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WOMEN IN BUSINESS IN SAMOA

Key findings from the August 2008 scoping mission

INTRODUCTION

This report is based on an AusAID study to Samoa from 25 to 29 August 2008 which served to profile women's businesses for an upcoming regional publication and broadly explore issues for female entrepreneurs. This report summarises the main findings of the study and makes recommendations for donors, Government and Non-Government Organisations (NGOs) to consider.

KEY FINDINGS

I. Background on women in the economy of Samoa

Samoa's performance on gender equality is impressive by Pacific standards and is generally not perceived as an issue. The Ministerial Cabinet includes four female ministers. The National Plan of Action on Women integrates regional instruments and policy documents such as the Pacific Platform for Action and the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), and provides a framework for a policy on women and children. The National Women's Ministry is a leader in the Pacific. It established the CEDAW Partnership in 2000, a whole-of-government and women's NGO consultative body, which produced the National Plan of Action for Women.¹ It also links its annual strategic plans to the Samoa Government's budget cycle to more effectively embed gender issues in other departmental budgets.

Women hold leadership positions in Government and the private sector, yet Samoa's village-chief system has produced two strata of women (privileged and urban versus under-privileged and rural). Though classified as a democracy, Samoa is a hierarchical society based on village-chief authority structures. Women from chiefly families have more economic opportunities than those from families without title, and women's advancement stems directly from their elite cultural status. Women's overall status within the male chiefly structure is a subordinate one; matai-born women or women titleholders have their titles challenged by men in the Court of Lands and Titles, and have relatively weak influence in village-council decision-making processes. Only matai-titleholders can become Parliamentary members, which limits women's political representation (only 10 per cent of matai titles are currently bestowed to women).² Little awareness raising about the gender discrimination entrenched in the chiefly system has been conducted with women,³ and violence against women is a key obstacle to their empowerment in Samoa.

Businesswomen in the urban centre are well organised, well informed and well connected. In contrast, rural women are poorly organised and have little awareness about the opportunities before them in business and institutions that could support them through rural-enterprise development. The businesswomen interviewed during this mission were predominantly from wealthy families and

¹ The CEDAW Partnership was originally formed to promote the Convention on the Rights of the Child, to which the Convention on the Rights of Women was subsequently added. The Convention on the Rights of the Child has proved to be an effective entry point for the Convention on the Rights of Women.

² Macpherson & Macpherson in Cahn, M (2008). 'Indigenous Entrepreneurship, Culture and Micro-enterprise in the Pacific Islands: Case Studies from Samoa', *Entrepreneurship and regional development*, vol. 20(1), p. 5.

³ CEDAW (2003). *Combined initial, second and third periodic report of states parties—Samoa*.

<http://daccessdds.un.org/doc/UNDOC/GEN/N03/397/37/PDF/N0339737.pdf?OpenElement>

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involved in family-owned businesses (the norm in Samoa), with qualifications gained overseas. Upper-strata businesswomen are active lobbyists, representing Samoa in regional bodies such as the Pacific Islands Private Sector contrasts with rural business women, who know little about their trade and investment climate, are restricted to local markets and have poor financial literacy and limited agribusiness training. Rural women interviewed were unaware, for example, of Women in Business Development Inc. (WIBDI) and the Small Business Enterprise Centre (SBEC), which exist to support rural businesses and business start-ups through microfinance, with loan guarantees and with one-on-one training and mentoring.

Women are represented in the labour force, although full-time employment opportunities are scarce and urban-based. Seventy-eight per cent of women live in rural areas where employment opportunities are virtually non-existent.⁴ Even though 55 per cent of Samoa's 180 000 people are classified as being of working age (15 to 59 years), only just over 50 000 were employed in 2001 (Figure 1). Underemployment is on the rise⁵ and youth employment opportunities are scarce, encouraging emigration and a return to semi-subsistence village living where a degree of social security exists.⁶ However, the contribution of subsistence agriculture to gross domestic product (GDP) declined from 40.13 per cent in 1995 to 24.99 per cent in 2000⁷, and overall agricultural productivity is low.⁸

Figure 1 Employment figures by male and female

Indicators (for an economically active population)	1991	2001
Employed		
Male	38 240	35 118
Female	17 727	15 207
Unemployed		
Male	599	1 621
Female	576	999
Inactive		
Male	11 431	17 673
Female	27 356	34 106
Unemployed		
Male 15 to 24 years	490	879
Female 15 to 24 years	467	638

Source: Labour market indicators, Samoa statistics department

<http://www.spc.int/prism/country/ws/stats/social/Other%20Soc/labforce.htm>

⁴ Cahn, M 2008, 'Indigenous Entrepreneurship, Culture and Micro-enterprise in the Pacific Islands: Case Studies from Samoa', *Entrepreneurship and regional development*, vol. 20(1), pp. 1–18.

⁵ Ministry of Finance, 'Strategy for the Development of Samoa 2008–2012: Ensuring Sustainable Economic and Social Progress', p. 7.

⁶ UNICEF 2006, *A Situation Analysis of Children, Women & Youth*. UNICEF Pacific Office, Fiji, p. 13.

⁷ Mapasua, K August 2008, 'Fair Trade in Samoa', presentation at Fair Trade Association of Australia & New Zealand (FTAANZ) Annual General Meeting.

⁸ Reddy, M October 2007, 'Enhancing the agricultural sector in Pacific island economies', *Pacific Economic Bulletin*, vol. 22, no. 3.

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While Samoa appears on the surface to have eliminated gender inequality in primary and secondary education and to have achieved universal primary education,⁹ data obtained paint a less optimistic picture. Education for children up to 14 is compulsory in Samoa but poorly enforced¹⁰ and child vendors are found selling on the streets during school hours. Interview data indicates that universal access to quality education has not been achieved and that few poor families are aware of their child’s right to an education. Further, while literacy rates are high (97.8 per cent for females and 98.6 per cent for males according to 1991 Census statistics), the standards being achieved at primary level are of concern,¹¹ given the large numbers of children not advancing beyond primary level (Figure 2). Girls appear to be more highly represented among university scholarship-holders, and are given preference for scholarship support by their families because they are more likely to fulfill their family’s expectations to serve their country upon return.

Figure 2 Education indicators

School level and sex	1991	2005
Primary		
Males	17 012	20 782
Females	15 332	19 292
Secondary		
Males	2 455	1 100
Females	2 402	1 105
Senior		
Males	1 631	6 118
Females	1 213	6 577

Samoa Statistics Department

<http://www.spc.int/prism/country/ws/stats/social/Education/enrolments.htm>

II. Women doing business in Samoa—key barriers

Some of the key barriers affecting Samoan businesswomen constrain Samoa’s private sector more generally. Interviews with the private sector highlighted the lack of access to financing (especially for women), a poor work ethic, poor training of staff, an inability to use the full range of modern Internet banking options (for example, online transaction systems), poor exposure and access to overseas markets, challenges relating to the expense of doing business (namely prohibitive import duties on raw materials for production (20 per cent) and increasing excise and goods and services taxes), and difficulties of value-adding in-country.

Appropriate financing is unavailable to Samoan women. Samoa ranks at 132 out of 181 countries on the World Bank’s Doing Business ‘Getting Credit’ indicators, and would likely perform worse if gender were taken into account. The commercial banks—Westpac, ANZ and the National Bank of Samoa—offer loans for a maximum of five years only, charge high interest rates (between 13 and 15 per cent) and accept only (leasehold) land as security. Women in Business Development Inc runs a microfinance program for rural farmers and artisan members seeking access to markets. For women not in these sectors, the SBEC offers loan guarantees of up to ST50 000 but with commercial interest rates. The South Pacific Business Development runs a Grameen-bank style lending system to groups of rural women, yet appears to exhibit an aggressive repayment style with its compulsory

⁹ Ministry of Finance, ‘Strategy for the Development of Samoa 2008–2012: Ensuring Sustainable Economic and Social Progress’, p. 2.

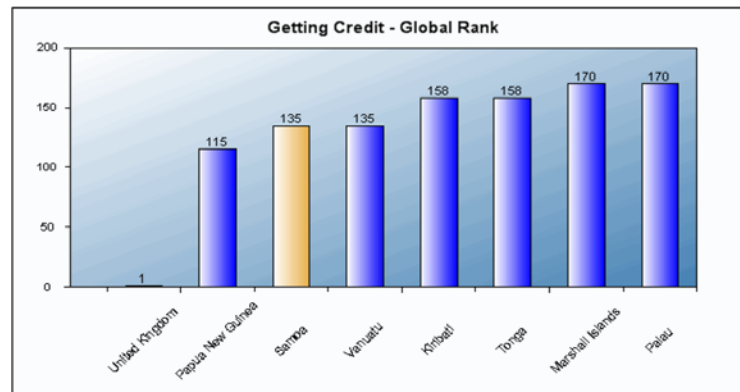
¹⁰ UNICEF 2006, *A Situation Analysis of Children, Women & Youth*, UNICEF Pacific Office, Fiji, p. 40.

¹¹ *ibid.*, p. 40.

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fee of \$110/week, interest rate of 27 per cent per annum and two per cent insurance. Finally, the Development Bank has just commenced offering microfinance through the Women Ministry's income-generation activity. It offers standard interest rates for micro loans.

Figure 3 The rank of Pacific Island countries for the 'Getting Credit' indicator in the World Bank's Doing Business Report



Source: World Bank Group (2008) Doing Business Samoa 2008

Remittance-linked lending could support business development and survival (especially for female businesses). Remittance receipts account for at least 22 per cent of Samoa's annual GDP¹² and represents an untapped source of security for loans granted for productive (business) purposes.¹³ Yet remittances—and business earnings—tend to be invested in Samoa's *faalavelave* culture.¹⁴ Women's businesses are susceptible to the community's redirection (potential or actual) of their business finance since Samoan women commonly contribute more funds than their male counterparts ("we do and give the most and the men take all the status") and feel family pressure to do so more acutely than do men. This affects rural women entrepreneurs more than their urban counterparts because they rarely have financial or business-management skills to separate business from personal finance.

Women's limited ownership of land constrains their productive potential, and the Land Bill could potentially alienate women further. Male matai hold disproportionate control over land in Samoa. Eighty-seven per cent of the country's land is under customary ownership, and only 10 per cent of women hold title. Matai males and elders control the land and harvests, which creates uncertainty for other subsistence producers who cannot guarantee they can supply their buyers.¹⁵ One woman, for example, cannot protect the berry plots she uses for dyeing cloth because she is not allowed to build a fence to keep pigs off of customary land.

¹² Jones, P & Lea, P 2007, 'What has happened to Urban Reform in the Island Pacific? Some Lessons from Kiribati and Samoa', *Pacific Affairs*, 80(3), p. 484.

¹³ Shaw, J, Eversole, R, Shuaib, F & Barns, F 2007, *Leveraging Remittances with Microfinance: Synthesis Report and Country Studies*. Institute for Regional Development, University of Tasmania and Monash Asia Institute.

¹⁴ Faalavelave (or fa'alavelave) is an important social ceremony or community gathering marking important life events or family reunions in which members give and receive gifts. It is a key avenue for being of service to one's family. Cahn, M 2008, 'Indigenous Entrepreneurship, Culture and Micro-enterprise in the Pacific Islands: Case Studies from Samoa', *Entrepreneurship and regional development*, vol. 20(1), p. 9.

¹⁵ *ibid.*, p. 14.

Study team:

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While women and men can buy and/or inherit remaining leasehold land, sons tend to inherit larger plots than do their sisters (enabling them to secure larger bank loans). The Government's Land Bill, which proposes to change the terminology of 'trusteeship' to 'proprietorship', may in practice alienate all non-matai titleholders from the land, and give male chiefs ('proprietors') legal power to sell off once-communal land. Concern that this will eventuate in legal practice has generated disquiet among civil society, and stands to affect women most given their minor representation as titleholders.

A lack of well trained and motivated staff impedes private-sector growth. Some Samoan staff will not turn up to work 'if they do not feel like it'. One businesswoman interviewed noted that one staff member failed to come to work for the previous three months, while another said staff stole products and materials from her workshop. The unreliability of staff, said one businesswoman, makes business growth difficult. She refused to advertise or export her products because too much demand would 'clean her out'. In another case, the WIBDI had to teach weavers to work regularly and consistently to meet buyers' orders instead of only when they needed money. In another case, a café owner gave a highly motivated staff member a substantial pay rise, which had the opposite effect—he began working less.

Accessing regional and international value-added (Fair Trade and organic) markets for Samoan agriculture and handicraft offers much potential. Samoa is active among Pacific countries in moving into value-added markets such as Fair Trade and organic. The Samoan-Australian Partnership for Development notes the importance of value-added markets for Samoa's private sector and labour force, especially given the low productivity of the agricultural sector.¹⁶ Anecdotal evidence highlighted the positive impact of Fair Trade and organic production and trade in terms of curbing emigration, reducing—and in some cases eliminating—dependence on remittances, improving the viability and productivity of agricultural production and reducing urban migration and unemployment. Support will be required for farmers and artisans to develop supply for export, improve farm-management skills, farmers' capacity and technical knowledge, and artisans' competitiveness and market exposure.

Capitalising on the niche markets requires Samoa to improve its poor facilitating of Trading Across Borders (ranked at 106 out of 181 countries) in the World Bank Doing Business report. Interviews with the private sector highlighted significant time delays and high fees associated with export and import, and most businesses opt for airfreight to relatively reduce freight time and fees. Importing goods takes up to three months by ship. The cost of airfreight also makes it difficult to compete. Two women entrepreneurs described attempting to avoid airfreight charges by giving product orders from the United States to their families to pack in their luggage and deliver to customers while on holiday. This clearly demonstrates the need for government action to reduce business costs¹⁷ and encourage private-sector development among rural micro-enterprise.

¹⁶ Reddy, M October 2007, 'Enhancing the agricultural sector in Pacific island economies', *Pacific Economic Bulletin*, vol. 22, no. 3.

¹⁷ *ibid.*, p. 6. Reducing the costs of doing business falls under Priority 1's emphasis on improving economic infrastructure and lower costs of doing business.

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Figure 4 Trading Across Borders data (2008)

Trading Across Borders data	Doing Business 2006	Doing Business 2007	Doing Business 2008
Rank		101	108
Documents for export (number)	7	7	7
Time for export (days)	27	27	27
Cost to export (US\$ per container)	1010	1010	1010
Documents for import (number)	7	7	7
Time for import (days)	31	31	31
Cost to import (US\$ per container)	1375	1375	1375

World Bank Group (2008) Doing Business Samoa 2008

Women find it difficult to compete with cheap Asian imports bearing Pacific designs, for which intellectual property (IP) rights may be a useful tool. Yet little public-sector capacity was evident and few women knew of their rights or the procedures involved in registering IP. However, the Secretariat for the Pacific Community is engaged in developing IP laws for the Pacific. While setting standards and enforcing IP in world markets is replete with challenges for developing countries¹⁸ the Samoa Government could revise IP legislation to make it easily accessible for women so they can protect customary designs.

The Women in Business Development Inc. and the Small Business Enterprise Centre exhibit impressive functional and developmental capacity for supporting rural and small business sector development. The WIBDI mentors microbusinesses and provides financing. When these businesses are ready to ‘graduate’ from microfinance, the SBEC assists by serving as a broker and guarantee for bank loans. It is welcoming to see two organisations working so cooperatively for the benefit of Samoa’s private sector. The WIBDI and SBEC’s collegial relationship has backed several, successful and notable business ventures in Samoa, including: an exclusive contract for virgin coconut oil producers with The Body Shop (WIBDI); *Levavi*, a female entrepreneur-owned bottled water company with contracts to major hotels such as Aggie Grey’s (SBEC); and a start up consulting firm that had the knowledge but not the capital, and now operates throughout the Pacific. The WIBDI and SBEC assistance is a dynamic combination.

Women entrepreneurs tend not to be taken seriously in Samoa. Their abilities are underestimated and women tend to compete rather than collaborate. Several successful businesswomen interviewed said they lacked support from their village communities or Government, including a small business that had attracted customers ‘as far away as Utah’. The Government began returning calls to the small business only after international publicity following the award of a contract to supply an international chain with Samoan products. Samoan women also compete with each other and could benefit from collaborating, such as through group purchases of bulk imports or stronger positioning in the world market.

Overall, the opportunities available to women entrepreneurs in Samoa are enviable by Pacific standards. Despite this, mainstreaming opportunities for broad-based economic empowerment still requires further developing *rural* women’s business participation and capacity in value-added and niche markets.

¹⁸ Drahos, P 2007, ‘A Networked Responsive Regulatory Approach to Protecting Traditional Knowledge’, in Gervais, D (ed.). *Strategies to Optimize Economic Development in a TRIPS Plus Era*. Oxford University Press.

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III. Recommendations

Issue	Recommendation	Comments
<p>Legal/regulatory issues</p> <p>Lack of community consultation on Land Bill & foreign investor-land development plans.</p> <p>Intellectual Property (IP) not easily accessible to, or understood by, women.</p> <p>Lack of credible sex-disaggregated data limits understanding of women's challenges.</p>	<p>Establish multi-stakeholder consultative group on land development decision-making processes with direct accountability to public.</p> <p>Simplify IP legislation and consult specifically women in the private sector (especially handicrafts) and traditional healers</p> <p>Build independent/credible database on women in private sector, and integrate sex-disaggregated data in future PSD research conducted.</p>	<p>Integrate with Partnership for Development Priority 1 actions.</p>
<p>Unproductive & undervalued rural sector</p> <p>Women in the food and handicraft industry lack training in value-adding (eg product development/design, technical skills, technology).</p> <p>Rural sector lacks commercial farming skills & knowledge.</p> <p>Rural women entrepreneurs are poorly organized and lack support.</p>	<p>Develop and promote value-added product development through government extension services and marketing, & capacity-building support for institutions such as WIBDI. Encourage women's involvement in trade missions & decision-making.</p> <p>Encourage & support women's participation & capacity-development in worker mobility schemes to learn about commercialized farming. Encourage joint trade venture with women farmers especially.</p> <p>Strengthen business support and extension services in rural areas and target women.</p>	<p>Integrate with Partnership for Development Priority 1 actions.</p>
<p>Access to finance & business training</p> <p>Poor management & understanding about personal versus business finance.</p> <p>Women lack microfinance linked to business mentoring.</p> <p>Lack of remittance-based products.</p>	<p>Emphasise the participation of men in financial planning and business training to support women to keep business cash flows separate from <i>lavelave</i> contributions.</p> <p>Strengthen & expand SBEC & reduce commercial bank rates linked to SBEC loans.</p> <p>Explore feasibility of remittance-linked microfinance and run pilot project targeting</p>	<p>Product should have low remittance transfer fee & be sensitive to fa'a</p>

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<p>Customer-service skills & business professionalism lacking among staff.</p>	<p>women recipients.</p> <p>Incorporate business skills training (incl. customer service & professionalism skills) into school curriculum & vocational colleges.</p>	<p>Samoan culture of gifting</p>
<p>Access to land/property</p> <p>Women have limited power over customary land due to Samoa's patriarchal village-chief system.</p>	<p>Promote female title-hold among women and girls.</p> <p>Support & encourage female titleholders to network & advocate for greater gender equality in chief structure and cultural practices.</p>	<p>Land title awareness raising programs would help women understand the benefits of joint title holding.</p>
<p>Women's business advocacy/networking</p> <p>Samoan businesswomen are underestimated, tend to compete with each other, and rural women especially lack networking and mentoring opportunities.</p>	<p>Support exchanges & study tours for women entrepreneurs & in regional publications on women in business promote examples of women's collaboration in business.</p> <p>Support networking and mentoring between women in Chamber of Business with rural women; hold <i>rural</i> businesswoman's award to help shift traditional perceptions of women's role.</p>	