



## **Chapter XIII**

# **Doing Business in Paradise: Infrastructure and Information Issues for Small Business in a Developing Island Economy<sup>1</sup>**

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## **ABSTRACT**

*This chapter presents findings from a case study of the Turks and Caicos Islands (TCI) in the British West Indies area of the Caribbean. TCI is a tax haven that has worked to attract offshore financial firms such as trust, insurance, and financial management companies. All of these firms, which qualify as “information intensive,” are small in size (average 11 employees), engage in business on a global basis, and yet must compete while dealing with local infrastructure challenges. TCI is presented as the developmental context in which small businesses (largely owned or managed by foreigners from other cultures) must interpret and cope with national infrastructure challenges in this very small, young, rapidly growing island nation. Not surprisingly, we found that these firms share similar challenges with those in other developing countries; however, the perceptions of these challenges and how these small firms cope provide insights into the importance of small firms, small-scale foreign investment, and cross-national transfer of technology expectations.*

## INTRODUCTION

Some organizations, such as financial services firms, traditionally have had high requirements for information processing while also having high information content in their products and services. More recently, however, the pervasiveness of information and Internet technologies has resulted in many organizations becoming increasingly information-intensive and information-technology-reliant (Glazer, 1991; Proudlock, Phelps, & Gamble, 1998). The technical challenges for these information-intensive firms are many, even in technologically advanced countries. Although there is recent evidence that the speed of IT diffusion among Latin American and Caribbean countries is “quite high and comparable to other countries,” this diffusion is dependent on the country’s IT infrastructure and institutional factors, such as regulatory policies (Bagchi, Hart, & Cerveny, 2002). These challenges increase exponentially when operating as a smaller enterprise in developing countries with uncertain infrastructures (Bingi, Leff, & Shipchandler, 2000; Davy & Allgood, 2002; Mansell & Wehn, 1998).

This chapter presents findings on how such small, information-intensive firms perceive and attempt to cope with these challenges through a case study of organizations in TCI, one of the lesser-known international financial centers. The next section provides our research design and data collection methods, followed by background on TCI and our findings. The chapter closes with a discussion of implications for research and management practice.

## RESEARCH DESIGN AND INITIAL MODEL

The research for this case study began in 1999. During a visit to TCI, the first author was trying to check e-mail and could not connect to TCI Cable and Wireless, the monopoly firm providing telecommunications and Internet services to TCI. Upon inquiring how long the network would likely be down and anticipating a response of “fifteen minutes to an hour,” the first author was told, “the server is probably down, and so it could be a few hours or a few days before it comes back up.” When clarification was sought, it was explained that the technician who dealt with the server was on the mainland (USA) for holiday celebrations with family. His return would depend on “how good a time he is having and whether he makes the flight back tomorrow.” This initiated the formal case study investigation into how local firms coped with this infrastructure uncertainty, especially since many of the firms relied heavily on information and communications technologies to provide products and services or to process transactions.

### Data Collection

As suits case study research, a variety of methods were used to collect and verify data over several years of TCI’s history (Lee, 1989; Lincoln & Guba, 1985; Miles & Huberman, 1994; Yin, 1994). This research relied on a combination of (1) intensive, semi-structured interviews with 12 participants in fall 2001, spring 2002, and fall 2002; (2) informal discussions with locals, residents, tourists, and business owners from fall 1999 to fall 2002; (3) periodic direct and participant observations over that same three-year period; and (4) analysis of public documents and research literature.

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