



Australian  
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# THE 2016 PACIFIC UPDATE CONFERENCE (July 18 – 19 in Suva, Fiji)

*Presentation by:  
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*Managing 'Wantok System' Influence: improving the  
business climate in Solomon Islands*

“Solomon Islands is starting to confront the damage imposed by the ‘*wantok system*’”



Sir Paul Tovua, Chairman of National Peace Council,  
Annual Address, Centre for Democratic Institution,  
Canberra, Australia 2012

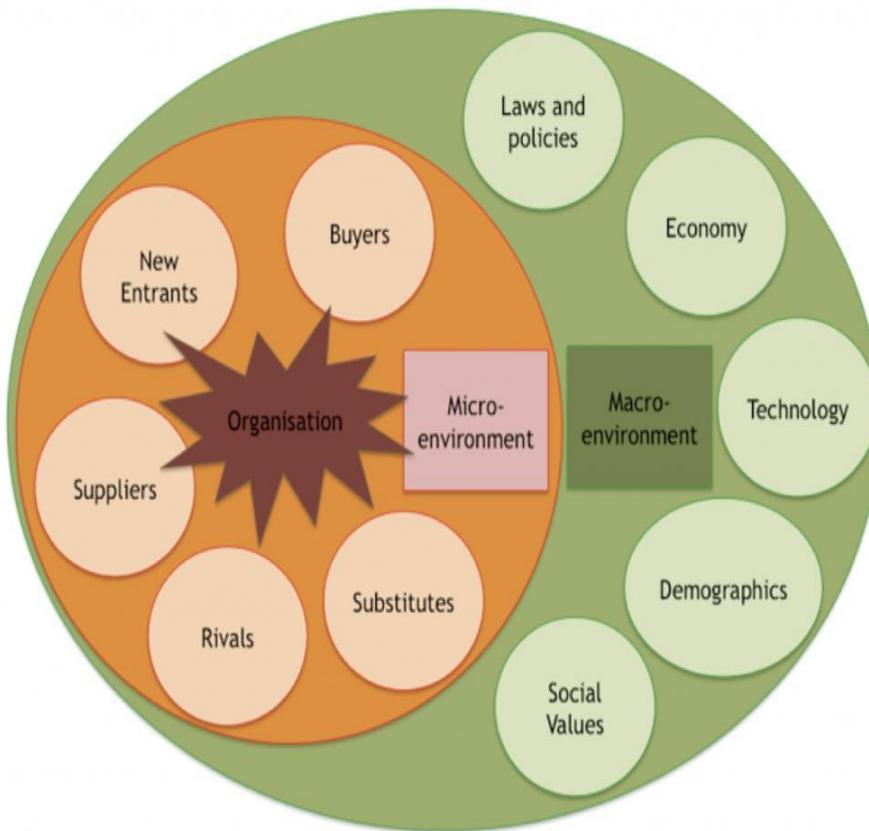


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2. Wantok system
3. Obstacles faced by businesses in S.I.
4. Extent of wantok system influence
5. Results & findings
6. Measures to manage '*wantok system*' influence
7. Summary



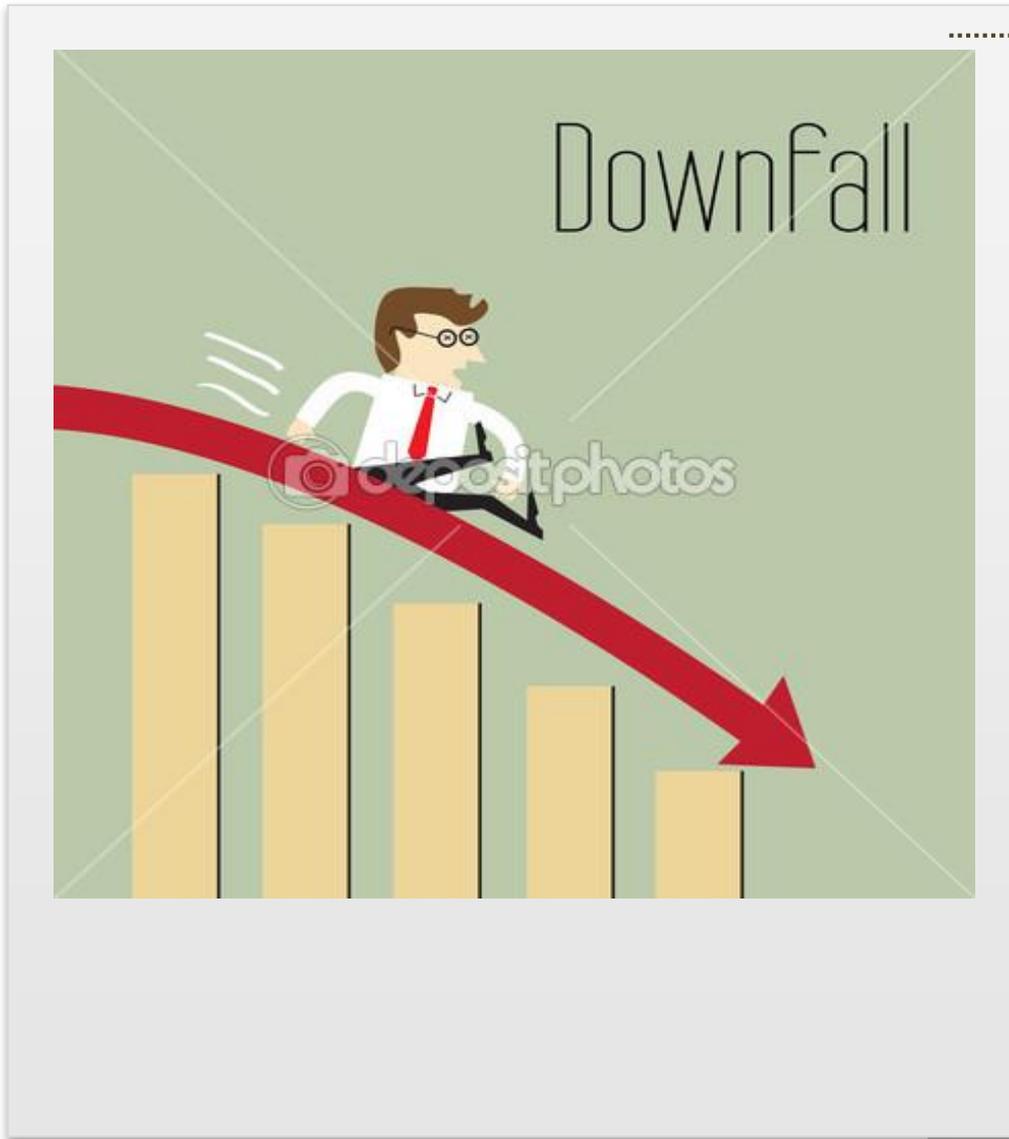
# 1. Introduction



- Businesses or enterprises depend on their business environment to be successful.
- Business environment – Internal and external.
- More challenging is: managing the influential factors in the external business environment - more so those that are related to the cultural factors.
- Even more challenging for the Melanesian countries – the '*wantok system*' culture.



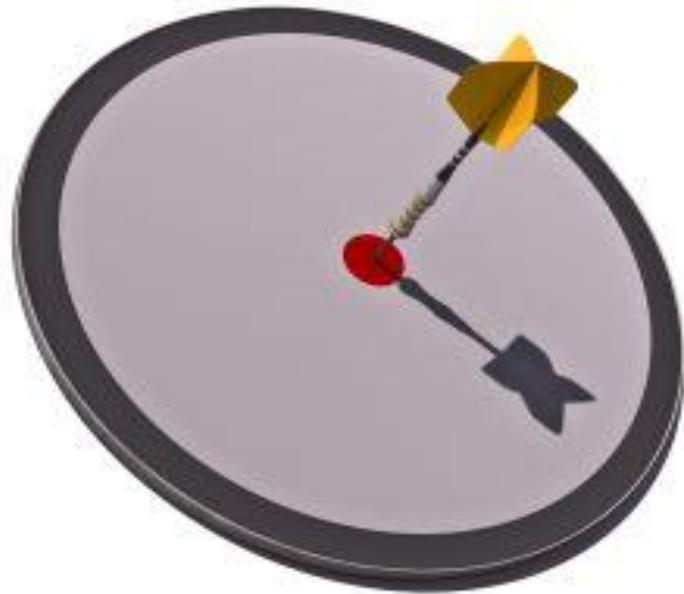
# Problem statement



- ‘*Wantok system*’ - singled out as one of the influential factors that contributed to the downfall of many small and medium size businesses.
- Questions????
  - What is ‘*wantok system*’
  - How does it affect the businesses & business environment?
  - What is the extent of its influence in the business environment?
  - What can be done?

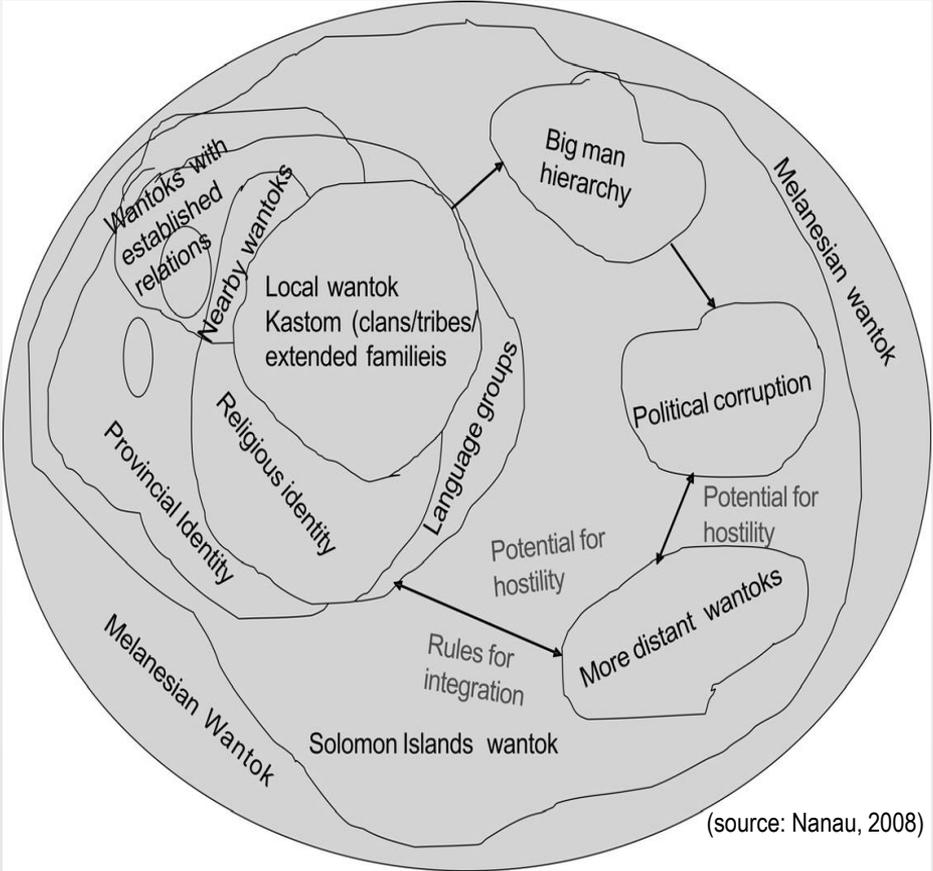


# Aim of the paper



- explore how to manage the '*wantok system*' influence in order to improve the business environment in Solomon Islands.
- Recommend measures to manage the '*wantok system*' influence.

# 2. Wantok System



The *wantok* system signifies a setting demanding a network of cooperation, caring and reciprocal support, and a shared attachment to *kastom* and locality. It consists of a web of relationships, norms and codes of behavior (Nanau, 2011)

- ‘*Wantok system*’ - referred to as a group of people who speak the same language and originate from the same area.
- Characterized by a common language, kinship, place of origin, religious or social associations as well as belief in **mutual reciprocity**.
- Traditionally, the ‘*Wantok system*’ was supposed to be used to build strong relationships in a family, tribe or clan.

## Advantages

### Benefit

- **Sharing** and **caring** are all important benefits to this system.
  - **share** food after hunting, fishing or harvesting.
  - **Care** for the elderly - by extended & immediate family members.



### Essence

- provide a **strong foundation of every element** in their **relationships**
  - Strengthen **relationships within the culture**
  - Promotes a **people to people relationship**.



## Disadvantages

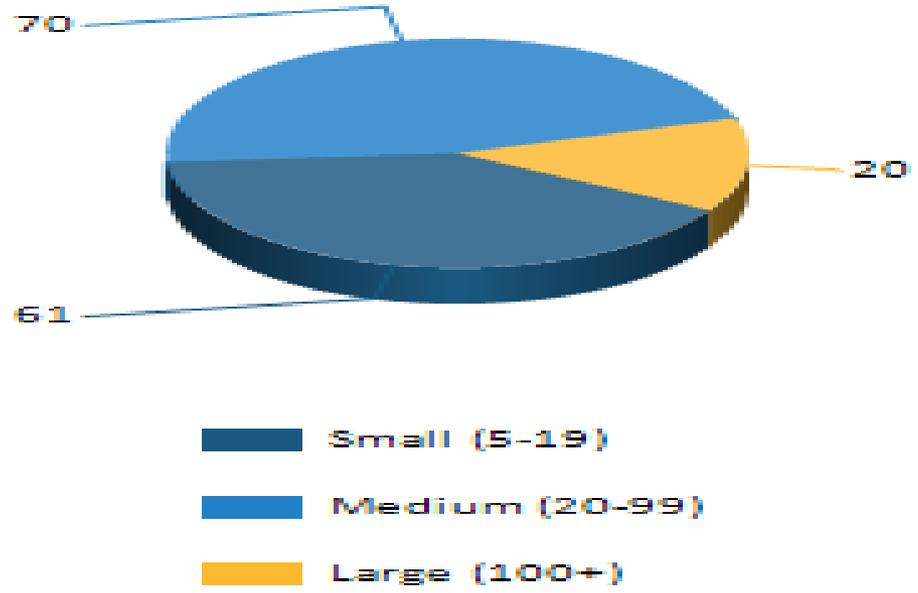
- ‘*Wantok system*’ is **misused** for **personal** gains
- **Bribery** - qualifications and merits are not as important.
  - you can get anything and everything that you want - **money talks**.
- ‘*Wantok system*’ has been **misused** as a **political shield**.
  - politicians become **corrupt** and mismanage public funds.
  - Politicians appoint unqualified individuals to executive jobs, esp. in SOEs.
- **impediments** to business development – ‘*Wantok system*’ is **misused**.
  - revenues earned go towards helping the ‘*wantoks*’ and no savings for the business.





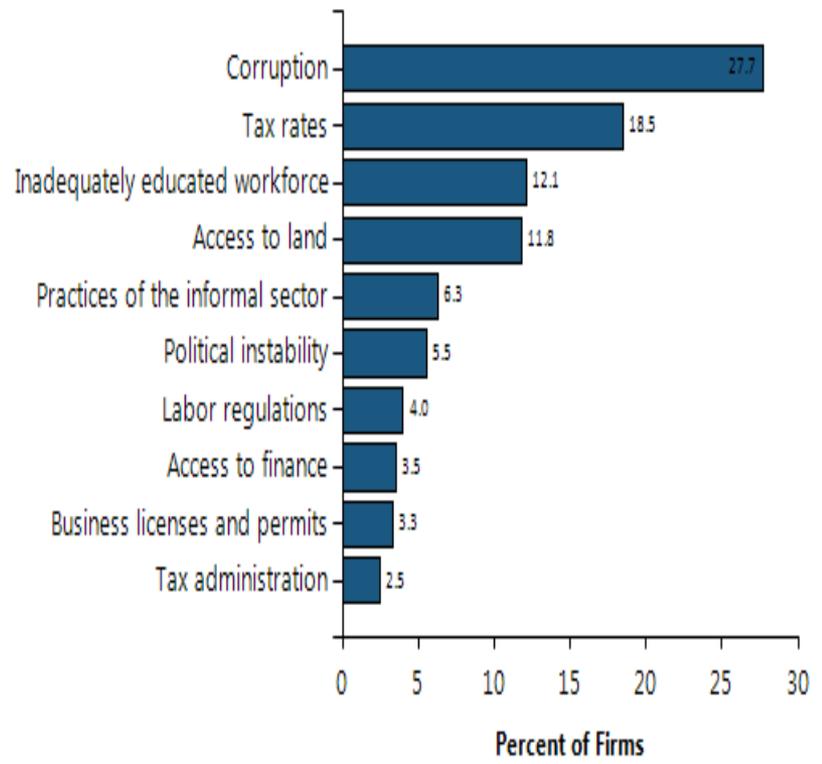
# 3. Obstacles faced by businesses in Sol. Islands

**Firm Size**



(source: World Bank Group, 2015)

- A simple test question:
- If '*wantok system*' is misused, will we expect corruption to be very high?





# 3. Obstacles faced by businesses in Sol. Islands

## Corruption – *some data*

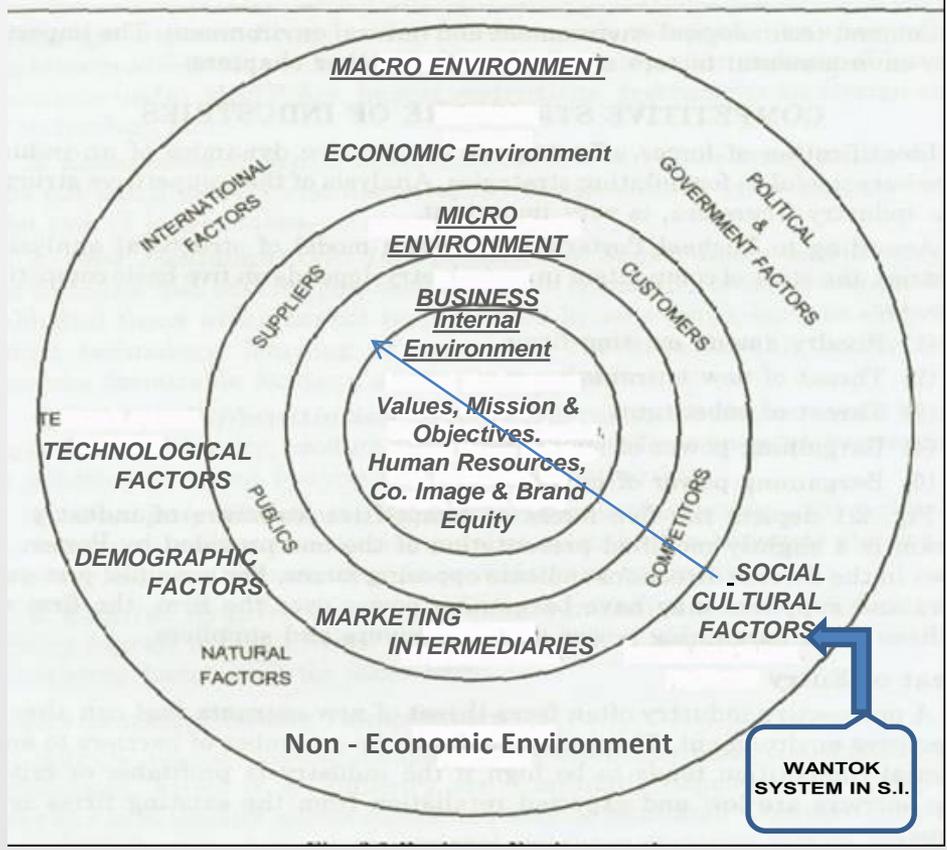


Some indicators	Solomon Islands	East Asia & Pacific	All Countries
✓ Bribery incidence (percent of firms experiencing at least one bribe payment request)	43.8	34.7	17.8
✓ Bribery depth (% of public transactions where a gift or informal payment was requested)	27.4	27.2	13.8
✓ Percent of firms expected to give gifts to secure government contract	45.4	35.4	26.7
✓ Percent of firms expected to give gifts to public officials "to get things done"	81.9	45.9	19.7
✓ Percent of firms identifying corruption as a major constraint	65.2	23.7	33.1

(source: World Bank Group, 2015)



# 4. Extent of 'wantok system' influence



- *Wantok system* affects all sectors in Solomon Islands:
  - Public sector
  - Private sector
  - Civil society
- Business environment is no exception.
  - '*wantok system*' influence is pervasive right through both the external and internal business environment.



# 5. Results & findings

*Traditional wantok system has evolved*

## **Traditional Wantok System**

- 1) 1 person leading the tribe – similar to an autocratic & Egalitarian systems.
- 2) Social security system based on reciprocity
- 3) Everything is co-owned by Tribes
- 4) Everything is achieved by consensus
- 5) Community based
- 6) Levels –(i) tribal level  
(ii) Segmented level of provinces  
(iii) National level

## **Inclusion of monetary in the system**

- 1) Money equates with wealth & standard of living.
- 2) Effect:
  - Breaks down the social systems
    - 1) Social security system no longer working
    - 2) People talked about self-reliance
    - 3) Everything is achieved by money – money talks.
    - 4) Moved from community based to individuals:
      - This is the challenge:
        - “Can’t get away from what is already in the blood”
        - Live in town but go home villages



# 5. Results & findings

The influence of wantok system – may lead to corruption

Business	Larger Organisations	Society
<ul style="list-style-type: none"> <li>❑ Business is a foreign concept           <ul style="list-style-type: none"> <li>▪ Does not go along together with:               <ul style="list-style-type: none"> <li>- reciprocity concept/value.</li> <li>- everything is co-owned.</li> <li>- Every business decisions does not have to be achieved by consensus of other members of the tribe</li> </ul> </li> </ul> </li> <li>❑ In '<i>wantok system</i>', whatever you want to have, your relatives will have access to it – can't deny them.           <ul style="list-style-type: none"> <li>▪ Business: if '<i>wantok system</i>' is practiced – expect no profit. How will it survive?</li> <li>▪ Borrow, re-borrow, RCDF, corrupt deals?, etc.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>❑ Decision-making are influenced by '<i>wantok system</i>'.</li> <li>▪ You want to make a decision as if you are in the States, Australia, etc. - in accordance to the Policy Guidelines but you can't.           <ul style="list-style-type: none"> <li>- know always that decision will have a <u>social impact</u> as well. Reciprocity, etc.</li> <li>- Judgement begins with: if I make this decision, it will affect my family at home, etc. until these issues haunted you and ended up making inferior decisions even though the right one is there.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>❑ Nations within a nation - people have their own culture &amp; different ways of thinking, reacting and interpreting things – unlike that in western society where the mindset is somewhat the same.           <ul style="list-style-type: none"> <li>- try to understand and deal with competing energies.</li> <li>- more time consuming.</li> </ul> </li> <li>❑ Filters into the politics at the national level. Reciprocity, etc.</li> <li>- E.g. PM spends a lot of time just keeping the team together – thus, not achieving much.</li> </ul>



## 5. Results & findings

*Another important Factor to consider – the Economic Situation*

### Case Example

#### **In the office:**

- Normal duties & attends trainings
- Topic: Training on transparency & accountability.
- Target group: All Solomon Islanders
- Expected result: All will get 100%

#### **Out of the office:**

- What happens at the end of the working day, after leaving the office?
  - All who get 100% in the training may be involved in corruption...
- Typical example:
  - Mr. X needs \$2,000 per fortnight to feed his family, as well as extended family members residing with him and his immediate family. He earns only \$700 per fortnight. Where does he get the other \$1,300?  
Corruption?
  - At the end of the day, he and his family members have to survive.
  - As soon as they get out of training, they are on the other side.



# 6. Measures to manage 'wantok system' influence



1

Measure

**Government:  
Wantok System**

- Prepare national policy & strategy to manage 'wantok system' practices in Solomon Islands

2

Measure

**Government:  
Bus. Environment**

- address obstacles faced by businesses  
- corruption, tax, informal sector practices, etc.

3

Measure

**Businesses:**

- Include 'wantok system' policies in the Company or Organisation policies

4

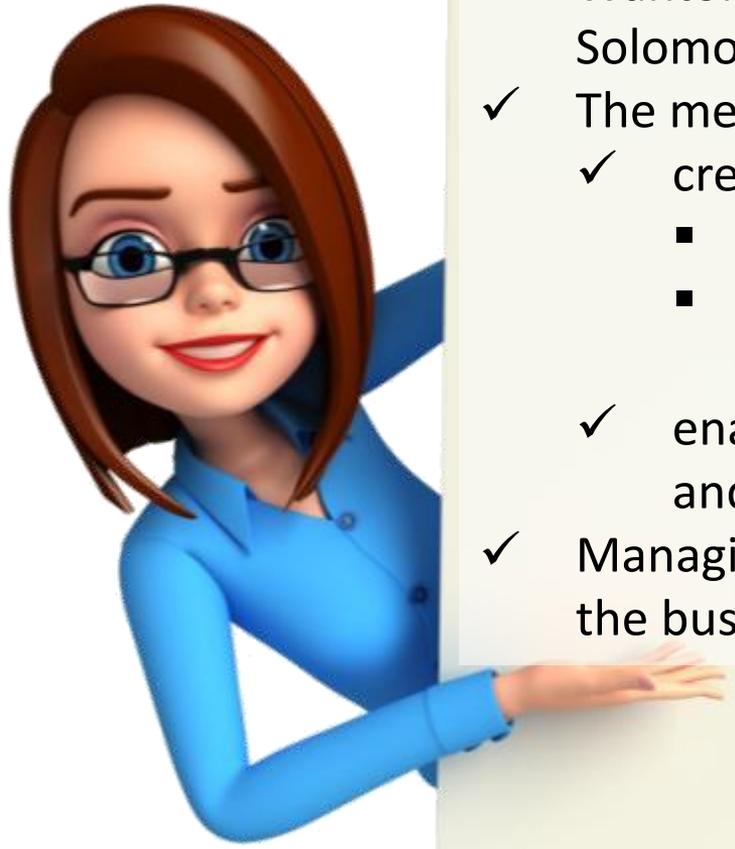
Measure

**Government:**

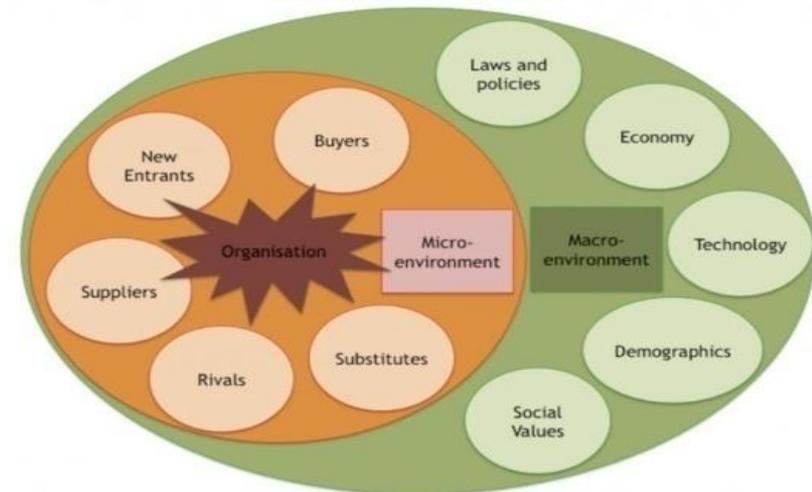
**Economic situation**  
- control of prices, Strengthen SI\$, Increase take home pay – Sal increase or reduce PAYE tax



## 7. Summary



- ✓ Wantok system (monetarised) affects all the sectors in Solomon Islands, incl. the business environment.
- ✓ The measures proposed will:
  - ✓ create an environment conducive to:
    - increasing business activities.
    - more success stories from the small and medium size businesses.
  - ✓ enable managers to make decisions more effectively and efficiently.
- ✓ Managing wantok system issues is a recipe for improving the business environment in Solomon Islands.



## TWO QUOTES:

“We cannot marry the two systems, business and ‘*wantok system*’ that cannot go together”

*G.Zoleveke, Honiara, 2015*

“Solomon Islands is starting to confront the damage imposed by the ‘*wantok system*’. ‘*Wantok system is inconsistent with democracy. We will never practice democracy until we address ‘wantok system’*”

*Sir Paul Tovua, Chairman of National Peace Council,  
Annual Address, Centre for Democratic Institution,  
Canberra, 2012*

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**Thank you**



*End of Presentation*