The concept of Accountability in the Pacific: The Case of Tonga

Semisis Prescott

Agnes Masoe

And

Christina Chiang

Abstract

Tongan society today experiences a divide between traditional island communal ways of accountability and that of urban and individualistic accountability. This paper considers this divide and explains the problems and tensions that arise in the context of Tongan accounting practice in New Zealand. Tongan society is divided geographically with as many people living overseas as there are living in Tonga. This spread of population represents a people struggling to keep faith with their old systems of accountability while having to embrace a modern capitalistic economy in their new home away from Tonga.

Through interviews with Tongan leaders and with small business owners in New Zealand, we examine the effect of this clash of values in relation to the way they manage their business and practice accounting. Our findings show that as a result of trying to meet two irreconcilable systems of accountability many Tongan businesses struggle to perform well and risk failure. Greater understanding of the misalignment between these two forms of accountability, Tongan and western commercial, provides guidance for policy development for minority ethnic businesses operating in an increasingly global marker.

Key Words: Tonga, Accountability, Collectivism, Accounting, Small Business

The concept of Accountability in the Pacific: The case of Tonga

Introduction

Tonga is a small island nation located in the South Pacific Ocean. With a population of just over 100,000, there are as many people living overseas as there are in Tonga. The more popular destinations for Tongan people living away from Tongan include New Zealand, Australia and the United States. Of these three destinations, New Zealand

The purpose of this paper is to explore and discuss the concept of accountability in a Tongan context and the implications that it has on Tongan businesses and the way they practice accounting in New Zealand. The application of a western accountability framework to the operational management of Tongan businesses, particularly those in western environments including New Zealand and Australia, has a significant impact on the sustainability of these businesses. The paper begins by reviewing the concept of accountability and then compares this to traditional forms of accountability based on Tongan culture. The second provides a brief outline of Tongan culture while part three discusses the influence of traditional forms of accountability on Tongan businesses operating in a western commercial environment.

Methodology and Research Design

This study is a qualitative work employing an interpretive paradigm. The discussions make reference to a series of cases, each representing a small Tongan business. For reasons of confidentiality these organisations have not been individually named and are referred to as C1 for case one, C2 for case two and so on. The reference to cases is intended to facilitate discussion and not to be taken as a series of unique case studies to be used in a case study research framework. A total of 20 cases or organisations were used in this study. Three business consultants were also consulted as part of the study. In the following discussion these are referred to as BC1, BC2 and BC3. The following Table 1- Summary of Cases provides a summary of the cases with their primary line of business noted adjacent. In a number of incidences, reference is made to opinions collected from members of the Tongan community who are affiliated to many of these businesses either as customers, employees or members of the extended family of the owner. The triangulation of these three views provides a robust source of information for research about the adoption of financial accounting challenges and sustainability of these businesses.

Tongan businesses included in this study range from self-employed to body corporate, and the accounting challenges identified in previous studies are present with all of these businesses. The discussion below, in relation to the financial accounting framework and associated standards, specifically explores the interaction between the framework and these Tongan businesses. While many of the findings from previous studies appear to be echoed

here, considering the Tongan cultural context provides additional insights into the adoption of accounting practices and how this impacts on Tongan business sustainability.

Table 1- Summary of Cases

Case Number	Reference	Approx Number Employees	Initial Business Activity
Case 1	C1	5	Communications & Public Relations
Case 2	C2	5	Recruitment Services
Case 3	C3	4	Television Production
Case 4	C4	10	Paving and road resurfacing
Case 5	C5	20	Painting
Case 6	C6	2	Financial Services and lending specialist
Case 7	C7	1	Immigration Consulting
Case 8	C8	3	Automotive Engineering
Case 9	C9	2	Health Advisory Services
Case 10	C10	2	Screen Printing, mortgage brokerage and textile sportswear manufacturer
Case 11	C11	4	Legal services
Case 12	C12	n/a	Furniture manufacturing and retail
Case 13	C13	3	Agricultural food importer
Case 14	C14	n/a	Freight Services
Case 15	C15	25	Radio Broadcasting and media
Case 16	C16	n/a	Fence and boundary construction
Case 17	C17	4	Travel consultancy
Case 18	C18	1	Manufacture and retail of traditional crafts
Case 19	C19	2	Youth Services
Case 20	C20	20	Health Services Consultant

 Part One: Accountability in general

Accountability is a concept that often takes its meaning from the context in which it is applied. The concept of accountability has been researched and discussed in a variety of discipline areas including anthropology and politics (Boston & Eichbaum, 2008; Campbell,

1994, 2005; Gamble & Lapsley, 2008; Larmour, 2005, 2006; Mattli & Buthe, 2005; McDonald, 2000; Shore & Wright, 2000; Strathern, 2000), health, government (Patton, 1992; Steccolini, 2004), religion and non-profit entities (Berry, 2005; Keating & Frumkin, 2003; Laughlin, 1990), social and environmental reporting (Gray, Owen, & Maunders, 1988; Larrinaga, Carrasco, Correa, Llena, & Moneva, 2002), and entertainment (Lerner & Tetlock, 1999).

In its most general application Patton (1992) suggests that accountability exists where " one party (individual, group, company, government, organisation, etc.) is said to be directly or indirectly 'accountable' to another partly for something, action, process, output, or outcome"(p. 166). However, in order to reach a more precise meaning accountability, it is necessary to first understand the context in which it is being applied. Laughlin (1990) writing in regard accountability in the Church of England suggests that "the power and importance of understanding specific practices before we can make meaningful and workable prescriptions for future accountability relationships is also demonstrated" (p. 112). Berry (2005), again in relation to the Church of England, supports this view outlining that accounting takes on three parts including covenant, constitution and contract. Patton (1992), writing in relation to government financial reporting suggests that accountability is more than a case of reporting but includes providing explanations about the context of the report. The definitions and scope offered by these authors suggests the existence of a continuum for the meaning of accountability. In its most narrow sense accountability is contractual. The terms of the contract define the parties to the contract and their individual or collective responsibilities. Beyond the specific terms of the contract are legal principles that govern the overall execution of the contract. The application of these principles is less clear and prone to wider interpretation.

Berry's inclusion of accountability as existing at the covenant and constitutional level identifies, at least in the case of the Church of England, an obligation to observe a set of values and beliefs that are characteristic and shared by the members of the church. In western societies, the founding values included in the constitution plus many other social norms that are generally unwritten are observed and expected by the members of that society. Each member of a community or society is therefore expected to observe a common set of values that characterise and ensure order within that community. The members are therefore accountable to one another for the mutual observance of these values. In more recent times, the notion of individuality, which is now characteristic of modern western societies, compromises the adherence to collective accountability.

Despite the popularity of individualism and its entrenchment in capitalistic social regimes, many countries around the world continue to nurture collectivism. Collectivism continues to be the cultural base for many Pacific Island nations (Crocombe, 2001; Saffu, 2003) including Tonga (Campbell, 1992, 1994), Papua New Guinea (Schaper, 2002), Fiji (Davie, 2005; Nabobo & Teasdale, 1995) and Samoa (Kramer & Herbig, 1994). Despite the western structure of New Zealand and Australia, collectivism is predominant in many Maori (Bishop, 1998) and Aboriginal (Schaper, 1999) communities. With the increase in international trade,

accountability is likely to reflect a broader application and interpretation including both the individual notion, as in the case of commercial contracts, and collectivism, as in the case of shared values including equity and fairness.

Accountability and Financial Accountability

The accounting profession associates accountability with financial reporting or financial accountability. The association between 'accountability' with 'financial accountability,' has narrowed the common understanding of 'accountability to one of reporting on the financial position and performance of an organisation. This narrow, yet common, application of the accountability concept has resulted in some practitioners limiting their interpretation of accountability to a purely financial context and interchanging the two terms (accountability and financial accountability or accounting) as to mean the same thing. The confusion is accentuated by the similarity in the name of the profession (i.e. accounting) and the word accountability. The accounting profession, and in particular the specific function of financial reporting, is argued to be a sub practice of accountability (Steccolini, 2004). This narrower form of accountability is aligned to that described by Berry (2005) as contractual. Other writers suggest accounting and accountability, although related, are also mutually exclusive since one cannot be entirely understood within the contextual bounds of the other. Laughlin (1990) writes that

> Whilst 'accounting' and 'accountability' are clearly related, accounting cannot be understood solely in accountability terms nor accountability entirely satisfied by accounting type statements. (Laughlin, 1990, p. 93)

Keating and Frumkin (2003), on the other hand, suggest extending the scope of financial accountability to include non-financial information such as activities undertaken during the year. Gray Owen and Maunders (1988) discuss corporate social reporting as an extension of financial reporting while Larrinaga et al (Larrinaga et al., 2002) suggest environmental reporting as necessary addition to the content of the annual report. Patton (1992) suggests that "the nature of the relationship between the accountee and the accountor can be expected to affect the information that might be demanded and transmitted" (p. 168). Keating and Frumkin (2003) write that in the case of non-profit organisations, "stakeholder groups have different concerns about nonprofit performance and accountability" (p. 7). These two writers suggest that parties can more effectively discharge their accountability by better defining their obligations. However, Patton (1992) acknowledges that greater definition of the obligations, and of those involved, often results in information bias.

From the discussions of accounting and accountability in the extant literature, it is possible that we are witnessing an interaction and development that is still in the making. The following discussion takes stock of the present understanding of accounting and accountability. Furthermore, rather than assessing the multiple context in which accountability may be applied, including health, religion, politics and in the wider social

setting, this paper focuses on accountability in a western commercial context. While this is primarily financial accountability, other emerging threads including corporate social responsibility, non-monetary measures and environmental reporting are also included.

The role of pre-existing relationships

The concept of accountability suggests the existence of a pre-existing relationship between the identified parties. In the case of financial accountability the relationship is usually contractual as in the case of a bank lending money to a client or legislative, as in the case of the accounting standards. In a contractual relationship the nature of the relationship and the obligations are usually specific defined in the contract. In a contractual situation the relationship, obligations, timeframe and consequences of breach are all set out. Using the example of a sale and purchase agreement, the buyer is accountable to the seller to pay the consideration of the sale in accordance to the timeframe agreed. The seller is accountable to the buyer to deliver a product that aligns with the reasonable expectations of buyer. Other instruments may also be used to clarify and define the expectations of either party. The Consumer Guarantees Act (1993) and Fair Trading Act (1986) provide the legal platform on which many commercial transactions take place. The underlying contract, together with the many statutes and bi-laws that govern the environment for commerce, define and quantify the consequences of breach of contract. The relationship that exists between parties to a commercial contract operates at three levels. At the social level parties in a contractual transaction are accountable to one another as a matter of social equity. The existence of many laws pertaining to commerce, are a reflection of the prevailing social norms of the day. These laws ensure that individuals and groups transact with one other mindful of the greater good to society that comes of 'fair play' and preserving the integrity of the market. Parties in a commercial transaction may each be burdened by the specific requirements of the law but continue to abide by them in the interest of the market. The second level of the relationship is at the individual level and focuses on the rights of the parties as defined in the contract. This second level should not be confused with that which may exist at the personal level. In the manner of Adam Smith's 'invisible hand'[i] the relationship is one where each party to a transaction is driven by a goal of personal wealth maximisation. Each person is therefore accountable to the other because of the rights of the other to demand specific performance against the terms of the contract. The third level of relationships is at the personal level. The personal level of contractual relationships includes those notions of customer loyalty, reputation and image which were originally denied by the classical economic theorists. In support of the moral element playing a part in the commercial behaviour of individuals Etzioni writes;

> Our starting point is the observation that moral values tend to generate *diffuse* relationships between a broad contextual disposition and an open-ended list of specific behavioural items, a relationship that is radically different from that depicted

in mechanistic models. The notion that one ought to be "fair" or "loyal" to one's employees serves as an example. (Etzioni, 1988, p. 74)

Lerner and Tetlock (1999) discuss this third level of relationships as existing, not just in the contractual sense, but in day to day social interactions. They write that:

Even the simplest accountability manipulation necessarily implicates several empirically distinguishable submanipulations, each of which has received empirical attention in its own right. These include (a) *mere presence of another* (participants expect that another will observe their performance), (b) *identifiability* (participants expect that what they say or do in a study will be linked to them personally), (c) *evaluation* (participants expect that their performance will be assessed by another according to some normative ground rules and with some implied consequences), and (d) *reason-giving* (participants expect that they must give reasons for what they say or do). (Lerner & Tetlock, 1999, pp. 255-256)

Relationships can be defined in contracts or they may simply be implied by the specific circumstances of an interaction. In a wider sense the relationships between individuals and groups may be defined (be it unspecific) by the social setting, culture, region and prevailing value beliefs of the day. These relationships, whether formal or informal, signal the existence of an underlying accountability.

However, is it possible to have accountability without the existence of a relationship? To answer this question requires some explanation of the context within which it is answered. In most cases the existence of accountability can normally be traced to a relationship whether formal or otherwise. In many religious context however, the obligations of the rich to give to the poor as an act of kindness or for victims to forgive their oppressors as an act of mercy are common. Furthermore this sense of accountability is not driven by the relationship between the rich and the poor of the victims and their oppressors but by a faith in a higher power. In the Christian setting, the accountability that the rich have to the poor, is driven by their accountability to God.

Implied accountability is often overlooked as a result on not being able to identify who it is that one is accountable to. In a western commercial environment, the focus is primarily on the right of the individual. This anti-commons mentality is the basis of the western free market. Property rights, income tax, the financial accounting framework are all examples of social mechanism designed for a society based in individuality. In an individualistic society, accountability is usually defined by contract or through statute. For example, the definition of a liability in accounting (refer International Accounting Standard 37 (*NZIAS37*))

is a present obligation arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits (*NZIAS37.10*) (New Zealand Institute of Chartered Accountants, 2007).

The existence of this present obligation requires the identification of an 'obligating event'. The obligating event is in turn classified as either *legal* (as in the case of a contract or statute) or *constructive* (as in the case of an obligation arising from a pattern of behaviour resulting in an expectation). Liabilities are a form of accountability and at the very least, an aspect of it. This form of accountability is easily recognisable, measurable and the parties involved identified. Commercial accountability is often confined to this narrow interpretation such that if recognition, measurability and identifiability are not present, the notion of accountability also fails to exist. Keating and Frumkin (2003) provide an example from the non-profit sector where they argue that 'the nonprofit financial-reporting model originated from the required annual federal tax filings' (p. 6) rather than the demands of the wider stakeholder community.

Wider social obligations, including those that arise from one's beliefs, values and cultures, are not included in the liability concept. This wider form of accountability is often disregarded in an individualistic society. This is partly because the sanctions or rewards associated with accountability are indirect or absent (Patton, 1992), or that the challenges of recognition and measurement make it too difficult to consider (Etzioni, 1988). The present individualistic framework for accountability, that is prevalent in western societies provide guidance to defining accountability between individuals engaged in commercial interactions.

Davis (1973) suggests that an argument against businesses not assuming social responsibility is that they lack a line of accountability to anyone but their immediate stakeholders. He writes

> Another point of view is that businessmen have no line of accountability to the people; therefore, it would be unwise to give businessmen responsibility for areas where they are not accountable. Accountability should always go with responsibility, and it is poor social control to allow any other kind of arrangement (p. 320).

However the same cannot be said for communities and societies that are based on a collective or 'commons' mentality. For societies based on commons, accountability is defined and applied in a different manner. With the growth of globalisation, misalignment of these accountabilities, and the expectations that are associated with them, are likely to result in conflict. The consequences of this conflict need to be explored, as it is likely to impact on the harmonious co-existence of multiple cultures living together.

The Implications of Accountability

Once an accountability relationship is recognised, the next step is to identify the implications of that accountability. In the case of small businesses, stakeholders may include the taxation authorities, customers, employees, suppliers, local community and wider society. Small businesses and therefore their owners are accountable to the taxation authorities to calculate and report their assessable income and to pay tax. They are accountable to their customers for delivery of the product or service sold, to the employees based on their individual and collective employment agreements, and to suppliers for payment on their trade account.

The immediate benefits and costs of a contractual exchange are normally outlined in the terms of the agreement. Where the costs and benefits are not clearly defined, parties may conclude that they are not liable and therefore not accountable. Accountability however extended beyond the immediate benefits and costs outlined in a contractual exchange. Additional costs and benefits may include expectations regarding quality, timing, manner of delivery, form of payment, after sale service and the friendliness of the participants in the transaction or encounter. This level of accountability, Laughlin refers to as 'process accountability'. Laughlin also identifies an additional level of accountability called 'policy accountability'. He writes that policy accountability "relates to accountability relationships when the goal and processes are undefined and uncertain" (Laughlin, 1990, p. 96). These include associations that are private, communal and entrenched in tradition and customs. While this less precise form of accountability is ignored in the contractual context, they significantly influence the behaviour of individuals that identify with collectively based societies.

Sanctions and rewards

Sanctions and rewards have been identified as a necessary component of accountability. Specifically, where there are no identifiable rewards or sanction then there is no accountability present (Patton, 1992). In commercial contracts, these sanctions and rewards are outlined in the terms of the agreement document. In western societies where the enforcement of commercial contract is entrenched in law, the acknowledgement and acceptance of accountability is clear. In cases where the rewards and sanctions are vague, accountability is conveniently ignored (Davis, 1973; Patton, 1992). The ongoing debate and developments in environmental reporting is an example of the casual acknowledgement by firms of their responsibilities to the environment. Environmental matters continue to exist as a collective responsibility that in recent times has received both commercial and political pressure to be internalised into individual firm decision making process. The sluggish progress in developing a clear set of environmental reporting standards partly results from a vague appreciation of who is responsible and to what extent. Legislation and regulations aimed at curbing environmental abuse has crystallised the responsibility of many firms by outline specific sanctions. However, the rewards, in terms of better market image, continue to be unspecific. It would appear that in the case of western societies, clearly articulated sanctions and rewards provide the foundations for accountability and business behaviour.

Sanctions for Pacific Island business operators when they neglect their contractual and social responsibility are different from that in the west. Many Pacific Island operators have a higher regard for their collective and often unwritten obligations than for those outlined in written laws. Brown and Tower (2002) suggest that there is a lack of clear accountability because of the absence of generally accepted accounting standards. However, Nobes (1998) suggests that "for culturally dominant countries, the class of accounting system is determined by the cultural influence" (p. 184) and that unless external market influences continue to move such systems towards an introduced western regime, will revert back to its culturally based one. For many Pacific Island countries that have followed a western based form of accountability,

the journey has been a difficult one. The difficulty lies in a fundamental difference between the individualistic paradigm that underlies western accounting standards and accountability and the collective one inherent in many Pacific Island countries.

Business participants from the current study suggest that Tongan business operators in New Zealand continue to hold to their collectivist ideals and that this influences their current business practice. One business operator outlined that Tongan people tend to regard their collective responsibilities more important than their individualistic ones which are often in the form of legal contracts. The obligation to pay tax, the electricity repayment of debt is regarded as less important than family commitments such as the church and family events. Pacific Island people have been often criticised for taking this attitude as corrupt and misguided. However, from an accountability perspective they simply represent a stance that is further towards the broad interpretation of accountability compared with than commonly held in the west.

Pacific Island people identify the rewards and sanctions of business transactions differently to those in the west. Participants in the current study indicate that Tongan business people engaged in activities that promoted relationships and elevated their social standing in the community. Forging new relationships or strengthening existing ones are regarded as the rewards of human interaction, including business transactions. Personal wealth maximisation in Tongan society is redundant where it is not coupled with recognition by the other members of the community.

Outlining rewards and sanctions in a written contract clearly defines the parameters of an accountability relationship. While some authors would argue that accountability is best defined in this way (Keating & Frumkin, 2003), in the case of Pacific Island countries, oral traditions continue to suffice the establishing of an understanding and relationship that makes its members accountable.

Part Two: A Background to Tongan Society

Tongan people identify themselves within the context of an extended family and their community. Historically this sense of community and acceptance of the hierarchical social structure maintained order and ensured the country's survival from neighbouring island nations, including Fiji and Samoa (Campbell, 1992; Crocombe, 2001). The hierarchical structure of Tongan society (Campbell, 1992; Crocombe, 2001) is apparent at all levels of its social strata. The family unit, extended family and village community all mimic that of the national hierarchy (Bain, 1993). This embedded social structure provides a template for the Tongan way of life. The influence of this embedded social structure can be seen in the way Tongan people act, make decisions, prioritise, interpret reality and carry out business. Tongans value the order that comes from acting towards the collective good rather than individual gain. They see themselves as part of a community or village and not as individuals (James, 2000; Morton, 1996). Social status is regarded as more important than personal

wealth as are the collective opinions of others. Protecting the integrity of the family name and status in the community provides an incentive for each to act for the common good. The importance placed on public perception creates a self-regulating community held together by a complex network of relationships, values and beliefs.

Crocombe (2001) makes reference to "The Pacific Way" as including a tendency to distribute and consume in the present with little regard to the future. He writes:

> The Pacific Way was used from 1970 to summarise some common values, practices and sentiments in the region which differed from those of the Europeans and Asians. These include emphasis on distribution and consumption as against saving and investment; priority for extensive kinship networks; spending a high proportion of time and resource on ceremonies associated with initiation, marriage, death, accession to chiefly titles and other community events; and lower priority for work and output (p. 159).

Crocombe's summary is incomplete, for while it provides an accurate account of the transparent characteristics of Pacific Island culture, including Tonga, it does not provide the context or rationale for why it is that way. Ceremonies associated with initiation, marriage, death, birthdays and religious festivals when they occur become the focus of all involved. These events represent opportunities to showcase Tongan traditional dance and song, food, dress and cultural protocols. Commitment to these events acts to preserve Tongan culture and in so doing preserves the social identity of Tongan communities.

In a speech to the Legislative Assembly in Tonga in 1959, Queen Salote Tupou III provides a pre-emptive message of the importance of Tongan culture in the face of technological and economic change brought about by Tonga's inevitable interaction with other countries. She is noted as saying:

> I wish that all Tongans should realize the importance of full knowledge of our customs and traditions. Research into the social past of our people is not a Tongan characteristic only, but rather the characteristic of an enlightened community. The customs of a people are its heritage and the possession of a complete knowledge of their customs will enable them to modify those customs to meet the demands of modern progress along lines most beneficial to their well being. It is the aim of this committee to stimulate among the Chiefs and People of our land a desire to hold on to what is best in our customs (cited in Campbell, 1992, p. 169).

Tongan people, both in Tonga and abroad, share a commitment to preserving their culture as evidenced by their preservation of language, observance of traditional festivals and commitment to the church (Tu'inukuafe, 1996). The outcome of this continued commitment to Tongan culture and traditional customs is a focus on the event. As these events are

observed and celebrated in the present, the result is a focus on the present rather than any other timeframe.

A Culture of Building Relationships

Building and strengthening relationships is central to Tongan culture. As a consequence Tongan society is characterised by complex multilayered relationships based on gender, family, village and community, religion politics and ability. Beliefs, values and cultural protocols both contribute and result from these complex relationships. Identity and social status is also inseparably linked to this complex network of relationships. To maintain the social status of the family and preserve its identity, relationships need to be continually forged and strengthened. While sharing resources and food provides practical solutions towards sustaining the village, it is also a vehicle for building relationships.

While specific studies in Tonga in relation to traditional land use have not been carried out, much can be learnt from equivalent studies carried out in other parts of the Pacific. These studies show findings which are consistent with Tongan protocols and traditions and with the data collected by Van Der Grijp (2004)and that of this present study. The similarity across the Pacific Island nations, including Micronesia, Melanesia and Polynesia, is hardly surprising, given the anthropological evidence suggesting they shared a common origin or had interacted significantly with one another.

Malinoski (1970) found that the Trobriand people living off the coast of New Guinea maintained a societal existence that valued the greater good of the village more than the individuals within it. The social hierarchy consisted of a chief, garden magician and people. The agriculture work was the responsibility of the village, and so each working member of the village participated in the cultivation, planting and harvest. The garden magician played the role of technical advisor, while the chief was the authority figure who settled any disputes that may arise. The garden magician, although technically knowledgeable in respect to farming and the seasonality of the various crops, was regarded as a mystic who was able to intercede with nature to provide a good harvest.   The produce was shared among the village with each male member first providing for his sisters and his sisters' families, a characteristic that the Trobriand Islanders share with both Tonga and Fiji. Giving the first and usually the best of the produce to the sisters' family is found in Fiji (Sahlins, 1970) and in Tonga (Morton, 1996). Polopolo in Tonga refers to the first and finest part of the harvest and is traditionally gifted in honour of the sisters of the father's side of the family.

The difficulty with previous attempts to understand the economics of Pacific Island society is that the framework under which such studies have been carried out are foreign (western) by nature and inconsistent with the underlying concepts prevalent in the South Pacific (Malinowski, 1970). A search of the extant literature on Tongan culture and history reveals

studies in the areas of myths and folklore (Mahina, 1996), education (Helu-Thaman, 1995; Paongo, 1996), politics and society (Bain, 1993; Campbell, 1992; Ellem, 1996; Morton, 1996; Morton Lee, 2003), the arts (Kaeppler, 1996; Mahina, 2004), but reveals a gap in relation to the impact of Tongan culture on Tongan business practices. Van Der Grijp (2004) provides an insight into recent economic development in Tonga. The framework used in this study is based on a western capitalistic construct, and while acknowledging the customs that have impacted on the growth and sustainability of businesses in Tonga, does not seek to investigate the data through a Tongan indigenous lens. A more appropriate approach was adopted by Malinowski (1970) where interpretation of the data was taken from the Trobriand Islanders' perspective. This necessarily required the appreciation of indigenous concepts which did not have an exact equivalent in the western context. While Malinowski's study was in relation to the Trobriand Islanders of Micronesia, the approach is appropriate to apply to a Tongan research context.

Distribution (tufa) of the produce or fishing catch is based on sharing or fie tokoni'akiii. Commercial exchanges are unpopular and rejected as culturally inappropriate (fai totongi). Villagers were expected to share as part of the village culture. Gifting one's excess produce is inconsistent with a western commercial framework, but presents a number of practical solutions to the problems of village economics. Without a formal medium of exchange, excess produce is directly gifted to others in the village that are in need. This process ensures each member of the village enjoys a continual supply of food. Retail networks are not required, as the gifting process is carried out between individuals. In addition, traditional gifting is characterised as not having a commercial value. Tongans measure the worth of the sharing process in terms of its social impact rather than the fair value of the items being shared. As a follow on from the sharing process, relationships are forged and strengthened, which in turn perpetuates the cycle.

Traditional distribution of food is also influenced by the available technology at the time. A fisherman with a good catch of fish will share his catch with the local village as refrigeration equipment has been generally unavailable. Similarly, the leftovers from a community feast were also quickly distributed, as storage is not practical for any period of time more than one day. In recent decades, the introduction of refrigeration equipment to the Islands by well-intentioned relatives living overseas has removed the technological barrier to food storage. However, food sharing can still be found in many rural villages despite the introduction of technology. In some villages, including my own in Manuka and Navutoka Hahake, the deep freeze unit has become a community resource for use by a number of families.

The accumulation of wealth in the western context is new to the Pacific Islands and Tonga. The purpose of agriculture is to ensure the continual provision of food supplies to feed the family and the wider community. In order to do this in a sustainable way, villagers need to work together. An unproductive harvest or poor fishing catch for one family is borne by all. The produce of one person's crop (ma'ala) is traditionally shared with the rest of the village. The sharing is not a formal exchange, but a show of strength and wealth, social status and generosity. Being parsimonious (nima ma'u meaning tight fisted) and individualistic in the

way that you distribute your produce or catch is generally regarded as negative or offensive. The opposite attribute nima – homo (meaning freely giving) is synonymous with kindness ('ofa) and being good-natured (anga lelei).

For many Pacific Island nations including Tonga, the distribution of the produce or catch confirms a family's social status and family hierarchy. In some villages, the noble for the region (vahe fonua) would also be recipient to the polopolo. In more recent times, the minister of the local church has joined the ranks of those that are to share in the polopolo or first fruits. Traditionally this act was an appeal to those who were high in the social hierarchy (including God), who may consider the act of kindness and respect as reason to grant continued good fortune in the future.

Giving in the Tongan context is partly related to social status (Campbell, 1992). This is consistent with practices found in Ponape, Caroline Islands (Bascom, 1970) and Papua New Guinea (Curry, 2005). Bascom describes the agricultural practices of the Ponapeans as being separated into three parts. These included subsistence, commercial and prestige. The first refers to agriculture that is aimed mainly at providing food for the family and village. The second is intended for sale in order to provide money to meet those needs that cannot be locally catered for (include kerosene fuel for lighting and gas for cooking). The third refers to produce intended for gifting during ceremonial occasions and community feasts. Bascom referred to this as prestige gifting, as it was intended to raise the individual's community profile and status in the village. This three way allocation of resources is still prevalent in villages in Tonga today. Prestige giving is central to the Tongan village community and families will allocate usually the best part of the crop and livestock (including pigs and or cattle) for the annual church fund-raising event (misinale), village and family events including weddings, funerals and birthdays. The practice is common in the Pacific and has been described by some writers as competitive gifting (Bascom, 1970; Crocombe, 2001; Sahlins, 1970).

Members of a village community share in the work as a matter of social responsibility. This is captured in the Tongan concepts of toka'i (respecting relationships) fetokoni'aki (helping one another) and *tauhi vā* (keeping or maintaining relationships). In New Zealand, many Tongan social groups are based on village identity. Fund raising to upgrade utilities in their home village is common, and provides a source of capital injection to these otherwise impoverished communities.

Social accountability in Tongan society is captured in the Tongan notion of *fai fatongia* (fulfilling one's responsibility). This is central to the Tongan way of life. A strong part of the Tongan mentality is acknowledging and fulfilling each person's responsibility within its complex social structure. A person's social status is strongly equated with the degree to which he or she carries out their personal, family, social and cultural responsibility. The continued harmony (*molumalu*) of the family, village and country is dependent on the notion of *fai fatongia*.

A common saying in the Tongan language is *'ko e koloa pe 'a e Tonga ko e fakamalo'*. The expression means that the Tongan individual's only asset is gratitude and draws on the importance and centrality of the sharing mentality. In what is typically a poor society, when members of a community give resources (often food) to one another, what is offered in return is no more than a humble (although public) thank you, in acknowledgement of the giver's generosity. Little or nothing is exchanged (materially) in this common practice of sharing, yet it continues through to the present day.

Helu-Thaman (1992) in encapsulating the Tongan concept of education in her Kakala (fragrant garland) metaphor, notes the role of sharing as the third and final step in the education process. The first and second refer to the plucking of the flower (selecting worthwhile knowledge or data) (toli) and preparing (compiling the data into something meaningful) (tui) it into a garland, which at its most beautiful stage is then simply given away (luva) or shared with others.

Many Tongan people associate the rewards of sharing with spiritual and indirect social wealth. The Christian concept of 'building treasures in heaven', for instance, is commonly identified as the no-material reward for kindness. Others see kindness as being rewarded through public acknowledgment that in turn contributes positively to the social status of the giver.

The sharing process is an entrenched part of Tongan culture aimed at nurturing and building relationships. These relationships are important for the preservation of Tongan society and also have an impact on Tongan business sustainability in New Zealand. The implications for Tongan businesses in New Zealand of relationship building as an aspect of Tongan culture are covered in chapters 6, 7 and 8.

Tongan society identifies with three drivers working together as the basis of Tongan culture and community. These include community or social identity, a focus on the present or event and relationship building.

The interaction of these three notions highlights the interconnectedness of the three themes behind Tongan society both past and present. The three themes are interdependent of one another. The present day focus leads to sharing, which in turn builds relationships, which strengthen society and social identity. Similarly social identity encourages relationship building through community events, which in turn encourages the present-day focus on consumption.

Tongan People living Abroad

According to the most recent census data, there are as many Tongans living abroad as there are in Tonga. Despite this relatively high proportion living overseas, Tongan people have maintained a strong attachment to their ethnic identity and way of life (Crocombe, 1973). In countries such as New Zealand, Australia and the United States, Tongan people have formed

community groups that resemble and nurture traditional Tongan society (Tu'inukuafe, 1996). These have normally taken the form of Church groups, regional clubs, ex-students' associations and more recently education and health associations. Business activities carried out by Tongan people are inevitably influenced by Tongan culture, which in a western context continues to be resilient to change.

Tongan people living in New Zealand (50,478) make up 19% of the total Pacific Island population, according to the 2006 census. 80% are resident in Auckland, with 95% living in the North Island. Of those living in Auckland, the greatest concentration is in South Auckland (48%) and in Central Auckland (38%) (Statistics New Zealand, 2007).

The most significant influx of Tongan immigrants was in the period 1969-1975 (Tu'inukuafe, 1996). Since then the population has continued to grow rapidly with Tongans having the highest birth rate of the New Zealand population (Ministry of Pacific Island Affairs & Statistics New Zealand, 2002). The relatively high birth rate has resulted in a relatively young Tongan population. The median age for Tongan people in New Zealand is 19 years, compared with 21 for the remainder of the Pacific Islands and 36 for the total New Zealand population. According to the New Zealand 2006 census, 56% of Tongans living in New Zealand are New Zealand born.

Despite the relatively young population, and the high number born in New Zealand, Tongan people have maintained and nurtured their Tongan way of life. Tu'inukuafe (1996, p. 207) writes,

> Tongan people in New Zealand cities, where they mostly live, are also engaged in learning to be more acceptable of other Tongans as Pacific port town inhabitants meet those from the surrounding villages, and as people from different islands come into contact. Through incidental encounters and through the kava drinking groups and clubs (*kalapu*), Tongans learn about each other's families and the traditions of their common homeland.

Most Tongan people (90%) in New Zealand are affiliated with a Christian church (Statistics New Zealand, 2007, p. 12), the highest rate of all the Pacific Island ethnicities. The church not only provides for their spiritual needs, but 'has become the village in New Zealand city setting. It is where language and culture is regularly practiced through meetings, seminars, choir practice, festivals and funerals, youth groups and worship' (Tu'inukuafe, 1996, p. 211). This continual preservation of language and culture has been an effective means of maintaining the Tongan identity for those living in New Zealand. Such is the effect of this village-type networked community, that the proportion of Tongans able to converse fluently in Tongan (currently 61%) increased by 1% in the five-year period to 2006 (Statistics New Zealand, 2007, p. 11). By comparison all other Pacific Island ethnicities showed a 3-4% decrease in language fluency.

The Tongan way of life is not only evident in the churches and preservation of language. Family and community networks among Tongan households closely mimic those back in

Tonga. 'Tongans in New Zealand were more likely to live in family situations than the total New Zealand population' (Statistics New Zealand, 2007, p. 13). Furthermore, the proportion living in a family situation (87%) is an increase of 3% since the last census (2001). Similarly, the number of households that comprised multiple families was proportionately higher than that for the general population. However, they were less likely to be in a situation of sharing a flat with other ethnicities or living alone. This pattern is consistent with household living arrangements in Tonga.

The statistical evidence supports a people who have long since migrated to New Zealand, but continue to preserve their way of life in terms of culture, language, community networks and social hierarchy. They have not only nurtured their traditional way of living in New Zealand, but have an ongoing connectedness to their homeland.

Continued Connectedness to Tongan Way of Life Abroad

Tongans living in Tonga and abroad share a duty to preserve their identity and culture. This is evident in their music, which continues to feature the great harmony and virtue of the monarchical hierarchy. Morton (1996) in her ethnographic study of childhood in Tonga, noted the importance and value Tongans place on their monarchical social structure. She goes further to suggest that the appreciation and preservation of "rank and status are fundamental aspects of everyday life and crucial components in the construction of individuals' sense of self" (p. 23).

Tongans living in (but not indigenous to) New Zealand face the same threats of potentially losing their cultural identity as the indigenous Indians of North America, Aborigines of Australia, indigenous Melanesians of Fiji and Maori people of New Zealand (Bishop, 2005; Crocombe, 2001; Davie, 2000; Gallhofer & Chew, 2000; Schaper, 1999). In relation to these indigenous minorities, Gallhofer and Chew (2000) argue that "indigenous peoples retaining distinctive identities have done so, even if concurrently being constituted as a unity by global forces, including the similar policies that have been pursued by imperialistic states" (p. 260). In New Zealand Tongan people have managed to preserve much of their traditional culture despite their minority status.

One of the ways in which culture is preserved is through song. Crocombe (2001) identifies this a one of the ways in which Tongan culture is maintained. He writes; "Tongan songs give tremendous emphasis to extolling the hereditary, royalty and aristocracy" (p. 191)

Tongans living abroad demonstrate their connectedness to Tongan culture through their strict adherence to protocol during events such as birthdays, weddings and funerals. Most Tongan churches in New Zealand continue to deliver sermons in the Tongan language. Popular radio programmes in New Zealand, including Radio 531PI and Niu FM were set up with the purpose of preserving Pacific Island culture and language. Television prgrammes including Tangata Pasifika, in New Zealand provide a platform for disseminating Pacific Island events

and news. The annual Polynesian festival hosted in Auckland provides an opportunity for the wider New Zealand population to appreciate and experience the various cultures of the South Pacific. Kava ceremonies (kalapu fai kava) both formal and informal, are popular and common across the New Zealand Tongan communities. In New Zealand a separate ministry (Ministry of Pacific Island Affairs) has been established to channel Pacific Island views into the political decision-making process.

The third layer of the Tongan social structure is that of the church. Introduced by the early European settlers, the role and position of the church in Tongan society is entrenched and forms part of present Tongan culture. Embracing the virtues of Christianity was relatively easy, given its close alignment to many Tongan values and beliefs. The sense of order that it introduced, together with the equality and hope afforded by Christian salvation, was immediately embraced by the common people (Crocombe, 2001, p. 217). The adoption of Christianity by the royal family and nobility contributed to this entrenchment and placed religion in a protected position in Tongan society.

Despite long periods of having lived in New Zealand, Tongan people continue to share a sceptical attitude towards self-employment. In Tonga, as in many other Pacific Island nations including Samoa, Niue and Fiji, the government sector is a significant employer. For many Tongans living in Tonga, being employed by the government is a sign of employment security and high social status. Despite the relatively poor pay, the government is regarded as a secure employer who is immune to the impact of market volatility. The Tongan reference to Ngaue fakapule'anga (working for the government) continues to be regarded in Tonga as employment of high social status. The reliance on the public sector for paid employment has become a mindset, and has possibly detracted from the development of the private sector and entrepreneurship. The mindset of shying away from self-employment is continued among Tongans living in New Zealand. For Tongans living in New Zealand, less than 5% of those employed are self-employed, and approximately 2% are employers (Ministry of Pacific Island Affairs & Statistics New Zealand, 2002). This compares with 12% and 8% respectively for New Zealand in total.

Part Three: Accountability and Tongan businesses

Preference for collective over individualistic accountability

Tongan businesses in New Zealand operate in an environment of accountability that is based on an individualistic commercial regime. However their entrenched behaviour based on collectivism is evident in their ongoing business practices. This is true for both Tongan businesses in Tongan and abroad. In the case of New Zealand, collectivist attitudes are nurtured by Tongan community groups in the form of church groups, clubs and societies, sports organisation, ethnic based professional organisation and regional communities. Tongan business people in New Zealand indicated that they held a greater appreciation for their

collective accountability to their community and family than that of their commercial stakeholders. A number of small Tongan businesses included in the current study placed greater priority in meeting their extended family commitments above that of their business. Examples of this collective prioritising included, deferring tax payments and payments to creditors, late or incomplete filing of financial statements and non-formalisation of employment contracts with staff. This view, although detrimental to the success of their business, was echoed by Pacific business consultants who were also part of this study.

Preference of collective over individualistic responsibility to the business

Tongan business owners demonstrated a preference to rank their personal, family and community obligations above that of their business. This observation is consistent with their collective mindset, which unlike an individualist regime, does not separate the needs of the owner from that of the business. For many Tongan small businesses, the business is not legally separate from the owner, since they are not registered companies. However, Godfrey et al (2006) writes "for accounting purposes, the enterprise is separate from its owners"(p. 102) irrespective of the organisational structure.

The rationale for isolating a business entity as separate from its owners in a western context includes several threads. The first relates to taxation accountability. The second is to define the reporting unit so as to allow accurate and objective measure of its financial performance and position. This information is used to inform the owners as to the economic viability of their investment. Under a Pacific Island collectivist framework, the relevant entity is the community or village (Bain, 1993; Campbell, 1992; Clarke, 1994; Crocombe, 2001; Morton, 1996). The success or failure of a business impacts on the entire village. A business in that context is part of the community and its performance or lack thereof is the responsibility of the community. Talanoa with members of the Tongan community provides evidence of this in relation to Tongan businesses. Successful Tongan businesses are discussed in terms of the generosity of the owner, the family from which he or she comes from and the village or region in Tongan they come from. Similarly, unsuccessful businesses are a potential scourge on the reputation of the owner's extended family and home village.

The introduction and implementation of the accounting entity principle to Tongan businesses has resulted in both negative and positive outcomes. Although the unselfish gifting of resources to the businesses has clearly been beneficial to the business entity, unmanaged private use of business resources has the opposite effect. A number of Tongan business people who were unable to fully understand the accounting entity principle tended to draw down the resources of the business to the extent that its economic viability was compromised. Although the business owners included in this study did not disclose that this may have been the case in their business, each of the business consultants outlined that this was a common problem among Pacific island business. Business consultant BC1 comments:

Entrepreneurs need to be careful of how much they take from the business especially at the early stages of the business...People who have demonstrated this sense of discipline in the early start-up of their business have come through to being more success and sustainable. The same cannot be said of those that have not demonstrated this sense of discipline (BC1: 19:40)

Tongan business owners share the same sense of giving as other Tongans in Tonga and New Zealand. This is supported by the amount of money remitted back to Tonga on an annual basis (R. C. Brown, 1994, 1998; R. P. C. Brown & Ahlburg, 1999; R. P. C. Brown & Walker, 1995; Cowley, Paterson, & Williams, 2004). Most of the Tongan businesses included in this study made donations to family members and community organisations, including relatives and friends in Tonga. This is a potential drain on the resources of the business. While some Tongan businesses withdraw too much from the business (according to the view of the business analysts) and thereby compromise its sustainability, others have successfully managed the challenge through planning. A number of Tongan business owners (generally the more successful) include as part of their business cost structure a fixed wage which marks the limit to which they can draw down the business' resources. C1, C3, C5, C6, C11, C17 and C15 specifically mention setting up a fixed wage for themselves rather than withdrawing the residual income of the business. C3 further discussed budgeting for extended family commitments, so as to limit the amount gifted. Businesses tended to introduce these control mechanisms in order to help manage the operational sustainability of the business rather than to formally recognise the accounting entity principle.

Another negative consequence with the introduction of the accounting entity concept has been with Tongan worker attitudes. In line with the collectivist attitude of cooperation and sharing, many Tongan businesses indicated a preference to employ Tongan workers or engage Tongan contractors. Despite their good intentions, the outcome in an anti-commons environment, characterised with employment contracts, minimum wages and set working conditions has alienated the workers from the business. Some workers became opportunistic as in the case of C15 and C5 and selfishly carried out the minimum tasks specified in their employment contract, because they felt separated from the business and alienated.

Accountability to employees

Tongan businesses included in this study showed a casual attitude towards formal employment relations yet continued to maintain a preference to hiring Tongan employees out of a sense of collective responsibility and accountability to the community.

Many of the Tongan businesses included in this study struggle with HRM issues, partly because of resource constraints and also because of unfamiliarity with the employment environment and employment law. Although the Tongan business owners involved in the study appreciated the value of education and training, financial constraints often prevented

their implementation. Most of the Tongan business people in this study acknowledged the benefit of education and were able to gain this through formal training or through work experience. However, specific skills in business management and accounting were comparatively lacking. While these have been overcome in part through contracting the services of accountants and other business professionals, these have been aimed at compliance rather than the day-to-day operational management of the business. BC1 suggests that education and training in business management is an important skill to have in any small business, and should be incorporated into the planning phase.

The general attitude that many Tongan businesses have in relation to staff development and training is to regard it as positive, but ranking low on the priority list when it comes to practice. This is consistent with the general small business literature and the traditional Tongan focus on prioritising those activities that are in the present rather than the future. In this regard, training and development are investments in staff for the benefit of future periods at the cost of the present.

The human resources management challenges that many Tongan businesses face are compounded by the fact that they are family businesses employing family members and that obligations to assist others in the Tongan community will mean that many employees are also Tongan. This is both an advantage and a disadvantage to the firm. As part of their embedded sense of social identity some Tongan businesses are formed with goals based on the collective benefit to the family and community and not exclusively that of profit maximisation. Kuratko et al (1997) suggest that "the relevant goals set for entrepreneurs are not relegated to traditional performance orientated goals. While traditional financial success seems to be part of the goal set, entrepreneurs are also motivated by the security and autonomy they can provide for themselves and their families"(p. 31).

Tongan businesses, as with many family firms, share a culturally based desire to employ co-ethnic workers (Miller, Le Breton-Miller, & Scholnick, 2008). This is consistent with their traditional sense of social identity and building relationships in their own community, and increases the social status of the business owner. Tongan businesses also tend to employ co-ethnic workers because of their familiarity with Tongan ideology and the additional personal information about the worker they are able to gain through Tongan community networks. Some workers are personally recommended by friends and relatives and since the offer of work is regarded under such circumstances as a favour on the part of the owner, a sense of loyalty and trust is established at the outset. C2 and C4 are examples of businesses that make extensive use of Tongan community networks to gain competent workers.

The talanoa sessions with a number of Tongan businesses (including C2, C4, C12, C14, C16 and C17) reveal the existence of incidences of illegal employment practices. Further discussion with other members of the Tongan community confirmed the relatively widespread nature of the practice. However, specific details were not discussed openly because of its potential illegality and for the protection of the workers involved. One type of practice is the employment of illegal co-ethnic workers. Tongans who do not hold a work

permit are employed by Tongan businesses as a patriotic gesture of good faith. These employment arrangement are informal and workers are paid "under the table", so as to not be detected by the employment authorities. These casual employment arrangements have had mixed success for the business owners and workers. Discussions with members of the Tongan community who have worked under these circumstances tell of cases of not being paid and working under harsh conditions. Others appreciate the opportunity to work and earn an income that their residency status would not otherwise allow. Similarly, some Tongan employers complain of workers being inefficient and not turning up for work, while others share positive working experiences of co-ethnic workers. The owners of C2, C4, C13 and C16 tell of experiences they had where co-ethnic workers were found unreliable and unappreciative of the opportunity that had been given to them. The owners of C2 and C4, however, believe that these cases are few and maintain a commitment to assisting co-ethnic workers.

The conflicting experiences of worker exploitation and poor worker performance suggests a possible lack of communication and breakdown of the relationship, facilitated by the significant imbalance in power and lack of detail in the expectations of both parties.

The employment arrangements with co-ethnic workers for the businesses included in this study are formal in nature and yet they mimic the same issues as the casual employment arrangements. The owners of C2, C3, C4, C17 and C20 believe that the majority of experiences they have with co-ethnic workers are positive. They find that many co-ethnic workers are hard-working, focused and committed to the success of the business. The owners of these businesses feel that their loyalty is related to the genuine good nature of these workers and the realisation that the success of the business ensures their ongoing employment. The owners of C5 and C8 both spoke of negative experiences they had with co-ethnic workers. Both say that employing co-ethnic workers blurs the boundary between employer and employee leading to inefficiency. Furthermore, Tongan workers use their common heritage as leverage to bypass disciplinary action and processes. They also feel that Tongan workers, at least in their industry (painting and automotive repair), share an uncommitted attitude and as a result are generally unreliable.

Although both of these businesses no longer employ Tongan workers, they comment that the decision is made with some regret and disappointment with the behaviour of their own community. The owners of C5 and C8 regard the use of 'arm's length' employment arrangements, not involving Tongan workers, as more productive for the firm. In addition, they are more at ease dealing with disciplinary and performance issues that do not involve Tongan workers.

A distinguishing characteristic of C5 and C8 are that both owner managers are quiet by nature and share a 'lead by example' management style. This style of leadership is conducive to having a friendly working environment, but lacks the stern hierarchical and chiefly leadership style that is common in Tongan society. It is therefore possible that the behaviour of the Tongan staff is linked to the non-traditional passive leadership style of these particular

managers. The owner of C4, by contrast, displays an aggressive leadership style that is effective and which the workers and contractors respect.

The owner of C1, a communications and public relations company, says that he employs workers based on skill and that ethnicity is not a deciding factor. However, given that few Tongans have qualifications or experience in this field, the likelihood of this becoming an issue is small.

A feature of many Tongan businesses is that they are family firms employing family members. Based on Maslow's hierarchy of motivational needs (Maslow, 1954), Ward (1997) suggests that at the base of the motivational pyramid, representing the initial reasons for starting a business is that of "providing family members with employment or withholding liquidity wealth from future generations" (p. 335). For each of the Tongan businesses included in this study, providing employment for the owner and secondly to other members of the family was a key motivation.

Many of the smaller businesses included in this study did not employ external (non-family members) staff and represent husband and wife partnership operations. These operations are characteristically smaller and represent businesses that are at the early stage of growth. For these businesses, the challenge is not so much one of human resource management as it is attention to the accounting entity principle. C6, C7 and C9 represent businesses that do not employ external staff, yet have managed to keep the financial affairs of the owner separate from that of the business. In each case these owners comment on the importance of this separation and make reference to businesses they are aware of that have failed through overdrawing on the cash of the business for personal reasons. Business consultants BC1, BC2 and BC3 during the talanoa session all emphasise the importance of business owners limiting their withdrawals to the equivalent of a regular wage. Business consultant BC2 likens the attention that business owners give to their business to raising a child or growing a plant and ensuring that it be given that opportunity to grow. She explains;

> I think it is making sure you don't take a lot of money out of the business yourself for yourself especially in the early stages.. These people who are like that (careful not to over withdraw from the firm) see themselves as a business. (BC2: 19.55)

For many Tongan family businesses that employ only immediate family members, human resource management is not an issue. In relation to husband and wife operations (including C6, C7 and C10), human resource management issues are absent through having a greater sense of shared responsibility between the co-owners. Similarly, in the case of C13 (agricultural importer) where the adult children are also employed, employment issues are overtaken by common family values and objectives, ensuring a united approach to the operation and management of the business (W. G. Dyer, Jnr, 2006; Miller et al., 2008).

While common family values and aims can unify family workers in family business, they can also be a source of concern leading to compromises in business performance (W. G. Dyer, 1988; King, Solomon, & Fernald Jr, 2001; J L Ward, 1988; Welsch, 1993). King et al (2001) writes that "the family's values and culture create a level of complexity in strategic planning of human resources not seen in human resource planning of a non-family business" (p. 3). Two businesses discussed the reservations they have in employing family members. In particular, the owners of C5 and C16 tell of negative experiences they have had in employing family members, especially those that were not part of their immediate family. In particular they raise the frustration and awkwardness regarding disciplining family employees who are not performing. In one case the owner deliberately arranged for the family worker to report to an external manager (not a member of the family) to avoid this happening. Members of the owner's immediately family (spouse, siblings, children and parents) who are employed by the firm generally regard themselves as part owner of the firm although this is not legally the case. As such, their commitment to the continuity and success of the business is more entrenched. Where family employees are from the extended family, particularly the children of the sister of a male owner, traditional family hierarchies start to undermine employer employee relationships. Business consultant BC3 mentions that problems with the traditional concept of fahu (respect and responsibility that exist between a brother and sister) in a number of cases he is aware of, resulted in the near collapse of the business.

The issue is probably quite widespread, but business owners are unlikely to talk negatively about other family members as a matter of family and cultural integrity.

Accountability to customers

Tongan businesses in this study all echoed the importance of image and reputation. This focus is not only good for business sustainability, but is consistent with the Tongan ethnic characteristic of relationship building. Tongan business owners regard their business as an extension of themselves, their family and community. Preserving this image through their business transactions serves to benefit the business, plus their personal and collective social standing.

Each of the businesses in this study demonstrates a strong focus on customer service. Cooper et al (2005) in their comparison between the customer relations management (CRM) practices of family companies and non-family companies found that they employ different tactics. In particular, non-family firms employ tactics that are more sophisticated, involving "high levels of investment" (p. 252), while family firms "are more like to use more traditional, less risky versions of CRM" (p. 252). However, they conclude that there is no indication that one is more or less effective than the other. Niehm et al (2008) found that family-owned business success was positively correlated with the firm's commitment to the community. Tongan businesses are like the family businesses discussed by Cooper et al (2005) and Niehm et al (2008) in-so-far as they approach customer services management using the traditional

approach of relationship building. C3 suggests that the success of her business is the result of building good relationships with customers.

> What really works is actually we build the customer relationship with our customers. Some of our customers that stays with us from the very beginning, even some advertisers (C3: 14.21).

> My theory of business is that you build the relationship (C3:22:10)

For C1, maintaining strong networks with the local ethnic community is important for maintaining good customer relationships and awareness of changes in community needs.

> And I also wanted to have a really good network of community groups, church leaders, and all of that. I wanted to be the man. I wanted to be the man that you go to for this kind of work (C1:18:07).

Customer relations management is important for Tongan business sustainability, because of the relatively small size of the customer market. Stories of good and poor service travel quickly in ethnic minority communities, making it more important that public image is not compromised. While most of the businesses included in this study are not experts in marketing, they all share the goal of securing and maintaining good customer relations. This is more easily achieved within their own Tongan community, which many rely on as their first group of customers. Reaching a wider group of clients is a more difficult exercise and requires greater investment in mainstream marketing activities that many are unable to afford. Building strong and ongoing relationships with customers is important for repeat business, but is also consistent with Tongan traditions of building and preserving relationships.

Implications for Business Sustainability and Summary

The meaning and application of accountability for Tongan business people is based on their Tongan culture. Tongan culture, based on collectivism, leads to a situation where many Tongan entrepreneurs view accountability in its widest interpretation. Accountability is more than the mutual obligation between parties in a commercial contract, and includes the collective responsibility that members of a community have to one another. In the Tongan context, this is particularly strong as the forging and nurturing of relationships is a key motivation to all human activity including commerce. The existence of a collective social identity promotes wealth sharing, and provides a self-regulating mechanism against the incidence of fraud and malfeasance. However, the maintenance of these ideals in a individualistic capitalistic society has been difficult leading to greater probability of business failure. Maintaining a individualistic profit motive, observing the accounting entity and meeting the contractual obligations of the firm are essential for business to be viable in a western commercial market context. While the collective responsibilities to the community

are important and in many cases unavoidable, they should not be at the cost of the business failing.

In the case of human resource management, the sense of accountability to the extended family and community has resulted in employing family members and co-ethnic workers despite their technical and professional unsuitability.

On a positive note, the broad understanding of accountability, held by many Tongan businesses has positively impacted in their marketing strategies and customer retention. Public image and social standing are highly regarded in communities where relationships between members are entrenched.

Tongan businesses operating in a western commercial context need to find a balance between the competing demands of their individualistic based accountability and the often unwritten yet entrenched accountability they have to their family and community. These collective accountabilities are real and should not be ignored on the grounds that they are cultural and often unwritten. The case of environmental reporting is an example of a collective type of accountability that needs to be embraced by firms. Similarly Tongan business operators must not disregard their accountability at the individual for they are to ensure that their business continues to be viable.

References

Bain, K. (1993). *The New Friendly Islanders*. London: Hodder and Stoughton.
Bascom, W. R. (1970). Ponapean Prestige Economy. In T. G. Harding & B. Wallace (Eds.), *Cultures of the Pacific: Selected Readings* (pp. 85-93). New York: The Free Press.
Berry, A. J. (2005). Accountability and control in a cat's cradle. *Accounting Auditing and Accountability Journal, 18*(2), pp. 255-297.
Bishop, R. (1998). Freeing ourselves from neo-colonial domination in research: a Maori approach to creating knowledge. *Qualitative Studies in Education, 11*(2), pp. 199-219.
Bishop, R. (2005). Freeing Ourselves From Neocolonial Domination in Research: A Kaupapa Maori Approach to Creating Knowledge. In N. K. Denzin & Y. S. Lincoln (Eds.), *The Sage Handbook of Qualitative Research* (3rd ed., pp. 109-138). London: Sage.
Boston, J., & Eichbaum, C. (2008). Financial management and democratic accountability: lessons from New Zealand. In M. Ezzamel, N. Hyndman, A. Johnsen & I. Lapsley (Eds.), *Accounting in Politics: Devolution and democratic accountability* (pp. 109-133). London: Routledge.
Brown, A. M., & Tower, G. (2002). Traditional and Western Accounting Disclosure Models for Pacific Island Countries' Entities. *Pacific Accounting Review, 14*(1), 43-66.
Brown, R. C. (1994). Migrants' remittances, savings and investment in the South Pacific. *International Labour Review, 133*(3), pp 347-367.
Brown, R. C. (1998). Do migrants' remittances decline over time? Evidence from Tongans and Western Samoans in Australia. *The Contemporary Pacific, 10*(1), pp 107-145.
Brown, R. P. C., & Ahlburg, D. A. (1999). Remittances in the South Pacific. *International Journal of Social Economics, 26*(1/2/3), pp 325-344.
Brown, R. P. C., & Walker, A. (1995). Migrants and their remittances: results of a household survey of Tongans and Western Samoan in Sydney. *Pacific Studies Monograph, No.17*(Centre for South Pacific Studies, University of New South Wales, Sydney).

Campbell, I. C. (1992). *Island Kingdom: Tonga ancient and Modern*. Christchurch: Canterbury University Press.

Campbell, I. C. (1994). The Doctrine of Accountability and the Unchanging Locus of Power in Tonga. *The Journal of Pacific History, 29*(1), 81-94.

Campbell, I. C. (2005). The Quest for Constitutional Reform in Tonga. *The Journal of Pacific History, 40*(1), 91-104.

Clarke, W. C. (1994). Traditional land Use and Agriculture in the Pacific Islands. In J. Morrison, P. Geraghty & L. Crowl (Eds.), *Science of Pacific Island People* (Vol. 2, pp. 11-37). Suva: Institute of Pacific Studies.

Cooper, M. J., Upton, N., & Seaman, S. (2005). Customer Relationship Management: A Comparative Analysis of Family and Nonfamily Business Practices*. *Journal of Small Business Management, 43*(3), pp. 242-256.

Cowley, E. T., Paterson, J., & Williams, M. (2004). Traditional Gift Giving Among Pacific Island Families in New Zealand. *Journal of Family and Economic Issues, 25*(3), 431-444.

Crocombe, R. G. (1973). *The New South Pacific*. Canberra: Australian National University Press.

Crocombe, R. G. (2001). *The South Pacific*. Suva, Fiji: University of the South Pacific.

Curry, G. N. (2005). Doing "Business" in Papua New Guinea: The Social Embeddedness of Small Business Enterprises. *Journal of Small Business and Entrepreneurship, 18*(2), pp 231-246.

Davie, S. S. K. (2000). Accounting for imperialism: a case of British-imposed indigenous collaboration. *Accounting, Auditing & Accountability Journal, 13*(3), pp 330-359.

Davie, S. S. K. (2005). The politics of accounting, race and ethnicity: a story of a Chiefly-based preferencing. *Critical Perspectives in Accounting, 16*, 551-577.

Davis, K. (1973). The Case for and agianst Business Assuptions of Social Responsibility. *Academy of Management Journal, 16*(2), 312-322.

Dyer, W. G. (1988). Culture and Continuity in Family Firms. *Family Business Review, 1*(1), pp. 37-50.

Dyer, W. G., Jnr. (2006). Examining the "Family Effect" on Firm Performance. *Family Business Review, XIX*(4), pp. 253-273.

Ellem, E. W. (1996). Chief Justice of Tonga 1905-40. In P. Herda, J. Terrell & N. Gunson (Eds.), *Tongan Culture and History* (pp. 170-186). Canberra: The Journal of Pacific History.

Etzioni, A. (1988). *The Moral Dimension: Towards a New Economics*. New York: The Free Press.

Gallhofer, S., & Chew, A. (2000). Introduction: accounting and indigenous peoples. *Accounting Auditing and Accountability Journal, 13*(3), pp. 256-267.

Gamble, A., & Lapsley, I. (2008). The Westminster model of government; Challenge and tensions. In M. Ezzamel, N. Hyndman, A. Johnsen & I. Lapsley (Eds.), *Accounting in Politics: Devolution and democratic accountability* (pp. 8-17). London: Routledge.

Godfrey, J., Hodgson, A., Holmes, S., & Tarca, A. (2006). *Accounting Theory* (6th ed.). Australia: John Wiley & Sons.

Gray, R., Owen, D., & Maunders, K. (1988). Corporate Social Reporting: Emerging Trends in Accountability and the Social Contract. *Accounting Auditing and Accountability Journal, 1*(1), pp. 6-20.

Helu-Thaman, K. (1992). Looking Towards the Source: A Consideration of (Cultural) Context in Teaching Education. *ACCESS Critical Perspectives in Education Policy, 11*(2), 44-50.

Helu-Thaman, K. (1995). Concepts of Learning, Knowledge and Wisdom in Tonga, and their Relevance to Modern Education. *Prospects, XXV*(4), pp 723-733.

James, K. (2000). Local hierarchies of authority and development. In A. Hooper (Ed.), *Culture and Sustainable Development in the Pacific* (pp. 131-141).

Kaeppler, A. L. (1996). Art, Aesthetics, and Social Structure. In P. Herda, J. Terrell & N. Gunson (Eds.), *Tongan Culture and History* (pp. 59-71). Canberra: The Journal of Pacific History.

Keating, E. K., & Frumkin, P. (2003). Reengineering Nonprofit Financial Accountability: Toward a More Reliable Foundation for Regulation. *Public Administration Review, 63*(1), 3-15.

King, S. W., Solomon, G. T., & Fernald Jr, L. W. (2001). Issues in Growing a Family Business: A Strategic Human Resources Model. *Journal of Small Business Management, 39*(1), 1-13.

Kramer, H. E., & Herbig, P. A. (1994). Germany and the Pacific Islands: A cross-cultural marketing. *Marketing intelligence and planning, 12*(11), pp 36-40.

Kuratko, D. F., Hornsby, J. S., & Naffziger, D. W. (1997). An Examination of Owner's Goals in Sustaining Entrepreneurship. *Journal of Small Business Management, 35*(1), 24-34.

Larmour, P. (2005). Corruption and Accountability in the Pacific Islands. Unpublished Discussion Paper. The Australian National University.

Larmour, P. (2006). *Culture and Corruption in the Pacific islands: Some Conceptual Issues and Findings from Studies of National Integrity Systems* (No. 06-05): The Australian National University.

Larrinaga, C., Carrasco, F., Correa, C., Llena, F., & Moneva, J. M. (2002). Accountability and accounting regulation: the case of the Spanish environmental disclosure standard *The European Accounting Review, 11*(4), pp. 723-740.

Laughlin, R. C. (1990). A Model of Financial Accountability and the Church of England. *Financial Accountability and Management, 6*(2), 93-114.

Lerner, J. S., & Tetlock, P. E. (1999). Accounting for the Effects of Accountability. *Psychological Bulletin, 125*(2), pp. 255-275.

Mahina, O. (1996). Myths and History:some aspects of history in Tu'i Tonga myths. In P. Herda, J. Terrell & N. Gunson (Eds.), *Tongan Culture and History* (pp. 30-45). Canberra: The Journal of Pacific History.

Mahina, O. (2004). *Reed Book of Tongan Proverbs: Ko e Tohi 'a e Reed ki he Lea Tonga Heliaki*. Birkenhead Auckland NZ: Reed Publishing Ltd NZ.

Malinowski, B. (1970). The Primitive Economics of the Trobriand Islanders. In T. G. Harding & B. J. Wallace (Eds.), *Cultures of the Pacific: Selected Readings* (pp. 51-62). New York: The Free Press.

Maslow, A. H. (1954). *Motivations and Personality*. New York: Harper.

Mattli, W., & Buthe, T. (2005). Accountability in Accounting? The Politics of Private Rule-Making in the Public Interest. *Governance: An International Journal of Policy, Administration, and Institutions, 18*(3), pp. 399-429.

McDonald, M. (2000). Accountability, anthropology and the European Commission. In M. Strathern (Ed.), *Audit Cultures: Anthropological studies in accountability, ethics and the academy* (pp. 106-132). London: Routledge.

Miller, D., Le Breton-Miller, I., & Scholnick, B. (2008). Stewardship vs.Stagnation: An Emperical Comparison of Small Family and Non-Family Businesses. *Journal of Management Studies, 45*(1), pp. 51-78.

Ministry of Pacific Island Affairs, & Statistics New Zealand. (2002). *Pacific Progress: A report on the economic status of Pacific Peoples in New Zealand*. Wellington: Ministry of Pacific Island Affairs & Statistics New Zealand.

Morton, H. (1996). *Becoming Tongan: An Ethnography of Childhood*. Honolulu: University of Hawai'i Press.

Morton Lee, H. (2003). *Tongans Overseas Between Two Shores*. Honolulu: University of Hawaii Press.

Nabobo, U., & Teasdale, J. (1995). Education for cultural identity: A Fiji case study. *Prospects, XXV*(4), pp 695-706.

New Zealand Institute of Chartered Accountants. (2007). *Applicable Financial Reporting Standards - Volume 2: New Zealand Equivalent to International Financial Reporting Standards* (Vol. 2). Auckland: Publishing Press Limited.

Niehm, L. S., Swinney, J., & Miller, N. J. (2008). Community Social Responsibility and Its Consequences for Family Business Performance. *Journal of Small Business Management, 46*(3), pp 331-350.

Nobes, C. (1998). Towards a General Model of the Reasons for International Differences in Financial Reporting. *ABACUS, 34*(2), pp. 162-187.

Paongo, K. (1996). The Nature of Education in Pre-European to Modern Tonga. In P. Herda, J. Terrell & N. Gunson (Eds.), *Tongan Culture and History* (pp. 134-144). Canberra: The Journal of Pacific History.

Patton, J. M. (1992). Accountability and Government Financial Reporting. *Financial Accountability and Management, 8*(3), 165-180.

Saffu, K. (2003). The role and impact of culture on South Pacific island entrepreneurs. *International Journal of Entrepreneurial Behaviour & Research, 9*(2), pp 55-73.

Sahlins, M. D. (1970). Production, Distribution, and Power in a Primitive Society. In T. G. Harding & B. Wallace (Eds.), *Cultures of the Pacific* (pp. 78-84). New Yord: The Free Press.

Schaper, M. (1999). Australia's Aboriginal Small Business Owners: Challanges for the Future. *Journal of Small Business Management, 37*(3), pp 88-93.

Schaper, M. (2002). The Future Prospects for Entrepreneurship in Papua New Guinea. *Journal of Small Business Management, 40*(1), 78-83.

Shore, C., & Wright, S. (2000). Coercive accountability: the rise of audit culture in higher education. In M. Strathern (Ed.), *Audit Cultures: Anthropological Studies in accountability, ethics and the academy* (pp. 56-89). London: Routledge.

Statistics New Zealand. (2007). *Tongan People in New Zealand*. Wellington: Statistics New Zealand.

Steccolini, I. (2004). Is the annual report an accountability medium? An empirical investigation into Italian local government. *Financial Accountability and Management, 20*(3), pp. 327-350.

Strathern, M. (2000). New Accountabilities:Anthropological studies in audit, ethics and the academy. In M. Strathern (Ed.), *Audit Cultures: Anthropological studies in audit, ethics and the academy* (pp. 1-18). London: Routledge.

Tu'inukuafe, E. (1996). Tongans in New Zealand - A Brief Study. In P. Herda, J. Terrell & N. Gunson (Eds.), *Tongan Culture and History* (pp. 206-233). Canberra: The Journal of Pacific History Inc.

Van Der Grijp, P. (2004). *Identity and Development: Tongan Culture, Agriculture, and the Perenniality of the Gift*. Netherlands: KITLV Press.

Ward, J. L. (1988). The Special Role of Strategic Planning for Family Businesses. *Family Business Review, 1*(2), 105-117.

Ward, J. L. (1997). Growing the family business: special challenges and best practice. *Family Business Review, 10*(4), 323-338.

Welsch, J. H. M. (1993). The Impact of Family Ownership and Involvement on th eProcess of Management Succession. *Family Business Review, 6*(1), pp 31-54.

---

[i] Adam Smith's 1776 landmark work '*A Treatise on the Wealth of Nations*' described a situation where individuals will seek to maximise their wealth in commercial transactions as if guided by an 'invisible hand' and in so doing ensured that the market maintained a level of general equilibrium.

[ii] The closest translation of the word sharing is fie *tokoni'aki* which literally means helping one another.