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Equitable Development?
Good Governance, Women and Micro-Enterprise Initiatives in the
Cook Islands

*A thesis presented in partial fulfilment of the requirements for the degree of Master of
Philosophy in Development Studies at Massey University*

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ABSTRACT

In light of the importance that development agencies have placed on good governance policies, micro-enterprise initiatives, and the role of women in development in recent years, this thesis addresses the question:

Have the incentives for Cook Islands women to begin micro-enterprises under good governance reforms led to equitable development?

It begins by examining the ways in which good governance policies could both stimulate and detract from equitable development for female micro-entrepreneurs both in theory and practice. An evaluation of the impact that the Cook Islands' Economic Reform Programme has had on equitable development for former public service employees who began a micro-enterprise follows. In accordance with Longwe's (1994) Women's Empowerment Framework, equitable development is measured in terms of material welfare, access to the factors of production, society's willingness to alter the gendered division of labour, participation in decision-making processes, and control over both the factors of production and the benefits of development.

This thesis argues that an expansion of the micro-enterprise sector of an economy will not automatically follow the implementation of good governance policies. While the land tenure system could favour smaller businesses in the Cook Islands, Western-style business practices have sometimes conflicted with cultural norms, and micro-entrepreneurs have been disadvantaged in international and local markets by their limited resource bases and poor economies of scale. In addition, by reducing the amount of cash available to consumers and stimulating significant migratory outflows, the economic reforms have further fuelled regional inequalities by making it more difficult for entrepreneurs residing on the outer islands than those based on Rarotonga to begin businesses.

This thesis also concludes that the operation of micro-enterprise initiatives has had a mixed impact on equitable development for Cook Islands women. More men than women have benefited from Government business incentives and Cook Islands women have typically been restricted to industries that yield low returns because of their skill mixes. In addition, while many have enjoyed increased flexibility in their time use, fewer Government services coupled with the effort required to manage their businesses have increased some women's workloads, causing poor health, reducing the time that they have spent with their families and precluding some from participating in decision-making processes. On a positive note, the growth in tourism has supported the micro-enterprise ventures of Cook Islands women. In addition, successful female micro-entrepreneurs have been empowered by improvements in their self-confidence, personal income, and access to credit, together with more equitable divisions of labour and greater control over family businesses and household incomes.

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GLOSSARY OF TERMS AND ABBREVIATIONS

ADB	Asian Development Bank
AESOP	AESOP Business Volunteers Ltd is an Australian organisation which matches businesses that need technical advice with suitably qualified volunteers
AusAID	Australian Agency for International Development
CIANGO	Cook Islands Association of Non-Government Organisations
CIDB	Cook Islands Development Bank
CISB	Cook Islands Savings Bank
CITC	Cook Islands Tourism Corporation
DAC	Development Assistance Committee
DIB	Development Investment Board
ERP	Economic Reform Programme
GDP	Gross Domestic Product
GGP	Good Governance Programme
HDI	Human Development Index
IFIs	International Finance Institutions
IMF	International Monetary Fund
MFAT	New Zealand Ministry of Foreign Affairs and Trade
MIRAB	An economic system whose evolution is determined by migration, remittances, aid and bureaucracy
MOWEPP	Ministry of Works, Energy and Physical Planning (Part of the Cook Islands Government). This Ministry is responsible for the Punanga Nui market
NGO(s)	Non-Government Organisation(s)
NZODA	New Zealand Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PIIDS	Pacific Islands Investment and Development Scheme
SBEC	Small Business Enterprise Centre
SPARTECA	South Pacific Regional Trade and Economic Agreement

Transitioned	A term used in the Cook Islands in place of the phrase ‘made redundant’. Former public sector employees who lost their jobs or chose to leave the public service as a result of the Economic Reform Programme are often referred to as having been ‘transitioned’.
UNDP	United Nations Development Programme
UNICEF	United Nations Children’s Fund
VAT	Value Added Tax

GLOSSARY OF COOK ISLANDS MAORI TERMS

<i>Ariki</i>	High Chief, ruler over a tribe
<i>Ei</i>	Necklace, garland, wreath
<i>Maire</i>	A scented fern
<i>Mataiapo</i>	Head of a sub-tribe subject to the <i>ariki</i> as far as the whole tribe is concerned and owing him traditional allegiance but otherwise largely independent as head of his own family group and owning land in his own right. The title is commonly held by the eldest child, passing to the next eldest and thus down the line in that generation, passing eventually to the eldest son in the next generation, though the title is elective and unsuitable members may be passed over if the families think fit
<i>Nono</i>	A small tree growing a fruit used for medicinal purposes
<i>Punanga Nui</i>	Market based in Rarotonga where products such as fruit, vegetables, fish, cooked food, crafts, artwork and music are sold
<i>Punanga Tauturu</i>	Centre based in Rarotonga providing support for victims of abuse, advice on legal rights and legal literacy training
<i>Rau</i>	Ban placed on sections of the coast line to protect the environment by preventing people from fishing in that area for a certain period of time
<i>Umu</i>	Underground oven

Sources:

1. Buse, J. with Taringa, R. (1995) *Cook Islands Maori Dictionary* Canberra:Ministry of Education, Government of the Cook Islands
2. Cook Islands people

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

For many years development programmes have sought to improve women's income earning potential based on the assumption that economic empowerment will lead to an enhancement in their status and well-being. This has led to the popularity of micro-enterprise projects for women, which, more recently, have been implemented as part of good governance programmes. In examining women's micro-enterprise initiatives in the Cook Islands, this thesis will test the relationships between good governance, gender and micro-enterprise development with reference to the Cook Islands' economic reform programme (ERP) implemented by the Cook Islands Government with the assistance of the Asian Development Bank (ADB) and the New Zealand Official Development Assistance (NZODA) programme. This study will involve extensive reviews of literature on topics such as good governance and micro-enterprise development, combined with interviews with staff of the New Zealand Ministry of Foreign Affairs and Trade (MFAT). Former public sector employees, business leaders, women's leaders, Government officials and consultants will also be interviewed as part of the empirical work to be conducted in the Cook Islands in May 2000.

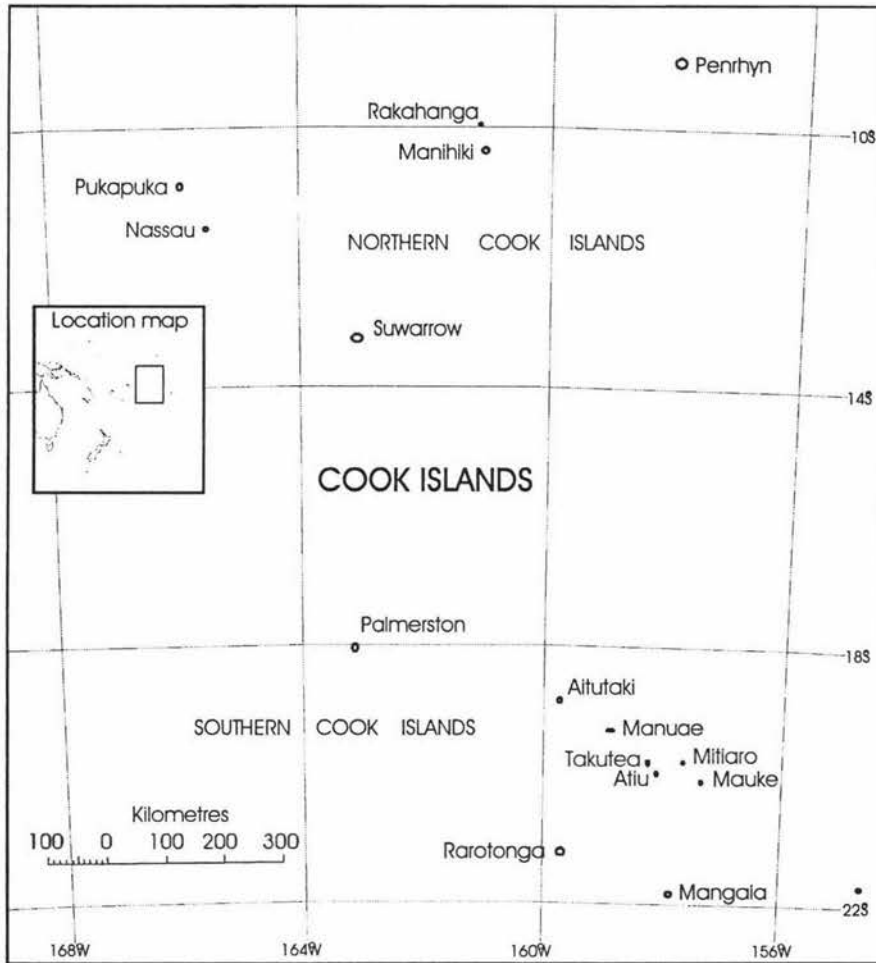
This chapter will introduce the research by discussing the key development themes related to the topic. It will then outline the research design before presenting an overview of the thesis. Firstly, however, a brief introduction to the Cook Islands is appropriate.

1.2 THE COOK ISLANDS

The Cook Islands comprise 15 geographically dispersed islands in the South Pacific. A map of the Cook Islands group, together with its location in relation to Australia and New Zealand, is contained in Figure 1.1. The islands of the Cook Islands can be separated into three main categories: the Northern group, the Southern Group and Rarotonga. There are 6 islands in the Northern Group: Penrhyn, Rakahanga, Manihiki, Pukapuka, Nassau and Suvarrow and all are coral atolls. In contrast the islands in the Southern group: Palmerston, Aitutaki, Manuae, Mitiaro, Takutea, Atiu, Mauke and Mangaia are volcanic. Rarotonga, also volcanic, houses the capital Avarua, and is the

centre of most business and tourism activities. The resident population for all islands was approximately 15,000 in December 1999. The indigenous inhabitants are the Cook Islands Maori (Bellam 1981:7; Statistics Office 1999:Table 1.1).

Figure 1.1 *Map of the Cook Islands*



Source: *External Intelligence Bureau 1978:34.*

1.3 DEVELOPMENT THEMES

The three major development themes relevant to this thesis - women, micro-enterprises and good governance - together with their interrelationships, will be discussed in this section.

1.3.1 Women and the Development Debate

Issues concerning women and development were introduced into the development debate in 1970 with Ester Boserup's work 'Women's Role in Economic Development'. Various studies followed this seminal work and it is now generally agreed that development efforts have not benefited women to the same extent as men. Women comprise 70 per cent of the world's poor, two-thirds of the world's illiterate, and have limited access to natural and physical resources. Reason for these inequalities vary, but include the undermining of traditional institutions that afforded women power during colonisation, inequitable cultural norms, a failure to differentiate between the needs of women and men in development programmes, little recognition that development could impact on women and men differently, and a limited focus of development programmes on women in their roles as wives and mothers (Benería and Sen 1986:141; de Groot 1991:114; Lycklama à Nijeholt 1991:149; Ministry of Foreign Affairs and Trade 1998a:27; Mohanty 1988:15-17; OECD 1997a:9; UNIFEM 2000:1).

Inequitable development not only reflects the fact that the significant contribution women can and do make to their communities has been largely ignored, it hampers progress towards sustainable development. Household well-being improves when women have greater access to and control over the resources and benefits of development including health, education and physical assets because women tend to spend a greater proportion of their income on food and education than men do. In addition, educated women typically have fewer births and are better equipped to foster the health of their children. Development programmes that fail to build on women's input and cooperation during the planning and implementation phases are less likely to meet their sustainable development objectives because they omit to consider women's multiple roles, the resources women use to provide for their households, and the unique contribution that women can make to development (Ministry of Foreign Affairs and Trade 1998a:28; OECD 1997a:9; UNIFEM 2000:1; World Resources Institute 1994:52-53).

In failing to distinguish between women and men, development planners also miss the opportunity to design programmes that will contribute to women's empowerment. In

contrast, when women are encouraged to participate in decisions that affect their lives, their human rights are protected and progress can be made towards redressing their typically inferior social, economic, legal and political status. In addition, by considering women's perspectives, planners can ensure that their programmes promote women's well being by, for example, ensuring they do not result in an increase in their workloads (Østergaard 1992:xii, 9).

In recognition of the fact that women have been overlooked in past development efforts, most development agencies now require gender issues to be considered at all stages of the project cycle. In addition, there has been a call for gender specific programmes that promote gender equity under law, the equal participation of men and women in political processes, and improvements in women's access to property, credit, education and health care (OECD 1997a:9). For example, one of NZODA's key strategies is to support 'activities which enhance gender equality and increase the equitable participation of women as well as men in development efforts' (Ministry of Foreign Affairs and Trade 1998a:5).

1.3.2 Micro-Enterprise Initiatives and Development

Another key strategy of NZODA is to support 'public policy which provides an enabling environment for private enterprise and programmes which encourage the private sector' (Ministry of Foreign Affairs and Trade 1998a:5). This strategy is a reflection of many development agencies' belief that the private sector, rather than the government, is better able to generate wealth by fostering efficient, productive development through the unhindered operation of the market and the dynamism of private initiative. It is expected that private sector development will create jobs and in so doing stimulate sustainable development, contribute to poverty alleviation, enhance the participation of all sectors of society in development and provide the channels to equitably distribute the wealth created by economic growth (Ministry of Foreign Affairs and Trade 1998a:20; OECD 1994:3-4).

Micro-enterprise initiatives are one form of business promoted under the private sector umbrella. Popular for several decades, micro-entrepreneurs can begin their businesses with limited vocational skills and capital. Thus micro-enterprise initiatives enable the poor and marginalised to take the first step into the mainstream productive sector and in so doing provide for their own and their families' needs. Micro-enterprises also create jobs and can cause communities' assets and income to be distributed more equitably. Micro-enterprise development has proven to be a successful development strategy in countries where women are excluded from work in the formal economy due to a lack of education, cultural constraints and the need to juggle household, childcare and community responsibilities. The profitable operation of micro-enterprise initiatives empowers women as their families' standard of living improves, they gain community respect, and they participate in groups established to facilitate credit and mutual support (Callanta 1999; Liedholm and Mead 1999:5; Morrisson et al. 1994:236; OECD 1994:24, 26).

1.3.3 Good Governance and Development

The term 'governance' has been used in recent years to refer to changes in public administration in developing and developed countries, a reduced role of the state, corporate management, a professional public service that focuses on clients, and relations between powerful organisations. It first entered the development debate in 1989 when the World Bank alluded to corruption, incompetence and the abuse of power in Sub-Saharan Africa by using the phrase 'crisis of governance' (Larmour 1998a:2; Larmour 1998b:2).

The concept of governance stimulated much interest in the development community. While the term good governance is widely used, it remains loosely defined and in practice refers to a variety of development initiatives. However good governance is now seen as a prerequisite to an equitable distribution of resources, the participation of all sectors of society in development, peace, global security and the achievement of development goals. As a result, most development agencies now incorporate good governance in their policies and programmes. For example, NZODA supports:

Good governance strategies, public sector reform, law and justice enhancement and community safety programmes which enhance personal safety of all members of society, accountability, transparency and effective use of resources for the benefit of all (Ministry of Foreign Affairs and Trade 2000c:6).

In line with this they administer a Good Governance Programme (GGP) with an annual budget of NZ\$1 million. Similarly the World Bank has supported civil service and legal reforms in over 30 countries in the past decade (Larmour 1998a:2; Leftwich 1994:363; Ministry of Foreign Affairs and Trade 1998a: 6, 8, 21; Ministry of Foreign Affairs and Trade 1999a:26; Stevens and Gnanaselvam 1995:98, 100).

1.3.4 Women, Micro-Enterprise Initiatives and Good Governance

At first glance, gender, good governance, and private sector development including micro-enterprise initiatives, are compatible goals. In recognition of this, development assistance programmes such as NZODA have given all three priority in their work over the past decade. However little research has been performed to test whether they are in fact synergistic. Given the breadth of initiatives that fall under the good governance umbrella and the differing sizes of businesses in the private sector there is every likelihood that aspects within each of the priorities could be counter-productive.

Thus given its complexity, the relationship between women, micro-enterprise development and good governance deserves further in-depth analysis.

1.4 RESEARCH DESIGN

With an elucidation of the relevant development themes complete, this section will present the research problem, central question and research aims. Related topics that are to be excluded from this study will also be clarified.

1.4.1 Research Problem

This research is concerned with the ways in which good governance policies both lead to and detract from equitable development and women's empowerment, paying special attention to micro-enterprise initiatives as one path available for Cook Islands women to meet their economic, social, emotional, spiritual and physical needs. It also considers the opportunities available for new players in the Cook Islands' private sector and the existence and accessibility of resources, including services, to support micro-entrepreneurs.

1.4.2 Central Question

The central question to be answered by this thesis is:

Have the incentives for Cook Islands women to begin micro-enterprises under good governance reforms led to equitable development?

1.4.3 Research Aims

The aims of the research are fourfold:

- To discover whether Cook Islands women believe that the social and economic results of the good governance reforms coupled with their micro-enterprise initiatives have met their expectations of beneficial development;
- To determine whether the good governance reforms have had similar impacts on the micro-enterprises of Cook Islands women and Cook Islands men;
- To ascertain the reasons why some people made redundant under the ERP chose not to start a micro-enterprise; and
- To assess the ways in which the operation of a micro-enterprise since the ERP has both led to and detracted from equitable development for Cook Islands women.

1.4.4 Exclusions

While both global governance and corporate governance are connected to the good governance theme in the development debate, they will not be discussed in this thesis as they are not directly related to either the good governance reforms in the Cook Islands or the operation of micro-enterprises.¹ Similarly, while good governance policies could impact significantly on all businesses in the Cook Islands, this research will be limited to micro-enterprises as defined in Chapter Three.

The term 'good governance' carries with it an implicit assumption that the governance structure described by its designers is inherently 'good' for development. While the term 'good governance' will be used, the notion that it is good will be tested throughout the thesis.

1.5 OVERVIEW OF THESIS

Chapter One has launched the research by providing a brief introduction to the Cook Islands and outlining the development themes of gender, micro-enterprise initiatives and good governance. It has also elucidated the research problem, central question, aims of the research, and related topics that will not be studied.

Chapter Two will draw on secondary sources of information such as books, journals, newspapers, the internet and development agency publications to explain how historical events coupled with popular economic paradigms, ideologies, people's movements, and development practices have collectively created an environment for good governance policies to rise to prominence. This outline will be followed by a discussion of the various definitions that donor agencies and academics have composed for good governance. Illustrations of the ways in which good governance policies have been implemented in development practice will then be presented and the chapter will close

¹ For an analysis of global governance see Hout (1997) and the Special Issue: *IDS Bulletin* (1999) 3, viii entitled 'Globalization and the governance of the environment'. For an analysis of corporate governance see Kostant (1999), Rindova (1999) and Tricker (1984).

with an analysis of some of the criticisms levelled at both the concept of good governance and its application.

Chapter Three will also draw on secondary sources of information to elucidate how various governments have been involved in business historically. It will consider how the implementation of good governance policies affects private sector development and women's micro-enterprise initiatives in theory and in practice. It will outline the historical and contemporary business environment in the Cook Islands along with the reasons for and nature of the good governance reforms. The impacts that these changes have had on the Cook Islands' economy, New Zealand's relationship with the Cook Islands and New Zealand's role in this restructuring will also be addressed.

Chapter Four will provide justification for choosing Longwe's Women's Empowerment Framework (1994) as the overarching framework of analysis for the research. It will explain which methods have been chosen to gather the primary data and outline how the fieldwork is to be conducted. An assessment of the strengths, weaknesses and limitations of this design together with the way that these factors may influence research findings will be made with the benefit of hindsight.

Chapter Five will present the findings from the primary research. With regard to the Cook Islands' business and legislative environment, it will analyse how the ERP coupled with micro-enterprise initiatives have affected gender equity in the areas of material welfare, access to productive resources, conscientisation, participation in decision-making, and control over the resources and benefits of development. It will also assess whether the operation of successful micro-enterprises has contributed to the achievement of Cook Islands women's development goals.

A reflection on whether the Cook Islands' good governance policies have resulted in positive and equitable development opportunities for women through micro-enterprise initiatives will be presented in the final chapter. This will be followed by a critical discussion on whether good governance as currently implemented is in fact 'good'. The chapter will close with some recommendations and suggested topics for future research.

CHAPTER TWO

THE CONCEPT OF GOOD GOVERNANCE

2.1 INTRODUCTION

While various attempts have been made to define the concept of good governance – some overlapping and others conflicting – the meaning of good governance remains nebulous and is the subject of debate by academics and development practitioners alike. This chapter will outline the factors that have culminated in the popularity of good governance before examining the definitions attributed to it. A sketch of the ways good governance policies have been applied in development practice will then be followed by a discussion of possible shortcomings in the concept.

2.2 THE ARRIVAL OF THE GOOD GOVERNANCE PARADIGM

This section will outline some of the key societal and macroeconomic trends that have contributed to the broad spectrum of good governance policies currently advocated by development agencies. It will consider various governments' roles in development historically before examining why development agencies feel that there is a need for good governance initiatives. The theoretical underpinnings of the paradigm will then be discussed before the relationship between good governance policies and recent trends in the development debate is elucidated.

2.2.1 *Governments and Development*

Centralised public administration systems date back to civilisations such as Egypt, China, the Incas and the Aztecs where vast empires were managed by complex bureaucracies typically operating under patrimonial leadership structures (Turner and Hulme 1997:85). In the West, centralised public administration systems evolved over centuries and culminated in the modern day representative democratic system of governance, 'where people elect representatives who then take decisions on their behalf' (Healey and Robinson 1994:162). However in many countries, such as India, colonial powers forced centralised administration systems on groups of geographically and culturally diverse communities. Previously, these communities had operated for

generations under elaborate systems of governance that provided a predictable 'framework within which people lived and behaved', albeit without formal administration structures (Tandon 1998:5).

Under colonial regimes, central administrations typically gave scant consideration to the needs and desires of indigenous people. While the colonisers enforced laws and extracted taxes and raw materials for the benefit of the colonial powers, it was usually the traditional institutions that continued to control much of the individuals' daily lives. Post-colonial governments inherited these colonial bureaucracies and leaders, who were often charismatic, set about nation building through import substitution industrialisation, export incentives and government programmes administered by a large public service. However many of these governments found effective governance difficult due to arbitrary national boundaries, ethnic diversity and/or hierarchical leadership systems. In addition some were hampered by class-based politics that did not represent the people, and institutions that were inherently weak due to, among other things, the limited education of those working in the public service. Patronage, corruption, civil unrest and poor development results have left many of these governments without the power, resources and capacity to promote economic development (Landell-Mills and Serageldin 1991:14; Moore 1993b:48; Turner and Hulme 1997:85, 86; Weaver et al. 1997:46-47).

In contrast, modern day governments in Western Europe and North America enjoy legitimacy in the eyes of their public and, as a result, are able to act effectively both nationally and internationally for the benefit of their citizens. In continental Europe people have historically relied on governments to defend national boundaries and this in turn has given these central administrations the legitimacy to pursue centralised initiatives in economic organisation. In Britain, where borders are well defined and there is an underlying belief that society can solve its own problems, legitimacy has been gained through a judicial and electoral framework that checks the power of the state over society. These British structures were largely transported to the United States where the role of the government is defined in the preamble to their constitution (Moore 1993b:47-48; Weaver et al. 1997:85).

Attempts to improve bureaucracies have pervaded development programmes in the Third World over the past 50 years, and accordingly governments' role in economic development has changed significantly. In the 1950s and 1960s, when modernisation development theories were predominant, governments were called on to design and implement development strategies.² Self-reflection and disappointing development results challenged this philosophy in the 1970s, although aid was disbursed through the public sector until the 1980s. A World Bank report in 1983 acknowledged the importance of administrative reform for development. Coupled with neo-liberal economic theories which asserted that central bureaucracies are an obstacle to development, this recognition resulted in the structural adjustment programmes of the 1980s and 1990s that advocated, among other things, public sector downsizing (Tanzi 1999:23; Turner and Hulme 1997:105, 238).

2.2.2 The Perceived Need for Good Governance

During the 1980s and 1990s, the term 'governance' also became popular in development discussions. Governance traditionally refers to 'the exercise of authority within a given sphere' (Hewitt de Alcántara 1998:105) and incorporates notions of political process as well as the effective management of a range of activities. Its recent popularity is due to the way it incorporates all areas of society, not just those influenced by the government. In addition, while it can refer to problems of political order, it theoretically remains neutral in terms of the role, type and nature of government structures. It is for this reason that the World Bank, which is forbidden by its articles of association from interfering in nations' political affairs, used the phrase 'crisis of governance' in its 1989 publication 'Sub-Saharan Africa: From Crisis to Sustainable Growth' to allude to corruption, incompetence and abuses of power (Goetz and O'Brien 1995:17; Hewitt de Alcántara 1998:105-106; Larmour 1998a:2).

² In modernisation theory governments are the guardians of common good. Political and economic development are interdependent and governments perform vital roles in stimulating development in the political, economic and social arenas. As political modernity is considered synonymous with a democratic system of government there is a focus on nation building, civic culture and institutional order (Vodanovich 1998:82).

While the direct reference to governance by the World Bank brought good governance to the foreground in development debates, the use of the term stems back to the early twentieth century. In 1912 a 'Good Governance League' was established in The Louisiana State of the United States of America to arrest political corruption and foster honesty in government. 'Good governance' was also a slogan in British colonial affairs where self-governance was equated with incompetency. However in the late twentieth century a number of historical, economic, political and philosophical factors converged to both define and give prominence to the need for good governance (Larmour 1998a:3; Macdonald 1998:21). These factors are outlined below.

During the 1980s some development agencies came to believe that most developing nations' governments lacked the authority and ability to direct economic growth. Inappropriate government involvement in the economy was blamed for economic stagnation, foreign debt, poor resource allocation, and inefficient public agencies and state-owned enterprises. It was asserted that governments had neglected their core tasks of providing the infrastructural, educational, fiscal and judicial frameworks necessary for sustained growth in favour of non-essential activities such as business management. This in turn had stifled private enterprise through market distortions and excessive regulation. Many governments found it increasingly difficult to respond to and arbitrate between diverse demands and often did not foresee the consequences of their actions. Although modernisation programmes had attempted to transfer Western administration skills to developing nations, some Third World governments displayed little technical ability to respond to the changing conditions (Jeffries 1993:21, 24; Landell-Mills and Serageldin 1991:14; Merrien 1998:58; Morrisson et al. 1994:13; OECD 1994:19; Turner and Hulme 1997:13, 17, 133, 183; Vodanovich 1998:82; Weaver et al. 1997:86).

Concern over government capacity was justified in the eyes of the Western world by the failure of structural adjustment programmes to transform poor economic performance into growth. Even where countries had implemented the prescribed market driven reforms, private investors were unwilling to commit their resources as expected. This led the World Bank to the conclusions that the market was both political and social; economic performance was to a large extent dependent on standards of governance; corrupt and unaccountable regimes with substandard frameworks of rules and institutions would be unable to implement adjustment policies; and both lack of political

commitment and bureaucratic incompetence would prevent sustained economic growth. It was asserted that a lack of accountability, transparency, predictability and rule of law in developing nations coupled with a neglect of the governments' core activities had both discouraged private investment and weakened the power of governments to implement development programmes (Currie 1996:788; Hewitt de Alcántara 1998:106; Lancaster 1993:9; Leftwich 1994:367; Macdonald 1998:21; Root 1995:1; Root 1996:154-155; Shihata 1995:54, 55; Uzodike 1996:22-23).³

In the minds of organisations such as the World Bank, instability caused by adjustment policies served to reinforce the necessity for governance issues to be addressed. As there was little public participation in the design of the structural adjustment programmes there was little commitment to see them succeed. Widespread resistance typically followed the reduction in per capita consumption and increase in income inequalities. This resistance further weakened fragile governments' ability to manage their economies (Root 1996:151-153; Uzodike 1996:24).

Donor nations began to link standards of governance to progress in development. The Australian Minister for Foreign Affairs recently wrote:

Various developing countries that are quite similar in terms of their natural resources and social structure have shown quite strikingly different performances in the improvement of the welfare of their people and much of this is attributable to standards of governance (Downer 1999:5).

Outcomes of similar reform packages have also varied considerably, leading scholars to conclude that standards of governance can alter development performance. It is expected that by addressing systemic problems such as inefficient public administration, human rights abuses and inadequate banking, finance, legal and institutional frameworks, sustained growth would ensue and disasters such as the Asian economic crisis could be averted (Downer 1998:4, 5; Root 1995:1).

A growing intolerance of corruption in developing and donor nations also contributed to the focus on governance issues. Employees and managers alike in the private and

³ Private investors are typically unwilling to risk their resources if they are unsure of how long the economic reforms will last and there is evidence of corruption (Lancaster 1993:9).

public sectors propagated corruption by both giving and receiving bribes and favours. This hindered development by undermining the rule of law, weakening institutions and precluding the poor from accessing public services. Good governance policies were prescribed to eliminate corruption through economic policy reform and public institution development (Vodanovich 1998:82; World Bank Group 1997:1-2).

In addition, taxpayer disenchantment with public welfare spending brought the role of the government into question. Soaring levels of welfare were blamed for causing fiscal crises, disincentives to work, and high taxation rates. Taxation in turn discouraged entrepreneurship and investment (Vodanovich 1998:82). Solutions 'such as privatization, benefit targeting, association between the private and public sectors, [and] slimming down the welfare state' were recommended (Merrien 1998:59).

Similarly, as the public in many countries that donated aid became increasingly disenchanted with assisting corrupt and oppressive regimes, their leaders publicised the democratic, civil society and human rights reform aspects of good governance to gain their approval for continuing aid programmes. Western nations used aid, in turn, to maintain links seen as vital for 'national economic, strategic and political interests' (Macdonald 1998:24).⁴ However good governance policies have also been used to justify aid cuts. Countries deemed to be 'poorly governed' could legitimately be refused assistance if politically expedient (Landell-Mills and Serageldin 1991:14; Macdonald 1998:23; Moore 1993a:2, 3; Osborne 1993:68).

The collapse of the Soviet Union and the end of the Cold War allowed the good governance paradigm to flourish for two reasons. Firstly, Western donors no longer had to support dictatorships and unjust regimes to protect national interests and prevent the advance of communism. Secondly, it confirmed, in the minds of Western donors at least, that centralised administration systems that oppress human rights and ignore principles of economic efficiency would not produce sustained economic growth. Thus political and economic liberalisation were linked together (Leftwich 1993:609;

⁴ Some of these interests include arresting terrorism, halting the drug trade and protecting the global environment (Osborne 1993:68).

Macdonald 1998:21, 23; Turner and Hulme 1997:229-230; Uzodike 1996:23; Weaver et al. 1997:74, 76).⁵

2.2.3 Theoretical Underpinnings of Good Governance

While neo-marxist and neo-liberal economic theories are fundamentally different, both call for issues concerning governance and the role of governments to be addressed. Neo-marxism postulates that as capitalist governments achieve development by perpetuating class inequalities and exploiting social minorities and the environment, a radical change in power structures is required to achieve equitable development. While good governance policies do not advocate this approach, neo-marxism has contributed to good governance theories by highlighting the interrelationships between politics, power and economic development (Turner and Hulme 1997:15, 20).

Conversely, neo-liberal economic theories, which have largely been adopted under good governance policies, are concerned with the sizes and functions of governments rather than their structures.⁶ They promote individual freedom and 'assert that democratic politics and a slim, efficient and accountable public bureaucracy are...necessary for a thriving free market economy and vice versa' (Leftwich 1994:368, 369). Thus, to neo-liberalists, authoritarian rule and excessive government power hamper development. Translated into practice, neo-liberal economics involves a decrease in public spending, the divestiture of state-owned enterprises, the creation of a legislature conducive to private sector growth, and a reduction of government involvement in the economic, financial and industrial spheres. All these policies are designed to increase bureaucratic efficiency through applying business management theories and encouraging the expansion of the private sector (Leftwich 1994:369; Turner and Hulme 1997:18, 224).

The roots of neo-liberalism lie in laissez-faire capitalism, which was first expounded by Adam Smith in 1776. Under this model, economic growth, the goal of development, is

⁵ For example, the European Bank for Reconstruction and Development's objectives are to 'promote multi-party democracy, pluralism and market economies' (Leftwich 1994:370).

⁶ Following its successful implementation in America, Britain and Europe, 1980s neo-liberalism was transported to the developing world through structural adjustment programmes (Morrisson et al. 1994:13; Turner and Hulme 1997:183, 224).

best achieved through private ownership of the factors of production ('factors'), open national and international markets for both factors and commodities, and capitalist firms who choose what, how, and how much to produce. Competition and fear of poverty ensure an efficient allocation of resources and governments encourage economic growth by protecting private property, enforcing contracts, supplying public goods and providing a financial system that brings entrepreneurs and investors together (Weaver et al. 1997:58-60).

2.2.4 Good Governance and Development Trends

International demands for improvements in national governance have also resulted from economic, social and political globalisation. The realisation that countries can no longer develop on their own and that poor decisions in one country can adversely affect other countries has supported the argument that a common good governance formula should be adopted.⁷ This globalisation trend has been fuelled by the ease of international communication and travel, worldwide television and media and market driven structural adjustment programmes.⁸ For example without open borders transnational corporations are not able to expand their markets. Nor can they improve efficiency by working in countries that offer the lowest production costs (Landell-Mills and Serageldin 1991:15; Ould-Mey 1994:321; Tandon 1998:5; Turner and Hulme 1997:226).

Proponents of good governance call for decentralisation⁹ and the involvement of the private sector and civil society in development. While this complements the growing popularity of participation, gender equity and empowerment in the development debate, the impetus behind these ideas differs considerably. Under the good governance paradigm, expectations that the private sector and civil society should take a dynamic role in development have resulted from the following: the government's failure to achieve economic growth; declining government budgets under neo-liberalism; and the recognition that more flexibility is required to target the needs of the disadvantaged.

⁷ The 1994 Uruguay GATT round created legal and institutional frameworks for deepening globalisation (Turner and Hulme 1997:226)

⁸ Some believe that structural adjustment programmes were designed to ensure Western hegemony in the global economy, which in turn would protect Western nations from recession (Ould-Mey 1994:319-321).

Thus the private sector and civil society are key actors in the fulfilment of the economic objectives as defined by neo-liberal economic policies (Bardhan 1997:45; Davenport and Low 1999:82; Huffer and Molisa 1999:2; Larmour 1998a:6; Ministry of Foreign Affairs and Trade 1998a:13; Turner and Hulme 1997:20, 174).

In contrast, development practitioners, post-modernists, anthropologists, grassroots activists and supporters of indigenous people and technology advocate participation, gender equity and empowerment in order to ensure that the benefits of economic development benefit the poor. They believe that better development results can be achieved through community based initiatives which take advantage of first-hand knowledge of local issues, greater accountability in decision-making, and the involvement of those affected by the changes in the development process. These theories condemn large government apparatuses in favour of small-scale enterprises and equitable, ecologically sound development (Bardhan 1997:45-48; Davenport and Low 1999:82; Larmour 1998a:6; Turner and Hulme 1997:8-9).

The good governance paradigm also addresses development experts' sustainability concerns to some extent. While public sector aid is necessary to provide the infrastructure needed for economic and social growth, it is expected that the private sector will play an important role in generating the ongoing return on capital invested necessary for sustainable improvements in living standards. In addition, the effective legal and institutional frameworks advocated by good governance policies coupled with the devolution of resource management powers to local communities are supposed to ensure that the natural resource base is not depleted by private enterprise activities. However as an equitable distribution of development benefits is a prerequisite of sustainable development, sustainability will not necessarily be achieved under neo-liberal good governance policies where the initial distribution of assets is inequitable (Bardhan 1997:49; Ministry of Foreign Affairs and Trade 1998a:11, 20; Weaver et al. 1997:53).

Representative democracy, which purportedly gives individuals the freedom to realise their own goals, is built, to a large extent, on the seventeenth century philosophy of

⁹ Decentralisation occurs where power is devolved from the central government to local agencies (Bardhan 1997:45)

liberalism. Supporting the autonomy of individuals, liberalism was first introduced in the eighteenth and nineteenth centuries and became dominant after the Second World War. Models of Western democracy have been incorporated in development approaches since the 1960s, however, while modernisation theories held that economic development and 'national civil institutions and values' (Macdonald 1998:24) were necessary precursors to democracy, good governance policies assume that 'democracy is a necessary *prior or parallel* condition of development' (Leftwich 1993:605).¹⁰ To the neo-liberal, neither a democratic polity nor a free-market economy can succeed without the other (Larmour 1996: 49, 51; Leftwich 1993:609; Vodanovich 1998:83).

The inclusion of democracy in the good governance paradigm made good governance appealing to pro-democracy movements in Latin America, Asia, Africa and Eastern Europe. People's desires to have more control over their lives and to see justice in the allocation of resources and benefits through democratic systems of governance have been fuelled by improved education, the availability of information from abroad, and economic recessions. It is ironic that while the World Bank has used these movements to justify policies that advocate multi-party democratic regimes and has even refused to assist regimes that lack public support, economic policy-making under the good governance paradigm has usually been imposed on nations by international organisations (Hewitt de Alcántara 1998:107; Landell-Mills and Serageldin 1991:14; Leftwich 1994:370; Moore 1993a:1, 2; Osborne 1993:68; Tandon 1998:5).

Good governance policies now enjoy a widespread legitimacy amongst aid donors as both a means to and objective of development. Governance reforms have been introduced in both member nations of the Organisation for Economic Cooperation and Development (OECD), and developing countries based on the understanding that only good governance can provide the sustained political stability needed to encourage the levels of investment and resource mobilisation necessary for economic development (Macdonald 1998:25; Nsouli 1993:23; OECD 1995:15; Osborne 1993:67).

¹⁰ Evidence from the West's own development path and that of the Asian tigers however shows that economic growth can often come before the development of a strong liberal democracy (Leftwich 1993:612-3)

2.2.5 Summary

Colonial powers typically imposed centralised administration systems over traditional governance structures. Following independence, these administrations became the focal point for development planning and assistance. However many lacked the ability and authority to govern and were hampered by poor legislative frameworks, endemic corruption and human rights abuses. Successive development programmes failed to achieve economic growth, neo-liberal economic thinking became prominent, and pro-democracy movements gained popularity in some Third World countries, thus donors began to believe that improved governance structures were necessary to stimulate economic prosperity. The emphasis on good governance was also supported by the public disaffection with aid and welfare in the West, the collapse of the Soviet Union, globalisation, and development experts' calls for increased participation, gender equity, empowerment and sustainability in development.

2.3 WHAT IS GOOD GOVERNANCE?

While policies entitled 'good governance' now form part of most development agencies' strategies, agencies' understanding of what good governance means can vary considerably. This section will discuss some of the definitions attributed to good governance before introducing a governance framework comprised of the public sector, private sector and civil society. An outline of good governance policy objectives designed for the public sector and civil society that also have a direct impact on the private sector will follow.

2.3.1 Defining Good Governance

Table 2.1 presents some of the definitions attributed to good governance by multilaterals, bilaterals, and academic scholars. The definitions will be discussed in greater detail below, however three general observations should be made. Firstly there are apparent inconsistencies within and between some of the definitions reflecting the fact that they are the product of 'negotiation and compromise' within and between

governments. Secondly, it is common for agencies and governments to link their policies on good governance to pre-existing priorities, a practice that both determines the flavour of the resulting definition and increases the likelihood of the concept of good governance being accepted.¹¹ Finally, development priorities emanating from the good governance debate are dependent, to a large extent, on the power that interest groups can exert over the policy making process (Larmour 1998a:5, 11).

From Table 2.1 it can be seen that multilaterals' definitions of good governance are based on two assumptions. The first is that the goal of development is economic growth, and the second is that this is best achieved through the implementation of neo-liberal economic policies. The World Bank, which is forbidden from directly interfering in politics, makes only implicit references to a democratic political system in its focus on weaknesses in the institutional, administrative and managerial areas of governance. However other multilaterals explicitly state their expectations that improvements in institutional governance will be accompanied by the installation of a liberal democracy. All groups believe that the institutions they propose will be successful in any society (Huffer and Molisa 1999:3; Leftwich 1993:606, 608; Moore 1993a:2).

Table 2.1 also highlights three key differences between the definitions proposed by the bilaterals and those of the multilaterals. Firstly, in bilaterals' definitions there is a hint that social development as well as economic growth is a goal of development. Secondly, in addition to the adoption of the neo-liberal economic agenda, the goals of development are to be achieved through the participation of all sectors of society in development. Thirdly, there is an explicit recognition of the importance of relationships and power sharing between the government, civil society and private sector, which collectively form the governance framework (Huffer and Molisa 1999:3; Leftwich 1993:611). The linking of good governance with public sector reform in NZODA's key strategies indicates that the public sector is expected to take a leading role in encouraging participatory development and ensuring an 'effective use of resources for the benefit of all' (Ministry of Foreign Affairs and Trade 1998a:5).

¹¹ For example aid agencies were concerned about human rights issues several years before the good governance paradigm emerged, thus human rights became a key point in their focus on good governance (Robinson 1995:3).

While the words used by academic scholars in their definitions of good governance included in Table 2.1 are similar to those of the multilaterals and bilaterals, the underlying assumptions differ considerably. Human welfare and quality of life replace economic growth as the goal of development. The political environment is addressed, but democracy is not advocated as the preferred system of governance. Nations determine their own path to economic development, and neo-liberalism is not a panacea. The distribution of the benefits of development is as important as gaining them. A committed, imaginative political leadership supported by an efficient, accountable, flexible bureaucracy as well as the active involvement of all sectors of society in decision-making, are the keys to the establishment of good governance (Khan 1996:34-35, 130). In summary, according to academic scholars, good governance allows the citizens of each nation to both define 'development' and determine how this development will be achieved.

2.3.2 The Governance Framework

Figure 2.1, based on the above definitions, depicts the role of the governance framework in development. Drawing on the work of academic scholars it begins with the premise that improved human welfare is the goal of development. Rather than being the aim of the development process, economic growth and social development are tools through which improved human welfare can be achieved. These tools in turn require a governance framework comprised of three key players: the public sector, private sector and civil society. Good governance policies are designed to ensure that these players work together synergistically.

Table 2.1 Definitions of Good Governance – Multilaterals

World Bank	OECD	D Spinellis (in an OECD Publication)	H Root (in an ADB publication)
<p>Governance is <i>The manner in which power is exercised in the management of a country's economic and social resources for development</i> (Larmour 1998a:2).</p> <p>Good Governance includes:</p> <ul style="list-style-type: none"> • Public sector management: less but better government to foster productivity; • Accountability; • A predictable rule of law; • Transparency; • Information/freedom of the press; • Respect for human rights; and • Grass roots participation and pluralistic structures <p>(Canadian International Development Agency 1999:2; IDS 1993:7; Larmour 1998a:2).</p> <p>Bad Governance could include:</p> <ul style="list-style-type: none"> • Corruption; • Political uncertainty/arbitrariness; • Excessive rules, regulations and licensing requirements; • Resource allocations that are inconsistent with development; and • Excessive concentration of decision-making authority <p>(Canadian International Development Agency 1999:2; IDS 1993:7).</p>	<p>Good governance, which enhances the ability to achieve sustainable economic and social development involves:</p> <ul style="list-style-type: none"> • Open, democratic and accountable systems of governance, and • Respect for human rights <p>(Huffer and Molisa 1999:3).</p> <p>Good governance has been linked to participatory development by the OECD Development Assistance Committee (IDS 1993:7).</p>	<p>Governance denotes: <i>the use of political authority and exercise of control in a society in relation to the management of its resources for social and economic development.</i></p> <p>Important dimensions of good governance are:</p> <ul style="list-style-type: none"> • Rule of law; • Public sector management; • Controlling corruption; and • Reducing excessive military expenditures. <p><i>As corruption may distort the functioning of any of the other dimensions of good governance... (it) is considered as the principal opposite of good governance.</i> (Spinellis 1996:29).</p>	<p>Good governance is 'transparent, predictable and accountable regulatory regimes' which remove impediments to private investment, attract private resource flows, reduce the need for development assistance, and achieve national independence and integration into the world economy (Root 1996:17).</p>

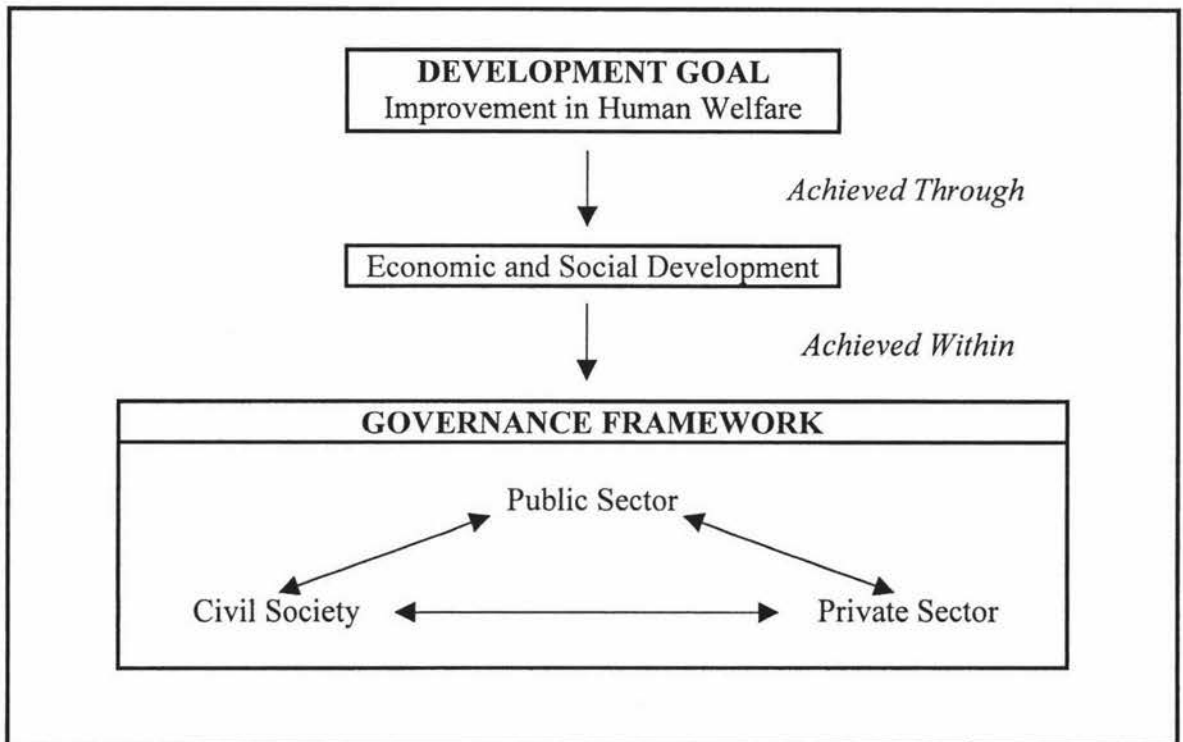
Table 2.1 Definitions of Good Governance (continued) – Bilaterals

Australian Agency for International Development (AusAID)	NZODA	British Government
<p>Good, or effective governance is:</p> <p>The effective management of a country's social and economic resources in a manner that is open, transparent, accountable, equitable and responsive to people's needs (Davis 1999:2; Larmour 1998a:3).</p> <p>Alexander Downer, Minister for Foreign Affairs said in 1998:</p> <p><i>good governance... (is) not just about capable politicians running government, but having transparency in business and financial institutions, proper prudential supervision, competitive markets and liberal trading regimes</i> (Larmour 1998a:4).</p>	<p>'Governance is a broad term for the economic, political and administrative processes by which a country's affairs are managed' (Ministry of Foreign Affairs and Trade 1999b:4).</p> <p><i>Good governance is the exercise of economic, political and administrative authority to manage a country's affairs at all levels in a manner that is participatory, transparent and accountable. It is also effective and equitable and promotes the rule of law. Good governance ensures that political, social and economic priorities are based on broad consensus in society and the voices of the poorest and the most vulnerable are heard in decision making over the allocation of development resources. It includes essential elements such as political accountability, reliable and equitable legal frameworks, bureaucratic transparency, effective and efficient public sector management, participatory development and the promotion and protection of human rights</i> (Ministry of Foreign Affairs and Trade 1999a:26).</p>	<p>Good government refers to 'the attitude and conduct of those responsible for administration, right down to grass roots level' (Moore 1993a:3).</p> <p>It requires</p> <ul style="list-style-type: none"> • Effective, honest government with limited power, involved only in the promotion of sound economic and social policies; • Training to build the competence of those implementing the plan of action; • Respect for human rights; • Mutual trust between those in government and the governed; • Accountability and transparency in the decision-making process; • Political pluralism; • Free and fair elections; • Rule of law/independent judiciary; • Freedom of expression/free press; • Reduced military spending; • Increased spending on primary education and health care; • Free and open market economies; • Right to private property; and • Fighting graft and nepotism <p>(Moore 1993a:3; IDS 1993:7).</p>

Table 2.1 *Definitions of Good Governance (continued) – Academic Scholars*

G Hawthorn	M Khan	R Jeffries	Y Shimomura	A Walsh	A Leftwich
<p>Good governance is <i>that which is best suited in particular circumstances to maximising the benefits of social cooperation</i> (cited in Moore 1993a:3).</p>	<p>Governance <i>may mean the way a government, legislature, judiciary and civil society interact in a society to bring welfare to its population</i> (Khan 1996:131).</p> <p>Good governance is: <i>a political and bureaucratic framework which provides an enabling macro-economic environment for investment and growth, which pursues distributional and equity related policies, which makes entrepreneurial interventions when and where required and which practises honest and efficient management principles</i> (Khan 1996:34).</p>	<p>'Good government' is <i>...not necessarily democratic government, but rather purposive, development-oriented government, which seeks to improve the quality of life of the mass of the people</i> (Jeffries 1993:27-28).</p>	<p>There are two <i>interpretations of the concept of good governance. While the broad definition is composed of (i) parliamentary democracy, and (ii) the manner in which power is exercised in the management of a country's resources, the narrow one focuses attention on the latter element, in particular institutional capability and the attitude of government, such as openness, accountability, and predictability</i> (Shimomura 1999:1).</p>	<p>Good governance has come to mean two different things: <i>On the ...right good governance is seen as the reduction of the power of the state. Words in use here are public sector reform, individual choice, accountability, transparency, downsizing, growth, market forces, efficiency, freedom, big business and transnational corporations, and globalisation... On the left, good governance ...is seen to be people-centred and responsive to people's (not necessarily government's) needs and choices. Concerns are expressed about equitability, human, women's and indigenous rights, the poor, participation and empowerment</i> (Walsh 1998:10).</p>	<p>Democratic good governance is: <i>a political regime based on the model of a liberal-democratic polity, which protects human and civil rights, combined with a competent, non-corrupt and accountable public administration</i> (Leftwich 1993:605).</p>

Figure 2.1 *The Role of the Governance Framework in Development*



Source: Author, based partly on ideas from Khan (1996:36) and Helu (1997:4).

2.3.3 Public Sector and Civil Society Policy Objectives that Impact Directly on the Private Sector

The impact of good governance policies on the private sector is the main focus of this study and will be discussed in Chapter Three. This section will examine some of the good governance policy objectives designed for the public sector and civil society that also have a direct impact on the private sector.

2.3.3.1 Public Sector

The good governance policies implemented by multilaterals and bilaterals are strongly influenced by neo-liberal economics. They aim to allow markets, private firms and community organisations to operate effectively by fostering a government that creates

yet remains detached from physical, legal, administrative and social institutions. Under these policies the government is limited to implementing aspects of public policy that neither the private sector nor civil society can carry out efficiently. In reducing the role of the government, good governance reforms create room in the market for the private sector initiatives (OECD 1994:3; Petiteville 1998:123; Shihata 1995:533; Weaver et al. 1997:86, 107).

Public sector reforms that reduce the amount of regulations surrounding business operations, enhance accountability and transparency, and ensure that public servants are both reasonably compensated and subject to strict conflict of interest rules, are expected to reduce corruption. This in turn should stimulate private sector investment by reducing transaction costs and creating a more predictable, less risky business environment. Micro-enterprises, which typically lack the resources to pay for their entitlements, especially should benefit (Canadian International Development Agency 1999:3; OECD 1994:14; Stevens and Gnanaselvam 1995:103; World Bank Group 1997:3).

Good governance policies call for market deregulation and improved public sector accountability, which in turn is expected to create an environment conducive to private sector development and ensure an efficient allocation of resources. For example by reducing fiscal deficits and introducing competitive and well-regulated markets for foreign exchange and credit, interest rates could fall. Similarly, the elimination of tariffs, subsidies, quotas and price controls could lower businesses' costs and give producers more opportunity to compete in global markets. In addition, it should be easier for micro-enterprises to compete when regulations are in place to curb abuses in monopoly power. Proponents of good governance suggest that strong systems of accountability will encourage the private sector by assuring investors that the government is a credible economic partner (Canadian International Development Agency 1999:3; Root 1995:2; Weaver et al. 1997:107-111; World Bank Group 1997:3).

2.3.3.2 Civil Society

The term 'civil society' refers to 'organisations and institutions in the contemporary social order which are separate from and find expression in their relationship to the state' (Healey and Robinson 1994:160). Many development agencies expect that good governance programmes will strengthen civil society by establishing laws that protect political, social and economic rights, and that civil society organisations such as professional associations and cooperatives can assist female micro-entrepreneurs. However it should be noted that civil society groups can also hamper private sector development by providing citizens with a vehicle through which they can take collective action against activities they disagree with (OECD 1997a:7, 8; Turner and Hulme 1997:200; Weaver et al. 1997:210, 215).

2.3.4 Summary

While there is little dispute that the public sector, private sector and civil society make up the governance framework in most nations, various definitions have been attributed to notion of good governance. Multilateral agencies tend to focus on economic growth, neo-liberalism and democracy, while bilateral agencies' definitions typically extend beyond this to include social development and broad-based participation. In contrast, academic scholars advocate the sovereignty of each nation in determining the path to good governance, the goals of which are equality and human welfare. Although agencies implement specific good governance policies to enhance each of the three players in the governance framework, public sector policies to reduce the role of government in development, eliminate corruption, improve accountability and transparency and deregulate markets may also stimulate private sector development. Similarly, in strengthening civil society, micro-enterprises may benefit.

2.4 IMPLEMENTATION OF GOOD GOVERNANCE POLICIES IN DEVELOPMENT PRACTICE

Having gained an understanding of what various groups involved in development believe good governance to be, we will now turn our attention towards the ways in which these policies have been implemented in development practice. While there is general agreement that good governance is an essential prerequisite for sustainable development, programmes to achieve good governance vary according to the donor's priorities and understanding of what caused poor governance in the country concerned. Initiatives to stimulate good governance can be implemented as part of wider social and economic development programmes or as development programmes in their own right. This section will discuss in turn the initiatives of four broad groups that have been instrumental in implementing good governance policies: multilaterals and bilaterals; international non-government organisations (NGOs); developing country institutions; and the private sector (Francis 1999a:5; Larmour 1998b:1, 3-4; Walsh 1997:1).

2.4.1 *Multilaterals and Bilaterals*

For International Finance Institutions (IFIs) and many bilateral donors

Concern for 'good governance' and institutional reform was added onto neoliberal economic programmes, to make them more efficient, rather than forming part of a new synthesis in which economics would be affected by social and political considerations (Hewitt de Alcántara 1998:107).

While good governance policies can help achieve other development goals, governance issues are addressed mainly because they are considered essential for the successful implementation of neo-liberal economic policies. The importance of good governance to aid programmes is evidenced by the fact that many agencies, such as AusAID, have restructured their operations to create a governance division or, like NZODA, have created separate budgets for good governance projects (Currie 1996:787; Larmour 1998a:2-3; Ministry of Foreign Affairs and Trade 1999b:5).¹²

¹² New Zealand has backed good governance projects through the Commonwealth Good Government Fund set up in 1995 and an International Good Government Fund set up in 1996 to deal with countries

As IFIs such as the World Bank and the International Monetary Fund (IMF) are prohibited from interfering with nations' politics, their good governance initiatives are limited to administrative and social concerns. They have funded projects that aim to improve public sector management, build institutional capacities, reform civil services, privatise state-owned enterprises, increase accountability, promote transparency, strengthen accounting and auditing practices, decentralise certain public services, and establish legal and judicial infrastructures consistent with private enterprise. These are effected through training programmes, the revision of codes and regulations, and the provision of advice on, for example, budgeting and administrative structures. Measures to increase participation and reduce corruption and military spending are inherent in these programmes although corruption is also targeted by the World Bank through an internal corruption hot-line and the blacklisting of firms (Hewitt de Alcántara 1998:107, 108; Landell-Mills and Serageldin 1991:16; Scott 1999:27; Shihata 1995:11, 58; Stevens and Gnanaselvam 1995:97).

However, while the IFIs' good governance programmes did not technically breach national sovereignty boundaries, they have had political implications. For example, improved public sector management and the enhancement of the rule of law involves transparency and accountability which in turn can alter a society's balance of power. Similarly, free market economies, progress in education, and legal, judicial and administrative reforms can stimulate self-reliance, entrepreneurship and participation and in so doing support a progression to democracy. The World Bank can also address political issues during discussions about its aid programmes by raising bilateral donors' concerns over a nation's political environment (Hewitt de Alcántara 1998:106, 108; Lancaster 1993:10-11; Shihata 1995:12).

In contrast, bilateral donors, who are not limited by non-political mandates, have stated explicitly that democracy coupled with the social and administrative aspects of good governance are essential prerequisites for achieving development goals (Landell-Mills

outside of the commonwealth. These were renamed the Good Governance Programme (GGP) in 1998 (Ministry of Foreign Affairs and Trade 1999b:5)

1992:565; Larmour 1998a:3; OECD 1997a:3).¹³ For the United States of America, good governance *is* democracy, and instituting democracy in developing nations is a major objective of their aid programme. Thus they provide assistance to train political parties, finance election observers, favour democratic regimes in aid allocations, and withhold aid from regimes that have overturned democratically elected governments (Lancaster 1993:12). Similarly, in 1990 President Mitterand pledged France's support to building processes whereby developing nations can determine who will govern them and how they will do this through multi-party democracies with free elections and respect for human rights (IDS 1993:7)

Bilateral agencies initially promoted good governance by making aid conditional on the protection of human rights and evidence of progress in political and administrative reforms. This was not effective in improving governance however, because it was inconsistently applied, donors did not act collectively, democratic processes were not stimulated from within, reforms did not necessarily lead to changes in leadership, and countries that did comply did not always receive an increase in aid. Thus, while conditionality is still used, most donors now positively promote governance reforms through smaller scale initiatives such as diplomacy, supporting civil society organisations, mediating conflicts, promoting judicial and public sector reform, providing civic and political education, encouraging private sector development and organising and monitoring elections. In addition, some donors, such as the United States of America, have fought corruption by making competitive procurement procedures and laws against bribery conditions of aid (Hewitt de Alcántara 1998:108; Landell-Mills 1992:565; Landell-Mills and Serageldin 1991:15, 16; Larmour 1998a:2; Leftwich 1993:609; Osborne 1993:69; Robinson 1995:1, 5; Serageldin 1995:60; Stevens and Gnanaselvam 1995:97; Turner and Hulme 1997:229-230).

The Australian Government's work in East Asia and the Pacific focuses on four areas of good governance. The first is economic and financial management, where improved monetary and fiscal policy, financial sector reform and private sector development promotes economic growth and its equitable distribution. The second is law and justice,

¹³ For example, the OECD states that participatory, transparent and accountable societies are required to achieve development goals such as poverty reduction, gender equality, improved education and health and reduced environmental degradation (OECD 1997a:3).

including the protection of human rights, promoting free and fair elections and improving the rule of law so that it is equitable and accessible to all. The third, public sector management, focuses on public sector reform so that services are delivered more effectively and efficiently. The fourth improves public scrutiny of government policies and practices by fostering civil society development and participation (Davis 1999:2, 4).

The New Zealand Government assists good governance initiatives through both its bilateral programmes and its GGP. Bilateral programmes support public sector management, financial and economic reform, and judicial reform and training activities. The GGP assists projects that meet the criteria outlined in Table 2.2. Its objectives are:

to promote, sustain and support human development by promoting good governance, including promotion and protection of human rights and strengthening participatory development, at regional, national and local levels (Ministry of Foreign Affairs and Trade 1999c:1)

Examples of initiatives funded through the GGP are detailed in Table 2.3. It should be noted that most of NZODA's support for the Cook Islands' ERP was funded through its bilateral programme (Ministry of Foreign Affairs and Trade 1999a:26).

Table 2.2 *Activities Eligible for Funding from the NZODA GGP*

Eligible activities are those which:

- *improve democratic processes and respect for human rights;*
- *help countries put international human rights agreements into practice;*
- *work for the promotion and protection of civil and human rights;*
- *promote fairness and justice within the organisations of civil society;*
- *enhance gender equality;*
- *contribute to enhancing the quality of government, particularly in the area of accountability, participation, predictability and transparency;*
- *improve decision-making;*
- *encourage participatory policy-making;*
- *enhance the business and regulatory environment;*
- *lead to public sector administrative or management reform;*
- *improve public sector financial accountability* (Ministry of Foreign Affairs and Trade 1999b:16).

Table 2.3 *Examples of Projects Funded by the NZODA GGP*

Project	Implemented by	Aspect of Good Governance Addressed	Activities Included
Welfare amongst Child Labourers	Pakistan National Council for Civil Liberties and Caritas Aotearoa	Human Rights	<ul style="list-style-type: none"> • Basic Education for Children • Community workshops on, for example, children's rights • Establishing committees to prevent/stop child abuse
Good Governance and Transformative Leadership Training	Cook Islands Ministry of Internal Affairs/National Council of Women	<ul style="list-style-type: none"> • Gender Equity • Democracy • Participation 	Training to <ul style="list-style-type: none"> • enhance outer islands women's participation in decision-making; and • to assist potential election candidates in governance and campaigning
Regional Training Workshop for Ombudsmen's Investigators	Vanuatu, Ombudsmen, and facilitated by New Zealand's Chief Ombudsman	<ul style="list-style-type: none"> • Human Rights • Corruption • Accountability • Transparency • Public Sector Capacity Building • Public Sector Efficiency 	Training and networking for Pacific ombudsmen's investigators to improve confidence and professional development
Towards Human Rights and its Violation Expulsion	Centre for Integrated Social Development (Dhaka based NGO)	Human Rights, especially Gender Equity	<ul style="list-style-type: none"> • Training courses on women's rights for abused and divorced women • Education programmes for parents of girls • Workshops on women's and children's rights in schools • Education on billboards • Income generation and micro-credit • Counselling and rehabilitation for victims of abuse
Wan Smolbag Community Theatre	Wan Smolbag Theatre	<ul style="list-style-type: none"> • Corruption • Democracy 	Production of video on voting rights/good governance
Centres of Excellence in Africa	Commonwealth Associate for Corporate Governance	Private Sector Development	<ul style="list-style-type: none"> • Training on the role of boards in companies • Business management training for directors and politicians.
Feature Writing: Training the Trainer's Course	Thomson Foundation assisted by the Pacific Islands News Association	Free Media	Provision of training regarding: <ul style="list-style-type: none"> • Writing news stories • Coaching junior journalists
Raise awareness of HIV/AIDS	Oxfam and Tivoneleni Vaavasati	<ul style="list-style-type: none"> • Human Rights • Social Infrastructure 	Raise awareness and destroy misconceptions of AIDS/HIV through: <ul style="list-style-type: none"> • Community Theatre • Workshops • Training/Supporting AIDS workers • Distributing educational brochures

Source: Ministry of Foreign Affairs and Trade 1999b:6-19.

IFIs and bilateral donors have attempted to persuade developing nations to eliminate excessive military spending and invest instead in social services or productive industries. However attempts to encourage demilitarisation have been sporadic given the sensitivity of the issue and the threat of officers dissatisfied with redundancies or pay cuts fuelling civil unrest (Lancaster 1993:12; Robinson 1995:6). Donors have also aimed to reduce the size of governments irrespective of their composition, centralisation or lack of accountability as part of their public sector reform strategies designed to address budget shortfalls (Larmour 1998b:10).

Donors have learnt some important lessons as good governance policies have been implemented. The Development Assistance Committee (DAC) of the OECD stated that some changes may need to be made in the way development assistance is delivered in order to achieve good governance goals. There is growing recognition that relatively small levels of assistance for building institutional capability and stimulating coordination between and within local organisations will significantly increase the demand and capacity for the societal change necessary for good governance. In addition, DAC have called for donors to consider how their assistance, which can make up a large proportion of a nation's economic activity, will impact on governance, and to recognise that changes in governance will take time to be established (OECD 1997a:3, 4). Similarly, a workshop on Economic and Public Management in Suva called for flexibility and time for reflection in reform programmes, and for assistance to firstly benefit institutions that are committed to effective governance. Participants agreed that community approval for harsh reforms should be obtained through greater communication and the delivery of positive benefits to the community in the short term when the benefits of good governance are not obvious (Hardy 1999:11).

2.4.2 International Non-Government Organisations

International NGOs' concern for good governance stems from either their mandated objectives or the negative impact that poor governance has had on their fundraising and project implementation activities.¹⁴ They have contributed to good governance by

¹⁴ Examples of NGOs where good governance is a mandated objective include Transparency International which promotes anti-corruption activity, the Institute for Democracy and Electoral

supporting developing country NGOs, campaigning against human rights abuses and fostering international and national networks between groups with common concerns (Landell-Mills and Serageldin 1991:16-17). Their independence from the formal political process gives them the freedom to aggressively address governance issues by, for example, mobilising marginalised groups so that they can increase their participation in the economic and political spheres. This in turn can result in the formation of grass roots political groups and/or better access to physical, social or economic resources (Larmour 1998b:3, 4; Nunnenkamp 1995:14-15). They have also implemented democracy assistance programmes that ‘support electoral processes, promote judicial reform, strengthen civic associations, and enhance civic and political education’ (Robinson 1995:5).

2.4.3 Developing Country Institutions

Good governance is also fostered in developing countries through local groups or citizens such as ombudsmen, auditors, courts, journalists, local NGOs, trade unions, political opposition parties, and business organisations who publicise or encourage improvements in one or more aspects of good governance. These groups or citizens may be encouraged by international organisations to promote good governance practices, or they may make independent choices to adopt some good governance policies in order to keep abreast of international standards or reap anticipated benefits (Larmour 1998a:4; Larmour 1998b:3).

While some of them are self-supporting, many receive financial and technical assistance from multilaterals, bilaterals, aid agencies and international NGOs. By supporting local organisations, international donors increase the effectiveness of their aid by building local capacity, mobilising local resources, and allowing those affected by development to participate in project design and implementation (Development Forum 1999:19; Landell-Mills and Serageldin 1991:16). In addition, by channelling aid through the local private sector and civil society organisations, donors avoid involving those government

Assistance which promotes electoral reform, and International Alert and Conciliation Resources which conducts preventive diplomacy (Larmour 1998b:4).

institutions that have proven to be incapable of achieving development goals (Landell-Mills 1992:565-566).

However there are pitfalls in these funding relationships. Many NGOs do not want support from the promoters of harsh economic reforms (Hewitt de Alcántara 1998:108). Small organisations may not be able to manage large sums of money, and bulk funding may hamper their ability to respond to any unexpected outcomes arising from project implementation. In addition, outside resources and personnel coupled with donor conditions can undermine the autonomy, cohesion and commitment of group members and prevent them from speaking out on some issues. Thus the relationship between donors and local organisations should be clarified to ensure that there is a genuine partnership, mutual expectations are agreed on, there is sensitivity to the local environment, and that donors do not stifle flexibility and innovation. Small amounts of funding should be provided over a long time frame, and donors should ensure that their assistance builds the local physical, social and leadership structure so that in time these groups can be self-sustaining (Development Forum 1999:19; Landell-Mills 1992:554; Moore 1995:90; Robinson 1995:5).

2.4.4 Private Sector Good Governance Industry

The private sector good governance industry comprises bankers, lawyers, accountants, advertisers and consultants. Funded by donors, the private sector and national governments, they help implement and promote a range of good governance initiatives. For example, they may arrange privatisations, provide analysis and insurance for political risk, and advise on and implement public sector reform (Larmour 1998b:4).

2.4.5 Summary

Multilaterals and bilaterals largely take a top down approach to achieving good governance. Working at the central government level, they typically impose broad ranging public sector and social reform programmes on societies that may or may not understand and/or support the changes. While multilaterals usually favour democratic

systems of governance it is mainly the bilaterals who overtly encourage electoral reforms. In contrast, NGOs and developing country institutions' good governance initiatives typically work from the bottom up, mobilising grassroots people with common interests to protect their human rights and to participate in decision-making in the economic and political spheres. The private sector good governance industry assists multilaterals, bilaterals, NGOs and developing country institutions as they implement their programmes.

2.5 DISSENTING VOICES

Having gained an understanding of the origins, definitions and implementation of good governance policies, this section will examine some of the criticisms that have been levelled at the paradigm.

2.5.1 *National Sovereignty*

Good governance policies can impede nations' ability to govern themselves. Citizens can be prevented from determining their nation's future when IFIs and bilateral donors impose good governance reforms. This undemocratic imposition is, in itself, inimical to good governance, which advocates democracy. While some say it is justified because it builds the foundation for a stable democracy, it could also jeopardise the sustainability of the reforms by failing to get community commitment and risking the possibility of social unrest (Macdonald 1998:27, 29, 48; Swift 1994:7; Turner and Hulme 1997:236; Uzodike 1996:22).

Similarly, by stating that free trade on international markets is a prerequisite for development, the adoption of good governance policies can become a condition of entry into the global community where the nature of political regimes influences how nations interact and,

sovereignty is constrained by a web of international, multilateral, and bilateral agreements that create mutually binding obligations within an established system of international law (Landell-Mills and Serageldin 1991:15).

This in turn erodes governments' autonomy and precludes them from protecting their domestic economies from other nations' policies and rapid changes in exchange, wage and interest rates on global markets. It also hampers governments' abilities to fulfil functions that are considered essential by the citizens yet fall outside of the good governance paradigm. In addition, while free global trade should allow nations to trade as equal partners, inequalities in power internationally, an inequitable distribution of global resources, and the fact that many industries are protected in developed nations, relegates developing nations to the position of junior partner (Eiley 1994:19-20; Fallow 1999b:D1; Hewitt de Alcántara 1998:111; Lancaster 1993:11; Ould-Mey 1994:328; Pagden 1998:7, 14; Vodanovich 1998:82-83).

2.5.2 *Universal Principles*

Proponents of good governance, based on the assumption that people worldwide are rational self-interested profit maximisers, typically believe that the same policies will achieve their development objectives regardless of the complex dynamics of the historical, social, cultural, political, demographic and economic resource base of the country in which they are planted. For example, some good governance programmes have not been adjusted to take account of the smallness, remoteness, geographical fragmentation and limited resources of South Pacific nations. This universality contradicts current research which indicates that as the same development models will yield different results in different nations, development policies must be tailored to the local context in order to be effective (Hewitt de Alcántara 1998:112, 113; Larmour 1998a:8, 10; Macdonald 1996:2, 3, 4; Turner and Hulme 1997:56, 241).

In addition, good governance policies assume that a Western democratic system of governance that embodies principles of fairness, liberty, and respect for human rights and operates both an efficient bureaucracy and an American style legal system, will positively transform any society. As a result, traditional governance systems that incorporate principles of participation and transparency and have maintained fragile

balances through self-regulating principles such as trust, reputation and fear of losing business may be overthrown. This can be counterproductive if it leads to increased uncertainty as people struggle to learn new modes of operation, the destruction of a well functioning civil society, and the disempowerment of people who were previously involved in political life. It could also prevent many from seeking justice if the costs of enforcing rights under an adversarial legal system become exorbitant (Macdonald 1998:28; Moore 1993b:45, 46; Pagden 1998:7; Tandon 1998:5).

Good governance proponents' postulation that the rationale behind these policies is true in every circumstance is also flawed. For example, although the market has been proved to be a crude regulator, the good governance paradigm emphasises its reliability in determining optimum resource allocations. It also assumes that the private sector always runs businesses well while the public sector never does in spite of the fact that there are examples of successful state-owned enterprises and bankrupted privately owned businesses (Walsh 1997:12). Similarly the assertion that regimes are corrupt and economically irresponsible because they are undemocratic can be refuted by the evidence that some multiparty democracies exhibit these weaknesses while some authoritarian regimes are scrupulous (Jeffries 1993:28).

2.5.3 Democracy and Development

Some good governance programmes embody the assumption that economic growth, a reduction in poverty and the inclusion of the marginalised in development can only occur within democratic regimes even though there is little historical evidence to support this. Multiparty electoral processes do not necessarily engender private sector confidence nor do they guarantee bureaucratic efficiency, appropriate policy decisions, an equitable distribution of resources, improved productivity, and increased popular participation in decision-making. Drawing from examples where economic development has occurred under non-democratic regimes some scholars believe that economic growth is more dependent on political stability, consistent rules, functioning markets, equitable resource allocations, the mobilisation of domestic savings and significant investments in human resources than regime type. In addition, they believe that any system of governance can be free from corruption and incorporate principles of

accountability, transparency, and predictability (Healey and Robinson 1994:122, 123; Jeffries 1993:30; Landell-Mills 1992:550, 552; Larmour 1998a:4; Leftwich 1993:613; Macdonald 1998:40; Moore 1993a:4; Root 1996:170, 171; Uzodike 1996:31; Weaver et al. 1997:40).

A democratic system of governance may also hamper the implementation of the austere reforms advocated by good governance policies if all sectors of the political spectrum do not support them. For example, politicians may exercise restraint in the nature and amount of change they introduce in order to remain in power by satisfying the demands of their constituents. In contrast, some scholars believe that long-term authoritarian regimes such as those that have dominated in East Asia can be more effective in building economies because they can act swiftly, sacrifice consumption in favour of capital accumulation, and instigate unpopular changes such as land reform or wage restraints necessary for a neo-liberal economy without fear of losing power. While some have found no empirical proof that these regimes have generated higher domestic savings or are able to sustain reforms, others cite historical studies to prove that market economies have emerged under them (Healey and Robinson 1994:100, 123; Jeffries 1993:29, 30; Landell-Mills 1992:550, 552; Larmour 1998a:4; Leftwich 1993:613, 616; Leftwich 1994:364; Macdonald 1998:40; Moore 1993a:4; Robinson 1995:5; Root 1996:1).

2.5.4 Prerequisites for Democracy

For an effective democracy there must be a genuine commitment to and understanding of the principles and rules involved, and the government must be both recognised as such by the citizens it governs and free from serious threats to its authority such as coups and territorial disputes. Lack of commitment can jeopardise the democratic process, and is evident, for example, when losing parties fail to relinquish power after an election (Leftwich 1993:615, 616). Thus it follows that where democratic reforms are implemented as a result of coercion rather than internal pressure from within - as is common with good governance programmes - their long term sustainability may be in doubt (Landell-Mills and Serageldin 1991:17).

Sustainability also requires a civil society capable of articulating peoples' needs, desires and concerns and of maintaining political and bureaucratic accountability. However in many developing nations, economic, social and educational limitations hinder people from fully participating in political processes through civil society. In these situations it is unlikely that democratic reforms will succeed as they are not knitted into the cultural, social, political and economic fabric of the nation (Helu 1997:3; Landell-Mills 1992:552; Leftwich 1993:616; Uzodike 1996:31; World Food Day 1997:1).

Democracy also requires a sense of national unity, which empowers formal political processes and stimulates citizens of different regional, ethnic, cultural or religious groups to be tolerant of each other and to participate equally in the political system. However where political parties are formed along ethnic lines minorities may be excluded from formal political processes unless compromises with dominant groups can be reached. Exclusion coupled with economic crises, longstanding enmity between groups and social inequalities can stymie a democratic polity and lead to violence (Bardhan 1997:79-81; Leftwich 1993:617; World Food Day 1997:1, 2). Thus democracy is not likely to be prudent alternative for those developing nations which are experiencing social unrest as a result of, amongst other things, differences between their diverse people groups.

2.5.5 Political Concerns in the Implementation of Good Governance

It will be difficult for governments to have the strength and determination necessary to implement the sometimes austere reforms advocated by the proponents of good governance while simultaneously reducing their size, influence, and available resources. This problem could be compounded if public opposition to the reforms is intensified through a civil society empowered by the reform programme. In India, for example, economic reforms were successfully implemented through political manoeuvrings rather than through the accountable, transparent processes championed in the good governance paradigm (Leftwich 1994:367; Petiteville 1998:123; Robinson 1995:3).

Proponents of good governance also fail to recognise that it is unlikely that regimes noted for 'bad governance' will be willing to implement adversarial political systems

that could lead to their demise (Osborne 1993:68; Ould-Mey 328-329; Robinson 1995:4). Similarly, governments may resist the strengthening of civil society on the grounds that empowerment of the marginalised could increase social tension, challenge the incumbent's authority, and expose disreputable practices (Stevens and Gnanaselvam 1995:100; Turner and Hulme 1997:216).

Many development agencies fail to consider how the possible non-cooperation of public servants, high level bureaucrats and/or politicians will affect the success of good governance programmes. For example, public servants who believe that the government must manage the economy, or resent the loss of privileges, higher workloads, and compromised patronage arrangements may protest through strikes or non-cooperation. Governments may refuse to sell state-owned enterprises to certain buyers such as foreign corporations or minorities, bureaucrats may slow their loss of power over the businesses by overpricing them, and trade unions fearing a deterioration in employment conditions may invoke civil unrest (Turner and Hulme 1997:107, 112, 113, 130, 194-195).

2.5.6 The Role of Governments in Development

Some critics believe that policies to relinquish some of governments' powers to the private sector and civil society are inconsistent with the fact that given its predominant concern with the ownership and use of resources, development is by nature a political process (Leftwich 1993:620). For example, Helu (1997:3) proposes that governments' role in administering justice, defined as 'the creation and maintenance of the social context for equal and unprejudiced access to all social goods – wealth, opportunity, self-respect, and power', grants them the moral authority to be the dominant partner in the governance framework. Additionally, in countries such as South Africa where new governance structures are being defined it may be advisable for governments to establish legitimacy through the successful implementation of development programmes (Lyons et al. 1999:18).

Historical studies have led some scholars to believe that strong and active governments coupled with some form of market economy are better able to stimulate economic

development than the liberal democratic free market economy model advocated by proponents of good governance (Leftwich 1993:620). They claim that the polarisation of views between an economy driven by the government and a market driven economy detracts from the main issue of how the private and public sector can synergistically maximise economic and social good (Turner and Hulme 1997:xii). For example, in Malaysia a mixture of free market and government intervention - where the Government does all it can to assist business - has transformed the economy and resulted in impressive economic growth (Lee 1999b:E1).

While promoting an efficient administration and calling for public sector downsizing, the good governance paradigm gives little guidance on what activities governments should be involved in and the form that this involvement should take (Vodanovich 1998:83). Thus there is a danger that governments will omit to fulfil the tasks they are probably best able to perform such as creating an environment conducive to growth through, for example, providing social and physical infrastructure, protecting the environment and intervening in the economy to correct market shortcomings (Brazier 1999:35; Khan 1996:124; Root 1995:4; Tanzi 1999:29-30).

2.5.7 Public Service

The call to downsize public services, based on the premise that bureaucracies are a major cause of poor developmental performance, has been contested by critics who believe that governments have a vital role to play in meeting the human welfare goals of their populace. While multilaterals call for fewer public service employees, they have no proven formula to determine the optimum size of a public service and fail to take account of the fact that in some countries citizens may be prepared to pay for a sizeable public sector to ensure essential services such as education and health are accessible to the entire population. Others believe that weaknesses in the public service are more likely to be overcome by increasing its capacity, discipline and commitment to government rather than by democratisation and downsizing, provided it does not give self-interested bureaucrats undue power or impart justification for governments to exclude the private sector and civil society from development initiatives (Jeffries 1993:27, 28; Turner and Hulme 1997:x, 82, 87, 88).

The assumption that a smaller public sector will deliver an improved service can also be debated. Patronage arrangements based on kinship, ethnicity or religious affiliations may necessitate that the form and size of bureaucracy be tailored to each nation's situation. Human error and poorly designed programmes can never be completely eliminated, decentralisation can lead to abuses of authority, and costly restructuring processes may detract from the morale, productivity and discipline of civil servants. If this leads to high staff turnover, and funding shortages lower the quality of staff employed, government departments will suffer from the loss of experience and historical knowledge. In addition, where public sector employees are assessed according to short-term performance criteria, individual goals are not consistent with organisational goals, and ministers fail to offer strategic direction to their departments, the quality of service and long-term development goals such as research, environmental sustainability and education may be sacrificed (Fallow 1999b:D1; Fallow 1999c:D2; Jeffries 1993:24-25; Laxon 1999:A3; OECD 1995:16; Turner and Hulme 1997: xii, 92, 233, 234).

2.5.8 Corruption

Policies that are designed, in part, to reduce corruption may have an adverse impact on social and private sector development goals. For example, while fewer regulations surrounding licensing or subsidies should limit the opportunities for corruption, they could also increase the vulnerability of some social groups (Bardhan 1997:32, 33). Similarly, in countries where businesses have historically contributed to political parties in return for assurances that, among other things, the bureaucracy will be free from corruption, business uncertainties may increase if politicians lose control over corruption at the lower levels of the public service due to political liberalisation (Root 1996:168-169).

There is no evidence to support good governance advocates' claims that the political competition afforded through democracy will, of itself, reduce corruption when, as in some African nations, people support parties in return for advantageous policies such as employment for those living in poverty. In addition, where there is little competition,

the privatisation of state-owned enterprises may have little impact on levels of corruption. Similarly, where civil servants' remuneration packages have been reduced corruption may not be eliminated because the incentive to find ways to receive bribes could outweigh the fact that a lighter regulatory regime creates fewer opportunities for corruption (Bardhan 1997:39, 87; Jeffries 1993:30; World Food Day 1997:1).

2.5.9 Neo-Liberalism and Economic Growth

Studies have shown that sustained growth has not yet occurred in regimes that employ extreme economic liberalism (Leftwich 1993:613). For example while New Zealand's economy operates with little government intervention it does not enjoy the same levels of economic growth as economies such as Finland and Ireland where governments have assisted development through government spending, tax incentives, and support for higher education. However it could be argued that it is the fact that New Zealand is trying to compete with countries who have not adopted pure neo-liberal policies rather than the neo-liberal policies themselves that have disadvantaged them (Cunliffe 1999:E2; Gaynor 1999b:E2; Gaynor 1999e:E2).

While expected to increase efficiency, in practice policies to privatise state-owned enterprises can have a mixed impact on economic growth. On the positive side, the privatised companies may begin to serve public interests rather than those of local elites. In addition, sale proceeds can be used to retire debt, which might in turn reduce interest costs and the country's vulnerability to foreign exchange fluctuations. However privatisations can also increase poverty through both unemployment and the fact that large monopolies delivering essential services have few restrictions on the prices they set. In addition, when sold to overseas interests, dividend remittances can have an adverse impact on the balance of payments and prevent locally generated wealth from being used to stimulate further business development through reinvestment in the local economy (Gaynor 1999c:E2; Gaynor 1999d:E2; Sandberg 1994:14, 15; UN Chief 1999:C2).

2.5.10 Decentralisation

Proponents of good governance believe that decentralised power structures will increase the opportunities for people to participate in decision-making processes and thus will ensure that resources are allocated to local needs. However if strong accountability structures do not exist, local elites may be able to capture the resources at the expense of the poor. In addition, decentralisation may not be cost effective if it results in a duplication of work nationally; there are insufficient people with the skills to manage local governments; corruption remains hidden because of local collusion; or the price of services such as insurances increase because risks are not spread across the entire nation. Decentralisation could also result in regional inequalities and/or macro economic instability if it weakens policy coherence, local government is funded from local wealth, or the central government distributes national resources inequitably (Bardhan 1997:50, 51, 52, 53, 59; Goetz and O'Brien 1995:25; OECD 1995:16; Turner and Hulme 1997:158).

2.5.11 The Effectiveness of Civil Society

Many good governance policies aim to strengthen civil society organisations that will foster economic development such as professional associations, chambers of commerce and industry, business oriented NGOs and trade unions. However in the Pacific where civil society is traditionally focussed on family groupings and subsistence activities, the creation of an economically oriented civil society could weaken existing governance structures and cause social unrest. In addition, while enhancing the power of professional organisations should stimulate business activity, it could also cause the needs and desires of those with fewer occupational skills to be overlooked (Huffer and Molisa 1999:3, 4, 11; Jeffries 1993:31, 32).

In theory, changes in governance structures resulting from popular pressure and participation in civil society should be sustainable. However some critics believe it is unlikely that the form of civil society supported by the good governance paradigm will be able to effect these types of changes. While it is probable that those in authority will resist changes in power structures, a bigger barrier is the fact that NGOs within

developing countries are typically small, independent groups with restricted impact and diverse and sometimes competing aims. Power differences exist between and within them, and local elites can capture and use grassroots organisations to further their own ends. In many cases NGOs coexist in an environment of suspicion and competition. Lack of cooperation between NGOs prevents them from exerting pressure collectively and weakens democratic governments by making it difficult for them to decide on policy and implement harsh economic measures (Healey and Robinson 1994:117; Landell-Mills 1992:564; Nunnenkamp 1995:12, 15; OECD 1997b:8; Robinson 1995:4; Turner and Hulme 1997:216; Weaver et al. 1997:214).

It may also be unrealistic to rely on civil society to meet national development goals by, for example, assisting the poor. Their social services are often hampered by the fact that they are disjointed, they operate at a considerable distance from policy makers and they suffer from funding uncertainties, professional and technical limitations, and problems of representativeness and accountability. Thus they are unable to provide a viable alternative to a comprehensive centrally managed system, for example in education and health. Alternatively, some groups may actively work against equitable development and societal cohesion if they are formed along regional, ethnic, or religious fundamentalist lines or they promote a form of gender chauvinism (Goetz and O'Brien 1995:19; Turner and Hulme 1997:206, 218).

2.5.12 The Myth of a Free Media

The assumption that a media free from government control will promote accountability and transparency by exposing irregularities in government and private sector practices fails to take into account the fact that as media agencies are businesses, stories that will not sell are not published. It also ignores the reality that only a few large corporations own the global media, and they have the power to ensure that they will not be disadvantaged by the news they carry. Public relations firms, hired by corporates and governments, also control news content through press releases, and journalists typically present surface level facts without investigating the underlying issues that led to the problem (Beder 1999:30). Thus the media can not be relied on to protect public interests in the face of inappropriate government and private sector behaviour.

2.5.13 Equitable Development

While many multilaterals and bilaterals call for the simultaneous pursuit of good governance and poverty reduction, the poor can be further marginalised by the implementation of good governance policies. For example, by streamlining public administration and assigning to markets the responsibility for government functions, the poor may not be given the assistance they need to access their entitlements. In addition, streamlined services can disadvantage rural people in particular who do not have the time or resources to travel to central offices. Women especially may suffer if cultural mores restrict their ability to travel (Goetz and O'Brien 1995:17, 22).

Similarly, with fewer marketable resources the poor will not typically have as many opportunities as wealthier citizens have to benefit from liberalised markets (Goetz and O'Brien 1995:22). This problem will be exacerbated if lower government spending in health, education, job creation, community development and food security reduces the capacity of the human resource base (DRC 1999; Root 1996:157, 159). Thus good governance policies can be biased in favour of the literate, the professionals and people residing in urban centres who are able to actively participate in programmes such as those promoting micro and small business initiatives (Huffer and Molisa 1999:11; Wood 1999:13).

Markets may improve welfare by providing greater choices and lower prices however unregulated markets will not necessarily lead to social justice or environmental sustainability. Expanding markets may cause small-scale producers to be overtaken by larger manufacturers or result in higher land values. In turn the poor may be dispossessed of their land if they can not afford higher rentals or private property rights are introduced to replace communal ownership systems. Where there are no regulations to protect the natural resource base, private profit maximising behaviour may not be environmentally sustainable (Bardhan 1997:74-75; Brazier 1999:35, Weaver et al. 1997:2, 60).

Neo-liberal economic policies assume market mechanisms coupled with economic growth and democracy will ensure the automatic redistribution of wealth to the poor and marginalised. However inequalities have persisted throughout the history of free market capitalism as evidenced by times of massive unemployment, the exploitation of women and children in mines and factories, and the dislocation of some communities and regions (DRC 1999; Petiteville 1998:123; Weaver et al. 1997:60). While average incomes often increase under free trade, millions of individuals may be disadvantaged because of, for example, falling wages. A decline in average household incomes reduces savings which in turn increases external debt and detracts from sustainable economic growth (Burchill 1997:A13; Fallow 1999a:D5).

When the costs and benefits of reform are not distributed equitably across society economic growth can not be sustainable. Typically good governance policies have exacerbated gender inequalities as women, who traditionally lack power and resources, have borne a larger portion of the costs of reforms than men. In many cases reduced government spending on health, higher food prices, and an increase in demand for women's voluntary labour has increased their workloads. Similarly a reduction in government spending may alter the balance of support that various ethnic groups receive, which in turn could undermine delicate political arrangements. These inequalities often cause a rise social tension and discourage investors (Bardhan 1997:73, 88; Goetz and O'Brien 1995:25; Imam 1994:13; Root 1996:157, 159).

2.5.14 Alternative Routes to the Same End

While expounded by many donors as the only way to resolve the problems of corruption, poor economic performance, and inefficiency, critics assert that politically feasible alternative policies to good governance could also successfully address the same issues. For example management capable of changing government practices in the interest of efficiency and effectiveness can be employed without privatisation (Merrien 1998:65; Turner and Hulme 1997:198). Similarly, instead of contracting out work to the private sector, civil servants' rewards, training and status could be improved to encourage them to operate with neutrality (Moore 1993b:41).

There is little evidence to substantiate the view that minimal governments have enhanced effectiveness or efficiency or have stimulated economic and social development. In fact the economic growth of the nineteenth century industrial economies and the East Asian tigers was supported by strong governments that were committed to working as catalysts, facilitators and partners in stimulating development. Leftwich's study of eight profoundly different states, Malaysia, Botswana, Singapore, Taiwan, Korea, Indonesia, China and Thailand, with average growth rates higher than four per cent since 1965 showed that:

the developmental state...whether democratic or not, entails a strong and determined state which protects a powerful and competent bureaucracy that largely shapes and directs development policy, a dubious (and sometimes appalling) civil and human rights record, the suppression or control of civil society and a fusion – at least at the top – of the political direction and economic power (Leftwich 1994:381-382).

For example, the South Korean Government intervened in the economy to promote certain industries, provide social and economic infrastructure, force mergers, and discipline the workforce (Jeffries 1993:25; Merrien 1998:65; Te Amokura 1997:6).

Similarly a democratic system of governance is not a prerequisite for popular participation in development, especially where the population has had limited experience in these political processes. For example, in East Asia participation was achieved through the involvement of the public and private sectors in consultative committees. Through influencing the policy making process, these committees provided a safeguard against corruption, prevented a few powerful people from dictating government actions, enhanced accountability, predictability and transparency, and mobilised cooperation and coordination for investment (Root 1995:14-15).

2.5.15 Summary

In spite of its widespread acceptance, the good governance paradigm should not be viewed as a development panacea. This section has shown that given the complex interrelationships between the three players in the governance framework it may be difficult to implement comprehensive policies that reform the public sector and political

system while simultaneously strengthening the private sector and civil society. There is no guarantee that the combination of neo-liberal economics and a democratic polity will achieve economic growth, and it may in fact hinder progress towards sustainable development by increasing social inequalities. Sustainability can also be jeopardised when a standard reform formula is imposed by outside parties rather than tailored to the local environment by the community concerned.

2.6 CONCLUSION

The inability of many development programmes to meet their social and economic objectives has contributed to the prominence of the good governance paradigm. Other contributing factors have been the prevailing neo-liberal economic theories, globalisation, popular demands for democracy, and recent trends in the development debate such as participation, gender equity, empowerment and sustainability. The good governance paradigm has been strongly influenced by the belief that large government bureaucracies, typically established by colonial powers, have stifled private enterprise because they have encouraged welfare dependency and have often been inefficient, unaccountable and corrupt.

Many multilaterals, bilaterals, international NGOs and developing country institutions together with the private sector good governance industry now promote good governance programmes. These programmes can be implemented at national, regional and grassroots levels and vary significantly depending on both the organisation's focus and its definition of good governance. However most embody the assumption that economic and social development is best achieved through the combined effort of the public sector, private sector and civil society. Thus policies designed to improve the performance of the public sector and civil society will also impact on private sector activity.

Many of these good governance programmes include initiatives designed to decrease the size and influence of the government while simultaneously improving its legitimacy. Although these should in theory stimulate entrepreneurship and investment by engendering confidence and creating room for private sector activity, they can also be

counterproductive. For example, cuts in government spending that lower the standard of the physical and social infrastructure such as roads, education and health can hamper business development. Women in particular may be disadvantaged in their efforts to either begin or continue micro-enterprise initiatives if lower government spending prevents more women than men from accessing health and higher education services.

Similarly, the elimination of what is considered to be unnecessary regulations surrounding business operations coupled with the streamlining of government services should increase public sector efficiency, reduce business costs, limit opportunities for corruption, and remove some of the barriers that prevent micro-entrepreneurs from pursuing their business ideas. However if centralised offices result in public services being less accessible and government employees have less time to assist the public, entrepreneurs with little business management experience may struggle to obtain the assistance they require to comply with remaining government regulations.

Good governance policies often include incentives to attract foreign investors and stimulate global trade. While this can assist micro-entrepreneurs through, for example, providing access to cheaper imports and larger markets for their products, they may be precluded from benefiting from these opportunities if larger players, who have more resources to take advantage of the favourable regulatory environment, crowd them out. Similarly if the boom in trade causes property values to increase, smaller business may be dispossessed of their land. Free international trade can also disadvantage fledgling businesses if their competitors are domiciled in countries that protect the industry concerned and/or the competitor's country has a superior physical or human resource base. In addition, demand for goods and services drops when locally generated wealth is transferred out of the country in dividend payments to foreign investors.

In theory, good governance policies to protect human rights, promote gender equality and foster grassroots participation in development through civil society should enhance women's access to resources, their empowerment, and in a related manner, the development of women's micro-enterprise initiatives. However in order to actively participate in a Western styled democracy people typically need a certain level of education, and membership in civil society organisations supported by Western donors, such as professional associations, is dependent upon skill levels. These new civil society

organisations can be disempowering for women in two ways. Firstly, many may be precluded from joining as they have not had the same opportunities as men to receive an education and/or gain occupational skills. Secondly, the imposed governance structures may override traditional systems where grassroots people, including women, have exerted considerable influence, albeit informally.

Critics of good governance policies believe that in some situations economic growth may only be achieved through the strong leadership of the government. For example, if the desire to maximise personal material wealth is not a strong motivator in the culture concerned, reducing the role of the government is unlikely to stimulate private sector development. Alternatively, the government may be needed to promote business confidence and private sector investment by preventing civil unrest. This unrest could be caused by public resentment to imposed good governance policies, the exclusion of minorities from the multiparty political process or the exaggeration of social schisms by a strengthened civil society.

Thus it has been shown that many proponents of the good governance paradigm believe that broad based participation in decision-making coupled with a flourishing private sector that operates in a business-friendly regulatory environment will achieve sustainable and equitable social and economic development. However there are inherent inconsistencies within this model that may prevent these goals from being realised. The inconsistencies that relate to both private sector development and the Cook Islands' context will be explored further in Chapter Three.

CHAPTER THREE

**GOOD GOVERNANCE, MICRO-ENTERPRISE
INITIATIVES AND THE COOK ISLANDS**

3.1 INTRODUCTION

With an examination of the overall concept of good governance complete, Chapter Three will consider the relationship between good governance, private sector development and the Cook Islands' economic reforms. An analysis of the ways in which good governance policies have affected private sector development in general will be followed by a discussion concerning the impact that good governance policies have typically had on women's micro-enterprise development. To date, development agencies have largely failed to recognise the fact that private sector-led economic growth may not be attainable through the implementation economic reform programmes because of inconsistencies inherent in the good governance paradigm. Similarly, many development experts have assumed that women and men will benefit equitably from the opportunities that good governance policies create for micro-enterprise development. These inconsistencies and assumptions demand further testing as they could limit the effectiveness of economic reform programmes and detract from women's wellbeing.

This chapter will also describe the influence that the chiefly entrepreneurs and the colonial government have had on the development of the Cook Islands' economy, and the reasons why, until recently, few women have been involved in the private sector. It will outline how economic activity in the Cook Islands has been dominated, in turn, by subsistence agriculture, the public sector and now the private sector-led tourism and services industries. The chapter will close by describing how excessive Government involvement in the economy necessitated the implementation of good governance policies in 1996, the reform path chosen and the New Zealand Government's role in these changes.

3.2 GOOD GOVERNANCE AND PRIVATE SECTOR DEVELOPMENT

This section will begin with a discussion of the roles that various governments have had in business historically. An examination of the ways in which good governance policies are expected to stimulate private sector development in theory will ensue and the section will close with a survey of some of the negative impacts that good governance

policies could have on private sector development. For the purposes of this discussion, the private sector is defined as

a basic organising principle for economic activity where private ownership is an important factor, where markets and competition drive production and where private initiative and risk-taking set activities in motion (OECD 1994:4).

Private sector activities range from selling surplus produce originally intended for home use, to the production and distribution of goods and services on a global scale by multinational corporations (Regional Study 1991:1).

3.2.1 Governments' Role in Business

Prior to the depression of the 1930s, governments in market economies provided the conditions required for a burgeoning market, such as a legal framework, while remaining largely independent from it. This position was based on classical economic theories, which argue that the balance of demand and supply achieved through the market is the best mechanism to ensure an efficient allocation of resources. Under this paradigm governments may need to make minor market modifications and provide minimal assistance to the needy however in general their involvement in the economy should be limited to safeguarding the political and economic freedom of individuals to pursue their own self-interest (K.K. 1997b:31; Lloyd 1982:166; Shirley 1982:17; Wilkes 1982:121).

Keynes modified this doctrine in the 1930s in response to economic crises and the rising popularity of socialist theories by asserting that while the free market is important, the government must both regulate and intervene in the economy to stimulate private enterprise and protect public interest. The work of the United Nations Economic Commission for Latin America in the 1950s supported these tenets, and following World War II many governments assumed a central role in the planning and management of economic development. The extent of this involvement varied from country to country but could have included allocating resources, producing goods and services, providing infrastructure, instigating systems of incentives, tariffs and subsidies to protect local industries, undertaking research and development and addressing

inequalities through welfare systems. In addition, many governments shouldered the responsibility for education, housing and health to ensure that employers had access to a capable workforce (Brohman 1995:122; OECD 1994:3; Overton 1997:34; Shirley 1982:17, 19; Thorns 1982:58; Wilkes 1982:121-122).

In the early 1980s a growing anti-Keynesian sentiment arose in response to evidence that government involvement in the economy had resulted in inefficiencies and misallocations of resources. Governments in many countries had funded their activities through debt that proved difficult to service, or, as in the Pacific, unsustainable donor-funded budgetary assistance. These revelations coincided with the ascendancy of conservative Governments in the United States of America, the United Kingdom and Germany and contributed to the popularity of neo-classical economics. As in classical economics, the neo-classical paradigm supports economic liberalisation, free trade and open markets based on the expectation that competition and market mechanisms will enable the private sector to achieve greater levels of efficiency, productivity, investment and dynamism than the public sector can. Implemented through voluntary and donor-imposed structural adjustment programmes, governments still make strategic decisions, however their activities have been 'rolled back' - for example through the privatisation of state-owned assets - in order to allow the private sector to take a greater role in generating growth, employment and prosperity (Bell 1999:1; Brohman 1995:126, 134-135; Fairbairn 1988a:8; Fairbairn and Skully 1991:2; Hughes 1998:121; Lloyd 1982:170, 172; OECD 1994:3, 5).

Thus under neo-classical economics, governments are responsible for maintaining stable macroeconomics, taxation and administrative environments that encourage entrepreneurship, initiative and risk-taking. They ensure the efficient operation of markets, correct market failure, develop a regulatory environment that balances protection and personal safety with efficiency and simplicity, and uphold a rule of law that enforces contracts and property rights and settles disputes. In addition they provide the physical and social infrastructure necessary for the private sector to function. This includes support services for businesses such as information houses, an education system that prepares people for careers in the private sector and social safety nets for those unable to compete (Fairbairn 1988c:275; Ministry of Foreign Affairs and Trade

1998a:23; OECD 1994:5-6, 12-14; Senior Policy Seminar 1991:vi-vii; Turner and Hulme 1997:57; World Bank Group 1999a:1).

3.2.2 The Ways Good Governance Could Stimulate Private Sector Development

The OECD's statement that 'good government is central to establishing and maintaining a hospitable enabling environment and building public support for PSD' [private sector development] summarises development agencies' belief that good governance policies and neo-classical economics complement each other (OECD 1994:13). The following paragraphs elucidate some of the ways in which it is expected that good governance policies should contribute to private sector development in theory.

Inefficient monopolies often result from government involvement in industries, as the government's size and asset backing makes it difficult for other businesses with limited resources to compete. Good governance policies can counteract this and foster private sector development by advocating public sector downsizing through the privatisation of state-owned enterprises and the contracting out of public services. By allowing more people to be involved in business ownership, downsizing should stimulate entrepreneurship, generate flexible business structures that are better able to respond to global challenges, and create opportunities for support industries to be spawned. Increased competition should reduce the cost of providing public services, and privatisation should not only prevent financial, human and physical resources from being channelled into loss making activities, but free them up for use in the private sector. By enabling governments to focus on their key activities, privatisation can also result in better support services for business such as the collection and dissemination of reliable information that can be used for business decision-making purposes (Ministry of Foreign Affairs and Trade 1998a:21; Regional Study 1991:183-185; Turner and Hulme 1997:191; United Nations Development Programme 1999:93; World Bank Group 1999a:1).

Good governance policies also champion accountable, transparent, and responsive government institutions that are independent from political control. Theoretically these ensure that public sector administration, economic management bodies, and the

judiciary operate in a predictable fashion, which in turn promotes fiscal stability, efficient financial markets, clear customs and taxation procedures, and assurance that disputes can be settled and that contracts and property rights will be enforced. Such a stable business environment is expected to engender business confidence and result in both local and foreign investment in the economy. Foreign investment especially can boost the private sector of developing nations through the transfer of knowledge, skills and finances (Helgason 1998:24; OECD 1994:3, 5; Ray 1998:10; Ritto 1997:36; World Bank Group 1999a:1).

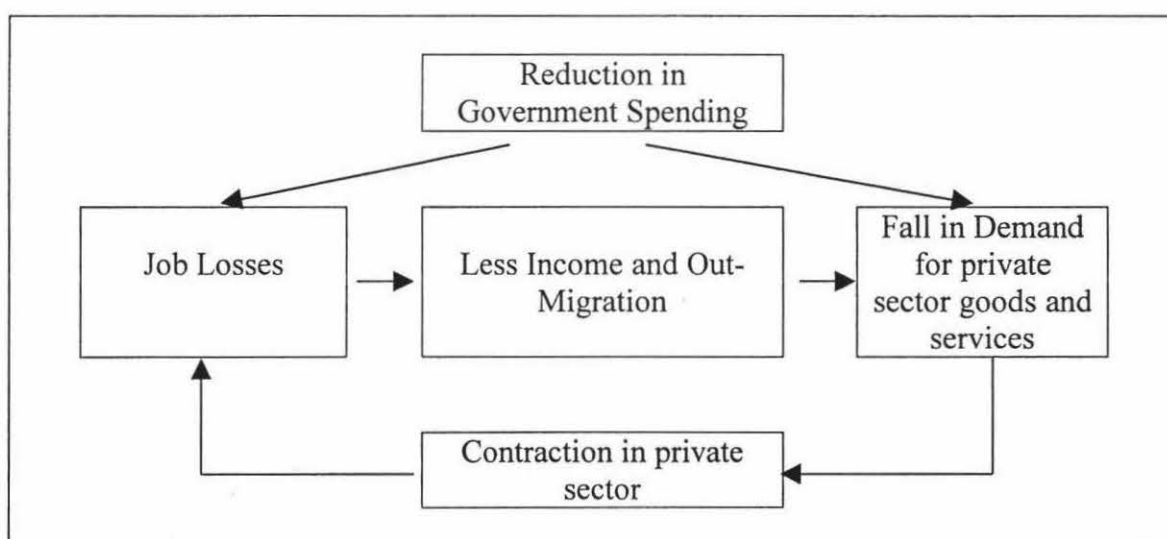
In many countries, including those in the Pacific, small population bases with limited purchasing power have restricted the size of the local market, and, combined with policy-induced trade, tax and price distortions, inhibited private sector development. In theory good governance policies can help to overcome these hindrances by deregulating the markets so that new players can enter, increasing market size by removing the barriers to international trade, and strengthening the competitive framework. By allowing human and physical resources to move internationally and reducing the cost of complying with government regulations, the private sector can be stimulated as it becomes both easier and cheaper to do business both within and between countries (Bell 1999:1, 2, 4, 5; Ritto 1997:34; Turner and Hulme 1997:191; Wichman 1998a:53).

Increasingly business networks are being coordinated in cities. In order for this to be sustainable there is a need for cooperative partnerships between citizens, the government and the business community. Good governance policies, with their emphasis on fostering participation, developing civil society and creating an open, predictable regulatory and legislative framework, can help build these constructive relationships which in turn could lead to private sector growth. Similarly good governance policies advocate transparent decision-making processes. Where information flows freely between citizens, the government and the business community, economic growth can be stimulated by enabling all parties to be involved in policy formulation and providing sufficient information for them to be able to make educated decisions (Helgason 1998:31-35; Hughes 1998:120; United Nations Development Programme 1999:93).

3.2.3 Negative Impacts of Good Governance Policies on Private Sector Development

While good governance policies should theoretically stimulate private sector development as outlined above, in practice there have been mixed results. For example government downsizing in many countries has caused job losses, which in turn has reduced household incomes and consumer spending. At the same time budget constraints have caused the public sector's demand for private sector-produced goods and services to drop further, causing local markets to shrink. If not arrested, this fall in demand snowballs as the private sector adjusts by downsizing, creating more job losses. In the case of the Cook Islands the problem was exacerbated further when lack of opportunities in the private and public sector led many people to migrate (Keith-Reid 1996:21-23). Figure 3.1 illustrates this phenomenon diagrammatically.

Figure 3.1 How a Fall in Public Sector Spending Impacts on the Private Sector



Source: Author.

This domino effect is magnified in small open countries such as those in the Pacific where there is a narrow production base, a fragmented domestic market, high population growth, a high cost of labour compared to other countries and low levels of human resource development. This has led some writers to believe that a strong, stable, growing economy is a prerequisite for a flourishing private sector, highlighting the necessity of a certain level of private sector development before economic growth can

be stimulated through public sector downsizing (Halapua 1992:14; Helgason 1998:23; Khan et al. 1993:21).

In some countries public sector reforms may fail to stimulate private sector growth because of shortfalls in labour force capacity. For example a reduction in government spending can impede human resource development through reducing the quality and quantity of housing, education and health services available. In addition the assumption that employees can be transferred from the public to the private sector could be spurious given the fact that public sector employees may not have developed skills, such as public relations, required by private sector employers. Similarly those remaining in the public sector may not have the ability to transform lumbering bureaucracies into efficient, service oriented organisations (Corydon Consultants 1997:iii; Thorns 1982:58; Turner and Hulme 1997:193).

In countries where there are large inequalities in the distribution of resources or small or non-existent sharemarkets, privatisation programmes may simply replace one form of monopoly with another by transferring assets to the few elites who can afford to purchase them. As happened in New Zealand, this can cause the fruits of the reforms to be unevenly distributed and average household savings to fall. Coupled with the fact that in many cases profits from these monopolies are transferred out of the country by either foreign or local investors, these trends hamper private sector development by reducing the money available for private sector investment. In addition, the concentration of productive assets in the hands of a few makes the free market less effective and weakens civil society by limiting participation in economic decision-making. This is especially true where economies of scale prevent the establishment of private sector monitoring groups (Fallow 1999a:D5; Gaynor 1999f:E2; Huffer and Molisa 1999:11; Turner and Hulme 1997:193).

To summarise, it has been shown that good governance policies are expected to expand local markets through international trade and create the environment necessary for private sector-led economic growth as prescribed by neo-liberal economic policies. However inherent inconsistencies in these models can weaken their impact in some situations such as in small Pacific Islands states where public sector downsizing, narrow production bases, fragmented domestic markets, high labour costs, low levels of human

resource development, and inequalities in resource distribution have detracted from private sector development.

3.3 GOOD GOVERNANCE AND WOMEN'S MICRO-ENTERPRISE INITIATIVES

Having outlined the relationship between good governance policies and private sector development, this section will narrow the discussion to the women's micro-enterprise segment of the private sector. A definition of the term micro-enterprise will be presented before the ways in which good governance policies can potentially strengthen and detract from micro-enterprise development are analysed.

3.3.1 Definition of Micro-Enterprise

Micro-enterprises are typically labour intensive business units that are not part of a larger enterprise. They usually operate in the local market, are financed by the owner and, as a result, are often undercapitalised. The owner manages the business and most employees are members of his/her own family. While experts have differed in their upper limit of full-time employees from between five and ten, for the purposes of this thesis a micro-enterprise can have between one and nine employees including the owner, while small businesses employ between ten and thirty people. These numerical limits have been adopted to maintain consistency with the definitions used in the planning document for the ERP, the Reform Agenda. This document, prepared by Cook Islands' leaders, outlined the goals of the ERP together with the steps that would be taken to ensure that these goals would be achieved (Callanta 1999; Cook Islands Consultative Group Meeting 1996:11; Development Cooperation Ministry of Foreign Affairs The Netherlands no date:9; Haines 1991:1; Khan et al. 1993:2-3).

3.3.2 The Potential for Good Governance to Strengthen Women's Micro-Enterprise Development

The significant growth in the number of micro-enterprises owned by women in countries that have adopted good governance policies as part of, for example, their structural adjustment programmes, indicates prima facie that good governance policies support the development of women's micro-enterprise initiatives. However it should be noted that planners encourage the development of micro-enterprises during adjustment processes in order to protect the income of vulnerable groups, and that many micro-enterprises have been started in response to personal economic necessity rather than the existence of promising business opportunities. Thus more women than men have started micro-enterprises because of scant employment opportunities in their countries' public and private sectors coupled with public spending cuts in areas that fall within their gender roles such as food, health care and education, have made it more difficult for them to provide for their families (Development Cooperation Ministry of Foreign Affairs The Netherlands no date:15; Dunlop 1999:37, 40; UNRISD 2000:132).

However there are aspects of good governance policies that positively support the development of women's micro-enterprises. For example legal reform and increased respect for human rights can assist female entrepreneurs by eliminating sex-related structural barriers to business ownership and granting access to the resources needed to operate businesses such as land, training, and family labour. These reforms can also enhance women's access to credit if they allow women to use land as collateral and to apply for loans in their own right. Legal rights that are consistently enforced can also assist women by giving them redress when, through inexperience or social powerlessness, they are taken advantage of by unscrupulous suppliers and customers (Department for Policy Coordination and Sustainable Development 1995:86; Haq 1995:9; Khan et al. 1993:19; Root 1995:12).

Similarly, women's micro-enterprise initiatives can benefit from good governance's emphases on both increased participation in decision-making and a strong civil society. While many civil society organisations that support women in business, such as the Self Employed Women's Association in India, were successfully operating prior to the introduction of good governance policies, female micro-entrepreneurs could benefit if

good governance reforms result in the strengthening of such groups or the formation of new ones. These organisations can assist female entrepreneurs by offering micro-finance facilities; publicising business opportunities; providing training, childcare and maternity related services; and undertaking group negotiations with, among others, local bodies, customers and suppliers. In addition, where in the past women's economic contributions may have been limited to supporting entrepreneur spouses, group action and support can empower women to take advantage of growing international markets and assume economic decision-making roles (Department for Policy Coordination and Sustainable Development 1995:86; Fairbairn 1988c:276; UNIFEM 2000:3; UNRISD 2000:135).

While the benefits are not limited to women, good governance's market oriented policies support the development of entrepreneurialism and can give rise to markets for goods and services produced by micro-enterprises. Where an economic recession follows public sector reforms, micro-enterprises have the opportunity to fill the gaps created by the closure of larger businesses whose operations have become uneconomical. Conversely, if the reforms generate economic growth, micro-enterprises can thrive on the increased money in the economy and the niche markets that frequently open up as larger businesses expand. Micro-enterprises are also able to compete for new public service contracts provided they are broken down into small parts (Department for Policy Coordination and Sustainable Development 1995:87; Haines 1991:8, 10; Liedholm and Mead 1999:109; Morrisson et al. 1994:243).

While entrepreneurs do not rank government regulations as major obstacles to business development, good governance's focus on reducing government control over the private sector and on accountability, transparency and predictability can help to improve the performance of both men's and women's micro-enterprises by providing them with a stable business environment suitable for long-term planning. The cost and risk of running a business can be reduced considerably where unnecessary requirements are eliminated and regulations surrounding importing, foreign exchange, productive resources, licensing, registration, taxation, business location and labour are streamlined so that they demand minimal paperwork and cost, are easy to understand and are consistently enforced by efficient administrative bodies. Similarly by reducing capricious bureaucratic control, harassment, fraud and corruption good governance can

make it both easier and cheaper for people, especially the poor and illiterate - who are often women - to start and grow micro-enterprises. Micro-enterprises also benefit from regulations that are linked to quality or safety standards because compliance assures their customers of consistent product or service standards (Dunlop 1999:41, 45; Khan et al. 1993:14; Liedholm and Mead 1999:70, 100, 110; Maldonado 1995:709, 711, 715, 718, 719, 721; Morrisson et al. 1994:18, 236-238).

While the regulatory reforms described in the paragraph above will benefit both small and large businesses, some governments have built into their policies specific measures to assist micro-enterprises by providing flexibility in compliance and ensuring that the costs of regulations are not disproportionately burdensome for micro-enterprises. For example, many micro-enterprises have lower compliance costs than larger ones because they fall under the threshold set for collecting value-added taxes (VAT). Similarly, by tightening competition laws, reducing the number and amount of incentives available to larger business and breaking up monopolies, regulations can help increase micro-enterprises' access to markets. Some governments have also introduced laws to support the development of financial institutions which target the needs of micro-enterprises, such as those offering micro-finance (Development Cooperation Ministry of Foreign Affairs The Netherlands no date:14; Liedholm and Mead 1999:73; Morrisson et al. 1994:236; Rhyne 1998:2; World Bank Group 1999b:1).

3.3.3 The Ways Good Governance Could Detract from Women's Micro-Enterprise Development

While good governance policies incorporate factors that are supportive of micro-enterprise development as noted above, they also contain elements that detract from it. Research by Mosley and Hulme (1998) found that the higher a person's income, the more likely he/she is to take the risk to invest in a business. Conversely, they found that the poor, a disproportionate number of which are women worldwide, are risk-averse and reluctant to invest the resources they depend upon for daily living in a micro-enterprise. Thus while the growth of micro-enterprises has accompanied public sector reforms, the facts that this downsizing typically reduces women's income and assets and that many

women are poor in the first instance, may act as a disincentive for them to begin a business (Mosley and Hulme 1998:787, 789).

Market deregulation can also discourage people from starting a micro-enterprise. Planning difficulties and the risk of losing money increases when costs are subject to exchange and interest rates set by the markets as there is no guarantee of stable prices. Similarly if micro-enterprises do not form support networks, their limited bargaining power can disadvantage them in dealings with banks, larger businesses, employers' associations and trade unions who have greater freedom to pursue their own interests as a result of reduced government control. This latter problem is more pronounced for women who often command less power than men in the market place (Liedholm and Mead 1999:70; Morrison et al. 1994:244).

In addition to taking measures to assist micro-enterprises as noted in Section 3.3.2 above, many economic reform programmes include components to encourage foreign investment. These can disadvantage micro-enterprises owned by both men and women if, for example, they are not able to benefit to the same extent as their foreign competitors from government incentives such as tariff reliefs. Similarly, the deregulation of international markets has left many women struggling to compete with cheap imported products in their traditional industries such as food processing and handicrafts. This problem has been exacerbated by the fact that the prices of essential commodities and market stall rentals have sometimes increased simultaneously as a result of user pay policies (Horn 1994:27-28; Liedholm and Mead 1999:71; UNIFEM 2000:1).

While neo-liberal policies call for the targeting of assistance, the reluctance of governments to be directly involved in their economies can preclude men's and women's micro-enterprises from receiving the resources they require to be able to compete with larger, more experienced businesses. This has led some entrepreneurs and experts to call for governments to provide, among other things, subsidised finance institutions, venture capital, training programmes, research and development and infrastructural services such as the provision of a market in a suitable location for micro-enterprises (Callanta 1999; Horn 1994:64, 94, 116, 159; Khan et al. 1993:19; UNRISD 2000:40).

On the individual level, one result of good governance policies has been that women have had to spend more time in their reproductive and community management roles in order to compensate for a reduction in household income and public services (Vickers 1991:24). This has reduced the amount of time that they can spend in their micro-enterprises and hampered business growth as a result. At the same time, reduced household incomes have created a problem of insufficient demand as people have less money to spend. This has increased the risk of business failure for many female entrepreneurs who do not have the time and energy to invest in finding new products and markets (Development Cooperation Ministry of Foreign Affairs The Netherlands no date:10; Horn 1994:27-28; Maldonado 1995:728).

Public sector downsizing has also adversely affected the availability of education for girls. This is because government funding for education has declined, girls may have to work to compensate for reduced household incomes, and families with limited resources to meet fees often choose to send boys to school ahead of girls. A lack of education detracts from women's micro-enterprises by preventing them from acquiring the technical skills and self-confidence they need to begin a business. In addition where the public service has dominated economic activity men and women are often unaware of how to manage a business, and a reduction in the provision of and access to appropriately focussed public education systems can hamper the development of the entrepreneurial spirit (Liedholm and Mead 1999:110).

Culturally, good governance policies can fail to stimulate the development of new micro-enterprises owned by men and women by erroneously assuming that Western business models, based on the belief that individuals consistently make choices to maximise their personal wealth, will be appropriate in every community. However Pacific entrepreneurs typically have had to balance community demands on their time, finances and resources with the need to maintain a regular supply of goods and services of sufficient quality in order to both compete with other businesses and to meet their own financial commitments. Similarly good governance policies ignore the fact that in subsistence economies, where people's long-term survival objectives are met, many entrepreneurs only operate businesses for short periods of time in order to meet a

specific need. Thus they are not willing to invest considerable amounts of time and energy into their businesses in order to make them grow (Brooks 1996:3-4).

In summary, it has been shown that good governance policies have the potential to strengthen women's micro-enterprise initiatives through legal and regulatory reform, the protection of human rights, enhanced civil society organisations and increased participation in decision-making. However in practice cuts in public spending, lower personal incomes, market instabilities, increased global and local competition and cultural factors such as prescribed gender roles, the opportunities to acquire an education, and personal priorities may preclude women from taking advantage of the benefits of these reforms.

3.4 BUSINESS IN THE COOK ISLANDS

With an examination of the relationship between good governance policies and women's micro-enterprise initiatives complete it is now appropriate to introduce the Cook Islands' business climate. While related issues concerning the impact of the Cook Islands' business environment on equitable development for female micro-entrepreneurs will be examined further in Section 5.4.1, the following overview will help to build an understanding of the context in which the ERP was implemented and the reasons why the ERP was considered necessary. This section will survey the historical development of business in the Cook Islands before examining the nature of the private sector in contemporary times, cultural factors that impact on entrepreneurial activities and other factors that influence business success in the Cook Islands.

3.4.1 History of Business in the Cook Islands

While some forms of trading existed in the Pacific prior to European contact, Cook Islanders were predominantly involved in subsistence forms of survival. The arrival of missionaries and European traders in the 1820s heralded an era of growth in entrepreneurial activity in the Cook Islands and by 1840 there was significant trade with whalers in livestock and produce under the influence of missionaries and control of the

arikis (high chiefs). By the 1860s businesses were blooming and the British Protectorate (1888-1901) supported this growth through their encouragement of private sector activity. The *arikis* organised production in lineage groups, purchased schooners and developed and serviced export markets for cotton, copra and coffee throughout the Cook Islands group, Tahiti and New Zealand. However control over economic activities coupled with the manipulation of inheritance titles, the payment of tributes and restrictions on commoners from trading in certain goods or accepting wages without approval cemented *arikis*' political and economic power, discouraged economic individualism and precluded commoners from developing entrepreneurial skills (Bellam 1981:13; Fairbairn 1988a:6-7; Fairbairn with Pearson 1987:7, 80; Gilson 1980:54; Ingram 1990:65, 84, 107, 166; McFadzien 1988:1; Sissons 1999:13, 70).

Local business initiatives began to decline when New Zealand annexed the Cook Islands in 1901. The powers of the *arikis* eroded as centralised systems of government and administration were adopted, land matters were placed under the authority of a European judge, and New Zealand administrators assumed control over marketing activities. By the early 1900s production was conducted in household units, people sold their produce to the highest bidder, and the schooners ceased to operate leaving the *arikis*, who were experienced in business, with little control over trading activities (Fairbairn 1988a:7; Fairbairn with Pearson 1987:7, 80; Gilson 1980:151; Sissons 1999:13).

The colonial power also stifled local entrepreneurship by promoting welfare rather than economic development until the mid-1930s, and hampering opportunities for Cook Islanders to develop leadership and entrepreneurial skills through the closure of the High School on Rarotonga, Tereora College. In addition, New Zealand provided financial incentives to stimulate the agriculture industry at the expense of other sectors and focussed production on meeting the needs of the New Zealand market. Thus Cook Islanders grew produce such as citrus, bananas and tomatoes which generated insufficient returns because of infrequent shipping services, the perishable nature of the produce, unscrupulous trading practices of merchants, and vagaries in demand. Government initiatives to develop citrus plantations also failed due to an unwillingness to partition land, the size of the plots, the amount of work involved, the feeling that only a few growers would benefit and people's reluctance to incur debt during the five years

it would take to produce the first crop. The failure of agriculture to live up to expectations led Cook Islanders to favour the regular returns from wage labour over the risk and insecurity of cash cropping and other entrepreneurial ventures (Bellam 1981:17, 24, 27; Fairbairn with Pearson 1987:7-8, 81-82; Gilson 1980:153, 157; Ingram 1990:166-67).

Local entrepreneurship was also discouraged by the promotion of foreign investment and the channelling of aid through companies owned by residents of donor countries. While nationals from countries such as Australia and Fiji invested in the Cook Islands, the bulk of the private investment came from New Zealand through, for example, joint ventures and the NZODA funded Pacific Islands Investment and Development Scheme (PIIDS). Cook Islanders struggled to compete with the extensive resource base of foreign-owned companies and Western businesses gained dominance as a result. This disempowered aspiring indigenous business people further by generating a belief that only Europeans could be entrepreneurs (Bellam 1981:20-28, 53, 68; Fairbairn with Pearson 1987:8; Gilson 1980:161; Ingram 1990:74-75, 85, 166-167).

After independence in 1965 the first elected Government concentrated income generation in the large public service it had inherited and spent considerable sums of money on both social services and infrastructure. Government incentives such as development finance, subsidies and price stabilisation saw growth in the tourism, clothing manufacturing, pearl shell production and commercial cash cropping for export industries. The opening of the airport in 1974 also created business opportunities in tourism however a lack of capital meant that indigenous involvement was limited to smaller ventures. While Cook Islanders became increasingly involved in entrepreneurial activities, businesspeople tended to be men over the age of 35 from multi-ethnic backgrounds who, as a minimum, had received a secondary education. They typically had strong religious convictions, previous work experience or technical training and had spent some time in other countries. Often the money they had earned overseas was used to start their businesses. During this era households emulated the gendered division of labour observed in expatriate families whereby women supported the men who took a leading role in business activities (Bellam 1981:32-34; Fairbairn with Pearson 1987:36, 68-69; Ingram 1990:85, 90; McFadzien 1988:1; Sissons 1999:32).

In spite of Government incentives, growth in tourism, and increases in the numbers of local entrepreneurs, private sector growth stagnated during the 1970s due to the enlargement of the public sector and a decline in the population through emigration. In addition, most citrus trees had developed beyond their maximum productivity, few citrus trees had been replanted, citrus prices had dropped, and remittances from relatives living overseas discouraged productive efforts while simultaneously increasing living standards. Emigration also resulted in land lying idle as those who remained were reluctant to invest time and capital into emigrants' properties as they had no security of tenure (Bellam 1981:44; Fairbairn with Pearson 1987:36, 82)

The late 1970s and early 1980s saw the transformation of the Cook Islands' economy from being agriculture and construction based to being dominated by the tourism and services industries. In the early 1980s legislation was passed allowing offshore banking and declaring the Cook Islands a tax haven. Clothing and footwear manufacturers struggled to compete with more favourable conditions in Asia and the Pacific in the late 1980s, however an airport upgrade led to an increase in tourist activities and rapid economic growth on Rarotonga. This created opportunities for micro-enterprises in new niche markets (Corydon Consultants 1997:19; Fairbairn with Pearson 1987:83; Schoeffel 1996:108; Sissons 1999:91).

In the 1990s agricultural businesses in the Cook Islands suffered under New Zealand's decision to cancel its preferential treatment of Cook Islands produce. Low prices meant growers could no longer compete in the New Zealand market, and citrus, banana, pineapple and copra crops failed in world markets. However, growers had some success with pawpaw crops, which continues today, as not only is there international demand but pawpaw growth patterns suit the Cook Islands' land tenure system.¹⁵ During this period the Government attempted to provide a favourable climate for foreign investment while developing indigenous involvement in the private sector through reserving areas of investment for Cook Islanders, however it remained a central player in business until

¹⁵ The possibility that the land crops are planted on will be reallocated by families before the fruit can be harvested makes Cook Islanders reluctant to invest time and money into fruit such as citrus that takes several years to mature. However as growers can typically collect their first pawpaw harvest within a year of planting and the trees bear fruit for another two years approximately, the risk of losing the capital

the economic reforms of 1996 (Corydon Consultants 1997:19; Duncan et al. 1999:142; Government of the Cook Islands 1998:7; Ingram 1990:167; Schoeffel 1996:146; Wichman 1998a:52).

To summarise, indigenous forms of entrepreneurial activity that thrived after initial European contact did not survive the economic development programmes imposed by New Zealand as colonial power. While the tourism industry has flourished since the airport was opened, the legacy of foreign investment, Government dominance in the private sector and limited capital and entrepreneurial training has discouraged the development of locally owned and operated business initiatives.

3.4.2 Business in the Cook Islands in Contemporary Times

Statistics concerning the number, types and ownership of businesses in operation in the Cook Islands are not available because those with a turnover of less than \$30,000 are excluded from the VAT net and there is no requirement for businesses operating as sole traders to be registered with a central authority. However a general understanding of the mix of industries in operation in the Cook Islands can be gained from the gross turnover per industry figures derived from VAT returns. Presented in Table 3.1, they indicate that wholesale and retail trade, followed by transport and communications and tourism, are the main industries in the Cook Islands.

One legacy of the New Zealand administration is multinationals' domination of key services in the financial, transport, telecommunications, contracting and oil distribution industries. In contrast, Cook Islanders are involved industries in which smaller businesses can compete such as trading, motels, taxis, specialist apparel manufacturing, restaurants, tourism, and entertainment. Cook Islanders also begin businesses that use their traditional skills such as fishing, agriculture, crafts and food preparation. Locally manufactured products include construction materials, toiletries, jewellery, solar water heaters, food and beverages (Corydon Consultants 1997:19; Fairbairn 1988a:4; Fairbairn and Pearson 1987:8; McFadzien 1988:1; Williams 1998:41).

invested in these crops is significantly reduced, making them a popular crop for growers (Schoeffel 1996:146).

Table 3.1 *Gross Turnover by Industry*

Industry	Turnover Percentage		Turnover Percentage	
	1998	of Total	1999	of Total
Wholesale and Retail Trade	100801	36%	109097	39%
Transport and Communication	50898	18%	57869	21%
Hotels and Motels	25597	9%	30648	11%
Community and Personal Services	41255	15%	23465	8%
Mining, Manufacturing and Electricity	19325	7%	19517	7%
Finance and Business Services	18853	7%	18356	6%
Restaurants and Bars	6883	3%	7392	3%
Construction	6757	2%	7092	3%
Agriculture and Fishing	7576	3%	5332	2%
Total	277945		278768	

Source: Statistics Office 1999:Table 5.2.

Rarotonga is the hub of private sector activity for the Cook Islands, it receives most of the tourists and houses the offshore banking industry. While business is limited on the outer islands, the Southern group engages in some commercial agriculture including the harvesting of *nono* (a small tree that grows medicinal fruit) which is shipped to Rarotonga to produce juice for a growing export market, and the export of *maire eis* (fern wreaths) to Hawaii. On Manihiki and Penrhyn in the Northern group the black pearl industry is thriving. Around the northern atolls there are also rich deposits of cobalt, manganese and other minerals which have not been exploited to date because cost-effective techniques of harvesting, processing and refining them have not yet been discovered (Corydon Consultants 1997:19; Crocombe and Crocombe 1995:138; Hughes 1998:77; Parr and Associates Ltd 1999:29).

The private sector, especially on the outer islands, is dominated by small businesses of less than 35 employees. Many of these are owned and managed by families and operate outside of the formal regulated business sector. Difficulties in obtaining credit, especially on the outer islands, coupled with a reluctance or inability to pay commercial or development bank rates of interest mean that many micro-enterprises start with limited capital. Seed capital is typically sourced from the entrepreneurs' own savings or remittances from relatives living overseas. The high failure rate of micro-enterprises is indicative of entrepreneurs' limited managerial and technical skills as well as low levels of efficiency, making it difficult for them to compete. In order to spread the risks it is common for entrepreneurs to operate several micro-enterprises simultaneously

(Corydon Consultants 1997:17; Fairbairn 1988a:4; Fairbairn and Skully 1991:14; Fairbairn with Pearson 1987:71; Parr and Associates 1999:47-48; Schoeffel 1996:101; Senior Policy Seminar 1991:14).

Increasing numbers of micro-enterprises are owned and operated by women. This is because there are fewer cultural and physical restrictions on women taking advantage of the opportunities in the burgeoning service sector than there are in the agricultural sector which, in the past, provided most of the openings for micro-enterprises. In addition they have the skills, for example, in food preparation and handicrafts to meet some of the niche markets that have arisen out of the growth in tourism. Their desire for an income and for independence has also motivated them to engage in micro-enterprise initiatives (Fairbairn with Skully 1992:18; Ingram 1990:94-95; Ingram 1991:10).

3.4.3 Cultural Factors that Impact on Businesses

The above sections have shown that increasing numbers of opportunities have arisen for both men and women to be involved in micro-enterprises in recent years. However certain elements of the Cook Islands' culture, which typically have a stronger pull on outer islanders than on Rarotongans, have a significant impact on their ability to develop these initiatives (Fairbairn with Pearson 1987:63).

According to Fairbairn and Pearson's (1987) study of Cook Islands businesses, most entrepreneurs begin businesses in order to make money, improve their living conditions and/or look after their families. However business success in the Pacific is also measured according to the prestige and social benefits they generate which means some entrepreneurs continue in their businesses even though they are losing money or are barely breaking even. Similarly, although Pacific societies have always accepted personal enterprise, and people are becoming increasingly individualistic, the desire to fulfil social and political objectives through generosity can overshadow the importance of making a profit and encourage people to forgo individual consumption and accumulation in favour of sharing with the community. By causing some to feel embarrassed about selling rather than giving products to families and friends these

cultural values can detract from business development. In addition they reduce the amount of personal savings people have to invest in businesses. Entrepreneurs are often left with the choice between putting their businesses at risk through giving free goods and services and granting credit, or incurring social ostracism and a loss of custom and support through refusing to assist. Operating businesses for social or political reasons can also dampen private sector development as people do not necessarily seek out and engage in activities that yield high returns (Dunlop 1999:42; Fairbairn 1988c:273; Fairbairn and Skully 1991:4; Fairbairn with Pearson 1987:42, 67; Ingram 1990:64, 84, 91; Schoeffel 1996:36, 38, 95, 97, 101, 104; Senior Policy Seminar 1991:15).

Western business models encourage entrepreneurs to invest a substantial amount of time, energy and income into their businesses in order to develop efficient production processes, acquire stable client bases and cement market niches on which businesses can grow. However many Pacific Island businesses suffer because their entrepreneurs are either unwilling or unable to devote this amount of time to their enterprises. For example they may operate more than one business simultaneously in order to spread the risks or gain advantages from complementarity. Others share their energies between several activities such as subsistence, business ventures and waged employment in order to create a safety net in the event of business failure. Still others enter businesses with the goal of ceasing trading once they have met a short-term need or generated a quick profit. In addition, many businesses are undercapitalised because household and community needs take priority over reinvesting some of the returns into the business (Fairbairn 1988c:270; Fairbairn with Pearson 1987:70; McMaster 1990:5; Schoeffel 1996:65).

Family or household units rather than individuals operate most micro-enterprises in the Cook Islands. While this preference for working in groups has been accused of stifling private initiative, businesses can benefit from the time, skills and financial resources that each member can contribute at a low cost. Similarly the land tenure system, which vests in families the right to own and manage land, can hamper business development if there are disputes or lengthy negotiations over the way the land is employed or whether the land can be used as collateral for loans. In addition, fragmented holdings sometimes result in inefficiencies and can make the development and expansion of tourism facilities difficult. However on the positive side, the land tenure system can ensure that

every Cook Islander has a basic resource from which they can begin a business (Fairbairn 1988c:270; Fairbairn and Skully 1991:4; Fairbairn with Pearson 1987:62; Office of Pacific Operations 1995:81, 94, 142; Schoeffel 1996:3, 69, 94, 101).

There is a general belief, originating from both the importance placed on sharing and a lack of understanding of retailers' expenses, that middlemen and those who add value to products are cheating because the prices they charge for their wares are much higher than those they have paid. As a result small producers try to control all aspects of their businesses from production to selling and in so doing hamper the growth of their enterprises because they lack the skills required to be experts in every area of business operation. Similarly ignorance concerning the way markets work leaves many producers refusing to sell their goods at all rather than selling them for what they consider to be an unfair price. People's motivation to undertake entrepreneurial activities falls when they do not receive a return for their work, and in forgoing cash, further investment in the business is inhibited (Gilson 1980:158; Schoeffel 1996:102-103).

Some experts believe that Cook Islanders have little interest in entrepreneurial activities because family and community commitments cause them to place a high opportunity cost on their time. However this belief fails to take account of the fact that little motivation exists to risk investing time and financial resources into business ventures when the prices of products such as agricultural and marine produce on local and international markets barely cover the basic living costs of the entrepreneur. In weighing the alternatives most find that their time is better spent in subsistence activities or waged employment, especially if this provides similar returns for less effort, or they can rely on overseas remittances to supplement their income (Gilson 1980:153-154, 156; Schoeffel 1996:69, 83-84, 94).

3.4.4 Other Factors that Impact on Business Success

Cultural norms are not the only factors that impact on the ability of Cook Islands entrepreneurs to achieve business success. This section outlines some of the key

structural, geographical, and operational factors that influence the development of robust businesses in the Cook Islands.

The resident population of the Cook Islands has declined from 18,100 in December 1995 to 15,000 in December 1999 (Statistics Office 1999:Table 1.1). This small and declining population base, combined with the large subsistence sector and the popularity of imported goods, limits the demand in the domestic market for locally produced goods. As the market can be quickly saturated it also limits the opportunities for smaller businesses to compete by allowing large companies to take advantage of their strong buying power to achieve market dominance. In a small market businesses are less able to withstand downward pressures on demand and prices and are more susceptible to overproduction. In addition small production lots leave producers struggling to achieve economies of scale. The problems are more pronounced on outer islands where limited cash coupled with small population bases makes it difficult to develop local market places (Corydon Consultants 1997:18; Fairbairn and Skully 1991:1; Fairbairn with Pearson 1987:47, 58, 59; Ray 1998:1; Schoeffel 1996:103, 104).

Quick saturation of the local market also means that the private sector can only be expanded through overseas markets. In the past, however, Cook Islands exporters have sold mainly to New Zealand leaving them vulnerable to changes in New Zealand's economic and cultural environment. In addition, growth in this and other markets has been hampered by uncoordinated production, marketing and distribution activities, and unsuccessful, inefficient marketing schemes. To compound exporters' challenges, the relative insignificance of Cook Islands' exports globally gives producers little control over the terms of trade, which is determined by the world economy. Similarly, the tourism industry is vulnerable to factors outside of the control of Cook Islands businesses such as airline schedules and recessions in tourists' home countries. Other nations' tax and incentive laws also impact on the demand for Cook Islands' products (Fairbairn 1988a:8; Fairbairn 1988c:273; Fairbairn and Skully 1991:1; Fairbairn with Pearson 1987:2; Government of the Cook Islands 1998:7; McFadzien 1988:2; Womens Division of the Ministry of Internal Affairs 1995:12).

These problems of market size are exacerbated by the geographic isolation of islands within the group and of the nation as a whole - as portrayed in Figure 1.1 - from local

and international suppliers and purchasers. This distance, coupled with the small volume of goods traded, has resulted in trade within and outside the Cook Islands being hampered by inadequate, irregular, unreliable, and highly priced transport services with limited cargo space for people, their supplies and their products. Transportation difficulties negatively impact on businesses in several ways. Firstly, they make it expensive for entrepreneurs, especially those on outer islands, to travel to potential markets in order to find customers and gain new ideas for their businesses. Low volumes drive up the cost of trade, making the shipping industry barely economic. Cash flow can be impeded by businesses' need to hold surplus stocks to protect themselves from shipping delays, storekeepers may be limited in the range of goods they can stock, and the risk of produce rotting before it reaches the markets undermines commercial cropping. While irregular flights and the hazards of small boat travel between atolls exaggerate these problems in the Northern group, sea and air transport from other countries to Rarotonga is reasonably frequent and regular flights to the Southern group makes tourism viable for these destinations (Bellam 1981:7; Cook Islands Consultative Group Meeting 1996:17; Corydon Consultants 1997:21; Fairbairn 1988a:5; Fairbairn 1988c:272; Fairbairn with Pearson 1987:2, 47; Hamilton-Jones 1992:210, 211, 213; Ray 1998:1; Robie 1984:45; Wichman 1998a:53).

While the situation has improved in recent times with increased private sector activity and the return of some Cook Islanders who have gained education, training and experience overseas, many businesses in the Cook Islands suffer from their owners' general lack of entrepreneurial skills. This stems from the fact that there was little incentive to begin businesses in the past when most people could be sustained through a combination of remittances from relatives living overseas, subsistence activities and public sector positions that offered regular wages and benefits with no risks. Schools trained people to assume positions in the public sector and there were limited opportunities for continuing and adult education. In addition, the dominance of the public sector meant that few successful role models involved in trade and commerce existed. Limited knowledge concerning business principles and techniques has resulted in people lacking the confidence to seek assistance from credit and support institutions, confusing gross income and net profit, adopting poor stocking and debt control practices, and spending capital on unproductive assets. The problem is more pronounced on outer islands where it is harder to retain trained teachers and

uneconomical to site permanent business support services (Fairbairn 1988a:5; Fairbairn 1988b:75; Fairbairn 1988c:270-271; McFadzien 1988:1; Office of Pacific Operations 1995:81, 124, 146; Schoeffel 1996:47, 108).

Thus while many Cook Islanders have good business ideas, the failure rate of micro-enterprise initiatives is high because of skill gaps in the marketing, accounting, management and technical fields. In addition there is little innovation and initiative in the Pacific because of strong societal pressures to conform. This causes many entrepreneurs to copy other people's successful business ideas rather than find gaps in the market that a new business could fill through market research (Dunlop 1999:46; McFadzien 1988:2; McMaster 1990:5).

Many Cook Islands entrepreneurs also do not understand how markets work. This is evidenced by the way some producers base their prices on the amount of money they need to meet their living expenses, rather than what their local and overseas competitors are charging or what tourists are prepared to pay. Similarly others do not understand the need to retain their customers through consistently meeting orders on time with quality products, and only produce when they have a need for cash (Schoeffel 1996:112, 123; Womens Division of the Ministry of Internal Affairs 1995:10).

Skill shortages are also present in the labour market. The education system coupled with migration has left many entrepreneurs struggling to find staff with appropriate skills in areas such as public relations, customer service, information technology, trades, banking, accounting, management, civil engineering, and administration. As a legacy of the public sector's dominance, private sector employers also report difficulties in recruiting staff with customer orientation, motivation, reliability, honesty, initiative, common sense and confidence (Corydon Consultants 1997:60-61; Fairbairn and Skully 1991:3; Fairbairn with Pearson 1987:49).

While there are a few exceptions such as black pearls in the Northern group, both a lack of natural renewable resources and the nation's susceptibility to natural disasters constrains business development in the Cook Islands. Similarly the Government struggles to develop and maintain the infrastructure and support services required for continual business growth such as telecommunications, harbour facilities, roads,

industrial estates, organisations that provide technical assistance and investment promotion facilities. This is because the high per capita cost of developing infrastructure combined with low domestic savings inhibits self-funding, and it is difficult for the Cook Islands Government to borrow funds because it is already heavily indebted. This leaves the Government dependent on aid which, in turn, is difficult to attract given the fact that poverty on the outer islands is masked by the Cook Islands' relatively high Gross Domestic Product (GDP) per capita (Cook Islands Consultative Group Meeting 1996:17; Davenport and Low 1999:74; Fairbairn and Skully 1991:3; Fairbairn with Pearson 1987:21, 63; Fairbairn with Skully 1992:13; Government of the Cook Islands 1998:7; Ray 1998:9; Robie 1984:45; Wichman 1998a:48; Womens Division of the Ministry of Internal Affairs 1995:15).

On an individual level, unless seed money can be gained from personal savings or remittances from relatives living overseas, finance to begin or expand businesses is also difficult to obtain. Formal financial markets often exclude micro-entrepreneurs because of complex, inflexible lending processes, the need for collateral such as a title to land or a regular cash flow, or the preference given to larger businesses. These problems can be more pronounced on those outer islands where banks do not have branches and interests rates are inflated to compensate for perceived additional risks. Capital shortages can in turn hamper indigenous business development and cause the Cook Islands to be heavily dependent on foreign investment finance (Davenport and Low 1999:74; Fairbairn 1988a:5; Fairbairn 1988c:271; Fairbairn and Skully 1991:14; Fairbairn with Pearson 1987:59, 63; McMaster 1990:5; Office of Pacific Operations 1995:95).

In summary, the small domestic market coupled with the challenges inherent in growing export markets, such as geographic isolation and high transportation costs constrains business development in the Cook Islands. Many entrepreneurs lack the business management and marketing skills needed to successfully manage their businesses and struggle to find staff with suitable skills. Limited natural resources, the high per capita cost of maintaining infrastructure and the difficulty of obtaining credit are also challenges that need to be overcome.

3.5 IMPLEMENTATION OF GOOD GOVERNANCE POLICIES IN THE COOK ISLANDS' CONTEXT

In this section we will turn our attention towards the implementation of good governance policies in the Cook Islands through the ERP. A brief overview of the historical relationship between New Zealand and the Cook Islands will be followed by a discussion regarding the shape of the economy before the reforms and the reasons why an ERP was considered necessary. The nature of the ERP and New Zealand's role in it will then be examined, and the section will close by portraying the ways in which the Cook Islands' economy and NZODA assistance has changed as a result of the reforms.

3.5.1 The Historical Relationship Between New Zealand and the Cook Islands

There has been a close social bond between New Zealand and the Cook Islands for centuries. Some believe that the first Maori settlers to New Zealand originated from Rarotonga, and there are strong similarities between the languages of New Zealand Maori and Cook Islands Maori. The fact that many Cook Islanders have emigrated to New Zealand since the 1950s cements the link between the two nations with an estimated 40,000 Cook Islanders currently living in New Zealand (Bellam 1981:9; Gilson 1980:207; Ingram 1991:9).

New Zealand's political influence over the Cook Islands began during the British Protectorate years (1891-1901) when British Resident Commissioners were sent to the Cook Islands from New Zealand. In 1901 the Cook Islands were formally annexed to New Zealand as a result of extensive lobbying from New Zealand Governors. Political power was then devolved under law and progressively in practice to New Zealand appointed Resident Commissioners (Bellam 1981:13-14; Gilson 1980:57, 95-96).

In 1965 the colonial rule came to an end when the Cook Islands opted to become self-governing in free association with New Zealand. Under this arrangement all Cook Islanders retain their New Zealand citizenship and the New Zealand Government assists the Cook Islands Government in foreign affairs, defence and financial aid when requested. New Zealand's participation in the Cook Islands administration has been

gradually phased out and the latter now has the freedom to make their own laws and conduct their own external relations. However there is still a strong cordial relationship between New Zealand and the Cook Islands and this is evidenced, for example, by trade patterns and the use of New Zealand currency in the Cook Islands (Fairbairn with Pearson 1987:17, 81; Short 1987:178-183).

During the annexation period, the Cook Islands Government became dependent on New Zealand for financial assistance. Originally expected to pay their own way, by 1945 New Zealand was subsidising approximately half of the Cook Islands' administrative expenses with the bulk of this funding being spent on education and health. New Zealand continued to provide substantial financial assistance after independence in recognition of the fact that limited revenue-generating opportunities hindered the Government's ability to meet its normal operating costs. Thus living standards were raised above levels that could be sustained from local resources. In 1975 New Zealand began splitting its financial assistance between projects and budgetary support for recurrent expenditure (Bellam 1981:16; Bertram 1986:809; Macdonald 1998:34; Scheyvens and Overton 1995:199).

The Cook Islands' private sector also came to rely heavily on New Zealand. The percentage of imports from New Zealand increased from 54 per cent prior to 1901 to approximately 70 per cent in the late 1990s. Similarly, while they mainly exported to countries other than New Zealand before annexation, by the late 1990s approximately 25 per cent of their exports went to New Zealand. Cook Islanders are also eligible to participate in New Zealand Government programmes to assist private sector development in the Pacific. These include the South Pacific Regional Trade and Economic Agreement (SPARTECA) which gives South Pacific nations duty free and unrestricted access to New Zealand and Australian markets. They also include the PIIDS scheme which promotes the support of Pacific business by the New Zealand private sector (Bellam 1981:29-30, 35, 42-43; Statistics Office 1999:Tables 3.4 and 3.6; Fairbairn with Pearson 1987:17; Ministry of Foreign Affairs and Trade 2000b:1).

3.5.2 The Shape of the Economy Prior to Restructuring

The Cook Islands' economy has evolved in a pattern similar to Bertram and Watters' (1985) migration, remittances, aid and bureaucracy system (MIRAB). There has been significant migration both within and outside the country and migrants' remittances to their families on home islands has become a substantial source of disposable income for the recipients. Aid has comprised a large proportion of local incomes and has been used for consumption, while the public sector bureaucracy has been the major cash employer (Bertram and Watters 1985:497-501).

Subsistence activities ensure that Cook Islanders' basic needs are met. However as the MIRAB system gained ascendancy, people and/or their kin took up income earning opportunities either overseas or within the Government, which caused agricultural and industrial production to decline while living standards increased to a level similar to that of unskilled labour in New Zealand. This can partly be explained by the fact that there is little incentive to engage in high risk private sector activities when easier more secure opportunities exist to acquire cash. It is also due to the 'Dutch disease' whereby aid and remittances cause the exchange, interest and wage rates to appreciate, making locally produced goods less competitive and therefore less viable on international markets. Thus large proportions of goods consumed are imports, neither local resource levels nor production limits consumption, and consumption exceeds GDP. The resulting gap in the balance of trade further fuels this cycle by being funded through aid, remittances, philatelic sales, tourism, fees from fishing rights' licenses, and offshore banking and tax haven facilities (Bertram 1999:107, 111; Bertram and Watters 1985:508, 510-512; Duncan et al. 1999:10, 13; Fairbairn with Pearson 1987:18; Hoadley 1992:80; Treadgold 1999:235-236).

Prior to the ERP the Government was the prime mover in generating economic activity and employment. This public sector dominance began during the annexation period when New Zealand created a substantial bureaucracy to provide welfare services and to control and stimulate productive activity. After independence the Government mechanism continued to expand in order to manage and distribute significant levels of aid. Political appointments, an inadequate private sector and a desire to protect the public from exploitation were other causal factors in the bureaucracy's expansion. The

Government was directly involved in the economy through operating businesses such as retail stores, fruit processing plants, and hotels. In addition it spent considerable sums on capital projects such as the Vaimaanga Hotel, the National Cultural Centre, and infrastructure upgrades. Thus public sector activities and their spin-off industries were key contributors to GDP (Duncan et al. 1999:11; Fairbairn with Pearson 1987:21; Fairbairn with Skully 1992:2; Government of the Cook Islands 1998:3; Office of Pacific Operations 1995:1,19, 68).

This dominance was evidenced by the fact that prior to the reforms 60 per cent of the paid work force was employed by the Government. Public servants' wages were higher on average than those earned in the private sector, made up a significant portion of household incomes and were financed to a large extent through offshore loans. The Government tried to stimulate private sector development through, for example, the provision of infrastructure, supporting productive ventures, planning, and providing investment incentives, training and a development bank. In addition it improved the human resource base through education and health. However as it had control over most of the national resources including personnel and foreign capital, the private and subsistence sectors were limited to areas where they could gain an advantage from the Government. This, coupled with 'Dutch disease', meant that they struggled to grow (Bertram 1986:812; Corydon Consultants 1997:49; Duncan et al. 1999:11; Fairbairn with Pearson 1987:23; Government of the Cook Islands 1998:7; Office of Pacific Operations 1995:19, 80-81; Schoeffel 1996:18; Treadgold 1999:236).

In contrast, the private sector was expatriate dominated and operated in the construction, wholesale, retail, trade, restaurants, hotels, transport, finance and business services industries. There was foreign investment in the areas of tourism and offshore finance, and most firms employed less than thirty people. With the exception of pearls on Manihiki and Penrhyn, and tourism on Aitutaki, there was little private sector activity on the outer islands with their inhabitants relying either on subsistence or a Government job. As a result, most of the Cook Islands' export income was earned by enterprises based on Rarotonga (Bellam 1981:7; Cook Islands Consultative Group Meeting 1996:10-11; Corydon Consultants 1997:49; Office of Pacific Operations 1995:77, 91).

Government inefficiencies coupled with a taxation and incentive regime that was inconsistently applied created uncertainties in the economic environment and hampered private sector growth. In addition, businesses were forced to either charge high prices or lower their margins because Government debt levels resulted in high interest rates. These pricing constraints were compounded by the fact that wage rates could not drop below New Zealand levels without causing migration. In addition, many Cook Islanders spent their productive years working in New Zealand which hindered private sector growth further by reinforcing inflexible salary structures and causing a shortage of skilled staff (Office of Pacific Operations 1995:23, 24, 68; Schoeffel 1996:20).

Most of the international trading activities were supported through grants or preferential trading arrangements. New Zealand's budgetary support helped to fund public sector services and aid was also used to develop infrastructure. While this assistance was intended in part to stimulate growth, in reality the combination of aid, debt, and earnings from tourism and offshore financial services served to mask a depressed productive sector (AusAID and Development Cooperation Division 1998:8; Bellam 1981:70; Duncan et al. 1999:8; Fairbairn and Skully 1991:1; Office of Pacific Operations 1995:16).

3.5.3 The Need for Change

Donor finance and migrants' remittances did not result in self-sustaining growth. Resources were wasted in the Government bureaucracy as functions overlapped and more administrative staff were required for new Government departments. Public servants were poorly supervised, did not have clear performance targets, and took on secondary jobs that served to undermine their performance. The business environment was over-regulated with lengthy, complex procedures involving several Government departments for, among other things, foreign investment approval, company registration, and incentive applications. This in turn discouraged private sector investment. The tax structure and levy system also acted as a disincentive for businesses, and local monopolies were uncontrolled. In addition, support for outer island entrepreneurs was limited. Thus donors began to call for their development assistance to be used more efficiently (Fairbairn and Skully 1991:2; Fairbairn with

Pearson 1987:3, 74; Huffer and Molisa 1999:5; Office of Pacific Operations 1995:73, 77, 156-158).

In mid-1994 an economic recession gripped the country. Agricultural exports declined in accordance with declining production levels as people left the industry to join the public service, and sales fell in response to reduced protection for Cook Islands produce in traditional markets. The tourism industry also suffered as the New Zealand dollar appreciated, other tourist destinations became popular, Polynesian Airlines ceased flying to Rarotonga, and damaging publicity concerning nuclear testing in the Pacific, a dengue fever outbreak and business in the Cook Islands, among other things, discouraged travellers. The recession, poor collection practices, and the fact that many were excused from taxes such as duties and turnover taxes in return for political favours caused a reduction in Government revenue. Public money was also 'siphoned off' by public servants. These problems were compounded by the structural imbalance between public and private sectors resulting from low levels of domestic savings, underutilised local resources, and high levels of Government spending and employment. The imbalances became more pronounced as the Government tended to use public sector jobs as a form of social welfare rather than allow the market to adjust to changes in conditions in industries such as agriculture (AusAID and Development Cooperation Division 1998:8; Cook Islands Consultative Group Meeting 1996:6; Corydon Consultants 1997:9; Crocombe and Crocombe 1997:220-221; Keith-Reid 1996:20, 23; Sissons 1999:118; Wichman 1998a:49; Wichman 1998b:8).

At the same time a series of scandals dogged the Government and caused some companies to withdraw their funds from the international finance centre. There were allegations of lying, deception and fraud involving public servants and politicians alike. Government money was used ostensibly to assist community projects while a key motive was also to buy political favours. New Zealand's 'winebox enquiry'¹⁶ publicised alleged tax frauds, and the Cook Islands' reputation was dented further by a letter of credit scam concerning the Vaimaanga hotel project and suggestions that the tax haven

¹⁶ The 'winebox enquiry' was conducted at the request of the New Zealand Government. One of its goals was to investigate whether transfers of money between the Cook Islands, New Zealand and other countries by New Zealand corporates were fraudulent under New Zealand taxation law. Its name derived from the fact that the investigation was sparked by a prominent New Zealand politician who tabled a series of documents in the New Zealand parliament in a winebox.

banks were protecting international fraudsters. In addition the construction of the Vaimaanga hotel was never completed as the contractor went bankrupt after misappropriating millions of dollars of loan money (Crocombe and Crocombe 1995:138; Crocombe and Crocombe 1997:218, 224, 226; Keith-Reid 1996:20).

The combination of growing trade and current account deficits and large capital projects caused Government debt levels to soar. Business confidence faltered with the uncertainty of higher interest rates, the currency collapsed and there was capital flight as migrants and foreign investors withdrew their funds. The shortage of capital constrained the availability of credit at commercial banks and international financiers were unwilling to assist with further loans. The New Zealand Government also reduced its budget support due to concerns that the Cooks were living beyond their means. In early 1996 it became apparent that the Government was unable to meet its financial commitments and as a result they were forced to design and adopt an economic reform programme in conjunction with the ADB and the New Zealand Government (Corydon Consultants 1997:9; Crocombe and Crocombe 1995:143; Keith-Reid 1996:20; Office of Pacific Operations 1995:21, 23; Sissons 1999:118; Temu 1996:3; Wichman 1998b:4, 8).

3.5.4 The Economic Reform Programme (ERP)

According to the agenda set by the Cook Islands leaders, the goal of the ERP was to simultaneously arrest the immediate fiscal crisis and 'build a secure foundation for long-term sustainable economic development, led by the private sector' while maintaining a balance between economic, social and cultural objectives (Cook Islands Consultative Group Meeting 1996:4-5). These goals were to be met through a five-pronged approach: public sector reform, improved financial and economic management, private sector growth to compensate for reduced Government activities, a reform of the leading productive sectors and consideration of sustainability and social equity issues. While originally intended to take several years, the severity of the financial crisis saw the ERP implemented within 12 months (Ministry of Foreign Affairs and Trade 1998b:16; Wichman 1998b:8, 9).

As part of the public sector reform strategy, the Government was downsized to one third of its former size. The number of Government departments reduced from 52 to 22 as some combined and others ceased operating. Approximately 1500 employees were made redundant and increased efficiency and accountability was encouraged amongst those who remained through readvertising positions, appointing candidates based on merit and improved performance measurement techniques. The High Commission in Canberra was closed and others were scaled down. Productive enterprises such as a liquor outlet, Broadcasting Corporation and Rarotongan Hotel were sold to private investors. Government responsibilities were devolved to local communities, resources were focussed on core functions such as leadership and policy making, and the Government began to resist the temptation to intervene directly in the economy (Corydon Consultants 1997:22; Crocombe and Crocombe 1997:223; Government of the Cook Islands 1998:9-10; Ministry of Foreign Affairs and Trade 1998b:37; Parr and Associates Ltd 1999:18; Sissons 1999:18).

A number of measures were taken to achieve improved financial and economic management. Initially liquidity was improved through cutting public sector salaries by 15 per cent in March 1996 and deferring payment of 50 per cent of the May and June salaries. The Government's cash flow was also enhanced by balanced and output-based budgets, user charges for some Government services, a reduction in welfare payments, the sale of Government enterprises and the elimination of ad hoc handouts. Debt management disciplines were instigated, some debt was repaid and the remaining balances renegotiated with the assistance of the ADB. Fiscal responsibility, coupled with Government transparency, accountability and efficiency were legislated for in the Ministry of Finance and Economic Management Act, the Public Expenditure Review Committee and Audit Act, and the Public Service Act (Cheatham 1997:55; Corydon Consultants 1997:22; Crocombe and Crocombe 1997:222; Government of the Cook Islands 1998:9-10; Knapman and Saldanha 1999:14; Parr and Associates Ltd 1999:18; Temu 1996:3; Wichman 1998b:10).

It was expected that public sector reforms and improved financial and economic management would stimulate private sector growth by creating a stable macroeconomic environment. The privatisation of state-owned enterprises also encouraged the development of the private sector by giving entrepreneurs more opportunity to invest in

and manage strategic assets. Business enterprises could fill the gaps created by releasing staff involved in non-core activities such as catering by, for example, contracting their services to the Government. Finally, the reduction in national debt theoretically made credit cheaper and more accessible for the private sector (Cheatham 1997:55; Cook Islands Consultative Group Meeting 1996:11, 13; Parr and Associates Ltd 1999:20; Wichman 1998b:8-9).

Tourism, agriculture and marine resources were identified as the key industries with potential for growth. There was recognition in the reform agenda that while it was expected that the private sector should be market driven, it may initially need assistance to reach this level of maturity. The Development Investment Board (DIB) was established to support private sector development through attracting foreign and domestic investment, and streamlining transparent application and approval procedures. Tax incentives were introduced for large deposits to encourage funds back into the economy, the turnover tax was replaced by the first part of a new Revenue Management system, a 'business friendly' VAT. Income and company tax rates were also revised, as was the basis for calculating company profit (Cheatham 1997:55; Cook Islands Consultative Group Meeting 1996:7, 12; Duncan et al. 1999:73; Government of the Cook Islands 1998:10; Knapman and Saldanha 1999:32; Ministry of Foreign Affairs and Trade 1998b:37; Temu 1996:3).

New Zealand's involvement in the ERP stemmed from its close links with the Cook Islands. In addition the nature of the reforms correlated closely with NZODA's key strategies of promoting private sector development, good governance and public sector reform. Both NZODA and the ADB provided technical assistance on taxation, statistics, debt management, change training, accounting and banking, with New Zealand especially contributing to the introduction of the Revenue Management system. NZODA continues to fund the Small Business Enterprise Centre (SBEC) it established in 1997 to coordinate and support micro and small business initiatives (Duncan et al. 1999:73; Ministry of Foreign Affairs and Trade 1998a:14; Ministry of Foreign Affairs and Trade 1998b:37; Temu 1996:3; Wichman 1998b:5).

NZODA also funded a Transition Programme designed to mitigate adverse social consequences of the ERP and stimulate private sector development. This was

comprised of two parts: the Community Action Programme and the Transition Service. The role of the Community Action Programme was to empower communities to use local resources in the first instance to respond to the adverse impacts of the ERP in areas other than the public service. Through the Transition Service former public sector employees received three months severance pay, access to an employment service and training programmes to prepare them for jobs in the private sector. Those wanting to start a business could apply for a NZ\$500 seed grant and loans of up to NZ\$2000 through the Service, and NZ\$15,000 through the Cook Islands Development Bank (CIDB), once they had completed a business plan and had attended a small business training course. Venture capital was also supplied for a revolving fund. On-going business advice was available and private sector firms were encouraged through wage subsidies to employ former public servants. In the six months to 30 April 1997 the Service had funded 225 business start-ups by men and 56 by women (Cook Islands Consultative Group Meeting 1996:10; Corydon Consultants 1997:23-25, 64-65; Government of the Cook Islands 1998:9; Parr and Associates 1999:12).

3.5.5 The Contemporary Cook Islands Economy

As expected, the benefits of the ERP were not immediately apparent. In 1995-1996 real GDP contracted 5.5 per cent, 1997 saw minimal growth of 0.5 per cent and in 1998 it fell again by 1 per cent. Local industries suffered from a decline in purchasing power due to unemployment and the emigration of approximately 18 per cent of population to New Zealand and Australia. Emigration also reduced the size of the tax base and the amount of capital available for investment, as the migrants withdrew their savings. In addition, businesses struggled to find young, skilled and economically active employees (Asian Development Bank Annual Report 1997 no date:135; Asian Development Bank Annual Report 1998 no date:139; Crocombe and Crocombe 1997:223; Duncan et al. 1999:173, 196; Knapman and Saldanha 1999:48; Wichman 1998b:5; Williams 1998:41-42).

However business confidence has begun to improve. While sales of Government assets did not go as well as expected, non-recurrent revenues are still relied on in part to finance recurrent expenditure, and the Government struggles to service its debt,

substantial structural changes have been made to the economy. Output budgeting has assisted private sector planning by enhancing transparency surrounding Government policy and direction. Real GDP is expected to grow 2.9 per cent in 1999/2000, 3.3 per cent in 2000/2001 and 3.8 per cent in 2001/2002 provided the principles of the reform process continue to be adhered to and the tourism, agriculture and marine resource industries remain strong. The private sector now contributes just under 70 per cent to the national worth and people are no longer dependent on the Government for their survival (Asian Development Bank Annual Report 1998 no date:139; Cooks' civil service 1999:10; Duncan et al. 1999:155; Wichman 1998b:33; Wichman 1999:9).

Although the Government has not had the resources to directly assist the private sector, increasing numbers of Cook Islanders, including women, have begun business enterprises, many of which are small and family run. Tourism and cultured pearls are the main income earners while apparel, agriculture, fish products and handicrafts are also exported. New Zealand, Japan and the United States are the major trading partners and businesses and consumers alike are reliant on significant levels of imports (Parr and Associates Ltd 1999:15; Syme-Buchanan 1998:30-31; Wichman 1998a:49; Wichman 2000:7).

The labour market has changed considerably. Approximately 25 per cent of the formal labour force now works in the Government compared to 60 per cent prior to the ERP. Correspondingly, most employment opportunities are in the private sector with the recent tourism boom creating a demand for skilled staff on Rarotonga. While emigration has left businesses struggling to fill this demand, on the unskilled market, each year approximately 400 school leavers compete for a limited number of jobs (Duncan et al. 1999:173; Parr and Associates 1999:16; Wichman 1998b:14).

The picture is somewhat different on the outer islands where the percentage of the workforce employed by the public service fell from 76 per cent to 34 per cent. With the exception of the *nono* industry in the Southern group, pearls on Manihiki and Penrhyn and tourism on Aitutaki few jobs have been created to replace the loss of public sector positions and most households now survive by subsistence coupled with the sale of small quantities of produce on a price sensitive market (Parr and Associates 1999:18, 29; Wichman 1998b:14).

Changes in NZODA's financial assistance to the Cook Islands are outlined in Table 3.2. It shows that budgetary support ceased in the 1996/97 year, however project assistance has remained fairly constant.

Table 3.2 *Changes in NZODA's Financial Assistance to the Cook Islands*

Year	Budgetary Assistance	Projects	Total
1995-1996	\$7,500,000 (approx)	\$5,000,000 (approx)	\$12,500,000 (approx)
1996-1997	\$5,000,000 (approx)	\$6,820,000 (approx)	\$11,820,000
1997-1998		\$5,996,000	\$ 5,996,000
1998-1999		\$6,200,000	\$ 6,200,000
1999-2000		\$6,232,000	\$ 6,232,000
2000-2001		\$6,200,000	\$ 6,200,000

Sources: Ministry of Foreign Affairs and Trade 1997:100; Ministry of Foreign Affairs and Trade 1998c:14, 112; Ministry of Foreign Affairs and Trade 2000c:12, 91; Grant Traill, Cook Islands Development Programme Manager, MFAT, personal comments.

Currently, approximately one third of this NZODA assistance is spent on human resource development. Health is also a priority area. NZODA continues to provide support for ongoing public sector reform initiatives including the revenue management system and outer islands development. In addition to PIIDS funding to help, for example, the *nono* industry, NZODA has assisted private sector development through the SBEC, the development of a tourism master plan, and support for agricultural research and management training. It has also provided funding for an upgrade of the *Punanga Nui* market which serves as an outlet through which businesses can sell products such as fruit, vegetables, fish, cook food, crafts, artwork and music on Rarotonga. Gender and Development initiatives include the development and implementation of the National Policy on Women and the *Punanga Tauturu* centre which provides legal literacy training and support for victims of domestic violence. Relief and assistance has also been provided for the reconstruction of Manihiki after the devastation of Cyclone Martin (Brown 2000:1; Ministry of Foreign Affairs and Trade 1997:24-25; Ministry of Foreign Affairs and Trade 1998c:24-29; Ministry of Foreign Affairs and Trade 2000a:32; Parr and Associates 1999:21).

In summary, the large bureaucracy created by New Zealand during colonial years was enlarged by successive Governments following independence and hampered the

development of the private sector. Combined with migrants' remittances, high debt levels and substantial aid flows this Government activity caused an unsustainable structural imbalance in the economy as evidenced by the simultaneous rise in living standards and fall in production. In 1996 the country plunged into financial crisis as a result of this imbalance and financial mismanagement. The ERP, implemented by the Cook Islands Government with the assistance of the New Zealand Government and the ADB in response to this crisis, has seen the public sector downsized, improved financial and economic management practices and the beginnings of growth in private sector activity, particularly on Rarotonga.

3.6 SUMMARY

Several factors have hampered the growth of micro-enterprise initiatives in the Cook Islands. Small volumes of produce, geographic isolation, and the high cost and unreliability of transportation services coupled with a reluctance to coordinate marketing and distribution activities have disadvantaged micro-enterprises in comparison with larger businesses and overseas competitors. Entrepreneurial initiative has been dampened by remittances from relatives living overseas, large amounts of aid per capita, secure waged employment in the public sector and a strong subsistence sector. In addition, New Zealand's attempts to promote private sector activity in the Cook Islands left Cook Islands producers dependent on New Zealand, with low prices on the New Zealand market providing little incentive for Cook Islanders to grow produce for export. Some Cook Islands micro-entrepreneurs have also struggled to source capital for their businesses and have been constrained by family and community demands on their time and finances. Female entrepreneurs have been disadvantaged further by the limited opportunities they have had to develop entrepreneurial skills in the past. Similarly, while private sector activity is restricted on all islands by the limited natural resource base and the high per capita cost of maintaining infrastructure, there have been fewer opportunities for micro-enterprises based on outer islands than there have been for those based on Rarotonga.

Structural imbalances in the economy, the Cook Islands' tendency to live beyond its means and financial and economic mismanagement necessitated the implementation of

the ERP in 1996. These reforms were designed to arrest an impending fiscal crisis and to replace public sector dominance with private sector-led economic growth through good governance practices. The NZODA funded Transition Programme was implemented as part of these reforms. One of the goals of this Programme was to provide training and financial assistance to assist former public servants as they began their micro-enterprises.

In theory, these good governance policies should stimulate women's micro-enterprise development by providing an environment conducive to business investment, and creating opportunities for private sector activity through downsizing the public sector and increasing local producers' access to international markets. In addition, good governance's emphasis on strengthening civil society and improving human rights can help female micro-entrepreneurs by creating opportunities for support organisations, and eliminating the sex-related barriers that have, in the past, prevented women from using productive resources and owning businesses.

However these policies can also be counterproductive. Public sector downsizing can limit the growth of the local market by reducing people's purchasing power. In addition, good governance policies can expand business risks and impede the growth of local businesses by enlarging the opportunities for international competitors. Reduced public spending can reduce women's access to health care and education relative to men's, and leave them with less time for business activities by increasing their workloads in their reproductive and community management roles. Female micro-entrepreneurs can also be hampered by the fact that they typically have access to fewer resources and command less power in the market place than male micro-entrepreneurs, larger businesses and foreign-owned corporations.

Thus important contextual information has been provided to help explain some of the challenges and opportunities that fledgling female micro-entrepreneurs in the Cook Islands might have faced as they strove to achieve equitable development with men following the ERP. The next chapter will outline the approach that will be taken in the primary research to test the impact of these and other factors on former public servants who have begun a micro-enterprise following the ERP in the Cook Islands.

CHAPTER FOUR

RESEARCH DESIGN

4.1 THESIS OVERVIEW

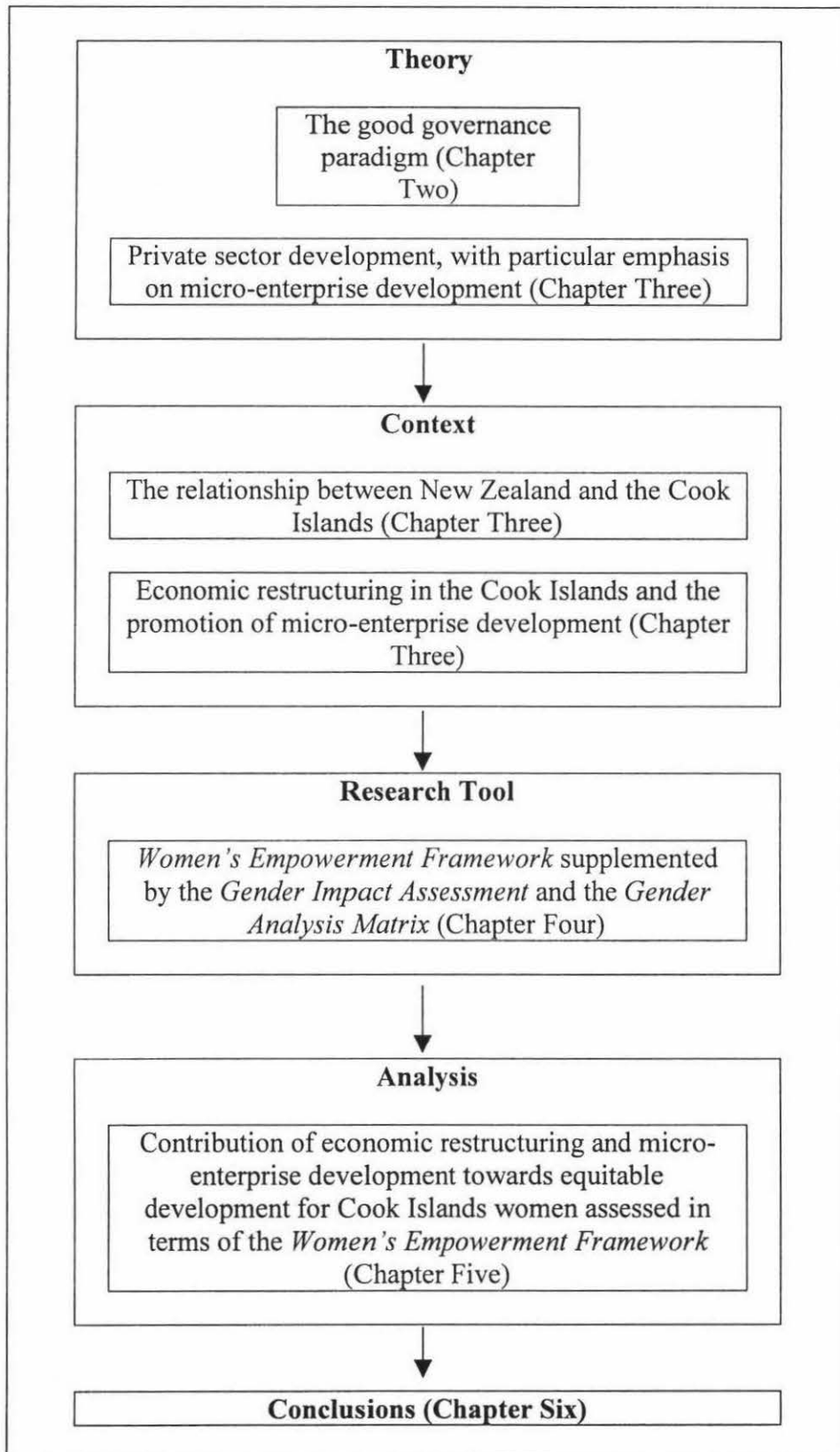
Having addressed the theoretical and contextual issues relating to the thesis in the previous chapters, the author's approach to conducting the primary research in the Cook Islands will now be discussed. This chapter will explain how the key research tools selected, that is, the Women's Empowerment Framework (Longwe 1994), the Gender Impact Assessment (Gianotten et al. 1994), and the Gender Analysis Matrix (Parker 1990), will be employed to examine the issue of equitable development through micro-enterprise initiatives in the Cook Islands. Subsequent chapters will then report on the findings from the research undertaken.

Figure 4.1 provides a schematic view of the thesis outline. Reasons for choosing the gender analysis frameworks employed will be presented, and an elucidation of the ways in which data will be collected will follow. The categories of research participants, the sample size and the researcher's role and timeframe will also be presented. The chapter will conclude by outlining some of the challenges encountered in conducting the research.

4.2 CHOICE OF GENDER ANALYSIS FRAMEWORK

Several gender analysis frameworks have emerged over the past decade to assist researchers and development planners understand how development initiatives impact on men and women differently. Popular frameworks include the Harvard Analytical Framework (Overholt et al. 1991), the Women's Empowerment Framework (Longwe 1994), Gender Impact Assessment (Gianotten et al. 1994), and the Gender Analysis Matrix (Parker 1990). While each of them contain elements relevant to this thesis, Longwe's Women's Empowerment Framework (1994) has been chosen as the overarching framework for analysis. This is because its primary focus on equity between women and men most neatly addresses the central question of this thesis: equitable development for Cook Islands men and women through good governance policies and their micro-enterprise initiatives. The theoretical underpinning for and practical application of this framework will be explained further in the next section.

Figure 4.1 Thesis Outline



4.2.1 *The Women's Empowerment Framework*

Developed by Sarah Longwe, a consultant on gender and development, the Women's Empowerment Framework is rooted in the assertion that

Development...is not merely about increased productivity and welfare... Development is also about meeting the needs of those who are most in need, and about increased participation, and equality. Development is therefore also concerned with enabling people to take charge of their own lives, and escape from the poverty which arises not from lack of productivity but rather from oppression and exploitation (Longwe 1994:291-292).

Thus women's development is concerned with achieving equity between women and men in the allocation of the factors of production and in their participation in the development process (Longwe 1994:292).

In a reflection of this concern, the Women's Empowerment Framework comprises 'Women's Development Criteria' identifying five levels of equality and empowerment. These are listed below from the lowest to the highest:

- *Welfare*: Women's material welfare relative to men's. Factors considered include food, income and health care.
- *Access*: Women's and men's equal access to factors of production such as land, labour, credit, tools, training, skills and marketing facilities.
- *Conscientisation*: Belief in society that the gendered division of labour should be fair and mutually acceptable to both men and women.
- *Participation*: Women's and men's equal participation in policy making, planning and administration.
- *Control*: Balance of control between men and women over factors of production and the distribution of benefits.

These five levels can be used to measure progress towards women's empowerment through firstly assessing the level of recognition of gender issues in the design of development projects, and secondly assessing the level of equality resulting from the implementation of these projects (Longwe 1994:292-297). This framework is further elucidated in Appendix One. For the purposes of this study only those changes in the

five levels that have been caused by the ERP and the instigation of micro-enterprises in the Cook Islands will be examined.

While the Women's Empowerment Framework provides an appropriate paradigm through which to analyse the gender impacts of good governance policies and micro-enterprise development in the Cook Islands, it does not explicitly elucidate the ways in which the information required can be gathered. Thus it seemed appropriate to employ Parker's (1990) Gender Analysis Matrix and parts of Gianotten et al.'s (1994) Gender Impact Assessment to assist in the collection of the data required to assess the impacts of the reforms on each of the five levels of equality and empowerment. The contribution that these frameworks will make to this study is explained in the following two sections.

4.2.2 Gender Impact Assessment

By addressing all the factors that may affect gender relations in a given community Gianotten, Groverman, van Walsum and Zuidberg's Gender Impact Assessment (1994) is especially helpful to this study in its goal of comparing the impacts that good governance policies and micro-enterprise initiatives have had on each sex. The Gender Impact Assessment examines factors that influence gender relations at the society, household and development institution levels through four separate yet interrelated analyses: a macro-level context analysis, a micro-level gender analysis, an institutional analysis and a project analysis (Gianotten et al. 1994:13, 17).

In evaluating the access, conscientisation, participation and control levels of the Women's Empowerment Framework this research will employ the first two components of Gianotten et al.'s framework: the context analysis and the gender analysis. The third part, an institutional analysis, falls outside of the scope of this study in examining the gender policy of the organisation implementing the project. Issues addressed in the fourth part, an analysis of the project's gender components, will be covered in a separate assessment of the level of recognition of gender issues outlined in Section 4.3 below.

4.2.3 *Gender Analysis Matrix*

Designed by Parker (1990), the Gender Analysis Matrix provides a framework which allows, in this study, for an in-depth group discussion on the ways in which the ERP and the Transition Project have impacted on women, men, households and the community in terms of their labour, time, resources and culture. This matrix will assist in evaluating the access, conscientisation, participation and control levels of the Women's Empowerment Framework (Longwe 1994) by contributing to Gianotten et al.'s (1994) gender analysis through providing insights into the allocation of the control over the resources and benefits of production. It is hoped that in preparing the matrix insights into the wider concerns of men's and women's image of themselves and each other also might ensue (Thomas-Slayter et al. 1993).

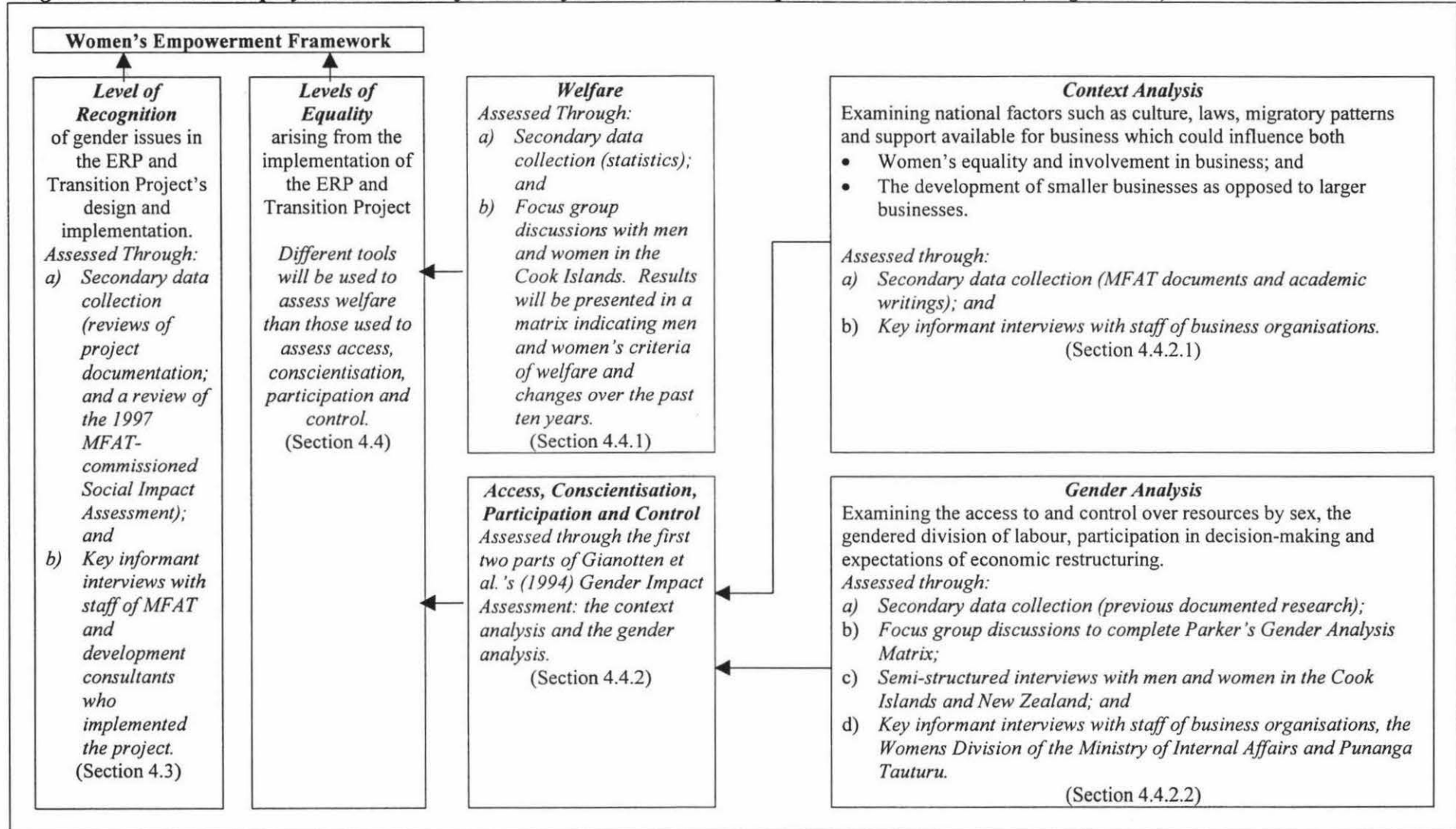
Figure 4.2 outlines the various research tools that will be employed and indicates the sections in which these tools will be discussed further.

4.3 LEVEL OF RECOGNITION

The level of recognition assesses the extent to which gender issues are included in project objectives. Longwe believes that where gender issues have been ignored the project will typically disadvantage women, whereas if recognised, women's empowerment may either remain at the same level or improve (Longwe 1994:295-296).

The level of recognition of women's issues in the ERP and Transition Project will be assessed from a review of documentation elucidating the projects' design, implementation and evaluation. The social impact assessment prepared by Corydon Consultants for MFAT in 1997 will also be reviewed. In addition, staff of MFAT and consultants involved in implementing the ERP will be interviewed.

Figure 4.2 Tools Employed to Gather Information for the Women's Empowerment Framework (Longwe 1994)



4.4 LEVELS OF EQUALITY

The levels of equality assess the impact of a development project on women's position relative to men's. This section describes the process that will be followed to analyse the ways in which the ERP, Transition Project and micro-enterprise initiatives have affected gender relations in the Cook Islands.

4.4.1 *Welfare*

A general understanding of women's material welfare relative to men's will be gained from statistics prepared by the Cook Islands Government, the United Nations Development Programme (UNDP) and the United Nations Children's Fund (UNICEF). These statistics will hopefully elucidate changes in income levels, life expectancy, food, security and other health indicators, by sex, over time.

However statistics do not give a full picture of welfare levels nor the reasons for them changing. Thus during focus group discussions people will be asked to indicate how their material welfare has changed over time by firstly defining the components of welfare; secondly stating whether each component has improved, declined, or remained the same since 1990; and finally, where changes have occurred, indicating the reasons for the changes. This information will be presented in a welfare matrix.

Focus group discussions have been chosen to gather this information, as, due to a lack of baseline data, this exercise will rely heavily on the accuracy of people's memories. In focus groups, open-ended questions are presented to a group who then discuss the issue. While this technique encourages accurate answers and enables people to assist each other in recalling facts as discussions progress, it is limited in the number and range of issues that can be addressed and may not be successful if the discussion is dominated by a few individuals (Broughton and Hampshire 1997:62-64).

4.4.2 Access, Conscientisation, Participation and Control

These four levels will be evaluated through the completion of the first two parts of Gianotten et al.'s (1994) Gender Impact Assessment: a context analysis and a gender analysis. Parker's (1990) Gender Analysis Matrix will be used to assist in gathering information for the gender analysis.

4.4.2.1 Context Analysis

The context analysis identifies factors at the national (or 'macro') level that could impact on micro-level gender relationships in the Cook Islands when the ERP and Transition Project are implemented and people begin micro-enterprise initiatives. Most of the data required for this analysis will be gathered from secondary sources such as MFAT documents and academic writings, however information offered by staff of Cook Islands business organisations may also prove valuable.

Specific issues to be examined include:

- laws and cultural traditions surrounding the ownership of factors of production such as land;
- laws and cultural traditions surrounding women's and men's rights and responsibilities, including participation in politics at various levels;
- laws and cultural traditions controlling business start-ups and structures;
- cultural attitudes towards business;
- migratory patterns;
- support provided by the Government to the private sector;
- industries that men and women are traditionally involved in and their relative profitability;
- the ability of men and women to participate in industries that fall outside of their traditional roles; and
- opportunities and constraints on men and women becoming involved in promising new industries.

The ways in which these factors have changed as a result of the economic restructuring will also be investigated.

While Gianotten et al.'s (1994) framework is limited to gender impacts, the context analysis will be extended in this study to review the above issues in relation to micro-enterprises as compared with larger businesses such as foreign-owned or controlled companies. This amendment was made because larger businesses' domination of key services, as outlined in Section 3.4.2, may make it difficult for micro-entrepreneurs to begin and expand their businesses. This in turn could impede progress towards equitable, self-determined development.

4.4.2.2 Gender Analysis

The gender analysis will both complement and test the findings of the context analysis. Based on the experiences of individual households and people, it will examine the following:

- how the gendered division of labour and workloads has changed since the ERP;
- the amount and quality of time men and women are expected to spend, have available to spend and do in fact spend on business related activities such as managing businesses, managing household finances and producing goods and services for sale, and the ways in which this has changed since the ERP;
- men's and women's access to and control over both the resources needed to operate businesses and the benefits ensuing from these businesses, together with the factors that influence the allocation of these resources and benefits;
- the ways in which the access to and control over business related resources and benefits has changed since the ERP;
- participation in business decision-making and business organisations by sex, at both the local business and national policy levels, and the ways in which this has changed since the ERP;
- women's and men's views of each other and themselves in terms of their ability to manage a business and their responsibilities in the household, together with the ways in which this has changed since the ERP;
- the expectations that men and women had of the ERP in general and the Transition Service in particular and the extent to which these expectations have been met; and

- the extent to which women's and men's expectations of successful development have been met.

While much of the information required to complete the gender analysis may be difficult to obtain because of its sensitive nature, it was decided to pursue these topics given their potential impact on women's and men's micro-enterprise development (Nowak and Scheyvens 1997:8.25). Data will be obtained from previous documented research and interviews with men, women, and staff of business organisations, the Womens Division of the Ministry of Internal Affairs and *Punanga Tauturu*. In addition, men and women will be asked to complete Parker's (1990) Gender Analysis Matrix in focus groups. Casual observations of daily life will also be made to verify the information provided by Cook Islanders.

Given the researcher's short stay in the Cook Islands, it may be difficult to obtain an accurate picture of the gendered division of labour and workloads. While part of this information will be obtained in the preparation of the Gender Analysis Matrix and both women and men will be asked to detail the time they spend in managing a business, it is generally understood that people's tasks can change markedly according to the day of the week and the time of the year (Nowak and Scheyvens 1997:8.13). Thus searches for previous research on the division of labour in the Cook Islands will be made to complement the results of the primary data collection.

4.5 DATA COLLECTION

Having discussed the nature of the information that will be sought, it is now appropriate to outline the techniques that will be employed, in addition to the gender analysis frameworks already outlined, in gathering the data. This section will elucidate the rationale behind the techniques selected, the people who will be invited to participate in the research, the sample size and the researcher's role and time frame.

4.5.1 Choice of Techniques

Quantitative methods of collecting data such as survey questionnaires and statistical analyses were not deemed appropriate for this study because it was feared that the rigidity resulting from a predetermined set of questions may prohibit complex social phenomena being explored, and that a questionnaire may inadvertently omit topics relevant to the research question. In addition, it seemed improbable that people would be willing to divulge sensitive information unless an attempt was made to establish a relationship of trust between the researcher and research participants. This trust was unlikely to be gained through asking a series of questions in a detached manner (Boesveld 1986:31; Driscoll and McFarland 1989:189; McCracken et al. 1988:7).

In contrast, qualitative methods such as observation, focus group discussions and semi-structured interviews allow for interaction between the researcher and research participants, provide opportunities for participants to reveal their own concerns, and give insights into the meaning behind people's attitudes and behaviour. Genuine interest in participants' lives, evidenced when the researcher allows participants to express their ideas and opinions, builds trust and creates an environment in which sensitive issues can be explored. It is for these reasons that all primary data required for this study will be collected using qualitative techniques (Boesveld 1986:20; Chambers 1997:129; de Vaus 1991:57).

However qualitative methods are not without their limitations. As data collected under them will not stand up under statistical tests, conclusions drawn from this study will highlight the existence of phenomena, however will not reliably estimate the extent or pervasiveness of them. Individual responses can vary depending on the participant's perception of the interviewer, accurate reporting is dependent on the interviewer's listening skills, and as the interviewer perceives responses within the mental framework of his/her own experiences, results reported could be biased. Lack of anonymity may constrain participants even when they are assured that the information they provide will not be separately identifiable in the research results. To compensate for these limitations, wherever appropriate I will test my perceptions by reflecting back to the participant what I thought I had heard and by examining my internal responses to the information I received. In addition, data gathered from the interviews will be compared

with that gathered from other sources, such as observations, other interviews and prior research in order to gain a level of comfort over its accuracy (Broughton and Hampshire 1997:73; Frankfort-Nachmias and Nachmias 1996:239; Kumar 1993:115; Walsh 1996:82, 90, 94).

The specific qualitative techniques to be adopted are:

- Semi-structured interviews, and
- Focus group discussions.

In a semi-structured interview the researcher creates an informal, relaxed atmosphere and allows participants to offer any information that they believe is relevant to the topic through open-ended questions. While the researcher has a checklist of questions to be asked, the sequence in which they are asked is dependent upon the responses received (Mukherjee 1993:46). The rationale behind, together with the benefits and weaknesses of, focus group discussions have been described in Section 4.4.1 above.

Men and women will be interviewed separately because it is felt that participants will find it easier to divulge their perspective of gender relationships when the opposite sex is not present (Rocheleau et al. 1995:65). Similarly, focus groups will be segregated by sex.

4.5.2 Research Participants

There will be three main categories of research participants:

- key informants such as the consultants who implemented the Transition Project, staff of business organisations in the Cook Islands such as the Chamber of Commerce and the SBEC, staff of the Womens Division of the Ministry of Internal Affairs, and staff of *Punanga Tauturu*;
- former public sector employees, both men and women, who took advantage of the support offered by the Transition Project to start their own micro-enterprise; and
- former public sector employees, both men and women, who chose not to start a micro-enterprise.

While prospective participants could be domiciled on any of the islands in the group, research will be limited to those residing on two islands, Rarotonga or Mauke, due to time and cost constraints.

Rarotonga was selected for this study because it houses the capital, Avarua, it is the centre of business and tourism for the nation, and just over half of the Cook Islands' population resides there. It is expected that most of the potential research participants in the Cook Islands will be found on Rarotonga. Mauke, in contrast, has limited tourism and business opportunities and houses just three per cent of the Cook Islands' population. It was selected on the recommendation of Grant Traill, MFAT's Cook Islands Development Programme Manager because it has been adversely affected by the economic restructuring and a women's cooperative that exports *maire eis* to Hawaii is based there. While each of the fifteen islands in the Cook Islands group differ demographically and economically (Statistics Office, Ministry of Finance and Economic Management 1997:31), it is expected that in visiting these two very different islands, information which reveals general trends concerning the impact of the ERP in the island nation will be collected.

Key informants and their staff will be invited to participate by letter before my visit to the Cook Islands. An example of the letter to be sent is contained in Appendix Two. Either a second letter will be sent when I am in the Cook Islands to those who did not respond, or an intermediary will be employed to visit their organisations. The intermediary will satisfy the requirements of the Massey University Human Ethics Committee who are concerned that if I visit the organisations in person, managers and staff may feel that they are being coerced into participating. Former public sector employees will be identified from the databases kept for the NZODA Transition Service and SBEC, from contacts made by staff of business organisations on my behalf and from responses to advertisements placed in the local media and on posters. As some people who fall within the third category or participants have migrated to New Zealand, New Zealand based Cook Islands community groups such as Churches and the Pacific Island Chamber of Commerce will be asked to assist in identifying participants by, for example, putting advertisements in their newsletters.

Interviews with key informants will be semi-structured and tailored to their particular areas of expertise. They will cover topics such as the challenges of operating a business in the Cook Islands, and the ways in which the overall social, cultural, legislative, financial and economic environment impacts on business in the Cook Islands and the development of micro-enterprise initiatives. Examples of questions to be asked are included in Appendix Three, however participants will be encouraged to volunteer any information they deem appropriate.

Similarly, men and women who were made redundant from the public service due to the ERP will also participate in semi-structured interviews. For those who started a business, topics to be discussed include the challenges and benefits of operating a micro-enterprise, whether they feel that their micro-enterprise and the reforms in general have led to what they consider to be beneficial development, and whether women and men have had the same opportunities to grow successful businesses. For those who did not start a business the reasons why they felt it was not viable to start a micro-enterprise, how they now feel about the opportunities that a micro-enterprise can offer, whether they believe that the economic reforms have resulted in beneficial development and whether women and men have had the same opportunities to grow successful businesses will be discussed. Examples of questions to be asked are included in Appendix Four for those residing in the Cook Islands, and Appendix Five for those situated in New Zealand, however participants will also be invited to discuss any other issues they consider relevant. Focus group discussions will take place amongst those who have begun a micro-enterprise. Examples of topics to be covered and questions that will be asked in the focus group are outlined in Appendix Six.

In order to comply with the Massey University Human Ethics Committee guidelines, all participants will be given an Information Sheet, an example of which is included in Appendix Seven, outlining the purpose of the research and the nature of people's involvement in the study should they choose to participate. Prior to the commencement of the interview participants will be asked to sign a Consent Form (Appendix Eight), as an indication of their agreement to participate in accordance with the terms specified in the Information Sheet. Focus group participants will also be asked to complete a Confidentiality Form (Appendix Nine), which is designed to provide assurance that the information divulged during the meetings will not be discussed outside of the group.

Adherence to the procedures outlined in these forms will ensure that the human rights of the participants are respected.

Interviews will be analysed according to the themes that emerge as they progress and some preliminary conclusions will be proposed. These conclusions and themes will then be explored further in ensuing interviews.

4.5.3 Sample Size

All business organisations referred to on the Cook Islands web site, in Pacific Islands directories, and recommended to me by other people will be contacted by letter prior to the fieldwork phase. I will also follow up any leads provided by key informants once in the Cook Islands.

Former public service employees can not be selected by statistical sampling methods as it is difficult to obtain a list of all those made redundant due to privacy laws. Even if a list was available, it is unlikely that all of those randomly selected could be located. In addition, there is nothing to compel those who were found to participate in the research (Walsh 1996:114). Indications as to the potential size of the total population that could be interviewed were arrived at from discussions with MFAT officials and the social impact assessment of the ERP (Corydon Consultants 1997). These estimates, detailed in Table 4.1, assisted me in my decision regarding the number of people that should be interviewed in order to arrive at conclusions that will be relatively representative of the total population.

It should be noted that information allowing the disaggregation of the numbers of public sector employees made redundant by sex is not available. In addition, due to international and national migratory movements, figures for job losses on an island do not indicate the number of former public sector employees currently residing on that island. Finally, the number of women who began a business may be understated because some women may have obtained funding from the Transition Service for their businesses in their husbands' names (Corydon Consultants 1997:26-27, 86).

Table 4.1 *Indications as to the Potential Population Size*

	Source and Date of Information	Number
Public sector employees made redundant	Corydon 1997:22	1444
Public sector job losses on Rarotonga	Corydon 1997:49	757
Public sector job losses on Mauke	Corydon 1997:49	69
Transition Service funding to begin a business	Corydon 1997:65	225
• Men	(for six months to 30 April 1997)	56
• Women		
Redundant public sector employees who have migrated to New Zealand since the ERP	MFAT 2000	1000

NB: 'Corydon' refers to the social impact assessment prepared for MFAT by Corydon Consultants (1997) and 'MFAT' is an estimate provided by the Cook Islands Development Programme Manager, Grant Traill February 2000

I will commence my fieldwork with the goal of interviewing 28 former public service employees and conducting two focus group discussions of around six people. I hope to interview seven men and seven women who have begun a micro-enterprise, and seven men and seven women who have not begun a micro-enterprise. Of the latter group, half are expected to be found in New Zealand. There is to be one focus group of men and one of women, with all participants having started a micro-enterprise.

4.5.4 *Researcher's Role and Timeframe*

I will facilitate all of the interviews and focus group discussions personally. Key points will be noted during the course of the interviews, but, with the participant's permission, interviews will also be recorded on a cassette tape. I will transcribe these tapes and identify themes arising from them within days of the interview. In certain situations participants will be invited to review these transcripts for accuracy.

Interviews with staff from MFAT will take place in early February 2000. Interviews with other key informants and Cook Islanders domiciled in New Zealand will occur in early April 2000. Fieldwork in the Cook Islands will be performed during the month of May 2000.

4.6 CHALLENGES ENCOUNTERED IN CONDUCTING THE RESEARCH

The preceding sections in this chapter documented the research methods I planned to use and manner in which I hoped to conduct my fieldwork. In this, the final section of the research design chapter, I will reflect on how my research went in practice with the aim of elucidating the ways in which my methodology was adapted according to the situations that I encountered. This section is divided into three parts: focus groups, research participants and cultural concerns.

4.6.1 *Focus Groups*

After discussions with some business leaders and women's leaders, I discovered that it would not be practicable to conduct focus group discussions. There were several interrelated reasons for this. Four years after the economic restructuring former public sector employees, commonly referred to as people who have been 'transitioned', have moved on. Most transitioned people I interviewed could only think of one or two other transitioned people and some could not think of any. This meant that any group gathered for the purpose of the study would most probably comprise of relative strangers, with unfamiliarity hampering their willingness to share freely. In addition, the leaders felt that it would be almost impossible to get people who do not normally meet together to attend a meeting at the same place and time due to business and heavy time commitments. While there would be a better chance of connecting with groups that meet regularly, because these may only contain one or two people that have been transitioned at the most, information gathered may not be relevant to the study. One leader approached an existing group on my behalf but the women involved were not interested in participating. While it is common for Cook Islanders to meet in groups, some key informants felt that people would be unlikely to share the things they struggle with in a group setting.

In addition, after performing individual interviews with those who had started businesses, I realised that changes in each household's welfare levels and gender relationships will vary considerably depending on the type of business undertaken, the amount of time individual entrepreneurs spend on their businesses, and the particular

circumstances of each household. Changes will also vary according to the sources of household income. These could include, for example, a partner's salary, wages from part-time work, subsistence activities and occasional or regular sales of goods such as handicrafts, fresh produce and fish. Thus it is unlikely that all members of a focus group would have experienced similar changes in welfare levels and gender relationships.

In place of the focus group discussions, information concerning changes in welfare levels was obtained from 3 sources. Firstly, from comments made by participants during semi-structured interviews, although these interviews did not involve detailed discussions regarding changes in material welfare. Secondly, from statistical information outlining changes in the consumer price index and prices of selected commodities, and finally, from consultants' reports. As Parker's (1990) Gender Analysis Matrix could not be completed because it relied on data that was to be collected during focus group discussions, information gathered from individual entrepreneurs, key informants and secondary sources was used to complete the gender analysis.

4.6.2 Research Participants

I interviewed two MFAT staff members before leaving New Zealand and another key informant based in New Zealand after my visit to the Cook Islands. I was unable to identify any former public service employees living New Zealand prior to leaving for the Cook Islands. The community and Church groups I contacted commented that many have moved on to Australia and I received no reply to the advertisements placed by one Church group. However when in the Cook Islands one person I spoke to referred me to a transitioned person living in Auckland who was happy to participate in the research. In turn, this person referred me to another participant.

While in the Cook Islands I interviewed a total of 22 key informants and 32 people who had been transitioned. Some key informants responded to my correspondence, however most of the interviews were arranged through the Associate Researcher assigned to me by the Office of the Prime Minister, and through the recommendations of other key informants. Transitioned people living on Mauke were identified by my translator who

also arranged the time and place of the interviews. On Rarotonga transitioned people were identified either through Transition Service files, key informants, or other transitioned people I interviewed. Some interviews were arranged by key informants, however I arranged the majority myself through either visiting potential participant's place of work or a telephone call. While I had initially intended to employ an intermediary to invite transitioned people to participate, people I spoke to in the Cook Islands felt that this would be unnecessary as most people would feel free to refuse to be involved even if I asked them directly. This in fact did happen, however to ensure that people did not feel coerced into talking to me I was careful to emphasise, throughout my discussions with participants, that they were under no obligation to participate.

In general it was easier to find men willing to participate than women. This phenomenon could be attributed to a several factors. Firstly, fewer women may have been transitioned than men, and many women who were transitioned may have joined their husbands as they migrated to other countries. Secondly, one women's leader commented that as women found the transition period more difficult than men did due to the ongoing daily stress of finding food to put on the table, they may have been unwilling to drag up painful memories. Thirdly, while Cook Islands women are vocal in many situations including family and public meetings, men are traditionally more accustomed to assuming a speaking role.

Table 4.2 depicts the mix of the people interviewed. Given the length of time since the economic reforms and the fact that many Cook Islanders obtain their income from more than one source, it should be noted that not every participant neatly fitted into the category of either starting a business or not starting a business.

Table 4.2 Summary of Participants

	Rarotonga		Mauke		New Zealand	
	Male	Female	Male	Female	Male	Female
Key Informants						
Women's Leaders		7				
Economists, Other Government Officials and Consultants	4	1			2	1
Business Leaders	3	2		1		
Leaders of Growth Industries	1	1				
Bank Managers	1	1				
Subtotal	9	12	0	1	2	1
Former Public Sector Employees						
Found employment in the private sector.	2	4	1			1
Began a business that has now stopped.	2	2	3			
Began a business that is still operation.	2	2	1	1		
Joined the subsistence sector.	2		1			
Expanded a business that they had begun prior to reforms. The business is still in operation.	1	1				
Found employment in private sector for some time and then began a business that is still in operation.	1					
Found employment in the private sector, then operated a business for a short period before returning to work in the private sector.		1				
Joined the subsistence sector however is also involved in occasional income generating activities.	1					
Did not work for several years then began a business that is still in operation.				1		
Involved in volunteer community work full time.		1				
Other						
Unemployed prior to economic restructuring but began a business with spouse who was transitioned.				1		
Left the public sector just after restructuring and began a business that is still in operation.		1				
Employed in the private sector prior to and during the restructuring but left the Cook Islands as the economic decline reduced spouse's income						1
Subtotal	11	12	6	3	0	2
Total Interviews	20	24	6	4	2	3

4.6.3 Cultural Concerns

This was my first visit to the Cook Islands, and when I arrived I had no knowledge of Cook Islands Maori and only a limited understanding of the local culture. In most cases on Rarotonga I was able to conduct my research in English, however by not speaking the local language of choice, Cook Islands Maori, I felt I was precluded from making many casual observations regarding gender relationships, and was limited in understanding concepts best explained in the vernacular. While I felt that most participants were comfortable relating in English, I sensed that a small number of participants struggled to express the ideas they wanted to convey, and this in turn hampered a free flowing conversation.

To compensate for the language and cultural limitations I was assisted by translators on the island of Mauke and during two interviews on Rarotonga. In addition, I invited Cook Islanders, especially key informants, to explain the meanings behind actions, words, opinions and beliefs whenever appropriate. Even so I was keenly aware that it takes years rather than months to be fully cognisant of a culture different to one's own.

It seemed that in the first instance men were more willing to speak freely about their experiences than women were, although as the interviews progressed most women started to relax and talk openly. When people shared some of their business difficulties I found, as an accountant, I had to be careful not to offer solutions as this could either stifle the conversation or take the interview off track. In addition, I was aware that as I do not fully understand the Cook Islands' business context, any advice I could offer might not be entirely appropriate. In these situations I tried to help participants identify their own solutions by asking if they knew of any person or organisation that could assist them. If they were not aware of any such groups I mentioned that the SBEC has been established to assist micro and small businesses with advisory and other services.

As the micro-level gender analysis dealt with sensitive issues surrounding gender relationships it was difficult to verify that the information conveyed to me was applicable in the majority of circumstances. Similarly, I was told by key informants that shyness might have precluded some participants from talking about their feelings, and that some may have hidden the severity of the negative impacts of the ERP in a desire to

preserve their dignity. Had I been able to spend a longer period of time in the Cook Islands, these weaknesses may have been overcome to an extent through establishing greater levels of trust with research participants and increased opportunities to observe different behaviour patterns in different situations.

4.7 SUMMARY

This chapter has explained the rationale behind selecting the Women's Empowerment Framework (Longwe 1994), the Gender Impact Assessment (Gianotten et al. 1994) and the Gender Analysis Matrix (Parker 1990) as the key tools for examining the impact of good governance policies on women's micro-enterprise initiatives in the Cook Islands. As planned, I was able to use both primary and secondary sources of information to complete these frameworks, however the primary research was limited to semi-structured interviews with key informants and transitioned people, as logistical difficulties rendered it impossible to conduct the proposed focus group discussions. While I was able to find sufficient people to participate in the research, the sensitive nature of some of the issues discussed coupled with my limited knowledge of local culture and language may have hindered the collection of accurate information to an extent.

With an explanation of how the primary research was conducted complete, Chapter Five will now present the findings relevant to the central research question.

CHAPTER FIVE

DATA ANALYSIS – WOMEN’S INVOLVEMENT IN MICRO-ENTERPRISE INITIATIVES IN THE COOK ISLANDS IN LIGHT OF THE ECONOMIC REFORM PROGRAMME AND TRANSITION PROJECT

5.1 INTRODUCTION

Chapter Five lies at the heart of this thesis, analysing women's involvement in micro-enterprise initiatives in the Cook Islands in light of the ERP and Transition Project. Building on Chapter Four's outline of the nature of the Gender Analysis Frameworks selected, the reasons for choosing them and both the planned and actual techniques used to gather the data, this chapter will present the relevant findings from the information collected from both primary and secondary sources. It has been divided into four sections, the first three of which parallel Longwe's (1994) Women's Empowerment Framework outlined in Section 4.2.1. The chapter will begin by discussing the level of recognition of women's issues in the ERP's and Transition Project's design, implementation, and evaluation. The second will examine the impact that these interventions have had on the material welfare level of equality for Cook Islands women who have begun a micro-enterprise, while the third will discuss the impact of these interventions on the access, conscientisation, participation and control levels of equality for these women. The fourth section will assess the ways in which micro-enterprise initiatives have both helped and hindered women as they have striven to achieve their development goals before the chapter closes with a general conclusion. As the themes arising from interviews with participants residing in New Zealand correlated closely with those of participants living in the Cook Islands, in most cases these two groups of participants have not been separately identified in the following discussions.

This chapter will show that changes in the levels of equality were more obvious in some areas than others. For example, women's material welfare in respect of income has improved, as has their access to credit and their control over the factors and benefits of production. In addition, the community has become more aware of the fact that gender roles can change. However, women have been disadvantaged in their choice of industry in comparison to men because in the past, more men than women have had access to higher levels of formal education. Similarly, public spending cuts combined with the pressures of operating a micro-enterprise have had a negative impact on women's health. In most of the other areas changes in the levels of equality were not so profound.

5.2 LEVEL OF RECOGNITION OF GENDER ISSUES IN THE DESIGN, IMPLEMENTATION AND EVALUATION OF THE ECONOMIC REFORM PROGRAMME AND TRANSITION PROJECT

Women's issues were highlighted in the project planning, implementation and evaluation stages of the ERP and Transition Project in three ways. The first was through the national retreats of key stakeholders where the issues facing the nation were tabled and prioritised, the reform agenda was discussed, and public sector performance and budgets were approved. Participants at these retreats included traditional leaders, public sector managers, business representatives, unions, women's leaders, youth leaders, and representatives from Churches and other community groups. During these sessions women had the opportunity to ensure that their concerns were included in the national plans. The second, which arose from the first, was the specific reference made to the impact of the ERP on women in both the Cook Islands' reform agenda (Cook Islands Consultative Group Meeting 1996) and the social impact assessment of the ERP prepared by Corydon Consultants (1997) for NZODA. The third was through the continuation of NZODA funded initiatives - which had commenced prior to the ERP - to mainstream gender issues in Government policies and programmes, and to address domestic violence issues (AusAID and DEV 1998:10-11). This section will examine the extent to which this recognition of women's issues has contributed to women's development at each level of the Women's Empowerment Framework.

5.2.1 Welfare

The level of women's material welfare relative to men's was not specifically addressed in the reform agenda (Cook Islands Consultative Group Meeting 1996). While the social impact assessment discussed the impact of the ERP on health and household incomes, with the exception of an analysis of the ERP's impact on gender differences in public sector salaries, women's welfare relative to men's was not addressed in this report either (Corydon Consultants 1997:30-33, 51, 67-77). Key informants involved in the design and implementation of the ERP stated that while it was recognised that gender imbalances could occur, the urgency of arresting the cash flow crisis meant that

it was not possible to design and implement measures to prevent negative gender impacts at the household level.

5.2.2 Access

The reform agenda recognised the need to improve women's access to the factors of production as indicated by the following clause:

5.19 A reorganisation of social structures to reflect the equal importance of women's contribution to the reforms is important, with the aim being to lighten the burden women shoulder and improve their access to education/training, health and economic empowerment. Facilities to support legal/violence/abandoned cases will become essential, especially during the downsizing of the public service (Cook Islands Consultative Group Meeting 1996:18).

The social impact assessment of the reforms examined progress towards this goal in its discussion on the ways in which women's responsibilities at home and in the community have altered as a result of changes in income and income earning responsibilities. It also distinguished between the numbers of women who had received enterprise funding from the Transition Service compared to men. However it failed to distinguish any differences in women's and men's access to health and education services (Corydon Consultants 1997:86-90).

While access to resources was recognised to an extent in the ERP's design and evaluation, key informants stated that in the implementation phase positive steps to improve women's access to the factors of production were not taken. For example, maintaining a functioning banking system took priority over identifying and addressing any gender differences in people's access to credit. However both men and women who had been transitioned or chose to be transitioned received equal opportunities to take advantage of the assistance offered by the Transition Service, which included an employment service, bridging finance, business training, and seed funding for business ventures (Corydon Consultants 1997:23).

5.2.3 *Conscientisation*

The reform agenda made reference to the fact that while women would play a key role in maintaining family and community stability, their roles have been changing and expanding. It recognised that the National Policy for Women has supported both equal opportunities for women and the contribution of women to development, and emphasised the importance of promoting women in business, albeit as a means of stimulating private sector development (Cook Islands Consultative Group Meeting 1996:11, 18).

Similarly the social impact assessment discussed how the ERP has altered women's and men's leadership roles in the public service. Changes in household roles together with women's comments as to the desirability of these changes were also elucidated (Corydon Consultants 1997:57, 85-90). However given the main priority of resurrecting the economy, while some disparities were considered, positive steps to promote a gendered division of labour that was fair and acceptable to both men and women were not taken.

5.2.4 *Participation*

Women were actively involved in the process of developing the reform agenda through the national retreats mentioned above. The agenda itself also recognised that both men and women should participate in the restructuring process. The ongoing contribution of women at the policy making level was assured through women's participation in the National Development Council which met periodically to review key policy issues and budget allocations. Thus women were given the opportunity to participate equally with men not only in addressing the economic crisis itself but in planning and implementing 'long-term sustainable economic development' (Cook Islands Consultative Group Meeting 1996:4, 18; Wichman 1998b:33).

In addition, women were actively involved in the design, data collection and preparation of the social impact assessment of the ERP. One section of this assessment measured the increase in women's participation in policy making through comparing the number

of men and women holding senior level positions in the public service before and after the reforms (Corydon Consultants 1997:3-5, 57).

5.2.5 Control

Neither the reform agenda nor the social impact assessment of the ERP made specific reference to initiatives designed to ensure or achieve an equal balance of control over factors of production or the distribution of benefits from production.

5.2.6 Conclusion

Table 5.1 summarises the above discussion regarding the level of recognition of women's issues in the ERP and Transition Project at each of the five levels of equality identified by Longwe (1994). A negative result indicates that women's issues were not mentioned. A neutral result indicates that while women's issues were recognised, the main objective of this recognition was to ensure that women's position relative to men's did not deteriorate. A positive result indicates that the project objectives were concerned, at least in part, with improving women's position relative to men's (Longwe 1994:296). Thus Table 5.1 shows that with the exception of involving women in the policy-making process, greater efforts could have been made to recognise women's issues in the implementation stage of the ERP. While women's gender roles and access to resources were considered in the design and evaluation of the ERP, steps to proactively improve gender equity in these areas were not taken because of the severity of the financial crisis. Equity in material welfare and control over the factors and benefits of production were, on the whole, not considered.

Table 5.1 *Recognition of Women's Issues in the Design, Implementation and Evaluation of the Economic Reform Programme and Transition Project*

Level of Recognition	Negative	Neutral	Positive
Control	✓		
Participation			✓
Conscientisation		✓	
Access		✓	
Welfare	✓		

5.3 LEVELS OF EQUALITY IN MATERIAL WELFARE ARISING FROM THE IMPLEMENTATION OF THE ECONOMIC REFORM PROGRAMME AND TRANSITION PROJECT

This section examines how the interventions outlined in Section 5.2 have actually affected the material welfare of Cook Islands women who have begun micro-enterprise initiatives relative to men. After making some general observations, this section will present the findings under the sub-topics of health, income levels and consumer goods and services before arriving at a conclusion concerning the overall impact of the ERP on women's welfare levels relative to men's.

As noted in Section 4.6.1, it was difficult to isolate changes in the material welfare of women relative to men resulting from the ERP and involvement in micro-enterprises. This was because most households have engaged in more than one income generating activity depending on both the opportunities available to them and their needs. However a broad understanding of changes in welfare levels has been gained from a statistical overview of household welfare levels, consultants' reports and participants' comments.

In respect to the statistics it should be noted that while the Cook Islands Government has prepared quarterly statistical bulletins, national censuses have been completed every five years. As the last census was held in 1996, the year the ERP was implemented, statistics elucidating the gender disaggregation of trends subsequent to the reforms were not available.

5.3.1 General Observations

This section will provide the context for an assessment of how changes in income levels, health care and consumer goods and services have affected women's welfare levels relative to men's. A brief outline of the role that the subsistence economy has played in the Cook Islands will be followed by general observations concerning the allocation of household income. Indicators elucidating the levels of male and female human development will also be presented.

The importance of the subsistence sector in the Cook Islands has varied between households depending on each family's sources of income. For example many transitioned people who purchased their meat and fresh produce from the shops and markets when working for the Government turned to fishing, tending livestock and fruit and vegetable gardening to meet their family's nutritional needs when their cash income declined. Thus many participants commented that while the ERP may have changed the nature of their household's diet, there has been sufficient food for the majority of Cook Islanders who have had access to land and have been prepared to work on it.

Interviews also revealed that although each income earner within a household has had the final decision concerning how the fruits of his or her labour - be it fresh meat and produce or a cash income - have been used, all forms of income have primarily been used to promote family well being. Where both partners have earned cash incomes they have typically decided together who would pay and how much they would pay for household items such as food, loans, electricity, telephones, education, and clothing. Conversely, if only one partner has earned an income, although the non-income-earning partner has influenced decisions by stating what he or she believed the family has needed, it has been the person receiving the income who has controlled how his or her income has been spent.

However the household's food, income and medical care resources have typically been shared equitably between men and women. Most households have given first priority to the needs of children, the elderly, and breast-feeding women. Typically men and women have then either received an equal share of what has been left over, or have arrived at a joint decision concerning who would receive a greater share depending on

their individual circumstances. Thus while control over household incomes has varied, changes in income levels have typically affected men's and women's welfare equitably.

A broad picture of the level of Cook Islands women's development compared to men's can be gained from the Human Development Index (HDI) presented in Table 5.2. This index has been designed by the UNDP to measure human development holistically through combining statistics that measure longevity, knowledge and the standard of living. The higher the index number, the higher the level of human development. While insufficient data exists to identify changes resulting from the ERP, the HDI does indicate that Cook Islands women have enjoyed a slightly higher level of human development than men. It should be noted that data disaggregated by sex was not available for 1994, and the large decline in the combined total between 1994 and 1998 has been caused in part by a change in the formula used to calculate the index (United Nations Development Programme 1999:11, 13, 16).

Table 5.2 *Human Development Index for the Cook Islands*

Year	Male	Female	Combined
1994			0.985
1998	0.817	0.835	0.822

Source: United Nations Development Programme 1994:74-75 and United Nations Development Programme 1999:13, 23.

5.3.2 Health

The social impact assessment reported that since the ERP the standard of health care has been hampered by management problems, an exacerbation of drug supply problems already in existence prior to the reforms, and a shortage of both staff and funding for equipment and resources. However as there has been equal access to health services, no evidence was presented to indicate that these problems have had a differential impact on men's and women's welfare levels. The difference in men's and women's life expectancy at birth, presented in Table 5.3, has remained unchanged since 1995, adding weight to the conclusion that the relative level of welfare between the sexes in respect to health has not been significantly affected by the ERP (Consultation Workshop 2000:22; Corydon Consultants 1997:69-77).

Table 5.3 *Life Expectancy at Birth*

Year	Source	Male	Female
1995-1997	Statistics Office, MFEM	68.4 years	71.5 years
1998	United Nations Development Programme 1999:105	71.0 years	74.0 years

NB: MFEM refers to the Ministry of Finance and Economic Management of the Cook Islands Government. They believe that this statistic could be overestimated by a year due to an under-reporting of deaths.

In contrast, the introduction of charges for prescriptions, consultations and hospital stays has had an adverse impact on women's health relative to men's. In addition to stretching family budgets and reducing the number of people seeking health care, as a result of these charges women have begun to spend less time in hospital after giving birth in order to save money. This in turn has increased the risk of birth-related complications (Corydon Consultants 1997:69-77; Wichman 1998b:19-20).

While the above observations would pertain to all Cook Islands women, it seems that in some situations the operation of a micro-enterprise has had further negative impacts on women's health. One key informant noted that businesses have increased the pressure on women's time and that, as a result, some businesswomen have eaten poorly or foregone sleep. One woman who had started a business confirmed this by saying that she hasn't been able to get the exercise or sleep that she has needed to stay strong:

when the demand is high...I can go the whole week sitting in the house making the baskets ...when orders come ... I have to make sure they go out, so from 8 o'clock in the morning [until] 11 at night I'm just in the house.

It should be noted however that not all entrepreneurs felt that their workloads had increased since the ERP. Changes in micro-entrepreneurs' workloads will be discussed further in Section 5.4.2.5.

5.3.3 *Income Levels*

There was a difference of opinion regarding the impact that the ERP has had on income levels. The social impact assessment of the ERP and people from Mauke interviewed

for this study indicated that household incomes had declined as a result of the ERP (Corydon Consultants 1997:31). In contrast, while some participants domiciled on Rarotonga said that people have lived more simply since the ERP, others stated that income levels have not been adversely affected. The later group cited their beliefs that there has been no noticeable change in the way people have lived, and that there has been an increase in the number of new cars and motorbikes on the roads, to support their view. Reasons for the difference in opinions concerning changes to income levels could partly be attributed to the island of abode of the observer, as the negative impacts of the reforms have been felt more keenly on the outer islands than on Rarotonga. In addition, the social impact assessment was prepared within a year of the ERP while participants in this study were commenting on the situation four years after the reforms. It should also be noted that as some vehicles were purchased with the lump sum payments people received when they were transitioned, increased vehicle numbers have not necessarily reflected an increase in income levels.

While changes in women's income levels relative to men's has depended on each household's situation, many people interviewed felt that since the ERP women have been providing a greater proportion of the household income than they were before, to the extent that in some cases women have become the sole earners of cash incomes while men have turned to the subsistence sector. For example, some women who did not earn money prior to the ERP have been motivated by a decline in their household's income to produce goods for sale at the market or to seek employment. In other situations women have started to operate stalls at the market in addition to their full time employment commitments. However this improvement in women's relative welfare levels has been partially offset by the \$26 per month reduction in the Child Benefit for children aged 0-10 years which has typically been paid to women (Corydon Consultants 1997:31).

Data concerning the gender disaggregation of income levels was gathered for the first time in the 1996 census. Presented in Table 5.4, these statistics indicate that men have enjoyed higher incomes than women have in the past.

Table 5.4 *Income Levels of Over 15 year olds by Sex 1996*

	Male	% to total over 15 yrs	Female	% to total over 15 yrs	Total
Less than \$5000	1699	19.8%	2649	30.9%	4348
\$5,000-\$9,999	1142	13.3%	804	9.4%	1946
\$10,000-\$14,999	511	6.0%	436	5.1%	947
\$15,000-\$19,999	290	3.4%	252	2.9%	542
\$20,000-\$29,999	262	3.1%	184	2.1%	446
\$30,000-\$39,999	115	1.3%	42	0.5%	157
\$40,000-\$49,999	55	0.7%	17	0.2%	72
Over \$50,000	95	1.1%	17	0.2%	112
Total	4169		4401		8570

Source: Statistics Office 1997:77.

To gain an understanding of the impact micro-enterprise initiatives could have had on these relative income levels, transitioned people who had started a business at some time since the ERP, regardless of whether it was still in operation were asked if, compared to working for the Government, their business had increased their income. The results from those who replied, summarised in Table 5.5, indicate that while some men felt their income had increased, similar numbers believed that their income had decreased. In contrast, more women reported an increase in income than a decrease. In addition, people who did not start a business were asked to comment on how they felt those who have started businesses have fared. The impressions of those who were able to comment on this are presented in Table 5.6 and show that while men's opinions were evenly mixed, the majority of women who have not started a business felt that businesses started since the reforms have not done well.

Three explanatory notes should be made in respect to Table 5.5. Firstly, one man on Mauke and one man on Rarotonga who stated that their income has increased also received a cash income from at least one source other than their business. This income could have contributed to their perception that they have been better financially since the ERP. Secondly, one woman on Mauke who said her income has increased received no cash income prior to the ERP however started a business with her husband who was transitioned. Thirdly, one woman on Rarotonga whose income had declined chose not to make money from her business as she had set it up to achieve other goals.

Taking these considerations into account, it appears that successful micro-enterprises have increased the level of women's incomes relative to men's. This improvement in women's welfare could be partly due to the fact that prior to the reforms there were significantly less women in the higher paying Government positions than men (Corydon Consultants 1997:57). One key informant supported these conclusions by stating that she felt that transitioned women operating successful businesses have been better able to provide for their families' needs now than they were before the ERP.

Table 5.5 *Personal Income Earned from a Business Compared to that Earned from the Public Service*

	Mauke	Rarotonga	Total
Men			
Income increased	1	3	4
Income stayed the same		1	1
Income decreased	3	2	5
<i>Subtotal</i>	4	6	10
Women			
Income increased	2	3	5
Income stayed the same		2	2
Income decreased	1	2	3
<i>Subtotal</i>	3	7	10
TOTAL	7	13	20

Table 5.6 *Opinion of those who did not Start a Business on the Financial Success of those who did*

	Mauke	Rarotonga	New Zealand	Total
Men's Opinions				
Done well		4		4
Not done well	2	1		3
Some have done well, others have not		1		1
Women's Opinions				
Done well		1		1
Not done well		1	2	3
Some have done well, others have not		1		1

5.3.4 Consumer Goods and Services

Changes in the prices of selected food and household items are outlined in Table 5.7. This table should be read in conjunction with the movement in the consumer price index presented in Table 5.8. These tables show that although the prices of many foods have fallen, overall food prices have increased slightly since 1995. In households where cash incomes have fallen, there has been a tendency to substitute home-grown produce for the more expensive products that have been manufactured locally or imported (Corydon Consultants 1997:35). However, as noted in Section 5.3.1 above, food security has not been a major concern for most Cook Islands households, and men and women have typically borne the impact of any changes in the mix and quantity of food consumed equitably.

Table 5.7 *Average Prices of Selected Commodities*

Item	Unit	1994	1995	1996	1997	1998	1999	% Change 1995 to 1999
Potato	kg	2.48	1.90	1.85	1.85	1.96	1.81	-4.7%
Onion	kg	2.71	1.98	2.01	1.86	1.97	1.69	-14.6%
Taro	kg	2.81	2.71	2.75	2.69	2.68	2.33	-14.0%
Kumara	kg	2.84	2.00	2.31	2.26	2.09	2.19	9.5%
Banana	dozen	2.25	2.25	2.39	1.96	1.97	1.80	-20.0%
Orange	dozen	4.41	3.87	3.45	3.30	2.99	2.33	-39.8%
Beef Sausages	450g	5.26	5.26	4.80	4.55	4.62	4.33	-17.7%
Milk Powder	900g	8.23	8.14	8.02	8.27	8.65	8.49	4.3%
Short Grain Rice	500g	0.96	0.90	0.84	0.84	0.86	0.78	-13.3%
Butter	454g	3.16	3.16	3.04	3.03	2.99	2.79	-11.7%
Square Loaf Bread	each	2.17	2.18	2.18	2.34	2.49	2.51	15.1%
Eggs	dozen	5.19	5.24	5.17	5.13	4.94	4.79	-8.6%
White Sugar	1.5 kg	2.65	2.50	2.57	2.64	2.64	2.64	5.6%
Soap Powder	litre	5.07	5.02	5.19	5.26	5.42	5.56	10.8%

Source: Statistics Office 1999: Table 2.7.

Table 5.8 Consumer Price Index by Major Groups (Base December 1998 = 100)

	1994	1995	1996	1997	1998	1999
Food	99.35	99.04	98.35	98.22	99.63	100.04
Housing	99.99	104.86	104.53	100.67	99.23	99.08
Household Operation	99.62	100.29	100.32	97.06	98.33	106.42
Apparel	100.67	102.80	101.70	103.04	103.97	100.68
Transport	99.96	100.52	98.53	100.00	100.60	101.40
Tobacco & Alcohol	94.46	97.65	99.70	101.37	100.60	98.66
Miscellaneous	98.68	100.22	99.23	99.69	99.60	101.18
All Groups	99.15	100.02	99.43	99.01	99.75	101.10

Source: Statistics Office 1999: Table 2.1.

Of greater concern in terms of women's welfare relative to men's has been the hike in electricity prices resulting from the reduction in Government subsidies and the introduction of VAT. The price increases coupled with the fall in incomes has meant that many women, especially those in the Southern group, have switched to time-consuming practices of cooking with *umus* (underground ovens) and open fires, and washing clothes by hand in order to reduce costs and balance household budgets. While the impact of this has not been isolated to women who have started micro-enterprises, women's welfare relative to men's has fallen in this area (Corydon Consultants 1997:39-40, 87).

5.3.5 Conclusion

This section has examined the impact of the ERP and micro-enterprise initiatives on the level of women's material welfare relative to men's. Where businesses have been successful, it seems that more women than men have benefited from an increase in income compared to the salaries they earned in the public service. However in some instances the increased workload involved in managing a business has had an adverse impact on women's health as they have omitted to take care of themselves physically in their desire to juggle their many business, family and community responsibilities. While not isolated to women in business, the increase in electricity charges has also had a disproportionate negative welfare impact on outer island women especially, as they have switched to time-consuming housekeeping methods in order to reduce costs.

5.4 THE IMPACT OF THE ECONOMIC REFORM PROGRAMME AND TRANSITION PROJECT ON THE ACCESS, CONSCIENTISATION, PARTICIPATION AND CONTROL LEVELS OF EQUALITY

Context and gender analyses have been conducted to gather information regarding changes in the access, conscientisation, participation, and control levels of equality resulting from the ERP and micro-enterprise initiatives in the Cook Islands. In the research findings presented below the two analyses have been combined in order to allow the discussion to proceed according to the themes that have been identified and to prevent the repetition of certain information. Differential impacts arising from the size of the business and the island of abode will be woven into these discussions where appropriate.

This section begins with a discussion of the impact that the legislative, social and business environment in the Cook Islands has had on micro-enterprise development. An examination of women's and men's access to the resources needed to begin a business will then be followed by a presentation of the changes in the gendered division of labour and women's and men's attitudes of their own and each other's business abilities under the heading 'conscientisation'. The fourth section will elucidate the impact of the ERP and micro-enterprise development on women's and men's participation in decision-making and the fifth will assess the equality of control over the factors of production and benefits of development.

5.4.1 Cook Islands' Legislative and Business Environment

Building on the introduction to the Cook Islands' business climate presented in Section 3.4, this section will provide the foundation for discussions concerning the impact of the ERP and women's micro-enterprise initiatives on Longwe's (1994) last four levels of empowerment. Divided into two parts, it will examine the broader environment in which women's micro-enterprises have been conducted in the Cook Islands. The first part contains an elucidation of women's rights under Cook Islands' law together with initiatives that have been taken to advance their status. The second examines factors that have influenced the Cook Islands' business environment, and the ways in which

these factors have affected micro-enterprises as opposed to larger businesses, and women in business as opposed to men.

5.4.1.1 Women's Rights and Initiatives to Advance their Status

As a result of their recognition of both the important role that women have played in society, and the valuable contribution that women could make to development, the Cook Islands Government has taken active steps to redress the 'gaps in the presence and influence of women in business, public office, politics, religious organisations, and public service management' (Taripo et al. no date: 2). These initiatives have been based on, among other things, the Cook Islands constitution, which has prohibited discrimination by reason of sex, and the Cook Islands Government's commitment to both the Convention on the Elimination of All Forms of Discrimination Against Women and the Beijing +5 platform for action (Government of the Cook Islands et al.1998:15; Ingram 1991:7).

The advancement of women in development has been spearheaded by the Women's Affairs Division of the Department of Internal Affairs, whose aim has been to 'integrate women in the total development process of the country and to mainstream all women's concerns into public policies and programmes' (Taripo et al. no date:10). One of the division's specific objectives has been to promote women's business initiatives through training and technical services. Women's development has also been promoted through the National Council of Women, an NGO whose objectives have been to establish a forum through which women's issues could be raised and addressed in a coordinated fashion. This NGO has also promoted family life, Cook Islands' culture, business enterprises and the advancement of women through education.

In addition, the Cook Islands Government has developed a National Policy on Women. The goal of this policy has been to see women become equal partners with men in both contributing to and benefiting from local, national, regional and international development and decision-making initiatives and in so doing achieve equality, development and peace for Cook Islands women. The National Council of Women and the Women's Division of the Department of Internal Affairs have been coordinating the

implementation of this policy (Government of the Cook Islands et al. 1998:49; Taripo et al. no date:2-3; Wichman 1998b:32).

While women have been protected under law, violence against women has remained under-reported and there has been a lack of law enforcement in this area. To address this issue, education programmes such as those developed by *Punanga Tauturu* have raised awareness on topics such as human rights, gender sensitivity and family law. Members of Government departments, community groups, Churches and women's groups have been among the course participants (Consultation Workshop 2000:17).

In conclusion, our brief discussion on women's rights and initiatives to advance their status has shown that the regulatory, policy and institutional environment in the Cook Islands has been conducive to women achieving equitable development through the ERP and micro-enterprise development. In addition, the Government has actively supported initiatives taken by international bodies and local NGOs to advance the status of Cook Islands women.

5.4.1.2 The Business Environment

To gain an understanding of the Cook Islands' business environment; migratory trends, business in the outer islands, cultural factors, industries that women and men have been involved in, growth industries and key Government regulations that impact on the private sector will be discussed in turn.

(i) Migratory Trends

While a small population base has always hampered business in the Cook Islands by limiting the potential size of the market, this problem has been exacerbated by the ERP. Many transitioned people migrated to New Zealand and Australia in order to find work, increase their income, or advance their careers. Coupled with the lower incomes of those who remained, the out-migration reduced the demand for goods and services and led to private sector down-sizing and further job losses. This in turn caused more

people to migrate. As people left, more were enticed to leave not just for economic reasons, but to join their families and to experience the different lifestyles that their friends and relatives had told them about. The magnitude of the problem has been highlighted by recent statistics which have shown that the total resident population has fallen 20 per cent from 18,900 in June 1996 to 15,000 in December 1999 (Statistics Office 1999:Table 1.1).

The impact of this migration on micro-enterprise initiatives has been two-fold. Firstly, some participants said that there was not enough demand to support micro-enterprises, with two citing this as the reason why their businesses failed and three not starting businesses at all because of it. Secondly, as people have preferred to shop at the larger, cheaper stores, the adverse impact of a reduction in market size has been more keenly felt by the smaller businesses.

(ii) *Business in the Outer Islands*

Differences in research findings between Rarotonga and the outer islands will be addressed where appropriate within each section. However in order to place these observations in perspective some general comments should be made. Firstly, as there have been few, if any, outlets through which people could sell their wares on the outer islands, producers have sold either through networks of friends or relatives living on Rarotonga. Secondly, geographical remoteness and the infrequency of boats and flights to some islands has made it difficult for outer island businesses to obtain supplies on a regular basis, attract tourists, and get products - especially perishables - to the market in good condition. Thirdly, cultural traditions that have impeded businesses have been stronger on the outer islands than on Rarotonga, and finally, with the small number of businesses in existence there have been few successful role models for those outer islanders wanting to start a business.

Private sector activity on the outer islands, with the exception of pearl farming on Manihiki and Penrhyn and tourism on Aitutaki, was limited prior to the ERP and has remained this way. Following the ERP, many transitioned people returned to subsistence farming and small populations coupled with limited cash in the economy

has lowered the demand for purchased goods and services. With few employment opportunities, many of the young and skilled outer islanders have migrated both to Rarotonga and to other countries (Wichman 1998b:29-30, 32). This in turn has further reduced demand for goods and services and hence the possibilities for successful business ventures.

(iii) Cultural Factors Influencing Business

Cultural factors that impact on businesses in the Cook Islands have been outlined in Section 3.4.3. This section both confirms and supplements those findings with the results from the primary research conducted in the Cook Islands and related information gathered from secondary sources.

Cook Islanders who wanted to start a business following the ERP were hindered by a lack of general knowledge concerning how businesses work. The problem was exacerbated for women as, with a few exceptions, prior to the ERP business and leadership was predominantly a man's domain with women at most playing a supportive role in their husband's ventures. Some participants said that they did not start a business because they did not know how to run one, and that lack of experience in business management was a major cause of business failure for transitioned people. However one key informant said that since the ERP a business culture has begun to develop. Increasing numbers of women have started businesses, with women comprising 54 per cent of the 31 business start-ups facilitated by the SBEC in 1999 (Consultation Workshop 2000:11, 12; Ritterbush and Pearson 1988:200).

Similarly, while this has begun to change since the ERP, many Cook Islanders were not accustomed to budgeting and saving. This has meant that people either have not had the capital to begin a business and/or the financial discipline to successfully manage one. The facts that a desire to excel financially has not been a strong motivator in the Cook Islands, many people were risk averse, and people preferred to follow someone they had confidence in rather than go out on their own, have also acted as disincentives to people who thought of beginning a business.

Some key informants felt that there was a general misunderstanding concerning the effort required to build a prosperous business. Some people thought that their enterprises would enable them to make money quickly and lacked the perseverance and vision to work towards long-term gain. Others were either not prepared or not able to work the long hours required to make their businesses succeed. This problem has been more pronounced in the tourism industry where some people have been required to be available 24 hours a day.

Much has been written about the negative impact that the family and community can have on businesses in the Pacific by pressuring entrepreneurs to give credit, discounts, free goods, financial donations or free use of staff and equipment (Fairbairn with Pearson 1987:49, 59; Ingram 1990:64). Some participants were asked how these requests have affected their decisions to start a business. Of those who did not start a business, only one woman, who has had bad experiences in the past, said that the likelihood of people requesting money would stop her from starting a business. None of those who have started businesses have ceased trading because of community obligations. Some participants said people knew they didn't have a lot of money and have not asked for assistance. Participants who have been asked for assistance have dealt with these requests in several ways. One gave credit to certain people but also made sure that they repaid it. Some explained why they could not meet the whole request and gave what they could, for example small discounts rather than free goods. Others refused to assist. Of this last category, one woman said she didn't care what people thought of her, another said that this hasn't affected her relationships, while another said that people haven't retaliated by trying to hurt her business.

Key informants commented that as people in general have understood that micro-entrepreneurs have not made large amounts of money, they have expected less from them than they have from owners of larger businesses. In this sense smaller businesses have had an advantage over larger ones. In addition, since the ERP the community has become a little less demanding as people have learnt, through increased business activity, how the private sector must operate to succeed. However entrepreneurs have still needed the support of the community and traditional leaders in order to grow their businesses. For example families may have prevented entrepreneurs from using their land if they did not like the business or they felt that they had not received a fair share

of the benefits from the use of it. Other key informants felt that while people might have been jealous of successful entrepreneurs they have not stopped businesses from growing unless traditions such as looking after the land and not trading on Sundays were breached.

(iv) *Industries Men and Women Have Been Involved In*

While there have been no physical, legal or cultural constraints on the industries that men and women have been able to be involved in, traditionally women have begun businesses in industries built around home duties such as food preparation, crafts, and garment making. Research performed in 1985 found female entrepreneurs were also noticeable in service industries such as retail shops, restaurants, and accommodation (Fairbairn with Pearson 1987:41; Office of Pacific Operations 1995:199). In contrast, men's business initiatives have fallen in the agriculture, carving, fishing, construction, road building, pearl farming and tourism industries. Participants were asked what, if anything, has limited their choice of industries. The results, summarised in Table 5.9, indicate that participants felt that they have had the freedom to choose the industry that they would be involved in.

Table 5.9 *Freedom to Choose the Industry Worked In*

	Men	Women
I can work in whatever industry I want	5	3
Money is the only limitation on what I can do	1	2
Knowledge/skills are the only limitations on what I can do	2	
When choosing an industry I need to balance other commitments to the community, family and employers		1
I am only limited by my ability to contact reliable overseas suppliers and customers		1

An indication as to the types of industries men and women have been involved in can be found in a summary of new business start-ups by industry and sex for SBEC clients from January 1998 to December 1999 as presented in Table 5.10. Table 5.11 shows the mix of industries participants are or have been involved in since the ERP and Table 5.12 presents the industries that participants would like to be involved in if they were to start

a new business. Table 5.13 summarises some of the key reasons why people have chosen these respective industries.

Table 5.10 *Business Start-ups Amongst SBEC Clients by Gender and Industry from January 1998 to December 1999*

Industry	Male	Female	Joint Male and Female
Food Preparation, Catering, Restaurants, Bars	3	9	3
Retail	3	2	
Accommodation		2	2
Tourist Attractions and Tours	2		1
Professional Services	1	2	
Petrol and Gas	2	1	
Carving	2		
Trades	2		
Clothing Manufacture	1	1	
Lawnmowing	1		1
Agriculture and Agriculture Processing	1		
Publishing			1
Pearl Farming	1		
Therapeutic Massage		1	
Courier Services		1	
TOTAL	19	19	8

Source: Small Business Enterprise Centre, Rarotonga.

Table 5.11 *Industries Research Participants are or have been Involved in since the ERP*

Industry	Rarotonga		Mauke	
	Male	Female	Male	Female
Arts and Crafts		3	2	2
Preparation and Sale of Food	1	2	2	2
Retail/Wholesale	2	3		1
Agriculture/Livestock	2	1		2
Tourism	1	2		
Professional Services	2			
Pearl Farming	1			
Other		1	1	

Note: Some participants have worked in more than one industry.

Table 5.12 *Industries Participants would Start a New Business in if either not in Business or Different from that Indicated in Table 5.11*

Industry	Rarotonga		Mauke	
	Male	Female	Male	Female
Arts and Crafts	1	2		
Agriculture/Livestock			2	
Teaching	1	1		
Preparation and Sale of Food		1	1	
Professional Services	1			
Retail/Wholesale		1		

Table 5.13 *Entrepreneurs' Main Reasons for Choosing the Industries they have Begun or would Begin their Businesses in*

	Rarotonga		Mauke	
	Male	Female	Male	Female
Have the skills/experience required	6	9	5	2
Demand for the product	2	2	2	2
To help other people/benefit the Cook Islands	2	2		
Easy to manage	1	1	1	1
There was an opportunity for me to start in this industry	2	1		
Limited competition in the industry		3		
Interested in/enjoy the industry		2		
Have the resources needed		1	1	
Good returns			1	
For my personal development		1		
Did not need a lot of capital		1		
Can work from home		1		
To avoid competing with others		1		
Expected growth in the industry		1		

Note: There may be more than one reason per participant.

These tables indicate that with the exception of the food preparation and catering industries where women have dominated, and pearl farming where men have dominated, both men and women have been equitably involved in a range of industries. It is interesting to note however that the predominant reason for both men's and women's choice of industry has been their existing skills and experience. This means that both sexes have been limited by their access to relevant training. Equality of access to education will be discussed further in Section 5.4.2.1 below.

Some key informants said that women have not worked in certain industries because of personal choice, rather than cultural restrictions. For example while some women have managed the family pearl farms, men have often assumed this role because the women have not wanted to. Similarly women have preferred to sell at the market where they could sit and chat while men have preferred more physical activities such as growing crops and fishing. However some key informants felt that common societal perceptions concerning what it is right for men and women to do have been restrictive. For example while women have fished on the reef they have not been involved in deep sea fishing traditionally because of the physical strength required to paddle the canoe and a cultural belief that women in fishing boats bring bad luck (Consultation Workshop 2000:11). While outboard motors have nullified the first reason, it has still been unusual to find women deep-sea fishing. However most key informants felt that when women and men have chosen to operate outside of the norms for their gender roles in the Cooks Islands, society has not frowned on it.

Several key informants felt that the industries that men have been involved in, such as fishing, pearl farming and construction have been more profitable than the craft and catering work that women have performed at the micro-enterprise level. In addition, in the northern islands the Government has begun to boost the copra industry through subsidies. As men have harvested copra traditionally, this could give male entrepreneurs an advantage over their female counterparts.

(v) *Growth Industries*

The Cook Islands Government has identified tourism, agriculture, marine resources, light manufacturing and offshore finance as potential growth industries. This section will examine women's opportunities to begin micro-enterprises in the first three. The latter two will not be discussed as they have not been suited to micro-enterprise type operations, and key informants did not highlight them during the interviews.

Tourism

While larger businesses such as the resorts have been active in the tourism industry, small businesses and micro-enterprises have played an important role by filling market niches in areas such as low budget accommodation and activities and tours. Agriculture, livestock, craft and retail businesses have also benefited from tourism, and many have depended on tourists for their survival. Micro-enterprises have had a comparative advantage over larger businesses in this industry in that they have been able to offer a personalised service that has allowed their clients to experience the uniqueness of the Cook Islands' culture. Key informants felt that provided these businesses retain their versatility, maintain high standards of service delivery and continue to meet gaps in the market they will not be subsumed by larger players, and opportunities for them will continue to expand. In contrast Milne (1987) felt that larger established businesses could crowd out smaller tourism initiatives because they have greater capital reserves, are better able to access local and international finance, have had experience in business in the Cook Islands, have already established dominant market positions, have greater resources to promote their services, and can offer larger commissions to international tour wholesalers in return for booking package holidays (Milne 1987:128-135). In addition, one key informant felt that larger businesses have received a higher return on capital invested in the tourism industry.

Men, women, and husband and wife teams have all owned micro-enterprises that have operated in the tourism industry, with tourism being credited for stimulating income generating activities amongst women especially in the garment manufacturing, craft, and market gardening areas (Womens Division of the Ministry of Internal Affairs 1995:10). However land availability could have limited people's involvement in the industry. Issues surrounding men's and women's access to this resource will be addressed in Section 5.4.2.2.

The main tourist destinations have been Rarotonga and Aitutaki. While there has been the potential for growth in tourism in the outer islands in areas such as eco-tourism, there has been a lack of people with the business skills, drive and resources to lead these initiatives. In addition, infrequent and costly travel coupled with limited infrastructure

and the reluctance of local people to let outsiders in would need to be overcome before these opportunities could be pursued.

Agriculture

The Cook Islands' agriculture industry has mainly been comprised of individuals growing fruit and vegetables, families harvesting *nono* on some outer islands, women in the southern group exporting *maire eis*, and copra producers in the northern group. Many growers do not regard their agricultural work as business ventures, rather as a part-time activity that has provided food for their households and supplemented their incomes.

With the exception of *nono*, there has been little change in the number and types of crops harvested since the ERP, with people producing mainly for home consumption, tourists and local food supply. Production has dropped on some islands in recent years reflecting the fact that younger people have preferred western foods over local crops, and that exporters have had difficulty finding markets, getting produce to the market in good condition, receiving payment and generating adequate returns for their product. One man who chose not to export root crops said:

I don't have a steady market on the other side. In the past growers marketed crops overseas, but the problem there is that they did not receive a return for what they exported. Because of that growers are just discouraged and they don't want to go into planting any more. They have lost a lot of money.

In addition, there has been a small local market because most people have grown enough fruit and vegetables for their own home consumption.

Although increasing numbers of women have undertaken market gardening in recent times and women have assisted their husbands in the lighter tasks, men have dominated the fruit and vegetable growing sector (Womens Division of the Ministry of Internal Affairs 1995:13). Families have worked together in the *nono* industry, with around 350 to 400 of them currently involved in harvesting to meet the strong export demand for this product. There has been a stable market for *maire eis* in Hawaii, and while their

husbands have helped, it has been the women of Mauke, Mitiaro and Atiu who have taken a leading role in this industry. Both *maire* and *nono* grow wild so people have not been precluded from participating in these industries by capital costs or land availability. However to prevent over-harvesting, replanting has been encouraged for the *nono*, and the Government has experimented with *maire* plots.

While both men and women could have taken advantage of crops that have had revenue generating potential, such as paw paw and vanilla, logistical and cultural difficulties have discouraged Cook Islanders from harvesting these crops in the past. These include a preference to work in more glamorous industries such as shops; limited, irregular, and costly transport from the outer islands to Rarotonga which has rendered the sale of perishable goods unprofitable; other countries' quarantine standards; and poor economies of scale compared to international competitors (Walsby 1999:D6). One key informant felt, however, that creative solutions could be found for these problems provided people were committed to the industry and that growers were willing to coordinate their activities.

Marine Resources

Fishing, harvesting manganese nodules and pearl farming are three sub-sectors that have been identified for growth in the marine resources industry. Harvesting manganese nodules will not be discussed here, as the technology has not yet been developed to exploit this resource profitably.

One key informant felt that while the needs of the local market have been met, the fishing industry could be expanded through exports. He commented that foreign investment would probably be needed to stimulate this expansion, as the majority of operators in this industry have been independent fisherpeople. Given the current mix of fisherpeople, if fishing was to grow it would benefit men more than women as typically women have only fished for home consumption.

There have been approximately 250 small farmers in the pearl industry, however a few large operators have produced around 50-70 per cent of the harvest. Most key

informants felt that if the industry were managed so that the farming was environmentally sustainable and prices remained favourable, there would be the potential for continued growth in the industry. However women might not benefit from this growth equitably with men as while both men and women have worked on pearl farms, in most cases the men have performed the management role. It should also be noted that although the industry has been developing in Penrhyn, most of the farming has been done on the island of Manihiki, and only those who have been able to prove that they have Manihikian bloodlines have been granted a license to farm there. This has prevented a foreign takeover of the industry by ensuring that the assets have remained with the Manihikian people.

Some key informants also felt that it has been difficult for the smaller pearl farms to compete with the larger ones, and that the larger enterprises have already begun to swallow up their smaller competitors. Most believed that Manihiki would not be able to sustain any more farms and that while those who have worked on their small farms full-time have been competitive, those who have chosen to farm part-time because of family, Church and community priorities have struggled to survive. Economies of scale have also disadvantaged smaller businesses, as each farmer has had to source their own technicians and markets. While pearl farmers have sold to wholesalers and retailers on Rarotonga, many have preferred to sell direct to the end consumer so that they, rather than the middle-people, have benefited from the mark-up.

To summarise, there have been opportunities for micro and small businesses to be involved in the tourism, agriculture and marine resources industries, although in the latter the threat of larger businesses forming cartel type operations has been very real. Similarly, in each of the growth areas there have been opportunities for both women and men to participate. However while women have dominated in the production of *maire eis*, there have been more men growing fruit and vegetables, fishing and managing pearl farms than women. In acknowledging these differences, key informants felt that as the opportunities have existed for men and women to be involved in these industries, the imbalance has largely been the result of choice rather than restriction.

(vi) *Government Legislation, Business Structures and the Private Sector*

This section will consider whether legislation surrounding business structures and private sector activity has had a differential impact on businesses owned by men as compared to those owned by women, or small as compared to large businesses.

Business Structures

Most micro-enterprises, including husband and wife teams, have operated as sole traders because their owners have believed that this cheap, simple structure is appropriate to the size and potential risk of the business. Trading trusts and partnerships formalised under law have seldom been used, however increasing numbers of micro-enterprises have traded as limited liability companies. While more expensive to instigate and maintain, the latter option has allowed some form of personal asset protection even though shareholders have often been asked for personal guarantees. A company structure has typically been a prerequisite for a bank loan, and has also been beneficial to entrepreneurs in that it has forced them to separate their business and personal finances. As such, it has ensured that the information entrepreneurs have needed to make informed financial decisions has been available.

While information has been freely available from agencies such as SBEC, many entrepreneurs have either not been aware of and/or not interested in the advantages and pitfalls of various business structures, calling any form of business a company. This could result from their reluctance to seek advice for fear that other people would find out about their financial situation, or a misconception that advice and/or formal structures are not necessary if the business is small. These conclusions were reflected in participants' responses to questions surrounding the form of business structure they have adopted and the reasons for their decision, as summarised in Table 5.14. This table shows that most participants have operated their businesses as sole traders. They mainly chose this structure because their enterprise was small. Those who have set up companies have typically made this choice on the advice of a lawyer or to obtain credit.

Table 5.14 Business Structure Adopted and the Reasons for this

	Rarotonga		Mauke	
	Male	Female	Male	Female
Sole trader	3	4	3	1
Limited liability company	3	2		
Informal partnership with spouse, operating as a sole trader		1		2
Informal partnership with friend, operating as a sole trader			1	
Reasons for not setting up as a limited liability company				
Business does not make enough money or is not big enough	1	3	1	1
Basic distrust of companies from how they see them operate	1			
To avoid paying more taxes	1			
To avoid sharing ownership	1			
It is expensive to set up		1		
Businesses do not set up as companies on the island				1
Make to order, do not have stock sitting there like companies do				1
Reasons for setting up as a limited liability company				
Advised to by lawyer	1	1		
To get a bank loan	1			
To prepare for the possible introduction of a business partner	1			

Although not reflected amongst the mix of participants interviewed, key informants stated that couples trading without formal partnership arrangements have operated many micro-enterprises. By failing to formalise each partner's rights concerning business assets and incomes however there is a risk that the future of the business may be jeopardised or a partner unfairly disadvantaged if the relationship was to end or one partner died. In contrast, larger businesses have typically had the resources and knowledge to formalise their business structures in a way that has both protected the owners' rights and ensured business continuity.

In addition, larger businesses have had an advantage over smaller businesses in that they have had greater access to skilled personnel and have been able to achieve economies of

scale in purchasing, production and marketing. While smaller businesses could also have achieved economies of scale through forming cooperatives, joint ventures and partnerships, apart some notable exceptions - such as the Pearl Federation on Manihiki which has reduced the cost of supplies by buying in bulk - there has been a reluctance amongst Cook Islanders to combine aspects of their businesses with non-related parties. Some key informants felt that this could be due to an unwillingness to take risks, a lack of trust, a desire to be independent, or a wish to outperform their colleagues. Others felt that this was more of a business decision where people believed that they could make more money on their own, or that the market was not large enough for the enterprise to support more than one family. Growers may have been reluctant to use marketing cooperatives because they resented middle-people collecting a margin they could have received if they had sent their produce direct to the market, or they feared other growers would discredit their produce by not maintaining a reasonable product standard or a consistency of supply. Without cooperation, it has been hard for micro-entrepreneurs to expand their businesses unless they have had the time and skills required to competently perform all of the functions needed to run a successful business.

Government Regulations

In general Government regulations have not differentiated between either small and large businesses or men and women in business. However the time and financial cost of complying with some regulations such as obtaining building permits may have been prohibitive for micro-enterprises with limited capital. In contrast, bigger businesses might have benefited from greater opportunities to access Government incentives such as tax write offs. Participants were asked what Government regulations have affected their businesses and how they had found out about them. The results, recorded in Table 5.15, indicate that most participants felt that Government regulations have not affected or restricted their business operations. Participants also believed that information concerning regulations was readily available from a number of sources.

Table 5.15 *The Impact of Government Regulations on Participants' Businesses*

	Rarotonga		Mauke	
	Male	Female	Male	Female
Regulations that influence their business				
No regulations affect my business	4	5	1	1
I am not restricted in what I want to do or regulations did not discourage me from starting my business	2	3		2
Health Department license	2		1	2
Island Council registration	1		1	2
Environmental laws	2			
Export duties	1			
Building, water, and power permits	1			
Professional standards	1			
Copyright laws		1		
Sources of information regarding regulations				
Island Council meetings and visits	1			2
Lawyers	2	1		
Common knowledge			2	1
Asking questions, reading regulations		3		
Visits/training by Government departments	2			
Friends, business partner	2			
Professional training/previous experience		1	1	
SBEC	1			
Public meetings	1			
Business women's meetings		1		

NB: There may be more than one response to each question from each participant.

The majority of participants also stated that it has not been burdensome to comply with regulations. For example those asked about health licenses said that they were easy to obtain, the cost was not prohibitive, and that it was not difficult to obey health regulations as they embodied basic common sense. Key informants also felt that while micro-entrepreneurs may not have had the resources to seek advice from accountants and lawyers, information has been provided at low or no cost through the SBEC, Government departments, banks, word of mouth, Island Councils, and seminars and workshops run by various business support groups. However people's reluctance to admit to others that they do not know something and unwillingness to divulge details of their business to Government departments may have hindered their cognizance of relevant laws.

While an increase in both the number of business minded people with the initiative to ask appropriate questions and Government transparency since the ERP has increased people's awareness of regulations, some key informants felt that participants' lack of concern over regulations could have been partly due to the fact that they were not aware of the laws that applied to their businesses rather than the fact that the laws have not existed. For example while most said that they have been able to do what they wanted on their land, in reality environmental laws and regulations, which have delineated residential and agricultural land, could restrict the nature of entrepreneurs' activities.

Since the ERP many of the complex licensing, registration and taxation systems that hindered the start and growth of businesses and were time-consuming and expensive to comply with have been reviewed and simplified. For example a universal turnover tax that disadvantaged micro-enterprises through double taxing was replaced by a VAT that only needed to be paid by those businesses whose gross revenue was over \$30,000 (Corydon Consultants 1997:63). Thus businesses whose turnover has fallen outside of the net have had the choice of either registering in order to obtain a refund of VAT paid on supplies, or not registering to keep compliance costs low and gain a pricing advantage. Similarly, while foreigners have still needed permission to begin businesses in the Cook Islands, the process has been streamlined so that they no longer need to establish joint ventures with Cook Islanders, and applications have been approved in approximately two weeks rather than six months (Office of Pacific Operations 1995:73-74).

To balance the need to increase employment with the desire to nurture indigenous business initiatives, the Development Investment Act and the Investment Code has set out the industries that foreigners have been able to invest in. The fact that some areas have been reserved for Cook Islanders unless there was going to be a significant transfer of knowledge, management expertise, finance, or technology, has meant that although it has been easier for larger foreign-owned corporations to invest in the Cook Islands since the ERP, a degree of protection over the position of micro-enterprises in the market has remained.

Participants were asked to comment on the ways in which the Government has helped them, could help them, or has hindered their business. While most could not isolate ways in which the Government has helped their businesses, several felt that there were ways that the Government could help them. These included imposing more tariffs on imports where there has been a local producer of the product, regulating and monitoring professional standards in order to prevent sub-standard competition undercutting on price, and strengthening copyright laws. While one participant stated that the Government should not be involved in micro-enterprises, another said that the Government should promote growth industries, and several commented that the Government could help by providing grants or loans or by establishing a revolving fund. In terms of hindering their businesses, some did not like paying taxes, and others said that import levies on goods that could not be produced locally had unnecessarily increased the costs of doing business. While one of these and a key informant stated that clearing stock through customs has been neither difficult nor expensive if a customs agent was employed, another felt that the complex system has precluded her from reducing her costs by clearing them herself. Others commented that the Government has overlooked people for contracts if they have said or done something that the Government has not liked, and public health regulations have prohibited some people from operating their businesses in their chosen locations.

Thus this section on the Cook Islands' legislative and business environment has shown that, in general, regulations surrounding business structures and operations have not differentiated between men and women or between small and large businesses. However larger businesses have had an advantage in that they have had greater resources to comply with regulations and establish company structures that have both protected the owners and achieved economies of scale. While micro-entrepreneurs have had access to free advice and have not found compliance burdensome, many have not been aware of all of the regulations that could have affected their businesses. The ERP has assisted all businesses by simplifying taxation and registration systems. However micro-enterprises may have had an additional advantage in that they have been protected to an extent under law from being over-taken by foreign-owned corporations, and have had lower compliance costs if they have fallen under the VAT threshold.

5.4.2 Access to Resources Needed to Begin a Business

Having elucidated the key aspects of the Cook Islands' business environment that could have had an impact on micro-enterprise initiatives, each of Longwe's (1994) last four levels of empowerment will be discussed in turn. This section will analyse men's and women's access to the resources that key informants and participants felt were needed to commence a business in the Cook Islands. These include formal education, land, marine resources, finance, labour, support structures, and general business opportunities.

5.4.2.1 Formal Education

As noted in Section 5.4.1.2 (iv) above, some participants felt that their knowledge and/or skill levels have limited their choice of industry. Some of the skills needed for a business can be acquired during childhood and as such depend on upbringing. Others can be gained through life experiences and thus depend to an extent on the roles people have fulfilled. Still others can be passed on through the formal education system. This section will focus on the last category of skills. While education has been compulsory and Government subsidised for all children in the Cook Islands between five and fifteen years old, access to higher education has been more difficult for outer island residents as their secondary schools have often finished at Form 5 (Consultation Workshop 2000:22). Table 5.16 outlines the highest level of education by sex for people over 15 years old as recorded in the last three censuses.

This data shows that while in all three years a higher percentage of women than men have received secondary education, more men than women have gone on to tertiary education. The reasons for this imbalance at the tertiary level have included a reluctance in the past to send girls overseas for training because many got married and did not return. In addition, some girls' studies have been interrupted by teenage pregnancies, and more girls than boys have been expected to help in the home - both in the Cook Islands and overseas. As a reflection of the fact that circumstances rather than desire have hampered women's further education, girls have outnumbered boys in the University of the South Pacific's part-time extension programme three to one. This

imbalance in education has been redressed recently as a result of, among other things, policy initiatives outlined in the Cook Islands National Policy on Women. Gender equity in the allocation of scholarships has now been achieved, and in 1999 50 per cent of Cook Islanders on overseas studies were women compared to 37 per cent in 1997 (Banwell 1985:47-48; Consultation Workshop 2000:13, 22; Government of the Cook Islands 1998:34; Office of Pacific Operations 1995:197; Taripo et al. no date:6; United Nations Development Programme 1999:24; Wichman 1998b:23).

Table 5.16 *Highest Education Level of People Over 15 years old as Recorded in National Censuses*

	None	Special	Primary	Secondary	Tertiary	Other	Unknown	Total
1996								
Men	61	0	626	5050	142	0	45	5924
Women	53	3	531	4940	72	0	44	5643
<i>Percentage to Total</i>								
Men	1.0%	0%	10.6%	85.2%	2.4%	0%	0.8%	100%
Women	1.0%	0%	9.4%	87.5%	1.3%	0%	0.8%	100%
1991								
Men	99	0	671	4808	192	38	44	5852
Women	75	0	597	4614	91	30	42	5449
<i>Percentage to Total</i>								
Men	1.7%	0%	11.5%	82.1%	3.3%	0.6%	0.8%	100%
Women	1.4%	0%	10.9%	84.7%	1.7%	0.6%	0.7%	100%
1986								
Men	127	0	701	4278	196	0	55	5357
Women	115	0	660	3973	67	0	54	4869
<i>Percentage to Total</i>								
Men	2.4%	0%	13.1%	79.8%	3.7%	0%	1.0%	100%
Women	2.4%	0%	13.5%	81.6%	1.4%	0%	1.1%	100%

NB: Highest education level refers to the last year of schooling and does not mean that people have completed this level. For example someone who left school in fourth form has been included in secondary even though they did not finish the last year of secondary education.

Source: Statistics Office 1987:CPD25/91, pages 3-10; Statistics Office 1993:CPD 18/94, pages 5-6, CPD 8/93 pages 4-5; Statistics Office 1997:49-50.

Gender imbalances have also existed in the subjects studied. While women have graduated with degrees in a variety of areas including accounting, economics, management and medicine, more men than women have gained qualifications in the

science and technical fields, and women have outnumbered men two to one in training for the lower paid teaching profession. Similarly, at the University of the South Pacific more women than men have studied business, accounting and education (Government of the Cook Islands 1998:34; Office of Pacific Operations 1995:197; Taripo et al. no date:6; United Nations Development Programme 1999:24).

Thus while positive steps have been taken to improve equity of access to education for future generations of women, the imbalance in both the numbers of women who have received tertiary education and the subjects studied means that transitioned women may have had fewer opportunities than men to begin businesses in the more profitable industries.

5.4.2.2 Land

The majority of micro-enterprises have begun in homes because suitable rental accommodation has been both rare and expensive, entrepreneurs have been able to avoid paying business rates for utilities, and, given the small geographic size of the islands, most people's homes have been close to their businesses' potential markets. In addition, many have used the land around their homes to produce the resources needed for their businesses such as fruit and vegetables for sale, trees for carving and flax for weaving. Access to land has been a prerequisite for many wanting to begin businesses in growth industries such as tourism and agriculture.

While land tenure systems have varied between islands, this section will discuss that used on Rarotonga as this island has been the hub of commercial activity. Almost all land has been owned by Cook Islands Maori and controlled by families. Men and women have had equal rights to inherit the land of each of their parents. By law, people have not been able to sell land, however they have been able to lease it for a maximum of 60 years. Cook Islanders have most commonly possessed land under either an 'Occupation Right' or 'Leasehold'. The former is an agreement between the person using the land and the family, while the latter is protected under law. In order to use the land as collateral it must have been converted from occupation right to leasehold, which requires approval from the family. Gaining approval has sometimes been a costly and

time-consuming process (Crocombe 1987:60-61, 69; Douglas and Douglas 1994:86; James 1986:115).

Matters surrounding the allocation and use of land have been discussed at family meetings, which have normally been controlled by family elders, both men and women. While historically men took the lead in addressing land matters, in recent times women have become quite vocal in family meetings and have sometimes dominated in the Land Court process, thus exerting considerable influence over the allocation and use of land (James 1986:121-122).

Within a household each partner, in conjunction with his/her own family, has had the final decision concerning how his/her land will be used, however couples have normally planted and harvested crops on the land together. When both spouses have had land, decisions have been made for the good of the household and typically partners have not actively worked to prevent each other from using land for business initiatives.

The ease of using land for a business has depended to a large extent on the family. While some have been accommodating and have allowed entrepreneurs to minimise their costs through operating from a location that is free of charge, others have stymied businesses that they have not approved of. For example they might have prevented the land from being registered as leasehold, leaving the entrepreneur with no collateral to offer as security for a loan. Alternatively some have prohibited the entrepreneur from starting their business on the land at all. If people with rights to property live overseas and have not given others permission to use their land, the growth of businesses in, for example, the agriculture industry has sometimes been hampered while land has lain idle.

The land tenure system has worked, to a certain extent, to prevent larger or foreign-owned corporations from crowding out smaller ones. As land has been subdivided and more houses and accommodation facilities have been erected, there has been less land available of sufficient size to house larger ventures (Crocombe 1987:61). Additionally, the 60 year lease system has discouraged foreign investors because it has not been able to guarantee business continuity beyond the length of the lease. However the fact that investors can be reimbursed for leasehold improvements and that there is a likelihood that the lease could be renewed has mitigated this risk to a certain extent. Two key

informants felt that the land ownership system has not discouraged serious foreign investors.

Table 5.17 shows the access to land by sex and usage for the Cook Islands as a whole as well as for Rarotonga and Mauke as collated in the 1991 and 1996 censuses. Data was not available from the 1986 census. While it appears that more men than women had sole occupation rights in 1996, the difference was not large and the joint occupation rights and leasehold/subleaseholds appear to have been fairly evenly distributed between the two sexes.

Table 5.18 outlines participants' comments regarding their ability to use land and the produce from it for their businesses. It indicates that apart from one person who believed his spouse's family would prevent him from starting a business on the land he has lived on, both men and women who have started businesses have been able to obtain access to the land they have required for their businesses. Similarly those who have not started businesses have not anticipated any hindrances to using family land for business ventures. While some have perceived a problem in using land on Rarotonga, these problems have not originated from gender inequalities, rather from the location of their family's land. However two men who were not living on family land felt that obtaining permission to use the land they reside on for a business might be problematic.

In summary, men and women have had equal access to land in the Cook Islands and with family approval have been able to use this land together with the produce from it for their business ventures. While there may have been difficulties at times in obtaining this approval, these difficulties have not been related to a person's sex, and women have become influential in the approval process through both family meetings and the Land Court. The land tenure system, which has remained largely unchanged by the ERP, may have disadvantaged larger businesses in comparison to smaller businesses as larger businesses have sometimes found it difficult to find plots of sufficient size or for a long enough period of time to meet their needs.

Table 5.17 Rights to Land by Sex, Usage and Island

	Cook Islands				Rarotonga				Mauke			
	1991		1996		1991		1996		1991		1996	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Sole Occupation Right												
House Site	460	402	543	541	339	304	404	408	7	6	3	4
Agriculture	14	6	19	11	11	3	9	5	0	3	0	1
House and Agriculture	138	99	333	258	103	79	175	132	14	4	1	2
Other	0	2	15	13	0	2	10	7	0	0	0	0
Not Stated	11	12	0	0	11	11	0	0	0	0	0	0
Joint Occupation Right												
House Site	207	210	221	233	136	143	159	173	0	0	1	0
Agriculture	4	1	4	5	3	0	3	3	0	0	0	0
House and Agriculture	87	80	108	103	58	55	82	81	7	7	0	0
Other	1	1	7	7	1	1	4	3	0	0	0	0
Not Stated	3	6	0	0	3	6	0	0	0	0	0	0
Leasehold/Sub-Leasehold												
House Site	54	42	191	205	48	40	185	199	0	0	0	0
Agriculture	6	1	2	2	5	0	2	2	0	0	0	0
House and Agriculture	17	15	35	28	15	14	33	27	0	0	0	0
Other	2	2	11	8	2	2	8	8	0	0	0	0
Not Stated	233	174	0	0	226	168	0	0	0	1	0	0

Source: Statistics Office 1993: Tables 35, 36, 37; Statistics Office 1997: 80-82.

Table 5.18 Perception of Ability to Use Land and the Produce from it for a Business

	Rarotonga		Mauke	
	Male	Female	Male	Female
<i>For those who started a business</i>				
Business is on participant's land and he/she did not need permission from the family to use it for the business	1	2		2
Rents building on the main road	2	1		
Do not need to ask permission to use the trees and fruit from own land			2	1
Asked family for land to use for the business and they agreed	1	1		
Ask friends and family if can use trees from their land but this is a formality as they will not refuse			2	
Have built a house on leased land and can use it for the business		1		
Business is on spouse's land, couple agreed on starting a business and spouse got permission from family	1			
Lives on spouse's land, family would not agree for non-family partner to use it for a business	1			
<i>For those who did not start a business</i>				
Has own land, do not need permission to use it for a business		1	2	
The family would agree to allocating land for use in a business		2		
Do not live on family land, would need permission of elders to use it for a business and it could be problematic	2			
Would need to return to home island to start a business because that is where they own land		2		
Do not need to ask family's permission but as land is on a back road it could not be used for a business		1		
Has own land, would need to ask family's permission to use it for a business but they would probably agree		1		
Could use own land for business but since people do not pass by there would need to rent a premise in town		1		
Living on spouse's land but spouse would agree to it being used for a business	1			
Do not need to ask permission to use the trees and fruit from own land			1	
Ask friends and family if can use trees from their land but this is a formality as they will not refuse	1			

5.4.2.3 Marine Resources

As there has been no system of customary rights surrounding the access to and use of the sea both men and women have been able to fish anywhere (Duncan et al. 1999:183). However local councils, who have been responsible for managing the environmental impacts of sea use, have periodically imposed *raui* (do not fish) bans on different areas of the coastline to prevent over-fishing. One key informant felt that these bans have not unduly restricted people as it has been acceptable for them to move their fishing operations to other parts of the coast. The only problem participants identified concerning the use of the sea was that there has been a lack of fish in recent times to make commercial fishing viable. Participants were unsure of what had caused this depletion in the fish stocks.

5.4.2.4 Finance

Lack of finance has been a key constraint to business growth in the Cook Islands. Table 5.9 indicated that three people felt that they have been restricted in their choice of industry by a shortage of capital. Several participants said that part of the reason why they did not start a business was a lack of finance. Of these, some said that the transition seed grant was inadequate and another commented that the Transition Service would not approve his grant unless he had completed a training course that he considered was unnecessary. Similarly several entrepreneurs said that insufficient funds had prevented them from making desired improvements to their business, and one stated that he had stopped trading because he did not have the capital to replace broken equipment.

Most key informants confirmed this observation that access to finance has been a major stumbling block for both male and female entrepreneurs. There have been several contributing factors to this problem of finance including a shortage of revolving funds or micro-credit schemes, the fact that many micro-enterprises have not qualified for bank loans, and entrepreneurs' reluctance to borrow money. The following paragraphs will examine these factors by discussing the lending policies of banks and people's attitudes to debt.

None of the study's participants had sourced finance from revolving funds but key informants stated that several were in existence. I enquired about two of these: one that has been administered by the Cook Islands Association of Non-Government Organisations (CIANGO), and one that has been administered by the CIDB on most outer islands. The former makes small loans of \$50 to \$100 to its members, both men and women. The latter allocates loans of up to \$1000 to both men and women for income generating activities, with preference being given to borrowers who have attended some form of business training. Additionally, husbands and wives have been encouraged to take out CIDB loans together. A scheme similar to that of the CIDB's on Rarotonga ceased in early 1999.

Since the ERP the Cook Islands Savings Bank (CISB) has made small loans for micro-enterprises. If the applicant has held a joint account, both spouses have been asked to sign the loan agreement, however if the account is in the applicant's own name, his/her partner's signature has not been required. The CISB has insisted that loans be partially secured over savings, investments, regular deposits or a regular income. Anticipated income from business enterprises has not, in general, been accepted as collateral.

The CIDB has been the main lender for business ventures, the minimum loan being \$2000. Both men and women over the age of 21 have been entitled to apply for CIDB loans regardless of their marital status. To qualify, applicants must have both a good business proposal and accurate financial records. Preference has also been given to those who have attended relevant business training courses. In order to guarantee repayment, applicants must be able to offer collateral in the form of a mortgage over land or other assets, proof of regular income, for example from paid employment, or a history of business success. Where the applicant is married or in a de facto relationship both partners have typically been asked to sign the loan agreement. This signature has served as an additional guarantee of repayment and has indicated to the CIDB that the partner is committed to the project.

While the three commercial banks have approved almost all of the loan applications that new and experienced entrepreneurs have prepared with the assistance of SBEC, participants and key informants said that many people have not qualified for loans. For

example they may not have been able to offer security because they have not been able to convert their occupation right over land into a leasehold. Alternatively they may not have had a regular income or a history of business success. Although they have been able to get assistance from SBEC or the banks, some have not understood the loan application forms and have found the application process both time-consuming and discouraging, especially if their request has been turned down.

Given the limited options that borrowers have had to assure banks of their ability to repay, it has been easier for larger businesses with a history of business success, resources to complete the application forms, and assets to offer as security to obtain credit for expansion than smaller ones (Fairbairn 1988c:271). In contrast micro-entrepreneurs who have had no business history, who have lacked a secure title to assets, and whose partner has either not had a regular income or not wanted to offer their income as security have found it difficult to obtain finance. This problem has been exacerbated on many outer islands where traditional land tenure systems have rendered it impossible to use land as collateral for loans.

However provided they have met the qualifying criteria, it seems that men and women have had equal access to the various sources of finance. This conclusion is supported by the ways in which participants initially funded their business as outlined in Table 5.19.

Table 5.19 *Participants' Sources of Finance to Begin their Micro-Enterprises*

	Rarotonga		Mauke	
	Male	Female	Male	Female
Transition Service seed grant	2	3	3	1
Own resources and savings	3	3	2	1
Government superannuation and/or insurance money	2	1	1	1
Loan from the bank	2	2		
Three months wages from the Transition Service		3		
Family	1	1		
Equipment and furniture loaned from the Government	1			
Assistance from the Transition Service to pay employees' wages	1			

NB: A transition seed grant was typically \$500 and given to qualifying transitioned public sector employees to purchase the supplies they needed to begin their businesses.

Participants who did not start a business were asked from where they could get finance to begin a business. With the exception of one woman who thought her extended family might help and two women who have their own money, all thought that they would need to borrow money from a bank. To ascertain whether both men and women felt they would have equal access to credit all participants were asked whether they thought that they would be able to borrow money from a bank.

Table 5.20, which summarises the results, indicates that both men and women perceived they have experienced, or would experience, similar restrictions in accessing loans. Both sexes stated that they would need their spouse's signature and both commented that it has been easier for those in paid employment to get loans. Only one woman said that she would not be able to get a loan because her partner would not agree. Key informants, who generally felt that there has been no discrimination in accessing loans from the banks, confirmed these findings. However two key informants also stated that it might be more difficult for single people to get loans because they do not have a guarantor.

These research findings, together with recent writings, reflect a change from the situation in the 1980s and early 1990s where it was reportedly more difficult for women to obtain loans than men (Ingram 1990:101-102; Ingram 1991:14). Women's improved access to credit has been attributed in part to the ERP because there have been more women managing successful businesses and holding senior positions in banks and the public service since the reforms. A recent article stated that women have proven to be sound credit risks and that the two private banks, ANZ and Westpac, have not required spouses who are not involved in business initiatives to sign loan agreements (Consultation Workshop 2000:12, 22; Government of the Cook Islands 1998:10; Office of Pacific Operations 1995:147; Womens Division of the Ministry of Internal Affairs 1995:11-12).

Table 5.20 *Participants' Perception as to the Availability of Credit*

	Rarotonga		Mauke	
	Male	Female	Male	Female
Those who did not start a business				
Would need partner's signature and he/she would agree	1	2		
Has the collateral needed		2		
Banks lend money to women on their own		2		
Banks won't lend to people without a regular income			2	
Would not qualify for a loan		1	1	
Would need partner's signature and he/she would not agree		1		
Only partner would qualify for a loan because he/she has a job			1	
It is easy to get a loan		1		
It is hard to get a loan	1			
Couples need to take loans out together	1			
No comment as to availability		1		
Those who did start a business				
Credit is available		1	1	1
Husband and wife had to sign for business loan together	1	1		
Getting a loan is not difficult if you work	1			
Loans are only available if you have paid employment to guarantee repayment			1	
Getting a loan is not difficult if you have assets or business experience		1		

NB: There may be more than one response per participant.

In order to ascertain whether equality of access was sufficient motivation to encourage people to seek finance to begin businesses, some participants were asked whether they felt that borrowing money for a business would be an acceptable option for them. The results, summarised in Table 5.21, indicate that even if credit were more readily available, many men and women would be reluctant to apply for it. This is because of their fear that they would not be able to meet the repayments, their desire to keep interest costs low, and their unwillingness to offer their land as collateral. For example one woman said of herself and her husband:

We don't want to [borrow] too much. We don't want to be unable to pay the loan and have our property taken by the bank.

Table 5.21 *The Acceptability of Borrowing Money for a Business*

	Rarotonga		Mauke	
	Male	Female	Male	Female
<i>Those who did not start a business</i>				
Borrowing is frightening because I don't know if I can meet the repayments		5		
Borrowing money is not frightening	1	1		
Would not mind borrowing because spouse gives him/her an allowance that can be used to repay the loan		1		
Would not borrow because do not want to pay interest		1		
Although risky would borrow a little for a business		1		
Borrowing is alright provided regular income from employment continues		1		
People worry about loans because they struggle to repay them	1			
<i>Those who did start a business</i>				
Borrowing is frightening because I don't know if I can meet the repayments			2	1
Do not want to borrow because do not want to pay interest	1	1		
Would not borrow money for a business, no reason given		1		
Would not borrow money because then are working for the bank rather than for enjoyment	1			
Can not borrow money because business partner would not agree	1			
Do not know how to borrow money			1	
Has borrowed money using land as security	1			
Has borrowed a little money but do not want to borrow more in case I miss the repayments and lose the land		1		
Has borrowed money and does worry a little about meeting repayments so does not want to borrow more until it is repaid		1		

NB: There may be more than one response per participant.

In conclusion it seems that while many micro- entrepreneurs have struggled to source finance and have been reluctant to borrow money, the equality of women's access to credit in comparison with men's has improved since the ERP. While it was difficult to isolate the causal factors for this improvement, the fact that women's credibility in the

business world has increased as they have proven themselves capable of managing successful businesses coupled with the fact that increased accountability in executive appointments has seen women promoted to decision-making positions, may have been contributing factors.

5.4.2.5 Labour

Some participants felt that their inability to find the time or the people to assist them had hampered their efforts to build successful businesses. For example some have either not started or not expanded their businesses because they have been unable to find or retain suitable business partners who could complement their skills. One woman, now living in New Zealand, who did not pursue her business idea to make and sell handicrafts said:

My biggest problem was that I needed one person, someone with the time to sell [the product], because I didn't have the time to go selling, I just wanted to make them.

Two women stopped trading because they did not have enough time to both manage their businesses and continue on in paid employment. Similarly one man returned to paid employment because, compared to his business, it took him less time to earn the same amount of money. In recognition of the importance of assistance to business success, one entrepreneur said that he needed his friends to help him make contacts while another man and a woman said that assistance from the family was one of the resources they had needed to start their businesses.

Research detailing the gendered division of labour in the Cook Islands either before or after the ERP was not available, however participants who had started a business were asked how both theirs and their partner's time use had changed from when they were working for the public service. The results, recorded in Table 5.22, indicate that the majority of participants, both men and women, have spent more time working. One woman summed up what many entrepreneurs intimated:

I find I spend a lot more time now either at work, thinking about work, or doing things related to work. Because its your own business you're always thinking

about getting the work done, and making sure that it's moving ahead. Whereas at the Government it was eight till four. Once four o'clock hits you've finished work and that was it, the rest of the day was free time.

It is interesting to note that as a result of the extra work six women compared to three men have had less time for leisure. While key informants felt that women have spent less time in the community as a result of their businesses, only one woman interviewed confirmed this observation while one stated that although she has worked more she has had more time for the community because her working hours have been flexible. Most entrepreneurs said that their partner's time use had not been affected by their businesses, however the workloads of people who have assisted in their partner's businesses have increased. Similarly one woman's partner has spent more time doing household tasks so that she could spend longer hours working in her business.

To determine if the increase in workloads has been isolated to people who have started businesses since the ERP, participants who did not start businesses were also asked how their time use has changed. The results are summarised in Table 5.23. It should be noted that those who have had more free time or have spent more time in the community, on subsistence agriculture, or on household tasks have not been involved in any form of formal employment. Thus it appears that the increase in entrepreneurs' workloads has resulted from their business activities.

In confirmation of this, those who did not start a business were also asked how they thought their time use would change if they were to start a business. None felt that they would spend less time working while the majority said that they would have to spend more time working. Of these, four women and two men felt that the extra work would not deter them from starting a business. Conversely, three women said that the extra work would be a problem, as it would limit the time that they could spend with their families, on sports and in community work. Flexibility of hours was noted as an advantage of starting their own businesses by one woman who said that the fact that she could simultaneously work from home and look after her children appealed, and one man who liked the idea of being able to dictate the hours he worked.

Table 5.22 Differences in Time Use Caused by Running a Micro-Enterprise Compared to Working for the Public Service

	Rarotonga		Mauke	
	Male	Female	Male	Female
For the entrepreneur				
A. Spend more time working	5	6	2	1
<i>Further explanation of A:</i>				
Less time for leisure, relaxation and self	2	5	1	1
Less time for household tasks	2			1
Work hours are more flexible		2	1	
Less time for subsistence agriculture	1	1		
Less time for community work				1
Can no longer garden for sale	1			
Spend same amount of time on household tasks		1		
More time on subsistence is required to help financially	1			
More time in community work as hours are flexible		1		
B. Spend the same amount of time working	3	1		
<i>Further explanation of B:</i>				
Spend more time on household tasks		1		
Spend less time on household tasks	1			
C. Spend less time working		1	2	2
<i>Further Explanation of C:</i>				
Spend more time on household tasks		1	1	1
Spend more time resting		1	1	1
Spend less time on household tasks because spouse who no longer has a job helps				1
No Comment			1	
For the entrepreneur's partner				
No change in use of time	5	2	2	1
More time working as they contribute to the business		2	1	
More time in community to relieve the stress of transition period	1			
Partner was transitioned so spends less time working even though he contributes to the business				1
More time in subsistence and household tasks				1

NB: there may be more than one response per participant.

Table 5.23 *Differences in Time Use of Former Public Sector Employees who have not Started a Business*

	Rarotonga		Mauke	
	Male	Female	Male	Female
For the Participant				
No change in time use	3	4	1	
More time in subsistence agriculture	3		1	
More time on household tasks	3		1	
More free time and time to rest	3		1	
More time in community work		1		
For the Participant's Partner				
No change in time use	4	3	1	
More free time as transitioned spouse is now unemployed and does more work around the home			1	

NB: There may be more than one response per participant.

In order to ascertain whether men and women have had equal access to labour, those who have started businesses were asked to identify who has assisted them in their ventures. The results, summarised in Table 5.24, indicate that women have received more assistance from their immediate and extended families than men have, although the men interviewed did not allude to any difficulties in obtaining their family's assistance. Key informants stated that parents have decided together how their children's time would be used, with it being acceptable for both boys and girls assist their mothers and fathers. Two men who did not start a business felt that their wives would help them if they were to start a business, while one man said an unrelated party would help and one woman said her extended family would help free of charge.

Key informants commented that both men and women have had difficulty balancing the demands the community, their businesses, and their families have placed on their time. The social impact assessment of the ERP (Corydon Consultants 1997) noted that to compensate for a reduction in income, some women, especially those on the outer islands, have adopted more time-consuming food preparation and washing methods. At the same time migration and a reduction in public spending has meant that there has been a greater demand placed on women to care for the extended family and the community while there has been fewer people to share the burden (Corydon Consultants 1997:v, 28, 75). One key informant felt that women have struggled more than men to cope with the demands on their time because of their gender roles. However another

believed that these demands have lessened as the community has observed more micro-enterprises in operation and has gained an awareness of the support that business people have needed. As it has been more difficult to say no to community demands on the outer islands, outer island women may have sacrificed their businesses to an extent in the interests of the broader community. It should be noted that those who have taken out loans, employed staff and committed themselves to regular contracts for supply have felt more pressure to commit time to their businesses than those who have only produced and sold when they have needed money for a specific purpose.

Table 5.24 *People who Assist Entrepreneurs in their Businesses*

	Rarotonga		Mauke	
	Male	Female	Male	Female
Unpaid Assistance				
<i>Less than three hours a day</i>				
Children	1	2		2
Parents	1	2		
Spouse/Partner	1			1
Other relative		1		1
Unrelated person		1		
<i>Uncertain of hours</i>				
Children		1		
Spouse/Partner	1	1		
<i>More than three hours a day</i>				
Spouse/Partner				1
Paid Assistance				
<i>Less than three hours a day</i>				
Children		1		
Unrelated person			1	
Employees				
<i>More than three hours a day</i>				
Employees		2		
Parents	1			
Children	1			
Spouse/Partner			1	
Unrelated person	1			
Share Income with Person Assisting				
<i>Less than three hours a day</i>				
Spouse/Partner				1
<i>More than three hours a day</i>				
Spouse/Partner		1	1	
Other Relative	1			
Work as Team with Other People but do not Share Income				
	1		1	
Do not Receive Any Assistance				
	1	2	2	

NB: There may be more than one source of assistance per participant.

In summary, interviews revealed that both men and women have struggled to find adequate time and the staff required for their businesses. However female entrepreneurs have had less time for leisure and their families, and communities have placed greater demands on women's time than they have on men's time. At the same time, as there has been growing awareness in the community of the pressures that business people face, women have received more assistance from their families both at home and in their businesses. As a result, traditional gender roles have sometimes been modified.

5.4.2.6 Support Structures

Business organisations, Government departments and Government incentives have all supported micro-enterprises in the Cook Islands to differing extents. This section will briefly introduce some of the key support structures for micro-enterprises in the Cook Islands and analyse the equality of men's and women's access to them.

The SBEC has aided micro and small businesses through the provision of business advice, overseas contacts, secretarial support, and training courses. They have also facilitated networking groups and assisted in the development of business plans and the completion of loan application forms. There has been no charge for most of its services and courses have been scheduled for times that have accommodated women's family commitments, thus ensuring that entrepreneurs have not been prevented from seeking the advice that they have needed (Martin and Sadaraka 1999:18). As indicated in Table 5.25, equal numbers of men and women have accessed SBEC's services. Many participants, both male and female, on Rarotonga as well as on Mauke, said that they had used SBEC's services, and those that had not said that it was because they have either not needed advice or not had the time to seek advice.

The DIB has helped businesses of all sizes by, for example, providing business and market information and advice, assisting new entrepreneurs with their business plans, sourcing overseas suppliers and customers, advising on and seeking contacts for the financing of expansions, and processing levy exemptions. Table 5.25 outlines the general characteristics of their clients. Although there has been no gender

discrimination in the services that they have provided, they have tended to see more men than women. This is more likely to be due to the fact that their services have been more relevant to the capital-intensive businesses that are typically owned by men, rather than to any structural or cultural limitations. One female participant said that her business has benefited from the DIB's overseas networking trips.

One male participant said that the Cook Islands Tourism Corporation (CITC)-managed voluntary Tourism Accreditation Scheme, designed to encourage high standards of service amongst tourism operators, has assisted his business. Membership in this scheme has incurred an annual fee and has been available to any business working in the tourism industry that has met the minimum criteria. Members have been entitled to free promotion and the right to display the accreditation logo that assures customers that their products and/or services are of an acceptable standard. Table 5.25 indicates that both men and women have used this scheme, however smaller businesses have been less likely to register than larger ones because they may not have understood the scheme or anticipated that they would receive any benefits from it. Alternatively, although the fee has not been excessive, they may have found the cost prohibitive. In that it has helped promote the Cook Islands as a destination, the scheme has benefited all tourism operators to an extent regardless of whether they have participated.

Other assistance that has been offered to micro and small businesses includes:

- the facilitation of the *Punanga Nui* market by the Ministry of Works, Energy and Physical Planning (MOWEPP) as an outlet through which micro-businesses have been able to sell their products on Rarotonga;
- the AESOP Business Volunteers Ltd scheme which has provided technical advice through Australian volunteers, although it should be noted that many micro-enterprises have not needed this scale of assistance;
- occasional workshops and meetings run by the Chamber of Commerce;
- free advice provided by experienced business people on an ad hoc basis;
- NZODA's PIIDS, which has assisted with funding for feasibility studies, equity in joint ventures, training initiatives and technical advice (Ministry of Foreign Affairs and Trade 2000a:30). While it has not discriminated between men and women and

Table 5.25 *General Characteristics of People Accessing Selected Services Offered to Micro and Small Businesses in the Cook Islands*

	Small Business Enterprise Centre	Development Investment Board	Cook Islands Development Bank	Cook Islands Savings Bank	Cook Islands Tourism Corporation Accreditation
Gender	50% of clients are male, 50% are female.	More men than women. See other comments below.	More men than women, the number of women has increased since the ERP.	More women than men come for loans to start businesses on their own.	Even numbers of men and women.
Education	Most would not have had any education beyond high school.	Various education levels.	Cross-section but many may not have had any education beyond school.	Most have not had any education beyond high school.	Those with a lower education are less likely to understand the benefits of the scheme and join.
Marital Status	Majority are married or in de facto relationships.	Not stated.	Cross-section but more are married.	A mix of marital statuses.	Not stated but the industry is comprised of a lot of husband and wife teams.
Age	Most common age group is between 26 and 50 years old.	Various ages.	All ages, loans are rarely made to people under 21 or over 65 years old.	All ages borrow but the majority are over 40 years old.	All age groups.
Other Comments		They may see more men than women because men own the majority of businesses that need levy exemptions and finance for high capital items such as pearl farming and agricultural production houses.			

Source: Interviews with key informants. Note that in the majority of cases this information is based on general impressions rather than statistical data.

the SBEC and other professionals have provided assistance, entrepreneurs with limited education may have found the application process difficult and time-consuming;

- Business advice and assistance with business proposals for loan applicants through the CIDB;
- Business management and technical skills courses that have been offered through CIANGO and individual NGOs on the outer islands and on Rarotonga; and
- Subsidised training for tourism operators and international marketing of the Cook Islands as a destination through the CITC, although many micro-entrepreneurs may have not have taken advantage of these opportunities because of a lack of resources.

Participants were asked from where they had received training and advice to directly assist them in their businesses. The results, recorded in Table 5.26, indicate that both men and women have sought advice from a variety of sources, although more women than men have gained assistance from the SBEC, while more men than women have attended Government department workshops and received advice from experts and suppliers.

Table 5.26 *Participants' Sources of Business Advice*

	Rarotonga		Mauke	
	Male	Female	Male	Female
Small Business Enterprise Centre	2	5	2	2
Transition Service workshops	2	5	3	
Advice from partner/relative/friend	2	1		1
Advice from experts and suppliers	2		1	
CIDB, DIB, Income Tax Department and Health Department workshops	2			
Other training courses		1		

NB: There may be more than one source of advice per participant.

While not all of the business support services outlined above have been used by participants, key informants felt that nothing has restricted both sexes and people of all ages, education levels, and marital statuses from using them. Women staff the SBEC and are also employed at the DIB, CITC, CIDB, CISB and *Punanga Nui* market.

Although participants did not mention all of the above sources of support, key informants believed that most of them have become well known through promotions. When asked why people might not use the services, the majority of key informants felt that it was due to personal choice rather than underlying structural or cultural reasons. Others said that it could be due to shyness, ignorance, competing time commitments or a belief that micro-enterprises do not need the information. A few commented that people of lower education levels might have felt intimidated in some offices. However there have been more women than men selling at the *Punanga Nui* market, and one key informant observed that in a family business it has typically been the women who have taken the initiative to seek help while the men have quietly offered support in the background.

The Government has indirectly assisted both male and female owned enterprises of any size by creating business opportunities through contracting out their services. Additionally, research and environmental monitoring, which has protected, in particular, the black pearl, tourism and agriculture industries, has also assisted businesses of all sizes. Direct Government assistance for business ventures has included a subsidy to encourage copra production in the northern islands. This subsidy has been more likely to benefit men rather than women as men have traditionally performed this work. Similarly male entrepreneurs and larger businesses have probably benefited more than female micro-entrepreneurs from import levy exemptions on capital items because of the industries that women have typically been involved in.

While most of the support services have been available on outer islands, facilitators have struggled to offer outer islanders the same levels of service as those provided on Rarotonga because of the cost of travel and the difficulties experienced in providing ongoing, follow up advice. Similarly, while CITC training has been conducted on the outer islands, tourism representatives who could provide ongoing advice on site have only been based on Rarotonga and Aitutaki.

In conclusion, there do not appear to have been any structural or cultural constraints on men's and women's access to the support services available for micro-enterprises, except perhaps for some people's lack of confidence in seeking advice, which may have been related to education levels in some cases. As the SBEC and DIB were instigated

after the ERP, and the *Punanga Nui* market has expanded significantly in the last few years it has been difficult to gauge whether the equality of access has altered since the ERP. However no research participants have alluded to a dramatic change in this area.

5.4.2.7 Business Opportunities

Participants were asked whether they thought that women and men have had the same opportunities in business in the Cook Islands. Most said that women and men have had the same opportunities, one woman said that male chauvinism exists but it has not threatened women in business, one man said that men have had more opportunities than women, and one woman felt women have had more opportunities than men. Some of those who felt the opportunities were the same believed that skills and drive counted more than the sex of the owner. One woman who has started a business stated:

The women that I know have more drive than the men and I think that the opportunities are equal as long as you've got the knowledge, you've got the background.

One man commented that opportunities for women to pursue their business ideas have begun to improve:

I think the men have not given the ladies the opportunities, have not listened to the women, the men have thought that they know better and so they haven't wanted to listen. But now they are realising that they have been wrong at times and they should let the women speak out their minds and then from that see what they come up with.

The ERP and the growth in tourist numbers have created niche markets for women at the *Punanga Nui* market (Consultation Workshop 2000:12). While men have also sold there, more women than men have managed stalls either because they have enjoyed it, they have taken the initiative or they have felt that they are good at it. These types of opportunities are reflected in one male participant's observation:

...policy making is more men, politics and big businesses are [men] but women are the ones that run the small businesses.

One key informant commented that globally most people have not had the multiple skills such as marketing, production, financial planning and administration needed to run a micro-enterprise, and business leaders confirmed that both women and men have struggled in many areas of business management. Key informants and participants were asked to identify the distinct strengths of men and women that have enhanced their opportunities in business. The results are summarised in Table 5.27.

This table reflects the fact that many participants were able to identify a number of factors that have given women opportunities in business, such as energy, drive, planning and organisational skills, willingness to seek help and entrepreneurship, however they found it more difficult to clearly identify the distinct strengths of men. Some did feel though that men's leadership skills and status have assisted them in business. Many participants believed that while women may have always had these strengths and opportunities to begin businesses, these strengths have become more visible since the ERP as the need to provide for their families has caused women to take advantage of the opportunities available.

Thus while more women than men have taken advantage of the opportunities to begin micro-enterprises after the ERP, the ERP has not affected the number and types of opportunities available.

5.4.2.8 Summary

In summary, this section has examined men's and women's access to the resources needed to begin a business. It has shown that while women have had equal access to land, marine resources, labour, support structures, and business opportunities both before and after the ERP, there has been an increase in the numbers of women using these resources in micro-enterprise initiatives since the ERP. In contrast, although women now have the same opportunities as men to gain formal education at the higher levels, inequitable access to tertiary level education in the past has meant that they have

been more limited in their choice of industries than men have. On a positive note, as women's abilities in both the public and private sector have become more visible, their access to credit has improved since the ERP.

Table 5.27 *Perceptions of Men's and Women's Business Strengths*

Strength	Number of Participants who Believe Men have this Strength	Number of Participants who Believe Women have this Strength
Planning and organising	1	7
Energy and drive		7
Don't waste money on alcohol, clothes, house or other things	2	2
Willing to seek advice and help		3
Well known, have status	2	1
Spend more time in the business than the other sex		2
Enterprising, have a business mind		2
Have ideas		2
Have people skills and are hospitable		2
Leadership	2	
Make clear decisions	1	1
Can say no to demands for money	1	1
Budgeting and financial planning		1
Willingness to take risks		1
Have support from others		1
Common sense	1	
Supportive	1	
Ability to focus over a long period because careers are not interrupted by child-bearing	1	
Persistence		1
Aggressive		1
Get on with the work without polishing their egos		1
Conscientious		1
Physical stamina	1	
Know what's best	1	

5.4.3 *Conscientisation*

This section will examine the impact that the ERP and micro-enterprise initiatives have had on the level of belief in society that the gendered division of labour should be fair and mutually acceptable to both men and women. It will elucidate the activities that

men and women were involved in at the time of the last census before outlining key informants' impressions concerning changes in gender roles. Participants' beliefs regarding men's and women's responsibilities will be presented and the section will close by discussing how men and women view their own and each other's abilities to manage a business.

Data collected during the 1996 census concerning the activity status of over 15 year olds is presented in Table 5.28. It indicates that a higher proportion of men than women have either been employers, self employed or engaged in full time work, while a higher proportion of women have performed home duties. The types of home duties undertaken, elucidated in Table 5.29, shows that more men than women have tended livestock, gardened and fished while women have outnumbered men in childcare, housework, crafts, catering and sewing.

Table 5.28 *Activity Status of Over 15 year olds in 1996*

	Male		Female	
	Total	Percentage to total	Total	Percentage to total
Home Duties	1306	22%	2557	45%
Full time Employee	2141	36%	1611	29%
Retired	522	9%	300	5%
Student	376	6%	394	7%
Unemployed	594	10%	170	3%
Part time Employee	314	5%	275	5%
Employer	243	4%	119	2%
Self Employed	204	4%	103	2%
Unpaid Family Worker	170	3%	50	1%
Disabled	54	1%	64	1%
<i>Total</i>	<i>5924</i>		<i>5643</i>	

Source: Statistics Office 1997:63-64.

Table 5.29 *Population Over 15 years old Engaged in Home Duties in 1996*

	Cook Islands Total		
	Male	Female	Total
Housework	3004	5289	8293
Tending Garden	3248	2543	5791
Tending Livestock	3787	1298	5085
Looking After Children	1417	3564	4981
Subsistence Fishing	3517	918	4435
Sewing	54	2056	2110
Handicraft Making	381	1656	2037
Catering	201	555	756

Source: Statistics Office 1997:75.

This statistical data confirms key informants' observations that while there have been few restrictions on women's involvement in business and the workforce in the past, Cook Islands men have typically been responsible for generating cash incomes, operating businesses and agricultural tasks. In contrast, women have mainly been responsible for childcare, the household and community management. However there have been some exceptions. For example women have often assisted in the lighter agricultural tasks, maintained home gardens and/or fished from the reef. In addition, it has not been uncommon for men to help with childcare (Cook Islands National Policy on Women:3; Office of Pacific Operations 1995:197; Schoeffel 1996:33; Wichman 1997:13-14).

While a lot of people still think that women should be the home-keepers, key informants and recent reports have indicated that these gender roles have been gradually changing with the influence of the Western culture and the cash economy. On Rarotonga especially, household tasks and cash earning activities have increasingly been shared between partners (Consultation Workshop 2000:24; Corydon Consultants 1997:vi; Government of the Cook Islands 1998:39; Office of Pacific Operations 1995:197; Wichman and Brown 1997:7). In some households women have assumed a leading role in micro and small businesses while their husbands have played a supportive role. One woman observed:

A lot of women are the backbones of the men in working, in setting up or getting an extra income.

Although this trend had started to change before the ERP, key informants felt that the ERP has helped to accelerate these changes because both men and women who were affected by the Government's downsizing have been challenged to move into new areas. In some households women have become the main income earners because, for example, they have been the only ones employed or their businesses have earned more than their partners' businesses or wages. Alternatively, their income has become more critical for their families' welfare because their partners' incomes have fallen. While in some situations these women have remained wholly responsible for their households, in others men have begun to take more active roles in their homes in recognition of the importance of their partners' economic contributions (Corydon Consultants 1997:90).

While some men have struggled to accept these changes, key informants felt that society has generally accepted people who have operated outside of their traditional gender roles. However one key informant felt that some men still believe that they should be the breadwinners and have taken to drinking to cope with the stress or have decided to migrate if they have not been able to find work even if their partner has been earning a good income. It should be noted that women too have resisted changes in traditional gender roles. Participants were asked who should be responsible for looking after the home and the children. The results are recorded in Table 5.30. This table shows that while no participants felt that the household was the male's responsibility, the majority of respondents who had started businesses and a significant proportion of those who had not, thought that it should be a shared responsibility. A sizeable number believed, however, that women should be responsible for the home and children.

Table 5.30 *Who Should be Responsible for Looking After the Home and the Children?*

	Rarotonga		Mauke	
	Male	Female	Male	Female
For those who started a business				
Both	3	5	2	
Women	2	2	1	2
Women with the assistance of her partner	1		1	
Each family's decision				1
For those who did not start a business				
Both	2	1	1	
Women	2	3	1	
Women with the support of her partner		1		
Women but men should supervise	1			

Additional data from interviews revealed that several participants, both male and female, who had started businesses felt that men should look after the outside of the home. A few women who had started businesses also said that men should be responsible for earning the cash income. Only one participant had changed his opinion since the ERP:

Since then [the ERP] I guess I have thought more about it being equal...my wife has been helping out financially so I have thought that I should help out more.

One key informant felt that people's understanding of their roles has been derived from their interpretation of Biblical teachings on male headship. Similarly one male participant said that women should look after the home because this was what he believed the Bible taught.

It seems that while women and men have worked well together in small family enterprises, more women than men have taken advantage of business opportunities since the ERP. Key informants observed that both on the outer islands and on Rarotonga it has been the women who have typically initiated micro-enterprises while their partners have played a supporting role. For example men may have grown crops and helped to prepare food for sale, but it has been the women who have sold it at the markets. Similarly, while the women have made the *maire eis*, their husbands have supported them by helping to gather the *maire* or by performing more work in the household on *maire* days. In contrast men have tended to play the leading role in pearl farming while

women have been supportive. Key informants felt that these types of partnerships have grown stronger since the ERP.

Since the ERP increasing numbers of women have proven themselves to be capable at the higher levels of the private and public sectors. Similarly, while there were successful female entrepreneurs prior to the reforms, their numbers have increased in recent years. This visible success of women has had a flow on effect to people's opinions of women's abilities. Most key informants felt that competent women have been respected in business and many female participants concurred with this. One woman now living in New Zealand commented:

Yes [women are respected]. The ladies are quite tough...they don't take nonsense...there's a few of them in high positions too.

One woman said that men have respected women for the hard work they do, and another said that since the ERP women in business have received the same respect as men whereas before, men were respected more. However one key informant and two women who had started businesses said that men are accepted in business as a matter of course whereas women have had to work harder to gain this recognition. To quote one of these participants:

I think that as a woman you have to try a little bit harder to get that respect.

Additionally, two women felt that men have been respected more than women.

All participants who responded felt that both men and women were capable of running businesses. However when asked whether men or women were better at running a business, the majority of women felt that women were better, the majority of men felt that there was no difference, and a few participants said that men were better. Only three had changed their opinions since the ERP. One woman used to think that there was no difference but since she has run a successful business and has received poor advice from a man she has thought that women are better. One man has changed his mind from thinking that men were better to thinking that they are equal now because he has seen women running successful businesses. Conversely, one man used to think that

there was no difference but since women have begun to spend more money on house he now thinks that men are better. Two men felt that running a successful business has depended on people's skills and dedication regardless of their sex.

In conclusion, although there have been a few exceptions, the ERP does not appear to have caused any noticeable change in participants' opinions of men's and women's relative abilities or responsibilities in the home. However it seems that roles have gradually been changing as women have proven themselves capable through their participation at the higher levels of the public and private sector, the successful operation of their businesses, and the work of women's organisations such as the National Council of Women. While not the sole cause of this phenomenon, it is clear that the opportunities for women to begin micro-enterprises since the ERP have contributed to this.

5.4.4 Participation in Decision-Making

The fourth level of equality - participation - is concerned with women's and men's equal participation in policy making, planning and administration. This section will examine how the ERP and the operation of successful micro-enterprises has affected Cook Islands women's participation in decision-making processes compared to men's by firstly considering women's involvement in national decision-making bodies. Participant's responses concerning their involvement in decision-making since the ERP will also be discussed.

Cook Islands women have had equal political and civil rights, have assumed leadership positions at the community and village level, and have held traditional leadership titles such as *ariki* and *mataiapo* (head of sub-tribe). In addition, it has been common for them to speak out during family, community and village meetings. However although women have had the same rights as men under law to be involved in the electoral system, there has been a dearth of female representatives on the Island Councils and in Parliament (Ingram 1991:1, 7, 8; Womens Division of the Ministry of Internal Affairs 1995:28).

This has begun to change with increasing Government awareness of women's role in development, the Government's commitment to the Beijing platform for action, and the provision of training to encourage women into senior management and political leadership positions. As noted in Section 5.2.4, the ERP has also contributed to this process by allowing women to participate equitably with men in the design and implementation of the reforms, and in Government decision-making through the national retreats and National Development Council. In addition, the numbers of women involved in Government policy making through their positions in the public service has increased as a result of merit based employment policies (Consultation Workshop 2000:12; Cook Islands National Policy on Women no date:4; Wichman 1998b:33).

Participants who did not start a business were asked how their participation in business, local policy and national policy making organisations has changed since the ERP. With the exception of one man who was able to influence Government policies through his position in the public service prior to the ERP, there were no significant changes. Only one woman and two men have been involved in any form of decision-making, and this has been in community meetings or community organisations.

Similarly those who have started businesses were asked how their participation in business, local policy, and national policy making organisations has changed as a result of the ERP. Responses revealed that both male and female entrepreneurs have been involved in local policy making groups, some women have been involved in business organisations, and one man has participated in a national policy making body. Only three female entrepreneurs said that their involvement in decision-making organisations has increased as a result of the ERP: one woman has become more involved in business and community groups because of more flexible working hours; one has attended business meetings; and one has joined an industry networking group. In contrast, some male and female entrepreneurs reported reduced participation in local decision-making groups because they have had less time to participate, the meetings have taken place during the busiest business hours, or they have no longer had the opportunity to provide policy input through their position in the public sector.

While the numbers of women involved in business groups have not changed, one key informant felt that female members have become more active in groups such as the Chamber of Commerce by, for example, attending to contribute as well as to receive benefits. In addition, successful businesswomen have taken on leadership roles amongst other women by encouraging them as they have started their businesses (Consultation Workshop 2000:12).

At the national level, two key informants said that some women who have run successful businesses or have gained higher level positions in their place of employment since the ERP have become more interested in politics. However they commented that although women's contributions have been heard, there has been reluctance amongst both men and women to usher in women's political empowerment, especially on the outer islands. A few key informants believed that some men have felt threatened by women's increased involvement in politics. Key informants also felt that many men and women have not voted for women because they have not believed that it is in standing with Biblical teachings to have women in leadership positions. Alternatively jealousy and the desire to put policies ahead of the candidate's sex has meant that some women have not necessarily supported female candidates. Some commentators have stated that poor self-confidence and a lack of time due to their roles in the household, productive and community sectors has also hindered women's participation in national leadership (Consultation Workshop 2000:12, 13; Government of the Cook Islands 1998:52; Taripo et al. no date:9; Womens Division of the Ministry of Internal Affairs 1995:27).

In conclusion, while the ERP in general has resulted in an increase in women's participation in decision-making processes, micro-enterprise initiatives have had varying impacts on the ability of individual entrepreneurs to be involved. Operating successful businesses has given some women the self-confidence to participate in various levels of politics, made participation logistically feasible if their business hours have been flexible, and has provided access into various business and industry networking groups. However the extra time required for their businesses or the hours of business operation has precluded other women from retaining or increasing their participation in decision-making bodies.

5.4.5 Control Over Business Resources and Benefits

The last level of equality - control - assesses the balance of control between men and women over the factors of, and benefits resulting from, production. This section will examine the impact that the ERP and Cook Islands women's micro-enterprise initiatives have had on the equality of control by analysing participants' responses concerning who has decided how household incomes have been spent. It will also consider participants' comments regarding who has made business decisions.

Ingram stated that women have increasingly been making financial decisions for their households as a result of their expanded involvement in the paid workforce (Ingram 1991:13). In order to determine how the operation of micro-enterprises has affected this trend, participants were asked who has decided how the income from their business has been spent, and whether the person who has controlled it has differed from the person who controlled the salary they earned prior to the ERP. The results from those who responded are recorded in Table 5.31. Those who did not start a business were asked who would decide how the business income would be spent if they were to start a business and whether this would differ from their household's current practice. The results are recorded in Table 5.32.

These tables indicate that, as noted in Section 5.3.1 above, in many households each partner has retained control over the income they have earned. Thus although they have been able to influence decisions by stating what they believe the household has needed, those who have not earned an income have had limited decision-making power. In some cases there has been equality in control over household incomes, however with the exception of one woman this has not changed as a result of the ERP. This woman was not in paid employment prior to the ERP but has shared control over the profits of the business that she started with her husband after he was transitioned. Conversely three male entrepreneurs stated that their partner's control over their households' income has actually decreased with them operating their own business as, while they used to make joint decisions, the entrepreneur had made decisions concerning how to spend business profits on his own.

Table 5.31 Control Over Business Income for those who Started a Business

	Rarotonga		Mauke	
	Male	Female	Male	Female
No change since the ERP				
Business owner solely	2	4	1	1
Joint decision on how to use both incomes		1	1	
Business owner solely but allocates an allowance for spouse to spend on family items			1	
Each partner decides how to spend their own income				1
Although discussed jointly, each partner decides how to spend their own income	1			
Joint decision but partner decides what to spend amount allocated to household on	1			
Most income given to partner to decide how to use	1			
Change since the ERP				
Pooled salaries prior to the ERP, now the business owner alone decides on how income will be used after discussion with his/her partner	2		1	
Decides jointly with parent, researcher uncertain about who decided prior to ERP		1		
Prior to ERP was not earning an income and partner decided how to spend his/her income, now in partnership with partner so joint decisions are made				1

Table 5.32 Control Over Household Income for those who did not Start a Business

	Rarotonga		Mauke	
	Male	Female	Male	Female
Joint decision, as it is now with wages	2	1	1	
Business owner would decide solely	1	2		
Business owner solely would decide as each partner usually decides how to spend their own income	1		1	
Presently controls own and partner's income, but in a business there would be joint control		1		
Partners decide how to spend own income at present but a business would be joint so it would be a joint decision		1		
Decides how to use own income. Partner does not work and asks for money if he/she needs it	1			

On Mauke traditionally,

the responsibility for maintaining authority in the household rests with the father or the eldest living male of the family. As head of the household and owner of food lands and resources he commands the affairs of the family (Wichman 1997:6)

However the three Mauke women interviewed who had begun businesses stated that they have either controlled business income jointly with their spouses if the business was a joint venture, or they have had sole control over the income if they were in business on their own. Similarly, women have typically made the decisions concerning how their *maire* money has been spent, a practice that might have given some considerable power if this has been the only cash that the household has received. Thus a successful micro-enterprise could have increased women's control over household income on Mauke.

Regardless of who has controlled the business income, the decisions that men and women have made concerning how it would be used have been similar. After reinvesting some into the business to repay loans, purchase stock and raw materials or save for capital items, the bulk of most entrepreneurs' incomes have been spent on household items such as food, mortgages, utilities and children's education and clothes. One woman has placed priority on her tithe and has saved the balance of her income. Two men have given their spouses an allowance, but one said that he has not allowed his wife to spend his business income on personal items for herself since she could earn her own money for that purpose. In addition to the woman mentioned above, one man and one woman have saved part of their incomes.

There were mixed opinions from key informants and transitioned participants regarding who has made the decisions in micro-enterprise initiatives. Answers indicated that gender equity in control has varied depending on the nature of the business, the person who has worked in it, and the relative skills each partner has contributed. One key informant said that if both partners have worked in partnership, or the woman has received a good education there has typically been joint decision-making, however where only one partner has managed the business, that partner has made the decisions. Where men and women have followed the teachings of the Churches that believe that

men should be the head of the household, the man has typically made the decisions regardless of who has worked in the business. Similarly on outer islands the husband has often made the business decisions. Some key informants confirmed the observations of a recent report in their observation that although women may have had business ideas and invested considerable time into their businesses, many have had little control over future business plans and how profits have been spent (Consultation Workshop 2000:11). For example, one participant said that her husband has discouraged her from expanding her business even though he has not worked in it. Similarly, another participant knew of a case where a woman operated a business in an informal partnership with her spouse but he took all the money from the business when he ended the relationship. One female participant, who has worked longer hours in the business than her husband, said that while they have discussed and concurred on most decisions, in a disagreement her husband has had the final say because he has had the technical knowledge. Another woman said that decisions have been made jointly:

We decide everything together. We may not agree always but when we do reach a decision, it's made by both of us.

To conclude, it seems that while men have dominated the decision-making process in many family businesses, there has been a growing trend, which some key informants thought might have been reinforced by the ERP, for men and women to make decisions jointly. A micro-enterprise may have increased women's control over household income if they were not earning previously, they have worked in partnership with their spouses, or their partner has not earned an income.

5.5 CONTRIBUTION OF MICRO-ENTERPRISE INITIATIVES TO WOMEN'S DEVELOPMENT GOALS

This section outlines women's and men's development goals and discusses the ways in which the instigation of a micro-enterprise has contributed to the achievement of these goals and women's wellbeing.

5.5.1 Development Goals

Several key informants felt that one of women's main development goals has been to improve their own and their families' welfare. For example, one key informant said that women's development goals have been:

Firstly to [build] a good future for their families. Financially, educationally, [and in] health.

Others stated that family welfare has included meeting physical and social needs such as food, clothing, health care and children's education as well as being able to purchase some luxuries and attain financial security. Both men and women have placed increasing importance on their children's education and for many this has involved considerable sacrifice.

Outside of the home, many women have also wanted to participate in the economic and political life of the nation on an equal basis with men. This desire might have caused them to strive for a better education. Others might have sought to develop their self-confidence so that they could fight inequalities in the workplace with the objective of receiving the same rewards as men for work of a similar standard. Similarly, some women have wanted to be empowered to take up leadership positions in local bodies as well as in the national Government. One key informant stated:

A development goal for me is to work towards ensuring that we can empower more [women] to take up leadership roles in Government positions as well as in our Parliament.

A final development goal for women as identified by key informants has been the ability to contribute both financially and in time to sports clubs, the Church and other community organisations. One key informant commented:

I see economic development in two ways, both on the individual side...and also the group, because there are a lot of women's groups trying to get funds, trying to organise fundraising for their own organisations. So there are the individuals and the groups that need money.

While each person's priorities have differed, for many Cook Islanders economic achievement, the family, the community, friends, sports and the Church have had similar levels of importance. For example, some may have worked sufficient hours to ensure that they have had enough money and food to meet their needs and then spent the remainder of their time in the community or with their families.

While men have seen family welfare, participation in leadership, and community involvement as important, their development goals have tended to extend beyond the family unit to economic success and business expansion, which has enabled them, for example, to build better homes or acquire vehicles. However it should be noted that men have typically shared the benefits of their economic success with their families. One key informant's perception of the contrast between men's and women's development goals was as follows:

I think the men look wider...the women too are looking at the broader issues, but the women, although they are now opening up, are still thinking of their priority role in providing for their family. Men would look more at [the] economic [side]. Like [if] they are going to go into agriculture they'll look at cash cropping...but the women go to subsistence farming.

5.5.2 The Impact of Micro-Enterprise Initiatives on the Achievement of Women's Development Goals

It is not surprising that the majority of participants cited the potential to earn an income as one reason why they had started their businesses. When asked why she started a business, one woman replied:

Mainly [for] developing the family, for the money.

As stated in Section 5.3.3, successful micro-enterprises have often increased women's incomes. This in turn has enabled them to provide for their personal, family, and community contribution needs. In addition to meeting their daily needs, business

income, if sufficient, has increased women's access to good health care and education, which in turn has given some the strength and knowledge needed for their businesses and for their participation in leadership positions. Earning an independent income has also empowered women by giving them the financial independence to make decisions concerning their and their children's destiny.

However it should be noted that many micro-enterprises in the Cook Islands have failed. Participants who did not start businesses were very aware of this risk and acknowledged that while some micro-enterprises have done well since the ERP, others have struggled. One man who found it difficult to meet his families' needs through his business said:

It was difficult because you couldn't really make ends meet. It was a disaster.

The possibility of failure, poor returns, and uncertainty surrounding whether a business would provide a secure regular income has discouraged some participants from starting a business, and has caused others to stop trading after a time or to undertake part-time employment in addition to managing their businesses. In contrast one man said he wished he had started a business because he would have earned more money than he has in the private sector.

Given this risk of failure, entrepreneurs whose business incomes have been relied on to meet their households' daily needs or financial commitments have found managing a business more stressful than those who have had their partners' incomes to act as a buffer have done. While this risk of failure has been a global problem for micro-enterprises, it has been especially poignant in the Cook Islands where there has been fierce competition, small markets, a shortage of cash in the economy, and the threat of others copying their business and crowding the market.

Where managing a business has increased entrepreneurs' stress and tiredness and has reduced the amount of time that they have had available to spend on priorities such as their families, community activities, and participating in decision-making as noted in Section 5.4.2.5, their wellbeing may have suffered. While some participants said that they were happy to spend more time working in their businesses, for many, the negative impact of increased hours spent working has outweighed the benefits of running a

business. Thus some participants have not started businesses while others have stopped theirs. One woman said that after she was transitioned:

I just wanted to look for something simple where I could fit in [the] kids. Just a day job, not a business, because [businesses] are open longer hours, and plus social, I'm into all sorts of activities like sports, and to me it would have been too much.

There was a perception amongst some participants that working in the private sector or not working at all, if the income was not needed, has been preferable as it has afforded people more free time and opportunities to rest. In contrast, two men who did not start businesses and have not found alternative employment would have preferred to work either for the income or to make the most of their time.

Several participants, both men and women, said that their businesses have enabled them to meet their goals of contributing to the welfare of their extended families and to the Cook Islands community synergistically. For example they found it satisfying to have been able to create employment for their families and other people, or to have helped others by providing a cheap product. Similarly, compared to working for a wage, some businesses have increased the amount of time that women have been able to spend with their families by allowing them to work from home. One woman felt that working from home was positive:

I'm closer to my children now because I spend more time with them.

Other women also said that they have enjoyed working from home.

Some male and female entrepreneurs said that their businesses have helped them to attain the lifestyle that they have desired. For example by creating their own work they have been able to live where they have wanted or they have been able to combine their business activities with subsistence agriculture and/or other forms of paid employment. Additionally, they have had the opportunity to be involved in the type of work that they have enjoyed. Several participants started their businesses to build their careers or to use or develop certain skills. In contrast, some people did not start businesses because

they either enjoyed their private sector jobs or they felt there were better opportunities for advancement through these activities.

Almost all participants have placed a high value on the freedom that can be gained through 'being their own boss'. One man who started a business said:

It makes me feel good because I am my own boss and I can do what I want to do and I can go when I want to go. I am free.

Similarly a female entrepreneur said:

I'm a free woman now. I've got more time and I like it. I'm my own boss!

For those who did not start a business, the fact that entrepreneurs have been able to dictate the hours they have spent working and the tasks they have undertaken has made business ownership appealing. Most participants who have started businesses have liked being in control of their lives, having the freedom to come and go, and being able to rest when they have wanted to. However this desire for freedom has also made managing a business unattractive. For example one man stopped his business and returned to subsistence living because he wanted to be free, and one woman limited the growth of her business in order to gain more liberty.

Initially the ERP was disempowering for many people who, due to national economic necessity, had little choice over the ways their work lives were changed. Many participants said that they had no option but to start their businesses and key informants said that many transitioned people felt anger and/or sadness at the time. One female participant said:

It was sad because they ruined a lot of families, they ruined a lot of people's lives, a lot of them were devastated by it.

Similarly, when asked why he started his business one man said

I had no choice, I wasn't prepared for it.

However several years on it appears that many women who have traded in the safety of the public service for the challenge of running a micro-enterprise have been empowered. Five women and two men took advantage of the incentives offered by the Transition Service to fulfil a dream of owning their own business or creating a certain product or service. One woman said:

When I heard about transition I thought that was just too good an offer to not use...without transition...it would have been a big frightening step. But with three months of not having to worry about the time you would be standing on your own feet it was just not so scary any more.

Others have been encouraged to tap into their creativity and have gained an awareness of their full potential as a result. In addition, key informants felt that micro-enterprises have stimulated people to develop new visions for their futures and leave behind their bitter feelings. Two women and one man felt that their businesses have given them more direction and urgency for life.

Similarly, the majority of female participants compared to only one male participant said that meeting their financial needs through an independent income and seeing positive results from taking risks has built their confidence and self-esteem. One woman said of her business:

[It] made me more confident to go out in this world and do what I want.

Improved confidence and self-esteem has not only helped them to expand their businesses but has also empowered them to participate in household and community leadership. One key informant observed that businesswomen have become a little more influential as they have begun to take more vocal stands. Several men who did not start a business said that those who have developed confidence and have appeared to be happier than they were before.

Micro-enterprises have also added to entrepreneurs' sense of wellbeing. Both male and female participants said that although they have sometimes found the work hard, it has also been interesting and satisfying. Many have enjoyed the challenge and unpredictability of running their own businesses and successful micro-enterprises have

contributed to entrepreneurs' sense of achievement. While a few participants have missed the social contact and motivation that working in a larger organisation brought, some key informants felt that micro-enterprises, especially those based at the market, have helped to meet women's social needs. This is because they have given women the opportunity to socialise with each other, local customers and tourists. Another key informant observed that micro-entrepreneurs have become more outgoing and one man said that his social skills have improved as a result of managing his own business. Similarly several participants, both male and female, felt that through managing their own businesses, people have improved their financial and time management skills.

However there have been difficulties involved. While one man who has not started a business said that he would not worry about the risk, many participants, whether they have had their own micro-enterprises or not, said that businesses can be worrying, frustrating and/or risky. For example, some participants have stopped their businesses after customers have failed to pay or because of the hassles that were involved. One man said that it was frustrating chasing debtors and one woman felt that she has carried a greater responsibility since she has employed staff.

Successful micro-enterprises have had both positive and negative impacts on relationships within homes. Some men have valued women's financial contributions to their households and have supported their partners by performing more household tasks. This in turn has caused some to place a higher value on women's gender roles in the household. For example one female participant who has been the sole income earner for her family said that her husband has been spending more time cooking, cleaning, and washing and that she has enjoyed this.

On the negative side, if businesses have been open long hours, as is often the case with, for example, a shop, there have typically been fewer opportunities for families to spend quality time together. In addition, some marriages have been adversely affected as a direct result of women placing a high priority on their businesses without their husbands' support. Confusion regarding new roles has also led to an increase in domestic violence, a trend that has been common throughout the Pacific. However while much violence has gone unreported, women who have managed their own businesses have been better able to stand up against violence because of their improved

self-confidence and the fact that they have not been economically dependent on their partners (Asian Development Bank 1994:14; Taripo et al. no date:8).

Thus while many businesses have failed and for some the cost in terms of time and risk has outweighed the benefits, successful micro-enterprises have helped women to achieve their development goals.

5.6 CONCLUSION

Table 5.33 summarises the impact that the ERP, Transition Project and women's micro-enterprise initiatives have had on women's issues. Similar to Table 5.1, a negative result indicates that women's position relative to men's has deteriorated, a neutral result indicates that women's position relative to men's has remained the same and a positive result indicates that women's position relative to men's has improved (Longwe 1994:296)

Table 5.33 *Gender Equality Arising from the Implementation of the Economic Reform Programme and Transition Project for Women who have Begun a Micro-Enterprise*

Levels of Equality	Negative	Neutral	Positive
Control			✓
Participation		✓	
Conscientisation			✓
Access			
Formal Education	✓		
Land		✓	
Sea		✓	
Credit			✓
Labour		✓	
Support Structures		✓	
Business Opportunities		✓	
Welfare			
Health	✓		
Income			✓
Consumer Goods and Services	✓		

Although the ERP was initially disempowering for many public servants who had no choice in the way their work lives were changed, this table indicates that women who

have started successful micro-enterprises have been empowered through improvements in gender equality in the areas of income levels, access to credit, attitudes concerning gender roles and control over both household incomes and business operations.

However these improvements have been negated in part by the decline in some female entrepreneurs' health and the fact that inequalities in access to tertiary education in the past have restricted women in their choice of industries.

Recent Government policy initiatives to advance women's status have contributed to the improvements in women's empowerment and, coupled with the economic necessity caused by job losses during the ERP, have encouraged women to begin businesses. As a result, although business management activities have traditionally been the domain of men, more women than men have taken the initiative in recent times to begin micro-enterprises. This has led to increased recognition within society that women have the energy and drive as well as the planning and organisational skills needed to build successful businesses. Thus while female entrepreneurs have had to work harder than their male colleagues to gain credibility, they have been respected as businesspeople. This in turn has caused banks to view their applications for credit more favourably.

As Cook Islands women have had the same rights as men under law and within their culture to access the factors of production, their ability to be involved in the private sector has only been limited by their skills and experience. The fact that men have managed most businesses in the past has meant that women have been disadvantaged in their micro-enterprise initiatives because they have had fewer opportunities than men have to acquire general business knowledge. Similarly, industries that utilise women's traditional skills such as catering and craft work have typically generated smaller profits than those such as pearl farming, fishing, agriculture and construction which have typically fallen within men's gender roles. Women have also been precluded from involvement in industries that have commanded a higher return because of past inequalities in access to tertiary education. In addition, while business advisory services have been available and many women have used them, some have lacked the confidence to take advantage of them.

However while women's gender roles have hampered their business opportunities in the past, the ERP coupled with women's micro-enterprise initiatives have accelerated the

changes that had already been occurring in these cultural norms. As women's contribution to their households' income has increased, some men have provided more assistance with household tasks. Similarly increased incomes have given many women greater control over their households' finances and some couples have begun to make business decisions jointly. It should be noted that although these changes have been largely positive for women, they have been less noticeable on the outer islands and they have also fuelled tension within some homes.

Many entrepreneurs have worked longer hours in their businesses than they did in the public service. This, coupled with a reduction in public health spending, has caused some women's health to suffer. More female than male entrepreneurs have had less time for leisure, and some women have found themselves withdrawing from community commitments and spending less time with their families. This in turn has increased their stress levels. However at the same time community support for female entrepreneurs has increased as the development of a business culture within the Cook Islands has made people more aware of effort required to manage a business.

While it has been common for women to hold traditional leadership titles and women were involved in the design, implementation and evaluation of the ERP, micro-enterprise initiatives have had varying impacts on women's abilities to be involved in public decision-making processes. Female entrepreneurs have been able to participate in business organisations and have become more interested in public policy making as their self-confidence has improved. However, while for some flexible working hours have afforded them more opportunities to be involved in decision-making, others have not been able to participate because of a lack of time or the fact that meetings have taken place during their business hours.

While businesses can be risky, frustrating and worrying, many participants felt that beginning a business has contributed to their well being. For example, they have enjoyed each being their own boss, their self-confidence has improved, and their businesses have given them a sense of achievement. Through earning an independent income some women have begun to achieve their development goals and to stand up against domestic violence. For others, the ERP was the stimulus they needed to pursue a dream of doing the activities they enjoy by managing their own businesses. Some

entrepreneurs have been able to use their businesses to care for their families or assist the community. In addition, while some entrepreneurs have felt isolated, others have found that their businesses have helped to meet their social needs.

Finally, it has been more difficult for people to begin businesses on outer islands than it has been on Rarotonga. Many outer islanders returned to subsistence activities following the ERP, which reduced the amount of cash in the economy and lowered the local demand for goods and services. As cultural traditions have been stronger on many outer islands, women's businesses have suffered as they have typically found it more difficult than Rarotongan women have to say no to community demands. Outer island women have also had less time for business activities as they have had to adopt more time-consuming food preparation methods following the ERP in order to save money. In addition, geographic isolation has meant that outer islanders have not had the same access to support services as Rarotongans have had.

These findings will be evaluated in Chapter Six in light of the concept of good governance as elucidated in Chapter Two, and the general Cook Islands' environment outlined in Chapter Three. The final chapter will also arrive at some conclusions regarding whether good governance policies and micro-enterprise development have led to equitable development for Cook Islands women.

CHAPTER SIX

CONCLUSION

6.1 INTRODUCTION

This, the final chapter, seeks to draw on the discussions contained in the previous chapters to answer the central question of this research:

Have the incentives for Cook Islands women to begin micro-enterprises under good governance reforms led to equitable development?

After a brief summary of the Cook Islands' good governance reforms, this chapter will consider whether micro-enterprise initiatives have led to equitable development by examining the impact that inequalities in the distribution of resources have had on Cook Islands women's ability to make their micro-enterprises succeed. This will be followed by discussions concerning the extent to which women's micro-enterprise initiatives have helped to arrest these differences in resource allocations, and the inequalities between Rarotonga and the outer islands. Whether good governance is in fact good will also be considered by examining both whether micro-enterprise initiatives have helped Cook Islands women to meet their development goals, and the appropriateness of Western private sector development models in the Cook Islands' context.

Based on these conclusions, some recommendations for the Cook Islands Government, organisations supporting women, business support services and multilateral and bilateral agencies will be presented. Possible topics for future research will also be suggested.

6.2 GOOD GOVERNANCE REFORMS IN THE COOK ISLANDS' CONTEXT

In the early 1990s the Cook Islands' economy displayed many of the characteristics that multilateral and bilateral donors believed necessitated the introduction of good governance reforms. The first characteristic was that the country was gripped by economic recession. Secondly, the public service was inefficient and dominated the economy, employing sixty per cent of the paid work force and managing large businesses. This led to the third weakness, that resources could not be allocated to their most productive uses because they were controlled by the Government. The fourth concern was that the Government was accused of corruption, deception and fraud, allegations that had had an adverse impact on business confidence. Fifthly, the taxation

and regulatory environment was not conducive to business growth, as rules were complex, cumbersome and inconsistently applied (Office of Pacific Operations 1995:73). Finally, the Government was dependent on unsustainable levels of aid and debt to finance operating budgets and balance of payments deficits, and Cook Islanders were reliant on remittances from relatives living overseas to fund their consumption (Corydon Consultants 1997:9; Crocombe and Crocombe 1995:138). These significant inflows of finance further detracted from private sector investment by causing high interest, wage and exchange rates (Bertram 1986:810; Duncan et al. 1999:10).

While not new to the Cook Islands, these shortcomings became obvious during 1996 when the Cook Islands Government struggled to meet its debt repayments. With insufficient resources to meet the crisis on its own, the Cook Islands Government requested assistance from the ADB and NZODA, which, in turn, were very influential in determining the nature of the reform programme. Thus the reforms were largely based on multilaterals' and bilaterals' definitions of good governance. These definitions have generally assumed that two goals of development, economic and social growth, are best achieved through neo-liberal economic policies and the participation of society in development through a democratically elected government, a flourishing private sector and a strong civil society (Huffer and Molisa 1999:3). Within these broad parameters, Cook Islands leaders designed the specific reform measures that were to be implemented.

In line with neo-liberal economic theory, the Cook Islands' ERP saw the public sector reduced to one-third of its former size. State-owned enterprises were divested, and improved financial and economic management practices such as output-based budgeting and debt management among other things, were introduced. Government transparency and accountability were enhanced, the turnover tax was replaced by a value added tax, incentives were provided for foreign investment, and Government processes relating to businesses were streamlined (Wichman 1998b:5, 16, 33). In addition, organisations to support businesses such as the DIB, CIDB, Transition Service, and later the SBEC were either established or strengthened. It was expected that these initiatives would create an environment that stimulated risk-taking and entrepreneurship, which in turn would lead to sustainable development through private sector-led economic growth.

Just four years after the reforms, it may still be too early to judge whether the reforms have produced their desired fruit. Contrary to the pure neo-liberal paradigm, the Cook Islands Government remains involved in the private sector by, for example, restricting foreign investment in certain areas and imposing tariffs, subsidies and import levies on some goods. While the economy has contracted since the reforms, economists predict that the country will begin to generate economic growth in the 1999/2000 year (Wichman 1999:9). In addition, there has been a noticeable increase in private sector activity on Rarotonga in particular. These factors indicate, *prima facie*, that the good governance reforms have led to economic growth in the Cook Islands. The next section of this chapter will present some conclusions concerning whether the benefits of this growth have been equitably distributed between men and women, small and large businesses, and the outer islands and Rarotonga, with specific reference to micro-enterprise initiatives.

6.3 WOMEN'S MICRO-ENTERPRISE INITIATIVES AND EQUITABLE DEVELOPMENT

This section will examine whether women's involvement in micro-enterprise initiatives since the ERP has led to equitable development in the Cook Islands. It will discuss the ways in which inequalities in the distribution of resources have affected the development of women's micro-enterprises, whether micro-enterprise initiatives can stimulate a redistribution of these resources, and business in the outer islands.

6.3.1 The Level Playing Field?

Neo-liberal economic theory assumes that equitable and sustainable development is assured in a free market economy. This is partly because neo-liberal economic policies are expected to eliminate most restrictions on the types of wealth generating activities that people are able to undertake. This hypothesis can be challenged, however, on several grounds. For example, women and minority groups may be discriminated against in a business environment. In addition, nations and individuals do not enter the private sector possessing equitable mixes and quantities of resources. Insufficient

resources can disadvantage businesses in relation to their competitors and prevent entrepreneurs from engaging in activities that will increase their returns. This section will explain how female micro-entrepreneurs in the Cook Islands have been affected by uneven playing fields on the global scale, in relation to their gender roles, and as a result of their businesses' size.

6.3.1.1 International Inequalities

The small and declining population base in the Cook Islands has limited the size of the local market and made the private sector dependent on increased volumes of exports and rising tourist numbers for growth. However Cook Islands businesses have not always been able to control the nature of their involvement in these global markets. The pace of growth in the tourism industry, which has contained many opportunities for female micro-entrepreneurs, has been strongly influenced by international airlines' decisions concerning the frequency and size of inbound flights. Similarly, given the relatively small quantities of goods exported and the limited natural resource base, the terms of trade for Cook Islands' exports has typically been determined by larger trading nations with greater bargaining power. In addition, where other nations have protected their producers through, for example, quotas and subsidies, it has been difficult for Cook Islands producers to compete. Geographical remoteness, infrequent transportation services, and high freight costs both within the Cook Islands group and internationally have also reduced the competitiveness of Cook Islands' products, especially perishables (Fairbairn with Pearson 1987:2, 47-48).

Similarly, all players have not entered international markets possessing equivalent amounts of business knowledge, with many micro-enterprises in the Cook Islands failing because of a lack of technical and managerial expertise. Given the history of business in their nation, many Cook Islanders have had little opportunity to develop entrepreneurial skills. For many years the *ariki*s and later the New Zealand-administered central bureaucracy largely controlled the types, quantities and prices of products to be sold, and this hampered the development of entrepreneurial initiative. Cook Islanders' desire to begin micro-enterprises also waned because of unsatisfactory returns from agricultural development programmes, increased opportunities for secure waged

employment, remittances from relatives living overseas, and subsistence activities that continued to provide for basic needs. This lack of interest snowballed with the growth in the public sector following independence and was compounded by the fact that foreign-owned enterprises with greater access to financial resources were able to gain superior market positions (Fairbairn with Pearson 1987:7-8, 81-82). Thus with the majority of the workforce employed in the public sector and an education system that trained people for public sector employment, there were few Cook Islanders with the desire and necessary skills, such as customer orientation, to manage successful businesses at the time of the ERP. As a result, Cook Islands entrepreneurs have been at a disadvantage when they have competed against businesses from cultures that have fostered entrepreneurial expertise for generations.

6.3.1.2 Inequalities Resulting from Gender Roles

While the international inequalities outlined above have affected both male and female entrepreneurs in the Cook Islands, female micro-entrepreneurs have also been hampered to an extent by their gender roles. This section will examine how inequalities in skill levels, available resources and participation in decision-making processes which result, in part, from gender roles, have affected Cook Islands women's ability to manage their own businesses.

Skill Levels

While there have been no cultural limitations on the types of businesses that Cook Islands women have been able to enter, this study found that skill levels have sometimes restricted people's industry choices. For example, women have been under-represented in the higher paying industries because more men than women have received tertiary level educations, and those women who have studied at higher levels have tended to train for lower paying professions. In addition, women have had fewer opportunities than men have had to develop business skills because, in the past, expatriate and local men have dominated the private sector.

As gender roles have had a strong influence over the skills that people have acquired, it has been common for Cook Islands women to begin businesses in the food preparation and crafts industries which have typically yielded a lower return than the male-dominated pearl farming, fishing, agriculture and construction industries. This phenomenon has precluded equitable development for Cook Islands women in three ways. Firstly, women have received lower financial rewards for their labour than men have. Secondly, women's micro-enterprises may have helped to entrench gender inequalities by reinforcing gender roles. Finally, while the problem is not as pronounced in the Cook Islands as it is in other countries (UNIFEM 2000:1), more women than men have struggled to compete with cheap imported products in their traditional industries.

However the skills women have acquired as a result of their gender roles have also given them an advantage over men in business in some respects. The fact that the Cook Islands private sector is now based on the tourism and services industries rather than the male-dominated agriculture industry has improved women's opportunities relative to men's. This is because women have been able to use their traditional skills in, for example, hospitality, food preparation, garment manufacturing, crafts and market gardening to serve the niche markets created by the tourism industry. In addition, both men and women interviewed in this study identified that women's energy and drive, as well as their planning and organisational skills have given them an advantage over men in business. While some people have lacked the self-confidence to get assistance from financial institutions and Government departments, in general female entrepreneurs in the Cook Islands have been more willing to seek assistance than their male counterparts.

Available Resources

As a result of their gender roles, women may also have had less time and energy to devote to their businesses than their local male and international competitors. Cook Islanders, especially women, may have struggled to find the time needed for their businesses because of their desire to make substantial contributions of both time and resources to meet their extended families' and community organisations' needs. This problem has been compounded by the fact that, similar to experiences in other countries

(Vickers 1991:24), the reform process has caused Cook Islands women's workloads to increase. For example, women have adopted time-consuming housekeeping practices in order to compensate for higher food and electricity prices, reduced health services have resulted in women spending more time caring for the sick and elderly, and women's community workloads have increased because, as a result of migration, there have been fewer people available to complete necessary tasks (Corydon Consultants 1997:87-89). While the level of community demands has decreased in some instances, the fact that female entrepreneurs have been expected to spend significant portions of their time on activities outside of their businesses has discouraged some from beginning businesses. In addition, women whose micro-enterprises have predominantly served the local market may have been disadvantaged in relation to their competitors if they have not had the time to compensate for the fall in demand - caused by increased subsistence activity, less cash in the economy and out-migration - following the ERP by ensuring that they maintain a regular supply of goods and services of an acceptable standard and developing new products and markets.

Fledgling female entrepreneurs may have also been at a disadvantage in terms of start-up capital. Given the difficulty in obtaining loans, people have often used personal savings or remittances to begin their businesses. Thus, as women have not received equitable pay in the past, their savings would probably have been lower than men's, leaving them with less available capital for their micro-enterprises. In addition, as research has found that there is a direct relationship between available resources and willingness to take risks (Mosley and Hulme 1998:787, 789), where women have had fewer resources than men, they might have been less likely to invest in a micro-enterprise.

Participation in Decision-Making

While women have been actively involved in decision-making at the family, community and village levels and have held traditional leadership titles, few women have been involved in the political arena. Limited influence in this sphere may have disadvantaged female entrepreneurs by precluding them from participating in decisions that could have affected their businesses. As Cook Islands women have had the same

rights as men under law, this inequality has largely resulted from differences in gender roles, which in turn have been partly caused by popular interpretations of the Bible's teaching on male headship. It should be noted though that these roles have begun to change as a result of recent Government policy initiatives, women's participation in the design of the ERP, and the respect women have gained through their success at higher levels of the public and private sector.

6.3.1.3 Inequalities Resulting from Business Size

In theory free market policies have ensured that micro-enterprises have competed under the same rules as their larger counterparts, and the sale of state-owned assets should have improved the ability of smaller business to compete by curbing monopoly power (Regional Study 1991:183-185). However these rules have not guaranteed that businesses of differing sizes have had equal opportunities to succeed. With higher turnovers, bigger businesses have been able to benefit more than their smaller competitors have from economies of scale in purchasing, marketing and distribution. Larger businesses have also had more resources to invest in seeking out and servicing export markets. Where Government businesses have been sold intact to private investors, it could still be difficult for new players to enter the market, as these sales might not have arrested monopoly power.

In the Cook Islands, opportunities for micro-enterprises compared to their larger counterparts have been mixed. Many micro-enterprises in the retail and pearl farming industries have struggled to compete against larger businesses. With more substantial asset bases, larger businesses have also had an advantage in obtaining finance. While banks have not discriminated between sexes and women's access to credit has improved, many micro-entrepreneurs have found loan application processes complex. This is particularly likely to be so for women with lower levels of education. In addition, many have not had their loans approved because they either have not had a steady income, a leasehold title over land, or a history of business success that could serve as a guarantee.

Larger businesses' advantage in finance has been mitigated to an extent by the fact that substantial land fragmentation might have prevented them from expanding. In contrast, while families may have made it difficult for some micro-entrepreneurs, the land tenure system has ensured that every Cook Islander, both male and female, has had access to land on which they can begin a business. In addition, there have been opportunities for micro-enterprises to service niche markets such as tours and low budget accommodation in the tourism industry.

In summary, this section has shown that while good governance policies have assumed that free markets have endowed each player with the same opportunities, many female micro-entrepreneurs in the Cook Islands have not had the same levels of resources as their local male and international competitors. The size and location of the Cook Islands has placed businesses owned by both Cook Islands men and Cook Islands women at a trading disadvantage internationally. However Cook Islands women have been further disadvantaged by the fact that they have typically developed skills in lower paid industries. Greater demands have been placed on their time, many have not been able to benefit from economies of scale and they have had fewer opportunities to both influence policies concerning private sector development through participation in political processes and to learn how to manage businesses. In addition, lower wages have meant that women's savings, and hence their available start-up capital, may have been lower than men's have. However female micro-entrepreneurs in the Cook Islands have gained an advantage over men in some areas by being able to participate in the niche markets created by the tourism industry. In addition, in certain situations the land tenure system may have given all micro-enterprises an advantage over larger businesses.

The extent to which good governance policies coupled with micro-enterprise initiatives have arrested these inequalities in the Cook Islands will be examined in the next section.

6.3.2 Micro-Enterprise Initiatives, Good Governance and Redistributive Justice

Advocates of good governance policies have contended that economic reform programmes should increase people's access to economic resources and their ability to participate both in the private sector and in decision-making processes. Thus although,

with the exception of including women in the policy-making process, positive steps were not taken to improve gender equity in the Cook Islands during the implementation of the ERP, these reforms might have caused a shift in the distribution of resources and power in favour of female micro-entrepreneurs. This section will assess the ways in which the ERP together with women's micro-enterprise initiatives have affected gender equity by examining changes in women's welfare levels, women's involvement in the national policy making process, women's access to and control over both the resources and benefits of development, together with the impact that Government regulations have had on women's micro-enterprise initiatives. The conclusions will be summarised in Table 6.1.

6.3.2.1 Women's Material Welfare

In countries such as New Zealand, the fruits of neo-liberal economic reforms have not been shared equitably, as average household incomes have fallen at the same time that the national economy has grown (Fallow 1999a:D5). Although the Cook Islands has not yet enjoyed a sustained period of economic growth since the ERP, two observations can be made regarding whether female micro-entrepreneurs would be likely to share equitably in the anticipated economic upturn. Firstly, as more female than male entrepreneurs' personal and household incomes have increased since the ERP, it seems that the operation of successful micro-enterprises has helped to arrest some of the income inequalities that existed in the public service. However, secondly, some female micro-entrepreneurs have felt that their health has suffered, reporting less time for leisure and the adoption of poor eating and sleeping habits as a result of increased workloads both within and outside their businesses. In addition, higher user charges have caused some women to accept reduced levels of maternity and health care (Wichman 1998b:20). Thus the combination of good governance reforms and micro-enterprise initiatives has had a mixed impact on gender equity in material welfare.

6.3.2.2 Decision-Making

This section will discuss whether the opportunities for female micro-entrepreneurs in the Cook Islands to be involved in the decision-making process has increased as a result of the ERP. It will firstly examine whether it has become more acceptable for women to take on leadership roles before considering whether there has been an increase in the numbers of women involved in decision-making since the ERP.

A combination of the ERP, the implementation of the National Policy for Women, the influence of the Western culture and the cash economy have caused gradual changes in gender roles, especially on Rarotonga. While traditionally the domain of men, it has become more common for both partners to earn cash incomes, and in some cases women's contributions have become vital to household survival. In recognition of this contribution, some men have assumed greater responsibility in household tasks, although most Cook Islanders still see housework as either women's or a joint responsibility. Respect for women's abilities has increased as people have recognised that women have functioned successfully at higher levels of both the public and private sectors. However increased female involvement in decision-making has been less acceptable in the Cook Islands' culture because many men and women believe that the Bible teaches that men should be responsible for leadership.

It is ironic that proponents of good governance policies have espoused the virtues of broad-based participation in development while simultaneously imposing austere neo-liberal economic reforms (Macdonald 1998:29). Thus while Cook Islands leaders, both male and female, participated in the ERP's design, it was the ADB and NZODA which were strongly influential in the choice of reforms. This imposition may have disempowered all Cook Islanders, including female micro-entrepreneurs, by robbing them of the opportunity to explore creative solutions to the fiscal crisis and to decide on a plan of action that would be suitable for the Cook Islands' context.

According to the proponents of good governance, the ERP should have enhanced women's participation in decision-making processes through civil society organisations such as business groups (OECD 1997a:7, 8). However this study has found that while the operation of micro-enterprises has given some women the interest, self-confidence

and opportunity to be involved in business organisations, for many, the increased pressures on their time has hindered their ability to be involved. Similarly while good governance policies to promote private sector development and strengthen civil society could theoretically spawn new support groups for businesswomen such as micro-credit organisations, there does not appear to have been any such growth in the Cook Islands. In addition, it has been more difficult for outer island women than Rarotongan women to be involved in business support groups as most groups only function on Rarotonga.

Groups such as professional organisations, which have been supported by good governance policies, may have disempowered women who have not had the same opportunities to gain the requisite qualifications to join. Some academics have suggested that if these groups replaced traditional civil society groups where women have exerted power, such as family organisations, Church groups and sports clubs, women's influence over decisions could be reduced (Huffer and Molisa 1999:3-4, 11). However this study found no evidence to support these concerns in the Cook Islands. To the contrary, some participants felt that female entrepreneurs have contributed more to business organisations such as the Chamber of Commerce since the ERP.

6.3.2.3 Women's Access to and Control Over the Resources and Benefits of Development

This section will examine the impact that the ERP and women's micro-enterprise initiatives have had on women's and men's access to and control over both productive resources and the benefits of development. It will begin by discussing the distribution of resources between the public and private sectors before considering allocation trends at the household level.

According to neo-liberal economic theory, public sector downsizing should cause resources to be redistributed from the public to the private sector (Petiteville 1998:121-123). While this proposition has not been directly tested by this study, some general observations can be made. Firstly, by withdrawing from business activities and contracting out its services in areas such as catering, the Cook Islands Government did create room for micro-enterprise initiatives, and both men and women have been able

take advantage of these equitably. At the same time, however, while public sector redundancies increased the number of people available for work in the private sector, many people chose either to migrate or to return to subsistence activities instead. These choices have had a negative impact on the redistribution of resources. Migration has often resulted in the loss and/or underutilisation of considerable economic, financial and human resources. For example, emigrants' land has often lain idle, as people have been reluctant to invest their time and money into property where they have had no security of tenure. Similarly, those who have resumed subsistence living would typically have received a lower proportion of the national resources following the ERP as a result of a reduction in their cash income.

Neo-liberal economists have also believed that resource redistribution would occur through the privatisation of state-owned enterprises (OECD 1994:19). For example, in the Cook Islands, the sale of Government businesses, such as a liquor store, to private investors has resulted in these businesses contributing to national resources through taxes on profits, whereas before the ERP their loss making activities drained Government funds. However given the extent of the fiscal crisis, increased taxation revenues have predominantly been used to meet the Government's financial commitments rather than to benefit individual entrepreneurs through, for example, expanded business support services, the provision of start-up capital, infrastructural upgrades or improved education services. In addition, while this study has not examined the privatisation process in the Cook Islands, research from other countries has shown that when Government businesses have been sold to overseas investors, locally generated wealth has typically been transferred out of the country in dividends payments rather than redistributed to the general populace (Gaynor 1999d:E2).

This study has also shown that with the exception of improved access to credit, and inequalities in skill levels as discussed above, the ERP coupled with micro-enterprise development has not stimulated significant changes in women's access to productive resources. Women have enjoyed equitable access to land, marine resources, labour and business support services, and more women than men have utilised the *Punanga Nui* market. In addition, micro-entrepreneurs have been protected by the Investment Code to an extent from unfair competition with foreign-owned companies. However men may have benefited more than women have from Government assistance in the form of levy

exemptions and copra subsidies as these incentives have applied more to male-dominated industries. In addition, while women have taken the initiative to seek business advice, the fact that there have been more pressures on women's time than there has been on men's may have hampered their ability to do so logistically.

Within Cook Islands households, resources such as food, money and medical care have typically been shared equitably between men and women. In general, the person who has earned the income has decided how it will be used, although in many households both partners have discussed their needs before a decision has been made. Thus if a micro-enterprise has increased a woman's income relative to her partner's, her control over household income would have increased. This is especially true for those who were not formally employed prior to the ERP but have since begun a business in partnership with their spouse.

While men, especially those on the outer islands, have dominated decision-making in family businesses, there has been a growing trend, which some believe may have been supported by the ERP, for men and women to make decisions jointly. However control over business decisions has been dependent to an extent on the relative skills of the spouses, the person managing the business, and both partners' interpretations of the Bible's teaching on male headship. For example, while women have often been influential in businesses that have sold products at *Punanga Nui*, men have typically taken the leadership role in pearl farming.

6.3.2.4 Government Regulations

Similar to the results of research performed in other developing nations (Liedholm and Mead 1999:71, 78-80), this study has found that Cook Islands micro-entrepreneurs have not felt that Government regulations have had a significant impact on the development of their businesses. However it should be noted that some business leaders believed that this lack of concern by Cook Islanders may have been partly due to the fact that many have either not known or not enquired about the laws that could affect their businesses, even though the information has been readily available. *Prima facie*, this finding could cast doubt on the validity of neo-liberal economists' assertions that increased private

sector investment is dependent to an extent on the existence of a favourable regulatory environment. However these research findings could also be interpreted in light of the fact that the Cook Islands' regulatory environment has become more 'business friendly' with the introduction of VAT and the streamlining of Government processes surrounding business operations. Thus it is to be expected that micro-entrepreneurs have not found Government regulations restrictive following the ERP.

Contrary to neo-liberal economists' calls to reduce the volume of government regulations surrounding the private sector (World Bank Group 1997:3), many Cook Islands micro-entrepreneurs who participated in this study, both male and female, felt that additional regulations would improve their businesses. For example some called for increased monitoring of professional standards and others for stronger copyright laws. In addition, some felt that local industries should have been protected more through tariffs and a few commented that their businesses would have benefited from Government schemes that provided seed capital and promoted key industries. Thus many have perceived that the Government could have intervened more to enhance micro-entrepreneurs' business opportunities.

Critics of the good governance paradigm have feared that free markets and a lighter regulatory regime would increase the vulnerability of some social groups and expose the natural environment to exploitation (Bardhan 1997:32, 33; Brazier 1999:35). However these fears have largely proven to be unfounded in the Cook Islands. Laws have been passed to ensure environmental protection and the Investment Code has protected locally owned businesses from unfair international competition to an extent. Similarly, while good governance reforms have dispossessed the poor of their land in some countries, the land tenure system has remained largely unaffected by the ERP in the Cook Islands.

While Cook Islands' regulations have not differentiated between small and large businesses or men and women in business, and it has been relatively easy to begin trading in the Cook Islands, compliance costs may have been more prohibitive for smaller businesses. In addition, given their capital-intensive nature, larger businesses have benefited more from import levy exemptions and depreciation write-offs than have smaller businesses. Micro-entrepreneurs may also have been disadvantaged by the fact

that they have not formalised their businesses' structure under law as, for example, informal partnership arrangements between spouses could leave either party vulnerable if the relationship was to end.

6.3.2.5 Summary

Table 6.1, which summarises this section on micro-enterprise initiatives, good governance and redistributive justice, shows that micro-enterprise initiatives have had a mixed impact on equitable development for female micro-entrepreneurs in the Cook Islands. Positive changes include increases in both the level of and control over personal and household incomes, improved access to credit, increased respect in society for women's abilities, improved self-confidence amongst female micro-entrepreneurs, some changes in gender roles, and women's increased participation in decisions concerning family businesses. However these benefits have sometimes come at the cost of deteriorating health and an inability to both participate in decision-making processes and seek advice because of increased time pressures. Past inequalities in access to education have also disadvantaged female micro-entrepreneurs in comparison to their male counterparts. Government regulations have not protected micro-enterprises as adequately as they could have and male-owned and larger businesses have benefited more than their female counterparts from Government business incentives. However all micro-enterprises have remained protected to an extent by environmental laws, restrictions on foreign investment, and the land tenure system. The combination of the ERP and women's micro-enterprise initiatives have had little impact on the numbers of business support groups for women, the traditional ways in which women have been able to exert influence and the equitable allocation of most productive resources.

Table 6.1 Gendered Impact of Good Governance Reforms on Micro-Enterprise Initiatives in the Cook Islands

	Positive	Neutral	Negative
Women's Material Welfare	Women's personal and household incomes have increased.		Women's health has suffered because of increased workloads within and outside of their businesses and increased charges for health care.
Women's Role in Decision-Making	<ul style="list-style-type: none"> • Gender roles have begun to change; • Respect for women's abilities has increased; and • Micro-enterprises initiatives have given some women the self-confidence to contribute to decision-making organisations. 	<ul style="list-style-type: none"> • The number of business support groups for women has not changed significantly and few of these operate on islands other than Rarotonga; and • The traditional restrictions on women's involvement in decision-making and the ways in which women have exerted influence have remained largely unchanged since the ERP. 	<ul style="list-style-type: none"> • All Cook Islanders may have been disempowered by the fact that the ERP was largely imposed; and • Increased time pressures could have prevented female micro-entrepreneurs from being involved in decision-making organisations.
Women's Access to and Control Over the Resources and Benefits of Development	<ul style="list-style-type: none"> • Both men and women have been able to meet market demands that were previously filled by the Government; • Women's access to credit has improved; • More women than men have utilised the <i>Punanga Nui</i> market; • Where women's income has increased, so, in general, has their control over household income; and • Gender equity in family business decision-making has improved. 	<ul style="list-style-type: none"> • Women and men have enjoyed equitable access to land, marine resources, labour, and business support services; and • The Investment Code has protected micro-enterprises owned by both men and women. 	<ul style="list-style-type: none"> • The resources available to men and women have been limited by migration, increased subsistence activity, the repatriation of locally-generated profits to foreign owners and the Government's need to retire debt rather than reinvest in the economy; • Past inequalities in access to education has disadvantaged female micro-entrepreneurs; • Men have benefited more than women have from Government business incentives; and • Some female micro-entrepreneurs have not had time to seek the advice they have needed.
Government Regulations		<ul style="list-style-type: none"> • Government regulations have not had a significant impact on micro-enterprises owned by either men or women; and • Environmental laws, restrictions on foreign investment and the land tenure system have served to protect the vulnerable to an extent. 	<ul style="list-style-type: none"> • The regulatory framework has not protected male and female micro-entrepreneurs to the extent they would have liked; • Government incentives have favoured larger businesses over smaller ones; and • Larger resource bases have made it easier for bigger businesses to comply with regulations.

6.3.3 Micro-Enterprise Initiatives, Good Governance and Equitable Development on the Outer Islands

Rarotonga, the capital, has been the hub of private sector activity in the Cook Islands. It has housed the international airport and has been the main tourist destination. The offshore banking industry has also been situated there. In contrast, with the exception of the *maire* and *nono* industries in the southern group, black pearl production on Manihiki and Penrhyn, and tourism on Aitutaki, outer island private sector activity has been limited. Businesses situated on outer islands have had fewer opportunities to expand than those on Rarotonga have because of their small population bases and their geographical remoteness from their suppliers and markets (Fairbairn with Pearson 1987:36, 51). In addition, cultural traditions that detract from sound business management practices have been stronger on the outer islands than on Rarotonga and few successful entrepreneurs who could act as role models have resided on outer islands. While all islands have been affected by poor transportation services, the problem has been more acute in the Northern Group where flights have been irregular and shipping has been hazardous. This section will explain the ways in which the ERP has exacerbated these inequalities.

Businesses have struggled on the outer islands following the ERP because cutbacks in Government spending significantly reduced the amount of cash in the economy. This problem was compounded by the fact that many transitioned people on the outer islands either returned to subsistence activities or migrated when they could not find work in the private sector. With limited cash, local demand for goods and services fell, and it was not feasible to develop local market places. Thus, in order to grow their businesses, many outer island entrepreneurs have needed to find markets for their products either on Rarotonga or overseas. While some have been able to sell their products outside of their islands through networks of friends and relatives, many have struggled to find potential customers. Transportation costs have also hindered the development of outer islands' businesses by lowering the price competitiveness of outer islands' goods on Rarotonga. Rarotongan micro-enterprises, in contrast, have benefited from the business opportunities created by the increase in tourist numbers following the ERP.

In addition, outer island businesses have not had the same access to support services as have those on Rarotonga. In order to improve public sector efficiency, most Government offices have been based on Rarotonga. Similarly, while banks, the SBEC, the DIB, and the CITC have all serviced the outer islands, on islands where it has not been cost effective for these agencies to establish permanent offices, their services have often been spasmodic. In addition, it has been harder to obtain credit on the outer islands where some land tenure systems have forbidden leasehold titles, few people have had regular wages to offer as security, and banks have perceived that risks are high because of the business difficulties outlined in the paragraphs above.

Given its population base, people living on Rarotonga have also enjoyed higher levels of social services, such as education and health, than have outer islanders (Wichman 1998b:7). For example, some outer island schools have not taught at levels higher than fifth form. By reducing the quality of human resources therefore available, inequitable access to social services within the Cook Islands group is likely to have disadvantaged outer island entrepreneurs in comparison to their Rarotongan counterparts.

Thus Rarotonga's domination of private sector activity in the Cook Islands has been strengthened since the ERP. Geographic isolation, limited demand for goods and services, fewer social services and restricted access to business advisory services and credit has hampered the expansion of private sector activity on the outer islands. The primacy of Rarotonga has precluded equitable development and enlarged differences in living standards between islands in the Cook Islands group.

6.3.4 Summary

This section has asserted that equitable development for Cook Islands women may not have been attained through micro-enterprise initiatives because, in general, women have begun their businesses with fewer resources than their local male and international competitors. For example women's skills have typically been suited to the lower paid industries, they have had less time and money than men have had to invest in their businesses, and their influence in political decision-making processes has been limited. In addition, this study has found that the combination of good governance policies and

micro-enterprise initiatives in the Cook Islands have had a mixed impact on the perpetuation of these inequalities. On the positive side, female micro-entrepreneurs' access to credit has improved, as has their personal income, control over household income, and influence over decisions concerning family businesses. However their participation in business organisations and national political processes has not increased significantly, and some women have reported that their health has suffered. Although Cook Islands women have had more opportunities than men have had in the blossoming tourist industry, men's businesses in general have benefited more than women's have from Government incentives. It has been difficult for both men and women to begin businesses on the outer islands, a phenomenon that has precluded equitable development across the Cook Islands group.

6.4 IS GOOD GOVERNANCE GOOD?

As noted in Chapter One, while the phrase 'good governance' has been used throughout this study, the implicit assumption that the form of governance proposed under this paradigm is, in fact 'good', has been tested. This section will consider whether good governance is good by examining the impact that the combination of the ERP and micro-enterprise development has had on Cook Islands women's ability to meet their development goals. It will also present some observations concerning the relevance of Western private sector development models to the Cook Islands' context.

6.4.1 Good Governance, Micro-Enterprise Initiatives and Women's Development Goals

This section will examine whether good governance policies have helped female micro-entrepreneurs in the Cook Islands to achieve their development objectives. These objectives include improved personal and family welfare, participation in the political and economic life of the nation on an equal basis with men, and the ability to contribute both financially and of their time to their extended families and the community.

While some women were involved in planning the ERP, the transition process was disempowering for most public servants, both men and women, as they had no choice in the changes that were thrust upon them. Thus good governance policies initially detracted from women's efforts to increase their influence over the political life of the nation. For example, while some saw the incentives provided by the Transition Service to begin a business as fortuitous, many had no choice but to start a business in order to meet their family's needs. However regardless of their motivation for beginning their businesses, female micro-entrepreneurs whose businesses have been successful in general have been empowered since the ERP. This has been evident in their improved confidence and self-esteem, their fresh direction and enthusiasm for life, and the creative ways in which they have strived to reach their full potential. One participant whose business has been successful had this advice for others:

If you're someone that thinks that you want to go into business, ...try it, because I think for yourself it's quite good, [it] gives you a lot of confidence, it gave me a lot of confidence, ...and I think that doing something for yourself makes you want to do it really well.

Many have felt a sense of achievement when their businesses have succeeded, and micro-enterprises have enhanced some entrepreneurs' time and financial management abilities as well as their social skills.

It is unfortunate, however, that women have not always been able to take advantage of this empowerment to become more involved in the local and national decision-making processes. This is partly due to some Churches' beliefs concerning women in leadership. However it can also be attributed to the fact that the demands placed on female micro-entrepreneurs have increased since the ERP, leaving many with insufficient time to commit to decision-making organisations. Lack of time has also meant that some women have not been able to contribute as much of their labour as they have wanted to meet the needs of community organisations and their extended families.

In contrast, good governance policies, by creating room in the market for micro-enterprise initiatives, have helped female micro-entrepreneurs whose businesses have been successful to meet their development goals of providing finance for their household, the Church, and community organisations. An independent income has also

been good for women in that it has given them more control over their own and their children's welfare. For example, coupled with improved self-esteem, business income has given some female micro-entrepreneurs the confidence to stand up against domestic violence. Higher incomes have also allowed some women to increase their investment in their personal education and health. This in turn could have given them the strength and knowledge to participate more equitably in decision-making processes.

In providing opportunities for self-employment, good governance policies have given those women who have chosen to start a business greater flexibility to pursue income-generating activities that will help them achieve their development goals while not adversely affecting their lifestyles. For example some have been able to contribute to the community by providing employment, and others have been able to spend more time with their families by working from home. In being able to plan how they will spend their time each day, some have been able to spend more time in community organisations than they would have if they worked in the public sector. In addition, others have found that their social needs have been met through, for example, selling in the market place.

While some female micro-entrepreneurs have found that their businesses have given them the opportunity to participate in the economic life of the nation on an equal basis with men, many women have not started businesses because they have felt that managing a micro-enterprise would prevent them from meeting their development goals. For example, they have been afraid that their micro-enterprises would fail. Similarly, they have been reluctant to spend more time in paid work, as this would leave them with less time for their families and the community. They have also felt that the combination of reduced leisure time and the increased stress involved in mitigating business risks would detract from their wellbeing.

Micro-enterprise initiatives have affected household relationships both positively and negatively. Where female micro-entrepreneurs have worked long hours, there have often been fewer opportunities for family members to spend quality time together. In addition, while some men have supported their entrepreneurial spouses by doing more of the household tasks, in other homes confusion regarding changing roles has increased tension between partners and fuelled domestic violence.

Thus while good governance policies implemented under the ERP assumed that involvement in the private sector would be good for Cook Islanders because it would help them meet their development objectives, in reality these policies have had a mixed impact on female micro-entrepreneurs' abilities to achieve their personal goals. Successful female micro-entrepreneurs have benefited from increased control over their lifestyle, an improved income, and personal growth. However these benefits have been negated in part by increased stress and time pressures. These pressures in turn have sometimes caused women's health to suffer, fuelled domestic tension and prevented women from participating in family and community organisations and the local and national decision-making process.

6.4.2 Western Private Sector Development Models in the Cook Islands' Context

The assumption that private sector development models, similar to those practised in Western nations, will enable most people to increase their income regardless of the cultural context in which these models are situated has been inherent in good governance policies. In this section the validity of these assumptions will be tested by considering the ways in which the Cook Islands' cultural context and the development of a Western-styled private sector have been incompatible.

While finance is needed to develop business enterprises, many Cook Islanders have not been in the habit of saving because, prior to the ERP, they felt they could rely on their regular Government wages, remittances from relatives living overseas and the strong subsistence sector. In addition, while credit has not been available to many entrepreneurs, others have been reluctant to borrow because of expensive interest costs and their fear of missing repayments. Thus the assumption that people would naturally begin businesses when the public service downsized was fallacious, as many Cook Islanders did not have the requisite start-up capital, even with the assistance of the Transition Service.

Western private sector development models have also contained an inherent assumption that people are primarily motivated by the desire to maximise their personal wealth, and

that this motivation will result in them entering industries and adopting business practices that yield high returns. However previous studies on business in the Cook Islands have cast doubts on the validity of this assertion (Ingram 1990:84, 91). They have found that while Cook Islanders may have begun their businesses to make money, some have continued on in unprofitable enterprises or sacrificed returns in order to gain social prestige through, for example, giving credit, discounts, products, or free use of staff and equipment. This study's observations that Cook Islanders have placed a high priority on contributing to their family and community, which in turn has lowered people's desire to excel financially, have confirmed these findings.

It should be noted however, that those who have wanted to build profitable businesses have benefited from changes in societal attitudes since the ERP. While they have still needed extended family support and in turn to support their families to an extent, it has become more acceptable for entrepreneurs to turn down requests for assistance. Cook Islanders have also begun to expect less from micro-entrepreneurs as they have gained an understanding of the fact that micro-entrepreneurs are, in general, not wealthy.

Another tenet of Western private sector development models that has proved spurious in the Cook Islands' context is that people will limit their economic activity to specialist areas in which they have gained expertise, and form constructive relationships with others to compensate for the skills they lack. With a few exceptions, Cook Islanders have been reticent to gain economies of scale in, for example, purchasing or marketing, through, among other things, forming cooperatives or selling through middlepeople. This has given larger businesses the opportunity to dominate as they can typically gain a pricing advantage through greater volumes of transactions.

Similarly, many Cook Islanders have only wanted to trade for short periods of time in order to meet a specific need given the fact that their long-term survival objectives have been met through subsistence activities. Other Cook Islands micro-entrepreneurs have not focussed solely on one business activity, preferring instead to undertake several income generating activities at the same time such as multiple businesses, paid employment, and/or subsistence activities (Fairbairn with Pearson 1987:70). This runs counter to the Western private sector development models' assumption that

entrepreneurs will be willing to invest into their businesses the considerable amounts of time and energy needed to make them succeed.

Finally, good governance policies have assumed that there is a pool of entrepreneurial talent ready to begin businesses when the commercial environment is right. However this has not proven true in the Cook Islands where, as in other Pacific Island nations, pressures to conform have hampered the development of innovative ideas and caused many to copy other people's business concepts. In addition, Cook Islanders have preferred to follow people that they have confidence in rather than risk going out on their own. Lack of training in business disciplines such as management and administration has also limited the supply of entrepreneurs in the Cook Islands (Fairbairn with Pearson 1987:21). These business limitations have been compounded by the fact that many of the entrepreneurs who have emerged with original ideas have been unable to get staff with suitable skills. This is because of the emigration of large numbers of Cook Islanders and the fact that transitioned people may not have developed the skills demanded by private sector employers in the public service (Corydon Consultants 1997:60-61).

Thus it has been shown that good governance has not necessarily been good in the Cook Islands context as some aspects of Western private sector development models have conflicted with the local culture. Many Cook Islanders have not had the innovation, skills, ideas and/or financial resources to begin a business. In addition, the desire to accumulate personal wealth has not been a strong motivator for many Cook Islanders, entrepreneurs have been reluctant to gain efficiencies through specialisation, and the strong subsistence economy has lessened the need for people to make long-term commitments to one business activity.

6.4.3 Summary

This section has assessed whether good governance policies have been good in the Cook Islands' context. It has found that while women have been able to meet some of their development goals - such as gaining an independent income - through their micro-enterprise initiatives, the energy they have expended to achieve these goals has

precluded them from attaining some of their other objectives such as increased participation in political processes. In addition, the effectiveness of good governance policies has been somewhat limited in the Cook Islands by their failure to account for differences in cultural priorities and skill bases between the Cook Islands and Western nations where the policies have been developed.

6.5 RECOMMENDATIONS

Having considered the impact that good governance policies and women's micro-enterprise initiatives have had on equitable development in the Cook Islands, it is now timely to suggest some initiatives that may help arrest the inequalities examined in this thesis. Recommendations for the Cook Islands Government, organisations supporting women and business support services will be presented separately. The section will close with recommendations for multilateral and bilateral agencies implementing good governance reforms.

6.5.1 Cook Islands Government

Many ideas for new business initiatives in the Cook Islands, such as developing an export fishing industry, require significant capital input and the coordination of production, marketing and distribution activities. While many Cook Islanders would enjoy being self-employed, they have been hampered in pursuing their ideas not only by their inability to source finance, but by their relative inexperience in business management, their reluctance to take risks, and their distrust of cooperatives.

However if the Government was able to attract investors who could establish enterprises that, in effect, assumed the finance and coordination roles in promising industries, some of these problems could be overcome. These investors would, for example, be responsible for sourcing export markets for the product concerned, establishing a network of entrepreneurs willing to meet this demand, purchasing these entrepreneurs' output, adding value if necessary, transporting the product and receiving payment. In addition, they would help Cook Islanders take the first step into self-employment by

lending producers the requisite start-up capital, and providing them with training and experience in areas such as financial planning, time management, and quality control.

The Cook Islands Government could also promote equitable private sector development by improving gender equity in the incentives that it provides to businesses. At present men's businesses have benefited more than women's have from copra subsidies and import levy exemptions on capital items. Thus, policies to assist female micro-entrepreneurs should be considered. While these policies would ideally be arrived at in consultation with Cook Islands businesswomen, they could include assistance in promoting the key industries that women have been involved in, such as crafts.

Similarly, given the fact that, with a few exceptions, the private sector on the outer islands has struggled since the ERP, an increase in the level of business assistance provided to outer islanders may be needed in the short term until private sector activity on the outer islands becomes self-sustaining. This assistance could include employing resident business advisers on each island to work with Island Councils in developing export markets and coordinating the production and distribution of the goods required to service these markets. It could also include a scheme to provide seed capital for new businesses.

6.5.2 Organisations Supporting Women

Women's organisations have been proactive in both encouraging women to begin micro-enterprises and in providing business management skills training. As a lack of expertise has prevented some women from participating in industries that have generated high returns, opportunities for women in business could also be improved if these training programmes were extended to include skill enhancement in industries that fall outside of women's traditional gender roles. In addition, scholarships to assist adult women pursue tertiary education, perhaps by correspondence, could help redress past gender inequities in this area.

6.5.3 *Business Support Services*

Lack of finance has prevented many people from either establishing or expanding businesses. Although some micro-finance and revolving fund schemes have been problematic in the Pacific, such programmes, tailored to the Cook Islands' culture, would greatly assist people desiring to move into self-employment. It is suggested that further investigation into the design and feasibility of a finance scheme for micro and small businesses may be beneficial.

6.5.4 *Multilateral and Bilateral Agencies Implementing Good Governance Reforms*

In general, good governance reforms have prescribed neo-liberal economic policies regardless of the cultural context. This blanket prescription has typically run counter to democratic processes by preventing local people from influencing the way in which their economy develops. In addition, it has failed to consider the possibility that neo-liberalism may not be successful in certain cultures given the fact that priorities differ between groups of people. Thus to ensure that good governance reforms achieve their objectives, it is recommended that multilateral and bilateral agencies genuinely listen to traditional and political leaders before designing reform programmes. They should be open to the fact that creative and culturally appropriate solutions to economic crises may be found outside of the good governance paradigm.

As equitable development can not occur when the playing field is uneven, it is recommended that good governance reforms include policies that are proactive in creating equal opportunities for all players in the market place. For example, it is inconsistent for donors to expect developing nations to remove industry protection mechanisms such as tariffs, levies, and quotas when they are required to compete with wealthier nations that have not made such reforms themselves. Thus incentives to assist viable industries in countries undergoing reforms should be introduced until such time as their global competitors see fit to remove their protection measures. Inequalities also exist between small and large businesses where the experience and resources of the latter gives them an advantage over their smaller competitors. Similarly female entrepreneurs can be disadvantaged in comparison to their male counterparts if women

have traditionally had little opportunity to be involved in business. However by targeting financial and advisory assistance to smaller businesses and female entrepreneurs, good governance policies can help to arrest these inequalities. In addition, given the potential that good governance policies have to exacerbate regional inequalities within countries, the benefits of good governance reforms may be more equitably distributed if the policies implemented were tailored to meet each region's needs.

6.6 TOPICS FOR FURTHER RESEARCH

This section will outline four areas related to this thesis in which further research could prove useful.

Firstly, further research into the reasons why Pacific Islands' micro-finance programmes have not been successful with the goal of developing a culturally appropriate model would make a substantial contribution to the development of the private sector, not just in the Cook Islands, but within the Pacific as a whole. This is because a lack of finance could seriously hamper ongoing private sector development in the region, as, without capital, many micro-entrepreneurs will be unable to either begin or expand their businesses.

Secondly, an examination of the differential impact that the ERP has had on outer island development as opposed to development on Rarotonga may also be beneficial. The goals of this research could be two-fold. Firstly, to explore ways in which future good governance programmes could avoid exacerbating regional inequalities. Secondly, to assist the Cook Islands Government in designing programmes to arrest existing inequalities.

Thirdly, given the fact that many micro-enterprises have failed, not just in the Cook Islands but in many other countries as well, an exploration of the impact that failed businesses have had on their entrepreneurs could be interesting. This study would help development planners assess whether the benefits of successful micro-enterprises will

outweigh the possible social and economic costs incurred by those that will inevitably fail.

Finally, a study considering the ways in which poorer, less educated women with limited access to resources could be encouraged to build and grow micro-enterprises both in the Cook Islands and in other countries may prove beneficial. This would help development agencies, governments and business support organisations in their planning as they design programmes to assist those most in need.

6.7 CONCLUSION

In conclusion I have argued that the incentives for women to begin micro-enterprises under good governance reforms in the Cook Islands have had a mixed impact in terms of achieving equitable development for women. Many Cook Islands women who have seized the opportunities available to begin businesses since the ERP have benefited from increased personal income and control over household finances. In addition, they have enjoyed improved self-confidence and a greater sense of purpose. Successful businesswomen have also helped to stimulate changes in cultural attitudes concerning gender roles and women in leadership to the extent that some men have reconsidered their own roles and have contributed more to domestic tasks. However these changes have sometimes come at the cost of high stress levels and poor health. Female micro-entrepreneurs have also had less time to spend in decision-making bodies and with their families and community organisations. Given the fact that women's skills have typically been in industries that yield lower returns than men's, it is unlikely that women's micro-enterprise initiatives will result in equitable development until such time as there is gender equity in either skill acquisition or in the market values of men's and women's products and services. Thus while good governance policies can contribute to the achievement of national and personal development goals, they are unlikely, of themselves, to ensure that equitable development objectives will be met.

APPENDICES

APPENDIX ONE

WOMEN'S EMPOWERMENT FRAMEWORK

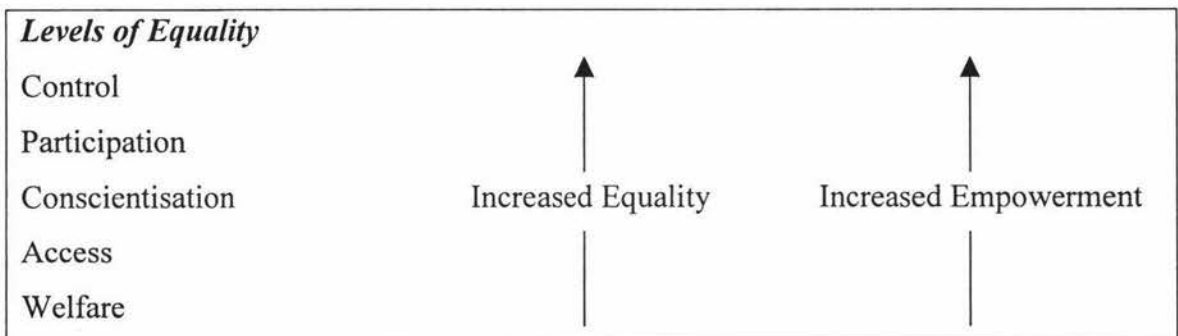
This appendix briefly outlines Longwe's Women's Empowerment Framework (1994).

The Women's Empowerment Framework is based on the belief that

The problem in women's development is not primarily concerned with enabling women to be more productive, more efficient, or to use their labour more effectively. The central issue of women's development is women's empowerment, to enable women to take an equal place with men, and to participate equally in the development process in order to achieve control over the factors of production on an equal basis with men (Longwe 1994:292).

As such it assesses women's equality with men in the development process at five levels: welfare, access, conscientisation, participation and control, as portrayed in the following chart.

Women's Development Criteria (Women's Empowerment Framework)



Source: Longwe 1994:292.

Definitions for the five levels as outlined in Section 4.2.1 are repeated here for clarification:

- *Welfare*: Women's material welfare relative to men's. Factors considered include food, income and health care.
- *Access*: Women's and men's equal access to factors of production such as land, labour, credit, tools, training, skills and marketing facilities.

- *Conscientisation*: Belief in society that the gendered division of labour should be fair and mutually acceptable to men and women.
- *Participation*: Women's and men's equal participation in policy making, planning and administration.
- *Control*: Balance of control between men and women over factors of production and the distribution of benefits (Longwe 1994:293).

Longwe asserts that

These levels of equality are in hierarchical relationship, so that equality of control is more important for women's development than equality of welfare. The higher levels of equality are automatically higher levels of development. This is a hierarchy of empowerment, since the higher levels are concerned with providing women with the means towards increased control over their lives (Longwe 1994:293).

In addition, the framework distinguishes between women's issues and women's concerns. Women's concerns relate to women's sex roles while women's issues refer to equality with men in any social or economic role. For example, where household income falls below the poverty level it is a general concern for the whole household. If women are responsible for providing the food, however, it is also a women's concern. This poverty is also a women's issue where women do not receive an equal share of their families' food. The Women's Empowerment Framework is primarily designed to address women's issues (Longwe 1994:294).

By using this criteria, women's issues can be examined at every stage of a development programme and throughout the project cycle: identification, design, implementation and evaluation. While it is common for development planners to only consider women's development in projects targeting women, Longwe argues that this framework should be employed in every development project and programme as history has proven that almost all development projects impact in some way on women's issues (Longwe 1994:294-295).

Longwe suggests that project objectives and impacts be categorised according to levels of recognition and levels of equality of women's issues in project identification and design and implementation as follows:

Level of Recognition / Levels of Equality	Negative	Neutral	Positive
Control			
Participation			
Conscientisation			
Access			
Welfare			

Source: Longwe 1994:302.

From these tables a composite Gender Profile for a country's development programme can then be compiled (Longwe 1994:296, 298).

APPENDIX TWO

INVITATION LETTER TO KEY INFORMANTS

Christine Lawrence
C/- The School of Global Studies
Massey University
Private Bag 11-222
Palmerston North
NEW ZEALAND

e-mail: chrisl@ihug.co.nz

22 March 2000

Dear *(key informant)*

I will be in the Cook Islands during the month of May to conduct some research concerning 'The Impact of Good Governance Policies on Women's Micro-Enterprise Initiatives in the Cook Islands'. This research will fulfil part of the requirements for my Masters Degree in Development Studies and has been approved by the Office of the Prime Minister in the Cook Islands.

As I believe that the knowledge that you and your staff have surrounding business in the Cook Islands (*or – women in the Cook Islands for some*) would greatly assist me in my work, I would like to invite you and/or your staff to participate in my study by providing information in an interview setting. The interview could take up to an hour and will be arranged for a time and place that is suitable to you.

Please find attached an information sheet, consent form and response letter. If you are interested in discussing the possibility of your participation further with me please complete the response letter and return it to me before 14 April 2000. Please be assured that this letter in no way commits you to becoming involved in the study.

I would be only too happy to answer any of your questions and can be reached at the above address.

Yours faithfully

Christine Lawrence

**The Impact of Good Governance Policies on Women's Micro-Enterprise Initiatives
in the Cook Islands**

RESPONSE LETTER

NAME: _____

ORGANISATION: _____

ADDRESS WHERE YOU WOULD LIKE TO BE CONTACTED:

OTHER CONTACT DETAILS (eg telephone, fax, email):

Dear Christine

I have read your letter, information sheet and consent form and am interested in participating in your proposed research. Please contact me to arrange a suitable time to meet when you are in the Cook Islands so that we can discuss your research further.

SIGNED:

APPENDIX THREE

KEY INFORMANT INTERVIEWS

CONSULTANTS WHO IMPLEMENTED THE ERP AND TRANSITION PROJECT

- What was your role in the Economic Restructuring Programme and Transition Project?
- What aspects of the business, social, cultural and political environment in the Cook Islands support the development of micro-enterprises? Do the same factors affect larger business or foreign controlled corporations?
- What aspects of the business, social, cultural and political environment in the Cook Islands detract from the development of micro-enterprises? Do the same factors affect larger businesses or foreign controlled corporations?
- In what ways did the Economic Restructuring and Transition Project stimulate micro-enterprise development? And detract from micro-enterprise development?
- In what ways do the opportunities for men and women to operate successful micro-enterprises in the Cook Islands differ?
- In what ways was the material welfare of women as compared to men considered in the project design, implementation and evaluation? e.g. food, income, health
- In what ways was women's access to resources as compared to men's considered in the project design, implementation and evaluation? e.g. land, credit, training. Did the project specifically try to alter the balance of control over these resources?
- Were any studies available/performed on the gendered division of labour? If yes, how were they incorporated into the restructuring programme etc
- What do you understand women's and men's roles to be in economic policy making, national planning and administration? Did the project try to address these roles?
- Knowing what you do now, if you were to implement an economic restructuring programme in the Cook Islands again, what would you do differently to stimulate private sector development?
- Is there anything else you would like to comment on?

LEADERS OF COOK ISLANDS BUSINESS ORGANISATIONS

- For what reasons would micro-entrepreneurs be in contact with your organisation?
- In what ways do the reasons for contacting your organisation vary between sexes, ages, marital status, and education levels?
- What do you believe are the major challenges facing micro-enterprises? Has this changed since restructuring?
- What do you believe are the major challenges facing micro-entrepreneurs? Does this vary depending on, for example sex, age, marital status and education level? Has this changed since restructuring?
- Do the ways the physical, social, political and structural environment in the Cook Islands impact on business growth vary depending on business size and the owner? In what way has this changed as a result of the economic restructuring?
- What are the main Government policies, laws, regulations and incentives that impact on the way business is run? Eg natural resource ownership (land, sea), environmental laws, taxation laws. To what extent do they depend on business size? Has this changed since restructuring?
- How are entrepreneurs made aware of these policies, laws, regulations and incentives? Has this changed since restructuring?
- What type of assistance is offered to micro-enterprises to comply with policies, laws, regulations and incentives? What prohibits micro-enterprises from availing themselves of them? Does this vary depending on, for example, age, gender, marital status or education levels? Has this changed since restructuring?
- Do micro-enterprises have the resources to comply with the Government laws and regulations? Why or why not? Has this changed since restructuring?
- Are micro-enterprises able to take advantage of Government incentives to stimulate business? Why or why not? Has this changed since restructuring?
- Is the ability of businesses to comply with laws and regulations and take advantage of incentives dependent upon the age, gender, marital status or education levels of the entrepreneur?
- What type of ownership structures do micro-enterprises adopt eg partnership, incorporation, trading trusts etc? Why do micro-enterprises adopt these structures?

Are they given sufficient information to make an informed choice? Why or why not?

- What industries are women traditionally involved in and what industries are men traditionally involved in? What is their comparative profitability? What constrains men and women from operating in industries outside of their traditional roles?
- What do you believe are the industries in the Cook Islands that have the potential for growth?
- What are the characteristics of the people/organisations who are leading these potential growth industries? What factors enable these leaders to be involved in these industries eg size of business, foreign ownership, capital?
- What factors will limit the potential for growth of these industries?
- What factors will stimulate growth in these industries?
- If these industries expand under their current ownership structure and in the current business environment, who will benefit?
- Is there anything else that you would like to comment on?

LEADERS OF WOMEN'S ORGANISATIONS AND *PUNANGA TAUTURU*

Punanga Tauturu

- For what reasons do women contact your organisation eg abuse, pregnancy etc?
- What do you consider to be the causes of these problems?
- Has there been a change in the number, social status, marital status or age of women who have come to your organisation since economic restructuring? If so, in what way?
- Has there been a change in the reasons why people have come to your organisation since restructuring? If so, in what way?

Women's Organisations

- What are the objectives of your organisation?
- What do you think are the challenges and opportunities facing Cook Islands women today? How has this changed since economic restructuring?

Punanga Tauturu and Women's Organisations

Workloads

- To your knowledge, has any study been performed on the gendered division of labour and/or workload for Cook Islanders? If so, who, where, when etc.
- In what ways have the traditional roles and responsibilities of men and women in respect of managing businesses, households and earning an income changed since the economic restructuring?
- Do individual families/household have freedom within their culture to change these roles and responsibilities depending on their individual situations such as employment, hours of work etc?

Access to and Control Over Resources

- What resources are available to households to begin businesses? Eg land, credit, labour, education etc
- Who would typically have access to them and control over them? Who benefits from them and from business profits? What factors influence this? Has this changed since economic restructuring?

Decisions/Authority

- How do men view women's ability to manage a business and the household?
- How do women view men's ability to manage a business and the household?
- How do women and men view their own roles in managing a business and the household in terms of importance?
- Who would typically make decisions concerning family businesses?
- How does the participation of women in local business organisations differ compared to men?
- How does the participation of women in local and national business policy-making processes differ compared to the participation of men?

Business

- What particular skills and other resources do women have that would give them an advantage in managing a business compared to men?
- What particular skills and other resources do men have that would give them an advantage in managing a business compared to women?
- In what ways does managing micro-enterprises contribute to women's well being?
- In what ways does managing micro-enterprises detract from women's well being?

Development/Economic Restructuring

- What do you consider women's development goals to be? Do women's development goals differ from those of men's?
- In what ways do you think that the economic restructuring programme and micro-enterprise initiatives have contributed to or detracted from these goals being met?

APPENDIX FOUR**SEMI-STRUCTURED INTERVIEWS WITH MEN AND WOMEN IN THE
COOK ISLANDS****INTERVIEWS WITH THOSE WHO HAVE STARTED A BUSINESS***General Information*

Male/Female

Age

Marital Status

Children: number, age

Island of abode

Length of time in school

Other formal/non-formal education

Occupation

Business Start-Up/Structure

- For how long has your business been going?
- Did anyone/organisation help you start the business? If so, in what way? Also, do they help you to carry on in your business?
- Who owns the business? Is it registered with any Governmental body? If so, as what? Why did you choose to set up your business in this way?

Choice of Industry

- What does your business sell/do?
- Is it connected to other businesses in the same industry/family?
- Why did you choose to do this?

- If you were starting over would you choose to do something else? Are there any factors that limit you in the choice of industry you can be involved in?
- Are there any laws that stop you from doing some things in your business? How do you find out about them? How do you make sure you obey them?
- In what ways did laws and/or regulations affect your decision to start a business in the industry you chose?

Staffing

- Who helps you in your business – what do they do, for how long do they work, are they paid, what is their relationship to you?

Business Success

- What were your three main reasons for starting a business?
- What else could you have done? Why did you choose to start a business instead of doing these things?
- Has your business increased your income? Increased your family's income?
- What personal qualities and skills do you need to make your business work well?
- In what ways has the economic restructuring helped or harmed your business?
- Are there any things that the Government does or could do that would help your business?
- Are there any things that the Government does that harms your business?
- What other things help or harm your business?
- Is there anything you would like to do to improve your business? If so, what would stop you from doing these things and what can you do to overcome these difficulties?
- In what ways do opportunities for men as opposed to women in business differ?

Resources/Benefits

- What things did you need to start your business? Where did you get them from?
- What things are needed to carry on running your business?
- Who gets them, who decides how they are used, who uses them, and if sold, who decides how the money from the sale will be used?
- Who decides how the money from the business will be used? What is it typically spent on?
- How has this changed since restructuring?

Workloads

- In what ways have the jobs you do each day and the time you spend on them changed since restructuring?
- In what ways have the jobs your spouse does each day and the time he/she spends on them changed since restructuring?
- In what ways has the time you spend managing your business, managing household finances, and producing goods and services for sale changed since the restructuring?
- Are you happy with the changes in how you use your time?

Decisions/Authority

- In what ways are you involved in local business organisations, local policy making and national policy making? How has this changed since restructuring?
- Do you think that men and women are equally capable of managing a business? Has your opinion changed since restructuring? Why/why not?
- Who do you think should be responsible for looking after the household/children? Has your opinion changed since restructuring? Why/why not?

Development

- What did you think the result of the Economic Restructuring Programme and Transition Service would be? Has this happened?
- How did you think that running your own micro-enterprise would change your life? Has this happened?
- If you were on the planning committee for the economic restructuring programme, knowing what you do now, in what ways would you change the way that it was implemented?

INTERVIEWS WITH THOSE WHO HAVE NOT STARTED A BUSINESS*General Information*

Male/Female

Age

Marital Status

Children: number, age

Island of abode

Length of time in school

Other formal/non-formal education

Occupation

- When you were made redundant from the public service, what sorts of things did you think you could do?
- What did you do? Why?
- If you were in the same position again knowing what you do now, would you make a different choice? Why/Why not?
- Why did you choose not to start a micro-enterprise?
- How well do you think those who did start a micro-enterprise have done?

Workloads

- In what ways have the jobs you do each day and the time you spend on them changed since restructuring?
- In what ways have the jobs your spouse does each day and the time he/she spends on them changed since restructuring?
- In what ways has the time you spend working, managing household finances, and producing goods and services for sale changed since the restructuring?
- Are you happy with the changes in how you use your time?

Resources/Benefits

- What things are needed to run a business?
- In your household, who gets them, who decides how they are used, who uses them, and if sold, who decides how the money from the sale will be used?
- In your household, who would decide how money earned in a business would be used? What do you think it would be spent on?
- How has this changed since restructuring?

Decisions/Authority

- In what ways are you involved in local business organisations, local policy making and national policy making? How has this changed since restructuring?
- Do you think that men and women are equally capable of managing a business? Has your opinion changed since restructuring? Why/why not?
- Who do you think should be responsible for looking after the household/children? Has your opinion changed since restructuring? Why/why not?

Development

- What did you think the result of the Economic Restructuring Programme and Transition Service would be? Has this happened?
- How did you think that running your own micro-enterprise would change your life? Has this happened for others?
- If you were on the planning committee for the economic restructuring programme, knowing what you do now, in what ways would you change the way it was implemented?

APPENDIX FIVE

SEMI-STRUCTURED INTERVIEWS WITH MEN AND WOMEN IN NEW ZEALAND

General Information

Male/Female

Age

Marital Status

Children: number, age,

Island of origin

Length of time in school

Other formal/non-formal education

Occupation prior to transition

Other Questions

- When you were transitioned what did you do?

- How long have you been in New Zealand?
- What do you do here in New Zealand?
- Why did you choose to come to New Zealand? When you made the decision, what were the factors for and against it?
- If you were in the same position again, would you make a different decision? Why/why not? What would the different decision be?
- Do you think your quality of life would be better in the Cook Islands or in New Zealand?

- When you were made redundant from the public service, what other options were available to you? eg private sector employment, public sector employment, beginning a micro-enterprise, staying home
- What options did you pursue? Why?

- If you were to be in the same position again knowing what you do now, would you make a different choice? Why/Why not?
- Why did you not choose to start a micro-enterprise?
- How do think those who did start a micro-enterprise have got on?
- In what ways do you think opportunities for men and women in business in the Cook Islands differ?

APPENDIX SIX

FOCUS GROUP DISCUSSIONS

Welfare

- What things do you consider are essential for your livelihood eg housing, food?
Split into subcategories eg fruit, meat.
- What things were happening in the Cook Islands and world in 1990?
- Remembering when those things were happening, can you recall the availability of the things essential for your livelihood as compared to their availability today?
- What are the reasons for the changes?

Gender Analysis Matrix

- When you were told of the economic restructuring programme and opportunities to start micro-enterprises through the Transition Service, how did you think this would benefit you?
- How did you think it would disadvantage you?
- In reality – how has it benefited or disadvantaged you?

QUESTIONS THAT COULD BE ASKED TO HELP COMPLETE THE GENDER ANALYSIS MATRIX

Labour

- How has managing a micro-enterprise impacted on the work you do?
- How has your managing a micro-enterprise impacted on the work the opposite sex does?
- How has the economic restructuring programme and managing a micro-enterprise affected the amount and type of work that must be done in the household?

- How has the economic restructuring programme and managing a micro-enterprise affected the amount and type of work that must be done in the community/Church?

Time

- How has managing a micro-enterprise changed the ways you use your time?
- How has managing a micro-enterprise changed the ways in which the opposite sex uses his/her time?
- How has the economic restructuring programme and managing a micro-enterprise affected time usage within the household?
- How has the economic restructuring programme and managing a micro-enterprise affected the time that you and other members in your household spend in the community/Church?

Resources

- How has managing a micro-enterprise changed the quantity and type of resources available to you?
- How has your managing a micro-enterprise changed the quantity and type of resources available to the opposite sex?
- How has the economic restructuring programme and managing a micro-enterprise affected the availability, quantity and variety of your household's resources?
- How has the economic restructuring programme and managing a micro-enterprise affected the availability, quantity and variety of community/Church resources?

Culture

- How has managing a micro-enterprise affected your roles and responsibilities?
- How has managing a micro-enterprise affected your relationships with the opposite sex?

- How has the economic restructuring programme and managing a micro-enterprise affected relationships within households?
- How has the economic restructuring and managing a micro-enterprise affected relationships within the community/Church?

APPENDIX SEVEN
INFORMATION SHEET

**The Impact of Good Governance Policies on Women's Micro-Enterprise Initiatives
in the Cook Islands**

INFORMATION SHEET

My name is Christine Lawrence and I am performing some research on the impact that the Cook Islands' economic reforms have had on women's micro-enterprises. As a self-employed accountant and a woman I am very much aware of the difficulties that women face as they set up their businesses. It is for this reason that I have chosen to research the above topic as part of the requirements of my Masters Degree in Development Studies. I believe that in gaining an awareness of how Government restructuring and economic reforms has affected female entrepreneurs in the Cook Islands, development agencies and Governments alike can ensure that future projects better cater for the needs of women.

This research is partially funded by:

- the New Zealand Ministry of Foreign Affairs and Trade; and
- the Massey University School of Global Studies Graduate Research Fund.

- My supervisor is Dr Regina Scheyvens of Massey University.
- Contact address for Dr Scheyvens and myself:

The School of Global Studies
Massey University
Private Bag 11-222
Palmerston North
New Zealand.

The objectives of my research are to firstly determine whether Cook Islands women believe that the results achieved by economic restructuring and micro-enterprise development have met their expectations of beneficial development. Secondly I would

like to determine whether women's micro-enterprises have been influenced to the same extent as men's as a result of the restructuring.

In order to meet these objectives I am hoping to interview staff of some Cook Islands business support groups as well as men and women who were made redundant from the public service as a result of the economic restructuring in 1996. Specifically I would like to meet both people who chose to begin their own micro-enterprises and people who chose not to start-up their own businesses. I will also set up and attend separate group discussions of men and women who have begun their own businesses.

_____ suggested you may be interested in participating in this research. I expect that the interviews will not take longer than an hour and that the group discussions could take up to an hour and a half. These will be arranged at a time and place that is convenient for you. With your permission I will be taking notes and using a cassette tape to record the interview.

While I would like to record your name and location during the interview this will be kept confidential to me and I will destroy it at the completion of the research. I will be the only one listening to the cassette tapes and I will destroy these at the completion of the research unless you would like me to return them to you. I will keep the cassettes tapes in a safe place during the research and will ensure that only I have access to them. I will make transcripts of the tapes and these, together with my notes will be kept in a place that only I have access to. My supervisor may also need to look at these transcripts and notes however I will ensure that the information she receives does not separately identify you.

My research thesis and any other publications that result from this study will summarise trends and themes from the information that you and others have given. The report will in no way allow anyone to separately identify you or your business. The thesis will be read by the New Zealand Government Ministry of Foreign Affairs and Trade, the Cook Islands Government, my supervisor and examiners. It will also be lodged at the Massey University library and as such will be accessible to an academic audience.

These are your rights:

- You are under no obligation to take part in this research.
- You have the right refuse to answer any particular questions.
- You are entitled to request that your name and location not be recorded on the cassette tapes and notes.
- If you do allow your name to be recorded it will only be used for classification purposes and will be deleted from my notes at the completion of the research. Your name will not be used in any publications resulting from the study.
- Except where required by law I will take precautionary steps to ensure that the information you give remains in confidence between you and me.
- A confidentiality form will be signed by all participants in focus group discussions to ensure that your name will not be used in connection with the information you have given outside of the group setting.
- If you wish to withdraw at any stage during the research you are free to do so. You may also request that the information you have provided before withdrawing be discarded and not used for the purposes of the research.
- I will welcome any questions that you have about the study at any stage of the research.
- If you wish, you will be given a summary of the findings of my research.

Please find attached a consent form. I would be grateful if you would read the form and sign it in my presence if you intend participating in the research.

APPENDIX EIGHT**CONSENT FORM****The Impact of Good Governance Policies on Women's Micro-Enterprise Initiatives
in the Cook Islands****CONSENT FORM**

I have read the Information Sheet and have had the details of the study explained to me. My questions have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I understand I have the right to withdraw from the study at any time and to decline to answer any particular questions.

I agree to provide information to the researcher on the understanding that my name will not be used without my permission. The information will be used only for this research and publications arising from this research project.

- I agree/do not agree to having my name and location recorded on the understanding that this information will be destroyed once the research is complete.
- I agree/do not agree to the interview being cassette taped.
- I require/do not require a summary of the findings of the research.

I agree to participate in this study under the conditions set out in the Information Sheet.

I also understand that I have the right to ask for the cassette tape to be turned off at any time during the interview.

SIGNED: _____

NAME: _____

DATE: _____

APPENDIX NINE
CONFIDENTIALITY FORM

**The Impact of Good Governance Policies on Women's Micro-Enterprise Initiatives
in the Cook Islands**

Confidentiality Form

This form is to be signed in conjunction with the consent form and in the presence of the researcher.

I agree to participate in a group discussion and understand that I have the right to withdraw from this discussion at any time and to decline to answer any particular questions.

I agree that I will not disclose the names of the other members of the group to any outside party without their permission.

In addition, I agree that I will not discuss nor divulge the information offered by any other group member outside of the group discussion context.

SIGNED: _____

NAME: _____

DATE: _____

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