

# Governance in small Pacific Businesses: Tongan Business Cases

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## Abstract

In the last thirty years the expansion of commerce in the South Pacific has attracted greater participation by those indigenous to the Pacific Islands. This growth in participation introduces the need to better understand and guide this new group of entrepreneurs and businesses. This greater level of participation is not only apparent in the small Islands nations of the South Pacific but also in countries including New Zealand and Australia where Pacific populations are growing at a faster rate compared to the general population. Organisational structures, governance and management responsibilities are fluid and evolving, particularly in the case of small to medium size enterprises. This paper investigates the organisational structures, governance practices, management styles and succession planning carried out within Tongan businesses in New Zealand. The paper discusses these issues in the context of how they contribute to business growth and sustainability. The findings support the challenges and issues discussed in the extant literature for family businesses, and suggest Tongan culture influences the growth and sustainability of Tongan business both positively and negatively.

## **Introduction**

The literature on business and entrepreneurship in the South Pacific Islands is relatively scant. The growth in the number of small businesses has continued with many new businesses being owned and operated by the indigenous peoples of the Pacific Islands. The arrival of the European and Asian migrants encouraged the growth of commerce away from subsistence agriculture. In the last thirty years the expansion of commerce in the South Pacific has attracted greater participation by those indigenous to the Pacific Islands. This growth in participation introduces the need to better understand and guide this new group of entrepreneurs and businesses.

This paper explores the organisational structures, governance practices, management styles and succession planning carried out by Tongan businesses in New Zealand. The paper discusses these issues in the context of how they contribute to business growth and sustainability. The findings support the challenges and issues discussed in the extant literature for family businesses. The findings also suggest that Tongan culture influences business practices and in turn the growth and sustainability of these businesses.

## *Background*

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

In New Zealand alone there are approximately 60,000 Tongan people (Statistics New Zealand, 2013). Many of these Tongan migrants have lived in New Zealand for more than 40 years. In the last 30 years, an increasing number of Tongans have started their own business or have taken on leadership and management roles in existing businesses. This has been driven by a shrinking labour market for unskilled labour, increase in educational success and tightening of welfare support mechanisms. Although self-employment came naturally to many Tongans, as it represented an extension of the subsistence agriculture they had been used, the New Zealand commercial environment with its competitive environment and

complex compliance orientated framework was a significant hurdle. Learning to operate a successful business in this western commercial environment was a difficult hurdle and made more so through the Tongan peoples own resilience parting with their own culture and ideals in favour of that of their host country (Crocombe, 1973).

Tongan people living in New Zealand (60,336) make up 20% of the total Pacific Island population, according to the 2013 census. 78% are resident in Auckland, with 94% living in the North Island. Of those living in Auckland, the greatest concentration is in South Auckland (41%) and in Central Auckland (13%) (Statistics New Zealand, 2013).

The most significant influx of Tongan immigrants was in the period 1969-1975 (Tu'inukuafe, 1996). Since then the population has continued to grow rapidly with Tongans having the highest birth rate of the New Zealand population (Ministry of Pacific Island Affairs & Statistics New Zealand, 2002). The relatively high birth rate has resulted in a relatively young Tongan population. The median age for Tongan people in New Zealand is 19 years, compared with 22 for the remainder of the Pacific Islands and 38 for the total New Zealand population. According to the New Zealand 2013 census, 60% of Tongans living in New Zealand are New Zealand born.

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

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

Most Tongan people (88%) in New Zealand are affiliated with a Christian church (Statistics New Zealand, 2013), the highest rate of all the Pacific Island ethnicities. The church not only provides for their spiritual needs, but 'has become the village in New Zealand city setting. It is where language and culture is regularly practiced through meetings, seminars, choir practice, festivals and funerals, youth groups and worship' (Tu'inukuafe, 1996, p. 211). This

continual preservation of language and culture has been an effective means of maintaining the Tongan identity for those living in New Zealand. Such is the effect of this village-type networked community, that the proportion of Tongans able to converse fluently in Tongan (currently 61%) increased by 1% in the five-year period to 2006 (Statistics New Zealand, 2007, p. 11). By comparison all other Pacific Island ethnicities showed a 3-4% decrease in language fluency.

The Tongan way of life is not only evident in the churches and preservation of language. Family and community networks among Tongan households closely mimic those back in Tonga. 'Tongans in New Zealand were more likely to live in family situations than the total New Zealand population' (Statistics New Zealand, 2007, p. 13). Furthermore, the proportion living in a family situation (87%) is an increase of 3% since the last census (2001). Similarly, the number of households that comprised multiple families was proportionately higher than that for the general population. However, they were less likely to be in a situation of sharing a flat with other ethnicities or living alone. This pattern is consistent with household living arrangements in Tonga.

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

Tongan people share an ancestry that dates back at least 3000 years to the arrival of the Lapita people (Austronesian) in the South Pacific. The culture, although unique, exhibits common themes. The values, beliefs and traditions support an organised society based on a community, rather than individualistic mentality. The community or village represents the focal unit of Tongan society and not that of the family. Their culture and belief systems support a society that holds the needs of the community higher than those of the individual and immediate family. This societal approach is entrenched in both their social, spiritual and economic activities. The treatment of natural resources such as the sea and land follow a commons model, regulated only by the intertwined relationships and values that hold the community together. Ownership in a western sense is relatively new to Tonga and introduces with it the concept of individualistic land titles and personal wealth accumulation. Despite the slow take-up of western market paradigms, these are a threat to the continuity of traditional Tongan society in Tonga.

Tongan people share three principal cultural characteristics that impact on their decision making, prioritisation, interaction and business management. The first of these is their desire to build or enhance relationships through everything that they potentially do or say. The second is their identity with extended family and community, rather than that of an individual. The third is their focus on the present or the immediate event as having priority over other less immediate obligations. These three characteristics are an outcome of the common framework in which Tongan culture is entrenched. These entrenched characteristics impact on the way Tongan business owners operate their business, and therefore contribute to the ongoing success or failure of the business.

### *Methodology and Research Design*

This study is a qualitative work employing an interpretive paradigm. The discussions make reference to a series of cases, each representing a small Tongan business. For reasons of confidentiality these organisations have not been individually named and are referred to as C1 for case one, C2 for case two and so on. The reference to cases is intended to facilitate discussion and not to be taken as a series of unique case studies to be used in a case study research framework. A total of 20 cases or organisations were used in this study. Three business consultants were also consulted as part of the study. In the following discussion these are referred to as BC1, BC2 and BC3. The following

Table 1- Summary of Cases (refer appendix 1) provides a summary of the cases with their primary line of business noted adjacent. In a number of incidences, reference is made to opinions collected from members of the Tongan community who are affiliated to many of these businesses either as customers, employees or members of the extended family of the owner. The triangulation of these three views provides a robust source of information for research about the adoption of financial accounting challenges and sustainability of these businesses.

The Tongan businesses included in this study range from self-employed microenterprises to incorporated legal entities. The wide range of business entities provides a snapshot of Tongan businesses at various stages of growth. However the range is limited to a timeframe of 30 years as none of the businesses included in this study were more than 28 years old. This

relatively short life cycle is typical of many Pacific Island businesses that are owned and operated by the indigenous peoples of the South Pacific Islands.

Many of the businesses included in this study were family businesses. Some are still in their infancy while others have grown to include the involvement of the extended family and children. The application of family business literature to the Tongan context provides an opportunity to examine its appropriateness against a small yet grown part of the small and medium size business community and to explore the added impact of a people who are still very much entrenched in their culture.

### *Governance, General Management and Organisational Structure*

Corporate organisational structures are characterised by a clear division between owners or shareholders and the management of the company. They are also characterised by an elected or appointed board of directors that provides the strategic leadership and governance to the organisation. Management typically comprises a chief executive who is delegated the authority to employ the remainder of the staff and ensure that the strategic initiatives set by the board of directors are achieved. This structure provides a number of key advantages for businesses, both small and large. The main advantage is the independent professional input provided by directors who are external to the firm (Bettinelli, 2011; Daily & Dalton, 1992; Johannisson & Huse, 2000; Vilaseca, 2002). In a recent study involving Italian small businesses, Bettinelli ((2011) found that including external directors in the board resulted in greater commitment to the board's tasks but also showed greater capability in using the skills and knowledge that were available to the firm.

The organisational structure of many of Tongan businesses included in this study resembles that of a sole trader or partnership arrangement. The owner takes on the role of entrepreneur and manager of the firm. This is inevitable for many small businesses where there are insufficient staff members to cover all the roles that you would otherwise find in a corporate arrangement. However, the involvement of external directors even in the case of very small firms contributes favourably to the performance and survival of the firm (Chrisman & McMullan, 2004; Dyer, 2006; Fulop, 2000; Johannisson & Huse, 2000; Ray, 1999; Vilaseca, 2002).

### *Governance Structures and External Input*

General management has been identified as one of the key challenges faced by small businesses (Deshpande & Golhar, 1994; Gaskill, Van Auken, & Manning, 1993; Hornsby & Kuratko, 1990; Huang & Brown, 1999). Huang and Brown (1999) suggest that this is expected as “ the lack of managerial experience typifies small businesses, given that many start-ups are driven by people enthused about a business opportunity which they identify, yet they often lack the managerial or business experience” (p. 78). Small businesses that seek and use professional external advice, particularly during the planning phase of the business, increase their likelihood of survival (Aghion & Tirole, 1997; Chrisman & McMullan, 2004; Gaskill et al., 1993; Johannisson & Huse, 2000; Perry, 2001; Ray, 1999; Vilaseca, 2002).

The management challenges facing small businesses in general are shared by Tongan businesses in New Zealand. C5, C6 and C8 represent businesses set up based on the owner’s personal skill-set or experience in a particular trade. Although these businesses did not adopt a formal governance structure, governance input was in the form of external advice during the planning and early implementation phase. Part of the difficulty for these business founders is their lack of experience in management. While they may have a clear focus on what their business will do, the mechanical business processes of establishing systems, policies and procedures and managing staff are often beyond their skill set and passion.

Having a formal, independent and objective governance board is generally associated as contributing to business success and sustainability (Bettinelli, 2011; Daily & Dalton, 1992). However, family orientation (Molly, Laveren, & Deloof, 2010) and ethical focus (O’Boyle Jr., Rutherford, & Pollack, 2010) have been found to contribute positively to business success and sustainability. While the passion and drive to make a business successful is arguably greatest for the founder and family owners, external input into the management process is likely to benefit the firm without unduly taking away control from the founder. Tongan businesses that employed external directors in a cooperative manner were generally more successful.

A number of Tongan businesses adopt formal governance structures in response to mandated governance models required by the funding organisation, while others adopt it voluntarily. C1, C15 and C20 represent organisations who receive a significant part of their revenue from government agencies. As such, a formal governance model by way of a trust or board of directors is adopted to provide evidence of financial and operational accountability. C2, C3,

and C17 represent examples of businesses that have voluntarily set up governance structures, including independent external directors. The benefits for Tongan businesses in adopting a formal governance structure include structural credibility and business accountability to funders and customers, professional independence advice on strategic issues and an external source of innovative ideas.

C3 describes the role of the board of directors as important for the sustainability of the business.

We meet once a month with our directors just to double check how we are going, and one of our board of directors, he's a lawyer. So we consult him with all our legal side of the media, so ..keep us on track...We are very lucky to have them (directors) (C3:23.44).

C1 describes that they have two boards to assist in the strategic matters and another for creative issues.

“Again that was part of the original set up. An accountant was appointed. We have accounting programmes with the latest computers...But I have also a board (of directors) that sits outside (the operations). A board for business matters and a board for creative.. And they strategise long term. Very informal at the moment but it was one of the things that need to be set up and happening” (C1:32.39).

Tongan businesses included in this study that take advantage of external advice through having formal governance structures or informal advice from professionals are stronger financially and more responsive to changes in the market. Two firms (C10 and C12) included in this study that did not seek external professional advice have ceased trading since the commencement of this study. While other factors may have contributed to the closure of these businesses, lack of external advice, particularly on strategic issues (according to business consultant BC3) was a contributing factor.

The agency cost associated with corporate governance structures can be expensive for small organisations and it is difficult to secure willing professional directors to advise and provide ongoing support to small businesses. Dyer (2006) writes “family firms have a limited pool of potential recruits. The family may not be able to supply the firm with enough talented employees to manage the key operations” (p. 262). Huang and Brown (1999) suggest that this is particularly true in the area of general and strategic management. C1, C2, C3, C15, C17,

and C20 are the only businesses involved in the study that have a formal governance board including independent external directors or trustees. The owner of C3 discusses the difficulty she faced in recruiting professional directors and that had it not been for her networks in the Church, she would not have been able to secure directors of such high calibre. She acknowledges the weakness she has in general and strategic management, and is grateful for the guidance provided to her by the board. The owners of the majority of other businesses that do not have a formal governance board indicate that they are not able to afford one, and hence rely on family members and casual professional assistance from friends. C7, for instance, does not have a formal board, but maintains close ties with a number of former work colleagues as professional mentors. Small Tongan businesses (including C8, C5, C12, C14 and C18) that are not able to afford the cost of an independent professional governance board have used the expertise of business consultants from the Pacific Business Trust. However, the casual nature of this relationship has not always been successful as in the case of C18, where the consultant's (B2) advice was not followed and this led to the demise of the company.

A formal governance structure that necessarily separates owners from managers is a model foreign to Tongan traditional society. Tongan business owners tend to regard their business as more than a financial asset and means of income as an extension of their family network and a signal of their social status. As such, the owner is regarded as the most powerful person in the business. This chief-like attitude frustrates the formal adoption of governance, where the board of directors potentially sets the strategic direction for the CEO (who in many cases is the owner). Despite the benefits afforded by external independence input, Tongan businesses experience difficulty in securing such directors for a number of reasons. These reasons include affordability and unwillingness by directors to take on a role, given that the ultimate control continues to rest with the owner who (for embedded cultural reasons) is unlikely to share this control. Furthermore, the risk associated with such directorships is accentuated by non-business influences such as traditional gifting and maintaining the owner's social status, which impact negatively on the performance of the business. BC2 discusses an example of a Tongan business that eventually collapsed as a result of mismanagement of the business in favour of preserving the owner's social status. The example describes a Tongan business owner who repeatedly withdrew funds from the business to meet personal social obligations without regard to the financial viability of the business.

### *Succession Planning*

Succession planning refers to those initiatives that secure the ongoing operations of the business beyond the time that the current owner or management is involved. Since the majority of Tongan businesses are family owned and operated, succession planning is essential to the continuity of the business. The concept of succession planning is readily accepted by Tongans as it mimics traditional Tongan inheritance protocols. However, two aspects of Tongan culture are seen here working in opposite directions. The first extends from the societal mentality prominent in Tongan culture, while the second is the present day focus that they share. Keeping up social status influences Tongan behaviour. Working hard to maintain the ongoing survival of the business is important to preserve the social status of the family and to have an asset to pass onto the next generation. C7 (immigration consulting) explains her ongoing encouragement of her children to continue the business when she retires, despite their reluctance. She says:

I talk to them.. I try to insert this to them for a number of years but to be honest with you James none of them, none of them like this kind of business...but I don't stop there I keep nagging them... but they don't know how lucky they are (C7,33:09).

C4 (paving and road resurfacing) and C13 (agricultural importer and exporter) represent the two oldest Tongan businesses included in this study. In both cases the children grew up working for the family business and acquiring the skill and experience required to ensure its continuity. By the time that control needed to be handed over, the new management team was experienced and skilled in the trade. Since the commencement of this study, both these Tongan business pioneers have passed away leaving a thriving business to their family and community. The manager of C15 (radio broadcasting) describes the difficulty of running a business in a competitive radio market in Auckland. In order to continue operating a merger with another Pacific Island organisation was completed in 2007. Although this was not a family business, the view that the service was a community asset to be shared in common made its survival important to the entire Pacific Island community. During the announcement of the merger, emphasis was placed on the fact that although the legal ownership would

change, the Pacific Island community was able to secure its continuity for the benefit of all Pacific Islanders.

Tongan peoples' focus on the present has resulted in a number of them delaying the implementation of initiatives that will secure the smooth transition of the business to the next of kin. Their relaxed attitude to succession planning is understandable. Succession planning in the traditional sense is dealt with through traditional protocols. The heir to the family property (including the family business) has the responsibility of managing it in the future. There is little need for a will or testament, as traditional protocols set out how the transition should take place. In a western commercial framework such as that in New Zealand, Tongan business owners do not appear to appreciate that the transition will not happen smoothly unless they proactively put the appropriate mechanisms in place.

The practice of many Tongan businesses in this study lacks formal succession planning, placing an overreliance on the skills and knowledge of the current or founding owner. This is consistent with the findings of Feltham et al (2005) where Canadian families were found to rely unduly on a single decision-maker. While many of the businesses are financially strong, they are nevertheless vulnerable to changes in management or ownership. Unlike passing on land, handing on a business to the next generation requires that this generation has business skills, vision and a willingness to work, in order for the business to continue into the future.

Tongan businesses acknowledge the need to engage in succession planning. Motivated by the cultural need to preserve the family identity in the context of the community, they work hard to maintain the continued existence of the business. However, they demonstrate a casual attitude to ensuring that smooth transition of ownership and management takes place. Their reliance on traditional protocols and customs in a western commercial framework is misplaced and attention to formal succession planning is needed to preserve the continuity of Tongan businesses if they are to continue to contribute to the prosperity of Tongan people in New Zealand.

### *Role of the Family*

Most of the Tongan businesses included in this study are family businesses owned by the husband and wife (and in some cases including the children). The literature on family

businesses suggests that they are characterised by limited resources, both financial and skills, potential conflicts of interest and an unwillingness to include external management (Beckhard & Dyer Jnr, 1983; Carter & Van Auken, 2006; Deshpande & Golhar, 1994; Dyer, 2006; Gaskill et al., 1993; Kellermanns, 2005; King, Solomon, & Fernald Jr, 2001; Kuratko, Hornsby, & Naffziger, 1997; Perricone, Earle, & Taplin, 2001). While many of the findings in relation to family firms agree with findings about the businesses included in this research, consideration is also made of the fact that they are ethnically characterised. Chaganti and Greene (2002) go further to suggest that such businesses should be regarded not on their ethnicity alone, but by the degree of involvement they have in the community. For Tongan businesses embedded community involvement is a characteristic of their Tongan ethnicity (Tu'inukuafe, 1996).

The family unit is a central part of Tongan society and has an influence and role in the growth and management of Tongan businesses. A family with a business background, for instance, serves as an incubator for entrepreneurship. Bates and McGuckin (1990) write “coming from a background of family self-employment has been linked to the development of entrepreneurial values within an individual, as well as increasing one’s familiarity with small business milieu” (pp. 753-754). Perricone et al (2001) writes:

Keeping the firm within the family and asserting the primacy of ethnicity in hiring practices enhances institutional memory and preserves identity within the community infrastructure. The commercial benefits of the latter are paramount for such firms’ continuity, and a strong institutional memory can both aid performance routines and reinforce organizational commitment (p. 116).

C4 and C13 are examples of successful businesses characterised by long standing family involvement spanning multiple generations.

The desire to maintain control of the business impacts on the decision to involve outside directors (Rajeswararao Chaganti, DeCarlos, & Deeds, 1995; Dyer, 2006; Haugh & McKee, 2004; Johannisson & Huse, 2000; Kuratko et al., 1997; Miller, Le Breton-Miller, & Scholnick, 2008; Perricone et al., 2001; Ward, 1997) and external financing (Hutchinson, 1995). A number of businesses (including C1, C2, C5, C8 and C10) acknowledge the benefit of external advisors, but do not want to compromise the control they have in the business. Tongan business owners see their business as more than an investment as an extension of their family assets which therefore should be maintained to pass onto future generations.

They are reluctant to compromise the control they have in the business resulting from external governance, outside partners or debt covenants. Business consultant BC3 explains that a number of Tongan businesses, he had worked with, secured loans to start their business, but then failed to keep to the business plan. Many felt that they were the ones in control since it was their business, and that they should be given the freedom to run their business as they felt appropriate. Other businesses (including C1, C2, C4, C4, C5 C8 C10 C14 and C19) are co-owned by a husband and wife partnership. A number of these felt that they should be the ones in control as they are the risk takers, and it is their reputation and resources that are at risk. As a further consequence of this attitude of taking ultimate responsibility, Tongan businesses that are family-owned do not regard outside assistance during periods of financial difficulty as an option. The demise of a family firm is regarded as tainting the family reputation and therefore happens without community attention and open discussion.

The attitude that Tongan business owners have in relation to maintaining control is consistent with that held by owners of many family businesses. The cost of maintaining control for these Tongan businesses has been a compromise with external professional advice, innovation, collaborative networks and awareness of strategic opportunities.

On the positive side, family businesses, including many of those included in this research, share a competitive advantage over their larger and non-family owned counterparts. Dyer (Dyer, 2006) suggest that “agency theory has often been used to argue that family firm governance is more efficient than that of nonfamily enterprises”(p. 259). He adds that;

Families may have some unique advantages in developing social capital between the family and firm stakeholders (e.g., customers, suppliers, employees), given that they typically have the ability to cultivate and nurture long-standing relationships across generations, and firm stakeholders may be more likely to develop personal attachments to a family that owns and operates a business, rather than to an amorphous, impersonal firm (p. 262).

Miller et al (2008) add to this view, suggesting that family-owned businesses (FOB) show a greater devotion to ensuring the success of the business because of its inseparable link to the reputation of the family. They write:

FOB owners are said to care deeply about the long-term prospects of the business, in large part because their family’s fortune, reputation and future

are at stake. Their stewardship is said to be manifested by unusual devotion to the continuity of the company, by more assiduous nurturing of a community of employees, and by seeking out closer connections with customers to sustain the business (p. 51).

The Tongan businesses included in this study share a strong commitment to the success of their business and link that to their own personal and family success. While this passion is a positive driving force, maintaining focus is important for the continuity of the business (Perricone et al., 2001; Ward, 1997). Ward (1997) writes;

The “best practice” that is most important to long-term family business growth is the process of holding family meetings to define family purpose and mission, family values, and the motivations and rationale for continued business ownership. If good consensus emerges, the path to long-term business growth is quite secure. (p. 335)

Maintaining focus and ensuring that the family is united is absent in a number of the Tongan businesses involved in the study. The result in some cases has been detrimental to the performance and ultimate survival of the business. The owner of C7 notes that her children are not interested in continuing the business, despite the advantages of it already being a going concern. C1 and C5 are both successful firms with significant turnover. Despite this, they both run the risk of not being continued by family members in the future. The present-day focus, in this instance, does not work in their favour. Succession planning and strategic planning within the family are both essential to maintain control of the business and to ensure that it is sustainable.

### *Summary*

The organisational structure of Tongan businesses included in this study is similar to that of many small businesses in their early stages of growth. Many are partnerships with ownership being shared by the founding family. A significant number are husband and wife businesses with no external representation at the governance level. Although some are incorporated, the ownership and control remain vested within the founder’s family. External representation and input at the governance level (particularly during the planning stages) is generally regarded as beneficial to the business. However, securing appropriate individuals to fulfil this function is difficult and expensive.

Cost had been identified as a potential barrier to engaging external directors. While this is undeniable it is a barrier that some Tongan businesses have overcome through calling on the assistance of friends (with professional skills) and previous business colleagues and mentors. While in some cases this may be short term, it nevertheless is a start of a network that may naturally sustain itself in the future. Government funded business mentor programmes are a possible avenue for overcoming the sometimes high cost associated with engaging professional directors.

Tongan business entrepreneurs are keen to start new businesses in response to need and as a means of elevating social status. However they appear to be reluctant to share their vulnerability with others who are external to the family circle for fear of loss of reputation as a capable business operator. A number in this study had overcome this fear and recognised from an early stage that external directors provided a necessary level of objectivity. Businesses in this study who engaged with external governors were generally more successful. Tongan business entrepreneurs may benefit from overcoming their fear of external advisers and embrace a sense of humility that is likely to result in greater business success and sustainability.

While the organisational structure is typically flat, with the governance and management function being carried out by the owner(s), this is both inevitable and to some extent appropriate given the size of many of the firms and the early stage of growth that many of them are at. Maintaining control of the business through ownership and operational management is a key motivation found in many of the Tongan businesses included in the study. This results in the deliberate exclusion of input from non-family members and other external professionals from the planning process that may have contributed positively to the sustainability of the business. Unity of vision and passion to succeed, which is found to be stronger among family members connected with the business, is regarded as impacting positively on business sustainability. However the lack of independent advice in areas of employment and specific skill requirements potentially leaves family dominated businesses at risk of failure through family motivated decisions that are contrary to prudent business practice.

Succession planning has not been managed well by Tongan businesses. The independent and professional input that may otherwise have been provided by external governors may leave

these businesses unaware of the key turning points in business development life cycles that often transcend the lifetime and skillset of the business founders.

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**Table 1- Summary of Cases**

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