THE 2016 PACIFIC UPDATE CONFERENCE
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Managing 'Wantok System' Influence: improving the business climate in Solomon Islands

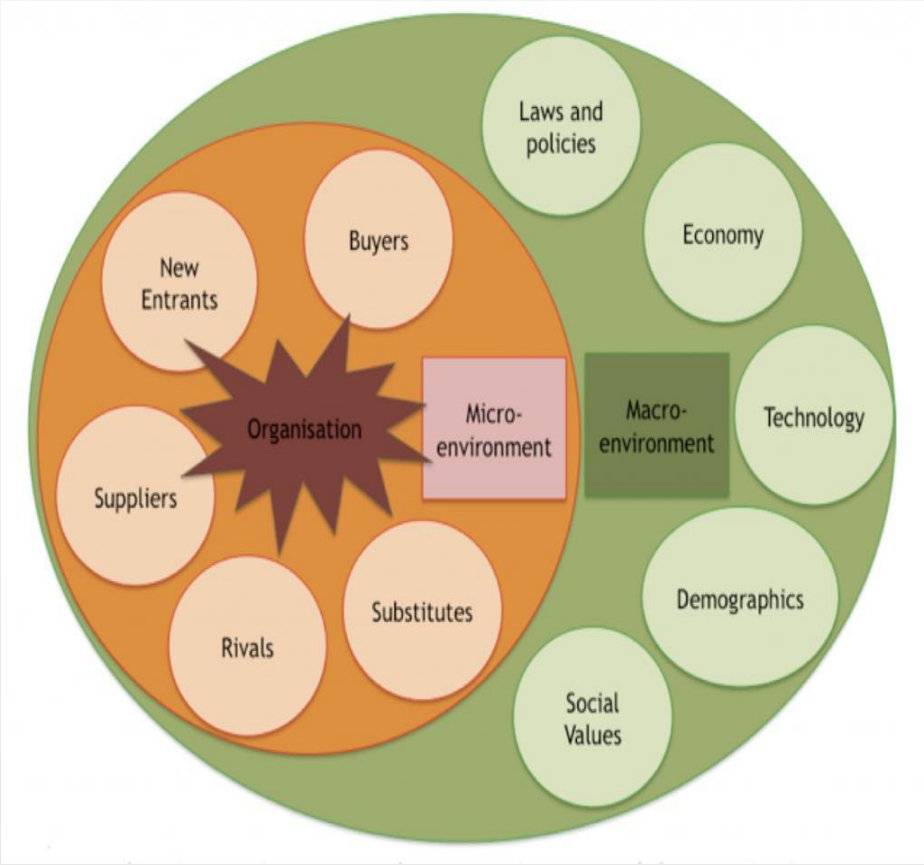
“Solomon Islands is starting to confront the damage imposed by the ‘*wantok system*’”

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

Coverage

1. Introduction
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



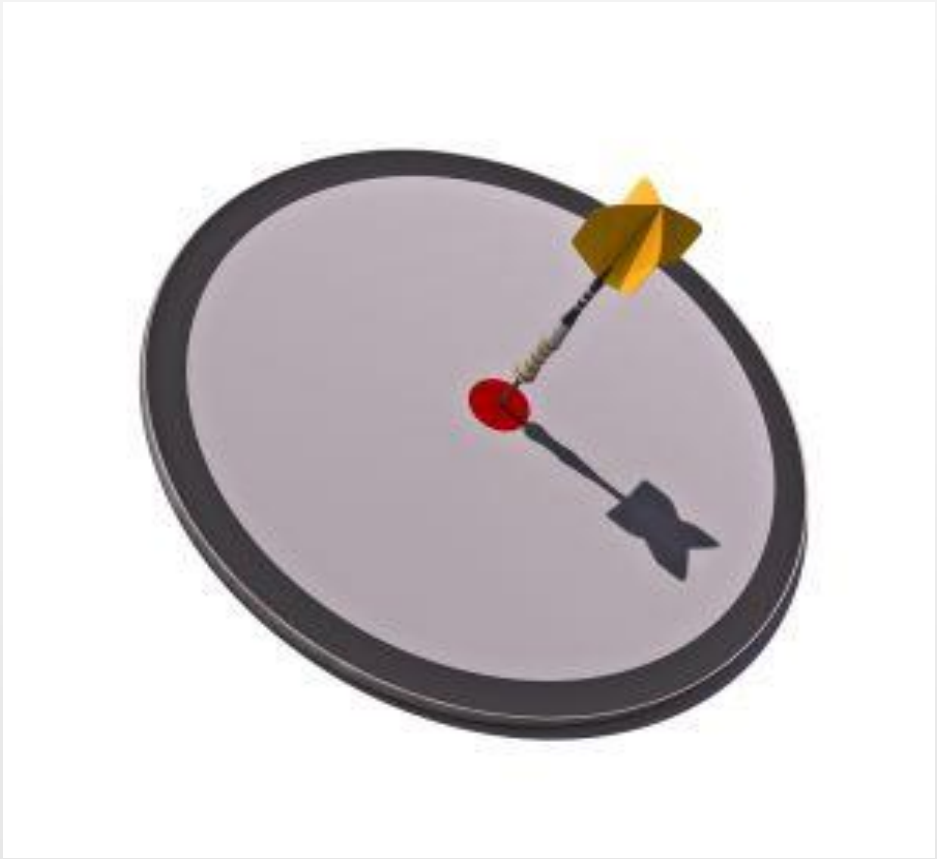
- Businesses or enterprises depend on their business environment to be successful.
- Business environment – Internal and external.
- More challenging is: managing the influential factors in the external business environment - more so those that are related to the cultural factors.
- Even more challenging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

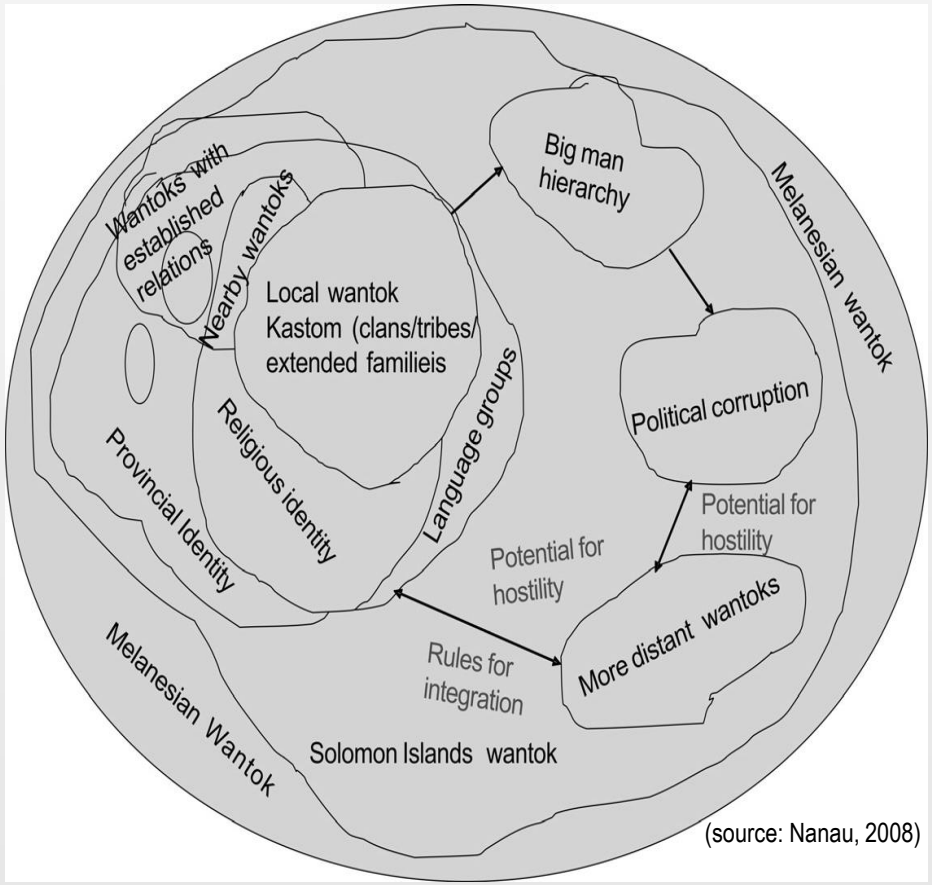
- Questions????
  - What is '*wantok system*'
  - How does it affect the businesses & business environment?
  - What is the extent of its influence in the business environment?
  - What can be done?

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.

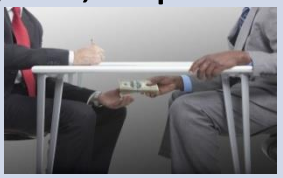
2. Wantok System



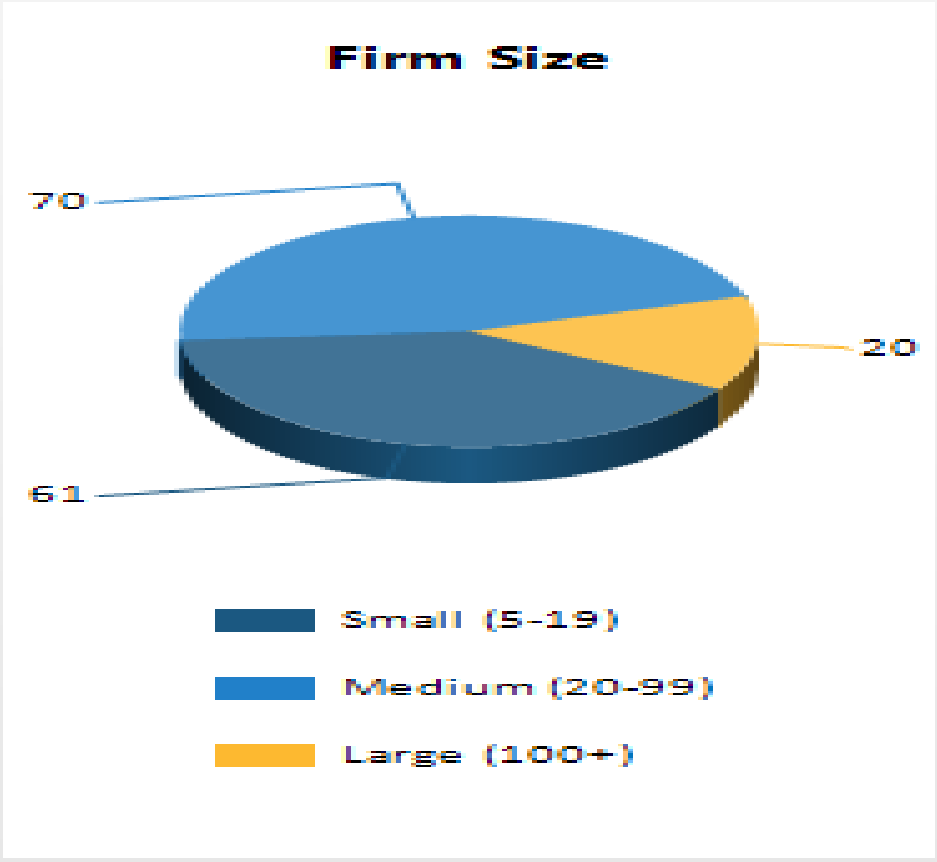
The *wantok* system signifies a setting demanding a network of cooperation, caring and reciprocal support, and a shared attachment to *kastom* and locality. It consists of a web of relationships, norms and codes of behavior (Nanau, 2011)

- '*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	Disadvantages

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.
 	
	• '*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.

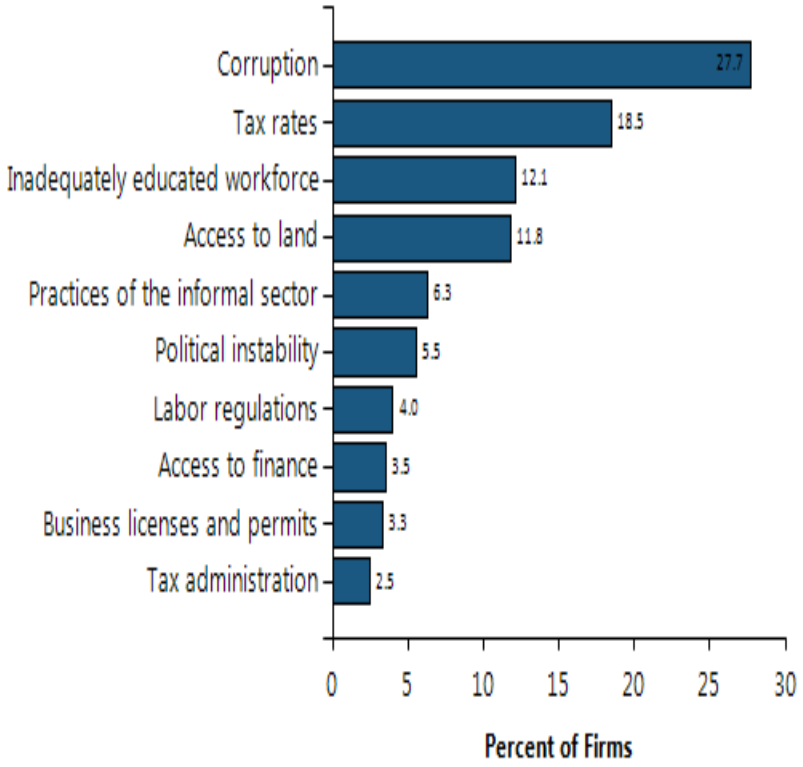
3. Obstacles faced by businesses in Sol. Islands



(source: World Bank Group, 2015)

A simple test question:

- If '*wantok system*' is misused, will we expect corruption to be very high?



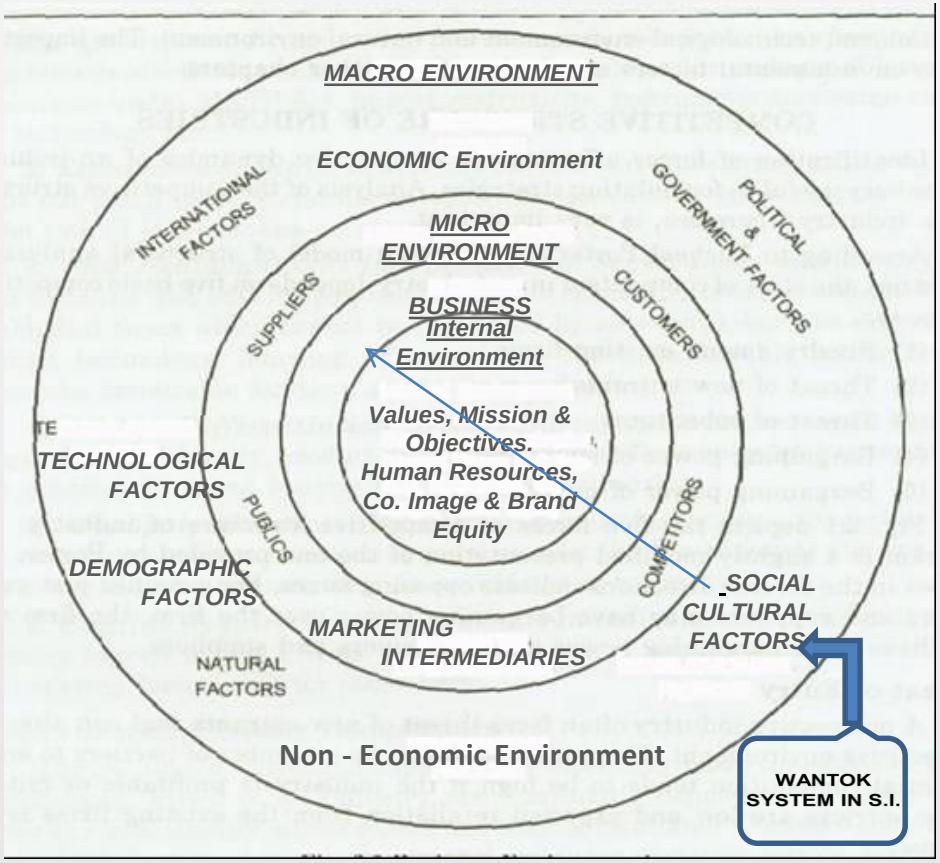
3. Obstacles faced by businesses in Sol. Islands

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
❑ Business is a foreign concept ▪ Does not go along together with: - reciprocity concept/value. - everything is co-owned. - Every business decisions does not have to be achieved by consensus of other members of the tribe ❑ In '*wantok system*', what ever you want to have, your relatives will have access to it – can't deny them. ▪ Business: if '*wantok system*' is practiced – expect no profit. How will it survive? ▪ Borrow, re-borrow, RCDF, corrupt deals?, etc.	❑ Decision-making are influenced by '*wantok system*'. ▪ 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. - know always that decision will have a <u>social impact</u> as well. Reciprocity, etc. - 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.	❑ Nations within a nation - people have their own culture & different ways of thinking, reacting and interpreting things – unlike that in western society where the mindset is somewhat the same. - try to understand and deal with competing energies. - more time consuming. ❑ Filters into the politics at the national level. Reciprocity, etc. - E.g. PM spends a lot of time just keeping the team together – thus, not achieving much.

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

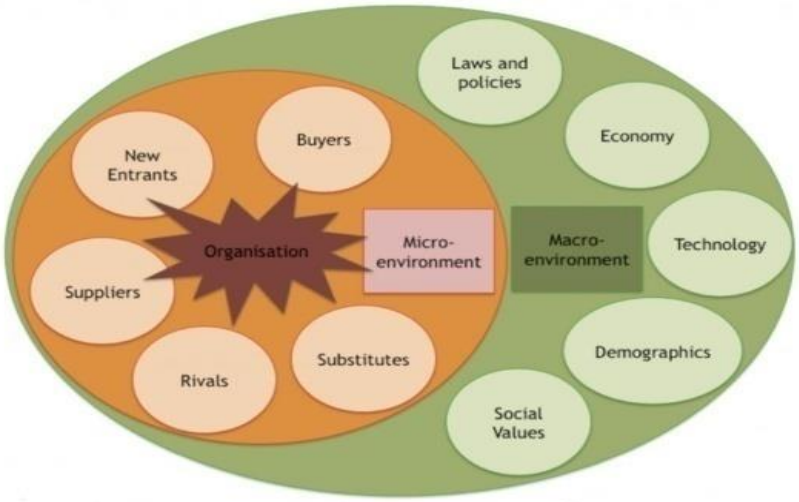
Measure

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