

# The Cultural Challenges Faced by Indigenous-Owned Small Medium Tourism Enterprises (SMTEs) in Fiji

## Case studies from the Yasawa Islands

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### ABSTRACT

*In the past fifteen years, the significant increase in Fiji tourist arrivals from the budget backpacker, GAP youth and Career GAP segments has led to the growth of indigenous-owned budget backpacker accommodation. A major dilemma facing i-Taukei entrepreneurs is how to maintain a balance between good business practice, profit maximisation and fulfilling social and communal obligations. As entrepreneurs are representatives of their clan, success should not be measured solely in financial or economic terms, but also on their ability to balance traditional and business obligations, and maintain their status within local society.*

*The paper, through two case studies, examines some of the inherent cultural challenges faced by indigenous-owned budget/backpacker small medium tourism enterprises (SMTEs) in the Yasawa Islands in Fiji. It suggests that for these businesses to succeed, placing culturally accepted limits on social obligations should enable entrepreneurs to meet social and cultural obligations. Success, for indigenous i-taukei businesses, is valued differently to western counterparts and focuses more on using profits for community development and social and traditional obligations. Apposite training should be tailor-made to amalgamate traditional cultural values into modern business practices. Suitably designed training should enable greater flexibility and include tools that allow entrepreneurs to balance traditional demands and business goals better.*

**KEYWORDS:** Community-based tourism, backpacker, budget, small medium tourism enterprises, indigenous tourism, traditional cultural obligations, Yasawas, Fiji, training.

## INTRODUCTION

The tourism industry has experienced phenomenal growth and diversification in the last 30 years, to cater for the demands of the increasingly experienced and discerning traveller who is no longer satisfied with the traditional sun, sea and sand holiday experiences (Trauer, 2006, p. 183). For most international travellers, from predominantly urban-based western societies, the motivation to travel to experience nature and indigenous cultures as part of the travel experience has increased. In Fiji, mass tourism is concentrated in the Nadi, Mamanuca and Coral Coast areas; however, with government support, indigenous ownership of tourism businesses in the budget/backpacker accommodation sector has mushroomed, in the Yasawa and Mamanuca groups especially (Jarvis & Hobman, 2006). Though the Fiji government refers to this sector as 'Ecotourism', under academic definitions for ecotourism, labelling the sector as community-based tourism, indigenous tourism or budget/backpacker tourism would be more accurate.

Small businesses are important for economic growth, and in the tourism and hospitality industry growth in this sector is dramatic, not least in remote rural areas in Fiji, which also correspond to the location of most indigenous-owned businesses (Fairbairn, 1988a). This growth is made easier by low barriers to entry and comparatively low capital investment (Ateljevic & Doorne, 2004; Sebele, 2010). Although the prevalence of small medium enterprises (SMEs) is characteristic of the accommodation sector of the international tourism industry (Morrison & Thomas, 1999), in developing countries such as Fiji the economies and small businesses are hampered by lack of development skills such as finance, planning, management and marketing expertise (Ateljevic, 2008). The increase in Fiji tourist arrivals from the budget, backpacker and GAP youth segments on round-the-world extended holidays has been significant in the past fifteen years (Jarvis & Hobman, 2006); so too has the growth of backpacker accommodation, particularly in the Yasawa and Mamanuca Groups. This growth is important for community development and indigenous participation in the growing international tourism industry (Ateljevic & Doorne, 2004). The sustainability of local and indigenous businesses, though, will require the transfer of knowledge and training in areas of marketing and management that are vital contributing factors to delivering quality visitor experiences resulting in satisfied guests and positive word-of-mouth.

In the main, indigenous-owned resorts in Fiji cater to the backpacker tourism market. Between 2002 and 2005, the Ministry of Tourism identified a decline in backpacker arrivals to Fiji, from 19% of the tourism market in 2002 to 17% in 2003, 13% in 2004 (Fiji Times, 2005), 12% in 2005 (Jarvis, 2006), 8% in 2010 and 11% in 2011 (Tuamoto, 2011, p.8). While reasons for this downturn may be varied – and include uncontrollables such as economic downturns in tourist-generating countries, travel packages, terrorism and political instability within Fiji – the quality and cost of products being offered in the local market could also be contributing factors. A high exit rate in small medium enterprises (SMEs) or small medium tourism enterprises (SMTEs) elsewhere too is not unusual. As is the case for many indigenous entrepreneurs, major reasons for the failure of these businesses, too, are inadequate financial support and a lack of business and marketing skills. Later discussion will show that although studies in the South Pacific, including Fiji, identify a failure of indigenous peoples to run successful SMEs (Hailey, 1985; Fairbairn, 1988a; Verebalavu, 1998) detailed research into why this is so is limited, despite the importance of such investigations.

## **COMMUNITY-BASED TOURISM DEVELOPMENT IN FIJI**

Increasingly, attempts to implement more sustainable forms of tourism have concentrated on a community development approach, closely aligned to the concept of ecotourism but now become a more popular term for a participatory approach to tourism planning and development in developing countries (Hyde, 2006). Such tourism is promoted in many developing countries as a tool that enables the equitable distribution of economic benefits from tourism, encourages local involvement in the decision making process, and better meets the needs of local communities and indigenous peoples (de Kadt, 1979; Tosun, 2000). In this vein, it is advocated in Fiji as a development tool for marginalised rural areas and remote outlying islands, as a potential solution to poverty alleviation through sustainable economic and social development (Hyde, 2006).

## **SMTE MANAGEMENT FOR FIJI COMMUNITY-OWNED RESORTS – CHALLENGES AND CONSTRAINTS**

Research has found that South Pacific entrepreneurs face challenges when trying to deliver high-quality services, including shortages of skilled human resources, especially within indigenous communities, and the underdevelopment of customer-oriented management, marketing and business skills that are essential in tourism and hospitality (Hailey, 1985; Fairbairn, 1988a, 1988b; SPTO, 2006a). For indigenous-owned SMTEs the lack of these skills is especially obvious where governments have promoted local ownership of tourism ventures without empowering local stakeholders with the knowledge to manage them effectively. Jayawardena forecast that future tourism markets will be dependent on the delivery of high-quality products that ‘correspond to the changing tastes, needs, wants and demands of the international traveller’ (2002, p. 90). However, in Fiji many indigenous operators have little knowledge and personal experience of travel and tourism, or the needs of this market, and build many products and services into guest motivations, expectations and needs without any research. Combined with limited marketing skills, this lack of understanding of consumer markets can contribute to business failure (Hailey, 1985; Schaper & Volery, 2004; Lowe & Marriott, 2006). Furthermore, many of these community-based businesses are dependent on foreign corporations such as South Seas Cruises and Awesome Adventures for their supply of tourists; controlling the transport and wholesaling of tourism in the region, though, these corporations could just as easily direct tourists to alternative destinations (Britton, 1982).

## **I-TAUKEI CULTURE**

Fiji, straddling the two geographical areas of Melanesia and Polynesia, shares cultural norms that are in many instances more akin to Polynesia (Berno & Douglas, 1998). This is particularly true of ‘social class and hierarchical systems of [ascribed] chieftainships [that] are still central to social organisation’ (Berno & Douglas, 1998, p. 67).

Three main influences characterise contemporary i-Taukei<sup>1</sup> culture: the church, the vanua (community—land and people) and the government. At the apex of the hierarchical society is a hereditary chiefly system in which chiefs and elders are respected, and recognised as community leaders possessing ultimate authority and power (Niukula, 1995). Large power distance exists

within the culture and the existence of 'unequal distribution of power within institutions and society is generally accepted' (Saffu, 2003, p. 64). Where leadership is strong, respect is mutual between chiefs and their people: the people have responsibilities and are also 'served and given leadership' by their chiefs (Niukula, 1995, p. 24), a benevolent autocratic or paternal relationship accepted within many organisations (Nabalarua, 1999). These structural features have significant implications for the management of community-owned and -operated development ventures, as the case studies will evidence.

Another important feature, brought to the forefront by Hofstede's theory of national cultures (1984) placing societies 'on a continuum of individualism versus collectivism' (Evans et al., 1995, pp. 127–128), is also applicable to the Fiji situation. While western societies are more individualistic, most Asian and South Pacific societies, including Fiji, are more collectivist (Saffu, 2003). In an exploratory study into individualism, collectivism and entrepreneurial characteristics of entrepreneurs in Fiji, Rao (2004) reinforces the widely held stereotype 'that individualism contributed to the entrepreneurial disposition of the Indo-Fijians and Others [Rotumans<sup>2</sup>, mixed race<sup>3</sup> and local Europeans]'. He suggests that rigid i-Taukei collectivism, on the other hand, has 'negatively influenced their entrepreneurial activities' (p. 230), observing that i-Taukei entrepreneurs meet their traditional cultural obligations first, before dealing with their business. Whether these effects are unarguably negative is a moot point, but the idea is strongly proclaimed in western evaluations of indigenous entrepreneurship.

## **SOCIAL CAPITAL**

Theories of social capital, in combination with other forms of capital (physical and human), are touted, in the context of promoting SME development, as an opportunity for economic growth, capacity building and community empowerment (Echtner, 1995; Ostram, 1999). Nahapiet and Ghoshal (1998) define social capital as: 'the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit' (p. 243). Within i-Taukei society, social relationships exist at a number of levels (e.g. village, clan, tribe, province and national), and communities such as those in the two case studies reported here can, potentially, make extensive use of social capital to support community-based tourism developments.

Yet social capital, though an important form of support, is also a constraint on indigenous entrepreneurs 'due to the embedded nature of the social ties in indigenous communities' (Furneaux & Brown, 2007, p. 669). Social networks can drain resources, as the community (clan) expects indigenous entrepreneurs to distribute wealth amongst kinship networks, even if this means using or selling existing stock (Foley, 2003). Van der Grijp (2003) refers to this withdrawal of assets, which is common in small Pacific Island businesses, as the 'trader's dilemma': successful entrepreneurs must make profits and also fulfil clan expectations to share wealth. The case studies demonstrate that requests from kin for assistance and support can present real difficulties for new businesses (Granovetter, 1992, p. 7), but for indigenous entrepreneurs they are also both economic and social investments, and can increase prestige for the benefactor (Furneaux & Brown, 2007).

Though the requirement to live between the modern and the traditional can present difficulties for i-Taukei community members, traditions may be seen to form the foundation for the production of social capital within i-Taukei villages and communities; pre-existing networks within communities can be used to build social capital and enable the successful development of community projects or businesses (Clark, 2008). Nainoca (2011), studying the influence of the i-Taukei way of life (*bula vakavanua*) on community-based marine conservation, uses the analogy of the local mud crab (*qari*) to explain the interconnectedness in i-Taukei society, in which little respect is given to individualism unless the individual continues to maintain community ties and fulfil social obligations.

## **INDIGENOUS BUSINESS AND ENTREPRENEURSHIP IN FIJI**

While it is widely agreed that culture has a significant impact on the behaviour of entrepreneurs, studies of the phenomenon have been few (Saffu, 2003). Studies in Fiji blame culture for the failure of indigenous peoples to run successful SMTEs, but little research considers both business and cultural factors and links them to the training needed to empower these communities to deliver high-quality services (Verebalavu-Faletoese & Kuridrani, 2006; Fairbairn, 1988a, 1988b; Hailey, 1985). Verebalavu-Faletoese and Kuridrani's survey (2006) of government-sponsored ecotourism/backpacker resorts notes that of the 46 resorts visited, almost 50% (22 resorts) were either closed or bankrupt. The authors, while recognising improvements in living standards, do recommend better accountability and monitoring of financial assistance, and identify the need for marketing and business skills.

Over the years much discussion in parliament and the media has been devoted to the success or failure of i-Taukei businesses in comparison to Indo-Fijian and other local businesses. Research has reiterated remarkably similar lists of areas of weakness and possible remedies. Challenges for indigenous entrepreneurs cluster into two categories: those relating to dissonance in the combination of traditional and western entrepreneurship and business values and culture; and those reflecting the general lack of business and management skills and experience, lack of training, isolation, increased competition and lack of planning, organisation and sustained effort.

Counterbalancing measures include the possibility of pursuit of courses to provide business and management skills; and developing more appropriate models for defining and assessing entrepreneurship in Fiji and the Pacific. Hailey (1985, p. 33) points out that those i-Taukei entrepreneurs who succeeded 'were staunch supporters of traditional ceremonies and community obligations, yet also displayed discretion in their use of time and resources in those ceremonies'. In short, Fairbairn concurs, i-Taukei entrepreneurs should be considered in the context of local and traditional community demands, and not in accordance with 'western perceptions of entrepreneurial individualism' (1988a, p. 33; see also Foley, 2003; Saffu, 2003).

Hailey offers practical recommendations to help reduce business failure, including development of training schemes and different attitudes towards savings and success (1985, pp. 5–6). Importantly, he suggests that for businesses to succeed, culturally accepted limits must be put on social obligations, if for no other reason than to prevent entrepreneurs from being ostracised by their community and to enable them to meet their social obligations.

## THE BACKPACKER/YOUTH TOURISM MARKET

The backpacker market has only recently been recognised as a ‘unique tourism segment’ of economic importance (Loker-Murphy & Pearce, 1995, p. 819). The surge in its annual growth rate – every fifth arrival is between the ages of 18 and 30 (WTO, 2008) – has been attributed to lifestyle changes. Potentially a growth market for Fiji, it has impacts for rural development: many of the backpacker operations are owned by indigenous individuals or communities, and the tourism infrastructure such as budget accommodation and transport facilities catering to this segment has been emerging in remote areas like the Yasawas.

Fiji’s backpacker market in 2005 was estimated at 59,400 visitors, who spent about FJ\$77.8 million (Jarvis, 2006). The main visitor nationalities, shown in Figure 1, are similar to findings for New Zealand and Australia, since many backpackers to Fiji are on their way to or from these countries. Table 1 shows the key regions they visit, their numbers and length of stay. The Yasawas, with an average of 4.5 nights, has the highest length of stay.

**TABLE 1:** Main regions visited by backpackers in Fiji

Region	Numbers	% of all Backpackers	Average No. of Nights
Nadi	50,125	85%	3.7
Yasawa Islands *	23,083	39%	4.5
Mamanuca Islands	21,303	36%	3.5
Coral Coast	14,380	24%	3.4
Suva	9,088	15%	1.9

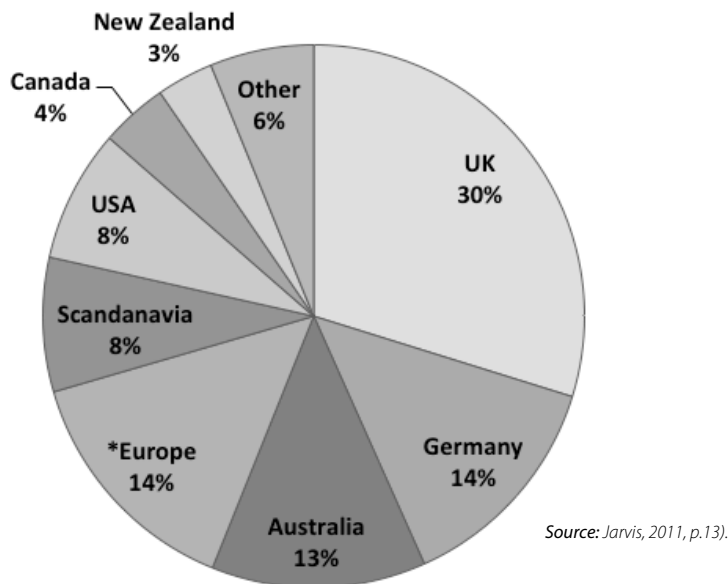
\*The Yasawas have the highest length of stay. (Source: Jarvis and Hobman, 2006, p. 12).

## THE CASE STUDIES

### STUDY AREA

The case study resorts, both belonging to the province of Vuda, are located on the island of Wayalailai (Wayasewa – little Waya) in the Yasawa Island Group in North Western Fiji. Like most resorts in the Western Division, they epitomise the attraction of an active adventure tropical island ‘sun, sea and sand’ holiday; their special appeal is to the more limited-budget holidaymaker.

They represent two different examples of challenges faced by community-owned SMTEs. Entry to Fiji is through the international airport at Nadi, but the isolation of the resorts is heightened by their requiring access by a short boat trip. The well-established Wayalailai Ecohaven resort has been operating since 1996. Naqalia Lodge is newly built, and began trading in 2009 with small groups of visitors. They both received government assistance, in the form of loans, and training under the Ministry of Tourism ‘Ecotourism’ scheme. The resorts vary in management

**FIGURE 1:** The backpacker market in Fiji

structure, ownership, knowledge and experience of tourism, education and degree of external influence from industry practitioners and consultants. However, both are classified as budget accommodation that caters to the backpacker/youth tourism market in Fiji.

## RESEARCH METHODS

Data, mostly qualitative, were gathered (over a period of three years during visits that varied from a few days to several months) by means of a detailed literature review, together with participant observation, and in-depth and focus interviews of community groups (youth, women, men, elders and staff) undertaken at the resort and in the village, to discover their primary motivations for owning an SMTE and to identify potential cultural challenges.

## FINDINGS

About 300 families live on the island and benefit directly or indirectly from community-owned tourism products that include: Wayalilai Ecohaven, Naqalia Lodge and Kuata Natural Resort (also owned by Wayalilai clans). The communities of Wayalilai decided to set up both case-study resorts to provide them with alternative livelihoods to traditional farming and fishing and employment for their community. Prior to the introduction of tourism they led subsistence lifestyles as farmers and fishermen, selling their surplus produce in the Lautoka market on Viti Levu. Today, some of them still supply the resorts with fish and vegetables, but many have

become dependent on tourism and do not maintain their gardens to the same standard as their forefathers did. Tourism, rather than being viewed as an alternative resource, in many cases is now the primary livelihood.

## **WAYALAILAI ECOHAVEN**

Wayalailai Ecohaven Resort (WER) first opened as 'Divetrek' and was originally expatriate-owned. The second resort in the Yasawa Island Group, WER has now been in business for over fifteen years. The landowners (the clans of Botolu, Tagova and Yaubola) repossessed the resort and reopened it in 1996, motivated mainly by the limited opportunities for sustainable sources of income on the island. The clans opened WER with no outside finance. They turned the old village school into dormitories and a dining room. Volunteer village labour built the bures<sup>4</sup> using local natural resources. For the first two months villagers donated food; and guest and staff meals were prepared by women and youth from the villages. There was no electricity, just kerosene lamps; and no telephones, just a UHF radio, for communication with the mainland.

Initially, four managers were identified, who each ran the resort for a year, after which elders identified the present manager, an ex-secondary school Maths teacher, as having the best performance, and appointed him. The resort employs 30 staff, 10 full-time and 20 part-time on a weekly rotation that ensures that each household has someone employed at the resort and so has some form of cash income. Most of the staff are employed from the villages on Wayalailai (Namara, Yamata and Naboro) though skilled construction workers and builders are contracted from the mainland to build new rooms and refurbish the original accommodation. With its combination of family bures, double bures and dormitories it can sleep about 65 people. WER has an occupancy rate of between 65-100%, with lower rates experienced from December to February. During peak season WER usually has an occupancy rate of 100%, and in July and August can be overbooked.

Economic benefits to the clans that WER has been able to provide include:

- a housing scheme funded by the resort. By the end of 1996 ten new houses were built, two for each sub-clan; and this continues, with families making submissions to elders for houses to be built and the community voting on who is helped each year
- two churches, built in Namara and Yamata villages
- a free electricity supply for Namara village, available while the generator operates, 6.00–10.30 pm; and access to fresh, running, drinking water for all households
- a boarding school for kindergarten and primary school students, built at Naboro and operating from Monday to Friday, with parents taking turns to cook and provide meals and fees paid by the resort. This also enables parents with young children to work during the week and have children at home with them over the weekend
- payment of the Methodist Church tithes of FJ\$65 p/a per family, which costs WER approximately FJ\$19,500.00 per year



- for secondary school students, attendance at school on the mainland or at Waya and part-time work at the resort for money for school fees, uniforms and textbooks.

Many of the clans' motivations for the resort have thus been fulfilled, which makes everyone proud and increases their self esteem and status within the larger community of Vuda. However, villagers would like to see more investment in village housing and infrastructure and less on upgrading the resort. At the same time, under a different scale of values these substantial benefits may be seen as making considerable inroads into the strictly financial profitability of the venture.

## **NAQALIA LODGE**

Naqalia Lodge, owned by the Tagova clan from Wayalailai, opened in 2011. After clearing the land, they began building in 2006 using skilled builders from the mainland and volunteer youth labour from Namara. Initial start-up funding was provided by a loan from WER (of which they are part-owners), Fiji Government Ecotourism Fund, Fiji Development Bank (FDB) and donations from clan members. The resort has five bures (AU\$200 p/d double with meals) and a dormitory that sleeps 10 (AU\$80 per person p/d with meals).

Many major challenges the resort has faced, often cost-related, stem from: location on a remote island; the relative 'innocence' of clan members in the ways of business, financing and construction – rendering them unaware, for instance, of how to handle the paperwork involved in various types of application and the 'hidden' cost implications; and difficulties in dealing with various bureaucracies and their requirements because of their not being fully proficient in English. As a property in the process of being built, Naqalia had little or no working capital available, so unexpected costs of what may seem like small amounts (FJ\$500–\$2000.00) were very difficult to raise in a predominantly subsistence-based community. Nor had the loan application included operating capital for everyday necessities, quotations for construction materials, fuel for the generator, or the cost of transporting building materials from the mainland.

The clan has invested in training some of its younger members; however, clan elders are the decision-makers, so ultimate power is still in their hands and not the business managers'. Behaviour that is common in collectivist societies can have a severe impact on the financial management of the company, especially, for instance, where funds needed for the everyday running of the company are diverted to fulfil traditional commitments, or youth labour is withdrawn from resort work to participate in communal tasks. I-Taukei respect for their elders makes it difficult for managers to gainsay these decision-makers. Such problems underline the need for community training and education, so that all stakeholders, including chiefs and elders, become aware of the differences between revenue, expenses and profit: they must be led to appreciate that just because 10 guests paid \$750, this money is not profit.

## **CHALLENGES**

The two SMTEs in this study face many challenges common to all island resorts. Lacking strategic planning and vision, such resorts tend to be product- rather than customer-oriented, have weak links with distribution chains, rely on intermediaries such as Awesome Adventures,

have weak internet presence, employ a predominance of unskilled staff, and lack knowledge of tourism and tourist behaviour. Other common reasons for business failure in SMTEs have been personal characteristics and such operational weaknesses as limited funds, inadequate cash flow, high overheads, inappropriate marketing strategies, and poor accounting and billing systems (see Ateljevic & Doorne, 2004, p. 6) which are especially apparent at Naqalia. Further characteristics that affect SMTEs – and are considered to apply to the two case studies – are short-term planning, limited knowledge of business, and the personal attitudes and leadership skills of the owner or manager. Apart from these, the research identified a number of critical cultural challenges that influence indigenous-owned SMTEs in Fiji. Given that community support is vital for the success of remote island SMTEs (Fairbairn, 1988a), these cultural factors require careful management and negotiating skills on the part of management to satisfy the elders and clan members so they do not have a detrimental effect on the resorts' success. Failure to achieve this understanding could mean managers run the risk of being ostracised by the local community (Berno & Douglas, 1998).

Wayalailai has been operating for 16 years, catering for the budget market, which includes the different backpacker segments and a smaller segment of families and couples who visit budget resorts by choice, stay longer and wish to have some experience of indigenous culture. It mixes adventure activities with cultural experiences, offering a few 'party' games as entertainment in the evenings. By contrast, Naqalia, a smaller resort, offers a traditional cultural experience, but adventure activities such as hiking, swimming with the sharks and scuba diving, which are provided by Wayalailai. Having fewer facilities than Wayalailai, it is more suitable for couples, families and visitors in search of a quiet, relaxing cultural experience with few organised activities.

## **PLANNING**

Planning, which looks ahead and maps out the future courses of action needed to achieve different objectives, is a basic function of management, a systematic activity that establishes specifically when, how and who will perform different tasks. However, many i-Taukei have a casual attitude towards time, possibly arising from the influence of traditional subsistence lifestyles that are unused to precise planning, scheduling and punctuality (Gibson, 2003; Qalo, 1997). The researcher observed that like other Pacific Islanders, i-Taukei could be described as coming from lifestyles where they live in the present (moment) and the past, with little or no concern for the future.

On the other hand, the researcher was interested to observe the meticulous record-keeping of gifts at weddings and funerals, given the lack of formal records kept by Naqalia for accounts, and food and beverage stock. Explanation for this anomaly may rest with the greater sense of ownership of their own cultural observations. During village events such as weddings, funerals and religious holidays each family or clan understands the role they play in village society<sup>5</sup> and what they have to contribute. Events are well organised through regular meetings in the village hall or church and resorts are expected to contribute financially and by providing cutlery, crockery and even such white goods as refrigerators, freezers and ovens. However, even well established businesses, such as Wayalailai, have basic formal systems that could be improved by better use of technology.

Records are all hand written, but computer use is limited by the electricity supply, which is only available from 6.00-10.00pm. Since it is difficult to contact Wayalilai for direct bookings, for instance, Awesome is a valuable partner as it shoulders the responsibility of managing advanced bookings as part of its packages.

Such weaknesses are reportedly common in small family-owned hotel businesses (Peters & Buhalis, 2004). Staff fail to recognise the long-term saving benefits of bulk purchasing of basic goods such as flour, sugar, tea, coffee, milk, rice, water and toilet paper. Naqalia regularly runs out of diesel for the generator and has to kerekere<sup>6</sup> from Wayalilai. In the absence of investment in reliable refrigeration, food storage is limited, there is no ice, and soft drinks are usually lukewarm. If fishermen have a good catch staff do not put some aside for the next day, but use it all on the first day; any leftovers are consumed by staff or taken to the village, though the catch would usually be sufficient to feed everyone for two to three days if apportioned and stored correctly. Several times the researcher, enquiring why fish was not divided and stored for the next day, was told not to worry, the men would go out and fish again tomorrow for the new guests. Often when tomorrow came, strong winds or heavy rain prevented this and disappointed guests' anticipated 'indigenous cultural experience' was thoroughly modernised to munching noodles, dry crackers and tinned food.

## **SOCIAL CAPITAL**

The limited studies on social capital indicate that it has a significant impact on the success of community development (Ostram, 1999). For subsistence-based indigenous communities such as the clans on Wayalilai island their 'wealth' is in their land, sea and people. The building of both case-study resorts was reliant on the use of social capital from the local clans. Without the 'free' labour provided by the community, building the two resorts would have been extremely costly and have taken longer to complete. Wayalilai drew from a larger pool of social capital as it is owned by three clans. Moreover, as Wayalilai is now well established, recent building projects (such as the building of new bures and new sea walls) have involved payments of agreed amounts to every clan. By contrast, Naqalia is owned by the Tagova clan, which is very small; this could be one of the reasons why clan members became disenchanted when the resort took four years longer than expected to complete, and withdrew their labour when they received paid offers of employment. One could argue that this is the downside of using social capital from a single indigenous clan. The resort must rely on the good will of the clan, and the labour although ostensibly 'free', is not therefore guaranteed.

## **SOCIAL EXCHANGE**

Social exchange theory maintains that individuals engage in transactions based on self-interest, minimal cost and the benefits they gain from exchanging resources, whether the exchanges be tangible, for example money, wages or goods, or include some form of social reciprocity (Emerson, 1976). In i-Taukei villages, the role of social exchange can include labour for meals and a promise of a return favour in future. 'Cooperative endeavour is most effectively performed in Fiji when it is done for one social group by another, that is based upon an obligation to

maintain one's reputation for action, upon alliance, and upon exchange' (Belshaw, 1965, p. 45).

Findings from focus interviews and talanoa<sup>7</sup> sessions in both case studies confirmed that both resorts were opened in the interests of community well-being rather than self-aggrandisement: to provide employment for clan members, and money to facilitate traditional obligations (oga), paying for church contributions, education, village housing and living standard infrastructure such as piped water, electricity and toilets with septic tanks. The currency of exchange varies and even clan members not employed at the resorts have access to benefits if they apply to the board of directors or approach the resort managers for funds for school fees or kerekere for social obligations (V. Ratugolea, personal communication, Wayalilai, 2010). All clan members are expected to contribute to a range of traditional ceremonies and these can amount to FJ\$100–\$200 per family, together with fish, seafood and root crops. Clan members perceive these forms of exchange as 'gifts'; in the context of the kerekere system they are not repaid but represent an outstanding debt by the recipient that can be called upon at some time in the future (Nayacakalou, 1978, pp. 112–117).

Because of the good accounting skills of its resort manager, the well-established Wayalilai resort has a healthy savings account and cash flow. He is well versed in the annual list of village and community events, and uses this calendar to recruit clan labour to perform routine repair and maintenance for the resort and any other major projects he has planned for the next year. This means he achieves his work objectives for Wayalilai, and in return the clans receive funds to meet their different obligations. By engaging them in resort-funded projects he feels the exchange is reciprocal, rather than that a dependency on handouts is being created among clan members. Whilst the manager has control of resort-funded projects and development funds, the board of directors and elders are responsible for dispensing annual profits.

By contrast, Naqalia is regarded as a 'cash cow', since Tagova clan members reap the benefits of Wayalilai and also have direct access to funds from Naqalia. As there is relatively little formal accounting, and wage payments are irregular, both the clan and staff (as shareholders in the resort) believe they are entitled to kerekere cash. They understand social exchange and reciprocity as meaning they are entitled to loans for services already rendered, or those they will provide for future traditional obligations or work.

## **RECIPROCITY AND GIFT EXCHANGE**

Reciprocity and gift exchange are central rituals in i-Taukei culture (Brison, 2001; Miyazaki, 2005), as throughout Melanesia and Polynesia. These include i-sevusevu<sup>8</sup> and yaqona<sup>9</sup> ceremonies, veiqaravi vakaturaga<sup>10</sup>, weddings, funerals, births, deaths, or ceremonies of apology (i-soro). They are daily occurrences in rural villages and indigenous-owned resorts such as Naqalia and Wayalilai are expected to contribute or lend money for employee contributions. Depending on the occasion, these ceremonies can be costly as they involve the purchase of items such as yaqona, food, mats and more recently, western goods. Accessing such goods on a remote island is more burdensome and costly, requiring people to order the goods and go to the mainland to collect them.

The *i-sevusevu* encapsulates such essential elements of Fijian culture ‘as the preoccupation with relative rank, the high value placed on sociality and hospitality’ and the significance of ceremony in everyday village life (Brison, 2001, p. 309). The type and quantity of gifts are dependent on social status and high or low levels of power and ceremonial gifts of exchange are recorded and later redistributed according to social status and past or present contributions (Turner, 1987). These records are also used to ensure that in future presentations, the gift given is suitable – and in most cases, larger.

Participation in these displays of ceremonial exchange is vital for maintaining self-respect and *i-Taukei* ‘conception of themselves as virtuous and responsible people’ (Williksen-Bakker, 2002, p. 76). Williksen-Bakker’s (2002) studies of successful entrepreneurs in Fiji revealed that many of them had withdrawn from communal obligations and faced ostracism from their clans. They had made a conscious choice to limit their contributions to *oga* and become more frugal by making sacrifices, in both money and time, for the benefit of the business. Conflicting value systems require successful indigenous entrepreneurs to operate at two different levels: *vanua*, which ensures traditional commitments are met; and business, which considers saving, budgeting and future investment.

Cultural practices of reciprocity affect the resorts in two main ways, the first as part of traditional lifestyle that enjoins village participation and contributions from clan members and ultimately the resorts in the form of *kerekere* or *dinau*<sup>11</sup>. Secondly, the traditional *yaqona* ceremony performed for tourists as part of the cultural experience affects staff performance and absenteeism. A large proportion of the revenue and profits from both resorts is spent on contributions and loans for traditional ceremonies. Interviews with staff discovered that 15–20% of their wages could be willingly given away each month as donations for different ceremonies. They did not worry about budgeting for food and other household goods, because they could always go fishing or *kerekere* what they needed from neighbours in the village or ‘borrow’ from the resort.

## **VILLAGE LIFE AND TRADITIONAL OBLIGATIONS**

Wayalailai island villagers, like many rural *i-Taukei* villagers, consider themselves custodians of traditions that their urban clan members are expected to support through monetary contributions, especially in the event of an *i-soli*<sup>12</sup>, visits and regular contact (Brison, 2001). *I-Taukei* abide by the ways of the land (*vakavanua*) and see their community as a key component of their identity, which they are expected to work for and contribute to. This is in contrast to their Indo-Fijian and European counterparts, who are seen as being more individualistic and selfish with regard to ‘the ways of money’, characteristics that are not fostered or respected by traditional *i-Taukei* communities (Brison, 2001; Jolly, 1992, p. 330). *I-Taukei* entrepreneurs who have adopted individualistic attitudes towards money are also considered in this unflattering light.

The communal system of *solesolevaki*<sup>13</sup> requires villagers from all clans to work together to ensure the community’s prosperity. This social obligation ensures that everyone, especially children, the elderly and widows, is cared for and provided with shelter and food. Clan members are obliged to share the benefits of their endeavours, be they labour, agricultural produce, monetary

earnings or, in the case of tourism SMTEs such as Wayalailai and Naqalia resorts, profits. The i-Taukei entrepreneur is expected to consider the well-being of his or her nuclear and extended families and contribute to traditional obligations even at the expense of the business. (This assumption of communal responsibility for members' welfare is a strength of the extended family though its continuation in the context of the cash economy is proving problematic.) Within the community, there is a misconceived idea that business people and entrepreneurs have large amounts of money to give away. This study and previous research have repeatedly brought to light entrepreneurs' attempts to meet their traditional kinship obligations, no matter the cost. Wayalailai and Naqalia managers receive continual demands from the clan heads, elders, staff and villagers for traditional ceremonies. In many cases communities can be so demanding that entrepreneurs make sacrifices to meet these obligations and avoid losing face and feeling *madua* (intense shame) (Ingram, 1990; Williksen-Bakker, 2004). When these obligations are not met, feelings of *madua* are felt by all close relatives and clan members, a very real sense of shame that can mean that elders and entrepreneurs withdraw from village society. Ingram (1990) claimed that Pacific entrepreneurs must take social and financial risks if they are to succeed, and risk social ostracism by turning down requests for assistance. When someone is asked a 'favour' by a member of their community, it is virtually impossible to refuse, especially when an *i-sevusevu* has been presented and accepted. However, many experts committed to western models regard this as antithetical to the successful management of i-Taukei businesses, interpreting it as an inability to separate business and personal spending (see Pathak & Kumar, 2008; Duncan, 2009).

Construction work at Naqalia was delayed because Tagova labour was needed to contribute to the building of the Namara chief's bure and one of the bures at Wayalailai. In i-Taukei society a man with a prestigious chiefly title needs 'a large building as his home, his ceremonial location, and a shelter for the hospitality he must offer on behalf of his group' (Belshaw, 1965, p. 47). The chief's clan gathers food and ceremonial artefacts to feed, reward and ceremonially recognise workers from other clans of equal rank. This type of exchange strengthens inter-clan relationships and alliances. Although Tagova is a small clan it is still expected to contribute to *cakacaka vakoro*<sup>14</sup> lest failure to do so bring shame on the clan or cause other clans to withhold support at times of future need.

Fulfilling these obligations is an essential part of reciprocity that strengthens i-Taukei society and creates social capital. During the research, villagers were observed to work long hours on village projects (e.g. building the chief's bure, Naqalia Lodge and the new bures at Wayalailai) when needed. This not only maintains their reputation, but fulfils obligations to the clan and community at large (Nayacakalou, 1978, p. 108; Veitayaki, 2002). Veitayaki notes that factors of production in i-Taukei villages are an act of social service rather than economic exchange for labour, land or equipment. Sharing resources with relatives ensures that resource use is maximised and people are cared for in times of need. He claims that increased wealth and improved communication and transport systems have made ceremonial exchange more elaborate (2002).

Requests for funds for traditional obligations are never-ending and can be extremely costly for these indigenous-owned SMTEs. The researcher held meetings with clans from both resorts to consider how limitations could be put on these contributions. Chiefs, elders and managers agreed to set limits for different contributions such as Church, education, funerals and weddings.

Both resorts stated that profits would be divided in the proportions 35% to the community (15% Vanua, 10% Church and 10% Education) and the remainder set aside for traditional obligations and future developments in the next year. In reality this never worked and these contributions continue to be a bone of contention between the resort managers, board of directors and elders.

Obedience to the chief's order is normal in a collectivist society. In an effort to alter this, the introduction of training workshops that include all stakeholders was suggested. 'Stakeholders' should not be limited to the community but also include Fiji Development Bank, Department of Tourism and consultants, who all need to be updated on recent trends in the backpacker/youth tourism market, food and beverage and any future plans Awesome Adventure has for future expansion. Clan elders and other members all expressed an interest in attending training workshops and working together with the managers to negotiate a solution that allows for a balance between traditional and business obligations and also lets the clan and managers maintain their status within their community. Clan members, from both resorts, would benefit by gaining an understanding of company commitments and expenses. However, this has still to be put into practice. Relevant tertiary and vocational institutions and other registered specialist service providers could provide such training.

Interviews with elders, women and youth of all clans found that motivational factors for developing the resorts were to: fund community development projects; provide an alternative revenue source; provide employment; contribute to church, education and traditional obligations; and ensure that households had access to cash to purchase such consumer goods as food, mobile phones, recharge cards, clothing and DVDs. There was no mention of profit maximisation; the 'success' of the resorts is measured by the level of community development in the villages and the extent to which profits from the resorts are able to meet contemporary community needs. Such criteria are not new: indeed, Fairbairn (1988a) and Hailey (1985) proposed, three decades ago, the desirability of considering the success of i-Taukei entrepreneurs in the context of traditional community demands and not in accordance with western concepts of individualism and profit maximisation.

## **LEADERSHIP, RESPECT AND POWER**

In traditional i-Taukei society, chiefs and elders are shown the highest levels of respect (*vakarokoroko*) and power is in their hands. The chief is thought to possess *mana*<sup>15</sup> or *sau* because i-Taukei believe 'the chief is the personification of the *kalou vu*'<sup>16</sup> (Brison, 2001; Tuwera, 2002, p. 96). All their requests are obeyed and traditionally the chiefs always receive the largest portion in the redistribution of wealth. Clan elders are the decision makers and ultimate power is in their hands. This, as we have seen, affects the financial management of the company, especially where funds are diverted to fulfil traditional commitments. The resort manager cannot disobey or question a direct command of a chief (*vaka tu lewa ni turaga*): despite their best intentions, managers still make the payments and lend money when their leaders tell them to.

## **THE KEREKERE AND DINAU SYSTEMS**

Traditionally, i-Taukei communities borrowed for sustenance. In its true traditional sense,



kerekere is an enriching practice that symbolises the close kinship ties between the borrower and the giver. However, the abuse of this social practice has transformed it from an enriching social value into what some feel is a self-serving system of formal exchange, which can be costly for the giver who, after a while, may feel exploited. The researcher found, though, that when a favour is granted, the recipient is obliged to repay the giver at a future date by returning the favour. Payment may not have a monetary value, but could be in the form of labour, food items or even traditional artefacts for presentation at an *i-sevusevu* at a future date. *Dinau*, on the other hand, is something that is borrowed and paid back.

However, this exchange system has been of benefit to both resorts. *Naqalia* is strongly supported by *Wayalilai* and has benefited in a number of ways including: initial start-up funding, supplies when guests turn up unexpectedly, staff and cultural performers, and the use of *Wayalilai* boats to collect and transfer guests from the *Yasawa Flyer* ferry. In return, *Naqalia* accepts requests from *Wayalilai* to take guest overflow arising from last minute bookings, which are characteristic of the backpacker market.

The potential of the *kerekere* and the *dinau* (credit) system to be detrimental is apparent when requests for personal loans and purchases of alcohol, cigarettes or *yaqona* are abused. It is difficult for managers and staff to refuse such requests, especially when made by relatives who are also clan members and shareholders of the resort. Difficulties and losses arising from this practice have led to all credit being denied and community members banned from ‘buying’ drinks from the resorts; and more stringent accounting and stocktaking systems have been implemented. *Kerekere* on a personal level, though, is still a perpetual problem at both resorts.

#### YAQONA ABUSE

*Yaqona* plays a significant role in *i-Taukei* culture and hospitality and is considered, for men especially, ‘a moral obligation with consumption guided, informed and founded upon the central ethos of *vakaturaga*’<sup>17</sup> (Ravuvu, 1987, pp. 26, 235). Studies of *yaqona* drinking have identified excessive consumption as posing problems for health, causing lethargy and a lack of motivation, decreasing productivity and increasing absenteeism (Aporosa, 2008; 2011, pp. 228–229; Tomlinson, 2004). Other cultural factors, which outsiders may observe as deviant or excessive behaviour, could be related to networks of obligation and relational connections such as *tauvu*<sup>18</sup> and *veitabani*<sup>19</sup> together with ideals of masculinity that see excessive consumption as a ‘badge of honour’, or traditions that expect attendees to remain until all the *yaqona* is finished (Aporosa, 2008; 2011). (Tradition, though, still fails to afford an explanation for excessive *yaqona* drinking as a daily social activity.) The need to serve large amounts when performing for tourists is also a reflection of traditional hospitality, where quantity and largesse signify respect and the warmth of the welcome being extended to guests and other visitors.

As with hotels and resorts elsewhere in Fiji, the resorts perform versions of the traditional *yaqona* ceremony and *meke*<sup>20</sup>, together with traditional ceremonies that represent the clans. Both resorts have had to implement strict policies with regard to *yaqona* drinking because of its negative effects on staff performance. Staff are given a curfew of 10.00 pm and on a number of occasions



the head of the clan or the resort manager placed a tabu<sup>21</sup> on yaqona drinking at the resorts. Failure to comply courts punishment and these disciplinary cases are discussed at the monthly village meeting. Managers and staff claim that the consequent shame is an effective deterrent and changes behaviour temporarily, as staff do not want to lose face by being made to feel madua in front of elders, other clan members and their peers.

## RECOMMENDATIONS

Findings from these case studies may be applicable to other South Pacific or developing country entrepreneurs seeking to establish more successful SMTEs. Furthermore, they may assist the public sector in policy formulation related to SMTEs and small medium businesses in general. Lending and training institutions could also have the findings in mind when seeking a better understanding of potential investors and the challenges they face starting and sustaining a successful business operation.

- Policy makers need to understand the constraints indigenous entrepreneurs face in obtaining access to all types of capital (economic, social, human, financial, organisational, technological and physical). They would also do well to consider seriously the motivations, goals and aspirations of local communities within which the development of SMTEs is being encouraged (Furneaux & Brown, 2007).
- Policy makers and indigenous communities should engage in discussions so that economic policies adopted consider cultural obligations, motivations and the basic needs of clans. From the entrepreneurs' perspective, lending agencies and government policy makers must attempt to understand the cultural challenges indigenous entrepreneurs face, and develop tools and mechanisms that will support new and existing businesses (Foley, 2006).
- Evaluating the success of indigenous SMTEs should consider cultural as well as economic factors. For indigenous businesses, economic objectives are only one factor; other, non-monetary, factors may be considered of equal or greater importance than profit maximisation. Can one really claim that one success measurement scale is better than another? 'Western non-indigenous scales may be inappropriate for measuring indigenous entrepreneurship since indigenous entrepreneurship measures are more holistic – both economic and non-economic – whereas non-indigenous entrepreneurship measures tend to be less holistic – primarily economic' (Lindsay, 2005, p. 10).
- Success of indigenous entrepreneurs should be considered in the context of traditional community expectations, and not necessarily in accordance with western concepts of individualistic entrepreneurship. As long as the SMTE is operating successfully, does it matter if a large proportion of the profits are allocated to traditional obligations and community development, after all it is their business.
- Policy makers and lending institutions could use findings from this study to identify and mitigate challenges faced by indigenous entrepreneurs. Financial and training institutions could be encouraged to provide information, e.g. application forms, regulations, training manuals, translated into Fijian and Hindi. Furthermore, financial institutions such as

FDB could consider social capital and natural resources, e.g. local timber, as an economic resource that can be accepted as part of the SMTE's down payment to fulfil development loan requirements. Indigenous entrepreneurs could benefit from using the experiences of these resorts as the basis for better planning and anticipation of the challenges they are likely to face developing an indigenous community-owned SMTE.

- Government, in promoting the development of alternative livelihoods within communities, could advocate the inclusion of training that encourages agricultural linkages between resorts and local farmers (Scheyvens & Russell, 2010).
- Mentoring for indigenous-owner entrepreneurs and communities could lead to improved knowledge of business management, tourism and marketing. Tourism organisations such as the Fiji Islands Backpacker Association and Tourism Fiji, larger hotel and resort managers, and intermediaries such as Awesome Adventures should be willing to cooperate with such mentoring assistance, which would also enable the larger, mainly expatriate-owned or -managed businesses to gain a better understanding of the challenges indigenous communities face running successful tourism businesses.
- Given the tendency for equitable distribution of funds to be dependent on strong leadership and transparency within the communities, government should continue to develop policies that encourage fair pay, training and the equitable spread of tourism benefits to all community members. This includes not only economic benefits from direct employment, but training that encourages villagers to develop complementary businesses that supply the resorts, for example, small-scale farming of vegetables, herbs and chickens; fishing; handicraft making; bread making; entertainment; and tour guiding.
- Given the growing body of research that has identified the similarities and differences between indigenous entrepreneurship and non-indigenous or western entrepreneurship, mainstream entrepreneurship theory needs to include these differences in the entrepreneurship paradigm and conduct further research to understand the characteristics of indigenous entrepreneurship (Lindsay, 2005). Furthermore, one cannot assume that entrepreneurship challenges and aspirations between different indigenous communities are homogeneous. Even within indigenous communities entrepreneurial attitudes may differ depending, for instance, on whether the clan member has been brought up in an urban environment or within a traditional village community.

## CONCLUSION

This paper discusses some of the challenges indigenous Fijian entrepreneurs face managing community owned resorts in two backpacker/youth market budget resorts in the Yasawas in Fiji. While these resorts face many of the challenges that bedevil western SMTEs in isolated island or rural communities, they also experience a number of culture-specific challenges.

Success of these businesses depends on factors like balancing traditional roles and obligations, understanding customer needs and expectations, and the delivery of quality services and products. The difficulty for people entering a market that is foreign to them underlines the need for relevant training and educational support (Milne, 2005). Suitably designed training programmes should enable entrepreneurs to be more flexible in balancing the modern and the traditional. They should include tools that allow entrepreneurs 'to meet clan demands and at the same time meet business goals' (Saffu, 2003, p. 68) and the clan should be included in the training so that they come to understand the business commitments facing the entrepreneur and how community obligations can have a bad impact on business success. Consequent meaningful discourse between the entrepreneur and clan could lead to agreement on limiting community obligations (Hailey, 1985). The case study findings reported here give credence to these assertions from the literature.

It is suggested that these challenges may be dealt with through the use of culturally acceptable training mechanisms that include all clan members and elders. Such inclusiveness in training workshops would mean the community would be better able to understand business commitments and needs, and place voluntary limits on contributions to the community and traditional obligations. By finding a balance, and agreeing on contributions to church, education, traditional obligations and community development, as well as reinvestment in the business by saving and planning for future development, the resorts have a better chance at long-term success through improved financial management.

Through the development of suitable training and educational workshops, a culturally acceptable system could evolve that enables the fulfilment of traditional obligations without draining business resources; and the provision of knowledge and support from relevant institutions and partners like FDB, Department of Tourism, Awesome Adventures and suitable training institutions. This would enable community-owned tourism resorts such as Wayalilai and Naqalia to deliver good-quality products, successfully provide their people with a sustainable alternative income source, a livelihood, whilst fulfilling traditional obligations. Interviews showed that the clans judge the success of both resorts on the basis of their ability to fulfil traditional obligations, contribute to village developments, provide education for the youth and paid employment. Whilst both western and indigenous businesses need to focus on making profits, one might argue that they differ in how the profits should be spent. With the two case studies, the clans' interests were in spending the profits to meet collectivist needs, with little interest in reinvestment in the business or savings. WER managed its finances better and each year the manager included future plans and developments in the annual accounts. Naqalia, on the other hand, had weaker financial systems, with little reinvestment of profits for future developments or emergencies.

This study indicates that rather than evaluating solely in financial or economic terms, measuring

scales should also consider cultural dimensions such as the ability of indigenous entrepreneurs to balance traditional and business obligations, and maintain status within local society (thus supporting the research findings of Fairbairn, 1988a; Hailey, 1985).

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## ENDNOTES

- 1 *The term i-Taukei specifically signifies indigenous Fijians.*
- 2 *An indigenous Polynesian race, originating from the island of Rotuma, which is part of Fiji.*
- 3 *In Fiji, termed kailoma.*
- 4 *Thatched house.*
- 5 *Kila na i yatu – know one's place.*
- 6 *Kerekere is the traditional practice of borrowing without paying back (Verebalavu, 1998, p. 39). Such requests are difficult for the one asked to refuse.*
- 7 *Friendly conversation or story telling or in the context of the research, an extended group discussion, often around the kava bowl.*
- 8 *Ceremonial presentation of a gift to a chief on entering their land or village.*
- 9 *Also known as kava, 'grog' or piper methysticum. An infusion of the pounded roots of the yaqona*



*plant is drunk in traditional ceremonies or, more recently, socially. The effects are sedative and numbing rather than thirst-quenching or intoxicating.*

10 *Ceremonial presentation of valuables and food to a chiefly visitor.*

11 *To ask for credit – that is to be repaid.*

12 *Fundraising.*

13 *This is a social obligation that is practised to encourage i-Taukei to work together to promote the socio-economic prosperity of all people within a village.*

14 *Village projects.*

15 *Power – usually considered spiritual or supernatural.*

16 *Deified ancestor.*

17 *The chiefly way.*

18 *Relationship between two groups with the same ancestral gods and origin. The relationship allows them certain privileges and to engage in privileges of appropriation, coarse joking and ill-manners called veit-auvutaki (Hocart, p. 101).*

19 *A non-aggressive form of competitive consumption.*

20 *Traditional i-Taukei dance.*

21 *Traditional ban; prohibition.*