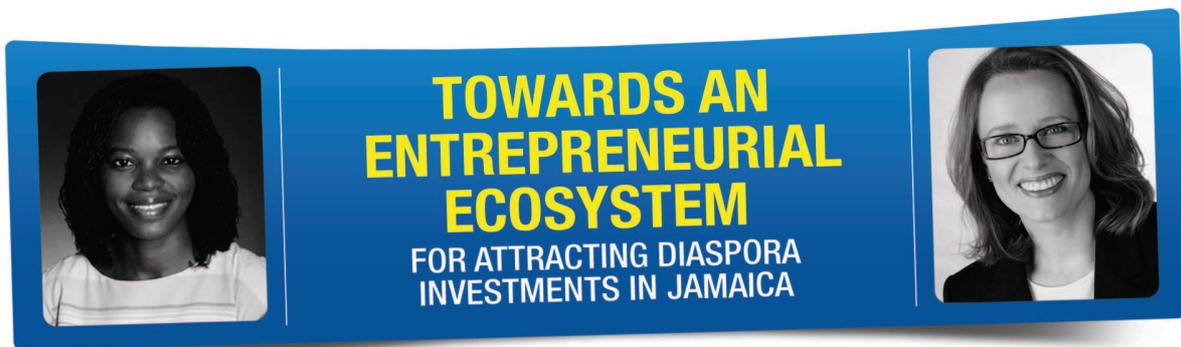


INNOVATION, PRODUCTIVITY & COMPETITIVENESS



Diasporans (foreign born population and their off-springs maintaining relations to their country of origin) are vital sources of investment, innovation and entrepreneurship illustrated by locations such as Silicon Valley, Berlin, Taiwan and Republic of Korea. Likewise, Jamaican and Caribbean, with large diaspora populations, can also drive more investments from this source into the region given an enabling environment.

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People in the Jamaican Diaspora have long been major contributors to the local economy; most visibly via remittances with impact extending well beyond recipient families to the macro economy accounting for 16.2% of GDP, according to Bank of Jamaica data. Most observers are generally aware of this reality and have often discussed strategies to tap the potential of diasporans via investment, entrepreneurship, innovation and new ideas that they can transfer across contexts, to generate profits and development, while acting as a gateway into mainstream foreign markets. At the same time, it is not uncommon to hear of diasporans who choose not to engage, re-migrate or even close start-ups due to systemic challenges in the local investment space. Going beyond remittances therefore, requires attention to scaling up, targeting and diversifying engagement to reduce the barriers faced by such investors.

TOWARDS AN ENTREPRENEURIAL ECOSYSTEM

In this article, we argue that the creation of a Diaspora Entrepreneurial Ecosystem (DEE) – a suitable context for entrepreneurial firms and investments involving the Diaspora to flourish — would be a positive step towards addressing these challenges.

The aim would be to create 'sticky' places, that is, an environment which both attracts and retains diasporan investors.

Incidentally, a DEE does not preclude attracting other investors, locally and internationally, since much of what affects the Diaspora also affects other investors. Furthermore, for small states such as Jamaica which have found it difficult to differentiate itself sufficiently in the global FDI market, employing all its resources for growth also means attention to its transnational population.

A key question, therefore, is what would a DEE look like in practice? A guide to answering this question is to focus on what investors have noted as deterrents to investments and designing policies and institutions which would address these deficiencies. Traditional barriers include crime, bureaucracy, identifying personnel, lack

of transparency, access to important business networks, a culture of underperformance and corruption. Drawing from these, a DEE would include facilitating institutions, actors, structures and resources aimed at addressing these challenges. Such strategies and policies have had positive impacts in other island contexts, namely in Taiwan's transformation to a highly competitive and modern business ecosystem.

INSTITUTIONS AND RESOURCES

Attention to the actual structures and platforms that act as a conduit for investments would be key. Specifically, investment institutions and the Jamaica Stock Exchange (JSE) would be major players, guiding the design of a package of investments. The JSE's Corporate Governance Index and designation in Canada are important in allowing for globally recognised standards that build transparency for external investors. Already the JSE has a level of trust and credibility through achievements such as its designation as the best performing exchange globally in 2015. [Call out] The JSE is also building a positive reputation in the Diaspora via its online trading platform and is well-placed to be one of the major nodes in this ecosystem. Its experiences, however, suggest that 'designing it' is not sufficient given the need for consistent marketing and educating potential investors on investment opportunities and the value of investing in Jamaica.

Internal markets are important, depending on the nature of the investment. However, emphasis on growth and the limits of the local market, export-oriented start-ups (born globals) or innovations which reduce imports will also be important. Here diasporans can serve a number of roles within this ecosystem beyond being investors. They can act as connectors with international suppliers and distributors, markets, marketers, and experts utilising networked resources for the benefit of

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local firms. As investors, they do not necessarily need to be physically located in Jamaica or return permanently. Supportive regulations and infrastructure (e.g. telecommunications) can allow business to be conducted from the country of residence or in partnership with local managers.

Critical resources and connections could be managed by a coordinating body – an entrepreneurial connector and institutional navigator helping to overcome bureaucratic delays. This connector (e.g. a Diaspora Investment Board) would offer professional services, build relationships with diasporans and facilitate their investments and engagement with government bodies and local mentors. The institution could be located within JAMPRO or be given institutional independence. Representatives could be located in the consulates and diplomatic missions or easily accessed locations across the diaspora. Examples of such services exist in the form of the Netherlands-based, IntEnt.

A connector here could also function as an incubator and hub offering networking opportunities with other diasporans, identifying mentors and partnership-building. Such a body could also be independent of government funding, receiving start-up funding only in its first three years as a performance incentive. This navigator would help overcome cultural relics, including lack of professionalism, over-emphasis on personal networks as an indicator of business success, and information asymmetry.

Investment platforms which encourage a variety of engagements are required. JSE's activities, (described above), is one such medium, while ►►

Jamaica National's crowd-funding platform is another. Likewise, the suite of investments would also be tailored for the different categories of investors, including the introduction of regional bonds and ethical investment options. Variety is important (though not necessarily a kitchen-sink approach), given differing motivations and expectations across and within generations.

CRITICAL ROLE OF 'SUCCESS STORIES'

Investment platforms which encourage important allies and brokers will include a network of diasporans or returnees who have invested in Jamaica as entrepreneurial peers and who are able to articulate to their peers a rationale for investing in Jamaica.

This is important since, not all diasporan investors are expected to be recent migrants or have sentimental attachment to the homeland. Success stories of entrepreneurs, e.g. Michael Lee Chin and Lowell Hawthorne are

crucial but need to be articulated convincingly towards a desired effect. Engaging "heroic" entrepreneurs willing to share their experiences can also impact positively the perceptions and actions, especially among younger diasporans.

Large innovative firms (GraceKennedy and Jamaica National) are also important. These already operate in the diasporic economy and can partner in terms of exporting and in increasing access to individual and small diasporan investors. While angel networks can help in navigating the local business environment, the advantage to courting diaspora investments is that they are more likely to come with their own seed funding and can themselves be angel investors.

A steady stream of diasporan investors means attention to motivations as indicators of the types of investments offered in the DEE.

POLICY AND REGULATIONS

Policy making and legislations will play a crucial role, including in offering investor protections at the individual and institutional levels (e.g. creation of a real estate board). Incentives relating to taxation would also be important,

including those related to claiming Jamaican citizenship.

Supporting policies not necessarily considered in other entrepreneurial ecosystems will feature here. The intent of creating a cohesive framework that builds relationships and trust suggests the utility of such support. Attention to personal and private issues includes policies governing return, support in identifying schools and other relocation services. While crime remains an issue, such interventions can help reduce the feelings of insecurity, while increasing sensitivity and knowledge of local culture.

CULTURE CHANGE

The reality too is that other more intangible aspects, such as business culture will also have an impact on the DEE's success. These relate to the culture of investments and attitude towards business. The need for consistency in the interpretation and application of rules and transparent fee structures for professional service providers in the DEE are examples. Many diasporans are also not experienced investors or technologically savvy and may need some hand holding by a trusted navigator towards culture change and reducing the anxieties of investing.

In short, much has been said about diaspora engagement. The emphasis should now be on moving to develop concrete proposals for action.

CONCLUSION

This article serves as an introduction to the concept of a Diaspora Entrepreneurial Ecosystem, rather than an in depth discussion on the theme. In short, much has been said about diaspora engagement. The emphasis should now be on moving to develop concrete proposals for action. The mix of actors, policies, structures and resources introduced here is one path towards a supportive entrepreneurial culture for increased productivity and growth for Jamaica, while delivering returns to the diaspora.

For sure, some components of this DEE already exists (e.g. educational and training institutions such as the UWI and the MSBM). However, along with the development of other policies, resources and structures noted above, these need to be structured to form a cohesive self-sustaining system for attracting and keeping diaspora business in a country arguably the best-placed in the region to benefit from such an engagement. ■

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