrepreneur in leading markets to equilibrium through their entrepreneurial activities. The Austrians concentrate on the abilities of the entrepreneur to perceive profit opportunities, usually after some exogenous shock. The 'Austrian' entrepreneur combines resources to fulfil currently unsatisfied needs or to improve market inefficiencies or deficiencies. In the German or Schumpeterian tradition economists concentrate on the entrepreneur as a creator of instability and creative destruction.' (p.31)

Much of Wennekers and Thurik's (1999) initial discourse is reflective of the work of Hebert and Link (1989). However, as the discussion proceeds, Wennekers and Thurik (1999) build on previous work in the area to offer substantive insights into the linkages between entrepreneurship and economic growth. In addressing research in economic history and the causes of long-term growth, the authors note Cipolla's (1981:120) contribution that, in periods of economic rise:

'In order to understand what happened in certain societies, it is necessary to understand an atmosphere of collective enthusiasm, of exaltation and of cooperation'

This is an especially instructive observation for policy development in the Caribbean. Another interesting contribution noted was that of Porter (1990) who spoke of post-war Britain, which can be considered directly relevant to Barbados with its close colonial links with that country. Porter (1990:502) states:

'British firms have, too often, a management culture that works against innovation and change... Combined with such managerial attitudes has been a debilitating relationship between labor [sic] and management.... Unions have had great power to negotiate restrictive practices, which have inhibited innovation and retarded productivity.'

Wennekers and Thurik (1999) sum up their findings from the economic history literature by noting that the economic decline experienced in Britain in the late 19th and early 20th century was a result of a cultural and institutional framework that was not conducive to entrepreneurship; indeed Schumpeter (1934) noted that excessive bureaucracy acted as a check on the entrepreneurial spirit.

Following their analysis of data from several countries on the link between culture and entrepreneurship, Wennekers and Thurik (1999) note that while the link is significant, it is not straightforward. They posit the following levels as important for further investigation if the significance of this link is to be better understood:

1. Open-mindedness to other cultures
2. Curiosity, creativity and experimentation
3. Perseverance
4. Valuation of wealth and savings
5. Acceptance of risk and failure
6. Competitiveness

In a conservative developing country like Barbados, it will be crucial to understand the role these issues play in providing for those conditions that instigate and support entrepreneurial activities. The following table outlines some of the conclusions reached by Wennekers and Thurik (1999) from their analysis of economic history in the area.

Table 1: Conclusions from Previous Research (Adapted from Wennekers and Thurik (1999:42/46))

Framework	Determinants of Entrepreneurship
Conditions	<ul style="list-style-type: none"> • Culture (open-mindedness, acceptance of risk, long-term orientations) • Institutions (incentives, competition rules, property rights, entry barriers)
Entrepreneurship	<ul style="list-style-type: none"> • Personal traits: alertness, creativity, ambition, perseverance • Vehicle: smallness (autonomous role of owners of small firms) • Manifestations or behaviour: newness through innovation, entry of new markets, start-ups
Intermediate Linkages	<ul style="list-style-type: none"> • Conquest of new markets • Invention and innovation • New business formation • Competition (domestic and international)
Economic Growth	<ul style="list-style-type: none"> • Rise and decline of nations • Higher productivity; new niches and industries

The authors' observations are instructive for policy-making, conditional on an understanding of the pre-existing conditions in the economy of concern. Indeed, there is some understanding of the Barbadian environment for the promotion of entrepreneurship. Although there exists Institutions and some useful Intermediate Linkages along the chain, it appears that cultural inhibitions (social valuation of entrepreneurship), and a lack of understanding of the required traits and behaviours of the entrepreneur, are inhibiting entrepreneurship's contribution to economic growth in Barbados.

Wennekers and Thurik (1999) stress that entrepreneurship concerns the behavioural characteristic of a person, but it however requires entrepreneurial skills. They also stress that entrepreneurship is not synonymous with small firms.

This is where policy in the Caribbean towards entrepreneurship falls down. Although an institutional framework is evident in many countries, the terms entrepreneurship and small firms are used interchangeably, and enterprise development is still seen as a social good. Due to the fact that these structures are in place in the areas of training, technical assistance, finance and advocacy, it will be imperative to concentrate on these issues of culture and intermediate linkages, as outlined in Wennekers and Thurik (1999). In the provision of these support services, scarce resources are utilised. However, with the view that enterprise development is a social good, other more productive and sustainable applications of these resources are foregone.

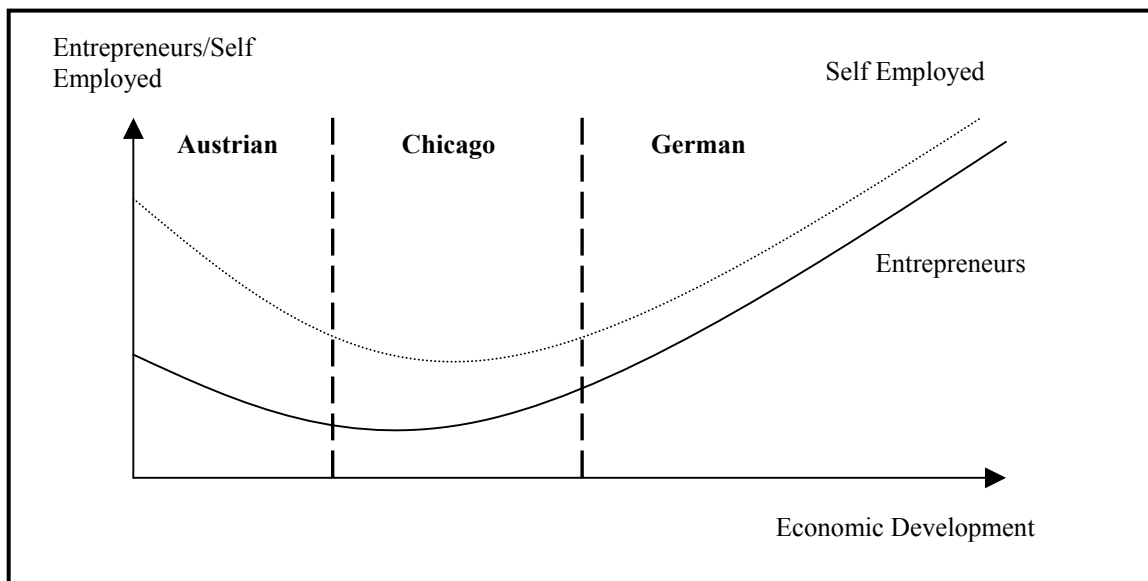


FIGURE 1: Entrepreneurship Growth and Economic Development

Another instructive element of Wennekers and Thurik (1999) extensive review of the literature is their graphical representation of the empirical link between the number of entrepreneurs in an economy and the level of economic development (see Figure 1). They draw on the assumption that within the number of self-employed persons in an economy that a certain percentage will be 'real' entrepreneurs (of the Schumpeterian type), and state that as the level of economic development increases, the two groups will converge, i.e. more self-employed persons will demonstrate the characteristics of the Schumpeterian entrepreneur. It can perhaps be proposed that the entrepreneurs at lower levels of economic development are competing for scarce resources to carry out

innovation and experimentation, hence a lower level of representation in lesser-developed economies.

In seeking to propose a different approach in this instance, Wennekers and Thurik's (1999) diagrammatic representation can be proposed as representing different aspects of the environment stimulating entrepreneurship. Instead of considering the various schools of thought as combative, perhaps they are representative of the situation at different levels of development. In briefly reviewing the schools of thought, the Chicago School considered the entrepreneur as one that reacted to economic imbalances to bring the economy back to equilibrium, the Austrian School considered the entrepreneur as one that perceived and exploited profit opportunities (usually following an exogenous shock) in an economy in a constant state of disequilibrium (although moves towards equilibrium were taken), and the German School considered the entrepreneur as the agent that caused economic imbalance. If it is considered that in a developing country context that the potential entrepreneur does not have the ability in terms of human resources/capital or access to 'venture' capital, it can be assumed that their ability to 'cause' economic imbalance will be limited. Economic imbalance refers here simply, for analytical purposes, to a situation in which supply does not meet demand³. If it is also assumed that such economies are in a constant state of imbalance, perhaps the Austrian School entrepreneur is more applicable than the other schools of thought. As level of economic development increases, it may be assumed that greater economic stability is seen, and this is perhaps where the Chicago School's entrepreneur would be prevalent. If it is considered that as economic development reaches a higher level, the innovative entrepreneur is of greater prominence, it can be seen that the German or Schumpeterian entrepreneur would come to the fore as the main agent of economic growth.

Such a view is perhaps also represented in Wennekers and Thurik (1999), where they state that:

In the historical views of the Schumpeterians and the Austrians entrepreneurship is explicitly relevant for explaining economic growth. On the other hand, the neo-classicals have no explicit room for the role of an active entrepreneur. (p.49)

This neo-classical view (Chicago School) may therefore be applicable in a era of low levels of self-employment and entrepreneurship, as represented by the bottom of the U-shaped relationship between entrepreneurship and economic development, as discussed above.

In seeking to synthesise these theories, Shane and Venkataraman (2000) provide a useful analysis of this field of thought with their thorough discussion of the issues of the existence, discovery, and exploitation of entrepreneurial opportunities as integral elements of not only the entrepreneurial process, but for the entrepreneur.

Shane and Venkataraman (2000) identify entrepreneurship as '*...concerned with the discovery and exploitation of profitable opportunities. A performance advantage over*

³ The issue can be considered as essentially a situation where opportunities are presented to the entrepreneur due to under supply in a particular market, whether it be in terms of a good or spatially. However, different types of opportunities can be presented with under-demand, or over-supply, where the potential entrepreneur may find opportunities to apply different uses for products in previously unexplored markets. This is an issue for further investigation.

other firms is not a sufficient measure of entrepreneurial performance, because a performance advantage may be insufficient to compensate for the opportunity cost of other applications' (p.217). The authors go on further to criticise previous research that merely defined entrepreneurship in terms of the characteristics of the entrepreneur, or the actions of the entrepreneur. They note that the whole process of entrepreneurship concerns '*...the nexus of two phenomena: the presence of lucrative opportunities and the presence of enterprising individuals'* (p.218). It is here that the authors' contribution to the 'entrepreneurship' literature is most pronounced. There appears to be two issues in the literature, the entrepreneur, and entrepreneurship. While it may be useful to look at the attributes of the entrepreneur to provide guidance towards some 'unifying' theory, the main concern, if economic growth is the target, should be entrepreneurship as a process. In outlining the process, the required attributes are then considered to come to the fore. In addressing this entrepreneurship process, Shane and Venkataraman (2000) identify three stages, the existence of an opportunity, whether it be an opportunity that disrupts or causes equilibrium, the discovery of this opportunity by the entrepreneur, and the exploitation of this opportunity. In looking at entrepreneurship in this manner, it is perhaps useful to categorise research into these areas. While the various schools of thought are interested in the outcome of these endeavours (the exploitation of an opportunity), the main differences between the schools rest with their views on the existence of these opportunities. The Austrian and Chicago Schools purport that these opportunities are exogenous, while the German (Schumpeterian) School speaks of this opportunity as endogenous, created by the entrepreneur. Although all the schools of thought address issues related to discovery and exploitation, it is in the area of existence that the main differences occur. It can again be proposed that these schools can relate to differing levels of development, where at lower levels of development, the existence of entrepreneurial opportunities will be more exogenous in nature. Shane and Venkataraman (2000) demonstrate their Schumpeterian tendencies with their differentiation between entrepreneurial opportunities and all other opportunities. They speak of entrepreneurial opportunities as requiring the '*...discovery of new means-ends relationships'*, while other opportunities '*...involve optimisation within existing means-ends frameworks'* (i.e. management). Shane and Venkataraman (2000) when speaking of the existence of entrepreneurial opportunities, they speak of its latent nature, and propose that these opportunities exist due to information and belief asymmetries. If opportunities exist because of these asymmetries, it can then be expected that as information is diffused, these opportunities become less attractive to the entrepreneur. The entrepreneur in this case may exit this market and seek further opportunities. In essence, the authors treat the entrepreneur as a determined monopolist (in product, process, or geographical markets), whereas once the monopoly power is reduced, the individual seeks further monopolistic opportunities. In turning to the issue of the discovery of these entrepreneurial opportunities, the authors speak to the need for the possession of information to identify the opportunity, and the cognitive properties to value it. In speaking specifically of the issue of cognitive properties, the authors address the issue of risk. While theory suggests that entrepreneurs are risk-takers, or have a greater tolerance for risk, the authors unveil a view that perhaps provides an insight into the nature of the entrepreneur. The authors state that

'...successful entrepreneurs see opportunities in situations in which other people tend to see risks' (Shane and Venkataraman, 2000:222).

Shane and Venkataraman (2000) address the decision to exploit entrepreneurial opportunities by noting that the decision is a function of the nature of the opportunity and the nature of the individual. They state that the exploitation is conditional on the entrepreneur placing an expected value on entrepreneurial profit at a level large enough to compensate for the opportunity cost of alternatives. In citing previous research, they note that exploitation is more probable if: expected demand is large, profit margins are high, the technology life cycle is young, competition density is moderate (profit and learning opportunities exist), the cost of capital is low, and learning is available from other entrants.

In speaking to the issue of the nature of the individual, they note that the literature attributes a greater propensity to exploit opportunities by persons with greater self-efficacy, and a greater internal locus of control. Shane and Venkataraman (2000) speak to these issues as necessary given that the undertaking of an entrepreneurial venture usually requires the entrepreneur to act in the *'...face of scepticism of others'* (p.224).

In drawing lessons from Shane and Venkataraman (2000), it is apparent that the existence of exogenous entrepreneurial opportunities is not a barrier to entrepreneurial development in the Caribbean, as these opportunities are from without and exist no matter whether they are perceived or not. Where the barriers do exist is in the creation or discovery of these opportunities, the decision to exploit them, and the mode by which they are exploited. The creation/discovery of these opportunities is hampered by an inability to fund research and development, and a mindset and cognitive properties that are informed from culture and seeing risks where the entrepreneur sees opportunities. The actual exploitation is also hampered, as domestic demand is not large, technology is dated, and the cost of capital is high. In addition, and related again to the issue of culture, exploitation is constrained because of low levels of self-efficacy, and high levels of external locus of control, where inherent in the culture is a view that one does not control one's own destiny.

A Framework for Entrepreneurship and Economic Growth

There appears to be a level of agreement in the literature that the entrepreneur is an agent of economic growth. What is apparent is that the entrepreneur is a leader, whether it is of people or markets. However this 'leader' is more than just a manager of people or markets. This leader is one that sees opportunities where others see risks; one that sees and exploits profitable opportunities, whether they be in products, processes, or spatially. The recent literature accepts that the economy is not static, supporting the views of Schumpeter and Baumol, and that the repetition of regular procedures is not entrepreneurship, therefore precluding a place in theory for the 'manager'.

It is at this level where 'enterprise development' in the Caribbean falls down. In treating the small business manager as an entrepreneur, and treating the small business as a social good, policies and programs are foregoing economic growth.

In seeking to redress this shortcoming, the various schools of thought, although incommensurate at the level of philosophy, provide some valuable insights for nations at various stages of development when incorporated into a synthesised framework from the research of Wennekers and Thurik (1999) and Shane and Venkataraman (2000). It is considered at lower levels of development, where economies are in a greater state of

imbalance due to its vulnerability to exogenous shocks, that the entrepreneur is the agent that continues to push an economy towards equilibrium in the search to satisfy unmet demand, and address market failures. In this type of economy, there will be a moderate amount of entrepreneurial opportunities and a large number of small enterprises, of which only a small proportion would be considered entrepreneurs due perhaps to a lack of entrepreneurial skills, as shown in Figure 1. For the sake of the current argument, this agent can be considered an Austrian Entrepreneur.

As the economy develops, and moves to more standardised products and processes, it can be proposed that entrepreneurial opportunities are reduced, and hence the actualisation of entrepreneurship is reduced. This agent can be considered the Chicago Entrepreneur.

In a stagnant yet stable economy of this type, and a dearth of entrepreneurial opportunities, this is where the Schumpeterian or German entrepreneur would come to the fore. In this stage, the domestic entrepreneurial opportunities are endogenous, and driven by the same changes in the economy that act as a catalyst for small business growth, namely increase in the labour supply coincident with higher levels of education, changes in consumer tastes, clearer delineation of property rights, and technological progress, among others.

By drawing these lessons from the various theories, it is apparent that these different incarnations of the entrepreneur will have different characteristics/traits, as well as different needs, especially in terms of support infrastructure. This is where the link between the theory of entrepreneurship and economic growth has direct implications for policy-making. This is under the assumption that the causal link between entrepreneurship and economic growth is a reinforcing one, rather than entrepreneurship causing economic growth, or economic growth causing the rise and fall of entrepreneurship.

In looking at the issue of policy-making, it needs to be made clear where interventions are needed. In returning to the works of Wennekers and Thurik (1999), and Shane and Venkataraman (2000), the main framework for enhancing entrepreneurship are addressed. Wennekers and Thurik (1999) speak to the framework in terms of latent conditions, the existence of entrepreneurship behaviour, intermediate linkages and economic growth. At a more micro level, Shane and Venkataraman (2000) speak to three phases of entrepreneurship: the existence of an entrepreneurial opportunity, the discovery of this opportunity, and the exploitation of the opportunity. In utilising these main conditions, the following tables draw on the main results of these two areas of research.

Table 2: Framework for Entrepreneurial Opportunity: Stage I The Austrian Entrepreneur

Framework	Existence	Discovery	Exploitation
Latent Conditions	Opportunity is exogenous. Economy in constant disequilibrium. Large number of self-employed. Moderate number of entrepreneurs	Push to entrepreneurship and self-employment due to economic conditions.	Ease of entry and exit, large demand, high profit expectations enhance exploitation. However, low competition density, limited availability of finance, low levels of technology and low learning opportunities due to low number of entrepreneurs acts against this and leads to only moderate levels of exploitation of economic opportunities
Character of Entrepreneurship	Opportunity is exogenous, therefore the entrepreneur's role in existence (creating demand, invention, innovation) is low.	The entrepreneur is alert, reactive to opportunities, an imitator rather than an innovator.	The entrepreneur exhibits moderate levels of self-efficacy, and internal locus of control.
Intermediate Linkages	Many exogenous opportunities, but few entrepreneurs lead to only moderate levels of exploitation. Limited innovation and invention due to a low number of entrepreneurs in the economy. Low levels of competition, limited domestic market, low growth in new businesses.		
Nature of Contribution to Economic Growth	Moderate level of contribution to economic growth due to a low number of entrepreneurs. Economic growth driven by correcting market inefficiencies.		

In this period of Austrian entrepreneurship the entrepreneur is confronted by an economy in a period of constant disequilibria, vulnerable to external shocks. This is a dependent economy with low levels of growth and a large proportion of the population pushed into self-employment because of prevailing economic conditions. Although there are profit opportunities and demand, the entrepreneurs ability to exploit them are constrained by limited finance, low technology and few learning opportunities. Inherent in these difficulties is a lack of innovation. Due to these conditions, entrepreneurial opportunities are mostly exogenous and the entrepreneur reacts because he/she is alert, but constrained in exploitation due to a lack of resources. In this situation, the entrepreneur may have the necessary cognitive abilities to identify and value an opportunity, but lacks the necessary latent conditions in the economy to exploit them. Due to these issues, the entrepreneurs' contribution to economic growth is only moderate, and as information diffuses and the opportunities become less profitable, the entrepreneur will seek other opportunities. As these opportunities reduce and products and processes become standardised, it is

expected that the number of entrepreneurs will also reduce, leading to lower levels of entrepreneurship, and self-employment. Leading to Stage II, where the entrepreneur is a lesser contributor to economic growth, as outlined in the table below.

Table 3: Framework for Entrepreneurial Opportunity: Stage II The Chicago Entrepreneur

Framework	Existence	Discovery	Exploitation
Latent Conditions	Few opportunities due to standardised products/processes. Stable economy. Number of self-employed and entrepreneurs low.	Low incentive due to stable economic conditions.	High entry barriers, low demand for new products/processes, low profit expectations all reduce exploitation. Low competition density, standardised technology and low learning opportunities due to low number of entrepreneurs acts against exploitation and leads to only low levels of exploitation of economic opportunities
Character of Entrepreneurship	Opportunity limited, therefore the entrepreneur's role in existence (creating demand, invention, innovation) is low.	The entrepreneur is reactive to opportunities when imbalance occurs.	The entrepreneur exhibits low levels of self-efficacy, and internal locus of control.
Intermediate Linkages	Few entrepreneurial opportunities and few entrepreneurs leads to low levels of exploitation. Limited innovation and invention due to a low number of entrepreneurs in the economy. Low levels of competition, limited domestic market, low growth in new businesses.		
Nature of Contribution to Economic Growth	Low level of contribution to economic growth due to a low number of entrepreneurs. Economic growth static.		

In this second stage of economic development, entrepreneurial opportunities do exist. However, the requisite conditions for discovery and exploitation are limited as firstly, they are few entrepreneurs, and secondly there is low or limited demand for new products and processes. The entrepreneur in this case is reactive to opportunities when imbalance does occur. Due to the nature of society, the entrepreneur exhibits low levels of self-efficacy and an external locus of control as large companies dominate the economy. In this Stage II economy, the entrepreneur contributes little to economic growth. It is envisaged that as the economy develops, at a low rate of growth, and higher levels of education coincide with changes in consumer tastes, a clearer delineation of property rights and diseconomies of scale, there is greater incentive for latent entrepreneurs to

discover and exploit entrepreneurial opportunities. The end of this period will see a rise in entrepreneurs of the Schumpeterian kind, as seen in Stage III.

Table 4: Framework for Entrepreneurial Opportunity: Stage III The German (Schumpeterian) Entrepreneur

Framework	Existence	Discovery	Exploitation
Latent Conditions	Entrepreneurial opportunities are endogenous.	High incentive to innovate due to changing tastes, diseconomies of scale, etc.	Clearly defined property rights, ease of entry and exist, high demand for new products/processes, high profit expectations, moderate competition density, technology advancement, and high learning opportunities due to high number of entrepreneurs all act to enhance exploitation.
Character of Entrepreneurship	Innovator, creation of opportunities. Era of creative destruction	The entrepreneur is proactive in searching/discovering opportunities and creates economic imbalance.	The entrepreneur exhibits high levels of self-efficacy, and internal locus of control.
Intermediate Linkages	Many entrepreneurial opportunities and many entrepreneurs leads to high levels of exploitation. High level of innovation and invention due to a high number of entrepreneurs in the economy. Moderate levels of competition, large domestic and international market, and high growth in new businesses.		
Nature of Contribution to Economic Growth	High levels of economic growth and high level of contribution of the entrepreneur due to their high numbers.		

As the economy develops to Stage III, the role of the entrepreneur as the *persona causa* of economic imbalance becomes important. In this case the entrepreneur is pro-active and innovative, and entrepreneurial opportunities are endogenous, supported by higher levels of education. The economy in this stage is in an era of creative destruction. While these views provide for the development of a simple model of the mutually reinforcing linkages between entrepreneurship and economic growth, some of the basic observations are instructive in a developing world context. Although it is not thought possible to neatly locate an individual economy within the three stages, elements of each stage can assist in providing a context within which any effort to assist in the development of an entrepreneurial economy can be located. This is in keeping with Kirzner's wider view, as paraphrased by Hebert and Link (1989:47):

‘...one must specify the nature of the market process under investigation in order to understand the concrete manifestation of the entrepreneurial function within that process’

This leads the research to question approximately where within the spectrum can the Caribbean developing economy be located, and what is the nature of the market process that will allow policy development to enhance the contribution of entrepreneurship to economic growth. It will also need to be questioned whether a sequential movement between Stages is necessary, or whether the leap-frogging potential seen in other stage models is possible. However, before undertaking such a task, it will be necessary to identify the current state of affairs as it relates to the latent conditions and the pre-existing entrepreneurial character existing in the Caribbean. As a preliminary venture into this area, the following section discusses the main results to emerge from a recent study into entrepreneurial attitudes and intentions among a selection of Barbadian youth.

Survey of Entrepreneurial Attitudes and Intentions

Background of the Barbadian Economy⁴

Barbados is the most easterly of the Caribbean islands and has been independent from the United Kingdom since 1966. The island has a population of approximately 280,000 and is one of the most densely populated countries in the world at 1600 persons per square mile on a landmass of 167 square miles. The GDP per capita (PPP) was approximately US\$17,600 in 2006, and the country ranked 31st on the Human Development Index (HDI) in 2004. Barbados also has a low, stable unemployment rate that has hovered around 10% since 1999. The island was under British rule since 1627 until independence, unlike any other Caribbean island. This occurrence led to the island being known as ‘Little England’ due to its apparent acceptance of the British culture. By all indicators the island is considered very open as well as highly vulnerable (Thomas, 2006).

The main contributors to the islands economy in terms of GDP are financial and business services (19.5%); Government services (18%); and wholesale and retail trade (17%). With tourism and other services accounting for 25.7% of GDP in 2003, it is apparent that the economy is extremely service orientated, with a low level of value-added industrial endeavours. This is despite the island’s motto of ‘Pride and Industry’.

Previous Barbadian Research

To date in Barbados, two previous research projects of relevance have been identified. The first, by Small and McClean (2002), was undertaken to look at the career aspirations of a sample of Barbadian youth within the context of entrepreneurship as a necessary development objective. The second study was undertaken by Lashley and McClean (2004) to assess the socio-economic impact of the Government of Barbados’ Youth Entrepreneurship Scheme (YES).

Small and McClean (2002) presented empirical evidence that there was a clear link between work experience, gender, race, and family to perceptions of entrepreneurship as a career choice. The study was of the general youth population and therefore differs from

⁴ Statistical information from Wikipedia.com (2007). <http://en.wikipedia.org/wiki/Barbados> [last accessed 6th March 2007]

the current study in terms of focus. While the current study looks at those on an entrepreneurial path (undertaking entrepreneurship training), Small and McClean (2002) used secondary and tertiary educational institutions to garner their sample.

The main areas investigated in Small and McClean (2002) were career aspirations, gender, work experience, attitudes and intentions, role models, and race and socialisation. These are areas similar to that included in the current research, and similarities and differences seen will be discussed where relevant below.

In Lashley and McClean (2004), the objective of the research was to ascertain the socio-economic impact of the YES program. While the majority of the information presented there is specific to the operational level, entrepreneurial character was addressed and these results are contrasted against the current research results below.

Background of Survey

The current survey began in November 2005 to assess the contribution of the YES program to enhancing entrepreneurial attitudes and intentions among Barbadian youth through a pre- and post-test of participants. The first cohort completed their course in August 2006, while the second cohort, which commenced in August 2006 is due for completion in April 2007. The results presented below are for the pre-tests conducted on both cohorts.

As the survey was conducted among persons already undertaking an entrepreneurship training course, it would be expected that some of the results on intentions would be biased towards this area. However, the task here is to assess current attitudes and intentions in Barbados, and it is considered that the responses on issues like social valuation would be better informed by a group of persons experiencing some of the issues assessed. Despite the fact that these individuals will be biased towards entrepreneurship, it will enable an identification of a 'best-case' scenario.

Main Survey Results

The surveys were undertaken during the first orientation session for course participants. All participants were requested to self-complete the survey instrument in full, with a facilitator available for clarification issues. The survey sought responses in the following areas:

- Age, gender, household structure, parent's occupation, and household income
- Education and work experience
- Entrepreneurial Knowledge
- Professional Attraction
- Social Valuation
- Entrepreneurial Capacity
- Entrepreneurial Objectives
- Entrepreneurial Education
- Entrepreneurial Character

Participants were also requested to supply their name and address for post-test purposes. A total of 76 completed, useable, questionnaires were received, 46 from the first cohort and 30 from the second. The following subsections outline the main results to emerge

from the survey. It should be noted that all Likert-scale variables are seven-point, and presented means and median responses represent the related score from this range.

General Characteristics of the Sample

Although the YES program is mainly for the youth (16 to 34 years of age), participants on the course ranged from 18 to 41 years of age. What was interesting about the results was that 70% of participants were female, despite previous research indicating males had a greater inclination to self-employment than females (Small and McClean 2002). However, this results is in keeping with the historical enrolment in YES where previous studies had indicated the enrolment of females to be approximately 67.5% of the total (Lashley and McClean, 2004).

In terms of household structure, over 50% (52.2%) lived in a household with more than 3 persons, and 72.1% had at least one person under the age of 18. Approximate household income was over BD\$2000 per month.

In terms of spatial distribution, the majority of respondents were from the urban parishes of St. Michael, St. James and Christ Church (60.9%), with 17.5% from the semi-urban parishes of St. Peter, St. George, and St. Thomas, and 11.6% from the rural parishes.

Education and Experience

In the respondents' selection of the current program, the primary reason indicated for the choice was a desire to become an entrepreneur, with 83.8% indicating this option as 'extremely important', and a further 13.4% indicating it as 'quite' or 'very' important. In Small and McClean's (2002) study, a similar question (*I want to start my own business*) received a high level of agreement among 61.6% of respondents. This difference in results is as noted above with the current study undertaken with members of the population with a preceding tendency towards self-employment.

Despite the result from the current research however, there were contradictory results where 32.7% indicated that their need for business training to secure employment was either 'quite', 'very' or 'extremely' important in their selection of the program. Only 38.2% indicated that this option played no role in their selection of the program.

Results for the question 'need training for self-employment' were inconclusive, with approximately 28% indicating that this was of 'no importance' and approximately 29% indicating that this was of 'extreme importance'.

In providing an insight into the social/peer valuation of entrepreneurship and self-employment in Barbados, results were also varied as to the importance of advice from family and friends in selection of the program. The median response indicated that this was of only minor importance, with 44.7% in the lower range of importance responses, and 39.9% in the upper range of responses.

In terms of work experience, 75 of the 76 respondents were either presently employed (27) or in the past employed (48); and 27 respondents were either currently or in the past, self-employed. Occupational types were varied and ranged from high skill to low skill, and from professionals to crafts persons to technicians.

As regards size of company, employed persons operated for the most part in small enterprises (56.1% in companies with 25 or less employees), while for the self-employed, employees did not exceed 16, with the majority employing only one or two persons (50%) and 30.8% being own-account workers. For self-employed persons, the majority

of businesses had been in existence over 2 years (60%), suggesting a level of sustainability.

Entrepreneurial Knowledge

Respondents were asked to indicate whether they had any interaction with an entrepreneur. Nearly eighty-nine percent (88.7%) indicated that they did, the majority of which were either friends (48.4%), or family (34%). Only 11% identified their employer as an entrepreneur. This was despite that the majority of respondents were employed in small businesses, as outlined above, suggesting that they do not view these small businesses as entrepreneurial.

In terms of the nature of fathers' current employment, 47.4% worked as an employee, evenly proportioned between the public and private sector, while 17.5% were self-employed, and 22.8% retired. For respondents' mothers, a larger proportion worked in the public sector (28.1%) while 18.8% worked in the private sector. A larger number of respondents' mothers than fathers were self-employed (21.9% versus 17.5%).

Despite respondents exposure to entrepreneurs, knowledge of the support infrastructure for enterprise development in Barbados was low. Nearly 60% indicated they had very poor knowledge of the Small Business Association (an advocacy body for small businesses); over 60% indicated they had no knowledge of the activities of the Barbados Investment Development Corporation (63.4%) (a provider of technical assistance and other support to businesses); nearly 66% indicated they had no knowledge of the Barbados Youth Business Trust (a provider of finance and support to small businesses); over 64% had no knowledge of Enterprise Growth Fund Limited (a provider of equity finance small business); over 53% had either no knowledge or very poor knowledge of FundAccess (a finance provider to small business); and over 79% had no knowledge of the Small Business Venture Capital Inc. (a venture capital provider for small business).

In turning to general support, respondents were asked to indicate their level of knowledge of sources of training, finance, and technical assistance for entrepreneurs. This knowledge appeared slightly better than for the schemes explicitly mentioned where in the area of specific training for entrepreneurs, and probably directly related to their involvement in the YES program, the respondents indicated that their knowledge was either good, very good or complete.

However, respondents indicated that they either had no, very poor, or poor knowledge when asked about the location of loans on favourable terms (63%), technical assistance to start a business (50%), location of business centres (67%), and consultancy services on favourable terms (77%).

Professional Attraction

For the next element of the survey, respondents were asked to indicate their level of attraction to various professional options. As would be expected with such a group, the results indicated a preference for entrepreneurship/self-employment, as shown in the table below.

Table 5: Future Preferences

Level of Preference	Mean (7 point scale)	Median Level	Standard Deviation
Work as employee	1.98	No Preference	1.49
Starting a business	6.79	Maximum Preference	0.44
More Training	5.89	Maximum Preference	1.58
Salaried work	3.63	Moderate Preference	2.02
Self-employment	6.60	Maximum Preference	0.89
Professions	3.81	Moderate Preference	2.15
Entrepreneurship	6.77	Maximum Preference	0.59

The results show as interesting contradiction, where respondents appear to have no preference to work as an employee, but have a moderate preference salaried work. The apparent contradiction may however be related to a desire for autonomy that working as an employee does not provide, contrasted against the desire for the security of a regular salary, indicating a level of risk averseness in the respondents. However, the high standard deviation of preference for salaried work indicates a greater range of views among respondents than for work as an employee. The least variation was seen in the areas of starting a business, self-employment, and entrepreneurship, as would be expected.

Social Valuation

In terms of addressing the issue of social valuation, and of particular interest to locating the Barbadian economy in the framework outlined above, respondents were asked to rate the level of value placed on entrepreneurship in society versus other options. The specific areas investigated are shown in the table below.

Table 6: Social Valuation of Entrepreneurship as Opposed to Other Options

Sector of Society	Mean (7 point scale)	Median Level	Standard Deviation
Close Family	4.29	Moderate Value	1.97
Friends	4.89	High Value	1.88
Work Colleagues	3.97	Moderate Value	1.96
Close Community	3.92	Moderate Value	2.01
Society in General	4.12	Moderate Value	1.73

The results indicate that entrepreneurship is only of moderate value in all elements of the society, with the exception of among the friends of the respondents. This is probably due to a like-mindedness that occurs within peer groups.

In further investigating this issue, respondents were asked to indicate the level of approval that they would experience if they undertook to start their own business from their close family, friends and work colleagues. As the results demonstrate, there is high

approval from family and friends, but only moderate approval from work colleagues, which also shows a greater level of variation than other responses.

Table 7: Social Valuation of Entrepreneurship: Level of Approval

Sector of Society	Mean (7 point scale)	Median Level	Standard Deviation
Close Family	5.37	High Level of Approval	1.76
Friends	5.61	High Level of Approval	1.54
Work Colleagues	4.55	Moderate Approval	2.09

Respondents were also asked as to their level of agreement with statements relating to social valuation of entrepreneurship. These results are shown in the table below. As the results indicate, entrepreneurship is not generally considered in a negative light in society in general, however it appears that it is undervalued in society.

Table 8: Social Valuation: Statement Agreement

Statement	Mean (7 point scale)	Median Level	Standard Deviation
Entrepreneurial Activity clashes with the culture in my country	2.91	Slightly Disagree	1.84
The Entrepreneurs role in the economy is not sufficiently recognised	5.20	Mostly Agree	1.88
Many people consider it unacceptable to be an entrepreneur	3.86	Neither Agree nor Disagree	2.04
Entrepreneurial Activity is considered too risky to be worthwhile	3.61	Slightly Disagree	2.24
It is commonly thought that entrepreneurs take advantage of others	2.70	Mostly Disagree	1.92

Overall, there are a variety of views as to the value placed on entrepreneurship in Barbados. At best it appears that the views are neutral, representing a level of apathy towards the concept in society in general, with only moderated levels of approval for the undertaking of such ventures. However, it appears that within respondents close family and friends, entrepreneurship valuation is somewhat higher.

Entrepreneurial Capacity

Relating directly to theory as it relates to the ability to discover entrepreneurial opportunity, respondents were asked to indicate their level of agreement with a variety of statements, and rate their capacity in a number of areas related to entrepreneurship ability.

Table 9: Entrepreneurial Capacity: Statement Agreement

Statement	Mean (7 point scale)	Median Level	Standard Deviation
Starting a business and keeping it working would be very easy for me	3.81	Neither Agree nor Disagree	1.82
I am very prepared to start a business	4.97	Slightly Agree	1.68
I know all the practical details to start a business	3.53	Neither Agree nor Disagree	1.57
I know how to develop an entrepreneurial project	3.58	Slightly Disagree	1.68
If I tried to start a business, I would have a high probability of success	5.58	Mostly Agree	1.54

It is apparent from the results here that the respondents were unsure about their practical skills in being able to start and run a business, but seem to attach a higher level of agreement in terms of the more subjective issues related to intention to start a business and business success. In seeking to look both of these issues, respondents were asked to rate their skills in a number of subjective and practical areas related to entrepreneurship and managing a business, both areas that relate closely to discovering and exploiting entrepreneurial opportunities.

Table 10: Entrepreneurial Capacity: Rating of Subjective Skills

Skill	Mean (7 point scale)	Median Level	Standard Deviation
Recognising Opportunities	5.55	Very High Capacity	1.06
Creativity	5.99	Very High Capacity	1.22
Problem Solving	5.52	Very High Capacity	1.08
Leadership and Communication Skills	5.48	High Capacity	1.17
New Product Development	5.40	High Capacity	1.25
Networking and Making Business Contacts	5.09	High Capacity	1.50

The respondents appear to rate themselves highly in terms of capacity for the more subjective skills such as creativity, recognising opportunities and problem solving, and lower when more practical (yet still somewhat subjective), skills such as leadership and communication, product development and networking where mentioned. Although the respondents rated themselves highly in all areas, this is an interesting result that is explored further in the table below, where respondents were asked to rate their ability in a number of practical business skills.

Table 11: Entrepreneurial Capacity: Rating of Practical Business Skills

Skill	Mean (7 point scale)	Median Level	Standard Deviation
Dealing with customers	6.04	Very High Ability	1.00
Using a computer	5.57	Very High Ability	1.66
Dealing with employees	5.44	Very High Ability	1.69
Starting a business	5.44	Very High Ability	1.71
Dealing with suppliers	5.16	Very High Ability	1.57
Identifying your weaknesses	5.41	High Ability	1.26
Managing a business	5.13	High Ability	1.67
Keeping records	5.12	High Ability	1.70
Dealing with stress	4.98	High Ability	1.55
Marketing a business	4.65	High Ability	1.98
Finding support services	4.64	High Ability	1.62
Managing risk	4.64	High Ability	1.58
Conducting market research	4.29	Moderate Ability	1.90
Writing a business plan	4.28	Moderate Ability	1.83
Handling business accounts	3.94	Moderate Ability	1.74

The results here appear to indicate that respondents rate their ability in the practical areas of operating a business as high. The highest rated abilities, related to relationships (with customers/employees/suppliers), using a computer, and starting a business. While it may be surprising that the respondents were commencing a course that trains persons in these areas, this may be explained by previous experience, where the majority of respondents would have dealt with customers and suppliers from previous employment, and nearly half had either employed persons in their own business or have been in charge of persons while employed. In terms of using a computer, it can be expected that all of the respondents would have had some exposure to operating computers either in previous employment or education. As regards starting a business, this is something that will require further investigation as although the respondents are undertaking the course to require this skill-set, they rate their ability as very high. This will also be the case for the areas in which respondents rate their skills as high.

As it relates to the areas in which respondents rated their ability as moderate, it is interesting, and related to the previous results, that the more practical skills of market research, writing a business plan, and accounting, rated lower than all other skills.

Entrepreneurial Objectives

Following the appraisal of skills, respondents were asked what they would consider to be entrepreneurial success by responding to a series of statements on the seven-point agree/disagree scale. The results are shown in the table below.

Table 12: Entrepreneurial Objectives: Statement Agreement

Entrepreneurial Success is...	Mean (7 point scale)	Median Level	Standard Deviation
Competing hard in world markets	6.03	Mostly Agree	1.16
Reaching high levels of income	5.89	Mostly Agree	1.20
Carrying out the type of job you really enjoy	6.81	Totally Agree	0.61
Achieving social recognition	5.76	Totally Agree	1.35
Helping to solve the problems of my community	6.20	Totally Agree	1.22
Keeping the business alive	6.80	Totally Agree	0.56
Maintaining a positive growth path	6.87	Totally Agree	0.49

The results demonstrate that respondents viewed entrepreneurial success as being internationally competitive and wealth creating, while the most consistent responses (lower standard deviations) were in areas of enjoying ones' job, survival and positive growth. In achieving such results, respondents were asked to what extent they would undertake a selection of activities. As the table below demonstrates, all of these activities where to a very high extent associated with entrepreneurial success, with the introduction of new products or services receiving the highest mean score and demonstrating the lowest level of deviation.

Table 13: Entrepreneurial Objectives: Activities

Activities to Achieve Success	Mean (7 point scale)	Median Level	Standard Deviation
Exporting a significant share of production	5.68	Very high extent	1.47
Introducing new products or services for customers	6.69	Total extent	0.68
Introducing new processes or systems of production	6.44	Total extent	0.98
Developing research projects to create new products	6.58	Total extent	0.74
Planning the different areas of the business in detail	6.55	Total extent	0.73
Reaching cooperative agreements with other businesses	5.98	To a very high extent	1.16
Offer specialised training for employees	6.43	Total extent	1.13
Enlarging your business	6.59	Total extent	0.93

Entrepreneurial Character

One of the last issues investigated via the survey instrument was the entrepreneurial character of the respondents. The respondents were asked to rate their level of agreement with a number of statements.

Table 14: Entrepreneurial Character: Statement Agreement

Statement	Mean (7 point scale)	Median Level	Standard Deviation
I would prefer to work for myself rather than anyone else (independence)	6.32	Totally Agree	1.04
I am solely in control of my success or failure in a venture (control)	6.32	Totally Agree	1.07
I often seek out new opportunities (dynamism)	5.85	Mostly Agree	1.34
I would often take risks when making decisions related to my business (risk)	4.83	Somewhat Agree	1.52
When working in a team, I prefer to take control and lead (leadership)	4.21	Neither Agree nor Disagree	1.73
It is more important to focus on results rather than follow the rules (status quo)	4.09	Neither Agree nor Disagree	1.82

The results of this last element of the survey reveal some contrasting results. While the respondents demonstrate independence, control and dynamism, there appears to only a moderate amount of indifference to risk. Of greatest concern however, with a group of respondents that have demonstrated an overt tendency towards entrepreneurship, were a lack of leadership, and a level of indifference to following the status quo. In referring to previous studies, Lashley and McClean (2004) looked at these specific areas and came to similar conclusions. That study looked at a selection of clients and non-clients of the YES program. The non-clients in the study were practicing entrepreneurs. These results are presented below using a normalised mean as Lashley and McClean used a five-point Likert scale and the current study utilised a seven-point scale.

Table 15: Entrepreneurial Character: Current and Previous Research

Statement	Current Research Mean	Lashley and McClean (2004) Mean	
		Clients	Non-clients
I would prefer to work for myself rather than anyone else (independence)	0.90	0.89	0.90
I am solely in control of my success or failure in a venture (control)	0.90	0.84	0.84
I often seek out new opportunities (dynamism)	0.84	0.81	0.83
I would often take risks when making decisions related to my business (risk)	0.69	0.53	0.57
When working in a team, I prefer to take control and lead (leadership)	0.60	0.65	0.63
It is more important to focus on results rather than follow the rules (status quo)	0.58	0.57	0.62

The results indicate a high degree of congruence between the two studies. It appears that in terms of developing policy to enhance entrepreneurship that the main areas that need

addressing are risk-tolerance, leadership, and an appreciation that disturbance (not following the status quo) can contribute to economic growth and development. These are the main characteristics that appear to be lacking among the respondents to these two studies. What is concerning in this instance is that these groups represent best prospect for future entrepreneurial development as they already demonstrate a tendency towards entrepreneurship.

Overall the survey has revealed some informative results that can indicate where in the stages, outlined in the previous section, Barbados lies as it relates to the existence, discovery, and exploitation of entrepreneurial opportunities at the level of latent conditions and entrepreneurial character. These issues are examined in greater detail below.

The Framework for Entrepreneurial Opportunity in Barbados

In relating back to the review of previous literature on the link between economic growth and entrepreneurship, the various stages proposed above, available data on Barbados, and information collected during the execution of the current research, a number of the latent conditions and the character of the aspiring entrepreneur in Barbados was revealed as well as information regarding intermediate linkages and the nature of economic growth. The table below outlines the main results to emerge and the results are discussed in greater depth below.

The table appears to demonstrate that the Barbadian economy is more representative of the environment for the Chicago entrepreneur, where opportunities are exogenous, the economy is relatively stable, and there is little incentive to participate in entrepreneurial activities. However, it is difficult to neatly categorise the economy in this manner as elements of the environment for a Schumpeterian entrepreneur are also seen in the existence of a support infrastructure to support enterprise development. However, it appears there is a disconnect between what latent conditions exist, and the character of the entrepreneur in exploiting these opportunities. These and other related issues are discussed below.

It is apparent, and keeping with the theories reviewed, that the Existence of Entrepreneurial Opportunities are for the most part exogenous in small developing countries due to a lack of resources to undertake research and development, and a prevalence of standardised products and processes. Despite ready access to information and a high level of education in Barbados, the creation of entrepreneurial opportunities is limited by the overall structure of the economy (intermediate linkages). This is also the case for entrepreneurial character, where due to a lack of accommodation within the structure of the economy, innovation (the creation of an opportunity) is low due to a lack of research and development.

Table 16: Framework of Entrepreneurial Opportunity in Barbados

Framework	Existence	Discovery	Exploitation
Latent Conditions	Information is diffused and available. Exogenous opportunities. Standardised products and processes. Low levels of research and development	Moderate level of self-employment, hence low level of entrepreneurs, therefore fewer actors to discover opportunity. However, information readily available, and cognitive properties exist to value opportunity with a high educational standard in economy. Moderate incentive to search and discover due convergence of stable economy, relatively high GDP per capita, and robust social safety net. Conservative/risk averse culture, and moderate valuation of entrepreneurship by society also moderates search and hence discovery.	Moderate demand, liquidity in the economy, moderate level of technology, moderate levels of competition, high cost of capital, low level of potential learning due to few acting entrepreneurs lead to moderately suitable conditions for exploitation. Small business seen as a social good. Institutions, incentives and a suitable regulatory and legislative environment exist to assist exploitation.
Character of Entrepreneurship	Opportunity is exogenous, low levels of research and development retard innovation.	Desire for autonomy countered by a desire for security of income. Search for opportunity tempered.	Low levels of knowledge of support infrastructure. Possession of subjective skills, lower level of practical skills. Independence, control and dynamism countered by risk-averseness and an acceptance of the status quo.
Intermediate Linkages	Dominance of the public sector, international business services, and tourism, a limited level of competition, a limited domestic market, low levels of research and development, and barriers to export generation lead to few linkages for facilitating entrepreneurship's contribution to economic growth.		
Nature of Contribution to Economic Growth	The Barbadian economy grew by an average of 2.8% over the period 2001 to 2005, with growth in 2006 of 3.5%. This growth was driven by the non-traded sectors. While manufacturing output grew by 0.2% in 2006, wholesale/retail output grew by 5.3% (Central Bank of Barbados, 2006).		

As regards the Discovery of Entrepreneurial Opportunities, this is limited due to low number of entrepreneurs in the economy to search and hence discover entrepreneurial opportunities. That is if Wennekers and Thurik's (1999) assumption is correct, that the number of entrepreneurs in an economy is a fraction of the number of self-employed person. In Barbados, self-employed persons account for approximately 13% of the employed labour force, as compared to Government employees which account for 21% and private sector employees which account for 58% (Barbados Statistical Service,

2004). This, accompanied by a relatively stable economy, a consistent reaffirmation of the status quo, and only a moderate valuation of entrepreneurship, all mitigate against discovery of entrepreneurial opportunities. However, this is not to suggest that no latent conditions exist to facilitate the discovery of entrepreneurial opportunities, indeed information diffusion is rapid globally, and Barbados has a relatively high rating in terms of information and communication technology (ICT), as well as the cognitive abilities to value information, as shown in the table below.

Table 17: World Bank Knowledge Assessment Indicators for a Selection of Countries/Regions (Source: World Bank, 2005)

Country	Innovation	Education	ICT
United States	9.42	8.38	8.91
G7	8.9	8.43	8.66
Developed Oceania	8.78	9.1	8.86
Western Europe	8.77	8.16	8.62
United Kingdom	8.62	8.44	9.25
World	7.18	4.13	6.31
East Asia	7.13	4.57	6.77
Barbados	6.95	7.78	7.65
Europe and Central Asia	6.59	6.74	6.32
Middle East and North Africa	6.57	3.68	5.89
Latin America	4.66	4.25	5.29
Africa	3.03	1.39	2.51
South Asia	2.96	1.88	1.69

The table shows that in terms of ICT and education, Barbados is above the world average. However, the table also shows that in terms of innovative capacity, Barbados is below the world average, and only significantly higher than Latin America, Africa, and South East Asia. It appears from these results that the latent conditions for the exploitation of entrepreneurial opportunities are at best moderate.

The same moderate character of the entrepreneur is also seen as it relates to the discovery of entrepreneurial opportunities. While the latent conditions do provide some scope for the discovery of entrepreneurial opportunities, and indeed the survey has shown a desire for the autonomy that self-employment serves, there is a level of risk-averseness among respondents that demonstrate a desire for the security of a regular income. This factor appears to be tempering the search (and therefore retarding discovery) for entrepreneurial opportunities.

In turning to the issue of actual Exploitation of Entrepreneurial Opportunities, it appears that the conditions do exist to enhance opportunity exploitation, although only at a moderate level. Moderate demand and liquidity in the economy, moderate level of technology, and moderate levels of competition, all act to enhance exploitation in some manner. However, the high cost and risk-averse nature of capital, and a low level of potential learning due to few acting entrepreneurs, temper the conditions for exploitation. In addition, the treatment of small business as a social good provides a institutional framework that acts against entrepreneurial endeavour as a contributor to economic growth, in favour of small business as an element of the social safety net.

Although it is evident that institutions, incentives and a suitable regulatory and legislative environment all assist exploitation in some manner, it is perhaps at the level of entrepreneurial character and culture that the greatest barriers are seen. In terms of entrepreneurship character, the survey has revealed low levels of knowledge of the support infrastructure, as well as low levels of practical skills. In addition, although potential entrepreneurs are exhibiting independence, control and dynamism, this is countered by risk-averseness and an acceptance of the status quo.

These results demonstrate the inter-linkages within the system, and these characteristics are probably the result of an underlying cultural system that acts against the exploitation of entrepreneurial opportunities. It is useful in this regard to refer to Boxill (2003) in his discourse on black entrepreneurship in the Caribbean. In seeking to understand the reasons for a lack of representation in business and self-employment, Boxill (2003:36) provides the following reasons:

“...betrayal by the state; hostility from the traditional white business class; problems within the black family and ‘community’; and social psychological problems due to slavery and colonialism.”

While Boxill (2003) provides some valuable insights, it is the contention here that these factors are but one element in the retardation of entrepreneurship development in Barbados. What the current research has shown is that there are several elements that are hampering the endogenous existence, discovery and exploitation of entrepreneurial opportunity, at the level of latent conditions, and the character of the entrepreneur.

While moderate latent conditions and entrepreneurial character do exist to enhance entrepreneurship’s contribution to economic growth in Barbados, it appears that it is at the level of Intermediate Linkages that the majority of barriers exist. In relating to Wennekers and Thurik’s (1999) model, the limitations at this level are the dominance of the public sector, a concentration on international business services and tourism, a limited level of competition, a limited domestic market, low levels of research and development, and barriers to export generation. All of these factors lead to few avenues for facilitating entrepreneurship’s contribution to economic growth.

It appears that the efforts to promote entrepreneurship, while laudable, appear inefficient in a society that treats entrepreneurship as a social good, places a low valuation on entrepreneurship, and an economic structure that is not conducive to facilitating entrepreneurship’s contribution to economic growth. The dominance of the public sector, and the non-traded sectors all act against this by not providing suitable incentives or mechanisms through which Schumpeterian entrepreneurship can flourish.

Recommendations and Conclusions

The research has revealed a number of issues as it relates to the existence, discovery and exploitation of entrepreneurial opportunities in Barbados. Due to the current level of development, it is proposed that entrepreneurial opportunities are exogenous, however, this is not considered detrimental to the probability of entrepreneurship contributing to economic growth, as information is globally diffuse enough to allow for discovery. Contributing to this are also high levels of education that allow for valuation of opportunities, and subsequent exploitation. However, acting against strengthening the link between entrepreneurship and economic growth are a number of factors that curtail

the incentive to seek out opportunities, including a stable economy, a conservative/risk-averse culture, and only a moderate valuation of entrepreneurship.

On a practical level, for those with the inclination to seek out opportunities, the high cost of capital, a low level of knowledge of support programs, and limited knowledge of the practical business-skills needed to operate an entrepreneurial venture all hamper exploitation. Although programs, policies, and the regulatory/legislative environment do exist to allow for the exploitation of opportunities, it appears that the treatment of small business as a social good, and a lack of avenues (intermediate linkages) for entrepreneurship to contribute to economic growth, are the primary obstacles to enhancing the contribution and image of entrepreneurship. The treatment of small business as a social good is not only foregoing potential economic growth, it also affects the image of entrepreneurship as a career option by treating it as a last resort.

In addition, the structure of the economy does not appear to allow space for the growth and development of entrepreneurial ventures as the economy is dominated by the public and non-traded sectors. This has a significant influence on the distribution of capital in the economy and provides for few avenues for the truly entrepreneurial. To enhance the exploitation of opportunities, a culture of innovation, invention, and competition are all required, something that an economy dominated by the public sector and a few large operators in the non-traded sectors does not allow for.

In terms of recommendations, the latent conditions are moderately conducive for allowing the discovery and exploitation of opportunities. With the concept of entrepreneurship becoming increasingly appreciated globally, the Government of Barbados has sought to encourage the development of small business through a number of policies, programs, and regulatory/legislative changes, leading to a greater valuation/understanding among society in general. Through this it would be expected that small business growth will continue, and that a proportion of new businesses will indeed be entrepreneurial. However, barriers in this area relate to the high cost of capital for truly entrepreneurial, risk-taking ventures, and this is an area that will need addressing. In addition, due to the structure of the economy, much of this capital is directed at the non-traded sectors (an area dominated by a few large enterprises in the island), and application involves a large amount of bureaucracy.

At the level of exploitation of opportunities, it appears that the current YES program does have a valid role to play in enhancing knowledge in the areas of key business skills to exploit opportunities for those so inclined. However, for all support services in the areas of training, technical assistance, finance and advocacy, it appears that there is a need to go beyond supporting those so inclined. This current reactive method of operation is only permitting those with such tendencies to benefit, and even those so inclined appear to have limited knowledge of the support environment. A wider, more proactive approach is suggested, as this can act as the catalyst that is perhaps needed to spur potential entrepreneurs to take the first steps in seeking training and support, and actually consider entrepreneurship as a viable career option. Perhaps by such undertakings, the influence of the cultural issues of risk-averseness and an acceptance of the status quo can be tempered.

Through such endeavours, entrepreneurship can be nurtured, and as numbers increase and entrepreneurial learning increases, the economy can develop its cadre of Schumpeterian entrepreneurs, allowing the economy to develop to the next stage of entrepreneurial

opportunity, for which a different set of programs, policies and regulations will be needed.

In summation, the research has sought to look at the main themes to emerge from the literature on the link between economic growth and entrepreneurship, and apply them in a Barbadian context. The research has shown that the different theoretical approaches have some relevance to different levels of economic development, although at this time it is difficult to neatly categorise an economy within a particular school of thought or stage. What is clear is that entrepreneurship has a role to play in economic growth, although at times this role is implicit. From the research conducted, it appears that Barbados exhibits some suitable conditions to allow for entrepreneurial development, however, the conditions for enhancing its direct contribution to economic growth is limited due to a series of intermediate linkages that currently either do not exist, or are limited in their ability to be exploited.

Future Research Directions

The current research sought to explore the link between entrepreneurship and economic growth with special consideration for the level of economic development. The study was at a general level, therefore issues such as gender, age, and level of income were not explored in any depth. These issues will need to be investigated in greater depth to enable a fuller understanding of potential entrepreneurs in the island, as well as spread to other sections of society.

As it relates to the various frameworks explored, these will need to be refined, and empirical evidence gathered to enable international comparisons as it relates to self-employment and level of economic growth, along with issues at the level of latent conditions, entrepreneurial character, intermediate linkages, and the character of economic growth.

Of greatest interest is perhaps the processes involved in moving between stages, such as the process alluded to above in moving from a Chicago framework to a Schumpeterian framework.

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