

Entrepreneurship in smaller jurisdictions: Appraising a glocal elite

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Entrepreneurship on smaller (often island) jurisdictions tends to suffer from the same import-orientation or 'cargo cult' that affects many other issues: entrepreneurs are rarely locally bred but are most often 'imported', recruited after long stints in other, larger countries, or else must be suffered to spend regular time away in the metropole. Thus, a successful strategy for developing local entrepreneurship becomes that of luring home those citizens who are away, along with other interested expatriates. Moreover, in spite of so much talk about, and so many ongoing resources dedicated to, entrepreneurship education, there is hardly any evidence that actual and active entrepreneurs from smaller jurisdictions have nurtured, developed or perfected their business skills after, during, or thanks to some formal educational or training programme. These observations call for some sober reflections about how, if at all, entrepreneurship can be promoted effectively in smaller territories. Would it be best, and cheapest, simply to seek to attract immigrants with an entrepreneurial flair? Is there any role that education can genuinely play here? Such searching questions are raised in the context of an exploration of entrepreneurs from a scan of smaller jurisdictions worldwide, and particularly from five European island regions involved in a Leonardo da Vinci pilot project supported by the European Commission.

Introduction

Ever since the Commonwealth Finance Ministers met in Barbados in 1977, an ongoing concern with the distinctive features of smaller states¹ has been a regular item of discussion on both political (such as during the biennial Commonwealth Heads of Government Meetings) and scholarly agendas (such as in the ongoing series of publications published by the Commonwealth Secretariat). Claims for special measures of support, based on an imputed economic and political vulnerability, became more credible following the US-led invasion of Grenada, a smaller island state within the Commonwealth, in 1983 (Harden 1985; Commonwealth Secretariat 1985, 1997a); they were rendered even more legitimate by academic research that tended to confirm the need for assistance in '...overcoming the particular difficulties caused by the combination of smallness, isolation and limited human and natural resources' (Crossley and Holmes 1999, p. 11). Where education and human resource development are concerned, these 'difficulties' would include: resource dispersal and scatter in archipelagos (for example, Steward and Thomas 1996); absence of professional collaboration and institutional coordination (for example, Crocombe and Crocombe 1994); absence of local research, evaluation and consultancy capacity (for example, Lloyd and Packer 1994; Crossley and Holmes 2001); the tension between local educational content and the international currency of qualifications (for example, Bray and Steward 1998); barriers to the adoption of information and communication technologies (for example, Commonwealth Secretariat 1997b), often in the context of post-colonialism (for

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example, Bacchus and Brock 1987; Bray and Packer 1993). Such challenges have been extensively reviewed in the steady stream of literature that has focused on education in small states (reviewed in Crossley and Holmes 1999; also Baldacchino and Farrugia 2002).

One general weakness of these approaches is that they are driven by political and formalistic definitions of ‘capacity’ and ‘capacity building’, where the competence for undertaking any key strategy lies in public policy which, by definition, is located mainly in national governments, or else (much less commonly) in regional powers. Such approaches could easily discount the typically rich pools of social capital that exist in smaller, often island, jurisdictions (for example, Baldacchino 2005d); but, more pertinently to this paper, they also discount or disregard the option of resolving what appear to be nationally-prescribed problems by non-national means.

This stance may stem in part from the nature of the Commonwealth as an association of sovereign states, all of which (except Britain itself) are former colonies of Britain proud to assert their sovereignty and display their jurisdictional resourcefulness, which includes the capacity to make laws and policies that impact on domestic affairs. But, smaller states being what they are, so many of their allegedly internal affairs are invariably influenced by ‘externalities’: to the extent that, the smaller the jurisdiction, the larger is the influence of external events on its goings on. Thus exports, imports, immigrants, emigrants, foreign investors, tourists, epidemics, environmental disasters and military invasions are not peripheral episodes but rather powerfully central to the life of smaller jurisdictions (Baldacchino 2004). Such a condition has been described as ‘vulnerability’ (Briguglio 1995) or ‘volatility’ (Easterly and Kraay 2000); but it is probably more exact to acknowledge that smaller jurisdictions, often islands, are exemplars of a determinant bimodality between home and away, ‘roots’ and ‘routes’ (Clifford 1997). Perhaps, we need to add entrepreneurs to the list of externalities.

Entrepreneurship on smaller (often island) jurisdictions tends to suffer from the same import orientation or ‘cargo cult’ (for example, Worsley 1967) that affects many other issues: entrepreneurs are rarely locally bred but are most often ‘imported’, recruited after long stints in other, larger countries, or else must be suffered to spend regular time away in the metropole. Thus, a successful strategy for developing local entrepreneurship becomes that of luring home those citizens who are away, along with other interested expatriates. Moreover, in spite of so much talk about, and so many ongoing resources dedicated to, entrepreneurship education, there is hardly any evidence that actual and active entrepreneurs from smaller jurisdictions have nurtured, developed or perfected their business skills after, during, or thanks to some formal educational or training programme.

These observations call for some sober reflections about how, if at all, entrepreneurship can be promoted effectively in smaller territories.

Small and medium sized enterprises and manufacturing

It is common knowledge nowadays that small and medium sized enterprises (SMEs) are very important contributors to economic growth: they are key providers of services to larger firms, major nurseries for the development of skills, and prime locations for more flexible, innovative and sustainable job practices (for example, Liedholm and Mead 1999; Jones and Tilly 2003). Their positive contribution is all the more evident in the context of massive lay-offs from large firms and especially appreciated in epochs of long-term, structural unemployment (for example, Waldringer et al. 1990; Ibrahim and Ellis 1994). SMEs play an even more pronounced role in the case of the smaller jurisdictions, where the typical average enterprise size is even smaller than elsewhere (Granovetter 1984).

Manufacturing is also seen as an important engine to economic growth and development. The factory has been a symbol of industrial progress for the last 150 years. Manufacturing

creates many jobs; develops technical skills; adds higher value to products; and creates many supportive service industries (for example, Zimmermann and Beal 2002).

However, many handicaps can affect the set-up and operation of manufacturing SMEs when these are based in smaller territories: the list includes smaller domestic markets, absence of scale economies, high transport costs and a tendency towards oligopoly and imperfect competition (Dolman 1985; Doumenge 1985, 86; Payne, 1987; Armstrong et al. 1993; Fischer and Encontre 1998; Encontre 1999). How challenging are these handicaps? Can they be overcome? How? Can some small firms from smaller territories serve as models of successful export-oriented development? And if so, which? What would be their characteristics? And, specifically for this paper, what is the profile of their entrepreneurs? Can these profiles be patterned? If so, their critical analysis may provide interesting policy lessons and insights on small business development from smaller jurisdictions.

Structural handicaps

Finding a product with 'cutting edge' technology intended mainly for export that is developed by a smaller jurisdiction-based business in a small-scale operation can only be described as exceptional.

Smaller jurisdictions are dominated by service industries; and most have made the transition to a tertiarised economy straight from agriculture/staples production (Squarzonei 1987; Baldacchino 1995): it is difficult to imagine how manufacturing-based SMEs in smaller jurisdictions can thrive. Instead, a common expectation is that of a sustained lack of local competitiveness in the face of imported goods. Protectionism and benevolent economic stewardship by the state or a regional authority may have encouraged local investment in producing for the small domestic market, such as in food, beverages and cottage industries, where this is allowed or tolerated. Such operations, however, are often stubbornly uncompetitive. Moreover, even where smaller jurisdictions have good quality and competitive products, there are difficulties in sourcing effective research and development capability, skilled human resources, suitable terms for financing and/or appropriate technology. The all-too frequent outcome is a steady deterioration in the competitive position of local SMEs, a short-to-medium term loss of markets and an erosion of profit margins. Finally, a dependence on typically more expensive transport, insurance and tele-communications costs acts as an additional, in-built structural disadvantage to such firms engaged in manufacturing, especially in bulk (high-volume), heavy and/or perishable imported raw material or exported products.

Thus, it imports rather than exports, and it is trade and consumption rather than industrial manufacturing production, which attracts the interest of the local commercial community on islands. It is also the public sector, rather than the private sector, which creates more stable, secure and better paying jobs. Politically, the importing business elite typically enjoys the upper hand and tends to elbow out locally produced goods in preference for imported (possibly cheaper and better) ones, from away. Local consumers may also prefer to patronise 'high-status', foreign goods coming from the (larger) mainland, at times even when they are more expensive than or of inferior quality to the local counterpart.

It is therefore not surprising that, today, hardly any smaller jurisdiction has a significant manufacturing sector, unless this is supported by generous fiscal supports, privileged market access or protectionist devices – measures which are themselves threatened by economic liberalisation. Thus, where this manufacturing sector exists, it is mainly export-led investment fuelled by foreign investment and technology (Sklair 1993), often benefiting from export subsidies and other positively discriminatory legislation, typically via unsustainable and labour/gender-exploitative operations (for example, Kelly 1986; Slatter 1987). In most cases, smaller jurisdictions have

abandoned the industrialisation phase, leapfrogging from agricultural self-employment to service economies, specialising in tourism, banking, bunkering, berthing, communication and administrative jobs in both the private and public sectors (for example, Worrell 1987; McKee and Tisdell 1990; Streeten 1993).

As if this wasn't enough, a heightened pace of transition to a knowledge-based economy presents still more bad news for the manufacturing prospects for smaller jurisdictions. Often conceived as isolated and disconnected locations, smaller territories appear badly suited towards competitiveness because of a defensive self-absorption and peripherality in relation to trade and capital flows (for example, Royle 2001). Within the parameters of the global knowledge economy, there is even less scope for places or firms to try and survive as 'islands of self-sufficiency'. Michael Porter (1998, 171) goes so far as to refer to an industry cluster which becomes gripped by complacency and inward focus as insular, probably on the assumption that islands are 'closed and inward-looking systems' (*ibid.*).

Smaller (often island) jurisdictions are structurally cheated of markets, economies of scale and institutional critical mass. A resort to a claim for structural and chronic vulnerability is tempting (Briguglio 1995). Burdened as they are with these structural handicaps, the communities of smaller jurisdictions must now navigate in a world that not only penalises the small and peripheral, but is also favouring big cities (for example, Ohmae 1990; Ibbitson 2005). At face value, they are amongst the most poorly equipped to respond to the challenges of the knowledge age. Depopulation, for many small territories, is also a real threat, particularly for youths, who leave in droves for the metropole. Do, and can, smaller jurisdictions offer any interesting lessons in economic viability? More specifically, is there a particular pattern to entrepreneurship in smaller, often island, jurisdictions with a view to the setting up of successful small-scale manufacturing?

In order to answer such questions, an investigation into the presence and operations of small manufacturing firms on smaller jurisdictions which appear to buck the pessimistic scenario described above has been under way since 1997. The definition of success has been arbitrarily equated to five specific and measurable variables. The selection has been guided by a desire to seek extremely exceptional firms (thus keeping absolute numbers low) which maximise value added at home:

- (1) local ownership, meaning majority or exclusive control of the firm is vested in individuals who are native islanders;
- (2) small size, meaning firm has up to 50 employees or outworkers;
- (3) manufacturing, meaning firm is producing a commodity that has weight, volume or form, which can be separated from its producer in the act of sale or purchase;
- (4) export orientation, meaning the bulk of the firm's manufactures are destined to markets and clients elsewhere, and have been so for at least three previous consecutive years; and
- (5) technology adaptation, meaning that any key technological processes used by the firm in the manufacturing operation have been customised, if not invented, by the locals.

The first, rather casual, search for such firms took place in Viti Levu, Fiji, in 1997. Using friends of friends, Mokosoi Soaps was identified (see www.mokosoi.com.fj/) – a company whose product has since been fêted as one of Fiji's 'finest products' (see www.fiji.gov.fj/publish/page_4654.shtml). A brief research report was written about that firm's success story. That account (Baldacchino 1999, 82) commented as follows:

It has been forcefully argued that small ... economies cannot be simply looked upon as bounded entities expected to attempt and succeed in developing a productive capacity from inherent resources.

This is a nationalist fallacy which fails to appreciate that small [jurisdictions] are organic parts of a wider economic system from which, on balance, they derive substantial benefits (Kakazu 1988).

Part of the 'rent-seeking' approach used by these small jurisdictions includes the attraction and exploitation of expatriate entrepreneurs. Foreigners with experience in the industrialized world can be well utilized by island economies, especially when these expatriates become naturalized ... The successful domestication of such human resources and intellectual capital within the local business activity constitutes an important economic victory for the insular micro-territory.

These observations were proposed because Mokosoi Soaps was set up and managed by a male expatriate, originally from New Zealand, but successfully naturalised in Fiji and married to a Fijian woman.

Fast forward to the year 2000, and a similar, exceptionally successful, firm on the Canadian island province of Prince Edward Island was sought out. This time, the focus was on the Island Preserve Company (see www.preservecompany.com), a firm that had been studied earlier by other academics (Beamish 1991). Once again, the entrepreneur behind the firm was a 'come from away' male – this time, from the neighbouring mainland province of New Brunswick. In this case, the comment (Baldacchino 2002, 257) ran as follows: 'Drawing in expatriates with the tantalizing lure of a better quality of life serves as a rich source of expertise and new ideas to a small ... economy'.

Fast forward again, this time to 2004. The setting is the Network of Islands for Small Scale Organisational Success (NISSOS) Project, a 3-year (2003–2006) pilot project supported by the European Commission and exploring successful small-scale manufacturing from five, smaller, European jurisdictions – Iceland, Malta, Åland (Finland), Saaremaa (Estonia), and Skye and Shetland (Scotland) (see www.nissos.net). The first two of these are smaller states; the other three are the smaller, administratively autonomous, regions of larger states. Ten firms, two from each of the participating territories, were targeted for further scrutiny: one firm would be based on a manufacture developed around locally available raw material inputs; the second would be IT-intensive and technology driven (see Table 1). The reason for such a choice was a logical consequence, following the clustering of most successful firms around these two sub-sectors:

These 10 firms were analysed in detail and profiled. Detailed enterprise data for this purpose was collated from a semi-structured, 65-question template questionnaire developed by the NISSOS partners during spring 2003, and following a review of the literature. It includes: quantitative, descriptive data about the firm; an account of the stakeholders' position with respect to the firm; the enterprise's specific competences (production considerations, marketing orientation, operational effectiveness); the enterprise's 'internal' architecture and technology dependence; its human resource policies; firm reputation and product branding; the firm's institutional relationships (with banks, state departments, development corporations) and its 'goodness of fit' with its environment. Data collated included the nature of entrepreneurship. The emergent picture is summarised in Table 2.

Table 1. Ten firms targeted for analysis from five smaller European jurisdictions.

Island territory	Firm enjoying raw material input	'Hi-tech' firm
Åland	Snickarboden	Consilia Solutions
Iceland	Lysi	Frisk Software
Malta	Mdina Glass	Shireburn Software
Saaremaa	Saare Paat	Baltic Workboats
Scottish Isles	Shetland Designer	Gaeltec

Source: NISSOS Project

Table 2. Summary profiles of 10 successful small firms from the five island regions.

	Åland	Åland	Iceland	Iceland	Iceland	Malta	Malta	Saaremaa	Saaremaa	Saaremaa	Scotland	Scotland
Firm	Snickarboden	Consilia Solutions	Lysi	Frisk Software	Mdina Glass	Shireburn Software	Saare Paat	Baltic Workboats	Shetland Designer		Gaeltec	
Product	Wooden venetian blinds	Web-content mgmt system	Fish liver oil	Anti-virus software	decorative glass	Software for Lotus Notes	wooden boats	Aluminium seacraft	fashion garments/knitwear		Electronic gadgets	
Idea originator	Founder	Founder (runs other firms)	Founder + UpJohn	Founder	Founder + 2 foreigners	Founder	Partnership (Swedish)	Manager + consortium	Founder		Founder	
Why set up	Niche identification	Business opportunity	Perceived need	Business opportunity	Prompt by foreign friend	Higher value / diversity	Via Swedish partner	Take over idle plant	Increased local demand		Business opportunity	
Why export	Saturation of local market	Continue what started in Sweden	Perceived need in USA	Small home market	Saturation of home market	Away from 'hours for \$'	Saturation	Initially contracted	Saturation & risk diversification		Chance encounter	
Founder	Krister Lindberg (KL) (wife= accountant)	Ian-Olof Engblom & Stefan Linden	Tryggvi Olafsson & brother Thorður	Fridrik Skulason & wife Bjorg	Joseph Said & 2 foreigners?	John De Giorgio (+ Franco Galea)	Reorganisation of former collective	Mark Muru + Investors	Wilma Malcolmson skilled knitter		Donald MacLachlan	
Founder background	Engineer	Programmer with Electrolux (Sweden)	Fishery business	Subcontractor with IBM	Designer	Family business / IT trainer/ UK salesperson		Head, former boatyard				
Boss bias?	Owner-founder-manager	Owner=founder=partner	Owner=G'd daughter of founder	Owner+wife= partners	Owner-founder-manager	Owner=founder=CEO	No	No	Owner-founder-manager		Scientist in London	
Initial finance	Bank loan	Own savings / bank	Self-financing	Private savings	Self-financing	Own savings	Self-financing	Investors	Self-financing		Yes-but handed over	

Table 2. (Continued).

	Åland	Åland	Iceland	Iceland	Malta	Malta	Malta	Saaremaa	Saaremaa	Scotland	Scotland
Sources of finance	Bank loan	Own savings / bank	Advances by Up-John(USA)	Private savings	Personal & bank	Mother firm	Bank loan	Investors	Trust-Grants-Private Sources	Own savings / ex- boss	
Institutional support	Insignificant	Nil	Up-John (USA)	Nil (industry bias)	Minor	Brother in UK	Former Swedish owner	Marine Alutech (Finland)	Significant		
State support	Finding partners	Trade fair participation	Took part in trade missions	Intense paperwork	Subsidised rent	Export incentive/lower tax	“Export support”	No	Capital/promol literature	Enterprise Board	

Source: NISSOS Project

Various implications arising from the results of this pilot project have been published (Baldacchino 2005a, 2005b, 2005c; Baldacchino and Fairbairn 2006a, 2006b). Meanwhile, each firm has its own unique story to tell. The details of the setting up of each firm, and its entrepreneurial origins, are interesting and are summarised in brief paragraphs below.

Lýsi, a fish liver oil manufacturer, was set up in Iceland in 1938 by the Olafsson brothers, Tryggvi and Thordur, along with other Icelandic entrepreneurs, after a sales agreement was reached with the US-based pharmaceutical giant Up-John Ltd, when this firm was looking for a suitable replacement to Norwegian cod liver oil. Up-John paid for the product in advance of delivery, enabling the Olafsson brothers to build a processing plant large enough to fulfil the contract (see www.lysi.is).

Mdina Glass was set up in Malta by two Englishmen, Michael Harris and Eric Dobson, in 1963. The firm was the first to commence the manufacturing of glass blown objects in Malta. Harris left Malta in 1972, but Dobson continued running *Mdina Glass* until 1985, when it was taken over by Joseph Said, the first Maltese glassmaker and originally in charge of the design and production techniques at the firm (see www.mdinaglass.net/).

The origins of *Saare Paat* date to 1989, when an Estonian–Swedish joint venture was set up to build traditional wooden boats. By 1997, the Swedish owners had been bought out. Today, 81% of the shares of *Saare Paat* belong to a holding company and the remaining 19% to 2 private individuals: one being Peeter Laum, production manager at Saare Paat (see www.saaremaa.ee/boat/).

Snickarboden came into being in 1982 when Krister Lindberg, an unemployed engineer, stumbled upon a business opportunity, making wooden flower-stands for a local shop. After some market analysis, he decided to go into up-market wooden Venetian blinds. Since the demand for luxury products was growing in the Nordic countries in the late 1980s, this proved to be the right move at the right time. Exports soared, especially to Sweden (see www.snickarboden.com/).

Shetland Designer was set up in 1982 by Wilma Malcolmson and her own capital. Like most young Shetland women, Wilma was taught Fair Isle hand-knitting at an early age and has an intrinsic ability to blend colour and pattern using the traditional palette. Wilma had previously worked as an outworker for other local companies, becoming skilled in the use of domestic knitting machines (see www.shetlanddesigner.co.uk/).

Engineer Jan-Olof Engblom had been employed as a computer programmer with the Swedish multinational company Electrolux for a number of years. In 1991, he decided to set up his own consultancy firm in Stockholm. He identified his clients through the broad network of contacts he had developed while still at Electrolux. He decided to move back to his native Åland Islands in order to improve his quality of life. Jan-Olof's partner in setting up *Consilia Solutions* in 1997 is his old friend Stefan Lindén, also a computer engineer and a graduate from Sweden (see www.consilia.fi/).

Also employed with a multinational company was Friðrik Skúlason, a computer science graduate and founder of *Frisk Software International*. He was working with IBM in Iceland in 1989 when he began analysing common viruses that were starting to affect computers at that time. He wrote a programme that was able to detect and destroy various computer viruses. The programme was a great success and Friðrik spotted a business opportunity: his new firm was established formally in 1993 (see www.f-prot.com/).

Donald MacLachlan was a successful London-based research scientist with GV Planer Ltd, before he relocated to the Isle of Skye, Scotland. He started *Gaeltec* after identifying a product gap in the market following a chance conversation with a fellow scientist from Edinburgh University, who became his very first customer. A good relationship with his previous employer in London enabled Donald to develop Gaeltec using technologies he had developed while still

their employee. He paid GV Planer royalties every year from 1971 until the late 1990s. Over time, Gaeltec has developed its own exclusive technologies (see www.gaeltec.com/).

Mark Muru was unemployed after working for many years at the Saaremaa Boatyard of the Estonian National Maritime Board. He took the initiative to identify and contact parties who might be interested in setting up a new shipyard by buying Nasva Harbour in Saaremaa, Estonia, and its existing infrastructure. He is now the production manager of the firm, while his wife manages the finances. The initial business idea was to focus on ship repair. However, Mark had very good contacts with Marine Alutech OY, a Finnish Boatyard. Marine Alutech had won a large delivery order from an Estonian company, but lacked the manpower to complete the job in time. And so, *Baltic Workboats* was invited to act as subcontractor. Since then, *Baltic Workboats* only builds new ships (see www.balticworkboats.ee/).

Finally, John De Giorgio set up Shireburn in Malta in 1983. *Shireburn Software* has been, since 1990, the Malta distributor for Lotus Software and John – after having sold financial software packages in London, UK and undertaken an entrepreneurship course in the USA – started developing an interest in software solutions for Lotus Notes, developing the successful *Integra* for Notes in 2001 (see www.shireburn.com/).

Analysis

John De Giorgio, Donald MacLachlan and Jan-Olof Engblom represent trans-nationals: they have all spent long stretches of time living and working away from their home on a smaller jurisdiction – the first two in London, UK; the third in Stockholm, Sweden – choosing to return after they had amassed the contacts, education and experience which allowed them a much better chance of being successful, export-oriented entrepreneurs.

Moreover, Jan-Olof, Donald and Friðrik Skúlason also successfully managed to develop and nurture their innovative business ideas after accumulating skill and contacts working with large, often multinational, companies: Electrolux, IBM and GV Planer respectively. The launch and success of their own small businesses depended crucially on their ability to negotiate a satisfactory transition which would not prejudice the intellectual property of the mother firm. This strategy is especially vital when dealing in knowledge-intensive industries. These men practised exogenous entrepreneurial incrementalism, biding their time and minimising their eventual own-business risks: a business style that one does not normally associate with entrepreneurship.

Thirdly, Mark Muru, Peeter Laum, Joseph Said and the Olafsson brothers were even more critically dependent on foreign capital, clientele or expertise to get their own local business going. In these cases, their locally-based firms represent a successful endogenous entrepreneurial incrementalism, involving a transfer from a strong dependence on the international supplier, client or partner. In some cases, it was the foreign player who demonstrated entrepreneurial flair by actually setting up (*Mdina Glass*), or strongly encouraged the setting up (*Lysi*), of the local business in the first place. The locals' main task here was to wean themselves away when the time was right.

This leads us next to two entrepreneurs out of the ten showcased above who do not fit in any of the three categories above: both Wilma Malcolmson and Krister Lindberg developed their ideas mainly on the basis of local knowledge; they dabble in products which require substantial local raw material and labour input; they operate in the craft market; and they depend substantially on visiting tourists to boost sales.

Finally, we must not forget the important category of entrepreneurs who are NOT citizens of small jurisdictions by birth but by choice or circumstance: they are resident expatriates – like both Ken Roberts of *Mokosoi* and Bruce MacNaughton of *Island Preserve Company* – lured to the small territory by a variety of ways, and especially by its quaint and enticing quality of life.

Moreover, not a single one of the five 'high-tech' stories reported above (Frisk, Baltic Workboats, Consilia, Shireburn and Gaeltec) deals with a firm which was set up exclusively on the basis of local knowledge. We read of a shifting and shuttling from core to periphery, from periphery to core, trying to achieve and hold on to the best of both worlds. There is a deliberate attempt at combining the markets, clients, knowledge and technological dynamism of the city with the serenity and more leisurely pace of the way of life of the small jurisdiction. Effective communications are crucial to make this possible and practicable. Although the Internet and information and communication technologies facilitate this, they do not replace conventional opportunities for face-to-face exchanges, which may need to be refreshed via visits to agents and retailers, as well as participation in trade missions, fairs and exhibitions.

Furthermore, not a single one of the entrepreneurial men and women showcased in these case studies has entered the world of business after following an entrepreneurial programme at school. The only candidate close to doing so is Shireburn's John De Giorgio, but his entrepreneurial education was only embarked upon when he was already mature and out of school for some years. Moreover, the programme attended was overseas (USA) and that feature, along with its implications – such as joining an international group of students and being exposed to case studies from a foreign country – may have been a more significant variable than the educational content of the programme *per se*. These facts confirm that entrepreneurship is not simply more likely to be developed via contact with resources overseas, but also more likely to be developed out of school than in school. The question, therefore, naturally arises: is it a contradiction in terms to seek to foster entrepreneurship via the formal educational system? How innovative and formative can schools be in developing individuals keen to start their own businesses? Or do schools turn people away from entrepreneurial behaviour, as some researchers suggest (for example, Casson, 2003, 207–210)? After all, schools tend to reproduce those personnel capable of taking on existing jobs, not encourage students to create their own.

Such damning questions are rather easy to test for. One should look around at examples of successful entrepreneurship from smaller (often island) jurisdictions: how many of the founders and general managers of such firms have followed entrepreneurship programmes? How does their educational background compare with that of the general population? Moreover, how many of them have actually come into their status of entrepreneurs using one of the three routes highlighted above: by virtue of being trans-nationals (one foot here, one foot there); via incrementalism; or via a transfer from dependency?

Policy implications

If the evidence from other small jurisdictions backs the outcome of the NISSOS Project, then some important policy implications arise.

First of all, education and training appear to have become a modern panacea to all challenges to development and modernisation. The European Union, for example, had declared (at the Lisbon summit of March 2000) its intent to become the world's leading competitive and dynamic knowledge-driven region by 2010, and has adopted various benchmarks in education, training and R and D expenditures to monitor its progress in this regard. The mystification of 'non-development' as insufficient education deftly translates a complex qualitative issue into a quantifiable one, which is therefore more amenable to that favourite form of measurable policy intervention: the dedication of financial resources.

Secondly, and in the light of dominant neo-liberal ideology, the strong commitment to education and training – once the infrastructure is in place – squarely places the onus of responsibility on citizens (both as individuals and as consumers of educational programmes) to improve their skills and expertise – including entrepreneurship – in order to contribute to

economic growth (for example, Borg and Mayo 2005). The message is that, if they don't do so, then it is their fault, and no one else's. Thus, the underlying signal is that non-development is a function of ignorance and can be rectified by learning.

Thirdly, when developing countries, including many small jurisdictions, buy uncritically into this rhetoric, they find that they need to dedicate precious resources to educational and training institutions which, however, do not always deliver the hoped-for cadre of human resources (for example, Bacchus 1989). To add insult to injury, educational programmes often generate a well-educated, mobile but non-entrepreneurial elite which either has no incentive to change the status quo or else is often quick to leave its home and settle in the metropole (for example, *Jamaica Gleaner* 2005).

If the intention is to breed and encourage entrepreneurs in and for smaller jurisdictions, then the histories of successful local businesses suggest that a different, broad, educational policy may be warranted:

Firstly, it is important to encourage – rather than dissuade – local citizens to visit and spend some extended period of time as migrants in the metropole, for education or employment. The policy objective should be directed at the breeding of a transnational diaspora, enticing citizens from smaller places to forge links with the metropole and maintain links with local life, culture and relations. This is the meaning of glocalisation (after Robertson 1995): being both global and local in orientation (Connell and King 1999, 2; Jolly 2001), exploiting what has already been described above as both roots and routes (Clifford 1997) and developing a 'progressive sense of place' (Massey 1993).

For this to happen, the governments of small jurisdictions and their enterprise boards should encourage opportunities for their citizens to go 'away' for a variety of reasons – including tapping foreign markets, working with international firms, meeting potential clients, befriending potential business partners and bumping into potential business ideas – which can then hopefully be lured back home, with the promise of a better quality of life. Remittances already constitute an important fiscal transfer from the metropole for many smaller economies (for example, Prasad 2003): can this be complemented by a transfer of knowledge and human capital? Or, even better, rather than the zero sum game of 'brain/brawn drain/gain', perhaps it is time to switch to a discourse of brain/brawn 'rotation' or 'circulation' that speaks more appropriately to the reality of cyclical mobility, transnationalism and identity (*The Economist* 2005; Baldacchino 2006)?

Secondly, the same promise of better quality of life could be the magnet which attracts expatriates to become localised entrepreneurs. These same expatriates, custodians of esoteric, non-locally generated knowledge, once they set up shop locally, become the agents for intensive and specialised in-house training from which their staff would benefit; that could eventually facilitate a successful transfer or indigenisation of the firm (for example, Befus et al. 1988).

In spite of these compelling arguments, should an entrepreneurship educational programme still be felt to be required, then it should be addressed towards showing local citizens that the paradigm of economic vulnerability, or of its antithesis, resilience – standard fare in most conventional economics textbooks that consider the challenges of smaller size – can be usurped. Moreover, there would be real life examples, and strategies, drawn even from their own smaller territory – which would be known to them – to prove this statement to be the case (for example, Baldacchino and Vella Bonnici 2005; Bertram and Poirine 2007).

Conclusion

Research on smaller jurisdictions has identified various examples of business success that depend on an entrepreneurial flair that often manifests glocal strategies, and the circulation between 'home' and 'away' has appeared as a clear indicator for such a success.

The conclusions of this study need to be confronted with further evidence gleaned from many other, smaller territories to go beyond indicative legitimacy. If, however, they are fair and plausible observations, then the governments of smaller jurisdictions may be better off ensuring that: (1) their territory has an enviable 'quality of life' infrastructure – low crime, strong and safe communities, vibrant culture, efficient bureaucracies, stable economies, affordable housing, welcoming environments, healthy lifestyles, good air and water quality – a package which is likely to lure immigrants (for example, Baldacchino 2005d); (2) its citizens enjoy sufficient opportunities for engaging in overseas activities, including education and employment as well as trade fair and trade mission participation, and that international travel should be subsidised rather than taxed; and (3) the costs of utilising information technology to remain connected with the rest of the world – such as via broadband availability – are as inexpensive and as widely accessible as possible. Such a troika of measures suggests itself as being more effective in delivering entrepreneurship 'on the ground' in, and for, smaller jurisdictions than allocating money, effort and resources into entrepreneurial training.

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Note

1. I am deliberately using the word 'smaller' rather than 'small' to alert readers to a tendency in the literature to equate big states with 'normal'. This is hardly the case in practice. Out of 237 jurisdictions listed in the CIA *World Factbook* (CIA 2006), only 23 have populations of over 50 million; while 158 have populations of less than 10 million (of which 41 have a population of up to 100,000). Clearly, the so-called 'small state' is the typical size; and the large state is the anomaly.

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