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# CULTURE, GENDER AND SMALL BUSINESS: HONIARA, SOLOMON ISLANDS.

Presented in partial fulfilment of the requirements of the Degree of Master of Philosophy in Development Studies at Massey University

Bella Simiha 2001

#### ABSTRACT

The common assumption in regards to indigenous Solomon Islanders owning business is that most of these businesses will fail because of cultural constraints. These appear in the form of the *wantok* system and cultural obligations that place an extreme financial burden on small business owners (SBOs) and restrict the potential of potential small businesses.

This study has been carried out in the formal business sector in Honiara to ascertain the effects of cultural obligations on small business (SB) and to determine the role of women in business.

The research findings lead to the conclusion that with education/ experience cultural obligations can be managed within small businesses, and that women, despite the gender restrictions rooted in traditional culture, can manage small businesses successfully. However, it is evident that the wantok system and the commercialisation of some aspects of culture, places a financial burden on Solomon Islanders. In order to promote the development of indigenous small businesses. government, pending adequate research, will need to ensure that suitable financial loan assistance schemes, and advisory offices are introduced to allow for easy access to start up business resources. Furthermore, as the research has shown that if women are to be successful in business these schemes must target all groups of women and not favour one group, for example rural women. It is also evident from the research that more professional women are entering into small businesses, and that they can manage cultural obligations and still assist relatives both in the urban and rural sectors.

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#### **ABBREVIATIONS**

ADB Asian Development Bank

BOs Business Owners

DBSI Development Bank of Solomon Islands

GDP Gross Domestic Product

MFAT Ministry of Foreign Affairs and Trade

NAWBO National Association of Women Business Owners.

NZODA New Zealand Overseas Development Assistance

OECD Organisation for Economic Co-operation and Development

PI Pacific Islands

PICs Pacific Island Countries

PNG Papua New Guinea

SB Small Business

SBEC Small Business Enterprise Centre

SBOs Small Business Owners

SI Solomon Islands

SIG Solomon Islands Government

SME Small and Medium Enterprise (s)

SOE State Owned Enterprise (s)

UNDP United Nations Development Program

FIG 1.1 MAP OF THE SOLOMON ISLANDS

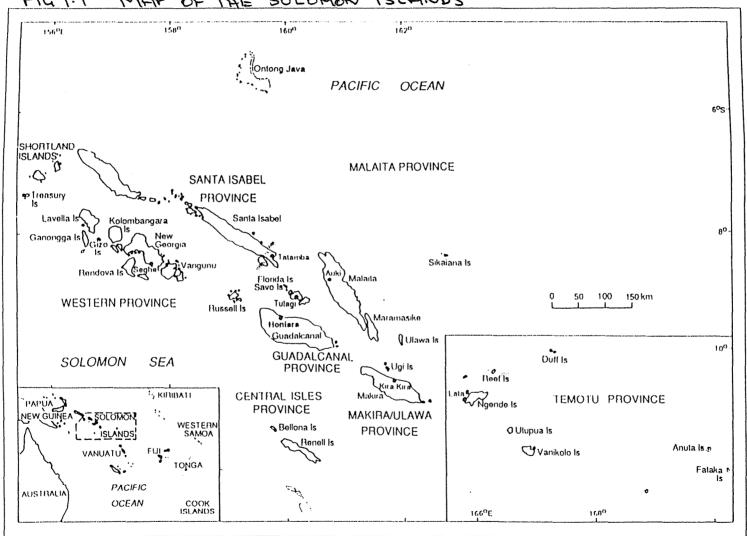
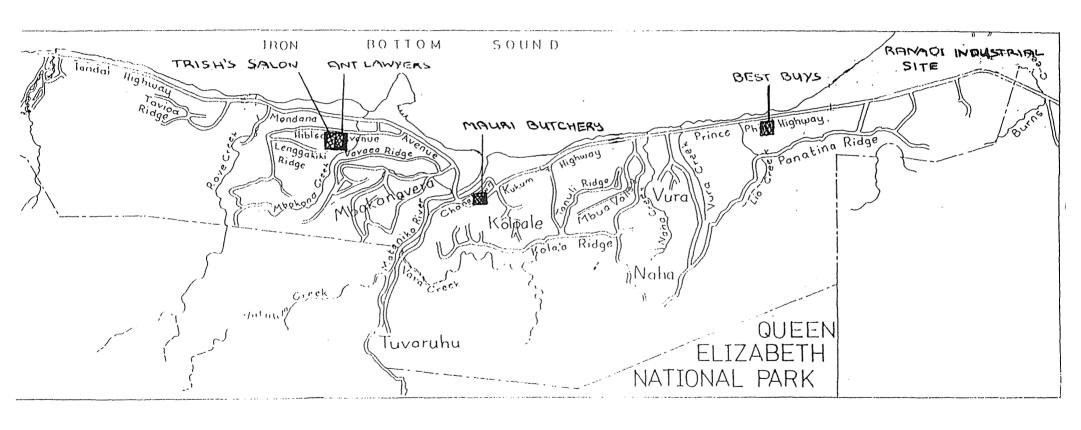




Fig 1.2

FIG:13 Map of Honiara showing research sites



#### **CHAPTER ONE: INTRODUCTION**

#### 1.1 Problem Statement

Most of the Pacific Island countries (PICs) have achieved political independence but they are still very much dependent on foreign aid. Most of the people are reliant on the government for employment and basic services or on the environment for their basic needs. Faced with acute problems like a shortage of land, growing populations, un-equal development with much business in the hands of non-indigenous populations, and strapped for cash, most Pacific Island governments have been forced to focus on developing indigenous businesses.

It is hoped that the development of small business will contribute to the country's economic growth as well as achieving social objectives including a more balanced pattern of development and employment expansion (Fairburn, 1998, p.xi). It may also narrow the gap between the non-indigenous and indigenous owned businesses (Fairbairn, 1988). In most PICs trade and commerce was concentrated in the hands of Europeans and Asians but is now becoming more concentrated within the Asian community. Though many attempts had been made to introduce commercial systems cultural differences have made it difficult for indigenous business to flourish (Crocombe, 1998). As Hooper states;

the decay of custom and impoverishment of culture are often seen as wrought by development, while failures of development are haunted by the notion that they are due, somehow, to the darker, irrational influences of culture (Hooper, 2000, p1).

However, people of the PICs strongly believe that these failures are due largely to inappropriate businesses that have been introduced with complete disregard to the local culture of the society. For example, James (2000) explains how a fishing project based on Western-style individualism, introduced in a Tongan village in the late 1980s to assist the people was unsuccessful. This is because it failed to take into account the specific cultural aspects of society, especially the extended family and

their interrelationships. Firstly, the fishing techniques and training introduced were to prepare village men to set up small businesses an activity the village men were not prepared to do. Secondly, the training given was on the assumption that they would become solely commercial fishermen, which was also not true. These assumptions led to some failures in the repayment of bank loans, loss of boats and even a breakdown of relationships within the men's extended family. The project did not achieve the desired development according to the donor's goals (James 2000).

The terms 'culture' and 'development' continuously crop up throughout the Pacific, in the news media, political debates, in sermons, in policy reports and in ordinary life, and people must know how to resolve the contradictions between the two in order to achieve a good/modern life without sacrificing tradition (Hooper, 2000).

The Melanesian countries have been trying to explore cultural issues over the last decade, with the most recent workshop held in Honiara, Solomon Islands in August 1992¹. This workshop was an attempt "to regulate and promote aspects of culture by means of formalised, official policy" (White and Lindstrom, 1994, p1) because of accusations that some development projects were eroding custom. This gave the countries and peoples an opportunity to formulate policy governing the utilisation of resources, the bulk of which are owned by the people, and to protect custom.

Finally, development economists and aid donors such as the World Bank and the Asian Development Bank are also becoming aware that, for development to take place in the Pacific, attention must be given to 'the social patterns' and the 'cultural endowments' of any society. Both institutions are very influential in terms of aid and policymaking in the Pacific and have had very 'economic mindsets' but are now beginning to

<sup>&</sup>lt;sup>1</sup> Workshop on *Developing Cultural Policy in Melanesia* held at the USP centre attended by participants from PNG, Vanuatu, and New Caledonia as observer.

pay serious attention to social and cultural issues. Pacific Island governments and policy makers hope that cultural impact studies will now be done for all development projects that are undertaken (Hooper, 2000).

#### 1.2 Objective of the Research

The objective of the research was to investigate the common assumption that businesses owned and operated by indigenous Solomon Islanders, are more likely to fail due to cultural and social obligations. Further, this thesis explores gender roles and issues in relation to small business, knowing that strong cultural and social barriers exist in the Solomon Islands against women.

The fieldwork involved the study of four small businesses in the formal sector in Honiara and was concerned with the way business owners (BOs) managed cultural and social obligations alongside their businesses. The culture of the Solomon Islands, like most other Pacific Islands (PIs), is based on the principle of sharing with the family and extended family rather then on individualism, which is said to be the key factor for a successful business (Hailey, 1988). These

obligations and commitments are inherent to the communal societies of the South Pacific and these social norms are often at odds with the demands of successful commercial activities (Briscoe, Godwin & Sibbald, 1990, p5)

The research hopes to answer the following questions; can small business owners (SBO) today with more education and experience manage these two systems that are built on opposite principles? Can cultural obligations be managed by BOs or are they an absolute obstacle to the development of small business? How have gender roles been affected? Can women operate small businesses successfully and become equal partners in development? Is there potential in developing small business in the Solomon Islands as a way of improving life for the people in general and women in particular?

#### 1.3 Outline of Research

The first chapter discusses the method and limitations of the research. The single most limiting factor was the ethnic tension (explained in Chapter 3), and civil unrest in Honiara, which led to the closure of some businesses, and the relocation of others to their home provinces. Those remaining were very suspicious of being questioned, or were hesitant or embarrassed about being interviewed because businesses at this stage were not doing very well (as observed on various trips into those shops). There was also a sense of urgency of completing the research as quickly as possible before anything further happened to disrupt the fieldwork.

Chapter 2 defines some of the key terms used and briefly outlines the growing importance of small business globally and its growing importance to economic development in the world. It discusses the emergence of women in formal business, which is a break with traditional culture, and the changes in the roles of women in relation to small business. Some cases from both the developed and developing countries will be used to show how women especially, through education and experience, have become successful despite the problems they face.

Chapter 3 discusses the development of small business in the Pacific Island Countries (PICs) commencing with a general background to problems that are unique to PICs, and how Pacific Island (PI) governments with the assistance from aid donors are trying to develop the private sector as it is a growing belief, that the way forward is through the development of the private sector. While a lot of effort and aid has already been poured into the development of small business the results have not been very encouraging. Many authors like Mannan (1993), Wolfgang Kasper (1991), Briscoe, Godwin & Sibbald (1990), acknowledge that failure is partly to do with ignoring cultural issues, but there has been very little discussion or investigation into this assumption in practice, and the key factors involved. This could have stemmed from a bias that developed during colonial regimes where culture was seen as a stumbling block to

progress and modernisation. Also the people were made to feel that culture was backward (Simet, 1998).

While the problem was important enough to attract the attention of the United Nations, which in 1988 established the World Decade for Cultural Development, the concept was never really promoted in subsequent global conferences from Rio de Janeiro to Barbados. At the Barbados conference, which was specifically to focus on the problems and needs of Small Island Developing States, culture was only mentioned once (Hooper, 2000).

However, as can be seen in Culture and Sustainable Development in the Pacific edited by Hooper (2000), and Island Entrepreneurs: Problems and performances in the Pacific edited by Fairbairn (1988), there has been some attempt at analysing 'culture' and 'development' in the Pacific. The main theme outlined in Hooper (2000) is that in order for development to take place there must be a very good understanding of both the historical, economic and cultural issues of that society. Furthermore, while Pacific countries share many similarities there are also significant differences between and within the PICs, which have seen some recent conflicts. Fairbairn (1988) sets out for some of the PICs exactly what these historical, economic and cultural issues are and how they affect small business. Some of these examples from the Pacific will be described to show that despite some very strong social and cultural obligations, with experience/ education the Pacific peoples are slowly learning how to manage culture and business. Some indigenous BOs especially in Papua New Guinea (PNG) have emerged to become very successful in business.

This chapter will also show that similar to the developed countries and other developing countries, women in the Pacific, especially with education/ experience have gradually overcome cultural and gender barriers to become successful in business.

Chapter 4 takes a closer look at the Solomon Islands (Fig 1.1), with a brief introduction to the political, economic and social issues of the country. Attention focuses on explaining traditional cultural obligations towards one's family (kinship group) and how these obligations, while still underlining today's society, have been commercialised (Gegeo, 1994). Gender roles in both traditional and contemporary society will also be described. This description will provide the basis for understanding the difficulties of promoting small businesses. This is in preparation to the next chapter that will show how, against all these difficulties, some indigenous SBOs have emerged.

Four case studies were undertaken in Honiara (Fig 1.3) with the objective of investigating what happens in practice, in terms of culture and gender, in order to gain a better understanding of their impact on small business development in the formal<sup>2</sup> sector. As it turned out, against my initial expectations, women wholly or jointly owned all four businesses. The cases are described in Chapter 5, under the headings of 'Culture', 'Gender' and 'Small Business'. These themes have been selected, as they are central to understanding and investigating if culture is a problem to the development of small business, can they be managed and what were the key gender issues.

At this present time, there are unlimited numbers of accounting manuals and 'start your own business' manuals but none that includes or teaches one how to take culture into account. Therefore, this study may indicate that more research needs to be done into suitable ways of promoting successful small businesses and how business principles can be adapted to suit local conditions.

Chapter 6 will conclude that examples from both the developed and developing countries have shown that with education and experience,

<sup>&</sup>lt;sup>2</sup> The informal sector "functions outside the organised formal sector and is normally not subject to the rules and regulations that govern businesses operating within the formal sector of the economy" (Fairbairn, 1992, p24).

culture can be managed to coexist with small businesses in the formal sector. That, as the people of the Pacific, especially the Solomon Islands, become more educated and gain more experience, they become better equipped to manage their business alongside their cultural obligations. However, the main constraint to start-up business in the Pacific is the general lack of finance due mainly to the strong social and cultural obligations that prevents savings. Therefore some means of assisting the rural population as well as the urban population must be found if the private sector is to be developed at a faster rate.

Contrary to popular cultural views that business is for men, it has been shown that women have emerged, and are succeeding, in the small business sector right around the world including the Pacific, and in Honiara. That with education and experience women are empowered to enter into self-employment, and as they succeed economically, they gain social status and independence. Thus, if small business was promoted, especially amongst women in the Pacific, there will be a greater chance of success and of bringing more equal development to the extended family both in the urban and rural areas.

There is a future in the development of small business in the PICs, but each government has to formulate relevant policies. This means taking into account the specific history, social, and economic, conditions of the country, and of particular areas, and of ethnic groups within a country. This can only be done through more thorough research, as most PICs, like the Solomon Islands, lack basic data on the specific needs of the people. It is more then just distributing easy money to people!

#### 1.4 Methodology

This research consisted of two parts. The fieldwork, which involved the collection of primary data, and the literature review (compilation of secondary data). The primary data was obtained through four case studies while secondary data was collected via the library.

Primary data was through the case study method, which is mainly a qualitative method, was chosen to provide an in-depth understanding of how four small businesses managed cultural obligations and resolved gender issues. This format was selected as it provided a more relaxed atmosphere and allowed the BOs to speak freely. As Pratt and Loizos (1992) point out, there is no perfect research model that can be used for all situations but instead research must be tailored to fit the situation. In social science there is no fixed theory or formula to analyse social and economic change but there needs to be several levels of enquiry and analyses (Allen & Truman, 1993).

Fieldwork was based on semi-structured interviews rather then on a direct question and answer situation, which can sometimes be too formal and restrictive in the questions and answers given. Each premises was visited at least twice, which provided the opportunity for both parties to feel more relaxed and allowed the researcher to observe first hand the operations of the premises overtime.

Generally speaking, when people talk about Melanesians in business, it is often with a negative view that these businesses will eventually go bankrupt. This is due to the bias that has steadily grown with the collapse of numerous locally owned businesses through either the lack of financial or cultural management. This research is therefore restricted to investigating only those small businesses owned by indigenous Solomon Islanders, which narrows down the total number in the selection pool as foreigners, mainly of Chinese and Asian origin, dominate the business sector in Honiara. Even though most of the Chinese businessmen are second and third generation Solomon Islanders they were not included in the survey as they have a different cultural background to the indigenous Solomon Islanders.

The intention was to get a mixed gender group of BOs as well as a cross section from the different islands, but that was impossible with the

prevailing ethnic tension. Therefore the selection of candidates was completely random as it was not possible to obtain a list from the Department of Commerce or the Small Business Enterprise Centre (SBEC) in Honiara, as such a list did not exist. The situation in Honiara was unpredictable so BOs were interviewed as soon as they agreed to be part of the survey. This was to ensure that at least some part of the fieldwork would be complete in the event that I might have to leave the country before my due date. In fact I was always on stand-by in case I had to catch the next flight out especially in the third week when there was a shoot out in town and everything shut down for a day.

Before leaving Palmerston North a list of five BO's was drawn up, representing different types of businesses, but on arrival in Honiara this list had to be altered as two BOs (a male and female) had gone out of business, and one business location (male BO) was considered unsafe. Of the two remaining (both female BOs), one immediately agreed to be interviewed. While another agreed, she could not make time until the Friday of week three (of the fieldwork). In the meantime, other BOs, both male and female, were contacted with the unpredictable end result of four women BOs. However, three were married and had assistance of some sort from their husbands so one could say that there was indirect male representation.

Somewhat typical of research in many third world countries, there was no way that interviews could be arranged and confirmed before my arrival in Honiara because phones are too expensive and unreliable. Even when in Honiara it was difficult to use the phone because no one answered or the lines were down. Consequently, each BO had to be personally approached. In one case it meant sitting outside an office on two different days for at least three hours before a meeting could be arranged with the BO. In this day of modern technology where email is so cheap in developed countries, most local businesses in the Solomon Islands would still be lucky to own a computer let alone the email services which is so

expensive that only the large firms can afford it (in April 2001, the first Internet café, partly funded by the UNDP, opened).

Due to the civil unrest, BOs were very suspicious and reluctant to be interviewed, especially the men. This could be due to men's protective nature that prevents them from discussing their business; especially as some thought that the survey was to do with business profitability even though the purpose had been explained. Another reason could be due to cultural bias where men are supposed to be on a higher level then women and so did not feel obliged to be discussing business with a woman. Pollard (2000) during her fieldwork in Wasisi village had the same problem where not a single man came forward to participate in her fieldwork. One owner went to great lengths to explain that his business was very slow and that he may be closing down, so did not want to be interviewed. Another said he was very interested, but would consult his business partner (male). However, contact was not made indicating his unwillingness to participate.

Confidentiality was also an issue. Many of the BOs approached wanted to be certain that the research was not for publication or for the government. For each interview conducted, at least an hour was spent (usually a day or two before the interview) assuring the interviewee of confidentiality, explaining about the fieldwork and discussing generally about other issues to establish a relaxed and productive atmosphere.

Absolute neutrality or anonymity was impossible in this research as I grew up in and with Honiara, maintaining regular contact while living abroad. Therefore, because I knew the four final respondents, this may have affected their responses and the information may not be free from biases. In a small town like Honiara, this sort of problem cannot be avoided.

All the interviews were semi-structured, allowing the BOs to speak freely and at the same time allowing for various questions to be asked. Each

# PLATE: 1.1



Burnt out house



Guadacanal Provincial Office



Deserted streets of Chinatown

interview session lasted about one and a half hours. A small tape recorder was used and proved unobtrusive. (Note taking during the interview made the respondents nervous so this was avoided). As well as the four case studies, and in view of the lack of written data available, the Manager of the SBEC and a senior officer, of the National Planning Office, were also interviewed as a means of validating the information collected (Pratt and Loizos, 1992).

The main source of secondary data collection was through Massey University library. However, data specifically on cultural obligations in relation to SB is difficult to come by simply because there has been very little written on the subject. Most of the material on small business development deals mainly with the management and financial operations of SB, occasionally mentioning cultural constraints, but not discussing the matter in any detail.

In Honiara, it was also difficult to gather much in-depth material mainly because many offices just did not function during the crises. Even though some opened, subsequently, there was no sense of commitment to work. Half the government employees were on forced unpaid leave and (apart from the High Court offices), those who were supposed to be working did pretty much as they pleased. This was observed on Monday 15th January 2001, when I made my first trip to town, and it remained that way up until I departed on 13th March 2001. It was indeed a very marked change to what Honiara used to be like.

I visited the New Zealand High Commission office, to obtain information but was informed that the SBEC (funded by the New Zealand Official Development Assistance programme) was the best place to go. Immediately, the ladies made an appointment for me to see the manager, Mr Sale, for the next day. The interview with Mr Sale was interesting but he did not have any written data that could be taken away and the photocopier was not working so photocopies could not be made. He said

that they did recognize the need to compile some sort of Register of small business (because currently one could not obtain this information from government) but the project was on hold till the situation in Honiara returned to normal.

The Honiara Library was closed because it was used as an Eagle Force<sup>3</sup> base during the crises and was in very bad condition. The University of South Pacific Centre Library opened in the final week of my research but it lacked any adequate data. The only interesting article could not be photocopied as the photocopier had broken down too and I was asked to return the following week (I would not be there). As the article was from the reserved section of the library it could not photocopied anywhere else.

The major limitation to the actual fieldwork was the civil unrest itself, and the lack of adequate preparation and fieldwork time. The situation contributed to making many people suspicious of being questioned, limited the number and diversity of possible indigenous BOs that could have been interviewed, and did not allow for a proper random selection process to take place. It also affected the quantity and quality of data that was available.

It was very difficult to concentrate and feel relaxed about the research because the environment was just so tense. One had to take care while moving around town and in what topics were discussed and with whom. To make matters worse Honiara was very hot and dusty, there was water rationing so one could not have a shower after a hot frustrating day out. These conditions were very testing.

In summary the case study method was very successful as it made the respondents feel relaxed and in control of the situation, allowing them to talk as freely as possible.

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<sup>&</sup>lt;sup>3</sup> The Malaita Eagle Force is the illegal 'army' formed in response to the Guadalcanal FreedomFighters. The Eagle Force had camps throughout Honiara town.