# Caribbean Diasporic Entrepreneurship Analytical Report


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## Executive Summary

The Caribbean region, like many other small and developing country regions, has been negatively impacted by the global economic and financial crisis in terms of declining export markets and foreign exchange earnings particularly in traditional sectors like agricultural and resource-based industries as well as services sectors like tourism and financial services. The Caribbean region has also seen a decline in its global competitiveness and the issues of innovation and entrepreneurship have been raised as key considerations to improve the region's economic and trade performance. In this context, many countries have begun to explore alternative sources of growth among which includes the economic impact of the diasporic economy.

The growth of diasporas in the last few decades has led to a new development context with economic flows like financial transfers (remittances) playing a critical role in poverty reduction, enterprise development as well as the securitization of debt. For many countries remittances have exceeded traditional modes of external inflows like foreign aid, foreign direct investment and external borrowing. This is only the tip of the iceberg given that the diasporic economy is wider than financial transfers from remittances and includes telecoms, tourism, transportation and trade in nostalgic, ethnic or niche goods.

Based upon the above perspective this study argues that tapping into the migration, diaspora and development nexus is critical to enhance economic diversification and deepen global competitiveness in the contemporary Caribbean economy. However, activating this potential requires significant changes in practice and policy among governments, as well as, the mind-sets of businesses and immigrant communities which can benefit from this economy.

It is within this context that the Inter-American Development Bank commissioned a study (IDB), through the Compete Caribbean program to assess the investment climate for the development of business support mechanisms. This study involves mapping and documenting the experience of diasporic entrepreneurs (i.e. migrant entrepreneurs and Caribbean-based entrepreneurs) that are tapping into Caribbean and diasporic markets such as financial transfers and remittances, diasporic tourism and travel, freight and shipping, creative and media and nostalgic exports. The study will seek to identify what support exists, to what extent are the diasporic entrepreneurs aware of their existence and which ones have they have accessed. It will also attempt to identify what further support mechanisms can be developed or harnessed to assist them.

**Approach**

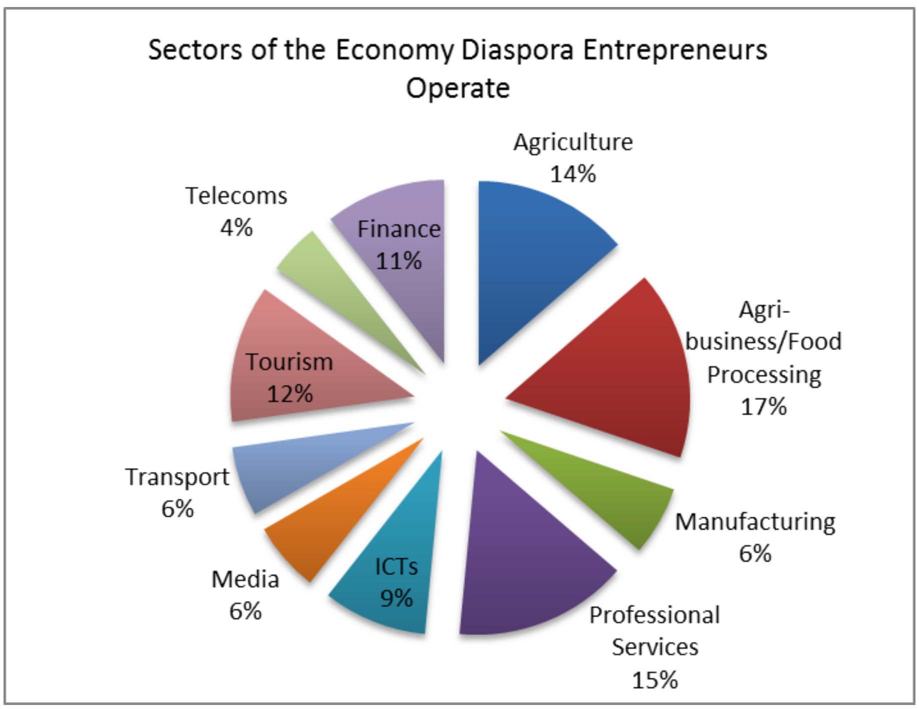
Various facets of diasporic entrepreneurship were captured and analysed under the project through a two-pronged approach. The first element involved an online questionnaire which was targeted at a wide pool of entrepreneurs spanning various countries within and outside of the Caribbean. The number of questionnaires issued was 210. A total of 67 firms responded to the survey representing a response rate of 32. The online survey sample was gathered from firms that participated in the Jamaica Diaspora conference in 2013 and from the Compete Caribbean's registered database of entrepreneurs that responded to the open call for the Caribbean Idea Marketplace (CIM). The CIM was a business plan competition that encouraged local and diaspora entrepreneurs to forge partnerships around innovative projects that generate employment and economic opportunities in the fifteen Caribbean countries.

The second element of the approach involved in-depth semi-structured interviews which were done with a select group of 18 large and iconic diasporic firms. Firms were selected from five key sectors, namely (i) Agro-processing, (ii) Transportation, (iii) Remittances, (iv) Creative and media Industries, and (v) Telecommunications. The interviews were augmented with desk research on each of the 18 diasporic firms. The aim was to assess the contribution of the diaspora market to the success of the company, prospects for growth and increased investment, and recommendations on policy measures to facilitate growth of entrepreneurial opportunities by diasporic entrepreneurs.

**Strategic Overview**

Diasporic entrepreneurs have shown steady trends in regards to their business interest and activities, in particular sectors in the region. Data collected from the survey illustrates that agriculture and agri-business/food processing related businesses represents the largest area of investment followed by professional services. These have great spill over effects for the Caribbean region as it enhances regional trade, promotes trans-shipment and related services, provides jobs to Caribbean nationals and the Caribbean diaspora, and in regards to agro-processing most of the primary goods are sourced from regional farmers.

**Figure 1: Sectors of the Economy in which Diaspora Entrepreneurs Operate**




The study also captures the contribution of diasporic entrepreneurship to the growth of trade in goods, services and intellectual property. Chart 9 shows the breakdown of the firms that were profiled in terms of the area of trade. What is evident is that the largest group of firms falls into the trade in services category followed by trade in goods. In terms of the latter most of the firms are engaged in some form of agri-business. In this regard, the study focused on the role of firms in sectors like money transfer, travel and freight, food and agro-processing, telecoms, media and creative industries. Under trade in intellectual property most of the firms were in the creative and media sectors.

**Figure 2: List of Diasporic Entrepreneurs by area of Trade in Goods, Services and Intellectual Property**

| Trade in Goods | Trade in Services | Trade in Intellectual Property |
|---|---|---|
| • Marie Sharpe (Belize)<br>• Barons (St. Lucia)<br>• Edward G. Beharry (Guyana)<br>• Demarara Distillers (Guyana)<br>• Grace Kennedy Foods (Jamaica)<br>• Golden Krust (New York) | • Digicel (Jamaica)<br>• LIME (Barbados)<br>• Telesur (Suriname)<br>• Laparkan (Guyana)<br>• Fly Jamaica (Jamaica)<br>• Grace Kennedy Money Services (Jamaica)<br>• Jamaica National Heritage Trust (Jamaica)<br>• SuriChange (Suriname) | • VP Records (New York)<br>• SportMax (Jamaica)<br>• Tempo (New York)<br>• Levi Roots (London) |

The majority of the diasporic entrepreneurs highlighted in the firm profiles were high impact or high opportunity entrepreneurs. These firms have exhibited at least one of the several characteristics listed below:

1. They perform in-depth market research targeting the diaspora market.
2. They utilize the diaspora market to create a demand and preference for their product/services in the host country, which over time has been used as a basis to enter mainstream markets.
3. They expand their market size by targeting international customers.
4. They diversify their product lines and/or expand into other countries in the region. Others expand into unconventional markets.
5. These companies constantly upgrade their products and services to enhance their competitiveness and maintain their leadership in key market segments.
6. They introduce innovative products and services to the diasporic market and the Caribbean region.

## Strategic Assessment

The interviews conducted sought to determine the major strengths, weaknesses, opportunities and threats faced by firms (See Figure 6). Responses were limited and as such what is presented below is a summary of areas of convergence on key issues. The key areas of strength appear to coalesce around issues of branding and customer loyalty as well as the quality and uniqueness of the products and services. Strategic partnerships among firms were also identified as a core area of strength. The areas of weakness on the other hand were focussed on poor business planning skills, limited access to funding and financing for marketing and inadequate intellectual property protection. The key opportunities identified focussed on the expanding diasporic market as well as the growth of niche and specialty markets. Accessing high growth markets like telecoms and creative industries was viewed as another key opportunity because of the cross-promotional synergies these industries afford to other sectors. The main threats were related to competition from transnational firms as well as market conditions like intellectual property infringement and the high cost of transport, telecoms, energy and logistics. The slow uptake of ecommerce and mobile banking within the region were also viewed as a key threat.

## Strategic Direction

Based upon the strategic assessment some clear areas for action are identified. They fall into four categories. The first area relates to initiatives that amplify the opportunities and maximize on the existing strengths of the firms operating in the diasporic economy. The proposed actions include the mapping and documenting of the Caribbean diaspora and the diasporic economy, through the establishment of a satellite accounting system (as is done in the tourism sector) and the creation of a diaspora observatory to monitor transformations in the sector. The next key initiative is the facilitation of start-up firms through an innovation lab. A follow-up recommendation is the creation of an incubator where large firms can mentor emerging firms and start-ups (e.g. business clubs).

The second area refers to initiatives that also amplify opportunities but minimize weaknesses. One of the key weaknesses is the lack of business planning skills among the small firms. It is thus recommended that there be training on preparing business plans. The creation of a diaspora economic network to facilitate coordination and collaboration among firms and with key stakeholders in government and international agencies is another priority. Establishing a market development fund for firms targeting the diasporic economy would facilitate market entry and penetration. This should be backed up by strengthened marketing capabilities for accessing the Internet (e.g. web sites, Apps) Intellectual property training among firms is key to reduce the level of infringement that these firms face in regional and international markets.

**Figure 3: Strategic Assessment and Direction**

| ***Strategic Assessment*** | ***Strengths*** | ***Weaknesses*** |
|---|---|---|
| | ▪ Strategic partnership arrangements<br>▪ Familiarity with Caribbean community<br>▪ Recognising the importance of market research<br>▪ Recognizable brand within the Caribbean and Diaspora communities<br>▪ Superior quality goods, with consistent flavour<br>▪ Customer loyalty and globally recognized brand | ▪ Weak business planning capabilities among firms and difficulties in accessing funding within the region and externally<br>▪ Limited capacity to build brands beyond Caribbean diaspora market<br>▪ Inadequate knowledge of intellectual property protection<br>▪ Low levels of industry coordination and cooperation |
| | ***Strategic Direction*** | |
| ***Opportunities***<br>▪ Expanding diasporic market<br>▪ Growth of niche markets<br>▪ Business expansion strategy targeting high performance economies within and outside the region | *Maximize Strengths/Amplify Opportunities*<br>1. Map and document the Caribbean diaspora and the diasporic economy (e.g. satellite accounting, diaspora observatory)<br>2. Facilitate the growth of start-up firms<br>3. Create an incubator where large firms can mentor emerging firms and start-ups | *Minimize Weaknesses/Amplify Opportunities*<br>1. Training on preparing business plans<br>2. Facilitate the growth of a diaspora economic network<br>3. Establish a market development fund for firms targeting the diasporic economy<br>4. Strengthen marketing capabilities through the Internet (e.g. web sites, Apps)<br>5. Promote IP training among firms |
| ***Threats***<br>▪ Competition from transnational firms<br>▪ High cost of transport, logistics, telecoms and energy<br>▪ Intellectual Property rights infringement<br>▪ International market entry is costly<br>▪ Slow uptake of ecommerce and mobile banking within the region | *Maximize Strengths/Reduce Threats*<br>1. Upgrade the Caribbean brand<br>2. Facilitate clustering in sub-sectors (e.g. agro-processing) to improve market leverage and visibility<br>3. Lobby for increased marketing and institutional support from business support organizations and export/industrial development agencies<br>4. Strengthen IP facilities nationally and regionally<br>5. Encourage banks and other financial agencies to introduce ecommerce and mobile banking facilities | *Minimize Weaknesses/Reduce Threats*<br>1. Develop IP value capture capabilities and strategy among firms<br>2. Facilitate peer-to-peer learning and advocacy and lobbying both in the sending and receiving countries.<br>3. Facilitate enterprise development through grant funding, venture capital schemes, crowd funding and human resource development<br>4. Encourage cross-promotion and co-sponsorship among firms and sub-sectors<br>5. Establish diasporic entrepreneurship research, training and outreach at the business schools and universities |

The third area focuses on how threats can be reduced while maximizing on the strengths in the sector. A key action would be the upgrading of the Caribbean brand through collective action as exemplified by Design Caribbean or through cross-promotion in the Caribbean Tourism Organization diaspora week events that occurs in global cities like New York, Toronto and London. Facilitating cluster development in sub-sectors like agro-processing will help to improve market leverage and visibility for these firms. Diasporic entrepreneurs should also lobby for increased marketing and institutional support from business support organizations and export/industrial development agencies. Strengthening intellectual property facilities at the national and regional levels is key for enterprise development Lastly, banks and other key financial agencies need to be encouraged to introduce ecommerce and mobile banking facilities at a faster rate.

The fourth and final area relates to how to reduce threats while minimizing weaknesses. The development of intellectual property value capture capabilities and strategy among firms is key for industrial and technological upgrading. This should be backed up by peer-to-peer learning (e.g. business clubs) in the sending and receiving countries. Enterprise development should be facilitated through grant funding, venture capital schemes and crowd funding. Firms operating in the diasporic market should be encouraged to engage in cross-promotion and co-sponsorship activities. There is a critical role to be played by the business schools and universities in terms of establishing diasporic entrepreneurship research, training and outreach.

## Introduction

The Caribbean region[1], like many other small and developing country regions, has been negatively impacted by the global economic and financial crisis in terms of declining export markets and foreign exchange earnings particularly in traditional sectors like agricultural and resource-based industries as well as services sectors like tourism and financial services.[2] The Caribbean region has been suffering from low levels of structural transformation as exemplified by a decline in its global competitiveness over the last two decades when compared with other small states. The argument is that relative to its income profile the region remains specialized in unsophisticated "poor country" exports that are not just a function of small size or dependence on the services sector (e.g. tourism and financial services).[3] In this context the issues of innovation and entrepreneurship have been raised, as key considerations to improve the region's economic and trade performance.[4] In this context, many countries have begun to explore alternative sources of growth among which includes the economic impact of the diasporic economy.

The growth of diasporas in the last few decades has led to a new development context with economic flows like financial transfers (remittances) playing a critical role in poverty reduction, enterprise development as well as the securitization of debt.[5] For many countries remittances have exceeded traditional modes of external inflows like foreign aid, foreign direct investment and external borrowing.[6] This is only the tip of the iceberg given that the diasporic economy is wider than financial transfers from remittances and includes telecoms, tourism, transportation and trade in nostalgic, ethnic or niche goods.[7]

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[1] For the purposes of this study the term Caribbean region refers to CARICOM, a regional grouping of developing archipelagic states. CARICOM has 15 full members: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat (UK), Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

[2] See INTAL (2011) The Caribbean Community post crisis. INTAL Monthly Newsletter 177.

[3] Ricardo Hausmann and Bailey Klinger, *Policies for Achieving Structural Transformation in the Caribbean*. Private Sector Development Discussion Paper #2, IDB 2009.

[4] See Keith Nurse and Ginelle Greene "Aid for Trade and Economic Diversification: The Case of Barbados" in Marion Jansen, Mustapha Sadni Jallab and Maarten Smeets, eds. *Connecting to global markets challenges and opportunities: case studies presented by WTO chair-holders*. (Geneva: WTO, 2013): pp: 159-176.

[5] Keith Nurse, "Migration, Diaspora and Development in Latin America and the Caribbean" International Politics and Society (2: 2004): 107-126; Keith Nurse, "Migration and Development in the Caribbean" Special Edition on Migration of FOCAL Policy Paper 04-6 (June 2004): (http://www.focal.ca/fpoint/special_edition_migration.pdf).

[6] Dawson, Laura, Ritchie. (2007). Brain Drain, Brain Circulation, Remittances and Development: Prospects for the Caribbean. Caribbean Paper No.2. June. The Centre for International Governance Innovation: Ontario.

[7] *Orozco, M. et. Al. (2005) Transnational Engagement, Remittances and their Relationship to Development in Latin America and the Caribbean.* Institute for the Study of International Migration, Georgetown University.

These economic flows also facilitate investment by diaspora communities and encourage brain circulation (e.g. return migration, mobility of professional services) that redress the challenges associated with brain drain (i.e. the emigration of the tertiary educated). The Caribbean region has one of the highest migration rates in the world and for many years, the exodus of its highly skilled labor force has been seen as a loss, a “brain drain”. Indeed, it has been argued “the total losses due to skilled migration outweigh remittances”.[8] In contrast, it is argued that many countries lack the absorptive capacity to employ a large share of the tertiary educated and as such it is worthwhile for countries to explore how migrants can contribute to economic development back home and how diaspora-centered policies could utilize the human capital in the diaspora thereby facilitating brain circulation and brain gain.[9]

Recent studies carried on diaspora investment in the Caribbean identify the potential of engaging the financial potential of the diaspora, in particular the channeling of remittances to productive investments, which requires an enabling regulatory environment.”[10] Accessing the financial resources of Diasporas has become a key strategy for many developing countries as exemplified by the growth of diaspora engagement programmes. For example, countries like the People’s Republic of China, India, Israel, Mexico, El Salvador have targeted diasporic communities for trade, investment and technology transfer.[11]

The success of these countries illustrate that diasporic communities are not just sources of capital. The literature suggests that international migration and the growth of diasporic communities generates new markets and encourages both trade and entrepreneurship because (i) migrants demand goods and services from their home countries (ii) introduce new products and services to both the host and home countries, and (iii) impact on business development through the circulation of investment, knowledge, intellectual property and innovation.

Despite growing enthusiasm for the role of Diasporas in regional and international development there is limited understanding of the diasporic investment, trade and entrepreneurship process, the required institutional arrangements and the enabling business

[8] Mishra, Prachi (2006). Emigration and Brain Drain: Evidence from the Caribbean. IMF Working Paper, WP/06/25 (January). International Monetary Fund: Washington, D.C. Also see Nurse, Keith, and Jones, Jessica. (2010). Brain Drain and Caribbean-EU Labour Mobility. Paper commissioned by by Observatorio de las Relaciones Unión Europea - América Latina (OBREAL) for the BRIDGES-LAC project.

[9] "Strategic Opportunities in Caribbean Migration: Brain Circulation, Diasporic Tourism and Investment" see the special edition of the Canadian Foreign Policy Journal (2011: 17.2) http://www.tandf.co.uk/journals/rcfp. Also see Baldacchino, G. (2006). The Brain Rotation & Brain Diffusion Strategies of Small Islanders: Considering ‘Movement’ in lieu of ‘Place’. *Globalisation, Societies and Education*, (4:1, p.143-154 March.

[10] InfoDev (2013) *Diaspora Investing: The Business and Investment Interest of the Caribbean Diaspora*. http://www.infodev.org/infodev-files/diaspora_investing_december_2013.pdf.

[11] Kuznetsov, Y ed. Diaspora Networks and the International Migration of Skills: How Countries Can Draw on Their Talent Abroad (The International Bank for Reconstruction and Development: World Bank Publications, 2006); Terrazas, A. (2010) ‘Diaspora Investment in Emerging Markets: Patterns & Prospects’ (Diasporas and Development Policy Project, Migration Policy Institute, August 2010).

support services in the Caribbean.[12] There is insufficient data to give entrepreneurs and firms economic and marketing intelligence on diasporic markets (in the Caribbean?). Governments also lack the necessary information needed to foster the appropriate policy environment to promote diasporic trade and entrepreneurship. The emigration source countries seldom have reliable data regarding who is leaving and where they are going. There is even less data regarding their motivations for leaving and prospects for return, investment, trade and entrepreneurship.

Based upon the above perspective this study argues that tapping into the migration, diaspora and development nexus is critical to enhance economic diversification and deepen global competitiveness in the contemporary Caribbean economy. However, activating this potential requires significant changes in practice and policy among governments, as well as, the mind-sets of businesses and immigrant communities which can benefit from this economy.

It is within this context that the Inter-American Development Bank commissioned a study (IDB), through the Compete Caribbean program to assess the investment climate for the development of business support mechanisms. This study involves mapping and documenting the experience of diasporic entrepreneurs (i.e. migrant entrepreneurs and Caribbean-based entrepreneurs) that are tapping into Caribbean and diasporic markets such as financial transfers and remittances, diasporic tourism and travel, freight and shipping, creative and media and nostalgic exports. The study will seek to identify what support exists, to what extent are the diasporic entrepreneurs aware of their existence and which ones have they have accessed. It will also attempt to identify what further support mechanisms can be developed or harnessed to assist them.

## Project Objectives

The study has centred its analysis on firms from select high growth industries in the Caribbean spread across as fair a geographical representation as possible. It seeks to assess how the diaspora market has played a central role in Caribbean firm growth and competitiveness.

The data and perspectives that will be generated by the study will:

1. ***Impact Policy Development:*** The general objective is to generate knowledge to facilitate decision-making and consensus on strategic interventions for private sector development in the Caribbean.

2. ***Strengthen understanding of the Diasporic Firm***: Give an insight into the diasporic market through analysis of the diasporic market, market intelligence, economic data

[12] See the ten-minute version of the documentary Forward Home – The Power of the Caribbean Diaspora (http://www.youtube.com/watch?v=cj0vLkUyRtU). The accompanying research was published in a Special Edition of the *Canadian Foreign Policy Journal (2011: 17.2)* *http://www.tandf.co.uk/journals/rcfp.*

and enterprise experience to guide firms and potential investors. This will also provide recommendations on appropriate business support mechanisms for diaspora entrepreneurship through the development of firm profiles.

3. ***Assess the framework conditions for the development of business support mechanisms*** - This will be conducted by documenting and sharing the experience of diasporic entrepreneurs operating within and outside of the Caribbean.

The general objective is therefore is to generate knowledge to facilitate decision-making and consensus on strategic interventions for private sector development in the Caribbean. Specifically, the documentation and sharing of the experience of diasporic entrepreneurs operating within and outside of the Caribbean and to assess the framework conditions for the development of business support mechanisms. Also, from Compete Caribbean's perspective, since the Program has a component that supports reforms on business climate, provide feedback to the Program on areas that are critical for diasporic investors and to guide the program's strategy on promoting diasporic investment.

## Approach

Various facets of diasporic entrepreneurship were captured and analysed under the project through a two-pronged approach/methodology (see Figure 1). The first element involved an online questionnaire which was targeted at a wide pool of entrepreneurs spanning various countries within and outside of the Caribbean. The number of questionnaires issued was 210. A total of 67 firms responded to the survey representing a response rate of 32%.[13] The online survey sample was gathered from firms that participated in the Jamaica Diaspora conference in 2013 and from the Compete Caribbean's registered database of entrepreneurs that responded to the open call for the Caribbean Idea Marketplace (CIM).[14] The CIM was a business plan competition that encouraged local and diaspora entrepreneurs to forge partnerships around innovative projects that generate employment and economic opportunities in the fifteen Caribbean countries.

The second element of the approach involved in-depth semi-structured interviews which were done with a select group of 18 large and iconic diasporic firms. Firms were selected from five key sectors, namely (i) Agro-processing, (ii) Transportation, (iii) Remittances, (iv) Creative and media Industries, and (v) Telecommunications. The interviews were augmented with desk research on each of the 18 diasporic firms. The aim was to assess the contribution of the diaspora market to the success of the company, prospects for growth and increased investment, and recommendations on policy measures to facilitate growth of entrepreneurial opportunities by diasporic entrepreneurs.

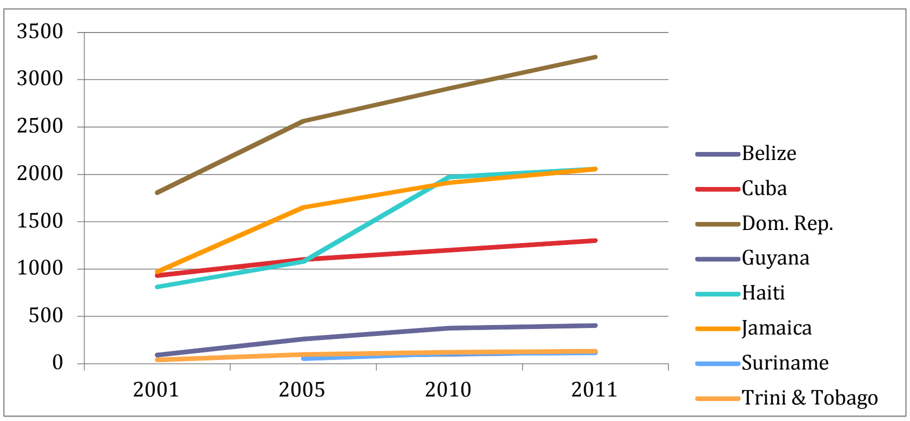
[13] Response Rate (exclusive of bounce e-mails and spam filters).
[14] The CIM model is based on IDEA's Idea Marketplace which has been successfully deployed in Africa. The CIM received more than 160 proposals. US$100,000 in matching grants was awarded to four winning projects.

**Figure 4: Methodology**

## The Diasporic Economy and Entrepreneurship in Perspective

The growth of the Caribbean diaspora has had a significant impact on the economies of the region. Remittances or money transfers, which are a key indicator of the size of the diasporic economy, have contributed to a more favourable balance of payments position in several labour exporting territories in the Caribbean. Remittances to the region have grown over the last decade. The countries with the largest inflows are the Dominican Republic followed by Haiti, Jamaica and Cuba. (Figure 2). The most recent data for as shown in Figure 2 below, remittances to the Dominican Republic exceeded USD 3.2 billon while Jamaica and Haiti had inflows of approximately USD 2 billion. Cuba is next with inflows of 1.3 billion. The next tier of countries includes Guyana that had inflows of USD 400 million while Trinidad and Tobago had remittances of USD 129 million followed by Belize and Suriname that hovers around 100 million. Figure 3 provides some perspective by comparing these countries in terms of remittances to GDP. In 2012 remittances as a share of GDP was 25% in Haiti's, 17% in Guyana, 14% in Jamaica's, and 6% in the Dominica Republic.

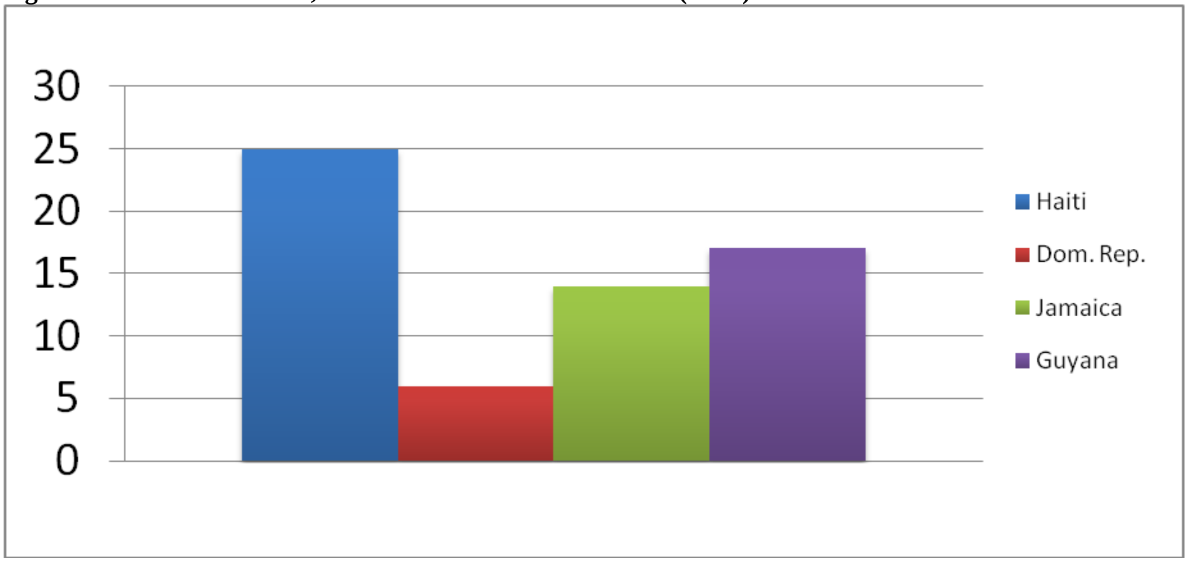
**Figure 5: Remittances for Select Caribbean Countries 2001-2011 (US$ million)**




Source: IDB 2013

In addition, remittances have outstripped key exports sectors and even tourism earnings in several territories. Remittances are also a major source of income for many lower income households around the region. Migration is very much a family decision and remittances are often seen as part of a bond or contract between remitters and their families and dependants. It is estimated that over 80 per cent of the funds that are remitted is used for immediate consumption and welfare rather than longer term investment in land, housing, education and productive investments. Also, it is observed that remittances are used to fund small business investments.[15]

**Figure 6: Remittances/GDP, Selected Caribbean Countries (2012)**




Source: IDB/MIF 2014

The Caribbean region has a high level of exposure to the diasporic economy when compared with other developing country regions. Table 1 below provides data on remittances, migrant stocks and population shares for the three regions that comprise the ACP. What the data shows is that the Caribbean has approximately 25% of the remittances and 22% of the migrant stock with only 4.4% of the population share in the ACP. In comparison Africa has close to 95% of the population but only close to three-quarters of the remittances and migrant shares. The Pacific region has a small share of the population along with low shares of remittances and migrant stocks.

**Table 1: Remittances and Migration in the ACP**

| Regions/Indicators | Remittances Share (%) | Migrants Share (%) | Population Share (%) |
|---|---|---|---|
| Africa | 73 | 76 | 94.5 |
| Caribbean | 25.5 | 22 | 4.4 |
| Pacific | 1.5 | 2 | 1.1 |

Source: ACP Human Mobility Report 2011.

[15] For an analysis of these trends see: Keith Nurse, "Migration, Diaspora and Development in Latin America and the Caribbean" International Politics and Society (2: 2004): 107-126; Keith Nurse, "Migration and Development in the Caribbean" Special Edition on Migration of FOCAL Policy Paper 04-6 (June 2004): (http://www.focal.ca/fpoint/special_edition_migration.pdf); Dawson, Laura, Ritchie. (2007). Brain Drain, Brain Circulation, Remittances and Development: Prospects for the Caribbean. Caribbean Paper No.2. June. The Centre for International Governance Innovation: Ontario.

The diasporic community in the Caribbean is large relative to the home/national populations (i.e. relative to the Caribbean population based in the respective countries of origin), as shown in Table 1.. The highest emigration rates are generally recorded for small countries, notably small island states. In 2005/06, one-third of the persons born in Jamaica were living in OECD countries, and more than 20% of the population originating from Cape Verde, Trinidad and Tobago, Malta and Fiji were in the OECD area.[16]

As shown in Table 2 below, the diaspora communities of four Caribbean countries account for a significant percentage of the total population of selected global cities. The Jamaican diaspora accounts for 4% of the population of Greater London, while in the case of Guyana and Suriname, their Diasporas account for 3% and 2% of the total population of Toronto and the Netherlands respectively. In the case of the Dominican Republic, its diaspora population accounts for 9% of the immigrant population of New York City, which is even larger as a percentage than the Chinese population (excluding Hong Kong and Taiwan) in Metropolitan New York. In the case of the Netherlands, the Surinamese diaspora is distributed throughout several cities: Amsterdam, Rotterdam and The Hague.

**Table 2: Diaspora population as percentage of Global City Population**

| Country | Global City | % of Global City Population |
|---|---|---|
| Dominican Republic | New York | 9 |
| Jamaica | London | 4 |
| Guyana | Toronto | 3 |
| Suriname | The Netherlands * | 2 |

Notes: *Population distributed throughout several cities (Amsterdam, Rotterdam and the Hague)
Source: Migration Policy Institute (2005)

The key point being made here is that migration and the growth of Diasporas create markets. In addition, the emergence of diasporic markets has become a strategic resource for small countries because it tends to be an extension of the home and regional market. As such the firms that are tapping into these markets are able to transcend the limitations of size, which is a structural constraint in the small economies of the Caribbean. It can also be argued that diasporic market offers a bridge into mainstream markets thereby allowing for market presence and the establishment of firms abroad.[17]

These diasporic markets are embodied in a wide range of goods, services and intellectual property. These markets often develop on account of what is called the “taste effect” where immigrants preference for certain products from their country or region of origin creates trade

[16] Based on data sourced from http://www.oecd.org/els/mig/keystat.htm.
[17] Kuznetsov, Y ed. Diaspora Networks and the International Migration of Skills: How Countries Can Draw on Their Talent Abroad (The International Bank for Reconstruction and Development: World Bank Publications, 2006).

flows to their countries of settlement.[18] Thus in many instances the trade in goods tends to be in nostalgic, niche and specialty areas such as agro-processing and the cultural/creative sectors (e.g. craft, music, literature, etc.). In terms of intellectual property the diasporic trade often includes the creative and media industries (e.g. broadcasting, newspapers) that export copyright. Geographic indications, for example, for specialty goods or foods are another area. It is in the area of trade in services where there tends to be wide variety of trade flows.

Table 3 lists the key areas of trade in services under the four modes and how they relate to the diasporic economy.[19] The first two areas (cross-border supply and consumption abroad) the service supplier is not present within the territory of the importing country. The telecoms sector and mobile banking would fall under cross-border supply (mode I). Mode II activities would involve, for example, diasporic tourism where visitors travel to experience cultural, festival and heritage events or experiences. The other main category of services is where the service supplier is present in the importing country. This relates to commercial presence (mode III) where a firm establishes a subsidiary or branch abroad. Firms in the newspaper and travel and freight areas generally employ this mode of providing their services. The last area relates to the movement of natural persons (mode IV) which would include, for example, a health professional providing services abroad or an artist or band on tour for a diasporic event.

**Table 3: Modes of Supply in Trade in Service and the Diasporic Economy**

| Supplier Presence | Mode of supply | Description of activities |
|---|---|---|
| Service supplier <u>not present within</u> the territory of the Member | Mode I: Cross-border supply | Supply of services from one country to another, for example, mobile banking and telecommunications. |
| | Mode II: Consumption abroad | Consumers from one country using services in another country, for example, cultural, festival and heritage tourism. |
| Service supplier <u>present within</u> the territory of the Member | Mode III: Commercial presence | A firm from one country establishes a subsidiary or branch to provide services in another country, for example, setting up a newspaper, travel and freight services. |
| | Mode IV: Movement of natural persons | Professionals or firms travelling from their own country to offer services in another, for example, a health professional or an artist or band on tour. |

A key example of trade in services and the diasporic economy is the area of diasporic tourism. Diasporic tourism involves the travel of migrants to their homelands or their regions. There is very little research on this area as this type of tourist is often neglected in tourism studies with

[18] C. Fred Bergsten and Inbom Choi. 2003. The Korean Diaspora in the World Economy. Special Report 15. Institute of International Economics: Washington DC.

[19] Based on the WTO Services Sectoral Classification Lists of 10 July 1991 the provisions guiding trade in services in the multilateral system are found in the General Agreement on Trade in Services (GATS) ).

a few exceptions.[20] However, the literature suggests that there are several benefits, which a focus on diasporic tourism can bring. For example, in one of the few studies on diasporic tourism it is argued that:

> *Diaspora populations can play a unique and important role in opening markets for new tourism destinations as well as markets for goods produced in and associated with the cultures of their countries of origin. Tourists from the diaspora are more likely than other international travellers to have or make connections with the local economy.*[21]

Diasporic tourism can facilitate developing countries and small and medium tourism enterprises to gain a larger share of global value-added and to further diversify the sector beyond the traditional target markets. Diasporic tourists tend to have a profile similar to that of cultural tourist in that they invest more in indigenous goods and services. Consequently, diasporic tourism may allow for higher levels of capital (profit) retention within the regional economy compared with traditional mass tourism, all-inclusive hotels and cruise ships. In addition, diasporic tourism once enhanced by ICTs can generate further investment, exports and employment and create greater opportunities for economic inclusion, especially for small and medium sized tourism enterprises as well as marginalized groups which often find themselves on the periphery of the formal tourism sector and on the wrong side of the digital divide. In this regard, the link between diasporic tourism and diasporic investment is germane to the expansion of trade in goods, services and intellectual property.

The example of diasporic tourism illustrates how immigrant populations and diasporic entrepreneurs operate in transnational spaces and consequently are uniquely positioned to capitalize on the economic opportunities of both sending and receiving countries. In this regard, Jansen and Piermatini argues that,

> *Migrants can play a role in reducing information costs. They are in a privileged position to provide information about distribution networks and about demand in their home countries to host country exporters. They are also in a privileged position to provide the same type of information on the host country to home country exporters. In addition, they can provide understanding about culturally derived negotiating norms, thus reducing negotiating costs between the two sides.*[22]

[20] See for example, Coles, Tim and Dallen Timothy. 2004. *Tourism, Diasporas and Space.* London and New York: Routledge; Duval, David Timothy. 2003. "When Hosts Become Guests: Return Visits and Diasporic Identities in a Commonwealth Eastern Caribbean Community," *Current Issues in Tourism*, Vol. 6, No. 4:267-308; and Stephenson, Marcus. 2002. "Travelling to the ancestral homelands: the aspirations and experiences of a UK Caribbean community, *Current Issues in Tourism*, Vol. 5 No. 5:378-425.

[21] Dovelyn Rannveig Aguinas and Kathleen Newland. 2012. *Developing a Road Map for Engaging Diasporas in Development: A Handbook for Policymakers in Host and Home Countries*. Migration Policy Institute: 215. www.migrationpolicy.org/pubs/thediasporahandbook-chapt11.pdf

[22] Marion Jansen and Roberta Piermartini, Temporary Migration and Bilateral Trade Flows. *The World Economy* 2009: 737.

It is also noted that diasporic entrepreneurs have a large network base and are able to overcome the hurdles of doing business in the domestic environment in both the recipient and sending country. The links between local entrepreneurs and the expat community suggest that the migrant networks act as hub-to-hub ties between entrepreneurs and those that live abroad. There is a propensity to rely on diaspora networks for business leads and financing where networking and financing institutions are weak and hence the barriers to running a successful business are higher[23].

Diaspora entrepreneurs can act as institutional influencers. If the diaspora entrepreneur has been out of the country for a long period of time, understanding how to do business may pose a challenge[24] also known as institutional acculturation. Riddle and Brinkerhoff found that "institutional acculturation can inspire a diaspora entrepreneur to transform institutional arrangements in his/her country of origin and generate dramatic change in society's role expectations of the government, suppliers, and buyers".[25] To achieve these objectives it is recommended that developing country governments and other key stakeholders implement some of the following initiatives:

1. Encourage access to capital, especially for small-scale entrepreneurs, through loans, competitions, and risk-sharing mechanisms for investors.
2. Provide high-quality education and vocational training to develop the skills in business, science, technology, engineering, and mathematics to individuals interested in pursuing opportunities in knowledge-based industries.
3. Consider lowering tariffs on imported raw materials and equipment into the country of origin to help diaspora entrepreneurs begin transnational businesses.
4. Establish mechanisms that encourage regular consultations with diaspora professionals.
5. Make it very clear that diaspora entrepreneurs are welcome in their countries of origin.
6. Adopt policies that make it easy for diaspora business owners or investors to come and go between their country of origin and their country of settlement.[26]

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[23] Ramanda, N. & Khanna, T. "Diasporas and Domestic Entrepreneurs: Evidence from the Indian Software Industry", Working Paper 08/003 (Harvard Business School, 2009)

[24] Riddle, L. and Marano. "Homeland Export and Investment Promotions Agencies: The Case of Afghanistan", in J. Brinkerhoff (ed.) , *Diasporas and Development: Exploring the Potential.* New York: Lynee Rienner. 2008.

[25] Riddle, L., & Brinkerhoff, J. Diaspora entrepreneurs as institutional change agents: The case of Thamel.com. *International Business Review*, (2011) 20 (6): 670-680.

[26] Kathleen Newland and Hiroyuki Tanaka. 2010. Mobilizing Diaspora Entrepreneurship for Development. Washington, DC: Migration Policy Institute.

## Results from Diasporic Entrepreneur Survey

The aim of the online survey was to capture a range of information on the operations and business model of diasporic firms. As indicated earlier a total of 67 firms participated in the survey for a 32% response rate (*See Annex I for a list of respondents*). Possible reasons for low response rate include survey fatigue on part of recipients and spam marked email distributions. Generally the fact that the surveys were issued in December to January may also have limited responses as they were issued during peak business operating season (December to January).

The survey instrument was designed to give a comprehensive overview of the performance and business model of the firms in relation to diasporic markets. In addition to contact information for each firm, the online tool included five (5) core components as listed below:

- ***Component 1***: Awareness of the Caribbean Idea Marketplace Initiative launched by Compete Caribbean and knowledge of the application process as well as success with the initiative.

- ***Component 2****:* Profile of the diasporic entrepreneur.

- ***Component 3***: Profile of the firm, including legal status and establishment, location, staff complement, activity with which the firm is involved and mode of providing a service.

- ***Component 4***: Access to key sources of investment and finance, including credit facilities and grants. Source of revenue also explored, with the view to reflect the contribution of merchandise trade and service provision and clientele, particularly the % contribution of local, regional and diasporic clients.

- ***Component 5***: The core motivations for investing in the Caribbean were explored, along with the current constraints which are experienced. The section provided the opportunity for firms surveyed to recommend investment solutions and options to support to promote diasporic investment.

Responses included 'yes/no' and ranges (such as poor, average, good, very good). The instrument was structured to capture extensive information and as such many questions were open-ended.

## The Results

The results of the survey shown that most of the potential investors in diasporic activity takes place from nationals from Guyana, Jamaica and Haiti. Almost half of the businesses are registered in the Caribbean and most of them are young (less than five years) and micro (1-5) employees and annual gross income below 100 K US. Their main activity is related to agriculture, agro processing, professional services and tourism. Most of their source of finance comes from their own or their family's resources and their income is generated mostly from the provision of professional services. 48% of them have their clients in their own country and more than half plan to expand their business. Their reasons for investment are mostly philantrophic i.e. giving back to their home country and creating employment. They are prone to invest in start-ups (54%) or in established companies (48%). They find access to finance and lack of institutional support as the main bottleneck, along with political issues and corruption. The most favoured solutions for them are the creation of a Diasporic Entrepreneurship Fund and a business to business network. Even though the small size of the sample is not large enough to provide for statistical analysis, the fact that the data came from a series of potential investors who manifested their desire to undergo diasporic investment, provides a good sense of the profile of this type of investors.

### *i. Country of Birth*

The survey attempted to disaggregate the country of birth of respondents to get an idea of what countries the respondents were from. Of the 67 persons interviewed 66 provided their country of birth. Table 4 shows the breakdown of respondents by country of birth.

**Table 4: Breakdown Of Respondents By Country Of Birth**

| Country of Birth | Frequency | Percent |
|---|---|---|
| Missing data | 1 | 1.5 |
| Bahamas | 2 | 3.0 |
| Barbados | 2 | 3.0 |
| Canada | 4 | 6.0 |
| China | 1 | 1.5 |
| Guyana | 2 | 3.0 |
| Haiti | 6 | 9.0 |
| Jamaica | 29 | 43.3 |
| Nevis | 1 | 1.5 |
| St Vincent & The Grenadines | 1 | 1.5 |
| Suriname | 1 | 1.5 |
| The Netherland | 1 | 1.5 |
| Trinidad & Tobago | 6 | 9.0 |
| UK | 4 | 6.0 |
| USA | 6 | 9.0 |
| **Total** | **67** | **100.0** |

The majority of respondents surveyed (43%) indicated they were born in Jamaica while 9% were from Haiti, Trinidad and Tobago and the USA respectively. The heavily skewed nature of the response is not a reflection of the Diasporas distribution but rather a reflection of the researcher's initial intent to do a sub-study on the Jamaican Diaspora. This sub-study was abandoned. The heavy skew towards Jamaican respondents may have resulted in the results of this survey being biased more towards their perspectives than that of other Caribbean diaspora members which may or may not have been the same.

### *ii. Respondent's Base of Operations*

As can be seen from Table 5, the geographical location of the base of operations of respondents was fairly evenly spread with slightly more being based in the region exclusively (39%), 31% being based exclusively overseas and 30% being based both within and outside of the region.

**Table 5: Breakdown Of Respondents By Base of Operations**

| Location of Base of Operations | Frequency | Percent |
|---|---|---|
| In the Caribbean region | 26 | 38.8 |
| Outside of the region | 21 | 31.3 |
| Both | 20 | 29.9 |
| **Total** | **67** | **100.0** |

### *iii. Location of Business Registration*

The location of business registration shows that more (47.8%) were registered in the Caribbean region exclusively than those that were registered outside the Caribbean region exclusively (32.8%). A relatively small percentage of respondents indicated that they were registered both in the Caribbean as well as outside of the Caribbean. Table 6 shows the breakdown of registration.

**Table 6: Breakdown Of Respondents By Country Of Business Registration**

| Location | Frequency | Percent |
|---|---|---|
| In the Caribbean Region | 32 | 47.8 |
| Outside of the Region | 22 | 32.8 |
| Both | 13 | 19.4 |
| Total | 67 | 100.0 |

### *iv. Length of time as a registered Business*

There was a high level of non-response to this question as only 54 persons offered responses. It is unclear why this occurred as all 67 firms in the sample responded to the earlier query about where registered. Of the 54 that answered, the most significant finding was that 55.6% of respondents were firms that were registered 5 years or less and 20.3% were registered for 6-10 years. Over three quarters of the sample (75.9%) was therefore registered for less than 10 years. Table 7 lists the responses.

**Table 7: Length of Business Registration**

| Number of years registered | Frequency | Valid Percent | Cumulative Percent |
|---|---|---|---|
| **No response** | **13** | | |
| | | | |
| 1-5 | 30 | 55.6 | 55.6 |
| 6-10 | 11 | 20.4 | 76 |
| 11-15 | 4 | 7 | 84 |
| 16-20 | 2 | 4.1 | 88 |
| More than 20 years | 7 | 12.9 | 100 |
| **Total** | **54** | **100.00** | |

### *v. Non-mutually Exclusive Sectors economy that firms business operate in*

Almost a quarter of respondents (22.4%) indicated some level of involvement in the Professional Services sector. This made the Professional Services sector the largest sector that firms indicated they were involved in. identified at of firms surveyed was involved in professional services sector. Approximately eighteen per cent (17.9%) of respondents indicated some level of involvement in the agriculture and while 20.9% of respondents identified themselves as being involved in the agro-business/food processing sector. Tourism was also a significant sector tying agriculture at 17.9%. Table 8 lists all the sectors identified by respondents as those in which they are involved.

**Table 8: Non-mutually Exclusive Sectors of Involvement identified by Respondents**

| Sector | Frequency | Percent |
|---|---|---|
| Agriculture | 12 | 17.9 |
| Agri-business/Food processing | 14 | 20.9 |
| Manufacturing | 7 | 10.4 |
| Professional Services | 15 | 22.4 |
| ICTs | 7 | 10.4 |
| Media | 7 | 10.4 |
| Transport | 3 | 4.5 |
| Tourism | 12 | 17.9 |
| Telecoms | 3 | 4.5 |
| Finance | 8 | 11.9 |

### *vi. Number of Fulltime Employees*

Only 54 of the sample answered this question. Of this number the significant majority of respondents (82.1%) had 10 persons or less employed full time. 64.3% had 5 or less employees while 17.9% had between 6 and 10 full time employees. This places them squarely in the realm of micro-businesses. Table 9 provides a breakdown of the number of employees employed by the respondents.

**Table 9: Number of Full Time Employees**

| Response | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| No Response | 11 | | |
| | | | |
| 0 | 5 | 8.9 | 8.9 |
| 1-5 | 31 | 55.4 | 64.3 |
| 6-10 | 10 | 17.9 | 82.1 |
| 11-15 | 2 | 3.6 | 85.7 |
| >15 | 8 | 14.3 | 100.0 |

### *vii. Pre-tax gross income (US$) for 2012*

43.3% of respondents operate enterprises that earned less than US$50,000 in annual income in 2012. Approximately 17.9% earned between US$50,000 and US$100,000 while 20.9% earned between US$101,000 and US$300,000. Table 10 shows all the responses to this question.

**Table 10: Pre-tax gross income (US$) for 2012**

| Response | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Less than $50k | 29 | 43.3 | 43.3 |
| $50k-$100k | 12 | 17.9 | 61.2 |
| $101k-$300k | 14 | 20.9 | 82.1 |
| $301k-$500k | 2 | 3.0 | 85.1 |
| $501k-700k | 3 | 4.5 | 89.6 |
| $701k-$1mn | 2 | 3.0 | 92.5 |
| $1mn-$2mn | 2 | 3.0 | 95.5 |
| $2mn-$5mn | 2 | 3.0 | 98.5 |
| Greater than $10mn | 1 | 1.5 | 100.0 |
| Total | 67 | 100.0 | |

## a) Links to the Home Country

### *i. Reasons for travelling to "home" countries*

The two main reasons given for diasporic entrepreneur traveling to their home countries were "for Business" (47.8%), "for vacation" (46.3) and , while 38.8% sent money back home and 43.3% "call back home". Fewer people were involved in "travel back home for events and festival" (35.8%), "Voluntary or charity work back home" (31.3%) and "Conducting training, lecture back home" (28.4%).

**Table 11: Non-mutually Exclusive Reasons that Diasporic Entrepreneurs travel to home Countries**

| Response | Frequency | Percent |
|---|---|---|
| **Travel back home for business** | 32 | 47.8 |
| **Travel back home for vacation** | 31 | 46.3 |
| **Travel back home for events and festival** | 24 | 35.8 |
| **Conducting training, lecture back home** | 19 | 28.4 |

| | | |
|---|---|---|
| **Call back home** | 29 | 43.3 |
| **Send money back home** | 26 | 38.8 |
| **Voluntary or charity work back home** | 21 | 31.3 |

### *ii. Reasons for other contact with "home" countries*

Other non-travel related activities kept the link between the diaspora entrepreneur and the home country alive. 38.8% sent money back home and 43.3% "call back home".

**Table 12: Non-mutually Exclusive Reasons that Diasporic Entrepreneurs Maintain Non-Travel Contact with Home Countries**

| Response | Frequency | Percent |
|---|---|---|
| **Call back home** | 29 | 43.3 |
| **Send money back home** | 26 | 38.8 |

#### b) Finances

### *i. Source of start-up capital*

A significant proportion of the respondents (45.8%) indicated that the business was funded with start-up capital drawn from their own resources. Funding from family members was the next largest response with 20% identifying it as a source of funds. Loans, grants and equity were utilised by 10.8%, 11.7% and 10% of respondents respectively. Funding from another business was very rare with only 1.7% of respondents accessing funds from that source. The fully list of responses can be seen in Table 13.

**Table 13: Sources of Start-up Capital Identified by Firms**

| Source of Funds | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Loans | 13 | 10.8 | 10.8 |
| Grants | 14 | 11.7 | 22.5 |
| Own resources | 55 | 45.8 | 68.3 |
| Resources from another business | 2 | 1.7 | 70.0 |
| Equity from investors | 12 | 10.0 | 80.0 |
| Family | 24 | 20.0 | 100.0 |
| Other sources of investment | - | 0.0 | 100.0 |

### *ii. Main sources of income by sector*

Of the 67 persons samples only 56 responded to questions re the sectors that were the main sources of their income. When asked if "Merchandise sales" was a main source of their income 56 persons responded of which 25 respondents (44.6%) indicated that "Merchandise sales" was major source of revenue. When asked if the "provision of services to clients" was a major revenue 41 respondents (73.22%) indicated that this was a major revenue source. When asked if the "Intellectual Property" was major revenue only 2 respondents (3%) indicated that this was a major revenue source. The responses to these questions are shown in Table 14 below.

**Table 14: Non-Mutually Exclusive Sectors Identified by respondents as Major Sources of Income**

| Response | Frequency | Percent |
|---|---|---|
| No response/Missing 11 | 11 | |
| | | |
| Merchandise Sales As A Main Source of Revenue | 25 | 44.6 |
| Provision of services to clients (e.g. professional services) As A Main Source of Revenue | 41 | 73.2 |
| Intellectual Property (licenses, royalties) As A Main Source of Revenue | 2 | 3.5 |

### *iii. Geographic source of revenue*

Of the 67 persons samples only 61 responded to questions re the sectors that were the geographic source of Income sources of their income. Thirty nine (39) respondents (63.9%) indicated they earned some revenue form "Clients in home market". When asked to indicate if they earned revenue from "Regional clients", 30 respondents (49.2%) indicated that they did. Twenty-four (24) respondents (39.3) indicated that they earned revenue from Diaspora clients while 31 (50.8%) indicated they earned revenue from "International clients (extra regional, non diasporic)".

**Table 15: Non-Mutually Exclusive Sources of Income by Geographic Source of Origin**

| Response | Frequency | Percent |
|---|---|---|
| No response/Missing | 6 | 9.0 |
| | | |
| Clients in home market | 39 | 63.9 |
| Regional clients | 30 | 49.2 |
| Diasporic clients | 24 | 39.3 |
| International clients (extra regional, non diasporic) | 31 | 50.8 |

## c) Investment

### *i. Plans for future investment*

Approximately seventy-two (71.6%) of respondents indicated that they plan further investment in their current business. Respondents were almost evenly split in terms of plans to invest in their "home" countries with 50.7% indicating they plan to invest in the home economy. It is interesting to note that only 28.4% of respondents planned to invest in the host country, while 55.2% were prepared to invest in the region overall. The future Investment Plans are shown in Table 16 below.

**Table 16: Non-Mutually Exclusive Future Investment Plans**

| Investment Plans | Frequency | Percent |
|---|---|---|
| Further investment in current business/company | 48 | 71.6 |
| Investment back home (national economy | 34 | 50.7 |
| Investment in regional economy (Caribbean) | 37 | 55.2 |
| Investment in diaspora (host society) | 19 | 28.4 |

### *ii. Motivation for Investment Decisions*

Respondents were asked to indicate the reasons behind investing in their enterprises. The three top responses were: "Competitive business opportunity" (61.2%), "Giving back to the country of origin" (68.7%) and "To create jobs back home" (62.7%). Other reasons given were "Return migration (short term relocation)" (4.5%), "Return migration e.g. investing now for the future "back home" (26.9%) and Extension and expansion of current business/company (32.8%).
Table 17 captures the motivations of respondents.

**Table 17: Motivations for Investment Decisions**

| Investment motivations | Frequency | Percent |
|---|---|---|
| Return migration (short term relocation) | 3 | 4.5 |
| Return migration (e.g. investing now for the future back home) | 18 | 26.9 |
| Competitive business opportunity | 41 | 61.2 |
| Giving back to the country of origin | 46 | 68.7 |
| Extension and expansion of current business/company | 22 | 32.8 |
| To create jobs back home | 42 | 62.7 |

### *iii. Preferred Types of Investments/Savings*

Sixty-five (65) Respondents answered this question. More than half the respondents were interested in "Direct investment in a start-up" (53.8%), "Small business development funds" (55.4%) and "Joint venture" (56.9%). A significant number were also interested in "Direct investments (equity in established business)" (47.7%). A little over a third of respondents were interested in "Real Estate" (35.4). There was much less interest in other mechanisms such as "Diaspora bonds", "Mutual funds, and government bonds. Table 18 shows the preferred types of investment/savings as indicated by respondents.

**Table 18: Preferred Types of Investments/Savings**

| Investment /Savings Type | Frequency | Valid Percent |
|---|---|---|
| Missing/No response | 2 | |
| | | |
| Direct investments (equity in established business) | 31 | 47.7 |
| Direct investment in a start-up | 35 | 53.8 |

| Investment /Savings Type | Frequency | Valid Percent |
|---|---|---|
| Diaspora bonds | 5 | 7.7 |
| Mutual funds | 8 | 12.3 |
| Government bonds | 7 | 10.8 |
| Small business development fund | 36 | 55.4 |
| Joint venture | 37 | 56.9 |
| Real estate | 23 | 35.4 |
| Saving schemes | 7 | 10.8 |

### *iv. Main constraints to investing in the Caribbean*

Sixty-four (64) respondents answered this question. The 2 top responses were "Lack of access to financial resources e.g. loans" (68.8%), "Weak institutional support from public offices" (60.9%). More than half indicated that "Political issues" (51.6%) and "Corruption/crime and violence" (54.7%) were amongst their main constraints. "Burdensome legal requirements" (45.3%) and "Absence of marketing intelligence" (45.3%) were also major issues. The full list of constraints listed in detailed in Table 19 below.

**Table 19: Main constraints to investing in the Caribbean**

| Constraints Listed | Frequency | Percent |
|---|---|---|
| Missing/No response | 3 | |
| | | |
| Lack of access to financial resources (e.g. loans) | 44 | 68.8 |
| Absence of marketing intelligence (limited data about the market) | 29 | 45.3 |
| Weak institutional support from public offices | 39 | 60.9 |
| Burdensome legal requirements | 29 | 45.3 |
| Technological limitations | 15 | 23.4 |
| Political issues | 33 | 51.6 |
| Immigration issues (e.g. visa requirements) | 2 | 3.1 |
| Lack of adequate skills or skills shortages | 12 | 18.8 |
| Corruption/crime and violence | 35 | 54.7 |
| Access to affordable electricity | 19 | 29.7 |
| Access to a trained and quality workforce | 12 | 18.8 |

### *v. Investment Solutions Recommended*

Sixty-six of the 67 persons in the sample responded to this question. "Diaspora investment fund" (69.7%) was the most frequent response followed by "Business to business networks" (62.1%) and "Business competitions for grants or subsidized loans" (57.6%). "Matching fund schemes" (45.5%), "Trade fairs and marketplaces" (40.9%) were also frequent responses. Around a third suggested "One-stop shops for investment" (36.4%) and "Crowd sourcing mechanisms" (33.3%). Table 20 shows all the investment solutions recommended by respondents.

**Table 20: Recommended Investment Solution**

| Recommended Investment Solutions | Frequency | Valid Percent |
|---|---|---|
| Diaspora investment fund | 46 | 69.7 |
| Matching fund schemes (e.g. 3*1 schemes) | 30 | 45.5 |
| Trade fairs and marketplaces | 27 | 40.9 |
| Business to business networks | 41 | 62.1 |
| Crowd funding mechanisms | 22 | 33.3 |
| Diaspora bonds | 14 | 21.2 |
| Business competitions for grants or subsidized loans | 38 | 57.6 |
| One-stop shop for investment information and funding | 33 | 50.0 |
| One-stop shops for investment (for permits, etc.) | 24 | 36.4 |
| Online permits and processes | 17 | 25.8 |
| Cluster group | 1 | 1.5 |
| Revised commodities regulations | 1 | 1.5 |

## Diasporic Firm Profiles and Analysis

Semi-structured interviews were held with representatives of the selected large and iconic firms based in Suriname, Jamaica and Guyana as well as in New York for firms not based in the Caribbean. While the interview questions were pre-determined, each interviewer was guided by information being shared by participants and, as such, responses and related questions posed vary according to the particular firm. The interview process was supported by desk research on each company, thereby providing a more fulsome description of the products and services offered.

The interview process experienced some challenges, including:

1. Reluctance of interviewees to provide policy recommendations;
2. Interviewees opting not to offer specific information which was deemed as highly confidential and competitive intelligence;
3. The inability of the interviewers to engage multiple company representatives who had the requisite authority to share specific information;
4. The unavailability of firm representatives; and
5. Some firms found it extremely difficult to participate in the interviews during the months of November to January, as this was deemed as the peak season for their businesses. This was specifically the case for agro-processing firms.

The selected sectors are (i) Agro-processing, (ii) Transportation, (iii) Remittances, (iv) Creative/Cultural Industries, and (v) Telecommunications. A total of eighteen (18) firms were analysed across the five (5) sectors:

***Telecommunication Firms***

1. Digicel
2. LIME
3. Telesur

***Agro-processing Firms***

4. Golden Krust
5. Baron Foods Limited
6. Levi Roots
8. Edward G. Beharry and Sons
9. Demarara Distilleries Ltd
10. Grace Kennedy Foods International

***Transportation/Freight Firms***

11. Laparkan
12. Fly Jamaica

***Creative/Cultural Firms***

13. V.P Records
14. Sports Max
15. Tempo

***Remittances***

16. Jamaica National Heritage Trust
17. Surichange
18. Grace Kennedy Money Services

A brief summary of each firm is presented below:

**Lime:** LIME is a subsidiary of the UK's Cable & Wireless Communications Plc. and currently serves 14 Caribbean countries with a clientele which includes both corporate entities and residential subscribers. Four (4) main lines of services are offered, namely **L**and-line, **I**nternet, **M**obile and **E**ntertainment. The Land-line service caters to residential and corporate customers and is still a major (though declining) segment of the company's portfolio. LIME also offers mobile phone services, which include wireless broadband, GPRS/EDGE data services, prepaid roaming, SMS to e-mail, and multimedia messaging. Its offerings include bundled packages and prepaid and post-paid services. LIME taps into the diasporic markets by strategically targeting consumers. A one-size fits all strategy for product development and implementation, but country specific marketing strategies are utilized to target the three (3) principal markets of USA, Canada and UK LIME is set to continue its aggressive grassroots marketing campaign in the Diaspora. These economies of scale are targeted directly through media such as mobile and social media.

In recognition of the need to continuously innovate and respond to the needs of and opportunities presented by the diasporic community, LIME has introduced new products and services, including:

(i) Netspeak- is a very inexpensive product, which enables customers to call using the Internet. For example, customers in the UK receive a local Jamaican number on which they can be contacted by persons in Jamaica. The service is applied both ways as the UK customer with the local Jamaican number also has the ability to contact persons in Jamaica using that number whilst in the UK.

(ii) LimeTalk- LIME is the authorized distributor for iPhones in the Caribbean. To complement the iPhone, LIME launched a product called LimeTalk, which is a very inexpensive application that customers can download on the iPhone, and this enables them to contact friends and family over the Internet, anywhere in the world.

**Digicel**: Digicel is a wireless telecommunications company founded in 2001 by Irishman, Denis O'Brien. Digicel was incorporated in Bermuda, with its headquarters in in Jamaica. The company currently operates in 32 markets across the Caribbean, Central America, and Oceania regions and has over 13 million customers. The company offers mobile phone services to support both corporate and individual customers, which include wireless broadband, rollover minutes, GPRS data services, prepaid roaming, SMS to e-mail, and multimedia messaging. Digicel directly employs more than 5,500 people and operates in 32 markets in the Caribbean and Central America.

The company has over 1,000 retail stores servicing the Caribbean and Pacific regions, totalling an investment of over US$4.5 billion. Digicel offers innovative product offerings available to its subscribers including per-second billing, online bill viewing, rollover minutes, online refill of prepaid cards and bill payment and data transmission & internet access via the EDGE network, 3G and 4G technology. A service that is of particular significance to theis project is the **Digicel International Top Up** which allows the customer can purchase Digicel credit for family and friends in Jamaica from select retail outlets/stores in the USA, UK, Canada, Cayman Islands, Turks & Caicos and the Bahamas. Digicel has also partnered with Prepay Nation and Hay United to market International Mobile Top-up to Kruidvat and Trekpleister drug stores in the Netherlands.

The diasporic market is integral to Digicel's development and is highly important to the diaspora itself. Market research conducted by Digicel indicates that currently, Haiti is the biggest market in Caribbean in terms of market usage, followed by the Haitian diaspora in the USA, then Jamaica and other territories. With respect to the diaspora, Jamaicans are the largest consumers, followed by Haiti, El Salvador, Trinidad and Tobago, and then Guyana.

***Telesur:*** The Telecommunications Company Suriname (Telesur) is government owned and offers full telecommunications services to corporate and individual subscribers. Services offered include fixed and mobile telephony, Internet, data services, TV Stations. Telesur has recently invested in the Dutch market through partnership with the drugstore chains -Kruidvat and Trekpleister to distribute its mobile services; the service is also distributed through resellers and online.

AS per data retrieved for 2010, Telesur offers a dual SIM-card service which allows customers in either the Netherlands or Suriname to enjoy local rates when calling to these jurisdictions. The service is very competitive and is largely targeted at the Surinamese diaspora. Since launching its service in the first quarter of 2009 in the Dutch market, the number of Telesur's customers has grown from 17,500 to 27,000 by first quarter of 2010. Initially only available on the pre-paid platform, Telesur expanded the service to include a post-paid package for the larger user. A special benefit for its subscribers is that no roaming fees are applied when making use of the Dutch phone number in Suriname.

*Interview previously conducted January 2012

**Golden Krust Bakery**: Golden Krust Caribbean Bakery and Grill ("Golden Krust") is a privately owned corporation which manufactures and distributes Caribbean food products. The company which started as a family owned business is headquartered in Bronx, New York, and operates over 120 franchises in nine states throughout the United States. Owing to its brand quality, the company's business model has evolved to enable leveraging of its intellectual property by way of franchising, mainly to West Indians.

Golden Krust products can be found on the shelves of supermarkets across USA. The company has forged strategic partnerships with hospitals, schools, correctional institutions, food service and sporting facilities, and other retail outlets throughout USA to extend its market share. Golden Krust's business model facilitates significant backward linkage into the Jamaican agricultural sector through partnership with the Ministry of Agriculture and the Jamaica Agricultural Society (JAS) for supply of herbs and spices. Golden Krust has also partnered with Wisynco Group of Companies for the supply of the Jamaican soft drink 'Bigga' with the aim of marketing a joint product to further increase the level of authenticity of the products. Further, the company imports the Gleaner newspaper as a part of meeting the interests of the Jamaican diaspora.

**Baron Foods Limited**: Baron Foods Limited of St. Lucia produces a range of condiments and beverages, which includes exotic sauces, spices and drinks cocktails. The company currently produces over 150 products in the agro-based sector, and is currently exporting 45% of production. The company's target market is the USA, Canada, and Europe, extra-regionally and Guyana and entire English, French and Dutch speaking Caribbean. Baron Food recognized initially that there was a need to target the Caribbean diasporic market and initiated a substantial marketing and branding campaign, targeting the ethnic markets to accept Baron Food products. Seventy-five percent (75%) of sales revenue is generated from the Diaspora markets and 25% from other markets (including cross-over and tourist markets).

Baron Foods has developed strong backward linkages with St. Lucia's agriculture sector in order to ensure consistent supply and quality. Farmers are contracted to supply commodity inputs including peppers, thyme, celery, passion fruit, guava, tamarind. Many of these farmers are assisted by the company via advances of fertilizer. The local farmers also assisted via transportation of products from the farm to BARON FOODS plant.

**Levi Roots:** Levi Roots migrated to the United Kingston at the age of 11 and in 2007, after an appearance on the BBC show, Dragon's Den, where he promoted his sauces, Sainsbury's agreed an exclusive distribution deal and within 6 weeks, the sauce was on UK shelves. Reggae Reggae Sauce quickly outsold competitors such as Heinz. A follow-up episode of Dragons' Den, aired on

18 July 2007, revealed that Sainsbury's had expected the sauce to sell 50,000 bottles in its first year. In fact, it sold 40,000-50,000 bottles per week. The sauce is now stocked by all of the major retailers and the Levi Roots brand has been extended across a range of other products which are manufactured by A.B. World Foods. The famous green, yellow and red of the packaging combined with the guitar arm and silhouette of Levi himself, have become the mark of Caribbean cuisine in the UK. In September 2010, Morrisons supermarket announced it would be carrying a range of Levi Roots sandwiches[27]. In April 2011, Domino's Pizza in the UK launched a limited edition "Reggae Reggae Pizza", a combination of toppings with the Reggae Reggae sauce[28]. In addition, in 2012 KFC launched a Reggae Reggae box meal, which depicts the success of the product in the UK market specifically.

**Main Products/Services:**

- Cooking sauces: scotch bonnet chilli sauce, reggae reggae jerk/bbq sauce, reggae reggae tomato ketchup, reggae reggae relish, x hot reggae reggae sauce, mild reggae reggae sauce, mango and chilli relish
- Pizzas, frozen ready meals, soft drinks, snacks, pasties, wraps and cakes, t-shirts, coffee mugs
- Snacks: Reggae Reggea peanuts and cashews
- Books: Grill it with Levi, Sweet, Caribbean Food Made East, Food for Friends, Spice it Up, Reggae Reggae Cook Book, You Can Get It If You Really Want It
- App: Levi Roots Sunshine Food

**Marie Sharp**: Marie Sharp's Fine Foods Ltd. was first conceived in Mrs. Sharp's kitchen in Dangriga, Belize. She experimented with various pepper sauce recipes and bottled it for family, friends and neighbours who then encouraged her to pursue a business venture based on her hobby. In 1981, she decided to convert her kitchen into a small home factory. The company is now estimated to be worth approximately US$3.5 million. The product line has since expanded to include tropical fruit jams and jellies, seasoning, and fruit squashes sold in both local and international markets. Supply is guaranteed including through ownership of a 400-acre farm from which some of the chili and habanero, along with carrots and other base ingredients, are sourced. Factory and operations are located in Belize, and the products are exported to Canada, USA, Honduras, El Salvador, Asia, Europe, Pacific and Russia.

Marie Sharp products are highly demanded in the American and Japanese markets as well as Central and South American countries. The products first entered American supermarkets due to the demand of the Belizean diaspora living in the USA. Currently Marie Sharp's products are found in certain Walmart locations in the Southeast USA. The diaspora and tourists visiting Belize are the two main consumers of Marie Sharp products. One of the company's biggest

[27] *Meat Trades Journal.* 8 September 2010.
[28] Pizza News. "Domino's gets set to launch the new Reggae Reggae Pizza.". http://www.pizzanews.co.uk/dominos-gets-set-to-launch-the-new-reggae-reggae-pizza-98500/ (accessed April 6, 2014).

successes, apart from local Belizeans, has been the ability to tap into the tourist market segment. In addition to manufacturing and distribution, the company also offers guided tours of its factory in Belize, which not only aid in validating the authenticity of the products but also successfully merges the tourism and manufacturing/agro-processing sectors.

**Edward G Beharry and Sons**: Edward B Beharry & Co.(EBB) . Ltd. was established in 1937 in Guyana. The company began its business operations as an importer of beans, then developing as a wholesaler and retailer of food products. In 1959, having assessed the consumption patterns of the Guyanese population, the company began manufacturing baking powder, and later developed a line of different products including curry powder, spices, confectionery, coffee, paper bags and pasta. In 1989, Edward Beharry & Co initiated its operations in the Guyanese financial sector with the creation of Secure International Trust Co. Ltd., which currently operates as Secure International Finance Co. Ltd. Subsequent acquisitions has resulted in the following companies being a part of the Group:

- Edward G Beharryy and Company Ltd;
- Beharry Automotive;
- North American Life, Fire and Motor Insurance;
- Beharry Stock Brokers;
- Guyana Merchant Bank;
- Secure International;
- Guyana Bank for Trade and Industry.

As it pertains to agro-processing, distributors are located in North America, South America, Europe, Caribbean and the Middle East. EBS focuses on the extra-regional diasporic markets including those in Canada, USA, and England (with a much smaller market share relative to Canada and USA). Focus is also placed on diasporic markets in the Caribbean region such as Trinidad, Barbados, St Lucia, Grenada, Antigua, Dominica, St. Vincent, St. Kitts, and Suriname. EBB has subsidiaries operating in Trinidad and Suriname. In other Caribbean countries, there are various agents/distributors of EBS products.

**Demarara Distilleries Ltd**: Demerara Distillers is located in Guyana and is an internationally recognized producer of award-winning rums with a range of over 20 different varieties of premium, standard and specialty products, all with the distinctive Demerara 'stamp' of quality and flavour.

While Guyana is still a main consumer of the product, representing about 60% of rum consumed, the company's exports represent the higher value products. The export market was penetrated primarily through the diaspora market which was used as a base to enter the North American market however as the brand has grown, the product has become highly demanded by US locals as well. The products are also successfully marketed and distributed in Canada and the United Kingdom, along with the Caribbean.

Financing for expansion has been accessed loans from commercial banks in Guyana. Demarara Distilleries has also benefitted from the EU trade and development partnership funding (EU Aid for Trade) with CARICOM countries during 2009-2012. The company's list of clientele includes companies such as Diageo, Jim Beam Brands, Hiram Walker, Allied Distillers, and Corby's.

**Grace Kennedy Foods International**: GraceKennedy is one of the Caribbean's largest and most dynamic corporate entities. The company started in Jamaica in 1922 as a small trading establishment and wharf operators. It has expanded and diversified over the years, changing from a privately owned enterprise to a public company listed on the Stock Exchanges of Jamaica, and Trinidad & Tobago.

Today, the GraceKennedy Group comprises a varied network of some 60 subsidiaries and associated companies, located across the Caribbean and in North and Central America and the United Kingdom. Operations span the areas of food processing and distribution, banking and finance, insurance and remittance services, together with an investment in building materials retailing. GraceKennedy transformed the company from a Jamaican trading company to a global consumer group with roots in Jamaica.

In relation to agro-processing, **the company's main products include** beverages, coconut products, rice & pasta, spices & seasoning, sauces & condiments, soups, canned fruits, canned meats/fish, dairy, frozen meats, jams & jellies, oil & margarines, ready mixes, rice combos, snacks, veggie meals, instant porridge and oats.

Grace Kennedy Foods International (GFI) accounts for 65% – 70% of total business revenue and exports to more than 90 countries worldwide. The organization began in 1969 as an export department within GraceKennedy in keeping with the company's growing focus on international markets. In 1984, an independent company - Grace, Kennedy Export Trading Limited - was created focusing on export trading. Currently, GFI markets their products in over 38 countries.

**Laparkan:** In 1983, Glen Khan, John La Rose and Terrence Pariaug recognised and acted on the need to reconnect West Indians who were living abroad, with families and friends in their respective homelands in the Caribbean, particularly Guyana at that point in time. The tradition of Caribbean communities in the United States of America, Canada and the UK sending supplies, gifts and various other items to their families 'back home' prompted the need to create a reliable delivery channel. Market research revealed a tremendous gap in the market and by seizing this opportunity, Laparkan was created.

Laparkan started in Toronto with 4 employees and then subsequently established a presence in Guyana in order to provide door-to-door- services. The driving force for growth of the company was word-of-mouth and community affiliation and networks. The company has continued to grow successfully, with its services increasingly offered to other Caribbean countries, including Haiti and the Dominican Republic. These larger markets have enabled the company to further expand its reach simultaneously into the Caribbean, North America and European markets.

The Laparkan Group has expanded its services beyond shipping and trade facilitation. Currently Laparkan is the owner of the century old Fogarty's Department Store and has majority shares in Guyana's oldest and largest engineering company - the Guyana National Industrial Corporation. Laparkan's diversification also includes the formation of Laparkan Financial Services and the Laparkan Office Equipment & Supplies Division.

**Fly Jamaica:** Fly Jamaica, a full-service, airline providing air transport service from select Caribbean countries (namely Guyana and Jamaica) to New York and Toronto, was incorporated in Jamaica in 2011. Fly Jamaica Airways is a partnership between Chief Executive Officer and Guyanese-born Captain Paul Ronald Reece, and Jamaican shareholders, including Chief Operating Officer, Captain Lloyd Tai and Manager of In-Flight Services, Christine Steele.

The diaspora market stands as a critical target for Fly Jamaica. The primary target market for the airline is Jamaican and Guyanese nationals, the Jamaican and Guyanese diaspora and Caribbean nationals. The firm attributes its success to date to the delivery of quality service as well as the nostalgic feeling of the airline based on the presence which Air Jamaica previously occupied. A pivotal weakness which has been identified is the airline’s size which is significantly smaller than other trusted brands.

**V.P Records**: VP records, located in Jamaica, Queens, New York, is the only record label fully dedicated to the production and distribution of Caribbean genres of music. The company has managed to ensure high-quality content, while still maintaining the authenticity of the Caribbean musical product. Due to its proven track record, and commitment to excellence, VP has remained the record label of choice for many musical heavyweights from the Caribbean, including Shabba Ranks, Super Cat, Beres Hammond, Beenie Man, Bounty Killer, Bunji Garlin, Capleton, Gregory Isaacs, Gyptian, Konshens, Luciano, Mavado, Sean Paul and Shaggy.

Since its establishment, VP has adopted a business model which has made it equally competitive with the home-grown US labels. The model focuses on product specialization, as the company, unlike other record labels, only represents Caribbean sounds. The company has also formed strategic partnerships with larger record labels to ensure access to wider distribution chains. In 2002, VP partnered with Atlantic Records in a long-term strategic pact to provide VP with the vast resources of major label promotion and worldwide distribution of its products.

**Sports Max:** The International Media Content Ltd (IMC) is the parent company of SportsMax, a regional sports cable channel. IMC started in 2002 as an intellectual property company, acquiring and selling rights to sporting programmes. The company subsequently expanded services into television broadcasting through SportsMax, first by broadcasting the English Premier League and West Indian cricket. Sports Max is currently aired in 28 countries. In 2010 the company launched a channel named "CEEN" which targets the Diaspora in the United States and Canada.

SportsMax's model is to secure broadcasting rights for various international competitions, including regional and international football matches (such as the Barclays Premier League, UEFA Champions League, and international matches featuring regional teams (such as the Reggae Boys and Soca Warriors). The channel serves as a platform to not only entertain and educate persons in the region and the diaspora on sports, but provides an avenue to advertise the sporting talent of the region. SportsMax's model allows it to capitalize on the revenue streams of these major international competitions to provide the necessary inflows to allow them to record and broadcast local and national sporting event across the to the Diaspora.

**TEMPO:** TEMPO Networks, LLC, is the first and only pan-Caribbean media and entertainment company producing and offering culturally relevant content on all media platforms (on-air, online, on-mobile and on the ground). With its flagship cable television network, TEMPO captures and delivers a diverse array of a Caribbean content including, music, culture, cuisine, and social awareness initiatives.

TEMPO currently broadcasts in 24 Caribbean states, with approximately 3.5 M viewers in New York, New Jersey, and Connecticut. In an attempt to reach additional viewers and in maximising the use of technology, TEMPO can be streamed live at www.GotTEMPO.com. Further, TEMPO has created an online store where consumers can purchase paraphernalia associated with company and the Caribbean experience.

**Jamaica National Money Transfer**: The JN International Money Transfer brand is owned by JN Money Services Limited (JNMS), which is a fully-owned subsidiary of the Jamaica National Building Society. JNMS was incorporated in

December 2005 to manage the remittance operations of the Society, and to provide a suite of products and services, that include money transfers and bill payments. A Caribbean-based brand, JN International Money Transfer also maintains a high standard of service and a rapidly expanding network across the region, which includes Jamaica, the Cayman Islands, Guyana, Trinidad, Dominica, Barbados, Antigua and St. Vincent and the Grenadines, which together with its network across North America, the UK, the Philippines and Ghana, spans a total network of over 8,000 branch and agent locations across the world.

Jamaica National Money Transfer adopts innovative processes and procedures to ensure that it delivers fast and reliable services to its clients. The company strives to keep abreast with the latest technology to remain competitive with it global counterparts. As such, the company offers its clients the option of sending mobile minutes to more than 90 countries worldwide to several international telecommunications networks including Vodafone, Verizon, Claro, Digicel and Lime. They have also instituted a rewards system for customers. Rewards points can be used to access free money transfers, and in some countries customers can also get retail discounts, gift vouchers or cash coupons. This serves as an effective marketing platform for the company.

**Suri-change:** Suri-change was established in the Netherlands based on "A strong sense of Surinamese identity to do something for the homeland". Suri-change accounts for 80% of the remittance market in Suriname and leads all other competitors. Research indicates that it is the only company in the world that leads two large remittance international companies in the domestic market. Suri-change has 175,000 customer visits annually.

Suri-change's understanding of the market, as well as its adoption of a business model which enables it to deliver affordable services to its clients, makes it the lead competitor of all institutions offering remittance services.

**Grace Kennedy Remittance Services**[29]: Grace Kennedy Money Services (GKMS) is part of the Grace Kennedy Remittance Limited (GKRS) Group of Companies, a wholly owned subsidiary of Grace Kennedy Limited. It is the umbrella brand for the services of Western Union, FX Traders and Bill Express. The GKMS network has over 300 locations across Jamaica, which provides at least one or all of the various monetary services. GKMS also operates in other locations in the Caribbean.

GKMS has positioned itself as a global leader in the remittance services sphere, through the introduction of technology compatible processes and procedures. For example, through its 'Bill Express' option, the customer is offered an online payment system that allows customers to pay multiple bills online 24 hours 7 days a week. The Bill Express on-line service accepts locally

[29] Information gained from desk search.

and internationally issued Visa and MasterCard credit cards. Payments are communicated to merchants as soon as the credit card payment is authorized. The GKMS network has over 300 locations across Jamaica.

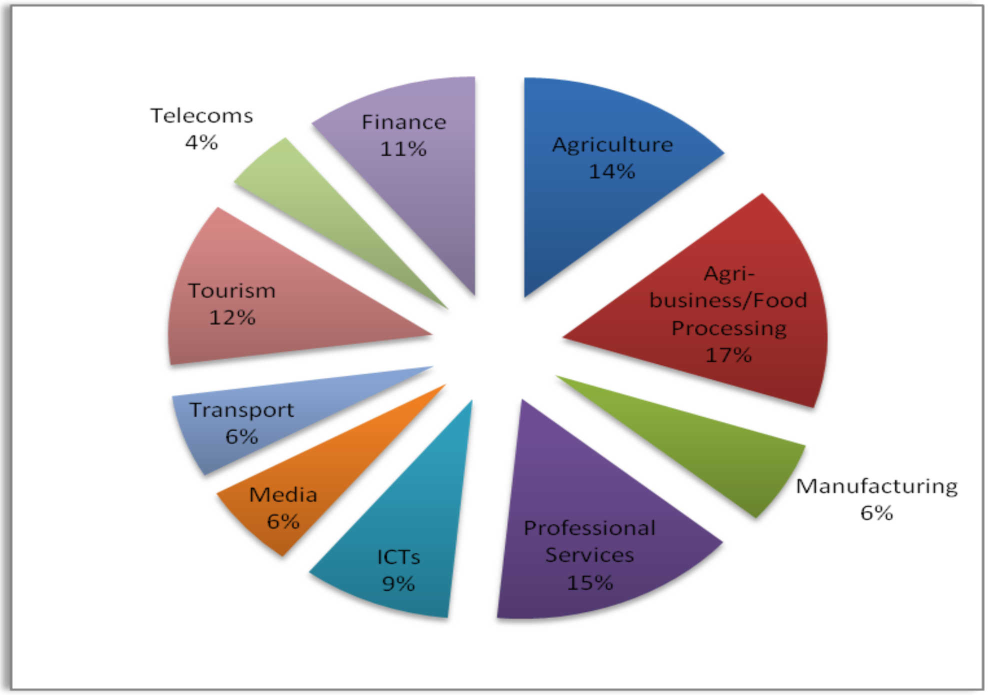
# Strategic Review, Assessment and Direction

## Strategic Review

The study illustrates that the diasporic market is an expanding and lucrative element of the Caribbean economy and an important basis for export diversification. While data on the multiple facets of the diasporic economy is difficult to capture, the documented trends in areas like remittances and diasporic tourism shows that the potential for further growth is significant.

Diasporic entrepreneurs have shown steady trends in regards to their business interest and activities, in particular sectors in the region. Data collected from the survey illustrates that agriculture and agri-business/food processing related businesses represents the largest area of investment followed by professional services (Figure 4). These have great spill over effects for the Caribbean region as it enhances regional trade, promotes trans-shipment and related services, provides jobs to Caribbean nationals and the Caribbean diaspora, and in regards to agro-processing most of the primary goods are sourced from regional farmers.

**Figure 7: Sectors of the Economy in which Diaspora Entrepreneurs Operate**




The study also captures the contribution of diasporic entrepreneurship to the growth of trade in goods, services and intellectual property. Figure 5 shows the breakdown of the firms that were profiled in terms of the area of trade. What is evident is that the largest group of firms falls into the trade in services category followed by trade in goods. In terms of the latter most of the firms are engaged in some form of agri-business. In this regard, the study focused on the role of firms in sectors like money transfer, travel and freight, food and agro-processing, telecoms, media and creative industries. Under trade in intellectual property most of the firms were in the creative and media sectors.

**Figure 8: List of Diasporic Entrepreneurs by area of Trade in Goods, Services and Intellectual Property**

**Trade in Goods**

- Marie Sharpe (Belize)
- Barons (St. Lucia)
- Edward G. Beharry (Guyana)
- Demarara Distillers (Guyana)
- Grace Kennedy Foods (Jamaica)
- Golden Krust (New York)

**Trade in Services**

- Digicel (Jamaica)
- LIME (Barbados)
- Telesur (Suriname)
- Laparkan (Guyana)
- Fly Jamaica (Jamaica)
- Grace Kennedy Money Services (Jamaica)
- Jamaica National Heritage Trust (Jamaica)
- SuriChange (Suriname)

**Trade in Intellectual Property**

- VP Records (New York)
- SportMax (Jamaica)
- Tempo (New York)
- Levi Roots (London)

In each of the key sectors examined what is observed is a critical contribution to entrepreneurship in the sector, often with the key firms profiled being among the largest firms operating in the sector and many times being competitive with foreign firms. Foreign firms have also been very attracted to certain segments of the diasporic market. This is particularly evident in the telecoms sector in the Caribbean with the sizable investment of Digicel and LIME. This market has been very competitive but an important element of the sector is the lucrative diasporic component. Each of these major firms has established a diaspora unit to target these communities and maximize on the earnings.

In some instances, regional diasporic firms have been able to out-compete foreign firms due to their capacity to anticipate and respond to the needs of the marketplace. A key example would be how Telesur, the main telecoms provider in Suriname, was able to offer a dual sim card service that captured a relatively significant market share in the Netherlands. Another example from Suriname would be the Suri-change Bank which dominates the remittance corridor between Suriname and the Netherlands. There are very few countries in the world where a small independent firm dominates the market for money transfer ahead of the giants like Western Union, MoneyGram and Ria. Suri-change Bank has now expanded beyond the Suriname-Netherlands corridor to offer services in North Africa and has also moved into mobile banking through a strategic partnership.

For many of the firms profiled their success comes from the fact that they are offering a unique product or service that falls into the nostalgic category. The firms in the food and agro-processing field fall very much into this category. Firms like Marie Sharpe from Belize, Barons from St. Lucia, Demarara Rum from Guyana and Golden Krust from New York offer a Caribbean fare that is very specific to the region. These products have a strong ethno-cultural appeal and because of the quality of the products and the sophistication of the distribution system they have been able to get into crossover markets and win clients from outside of the traditional immigrant communities. The rising demand for ethnic and specialty foods has given impetus to the growth of these firms.

This growing market appeal and demand has propelled a firm like UK based Levi Roots to become a household name and iconic brand in the UK. This has been done through an outsourcing and franchising model where the brand has been successfully leveraged. Levi Roots aims to establish a restaurant chain to further capitalize on the value of the brand. Grace Kennedy from Jamaica has similarly built brand and country recognition through the multiple product lines that they have developed, for example, from pepper sauces to plantain chips and coconut water.

In other instances, it is that these markets were not attractive to foreign firms and so the local or regional firms were able to enjoy first-mover advantage. This applies to the examples of Telesur and Suri-change Bank mentioned earlier due to the general isolation of the Suriname market particularly during the period of dictatorship.

It also applies to the travel and airline industry as well. Laparkan from Guyana has carved out a very large and defined niche in the diasporic market by offering a range of services from freight to travel agency and remittances that go beyond the Guyana market space. Another example is the firm Fly Jamaica which has been able to seize a niche in the highly competitive airline industry in a context where many of the large foreign carriers are faced with large debts and many of the regional carriers (e.g. Caribbean Airlines, LIAT) are dependent on government bailouts. The market potential of diasporic tourism has recently begun to register among some of the large foreign firms. The expansion of JetBlue services to multiple destinations in the Caribbean is based on an understanding of the strong identity pull and frequency of travel among diasporic communities, particularly for events, festivals and other seasonal and short-break travel.

These examples and the analysis of the firms suggest that the impact on entrepreneurship and economic development through employment, foreign exchange earnings and brand development is very significant. The diasporic firms seem to exhibit a penchant for competitiveness because the market conditions require it. They are not operating in sheltered market spaces where they are able to generate oligopolistic rents from the domestic market. They are also able to draw on expertise that has benefitted from the migration and travel experience which reduces informational asymmetries. The key managers and business leaders have had diverse levels of training from inside and out of the Caribbean.

These firms can also be considered as co-creators and institutional influencers. They offer a network base in global cities and in the region that is yet to be fully explored. The gains of the creative and media firms like VP Records, Tempo and Sportsmax are shaping a regional and diasporic identity through the expansion of their market. Creative goods and services have a strong synergistic dimension in that they can be used to market other goods and services and so the growth of these services and the intellectual property that they generate are of the utmost strategic value in the wider objectives of trade and market diversification.

In many respects the firms highlighted in the firm profiles have shown the capacity to generate market presence in diasporic markets in traditional trading partners like the US, Canada and the UK. In short, the trade impact has been positive and dynamic. However, there is a burning need for regional and national agencies to put more intellectual and marketing muscle behind the growth of firms that are interested in tapping into the diasporic market. The majority of the diasporic entrepreneurs highlighted in the firm profiles were high impact or high opportunity entrepreneurs. These firms have exhibited at least one of the several characteristics listed below:

7. They perform in-depth market research targeting the diaspora market.

8. They utilize the diaspora market to create a demand and preference for their product/services in the host country, which over time has been used as a basis to enter mainstream markets.

9. They expand their market size by targeting international customers.

10. They diversify their product lines and/or expand into other countries in the region. Others expand into unconventional markets.

11. These companies constantly upgrade their products and services to enhance their competitiveness and maintain their leadership in key market segments.

12. They introduce innovative products and services to the diasporic market and the Caribbean region.

## Strategic Assessment

The interviews conducted sought to determine the major strengths, weaknesses, opportunities and threats faced by firms (See Figure 6). Responses were limited and as such what is presented below is a summary of areas of convergence on key issues. The key areas of strength appear to coalesce around issues of branding and customer loyalty as well as the quality and uniqueness of the products and services. Strategic partnerships among firms were also identified as a core area of strength. The areas of weakness on the other hand were focussed on poor business planning skills, limited access to funding and financing for marketing and inadequate intellectual property protection. The key opportunities identified focussed on the expanding diasporic market as well as the growth of niche and specialty markets. Accessing high growth markets like telecoms and creative industries was viewed as another key opportunity because of the cross-promotional synergies these industries afford to other sectors. The main threats were related to competition from transnational firms as well as market conditions like intellectual property infringement and the high cost of transport, telecoms, energy and logistics. The slow uptake of ecommerce and mobile banking within the region were also viewed as a key threat.

## Strategic Direction

Based upon the strategic assessment some clear areas for action are identified. They fall into four categories. The first area relates to initiatives that amplify the opportunities and maximize on the existing strengths of the firms operating in the diasporic economy. The proposed actions include the mapping and documenting of the Caribbean diaspora and the diasporic economy, through the establishment of a satellite accounting system (as is done in the tourism sector) and the creation of a diaspora observatory to monitor transformations in the sector. The next key initiative is the facilitation of start-up firms through an innovation lab. A follow-up recommendation is the creation of an incubator where large firms can mentor emerging firms and start-ups (e.g. business clubs).

The second area refers to intitiatives that also amplify opportunities but minimize weaknesses. One of the key weaknesses is the lack of business planning skills among the small firms. It is thus recommended that there be training on preparing business plans. The creation of a diaspora economic network to facilitate coordination and collaboration among firms and with key stakeholders in government and international agencies is another priority. Establishing a market development fund for firms targeting the diasporic economy would facilitate market entry and penetration. This should be backed up by strengthened marketing capabilities for accessing the Internet (e.g. web sites, Apps) Intellectual property training among firms is key to reduce the level of infringement that these firms face in regional and international markets.

The third area focuses on how threats can be reduced while maximizing on the strengths in the sector. A key action would be the upgrading of the Caribbean brand through collective action as exemplified by Design Caribbean or through cross-promotion in the Caribbean Tourism Organization diaspora week events that occurs in global cities like New York, Toronto and London. Facilitating cluster development in sub-sectors like agro-processing will help to improve market leverage and visibility for these firms. Diasporic entrepreneurs should also lobby for increased marketing and institutional support from business support organizations and export/industrial development agencies. Strengthening intellectual property facilities at the national and regional levels is key for enterprise development Lastly, banks and other key financial agencies need to be encouraged to introduce ecommerce and mobile banking facilities at a faster rate.

Figure 9: Strategic Assessment and Intent

<table>
<tr><td>Strategic Assessment</td><td>Strengths<br>▪ Strategic partnership arrangements<br>▪ Familiarity with Caribbean community<br>▪ Recognising the importance of market research<br>▪ Recognizable brand within the Caribbean and Diaspora communities<br>▪ Superior quality goods, with consistent flavour<br>▪ Customer loyalty and globally recognized brand</td><td>Weaknesses<br>▪ Weak business planning capabilities among firms and difficulties in accessing funding within the region and externally<br>▪ Limited capacity to build brands beyond Caribbean diaspora market<br>▪ Inadequate knowledge of intellectual property protection<br>▪ Low levels of industry coordination and cooperation</td></tr>
<tr><td></td><td colspan="2">Strategic Direction</td></tr>
<tr><td>Opportunities<br><br>▪ Expanding diasporic market<br>▪ Growth of niche markets<br>▪ Business expansion strategy targeting high performance economies within and outside the region</td><td>Maximize Strengths/Amplify Opportunities<br>4. Map and document the Caribbean diaspora and the diasporic economy (e.g. satellite accounting, diaspora observatory)<br>5. Facilitate the growth of start-up firms<br>6. Create an incubator where large firms can mentor emerging firms and start-ups</td><td>Minimize Weaknesses/Amplify Opportunities<br>6. Training on preparing business plans<br>7. Facilitate the growth of a diaspora economic network<br>8. Establish a market development fund for firms targeting the diasporic economy<br>9. Strengthen marketing capabilities through the Internet (e.g. web sites, Apps)<br>10. Promote IP training among firms</td></tr>
<tr><td>Threats<br><br>▪ Competition from transnational firms<br>▪ High cost of transport, logistics, telecoms and energy<br>▪ Intellectual Property rights infringement<br>▪ International market entry is costly<br>▪ Slow uptake of ecommerce and mobile banking within the region</td><td>Maximize Strengths/Reduce Threats<br>6. Upgrade the Caribbean brand<br>7. Facilitate clustering in sub-sectors (e.g. agro-processing) to improve market leverage and visibility<br>8. Lobby for increased marketing and institutional support from business support organizations and export/industrial development agencies<br>9. Strengthen IP facilities nationally and regionally<br>10. Encourage banks and other financial agencies to introduce ecommerce and mobile banking facilities</td><td>Minimize Weaknesses/Reduce Threats<br>6. Develop IP value capture capabilities and strategy among firms<br>7. Facilitate peer-to-peer learning and advocacy and lobbying both in the sending and receiving countries.<br>8. Facilitate enterprise development through grant funding, venture capital schemes, crowd funding and human resource development<br>9. Encourage cross-promotion and co-sponsorship among firms and sub-sectors<br>10. Establish diasporic entrepreneurship research, training and outreach at the business schools and universities</td></tr>
</table>

The fourth and final area relates to how to reduce threats while minimizing weaknesses. The development of intellectual property value capture capabilities and strategy among firms is key for industrial and technological upgrading. This should be backed up by peer-to-peer learning (e.g. business clubs) in the sending and receiving countries. Enterprise development should be facilitated through grant funding, venture capital schemes and crowd funding. Firms operating in the diasporic market should be encouraged to engage in cross-promotion and co-sponsorship activities. There is a critical role to be played by the business schools and universities in terms of establishing diasporic entrepreneurship research, training and outreach.

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## Annex I: List of Firms Interviewed

| Company | Interviewee | Position |
|---|---|---|
| **1. Digicel** | Adreina Gonzalez | Head of Marketing US/UK/Canada/Caribbean |
| **2. Lime** | Fabian George | International Accounts Manager |
| **3. Telesur*** | Lloyd Groenhart | Manager, Business Development |
| **4. Golden Krust Bakery** | Omar Hawthorne | Director, Franchise Development and Community Relations |
| **5. Levi Roots** | Keith Graham | |
| **6. Marie Sharp** | Marie and Gerald Sharp | Owners |
| **7. Edward G Beharry and Sons** | Ruth Autar | International Marketing and Human Resource Manager |
| **8. Demarara Distilleries Ltd** | Komal Samaroo | CEO |
| **9. Grace Kennedy Foods International** | Derrick Reckord | General Manager GFI |
| **10. Laparkan** | Glen Khan | CEO |
| **11. Fly Jamaica** | Captain Paul Ronald Reece | CEO |
| **12. V.P Records** | Vincent Chin | Owner |
| **13. Sports Max** | Oliver McIntosh | President and CEO |
| **14. Tempo** | Frederick Morton, Jr. | CEO |
| **15. Jamaica National Building Society** | Earl Jarett | General Manager |
| **16. Surichange** | Stanley Mathura | Managing Director |
| **17. Barons Food Limited** | Ronald Ramjattan | CEO |
| **18. Grace Kennedy Remittance Services**** | | |

*Interview previously conducted January 2012
**Information ascertained from desk search

## Annex II: Derived from Survey Instrument - Section A: Caribbean Idea Marketplace Initiative

1. Were you aware of the Caribbean Idea Marketplace Initiative launched by Compete Caribbean?

| Yes | No |
|---|---|
| | |

2. Did you submit an application to the Caribbean Idea Marketplace competition?

| Yes | No |
|---|---|
| | |

3. If Yes, please rate the following on a scale of 1-5 with 1 being very poor and 5 being excellent (1=very poor; 2= poor; 3=average; 4= very good; 5=excellent

| | |
|---|---|
| Size of the grant being offered by the competition | |
| Clarity of the information on the application format and information required | |
| Clarity of the information on the matching grant requirements for the firm | |
| Clarity of the information on the competition process | |
| Communication/updates on the status of your application | |

**Section B - Background Information**

1. How would you describe yourself? (tick accordingly)

| Caribbean-based entrepreneur tapping into diaspora markets | Migrant entrepreneur tapping into diaspora markets | Migrant entrepreneur tapping into the Caribbean market |
|---|---|---|
| | | |

2. How many years have you been operating as a diasporic or migrant entrepreneur (as described above)?

| |
|---|
| |

3. Gender

| Male | Female |
|---|---|
| | |
| | |

4. In which age group are you?

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 18 – 24 | | 25 – 29 | | 30 – 34 | | 35 – 39 | 40 - 44 | | |
| 45 – 49 | | 50 – 54 | | 55 – 59 | | 60 – 64 | 65> | | |

5. What is your country of birth?

| |
|---|
| |

6. Which of the options below best describes your highest level of education?

| | | | | | |
|---|---|---|---|---|---|
| Elementary | | High School | | Vocational or technical training | |
| Professional or specialized training | | Undergraduate degree | | Postgraduate degree | |
| Online training | | Self Taught | | Other | |

7. Where are you based? (What is your country of residence?)

| In the Caribbean region (please specify which country and city/parish) | Outside of the Caribbean region (please specify which country and city) | In the Caribbean region (A) and (B) outside (please specify which countries and cities) |
|---|---|---|
| • Country:<br>• City: | • Country:<br>• City: | A<br>• Country:<br>• City: |
| | | B<br>• Country:<br>• City: |

8. If you are not based in your country of origin in the Caribbean, do you do any of the following? (tick accordingly)

| | |
|---|---|
| Travel back home for business | |
| Travel back home for vacation | |
| Travel back home for events and festivals | |
| Conduct training, lectures back home | |
| Call back home | |
| Send money back home | |
| Voluntary or charity work back home | |

## Section C – Enterprise Information

9. Where is your business registered?

| In the Caribbean region | Outside of the Caribbean | In the Caribbean region (A) |
|---|---|---|

| | | |
|---|---|---|
| (please specify which country and city) | region (please specify which country and city) | and (B) outside (please specify which countries and cities) |
| • Country:<br>• City: | • Country:<br>• City: | A<br>• Country:<br>• City: |
| | | B<br>• Country:<br>• City: |

10. How long has the business been registered?

| |
|---|
| |

11. What aspect/s of the economy does the business operate in? (tick accordingly)

| | |
|---|---|
| Agriculture | |
| Agri-business/Food processing | |
| Manufacturing | |
| Professional Services | |
| ICTs | |
| Media (e.g. communications, broadcasting) | |
| Transport | |
| Tourism | |
| Telecoms | |
| Finance | |
| Creative industries | |
| Retail/trading/distribution | |
| Energy | |
| Other (please specify) | |

13. How many people have been employed, on average, by your organization in the last year?

| | Fulltime | Part-time | Interns | Volunteers | Other |
|---|---|---|---|---|---|
| 2012 | | | | | |

**Section D – Economic/Financial Information**

14. Which of the following were the key sources of investment when you started your company? Please give the estimated % of the different investment sources.

| | % |
|---|---|

| | |
|---|---|
| Loans | |
| Grants | |
| Own resources/savings | |
| Resources from another business | |
| Equity investors | |
| Family resources | |
| Others | |

15. What share of your company's income (e.g. 2012) comes from the following sources (%)?

| | % |
|---|---|
| Merchandise Sales (e.g. sale of goods, etc.) | |
| Provision of services to clients (e.g. professional services) | |
| Intellectual Property (licenses, royalties) | |
| Others | |

16. What share of your company's income comes from the following markets (%)?

| | % |
|---|---|
| Home market (please specify the country) | |
| Caribbean region (other than home market) | |
| Diasporic clients (clients of the Diaspora) | |
| International clients (outside of the Caribbean and the Caribbean diaspora) | |

17. What is your company's approximate pre-tax gross income for the last year?

| Income US$ | 2012 |
|---|---|
| Less than $100K | |
| $101 – 300K | |
| $ 301 – 500K | |
| $ 501 – 700K | |
| $ 701 – 1 mn | |
| $ 1 – 2 mn | |
| $ 2 – 5 mn | |
| $ 5 – 10 mn | |
| Greater than $10 mn | |

**Section E: Diasporic Investment Motives**

18. What are/were your motivations for investing in the Caribbean? (tick accordingly)

| | |
|---|---|
| Return migration (short term relocation) | |
| Return migration (e.g. investing now for the future back home) | |
| Competitive business opportunity | |
| Giving back to the country of origin | |
| Extension and expansion of current business/company | |
| To create jobs back home | |
| Business partners in the Caribbean | |
| Access to the Caribbean market | |

19. Are you considering any of the following (tick accordingly)?

| | |
|---|---|
| Further investment in current business/company | |
| Investment back home (national economy) | |
| Investment in regional economy (Caribbean) | |
| Investment in diaspora (host society) | |
| Return migration | |
| Emigration (moving out of the Caribbean) | |
| Trans-migration (operating in multiple locations) | |

20. What form of investment/saving are you interested in (tick accordingly)?

| | |
|---|---|
| Direct investments (equity in established business) | |
| Direct investment in a start-up | |
| Diaspora bonds | |
| Mutual funds | |
| Government bonds | |
| Small business development fund | |
| Joint venture | |
| Real estate | |
| Savings schemes | |

21. What have been the main constraints you have experienced in investing in the Caribbean (please rank your response with 1 being the most important and 8 being the least important)?

| | |
|---|---|
| Lack of access to financial resources (e.g. loans) | |
| Absence of marketing intelligence (limited data about the market) | |
| Weak institutional support from public offices | |
| Burdensome legal requirements | |
| Technological limitations | |
| Political issues | |
| Immigration issues (e.g. visa requirements) | |
| Lack of adequate skills or skill shortages | |
| Corruption/crime and violence | |
| Access to affordable electricity | |
| Access to a trained and quality workforce | |
| Other factors (please specify) | |

22. What investment solutions and options would you recommend and support to promote diasporic investment (tick accordingly)?

| | |
|---|---|
| Diaspora investment fund | |
| Matching fund schemes (e.g. 3 x 1 schemes) | |
| Trade fairs and marketplaces | |
| Business to business networks | |
| Crowd funding mechanisms | |
| Diaspora bonds | |
| Business competitions for grants or subsidized loans | |
| One-stop shop for investment information and funding | |
| One-stop shops for investment (for permits, etc,) | |
| Online permits and processes | |
| Other | |