INDIGENOUS BUSINESS IN FIJI

by

John M. Bailey

EAST-WEST CENTER
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Pacific Islands Development Program
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DEDICATION

The indigenous business community needs the encouragement and support of government if it is to fulfill its potential in the development of Fiji. It is in the hope that this potential will be achieved that I dedicate this report to two Fijian entrepreneurs who stirred my interest above all others: Apolosi and Jiuta.
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FOREWORD

PIDP plans to complete a series of reports on the subject of indigenous business development in selected Pacific island countries. This first report concerns Fiji; it was prepared by Mr. John M. Hailey, University of the South Pacific (USP) lecturer, under the direction of Dr. Te'o I. Fairbairn, PIDP/EWC research associate. The report incorporates the results of a detailed field survey of indigenous entrepreneurs and discussions with government representatives and leaders in the private sector.

Similar studies are being conducted by PIDP in seven other Pacific island countries as part of a regionwide research project mandated by the Standing Committee of the Pacific Islands Conference at its inaugural meeting in Pago Pago in 1981. At that meeting, PIDP was directed to conduct a study of indigenous business development among island countries of the South Pacific to identify those social and economic factors that promote or inhibit indigenous entrepreneurship and to formulate policy initiatives that support entrepreneurship. In proposing this study, the Standing Committee emphasized that Pacific island governments were giving increasing importance to indigenous participation in the development process.

This report makes clear that increased participation by indigenous Fijians in the business sector will not be easy. Among the many obstacles are lack of managerial experience and business skills, poor understanding of markets, inability to raise sufficient capital, and pressure from family and traditional sources.

To alleviate these obstacles, a number of recommendations are proposed, including new approaches to securing credit, training activities, and identification of investment opportunities. The report also suggests the creation of a cohesive, integrated policy to coordinate government support programs in the field and to avoid wasteful duplication of effort. Such proposals, if implemented, could encourage indigenous entrepreneurship; but, as pointed out in the report, they are not likely to provide all the answers. In the last analysis, much will depend on the personal motivation of the Fijian people themselves; they cannot be forced into business.

Fiji's development experience to date has been marked by sound management and planning. In the long term, significant progress can be made in upgrading Fijian participation in business, both big and small. It is hoped that this report can play a useful part in laying the foundation for success.

Te'o I. J. Fairbairn, Ph.D.  
Director (Acting)  
Pacific Islands Development Program
ACKNOWLEDGMENTS

Numerous people have directly or indirectly contributed to the preparation of this report, too many for me to thank them all individually. I would like, however, to record my thanks to all the people who made the report possible, in particular my research assistants Malakai Tawake and Sunita Mishra. I am also grateful for the efforts of my team of interviewers: Suresh Chandra, Saimone Dobui, Arthur Leger, Frances Loga, Sereima Lomaloma, Josefa Matau, Suresh Ramrita, Malakai Tawake, Asaeli Tokelau, and Chris Wong. My appreciation is extended to the staff of the Business Opportunity and Management Advisory Service (BOMAS) for their assistance, particularly Daphne Kaloucava, Peni Leweniqila, Nic Morris, and Epeli Rabuka. Thanks also go to Jesoni Vitusagavulu and Tevita Vugakoto of the Fiji Development Bank (FDB). Chris Poullaos of the University of the South Pacific (UPS) provided invaluable advice on accounting procedures and analysis. At PIDP, Research Associate Te'o I. Fairbairn gave constant support and encouragement; Deacon Ritterbush, my counterpart responsible for the Tonga survey, heightened morale and stimulated discussions. Of course, the responsibility for the content of this report rests solely with me. Finally, special thanks go to Ili Seru for cheerfully typing this report late into the night, to Malakai Tawake for cheerfully collating material late into the night, and especially to Caroline for cheerfully putting up with my work late into the night.
EXECUTIVE SUMMARY

The role and performance of indigenous Fijian entrepreneurs are reviewed in this report to assess the reasons for their success or failure in business. Policy initiatives that can be adopted to promote indigenous Fijian entrepreneurs are then identified. This research assumes that the indigenous private business sector is essential for Fiji's balanced development and is an integral component of national development strategies.

Indigenous enterprises can offer goods and services to meet the demands of local consumers, thereby reducing their dependency on inappropriate goods and making better use of local resources. The small-scale enterprises common to indigenous business collectively can have a significant impact on the creation of employment opportunities. A skilled labor force is created, which in turn can transfer its skills and expertise to others. These skills can then be tapped by new enterprises. The results of this transfer of knowledge and redistribution of wealth are greater social stability and economic growth.

Fijians are subject to increasing pressures to participate in business, particularly because non-Fijian entrepreneurs have consolidated their market position and dominate business opportunities. The increasing economic gap between the races poses a threat to the political and social stability of Fiji. A successful Fijian business community can help reduce the economic gap between the Fijians and other races before this problem becomes insurmountable.

The private business sector in Fiji is surprisingly buoyant, considering the effects of the oil crisis and consequent worldwide recession. In recent years Fijian involvement and interest in business has increased. This period has been one of entrepreneurial experimentation, business innovation, and commercial vision. Granted, many of the entrepreneurial experiments have ended in failure, marked by poor planning and mismanagement of resources. Yet given the economic climate, the social environment, and, above all, the lack of exposure of most Fijians to business practice, some failures could have been expected. A foundation of Fijian involvement in business has been established. The indigenous business community now needs encouragement and support if it is to fulfill its potential in Fiji's development.

The success of any attempts to encourage Fijians in business must depend on the motivation and perception of the individual Fijian. Fijians cannot be forced into business; although they can be encouraged and supported, the final decision is theirs. Business success depends upon both individual motivation and the ability to bring resources together in profitable combinations. Such skills and desires can be encouraged, but they can never be imposed.
Business is still an alien concept to many Pacific islanders. The business ethics of the cash market economy, measurable economic returns, individual acquisitiveness, and the profit motive are often incompatible with the communal cultures of the Pacific. Any attempt to encourage business is a threat to traditional values and thus to a way of life. Yet economic development and the reality of the existing situation dictate that the indigenous peoples of the Pacific islands should participate increasingly in business activities. This fundamental dilemma marks the thinking of many politicians, planners, and entrepreneurs. The limited commitment to support indigenous entrepreneurs is a symptom of this dilemma.

In Fiji the cash market economy is now well established and the culture is adapting under its influence as entrepreneurs increasingly exploit market opportunities. Any attempt to encourage Fijian entrepreneurs must be sensitive to such a business environment. The benefits of any money invested today in supporting Fijians in business can be assessed only in the long term. No short-term panacea is available. A cohesive policy is recommended to support indigenous Fijian entrepreneurs if they are to have any chance of competing on equal terms with other races. Fijian entrepreneurs need the encouragement of policies that will stimulate, support, and sustain their efforts if they are to thrive and succeed in business.

The Study's Purpose and Methodology

The Indigenous Business Development Project, which is being implemented by the Pacific Islands Development Program of the East-West Center in Hawaii, is concerned with the development of indigenous business in the island nations of the South Pacific. The overall purposes of the project are to assess the reasons for the success or failure of indigenous business in the South Pacific and to evaluate policy initiatives that island governments can use to promote indigenous development and foster greater involvement in the business sector.

The Indigenous Business Development Project commissioned John M. Hailey to coordinate a major field survey and prepare a report on indigenous business in Fiji. The survey was undertaken by eleven interviewers (seven Fijians, two Fiji-Indians, and two General Electors). These interviewers were chosen for their experience in field research in Fiji, for their interest and knowledge in this area of study, and for their respect for, and sensitivity to, the entrepreneurs to be interviewed.

An analysis of the survey sample can be found in chapter 6. The interviewers followed a standard format of questions; emphasis was on the quality and depth of responses rather than on the number. Despite the more than 8,000 questions asked by the interviewers, the rate of
response to most questions was high. All team members commented on the fair and honest responses to the questions—although, as expected, certain gaps and confusions appeared in the responses to the financial questions.

The general review of the role and the needs of Fijian entrepreneurs, as well as the evaluation of government policies, was based on extensive library and archival research. Frank and wide-ranging discussions were held with government officers, officials of the Business Opportunity and Management Advisory Service (BOMAS), the Economic Development Board (EDB), and the Fiji Development Bank (FDB), as well as members of the business community in Fiji. The final analysis is therefore a synthesis of these discussions, the archival research, and the survey data.

The intention of the project is to highlight the needs of ethnically indigenous Pacific islanders in business. At the start of this research it was necessary to answer two major questions: who are the indigenous entrepreneurs in Fiji, and what is meant by the indigenous small enterprise sector? After extensive research and discussion (see chapter 1), the following definitions were adopted.

The indigenous entrepreneur in Fiji is a "Fijian (i taukei) who shows a practical creativeness in effectively combining resources and opportunities in new ways that provide appropriate goods and services to the community and that generate a reasonable income to create enhanced opportunities for the individual, the family, and the community."

A small business in Fiji is "an independently owned and operated business that has a relatively small share of the market and an annual turnover of less than F$50,000 and that is personally managed by its owners, who rely on five or fewer regularly paid employees."

The performance and potential of Fijian entrepreneurs cannot be assessed in isolation. Thus the survey sample was extended to include Fiji-Indians, Part-Europeans, and Chinese entrepreneurs operating businesses in Fiji. For convenience, Fijian-owned businesses are referred to as indigenous businesses, whereas businesses owned by Fiji-Indians, Part-Europeans, and Chinese are referred to as locally owned businesses. In general, the report refers to members of the Fiji-Indian community as Indians. All money values quoted in the report are in Fiji dollars, which at the time the report was being prepared were F$1 = US$0.88.

Report Overview

In order to fulfill the overall project objectives, a broad analysis of social and political influences was judged to be as
important as an analysis confined to the results of the field survey. Thus the early chapters concentrate on how the social and political climate has affected the performance, or lack of performance, of Fijian entrepreneurs in the obviously buoyant business sector in Fiji. These considerations determined the structure of the entire report.

Chapter 1 outlines the size and structure of both locally and foreign-owned business enterprises in Fiji. Chapter 2 assesses some of the historical and cultural influences that characterize Fiji's diverse multiracial community and analyzes their impact on the entrepreneurial performance of individual ethnic groups. Chapter 3 examines and defines the role of the entrepreneur in Fijian society; it then assesses the importance of the business sector in the economic development of Fiji, which is elaborated upon in chapter 4. Chapter 4 also identifies the importance of encouraging Fijian participation in business and critically reviews the existing policy statements on the development of the indigenous small business sector. The case is argued for the creation of an integrated policy that would support indigenous small enterprises as part of the national development program. This topic is developed in chapter 5, which reviews the performance and role of the enterprise support organizations (ESOs), designed supposedly to encourage indigenous business in Fiji. Chapter 6 reviews the findings of the field survey. Chapter 7 suggests criteria for defining the success of indigenous entrepreneurs, and chapter 8 describes problems that indigenous entrepreneurs face. In chapter 9, recommendations are made to encourage the development of indigenous entrepreneurs. These recommendations are premised on the need for an integrated policy to stimulate, support, and sustain indigenous Fijian entrepreneurs in business.

Success and Failure

The analysis of the survey data identified major factors that characterize the successful performance of Fijians in business. These are good management, good marketing, and an entrepreneurial personality. Good management is characterized by the adoption of a comprehensive business plan and realistic, achievable business objectives. It involves using business techniques effectively to bring together business resources productively and profitably. Good marketing is characterized by a competitive pricing policy and the exploitation of all market opportunities. It requires maintaining good customer relations, offering a suitable range of goods and services from accessible business locations, and supporting them with cost-effective promotional activities. An entrepreneurial personality is marked by personal ambition motivated toward clearly defined goals. Personal charisma is valuable for maintaining effective relations with customers, employees, and business contacts, as well as friends and families. Successful entrepreneurs were seen as hard working, reliable, and capable of making realistic assessments of any situation. These attributes are reflected
in the entrepreneur's role as an innovator who takes legitimate risks to achieve business objectives.

The major cause of business failure among indigenous entrepreneurs was identified as a lack of management experience and business skills. This could often be related to lack of exposure to business practice, relevant training, or experience, which resulted in the failure to prepare business plans, to use resources or techniques effectively, and to make any realistic assessment of personal skills. A second cause of failure was the lack of control over entrepreneurial relations, which resulted in an ineffective use of business resources due to family or personal pressures and obligations. Similarly, poor relations with employees resulted in poor quality work and high staff turnover. The third cause of failure was the inability to raise capital and use investment finance, which often reflected poor planning, poor advice, or a failure to understand and appreciate the best way of making optimal use of financial resources. And last, the failure of entrepreneurs to meet market demands and react to excessive competition resulted in low sales turnover and limited market development.

Some or all of these factors working together have led to business failure among Fijian entrepreneurs. The cause of such failures often lies with the individual entrepreneurs' failure to use their own skills or business resources.

Recommendations

The rate of business failure among Fijian entrepreneurs could be reduced if the following recommendations were followed:

- The creation by the Fiji Government of a cohesive, integrated policy to coordinate all aspects of support for the small enterprise sector
- The establishment of a regional enterprise support organization (ESO) to coordinate research and prepare relevant training materials for the island nations of the Pacific
- A thorough evaluation of the effectiveness of the business training courses available in Fiji
- Making resources available to support and select potential entrepreneurs
- Encouragement to local entrepreneurs to demonstrate greater originality in business activity, such as in the tourism sector
- The development of culturally acceptable mechanisms so that traditional obligations need not drain business resources
• The assessment by advice givers of the opportunities available to local entrepreneurs through relatively secure business ventures

• The development of innovative savings schemes for Fijians as a source of further investment

A number of other specific recommendations are contained in the body of the report. Suggestions include ways to resolve management succession problems, to control communal obligations of retailers, and to identify various marketing opportunities. The recommendations emphasize general solutions rather than specific issues. The future of indigenous entrepreneurs rests on their ability to integrate personal values with market potential, financial resources, and their own experience and qualifications. Entrepreneurs will thus be seen to bring together resources and opportunities into profitable relationships.
Chapter 1. OVERVIEW OF FIJI’S BUSINESS CLIMATE

Fiji comprises more than 300 islands with a total land area of 18,376 square kilometers scattered over thousands of square kilometers in the South Pacific. The two largest islands and centers of economic activity are Viti Levu (10,429 square kilometers) and Vanua Levu (5,556 square kilometers). The outer islands are much smaller, and some two-thirds of them remain uninhabited. The scattered location and isolation of the islands create transportation and communication difficulties; thus economic activity is concentrated in a few centers on Viti Levu and Vanua Levu.

The economy of Fiji is predominantly rural. Agricultural production has developed from its traditional subsistence level. In 1983 Fiji's chief exports were sugar (63%), gold (9.5%), canned fish (8%), and coconut oil (6%). Despite its strong dependence on primary products, the economy is rapidly diversifying. The tourism, manufacturing, and timber industries are beginning to make significant contributions to the gross domestic product and to create new employment opportunities, as well as to expand Fiji's economic base.

According to Fijian legend, the great Chief Lutunasobasoba led his people across the sea to the new land of Fiji. Most historians agree that in Fiji the Melanesians and the Polynesians mixed to create a highly developed society long before the arrival of the Europeans in the nineteenth century. In 1874 Fiji was ceded to Britain; to ensure the economic viability of this new colony, plantation agriculture was encouraged, as was the development of the cash market economy. Between 1879 and 1916 Indians came as indentured laborers to work in the sugar plantations. After the indentured system was abolished, many stayed on as independent farmers or businessmen; today the Indian community is the largest single ethnic group in Fiji.

The twentieth century brought about important economic change in Fiji, together with the maturation of its political system. Fiji became a major sugar exporter and is becoming increasingly attractive as a tourist center. Fiji gained its independence on October 10, 1970, after nearly a century of British colonial rule. Today Fiji is an independent country within the British Commonwealth, with a democratic system of constitutional government based on the British Westminster model.

Fiji's multiracial population was estimated at 672,000 in mid-1983 (Table 1.1); the average growth rate for the previous five years was 1.9 percent. Given the ethnic diversity of Fiji's population and the land tenure system, by which 83 percent of the landholdings are on Fijian communally owned land, there is a surprising degree of racial harmony.
Table 1.1. Estimated population of Fiji by ethnic origin: mid-1983

<table>
<thead>
<tr>
<th>Origin</th>
<th>Population</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indians</td>
<td>336,000</td>
<td>50.0</td>
</tr>
<tr>
<td>Fijians</td>
<td>301,000</td>
<td>45.0</td>
</tr>
<tr>
<td>Part-Europeans</td>
<td>11,000</td>
<td>1.6</td>
</tr>
<tr>
<td>Chinese</td>
<td>5,000</td>
<td>0.6</td>
</tr>
<tr>
<td>Others</td>
<td>19,000</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Although assimilation between the two major ethnic groups is not extensive, a marked degree of tolerance exists among the varied cultures, religions, and personalities that compose this racial mix.

Population density is currently about 35.5 persons per square kilometer. If a stable fertility rate is assumed, the population forecast is for 720,000 in 1986 and nearly one million in 2000. The young urban population is increasing. In 1966 the urban population totaled 33 percent of the population; by 1976 the figure had risen to 60 percent. The urban population is concentrated in five main centers: Suva, Lautoka, Nadi, Labasa, and Vatukoula. It is estimated that 80 percent of the Indian population lives in the urban and periurban areas, whereas only one-third of the Fijian population lives in the urban areas. The youthful age of this growing population, with 48.6 percent under 19 years old, will lead to increased pressure on resources and land and to scarce job opportunities. (See chapter 4.)

The total labor force in 1981 was estimated at 203,000, with paid employment totaling 81,400. In general the work force resources of Fiji are untapped, and labor potential is great in the rural areas. Fiji's labor force is generally well educated, with 77 percent having attended grade 5 and higher and 4 percent having postsecondary education. The government continues to invest in tertiary, vocational, and adult education to expand this skill base. Table 1.2 shows growing use of this skilled labor force in different occupations at a time when the numbers employed in the primary industries are declining.
Table 1.2. Estimated total paid employment in Fiji by International Standard Industrial Classification (ISIC) group: 1974, 1978, and 1981

<table>
<thead>
<tr>
<th>ISIC group</th>
<th>1974</th>
<th>1978</th>
<th>1981</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry, fishery</td>
<td>2,890</td>
<td>2,787</td>
<td>2,509</td>
</tr>
<tr>
<td>Mining, quarrying</td>
<td>1,963</td>
<td>809</td>
<td>1,066</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>11,840</td>
<td>13,484</td>
<td>14,223</td>
</tr>
<tr>
<td>Electricity, gas, water</td>
<td>1,659</td>
<td>1,834</td>
<td>2,750</td>
</tr>
<tr>
<td>Construction</td>
<td>8,291</td>
<td>8,895</td>
<td>7,146</td>
</tr>
<tr>
<td>Wholesale, retail, hotels</td>
<td>10,014</td>
<td>12,778</td>
<td>14,140</td>
</tr>
<tr>
<td>Transport, communication</td>
<td>6,180</td>
<td>7,303</td>
<td>7,865</td>
</tr>
<tr>
<td>Finance, business services</td>
<td>3,341</td>
<td>4,186</td>
<td>4,926</td>
</tr>
<tr>
<td>Community, social services</td>
<td>20,820</td>
<td>24,508</td>
<td>26,781</td>
</tr>
</tbody>
</table>

Private Business in Fiji

The rapidly developing private business sector in Fiji shows signs of great buoyancy and resilience. There has been steady growth in the number of locally owned business enterprises, which play a major role in Fiji's economy (Table 1.3).

Table 1.3. Number of private business sector organizations in Fiji: 1972 and 1982

<table>
<thead>
<tr>
<th>Type of organization</th>
<th>1972</th>
<th>1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole trades and partnerships⁶</td>
<td>9,981</td>
<td>16,556</td>
</tr>
<tr>
<td>Private trades limited companies⁷</td>
<td>1,236</td>
<td>3,561</td>
</tr>
<tr>
<td>Public limited companies</td>
<td>33</td>
<td>41</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11,250</td>
<td>20,158</td>
</tr>
</tbody>
</table>

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These figures dramatically reflect the degree of entrepreneurial talent and energy that has been invested in new businesses in Fiji during the period 1972-82. This rapid expansion of predominantly small businesses emphasizes the significance of the small business sector in Fiji's economy. It is estimated that there is one small firm for every forty persons in Fiji. The ratio corresponds to similar figures in Australia and the United Kingdom, and it underscores the close relationship between such businesses and their potential markets.

The private business sector contributes to the well-being of the people of Fiji not only by supplying relevant goods and services but also by transferring skills to the indigenous people through employment. More than two-thirds of the regularly paid positions in Fiji have been created directly by the business sector. The indirect multiplier effects are also impressive in that the economic returns from every two new private-sector jobs created contribute to the creation of one government-sponsored job. During the downturn in Fiji's economic performance in the early 1980s, the private sector appeared more resilient as an employer than the government. In the period 1980-82 the central government reduced its work force by nearly 20 percent, whereas the reduction in the private sector was only 5 percent (Table 1.4). The figures do not account for the large number of employees who received marginal wages by working on a part-time basis in private business.

In 1981 an estimated 12,200 Fijians were employed by the private sector. Although they represented one-third of the total number employed in the private sector, the great majority were employed as only semi-skilled or unskilled labor. Only 2,040 Fijians held senior salaried positions, a mere 17 percent of all the Fijians employed in the private sector (Table 1.5). If Fijians are to play an active part in the business community in Fiji, they need the experience and exposure found only in such salaried managerial positions. Such employment opportunities should be made increasingly available to Fijians, especially in light of this evidence that suggests Fijians increasingly try to find employment in the private sector.

Although the private business sector in Fiji is composed predominantly of sole traders and partnerships (Table 1.3), in reality it is dominated economically by a few large companies that generate the highest sales turnover and are the largest employers. Such firms include both the foreign-owned Carpenters Group, Burns Philp, Central Manufacturing, and Western Mining, and the locally owned Motibhai's, Punja's, and R.B. Patel's. Sharda Nand has suggested that the whole of the retail sector is manipulated by only ten major importers and wholesalers. Many of the major locally owned companies continue to employ a majority of Indian labor, and one must question the impartiality of their selection policy as equal opportunity employers. Such recruitment policies do little to encourage Fijian applicants, and this situation is aggravated by the
Table 1.4. Distribution of employment by sector: 1980-82

<table>
<thead>
<tr>
<th>Sector</th>
<th>1980</th>
<th>1981</th>
<th>1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private sector</td>
<td>46,488</td>
<td>47,747</td>
<td>45,261</td>
</tr>
<tr>
<td>Central government</td>
<td>18,874</td>
<td>17,838</td>
<td>15,785</td>
</tr>
<tr>
<td>Statutory bodies and local govern</td>
<td>5,628</td>
<td>4,800</td>
<td>5,950</td>
</tr>
<tr>
<td>Total</td>
<td>70,990</td>
<td>70,384</td>
<td>66,996</td>
</tr>
</tbody>
</table>

Table 1.5. Wage and salary earners in the private sector by ethnic origin: 1981

<table>
<thead>
<tr>
<th>Origin</th>
<th>Wage earners</th>
<th>Salary earners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fijians</td>
<td>10,168</td>
<td>2,040</td>
</tr>
<tr>
<td>Indians</td>
<td>17,232</td>
<td>5,333</td>
</tr>
<tr>
<td>Others</td>
<td>1,984</td>
<td>2,103</td>
</tr>
</tbody>
</table>

fact that few of these jobs are advertised. Word-of-mouth and personal contacts are a dominant feature of job-seeking in Fiji. Tables 1.6 and 1.7 show the racial imbalance in the patterns of private-sector employment.

Private Foreign Investment in Fiji

The impact of overseas capital in Fiji has been pronounced, particularly in two major areas of economic activity: sugar production and tourism. Since independence, the Government of Fiji has actively encouraged private foreign investment as a key element of its development program. This policy assumes that inflows of foreign investment funds will supplement local capital formation, that the introduction of management skills and the transfer of technology will increase productivity, that new investment will create new jobs, and that the international market expertise or contacts of overseas corporations will boost Fiji's export trade and thus alleviate balance-of-payments problems.
Table 1.6. Distribution of wage earners by type of organization and ethnic origin: 1982

<table>
<thead>
<tr>
<th>Type of organization</th>
<th>Fijian</th>
<th>Indian</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole trader</td>
<td>617</td>
<td>1,775</td>
<td>159</td>
<td>2,551</td>
</tr>
<tr>
<td>Partnership</td>
<td>831</td>
<td>1,810</td>
<td>132</td>
<td>2,773</td>
</tr>
<tr>
<td>Private limited company</td>
<td>5,566</td>
<td>8,038</td>
<td>1,078</td>
<td>14,682</td>
</tr>
<tr>
<td>Public limited company</td>
<td>2,642</td>
<td>4,279</td>
<td>551</td>
<td>7,472</td>
</tr>
</tbody>
</table>

Table 1.7. Distribution of salaried employees by type of organization and ethnic origin: 1982

<table>
<thead>
<tr>
<th>Type of organization</th>
<th>Fijian</th>
<th>Indian</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole trader</td>
<td>134</td>
<td>448</td>
<td>80</td>
<td>662</td>
</tr>
<tr>
<td>Partnership</td>
<td>159</td>
<td>812</td>
<td>261</td>
<td>1,232</td>
</tr>
<tr>
<td>Private limited company</td>
<td>889</td>
<td>2,773</td>
<td>1,066</td>
<td>4,738</td>
</tr>
<tr>
<td>Public limited company</td>
<td>578</td>
<td>1,325</td>
<td>633</td>
<td>2,536</td>
</tr>
</tbody>
</table>

To encourage foreign investors, the Economic Development Board in Suva has provided a range of incentives, tax holidays, reassurances on repatriation agreements, and security on investments.

R.T. Carstairs and R. Deo Prasad estimated that, in 1980, 736 companies with some foreign equity were registered and active in Fiji and that 660 of them had more than 50 percent foreign equity. This foreign investment was dominated by Australian and New Zealand companies, which controlled 37 percent and 20 percent of foreign-owned companies, respectively. Foreign-controlled companies appear to dominate in such sectors as mining, non-electric energy supply, banking, insurance, tourism, timber processing, food processing, and wholesaling. Locally owned companies predominate in retailing, transportation, tourist services, and manufacturing. Carstairs and Prasad emphasized the important role of private foreign investment in Fiji's economy and suggested that, after all adjustments, at least $65.8 million or 9.3 percent of the gross domestic product at factor costs was generated by foreign-owned...
companies. They estimated that companies with a majority foreign equity contributed 17.7 percent to total employment and paid some $56.5 million in wages per year, that is, about 18.9 percent of the total wages and salaries paid in Fiji.

A weakness of Carstairs and Prasad's methodology and definition of foreign-controlled companies is that they exaggerated the level of local control and also underestimated the degree of concentration by foreign investment in certain industries. Yet their overall conclusion—when viewed in the context of other indicators—is of major importance to this study. Michael Ward estimated that, in 1971, 80 percent of company turnover in Fiji was controlled by companies with more than 50 percent foreign equity. In 1981 Carstairs and Prasad claimed that those firms' market share was still significant but had been reduced to 52.6 percent by 1980. This dramatic decline in the relative dominance of private foreign investment and thus the relative growth of the local business sector are supported by other indicators. An example is the decline in the inflow of private capital to Fiji during the 1970s, which fell from a peak of $31.9 million in 1974 to a low of $5 million in 1976 and from which the recovery has been slow (Table 1.8).

This perception is reinforced by the fact that the total of Fiji's private sector external debt fell from $77.7 million to $59.5 million between 1973 and 1979 while Fiji's public sector external debt rose from $51 million to $183.8 million. These developments indicate that foreign investors are playing a declining role in the private business sector in Fiji and local enterprise is beginning to dominate.

In a major study M.J. Taylor attempts to explain this phenomenon and suggests it is marked by two basic trends: the withdrawal of foreign capital and the growth of indigenous, essentially Indo-Fijian smaller firms. A number of factors must be considered; for example, during the last fifteen years foreign investment has drifted away from the Pacific islands for four main reasons:

- The independence of many Pacific island nations, which encouraged a return of land to traditional landholders and governments
- Falling commodity prices
- A management succession problem among many small foreign-owned concerns
- A search for economies of scale, with technology moving in one direction and the "fragmentation of space" caused by independence moving in the opposite direction

This dramatic disengagement and retreat from the Pacific is apparent in such examples as the withdrawal of the U.S. multinational Brewer...
Table 1.8. Private foreign investment capital inflows to Fiji: 1971-79 (millions of dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>10.8</td>
</tr>
<tr>
<td>1972</td>
<td>22.0</td>
</tr>
<tr>
<td>1973</td>
<td>20.9</td>
</tr>
<tr>
<td>1974</td>
<td>31.9</td>
</tr>
<tr>
<td>1975</td>
<td>12.6</td>
</tr>
<tr>
<td>1976</td>
<td>5.0</td>
</tr>
<tr>
<td>1977</td>
<td>8.0</td>
</tr>
<tr>
<td>1978</td>
<td>10.0</td>
</tr>
<tr>
<td>1979</td>
<td>9.5</td>
</tr>
</tbody>
</table>

Corporation from the Solomon Islands, the sale of Burns Philp retail properties in Fiji, the rationalization that created Industrial Marine Engineering, Ltd. (IMEL), which caused a loss of 100 jobs, and the complete withdrawal of Barclays Bank from Fiji and the Pacific in 1985. This trend has been aggravated in that traditionally important foreign overseas investors from Australia and New Zealand are not investing or are peripheralizing their investments in Fiji. The weakness of the New Zealand economy has limited the investment potential of most New Zealand companies, and Australian investors are reorganizing their overseas investment profiles toward ASEAN, East Asia, Europe, and to some extent North America. The general Australian retreat "back home" is also reflected in the increasing significance of Australian-generated profits to these companies. In light of this retreat, many foreign-owned operations in Fiji are becoming increasingly peripheralized—in other words, increasingly distant from, and less important as profit centers to, decision makers in the head offices of large corporations. Such peripheralization implies less concentration of resources and interest in the peripheral operation, which now has a weakened power base in the corporate structure. Evidence also suggests that peripheralization by takeover often leads to liquidation of peripheral investments within five years. This is well exemplified when the Carpenters Group was taken over by Griffin Holdings of Australia in 1983, and within a year the new owners had liquidated their 46.5 percent holdings in Carlton Brewery (Fiji) Ltd. by selling their shares to the newly formed Fijian Holdings.
Another example of peripheralization was the takeover of the Emperor Gold Mine by the giant Western Mining Corporation of Australia.

Taylor suggests that foreign investors' principal concerns, which have encouraged their withdrawal or limited their investment portfolios in Fiji, revolve around what they regard as unfair competition from locally owned small businesses. This proliferation of competition in areas of business that foreign-owned companies had previously dominated has led to excess industrial capacity and uneconomic margins. For example, in the mid-60s there was one plastic bag manufacturer; today Fiji's small economy supports some twenty-five plastic bag manufacturers. Many foreign-owned companies in Fiji feel that they are discriminated against in having limited access to the local capital market. Moreover, foreign investors feel that they are faced with unfair wage competition because foreign-owned companies with relatively enlightened personnel policies are an obvious target for trade union activities; thus wage levels and costs are forced upward. It has been estimated that foreign-owned companies pay workers at least three times as much as local employers. One extreme case is the food processing industry, in which foreign-owned firms pay a minimum wage of $1.16 per hour whereas locally owned companies pay $0.25 per hour. Another example is the paper conversion industry, in which laborers receive $1.60 per hour in foreign-owned firms whereas in locally owned companies they receive $0.27 per hour. These figures reflect not only the exploitative attitude of many local employers but also the total failure of the trade union movement to involve themselves with employees of locally owned companies. It is therefore not surprising that foreign investors find it difficult to compete in the local market. There is little incentive to invest in a country where foreign-owned companies are prime targets for trade union activity and where wage rates are higher than other countries of the region. A foreign-owned company in Fiji will pay an average minimum wage of $9 per day, whereas in Tonga, for instance, it may pay less than $4 per day for similar labor without the threat of trade union activities and have the support of protectionist legislation.

Conclusion

Thus we have in Fiji a picture of a growing, buoyant, locally owned private sector and an increasingly defensive foreign-owned business sector. This phenomenon could have a negative impact on the development of Fiji. The government is convinced that private foreign investment is essential to prime the economy and to introduce new skills and technology in the development of new projects. If so, any reduction in such investment flows could have a debilitating effect on the local economy. That is unless the local business sector can demonstrate continuing growth by improving its management skills and filling the gap left by reduced foreign investment. Policy guidelines therefore need to be clarified to ensure that the local business community is aware of this pressing need.
A matter of further concern is the implication of the rapid growth of the predominantly Indian-owned local private sector, which now appears to dominate the local market. The more entrenched the Indian business community becomes as a market leader, the harder it will be for Fijians to gain a market share and compete effectively against such well-established, experienced entrepreneurs. Efforts to encourage Fijians into business may well be further delayed by the withdrawal or limited growth of overseas companies as foreign-owned companies were great sponsors of Fijian employment. The discriminatory recruitment policies of many Indian employers is reflected in the relatively few numbers of Fijians that they employ, particularly at supervisory or senior management levels. Fijians need such employment opportunities and the related business experience. If Fijians are to take advantage of the buoyancy in the locally owned private sector, then all businesses in Fiji should become equal opportunity employers.
CHAPTER 2. THE PEOPLE OF FIJI

In writing about the people of Fiji, one could reinforce the stereotypes projected in the travel books, which show Fijians smiling cheerfully in their clean friendly villages and hard-working Indians toiling diligently in the fields. These images could be supplemented by the subjective views of early travelers to Fiji, such as the piously eccentric Mary Davis Wallis in the 1840s or the blatantly racist James A. Michener in the 1940s. A more relevant commentary would assess the influences that have shaped the character and roles of the Fijian people, examine the value systems and exchange relationships implicit in the Fijian way of life, and analyze the increasing tensions that threaten the basis of Fijian communal society. These have been described in recent works by Asesela Ravuvu and Solrun Williksen-Bakker.

Similarly, the development of the Indian community in Fiji could be described in a number of ways: (1) the social disruption and hardship of the Girmit experience, the sponsored migration of indentured labor from India between 1879 and 1916; (2) the collusion among Indian labor and the impact of early union activity especially in the sugar industry; (3) the burgeoning economic importance of Indian farmers and entrepreneurs; and (4) the recent political developments such as the increasing involvement of the Indian community in government. These have been well analyzed in the works of Brij Lal and Ahmed Ali. The scope of this report, however, does not permit a detailed analysis of this subject. Yet in attempting to shed some light on the indigenous entrepreneur it may be useful to summarize the development of the various racial groups in Fiji's private business sector. For this purpose the following definitions of the different racial groups have been adopted:

Fijian. According to Section 134(a) of the Constitution of Fiji, "a person shall be regarded as a Fijian if, and shall not be so regarded unless, his father or any of his earlier male progenitors in the male line is or was the child of parents both of whom are or were indigenous inhabitants of Fiji or any island in Melanesia, Micronesia or Polynesia." For practical purposes indigenous Fijians have been defined to include any persons who are registered as such in the Native Land Owners Register, whereas indigenous Rotumans (for instance) are persons who can prove their claim to that designation through family landholdings and relations still in Rotuma.

Indian. According to Section 134(b) of the Constitution of Fiji, "a person shall be regarded as an Indian if, and shall not be so regarded unless, his father or any of his earlier male progenitors in the male line is or was the child of parents both of whom are or were indigenous inhabitants of the subcontinent of India."
Part-Europeans, Chinese, and Others. A racially diverse group who are for statistical purposes defined as "Others," or for political purposes as General Electors, or socially as Kai Loma. No clear definition exists for these groups, though they are proudly conscious of their family history and particular cultural heritage. A Part-European is looked upon as one whose paternal ancestor was a European male who married a Pacific islander and who, because of the patrilineal nature of Pacific societies, has few traditional rights or claims to land. This definition applies to Chinese, Gilbertese, Solomon Islanders, etc., who married Fijian women and whose offspring are Fijian citizens but have no claim to land or title. Fiji also has a growing group of nationalized Europeans, primarily a post-independence phenomenon, who came from Australia, New Zealand, or the United Kingdom and have no Fijian forebears.

The Fijians

As with any society, the Fijian culture is varied and is evolving continuously. Similarly, the degree of Fijian involvement in trade and commerce has adapted and changed over time in response to changing social needs, political structures, and external pressures. Thus, for example, the traditional Fijian economy before the arrival of Europeans appears to have been well developed and clearly regulated. Trading between local communities was conducted by barter, even though this form of exchange never resulted in commercial gain or profit. Early European observers described Fijian markets as having an abundance of crafts and produce, which were carefully regulated through the offices of the local chief. It has been suggested that traditional Fijian society was well suited to dynamic economic activity but that the impact of two major external influences—the predominance of a structured, stratified Polynesian social system and the policies of the colonial government—stifled individual Fijian entrepreneurial activity.

The first contention often provokes serious debate and scepticism, and it is an area that deserves more serious study. It is argued that traditional Melanesian society in Fiji demonstrated a fluid social system akin to those of other Melanesian societies found in the islands of the western Pacific. B.R. Finney has identified these societies as being preadapted to market economic activities and as being conducive to individual achievement and dynamic entrepreneurial activity. Achievement and success is reflected in status and power in the community. Melanesian societies are achievement oriented and differ from Polynesian societies in stressing ascribed status. By implication, social mobility is limited in stratified Polynesian societies, there being little motivation for an individual to improve his standing in society by exploiting economic opportunities. Power and wealth remain in the hands of the ruling elite. Such discussion is inconclusive, for much depends on one's perceptions of the traditional nature of "Melanesian" Fijian society and
the pervasive influence of "Polynesian" Fijian culture. Further research is needed to clarify or debunk such suggestions. But one is struck by the submission of the individual in Fijian society to the mores of the community; this relationship was reinforced and legitimized by the Native Regulations introduced after 1878. This emphasis on the community may well have been at the expense of individual entrepreneurial activity.

Any assessment of whether the policies of the colonial government, including the Native Affairs Ordinances, isolated the Fijian population from the developing cash economy, and in so doing restricted the growth of a Fijian entrepreneurial class, must examine such policies in more historical detail than this study allows. Initially it was apparent that Fijians were expected to participate actively in economic development. But this did not occur for three major reasons. First, Fijian labor had gained a reputation for unreliability among European settlers. Second, Fijian chiefs were concerned that increased Fijian participation in the cash economy and the distribution of wealth and opportunities to all levels of Fijian society might threaten their traditional power. Third, and possibly most important, was what Sir Arthur Gordon, the new governor, argued would be the consequence of relying on Fijian labor: "To do so would break up the village life of the Fijian people and undermine their whole communal way of living."

The colonial government reacted to these concerns by enacting legislation to govern the Fijians according to their custom. The Native Affairs Ordinances allowed for the "indirect rule" of the Fijian people by adapting the traditional administrative structure and defining the responsibilities of Fijian officials in the administration of their own affairs. The Great Council of Chiefs was created to act in an advisory role. The Native Regulation Board (later to be known as the Fijian Affairs Board) was established with the power to make regulations for good government and the well-being of the Fijian people. This protective legislation fostered vakavanua, ensured a continuing role for the chiefs, and reinforced what Ratu Sir Lala Sukuna referred to as the belief of Fijians in their "common descent, common faith and common interest."

The Fijian community, with its distinct way of life and communal landowning system, provides a strong sense of security and kinship, and leadership is deeply rooted in most aspects of this communal society. It is important to recognize the value of this communal culture in maintaining a way of life and valuable traditional rights. Yet the culture is not entirely free from social and economic frustrations. It tends to restrict individualism, individual mobility, and thus individualistic entrepreneurial activities. Such restrictions as were imposed in the Native Affairs Ordinances were not lifted until the 1960s. Fijian villagers could not travel from their villages and forego their communal obligations unless they sought permission and paid a commutation rate to be released from those duties. Further, a debt could not be enforced against a Fijian for more than $25 unless the transaction had been
approved by a District Officer. Such restrictive ordinances limited mobility and access to finance and did nothing to encourage Fijian participation in business. It must be emphasized, however, that Fijians were not forbidden to enter business and were involved in the cash economy by virtue of their role as consumers, landowners, and farmers.

The strengths of a cohesive communal Fijian society gradually came to be seen as a source of weakness. With the growing prosperity and changing aspirations of the individual Fijian (who was still legally, socially, and economically bound to his village and land) came increased tensions in village communities. Traditional obligations and social commitments became a burden; kerekere, magiti, and bulubulu, once important reciprocal exchange relationships, were seen as a drain on time and money. Even Ratu Sukuna, in evidence to the Burns Commission in 1959, acknowledged criticism that "the very nature of our communal society on which the village is based provides a disincentive to production above the subsistence economy." In attempting to resolve this dilemma, the 1959 Spate Report recommended the encouragement of a "community of independent farmers (galala) living or at least working on their own holdings." In 1960 the Burns Commission advocated reforms to the Fijian Administration, which was seen to have failed to adapt to modern needs. As Rusiate R. Nayacakalou was to comment on the Fijian Administration, "it did not square with the facts of modern Fijian society and its processes; that is, there was a lack of structural adaptation in a situation of rapid change. The other constraint was that it made any thoroughgoing streamlining of Fijian society extremely difficult; that is, it was a hindrance to change." Despite major changes in the Fijian Administration in 1965, problems of structural adaptation still continued, and thus in November 1984 the Great Council of Chiefs approved further major changes in the Fijian provincial administration to meet the challenges of a rapidly changing Fijian society.

A picture develops of a society and culture ambivalent to the encouragement of individual entrepreneurial activities. One of the most celebrated cases of individualistic entrepreneurship, which well reflects this ambivalence, was the rise and fall of Apolosi Nawai's Viti Kabani during 1912–17. Nawai, a messianic figure, attempted to lead Fijians into a dimly perceived commercial age, one in which individual Fijians could compete on equal terms with Indians and Europeans. He not only created and sold shares in a trading company but also created a legend that lives on today. Nawai, "the Man from Ra," placed the then colonial government in a quandary. On one hand the government wanted to encourage Fijian economic activity, to further the economic viability of the colony. On the other it was concerned about Nawai's own personal excesses and the potentially political nature of his movement, which was seen to be "belittling and interfering with constituted authority," and resulted in the government coming under increased pressure from both European traders and Fijian chiefs. The Viti Kabani was seen as "the work of young upstarts, an affront to Chiefly prerogatives."
Because of Nawai's own nefarious activities and the concerted efforts of vested interests, he was finally exiled to Rotuma in November 1917 without a trial. Nawai's multifarious enterprise and his final disgrace highlight the dilemma faced by colonial governments: either bow to vested interests of Fijian chiefs and European businesses or encourage dynamic Fijian entrepreneurial activity. In Fiji the government chose the former, entrepreneurship was stifled, and future participation was restricted. The fate of Nawai was an object lesson to many Fijians: "Do not try to compete in business, stay in your villages; if you do not, you may be sent to Rotuma."

Thus the policies and ordinances of the colonial government did little to encourage Fijians in business activity and caused Karam Rauraka to comment that "there has been a trail of littered and broken-down business in the Fijian sector, to confirm the claim of the British and Chiefs that the Fijian is totally unsuited to commerce." Similarly, the obligations and commitments of Fijian communal society diverted energy and resources that could be invested in commercial activities. For instance, as O.H.K. Spate commented, "Kerekere, the practice of borrowing for kinsmen at the will of the borrower ... puts a premium on laziness and is often a serious or even disastrous drain on those Fijians who are endeavoring to accumulate and to invest." The effect of these perceptions is that they can become self-fulfilling. Malakai Tawake suggests that many Fijians believe that they are unsuited to business and that, if they start business ventures, they do so with less determination with the expectation their efforts are doomed to failure. Such fatalism debilitates entrepreneurial flare. Strenuous efforts are needed to convince Fijians of their entrepreneurial abilities and opportunities.

Despite these problems, Fijian involvement in business activities is increasing. Of the 28,359 people employed in regularly paid employment in 1981, some 12,208 (43 percent) were employed in the private sector, of whom 6,455 (52 percent) were employed in private limited companies (see chapter 1). The distribution of such paid labor in the private sector reflects the degree of diversification. Some 30 percent of Fijians were employed in the wholesale and retail trade, 30 percent in manufacturing, and 13 percent in construction. In 1982, 20,158 businesses were registered in Fiji, of which it is estimated that 4,030 (20 percent) were Fijian-owned.

In a review of the data collected from our sample of Fijian entrepreneurs, the following highlights emerged:

- 50 percent of Fijian entrepreneurs questioned were in the retail sector.
- 58 percent of Fijian entrepreneurs questioned had a sales turnover of less than $250 per week.
• 73 percent of Fijian enterprises had been in business for fewer than five years.

• 36 percent of Fijian entrepreneurs admitted to raising capital through the Fiji Development Bank (FDB).

• The Fijian entrepreneur worked an average of 67 hours per week.

• 74 percent of Fijian entrepreneurs were over 40 years of age.

• 48 percent of Fijian entrepreneurs had reached Form 5 level of education.

• 30 percent of Fijian entrepreneurs had a father who had been involved in running a business.

• 70 percent of Fijian entrepreneurs had plans to expand their business and anticipated good business prospects.

The Indian Community

The Indian community in Fiji has become an integral part of Fiji's development and a dominant force in the business community. The initial reason that Sir Arthur Gordon advocated the importation of Indian labor to Fiji was to ensure the economic viability of the colony and to encourage future economic development. Although Gordon's proposal to import indentured Indian labor was strongly attacked at the time for being impractical and expensive, and for introducing a people whose "lives, traditions, habits and thoughts are so widely opposed to those of the people amongst whom they would have to reside," he followed through with his plan. Thus, on May 14, 1879, the first of the indentured laborers from India sighted Fiji from their ship, the *Leonidas*. Between 1879 and 1916 some 60,550 Indians arrived in Fiji on five-year contracts. Although they were entitled to repatriation, few took the opportunity. Despite the harshness of their indentured lives, most of them saw Fiji as a land of prosperity and promise, and thus were determined to remain.

The first detailed records of Indian involvement in business in Fiji date from 1887, when out of 47 hawker's licenses issued, 20 were to Indians. Many of them went to "Indians with boats, which ran for trading purposes between Suva, Rewa, Navua, Ba and other settlements; and reported to average two trips a month with £50 turnover each time." Thus began a process of rapid involvement and diversification by Indian entrepreneurs (Table 2.1). Even though the figures in Table 2.1 reflect a growing involvement of Indians in commerce, the great majority of them established themselves in agriculture. It is estimated that in 1911 over 75 percent of Fiji's Indian population was settled on land as tenants or owners, growing sugar cane for cash or other staples such
Table 2.1. Estimated numbers of Indians involved in business activities: 1888, 1889, 1908, and 1918

<table>
<thead>
<tr>
<th>Type of business</th>
<th>1888</th>
<th>1889</th>
<th>1908</th>
<th>1918</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store, wholesale/retail</td>
<td>1</td>
<td>15</td>
<td>12</td>
<td>48</td>
</tr>
<tr>
<td>Store, retail (town)</td>
<td>11</td>
<td>21</td>
<td>337</td>
<td>1,168</td>
</tr>
<tr>
<td>Store, retail (country)</td>
<td>5</td>
<td>104</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Hawker</td>
<td>35</td>
<td>192</td>
<td>175</td>
<td>717</td>
</tr>
<tr>
<td>Baker</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Jeweler</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>67</td>
</tr>
<tr>
<td>Butcher</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Cordial factory</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>Photographer</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Refreshment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>40</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>53</td>
<td>334</td>
<td>526</td>
<td>2,154</td>
</tr>
</tbody>
</table>

as rice and maize. Since then the Indian community has increasingly diversified and expanded its involvement in the private business sector. Of the 35,718 Indians employed in regularly paid employment in 1981, some 22,560 (63 percent) were employed in the private sector, of whom 10,811 (48 percent) were employed by private limited companies (see chapter 1). The distribution of such paid labor in the private sector reflects the degree of diversification. Some 30 percent of Indians were employed in the wholesale and retail trade, 35 percent in manufacturing, and 13 percent in construction. In 1982, 20,158 businesses were registered in Fiji, of which it is estimated at least 14,110 (70 percent) were owned by Indians.

A review of the data collected from our sample of Indian entrepreneurs identified the following highlights:

- 49 percent of Indian entrepreneurs questioned were in the retail sector.
- 81 percent of Indian entrepreneurs questioned were found in urban or periurban areas.
- 78 percent of Indian entrepreneurs had been in business for more than five years.
• None of Indian entrepreneurs admitted to raising a loan through the FDB.
• The Indian entrepreneurs worked an average of 66 hours per week.
• 92 percent of Indian entrepreneurs were in business purely for economic reasons.
• 58 percent of Indian entrepreneurs were over 40 years of age.
• 62 percent of Indian entrepreneurs had either only primary education or no formal education at all.
• 81 percent of Indian entrepreneurs had a father or family who had been involved in running a business.
• 55 percent of Indian entrepreneurs considered future business prospects to be bleak.

The Indian community in Fiji is not a homogeneous group but rather a diverse microcosm of the Indian subcontinent. The caste system appears to have broken down, but traditional loyalties are still apparent distinguishing, for instance, Gujeratis from South Indians or from North Indians. Moreover, religious loyalties within Hindu, Muslim, or Sikh communities are still apparent. Not all Indians who settled in Fiji came as indentured labor. Many migrated voluntarily, particularly those in the Gujerati business community, many of whom came in the 1920s. The small but economically powerful Gujerati community in Fiji, with its well-established tradition of trading in India, has become a dominant force within the Fiji business world, as well as the butt of many jokes and insults. Such major companies in Fiji as Punja's, Tappoo's, Kasabia's, Sundarjee's, and Motibhai's are examples of successful Gujerati-run businesses.

The Indian business community has flourished in Fiji, but many Indian entrepreneurs see the future as uncertain. There is concern not only about Fiji's economic prospects but also about outbursts of racial tension and racist rhetoric. In addition, there is an undercurrent of concern about the long-term future of the leases that many Indians hold. Many of the leases terminate in 30 years' time and may not be renewed by the Fijian landowners. So the next generation faces a prospect of restricted access to land concentrated in urban areas, at a time of growing unemployment. Such fears converge in the pessimistic view held by many Indians, which has led increasing numbers of them to migrate from Fiji. During the period 1970-83 some 25,180 Indians left Fiji, many of whom had skills and experience that Fiji could ill afford to lose.

Such pessimism belies the success of many Indian entrepreneurs, whose diverse efforts are marked by resilience, innovation, and hard
work. The importance of family connections and support cannot be underestimated, nor the value of an advantageous marriage. The Indian-extended family is of immense value as a source of finance, labor, and advice in mobilizing resources and also ensuring management succession. But in assessments of the key to the success of the Indian business community in Fiji, different hypotheses have been put forward.

One contention is that the entrepreneurial drive of Indians in Fiji is reflective of their position as landless migrants with no ascribed status in the traditional society. As O.H.K. Spate commented, "The Indians were originally strangers in a strange land, with their own cohesive social organization stripped from them, were and largely still are in a social environment placing a premium on energy and self help." Thus self-sufficiency and hard work is invested in entrepreneurial activities. This view is supported by the theoretical work of sociologist Frank Young, who sees entrepreneurship as an organizational phenomenon and suggests that any group who experiences low status recognition and denial of access to important social networks can benefit from its own cohesive institutional resources and is likely to turn to entrepreneurial activity to gain social recognition and permanence. This theory has been developed by M.J.K. Stanworth and J. Curran, who suggest that entrepreneurship derives from social marginality in any community. Thus a migrant group or racial minority often turns to entrepreneurial activity not only to survive economically but also to gain status, power, and a presence in an established society. In Fiji the landless and initially impoverished Indian community, with its restricted social networks and linkages with other races, has reacted by striving for economic success. The community thus has gained social acceptance and access to positions of political and social power through its entrepreneurial activities.

In a recent USP seminar Sharda Nand suggested that the success of the Indian entrepreneurs can be related to the loosening of their traditional ties and social commitments. The traditional family system (mukhiya) broke down in the hardship of the indentured working environment. Many young sons away for the first time from their protective households were forced to rely on their own wits and hard work to survive. Many indentured laborers began to identify with the individualistic ruthless paternalism of their overseers, often tough, abrasive Australians who in time became a role model for future success.

The Burns Commission commented in 1960 that "the descendants of the Indian indentured laborers, probably on account of the centuries of poverty which lie behind them, are hard workers, acquisitive of land and money." This perspective, which emphasizes the importance of past conditioning, supports the contention of many Fijians that Indians are successful because they have been "civilized" for hundreds of years. As the Commission's report has suggested, it is "little wonder, that the Fijian, in comparing himself with men of other races, betrays an
inferiority complex" or, as Professor Spate remarks, "a curious blend of pride and self-pity." It is disturbing to read in the submissions of many Fijians such comments as "I think that we should not be regarded like the Asiatics—these people have been civilized for quite a long time," or more succinctly and constructively stated: "Indians are centuries ahead in cunning and money. Can't there be some sort of educational system whereby the two are put together right from the start?"

The Rotumans

The island of Rotuma, which lies 390 kilometers northwest of Fiji, was annexed by Fiji in 1881. Although Rotuma is constitutionally and politically part of Fiji, Rotumans, being predominantly Polynesian, maintain a distinct culture. Distinctive and cohesive Rotuman communities are found in many urban areas of Fiji. In 1976, 4,064 Rotumans lived in Fiji, whereas only 2,805 resided in Rotuma. Rotuman society is fiercely communal: the land in Rotuma is communally owned, the cooperative in Rotuma is one of the most successful in the Pacific, communal commitments are still strong among the exiled Rotuman population in Fiji, and community projects such as building churches still generate much communal support. As might be expected, such communal commitments can be a drain on the resources of the few Rotuman entrepreneurs.

The number of Rotumans who own and operate their own business is surprisingly low; it was recently estimated that only seven Rotuman-owned businesses were recorded in the Suva City Council files. Of the Rotumans employed in Fiji, some 50 percent are involved in primary industries (e.g., mining, agriculture), 16 percent are in administrative or professional occupations, and only 7 percent are in commerce. This low level of Rotuman involvement in commerce is surprising for, in many landless migrant communities, there is normally economic pressure to venture into entrepreneurial activities. But the special situation of Rotumans in Fiji—with their close emotional, social, and economic ties with relatives and land on Rotuma—may partly explain this phenomenon. The low level of Rotuman entrepreneurial activities probably reflects their lack of exposure to business practices and their lack of access to sufficient capital. The communal nature of Rotuman society creates added strains, in particular through the reciprocal obligations involved with the fa te system (kerekere) in which demands are made on time, money, or goods by relatives or by the community. Such obligations need to be controlled if Rotuman business is to thrive. Yet an individual declines to honor an obligation at the risk of losing face and status in community and thus being alienated from an important support group. Many Rotumans therefore prefer to have regular wage employment than to face the tensions and risks of running a business.
Part-Europeans, Chinese, and "Others" (defined at the beginning of this chapter) are still strongly aware of their ethnic origins and so maintain separate traditions that link them to their cultural roots. Yet the evolving process of assimilation continues, with increasing intermarriage and social contacts between the races. The political and economical participation of these groups has similarly evolved in the face of changing circumstances. For instance, Part-Europeans increasingly identify with their Fijian past, General Electors appear to be solidly in support of the present Fijian-dominated government, and both the Chinese and the Part-European communities are becoming increasingly urbanized.

In 1982 the estimated population of "Others" (e.g., Part-Europeans and Chinese) was 33,600, or 5 percent of the total population, of whom an estimated 11,000 were Part-European. In 1981 approximately 4,090 "Others" were employed in the private sector, 51 percent of whom were in salaried employment and 52 percent were employed in private limited companies (see chapter 1). The distribution of this paid labor in the private sector reflects the degree of diversification. Some 28 percent of "Others" were employed in wholesale and retail trade, 25 percent in manufacturing, and 13 percent in construction. Of 20,158 business registered in Fiji in 1982, it is estimated that 2,000 (10 percent) were owned by "Others."

A review of the data collected from our sample of Part-European and Chinese entrepreneurs highlights the following:

- 54 percent of Part-European and Chinese entrepreneurs questioned were in the service sector.
- 63 percent of Part-European and Chinese entrepreneurs questioned were based in urban centers.
- 54 percent of Part-European and Chinese entrepreneurs had been in business for more than five years.
- 27 percent of Part-European and Chinese entrepreneurs admitted to raising capital through the FDB.
- Part-European and Chinese entrepreneurs worked an average of 72 hours per week.
- 70 percent of Part-European and Chinese entrepreneurs were over 40 years of age.
- 64 percent of Part-European and Chinese entrepreneurs had reached at least Form 5 level of education.
• 64 percent of Part-European and Chinese entrepreneurs had fathers or family who were involved in running a business.

• 55 percent of Part-European and Chinese entrepreneurs saw the future for business as bleak.

The Part-European (Kai Loma) community in Fiji, although small in number has made significant political and economic contributions to Fiji. Part-Europeans' multilingual and multicultural heritage has helped them to communicate and work with all of Fiji's races. Before independence they enjoyed close relations with the colonial elite and enjoyed special privileges not available to other locals in almost all aspects of life, including education, politics, sports, social activities, and working conditions. In many colonial enterprises, Part-Europeans were given skilled or supervisory jobs with the accompanying perquisites or higher salaries and better living conditions. This pattern is reflected today in the disproportionate number of Part-Europeans who have salaried, middle-management positions or who, having completed apprenticeships, now hold skilled mechanical, electrical, or engineering positions. Over two-thirds of the Part-Europeans sampled have received some form of vocational training. This heritage of skilled and supervisory positions and the security of regular employment could act as a disincentive to entrepreneurial activity. The incentives of business are not obvious; the competitive edge has been dulled, and there is little encouragement from the Part-European community as a whole. It even has been reported that Part-Europeans who went into business on their own have been "accused" of being "Indians" and are treated as outcasts. They have therefore little incentive to enter the world of business. Nevertheless, Part-Europeans increasingly are using their skill base to offer specialist services (e.g., electricians) or relying on their multilingual or multicultural talents to offer a range of services (e.g., tours, entertainment, and hotel services) for the tourism industry, an area of growth and high sales with great potential.

The Chinese business community in Fiji appears to have been established in 1872 with the arrival of Moi Moing as the first Chinese trader. By 1915 the Chinese population of Fiji consisted of 821; in 1966 the number had increased to 5,149. At the time of independence in 1970, however, the Fiji Chinese felt economically and politically threatened, and between 1968 and 1974 up to 20 percent of the Chinese population emigrated to the United States, Canada, and Australia. Thus, in 1981 the size of the Fiji Chinese population was estimated to be 4,692. The Fiji Chinese have been involved in the import and export business, in plantations and market gardens, and in village retail stores; for a time they dominated the bread- and biscuit-making business in Fiji. Although there are still pockets of Chinese farmers such as the ginger producers, the Fiji Chinese population increasingly is concentrated in urban areas.
Any detailed analysis of the Chinese population in Fiji can identify three distinct historical groups: (1) the pioneer Chinese, mainly from mainland China (Sze Yap, Tung Kuen, Chung Som), who through hard work and skill established the basis of Chinese economic prosperity in Fiji; (2) the local born Chinese, who inherited the hard work of earlier generations but now emphasize education and training and place their future security in professional or technical occupations; and (3) the new migrant Chinese, who are from mainland China and supported by relatives in Fiji. Many of the last group have little formal education, are barely able to speak English, and generally work as market gardeners, or as restaurant cooks.

In general, the business efforts of the Fiji Chinese are marked by hard work, hard bargaining, and tight control over assets, finances, and stocks. The importance of the support from, and interconnections with, the rest of the Chinese community in Fiji must not be underestimated. Yet this tightly knit, culturally proud community has assimilated well in Fiji, and there is a degree of intermarriage with Fijians. The Chinese are respected for their unostentatious hard work by Fijians, who tend to be intolerant of the aggressive behavior of some other groups.

Conclusion

In assessing the involvement by the different races in entrepreneurial activities, one is struck by the influence of economic pressures and historical accident. The hard work and economic motives that are characteristic of migrant and ethnically insecure groups are reflected in the business performance of the Indian and Chinese communities in Fiji. The social role of the Part-European community, with its contacts with the European colonial elite and its cultural connections with Fijians, prescribes its position as a skilled supervisory class. The Fijian lack of participation in business is as much a product of overprotectivist colonial policies on an evolving society as a reflection of social pressures or any natural ability. Certainly cultural influences play a role in the development of indigenous entrepreneurs. But it is a role that can be overemphasized as an excuse for present failings. Thus, Fijians are not necessarily constrained by their traditional obligations; they are neither underachievers nor naturally lazy. Researchers have commented on Fijians' low level of self-esteem. In objective measures of achievement motivation, however, Fijians appear to be competitive and are highly work oriented toward achievement. The maintenance of traditional cultural commitments and contacts is essential to the success of any Fijian enterprise. But the relationship between social and business obligations needs to be clearly defined and understood.
CHAPTER 3. BUSINESS AND ENTREPRENEURSHIP IN FIJI

Before the arrival of Europeans in the Pacific, commercial activity was localized, consisting mainly of the trading of produce by barter at recognized market places. The traditional exchange relationships (kerekere, bubati, far te) common to many of the communities of the Pacific could also have an economic significance—for example, giving an item that would make the receiver feel indebted to the giver. This debt could be "called on" in times of economic need. The arrival of Europeans in the nineteenth century and the expansion of the cash market economy through trading and commerce introduced European concepts of business and entrepreneurship to the Pacific islands, so much so that "by the end of the 19th century over much of the Pacific the role of the entrepreneur became institutionalized as belonging to foreigners and the dominant entrepreneurial role of the descendants of these traders represents the modern legacy." Similarly, researchers in Papua New Guinea recently have commented that indigenous entrepreneurs are more interested in emulating European economic activity than in traditional enterprise.

What is this European concept of business that Pacific islanders seek to emulate? Received wisdom suggests that the purpose of any business is to use resources so as to maximize profits. This narrow and profit-orientated view of business has been reanalyzed recently using social accountancy techniques and the impact of models that recognize the need to equate the role of business with its place in the community. Thus, the purpose of any business is seen as the conversion of society's needs into opportunities that create a profitable activity. As Peter Drucker cogiscely states, "the purpose of a business is to create a customer." With this emphasis on the market and the consumer, profit is seen as a reflection of the success of the business activity. Profit of course can be reinvested and provide other economic benefits, but above all it is seen as the premium that the entrepreneur receives for taking risks, and so as Drucker comments, the test of any business is "the achievement of sufficient profit to cover the risks of economic activity and thus to avoid loss."

The Fijian Entrepreneur

Some confusion exists as to what concept of entrepreneurship means in the context of the Pacific and, in particular, Fiji. Do definitions used in other parts of the world apply in Fiji? If not, what appropriate definitions are applicable? And can they be used in an analysis of the indigenous small enterprise sector?

Entrepreneurs are often seen as a vital component of economic growth, and certainly any study of the role of indigenous businesses in development must define their role. By their very nature most indigenous
Businesses are small and dominated by the skills and personality of their owners—the entrepreneurs.

Entrepreneurship as a subject of serious study has suffered at the whim of shifting fortunes. The importance placed on the role of entrepreneurs in development theory depends on whether they are seen as being "the engine for economic growth" or "the unacceptable face of capitalism." Richard Cantillon, as early as 1755, used the term "entrepreneur" to designate one who buys and sells goods at an uncertain price. Over time entrepreneurial performance has become associated with dynamic change and risk taking in business. This was reinforced by the influence of J.A. Schumpeter, who emphasized the entrepreneur's role as an innovator; according to Schumpeter, "the characteristic mark of entrepreneurship is employing resources in a different way, in doing new things with them."5

The subject of entrepreneurs has been such a fruitful area for research that it is beset with a confusing range of conflicting opinions and theories. Whereas J.A. Schumpeter emphasized creativity and innovation, D.C. McClelland emphasized the entrepreneur's "need for achievement," which only certain individuals have in suitable proportions. Numerous sociologists have emphasized the impact of social and cultural pressures in motivating potential entrepreneurs. Max Weber suggested that certain belief systems (e.g., the Protestant work ethic) sanction entrepreneurial activity; Cochran emphasized the role of cultural values and social structures in economic growth.7 M.J.K. Stanworth and J. Curran discussed social marginality and the need to survive and gain status in an unsupportive community, which is reflected in the entrepreneurial success of many minority groups.8 Recent literature emphasizes the entrepreneurial "vision" and the importance of energized inspiration in bringing together resources and customers in new creative relations. R. Lessem states: "The Art of Entrepreneurship is that of bringing ideas, skills, money, equipment and markets together into a profitable combination. This requires the bringing together of people into new profitable arrangements."9 In this brief review of the concept of entrepreneurship, one sees that it is both illusive and constantly evolving. The qualitative dimension of the concept makes it hard to define, in any culture or community, including the South Pacific.

As previously noted, entrepreneurial activity in the South Pacific has become closely associated with non-Pacific islanders—initially Europeans, and later Indians, Tonkinese, Chinese, and "Others." Yet there is increasing evidence to suggest that "the Pacific entrepreneur" has always been a driving force in certain Pacific communities and that the entrepreneur must be seen in light of local social structures and cultural mores. Thus, B.R. Finney's studies of entrepreneurial activity in a Melanesian society suggest that the flexible mores and aspirations of such societies may be well suited to small-scale entrepreneurial activity, which requires few skills. Some groups in Papua New Guinea,
for example, place high value on personal achievement and one major criterion for measuring this is the level of accumulated assets—"bigman in bisnis."\(^{10}\)

Many researchers stress the importance of the relationship of the Pacific entrepreneur to his family or village. The entrepreneur maintains a close relationship with others in the community on whom he may rely for labor or capital.\(^{11}\) Above all, the successful entrepreneur tends to value the obligations and commitments associated with his role in the local community. A. Rakoto, who studied the Fijian sugar farmers in the Sigatoka Valley, strongly supports this view. He identifies the most successful growers as those who were staunch supporters of traditional ceremonies and community obligations, yet who also displayed discretion in their use of time and resources in those ceremonies. The least successful Fijian growers were those who had isolated themselves and become alienated from their community.

C.S. Belshaw's analysis of the Fijian entrepreneur emphasizes the motivation of the entrepreneur in terms of his perceptions and reactions to his local community. "The individual entrepreneur is in more instances than not a man who has a disturbed family history."\(^{12}\) Personal, economic, educational, and emotional forces have contributed to a growing detachment from the local community. Entrepreneurship therefore becomes a "creative outlet, a release from frustration and when successful a symbol of personal achievement."\(^{13}\)

These findings reinforce the view that the Pacific entrepreneur must be seen in the context of the local community with all its potential distractions and demands on business resources, not according to Western perceptions of entrepreneurial individualism. This highlights one of the major dilemmas faced by Fijian entrepreneurs: either they have to run their businesses as individuals, taking risks, and maximizing profits, or they have to accept the social values and communal obligations of their mataqali, or village. If entrepreneurs reject such values, they jeopardize important customer relations, alienate potential employees, and create unnecessary personal tensions. In other words, they risk cultural alienation and social ostracism.

What are the characteristics of a successful Fijian entrepreneur? Because most research has focused on the problems of business activity in Fiji, no appropriate criteria have been established to help identify the potentially successful Fijian entrepreneur. Such a profile must be based upon a range of psychological, sociological, racial, economic, and educational criteria appropriate to Fiji. In an early attempt to identify such characteristics R.F. Watters distinguished between "productive entrepreneurs" and unproductive entrepreneurs" in village life. He concluded that productive entrepreneurs were rare in Fijian society and those who did exist were not so much creative innovators as people who searched out or discovered existing opportunities.\(^{15}\) Watters suggested
that the Fijian entrepreneur must (1) exploit possibilities discovered by others, (2) have the "instinct" to save money and the sustained desire to amass sizable profits, (3) have the organizational skill to start a venture and make it run profitably, (4) understand market trends and be able to withstand a fall in prices, (5) be able to segregate economic from noneconomic matters to avoid conflict with traditional principles, and (6) be free enough to conduct business without interference from others.

Any such list of entrepreneurial characteristics is open to criticism. Yet this one should act as a useful model until a more realistic profile can be established on the basis of detailed research. The Fijian language may complicate the effort because its vocabulary may not include words that describe Eurocentric perceptions of entrepreneurial characteristics. For example, what Fijian word can be used for the concept of "risk taker" or "innovator"? As no obvious word exists in the Fijian language does this mean the concept does not exist in Fijian society? Can one therefore surmise that entrepreneurial activity is fundamentally alien to Fijians? Such linguistic and semantic questions need to be examined in depth.*

The questions raise issues about the identification and training of prospective Fijian entrepreneurs. What entrepreneurial characteristics and concepts are applicable to Fijians? What is meant by "Fijian entrepreneur"? It is clear that the Fijian entrepreneur must be seen in the context of the Fijian communal society. But the Fijian entrepreneur must also be seen in relation to the concepts of "individualism" and "risk taking" that have been introduced with the cash market economy. Thus in this study I define a Fijian entrepreneur as being "a Fijian (i taukei) who shows practical creativity combining resources and opportunities in new ways to benefit the individual, his family, and the community."

Small Businesses in Fiji

Local entrepreneurs have dominated and will continue to dominate the small enterprise sector in the economies of the Pacific islands. Any cohesive policy to encourage this sector must rely on a clear definition of a "small business" enterprise. Many of the definitions and criteria used internationally are inappropriate to the South Pacific. *

*Interestingly, when Paul Geraghty of the Fijian Dictionary Project was asked to translate the title of this study into Fijian, he suggested "Na middleman i taukei." His reliance on the adapted English word "middleman" reemphasizes the perception among many Pacific islanders that business and entrepreneurship are European activities—maybe ones they would prefer to keep separate from their way of life.
The criteria used in assessing the size of a business can include the number of employees, the annual sales turnover, the level of profit, the size of assets, the decision-making structure, and the degree to which control is separated from ownership. Such criteria are either too complex or inaccurate for the Pacific. For instance, many small businesses in the Pacific rely on relatives to work on an irregular or part-time basis. Thus assessing the size of a company by the number of regularly paid employees would not reflect all of its workers. It would also be inappropriate to rely on the accuracy of a company's figures for sales turnover, profit on assets, etc., because of inaccurate bookkeeping or on tax accounting procedures due to ignorance or willful falsehood.

In considering how to define a "small business" in Fiji, it is not particularly instructive to refer to other countries' definitions. The governments of Denmark, Ireland, and Norway suggest that any firm employing fewer than 20 people is a small business. In France, Sweden, and Austria any firm employing fewer than 50 employees is considered a small business, whereas in Australia, West Germany, and Italy any firm employing fewer than 100 employees is defined as a small business. In the United Kingdom the Bolton Committee of Inquiry into Small Firms suggested in 1973 that small manufacturing firms were those that employed fewer than 200 employees, and in the United States the Small Business Administration suggests that small businesses are those employing fewer than 250 employees.

A variety of approaches also can be seen in the attempts to define a small business. In the United States the Small Business Administration states that it is "an independently owned and operated business that does not dominate the field of operation and where size varies in different sectors." The U.K. Bolton Committee of Inquiry describes it as "a firm that has a relatively small share of the market, which is managed by its owners in a personalized way and does not form part of a larger enterprise." In Australia the 1973 Wiltshire Committee's Inquiry into Small Business describes it as "a non rural business in which one or two people are required to make all the critical management decisions without the aid of internal specialists."

These definitions from economically advanced countries emphasize the independence of owners in making their own decisions in businesses that have a small market share. Any attempt to review similar definitions suggested for the developing economies of the South Pacific reveals a more confused and complicated picture. There is little agreement on the criteria to be used—let alone on what is seen as a "business" as against, say, an "industry." Thus, Fiji's Eighth Development Plan defines a "small, medium or cottage scale industry as an enterprise requiring up to $100,000 in initial total fixed capital," whereas the Department of Economic Development in Western Samoa suggested that "a small enterprise is one with a turnover of less than 20,000 tala and employs less than 10 people."
These government figures are matched in diversity by the estimates of individual researchers. For example, Sharda Nand suggests that in Fiji small retailers are those who have an annual turnover of less than $300,000. In a review of small business in urban Vanuatu G.O. Ogunmokun identifies small businesses as those that employ from two to nine persons and are independently owned and operated. In one of the only overviews of small businesses in the South Pacific region, E.H. Holmes suggests that they are "carried on under an appropriate organization structure when the capital involved is not greater than $50,000 and is locally held, and the number of employees is not greater than 15."

Given the business conditions that exist in Fiji, I define a small Fijian business as "an independently owned and operated business that has a small share of the market and an annual turnover of less than F$50,000, and that is personally managed by its owner, who relies on five or fewer regularly paid employees."

Conclusion

The general approach to defining entrepreneurs and small business in the South Pacific is muddled and confused, and the criteria used are often inappropriate. It is important to distinguish a small business enterprise from a medium-sized business or industry. Only then can cohesive policies be developed to encourage and support small enterprises as part of national or regional development. Most small business enterprises in the South Pacific rely on a restricted, localized market; they started with limited funds and are independently operated in a manner that reflects local values. Such enterprises rely on irregular family labor. The general underestimation of the value of assets and levels of profits or sales turnover creates further confusion. Any realistic definition of a small business enterprise must account for all these factors.
The role of the indigenous business sector, normally composed of small enterprises operating in communities where larger firms could not survive, has made a significant contribution to Fiji's economy and society. Such enterprises indisputably occupy a place in national development strategies. Thus, in the 1980s the governments of the South Pacific island nations look increasingly toward a buoyant indigenous business sector to play a leading role in national development. Fiji is no exception.

Development strategists see the adaptable nature of small enterprises as one of encouraging balanced development, particularly in rural areas. These businesses can supply appropriate goods and services to meet local needs and thus compete with the entrenched urban or foreign-owned businesses, causing a reduced dependence on imported products. Moreover, the expansion of small enterprises encourages the redistribution of wealth and therefore of power throughout the local population, which in turn leads to a stable social system and a degree of national cohesiveness. This stability is enhanced by the generation of new employment opportunities for, collectively, small enterprises create more jobs than do big businesses because they tend to employ a higher proportion of indigenous workers.

It has also been internationally recognized that small enterprises act as a buffer against rapid shifts and declines in employment. As a product of these opportunities, a skilled work force is created, which in turn can transfer skills and expertise to others. Their skills and experience can be tapped by innovative new enterprises using local resources and appropriate to local conditions and consumers.

The Need for Fijian Entrepreneurs

There are particular reasons why it has been suggested that Fijian participation in business should be encouraged. These include concern about the economic welfare of the Fijian people and about their limited involvement in the economic development of Fiji. It is true that Fijian participation is increasing in the cash market economy. In 1982, for example, some 27,000 Fijians held jobs, accounting for 40 percent of the total paid employment. Fijians increasingly are moving into urban areas, and now one-third of the Fijian population lives in urban areas. Yet Fijians are underrepresented in economic activities. They compose only 31 percent of private sector-employment and often hold unskilled and unskilled jobs rather than managerial positions. Only 21 percent of salaried workers in the private sector are Fijian. Through the Commercial Loans to Fijians Scheme (CLFS) of the Fiji Development Bank (FDB), Fijians obtained only 24 percent of the total commercial and industrial
loans offered in 1983 (see chapter 5). The average per capita income of Fijians is lower than that of other races.

Fijians' limited participation in economic activities must be viewed also in the context of rising economic expectations, changing social values, and increasing demands for educational and employment opportunities. There is a growing desire among Fijians to control their own economic destinies and enhance their economic welfare. One way for them to realize this desire is through increased participation in business, not merely as wage laborers but also as owners and profit generators.

The creation of employment opportunities for Fijians has become a matter of national concern. The concern is highlighted by a rising crime rate, particularly of robbery and violence, and the high proportion of Fijian youths found guilty of such crimes. It is estimated that only some 20 percent of Fijians of working age have regularly paid employment, although many more generate a reasonable income by farming, making copra, fishing, or harvesting sugar. Yet this picture of rural affluence disguises the fact that many Fijians are either landless or disillusioned with life in rural areas and consequently are moving to urban centers. The problem is exacerbated by the youthful age structure of the Fijian population: as of 1983 some 144,029 Fijians—over 47 percent—were under 19 years of age. This young and rapidly growing population will be drawn increasingly into the job market. Projections of a population of around one million by the year 2000 shed little hope on this problem.

Projections by the Fiji Employment and Development Mission suggest that the potential total labor force was 212,539 in 1981 and was projected to grow to 338,844 in 1999. To meet the demand from this potential labor force, some 3,400 additional income sources will have to be created each year between 1984-91, and 4,400 additional income sources created each year between 1992-99. Fijians, with their limited skills and education, can be expected to have less access than other groups to employment opportunities and thus to compose a higher proportion of the potentially unemployed population by the year 2000. It is against this background that persistent calls are made for a cohesive policy to encourage greater participation of Fijians in economic activities.

Greater Fijian participation in the economy is essential for Fiji's political stability. In a pluralistic society such as Fiji's, where a major group—the Fijians—is economically disenfranchised yet still holds the balance of political power, great pressure is placed on the system of government. Policymakers have to balance the conflicting economic and social interests of the various racial groups against development needs of the country as a whole. This volatile and political situation is reflected in the impact of the Fijian Nationalist Party.
on the result of the first general election of 1977 and in the creation
of the Western United Front Party before the 1982 general election.
These parties, which have fragmented the Fijian vote, arose in response
to particular issues. One of the issues that they identify in their
manifestos is the need for policies to encourage Fijian participation
in business. Implicit in these policy statements is the belief that a
new Fijian business elite will create a stabilizing economic bourgeoisie
and ensure a greater redistribution of power and wealth, which could
lead to long-term political stability and economic growth. Such develop­
ments, it is argued, would encourage better use of resources and foster
investment.

Racial and cultural tensions pervade many aspects of Fiji’s
pluralistic society. They appear in spontaneous political outbursts,
in social categorization, in trade unions, in marital predilections, and
even in humor. But Fiji society has learned to live with such tensions,
being tolerant of different values and cultures. Government policies
reflect concern about racial tensions; for example, government schools
are racially integrated and scholarship applicants may not be discrimi­
nated against on racial grounds. To encourage Fijians in business, the
government has established specific organizations such as the Business
Opportunity and Management Advisory Service (BOMAS) and the Commercial
Loans to Fijian Scheme (CLFS) of the Fiji Development Bank (FDB).

Racial tensions are complicated and all too easily boiled down to
a crude Fijian and Fiji-Indian confrontation, when in fact they are made
up of a complex pattern of rivalries as evidenced, within the Indian
community, between North or South Indians and the Gujeratis. Within
the Fijian community there are tensions over the apparent power of
Lauans, or vulagi and lewe i viti, as well as the rivalries between
minority racial groups such as the Chinese, the Rotumans, and other
Pacific islanders—for example, the Solomon Islanders in Wailoku or the
Gilbertese in Veisari. But the economic dominance of the Fiji-Indians
has aggravated these concerns. Their hard work and individualism,
combined with vociferousness, have kept them from being assimilated.
The smaller Chinese community, another hard-working, individualistic
group, however, has become more assimilated, particularly in rural
areas.

The tensions between the major racial groups are understandable.
As the Spate Report comments, “The Fijians by and large are a good deal
better off than the great majority of small cultivators in Asia and
Africa—and even parts of Europe—but they have no way of knowing
this; all they can see is an original immigrant community, fifty years
ago as a whole much poorer than themselves but now making the economic
running.” The report continues: “The Indians, originally strangers in
a strange land, . . . are in a social environment placing a premium on
energy and self-help—they had to get on or go under.” Pressure is
mounting to redress the economic imbalance and promote national cohesiveness by encouraging Fijian entrepreneurial activities. Such innovative proposals as the FDB's Joint Venture Scheme, which attempts to bring together the races into a working partnership by pooling resources and skills, bodes well for the future.

Regional planners and divisional officers view the adaptability of small indigenous enterprises to local conditions as being an important element in integrated community development. By virtue of their size and adaptability, such enterprises are well suited to a variety of locations—whether the suburbs of Suva or the distant corners of Natewa Bay. Not only do they serve the needs of the local Fijian community, create employment, and generate income, but also they are compatible with the existing cohesive Fijian communities. The benefits of such working relationships include spin-offs into the community—for example, paying school fees, improving village health and sanitation facilities, and improving family nutrition. The potential for improving the Fijian quality of life through such income-generating work is enormous. The cynic may question how much of the profits made by Fijians are reinvested in education, sanitation, or food instead of meeting social extravagances. But such indigenous business enterprises do encourage self-sufficiency, by redistributing opportunities and wealth.

**Political Support for Fijian Entrepreneurs**

Typical of the concerns about the economic welfare of Fijians are those expressed by politicians such as Ratu Meli Loki, a nominee for the Great Council of Chiefs in the Senate. In a debate on September 20, 1982, he argued that "Fijian participation in commerce was essential for Fiji's peace and stability" and that there was increasing "dissatisfaction because a certain major race in this country is not sharing its profits derived from commerce." In another debate later that year Senator Ratu Osea Gavidi commented that "the indigenous Fijian, because of his way of life, cannot compete successfully in a free market economy," implying that Fijians themselves are responsible for their plight.

A strong advocate of Fijian participation in business is Deputy Prime Minister Ratu David Toganivalu. He recognizes the dilemma caused by conflicting communal obligations and commercial values. At the Fiji Institute of Accountants' annual meeting in March 1982, he asked why it was that Fijians "have learnt to be good doctors, fine soldiers and seamen, miners, shipyard and construction workers and even airline pilots... but few Fijians have yet done well in the world of commerce." He went on to argue that Fijians "do not have to abandon communal obligations entirely, but they must modify their form of contribution to them." This message does not seem to have stood the test of time. At a meeting of the Cakaudrove Provincial Council in Taveuni on September
28, 1984, Ratu David said that success in business did not come easily and that "Fijians who want to be successfully involved in business must face the harsh realities of commerce and industry. Commercial considerations have to take priority over social ones and those [Fijians] who failed to do this paid the price."8

The Great Council of Chiefs, an annual meeting of leading Fijian chiefs and their representatives, is another forum where concern has been expressed repeatedly about the low participation of Fijians in business. The 1969 council strongly recommended the establishment of a financial management advisory unit to assist Fijians in business. Yet 13 years later the council was still voicing similar concerns. At the 1982 council on Bau, a committee was appointed to review the causes of the problems faced by Fijians in business. In 1983 the committee identified various factors, including nepotism, lack of management expertise, poor recordkeeping, insufficient planning, and inadequate financial security for expansion.

The political issue of Fijians in business has become a potential vote getter. Stated bluntly, "the prosperity that comes with a successful business also implies political power." Sakiasl Butadroka, leader of the Fijian Nationalist Party and critic of the Alliance Party's connection with "big business," contends that "business is power, for political power without money is no power." The Fijian Nationalist Party Manifesto, presented to a pre-election convention in March 1982, stated that "the Party wants the setting up of a Fijian Development Institute for educating and promoting Fijians to go into industrial and commercial enterprises." This theme was expanded by the National Federation Party and Western United Front Coalition, which announced in its 1982 manifesto, under the heading of "Fijians in Business," that "help will be given in setting up commercial ventures... The Coalition will give processing and marketing support, training in skills and facilitate on-the-job training and experience for Fijians." Such election rhetoric reflects the importance that the issue of Fijian participation in business has to the Fijian voter.

Government Policies

The Pacific island governments have taken a major role in the development process. Their emphasis has been on achieving both social change and economic returns through the establishment of basic infrastructure (roads, schools, and medical care) and major projects such as rice schemes and forestry and fishing ventures. The dominant role of the government reflects the political and administrative systems inherited from colonial governments. This situation has been reinforced in that most foreign aid is channeled through government departments and that contact with major foreign investors is normally made through government.
agencies. But recently, aid agencies such as the World Bank, which emphasizes the role of N.G.O.'s and the private sector, are placing increasing pressure on governments to reduce their direct involvement in the economy. This reflects a shift away from development investment in infrastructure to growth-orientated projects, as well as a suspicion that civil servants and politicians may not always make the best use of resources. This policy is intended to encourage national growth, reduce high levels of government borrowing, strengthen the balance of payments, and in time generate greater tax revenues.

The Government of Fiji recognizes the role of the private sector in balanced national development. It is increasingly aware that to make best use of local resources the private sector and, in particular, Fijian entrepreneurs must be encouraged and supported. As the former minister of Fijian Affairs and Local Government, Ratu Sir George Cakobau, said in Parliament in 1971, "the laissez faire approach of the past can no longer be tolerated," and we must "assist in bridging the ever increasing gap separating the Fijians from other sections of the Fijian population."12

A legitimate question is whether it is the government's prerogative to interfere in the performance of Fiji's private business sector. Accusations have been made that government intervention restricts the operation of normal market forces and that restrictive legislative regulations or fiscal policies hinder the development of the private sector. The Fiji Government's policy has also been described as "a form of apartheid" that contributes to separate development along racist lines by giving special support to Fijians. Despite these criticisms, the prevailing view is that the government should encourage or regulate the private business sector and give particular support to Fijian entrepreneurs.

National development plans for small island nations such as Fiji are intended to encourage the best use of the nations' limited resources, ensuring that those resources benefit the majority and that a tiny business elite does not monopolize them. Given the small size of the Fiji economy, its level of development, and its heavy dependence on outside forces, under normal market conditions Fiji would be subject to outside pressures, which are not always in the best interest of the nation. The government has therefore adopted measures intended to permit responsible local business ventures to thrive.

National Planning Strategies

Every five years the Government of Fiji publishes a national development plan prepared by the Central Planning Office. The plan outlines national development objectives and specifies project details.
Development Plan No. 8 (1981-85) defines the major national development objectives as follows:

- To strengthen and diversify the economic base of the nation
- To promote a more equitable distribution of the benefits of development
- To ensure the opportunity for productive and rewarding social and economic activity
- To promote policies and attitudes to increase self-reliance
- To promote a greater sense of national unity within the framework of a multiethnic society

Development Plan No. 8 identifies the private sector as comprising (1) the business and commercial sector, (2) the urban informal sector, (3) rural small holdings, and (4) the quasi-subistence sector. No attempt is made to define the business and commercial sector by size, ownership structure, or level of foreign control. The plan defines a small-scale industry, however, as "an enterprise that requires up to $100,000 in initial total fixed capital investment" and utilizes small- and medium-scale technology. The plan does not define "industry" but implies that it involves manufacturing and processing rather than retailing, transport, personal services, or tourism.

The plan sets forth its main industrial development objectives as follows:

a) To strengthen and broaden the industrial base through (1) the expansion and diversification of export commodities, and (2) greater internal market development through import subsistence and other industries

b) To promote a more equitable distribution of the benefits of industrial development through (1) establishing industries with forward and balanced linkages, and (2) increasing local participation and control

c) To increase employments absorptive capacity

d) To ensure that the industrial sector contributes significantly towards the growth of the economy

The above objectives will be achieved through a vigorous programme of private sector investments supplemented and assisted by the Public Sector.
These industrial development objectives do not make clear, however, what policies or guidelines exist for the commercial private sector or small enterprises in, for instance, retailing, services, or transport. One can find implications for this sector throughout the plan, but it contains no clear, comprehensive policy statement or plans for an integrated program. All it states is that the private sector continues to be a major source of investment for "industrial development" and that "small, medium and cottage scale Enterprises will stimulate local entrepreneurship and can tap resources which would otherwise remain unused." This vague and ill-defined statement shows good intentions but is meaningless as policy.

The plan does contain a loosely worded guideline for governmental support of indigenous businesses:

There are . . . a large number of commercial activities requiring capital, management and marketing skills in which local people have developed a capacity for self-reliance. Wherever such local capability exists, locals will be given preference. In those activities in which it is nationally desirable to have local participation and control from the outset, and local capacity is found to be lacking initially, Government may through appropriate institutional arrangements such as the Economic Development Board and the Business Opportunity and Management Advisory Service (BOMAS), facilitate equity participation. The role of the Unit Trust of Fiji, the Fiji Development Bank and the Fiji National Provident Fund as sources for the mobilization, and more effective utilization of domestic capital will continue to be important in this respect.

The plan also states that the government's policies are intended to facilitate "private sector investment in desired areas and provide guidelines for both local and foreign investors." These policy outlines do not define the appropriate role, the scale of small enterprises or set forth a cohesive policy for integrating the work of different enterprise support organizations (ESOs). Nor does it address the issue of Fijian participation in business, except for including the ambiguous statement that "the Government will continue to encourage local participation through various means in an attempt to increase the number of local citizens with effective interests, ownership and control in business."

Conclusion

Fijian entrepreneurs need to be encouraged to participate actively in small businesses, not merely for their own economic benefit but also for political and social reasons. The future development of Fiji depends on the continued buoyancy of the private sector and particularly small businesses. If Fijians are to narrow the economic gap between themselves
and other races, they need the encouragement and support of an integrated policy that will stimulate their entrepreneurial talents and sustain their business endeavors. Despite the political interest and rhetoric in support of Fijian entrepreneurs, no clear policy guidelines have yet been established to support their businesses. Efforts to encourage the development of indigenous Fijian entrepreneurs can be successful only if they are integrated into a cohesive overall policy. As we will see in the following chapter, all that exists is an ad hoc uncoordinated collection of support agencies with overlapping objectives and roles.
CHAPTER 5. DEVELOPMENT PROGRAMS FOR FIJIAN ENTREPRENEURS

One of the first government-instigated efforts to encourage Fijians in business was the expansion of the Co-operative Movement in 1947, which occurred partly due to pressure from the new Labour Government in Britain. Coop officers were trained in simple bookkeeping and stock control techniques. The increasing exposure of rural Fijians to the cash economy and the obvious need to encourage savings led to the establishment in 1954 of the first credit union in Fiji. It was becoming increasingly clear, however, that Fijians would need greater support if they were to participate actively in business. This point was emphasized in the 1959 Spate Report, a survey of the economic problems of the Fijian people, and in the 1960 report of the Burns Commission of Enquiry into Natural Resources and Population Trends of the Colony of Fiji.

The need for support of Fijians in business was expressed not only by visiting experts but also by the Fijian people. Such local concern led to the creation in Nadroga of a rural organization called Dra Ni Lami (Blood of the Lamb). This was revived as the Mbula Tale (New Era) Association, whose leader Apimeleki Tamatau Mataka wondered "why initiative has been destroyed and many a Fijian owned enterprise has been liquidated." In 1965 the short-lived Fijian Advancement Party argued for a "full scale Fijian Economic Development Plan"; the theme of the 1967 Convention of the Fijian Association was "The economic weakness of the Fijian people." Then, in their 1969 annual meeting, the Great Council of Chiefs pressured the government to establish an Advisory Unit for Fijians in Business. A Malayan expert, using the experience of local attempts to encourage indigenous Malays in business, prepared a report outlining a similar program to be implemented in Fiji. The Fijian Investment Development Corporation (FIDC) was established in 1969 to promote the integration of the Fijian people into all aspects of national economic life, with particular emphasis on commerce and industry. Unfortunately, the FIDC never realized these expectations and was liquidated with heavy losses in the 1970s.

The momentum to establish a policy to help Fijians directly was given academic respectability by Professor E.K. Fisk who, in his Political Economy of Independent Fiji published in 1970, called for the establishment of an Institute of Fijian Participation to "coordinate increasing Fijian participation in non-rural industry" and to stimulate opportunities for employment and training." This pressure culminated on October 20, 1971, when Ratu Sir George Cakobau proposed the Fijian Affairs (Amendment) Bill, in which the Fijian Affairs Board was to establish a Development Institute having three broad areas of responsibility. A finance and business advisory unit was to identify and overcome obstacles to the entry by Fijians into commerce and industry. An economic and social unit was to advise Fijian entrepreneurs on the feasibility of their projects and to identify available resources. And a land and cultural development...
unit was to incorporate and broaden the function of the Native Lands Commission. The Fijian Affairs Bill therefore proposed an agency with comprehensive and far-reaching powers. Before the bill could be voted on, however, and to the chagrin of many Fijians, it was referred to a select committee for further discussion. This action delayed any hope for the establishment of a Fijian Development Institute.

At present the Fijian government supports the indigenous private sector through enterprise support organisations (ESOs) designed to stimulate, support, and sustain new enterprises. The overall purpose of an ESO is to encourage new and existing indigenous entrepreneurs in the development of their businesses by providing management advice, business training programs, feasibility studies, and financial, technical, and marketing support. The two main ESOs in Fiji are the Business Opportunity and Management Advisory Service (BOMAS) and the Commercial Loans to Fijians Scheme (CLFS) of the Fiji Development Bank (FDB).

Business Opportunity and Management Advisory Service (BOMAS)

Establishment of BOMAS

A Project Evaluation Unit (PEU) of the Fijian Affairs Board was created in February 1974 "to assist Fijians both individually and in groups to understand, cope with and operate within the present day business world." The PEU was charged with evaluating projects and requests for financial assistance, providing management accounting and extension services and technical and economic feasibility studies, and identifying obstacles to the entry of Fijians into commerce and industry. Unfortunately, the PEU had only one staff member, who spent most of his time helping to prepare applications for small loans. Thus, the wide-ranging functions that the PEU was expected to fulfill never materialized. The funds allocated for the unit ran out in November 1974, by which time financial assistance had been provided to only twenty-two applicants.

In 1974 a Cabinet subcommittee studying ways to provide immediate long-term economic assistance to Fijians recommended integrating the PEU into the administration of the then Ministry of Fijian Affairs and Rural Development. The name of the unit has since been changed to the Business Opportunity and Management Advisory Service (BOMAS) to reflect its new role.

BOMAS was established to assist and encourage Fijians and Rotumans to become involved in business. The organization was originally intended to serve legally recognized Fijians and Rotumans. This policy has now been modified to extend eligibility to people of other races married to
Fijians or Rotumans. A 100 percent ownership requirement has also been modified to allow for partnerships or mergers with other races.

Although BOMAS falls under the administration of the Ministry of Fijian Affairs, it is not a true government department. The Cabinet decision of June 2, 1975 stated "that to ensure maneuverability, capability and efficiency of operations the professional staff of the Unit should be non-civil servants, but will enjoy service conditions and facilities offered to civil servants." BOMAS is funded by subvention and as such is not a statutory board. The legal status of BOMAS appears somewhat doubtful and may have to be resolved before any future developments occur. At present BOMAS has a staff of twelve, with allocations for a total staff of seventeen. The total subvention to fund BOMAS amounted to more than $250,000 in 1983.

UN Assessments

In 1975 two short-term UN consultants made independent assessments of the role of BOMAS. The Kay report concluded that substantial long-term assistance is needed to enable Fijians to take their proper place in the business world and that the efforts of BOMAS should be concentrated on providing training and advice. The report identified the objectives of BOMAS as follows:

- To assess proposals submitted by Fijians who apply for financial assistance
- To undertake feasibility studies for selected projects
- To organize training in basic business and management practice to those granted assistance
- To follow up those granted assistance
- To identify areas for economic development by Fijians
- To provide consulting advice to Fijian-owned enterprises

Obviously the recommendations included in the Kay report contradicted the perception of many people that BOMAS should be a finance-facilitating institution. The second UN-sponsored assessment of 1975, the Field report, highlighted this conflict of opinion by suggesting that BOMAS should either offer training, education, and advice, or provide financial support. The Field report reaffirmed the importance of training, education, and advice to Fijians, and argued that the provision of financing should be done elsewhere. The findings of both these reports are important because the failure to define clearly the role of BOMAS at its inception has led to many of its subsequent problems and criticisms.
Role of BOMAS

Since its inception BOMAS has evolved and adapted to the needs and demands of the Fijian people. Its role includes performing feasibility studies, providing consultancy services, and managing investments.

Feasibility studies. Through 1984 BOMAS has carried out preliminary investigations and prepared feasibility studies to assess whether business proposals submitted by Fijians were realistic and viable. On the basis of these studies, BOMAS would make recommendations for financial support by the FDB. Although the number of recommendations peaked in 1979 (see Table 5.1), more than 40 percent were rejected by the FDB. These rejections not only confused clients but also created tensions between BOMAS and the FDB. The tension was supposedly resolved in 1984, when it was decided that the FDB should complete all feasibility studies, because BOMAS' role was primarily to advise clients on the preparation of their loan applications. Unfortunately, a degree of confusion still reigns. For instance, in 1984, BOMAS recommended 185 loans to the FDB, of which it approved only 108 (58 percent).

Consultancy services. With the growing number of potential clients for BOMAS, the demand is increasing for consultancy services and advice by the BOMAS staff. A growing proportion of the staff's time is spent not only giving advice but also actively managing established but failing Fijian businesses. A recent survey suggests that 45 percent of BOMAS clients contacted the agency only when their business problems were desperate. This belies the original intention of BOMAS to help establish new Fijian enterprises.

Investment management. Increasingly BOMAS has begun to actively manage Fijian-owned investments and help resolve major corporate problems. BOMAS has been concerned with the affairs of Fiji Farmers, Cautata Bus Company, Baltham Industries, Lomaiviti Investments, CBM Holdings, the Solar Salt Project at Ravi Ravi, Central Pacific Investments, and the Fijian Development Fund Board. As an increasing proportion of BOMAS's resources and skills are invested in such ventures, however, less time is spent helping smaller clients.

New dimensions. The Rural Area Appropriate Technology Unit (RA-ATU) was established in 1981 with funds from Appropriate Technology International of Washington, D.C., U.S.A. RA-ATU was designed to offer an appropriate business extension service to the outer islands. Business people in the outer islands were to be trained as extension agents to offer advice and support to potential island entrepreneurs. By the end of 1982, however, RA-ATU had been absorbed into BOMAS, the result of both a leadership conflict—whereby the director of RA-ATU wanted to operate independently of BOMAS—and the ineffective use of finances. Many of the original RA-ATU loans are still outstanding, and the overall success
Table 5.1. Activities of the Business Opportunity and Management Advisory Service (BOMAS): 1975-83°

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<tr>
<td>Number of visits made by BOMAS staff</td>
<td>347</td>
<td>785</td>
<td>990</td>
<td>1,175</td>
<td>1,240</td>
<td>1,537</td>
<td>650</td>
<td>536</td>
<td>593</td>
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<tr>
<td>Number of loans recommended to FDB: approved</td>
<td>31</td>
<td>111</td>
<td>227</td>
<td>243</td>
<td>239</td>
<td>108</td>
<td>54</td>
<td>49</td>
<td>78</td>
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<tr>
<td>Number of loans recommended to FDB: rejected</td>
<td>40</td>
<td>64</td>
<td>80</td>
<td>183</td>
<td>322</td>
<td>121</td>
<td>79</td>
<td>82</td>
<td>70</td>
</tr>
<tr>
<td>Total $ value of FDB loans approved (thousands)</td>
<td>160</td>
<td>609</td>
<td>897</td>
<td>1,043</td>
<td>814</td>
<td>436</td>
<td>258</td>
<td>239</td>
<td>482</td>
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of the project can be questioned. More successful is a scheme in which the rural mechanical services instructors organize training in mechanical skills, with special emphasis on equipment maintenance. Another new dimension has been the appointment of a coordinator to encourage and support women in business.

Criticisms of BOMAS

Although criticized as a racist body that contributes to separate development in Fiji, BOMAS can be more seriously faulted in its use of resources and its relationship with clients and other agencies, its staffing, and its training commitment.

Use of resources. Neither a government department nor a statutory body, BOMAS operates in a void. It is closely associated with the Ministry of Fijian Affairs, which has been described as being "least competent to deal with the various problems of commercial undertakings." Further, the wide range of objectives that BOMAS is expected to fulfill is unrealistic in light of limited available resources. A review needs to be carried out to identify what BOMAS can do best with its existing resources.
Staffing. Staff resources are also limited, making it difficult for staff members to offer a comprehensive extension service. Also, out of necessity 90 percent of the staff is based in Suva, provoking criticism of BOMAS's excessive Suva orientation and resulting lack of support to rural areas and the outer islands. In a recent survey 90 percent of Fijian entrepreneurs interviewed in urban areas had heard of BOMAS, compared to only 25 percent of those interviewed in rural areas. This problem has been exacerbated by the reduced number of client visits made by the BOMAS staff, falling from a peak of 1,537 visits in 1980 to 593 in 1983 (Table 5.1). In addition, there is criticism that few BOMAS staff members have little practical business experience or relevant formal qualifications. One Senator complained that this really is a case of "the blind leading the blind." Their conditions of employment and opportunities for training and promotion are constrained by BOMAS's undefined administrative position. Morale is low as staff members have not benefited from recent salary increases, nor do they have the advantages of Public Service Commission work conditions or career opportunities. None of this is conducive to a close, concerned relationship with clients.

Concern has also been expressed that BOMAS staff members spend more time resolving the problems of failing companies than supporting new enterprises. This is particularly so since 1980, when BOMAS took on an active role in managing Fijian-owned investment and some of the larger Fijian-owned companies. Involvement in these larger companies, which have the financial resources to afford professional advice, diverts staff resources and expertise to "crisis projects" to the exclusion of small enterprises.

Training. The 1975 UN report reemphasized that BOMAS's central role was training. Yet less than 10 percent of the BOMAS budget is spent on training; the agency relies on one shared training officer and an ad hoc program of training courses held mostly in the central division or the outer islands. A recent survey highlighted the need for appropriate informal training and advice given in Fijian to small groups in the field. Any formal courses offered should have a clearly defined focus and audience (e.g., mechanics, carpenters, or yaqona farmers), and should be carefully monitored and supported by regular follow-up visits. BOMAS's training materials also need to be revised and expanded. Well-translated, appropriate, easy-to-use materials need to be produced. But above all, the BOMAS training program needs to be coordinated with other training in small business offered in Fiji by such organizations as the YMCA, CATD (Center for Applied Technology & Development), USP, FIT (Fiji Institute of Technology), and FDB. Only in this way can bookkeeping and stock control systems be standardized, relevant publications be made available, and duplication of programs be avoided.

This brief review underlines some of the problems that BOMAS faces. I am convinced that BOMAS has a major role to play in the development
of the Fijian entrepreneur. But to do so, its role must be clearly defined in relation to other agencies. Funding must be forthcoming if BOMAS is to employ sufficient numbers of qualified, experienced staff and offer a comprehensive extension, training, and consultancy program perhaps along the lines of the Extension Service of the Department of Agriculture and Fisheries or the Ministry of Cooperatives. BOMAS should support more research, particularly to identify potential Fijian entrepreneurs and establish criteria by which they can be judged. Similarly, research should be encouraged to identify appropriate business opportunities and stimulate innovation among their clients. The present ad hoc fire-fighting role will in the long run do little to stimulate or sustain the Fijian entrepreneur.

Fiji Development Bank's Commercial Loans to Fijians Scheme (CLFS)

In 1952 the Agricultural and Industrial Loans Board (AILB) was established to facilitate and finance agricultural and industrial investments in Fiji. The effectiveness of the AILB was constrained by limited staff, a limited capital structure, and a relatively small number of accounts. During 1952-62 only 730 people received loans. Of a total of 81.2 million in loans, 52 percent went to Europeans; 34 percent to Indians; and only 7 percent to Fijians. This is a pitiful reflection of the degree of financial support that Fijians received during the 1950s.

Based on the recommendations of the Buettol Report, which anticipated the growing demands for financing in the developing economy of Fiji, the AILB was abolished in 1967, and its liabilities and assets were assumed by and vested in the FDB. The purpose of the FDB is to "facilitate and stimulate the promotion and development of natural resources, transportation and other industries in Fiji," but its lending policy in the 1960s was oriented toward sectors such as tourism and industry, in which Fijians rarely figured. To respond to this dilemma, a specially formed Cabinet subcommittee directed the FDB to make special loans available to Fijians. Thus, in May 1975 the Commercial and Industrial Loans to Fijians Scheme (CLFS) was established.

The CLFS was to provide special financial support to Fijians and Rotumans to encourage them to play a more active role in commerce and industry. Those eligible for assistance are indigenous Fijians who are registered in the Native Land Owners Register, those of Rotuman race who can prove that they are indigenous Rotumans, and companies and partnerships that are 100 percent owned by indigenous Fijians or Rotumans. The managing director of the FDB, Laisenia Qarase, recently suggested that "having a separate scheme for them enables us to give that extra bit of attention."

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Pacific Islands Development Program
East-West Center
In recent years about 75 percent of the total loans issued under the scheme were provided to prospective entrepreneurs in the transportation and retail sectors, areas that require relatively unsophisticated business skills. But a limited business expertise has also discouraged Fijian involvement in other more dynamic areas such as the service, tourism, and processing industries. Although the current interest rate under the CLFS is 11 percent compared to normal interest rates of up to 13 percent per annum, the FDB is now insisting that prospective CLFS borrowers make an initial contribution or deposit. Even though such a policy may discourage some prospective entrepreneurs, the FDB was forced to make its decision based on a history of business failures.

The total amount of money being lent through the CLFS peaked during 1978-79 at $2.7 million but declined to $1.5 million by 1982-83 (see Appendix 2). This occurred at a time when overall bank lending was rising, as was general lending to commercial and industrial ventures. The average size of loans to Fijian was smaller—that is, about one-third smaller during 1977-83—than the size of loans made to other races. In total Fijians received only one-fourth of the money lent during 1977-83 for commercial and industrial ventures.

Thus, it could be argued that despite the establishment of the CLFS, the pattern started in the 1950s continues. Fijians still receive a relatively small proportion of the loan funds available. The accumulated impact of this over a 30-year period is that Fijians are financially starved and severely disadvantaged. The recent increasing demand for securities will only worsen the situation. Thus, Fijians will again be stymied in their entrepreneurial hopes and aspirations.

Criticisms of the Fiji Development Bank (FDB)

As a sponsor of the CLFS and other schemes, the FDB is open to criticism from all sides. Typical of this criticism—documented in the field survey—is that the FDB is a racist organization, that it refuses to reschedule loans, that it offers no continuing support or advice, that its interest rates are too high, and that the process of evaluating applications is long and complicated. The FDB is obviously aware of such criticisms and is making efforts to address them. The recent restructuring of the FDB, based on the 1983 recommendations of the team sponsored by the Asian Development Bank (ADB), will allow the bank to respond more effectively to the needs of existing and potential clients. For example, the FDB now conducts all of its own feasibility studies, is taking a more positive attitude toward client relations, and is developing an outreach capacity throughout Fiji.

Still, there is criticism that the FDB operates more as a commercial bank than a "development bank" and thus is concerned more with generating a "profit" and ensuring regular repayments than with supporting speculative ventures for the social as well as economic good. The bank does,
however, reschedule loans to meet a client's needs where justified, for example, in the case of cane farmers in financial difficulty as a result of hurricanes and droughts in 1983. Certainly, too, the interest rates charged cannot be called excessive as they compare favorably to the rates charged by commercial banks and money lenders.

The charge of racism fails to consider that the bank's staff is multiethnic in background, and that in July 1984 about 44 percent of the staff members were Fijian. Low-interest agricultural loans are open to all races, and a high proportion of commercial and industrial loans goes to non-Fijians. In recognition of the value of multiracial businesses, a Joint Venture Loan Scheme has been started to increase Fijian participation in industry and commerce. This supplements existing loan schemes and is available to those in a company or partnership with a 25 percent Fijian interest.

The FDB continues to see its role as a financing institution but has recognized that it must also help clients with advice and training. With this in mind the Management Advisory Unit (MAU) was established.

Management Advisory Unit (MAU)

The Management Advisory Unit is designed to help businesses continue to trade profitably by ensuring that business people keep the necessary records, maintain sufficient cash and capital, pay FDB loan payments on time, and keep outstanding debts to a minimum. During regular visits to clients the MAU staff offers advice on how to improve operations and provides onsite training on updating and using records, selecting merchandise, and controlling stock levels. The MAU primarily serves FDB clients who have been referred either because they are just starting a business or because they have encountered problems and may have difficulty in repaying loans. The emphasis is on recordkeeping so that data will be available to the FDB to assess the program's success. Long-term plans for the MAU include training programs, the preparation of training materials, and general business consultations.

Despite the apparent need for advisory support services, some FDB officials have suggested that the MAU was created only to quiet criticism of the FDB's narrow financial image and that it has no real support in the hierarchy of the bank. This view is seemingly justified given the limited funding and staff resources of the MAU. Also, the relationship between the MAU and BOMAS is unclear. Both agencies have training and advisory roles. Duplication of these functions is a potential source of confusion to clients who may be offered different advice from the two agencies. For example, an estimated ten different bookkeeping systems are being taught in Fiji today. Surely such duplication and lack of coordination reflects the urgent need for a cohesive small enterprise policy to coordinate training and advisory functions.
Other Support Organizations for Fijian Entrepreneurs

Any cohesive policy directed toward the development of indigenous enterprise in Fiji must integrate and coordinate the work of all of the organizations offering support to Fijian entrepreneurs. Additional support is available in the areas of finance, training, and incentives.

Finance

Fijian entrepreneurs have access to a number of other sources of finance besides the FDB. Two of these sources—the family and moneylenders—are informal, however, and as such cannot be relied upon as a regular source of finance. Although the potential liquidity of the Fijian-extended family is surprising, arranging financing through a family member is a long and uncertain process that can be jeopardized by jealousy or other financial commitments. Moneylenders, on the other hand, who still flourish in Fiji, charge exorbitant interest rates and manipulate usurious “legal” agreements. Their impact upon a potential business could be disastrous.

During the last ten years a number of Fijian communally owned investment funds or holding companies have been established to invest in the private sector. Several of these bodies, such as the Fijian Investment and Development Corporation, have failed. Others, such as CBM Holdings or Kubuna Holdings, prefer to invest in joint ventures; the newly established Fijian Holdings Ltd. prefers to invest in existing foreign-owned investments. These preferences suggest that such investing bodies prefer well-established, secure investments rather than the vagueries of uncertain Fijian business investments. The six commercial banks in Fiji also have a reputation for supporting either well-established business ventures or potential entrepreneurs with a proven track record. This discourages many potential Fijian entrepreneurs who also believe that commercial banks have a strict policy on collateral and charge high-interest rates. Still, some Fijian entrepreneurs who have well-prepared feasibility studies and clear business plans prefer to deal with commercial banks because of their efficient approach to lending. The Fiji National Provident Fund (FNPF) is another investor in the private sector, concentrating on large-scale investments (over $200,000) as well as investing in government securities, the Housing Authority, and statutory bodies. Recently, Senator Tabuadua called for the FNPF to provide small business people with loans up to $50,000. But by its very nature the investment policy of the FNPF is bound to be conservative, and it is unlikely that the fund will ever be a major investor in entrepreneurial enterprise. But it is not beyond the bounds of reason to assume that at least part of an individual’s FNPF contribution could be used as collateral on loans from the FDB without too much risk involved. The relative proportion...
of FNPF fund invested in the private sector has been in steady decline since 1976. In that year 45 percent of the total funds available were invested in the private sector, as opposed to only 24 percent in 1983.  

Training

Research suggests that access to relevant training is a major factor in reducing business failures and managing business problems. Fiji, with its well-developed educational infrastructure, supports indigenous entrepreneurs by offering a number of courses—in fact, the number of institutions involved in this training effort is remarkable for a country the size of Fiji. This inevitably leads, however, to duplication in curricula and waste of resources. The training programs need to be evaluated and steps taken to integrate their materials and methodology. The following institutions currently offer courses that are claimed to be of value to indigenous business:

- The University of the South Pacific, through the School of Social and Economic Development (SSED), offers certificate and diploma courses in administration and accounting; a formal program of vocational courses with majors in administration, accounting, or economics; and a formal academic degree program of at least three years.

- The Fiji Institute of Technology offers a diploma in business studies, an integrated vocational course lasting three years. Also offered is a certificate in commercial studies, a part-time vocational course.

- The secondary schools in the Ministry of Education offer classes in bookkeeping, simple accounting, economics, and computer studies.

- The Fiji National Training Council (FNTC), a levy-funded national training agency, offers intensive short courses in retailing, office administration, and stock control. The programs are mostly geared, however, to large companies; few are appropriate to small locally owned ventures.

- BOMAS has an irregular program of short courses in rural areas to introduce the mechanics of recordkeeping and financial control.

- The Ministry of Cooperatives offers a regular six-week course on retailing management and accounting at the Coop Education Centre in Lami.

- Other agencies offering short vocational courses for Fijian entrepreneurs business include: YMCA, YWCA, International
Labour Organisation, Fiji Institute of Accountants, Credit Union Training Centre, the Centre for Applied Technology and Development at Nadave, and the Bayley Trust.

Assessing the value of such courses involves judging their appropriateness to the needs of Fijian entrepreneurs. Research emphasizes that for such courses to be of any value, they must be presented in Fijian and use materials and examples that are appropriate to Fiji. Courses should be designed around the participants' experience and business plans. Therefore, each course should be geared to a particular group, for example, carpenters, storekeepers, or yaqona (middlemen).

Incentives

The Government of Fiji established the Economic Development Board (EDB) in 1980 to encourage and facilitate new investment projects. The EDB is a statutory body charged with advising the government on strategies for economic development, identifying new investment opportunities, advising and promoting new investment locations, facilitating and assisting potential investors in their dealings with Fiji, as well as fulfilling a secretariat function to the Business and Industrial Development Committee (BIDC). The BIDC is a cabinet subcommittee that considers and processes investment proposals, prepares investment guidelines, and acts as an arbitrator in disputes between investors and government departments.

The EDB provides a range of supportive services to foreign and local investors upon their application, although the award of these incentives is not automatic. A local investor could be eligible for the following incentives: income tax concessions including tax holidays, tax relief and exemptions; accelerated depreciation of assets; fuel economy relief; export incentives; import duty concessions and protection; carrying forward of losses; and access to the hotel aid ordinances. The EDB can also facilitate access to industrial land and act as a liaison on the development of industrial estates. The EDB also offers an information service, produces a range of publications, and provides a market research facility, a range of trade and promotional activities, and international contacts. The EDB has streamlined its system to facilitate investment, although in no way approaching the speed and efficiency of the EDB in Singapore, which it emulates.

There is uncertainty, however, about the effectiveness of these investment promotion strategies. Certainly private foreign investment has not reached the peaks of 1974, and, with the exception of the tourism sector, foreign investors are generally pulling out of Fiji. Still the EDB is criticized for its concentration on foreign investors; the 1983 EDB report identifies only one privately owned and completely Fijian-controlled business that received its assistance. Finally, the EDB cannot itself administer policy; its role is merely advisory; and major
decisions are made elsewhere. The system is beset by rivalries and departmental power games. A range of supportive incentives therefore do exist, but what is uncertain is how many of these have actually been made available or redesigned to support Fijian entrepreneurs. The evidence suggests that little has been done.

Conclusion

The enterprise support organizations (ESOs) established in Fiji do not appear to have fulfilled the roles that they were created to perform. BOMAS is constrained by limited funding and staff resources. The Fiji Development Bank's CLFS offers a declining proportion of the bank's total lending assets to Fijians, and, despite an operating surplus of $1.8 million in 1983-84, offers little lending flexibility to smaller Fijian clients. There is also little cost-effective coordination of advisory or training programs offered throughout Fiji. This confusing array of extension programs is marked by conflicting advice and materials, as well as by duplication of resources. The place and function of ESOs in any overall policy must be defined and coordinated to make best use of national resources. A thorough evaluation of the role and effectiveness of such programs and agencies is essential if they are to meet the challenge of Fijians in business.
CHAPTER 6. FINDINGS FROM THE FIELD SURVEY OF FIJIAN ENTREPRENEURS

This field survey provides a detailed microanalysis of a sample of locally owned businesses in Fiji. The purposes of the field survey were (1) to assess the reasons for the success or failure of indigenous business in Fiji, (2) to identify and evaluate policy initiatives that the Government of Fiji can use for promoting the development of indigenous business, and (3) to examine ways of fostering greater indigenous involvement in business.

The design and supervision of the field survey were coordinated by the author in close consultation with PIDP in Hawaii and other interested agencies in Fiji, such as the Business Opportunity and Management Advisory Service (BOMAS) and the Fiji Development Bank (FDB). The field survey was undertaken between June and August 1984 by eleven interviewers. This group consisted of nine men and two women, seven of whom were Fijians, two Fiji-Indians, and two General Electors. These interviewers were chosen for their previous experience in field research in Fiji and for their personal integrity and maturity. Also taken into account was their interest and knowledge in this area of study, as well as their respect for and sensitivity to the entrepreneurs they would be interviewing. In preparation for this field research, training seminars were held to reinforce interviewing techniques and to highlight the area of research.

The interviews followed a standard format questionnaire consisting of 88 questions, divided into five parts: (1) background information, (2) personal details, (3) business data, (4) characteristics for success, and (5) problems. Emphasis was placed on quality and depth of response rather than quantity. Thus interviewers were encouraged to make repeated visits to individual entrepreneurs and develop a rapport with them. During the course of their visits the interviewers were expected to assess the entrepreneurs' situation. This approach produced a high response rate to most questions despite the more than 8,000 questions asked in the course of the field study. As expected, certain gaps and confusions appeared in the responses to some of the financial questions (section 3 of the questionnaire). In some cases interviewers detected distortions and underestimations in answers to questions about investments, assets, and profits. But on the whole these questions were answered surprisingly fairly and in keeping with the spirit of the survey.

At the start of this research the major question was "Who is it about?" After clarification from PIDP it was apparent that the intention of this project was to identify the needs of ethnically indigenous entrepreneurs in Fiji—those Fijians (i taute) who operated business ventures in both rural and urban communities. Therefore the survey was

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East-West Center
deliberately geared toward Fijian entrepreneurs. Yet it was obvious that the performance and potential of Fijian entrepreneurs could not be assessed in isolation. The survey sample was therefore widened to include Indian, Part-European, and Chinese entrepreneurs operating in Fiji.

The survey consisted of 80 interviews with local entrepreneurs, some 69 men and 11 women. The majority of those interviewed were Fijian entrepreneurs (Table 6.1); smaller numbers of the other ethnic groups were interviewed for comparison. The entrepreneurs operated various types of business (Table 6.2) in different parts of Fiji (Table 6.3) and of varying size (Table 6.4) This diverse sample was assumed to represent a cross-section of nonsubsistence commercial ventures. Thus the majority of those interviewed were found in the retail and service sectors of the economy. Most businesses had a weekly sales turnover of less than F$500. The interviews took place in many parts of Fiji, including Vanua Balava and Cicia in the Lau Group; Koro, Gau, and Ovalau in Lomaiviti; Macuata on Vanua Levu; in the urban centers of Suva, Nausori, Sigatoka, Nadi, and Lautoka and in villages in Rewa, Tailevu, Naitasiri, Ra, and Serua on Viti Levu. Particular attention was paid to the special position of entrepreneurs in the outer islands as well as to women who ran their own business; these considerations are discussed later in this chapter.

The data analysis concentrated on four main variables; the respondent's race, type of business, location of business, and size of the weekly sales turnover. Several criteria were considered in defining these variables.

Race. We adopted the racial definitions used by the Bureau of Statistics in Suva, which are consistent with those in the Constitution and the Native Land Owners Register (see chapter 2).

Type of business. In establishing the criteria for types of business we adopted those of the Bureau of Statistics, except that our definition of the service sector includes personal services (e.g., hairdressers), professional services (e.g., architects), and tourist services (e.g., tour operators).

Location. We assumed urban areas to be within a four-mile radius of the center of incorporated townships as defined by the Bureau of Statistics. Periurban areas were assumed to be on the periphery but in close proximity to and influenced by urban areas. Rural areas were defined to include all the Fiji islands other than Viti Levu and Vanua Levu.

Size. We decided to assess business size solely on the basis of total weekly sales after considering several important factors. As discussed in chapter 3, there are various ways to define the business
Table 6.1. Racial composition of interview sample

<table>
<thead>
<tr>
<th>Race</th>
<th>Sample</th>
<th></th>
<th>Estimated % of Fiji's entrepreneurs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Fijian</td>
<td>42</td>
<td>52</td>
<td>10</td>
</tr>
<tr>
<td>Indian</td>
<td>27</td>
<td>34</td>
<td>70</td>
</tr>
<tr>
<td>Part-European/Chinese</td>
<td>11</td>
<td>14</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>80</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Table 6.2. Racial distribution of interview sample by type of business

<table>
<thead>
<tr>
<th>Type of business</th>
<th>Fijian</th>
<th></th>
<th>Indian</th>
<th></th>
<th>Part-European/Chinese</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Retail</td>
<td>21</td>
<td>50</td>
<td>13</td>
<td>49</td>
<td>2</td>
</tr>
<tr>
<td>Service</td>
<td>9</td>
<td>21</td>
<td>4</td>
<td>15</td>
<td>7</td>
</tr>
<tr>
<td>Agriculture/fisheries</td>
<td>8</td>
<td>19</td>
<td>0</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Transportation</td>
<td>4</td>
<td>10</td>
<td>2</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>Manufacturing/processing</td>
<td>0</td>
<td>-</td>
<td>8</td>
<td>19</td>
<td>2</td>
</tr>
</tbody>
</table>

size in Fiji and none is entirely satisfactory. Using the number of employees as the criterion overlooks the importance of irregular family labor. Owners' data on assets, investment, or profit tend to be unreliable. Our survey interviewers found that Indian entrepreneurs underestimated their assets or real profits by as much as 35 to 40 percent for accounting or tax purposes. Fijian entrepreneurs made similar underestimations but more out of ignorance than intention. Therefore we decided that sales revenue, for which entrepreneurs keep some reliable records, would be the most accurate indicator of business size.
Table 6.3. Racial distribution of interview sample by location of business

<table>
<thead>
<tr>
<th>Location</th>
<th>Fijian No.</th>
<th>Fijian %</th>
<th>Indian No.</th>
<th>Indian %</th>
<th>Part-European/Chinese No.</th>
<th>Part-European/Chinese %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>11</td>
<td>26</td>
<td>16</td>
<td>59</td>
<td>11</td>
<td>100</td>
</tr>
<tr>
<td>Periurban</td>
<td>4</td>
<td>10</td>
<td>6</td>
<td>22</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Rural</td>
<td>10</td>
<td>24</td>
<td>4</td>
<td>15</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Island</td>
<td>17</td>
<td>40</td>
<td>1</td>
<td>4</td>
<td>0</td>
<td>-</td>
</tr>
</tbody>
</table>

Table 6.4. Racial distribution of interview sample by weekly sales turnover (F$)

<table>
<thead>
<tr>
<th>Item</th>
<th>Fijian No.</th>
<th>Fijian %</th>
<th>Indian No.</th>
<th>Indian %</th>
<th>Part-European/Chinese No.</th>
<th>Part-European/Chinese %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $250</td>
<td>24</td>
<td>58</td>
<td>5</td>
<td>23</td>
<td>2</td>
<td>22</td>
</tr>
<tr>
<td>$250-$500</td>
<td>5</td>
<td>12</td>
<td>7</td>
<td>31</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>$500-$1,000</td>
<td>9</td>
<td>21</td>
<td>3</td>
<td>14</td>
<td>3</td>
<td>33</td>
</tr>
<tr>
<td>$1,000-$2,500</td>
<td>2</td>
<td>6</td>
<td>3</td>
<td>14</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>$2,500-$5,000</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>9</td>
<td>3</td>
<td>33</td>
</tr>
<tr>
<td>$5,000+</td>
<td>0</td>
<td>-</td>
<td>2</td>
<td>9</td>
<td>1</td>
<td>12</td>
</tr>
</tbody>
</table>

Strenuous efforts were made to evaluate the sample chosen. A series of trial interviews was conducted to test the questionnaire, and each interviewer submitted a list of entrepreneurs he or she expected to interview. These were assessed so that a cross-section of entrepreneurs by race, business type, and location could be achieved. It is estimated that 70 percent of the businesses in Fiji are run by Indian entrepreneurs; but because of the nature of this study, a disproportionate number of Fijian entrepreneurs (52 percent) was interviewed. (See Table 6.1.) Two-thirds of the entrepreneurs interviewed were from urban or periurban areas, reflecting the overall population distribution of Fiji.
We paid special attention to entrepreneurs from the outer islands, who made up 20 percent of the sample. The distribution of business types was consistent with estimates from the Bureau of Statistics of the number and type of establishments in the private sector. No particular attention was paid to Fijian-owned handicraft marketing operations or taxi operations, both of which have been subject to extensive surveys recently. Nevertheless, we are confident that our sample of 80 entrepreneurs was representative of the majority of entrepreneurs in Fiji.

Background Information

Table 6.2 shows that Fijians and Indians are evenly represented in the retail, service, and transportation sectors, with Fijians dominating the agriculture/fisheries sector, but playing no part in manufacturing. The Indian entrepreneurial population is concentrated in urban areas (81 percent), with Fijians having a stronger hold (64 percent) in the islands and rural areas (Table 6.3). In general, Fijian-owned businesses are the smallest in size (Table 6.4).

Fijian dominance in the agriculture and fisheries sector (Table 6.2) reflects the islanders' strong rural ties, whereas the business experience and access to capital of Indian entrepreneurs may explain their domination of the capital-intensive manufacturing sector. The concentration of Part-Europeans in the service sector reinforces the points made in chapter 3 about their past social position and their economic role as landless, skilled artisans. The number of smaller retail, transportation, and service businesses not only reflects consumer demand but also suggests that these businesses are relatively easy to start and manage, needing fewer sophisticated business skills and smaller capital investments. Unfortunately, this also means that the retail, transportation, and service sectors are saturated with small businesses competing directly against each other. There even appears to be a strong tendency to imitate existing businesses; this "copy cat" mentality not only creates problems for existing businesses in limited markets but also reflects a lack of confidence to innovate or grasp new market opportunities.

The parochial nature of business in Fiji is reflected in Table 6.5, which shows that nearly two-thirds of businesses are serving limited local markets. These narrow horizons suggest that entrepreneurs are not fully aware of the market opportunities in a small country like Fiji. The small proportion of entrepreneurs who have any contact with overseas markets emphasizes this inward orientation.

Legal Status, Age of Business, and Details of Ownership

Table 6.6 shows that most businesses in the survey sample were legally categorized as "sole traders." A sole trader business is cheap,
Table 6.5. Racial distribution of interview sample by main market area of business (%)

<table>
<thead>
<tr>
<th>Main market area</th>
<th>Fijian</th>
<th>Indian</th>
<th>Part-European/Chinese</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 10 kilometers</td>
<td>63</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Fiji</td>
<td>30</td>
<td>35</td>
<td>30</td>
</tr>
<tr>
<td>Overseas</td>
<td>7</td>
<td>5</td>
<td>10</td>
</tr>
</tbody>
</table>

Table 6.6. Racial distribution of interview sample by legal status of business (%)

<table>
<thead>
<tr>
<th>Legal status</th>
<th>Fijian</th>
<th>Indian</th>
<th>Part-European/Chinese</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole trader</td>
<td>75</td>
<td>66</td>
<td>46</td>
</tr>
<tr>
<td>Partnership</td>
<td>-</td>
<td>11</td>
<td>27</td>
</tr>
<tr>
<td>Private limited company</td>
<td>25</td>
<td>23</td>
<td>27</td>
</tr>
</tbody>
</table>

easy to form, and flexible; it allows prompt decision making, ensures business secrecy, and encourages close personal relations with customers and employees. Yet, the percentages shown in Table 6.6 also reflect a lack of understanding of the legal realities of entrepreneurship, such as the benefits of registering a business as a private limited company. These benefits include limited liability and potentially easier access to financing. Increasingly, the FDB is ensuring that borrowers register as limited companies, which for Fijians can be done easily and cheaply through BOMAS.

Also of interest in the survey results was the lack of legal partnerships in Fiji business. Given the communal nature of Fijian society, it would seem that formal partnerships would fill a useful role. Instead, I believe that the accumulated tensions, jealousies, social obligations, and demands, as well as the conflict of purpose and leadership in the extended family, detract from the value of partnerships as a business unit. Certainly Fijian entrepreneurs seem to have "voted with their feet" and have avoided relying on members of their extended family, or mataqali.
The well-established Indian business community with its market domination, access to capital, and depth of business experience is reflected in the high proportion of Indian businesses that have survived for at least six years (Table 6.7). The relatively youthful nature of Fijian business reflects the recent upsurge of interest in establishing new business ventures, in what has been described as an "experimental" stage in Fijian business development. Unfortunately, this "experimental" stage has been characterized by many failures. The potential for business failure is aggravated in the islands by the small market, growing competition, transportation difficulties, and the impact of communal commitments and obligations.

Survey results also indicate that the majority of Fijian businesses (90 percent) were established by their present owners; this emphasizes the important role that agencies like BOMAS play in supporting, advising, and helping to establish new businesses. In contrast, there is an increasing trend for Indians to take over existing retail and service business with established customers, reputation, and location. Such takeovers (up to 25 percent of Indian businesses in the survey) avoid much hard work and reduce the risk of failure normally incurred in starting a new business.

The heavy dependency on informal sources of finance, among all groups in the sample, as shown in Table 6.8, raises questions as to the efficiency of the Fijian finance agencies. The limited use of the FDB among the survey entrepreneurs emphasizes some of the criticisms of its lending policies affecting small businesses such as favoring large commercial loans and reflecting a racial bias. The reliance by Indian entrepreneurs on personal loans and informal family contacts reflects the degree of their capital accumulation and extensive business commitments, while the extended Fijian family does not have ready access to such accumulated savings or assets.

Capital and Personal Investments

The estimated mean value of the original business investment for Fijians interviewed was $7,978; for Indians, $21,174; and for Part-Europeans and Chinese, $127,290. These figures suggest that many Fijian businesses may be undercapitalized and thus will continue to face problems related to liquidity, inadequate range and quantity of stock, inadequate and poorly located business sites, limited advertising and promotion, inexperienced employees, lack of regular maintenance, and limited cash reserves to meet unexpected demands or social obligations.

Capital investments by business sector ranged from $15,985 for agriculture and fisheries to $40,001 for the capital-intensive manufacturing businesses, with mean total investment for transportation businesses estimated at $23,860; for retail businesses, $30,060; and for service businesses, $37,452. Rates of return on investments ranged
Table 6.7. Racial distribution of interview sample by age of business (%)

<table>
<thead>
<tr>
<th>Age of business</th>
<th>Fijian</th>
<th>Indian</th>
<th>Part-European/Chinese</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year or less</td>
<td>24</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>2 to 5 years</td>
<td>49</td>
<td>15</td>
<td>38</td>
</tr>
<tr>
<td>6+ years</td>
<td>27</td>
<td>78</td>
<td>53</td>
</tr>
</tbody>
</table>

Table 6.8. Racial distribution of interview sample by type of start-up financing (%)

<table>
<thead>
<tr>
<th>Type of financing</th>
<th>Fijian</th>
<th>Indian</th>
<th>Part-European/Chinese</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self/family financing</td>
<td>61</td>
<td>80</td>
<td>55</td>
</tr>
<tr>
<td>FDB loan</td>
<td>36</td>
<td>-</td>
<td>27</td>
</tr>
<tr>
<td>Commercial bank loan</td>
<td>3</td>
<td>20</td>
<td>18</td>
</tr>
</tbody>
</table>

from 0.1 percent for agriculture and fisheries to 2.5 percent for retail businesses. These figures show that the relatively unsophisticated retail businesses can be started with surprisingly small capital inputs, with the highest rate of return on investment. This reinforces the view of many Fijians that running a retail store is a source of "easy money." The low rate of return from agriculture and fishing makes these businesses, on the other hand, unattractive ventures. Commercial farmers suffer from fluctuating markets, heavy social commitments, and poor weather. In general, however, all of these figures reflect a mediocre rate of return on capital—not to mention time and energy—invested. Seemingly, a better return could be achieved by merely investing in savings accounts, even with the low-interest rates offered in Fiji.

Table 6.9 shows that Fijians invest a surprisingly large proportion of time as well in their businesses, with, again, a relatively low rate of return. This belies the picture of the lazy, worthless Fijian but does suggest that inexperienced Fijian entrepreneurs are probably not making productive use of their time. A recurring problem identified by Fijian entrepreneurs in a previous surveys' was the mismanagement of time and lack of efficient ways to take inventory, keep records,
Table 6.9. Estimated weekly hours worked and profit generated by race of entrepreneur and type of business

<table>
<thead>
<tr>
<th>Race or business</th>
<th>Average no. hours worked per week</th>
<th>Profit generated from hours worked(^a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Race</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fijian</td>
<td>67.2</td>
<td>$ 2.70</td>
</tr>
<tr>
<td>Indian</td>
<td>66.2</td>
<td>$ 4.90</td>
</tr>
<tr>
<td>Part-European/Chinese</td>
<td>72.0</td>
<td>$12.30</td>
</tr>
<tr>
<td>Business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>64.6</td>
<td>$ 4.20</td>
</tr>
<tr>
<td>Service</td>
<td>67.2</td>
<td>$ 7.20</td>
</tr>
<tr>
<td>Transportation</td>
<td>61.2</td>
<td>$ 3.06</td>
</tr>
<tr>
<td>Agriculture/fishing</td>
<td>74.0</td>
<td>$ 4.50</td>
</tr>
<tr>
<td>Manufacturing/processing</td>
<td>63.2</td>
<td>$ 4.10</td>
</tr>
</tbody>
</table>

\(^a\)Comparable to hourly payment.

etc. Entrepreneurs also complained of the time taken up by social and community commitments.

Profit generated from hours worked (Table 6.9) is comparable to wage employment, but whether this is sufficient to justify the long hours invested by entrepreneurs in Fiji is questionable. Certainly for Fijians it allows little opportunity for capital accumulation or reinvestment. In general, the larger the business by turnover, the more hours required by the entrepreneur. However, the long hours put in by commercial farmers, for example, have not resulted in dramatically high returns per hour worked. This finding emphasizes the point made in chapter 6 that many potential entrepreneurs see agriculture and fishery businesses as too much hard work.

Business Motives

The implications of the figures in Table 6.10 are essential to an understanding of the performance of Fijian entrepreneurs, for example, they do not see a business as a means of merely making money. The Pacific entrepreneur is deeply rooted in the community and culture. Therefore, his business objectives are confused. Is his objective to make money? Is it to gain status in the community? Is a business a way to gain independence from social obligations? Is it merely to offer a
Table 6.10. Racial distribution of interview sample by business motive (%)

<table>
<thead>
<tr>
<th>Motives</th>
<th>Fijian</th>
<th>Indian</th>
<th>Part-European/Chinese</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic motives</td>
<td>48</td>
<td>92</td>
<td>63</td>
</tr>
<tr>
<td>Desire to be independent</td>
<td>42</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Personal challenge</td>
<td>36</td>
<td>25</td>
<td>54</td>
</tr>
</tbody>
</table>

service to the community? Or, is it a personal challenge? The answer to these questions will affect an entrepreneur's planning, attitudes toward creditors or customers, and merchandise ordering and pricing. More than 75 percent of the Fijian respondents identified personal or social reasons as major motives for starting a business. This might reflect a growing disenchantment with the traditional Fijian way of life and be a reaction to the lack of accessible land. The growing numbers of urban Fijian entrepreneurs are perhaps using business to free themselves from traditional bonds and to assert their individuality. This motivation has to be compared with the emphasis on economic motives that characterizes the Indian entrepreneurs. Profit is essential for the economic survival of this predominantly landless community, and financial strength ensures their role and status.

Personal Details

Age and Sex

The number of entrepreneurs in the survey sample over age 40 belies the picture of the young, aggressive, risk-taking entrepreneur. Most entrepreneurs appear to be well-established members of their communities with strong family and social responsibilities. The Indian entrepreneurs in particular seem to have spent much of their working life in business, in contrast to older Fijian entrepreneurs who generally established their businesses after a period of other employment. The relatively high average age of entrepreneurs in Fiji has important implications for the type of training and advice to be offered by support agencies. Training must be sensitive to the needs and experience of older entrepreneurs and must address their possible resistance to the style of young trainers. The age of the entrepreneurial population also raises questions regarding management succession, especially given that the average male life expectancy in Fiji is just over 60 and only 20 percent of Fiji's population is over age 40. (See Table 6.11.)
Table 6.11. Racial distribution of interview sample by age of entrepreneur (%)

<table>
<thead>
<tr>
<th>Age</th>
<th>Fijian</th>
<th>Indian</th>
<th>Part-European/Chinese</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under age 30</td>
<td>12</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>30-39</td>
<td>33</td>
<td>25</td>
<td>10</td>
</tr>
<tr>
<td>40-49</td>
<td>25</td>
<td>35</td>
<td>30</td>
</tr>
<tr>
<td>Over 50+</td>
<td>30</td>
<td>25</td>
<td>40</td>
</tr>
</tbody>
</table>

Business in Fiji is dominated by male entrepreneurs. In the survey sample, 92 percent of Indian entrepreneurs, 91 percent of Part-European and Chinese entrepreneurs, and 81 percent of Fijians were male. Male dominance in business is reinforced by attitudes of employers toward women and by a lack of training opportunities for women. Yet an increasing number of Fijian women in the service sector in urban areas is a healthy sign of the growing confidence and education of Fijian women. With the apparent racial and sexual loyalties in consumer preference in Fiji, there is an obvious array of business opportunities that women could tap. For example, many Fijian women would prefer to use a Fijian woman tailor or to buy cosmetics from a shop owned by a woman. Considering the growing spending power of women in Fiji, such opportunities should not be overlooked.

Family Data

Among the survey respondents, 96 percent of Indian entrepreneurs, 82 percent of Part-Europeans and Chinese, and 81 percent of Fijians were married. The skills of husbands were invaluable to women entrepreneurs, and working wives were a useful source of capital and finance for 30 percent of small Fijian businesses. A number of interviewers commented that they had interviewed male entrepreneurs who were officially the owners or managers of their businesses, but for whom their wives played an active, if not dominant, role in the business. The husband acted as the "front man," but the wife was the driving force, essentially the manager of the business. This was less common in the male-dominated Indian business community; 85 percent of the male Indian entrepreneurs—in contrast to 40 percent of Fijians—described their spouse as housewives. The few unmarried entrepreneurs were mainly younger and ran smaller businesses. Arguably this group, which is free from family or social ties, can take bigger risks and concentrate their energies on their businesses. Yet such youthful freedom also encourages social distractions that take both attention and resources away from the business.
Migration Patterns

Since the 1960s increasing numbers of Fijians have been migrating from rural areas to the urban centers. An estimated one-third of the Fijian population now lives in urban areas, and more Fijians live in the Suva-Nausori corridor than in all of the outer islands. The pattern of Fijian internal migration, which was assumed to be circular—whereby the urban migrants return to their home village or island—appears to be now a one-way stream ending in permanent settlement in urban areas. This pattern of migration is the case as well for Fijian entrepreneurs, of whom 58 percent run businesses outside their original yasana (province). Of these the greatest portion (about 77 percent) were originally from the outer islands (Lau, Lomaiviti, and Cakaudrove) and have now established their businesses on Viti Levu. A previous survey also found that the businesses of such outer island entrepreneurs were more likely to survive for more than five years than those of other Fijians. Although the complexity of analyzing this phenomenon is beyond the scope of this study, a number of factors could explain the migration to urban areas. These include: the social and economic attractions of urban life, better educational and medical facilities, better employment opportunities, and the central location of government activities. These attractions are in contrast to the pressure of communal obligations and the lack of available land, employment, and educational opportunities in the outer islands. To stem this adult depopulation of the outer islands, more innovative policies should be adopted to make use of available entrepreneurial talent to produce high-quality, low-quantity products, such as soap, oils, and handicrafts, with a marketing emphasis on the special environment and culture found in the outer islands.

Traditional Status

The special nature of the relationship in Fijian society between chiefs and commoners is rooted in the culture, history, and land. Only 12 percent of Fijian entrepreneurs interviewed held the title of chief. This is a relatively small proportion considering a chief's potential access to land, money, and even education. The domination of commoners in Fijian businesses reflects not only their relative numbers in the population but also their increasing aspirations, breadth of experience, educational qualifications, and personal motives. A new Fijian elite is developing that is based no longer on traditional hereditary principles but rather on merit and economic performance. Interviewees also cited a number of examples of resentment at the economic role of chiefs, with their proportional claim on lease money and their demands for financial support for extravagant schemes. These perceptions, coupled with the pattern of Fijian migration, suggest that, in their search for individual status and independence, Fijians are turning to business.

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Religion

The impact of religion on Fiji's society is profound and pervades the thinking and attitudes of all races. Religious beliefs can therefore affect the attitude and performance of any entrepreneur who adheres to religious teachings and observances. For example, the teachings of the Seventh Day Adventist (SDA) Church advocate discipline, hard work, and through "tithing," emphasize capital accumulation—for example, "the more you give, the more you get." Certainly throughout the Pacific, a surprising number of indigenous entrepreneurs are Seventh Day Adventists: about 24 percent of Fijian entrepreneurs interviewed claimed membership in this church.

Church membership can also provide access to valuable business contacts and associates. The obvious impact of such benefits and the perceived values of the "Protestant work ethic" have generated some research into the role of religion on the performance of Fijian entrepreneurs. A. Rakoto, for instance, is critical of the role of the Christian churches in upsetting the balance of traditional life and suppressing individualism. But C.S. Belshaw suggests that individual entrepreneurial activity in Fijian villages is often provoked through the alienation caused by being the only representative of a specific church in the village. Such religious isolation—for example, by being the only Catholic in a Wesleyan village—impresses on the individual the need to gain and maintain a definite role in the village, for example, by running a village store. There has been recent criticism that the Fijian-dominated Methodist Church (66 percent of Fijians in the survey sample were Methodists) is now no more than a "social religion," having lost much of its spiritual drive, and there is an increasing movement to the enthusiastic theology of more recently established churches such as the Assembly of God or the Latter Day Saints. This movement reinforces the comments of some entrepreneurs that the Methodist Church requires the investment of too much time, money, and energy in raising funds or performing social obligations, with little spiritual return.

Education and Vocational Training and Experience

Table 6.12 shows that the apparently more successful Indian entrepreneurs have relatively low educational qualifications. This finding has been supported in other surveys, and it raises questions as to the importance of educational qualifications in business success. When seen in the context of exposure to business practices, it suggests that the key to success is business experience and exposure, rather than formal qualifications. Certainly Fijians—especially those in the rural areas and outer islands—with little exposure to business practices, seem to struggle to succeed in their business ventures. In fact, more than 50 percent of the entrepreneurs interviewed in the rural areas and outer islands had
Table 6.12. Racial distribution of interview sample by education of entrepreneur (%)

<table>
<thead>
<tr>
<th>Education</th>
<th>Fijian</th>
<th>Indian</th>
<th>Part-European/Chinese</th>
</tr>
</thead>
<tbody>
<tr>
<td>No education</td>
<td>-</td>
<td>7</td>
<td>27</td>
</tr>
<tr>
<td>Primary</td>
<td>30</td>
<td>55</td>
<td>9</td>
</tr>
<tr>
<td>Form 4</td>
<td>22</td>
<td>.7</td>
<td>9</td>
</tr>
<tr>
<td>Form 5</td>
<td>27</td>
<td>11</td>
<td>37</td>
</tr>
<tr>
<td>Form 6</td>
<td>6</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>Tertiary</td>
<td>15</td>
<td>7</td>
<td>9</td>
</tr>
</tbody>
</table>

attained no more than a Form 4 education. The data also show that the least educated entrepreneurs are found in smaller, less sophisticated types of businesses such as retail and transportation. The service sector, on the other hand, has the highest proportion of better educated entrepreneurs, with more than 70 percent having reached the Form 5 level. Although it is tempting to suggest that businesses with the largest sales turnover are run by better educated entrepreneurs, formal education should not be given undue importance in an area in which experience seems to count at least as much. Thus, less educated entrepreneurs should not be discriminated against in raising finance or receiving training, their practical experience should also be considered.

The survey data also suggest that practical experience is as valuable as vocational training, with 74 percent of the Indian survey respondents having no formal vocational training at all. Interestingly, more than one-half of the Fijian entrepreneurs had vocational training (e.g., in carpentry and mechanics), although few put these skills to use in their businesses. A relatively high proportion (over 50 percent) of entrepreneurs in the rural areas and the outer islands had received some appropriate training at the Co-op Training Centre in Lami, or CATD, BOMAS, PWD, or FSA Koronivia. Few entrepreneurs in the urban-orientated retail and manufacturing sectors had any specific training.

Despite the number of Fijian entrepreneurs who had received training in vocational skills there was a curious ambivalence about the value of formal business training. This could be related to the age of many Fijian entrepreneurs and their attitude toward formal training per se. But possibly more important is that this attitude reflects their lack of faith in existing training programs to meet their real needs. A thorough evaluation of the validity and effectiveness of the range of business-
orientated training programs is therefore needed, as well as policies to coordinate their activities.

Entrepreneurs were also asked if their present business activity was similar to any previous work experience. Seventy percent of Indians interviewed had previous work experience similar to their present business; 63 percent of Part-Europeans and Chinese and 50 percent of Fijians had similar previous work experience. There emerged a pattern, particularly among Fijian entrepreneurs, of not directly relying on previous work experience; for example, a taxi driver turns to fishing, a civil servant to farming, an accounts clerk to hairdressing. This reinforces the perception that many Fijians are still "experimenting" with business, are testing new skills, are not bound by precedents or concerned about the likelihood of failure, are not consolidating their market position, and are not necessarily making full use of their skills.

International Experience and Early Business Exposure

Exposure to another culture, climate, or national economy, during either an extended visit or a training course, can have a dramatic impact on entrepreneurship. The value of such overseas postings to potential managers in generating confidence, discipline, and exposure to new ideas and value systems has been recognized by many multinational corporations. The role model for some Fijian entrepreneurs is often the Indian storekeepers, a group that has stayed stolidly in Fiji (only 25 percent of the Indians interviewed reported any overseas experience), tied to their parochial life and businesses. These limited horizons may account for many Indian entrepreneurs' arcane business practices, which are characterized by few marketing refinements and little long-term planning. This is obviously not the best role model to adopt. A high proportion of Part-Europeans (84 percent) had traveled internationally either because of tourism or extensive family contacts. Yet a surprisingly high proportion (52 percent) of Fijian entrepreneurs interviewed had overseas experience, adding to the suggestion that Fijian entrepreneurs are typically high achievers in the community. The wide range of experiences and educational opportunities of most Fijian entrepreneurs reflect their unusual role and position in Fijian society.

Table 6.13 reflects a central concern of this study that the lack of early exposure to business is a major problem faced by Fijian entrepreneurs. A child who is brought up in a business environment, who at an early age is expected to work in the business, and who daily hears conversations on aspects of the business will be inculcated in the business ethic at early age. This is likely the case in the retail sector where many Indian-owned stores are handed down through the family. The limited number of Fijians who had any family background in business—and then often only small village stores or commercial farms—emphasizes the size and importance of the gap that Fijian entrepreneurs have to bridge.
Table 6.13. Racial distribution of interview sample by father's occupation (%)  

<table>
<thead>
<tr>
<th>Father's occupation</th>
<th>Fijian</th>
<th>Indian</th>
<th>Part-European/Chinese</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneur (own business)</td>
<td>30</td>
<td>81</td>
<td>64</td>
</tr>
<tr>
<td>Worker in subsistence agriculture or traditional skill</td>
<td>49</td>
<td>15</td>
<td>18</td>
</tr>
<tr>
<td>Civil servant</td>
<td>21</td>
<td>4</td>
<td>18</td>
</tr>
</tbody>
</table>

Employees

Data on the number of paid employees (Table 6.14) do not accurately reflect the number of employee hours actually invested in a business. It does, however, give an indication of the importance of family labor to businesses in Fiji. While one-third of Fijian and Indian entrepreneurs formally employed no one (Table 6.14), other survey data show that fully 60 percent of the total labor force employed by Fijian entrepreneurs and 43 percent employed by Indian entrepreneurs were relatives. The use of irregular family labor means that, for instance, stores can be kept open for up to sixteen hours a day, wage costs can be kept low, and the bureaucracy and expense of employee insurance and tax can be avoided.

The family unit is an integral part of the Fijian and Indian communities, both socially and economically. For the purposes of the survey, close family was defined as the entrepreneur's parents, children, and any other permanent dependents. In the Fijian context the family unit normally refers to a group of related vuvalé or the i tokatoka (extended family), as distinguished from a lineage group or clan.
Table 6.14. Racial distribution of interview sample by number of paid employees (%)

<table>
<thead>
<tr>
<th>Paid employees</th>
<th>Fijian</th>
<th>Indian</th>
<th>Part-European/Chinese</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>33</td>
<td>32</td>
<td>-</td>
</tr>
<tr>
<td>1-2</td>
<td>30</td>
<td>24</td>
<td>30</td>
</tr>
<tr>
<td>3-5</td>
<td>15</td>
<td>30</td>
<td>20</td>
</tr>
<tr>
<td>6+</td>
<td>22</td>
<td>15</td>
<td>50</td>
</tr>
</tbody>
</table>

(mataqali), which is normally made up of a number of tokatoka. For both Fijians and Indians a similar proportion (23 percent) of the total number of family members was regularly employed, with just over half the businesses in both groups using close family members as employees. No Indian entrepreneurs employed only nonrelatives, whereas 18 percent of Fijian entrepreneurs employed only nonrelatives. This finding may reflect either a lack of available skills or interest among family members or a conscious attempt by the entrepreneurs to distant themselves from family ties and obligations.

The mataqali, as the primary land owning unit, is a cohesive group but one that is not necessarily bound by close emotional ties. Reciprocal relations and obligations that were important in the past are abused or forgotten under growing economic pressures, and communal commitments are overlooked. This can lead to tensions and jealousies over land, traditional titles, and leadership. Thus Fijian entrepreneurs do not in general rely on members of their mataqali as employees. Only one-third of Fijian entrepreneurs sampled, mainly those in periurban areas, employ mataqali members. Only one Fijian entrepreneur employed more than three members of his mataqali. The sample identified only four mataqali-run businesses, whose problems were exacerbated by the legal problems in registering such an undercapitalized, loosely formed business unit, as well as by the lack of leadership or business skills displayed by the head of the mataqali. This overall trend can be seen as symptomatic of the increasing importance of the individual and the nuclear family in Fijian society today.

Even when local labor is employed, however, evidence suggests that wage rates are extraordinarily low. Recent figures show that foreign-owned companies operating in Fiji pay up to five times the wage rates of small Indo-Fijian companies for similar jobs in similar business. This increasing cost undercutting by local firms threatens the viability of private foreign investment in Fiji, and results in the loss of
investment funds. Further, on the basis of the criteria defined in chapter 3, that a small business is one that employs fewer than six people regularly, about 80 percent of Fijian and Indian entrepreneurs sampled could be classed as small businesses (Table 6.14). This again emphasizes the need for a cohesive policy for the support and development of small businesses in Fiji.

Business Data

Business Assets

We asked respondents to estimate their total business assets, for example, to assess the value of buildings, plant, stock, and equipment. Total assets of Part-European and Chinese businesses averaged F$98,830. For Indian businesses the average was F$41,496 and for Fijian businesses it was F$20,530. By business sector, the figures ranged from F$19,266 for transportation businesses to F$108,100 for manufacturing and processing businesses. Retail businesses averaged F$37,500 in assets; agriculture and fisheries, F$42,642; and service, F$53,864. The small amount of the assets held by Fijian entrepreneurs reflects the relatively youthful age of most Fijian businesses, which are often undercapitalized with low sales revenue. This becomes a vicious cycle, with entrepreneurs who have limited assets and low sales being unable to expand or even supply the collateral to raise investment funds through a bank. Other races with their well-established business contacts, experience, and access to financing are further able to strengthen their market domination. Yet arguably the Fijians are making best use of their limited assets by squeezing the highest levels of profit from them. This has as much to do with the small size of the assets as with managerial efficiency, but it does suggest that smallness has advantages for less experienced entrepreneurs. This is seen in the low-asset value in the retail and transportation sectors compared to the heavy capital investment in manufacturing and processing, and to their relative efficiency in generating profits compared to assets. Thus there is an obvious financial justification for the concentration of indigenous entrepreneurs in those sectors.

Cash Reserves and Debts

Fijian entrepreneurs in the survey sample estimated their cash reserves as averaging $2,300; Indian entrepreneurs had estimates of $2,100; and Part-European and Chinese entrepreneurs, $745. The average value of bad debts written off by Fijian entrepreneurs was $242; by Indian entrepreneurs, $2,462; and by Part-European and Chinese entrepreneurs, $1,136. Responses to questions about cash reserves and debts were, however, erratic, and many entrepreneurs did not admit to having any cash holdings. Thus the interpretation of these figures can lead to the cynical assumption that both Indian and Part-European/Chinese entrepreneurs are grossly underestimating their reserves or, more
generously, that they are in fact putting their cash assets to productive use.

The relative value of bad debts possibly reflects a different pattern, with surprisingly large sums being written off by Indian entrepreneurs who, because of their relative financial security and contacts, are in a stronger position to afford such losses. The retail sector understandably had the highest level of bad debts and money owned by creditors. Surprisingly, however, only 40 percent of Fijian retailers admitted to debts, in contrast to 80 percent of Indian retailers. This finding could reflect a misunderstanding by Fijian entrepreneurs as to the purpose and importance of money in business. Many do not recognize that giving away unpaid goods or services is equivalent to stealing from the business, particularly when extended credit is confused with traditional reciprocity that will be paid in kind sometime in the future. Another interpretation is that Indian retailers recognize the importance of offering credit to attract and keep customers. That a certain proportion will be unpaid is a calculated risk. Market considerations outweigh this cost, and the availability and control of credit are essential to market domination in the increasingly competitive business sector in Fiji.

Weekly Sales Turnover

Fijians estimated their mean adjusted sales revenue to be $466 per week, Indians to be $1,355 per week, and Part-Europeans and Chinese to be $8,000 per week. Sales revenue for service businesses was estimated at $4,276 per week; for retail business, $1,274 per week; for manufacturing, $1,107; for agriculture and fisheries, $564; and for transportation, $449. Again, these figures reflect the small-scale nature of Fijian businesses. Such small-scale enterprises are often most appropriate and adaptable to the needs of the local community, but they also reflect the poor market orientation of small Fijian businesses. A low sales turnover implies that few customers use a business's facilities, that the business does not gain the benefits of economy of scale, that bulk purchases cannot be made, and that the business therefore carries a limited range of often overpriced goods (average prices charged by Fijian entrepreneurs are 20 percent higher than those charged by Indian entrepreneurs). The higher the prices, the smaller the selection; thus customers are encouraged to go elsewhere. This vicious circle is the death knell of many Fijian businesses, particularly in urban areas, and it emphasizes the need for an understanding of the relationship of marketing and stock control to pricing.

A small sales turnover also jeopardizes future expansion; limited sales projections are not a strong basis from which to raise money. Fijian entrepreneurs should also be encouraged to shift their interests from the traditional retail and transportation sectors to the obviously more lucrative service sector. The service industries are playing an
increasingly important role in the international economy, so much so that they have overtaken the industrial sectors as an employment creator and wealth generator in most developed countries. In Fiji the service sector caters to the needs of the growing urban population and the rejuvenated tourist industry and generates high levels of sales revenue. Two of the most commonly cited success stories among Fijian entrepreneurs interviewed are both in the service sector—one a security service and the other a typesetting business.

Profits

Most Indian entrepreneurs (75 percent of those in the sample) use their business profits either to reinvest in their businesses or to pay off business expenses; only 50 percent of Fijian entrepreneurs save any profit generated. Although these figures reflect no clear pattern, they perhaps show again confusion of Fijian entrepreneurs between social and business needs. The two become intertwined, and business reserves are often used as personal savings. The more experienced Indian entrepreneurs, who with their higher profit levels can afford to reinvest profits without taking any major risks thus secure their competitive market position.

Future Prospects

Optimism over future business prospects was reflected by 75 percent of the Fijian entrepreneurs interviewed. Unfortunately, this may also reflect the rapid and unplanned expansion that seems to be a hallmark of many Fijian businesses. This unplanned expansion results in undercapitalization, stretches limited skills and experience, and leads to business failure—again, a symptom of the experimental stage, in which many Fijians entrepreneurs seem to be trapped. The more conservative Indian entrepreneurs were less certain of future prospects; only 55 percent had plans for future business expansion. Differences are also apparent by sector. Transportation and manufacturing businesses were characterized by optimistic future plans while the entrepreneurs in the retail sector, threatened by increased competition and less-spending power, have generally delayed any plans for expansion.

Optimism was also expressed by Fijian entrepreneurs regarding general business outlook; 69 percent described the outlook as "good." This optimism should not be dissipated. The period of Fijian "experimentation" in business needs to be supported and new enterprises encouraged. Throughout the 1970s and early 1980s, Fijians have become increasingly involved in business, despite the adverse impact of the recession of the post-oil crises and a common pattern of business failure. International signs now indicate that the recession is easing, inflation is stable, investment is growing, particularly the tourism industry is being rejuvenated by further investment. Fijian entrepreneurs must
take advantage of this potential prosperity, especially in the service sector. With this optimism among Fijian entrepreneurs spread evenly throughout the country, the government should take advantage of this potential resource.

Recordkeeping Systems

Despite the recurring concern that indigenous entrepreneurs do not keep accurate records, the data in Table 6.15 show that 90 percent of the entrepreneurs interviewed kept some kind of financial records. Admittedly, the great majority of these systems are fairly basic and do not offer much in the way of information or indications of forthcoming problems; they are often appropriate to the needs and skills of the entrepreneur. Advisors and trainers repeatedly emphasize the need for accurate records and more sophisticated recordkeeping systems for entrepreneurs in Fiji. In fact, accounting and bookkeeping courses predominate in business training curricula. No one denies the importance of these subjects, but the fact is that they are too often emphasized at the expense of other essential subjects such as marketing, stock control, and pricing. Given the poor marketing record, low sales turnover of many businesses, and increasing competition, marketing courses are essential. Yet only one specialized marketing course is available regularly in Fiji, and it is only one part of a wide program of courses offered by the Fiji Institute of Technology. When compared with the large number of courses and qualifications available in accounting, this situation is a sad reflection on the perception of the needs of businesses in Fiji.

Business Advice

Business advice in Fiji is available through a variety of ESOs and personal contacts, including:

- Relatives and friends
- BOMAS officers
- FDB officers
- Co-op officers
- Agriculture extension officers
- Spiritual advisors and prayer
- Self-reliance
- Accountants and bankers

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Table 6.15. Racial distribution of interview sample by financial recordkeeping system (%)

<table>
<thead>
<tr>
<th>Recordkeeping system</th>
<th>Fijian</th>
<th>Indian</th>
<th>Part-European/Chinese</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simple bookkeeping</td>
<td>49</td>
<td>30</td>
<td>27</td>
</tr>
<tr>
<td>Expense and expenditure accounts</td>
<td>30</td>
<td>40</td>
<td>27</td>
</tr>
<tr>
<td>Ledger</td>
<td>9</td>
<td>15</td>
<td>27</td>
</tr>
<tr>
<td>No financial records</td>
<td>12</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>Computerized record</td>
<td>-</td>
<td>-</td>
<td>9</td>
</tr>
</tbody>
</table>

Among those in the survey sample, however, 90 percent of the Indian entrepreneurs reported that they rely only on themselves or their family and friends for advice. In contrast, the Fijian entrepreneurs rely on a wide range of advisors, although only 14 percent used the resources of BOMAS, an organization especially created for this purpose (see chapter 5). The demanding work load of the Suva-orientated staff of BOMAS explains the reliance on the more accessible agricultural extension and co-op officers (15 percent of Fijians sought help from these sources). Despite the number of ESOs and advisors available to support the Fijian entrepreneur, more than 50 percent still depended on themselves or their family and friends. Only 9 percent sought advice from accountants and bankers. Such professional advice is expensive and not always relevant to the needs of indigenous entrepreneurs.

Some Fijian entrepreneurs also noted that the Fiji Institute of Accountants is an Indian-dominated body with only eight Fijian Chartered Accountants in mid-1984 (i.e., less than 5 percent of the total number of qualified accountants in Fiji). This creates problems of communication and perception between Fijian entrepreneurs and Indian accountants. To alleviate some of these problems, financial professionals should operate regular clinics to support small indigenous entrepreneurs. Such schemes work well overseas where accountants, lawyers, and bankers donate their time on a rotating basis for about three hours one evening a week. Small business clinics need to be held regularly, be well advertised, and be supported by the professional bodies. Such a scheme needs to be given official recognition and be integrated into the overall policy toward small business.
Entrepreneurs in the Outer Islands

The outer islands include all the islands of Fiji except Viti Levu and Vanua Levu. The scattered outer islands fringe Fiji’s two main islands and have an estimated population of 55,000. Their economy is primarily agricultural, with a basis in subsistence farming, copra plantations, yaqona farming, and fishing. Pockets of industry include tourism in the Mamanuca's, Rattan Furniture on Taveuni, the Fish Cannery on Ovalau, and the Copra Mill on Vanua Balavu.

Survey results from the outer islands are based on interviews with eighteen entrepreneurs—eight on Cicia, six on Vanua Balavu, two on Koro, and two on Gau. Twelve of these entrepreneurs owned retail stores—two were farmers, two were fishermen, and two owned carrier trucks. The attraction of retail stores among the outer islanders reflects not only customer demand but also their simplicity of operation and the lack of experience and access to financing among island entrepreneurs. Of the store owners interviewed, 80 percent started with a capital investment of less than $2,000. Only one-third of the island entrepreneurs relied on FDB loans, but at least one-half relied on other sources of income such as copra drying. On the average, the rate of return on money invested for an island storekeeper was 5 percent, thus making a retail store an attractive income generator based on small assets.

All the entrepreneurs in the outer island sample were commoners, the majority of whom had been to secondary school and had been employed by the government or the cooperatives. As such they were an untypical group with wider work experience and education than most of their neighbors. They acknowledged a commitment to developing the role of their businesses in the community but recognized that their main motive was to generate income to meet the financial demands of their family and to supplement existing incomes.

Assets and Profits

All of the entrepreneurs interviewed operated small businesses. The average value of assets was only $3,450 (about 16 percent of the general Fijian average), with an average weekly sales turnover of $190. Such small-scale businesses do not benefit from the economy of scale of bulk purchasing and thus charge relatively high prices to local consumers. There is also little surplus for future expansion, increases in stockholdings, or investment in equipment and maintenance. Yet 85 percent of the entrepreneurs were satisfied with their profit levels and had plans to expand their businesses. This optimism among the outer island entrepreneurs suggests that despite the small size of their businesses, they see the businesses as well suited to their own needs and those of the community. Small is obviously beautiful in the outer islands. Therefore policies, training, and advice designed to support island entrepreneurs must be appropriate and relevant to their special needs.
The total assets of island entrepreneurs are one-sixth of those of other Fijian entrepreneurs, yet on the average island entrepreneurs were more successful in generating a profit from their limited assets. Similarly their average rate of return on sums invested was about twice that of other Fijian entrepreneurs. This not only reflects a more effective use of limited assets and initial expenses but also implies a lower standard of facilities and equipment, and a limited range of stock and spare parts. The profit levels for these island entrepreneurs were about one-third of those on Viti Levu and are particularly low considering the number of hours worked. The marginal profit markup was 32 cents on each dollar of sales turnover, though entrepreneurs in commercial farming and fishing were making 63 cents on every dollar of produce sold. The potential of these agricultural entrepreneurs is constrained, however, by their limited access to ready markets. The challenge of marketing and distributing what are obviously highly profitable cash crops and fish resources needs to be faced before agricultural entrepreneurs can develop profitable enterprises.

Problems

In many of the outer islands, individual entrepreneurial activity is a relatively recent phenomenon; the majority of outer island entrepreneurs had been in business for fewer than three years. But island businesses also have a high failure rate exacerbated by problems that are peculiar to their setting. These problems include the following:

Lack of business experience and training. The relatively limited involvement in, or exposure to, business practice of Fijians in the outer islands was partly responsible for their previous failure to establish successful businesses previously. Most had either been farmers or government employees, and lack of appropriate business training available for island entrepreneurs has done little to alleviate their problems. Approximately a quarter of those people interviewed have been directly involved in the Cooperative Movement and established their own business as a response to the frustration and financial mismanagement of many cooperative societies.

Isolation. Island entrepreneurs must order goods and equipment from wholesalers on Viti Levu. Transportation links are irregular and uncertain. Therefore entrepreneurs need to carry expensive stocks of retail items, spare parts, and fuel to cover delivery delays. The small turnover and the expense of maintaining high stock levels are reflected in the high prices charged to customers and in the limited range of goods offered. Entrepreneurs have to judge accurately their needs in ordering stock, often at least six weeks before it arrives in the islands, to allow for packing, wharfage, and shipping time. The effect of their isolation is to focus the entrepreneurs' attention on forward planning and future stock ordering. Such problems emphasize the importance of resource management skills for island entrepreneurs and suggest that the
apparently simple small island business is in reality quite difficult to run.

Increasing competition. Increased competition from recently formed retail and transportation ventures threatens to erode the viability of many outer island businesses. The common pattern of imitating already successful businesses also characterizes outer island entrepreneurship. Potential entrepreneurs should be steered away from obvious areas of business activity into other types of ventures such as commercial farming or fishing supported by a well-developed marketing infrastructure.

Control of resources. Business experience and training should emphasize the importance of certain basic techniques such as bookkeeping, stock control, and pricing—all of which are essential to ensure the efficient utilization of business resources. The major drain on these resources is often the failure to control customer credit; this is particularly apparent in the outer island communities where customer demands are intertwined with traditional social obligations. Approaches need to be encouraged whereby culturally acceptable limits are placed on social obligations so that entrepreneurs do not risk alienation if they do attempt to control their commitments. For example, a store on Vanua Balavu accepted certain responsibilities by making it clear it would donate only one bag of rice and one bag of sugar and no more for a funeral or wedding held in the village. Such a simple mechanism, which was respected by villagers, virtually stopped what had been an uncontrolled drain on stock and resources.

In conclusion, the success of outer island entrepreneurs appears to rely on their ability to plan ahead and control their limited resources—the basic tenets of good management. But outer island businesses are also deeply rooted in and committed to local traditions. In light of this the great majority of island entrepreneurs suggested that their success rested on their personal skills and ability to maintain close links with customers, as well as their commitments to the community. It became clear that the rewards for island entrepreneurs were not necessarily measured only in financial profit but also in social and personal benefits.

Women Entrepreneurs

In Fiji business is a man's world. Most Fijian women are still shackled by the perception that their job is to manage the home and to be a wife and mother. Fijian women also play a major role in church activities and traditional commitments. The man is the head of most families in Fiji; he decides what will be done and how money will be spent. Very often the woman merely supports and implements her husband's decisions. This picture, however, is beginning to change as a result of economic necessity, changing educational opportunities, and growing
personal aspirations. In 1981, women made up 22 percent of the total paid work force in Fiji. Still, this is estimated to be only 10 percent of the total number of Fijian women of working age. Thus, up to 90 percent of women of working age are family bound, playing the role of wife and mother, participating in community activities, and, where necessary, acting as unpaid labor in the family business.

Where women are involved in the cash market economy, it is often in income-generating projects—such as handicrafts, fishing, sewing, or graphics—rather than in formal business. Income-generating projects are often part-time obligations that require little capital. An important part of the local economy, they are normally a collective or group activity whose benefits and success are assessed in both social value and financial terms. The profits of these informal women-run businesses are used to pay school fees, buy clothes, establish water supply systems, or support church activities. The collective income-generating projects are a common platform for the women of Fiji to display their entrepreneurial talents.

These factors may account for the relatively few legitimate women entrepreneurs in Fiji. Ten percent of those interviewed for the field survey were women entrepreneurs; of these five ran retail stores, three were hairdressers, and one was a taxi operator. Only one of these women ran a business in a rural area. The concentration of women entrepreneurs in urban areas reflects not only market opportunities and the economic necessity of urban life but also the more liberal attitude in the urban centers to women's entrepreneurial activity. Most of the women interviewed were sole traders running a small business of the middle range, that is, with a sales turnover of just more than $500 per week and an average investment of $11,200.

The women in the survey sample were relatively young (75 percent were under age 40), with a relatively high level of education (two-thirds had completed at least Form 5 in secondary school). Families were the main source of investment financing; only three of the women interviewed had obtained a loan from a bank. Five of the women were married and acknowledged the importance of their husbands' role in the business: giving advice, managing checking accounts, arranging financing, developing business contacts, and acting as an emotional prop. Such support was considered important, as many felt that by going into business they had alienated themselves from their traditional social role. But most of the women were realistic about these pressures and emphasized that they had gone into business to make money and not to attain social or personal goals.

The businesses operated by women entrepreneurs had been in existence for an average of four years or less. This could reflect the increasing interest in business by a growing group of economically independent women. Or, it could reflect the high failure rate of many women
entrepreneurs in business and the problems they face. These include the following:

- **Lack of business experience.** This point was revealed most obviously in their ability to react to changing market circumstances or increased competition. Most women had the ability to control business resources but found it more difficult to adjust prices or increase sales turnover when faced with increasing competition. Training courses and advisers need to emphasize marketing skills. Similarly, the importance of personality characteristics should be stressed. Most women entrepreneurs attributed their success to their personality and good customer relations. Many new women entrepreneurs with drive and economic support may lack the confidence to properly market themselves, their goods, and their services. Characteristic timidity and shyness of many local women when dealing with other races do little to encourage customer loyalty. In the harshly competitive urban business world where most women entrepreneurs operate, market awareness and exploitation of personal characteristics are the keys to survival.

- **Lack of training opportunities.** The range of training opportunities and the emphasis of the educational curriculum are limited by traditional attitudes toward women in Fiji. The school curriculum is restricted and often irrelevant to practical employment skills. Career guidance is often nonexistent, and training opportunities emphasize traditional female occupations: teaching, nursing, secretarial work, etc. There is little encouragement or support for young Fijian women to train in areas of future business growth, particularly in the service sector. Previous work experience was often the most important factor in deciding the business activities of women entrepreneurs.

- **Limited access to capital.** Many women entrepreneurs complained about their inability to obtain extra investment capital from a bank. They felt they had been victimized by being asked for excessive collateral, a common complaint of the undercapitalized entrepreneurs of Fiji. But more serious was the feeling that they were not given the same recognition as men in the evaluation of their proposals by the male-dominated loan staff of the banks. Such discrimination in different forms appears to have been a common experience of many women entrepreneurs in trying to establish a new business. The recent appointment of Daphne Kaloucava as the training officer and coordinator for women in business at BOMAS reflects the increasing awareness of the special problems faced by women in business and should ease the discrimination against women entrepreneurs.

The success of women entrepreneurs depends on their hard work and determination to succeed. They appear to be a relatively untypical group of Fiji's women, being relatively well-educated with previous work experience in business. In character they were thorough and assertive, which may be merely symptomatic of the self-selection process that occurs...
in establishing any business. These characteristics are often portrayed as reflecting "good management" and thus are the key to their success. A more objective view emphasizes their ability to control business resources, to meet consumer needs, and to develop customer relations. For women entrepreneurs to flourish in the competitive urban environments in which they must operate, such marketing skills are essential for future success.
CHAPTER 7. CRITERIA FOR DEFINING THE SUCCESS OF FIJIAN ENTREPRENEURS

The field survey interviews identified three main factors that characterize the successful performance of Fijians in business: management expertise, marketing skills, and an entrepreneurial personality. The intention here is not to describe these characteristics in detail but rather to highlight their salient features.

Management Skills

Management expertise includes:

- Maturity and a sense of responsibility that creates a business ethos and a reputation for reliability and professionalism.
- A well-developed and researched business plan.
- Clear personal goals and concise business objectives.
- Effective use of all business resources, including control of finances, selection and motivation of employees, control of stock, planned investment in facilities or equipment, and coordination of time and resources.
- An understanding of the role and value of business techniques in controlling resources and assessing opportunities.

Most entrepreneurs interviewed considered that their success depended on what they identified as "good management." This is an ill-defined term that reflects as much maturity (na tamata bula) and reliability (na tamata nuitaki) as the efficient use of resources through the implementation of a business plan. Two aspects appear implicit in this definition of such illusive but essential characteristic of entrepreneurial success: the creation of an effective business plan and the efficient use of resources.

Business Plan

The survey showed that successful entrepreneurs worked toward clear business goals based on measurable objectives rather than toward wide-ranging personal or social goals. Establishing objectives through a business plan is a necessary prerequisite for a successful business. A meaningful business plan is based on accurate information. Market research assesses the potential market for a new business. Accurate projections of operational costs, budgets, and cash flow requirements ensure that sufficient capital is raised. The appropriate valuation of available equipment and cost-effective technology identifies the long-term
mechanical needs of the operation. Possibly a more important factor is the skill base—the training and experience—of the entrepreneur. Training introduces essential skills, techniques, and concepts; overseas experience widens horizons; but, above all, work experience is a major element of entrepreneurial success. The survey results suggest that previous work experience or business background is often more important than educational qualifications. Business plans and objectives must therefore be built around a realistic review of the experience, skills, and personal contacts of the entrepreneur.

Use of Resources

The performance of any business is a reflection of how resources are brought together and exploited. Successful entrepreneurs have the ability to coordinate resources and the insight to use them effectively and profitably. This skill is developed through exposure to management practices and through relevant training programs. The effective use of resources also presupposes an understanding of practical business techniques such as financial planning, cash flow analysis, sales assessment, and stock control. Resources that need to be controlled include: finance, labor, stock, facilities, equipment, and time.

Finance. Successful entrepreneurs understand the role of money as a business resource, for example, they can separate personal finances from business finances. In this way, successful entrepreneurs control their financial resources, including money tied up in stock or in reserve for reinvestment. Success in business also comes from the ability to use and understand accurate financial records. Entrepreneurs who prepare budgets or profit projections are in control of their cash resources and can prepare effective plans. Similarly, success is reflected in the ability to control credit or social commitments (oga vaka vanua). Customer credit should be made available and social commitments maintained only as long as the financial value of goods given or services rendered is fully appreciated. Those entrepreneurs who succeed in controlling financial resources have developed ways of collecting bad debts and controlling personal demands. Successful entrepreneurs have also developed procedures for dealing with communal obligations and family commitments.

Labor. Productive labor is a reflection not merely of effective discipline and work design but also of skills and individual motivation. Successful entrepreneurs recruit on merit, using appropriate selection criteria. A proven record of work experience is as important as educational qualifications or vocational training. Selection policies are based on the needs of the business; relatives are employed not merely because they are relatives but because they have skills to offer. Work performance, however, obviously also reflects working conditions, wages, and training and promotion policies. Research in Fiji clearly shows
that most local employers are exploitative, with inadequate or nonexistent personnel policies and little understanding of the motivational dynamics or training needs of their employees. Thus it is not surprising that the labor force in Fiji is marked by high absenteeism, high rates of turnover, and low productivity. Most skilled and productive employees prefer to work for the high-paying, foreign-owned companies. Yet successful entrepreneurs who commented on the effectiveness of their operations emphasized their degree of trust and confidence in their work force. This close productive relationship between employers and employees is a mark of many Fijian-owned businesses, although the success of this relationship often depends on whether disruptive personal jealousies or local feuds can be controlled.

Stock. Business continuity relies on the availability of adequate stock and spare parts. Ordering should reflect projected sales, delivery times, and a sufficient range of goods to ensure customer loyalty. Any excessive waste or drain in stock through pilferage or damage should be assessed by careful analysis of stock records. Fijian entrepreneurs must recognize that stock and spare parts are financial units to be sold for a profit, not merely commodities to be given away at will. The control of these valuable assets is essential for the profitable operation of any business.

Facilities. Many entrepreneurs and most customers would claim that the worth of a business can be assessed by its premises, its location, and the image those present. A building is an expensive resource that demands cost-effective planning and regular maintenance. Office design affects efficiency, and the presentation of goods can reflect marketing standards. The loss of stock through pilferage or damage can also be mitigated by the design of a building. Valuable stock can be stored in a safe, hygienic environment to avoid damage and waste. Weather, rats, and corrosion can cause a disastrous loss of stock. Successful entrepreneurs were particularly aware of their premises, which were clean and well-organized. Unfortunately, few entrepreneurs accurately gauged the recurrent costs or the expense of maintenance; therefore much valuable capital—which could have been productively invested elsewhere—was often tied up in extravagant premises.

Equipment. Successful entrepreneurs recognize that any investment in expensive equipment—trucks, outboards, cash registers etc.—demands careful cost and performance evaluation. While short-term decisions were often made for reasons of price and instant availability, those entrepreneurs making cost-effective decisions on projected reliability, availability of spare parts, and ease of maintenance appeared to have considered their needs in the context of their long-term business projections. Similarly, planned maintenance—using recommended parts and lubricants—was recognized as a worthwhile investment. This prolonged the life expectancy of equipment, avoided delays in finding spare parts, and reduced the economic loss from equipment lying idle.
Time. Successful entrepreneurs used time productively and introduced time-saving techniques and effective controls to streamline work patterns. Successful entrepreneurs were often noted for their reliability and punctuality. The lack of understanding of the value of time as a resource is reflected in the comments of those entrepreneurs who assessed their success by the number of hours worked. In reality many energy-sapping hours can be spent making unnecessary trips, using inappropriate techniques, keeping complex records, and as often as not being distracted by personal affairs and family matters.

Marketing Skills

A clear message that emerged from the survey was the need to increase sales in the face of increasing competition. An increase in sales leads to economies of scale, greater turnover of goods, a better credit rating, and, above all, increased profits. The limited awareness by indigenous entrepreneurs of market opportunities and their ignorance of marketing skills were highlighted by the failure of many to meet the needs of their potential markets. Successful entrepreneurs dominated the local markets by maintaining customer loyalty and by offering competitive, quality service from suitable locations.

Use of Resources to Control Prices

Increasing sales and market domination are objectives of any successful business venture. A dominant market position can be achieved when competition is complementary or offers no effective threat in attracting customers. Such domination can be achieved only when a sufficient range of goods or services is available and competitively priced. The survey results provided examples of market domination by Indian- or Part-European-owned businesses. These businesses have relatively high sales turnovers resulting in economies of scale and therefore lower prices. Their effective control of a wide range of stock reflects not only a good credit rating with wholesalers but also a depth of business experience. Many reputable Indian businesses also have control of prime business locations that are accessible to a range of customers. Fijian entrepreneurs, on the other hand, with their limited business experience and capital, operate from poorly established and maintained premises with a limited quantity and range of relatively expensive goods and services. Until Fijian entrepreneurs face the challenge of their marketing and management problems, the more effective and sales conscious entrepreneurs will consolidate their already dominant position in the market.

Customer Contact

All of the successful entrepreneurs commented on the importance of close personal relations with their customers—not merely as a friendly
courtesy to maintain customer loyalty but also as a way to assess customer needs and complaints. Thus customer contact becomes a mechanism for market research and data collection. Customers in Fiji look for fairness and honesty in their dealings with entrepreneurs. In the service sector, professionalism and reliability in meeting deadlines are a factor in success. Though excessive sociability can drain business resources, a friendly outgoing personality maintains customer loyalty and encourages business contacts. Such contacts can be useful for generating new businesses, suggesting market opportunities, offering advice, and providing invaluable support in an emergency.

Promotion and Presentation of Goods

The promotion and presentation of goods and services are also essential aspects of marketing. Business people in Fiji seem to have a deep-rooted resistance to investing in advertising, graphics, and package design. Advertising and graphics not only create an image for the potential customer but also impart essential information about the goods and services offered. A few successful Fijian entrepreneurs offering handicrafts and tourist services do advertise through the tourist press, handbills on cruise ships, and the hotels, but advertising in the Fijian press or on Fijian radio programs is still limited. These are potential sources that are ready to be exploited by Fijians offering appropriate goods and services. Similarly, many entrepreneurs see appropriate packaging of goods or handicrafts as an expensive luxury. They have yet to recognize that the value added to their product or service by well-designed and culturally appropriate packaging far outweighs the expense. (This value is demonstrated by the success of Mokosoi Soap, which is packaged in tapa cloth.) Investments in advertising or packaging—which can be a considerable initial expense—must be included in any business plan. Such investments, if geared to the tourist market or the growing Fijian specialty markets, will, however, generate lucrative returns and expand limited markets in the long run.

There is little real understanding of the scope of marketing skills in the Pacific. The lack of training in marketing is partly to blame, but so is the failure of entrepreneurs to appreciate that business success rests on their ability to grasp market opportunities and thus "create a customer." The island image is a valuable marketing asset which Fijians can exploit sensitively and profitably.

Entrepreneurial Personality

Successful entrepreneurs in the survey sample were confident of their own abilities, having a clear vision of their role in business. Their confidence was tempered by a realistic appreciation of the purpose and feasibility of their present venture. Successful entrepreneurs were ambitious and strongly motivated, although many were as likely to be

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motivated by family commitments or social pressures as by individual needs or expectations.

Successful entrepreneurs relied on personal charisma to develop business contacts, maintain customer loyalty, and exploit resources. They recognized the importance of good relationships with customers, employees, and business contacts. The importance of such personal relations with customers has already been emphasized, but gaining an understanding of employee needs through formal and informal contacts is also important in encouraging an appreciation of individual motivational dynamics. Good employer-employee relations can increase productivity and reduce absenteeism and staff turnover. The benefits of close relations with business contacts are increased to market opportunities and availability of valuable advice and support. Similarly, contacts with consultants and bank managers are useful other than for mercenary reasons; if financial professionals are aware of an entrepreneur's personal situation and motives, they are likely to be more tolerant in their assessments. This wide range of personal contacts in business and society in general plays a major role in exploiting opportunities, ensuring business survival, and thus facilitating success.

Honesty and hard work, the traditional bases of the work ethic, are also major facets of entrepreneurial success. Honesty in assessing relevant opportunities and resources is as important as the honest control of finances and assets. Many Fijian entrepreneurs in our sample placed great emphasis on honesty (na tamata dina) and trustworthiness (natamata nuitaki) as essential entrepreneurial skills.

The extended-family support system is another integral aspect of many businesses in the Pacific. Friends and relatives are cost-effective sources of advice, labor, and even capital. Successful entrepreneurs in the survey sample maintained contacts with family members and exploited their skills and resources. Problems arose only when family commitments became a drain on time and resources. Family ties must therefore be respected and recognized, as much to maintain useful contact as to avoid alienation.

Any assessment of the personality of the successful entrepreneur is bound to be subjective and value-laden. Yet it appears from the survey that successful entrepreneurs in Fiji were personally ambitious within the clear framework of business objectives. They relied on personal charisma to develop valuable business contacts, maintain customer relations, and exploit resources. The indigenous entrepreneurs valued qualities of hard work and honesty but needed to supplement these with a breadth of vision and innovation. Research into the personality of entrepreneurs emphasizes risk-taking characteristics. Uncontrolled risk taking can be disastrous to any business, whereas risk taking that is supported by detailed preparation and planning reduces the element of chance and should be encouraged. Thus any successful entrepreneur
is seen to exploit personal resources and personality characteristics in a creative way.

Conclusion

The skills of indigenous entrepreneurs in Fiji, after a period of entrepreneurial experimentation, need to be consolidated. The government has an important role in facilitating the exposure of Fijians to business practices by encouraging the establishment of new business ventures and by ensuring that Fijian business experience is put to good use. The expanding local market needs to be tapped in light of increasing spending power and changing aspirations. Similarly, the growth of the lucrative tourist market creates opportunities that Fijians with a natural market advantage should exploit. Fijian business activity is seen to be motivated as much by economic necessity as by social or personal reasons. Despite the obvious drain on time and resources of commercial obligations, these can be a source of strength and support.
CHAPTER 8. PROBLEMS THAT FIJIAN ENTREPRENEURS FACE

During the last three years at least five reports have been prepared on problems faced by indigenous entrepreneurs in Fiji. The value of those reports depends on the extent of their distribution and the political will to implement their recommendations. They emphasize similar concerns and identify common causes of business failure in Fiji. A brief review of their findings suggests that the major problems of Fijian entrepreneurs are:

- Poor management skills
- Failure to raise sufficient investment funds
- Lack of mechanisms or skills to control credit, stock, and traditional obligations

Unfortunately, it is often impossible to quantify such findings. Differences of interpretation are aggravated by personal experiences or cultural and economic perceptions. Yet the duplication of those findings in this survey suggests a degree of validity in our results. In an attempt to organize the causes of business failure into distinguishable groupings, the following problem areas have been identified: lack of management experience and business skills, failure to control or exploit personal relationships, lack of sufficient financial resources, and limited marketing skills.

Lack of Management Experience and Business Skills

Limited Family Exposure to Business

The lack of management experience and business skills has four components: limited family exposure to business, inappropriate training opportunities, inadequate planning, and ineffective control of resources. The lack of exposure to business practice is one of the major problems facing Fijian entrepreneurs. The failure of Fijians to participate in business is perhaps as much the fault of colonial policies as of cultural mores. At the time of independence few Fijians were directly involved in business, while Indian entrepreneurs were already well-established in a dominant market position. Among survey respondents only 30 percent of Fijian entrepreneurs had parents or family already involved in business, compared with more than 80 percent of Indian entrepreneurs. Fijians' lack of exposure to and experience in business only reinforces their lack of confidence in their business ability.
Inappropriate Training Opportunities

Fijians' lack of management and business skills has also aggravated by limited training opportunities. Training is a cost-effective way of passing on skills. Yet, despite the variety of training agencies in Fiji, there is little coordination or standardization of approach. Training programs are diverse, unstructured, and often inappropriate to their audience. Many entrepreneurs in the sample also noted that the emphasis of the school curriculum was on academic subjects rather than practical subjects such as business studies. The focus of the business courses that were available was viewed as imprecise and irrelevant to the needs of potential entrepreneurs. Many of the entrepreneurs in the sample who had attended business training courses commented that they were often too general or emphasized recordkeeping techniques rather than practical aspects of marketing, pricing, and stock control. Most were conducted in English and used materials designed for larger, more economically developed countries. Furthermore, progress in such courses was often delayed or frustrated by the inclusion of inappropriate participants, for example, unemployed school dropouts were mixed with experienced entrepreneurs.

Inappropriate Planning

Many entrepreneurs were unable to prepare realistic business plans that were based on accurate information. Feasibility studies were jeopardized by the failure to supply relevant data or to give an honest appraisal of business resources. Rarely were clear business goals identified and maintained; goals were often confused with personal or social obligations. Poor planning resulted in overambitious projects supported by limited resources, inappropriate skills, and irrelevant goals. Such a lack of foresight is characteristic of certain aspects of Fijian business thinking. First is the imitative "copycat" mentality of many Fijian entrepreneurs who insist on entering markets already well covered by indigenous entrepreneurs. Second, many older entrepreneurs fail to sort out management succession procedures before they die or become ill. Thus, businesses falter through lack of interest or family arguments on the death of the entrepreneur. Poor future planning or unrealistic expansion is as much a threat to business survival as is the failure to assess the value of the resources and skills needed in the business.

Ineffective Control of Resources

A failure to appreciate the financial worth of business resources is a problem faced by many Pacific entrepreneurs. Duplication or mismanagement of resources wastes money, time, and effort. There is also often little control over recurrent costs (energy, rent, loan repayments, taxes) or any cost-effective use made of bulk purchasing or credit arrangements. The ineffective use of time inhibits business efficiency.
This failure to use resources effectively can be partly explained by the lack of understanding of the role and purpose of many productive, time-saving business techniques. Records were kept with little understanding of how to interpret the data and predict potential problems. Few entrepreneurs knew how to evaluate financial ratios, prepare cash flow forecasts, formulate budgets, or assess stock holdings. This limited understanding of the value of techniques to control business resources and to make effective decisions results in higher costs and uncompetitive prices.

Over time, the increasing number of Fijians participating in business will develop strength in management and business skills. But this could take many years, during which time the economic gap between the races will further widen and business opportunities will be further dominated by Indians, Part-Europeans, and Chinese. Policies need to be devised to speed up the process by which Fijians gain business experience. Policies should encourage effective business planning and make full use of all resources including the support offered by advisory and training programs. The importance of such support for Fijian entrepreneurs has been exacerbated by the failure of the business sector to employ or train Fijians in management positions. The practice of business in Fiji should be demethodologized and presented in a recognizable manner on the basis of language and concepts understandable by all. Thus the advice given by accountants, consultants, and trainers should be appropriate to the needs of indigenous entrepreneurs.

**Failure to Control or Exploit Personal Relationships**

Major problems arise for indigenous entrepreneurs because of their inability to control relationships with customers, family, and the community. The skill lies in the ability to limit the outflow of goods or services, to control credit, and to collect unpaid debts. Unfortunately, the financial value of goods and services is all too often overlooked or underestimated. The pressures created through social commitments make it difficult to collect debts or control credit. These pressures of traditional and social obligations on indigenous entrepreneurs cannot be overemphasized. Such communal commitments are an integral part of the culture and way of life of all Pacific societies and are a great support and strength to Pacific entrepreneurs. If they are rejected, the entrepreneur risks alienation from the family and ostracism in the community. He also jeopardizes a valuable source of labor and relationships with potential customers. Yet ceremonial or reciprocal relations (kerekere, fa te) can be a great drain on time and resources. Many entrepreneurs give freely of their business resources, which places a heavy financial burden on the business. Unless funds are available to cover this, or sales turnover is increased, such expenses can be covered only by raising prices to uncompetitive levels. Indigenous entrepreneurs need to enact
a set of self-imposed rules that are recognized and respected by all if they are to keep social demands within acceptable levels. Those entrepreneurs who cannot control such demands risk bleeding the business of necessary resources and thus face failure.

Many entrepreneurs also commented on the problems caused by family quarrels and jealousies. These tensions divert attention from the business, threaten access to land and labor. Jealousies and tensions are often provoked by obvious business success or entrepreneurial status. Arguments over the distribution of profits or the availability of credit can result in family disruption. Uncertainty over land titles or rent jeopardizes business planning and future investments. The reliance on undependable family (matagali) labor was noted in the survey as a cause of friction and poor business performance. Many communally owned businesses, which superficially appear to build on strong cultural links, are threatened by such jealousies and tensions. Quarrels in family or communally owned businesses are a feature of the business community in Fiji. They create strains on the business, and the unexpectancy of these tensions are often exacerbated because the business was established with the consensus of all concerned. The situation is further confused in that such businesses were rarely formed on the basis of suitable legal contracts or agreements.

Those entrepreneurs who regularly employed labor commented on the lack of skills and unreliability of their employees. Selection is rarely based on necessary commercial experience or training qualifications. Productivity is affected by employees' lack of training and of exposure to work practices. Few employers encourage relevant training. Employees are often exploited as cheap labor with little job security, few career prospects, and few or no benefits. This results in lack of motivation, poor performance, and unreliability. No business can afford such a reputation if it is to compete in increasingly competitive markets.

Thus, many indigenous entrepreneurs faced problems because they had not devised ways of controlling relations with their customers, employees, families, and community. These problems drain on business resources, affect employee motivation, and disrupt family and communal ties. Although these problems are relatively easy to identify, they are hard to resolve. Successful entrepreneurs need to be aware of their impact and be prepared to mitigate the influence of such personal and business relationships if they are to survive and thrive.

Lack of Sufficient Financial Resources

Lack of capital is one of the main reasons for business failure. Undercapitalization results from the failure of entrepreneurs to arrange
sufficient investment funds when the business was established. Subsequent problems are caused by the failure to provide sufficient operating funds to ensure the survival of the business. The impact of undercapitalization is reflected in a limited range of stock and equipment, substandard business premises often in poor locations, limited investment in promotion or advertising, relatively limited cash resources, recurrent liquidity problems, and low credit ratings. The less capital a business has to start with, the harder it is for it to expand. Undercapitalization must therefore be seen as a recipe for business failure.

The problem of raising sufficient initial investment funds is not so much caused by the shortage of investment funds available in Fiji but rather by the failure of entrepreneurs to prepare suitable proposals to attract these funds. The failure of potential entrepreneurs to prepare accurate business plans is often associated with their ignorance of what is demanded by lending institutions. Thus they fail to supply accurate data or to make suitable projections; they also often refuse to disclose all their liabilities. Equally common is an inability to identify clear business objectives and a lack of appreciation of long-term demands and recurrent expenses or cash flow needs. Potential entrepreneurs need to be thoroughly advised of the complexity of starting a business and be made fully aware of the commitments or liabilities they might incur. The unavailability of such advice is a major cause of business failure. At present, advice giving is not integrated with training schemes and is often short term.

Many entrepreneurs were critical of the role of banks as lending institutions and argued that the lending process was long and complicated. Many felt that their applications were purposely made difficult. Perhaps this is a consequence of their failure to understand the application process or the criteria used in appraising proposals. In some cases linguistic misunderstandings aggravated the problem particularly because few documents, or even application forms, were translated into the vernacular. It was also suggested that the collateral or security demanded by the banks was excessive. In general it was felt that banks favored large borrowers who had the resources to prepare detailed plans on the basis of attractive long-term estimates and who could thus raise sufficient guarantees. Some indigenous entrepreneurs argued justifiably that the Commercial Loans for Fijians Scheme (CLFS) received a diminishing proportion of the total investment funds, which resulted in increased competition among Fijian entrepreneurs for limited funds and raised the question of the FDB's role as a national lending institution. It was suggested that the FDB was too concerned with making a profit and operating as a commercial bank. The feeling that the bank had forsaken its role in the social and economic development of Fiji discouraged some potential borrowers and exacerbated their levels of undercapitalization.

The demand for funds to ensure business survival appeared to be a common concern of many entrepreneurs; other business objectives appeared

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to be forgotten in the search for additional financing. Some tapped family resources or their spouses’ income; others tried to reschedule loan repayments or searched for ways of raising funds. This pressure to find survival finance suggests a failure to use business resources, to follow business plans, and to control cash resources. The awareness of these financial needs often came in the terminal stages, by which time considerable damage had already been inflicted on the competitive edge of the business. In most cases the lack of sufficient finance and problems caused by undercapitalization were self-inflicted. Indigenous entrepreneurs continue to need appropriate advice and relevant training if they are to prepare accurate plans and make effective use of their financial resources. Entrepreneurs must recognize that finance is a necessary catalyst for business success and, as such, is a resource that requires careful control. The main purpose of any business is to generate a profit by efficiently meeting consumer demands, not to search for financial support.

**Limited Marketing Skills**

One of the key elements in business success is market domination. Unfortunately, many Fijian entrepreneurs were beset by the problems of low sales turnover and the failure to market their goods or services competitively. These problems were the result of uncompetitive prices, a limited range of quality goods, unreliable service, limited awareness of consumer needs, poor promotion and advertising, and unattractive facilities in poor locations—aggravated by poor channels of distribution and a dependence on small markets. The growth of the private business sector in Fiji has resulted in increased competition. If Fijian entrepreneurs are to remain competitive, they must fully appreciate the wide-ranging impact of effective marketing skills. For too many indigenous entrepreneurs, marketing is merely the act of presenting and selling their goods or services. In reality, marketing covers all aspects of their relations with customers from assessing consumer needs and product development to offering quality goods or services at competitive prices.

A significant finding from the survey was the relatively high prices that Fijian entrepreneurs were charging their customers. These high prices were the result of poor control of recurrent costs, the failure to take advantages of bulk purchasing, and a lack of understanding of marginal pricing policies. High prices also reflect the need to cover the hidden costs of social demands and the high distribution costs for outlying rural island communities. In the past many entrepreneurs appeared to have a captive market, but increasingly the effects of increased competition are being felt as more entrepreneurs enter similar small markets. As a result competitive pricing is a skill that successful entrepreneurs utilize fully, whereas those entrepreneurs who
cannot demonstrate pricing flexibility are faced with falling sales and a declining cash flow—a vicious circle that leads to business failure.

Consumers are increasingly demanding value for their money and are in a powerful position with increasing business competition. The importance of assessing consumer needs and carrying out marketing research cannot be overemphasized. Entrepreneurs who do not assess their potential market or offer the quality of service expected will obviously not only lose their existing customers but also fail to attract potential customers. New market opportunities need to be searched out and seized. This challenge requires the support of appropriate advertising and the effective presentation of goods in well-located, attractive premises. Those entrepreneurs who disregard what they may consider as expensive, superficial gimmicks fail to appreciate the impressive power of such investments in presenting an image, in passing on information, and in offering easily accessible goods and services to potential customers.

**Conclusion**

The causes of business failure are varied and diverse; in many cases they are a result of an entrepreneur's ignorance or mismanagement. Failure is a risk that entrepreneurs take when they start any business, but the chances of failure can be reduced if entrepreneurs are aware of the condition of their business. As doctors argue for the importance of preventive measures and health education to improve the health of their patients, so anyone concerned with the health of indigenous businesses will argue for the importance of appropriate measures to train and advise entrepreneurs and thus avoid business failure.
CHAPTER 9. CONCLUSION AND RECOMMENDATIONS

Pressure is growing in Fiji to encourage Fijian participation in business. A successful Fijian business community can reduce the economic gap that has developed between Fijians and the other races. Non-Fijian entrepreneurs have consolidated their market position and now dominate business opportunities. If this pattern continues and the economic gap between the races widens, political and social stability in Fiji will be threatened.

The data gathered in the field survey clearly suggest that the success of any attempt to encourage Fijians in business depends on the motivation and perception of the Fijian people themselves. Fijians cannot be forced into business. They can be encouraged and supported, but the final decision lies with the individuals themselves. Business success depends on individual motivation and the ability to bring resources together in profitable combinations. Such skills and desires can be encouraged, can evolve, but can never be imposed. The benefits of any money invested in supporting Fijians in business can be assessed only over the long term. No short-term panaceas is available. Thus a cohesive policy to encourage and support indigenous Fijian entrepreneurs is recommended if Fijians are to have any chance of competing on equal terms with other races.

For many Pacific islanders, "business" remains an alien concept. The business ethics of the cash market economy, measurable economic returns, individual acquisitiveness, and the "profit motive" work against the traditional communal cultures of the Pacific. Any attempt to encourage business threatens traditional values and thus a way of life. Yet, economic development and the reality of the existing situation dictate that the indigenous people of the Pacific islands should participate in business. This fundamental dilemma marks the thinking of many politicians, planners, and entrepreneurs. The limited commitment to support indigenous entrepreneurs is a symptom of this dilemma. Such vacillation is, however, counterproductive. The cash market economy is now well established in Fiji; the culture is adapting under its influence; individuals increasingly are exploiting market opportunities created in the growing business sector. Fijian entrepreneurs now need to be encouraged by policies that will stimulate, support, and sustain their efforts if they are to thrive and succeed in business.

The following recommendations are based on the conclusions from the field survey of Fijian entrepreneurs.

1. The Government of Fiji should develop a cohesive, integrated policy to coordinate all aspects of support for small enterprises. The role of such a policy should be to:
• Define what is meant by "small enterprise"

• Evaluate the role of indigenous small enterprise in national development and development plans

• Identify the support required for indigenous entrepreneurs

• Define the role and objectives of enterprise support organizations (ESOs) established to support indigenous small business ventures

• Coordinate the activities and curricula of all agencies involved in business training

• Coordinate the activities and lending policies of all banks and investment institutions involved in arranging financing for small business investors, and remove points of conflict and areas of overlap

• Encourage the extension role of such agencies in offering appropriate advice and training to potential entrepreneurs throughout Fiji

• Ensure that there is sufficient public awareness of the importance of small enterprise in the economy and in so doing verify that sufficient resources are invested to support small business ventures

Given the complexity of these tasks and the number of government bodies involved, I suggest that a person be appointed at the Ministerial level to oversee the implementation of the policy and ensure the availability of sufficient resources.

2. A regional enterprise support organization (ESO) should be established to coordinate research and prepare relevant training materials for the island nations of the Pacific. The organization would provide a cost-effective way of preparing materials and coordinating the teaching of business techniques for which there is now no standard approach. The organization could also serve as a consultant on policy issues, curriculum design, and identification of entrepreneurial opportunities.

3. A thorough evaluation of the effectiveness of business training courses available in Fiji should be conducted to assess the relevance of educational curricula and instructional materials and gauge the validity of training methods.

4. Resources should be made available to support and select potential entrepreneurs. Research to identify entrepreneurial characteristics that are relevant to Fiji should be encouraged. Potential
entrepreneurs should receive adequate advice and training and be encouraged to make the best use of their experience or qualifications.

5. Schemes to offer practical experience to potential entrepreneurs should be implemented. These schemes might include job creation schemes, youth opportunity programs, and work sharing. The Fiji Government should encourage such short-term work experience by paying a proportion of the wages, offering tax rebates, or lifting insurance and superannuation levies.

6. Innovation in business activities should be encouraged. Advisors should emphasize the lucrative markets in the tourism and service sectors in particular. Courses in marketing should be established and made available to indigenous entrepreneurs.

7. Culturally acceptable mechanisms should be devised and promoted to address traditional obligations that can drain business resources. The goal should be to turn a potential threat to the finances and management of indigenous businesses into a source of strength and support.

8. Fijians should be encouraged to take advantage of relatively secure business arrangements, for example, taking over existing business with established markets, entering into franchise agreements and management service contracts, or subcontracting to established firms. These business arrangements reduce the risk of failure because they are normally tied to an established market and have the advantage of that security, and can therefore gain access to financial support.

9. Banks should implement innovative savings schemes for Fijians. Apart from the lending policies that could be coordinated under the initial policy recommendations, further efforts should be undertaken to offer alternative sources of investment funds for Fijian entrepreneurs, or consideration of greater equity participation. Alternative funds could be made available through Fijian-owned corporations such as the newly formed Fijian Holdings Ltd. If such companies are loath to make speculative investments, they should at least consider acting as guarantors for Fijians applying for loans through the banks. A compulsory savings scheme for Fijians could be a source of further investment, but it must be questioned whether such a scheme would be acceptable to the Fijian people.

A number of other recommendations are contained in the body of this report. These include ways to resolve management succession problems, to control communal obligations, and to exploit marketing opportunities.

As Fiji approaches the 1990s, the government can demonstrate its commitment to indigenous entrepreneurs by encouraging and supporting them. The government can adopt the policy guidelines as recommended in this report or use more drastic legislative methods such as those applied
in Malaysia. If such efforts are not made, the present ad hoc collection of policies and agencies will continue in their ineffectual way. But in the final analysis the success of Fijians in business rests with the ambitions of the individual entrepreneur. The future of indigenous entrepreneurs depends then on their willingness and ability to integrate personal values with market potential, financial resources, and their own experience, qualifications, and motivation. The government's role is therefore to stimulate Fijian entrepreneurship and in so doing support and sustain Fijian entrepreneurs.
NOTES AND REFERENCES

CHAPTER 1


7. As registered under the Companies Act.


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CHAPTER 2


7. Thus the criterion used by the Fiji Development Bank to identify Fijians who could be eligible under the Commercial Loans to Fijians Scheme is that they must be registered in the Native Land Owners Register.


30. Burns Commission, clause 69, p. 15.

31. Quoted in Burns Commission, clause 69, p. 15.


NOTES AND REFERENCES

CHAPTER 3


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CHAPTER 4


7. Fiji Times, March 12, 1982, p. 3.


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CHAPTER 5


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CHAPTER 6


<table>
<thead>
<tr>
<th>Date</th>
<th>Total of all loans approved by FDB</th>
<th>Total of all commercial &amp; industrial (C &amp; I) loans approved</th>
<th>Total C &amp; I loans to Fijians approved</th>
<th>Average value of all C &amp; I loans</th>
<th>Average size of C &amp; I loans to Fijians</th>
<th>Value of total C &amp; I Fijian loans as % of all C &amp; I loans</th>
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<td>1,883 (No.) $12.6 ($m)</td>
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<td>16,471</td>
<td>4,567</td>
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Figure A1. Pattern of lending: commercial and industrial loans to Fijians, 1976-83
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