



Enhancing the ecosystem for entrepreneurship and innovation in the Pacific

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Ron Bevacqua, Jeff Liew and Peter Morgan

In collaboration with



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About this Publication

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Griffith Asia Institute (GAI) is an internationally leading partner for an inclusive, sustainable and prosperous Asia-Pacific. We build capacity and create positive impact through partnerships in sustainable economics and business, politics, international relations, security, and inclusive development. Founded more than 25 years ago, GAI has 130 members and is the largest institute of Griffith Business School at Griffith University.

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Please email any enquiry to stephen@sdtaylor.au



Recipient of a Small Business Development Project assistance to expand her "Lady Edwina" fishing company and stall at the Apia fish market. (Image: ADB)

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Executive summary

Small-scale enterprises, both formal and informal, are vital to the global economy, offering livelihoods to many of the world's most vulnerable populations. They embody resilience and innovation but face challenges that hinder their growth. These barriers include limited organisational capacity, low bargaining power, and restricted access to financing and markets. In the Pacific, these issues are intensified by geographic isolation, cultural practices, and low population densities, which further impede enterprise development.

In the wake of the coronavirus disease (COVID-19) pandemic, revitalising the small-scale enterprise sector presents an opportunity for economic recovery and capacity building. Recognising the potential of technology as a transformative tool, the Griffith Asia Institute, with funding from the Foundation for Development Cooperation (FDC), has partnered with the Asian Development Bank Institute (ADBI) to explore interventions aimed at fostering growth-oriented small-scale enterprises through digital technology. This project, in collaboration with the development banks of Samoa, Solomon Islands, and the Federated States of Micronesia (FSM), seeks to enhance small-scale enterprise access to finance, education, human capital, and enterprise support systems across the region.

This report presents the findings from the initial phase of the project, which involved data collection from Samoa, Solomon Islands, and FSM. Through interviews with local institutions and surveys of current and prospective small-scale entrepreneurs, the research highlighted how entrepreneurial behaviors impact the ability to overcome development constraints and identified existing support mechanisms. A key finding is that many small-scale enterprises function primarily as livelihoods, lacking formal business models or growth aspirations, which limits the potential impact of the support provided by financial institutions and development practitioners.

The research also revealed that, while there are small-scale enterprises with growth potential, most entrepreneurs operate in low-demand markets, which stifles innovation and learning. Many enter these markets with a subsistence mentality, aiming primarily to cover immediate expenses rather than pursue expansion. This situation is compounded by difficulties in accessing financing due to inadequate collateral and financial records, resulting in a reliance on informal funding sources.

The report offers several recommendations for enhancing support for small-scale enterprises in the Pacific:

1. **Enterprise Financing:** Development banks should consider creating accessible financial products like quick-response loans or overdraft facilities tailored for small-scale entrepreneurs. These products should prioritise ease of access and flexibility to address cash flow issues, which are critical for survival.
2. **Business Development Support:** Training programs must be more widely accessible and relevant. Integrating digital literacy and e-commerce training into Business Development Support (BDS) can empower entrepreneurs to leverage technology effectively. Establishing incentives for the adoption of digital payment systems can facilitate the transition from cash to digital transactions.
3. **Capacity Building for BDS Providers:** Developing national and regional standards for BDS can enhance service quality and relevance. A "New Venture Building Hub" could serve as an innovation platform, showcasing successful business models tailored to the Pacific context.
4. **Leveraging Technology:** Expanding online support services, enhanced by emerging technologies such as artificial intelligence, can revolutionise the support landscape for entrepreneurs. These services could cover a range of needs, from mentoring to market analysis, ultimately fostering a more robust entrepreneurial ecosystem.

By addressing these areas, stakeholders can better support small-scale entrepreneurs in the Pacific, enhancing their ability to thrive and contribute to economic resilience and development.

Introduction

Formal and informal small-scale enterprises are critical to the economy and provide livelihoods for many of the world's poorest and most vulnerable people. They also represent important sites of resilience, dynamism, and innovation. However, the development of small-scale enterprises and, by extension, the potential to enhance the economic welfare of those at the base of the economic pyramid are often constrained. Barriers include a lack of organisational capacity and human resources, low bargaining power with customers and suppliers, and limited access to financing, support structures, and wider markets. In the Pacific, these challenges are further exacerbated by local conditions such as remote geographies, traditional cultural practices, and low population densities that inhibit enterprise growth.

As the region seeks to navigate the aftermath of the economic downturn resulting from the coronavirus disease (COVID-19) pandemic, revitalisation of small-scale enterprises represents an opportunity for economic recovery and capacity building. Technology is gaining greater attention as a potential solution to support the growth and development of Pacific entrepreneurs.

With funding from the Foundation for Development Cooperation (FDC), the Griffith Asia Institute has partnered with the Asian Development Bank Institute (ADBI) to research and potentially pilot test interventions for creating growth-oriented small-scale enterprises through digital technology.

Working closely with the development banks of Samoa, Solomon Islands, and the Federated States of Micronesia (FSM), the project seeks to identify opportunities for technology and other interventions to enhance access to finance, education, and human capital and strengthen enterprise incubation and acceleration across the Pacific region.

This report provides an overview of the first phase of this project, which focused on gathering and analysing data from three Pacific Island countries (Samoa, Solomon Islands and FSM). Through a series of interviews with local institutions (institutional informants) and surveys administered to both potential and established small-scale entrepreneurs, the research team gathered important insights on how certain behaviors among entrepreneurs impact their ability to address development constraints, what support mechanisms currently exist to support entrepreneurs, and where there are opportunities for technology to play a larger role.

The report is structured as follows. Chapter 2 outlines the methods used for data collection, including a detailed overview of the study participants. Chapters 3–6 present the collected data as they pertain to the primary focus areas of the research: mindset and motivations, constraints and opportunities, available support mechanisms, and the impact of digital technologies. Chapter 7 analyses the data findings, and Chapter 8 concludes with recommendations for potential interventions.



Street food seller, Colonia, Pohnpei, Federated States of Micronesia. (Image: Shutterstock)

1. Methodology and participant demographics

Data for this project were gathered from two primary stakeholder groups within the three target countries (FSM, Samoa, and Solomon Islands), i.e., local institutions and small-scale entrepreneurs, both established and potential.

In total, 29 qualitative in-depth interviews were conducted with senior representatives of institutions. These institutions were targeted based on their prominent roles in the local business development ecosystem. These included commercial banks, development banks, government agencies, and nongovernmental organisations (NGOs). Between 1 November 2023 and 23 February 2024, nine institutions were interviewed in the FSM, and 10 each in Samoa and Solomon Islands. The interviews were conducted face-to-face, over the telephone, or over a video call and lasted an average of 20 minutes. Details on the institutions that participated in these interviews are provided in Table 1.1. The objective of the interviews was to gather external perspectives on constraints and opportunities faced by local entrepreneurs who had a desire to grow and develop their enterprises. The full interview questions are included in Annex 1.

Table 1.1: Institutions that participated in interviews

Country	Institution
 FSM	FSM Development Bank
	FSM Banking Board
	USAID
	International Organization for Migration
	Bank of FSM
	Pohnpei Women Council
	Yap Small Business Development Centre
	Yap Chamber of Commerce
	FSM Association of Chambers of Commerce
 Samoa	Samoa Association of Manufacturing and Export
	Development Bank of Samoa
	Samoa Business Hub
	Samoa Agribusiness Support Project
	Women in Business and Development Incorporated
	Ministry of Commerce, Industry, and Labor
	UNCDF Pacific Digital Economy Program
	Women in Business and Development Incorporated
	Market Development Facility
	Samoa Women Association of Growers
 Solomon Islands	Ministry of Commerce, Industry, Labour, and Immigration
	Central Bank of Solomon Islands
	Development Bank of Solomon Islands
	Youth Entrepreneur Council Solomon Islands
	Australia Pacific Training Coalition
	Small Business Enterprise Centre
	Solomon Islands Women in Business Association
	Good Return
	South Pacific Business Development
	UNCDF Pacific Digital Economy Program

FSM= Federated States of Micronesia, UNCDF = United Nations Capital Development Fund, USAID = United States Agency for International Development.

Source: Authors.

To gather insights on the challenges and opportunities faced by small-scale entrepreneurs in the Pacific, quantitative survey tools were developed for both potential and established entrepreneurs. Each survey was scripted on a computer-assisted personal interviewing platform and administered face-to-face on tablets. On average, the potential entrepreneurs took 25 minutes to complete the surveys, and the established ones took 30 minutes. The fieldwork was conducted between 9 January and 9 February 2024. The surveys were designed to gauge the nature of the current or potential enterprise, the motivations for and barriers to carrying out the enterprise, attitudes toward technology, and perceptions on how to grow a business within local environments.

For the potential entrepreneurs, survey responses were collected from 160 participants across all three countries, whereas the total sample of established entrepreneurs was 469. The established entrepreneurs were further divided into three sub-groups according to their estimated annual turnover. Field teams approached businesses for these interviews in diverse locations, including urban, peri-urban, and accessible rural areas, and across various industries. For the potential or aspiring entrepreneurs, field teams engaged respondents through business schools or training centers, business associations, and marketplaces, also employing snowball sampling to identify additional qualifying participants. Table 1.2 provides a more detailed breakdown of the survey responses across each category, including the selection criteria for each group, while Table 1.3 provides a breakdown of the number of established entrepreneur sub-groups that participated in each country.

The survey questionnaire for potential entrepreneurs is provided in Annex 2 and the questionnaire for established entrepreneurs is provided in Annex 3.

Table 1.2: Overview of survey respondents

Group	Description	Screening criteria	Sample size
Potential Entrepreneurs	Those who are interested in starting a business but have not yet done so. This group may include potential entrepreneurs who have begun to take steps towards starting a business, i.e., developed a business plan, designed a product, spoken to banks about a loan, etc.	<ul style="list-style-type: none"> • Has a desire to start a business • Minimum age: 18 	Total 160 <ul style="list-style-type: none"> • 50 FSM • 50 Solomon Islands • 60 Samoa
Nano Enterprises	Smallest traders with limited growth potential. These would generally have no paid staff and no permanent physical presence. Examples include street sellers, market vendors, et al., selling things like agricultural produce, handicrafts, etc.	<ul style="list-style-type: none"> • Has a desire to grow the business beyond its current state • Minimum age: 18 • Annual turnover of less than \$5,000 (or local currency equivalent) 	Total 161 <ul style="list-style-type: none"> • 50 FSM • 50 Solomon Islands • 61 Samoa
Micro Enterprises	Generally, it would include businesses with a more permanent physical presence, i.e., a shop, and may have a few paid staff. Examples might include takeaway shops, small retail outlets, etc.	<ul style="list-style-type: none"> • Has a desire to grow the business beyond its current state • Minimum age: 18 • Annual turnover of \$5,000 to less than \$15,000 (or local currency equivalent) 	Total 158 <ul style="list-style-type: none"> • 54 FSM • 54 Solomon Islands • 50 Samoa
Small Enterprises	Same as micro-enterprises, but with a higher turnover.	<ul style="list-style-type: none"> • Has a desire to grow the business beyond its current state • Minimum age: 18 • Annual turnover of \$15,000 to less than \$40,000 (or local currency equivalent) 	Total 150 <ul style="list-style-type: none"> • 50 FSM • 50 Solomon Islands • 50 Samoa

FSM = Federated States of Micronesia.

Source: Authors.

Table 1.3: Breakdown by annual turnover in US\$ (established entrepreneurs)

Size/Annual Turnover	Total	FSM	Solomon Islands	Samoa
(Nano) Less than \$5,000	161	50	50	61
(Micro) \$5,001 to \$20,000	158	54	54	50
(Small) \$20,001 to \$40,000	150	50	50	50
Total	469	154	154	161

FSM = Federated States of Micronesia.

Source: Authors.

As shown in Table 1.4, most established entrepreneurs who participated in the survey had very few, if any, paid employees. Of these, 35% were sole proprietors (35%), while 39% had no more than two employees.

Table 1.4: Breakdown by number of employees (established entrepreneurs)

Employees	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
0 (sole proprietor)	165	35.2	41	26.6	55	35.7	69	42.9
1–2	185	39.5	74	48.1	49	31.8	62	38.5
3–4	64	13.7	32	20.8	17	11.0	15	9.3
5–6	23	4.9	4	2.6	12	7.8	7	4.3
More than 6	32	6.8	3	1.9	21	13.6	8	5.0
Total	469		154		154		161	

FSM = Federated States of Micronesia.

Source: Authors.



Workers cutting raw logs into lumber, Honiara, Solomon Islands. (Image: Shutterstock)

Considering the size of the established enterprises, measured by annual turnover, there was no significant difference in the number of paid employees across the three sub-groups, although the nano group had fewer than the other two (60% versus 66%–69%) (Table 1.5).

Table 1.5: Number of paid employees according to enterprise size (established entrepreneurs)

Size/Annual Turnover	Number of paid employees					Respondents with paid employees
	0 (sole proprietor)	1–2	3–4	5–6	> 6	
(Nano) Less than \$5,000 (161)	65	68	19	4	5	96 (59.6%)
(Micro) \$5,001 to \$20,000 (158)	49	62	29	7	11	109 (68.9%)
(Small) \$20,001 to \$40,000 (150)	51	55	16	12	16	99 (66%)
Total (469)	165	185	64	23	32	304 (64.8%)

Source: Authors.

The use of unpaid family labour was high among established enterprises surveyed (272), 65% of the sample (Table 1.6). The distribution by firm size was also relatively even.

Table 1.6: Number of enterprises with unpaid family labour, by number of unpaid family employees and turnover (established entrepreneurs)

Size/annual turnover	Number of unpaid family employees					Respondents with unpaid employees
	0 (sole proprietor)	1–2	3–4	5–6	> 6	
(Nano) Less than \$5,000 (161)	34	41	13	4	5	63 (64.9%)
(Micro) \$5,001 to \$20,000 (158)	27	31	18	3	5	57 (67.9%)
(Small) \$20,001 to \$40,000 (150)	34	35	8	6	8	57 (62.6%)
Total (272)	95	107	39	13	18	177 (65.1%)

Source: Authors.

Established small-scale entrepreneurs included in the study represented a wide range of sectors. The largest shares were in retail, farming, agriculture, food, or other services (Table 2.7). The distribution of sectors was similar, irrespective of enterprise size. These types of businesses usually have low start-up costs, making them attractive for low-income people. At the same time, the low barrier to entry leads to high competition, which often drives down profit margins.

Table 1.7: Enterprises surveyed by sector (established entrepreneurs)

Sector	Total	%	(Nano) Less than \$5,000	%	(Micro) \$5,001 to \$20,000	%	(Small) \$20,001 to \$40,000	%
Manufacturing	32	6.8%	10	6.2%	16	10.1%	6	4.0%
Farming/agriculture	107	22.8%	30	18.6%	39	24.7%	38	25.3%
Food services	49	10.4%	20	12.4%	16	10.1%	13	8.7%
Retail	107	22.8%	40	24.8%	31	19.6%	36	24.0%
Service provider	79	16.8%	25	15.5%	28	17.7%	26	17.3%
Fishery	37	7.9%	15	9.3%	10	6.3%	12	8.0%
Technology	9	1.9%	3	1.9%	3	1.9%	3	2.0%
Finance	15	3.2%	7	4.3%	7	4.4%	1	0.7%
Education	6	1.3%	3	1.9%	1	0.6%	2	1.3%
Construction	19	4.1%	4	2.5%	5	3.2%	10	6.7%
Circular economy	8	1.7%	3	1.9%	2	1.3%	3	2.0%
Other	1	0.2%	1	0.6%	0	0.0%	0	0.0%
Total	469		161		158		150	

Source: Authors.

The age of survey participants ranged from 18–24 to 75+ years. Most established entrepreneurs were within the 25–34 (27.9%), 35–44 (26.2%) and 45–54 (26.4%) age groups. A similar pattern was also observed among potential entrepreneurs (Tables 1.8a and 1.8b). However, the Samoan sample was older, with age 45–54 being the largest group among the established and a strong presence in the 45–54 and 55–64 age groups among the potentials.

Table 1.8a: Age of survey respondents (established entrepreneurs)

Age Group	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
18–24	33	7.0	13	8.4	9	5.8	11	6.8
25–34	131	27.9	48	31.2	47	30.5	36	22.4
35–44	123	26.2	50	32.5	37	24.0	36	22.4
45–54	124	26.4	32	20.8	41	26.6	51	31.7
55–64	45	9.6	7	4.5	17	11.0	21	13.0
65–74	9	1.9	3	1.9	2	1.3	4	2.5
75+	4	0.9	1	0.6	1	0.6	2	1.2
Total	469		154		154		169	

FSM = Federated States of Micronesia.
Source: Authors.

Table 1.8b: Age of survey respondents (potential entrepreneurs)

Age Group	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
18–24	24	15.0	10	20.0	7	14.0	7	11.7
25–34	53	33.1	18	36.0	20	40.0	15	25.0
35–44	35	21.9	14	28.0	13	26.0	8	13.3
45–54	27	16.9	6	12.0	7	14.0	14	23.3
55–64	18	11.3	2	4.0	2	4.0	14	23.3
65–74	3	1.9	0	0.0	1	2.0	2	3.3
75+	0	0.0	0	0.0	0	0.0	0	0.0
Total	160		50		50		60	

FSM = Federated States of Micronesia.
Source: Authors.

The gender of survey participants was skewed toward women among the established entrepreneurs (55.7%); this pattern was consistent in all three countries. However, more men participated among the potential entrepreneurs (51.9%); while this was true among FSM participants, the reverse trend was observed in Solomon Islands and Samoa (Tables 1.9a and 1.9b).

Table 1.9a: Gender of survey respondents (established entrepreneurs)

Gender	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Male	208	44.3	72	46.8	66	42.9	70	43.5
Female	261	55.7	82	53.2	88	57.1	91	56.5
Total	469		154		154		161	

FSM = Federated States of Micronesia.
Source: Authors.

Table 1.9b: Gender of survey respondents (potential entrepreneurs)

Gender	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Male	83	51.9	31	62.0	24	48.0	28	46.7
Female	77	48.1	19	38.0	26	52.0	32	53.3
Total	160		50		50		60	

FSM = Federated States of Micronesia.

Source: Authors.

Half of the established and potential entrepreneurs had completed secondary school. Solomon Islands had the highest share of university graduates among potential entrepreneurs (Tables 1.10a and 1.10b).

Table 1.10a: Education level of survey respondents (established entrepreneurs)

Education	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
No formal education	7	1.5	3	1.9	4	2.6	0	0.0
Primary school	67	14.3	35	22.7	29	18.8	3	1.9
Secondary school/high school	239	51.0	61	39.6	59	38.3	119	73.9
Vocational training	22	4.7	7	4.5	10	6.5	5	3.1
University undergraduate degree	127	27.1	48	31.2	49	31.8	30	18.6
Higher university degree (e.g., Masters, Doctorate)	7	1.5	0	0.0	3	1.9	4	2.5
Total	469		154		154		161	

FSM = Federated States of Micronesia.

Source: Authors.

Table 1.10b: Education level of survey respondents (potential entrepreneurs)

Education	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
No formal education	3	1.9	3	6.0	0	0.0	0	0.0
Primary school	9	5.6	8	16.0	1	2.0	0	0.0
Secondary school/high school	80	50.0	20	40.0	17	34.0	43	71.7
Vocational training	17	10.6	8	16.0	7	14.0	2	3.3
University undergraduate degree	49	30.6	11	22.0	25	50.0	13	21.7
Higher university degree (e.g., Masters, Doctorate)	2	1.3	0	0.0	0	0.0	2	3.3
Total	160		50		50		60	

FSM = Federated States of Micronesia.

Source: Authors.

The findings of this report were shared and further developed at a policy dialogue event held in Brisbane, Australia, on 26–27 March 2024. About 40 senior Pacific stakeholders representing government, the private sector, and civil society participated. The outcomes of this dialogue have been incorporated into the recommendations of this report.

Chapters 3–6 provide a detailed overview of the data according to the primary focus areas of the research: mindset and motivations, constraints and opportunities, available support mechanisms, and the impact of digital technologies.

2. Mindset (motivations to grow and develop)

Why do small-scale business owners do what they do? Understanding their motivation can provide insight into the most effective interventions for supporting enterprise growth and development. When responding to why they decided to start a business (Table 2.1), most established entrepreneurs (51%) said they were driven by both entrepreneurialism (the dream to start a business and take advantage of an opportunity) and the desire to increase (45.6%) or maintain (39.2%) their income. These trends were similar across the three countries.

Table 2.1: Reasons for starting a business (established entrepreneurs)

Reason	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
To take advantage of business opportunity	134	28.6	36	23.4	45	29.2	53	32.9
There are no better choices for work	141	30.1	53	34.4	61	39.6	27	16.8
It was my dream to start a business	239	51.0	66	42.9	65	42.2	108	67.1
Greater independence	108	23.0	30	19.5	50	32.5	28	17.4
Increase my income	214	45.6	59	38.3	89	57.8	66	41.0
To maintain income	184	39.2	19	12.3	87	56.5	78	48.4
Total	469		154		154		161	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.

Potential entrepreneurs are driven by the same motivations: entrepreneurialism, i.e., taking advantage of an opportunity, independence, wanting to be seen as a successful entrepreneur, and enjoying running my own business (21.3%, 15%, 5.6%, and 18.1%, respectively), and income (21.9%). Trends were similar across the three countries except for a greater emphasis on independence in Solomon Islands (26%) and income in the FSM (34%), as shown in Table 2.2.

Table 2.2: Reasons for wanting to start a business (potential entrepreneurs)

Reason	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
I want to take advantage of business opportunity	34	21.3	10	20.0	9	18	15	25.0
There are no better choices for me to make a living	14	8.8	4	8.0	3	6	7	11.7
I want to have independence rather than work for someone else	24	15.0	6	12.0	13	26	5	8.3
I think it's the best way to increase my personal income	35	21.9	17	34.0	9	18	9	15.0
My family/friends encourage me to start a business	9	5.6	6	12.0	0	0	3	5.0
I want to be seen as a successful entrepreneur	15	9.4	2	4.0	5	10	8	13.3
I will enjoy running my own business	29	18.1	5	10.0	11	22	13	21.7
Total	160		50		50		60	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.



Boats moored along the shoreline in front of Gizo Market in the Solomon Islands. (Image: Shutterstock)

Many established small-scale entrepreneurs also say that growth and profits were sought to overcome the challenges of borrowing from banks. They aim to save profits for investment in other business projects or long-term financial stability.

The twin motivations of income and independence are held roughly equally across entrepreneurs regardless of firm size (as measured by turnover), as shown in Table 2.3.

Table 2.3: Motivation for starting a business according to enterprise size (established entrepreneurs)

Motivation	Nano/ Less than \$5,000	%	Micro/ \$5,001 to \$20,000	%	Small/ \$20,001 to \$40,000	%
To take advantage of business opportunity	19	11.8	9	5.7	20	13.3
No better choices for work	50	31.1	49	31.0	35	23.3
It was my dream to start a business	59	36.6	45	28.5	37	24.7
Greater independence	70	43.5	87	55.1	82	54.7
Increase my personal income	31	19.3	43	27.2	34	22.7
To maintain income	71	44.1	87	55.1	56	37.3
Total	161		158		150	

Source: Authors.

Table 2.3 also shows that 31% of nano- and micro-entrepreneurs started their businesses in part due to a lack of choice. This was corroborated in interviews with institutional informants, who said that, although "freedom" is a key motivator for starting a business, many people do so due to a lack of alternative sources of income.

There's some that there's no other option, and so they're wanting, but that's not the majority; I think that's very few.... And then also people, they want to be free, they want to be their own boss.

Representative of local women's council

Women in this organisation do business because they want to provide for their family or they want to pay their children's school fees, there's always an obligation there that forces them to go into business. It's not an option for them. It's not something that they embrace or they like doing or are passionate about doing. I mean, they might be passionate about the different types of skills that they are learning, like cooking, sewing, or making crafts. But for them to be in this space of doing business, to me is like, it is forced upon them because they don't have any other choice but to provide for their families.

Representative of a local business development organisation

Lack of options, we know that unemployment is high in Solomon Islands, so what else do they do. You can work on a project or you start your business.

Representative of a regional development organisation

Approximately 85% of the population are in the informal sector of the economy ... and one of the incentives for them is that entrepreneurship is a path to employment [for themselves].

Representative of local a business association

I think number one is make money, the main thing is making money and then secondly, well to make money so they can be able to provide for their family that are facing needs. You know, we encounter this information from time to time, but for some people the motivation is to drive changes they need to see in the economy. But I would have to say the number one motivation is just making money.

Representative of a national government agency

I think one of the biggest motivations is they need to, yeah, is income earning, because the mothers are stay home mothers, and they need to earn money instead of just relying on if, let's say if the father is working or, yeah so it's income earning for them.

Representative of a local women's association

Although small-scale business owners may "lack choice", it does not mean they rely on their businesses for survival. Given the familial and communal nature of Pacific Island culture, most people have access to the basic necessities of life. According to institutional informants, for many entrepreneurs, their business is a way of generating the cash needed to purchase goods and services that the family or community does not provide, e.g., school fees, utilities, mobile phones, and TVs.

[In] Yap, there's still that subsistence sector in the economy. [W]e're not a fully cash like economy that you know you have to have cash in order to live and so that's also to me that's another thing that people no one is like you know when they wake up in the morning the first thing is they make some money, you know, they could just oh I go garden, do my garden, I go fishing, you know, I mean they can live with the zero cash in their pocket for the day, even the week. It's only the time that they need cash is when they have to buy something like a big, big purchase or pay for bills like utilities.

Representative of a local business development organisation

If you ever ask how will this money be used, they'll say for the children, for the school fees, so for education is always a really important one. But it's also it is for purchasing, like people want to have money, everyone has a phone, everybody wants credit on a phone. Everybody wants to go to the shop to buy whatever it is that they want to buy, like the consumer element of things is that people, there are things that they want too in the modern world and want to have access to and have a television and, you know, watch the Pacific Games at the moment on TV.

Representative of local business development organisation

They need cash. We're all living in a cash economy now and there aren't any opportunities in the villages for them to earn money there.

Representative of a local business development organisation

Institutional informants also highlighted a common opinion in their interviews that achieving financial stability is a primary factor motivating established small-scale entrepreneurs to grow their businesses (Table 2.4).

Table 2.4: Institutional informant description of main factors driving the motivation of entrepreneurs to start a business

Main Factor	Total	FSM	Solomon Islands	Samoa
Faith and Family	5	2	2	1
Lifestyle improvement	6	1	3	2
Diversification	7	1	4	2
Financial Stability	9	3	4	2
Total	27	7	13	7

FSM = Federated States of Micronesia.

Source: Authors.

Generating income is always a motivating factor in any business venture. However, key informants describe entrepreneurs as being motivated by more than money.

I think for genuine business owners, [the motivation] is owning a business, owning a business, and also for a source of income. So, I think those are the two for the genuine businesspeople. It's owning a business and having a business and having it expand, competing within the local market, having employed a number of employees, being seen as an employer where people will be employed and assist their families, so I think that is the main thing is being owner, being an owner of a business and having a business, I think that is the main motivation, competing with competitors and able to employ employees.

Representative of a local financial institution

I think they see a need, an opportunity, then that person is motivated to create a business. I believe they see a vision that this need can be transformed into a business avenue and then from there they create a good business.

Representative of local a business development organisation

Whatever their motivation, most small-scale entrepreneurs get started by copying a business based on their past experience or by observing others.

It's really surprising in small communities you would think that people would be looking to distinguish their business from each other but there really is this mentality of "well, this is what every other store is carrying so that's what I'm going to carry and you know well they have a store over there so I can do as good as they are and I'm going to start a store here and I'm going to sell the same things".

Representative of a local financial institution

Indeed, the survey results show that Pacific small-scale entrepreneurs are not motivated by a desire to innovate. There are cases in which technology has been adopted, such as using global positioning for delivery trucks, point-of-service so customers can pay digitally, or social media to sell, but overall innovation is limited (Table 2.5).

Table 2.5: Institutional informant description of level of innovation by country

Level	Total	FSM	Solomon Islands	Samoa
Low to None	2	1	1	0
Little	5	0	3	2
Halfway there	1	1	0	0
Limited	2	0	0	2
Early stages	4	0	2	2
Not there yet	3	0	3	0
Total	17	2	9	6

FSM = Federated States of Micronesia.

Source: Authors.

We don't see a strong entrepreneurial spirit here or tradition. When we've talked to the bankers about lending and where they see people coming in and asking for loan funds or support - what they see is mostly just importing a consumer good and selling it. So, a small retail store kind of thing. They don't see a lot of creativity on value-added.

Representative of a regional development organisation

In terms of innovation, not so much. To me, innovation means coming up with a new idea and turning it into entrepreneurship or money-making idea or improving on an existing idea and monetising it. But for us, once we have settled into one type of system or a certain way of doing things it's quite hard for people to change or open up to new ideas unless we realise that things need to change. We are not very innovative people, maybe, on the other hand we are innovative, except that we don't see how to make money out of our innovations.

Representative of a local business development organisation

I would say, not much [innovation]. People, well, Samoa's main economy is agriculture, fisheries, and now people are picking up or starting to go towards agro processing. So especially from the micro, small and medium-sized enterprises (MSMEs), people are more into, there's a lot of those in the garment industry, you know sewing and selling textiles, but not so much innovation if you look at the products that we sell and the products that are locally made and being exported. It's mainly the use of these agro products such as oil, body oil, oil soap, so you know that's what we're used to. The level of innovation is not as much.

Representative of a national government agency

Among established entrepreneurs, the twin motivations of entrepreneurialism and income are similar between women and men (Table 2.6).

Table 2.6: Reasons for starting a business (established entrepreneurs)

Reasons	Total	Total %	Male	M %	Female	F %
To take advantage of business opportunity	134	28.6	72	34.6	62	23.8
No better choices for work	141	30.1	55	26.4	86	33.0
It was my dream to start a business	239	51.0	101	48.6	138	52.9
Greater independence	108	23.0	48	23.1	60	23.0
Increase my personal income	214	45.6	92	44.2	122	46.7
To maintain income	184	39.2	75	36.1	109	41.8
Total	469		208		261	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.

Women and men also express similar attitudes about entrepreneurialism. Interestingly, women are less likely than men to say that customary and family obligations make it difficult for their businesses to succeed (Table 2.7).

Table 2.7: Statements about entrepreneurship: Rating: 1 (strongly disagree) to 5 (strongly agree) (established entrepreneurs)

Statement	Total	Male	Female
My family is happy that I have become an entrepreneur	4.4	4.3	4.4
My closest friend says that it is right that I am an entrepreneur	4.0	3.9	4.1
The person I look up to has encouraged me to be an entrepreneur	3.9	3.9	3.9
My customary and family obligations make it very hard for my business to succeed	2.8	3.0	2.6
The person I look up to is an entrepreneur	3.9	3.9	3.9

Source: Authors.

Among potential entrepreneurs, motivations for starting a business were similar between women and men in terms of income (Table 2.8). However, men were also motivated to take advantage of business opportunities, while women were driven by the anticipation of enjoying running the business.

Table 2.8: Reasons for wanting to start a business (potential entrepreneurs)

Reasons	Total	Total %	Male	M %	Female	F %
I want to take advantage of business opportunity	34	21.3	21	25.3	13	16.9
There are no better choices for me to make a living	14	8.8	7	8.4	7	9.1
I want to have independence rather than work for someone else	24	15.0	15	18.1	9	11.7
I think it's the best way to increase my personal income	35	21.9	17	20.5	18	23.4
My family/friends encourage me to start a business	9	5.6	4	4.8	5	6.5
I want to be seen as a successful entrepreneur	15	9.4	7	8.4	8	10.4
I will enjoy running my own business	29	18.1	12	14.5	17	22.1
Total	160		83		77	

FSM = Federated States of Micronesia.

Source: Authors.

Women and men potential entrepreneurs also express similar attitudes about entrepreneurialism (Table 2.9).

Table 2.9: Attitudes towards entrepreneurs: Rating: 1 (strongly disagree) to 5 (strongly agree) (potential entrepreneurs)

Attitude	Total	Male	Female
I admire entrepreneurs	4.08	4.12	4.03
It will be worthwhile to be an entrepreneur	4.01	4.06	3.96
Developing entrepreneurial experience will be beneficial to me	4.06	4.1	4.01
I will be proud to be an entrepreneur	4.27	4.3	4.23

FSM = Federated States of Micronesia.

Source: Authors.

Table 2.10 shows the steps potential entrepreneurs have taken to establish their enterprises. Both genders reported saving money to use for business (33%); however, two key differences between women and men potential entrepreneurs are that more men have prepared a business plan and have found business partners and investors.

Table 2.10: Steps taken to establish a business within the past six months

Steps taken	Total	Total %	Male	M %	Female	F %
I have attended a training session to learn about how to start or manage a business	19	11.9	9	10.8	10	13.0
I have prepared a business plan	50	31.3	26	31.3	21	27.3
I have saved some money to use for my business	53	33.1	27	32.5	26	33.8
I have identified potential partners or co-founders	17	10.6	11	13.3	6	7.8
I have identified potential investors	10	6.3	7	8.4	3	3.9
None	4	2.5	1	1.2	3	3.9
Total	160		83		77	

Note: Respondents were able to provide multiple answers.

Source: Authors.

Summary of key findings

The motivations of small-scale entrepreneurs in the Pacific are primarily the dual desires for income and independence. A significant portion of established entrepreneurs (51%) indicate their reasons for starting a business include the aspiration for entrepreneurialism and the need to maintain or increase income. These motivations are echoed among potential entrepreneurs, with variations in emphasis across different countries, such as a greater focus on independence in Solomon Islands and income in the FSM. While many entrepreneurs express a strong desire to improve their financial stability and invest in their businesses, about 31% of nano- and micro-entrepreneurs report starting their ventures due to a lack of alternative income sources.

Despite this entrepreneurial spirit, there is a notable tendency towards imitation rather than innovation; many entrepreneurs model their businesses on existing successful ventures in their communities. This lack of innovation is reinforced by a cultural context where subsistence practices allow for survival without cash, leading many to pursue entrepreneurship for occasions where cash is needed rather than strong business motivation. Women, while equally motivated by income, also highlight familial obligations as key drivers. Overall, the chapter underscores the complex interplay between necessity, aspiration, and cultural influences in shaping the entrepreneurial landscape in the Pacific.

3. Constraints and opportunities

Constraints

The survey data and qualitative interviews point to two major constraints on the growth of Pacific small-scale entrepreneurs: access to finance and managerial capacity. Other structural constraints to Pacific Island nations and outside the scope of possible project interventions include lack of market access due to small populations and underdeveloped infrastructure and logistics, limited human resources (partly due to migration), high cost of electricity and other business inputs, and climate change.

Regarding financial constraints, Table 3.1 shows that relatively few established small-scale entrepreneurs borrow. Most finance their business through personal savings or gifts from family and friends.

Table 3.1: Sources of money to support the business (established entrepreneurs)

Source of money	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
I borrowed money from an individual with a commitment to pay back	32	6.8	5	3.2	16	10.4	11	6.8
I borrowed money from a financial institution with a commitment to pay back	48	10.2	21	13.6	18	11.7	9	5.6
I received money from family or friends that I was not required to pay back	91	19.4	3	1.9	20	13.0	68	42.2
I used my own savings	377	80.4	130	84.4	121	78.6	126	78.3
I received a cash grant from an organisation, NGO, or government agency	20	4.3	11	7.1	7	4.5	2	1.2
I received money from equity investors on the promise of sharing profits	6	1.3	1	0.6	3	1.9	2	1.2
Other	5	1.1	3	1.9	0	0.0	2	1.2
Total	469		154		154		161	

FSM = Federated States of Micronesia, NGO = nongovernmental organisation.

Note: Respondents were able to provide multiple answers

Source: Authors.

Regardless of size (turnover), most businesses were started with savings (80.4%), with only 10.2% of entrepreneurs borrowing formally. Notably, only a few larger firms have found outside equity investors (Table 3.2).

Table 3.2: Sources of money to support the business, by business size (established entrepreneurs)

Source of money	Total	Total %	Nano/ Less than \$5,000	%	Micro/ \$5,001 to \$20,000	%	Small/ \$20,001 to \$40,000	%
I borrowed money from an individual with a commitment to pay back	32	6.8	13	8.1	12	7.6	7	4.7
I borrowed money from a financial institution with a commitment to pay back	48	10.2	10	6.2	21	13.3	17	11.3
I received money from family or friends that I was not required to pay back	91	19.4	36	22.4	30	19.0	25	16.7
I used my own savings	377	80.4	131	81.4	119	75.3	127	84.7
I received a cash grant from an organisation, NGO, or government agency	20	4.3	4	2.5	8	5.1	8	5.3
I received money from equity investors on the promise of sharing profits	6	1.3	0	0.0	2	1.3	4	2.7
Total	469		161		158		150	

FSM = Federated States of Micronesia, NGO = nongovernmental organisation.

Note: Respondents were able to provide multiple answers.

Source: Authors.

Table 3.3 shows that 19.6% (92 out of 469) of established entrepreneurs borrow. Among those who did borrow, many accessed a loan via a formal financial institution; however, 21.7% borrowed informally from family or friends, and a similar proportion borrowed from moneylenders (22.8%). The relative shares varied substantially across different countries, especially for loans from development banks.

Table 3.3: Source of loans to support the business which must be repaid (established entrepreneurs)

Source of loans	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Family or friends	20	21.7	7	20.0	6	16.7	7	33.3
Money lender	21	22.8	8	22.9	11	30.6	2	9.5
Development bank	25	27.2	20	57.1	2	5.6	3	14.3
Commercial bank	11	12.0	0	0.0	8	22.2	3	14.3
Microfinance institution	8	8.7	0	0.0	8	22.2	0	0.0
Cooperative or credit union	1	1.1	0	0.0	1	2.8	0	0.0
Does not apply	6	6.5	0	0.0	0	0.0	6	28.6
Total	92		35		36		21	
Total # of businesses	469		161		158		150	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.

Table 3.4 shows that, by turnover, micro firms were more likely to borrow (24.7%; 39 out of 158).

Table 3.4: Source of loans to support the business which must be repaid, by business size (established entrepreneurs)

Source of loans	Total	Total %	Nano/ Less than \$5,000	%	Micro/ \$5,001 to \$20,000	%	Small/ \$20,001 to \$40,000	%
Family or friends	20	21.7	6	25.0	10	25.6	4	13.8
Money lender	21	22.8	5	20.8	8	20.5	8	27.6
Development bank	25	27.2	4	16.7	13	33.3	8	27.6
Commercial bank	11	12.0	4	16.7	2	5.1	5	17.2
Microfinance institution	8	8.7	2	8.3	3	7.7	3	10.3
Cooperative or credit union	1	1.1	0	0.0	0	0.0	1	3.4
Does not apply	6	6.5	3	12.5	3	7.7	0	0.0
Total	92		24		39		29	
Total # of businesses	469		161		158		150	

Note: Respondents were able to provide multiple answers.

Source: Authors.

That financial constraint is hardly surprising and, by and large, a trivial finding. There is always demand for finance; few people will ever say they have enough money to fulfill their dreams. The question is why they lack access. In some cases, the problem is due to infrastructure: remote communities often lack an access point, and, as discussed in Section 6 on technology, few people recognise the possibilities inherent in digital financial solutions.

However, even established small-scale entrepreneurs with physical access report that finance is limited. This is driven, as is so often the case, by a mismatch between the expectations of the business owners and the risk appetite of the financial institutions. To reduce risk, lenders require more collateral and/or documentation than most small-scale entrepreneurs can provide. To reduce risk further, they also reduce the loan size and shorten the loan term, which increases the annual repayment amount.

Most of those who borrowed formally said they were satisfied with the terms and conditions of their loan, but 39.5% said the interest rate was too high (Table 3.5).

Table 3.5: Satisfaction with loan interest rate (established entrepreneurs)

Satisfied	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Yes	26	60.5	16	80.0	9	52.9	1	16.7
No	17	39.5	4	20.0	8	47.1	5	83.3
Total	43		20		17		6	

FSM = Federated States of Micronesia.

Source: Authors.

About one in five established entrepreneurs expressed their dissatisfaction with the loan sizes offered, which limits their ability to expand their business. Since most lenders increase loan sizes slowly after each loan cycle, they complain that it can take several years before they can access a loan of sufficient size (Table 3.6).

Table 3.6: Satisfaction with loan size (established entrepreneurs)

Satisfied	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Yes	34	79.1	17	85.0	14	82.4	3	50.0
No	9	20.9	3	15.0	3	17.6	3	50.0
Total	43		20		17		6	

FSM = Federated States of Micronesia.

Source: Authors.

Just over 10% of borrowers expressed dissatisfaction with the repayment schedule, stating that the time given is insufficient for their business to generate enough profits to repay (Table 3.7). Shorter loan terms increase the size of the loan's amortisation (annual repayment amount).

Table 3.7: Satisfaction with loan repayment schedule (established entrepreneurs)

Satisfied	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Yes	38	88.4	18	90.0	15	88.2	5	83.3
No	5	11.6	2	10.0	2	11.8	1	16.7
Total	43		20		17		6	

FSM = Federated States of Micronesia.

Source: Authors.

Some borrowers (13.9%), many of whom have low education levels, expressed dissatisfaction with loan procedures (i.e., administration, paperwork, etc.), citing excessive paperwork and difficulty filling out forms, lengthy waiting times for approval, and delays in processing/dispersing the loan. They cited similar concerns about opening bank accounts: difficult documentary requirements, high costs (fees), and long processing times. Regarding digital financial services, interruptions due to loss of network connectivity, slow apps, and fraud issues are cited as factors that reduce trust and usage. Many small-scale entrepreneurs prefer to receive cash rather than a digital payment from their customers, often because so many customers buy on credit that the business is often short of cash. About half of the borrowers in Samoa were unsatisfied, but the sample size is too small to draw firm conclusions (Table 3.8).

Table 3.8: Satisfaction with loan procedures (established entrepreneurs)

Satisfied	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Yes	37	86.0	20	100.0	14	82.4	3	50.0
No	6	13.9	0	0.0	3	17.6	3	50.0
Total	43		20		17		6	

FSM = Federated States of Micronesia.

Source: Authors.

Many who expressed a need for finance aim to expand their business. In the survey, most established small-scale entrepreneurs planned to use a loan for expansion or diversification rather than working capital. Examples cited include expanding the range of products or services offered (60.1%) and increasing stock (51.2%) or production (48.8%) or hiring more staff (27.9%) (Table 4.9).

Table 3.9: How additional funds would be used if more access to finance was available (established entrepreneurs)

Use of additional funds	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Hire new staff	131	27.9	43	27.9	38	24.7	50	31.1
Develop new products or services	282	60.1	80	51.9	84	54.5	118	73.3
Increase stock	240	51.2	89	57.8	67	43.5	84	52.2
Train staff	77	16.4	21	13.6	31	20.1	25	15.5
Increase production	229	48.8	61	39.6	80	51.9	88	54.7
Increase or modernise physical capacity	111	23.7	53	34.4	47	30.5	11	6.8
Invest in technology	43	9.2	2	1.3	28	18.2	13	8.1
Other	8	1.7	3	1.9	0	0.0	5	3.1
Total	469		154		154		161	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.

There is little difference in entrepreneurs' plans for using financing by the size of the firm. Developing new products and services, increasing stock, and expanding production are the top goals cited by firms of all sizes (Table 3.10).

Table 3.10: How additional funds would be used if more access to finance was available, by business size (established entrepreneurs)

Source of loans	Total	Total %	Nano/ Less than \$5,000	%	Micro/ \$5,001 to \$20,000	%	Small/ \$20,001 to \$40,000	%
Hire new staff	131	27.9	38	23.6	48	30.4	45	30.0
Develop new products or services	282	60.1	100	62.1	99	62.7	83	55.3
Increase stock	240	51.2	74	46.0	89	56.3	77	51.3
Train staff	77	16.4	22	13.7	25	15.8	30	20.0
Increase production	229	48.8	76	47.2	81	51.3	72	48.0
Increase or modernise physical capacity	111	23.7	29	18.0	48	30.4	34	22.7
Invest in technology	6	1.3	3	1.9	3	1.9	0	0.0
Total	469		161		158		150	

Note: Respondents were able to provide multiple answers.

Source: Authors.

For most established small-scale entrepreneurs, expansion plans are local rather than national or international (Table 3.11).

Table 3.11: Desire to expand business – local vs international (established entrepreneurs)

Use of additional funds	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Locally or in the same island	387	82.5	137	89.0	106	68.8	114	75.5
Other islands and provinces in the same country	118	25.2	20	13.0	80	51.9	18	11.2
Other Pacific Island countries	48	10.2	3	1.9	21	13.6	24	14.9
Countries other than Pacific Islands	18	3.8	2	1.3	10	6.5	6	3.7
Locally or in the same island	387	82.5	137	89.0	106	68.8	114	75.5
Other islands and provinces in the same country	118	25.2	20	13.0	80	51.9	18	11.2
Other Pacific Island countries	48	10.2	3	1.9	21	13.6	24	14.9
Countries other than Pacific Islands	18	3.8	2	1.3	10	6.5	6	3.7
Total	469		154		154		161	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.



Ships being loaded and unloaded at the Port of Honiara, Solomon Islands. (Image: ADB)

Given these plans, why do financial institutions not see the business opportunity that the small-scale entrepreneur does? In qualitative interviews, small-scale entrepreneurs themselves mention challenges that reduce cash flow and thus raise the risk of default from the bank's perspective:

- Clients who buy on credit and do not pay off their debts quickly
- Family and relatives taking advantage of the business
- High competition due to copycat businesses

These same issues were also cited as points of concern in the key informant interviews:

[I]f you're growing up in a Samoan family ... and I assume it's similar to every other Pacific Island ... we spend a lot of money on cultural activities. Our training from our end is trying to get our MSME operators to understand that – the fundamental of business is that the business is an entity on its own and just because you run it ... doesn't mean you can spend its money as you wish. So that's the basis of all our business training is trying to get people to understand that because people seem to spend all their money on these cultural activities plus their church religious obligations.

Representative of a local business development organisation

It is common amongst all of the cultures in the FSM that your relatives will help you out and so there's a lot of borrowing between and a lot of expectation that whoever is working or has an income will share that with everybody around them and so when you're trying to start out for business the concept that the money in the register that's been collected is not your money, just because you've collected it, it's not yours, you have to pay for your utilities, you've got to pay for your salaries, you've got to pay all your vendors that you bought the merchandise from and if you were lucky enough to have enough money to buy the merchandise on your shelves, you've got to replace it with the money you just took in, and that's a very foreign concept.

[Also] everybody wants to buy on credit, I'll pay you at the next pay period, well as soon as the credit at one store is maxed out, they'll go to the next village over, and they'll charge there and it's this vicious cycle of when they get cut off then they'll start paying off the first one so that they can start charging there and it just – people dig themselves into a big hole. But what that does to the businesses, most small business owners don't realise they can't afford to offer credit, and they feel that they have to offer credit in order to attract the customers, not realising all they're doing is digging a bigger hole for themselves.

Representative of a local financial institution

Some of them do it because they see somebody else doing the same thing and that's a lot of the time the problem because people copycat instead of coming up with their own idea.

Representative of a local financial institution

However, the challenge is deeper than cash flow problems due to customers not paying on time and owners dipping into business revenue for family or cultural obligations. Small-scale entrepreneurs have difficulty making the case to bankers that the project they want to borrow for will be profitable. It is not simply a matter of lacking financial documents. Many small-scale entrepreneurs cannot say clearly how profitable their business is or even the details of how their business generates profits. They do not have a clear strategy for growing their revenues or customer base. Understandably, bankers need clarity on how revenues will be generated before financing an investment in the business.

Often business plans are not proper, or inadequate, or it does not articulate what the business should be about, like now and its future, in order for them to assess how your performance is now and how is your performance in the future, in order for you to repay the loan you will take.

Representative of the central banks

Businesses are only successful when they make good decisions, and these decisions can be made if you have records that will tell you how your business performs. So, if you don't record your business transaction, like keeping receipts, and every other thing where relate to business payments you're doing, you will never know how your business is performing. So, this is a big challenge.

Representative of a local business development organisation

When I worked with the UNDP project it was very surprising the number of clients, you would sit down with them to do a business plan and you get to the financing portion and it's like ok so what can you provide and what are you looking at? And there were always set things that they wanted regardless of what type of business it was – a building, a concrete building and a car, a truck. Those are the things they were always starting with, and then you'd go "Well do you really need that to start with?" You want to start with what you absolutely need and forget what you can get away with and then add that after the second or third year". And it was like "No, I want to get [it]" and that seems to be the common mentality is this is what you do when you're starting a business and they load themselves up with debt and then when the sales don't turn out the way that they expected, now they're starting with delinquencies.

Representative of a local financial institution

It is in this context that the second major constraint—limited managerial capacity—is often mentioned by the key informants:

I do a lot of mentoring of those types of people. I think, not everybody's an entrepreneur and I don't think a lot of people think through what the steps are to get to that point [of starting and managing a business].

Representative of a local business association

Most of the financial institutions, they see small-scale businesses as not profitable or viable businesses that they don't allow to access finance assistance from them.

Representative of a national government agency

[W]hen we have programs that are very heavily focused on growing businesses, sometimes they work a lot of the times it backfires and the reason for that is the capacity of business owners to ... graduate to the level that programs are trying to push them to go to, you know and it's all good and I think the programs mean well but what they don't see is the capacity and the impact of whatever scale they want to push it to on the person running the business, and so sometimes usually it results in business collapsing because people are not prepared for that kind of growth.

Representative of a local financial institution

Institutional informants almost unanimously express that small-scale entrepreneurs need training:

Because most of these projects are startup so they need to have some sort of training on how to maintain cash flow and sustain the project so that they can come up the second time and get another funding

Representative of a local financial institution

The most important maybe I'll say is tools to be able to do financial analyses or budgeting or...expense versus turnover.

Representative of a national government agency

I feel if the business owners undergo financial and accounting training, he or she will be very equipped to run his or her own business without any problem.

Representative of a national government agency

Indeed, business planning (75.7%), financial management (50%), and marketing (34.8%) are the kind of training that established small-scale entrepreneurs say they need (Table 3.12):

Table 3.12: Opinion of what type of training or education would be most useful to support business development (established entrepreneurs)

Type of training/education	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Business planning	355	75.7	127	82.5	82	53.2	146	90.7
Accounting/financial management	235	50.1	102	66.2	119	77.3	14	8.7
Leadership	78	16.6	29	18.8	35	22.7	14	8.7
Using technology	73	15.6	17	11.0	44	28.6	12	7.5
Marketing (including social media)	163	34.8	52	33.8	93	60.4	18	11.2
Total	469		154		154		161	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.

Business planning and accounting/financial management are also the most needed training cited by all respondents regardless of firm size (turnover) (Table 3.13).

Table 3.13: Opinion of what type of training or education would be most useful to support business development, by business size (established entrepreneurs)

Type of training/education	Total	Total %	Nano/ Less than \$5,000	%	Micro/ \$5,001 to \$20,000	%	Small/ \$20,001 to \$40,000	%
Business planning	355	75.7	118	73.3	126	79.7	111	74.0
Accounting/financial management	235	50.1	80	49.7	76	48.1	79	52.7
Leadership	78	16.6	25	15.5	30	19.0	23	15.3
Using technology	73	15.6	31	19.3	23	14.6	19	12.7
Marketing (including social media)	163	34.8	48	29.8	68	43.0	47	31.3
Total	469		161		158		150	

Note: Respondents were able to provide multiple answers.

Source: Authors.

Most entrepreneurs are also open to having a mentor (Table 3.14).

Table 3.14: Opinion of the value of a business coach or mentor to support business development (established entrepreneurs)

Opinion	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Encourage me to keep trying when things get difficult	218	46.5	56	36.4	83	53.9	79	49.1
Help me make better business decisions	303	64.6	106	68.8	102	66.2	95	59.0
Help me run the business more efficiently	309	65.9	110	71.4	116	75.3	83	51.6
Help me develop new products or services	256	54.6	86	55.8	77	50.0	93	57.8
Help me secure finance	251	53.5	89	57.8	80	51.9	82	50.9
Don't know	48	10.2	2	1.3	4	2.6	42	26.1
Total	469		154		154		161	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.

Potential entrepreneurs express the need for market research, training/education to learn or develop a mentor, assistance with policies and procedures, business or technology skills, and access to finance (see Tables 3.15–3.19).

Table 3.15: Opinion of the value of assistance with market research (potential entrepreneurs)

Opinion	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Not very helpful	18	11.3	0	0	1	2.0	17	28.3
Don't know	32	20.0	13	26.0	2	4.0	17	28.3
Very helpful	110	68.8	37	74.0	47	94.0	26	43.3
Total	160		50		50		60	

FSM = Federated States of Micronesia.

Source: Authors.

Table 3.16: Opinion of the value of training and education to develop business skills (potential entrepreneurs)

Opinion	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Not very helpful	15	9.4	0	0.0	1	2.0	14	23.3
Don't know	30	18.8	14	28.0	0	0.0	16	26.7
Very helpful	115	71.9	36	72.0	49	98.0	30	50.0
Total	160		50		50		60	

FSM = Federated States of Micronesia.

Source: Authors.

Table 3.17: Opinion of the value of access to inspirational role models or mentors (potential entrepreneurs)

Opinion	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Not very helpful	14	8.8	0	0.0	1	2.0	13	21.7
Don't know	28	17.5	11	22.0	1	2.0	16	26.7
Very helpful	118	73.8	39	78.0	48	96.0	31	51.7
Total	160		50		50		60	

FSM = Federated States of Micronesia.

Source: Authors.

Table 3.18: Opinion of the value of receiving assistance with policies and procedures to establish a business (potential entrepreneurs)

Opinion	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Not very helpful	15	9.4	0	0.0	1	2.0	14	23.3
Don't know	26	16.3	14	28.0	1	2.0	11	18.3
Very helpful	119	74.4	36	72.0	48	96.0	35	58.3
Total	160		50		50		60	

FSM = Federated States of Micronesia.

Source: Authors.

Table 3.19: Opinion of the value of easy access to capital for business development (potential entrepreneurs)

Opinion	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Not very helpful	17	10.6	0	0.0	1	2.0	16	26.7
Don't know	14	8.8	12	24.0	1	2.0	1	1.7
Very helpful	129	80.6	38	76.0	48	96.0	43	71.7
Total	160		50		50		60	

FSM = Federated States of Micronesia.

Source: Authors.

The survey results show that answers from women and men are nearly identical for all the abovementioned issues.

Opportunities

The survey data and qualitative interviews point to several opportunities for the growth of Pacific small-scale entrepreneurs. While no specific opportunities stood out more than others in the responses, examples of those mentioned included addressing specific market demand for certain products like fish and chips, enhancing management practices to support business expansion, or increasing innovation to better meet customer needs.

In the interviews, institutional informants were also generic about opportunities or mentioned using existing support mechanisms better:

The government's also, we have a business hub, a formal business hub where we offer setup programs, setup assistance programs, so that we can also look at transitioning those in the micro institutions up to larger entities. We also see the opportunities for our informal sector to transition to the formal sector.

Representative of a national government agency

I think the opportunity that exists is for structured work with the National Youth Conference, we all are aware that the Solomon Island National Youth Congress is probably our only really structured youth engagement platform across the Solomon Islands.

Representative of a regional business development organisation

One specific policy opportunity that could have a major impact on entrepreneurship is still on the drawing board: an MSME bill in Solomon Islands that is currently being drafted.

The new bill where we are currently working towards, it's the high small and medium-sized enterprise (SME) bill, if they pass this bill in Parliament, I think this will be the main driver of SMEs in the country, that is what we look forward for, if the government pass this bill, it's still in the drafting stage with the Attorney General, but that bill takes into account all these obstacles with all the financial support for all the businesses, the SMEs. This is one of the major opportunities I see, if we have a breakthrough with this and the government sees that this bill is important for our businesses and they support it, we will have hope for all our SMEs to develop and grow in the country.

Representative of national government agency

The MSME bill in Solomon Islands is intended to create an enabling environment, including easing access to loans from the Development Bank of Solomon Islands. Fiji also has drafted an SME bill which creates a government-led SME promotion agency and streamlines regulations.

Summary of key findings

The chapter outlines the significant constraints faced by small-scale entrepreneurs in the Pacific, primarily revolving around access to finance and managerial capacity. Most entrepreneurs rely on personal savings or informal loans from family and friends, with formal borrowing being quite low due to stringent requirements from financial institutions. Entrepreneurs often struggle to provide the necessary collateral and documentation, leading to smaller loan amounts and high interest rates that hinder their ability to expand. Additionally, cultural practices regarding credit and familial obligations complicate financial management, further limiting their growth potential. The lack of adequate training in business management and financial literacy exacerbates these issues, preventing entrepreneurs from effectively navigating the financial landscape.

However, there are notable opportunities for growth within this entrepreneurial ecosystem. These include addressing specific market demands and improving management practices to foster expansion. Institutional support mechanisms, such as government initiatives aimed at transitioning informal businesses to formal ones, provide pathways for development. The potential passage of SME bills in countries like Solomon Islands and Fiji highlight important opportunities to enhance the regulatory environment and facilitate better access to financing for small-scale enterprises. Overall, while challenges persist, there is optimism that, with the right support and training, small-scale entrepreneurs can thrive in the Pacific.



Fisherman showing off his freshly caught fish to sell in Chuuk, Federated States of Micronesia. (Image: ADB)

4. Available support mechanisms

Several organisations are supporting small-scale entrepreneurs in all three countries surveyed (Table 4.1). Annex 4 describes regional business support and facilitation programs with online resources.

Table 4.1: Number of programs designed to support small-scale enterprise growth and development (according to institutional informants)

Country	Programs Mentioned	Count
FSM	Small Business Development Centres	6
	Entrepreneur Centre	1
	Small Business Guarantee Office	1
Solomon Islands	Small Business Enterprise Centre	7
	Business Link Pacific	1
	Dignity Pacific	4
	Good Returns	1
	Live & Learn	2
	World Vision	1
Samoa	International Trade Centre	1
	Samoa Women's Association of Growers	1
	Samoa Business Hub	4
	Pacific Business Line	1

FSM = Federated States of Micronesia.

Source: Authors.

Identified support organisations offer training on topics such as accounting, financial management, business planning, sales, marketing, and entrepreneurship. Among the survey respondents, only 47 (10%) of established small-scale entrepreneurs had moderate or significant training before starting a business, and 94 (18%) said they attended formal training after starting their business (Tables 4.2 and 4.3). The shares with no training before or afterward were especially high in the FSM (90% and 85%, respectively).

Table 4.2: Level of entrepreneurial experience or training received before starting business (established entrepreneurs)

Level of training	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
No training	328	69.9	139	90.3	69	44.8	120	74.5
A small amount of training	94	20.0	12	7.8	60	38.9	22	13.7
A moderate amount of training	33	7.0	2	1.3	19	12.3	12	7.5
Significant training	14	3.0	1	0.6	6	3.9	7	4.3
Total	469		154		154		161	

FSM = Federated States of Micronesia.

Source: Authors.

Table 4.3: Participation in business training programs after starting business (established entrepreneurs)

Training participation	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
I supported a friend or relative's business	56	11.9	15	9.7	10	6.5	31	19.3
I participated in a competition on innovative business ideas	12	2.6	0	0	3	1.9	9	5.6
I attended <i>in-person</i> training, workshops, meetings, or conferences	53	11.3	4	2.6	30	19.5	19	11.8
I participated in online training, workshops, meetings, or conferences	18	3.8	1	0.6	9	5.8	8	5
I received business training through my high school or university education	23	4.9	6	3.9	7	4.5	10	6.2
None – I have had no training since starting my business	358	76.3	131	85.1	108	70.1	119	73.9
Total	469		154		154		161	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.

The distribution of sources of information about the business (or lack thereof) does not vary by firm size. Most have had no training since starting the business (Table 4.4).

Table: 4.4: Participation in business training programs after starting business, by business size (established entrepreneurs)

Training participation	Total	Total %	Nano/ Less than \$5,000	%	Micro/ \$5,001 to \$20,000	%	Small/ \$20,001 to \$40,000	%
I supported a friend or relative's business	56	11.9	20	12.4	24	15.2	12	8.0
I participated in a competition on innovative business ideas	12	2.6	2	1.2	7	4.4	3	2.0
I attended in-person training, workshops, meetings or conferences	53	11.3	20	12.4	17	10.8	16	10.7
I participated in online training, workshops, meetings or conferences	18	3.8	6	3.7	9	5.7	3	2.0
I received business training through my high school or university education	23	4.9	6	3.7	8	5.1	9	6.0
None – I have had no training since starting my business	358	76.3	125	77.6	115	72.8	118	78.7
Total	469		161		158		150	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.

The survey respondents said they attended training on the following topics:

- How to start a small business and strengthen your business
- Business planning
- Leadership
- Bookkeeping/accounting/financial management

These training courses were usually delivered face-to-face and lasted three to five days, indicating that they are fairly intensive. Of those who participated, up to 27.5% said they acquired useful business skills (Table 4.5).

Table 4.5: Topics learned from participation in business training programs (established entrepreneurs)

Topic	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Business planning	53	27.5	5	22.7	20	19.8	28	40.0
Accounting/financial management	37	19.2	4	18.2	26	25.7	7	10.0
Leadership	30	15.5	4	18.2	17	16.8	9	12.9
Using technology	16	8.3	3	13.6	6	5.9	7	10.0
Marketing (including social media)	23	11.9	3	13.6	15	14.9	5	7.1
Managing customers	34	17.6	3	13.6	17	16.8	14	20.0
Total	193		22		101		70	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.

By turnover, a greater percentage of the owners of the largest businesses participated in formal training (82 out of 150), but the choice of training course did not vary by firm size (Table 4.6).

Table 4.6: Topics learned from participation in business training programs by business size (established entrepreneurs)

Topic	Total	Total %	Nano/ Less than \$5,000	%	Micro/ \$5,001 to \$20,000	%	Small/ \$20,001 to \$40,000	%
Business planning	53	27.5	17	31.5	15	26.3	21	25.6
Accounting/financial management	37	19.2	12	22.2	10	17.5	15	18.3
Leadership	30	15.5	6	11.1	11	19.3	13	15.9
Using technology	16	8.3	4	7.4	6	10.5	6	7.3
Marketing (including social media)	23	11.9	5	9.3	6	10.5	12	14.6
Managing customers	34	17.6	10	18.5	9	15.8	15	18.3
Total attending training	193		54		57		82	
Total # businesses	469		161		158		150	

Note: Respondents were able to provide multiple answers.

Source: Authors.

On the other hand, only 59 (12.6%) respondents said they know that additional training is available (Table 4.7).

Table 4.7: Awareness of available programs or training courses that could support business development aspirations (established entrepreneurs)

Aware	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Yes	59	12.6	5	3.2	30	19.5	24	14.9
No	410	87.4	149	96.8	124	80.5	137	85.1
Total	469		154		154		161	

FSM = Federated States of Micronesia.

Source: Authors.

Lack of uptake of training is a concern among the institutional informants.

There is definitely support that I know that will be available, but it's getting the members to actually make the time and to see the value to realise the value of this service and then utilise it for the benefit. And also, I guess the delivery as well instead of always hosting it in the town area, you know it's important to take it to out to the village areas in the rural areas and also to the other islands.

Representative of a regional development organisation

Small Business Administration for the US which funds the small business development centers – that has changed and so the types of technical training they're giving is keeping sync with the growing education and access to technology that even small businesses starting out in Guam have, but that people in the FSM don't necessarily have. So, you're not seeing much interaction with the small business development centers anymore.

Representative of local financial institution

The biggest issue is opening up to these, to absorb these opportunities that are there. Some know that there are services available for them and some they just think they can do it by themselves. I guess information-wise, there's just not enough information that are provided to these Samoan entrepreneurs.

Representative of a national government agency

As a result, 64.6% of established small-scale entrepreneurs rely on family members to guide their businesses. However, Solomon Islanders said they are more likely to enroll in a formal training program (Table 4.8).

Table 4.8: Most likely sources of seeking more support for business development (established entrepreneurs)

Source	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Friends or family	303	64.6	119	77.3	54	35.1	130	80.7
Enroll in a formal training program offered by the government or local institution	161	34.3	37	24	112	72.7	12	7.5
Online (i.e., surf the web, YouTube, etc.)	76	16.2	25	16.2	44	28.6	7	4.3
Don't know	44	9.4	9	5.8	10	6.5	25	15.5
Total	469		154		154		161	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.

By turnover, even the largest firms are twice as likely to learn from someone they know rather than take formal training (Table 4.9).

Table 4.9: Most likely sources of seeking more support for business development by business size (established entrepreneurs)

Topic	Total	Total %	Nano/ Less than \$5,000	%	Micro/ \$5,001 to \$20,000	%	Small/ \$20,001 to \$40,000	%
Friends or family	303	64.6	98	60.9	102	64.6	103	68.7
Enroll in a formal training program offered by the government or local institution	161	34.3	54	33.5	59	37.3	48	32.0
Online (i.e., surf the web, YouTube, etc.)	76	16.2	27	16.8	31	19.6	18	12.0
Don't know	44	9.4	17	10.6	18	11.4	9	6.0
Total	469		161		158		150	

Note: Respondents were able to provide multiple answers.

Source: Authors.

The same is true for potential entrepreneurs. Few have participated in any training program, and few potential entrepreneurs are aware that such programs exist. Solomon Islanders are again an exception: 48% said they have had a "small" amount of training, and 58% said they are aware of training programs. In contrast, FSM shows the lowest shares with training or awareness of training (Tables 4.10 and 4.11).

Table 4.10: Participation in formal business training (potential entrepreneurs)

Training participation	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
No training	100	62.5	46	92	19	38	35	58.3
A small amount of training	40	25	4	8	24	48	12	20
A moderate amount of training	16	10	0	0	6	12	10	16.7
Significant training	4	2.5	0	0	1	2	3	5
Total	160		50		50		60	

FSM = Federated States of Micronesia.

Source: Authors.

Table 4.11: Awareness of programs offering assistance to those wishing to establish a business (potential entrepreneurs)

Training awareness	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Yes	36	22.5	1	2	29	58	6	10
No	124	77.5	49	98	21	42	54	90
Total	160		50		50		60	

FSM = Federated States of Micronesia.

Source: Authors.

In most cases, potential entrepreneurs learned about business by working for friends (35.6%), family (15%), or someone else (14.4%). This implies that their business ideas are likely similar to those of the businesses where they previously worked.

Table 4.12: How business skills have been learned (potential entrepreneurs)

	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
I supported a friend or relative's business	57	35.6	3	6.0	24	48.0	30	50.0
I previously created a business that is no longer running	16	10.0	1	2.0	11	22.0	4	6.7
My parents ran their own business	24	15.0	1	2.0	9	18.0	14	23.3
I participated in a competition to create innovative business ideas	9	5.6	0	0.0	6	12.0	3	5.0
I have worked for someone else's business (not owned by family or friends)	23	14.4	0	0.0	8	16.0	15	25.0
None – I have no previous business experience	1	0.6	1	2.0	0	0.0	0	0.0
Total	160		50		50		60	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.

Most potential entrepreneurs (71.9%) also expect to rely mainly on family members for support. The Solomon Islands have the least reliance on family and friends (52%), while Samoa has the highest share (83%) (Table 4.13).

Table 4.13: Most likely sources if seeking support for establishing a business (potential entrepreneurs)

Source	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Friends or family	115	71.9	39	78.0	26	52.0	50	83.3
Enroll in a formal training program offered by the government or local institution	60	37.5	15	30.0	43	86.0	2	3.3
Online (i.e., surf the web, YouTube, etc.)	35	21.9	6	12.0	28	56.0	1	1.7
Don't know	10	6.3	1	2.0	0	0.0	9	15.0
Total	160		50		50		60	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.

The data show little variation between women and men in all of these areas, both established and potential entrepreneurs.

Summary of key findings

The chapter highlights the availability and utilisation of support mechanisms for small-scale entrepreneurs in the Pacific, revealing a significant gap in training and awareness among these business owners. While various organisations offer training in essential business skills such as accounting, financial management, and marketing, only a small percentage of established entrepreneurs—around 10%—had received substantial training before starting their businesses. Post-launch, just 18% attended formal training, with particularly low engagement in the FSM. Most entrepreneurs reported relying on family members for guidance rather than formal training, underscoring a reliance on informal networks rather than structured support.

Despite the existence of training programs, awareness and uptake remain low, with many entrepreneurs either unaware of available resources or underestimating their value. In Solomon Islands, more entrepreneurs reported engaging with formal training programs compared to those in the FSM and Samoa, where a higher percentage relied on familial support. This suggests a need for improved outreach and accessibility of training resources, particularly in rural areas, to enhance the skills and capacities of small-scale entrepreneurs throughout the region.

5. The impact of digital technology on small business development

This section analyses the current state of digital technology adoption among established and potential entrepreneurs in Solomon Islands, Samoa, and the FSM. It assesses access to technology, internet connectivity, social media and e-commerce utilisation, digital payment systems, and participation in business programs. The aim is to provide actionable recommendations to enhance digital integration for small business development.

As per Tables 5.1 and 5.2, mobile phones are the most common device for established and potential entrepreneurs, with the highest ownership rate in Solomon Islands (68.6%). Android smartphones are most common among established and potential entrepreneurs (over 60%) (Table 5.3).

Computers and laptops are less accessible, with only 19.2% of established entrepreneurs and 22.5% of potential entrepreneurs having access. Solomon Islands leads in computer and laptop access among both groups (23.5%), while Samoa had the lowest shares (4.1%). Tablets are the least-accessed device, with 15.1% of established and 7.5% of potential entrepreneurs having access, the highest being in the FSM for established (20.6%) and Solomon Islands for potential (8.8%). A small percentage of both groups have no access to any device, with 9.8% of established and 3.1% of potential entrepreneurs reporting no access. The small percentage of feature phones in use should be considered when developing digital solutions, as 17.7% of established and 8.6% of potential entrepreneurs use them.

Table 5.1: Access to technology devices (established vs potential entrepreneurs)

Device	Established	Established %	Potential	Potential %
Computer/laptop (PC)	90	19.2	36	22.5
Tablet	71	15.1	12	7.5
Mobile phone	406	86.6	151	94.4
None/I don't have access to any device	46	9.8	5	3.1
Total	469		160	

Note: Respondents were able to provide multiple answers.

Source: Authors.

Table 5.2: Access to technology devices by country (established and potential entrepreneurs)

Device	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Computer/laptop (PC)	90	14.3	33	16.2	48	23.5	9	4.1
Tablet	71	11.3	42	20.6	18	8.8	11	5.0
Mobile phone	406	64.5	125	61.3	140	68.6	141	63.8
None/I don't have access to any device	46	7.3	16	7.8	14	6.9	12	5.4
Total	629		204		204		221	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.

Table 5.3: Type of Mobile Phone (Established vs Potential Entrepreneurs)

Phone type	Established	Established %	Potential	Potential %
Android	294	62.7	109	68.1
Apple	55	11.7	34	21.3
Feature	72	15.4	13	8.1
Total	469		160	

Note: Respondents were able to provide multiple answers.

Source: Authors.

Internet access (Table 5.4) is higher among potential entrepreneurs (70%) compared to established entrepreneurs (63.8%). Both groups have the highest access in the FSM (85.7%) and the lowest in Samoa (39.1%) (Table 5.5).

Table 5.4: Internet access (established vs potential entrepreneurs)

Internet access	Established	Established %	Potential	Potential %
Yes	299	63.8	112	70
No	170	36.2	48	30
Total	469		160	

Source: Authors.

Table 5.5: Internet access, by country (established and potential entrepreneurs)

Internet access	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Yes	299	63.8	132	85.7	104	67.5	63	39.1
No	170	36.2	22	14.3	50	32.5	98	60.9
Total	429		154		154		161	

FSM = Federated States of Micronesia.

Source: Authors.

Both groups consider internet access and bandwidth sufficiency reliable (Table 5.6), with 80.6% of established and 81.3% of potential entrepreneurs finding it reliable, especially in Solomon Islands (92.3%) compared to only 44.4% in Samoa (Table 5.7).

Table 5.6: Opinions on the reliability of internet and bandwidth sufficiency (established vs potential entrepreneurs)

Opinion on reliability of internet	Established	Established %	Potential	Potential %
Yes (Access and bandwidth are sufficient)	241	80.6	91	81.3
No (Access and bandwidth is not sufficient)	58	19.4	21	18.8
Total	299		112	

Source: Authors.

Table 5.7: Opinions on the reliability of internet and bandwidth sufficiency by country (established and potential entrepreneurs)

Opinion on reliability of internet	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Yes (Access and bandwidth are sufficient)	241	80.6	117	88.6	96	92.3	28	44.4
No (Access and bandwidth is not sufficient)	58	19.4	15	11.4	8	7.7	35	55.6
Total	299		132		104		63	

FSM = Federated States of Micronesia.

Source: Authors.

Both groups perceive the internet's affordability similarly, with 79.6% of established and 76.8% of potential entrepreneurs considering it affordable (Table 5.8). The FSM reports the highest affordability (94.7%) across the three countries, with Samoa reporting the lowest levels (49.2%) (Table 5.9).

Table 5.8: Internet affordability (established vs potential entrepreneurs)

Internet affordable	Established	Established %	Potential	Potential %
Internet is considered affordable	238	79.6	86	76.8
Internet is not considered affordable	61	20.4	26	23.2
Total	299		112	

Source: Authors.

Table 5.9: Internet affordability, by country (established and potential entrepreneurs)

Internet affordable	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Internet is considered affordable	238	79.6	125	94.7	82	78.8	31	49.2
Internet is not considered affordable	61	20.4	7	5.3	22	21.2	32	50.8
Total	299		132		104		63	

FSM = Federated States of Micronesia.

Source: Authors.

When asked about what impact the technology is having on small-scale entrepreneurs, institutional informants were largely positive about its potential:

It's huge, now you can buy things online locally. We have a what do you call them Makeki Samoa which has over 100,000 followers, they sell everything – it's like an eBay, Samoan eBay and it is changing the landscape here, less reliant on going to the shops, because people don't live in the city, most people live out in the village, so it enables them to shop using their fingers on the phone. Samoa still does not have a digital platform overseas to receive payments and that's another constraint for us.

Representative of a local business association

Major, major impact. You see the younger generation who are equipped – Yes, they are doing businesses, and we are helping some of them. They are doing their sales online so they are not limited to here. So even the people outside you know, FSM citizens who live abroad order from them because they know how to do their sales, and they know they are not limited here, so there's a lot of improvement there.

Representative of a local financial institution

...nowadays I would say technology has a major impact on small scale entrepreneurs in the Solomon Islands. In terms of marketing and promotion, so now we have social media on the rise where people advertise their product online, making it much easier for product promotion as well, we have pages like buy and sell.

Representative of a local government agency

However, institutional informants also noted that further efforts were needed to fully realise the potential of the digital economy within the small business community:

... there is no denying that technology can help improve business growth, but there's a bit of groundwork that has to be done before the positive impacts of that can be realised by MSMEs. A lot of these technology are fairly new, you know we're still trying to find our footing with it, and I think a bit more training on the benefits of these technology and how people can better use it will greatly increase the positive impact of technology on our MSMEs.

Representative of a local business development organisation

I don't think that they're using technology effectively, I think part of it is the cost is prohibitively expensive, so if you're running a small store unless you've gotten a start-up loan from Pacific Island Development Bank or FSM Development Bank, you may not be able to afford a computer or a laptop and the software that you would need to be doing your accounting records, never mind looking at a point of sale system for your store or any kind of inventory system.

Representative of a local financial institution

We need to upscale that training, you know, modern technology is so important in business today, yet the knowledge is very limited to businesses and everything and that's an area that needs to be given serious attention to improve.

Representative of a local business association

Among established entrepreneurs, Facebook is the most used social media platform for supporting business development (45.6%), with the highest usage in Samoa (32.3%) (Table 5.10). Despite the high social media engagement, e-commerce participation (Table 5.11) is overall low among established entrepreneurs across the three countries (7.7%) compared to the belief in its importance among potential entrepreneurs (37.5%) (Table 5.12). Samoa leads in e-commerce use for established entrepreneurs (16.1%), while interest in e-commerce among potential entrepreneurs is highest in the FSM (66%).

Table 5.10: Use of social media apps to support business, by country (established entrepreneurs)

Social media app	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Facebook	214	45.6	94	61.0	68	44.2	52	32.3
LinkedIn	5	1.1	0	0.0	3	1.9	2	1.2
X/Twitter	1	0.2	0	0.0	0	0.0	1	0.6
Instagram	50	10.7	15	9.7	11	7.1	24	14.9
WhatsApp	54	11.5	5	3.2	30	19.5	19	11.8
TikTok	22	4.7	14	9.1	1	0.6	7	4.3
YouTube	35	7.5	10	6.5	18	11.7	7	4.3
WeChat	2	0.4	0	0.0	1	0.6	1	0.6
None	79	16.8	38	24.7	30	19.5	11	6.8
Total	469		154		154		161	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.

Table 5.11: Use of e-commerce to sell business products or services, by country (established entrepreneurs)

Use of e-commerce	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Yes	36	7.7	5	3.2	5	3.2	26	16.1
No	433	92.3	149	96.8	149	96.8	135	83.9
Total	469		154		154		161	

FSM = Federated States of Micronesia.

Source: Authors.

Table 5.12: Opinion on the importance of using e-commerce platforms for business success by country (potential entrepreneurs)

Opinion	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Yes, the use of e-commerce platforms to buy and sell products or services would be important	60	37.5	33	66.0	23	46.0	4	6.7
No, e-commerce is not important	56	35.0	10	20.0	13	26.0	33	55.0
Don't know	44	27.5	7	14.0	14	28.0	23	38.3
Total	160		50		50		60	

FSM = Federated States of Micronesia.

Source: Authors.

Institutional informants noted the growing importance of e-commerce in the Pacific, especially with the support of social media platforms:

I do exports and in my business I don't actually meet this people that I deal with personally. It is through the digital platforms that I am able to link this people and get in touch with the buyers. I created a Facebook page for this and market my products online. I share as much as possible through my links and I join trade websites and I market my products there. From there people can contact me through those platforms and that's how it works for me. Before, I use to send out unsolicited emails, but now social platforms enable me to do more than I used to do before.

Representative of a local business development organisation

...in FSM we have a small-scale startup that is into making traditional skirts and she's selling it on Facebook, and she's selling it online, and she's making good money. So, this is also why once I said before when we do the workshops we offer workshop on marketing, how to do social media marketing...

Representative of a regional development organisation

The usage of digital payment systems, such as mobile money or e-wallet transactions, is low for established entrepreneurs across the three countries (8.9%) (Table 5.12) despite 48.8% of potential entrepreneurs viewing the ability to accept digital payments from customers as important (Table 5.13). Usage of digital payments is highest in Solomon Islands (19.5%), and interest among potential entrepreneurs is also highest in Solomon Islands (82%).

Table 5.12: Use of digital payments, by country (established entrepreneurs)

Use of digital payments	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Yes	42	8.9	9	5.8	30	19.5	3	1.9
No	427	91.0	145	94.2	124	80.5	158	98.1
Total	469		154		154		161	

FSM = Federated States of Micronesia.

Source: Authors.

Table 5.13: Opinion on the value of digital payments for business success, by country (potential entrepreneurs)

Opinion	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
Yes, digital payments is important	78	48.8	32	64.0	41	82.0	5	8.3
No, digital payments is not important	50	31.3	13	26.0	6	12.0	31	51.7
Don't know	32	20	5	10.0	3	6.0	24	40.0
Total	160		50		50		60	

FSM = Federated States of Micronesia.

Source: Authors.

Established entrepreneurs across all three countries face similar barriers to using digital financial services, including customer preference for cash (54.6%), lack of digital skills (45%), and distrust of digital services (27.9%) (Table 5.14).

Table 5.14: Primary concerns regarding the use of digital financial services by county (established entrepreneurs)

Concern	Total	Total %	FSM	FSM %	Solomon Islands	Solomon Islands %	Samoa	Samoa %
I don't know how to use the technology	211	45.0	47	30.5	52	33.8	112	69.6
Limited options to cash out	19	4.1	3	1.9	4	2.6	12	7.5
My customers prefer to use cash	256	54.6	109	70.8	104	67.5	43	26.7
I don't have or have unreliable Internet access	51	10.9	4	2.6	13	8.4	34	21.1
Digital payment services are too expensive	30	6.4	6	3.9	12	7.8	12	7.5
I don't have the required technology (e.g., mobile phone, computer, tablet, etc.)	38	8.1	5	3.2	25	16.2	8	5.0
I don't trust digital payment services	131	27.9	3	1.9	33	21.4	95	59.0
Total	469		154		154		161	

FSM = Federated States of Micronesia.

Note: Respondents were able to provide multiple answers.

Source: Authors.

Established and potential entrepreneurs across all three countries believe that acquiring better digital skills or knowledge could make their businesses more successful (Table 5.15). Among established entrepreneurs, 56.9% think improved digital skills would enhance their business, while 61.3% of potential entrepreneurs share this belief. Fewer established entrepreneurs (19.6%) and potential entrepreneurs (21.3%) do not see the potential benefits. Additionally, 23.5% of established entrepreneurs and 17.5% of potential entrepreneurs are uncertain about the impact of digital skills on their business success.

Table 5.15: Perceptions of the usefulness of digital knowledge (established vs potential entrepreneurs)

Opinion on usefulness	Established	Established %	Potential	Potential %
Yes	267	56.9	98	61.3
No	92	19.6	34	21.3
Don't know	110	23.5	28	17.5
Total	469		160	

Note: Respondents were able to provide multiple answers.

Source: Authors.

When asked to consider the specific ways in which digital skills or knowledge could positively impact business success (Table 6.16), a majority of both established and potential entrepreneurs shared a belief that technology skills would enable better communications with their customers (41.2% and 60.6%, respectively) and access to more education and training (35% and 56.3%, respectively).

Table 5.16: Opinions on how greater digital skills or knowledge could help business success (established vs potential entrepreneurs)

Opinion on digital skills	Established	Established %	Potential	Potential %
Access to more education or training	164	35.0	90	56.3
Access to more information relevant to my sector	138	29.4	78	48.8
Better communication with my customers	193	41.2	97	60.6
Better communications with my suppliers	122	26.0	71	44.4
More opportunities to advertise my business (e.g., website, social media, etc.)	147	31.3	65	40.6
Access to more customers through online shopping/e-commerce platforms	80	17.1	45	28.1
More efficient business operations	138	29.4	54	33.8
Total	469		160	

FSM = Federated States of Micronesia.
 Note: Respondents were able to provide multiple answers.
 Source: Authors.

Potential entrepreneurs strongly believe that digital technology can be useful to a business.

Summary of key findings

The chapter examines the adoption of digital technology among small-scale entrepreneurs in the three countries, highlighting both the current landscape and the potential for further development. Mobile phones are the most commonly owned devices, particularly Android smartphones, while access to computers and tablets remains limited. Internet connectivity is generally higher among potential entrepreneurs compared to established ones, with a notable reliance on social media, especially Facebook, for marketing and sales. Despite this engagement, e-commerce participation is low, and established entrepreneurs often prefer cash transactions over digital payments, citing barriers such as customer preferences, lack of digital skills, and distrust of digital services.

Institutional informants express optimism about the impact of digital technology on business growth, emphasising its role in enhancing marketing and facilitating online sales. However, they also point out the need for increased training and resources to help entrepreneurs leverage these technologies effectively. While there is a strong belief among both established and potential entrepreneurs in the benefits of improving digital skills, actual usage of digital payment systems remains low. This indicates a critical need for targeted training and support to harness the full potential of digital technology for small business development in the Pacific.



Entrepreneur using e-commerce. (Image: Shutterstock)

6. Analysis

In the clamor to support small-scale entrepreneurs, development practitioners often fail to differentiate between businesses and livelihoods. The reason is obvious: most small-scale enterprises are livelihoods. Few have a defined business model, growth potential, or an entrepreneurial-minded owner. This has led financial institutions, business development service providers, and their funders to try to shoehorn livelihood activities into the enterprise frame, usually with disappointing results.

The research results paint a picture that is common among developing countries, although the challenges are exacerbated by structural issues that afflict Pacific Island nations. Most small-scale entrepreneurs operate in small markets with low-income customers. The resulting lack of demand not only makes it difficult to grow a business, but also prevents enterprise owners from learning by doing, much less innovating. Any innovation that does occur is easily copied by competitors since barriers to market entry are low.

Moreover, most small-scale entrepreneurs enter markets like this with a subsistence rather than entrepreneurial mentality. Their primary motivation is to generate cash to cover out-of-pocket expenses (that is, for immediate consumption) rather than become a local tycoon.

Consumption needs are never fully satisfied, and even livelihood operators dream of growing their business in order to generate more cash income. Since their livelihoods generate little profit (most of which is used for consumption anyway), almost all express a need for finance. However, few are able to articulate how their business makes money and how they will use the loan for growth in a way that is convincing to a banker. They also do not have the collateral or financial records to ameliorate the risk. Many who apply for a loan are turned down or are offered a loan that is too small or has too high an instalment amount to be useful for investing in expanding the business.

There are small-scale enterprises with growth potential. There are promising start-ups, too. Indeed, by design the research captured data from businesses that have already grown large (see Table 1.3). Nevertheless, three-quarters of the entrepreneurs that participated in the survey have at most only two employees (see Table 1.4).

Naturally, firms with more employees are more likely to have higher turnover. However, about 30% of firms with four employees or less (including sole proprietorships) were in the highest turnover bracket (see Table 1.5).

Of established enterprises, 65% (272) have unpaid family labour (see Table 1.6). Higher turnover correlates with less incidence of unpaid family labour, but more than half of the firms with the highest turnover have unpaid family labour. For these larger businesses, cultural factors may play a role, but for the smaller firms the involvement of unpaid family labour likely indicates that they are livelihood activities.

Also, a significant number of established small-scale entrepreneurs are in retail sectors that are easy for competitors to copy such as retail shops or food and beverage services (see Table 1.7).

This puts organisations and stakeholders promoting entrepreneurship in a bind. Should support be provided only to enterprises with growth potential? If so, the majority of the poor would be ignored. However, if a livelihood has limited room for growth and its owner does not have an entrepreneurial mindset, what kind of support should it receive? Training is already available and appears to be effective for some. Indeed, a greater percentage of the owners of the largest firms (as measured by turnover) participated in formal training. It is not clear from the data whether the training contributed to growth or the business' growth led the entrepreneur to seek training.

The institutional informants are also cautious about the efficacy of training:

When we review the packages presented by the Small Business Development Centers, it seems like it is their proposal, not the person who is actually doing the business. So when we start questioning [the business owner], they don't understand how the numbers were put together, they don't understand a lot of the components of the business plan that was put together, and so we feel that SBDCs make it look like it is a good proposal because they are clients and they want to please them so they do something instead of being realistic and so when they come to us they get disappointed.

Representative of a local financial institution

Nevertheless, some training is better than none: the survey shows small-scale entrepreneurs who attended training believed that they benefitted. On the other hand, few have attended a formal training. Lack of awareness is clearly a factor. Lack of access or high cost (multi-day trainings may necessitate lodging as well as travel expenses) may also be important factors.

Training in person is costly to deliver, too, especially if it involves travel and housing the trainers. Virtual training (a combination of live training and videos) could potentially increase accessibility with limited additional cost. According to a business development service (BDS) provider in Fiji, there is new attention given to a “super app” for small-scale enterprise BDS. However, given the low level of education and digital literacy of most small-scale entrepreneurs, digital approaches may not be as effective (or may need to be much simpler) than in-person training.

Indeed, one of the purposes of this study was to identify methodologies for promoting growth-oriented enterprises through digital technology. The study’s findings show that both established and potential entrepreneurs exhibit high mobile phone access, indicating a strong foundation for mobile-based business solutions. On the other hand, access to computers and tablets is limited, especially among established entrepreneurs, which could impede more advanced digital operations.

Connectivity issues and the cost of using data (since most people pre-pay rather than have plans) should also be considered before relying on digital delivery of training. Although internet access and reliability are generally high, Samoa lags significantly behind the other regions. Affordability of internet services remains a critical issue, particularly in Samoa, hindering consistent digital engagement.

Potential entrepreneurs are significantly more engaged with social media for business purposes compared to established entrepreneurs. However, actual participation in e-commerce is low among established entrepreneurs, indicating a gap between awareness and action. Furthermore, the adoption of digital payment systems is minimal among established entrepreneurs, with substantial barriers including customer preference for cash, lack of digital literacy, and distrust of digital services. These barriers need to be addressed to facilitate broader adoption of technology into business models.



Small business in Solomon Islands. (Image: ADB)

7. Recommendations

Existing support for small-scale enterprise in the Pacific falls into two broad categories: financial and non-financial, with the latter usually referring to training and capacity building support. However, a critical challenge for these entrepreneurs is ensuring the sustainability of their operations amidst various market and environmental pressures. Without a focus on sustainable practices, small-scale enterprises may struggle to thrive in the long term. Based on the research results, there are potential interventions in both categories that could be piloted in phase two of this project.

Enterprise Financing

Many local development banks already have products designed to help small-scale entrepreneurs grow their businesses. These products often do not work as well as they should, with stringent requirements for collateral, guarantors, and paperwork disqualifying many small-scale enterprises. Furthermore, small-scale entrepreneurs in the Pacific do not need financial services only for expansion. They also have severe cash flow problems, due in large part to customers buying on credit. Lack of liquidity contributes to banks deeming small-scale enterprises to be a poor credit risk, and the constant scramble for cash induces short-term thinking by the business owner. Moreover, access to financing is further restricted by the absence of bankable projects and inadequately trained loan officers who lack the skill to properly assess business applications.

One financial product that might help small-scale entrepreneurs address these constraints is a kind of overdraft facility or “quick response” loan. While overdraft facilities are generally available in Pacific countries to commercial bank customers with a strong trading history, many small business owners are unable to meet the eligibility requirements of these banks. Capped at a relatively low amount, business owners could borrow the equivalent of a few hundred US dollars for a short period of time in order to manage their cash flow. The benefit to the bank is that it is able to onboard a new customer and get to know its financial flows. This information may help it identify small-scale enterprises that are creditworthy enough for a business expansion loan. However, further consultations with banks would be necessary to assess the viability of this potential solution and to gather insights on how it might be implemented.

Based on pilots in Tonga, Samoa, and Fiji, the use of alternative credit decisioning models for thin-file clients and artificial intelligence (AI) entrepreneurship assessments have the potential to overcome some of the challenges small-scale enterprises face with eligibility, enabling commercial banks to expand their client base and make such products to be more widely available.

Furthermore, it is important to recognise that, for such products to be effective, they must be easily accessible. Where physical branches are distant, agents or digital finance products would be more effective. A good example of this is MobileFund, a recently launched digital loan service in Solomon Islands in conjunction with Solomon Islands National Provident Fund. MobileFund is available to members of the fund’s YouSave voluntary contributors (mostly self-employed) scheme. It enables members to access instant loans of \$6 to \$250 based on a credit assessment of their YouSave transaction history.

In addition to digital loan services like MobileFund, there is also potential for alternative financing options to support small-scale entrepreneurs in the Pacific. Peer-to-peer lending or crowdfunding platforms can facilitate direct loans between individuals, reducing reliance on traditional financial institutions and enabling entrepreneurs to access funds more flexibly. Moreover, by reducing costs and improving access to remittance services, remittance harvesting, where funds sent home by overseas workers are used as a source of capital for local businesses, can be an important financial lifeline. Lastly, engaging professional investors, such as angel investors or venture capitalists, can introduce more significant funding opportunities for promising startups, particularly those that demonstrate growth potential. By investigating the viability of these alternative financing mechanisms in different Pacific markets, including potential policy and regulatory reforms necessary to enable them, more opportunities for small-scale entrepreneurs to access a more diverse array of funding options that cater to their unique needs and circumstances could be unlocked.

Supporting the design and testing of innovative small-scale enterprise cash flow management products is a potential intervention idea.

Business Development Support

Training is needed by both established and potential entrepreneurs, and those who have undergone training report finding it useful. In addition to standard training on planning, marketing, accounting and finance, there is a growing need in the Pacific for BDS related to climate adaptation and building resilience.

Nevertheless, BDS uptake is low. The main problem seems to be lack of awareness, access, and the perceived value and opportunity cost of attending training. If training could be delivered widely, made more convenient and relevant, presumably more small-scale entrepreneurs would be able and motivated to attend. Tying training

completion (e.g. business plan, financial records, etc.) to access to credit can benefit both the business owner and the lending institution. Training interventions supporting access (either building awareness or digitising/videoing their training) and the use of bite-size micro-learning and voice-interactive modules (delivered via mobile phones) could be useful in addressing these issues.

Similarly, there is a great need for training on digital literacy and financial literacy, especially among established entrepreneurs, in order to reduce barriers to technology adoption and increase the use of digital payment systems. Notwithstanding the need to first address foundation issues such as the development of digital infrastructure and reducing internet costs, which remains a significant challenge across many Pacific countries, this training should include raising awareness and training on e-commerce platforms, highlighting the benefits and ease of online selling. This can help increase the participation of entrepreneurs in e-commerce, translating interest into action. For potential entrepreneurs, business incubation and training programs should also integrate digital skills and technology.

For both established and potential entrepreneurs, efforts should also be made to encourage the use of digital payment systems by addressing trust issues and providing incentives for both businesses and customers to transition from cash to digital payments. This can include educational campaigns (incorporating social media) and partnerships with financial institutions and BDS providers to enhance trust and usability. Additionally, the introduction and enforcement of cybersecurity acts can play a significant role in safeguarding digital transactions. Such regulations can help build consumer confidence by ensuring that robust security measures are in place to protect sensitive financial information.

At the macro level, an intervention supporting training standards and delivering capacity building support to BDS providers would be useful. Currently, none of the three countries surveyed as part of this research have policies, guidelines, and capacity building standards for BDS. Developing national and regional BDS standards could enhance the quality of services available to small-scale entrepreneurs.

Helping entrepreneurs create "bankable" businesses remains the ultimate goal of any BDS program. While BDS programs do try to promote unconventional thinking, most potential or established entrepreneurs are only aware of a limited number of business models, which could be limiting their prospects for success. This could be addressed by the creation of a New Venture Building Hub which would function as an "ideas bank" that leverages e-commerce and e-trade suited for the Pacific and level of entrepreneurship (i.e. fisheries, coconut-based, etc.). The Hub could serve as a platform for showcasing new business ideas that have not been tried in the Pacific, as well as business models found to be successful in the Pacific environment.

Lastly, the development and integration of online support services for small-scale entrepreneurs across the Pacific region presents a valuable opportunity for BDS providers. As internet access continues to expand, including in rural areas through technologies like Starlink satellite internet, the potential to leverage digital services is increasing. This growth offers significant opportunities for BDS providers to enhance their efficiency and impact. By incorporating emerging technologies such as AI, service offerings could potentially be further expanded across key areas crucial to aspiring and established small-scale entrepreneurs. These areas include personalised business mentoring and coaching, market analysis, financial management, skill development, customer engagement, supply chain optimisation, and navigating legal and compliance issues. Although AI remains relatively untested in BDS, its potential to transform service delivery is promising and could revolutionise support for small-scale entrepreneurs.

Annex 1: Interview questions for local institutions

1. Name of institution _____ (please note the name of your institution will not be published in any report. We are only asking for the details here should there be a need to revert back later for clarity on any of your answers).
2. Type of institution
 - a. Community-based organisation
 - b. Non-governmental organisation
 - c. Government agency
 - d. Multilateral or bilateral development agency
 - e. Financial institution
 - i. Development bank
 - ii. Commercial bank
 - iii. Microfinance institution
 - iv. Cooperative/credit union
 - v. Other (specify)
3. In what way does your organisation support small-scale entrepreneurs?
 - a. Can you describe any specific programs or products your organisation offers?
4. Can you please tell me about some of the constraints and opportunities faced by small-scale entrepreneurs in [country]?
 - a. Do you think people interested in starting their own business have adequate support to know how to do it?
 - b. Do established small-scale entrepreneurs have access to the support they need to grow and develop their businesses?
 - c. What would you describe as the biggest challenge for a small-scale entrepreneur who wants to grow their business?
 - d. What sort of intervention, or interventions, would have the biggest impact on helping small-scale enterprises grow?
5. What are the primary motivations for small business owners/entrepreneurs to start their business (for example, is it because they see a good opportunity to make money, lack of other options, family pressure, etc.)?
 - a. For established small-scale entrepreneurs who have a desire to grow their business, what do you think is the main factor, or factors, driving their motivation?
6. How would you say entrepreneurship is taught in [country]?
 - a. Do you think formal institutions such as schools or government programs play a major role compared to informal teaching such as through family or friends?
7. The expansion of technology is changing the way businesses operate. For example, expanding outreach and promotion through social media, providing online delivery of mentoring, training or advisory services, or acceptance of payments or disbursement of funds through digital channels.
 - a. In your view, what impact is technology having on small-scale entrepreneurs in [country]?
 - b. How would you describe the ability of small-scale entrepreneurs in [country] to utilise technology effectively to support the growth and development of their businesses?
 - c. Do you think there is an opportunity for technology to play a bigger role in supporting small-scale entrepreneurs with their growth and development? How – please explain.
8. How would you describe the level of innovation in [country]?
 - a. What type of innovation do you see among small-scale entrepreneurs and business owners?
 - b. Are there programs, like business incubators and accelerators, which help potential and established entrepreneurs generate innovative products, services and use of technology to become more competitive?
9. Can you specify any programs currently in your country designed to support the growth and development of small-scale enterprises and start-ups? For example, business development, financial literacy training, entrepreneurial training, financial relief schemes, digital literacy, management training, etc. – delivered by local NGOs, Government agencies, community groups, etc. (Please include name of program, name of implementing institution and description of objectives).

Additional questions for financial institutions

10. If your institution offers a specific loan product for small-scale entrepreneurs
 - a. Describe the product's main features
 - i. Minimum and maximum loan size
 - ii. Minimum and maximum term (months)
 - iii. Interest rate (annualised)
 - iv. Eligibility requirements (e.g., collateral, business plan, etc.)
 - b. Describe your loan portfolio
 - i. Number of borrowers
 - ii. Total amount lent
 - iii. Portfolio performance (PAR or NPL rate)
 - c. Describe the challenges you encounter with lending to small-scale entrepreneurs
 - i. Lack of a credible business plan
 - ii. Lack of collateral
 - iii. Lack of entrepreneurial mindset
 - iv. Poor management systems
 - v. The poor business environment for small-scale entrepreneurs
 - vi. Other (specify)
 - d. What do you think could be done to overcome these challenges?
 - i. Change government policy/regulations
 - ii. Deliver training to financial institutions (specify)
 - iii. Deliver training to customers (specify)
 - iv. Other (specify)

11. Do you see any value in partnering with a local organisation (NGO, community-based organisation, government agency, etc.) to deliver your clients training and technical support on business or enterprise development? (Y/N)
 - a. If yes, please describe how you envision such a partnership working
 - i. Relationship between your institution and the local organisation
 - ii. Content of support to small-scale entrepreneur clients
 - iii. Expected results
 - iv. Financing arrangements
 - v. Other (specify)

Annex 2: Survey tool for potential entrepreneurs

PART 1: IDENTIFYING OPPORTUNITIES AND CONSTRAINTS

1. What are your business aspirations? (Open-ended response) (Audio Recording)
 - a. What type of business are you most interested in starting?
 - b. What types of products/services would you like to provide?
2. Where do you, or would you, seek advice to establish your business? (select all that apply)
 - a. Family and/or friends
 - b. Other business owners
 - c. School/teachers
 - d. A business development service provider
 - e. Church/religious leaders

3. How would you rate each of the following in terms of how useful it would be to support the establishment and growth of your business?

	Not very helpful	Don't know	Very helpful
Easy access to finance/capital			
Assistance with market research			
Training/education to learn or develop my business or technology skills			
Access to role models or mentors who can inspire me Assistance to policies and procedures to establish a business			

4. Do you have a bank account?
 - a. Yes
 - b. No
3. Do you think having a bank account would be important to having a successful business?
 - a. Yes
 - b. No
 - c. Don't know
5. Do you have a mobile money account or e-wallet?
 - a. Yes
 - b. No
3. Do you think having a mobile money account or e-wallet would be important to having a successful business?
 - a. Yes
 - b. No
 - c. Don't know

PART 2: UNDERSTANDING THE ENTREPRENEURIAL MINDSET

6. Which of the following best describes where you are at in terms of your business start-up phase?
 - a. I am interested in starting a business, and I am thinking about it, but I have done nothing about it yet
 - b. I am interested in starting a business, and I have started preparing for the business, but I have not officially started yet

7. If you answered "b" above, what steps you have taken in the past six months? (select all that apply)
- I have attended a training session to learn about how to start or manage a business
 - I have prepared a business plan
 - I have saved some money to use for my business
 - I have identified potential partners or co-founders
 - I have identified potential investors
8. What is the main reason you are interested in starting a business?
- I want to take advantage of business opportunity
 - There are no better choices for me to make a living
 - I want to have independence rather than work for someone else
 - I think it's the best way to increase my personal income
 - My family/friends encourage me to start a business
 - I want to be seen as a successful entrepreneur
 - I will enjoy running my own business
9. Please respond to the following:

Instrument to Measure Attitude Statements					
Strongly disagree					Strongly agree
1	2	3	4	5	
I admire entrepreneurs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It will be worthwhile to be an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Developing entrepreneurial experience will be beneficial to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will be proud to be an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Instrument to Measure Subjective Norm Statements					
Strongly disagree					Strongly agree
1	2	3	4	5	
My family hopes that I will become an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My closest friend says that I should be an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The person I look up to encourages me to become an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I want to start a business but I will have too many customary and family obligations that will make it very hard for me to succeed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The person I look up to is an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Instrument to Measure Behaviour Control Statements					
Strongly disagree					Strongly agree
1	2	3	4	5	
If I want, I can immediately become an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When deciding to start a new business, all decisions are in my hands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would be fully in control of my business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If I tried to start a business, I would have a high chance of being successful	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The environment around me will be favourable to running a business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	Instrument to Measure Entrepreneurial Intention Statements				
	Strongly disagree 1	2	3	4	Strongly agree 5
I will do my best to become an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am ready to start a business now	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If I have the opportunity, I will choose to become an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I intend to start a business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I want to start a business as soon as possible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would like to start a business, but I fear gender discrimination	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I intend to succeed as an entrepreneur in the future.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PART 3: SUPPORT MECHANISMS AVAILABLE TO ASPIRING ENTREPRENEURS

10. Have you ever had any experience operating a business before?

1 (No experience)	2 (a small amount of experience)	3 (a moderate amount of experience)	4 (Significant experience)
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11. What type of experience have you had operating a business? (Select all that apply)

- I supported a friend or relative's business
- I previously created a business that is no longer running
- My parents ran their own business
- I participated in a competition to create innovative business ideas
- I have worked for someone else's business (not owned by family or friends)
- None – I have no previous business experience

12. Have you ever participated in any formal business training?

1 (No training)	2 (a small amount of training)	3 (a moderate amount of training)	4 (Significant training)
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13. If you have participated in any formal business training, what type of training did you receive? (Select all that apply)

- Business planning
- Accounting/financial management
- Leadership
- Using technology
- Marketing (including social media)
- Managing customers
- None/not applicable

14. How was the training conducted or delivered?

- In-person training, workshops, meetings or conferences
- Online training, workshops, meetings or conferences
- Business training through my high school or university education
- None/not applicable

15. Are you aware of any programs where you could get help for establishing your business?

- Yes (Please specify - Name/description of the program(s)) (Audio recording)
- No

16. If you wanted more support for how to establish your business, where would you go?

- Friends or family
- Enrol in a formal training program offered by the government or local institution
- Online (i.e., surf the web, YouTube, etc.)
- Don't know

PART 4: POTENTIAL FOR TECHNOLOGY TO SUPPORT ENTREPRENEURS

17. What technology devices do you currently have access to? (select all that apply)
 - a. Computer/laptop (PC)
 - b. Tablet
 - c. Mobile phone

18. What type of mobile phone do you have access to?
 - a. Android smartphone
 - b. Apple smartphone
 - a. Feature phone
 - b. I don't have access to a mobile phone

19. Do you have access to the Internet?
 - a. Yes
 - b. No

20. If yes, do you consider your internet access to be reliable with sufficient bandwidth?
 - a. Yes
 - b. No

Do you consider your internet access to be affordable?

 - a. Yes
 - b. No

21. Do you use any social media? (select all that apply)
 - a. Facebook
 - b. Instagram
 - c. LinkedIn
 - d. X (previously, Twitter)
 - e. WhatsApp
 - f. Tik Tok
 - g. WeChat
 - h. YouTube

22. If yes, do you think social media might play an important role in the success of your business?
 - a. Yes
 - b. No
 - c. Don't know

23. Do you think using e-commerce platforms to buy and sell products or services online would be important to the success of your business?
 - a. Yes
 - b. No
 - c. Don't know

24. Do you think being able to accept digital payments from your customers through mobile money or e-wallets, would be important for your business?
 - a. Yes
 - b. No
 - c. Don't know

25. Do you think that having strong digital skills or knowledge would enable you to make your business more successful?
 - a. Yes
 - b. No
 - c. Don't know

26. In what ways do you think greater digital skills or knowledge would help you make your business more successful? (select all that apply)
 - a. Access to more education or training
 - b. Access to more information relevant to my business sector
 - c. Better communications with my customers
 - d. Better communications with my suppliers
 - e. More opportunities to advertise my business (e.g., website, social media, etc.)
 - f. Access to more customers through online shopping platforms
 - g. More efficient business operations

PART 5: GENERAL INFORMATION

27. Age

- a. 18 – 24
- b. 25 – 34
- c. 35 – 44
- d. 45 – 54
- e. 55 – 64
- f. 65 – 74
- g. 75+

28. Gender

- a. Male
- b. Female
- c. Prefer not to answer

29. Location (post code)

30. Which of the following best describes the highest level of education you have completed?

- a. No formal education
- b. Primary school
- c. Secondary school/high school
- d. Vocational training
- e. University undergraduate degree
- f. Higher university degree (e.g., Masters, Doctorate)

What would you expect your average turnover to be after the first year of operating a business (before tax)?
(converted to local equivalent)

- a. Less than US 5,000
- b. More than US 5,000 but less than US 20,000
- c. More than US 20,000 but less than US 40,000
- d. More than US 40,000

31. Do you expect your business to be:

- a. A family business (a family business can be defined as where more than two family members are working together in the business)
- b. A husband-and-wife team
- c. A solo entrepreneur
- d. A business with paid staff

32. Do you expect your business to eventually employ staff (besides family members)

- a. Yes
- b. No

33. What type of business are you most interested in starting? (select relevant sector)

- a. Manufacturing
- b. Farming/agriculture
- c. Food services
- d. Retail
- e. Service provider (i.e., repair shop)
- f. Fishery
- g. Technology
- h. Finance
- i. Education
- j. Construction
- k. Circular economy (i.e., recycling)

34. Do you have any final thoughts you would like to share with the research team about your desire to start a business? (open-ended response) (Audio Recording)

Annex 3: Survey tool for established entrepreneurs

PART 1: IDENTIFYING OPPORTUNITIES AND CONSTRAINTS

1. Can you tell me about your business? (Open-ended response) (Audio Recording)
 - a. What products or services do you provide to your customers?
 - b. Who are your customers?
2. How many employees (full-time and part-time) work in your organisation?
 - a. 0 (sole proprietor)
 - b. 1-2
 - c. 3-4
 - d. 5-6
 - e. More than 6
3. Are there others (such as family and friends) who help run your business but don't get paid or don't share profits?
 - a. Yes
 - b. No
4. If you answered 'Yes' to Question 3, how many friends or family help run your business?
 - a. 1-2
 - b. 3-4
 - c. 5-6
 - d. More than 6
5. From what sources have you received money to support your business? (Select all that apply)
 - a. I borrowed money from an individual with a commitment to pay back
 - b. I borrowed money from a financial institution with a commitment to pay back
 - c. I received money from family or friends that I was not required to pay back
 - d. I used my own savings
 - e. I received a cash grant from an organisation, NGO, or government agency
 - f. I received money from equity investors on the promise of sharing profits
6. If you have ever taken a loan that you must repay to support your business, where did you get the loan from? (select all that apply)
 - a. Family or friends
 - b. Money lender
 - c. Development bank
 - d. Commercial bank
 - e. Microfinance institution
 - f. Cooperative or credit union
 - g. Does not apply – I have never taken a loan to support my business (go to Question 10)
7. If you have ever received a loan to support your business, what did you use the loan for? (select all that apply)
 - a. To purchase inventory
 - b. To purchase equipment for your business
 - c. To pay off another debt
 - d. To purchase land or real estate
 - e. To cover startup costs
 - f. To expand my business
 - g. To purchase a license or a franchise
 - h. To pay for education or training relating to my business

8. If you borrowed from a financial institution (development bank, commercial bank, microfinance institution) in the past, were you satisfied with the:
 - a. Loan size – Yes/No
 - b. Interest rate – Yes/No
 - c. Repayment schedule – Yes/No
 - d. Loan procedures (administration, paperwork, etc.) – Yes/No
9. If you answered "No" to any option in Question 8, please explain why you were not satisfied? (Audio Recording)
10. If you have not borrowed from a financial institution in the past, why not? (select all that apply)
 - a. I do not need a loan
 - b. I have not been in business long enough for the bank to consider me a good borrower
 - c. I do not have the collateral, security or credit history to qualify for a loan
 - d. I cannot meet the interest rate and repayment terms
 - e. I cannot understand and complete all the application forms on my own
 - f. I do not have a business plan and financial information required by the bank
 - g. I don't think a financial institution
11. Do you have a bank account?
 - a. Yes, I have one account for both personal and business purposes
 - b. Yes, I have separate accounts for personal and business purposes
 - c. No, I do not have any account
12. If you have a bank account, how do you primarily access it?
 - a. I usually visit a bank branch
 - b. I usually visit a bank agent
 - c. I usually access banking services through an ATM
 - d. I usually access banking services online (web or mobile app)
13. Do you have a mobile money account or e-wallet? (Enumerator to provide local options as examples such Mpesa, MyCash, etc. – note that examples may differ between countries)
 - a. Yes
 - b. No
14. If you answered 'Yes' to Question 13, is your mobile money account or e-wallet linked to a bank account?
 - a. Yes
 - b. No
15. Have you ever encountered any challenges opening or using a bank account or a mobile money or e-wallet? (Open-ended response) (Audio Recording)
16. How would you rank each of the following in terms of how useful it would be to supporting the growth of your business?

	Not very helpful	Don't know	Very helpful
Easier or more access to finance/capital			
Help to expand my business to new markets (local or international)			
Access to training/education to learn or develop my business or technology skills			
Access to role models or mentors who can inspire me			

17. If you had more access to finance for your business, what would you use it for? (select all that apply)
- Hire new staff
 - Develop new products or services
 - Increase stock
 - Train staff
 - Increase production
 - Increase or modernise physical capacity
 - Invest in technology
18. If you could expand your business, would you like it to grow locally or internationally? (select all that apply)
- Locally or in the same island
 - Other islands and provinces in the same country
 - Other Pacific Island countries
 - Countries other than Pacific Islands
19. What type of training/education do you think would be most useful to help you with your business? (select all that apply)
- Business planning
 - Accounting/financial management
 - Leadership
 - Using technology
 - Marketing (including social media)
20. How do you think a business coach or a mentor could help you with your business? (select all that apply)
- Encourage me to keep trying when things get difficult
 - Help me make better business decisions
 - Help me run the business more efficiently
 - Help me develop new products or services
 - Help me secure finance
 - Don't know

PART 2: UNDERSTANDING THE ENTREPRENEURIAL MINDSET

21. Why did you start your business? (select all that apply)
- To take advantage of business opportunity
 - No better choices for work
 - It was my dream to start a business
 - Greater independence
 - Increase my personal income
 - To maintain income
22. What would you like your business to look like in five years' time? (open-ended response) (Audio Recording)
23. Please respond to the following:

	Instrument to Measure Attitude Statements				
	Strongly disagree				Strongly agree
	1	2	3	4	5
I admire entrepreneurs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is worthwhile to be an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Developing entrepreneurial experience is beneficial to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am proud to be an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Instrument to Measure Subjective Norm Statements

	Strongly disagree				Strongly agree
	1	2	3	4	5
My family are happy that I have become an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My closest friend says that it is right that I am an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The person I look up to has encouraged me to be an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My customary and family obligations make it very hard for my business to succeed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The person I look up to is an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Instrument to Measure Behaviour Control Statements

	Strongly disagree				Strongly agree
	1	2	3	4	5
In general, I know everything about the practical details required to start a business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When I decided to start the new business, all decisions were in my hands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am fully in control of my business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The environment around me is favourable to run a business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have done everything I can to be an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Instrument to Measure Entrepreneurial Intention Statements

	Strongly disagree				Strongly agree
	1	2	3	4	5
My goal in life is to remain being an entrepreneur	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am determined that my business venture is successful in the future	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is harder for me to be successful with my business because of my gender	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I intend to achieve higher success as an entrepreneur in the future	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PART 3: SUPPORT MECHANISMS AVAILABLE TO ENTREPRENEURS

24. How much entrepreneurial experience or training did you receive before you started your current business?

1 (No training)	2 (a small amount of training)	3 (a moderate amount of training)	4 (Significant training)
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25. What type of experience or training did you receive before starting your current business? (Select all that apply)
- I supported a friend or relative's business
 - I previously created a business
 - My parents ran their own business
 - I participated in competition on innovative business ideas
 - I attended in-person training, workshops, meetings or conferences
 - I participated in on-line training, workshops, meetings or conferences
 - I received business training through my high school or university education
 - None – I had no experience or training before starting my business
26. Have you participated in any training programs after starting your business? (Select all that apply)
- I supported a friend or relative's business
 - I participated in competition on innovative business ideas
 - I attended in-person training, workshops, meetings or conferences
 - I participated in on-line training, workshops, meetings or conferences
 - I received business training through my high school or university education
 - None – I have had no training since starting my business
27. If you have had any training to support your business skills, please provide the details of the programs you have participated in:
- Name/description/duration/mode of instruction of the program(s) (open-ended response) (Audio Recording)
28. If you have participated in training to support your business, what topics did you learn? (select all that apply)
- Business planning
 - Accounting/financial management
 - Leadership
 - Using technology
 - Marketing (including social media)
 - Managing customers
29. Are you aware of any other programs or training courses where you might access support to help you grow your business?
- Yes
 - No
 - If yes, please specify – Name/description of the program(s) (open-ended response) (Audio Recording)
30. If you wanted more support to help you grow your business, where would you go? (Select all that apply)
- Friends or family
 - Enrol in a formal training program offered by the government or local institution
 - Online (i.e., surf the web, YouTube, etc.)
 - Don't know

PART 4: POTENTIAL FOR TECHNOLOGY TO SUPPORT ENTREPRENEURS

31. What technology devices do you currently have access to? (select all that apply)
- Computer/laptop (PC)
 - Tablet
 - Mobile phone
 - None
32. What type of mobile phone do you have access to?
- Android smartphone
 - Apple smartphone
 - Feature phone
 - I don't have access to a mobile phone

33. Do you have access to the Internet?
- Yes
 - No

34. If yes, do you consider your internet access to be reliable with sufficient bandwidth?
- Yes
 - No

Do you consider your internet access to be affordable?

- Yes
- No

35. Do you use any social media apps to support your business? (select all that apply)

- Facebook
- LinkedIn
- X (previously known as Twitter)
- Instagram
- WhatsApp
- Tik Tok
- YouTube
- WeChat
- No, I don't use any social media for my business

36. Does your business accept or make payments through electronic money such as mobile money or e-wallet transactions? (Enumerator to provide local examples – note that examples may differ between countries)

- Yes
- No

37. If you answered 'Yes' to Question 36, what types of transactions do you conduct digitally (mobile-money and/or e-wallet) and how often? (Enumerator may need to be sure that participant understands that the payments described in the table should only be digital transactions and not cash).

	Rarely	Sometimes	Most of the time	Almost always
Receive payment from customers				
Pay rent and/or utilities				
Pay suppliers				
Receive loan from financial institution				
Repay loan				
Manage savings				
Transfer money to relatives/friends				
Receive remittances				

38. If your business does not accept or make digital payments through mobile money or e-wallets, why not? (select all that apply)

- I don't know how to use the technology
- Limited options to cash out
- My customers prefer to use cash
- I don't have or have unreliable Internet access
- Digital payment services are too expensive
- I don't have the required technology (e.g., mobile phone, computer, tablet, etc.)
- I don't trust digital payment services

39. Do you buy any stock or merchandise for your business through e-commerce platforms?

- Yes
- No

40. If you answered "Yes" to Question 39, how much of your business stock or merchandise do you purchase through e-commerce platforms?
- All of it
 - More than half
 - Less than half
41. Do you sell any of your business products or services through e-commerce platforms?
- Yes
 - No
42. If you answered "Yes" to Question 41, how much of your business products or services do you sell to your customers through e-commerce platforms?
- All of it
 - More than half
 - Less than half
43. Do you use social media apps such as Facebook or WhatsApp to sell your business' products or services?
- Yes
 - No
44. If you answered "Yes" to Question 43, how much of your business products or services do you sell to your customers through social media apps?
- All of it
 - More than half
 - Less than half
45. Have you participated in any business incubation or acceleration program?
- Yes
 - No
46. If you have participated in a business incubation or acceleration program, did it help you improve your business?
- Yes
 - No
47. Do you think that if you had better digital skills or knowledge you would be able to make your business more successful?
- Yes
 - No
 - Don't know
48. In what ways do you think greater digital skills or knowledge would help you make your business more successful? (select all that apply)
- Access to more education or training
 - Access to more information relevant to my sector
 - Better communications with my customers
 - Better communications with my suppliers
 - More opportunities to advertise my business (e.g., website, social media, etc.)
 - Access to more customers through online shopping/e-commerce platforms
 - More efficient business operations

PART 4: GENERAL INFORMATION

49. Age
- 18 – 24
 - 25 – 34
 - 35 – 44
 - 45 – 54
 - 55 – 64
 - 65 – 74
 - 75+

50. Gender
- Male
 - Female
 - Prefer not to answer
51. Location (post code)
52. Which of the following best describes the highest level of education you have completed?
- No formal education
 - Primary school
 - Secondary school/high school
 - Vocational training
 - University undergraduate degree
 - Higher university degree (e.g., Masters, Doctorate)
53. What is the average annual turnover (before tax) of your business? (if your business has been operating for less than 1 year, what is your expected annual turnover?) (*converted to local equivalent*)
- Less than US 5,000
 - More than US 5,000 but less than US 20,000
 - More than US 20,000 but less than US 40,000
 - More than US 40,000
54. Which of the following options would you say best describes your business?
- A family business (a family business can be defined as more than two family members working in the business)
 - A husband-and-wife team
 - A solo entrepreneur
 - A business with paid staff
55. Is your business your primary source of income?
- Yes, it is my primary source of income
 - No, my business is just something I do to earn extra money
56. What sector does your business operate in?
- Manufacturing
 - Farming/agriculture
 - Food services
 - Retail
 - Service provider (i.e., repair shop)
 - Fishery
 - Technology
 - Finance
 - Education
 - Construction
 - Circular economy (i.e., recycling)
57. How long have you been running your business?
- Less than one year
 - More than one but less than three years
 - More than three but less than five years
 - More than five but less than seven years
 - More than seven but less than nine years
 - More than nine years
58. Do you have any final thoughts you would like to share with the research team about your experience of running a business? (open-ended response) (Audio Recording)

Annex 4: Description of regional business support and facilitation programs with online resources

[Business Link Pacific](#)

The Business Link Pacific (BLP) network assists local businesses to improve their operations with expert advice in 15 areas, including accounting, marketing, diversity and inclusion and strategy. They work with private sector organisations and financial institutions to connect small and medium-sized enterprises to advisory and financial services. Online resources include a comprehensive business toolkit (diagnostics, continuity planning, financing, climate action, etc.), business advisors and business financing. BLP provides business development grants and subsidies for advisory services. Their business advisors undergo prescribed training and are certified. BLP operates in 13 countries except Federated States of Micronesia (FSM), Republic of Marshall Islands (RMI), and Palau. They are funded by the New Zealand Ministry of Foreign Affairs and Trade and implemented by DT-Global.

[Pacific Trade Invest](#)

Pacific Trade Invest (PTI) is operated by the Pacific Islands Forum Secretariat and offers access to general resources and upskilling opportunities to Pacific businesses looking to become export- and investment-capable, while working intensively with those trading or ready to trade in international markets. They serve all Pacific Islands Forum members and have offices in Australia, New Zealand, the People's Republic of China, and Europe. PTI provides various grants and subsidies including export freight financing, participation in trade fairs and missions and specialised export and investment readiness advisory services. Its Blue Pacific Portal offers a wide range of online resources covering: e-commerce operations, commodity prices, export readiness checklist, export business plan, export pricing guide, business registration guide for each country, cash flow and business canvas, and impact investing checklist. They also publish the Pacific Business Monitor series providing market outlooks and analytics on key economic issues impacting the region. PTI also publishes stories on successful Pacific export businesses and entrepreneurs.

[Pacific Islands Small Business Development Center Network](#)

Pacific Islands Small Business Development Center Network operates from the University of Guam through the US Small Business Administration (SBA). It has offices in RMI, Palau and the states of Pohnpei, Kosrae, Chuuk and Yap in the FSM. It provides free, confidential, one-to-one counseling in all areas of business management, including pre-venture feasibility, business plan development, marketing, record keeping, financial and human resource management, operations management, and access to capital, as well as specialised areas such as international trade and technical services. Its online resources include business plans, financial templates, regional business guides, and a Micronesia business directory including women-owned businesses. They have an active social media network. Access to grants is through the SBA.

[Pacific Islands Private Sector Organisation e-campus](#)

There are plans by the Pacific Islands Forum Secretariat to revive the Pacific Islands Private Sector Organisation. In conjunction with the International Labour Organization International Training Centre, the e-campus offers five online courses specific to the management and financial sustainability of private sector organizations, including membership building, advocacy and lobbying, revenue and services building, and reputation and crisis management

About the authors



Shawn Hunter is an Industry Fellow (APEC) and Director of Inclusive Growth Programs at the Griffith Asia Institute, with over 15 years of experience in economic development across the Asia-Pacific. His expertise spans financial inclusion and the digital economy, focusing on inclusive economic growth and capacity-building initiatives. With over a decade collaborating with government agencies and industry experts, Shawn has advanced APEC initiatives promoting regional cooperation and integration. He is a seasoned researcher and practitioner dedicated to supporting policymakers in achieving positive development outcomes.



Associate Professor Sameer Desphande is Director of Marketing@Griffith. Over two decades, Sameer has advanced 'marketing for a better world' through teaching, publishing, consulting, and training globally. Editor of *Social Marketing Quarterly*, he has raised over \$2 million and led studies on behaviour change initiatives using consumer-insights-based social marketing. His work spans financial services for disadvantaged women, alcohol abstinence during pregnancy, safe sex practices, and more. His co-authored book, *Social Marketing in India*, has been well-received by Indian academics and practitioners, showcasing his impact in the field.



Ron Bevacqua, a US citizen, brings nearly 30 years of banking and finance experience in Asia. Formerly chief economist for Merrill Lynch and Commerz Securities in Japan, he also contributed to the Economist Intelligence Unit in Tokyo and Hong Kong. In 2009, he co-founded ACCESS Advisory, a non-profit advancing rural financial inclusion and enterprise development across Asia-Pacific. Headquartered in the Philippines, ACCESS collaborates with banks, cooperatives, and microfinance institutions to empower smallholder farmers, rural entrepreneurs, and migrants through tailored financial products and services.



Jeff Liew is a Financial Inclusion Specialist with The Foundation for Development Cooperation. Jeff has 30 years of policy design and programme execution experience in the area of inclusive growth – with strong technical expertise in sustainable livelihoods, private sector development, women's economic empowerment and inclusive finance. He served as a senior technical advisor to UNDP across these disciplines in various programmes and co-managed the UNCDF/UNDP \$65 million fund to build capacity and incentivise innovation in digital financial services, financial education and regulatory modernisation in the Pacific region.



Peter Morgan joined the Asian Development Bank Institute (ADBI) as a senior consultant for research in December 2008 and currently also serves as Advisor to the Dean. He previously served as ADBI's Vice-Chair of Research until March 2022. He also worked in Hong Kong, China as Chief Asia Economist for HSBC where he was responsible for macroeconomic analysis and forecasting for Asia. Before that, he was Chief Japan Economist for HSBC and held comparable positions at Merrill Lynch, Barclays de Zoete Wedd, and Jardine Fleming.

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