

ABSTRACTS

Volume 31 No. 1 March 2006

Dividend Policy among Publicly Listed Firms in Barbados

by Justin Robinson, University of the West Indies, Cave Hill Campus

This paper adds to the sparse literature on corporate management practices in the Caribbean by undertaking an in-depth study of dividend policy among publicly listed firms in Barbados. The paper utilises an analysis of historical data on dividend payments, a questionnaire survey and structured interviews with financial managers in Barbados. The research findings suggest that publicly listed firms in Barbados actively manage their dividend policy, and in particular, are reluctant to omit or cut dividends, pursue stable dividend policies and appear to target the dividend per share as the variable to be managed as opposed to the dividend payout ratio, suggested in the academic literature. In contrast to their developed country counterparts, financial managers in Barbados seem to take a “bird in the hand” view of dividends and retain a strong commitment to paying dividends, and legal restrictions aside, do not view share repurchases as an alternative to dividends, as a means of providing cash for investors. The author contends that the attachment to dividends as a means of returning cash to shareholders and the high level of dividend stability are largely due to the closely held nature of firms in Barbados, which in turn leads to thin trading and an almost exclusive reliance on dividends as a means of generating cash from equity investments. While this may be beneficial to large shareholders, it has potentially negative consequences for minority shareholders and the stock market microstructure in Barbados.

Pages: 1-32.

Key words: corporate dividend policy, stock market, ‘disappearing dividends’, firm value.

The Potential Impact of Culture Values on Effective Management in the English-Speaking Caribbean¹

by Betty-Jane Punnett, University of the West Indies, Cave Hill Campus

The research measured cultural variables, using the Cultural Perspectives Questionnaire, in samples drawn from University personnel and students in three countries - Barbados, Jamaica and Trinidad & Tobago. Results suggest that respondents from the three locations have a similar cultural profile on the variables measured. Value profiles were hypothesised for English-speaking and developing countries for comparisons. The value profile in this group of countries is relatively similar to the profile hypothesised for English-speaking countries, but the cultural profile also includes aspects hypothesised for developing countries. The implications for management in the English-speaking Caribbean are discussed. The results of the study should be interpreted only in terms of the specifics of the sample used as results are not generalisable to the wider population.

Pages: 37-52.

Key words: cultural values, power and authority, autonomy, management style, workplace.

PUBLIC LECTURE

Ten Years after Beijing: What More do Caribbean Women Want...?

by Joycelyn Massiah, University of the West Indies, Cave Hill Campus

This is a transcript of a feature address given by Professor Massiah.

¹ Special thanks to the Ford Foundation for supporting this project and to Gwendoline Williams for her valuable assistance in collecting data in Trinidad and Tobago (T&T).

COMMENTARY

How Dutch Am I? Why the proposed Dutch Compulsory Integration Law for Dutch Antilleans is Discriminatory?

by Terry J. Peterson, University of the West Indies, Cave Hill Campus

This is a commentary.

Abstract Volume 31 No. 2 June 2006

Water Demand Management Measures: Analysis of Water Tariffs and Metering in Barbados

by Walid Khawam, Kameel Virjee and Susan Gaskin

The efficient use of water is necessary in water scarce regions like Barbados. This study provides an insight into the impact of two water demand management measures, water pricing and metering, on residential water use in Barbados. Econometric demand models of residential water use are developed to assess the potential of pricing policies to conserve water. The models are used as policy tools to investigate the impact of future increases in water price on water use and revenue generation, considering also the equity of price increases. Metering must be accompanied by a substantial increase in price to encourage water conservation.

Pages: 1-24

Key words: water demand management, pricing, metering, econometric demand modeling.

The Economic Effects of Tax Incentives on the Mutual Fund Industry in Barbados

by Kerry-Ann Alleyne and Winston Moore

The main hypothesis of the paper is that as a result of the tax incentives offered to the Barbados mutual fund industry the demand for these products is not significantly related to their return. To investigate this hypothesis, the paper estimates a model of the demand for mutual funds and test whether the coefficient of the return on mutual funds can be restricted to zero. The paper finds that the main determinants of the demand for mutual funds in Barbados are income and previous investment inflows, while the return on the fund and other mutual funds do not significantly influence demand.

Pages: 25-43

Key words: financial soundness, mutual funds, rate of interest, portfolio investment.

Effective Management and Culture: An Analysis of Three English-Speaking Caribbean Countries

by Betty-Jane Punnett, Emily Dick-Forde and Justin Robinson

This paper reports on the results of an exploratory empirical study of management practices and cultural characteristics in three English-speaking countries – Barbados, Jamaica, and St. Vincent & the Grenadines (SVG.) Fifty-six open-ended, in-depth interviews were conducted with managers, and a discussion group was held in one location. This qualitative design was appropriate because of the exploratory nature of the project. Interviews were summarised and content analysed to identify similarities and differences. The results reported here focus on cultural characteristics and management practices. Respondents from the three countries identified similar cultural characteristics as well similar management styles. The effectiveness of these styles is discussed, as well as the limitations of this research and the need for further studies.

Pages: 44-71

Key words: management culture, style, power, hierarchies, developed versus developing countries, sampling, job satisfaction, reward systems, participatory management.

Labor Markets and Economic Development

by Gary Fields

This article is a revised version of the Sir Arthur Lewis Distinguished Public Lecture delivered at the 7th Annual Sir Arthur Lewis Institute of Social and Economic Studies (SALISES) Conference held at the Cave Hill Campus of the University of the West Indies, Cave Hill Campus on March 29, 2006.

Pages: 72 -84.

Volume 31 No. 3 September 2006

Perceptions of Moral Intensity Among Under-graduate Accounting Students in Barbados

by Philmore Alleyne, Dwayne Devonish, Janielle Nurse and Cheryl Cadogan-McClean

This article examined the perceptions of moral intensity among 104 final year undergraduate accounting students in Barbados. A quantitative survey was used to measure the impact of various factors (gender, age, religious affiliation and commitment) on perceptions of moral intensity as advanced by Jones (1991). Four scenarios depicting audit-related and non-audit-related ethical issues were used to explore this construct. Findings revealed that gender, age, religious affiliation and commitment did not impact on perceived moral intensity on audit-related scenarios. However, perceptions of moral intensity varied on gender, religious affiliation and commitment with respect to the non-audit-related scenario.

Pages: 1-26

Key words: moral intensity, Barbados, students, auditing ethics and scenarios.

‘A Graduate in Every Household’: The Potential Impact of a Rise in the Number of University Graduates on Output in Barbados

by Winston Moore

Policymakers and education officials have set for Barbados the lofty goal of a university graduate in every household by 2020. This study uses annual data from 1970 to 2004 to provide a historical assessment of university level education on output, as well as forecasts of the likely effect that having a graduate in every household would have on national output. The essay estimates that if the target of a graduate in every household is achieved, it could add an additional 1.2 percentage points on annual real output growth.

Pages: 27-38

Key words: education, output, university enrolment.

The Nature and Extent of Agricultural Export Diversification in Belize and Dominica

by Brian Francis

This commentary examines the relationship between trade and economic growth in Jamaica over the period 1971-2001, incorporating the effect of agricultural export diversification.

Pages: 39-61.

BOOK REVIEWS

Strategic Repositioning: A Caribbean Perspective on Economic Policy Making

by Marion V. Williams

Pages: 62-66.

The Practice of Economic Management: A Caribbean Perspective

by Courtney N. Blackman

Pages: 67-72.

Education for Economic Social and Political Development in the British Caribbean from 1896 to 1945

by Kazim Bacchus

Pages: 73-78.

The Power of Greed: Collective Action in International Development

by Michael Rosberg

Pages: 79-82.

Experiencing International Business and Management: Exercises, Projects and Cases

by Betty-Jane Punnett

Pages: 83-86.

Voter Turnout in Caribbean Democracies

by Scot D. Schraufnagel and Barbara Sgnouraki

We consider alternative explanations for variation in voting turnout rates across the sovereign liberal democracies of the Caribbean. Research on voting turnout has typically been developed and applied to Western industrial states and connections are drawn between institutional, political, and socioeconomic variables and voting turnout levels. In this paper we formulate propositions specific to the context of the sovereign Caribbean states taking into account institutional, organisational, and governing structures characteristic of the Caribbean political systems, including clientelistic and ethnic politics, and economic inequality and poverty. Our analysis includes national elections in the Caribbean beginning in 1980 through 2004.

Mainly, we find that a certain category of institutional variables, those linked to electoral mobilisation perform particularly well, and demonstrate the importance of political effects, such as the degree of democracy and union membership. But, socio-economic effects are also important, in particular, those linked to economic inequality and poverty.

Pages: 1-29

Key words: Voting Turnout, Caribbean Politics, Election Law.

Aspects of the Caribbean Single Market and Economy: How Integrated Are Regional Stock Markets?

by Justin Robinson

This paper investigates the degree of integration among stock markets in CARICOM, and discusses a number of issues pertinent to further deepening of the process of regional stock market integration.

The paper finds that CARICOM appears to be quite some way from having an integrated stock market with the large majority of stocks in CARICOM traded only in their domestic markets and the law of one price frequently violated for cross-listed stocks. The paper finds that investors who pursue an arbitrage strategy on cross-listed stocks earn significantly higher returns than investors who simply invest in cross-listed stocks on their home exchange. This is inconsistent with integrated markets. The paper suggests that regional stock market integration will be greatly facilitated if the current cooperative scheme among regional stock exchanges is supplemented with a single passport for firms offering investment services in the region, measures to promote stock market liquidity are implemented and stocks listed on the various national exchanges are required to quote prices in a common currency.

Pages: 30-51

Key words: Arbitrage, capitisation, public companies, shares, stock options.

Assessing the Image of St. Lucia, Does the Type of Visitor Matter?

by Derrick Deslandes

The all-inclusive vacation package concept has often been criticised for sequestering guests and limiting their interaction with the local people resulting in a lower perceived image than non all-inclusive guests. This paper seeks to assess the effects that destination image, satisfaction and behavioural intentions have on experienced visitors to St Lucia when compared to those of first time visitors. The paper also compare destination images, satisfaction and destination behavioural intentions between visitors staying at all-inclusive hotels and those staying in non all-inclusive hotels. We found a higher level of satisfaction among guests staying at all-inclusive hotels but a higher propensity to return to the destination among guests at non-all-inclusive hotels, suggesting that satisfaction does not guarantee repeat patronage.

Pages: 52-84

Key words: all-inclusive hotels, destination image, measuring expectations, the satisfaction construct.

Suggested Best Practice for Pursuing Development and Poverty Reduction through National ICT Strategies

by Martin Franklin

This commentary looks at the lessons learnt from Information and Communications Technology (ICT) projects in a range of countries and presents a link between ICT, development and poverty reduction.

Pages: 85-104.