

# The Role of Early Trade Networks in Shaping Maldivian Entrepreneurship: Historical Foundations to Contemporary Growth.

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## ABSTRACT

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### Introduction:

The Maldives, an Indian Ocean archipelago, displays a rich history of entrepreneurship before modern tourism. Historically, its strategic location and essential resources vital for that past era, such as cowry shells, which were used as currency across Asia and Africa, and coir rope, made the Maldives a significant trade route. Ancient accounts highlight an advanced economic system with royal monopolies on exports. This paper argues that Maldivian entrepreneurial resilience stems from centuries of adapting to changing economic and cultural landscapes, from seafaring communities to digital innovation. By examining historical documents, the study aims to fill a knowledge gap in small island economies, providing insights into indigenous entrepreneurship and the unacknowledged role of women.

### Objectives:

The primary objective of this research is to examine the influence of early trade networks in shaping the path of Maldivian entrepreneurship, from its historical foundations through to contemporary growth. By using qualitative historical analysis across pre-Islamic, Islamic, colonial, and modern eras, the study aims to reveal how retained trading habits and strategic economic adaptations have continuously influenced the nation's entrepreneurial identity and development.

### Methods:

This study is a qualitative historical analysis, using primary accounts and different secondary sources to explore the evolution of Maldivian entrepreneurship. Organized chronologically, the research combines literature review and discussion within its narrative, tracing entrepreneurial development from pre-Islamic times to the modern era. Due to data availability limitations and interpretive challenges, this approach provides detailed insights into how historical trade networks and adaptations have shaped the nation's economic identity.

### Results:

This study reveals that Maldivian entrepreneurship is deeply rooted in its ancient trade networks. From early basic survival to a key player in the cowry and coir trade during the Buddhist and Islamic eras, its economic identity was shaped by regional commerce. Islamic conversion introduced strong trust-based institutions, while colonial encounters, though fragile, saw the native customs and local habits. The modern era's tourism boom brought growth but also vulnerabilities, emphasizing the critical need for economic diversification, sustainable development, and leveraging digital advancements for inclusive entrepreneurship.

### Conclusions:

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conversion introduced strong trust-based institutions, while colonial encounters, though fragile, saw the native customs and local habits. The modern era's tourism boom brought growth but also vulnerabilities, emphasizing the critical need for economic diversification, sustainable development, and leveraging digital advancements for inclusive entrepreneurship.

**Keywords:** Entrepreneurship, SIDS, Early Trade, Economic transformation.

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## 1. INTRODUCTION

The Maldives, an archipelago of 26 coral atolls in the Indian Ocean, has historically played an important role in the evolution of maritime trade between Asia and Africa (Phadnis & Luithui, 1985; Johnson & Hogendorn, 1986). Although Maldives is a small, geographically dispersed country, it became a central hub in Indian Ocean trade routes, due to its natural resources, strategic location, and cultural flexibility to become actively engaged with regional and intercontinental commerce (Phadnis & Luithui, 1985; Johnson & Hogendorn, 1986). Therefore, Maldivian Entrepreneurship is not a recent phenomenon; rather it is based on centuries of trading, manufacturing, business, and adaptive governance.

Maldivian entrepreneurship dates back to early seafaring and trade practices with exports of two main commodities: coir rope and cowry shells (Johnson & Hogendorn, 1986; Phadnis & Luithui, 1985; Pyard & Purchas, 1996)". Cowry shells (*Cypraea moneta*), harvested in great quantities around the atolls of Maldives, became commonly accepted as currency all over Africa and Asia, far from their origin (Johnson & Hogendorn, 1986). Travelers like Sulayman al-Tajir and al-Mas'udi in the 9th and 10th centuries CE, and afterward Ibn Battuta in the 14th century, not only described the Maldives as a producer of these cowries but also as having a highly developed economic system with centralized royal warehouses and specialized labor, including women gathering the shells and separating them for export (Dunn, 1986; Johnson & Hogendorn, 1986). These accounts were verified centuries later by European travelers like François Pyard de Laval and writers featured in Purchas' *Hakluytus Posthumus*. They recorded that the Maldives were visited by merchants from Persia, Arabia, Bengal, and Malabar and that the king had monopolistic control over the most valuable exports of cowries, dried fish, and coir (Payard, 1887; Pyard & Purchas, 1996). These interactions positioned Maldivian economic life within broader contexts of Islamic law, barter exchange, and taxation, long before colonial administrative structures were put in place.

While recent records tend to accentuate tourism and climatic vulnerability as the determining characteristics of the Maldives, this paper attempts to uncover the entrepreneurial identity that has long been embedded at the core of the nation's history. To the most recent developments in digital enterprise and sustainable innovation, Maldivian entrepreneurship has evolved through dynamic historical drivers. This article explores this evolution chronologically through seafaring communities and Buddhist colonies, Islamic and colonial periods, to the present days of environmental challenges and digital opportunity. It draws upon historical documents, travelogues, and policy documents to argue that Maldivian entrepreneurial resilience is rooted in its ability to mobilize internal resources and external networks, to innovate with changing cultural, religious, and economic paradigms.

This study is significant for academics as it contributes to the knowledge gap of the economic history of the Maldives due to the reason that most of the academic literature explores developed and larger economies, so small island economies like the Maldives are underrepresented. This historical case study provides an in-depth and more diverse understanding of global entrepreneurship. It also gives a lot of important historical context for Maldivian entrepreneurship today by showing how the country's natural resourcefulness, its geographical isolation, its strategic role in Indian Ocean trade, and a number of outside factors (like Islamic principles and colonial encounters) have all affected the current business environment. Understanding the historical roots of entrepreneurship is essential for both researchers and policymakers to identify past developments and challenges for further research and support strategies. This study highlights the distinctive ways Maldivian entrepreneurs have adapted and shown resilience throughout history by applying local knowledge, utilizing community networks, and the unnoticed contribution of women. Also, this paper provides insights to deepen the understanding of indigenous entrepreneurship and also offers valuable lessons for other small island developing states and similar global contexts.

## 2. METHODOLOGY

This study employs qualitative research methodology to analyse the history and growth of entrepreneurship in the Maldives. This strategy allows for in-depth investigation and interpretation of rich, descriptive data since it focuses on understanding complex historical processes and how they influenced contemporary developments. The study is mostly based on historical analysis, using a wide range of secondary sources and primary accounts (cited in these secondary works) to piece together and make sense of the story of Maldivian entrepreneurship over time. The Key data sources include, firstly, early travel narratives by historical personalities like Sulayman al-Tajir, al-Mas'udi, Ibn Battuta, and François Pyrard de Laval that give important firsthand information about Maldivian society, economics, and trade during ancient and medieval times. Secondly, historical chronicles and academic works by Johnson & Hogendorn, Phadnis & Luithui, and works cited by the Maldives National Library helped to understand and organize historical information. Thirdly, studies & Data from the Present to look at recent studies from groups like the World Bank, UNDP, and the National Bureau of Statistics to see how modern business trends, policies, and future orientations are shaping up. The article uses a historical and thematic format to show how the Maldivian business has evolved throughout history. The structure of this research combines literature review, findings, and discussion altogether as these parts are integrated into the narrative historical periods throughout. The Introduction puts the research in the context of what existing scholarship has written on Indian Ocean trade and Maldivian history, which sets the stage for the historical inquiry. The subsequent sections are organized by historical periods: Ancient Times (Early Foundations), Buddhism Era (3rd Century BCE - 12th Century CE), Islamic Era (12th – 16th Century), Colonial Era (16th – 20th Century) and Modern Era (1965–Present). In each of these historical portions, the presentation of historical facts is mixed in with the analysis and interpretation of the results. This method lets a continuous discussion about how certain historical events, trade networks, and changes in society and politics affected the way entrepreneurs act and the way the economy functions.

limitations:

Like many historical studies, this study also has some limitations, as it is hard to find complete and detailed historical records, especially for the early years. However, efforts have been made to use the available historical records and a variety of sources for this research. Since historical narratives are subjective, different interpretations of history may give more or less weight to different aspects. The scope of this study primarily focuses on the Maldives; hence, it doesn't compare it to other Indian Ocean trade centers and other small island nations (SIDs) that are outside of its current scope.

### 3. ANCIENT TIMES: EARLY FOUNDATIONS OF ENTREPRENEURSHIP

#### 3.1 Prehistoric Settlement (Over 2,500 Years Ago)

The history of entrepreneurship in the Maldives dates back more than 2,500 years to the early inhabitants, rooted in the practice of early seafaring Dravidians of southern India and Sri Lanka (MNL, 2007; Phadnis & Luithui, 1985; Pyrard & Purchas, 1996). They brought maritime skills, linguistic traditions, and socio-cultural paradigms, that shaped the overall traits of Maldivian livelihood (MNL, 2007). The earliest economic activity was subsistence fishing, coconut cultivation, and island-to-island barter activities that laid the foundation for localized entrepreneurial behavior based on environmental adaptation and informal trade (MNL, 2007; Phadnis & Luithui, 1985; Pyrard & Purchas, 1996). The lack of monumental architecture and durable records of this time has been limiting archaeological information (Phadnis & Luithui, 1985; MNL, 2007). Nevertheless, the persistence in certain economic activities, like coconut use for food, cordage, and power, and the use of small sailing vessels for communication and transport, indicates the continuity of resource-based entrepreneurship from the earliest time (Pyrard & Purchas, 1996; Johnson & Hogendorn, 1986).

#### 3.2 Buddhism Era (3rd Century BCE - 12th Century CE)

Buddhism's introduction to the Maldives around the 3rd century BCE transformed the social and economic fabric (Phadnis & Luithui, 1985; MNL, 2007). The islands during this period became increasingly connected to the broader Buddhist cultural and trade networks of the Indian Ocean and the larger networks that pertained to the Mauryan Empire and Sri Lanka (Phadnis & Luithui, 1985). Archaeological records of scholars such as H.C.P. Bell indicates stupas and monasteries were constructed (Bell, 1940; Phadnis & Luithui, 1985; MNL, 2007). They were religious institutions, that could have facilitated the early specialization of labor and the systematization of economic practices (Phadnis & Luithui, 1985). This period also witnessed the growing importance of cowry shells as local currency and

regional commodity. Sulayman al-Tajir, in the 9th century, stated that the wealth of the Maldivians was cowries, which were collected and stored in warehouses belonging to kings (Johnson & Hogendorn, 1986). Al-Mas'udi, in the 10th century, repeated the same, recounting how the queen of Maldives would instruct her subjects to leave coconut fronds in the ocean for cowries to be drawn to, which were then harvested, dried, and stockpiled as royal wealth (Johnson & Hogendorn, 1986; Phadnis & Luithui, 1985).

These early writers tell us that cowry collecting was not just a subsistence activity but also a royal monopoly, referring to an early example of state-led entrepreneurship. The establishment of this practice also refers to the Maldives' integration into transregional exchange networks. Chinese writer Wang Ta-yuan, in the 14th century, recorded that Maldivian traders exchanged cowries by shiploads for rice and other goods at South Asian ports like Orissa and Bengal, illustrating the importance of Maldivian exports in broader commercial circuits (Johnson & Hogendorn, 1986). A parallel trend was the growth of the coir rope industry. The Maldives became renowned for its high-quality coir rope produced from coconut husk fiber, a product of regional trade in the Indian Ocean for its utility in shipbuilding and maritime logistics (Johnson & Hogendorn, 1986; Pyard & Purchas, 1996; Phadnis & Luithui, 1985). The dual benefit of cowries and coir illustrates how Maldivians turned geographic and environmental resources into tradable entrepreneurial goods with sustainable regional demand. Taken together, the Buddhist era established not only religious and cultural connectivity but also a proto-industrial economic system. With centralized collection, export-oriented production, and growing external trade, the Maldives were laying the groundwork for a uniquely island-based entrepreneurial tradition that would continue to evolve in the centuries to follow.

## 4 ISLAMIC ERA: STRENGTHENING OF ENTREPRENEURIAL SYSTEMS (12TH – 16TH CENTURY)

### 4.1 Conversion to Islam (1153 CE)

The political, religious, and economic structures of the archipelago underwent a significant shift in 1153 CE when the Maldives converted to Islam (Phadnis & Luithui, 1985; MNL, 2007; Dunn, 1986). Traditional accounts claim that North African scholar and traveler Abu al-Barakat al-Barbari was the driving force behind this conversion (Dunn, 1986; Phadnis & Luithui, 1985; MNL, 2007). With the adoption of Islam, the Maldives integrated into the broader Islamic world, allowing new forms of religious legitimacy, legal structures, and commercial ethics to influence local practices (Phadnis & Luithui, 1985; MNL, 2007). Islamic jurisprudence introduced structured principles such as zakat (obligatory almsgiving), mudarabah (profit-sharing contracts), and inheritance laws, which shaped entrepreneurial behavior and property rights. Besides guiding human interactions, these frameworks standardized business practices across the islands (Dunn, 1986; Pyard & Purchas, 1996). The adoption of Islamic legal systems, the Shafi'i and then the Maliki madhhab, made contract law and taxation even stricter (Phadnis & Luithui, 1985). A unique anthropological description of the Maldives as an Islamic state existed in the account of fourteenth-century Moroccan qadi (judge) and traveler Ibn Battuta (Dunn, 1986; Johnson & Hogendorn, 1986; Phadnis & Luithui, 1985). He described a centrally governed sultanate where the king chose island chiefs, qadis ruled Sharia law, and religious leaders exercised power over politics and trade (Dunn, 1986). According to Dunn (1986) and Johnson & Hogendorn (1986), his observations also emphasized the entrepreneurial contributions of women, especially in the collection and trading of cowry shells, which was carried out under royal supervision. This practice reveals early examples of gendered division of labor within a state-controlled export system.

### 4.2 Sultanate Period (12th – 16th Century)

Following the institutionalization of Islam, there came a period of structured and more outward-oriented economic activity (Phadnis & Luithui, 1985; Pyard & Purchas, 1996; Johnson & Hogendorn, 1986). Economic ties with Gujarat, Malabar, Bengal, Persia, and Arabia increased, and the Maldives became a well-established center for cowries, coir rope, and dried fish (Pyard, 1887; Pyard & Purchas, 1996). The government had a monopoly on major export commodities (Pyard & Purchas, 1996; Johnson & Hogendorn, 1986). Cowries, for example, were collected by islanders, typically women, and placed in royal stores before being exported in bulk to African and South Asian markets, to use as a currency (Johnson & Hogendorn, 1986). Furthermore, the monarchy controlled taxation and revenue generation. Pyard de Laval recorded the existence of a well-established system of finance where local governors collected taxes mainly in fish, rope, and agricultural products to be redistributed or exported (Pyard &

Purchas, 1996). These centralized institutions allowed the monarchy to build wealth and retain political authority, illustrating the role of entrepreneurship in the structure of statecraft.

European visitors like Pyrard and later British colonial writers affirmed the Maldives as an influential entrepôt in the Indian Ocean trading (Pyrard & Purchas, 1996; Phadnis & Luithui, 1985; MNL, 2007). Maldivian ships, though small, were best suited for inter-atoll and regional trade, which allowed specialist points of production around the atolls e.g., lacquer work at Thulhaagiri and rope-making at Huraa (Phadnis & Luithui, 1985; MNL, 2007). Islamic ethics also shaped moral models of commerce at their very foundation. Honesty in commerce, accurate measuring, and labor justice were promoted by preaching in the mosques and legal practice, giving entrepreneurial conduct a moral or ethical framework (Dunn, 1986). Integrating state regulation, religious law, and labor specialization helped to develop a unique Maldivian model of entrepreneurship that was not only local but also connected to a global scale. Overall, the Islamic era solidified a system of royal monopolies, religious governance, and interregional trade links that greatly expanded the scale and sophistication of entrepreneurial activity in the Maldives.

## 5 COLONIAL ERA: DISRUPTIONS AND ADAPTATIONS (16TH – 20TH CENTURY)

### 5.1 Portuguese Influence (1558–1656)

Portuguese occupation in the Maldives lasted from 1558 through to 1573 and was among the most disruptive phases in the economic and political life of the nation (Phadnis & Luithui, 1985; Pyrard & Purchas, 1996; MNL, 2007). Historical records document a time that witnessed religious coercion, compulsion towards payment of tribute, and administrative instability that undermined indigenous trade networks together with prevailing entrepreneurial structures of the region (Phadnis & Luithui, 1985; MNL, 2007). Portuguese attempted to integrate the Maldives into their broader imperial network in Goa primarily for strategic mastery of the Indian Ocean and not economic exploitation (Phadnis & Luithui, 1985). However, their imposition of Christianity and acceptance of tribute enraged the local ruling groups (Phadnis & Luithui, 1985). The most noted among these resisters was Muhammad Thakurufaanu, who, along with his brothers, waged a guerrilla war across the atolls. Their successful eviction of the Portuguese in 1573 is regarded not only as political liberty but also as the reassertion of indigenous economic sovereignty and trade autonomy (Phadnis & Luithui, 1985; Pyrard & Purchas, 1996). This period demonstrated the resilience of local entrepreneurial networks that were tightly linked to cultural and religious identity. Despite attempts to realign the Maldives with colonial economic priorities, indigenous leaders maintained traditional systems of cowry and coir production, as well as decentralized trade through smaller vessels and barter-based exchanges (Johnson & Hogendorn, 1986).

### 5.2 Dutch and British Protectorates (17th to 18th Century)

Following the Portuguese expulsion, the Maldives nominally fell under the umbrella of the Dutch East India Company in the 17th century, with minimal Dutch influence being slight and essentially ceremonial. They were interested primarily in ensuring safe passage for ships to trade, and no radical economic realignment was imposed (Phadnis & Luithui, 1985). A long-lasting impact followed with the British protectorate in 1887. The Maldives enjoyed internal autonomy but defense and foreign affairs were under the British governments in Ceylon (present-day Sri Lanka). While direct colonial administration was not desired by the British, their influence had indirect impacts on economic trends and administrative power (MNL, 2007; Phadnis & Luithui, 1985). The Maldivian economy during this time was still dependent on the exportation of traditional commodities such as coir rope, dried fish, and cowry shells (Johnson & Hogendorn, 1986). The commodities were being exchanged primarily with Ceylon, South India, and East Africa (Johnson & Hogendorn, 1986). However, the lack of infrastructure development and British capital investment ensured that entrepreneurship remained at artisanal and subsistence levels (Pyrard & Purchas, 1996; Johnson & Hogendorn, 1986).

The First Republic was established in 1953 with Mohamed Amin Didi as the first President. As the prime minister during the 1940s, Didi nationalized the fish exporting business. As president, he tried to bring economic reform (Phadnis & Luithui, 1985). Among the steps he took were the promotion of education, health, and women's rights initiatives that could be termed an early manifestation of social entrepreneurship driven by state vision (MNL, 2007; Phadnis & Luithui, 1985). Although the republic collapsed in 1954, and the Sultanate was restored, Amin Didi left behind a legacy that brought with it new concepts of national self-sufficiency and state-initiated economic innovation. In general, colonial times possessed limitations and potential. The foreign powers de-stabilized traditional business

as well as imposed new patterns of governance on Maldives, Maldivians avoided such constraints by maintaining vast entrepreneurial tradition as well as re-defining sovereignty through enterprise and resilience in the neighborhood context.

## 6 MODERN ERA: FROM TRADE TO TOURISM AND BEYOND (1965–PRESENT)

### 6.1 Early post-Independence and Transition to Republic (1965–1970s)

The Maldives gained independence from British colonial rule in 1965, marking a historic moment in its economic and political history. After this, the Maldives moved from a monarchy to a republic in 1968, making its independence even stronger. However, regardless of political freedom, the country was beset with numerous troubles during its first phase of independence. The Maldives was defined by poor infrastructure, a limited production structure, and a highly dependent economy on conventional industries such as artisanal fishing, coir rope manufacturing, and subsistence agriculture (MNL, 2007; ADB, 2021). In the early decades of independence, the state organized efforts in nation-building, attempting to build the nation and at the same time preserve its old economic traditions intact. Geographical isolation was also a huge barrier to development and trade (Phadnis & Luithui, 1985). The lack of inter-island transportation, connections, and underdeveloped harbor facilities constrained the efforts of the government to centralize administration and improve market accessibility. Despite challenges, Entrepreneurial enterprise persisted on a local level, mainly in fishing and handicrafts, as Maldivian society continued to utilize their age-old skills and knowledge in sustaining livelihoods (Bell, 1940; MNL, 2007). Women played a key role in the continuance of traditional industries. They were key players in the industry of coir ropemaking, shell collection, and other household industries, which were significant in terms of generating income (MNL, 2007; Phadnis & Luithui, 1985). Although these traditional activities were not sufficient to complete the aspirations of a modern nation-state, they formed the backbone of the Maldivian economy during its initial decades. The government, with poor institutional capacity, began laying the groundwork for future reforms by aiming to improve basic services such as education and healthcare. The actions set the stage for meaningful evolution in the following decades, especially after foreign aid and tourism had become the centerpiece of the country's economic policy in the 1980s (MNL, 2007).

### 6.2 Tourism Boom (1970s to present)

The establishment of tourism in the early 1970s represented a transformative moment in the Maldivian economy. The first resort opened in 1972 and began a transformation that would make tourism the nation's leading economic sector. The Maldives' natural assets such as pristine beaches, vibrant coral ecosystems, and tropical climate, transformed the country into a tourist hub for high-end foreign travelers from Europe and other Asia. The tourism industry rapidly evolved into the most dominant sector in the nation's economy, contributing 20% to the GDP and over 60% of foreign exchange earnings of the Maldives (MNL, 2007). The "one-island-one-resort" strategy employed by the Maldives allowed the country to maintain sustainable tourism development without compromising its natural beauty. Tourism-related sectors started growing, including transportation, construction, and retailing, and created employment opportunities for Maldivians (MNL, 2007; World Bank, 2021). This boom also diversified Maldivian exports. The Maldives, long dependent on dried fish and coir, began exporting high-value-added goods such as souvenirs, handicrafts, and tourist luxury goods (Phadnis & Luithui, 1985). Women and small-scale craft producers benefited the most from this development as they began making crafts and souvenirs for the developing tourism sector. However, extreme dependence on tourism also made the Maldives vulnerable to external shocks (MNL, 2007). The 2004 Indian Ocean tsunami that devastated a large part of the country's infrastructure exemplified the vulnerability of an economy-driven one sector (MNL, 2007). The 2008 global financial crisis and the COVID-19 pandemic subsequently highlighted the dangers of heavy reliance on tourism, further, these experiences indicated the necessity for diversification of the economy and greater resilience to global uncertainties (World Bank, 2021; UNDP, 2020).

### 6.3 Environmental and Technological Shifts

In addition to economic diversification, the Maldives is also affected by an escalating environmental crisis. Being one of the world's lowest-lying countries, the Maldives is considerably exposed to the impacts of climate change, including sea level rise, weather extremes, and saltwater intrusion. Environmental issues have also been a main interest at the national policy level. Moreover, the government has deepened its interest in green enterprise, climate resilience, and sustainable development as the highest priority in the plan (World Bank, 2021; UNDP, 2020). The Maldives has

adopted the "Blue Economy" vision of utilizing sea resources in a sustainable manner, ecotourism, and preserving biodiversity. The paradigm has influenced the development of emerging sectors, including renewable energy, marine protection, and environmentally sustainable tourism. Youths and startup activities in renewable energy, revitalization of coral reef habitats, and designing eco-resorts are some examples of the signal of how climate and environmental imperatives are being absorbed by the private sector (UNDP, 2020; National Bureau of Statistics, 2020). Technological innovation has also led the charge in shaping entrepreneurship in the Maldives' future. Digital infrastructure has increased severalfold over time, improving education, healthcare, and business access. Internet and mobile platform accessibility have opened new windows of opportunity for entrepreneurship in the form of digital marketing, e-commerce, and remote freelancing. The platforms have bridged the spatial gap between Malé, the capital, and remote islands, opening up new possibilities for island entrepreneurs (OPEC Fund, 2024).

**6.4 Digital and Inclusive Entrepreneurship**

Digital entrepreneurship has increased in the Maldives as the digital economy expands, particularly among women and young people. Social media platforms, digital services, and e-commerce have made it possible for local business owners to access international markets without having to make investments in conventional infrastructure. For instance, without the physical limitations of the Maldives' dispersed landscape, island-based artisans and craftsmen can sell their wares online to customers worldwide (UNDP, 2020; National Bureau of Statistics, 2020). Particularly for women, e-business has yielded advantages. Websites served to shatter traditional barriers to entrepreneurship, such as geographical isolation and poor access to capital. Maldivian women began using technology every day to earn money and become economically empowered, from operating home businesses to selling handicrafts and services (UNDP, 2020; National Bureau of Statistics, 2020).

Further, digital entrepreneurship aligns with the ideals of inclusive entrepreneurship, whereby vulnerable groups like the youth and women are empowered to participate in the economy. Government efforts to enhance digital literacy levels and provide startup facilities have also functioned in this respect, particularly in remote and rural regions (National Bureau of Statistics, 2020; UNDP, 2020). There exist challenges, nonetheless, in establishing even access to digital platforms as well as equipment, particularly in rural regions. Overcoming the digital divide as well as promoting even access to every entrepreneur all around the world, irrespective of the location where they are in the world, so that they may utilize the digital economy is most important with regards to sustainable development for the Maldives (George et al., 2019; World Bank, 2021).

*Table 1: Summary of entrepreneurship evolution in the Maldives.*

Period	Key Characteristics	Entrepreneurial Practices	Influencing Factors
Ancient Times (Pre-2,500 Years Ago)	Seafaring trade, subsistence economy, barter, cowries and coir rope use.	Local fish, coir, and cowries trade; communal economy.	Geography, early maritime trading practices.
Buddhism Era (3rd Century BCE - 12th Century CE)	Buddhist monasteries as centers of production, coir and cowrie trade, early regional trade networks.	Centralized production in monasteries; export of cowries, coir, and textiles; gendered division of labor.	Buddhism, regional trade routes, economic reliance on coir and cowrie exports.
Islamic Era (12th - 16th Century)	Conversion to Islam, introduction of Islamic trade laws, expansion of regional and international trade networks.	Profitable trade networks; development of shipbuilding, textiles, and regional trade in commodities.	Islamic law, regional integration, increased international trade.

Colonial Era (16th - 20th Century)	Portuguese, Dutch, and British influence, expansion of cash crops, reliance on colonial trade routes, coir and fish exports.	Adapting to colonial control while maintaining traditional industries like coir production and artisanal fishing; introduction of export-oriented industries.	Colonial interests, external influence on trade and resources, introduction of cash crops.
Modern Era: Independence & Tourism (1965 - Present)	Independence, tourism boom, economic reliance on tourism, growth in handicrafts, development of new industries in response to global demands.	Tourism-driven economy; growth in service sectors, ecotourism, and digital entrepreneurship; economic dependency on global market fluctuations.	Globalization, tourism policy, digital and environmental challenges, need for economic diversification.

**7 POLICY RECOMMENDATIONS**

To allow for steady growth and Maldivian diversification of entrepreneurial endeavors, inherent policies of resilience against environmental attacks, economic adversity, and cyber assaults must exist. These policy suggestions are also supported by the United Nations Development Programme (UNDP), the World Bank, and the National Bureau of Statistics reports. Among some of the paramount suggestions for enhanced development of the Maldives' entrepreneurial environment are:

**7.1 Diversify the Economy without solely depending on Tourism**

Despite the reality that the Maldivian economy has been supported by tourism for decades, over-reliance on tourism subjects the economy to foreign economic instability and environmental disasters. Economic diversification, particularly in sectors such as fishing, renewable sources, agriculture, and information and communication technology, is unavoidable. Development in these sectors will open new avenues to counterbalance the economic threat of tourist revenues and create new opportunities for entrepreneurs. Government action needs to have rewards for businesses outside the tourism sector, in the shape of cash grants, tax relief, and subsidies. Apart from diversification, the Maldives was confronted with compounding environmental issues. Being a low-lying country in one of the worst situations in terms of exposure, the Maldives was very vulnerable to the negative impact of climate change in the shape of global warming, global weather disorder, and increased salinity. The model has witnessed new industries rising like renewable energy, Sustainable management of marine resources, and ecotourism. Some of the modes through which the private sector is embracing green issues include renewable energy, coral reef restoration, and green resort planning (National Bureau of Statistics, 2020; UNDP, 2020).

**7.2 Support Youth Entrepreneurship**

Maldives youth are a dormant entrepreneurial resource waiting to be exploited as a large asset. For this to happen, some policies will have to be developed to open up the resources and tools the young people need to succeed. This includes providing them with the ability to access start-up capital, mentorship programs, as well as education in information technology skills, business management, and entrepreneurship. Equipping youth for green and digital entrepreneurship will diversify the economy to cater to sustainable and technological issues. Expanding innovation spaces focused on youths, setting up startup accelerators, and opening up markets for young entrepreneurs to compete in international markets can help to produce the future Maldivian business elite (National Bureau of Statistics, 2020; UNDP, 2020).

**7.3 Promote Gender-Inclusive Entrepreneurship**

In the Traditional economy, Maldivian women played significant roles, specifically in sectors such as coir rope-making, fish processing, and handicrafts. However, the key challenges to women's economic engagement is due to limited access to finance, business networks, and new technologies. To leverage the full entrepreneurial potential of women, Policies must focus on advancing gender-inclusive entrepreneurship. This can be done by improving



financial access for women entrepreneurs, particularly through microloans and programs of gender-based financing. Support and training programs in digital technology, business management, and marketing should be increased, particularly in rural regions where there is increased participation of women in home-based enterprises. In addition, implementing policies that allow supporting women's work-life balance, like having access to childcare and flexible work arrangements, would further help to end gender differences in economic activity (UNDP, 2020).

#### **7.4 Invest in Digital Infrastructure and Education**

The technological revolution has altered the business face of the Maldives and allowed businesses to grow and reach international markets. Nevertheless, digital divides pose a challenge, particularly in the outer islands and rural areas. Towards the enhancement of all Maldivians to fully participate in online business entrepreneurship, the state must invest capital into the development of digital infrastructure across the country. This includes extending access to broadband internet, broadening mobile networks, and improving e-commerce platforms to allow entrepreneurs to reach larger markets. Online training in digital literacy for youth and adults, particularly in marginalized communities, must be scaled up to equip the labor force with skills to participate in the growing digital economy (World Bank, 2021). Besides, vocational training in digital literacy, entrepreneurship, and business administration will support the development of an educated and diversified workforce that can adapt to evolving business conditions. Online business registration, mobile money, and cloud systems are some of the digital technologies that need to be integrated into government services to enhance the accessibility of businesses to all entrepreneurs (UNDP, 2020).

#### **7.5 Strengthen Legal and Regulatory Frameworks for Entrepreneurship**

There should be a great legal and regulatory environment to support entrepreneurship. The state should minimize business registration processes, curtail bureaucratic intervention, and rationalize taxation and licensing. Further, intellectual property law will safeguard the indigenous entrepreneur's creativity, particularly in industries such as technology, design, and environmental products. It is also vital to devise policies that protect small and medium enterprises (SMEs), availing them of access to capital, social protection, and legal protection. Policies also need to be in place, that provide an environment of a green business, which will trigger businesses to get green, for instance, utilization of renewable sources of energy, waste management, and green procurement (Phadnis & Luithui, 1985; World Bank, 2021).

#### **7.6 Foster Public-Private Partnerships (PPP)**

In building a more energetic and robust economy, the government has to enter into close interaction with the private sector players to create public-private partnerships (PPP). PPP can be utilized best in sectors such as infrastructure, renewable energy, education, and digital technology. Leveraging the know-how and funds of the private sector, the Maldives is capable of initiating colossal projects that would be difficult to initiate with public funds. It is the responsibility of the government to facilitate private investment in priority sectors such as green tourism, renewable energy, e-commerce, and technology innovation. Impact investment must also be facilitated, particularly for business activities for sustainable development, social innovation, and green entrepreneurship. Collaboration among the government, local entrepreneurs, and international players can make an inclusive and sustainable entrepreneurial culture a success in the Maldives (UNDP, 2020; National Bureau of Statistics, 2020).

### **8 ACADEMIC IMPLICATIONS:**

This study contributes to the academic literature in the fields of economic history, business history, and development studies, especially when it comes to emerging small island economies. This paper maps out the history of entrepreneurship in the Maldives, filling an essential gap in the academic literature, broadening the global studies of entrepreneurial development beyond conventionally studied contexts. The results contribute to the existing theory by revealing how pre-colonial trade networks and native practices shaped a country's economic character. The way the Maldives adapted to its geography and the fact that some commodities are still significant today reveal a lot about how cultures leveraged resources and strategic locations. This research highlights economic development's interdisciplinary nature, demonstrating how cultural and political changes greatly shape entrepreneurial ecosystems. It draws attention to the necessity of considering socio-cultural and political factors alongside economic ones. Finally, this approach guides research on how entrepreneurship grows in SIDS by examining their past resilience and adaptability.

## 9 FUTURE RESEARCH

Future research should build on the historical lessons of this study by looking more deeply at some areas that are critical for the Maldives' long-term economic success. One key topic of research is figuring out how institutions can assist entrepreneurs to expand, to diversify the economy, and encourage innovation for the sustainable economic development of the Maldives. These studies also give thematic information for the deeper academic analysis and comparative analysis on the evolution & development of small island nations that is usually not available in the worldwide literature on SIDs. Also, Further research is required on how to encourage fresh ideas in areas other than traditional tourism, such as marine biotechnology, renewable energy, and sustainable fisheries. There is a need to study how business projects address important social and environmental challenges, close economic gaps, and make society healthier. This would assist in providing vital academic information to policymakers and practitioners to make decisions that foster entrepreneurship in the Maldives to form a diversified, inclusive, and resilient economy.

## 10 CONCLUSION

The trajectory of Maldivian entrepreneurship has been shaped by a series of historical, cultural, and environmental forces, resulting in a dynamic and evolving entrepreneurial identity. From early trade networks in cowry shells and coir rope to the rise of digital and green entrepreneurship, Maldivian entrepreneurs have continuously adapted to changing political, economic, and ecological landscapes. In ancient and Islamic eras, entrepreneurship was founded upon local trade and resource extraction and was driven by strong communal structures that fueled commerce and production. In the colonial era, though disrupted, entrepreneurial networks of local origin persisted, driven by local adjustment and resistance against external domination. The contemporary era has witnessed revolutionary transformation, particularly with the promotion of tourism, which has become the basis of the economic life of the Maldives. However, such overdependence on a single sector has been a challenge of diversification, especially through green and digital entrepreneurship.

Youths stand at the core of the nation's entrepreneurial future, fueled by digital technology and sustainable consumption and production. Greater inclusion of disadvantaged groups in the entrepreneurial economy is a leap forward towards inclusive entrepreneurship as efforts are being made to eliminate gender discrimination, digital exclusion, and regional imbalances. The commitment of the government to Blue Economy pillars and the growing digital infrastructure facilitated a robust structure for sustainable development. But challenges persist. Achieving equal access to information technologies, developing resistance to climate-related risks, and developing a more diversified economy will be crucial to long-term entrepreneurial success. The suggestions made in this article, from public-private partnerships to training in digital literacy, can guide policy in the future so that the Maldives can benefit from forthcoming opportunities and safeguard its environmental and cultural heritage. As the Maldives evolves towards an equitable and more sustainable economy, the entrepreneurial spirit, which is deeply ingrained within its history and culture, will continue to play a leading role in shaping the destiny of the nation.

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