

John M. Hailey, *Entrepreneurs and Indigenous Business in the Pacific*. Pacific Islands Development Program Research Report Series, no. 9. Honolulu, Hawaii: East-West Center, 1987. Pp. 94, bibliography. US\$8.00, paper.

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The Indigenous Business Development Project was initiated in 1983 to identify the various social and economic factors contributing to the success or failure of indigenous businesses in the Pacific Islands. As part of this project detailed studies of seven Pacific Island nations have been published: the Cook Islands, Fiji, the Marshall Islands, Papua New Guinea, the Solomon Islands, Tonga, and Western Samoa. The book under review here is a synthesis of the findings from these studies: Hailey sees his task as one of providing a general analysis of the data generated and examining their implications.

This review will concentrate on the quality of the perspective to be found in Hailey's synthesis, though some consideration will be given to the question of whether or not it suffers from any lack of detail. Putting aside introductory material, the volume has eight chapters. The topics each covers will be considered in turn.

Chapter 2 is concerned with (local) entrepreneurs and indigenous business in development. Hailey notes that high expectations are held about their contribution, Consider the opening paragraph: "Pacific entrepreneurs play a key role in the balanced development of the Pacific Islands. They are a catalyst for growth, able to create new economic opportunities, generate new employment, and distribute wealth and enterprise throughout the community" (4). It is not surprising that a considerable part of the discussion concerns whether entrepreneurs and indigenous businesses measure up to these expectations.

In chapter 2 Hailey argues that an alternative to indigenous business --whether it be a colonial power, the postindependence government, or foreign business interests--is no longer viable. Further, indigenous business has the characteristics that are required to promote contemporary economic development in situations where it is sorely needed. Some of these indigenous business qualities might be regarded as inevitable, such as smallness, adaptability, local knowledge, appropriateness (to the local economic and political environment and to indigenous management and industrial relations practices), and flexibility. Other equally

important characteristics are responsiveness to free market forces, import replacement, efficiency, wealth redistribution, and skill enhancement. At the same time it is evident that, despite retreats on some fronts, nonindigenous business is still playing a major role in the Pacific economies considered in this study.

In addition to specifying the anticipated characteristics of indigenous business in chapter 2, Hailey seeks to develop, in his next chapter, a more precise definition of the Pacific entrepreneur. In particular, he wants to know whether the definitions of entrepreneurship used in textbooks published in the United States and Europe are applicable to the island communities of the Pacific.

He begins by arguing that the impact of contact with Europeans was to stifle the indigenous trade and commerce that were already an integral part of island society. Examples are drawn from the histories of Tahiti, Rarotonga, Tuvalu, Fiji, and the Marshall Islands (though Tahiti and Tuvalu are not among the country studies). The problem that I see here is not that Hailey's generalizations are incorrect but rather that, having introduced a historical perspective, he provides no account of the reemergence of entrepreneurship during the latter part of this century. Did changes in attitudes only follow changes in formal political structures?

Hailey's treatment of the textbook definitions of entrepreneurship is also rather skimpy. He complains that no definition of entrepreneurship has been fixed and that, even if one did exist, it would be Europocentric --reflecting impersonal work practices and emphasizing individuality, monetary success, and individual acquisitiveness rather than the concern with customary obligations and reciprocal relations, traditional status, and kinship ties to be found in the communal cultures of the Pacific. Indeed, this chapter is mainly taken up with the social role of the entrepreneur.

In his conclusion to this chapter, Hailey proffers the following definition of a Pacific entrepreneur: "one who shows a practical creativity and managerial ability in effectively combining resources and opportunities in new ways so as to provide goods and services appropriate to island communities, and yet who can still generate sufficient income to create new opportunities for the individual, the family, and the community as a whole" (28).

One reading of this definition suggests that the Pacific entrepreneur is someone who reflects social expectations in relation to business dealings. Much of the book, and indeed the literature generally, would appear to emphasize the conflict between personal aspirations and these social

expectations. However, another reading of this definition could be used, with little modification, to describe any moderately successful entrepreneur, European or otherwise. Perhaps what is wrong with this definition is that it does not clarify whether what is different about the Pacific entrepreneur is some intrinsic quality that the entrepreneur is said to possess or is, rather, just the milieu in which the entrepreneur operates.

The following two chapters ("The Performance of Pacific Business" and "Pacific Women in Business") provide some interesting insights into the operation of small indigenous businesses. These chapters suggest that these businesses might be regarded as different from their European counterparts in their concern with customary obligations and reciprocal relations, the traditional status and kinship ties to be found in the communal culture of the Pacific. Yet possibly more important is the different role these businesses appear to play in the economic life of the indigenous entrepreneur when compared to the economic life of a European counterpart. The ability to establish and operate more than one business simultaneously is not only *a* characteristic of entrepreneurship throughout the Pacific, as Hailey reports, but it, and the associated economic activity accompanying it, might well be described as *the* singular characteristic of entrepreneurship throughout the Pacific.

Insofar as it is possible to find an explanation in these two chapters for widespread multibusiness involvement, it would appear to represent the result of the relative ease of entry combined with subsequent real difficulties in growth and survival. The material in these chapters also suggests that this combination of circumstances not only leads to multibusiness involvement but also to resource duplication and economic stagnation. If this is the reality of entrepreneurship and indigenous business in the Pacific, then a case may well be made for avoiding Eurocentrism. At the same time, an implication of accepting the status quo may be that exaggerated (European?) ambitions for the small-business sector will have to be abandoned.

Chapter 6, entitled "Government Policy and Pacific Business," further suggests that we have here a story of expectations, if not leading inevitably to frustrations, at least being closely associated with them. Governments promote indigenous businesses in the Pacific and yet, at the same time, restrict their opportunities and discriminate against small locally owned businesses. However, as Hailey points out, while government support for the small business may be inadequate and frequently inappropriate and ineffective, the government cannot be blamed for the genuine problems created by what is seen to be the ignorance and inefficiency of the Pacific entrepreneurs themselves.

These problems, which are attributed to the behavior of the entrepreneurs themselves, are considered in the next two chapters. In chapter 7 Hailey approaches the awkward question of the success criterion for an individual entrepreneur by arguing that certain similarities attend the performance of successful entrepreneurs. Particularly mentioned are managerial expertise, marketing skills, sufficient initial investment--and a particular entrepreneurial personality. These allow taking advantage of the opportunities open to indigenous entrepreneurs. It is stressed that a prerequisite for success is a continued respect for the obligations and communal commitments inherent in the local culture.

Chapter 8 examines the problems and constraints facing the entrepreneur most at risk of business failure. Hailey points to strong possibilities of failure associated with business problems peculiar to the communal societies of the Pacific. In particular, the entrepreneur is expected to satisfy social commitments as well as deal with the difficulties that any small business owner has to overcome. This discussion sets the scene for the policy-oriented discussion of the final chapter.

No doubt reflecting Hailey's own interests, the country studies on which this volume is based receive the most detailed treatment in chapters 6 and 9. There policies and recommendations for coping with the problems surveyed in the book are considered, briefly, on a country-by-country basis. Whereas chapter 6 contains a concise summary of a variety of initiatives, chapter 9 is arranged so that the principal problems encountered in each country are briefly summarized, followed by a short list of the main recommendations made to the governments concerned.

This country-by-country survey is followed by a list of nine recommendations made at a May 1986 regional workshop on indigenous business development in the Pacific. Hailey concludes by pointing to five themes that recur in the recommendations of the country studies and the discussion at the regional workshop: "(1) the impact of government policy on small indigenous business, (2) the problem of gaining access to capital, (3) the value of relevant business training, (4) the importance of up-to-date information, and (5) the need for suitable infrastructure" (85).

Hailey's is not the only publication covering the material resulting from this project. Te'o Ian Fairbairn has edited a volume that contains, among other material, chapters provided by six authors (material on the Solomon Islands is not included while Hailey authors the chapter on Fiji) "to highlight and disseminate major features of these studies." Its greater detail will give the Fairbairn book some advantages over the briefer treatment provided by Hailey.

It is useful to consider how the Hailey volume compares with the Fairbairn-edited work. While the latter does not lack attempts to present an overview of the contribution that it is making, Hailey's volume is the more successful. It will be, for some, less interesting than the Fairbairn alternative because it necessarily provides much less material on the specific country settings in which entrepreneurs operate. Among other things this means that some claims in the Hailey synthesis need to be understood in the light of the material to be found in the separate country studies. In particular, this reviewer frequently felt uneasy at Hailey's treatment of the "Pacifinness" of the indigenous entrepreneur. It is a theme that appears to loom larger in Hailey's viewpoint than in his source material. It may be that he is making too much of a contrast with the textbook content of which he disapproves. Attention needs to be focused, instead, on the economic milieu that the textbooks purport to analyze. Ultimately, it is difficult to see how this characteristic of "Pacifinness" has led to different policies and recommendations than those that might have been made if it had been ignored.

Nevertheless, putting Pacific/non-Pacific comparisons to one side, it must be accepted that small entrepreneurs in Pacific islands are subject to a variety of common constraints. Why have governments in the Pacific, and elsewhere, been generally unsuccessful in adopting policies that are effective in easing these constraints? Hailey appears to be suggesting two reasons: governments do not give their small business programs sufficient priority and the perceived problems are rooted in the nature of Pacific societies (and, by inference, possibly beyond effective government intervention). There is much sense in these suggestions but they do not grapple with a critical issue pervasive in much of the Eurocentric literature. This is the question of why governments should be concerned with small business at all.

As the book indicates in chapter 2, there have been high expectations for the economic benefits from small business performance. Unfortunately, small business can be encouraged for a variety of reasons that, even if not conflicting, can imply different policy measures. There may well be a need for specialization in analysis and policy implementation that does not fit well with a holistic approach. Both small-business teaching and research favor the search for useful generalities; consequently, much policy-making is confused about the appropriate success indicators that are relevant.

A critical reading of this volume, and the companion Fairbairn-edited work, must raise questions concerning the ultimate purpose of the academic study of the Pacific entrepreneur. Does it derive from a concern with entrepreneurship, or with the nationality or race of local

businessmen, or with smallness in economic activity, or with local control of business, or with developing local counterparts to European-style businesses, or with "neutrality" in government impact on business activity, or with equality between the sexes or with . . . ? Nothing is inherently wrong with a government's pursuing multiple objectives in this area. However, a government might well consider the advantages of deciding what its objectives are, then pondering possible conflicts among objectives, then choosing instruments appropriate to each objective, and then, finally, appraising possible conflicts between instruments. Of course, governments in the real world do not proceed in such a systematic manner, but it is an approach that those with a scholarly bent should continually commend to them.

NOTE

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