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ADAPTING HUMAN RESOURCE MANAGEMENT PRACTICES TO LOCAL CONDITIONS IN PAPUA NEW GUINEA

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1. Introduction

The term Human Resource Management has gained currency in Papua New Guinea, which has its own Institute of Human Resource Management. The Term Human Resource Management (HRM) nevertheless is an imported term, and often its usage and application in Papua New Guinea (PNG) is poorly adapted to local conditions. This applies not only to the computer-based packages or programs that are used, but also to the perspectives of human organisation that are applied at times with inadequate thought to their adaptation to PNG conditions. The purpose of this paper is to set forth certain local conditions that arise in PNG and to propose certain lines of local adaptations that may make HRM applications suited to the actual conditions that firms face in the management of people and the development of human resource skills in Melanesian settings.

This paper started life with a different audience in mind, and so there is first a rehearsal of perspectives on international HRM in the professional literature. These sections (as flagged by sub-headings) may be skipped by readers who want only to read the applications sections. In brief, what the professional literature sections survey the concepts of *cultural distance* (how different are local cultures to overseas head-office cultures) and *pluralistic local cultures* (how local cultures show a variety – a plurality – that is less-present in the countries where corporate multinational head offices are located). The idea of culture in this usage is not mainly in terms of shared physical artefacts such as might be seen in a village or in a museum. Rather, *culture* as used here treats the *values* – especially *implicit values* – that are brought to the workplace from the surrounding society. The importance of this is that introduced HRM programs and practices will encase *values* from head-office and international market cultures, and these values may be incongruous with local *values*. We are thus treating *cultural adaptation* involving recognition of *differing value systems* as these are encountered in introduced HRM systems that need critical examination in order that in-country management may make HRM systems and practices more implementable to local cultures in the Melanesian contexts of PNG. The issue, then, is how to make received HRM practices more effective in PNG contexts.

We now turn to the sections treating the relevant professional literature.

2. Relevant professional international HRM literatures

2.1 Social nesting of organisational cultures. Across the globe, kinship societies are typically encountered in remote area natural resource developments that involve international or multi-national firms. This generalisation holds true in a wider Asia-Pacific focus, and is especially applicable in Melanesian societies of the nations that straddle the Pacific and South-East Asia region. The genesis for this paper is extensive fieldwork experience of the authors and the significance of this for repositioning human resource management (HRM) practices for successful multi-national firm operations in contexts where kinship socialities are prevalent (both in remote areas and in non-remote or urban areas). A brief survey of research of *cultural distance* and *local contexts* in HRM practices of multi-national firms provides a basis for indicating the kind of refocusing that is applicable in the contexts of Asia-Pacific kinship societies.

Transnational firms operating across developing nations maintain workforces that are highly diverse in terms of physical location, ethnicity and social context. This diversity challenges public and private firms seeking to maintain shared symbolic understandings that govern how people behave in and interpret organisational values that build consistent and coherent organisational cultures.¹ In practice organisational cultures, as human constructs that are developed, communicated and reproduced by employees, are rarely homogenous.² In turn, employees are impacted by their wider social context that leads to the nesting of cultures within firms.³

The ‘societal effect’ literature reinforces the nested cultures argument. Building on research undertaken in Europe, this literature highlights that national culture impacts organisational culture and directly influences host country human resource management (HRM) practices.⁴ Wider research has confirmed similar findings for transnational firms operating globally.⁵

Although this literature is insightful, its application takes different configurations in circumstances that generally exist in culturally pluralist nations. This occurs with added emphasis in nations where customary kinship societies are more prevalent and where reciprocal kinship relations give rise to weakening of individual assignment of property rights and enhanced group assignment of property rights and more complex sets of social obligations. These observations are applicable for firms operating in contexts such as tribal areas in the Melanesian Asia-Pacific.

The present paper specifically draws upon research in the Melanesian cultures of Papua New Guinea, with an awareness of the generality of our observations for international firms operating across a widely diverse geographical spaces that share certain characteristics of

customary kinship societies and the complex assignments of property rights and social obligations and claims that are typical in nations comprising ethnically diverse kinship societies.

2.2 Cultural distance and social nesting of organisational cultures. Literatures treating HRM cultures in transnational firms offer important insights about ‘cultural diversity’ and ‘cultural distance’. Nevertheless, this literature mainly covers case studies where the dominant culture of the local (or ‘host’) country and the dominant national or transnational culture of the exporting (or ‘home’) country are relatively similar in organisational terms. This limited cultural distance is often obvious. For example, as occurs where research examines continental European firms operating in British or Australian settings.⁶ In other cases, significant divergences exist between local cultures and the exported organisational culture, but this distance is shortened by prolonged periods of cross-cultural exposure. This prolonged cross-cultural exposure enables shared understandings to be developed more readily, as occurs where transnational firms originating in South Asia or East Asian move to operations in Europe.⁷ These circumstances do not apply in developing nations such as characterised in Melanesian nations. Instead, HRM practitioners often find themselves operating in unfamiliar cultural, social, economic and political contexts and managing employees who are similarly unfamiliar with the modern market organisational contexts in which they work. In these circumstances, managers encounter both weak shared exposure to cross-cultural differences and substantial distance in local cultural context from international market cultural contexts.

Local culture and cultural distance considerations lead us to identify circumstances that enhance need for managers to incorporate local context when making strategic HRM decisions. The paper proceeds with an analysis of the key elements of the local context that managers should consider when making an assessment of the strategic local environment in managing human resources. Selected elements are then examined with specific reference to Melanesian cultures that also have application in other cultures where customary kinship socialities prevail. The insights provided are especially relevant to managers developing and implementing HRM strategies and procedures in contexts with which they are not familiar and in which the capacity to impose foreign and transnational procedures is constrained.

3. Considerations for framing the strategic international HRM environment

As seen in the first section, the importance of adaptation to local contexts in HRM practices is widely recognised in international business management literatures, although in practice often not widely implemented. At a minimum, organisations will localise HRM practices in order to comply with existing labour regulations. Nevertheless, beyond regulatory compliance, firms have significant scope for determining the level of adaptation to local contexts that they

undertake.⁸ These literatures examine the decisions in the context of corporate requirements for ‘convergence’ to prescribed HRM practices or tolerance for local ‘divergence’.⁹ Factors affecting these decisions are examined below.

3.1 Factors influencing convergence/divergence in organisational cultures

- **Nature of the product and the supply chain.** Firms dealing with highly uniform products that can be produced centrally, using few external inputs, can be expected to favour convergent models in human resources management.¹⁰ In contrast, where production depends on local inputs, as occurs in the agricultural and mineral extraction industries, it is likely there will be greater acceptance of the need for localisation in HRM practices.
- **Nature of the distribution network.** Divergent practices are likely to be more prevalent where the distribution network requires substantial local presence, either for productive or logistics purposes.¹¹ In contrast, where the distribution network exists primarily as a local sales arm or to enable access to the local market, there is likely greater capacity and motivation for convergence in HRM practices.
- **National origin.** Compared with other nationalities, transnational firms from the United States (USA) tend to favour convergence of HRM practices.¹² This finding may be extended to transnational firms as generally seeking convergence to global ‘best practices’, regardless of country of origin.¹³ Note, however, that ‘best practices’ tend to replicate HRM models employed by USA firms. These models have become the dominant models taught in international business schools and discussed in the international business literature.
- **Capacity for non-national employment.** Transnational firms use expatriate staff to maintain organisational coherence, to aid quality control and to meet local skills deficiencies.¹⁴ Where local regulatory and production circumstances make the employment of non-national staff feasible, it is likely firms will employ a high level of non-national human resources. It is probably better to say ‘overseas staff’ – rather than ‘expatriate staff’ – because genuinely multinational firms may promote a mix of nationalities and cultural backgrounds among staff recruited internationally.
- **Level of cultural distance.** Where the national culture of the ‘home’ organisation and the national culture of the ‘host’ country are similar, the capacity for convergence increases. In contrast, where the cultures are dissimilar, as with Papua New Guinea, firms are more likely to accept divergent HRM approaches.

In this paper, ‘cultural distance’ is referenced to ‘local culture’ in developing strategic HRM practices.

3.2 Cultural distance and local cultures. A number of framing references for examining ‘cultural distance’ are identified in the cross-cultural literature. Although beginning as qualitative frameworks focused on identifying how different communications styles may affect interactions,¹⁵ the international management literature has increasingly quantified these frames in attempts to identify ‘statistically significant’ impacts of cultural distance on international business decision making. This is achieved by taking stylised models, most frequently on ‘power distance’¹⁶ and the global studies,¹⁷ and using these stylised models to develop indexes of cultural distance between individual countries.

This index¹⁸ approach has been used widely to analyse transnational firm choices for foreign investment entry options (be it greenfields, acquisition, or joint venture). Despite its widespread application, a number of authors have questioned its utility.¹⁹ Others have mounted criticisms directed at the use of ‘cultural distance’ indexes to explain foreign direct investment decisions, and provide evidence that focusing attention more on ‘local context’ – rather than ‘cultural distance’ – is more significant in transnational decision-making as reckoned using index methodologies.²⁰

Although notions of ‘cultural distance’ and ‘local context’ overlap, ‘local context’ focuses more on pluralistic cultures in the host country, rather than cultural distance from some home-country or international or transnational operational culture. Evidence from our research thus leads us to focus mainly on the role of ‘local cultural’ context, and we use insights from our research to move to portraying practical human resource management applications in the pluralistic Melanesian cultural contexts of PNG, with the belief that our policy applications are also relevant to HRM practices in other pluralistic developing contexts.

4. Considering ‘convergence’

4.1 Convergence to what? Research dealing with convergence tends to focus on subsidiary adoption of common formal organisational artefacts such as pay structures, HRM information systems, performance management procedures and employee industrial relations models.²¹ Nevertheless, such artefacts are better understood as expressions of organisational cultures, rather than cultures themselves. Underlying these artefacts of ‘convergence’ is a wider international modern market management culture that emphasises control, commoditisation and performance measurement. This management culture operates very effectively in social cultures that have a long exposure to market economies and modern production processes and related regulatory environments. This management culture works less effectively and often superficially where cultural distance is greater – as in cultures lacking exposure to dominant transnational cultures and with differing and pluralistic worldviews.

As a consequence of these difficulties, transnational firms will very often maintain hybrid organisational cultures.²² Although these hybrid cultures may display high levels of convergence in terms of formal HRM artefacts, nevertheless, day-to-day HRM issues may be conceived and enacted very differently across work locations. Thus, cultural distance often gives rise to disjunctions between formal organisational artefacts and the underlying social and workplace cultures. Often this disjunction is not obvious to senior human resources managers, because their focus is largely on process and structure as defined in corporate protocols. Nevertheless, as human resource management becomes more about managing and motivating people, the need increases for attention to cultural distance and localisation of HRM practices.

4.2 Localisation. In developing pluralistic nations of the kind we have typified, there are often significant differences between the cultures of parent organisations and the local social, political and institutional context.²³ The term ‘institutional’ is used here in a social sense, in terms of the systems of formal and informal social rules that are embedded in the society and that structure social life. These institutional differences lead firms to adapt their HRM practices to the circumstances of ‘local culture’. The nature of this adaptation differs by industry sector and firm size. For example, in PNG very large transnational mineral and hydrocarbon firms often attempt to import their global HRM and organisational culture.²⁴ They are often very successful in terms of importing physical aspects of organisational culture such as building standards and HRM operating procedures. Nevertheless, they typically are less successful in importing and enculturating day-to-day work practices, especially where they rely on local staff. The result is that the imported culture becomes localised and this localisation is most obvious the further one moves from the regional head office (often dominated by non-national employees) to regional work sites where the proportion of local staff and local sub-contractors is greater. In these circumstances, it is often more accurate to talk in terms of multiple, nested, cultures within organisations.

4.3 Assessing the capacity for convergence and the need for localisation. Transnational firms considering investments in foreign countries need to assess the capacity for HRM practice convergence and the need for localisation. Such assessments are necessarily staged. Stage-one involves basic assessment of the need for and extent of localisation. Further stages investigate the means by which a localisation strategy is enacted. Assessments across all stages need to move beyond issues of policy and HRM structure. They need to consider issues external to the firm, such as formal industrial relations systems, and micro issues such as how cultural perceptions will impact upon appropriate communications styles, workplace etiquette and incentive structures. Table 1 presents simplified considerations for making these assessments.

Cultural sensibilities and perceptions are an important component of the considerations presented in this Table.

As depicted in Table 1 (see over page), localisation decisions are multi-faceted. Amplifying all these aspects is beyond the scope of this paper, and we focus on issues highlighted by our PNG research as these are relevant to the pluralist host societies of the kind we have typified.

Table 1 Considerations for framing the strategic international HRM environment

Factors	Considerations	Implications
<i>Prevailing industrial regulations, industrial climate and compliance procedures</i>	<ul style="list-style-type: none"> • Key national (government) and international employment regulations • Workplace Health and Safety regulations • Wage, leave, superannuation and dismissal provisions (by region/industry) • Visa/ work permit entry requirements and limitations on non-national labour • Requirements for workforce localisation • Frequency of workplace disputes and industrial action • Existing industrial organisations (by sector/region) 	<ul style="list-style-type: none"> • Affects the structure of basic workplace regulations and incentive structures • Determines capacity for use of non-national labour and formal requirements for localisation • Provides context about workplace industrial climate • Suggests key organisations that should be consulted as part of detailed workforce planning • Identifies constraints on implementation of ‘global’ human resource practices, inclusive of workplace agreements
<i>Quality and availability of the labour supply</i>	<ul style="list-style-type: none"> • Prevailing levels of formal employment and unemployment • Level and quality of education (primary, secondary, tertiary, vocational) • Level and quality of healthcare – prevailing nutrition and infection rates • Availability of skilled labour by region/skill set 	<ul style="list-style-type: none"> • Affects the ability to recruit sufficient levels of local human capital • Affects the decision to employ non-local labour and the positions in which labour will be employed

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- Constraints to workforce mobility, including prevailing levels of crime and security (particularly as faced by female staff)
- Impacts of gender on employment participation
- Cultural prohibitions on employment
- Impacts of major holiday and festival periods
- Suggests areas where global HRM policies may need to be refined, particularly in relation to appropriate gender roles

Cultural proximity

- Cross-cultural communications – ‘high’/‘low’ context; power distance; individualism/collectivism; uncertainty avoidance; achievement versus relational, long-term vs short-term orientation²⁵
- Worldview concepts especially in relation to ‘value’, ‘purpose’ and ‘time’
- Concepts of contract and morality
- Concepts of gender roles
- Affects the structure and format of incentive structures
- Shapes the manner in which workplace roles are structured and workplace communication occurs
- Suggests ways for structuring workplace hierarchies
- Affects approach to learning and instruction

Familiarity with modern market work practices

- Capacity to maintain domain distinctions between ‘work’ and ‘non-work’ environments
- Understanding of workplace etiquette and processes
- Understanding of production processes, value-adding and distribution
- Attitude to absenteeism and punctuality
- Attitude to corruption and nepotism
- Affects employees’ approach to work and general concept of appropriate workplace behaviours
- Suggests the level of formal and informal training that local staff will require

5. Considerations for localisation of HRM practices in pluralist societies

Fieldwork for this paper was conducted in PNG, a nation of marked diversity and contrasts. It is typified by extreme social and geographic differentiation, evident in the 800 ethno-linguistic groups across the nation, and a vitality of local cultural groupings. Despite significant natural resources of land and mineral and gas reserves, PNG ranks 158th out of 188 countries on the United Nations Human Development Index. Formal wage employment is limited (less than 6 % of the available labour force) and there is pervasive underemployment.²⁶ Although small elements of the population lead affluent lifestyles, the vast majority of the population (88% at the most recent Census) continue to live subsistence or semi-subsistence lifestyles where they have limited access to healthcare, electricity and formal education.²⁷

The societies of PNG did not experience widespread and sustained interaction either among themselves or with wider global cultures until the late in the 19th century, and in some cases interaction did not occur until the 1930s and in more remote areas until the 1960s. Since this time PNG has undertaken a rapid social and economic transformation. Although this transformation is uneven throughout the country, certain areas of PNG are tightly linked to the wider global economy and reflect the social and economic order of a modern market state. Readers familiar with PNG may well have experience with this layer of PNG society. There is a growing urban middle-class and increasing levels of students attend international schools, are educated at overseas universities and are made familiar with the wider international media culture. But this is not the dominant experience. The majority of the population live in small-scale rural societies where the dominant worldview remains lineage affinity and village-level economic and social practices.

Although villages may have access to modern goods and services, the regularity and ease with which these goods and services are accessed varies considerably across the nation. In nearly all cases, villagers are able to access less of these goods and services than they desire. This reflects the limited scale and extent of national transport and communications infrastructure and the inability of the local population to engage in the formal market economy. A notable communications development that was not led by the government was the extensive roll-out of mobile phone towers in many rural areas since mid-2007.

Physical isolation, combined with a succession of poorly performing governments and prevalent corruption in public governance, has diminished the incursion of the modern market state outside of major urban regions.²⁸ Nevertheless, even within urban regions the majority of the population live on the margin of the modern market society. Non-nationals tend to live in isolated enclaves, with juxtaposition of social practices being the norm. Exceptions occur where non-nationals are engaged in economic activities outside the regulatory framework, such as in

fringe-urban and remote-area retailing. But these exceptions may involve a different kind of ‘enclave’, because distance from local culture and high-security will usually be noticed. The result is that nations of the kind that we typify, of which PNG is an example, are marked by distinct social and economic pluralism.²⁹ Although the major commercial centres, such as Port Moresby and Lae, outwardly project aspects of the institutional order of a modern market state, this institutional order is shallow. Customary practices and conceptions continue to dominate formal and informal economic and social practices, and it is these practices that have the most significant impact on the management of human resources in pluralist societies of the kind we have described and which PNG exemplifies and that are relevant to wider Asia-Pacific applications.

5.1 Recognising divergent concepts of products, production and productivity. The identification, use and valuation of products occurs through cultural processes. A notable difficulty for outside observers of customary cultures such as in PNG is both ‘product’ identification and ‘work’ identification.³⁰ Cultures integrated into international market cultures tend in identification and valuation of ‘products’ and ‘work’ to focus on market valuation. In such market cultures, activities that occur outside market value-adding activities are generally identified as ‘consumption’ rather than as ‘production’. The cleft between production and consumption is less present in customary cultures such as encountered in PNG and other pluralist nations with large customary kinship socialities. This does not arise simply because economic activities are largely non-market. The main reason for the blurring of ‘production’ and ‘consumption’ is that ‘social products’ are more significant in customary kinship societies and economies such as we describe.

In societies and economies integrated into international market cultures, the social aspects of production activities may be diminished (such as where employers and employees see their workplace relationships in quite restricted terms, with somewhat narrowly defined mutual social obligations). Further, human relations occurring outside market relations may more be identified as ‘social relations’, with these ‘social relations’ relegated to domains that are ‘non-market’ or ‘private’. In customary kinship societies such as encountered in PNG, it is the *social* aspects of production, consumption, and work that are the most important.

5.2 ‘Real business’ of life in kinship societies. This should not be interpreted in terms of laziness or as non-work, although much of that occurs in societies typified by ‘primitive affluence’.³¹ Rather, these activities are used as inputs to the ‘real business of life’ – to the creation of *social products*. The most important of these social products are reciprocal relationships and social status within the relevant cultural reference group.

Status has a profound influence on the nature of productive decisions in societies and economies such as encountered in PNG. Concerns for building and maintaining one's status and reducing the status of others explains much of the apparent waste and dysfunction observed in public life in kinship customary societies. It also explains much of the behaviour that foreign managers find perplexing about their employees. Some examples encountered in our fieldwork include: why a recently hired employee quits a job he or she so plainly needs (the status of the position is too low); why a recently promoted employee requests to be demoted (the new position required him to ride a motorbike, an item of low status); and why an employee continues to take on debt to fund expenditures that are clearly not affordable (the consumption is used to display status). In customary kinship reciprocal societies, status is primarily gained through the public display of prowess, oratory and the profligate giving of gifts. In some instances, concerns for status can be used to enhance wider productivity (such as where aggregated conceptions of social status can be used to focus community production of marketable goods and services or building-up of social assets). Nevertheless, in the majority of cases, status considerations act dysfunctionally when viewed from a modern international market perspective. In such contexts, organisational performance as 'the task at hand' often requires the deflecting of local status concerns.³²

5.3 The 'task at hand'. Determining 'the task at hand' is another pervasive problem for corporate managers operating in customary kinship societies. Modern production processes break-down production objectives into smaller tasks (or work packages), which are then allocated to employees and later recombined to produce the desired 'outputs'. This process is often misperceived and distorted in cultures such as encountered in PNG. Employees regularly use allocated tasks to pursue personal objectives, rather than to meet the overall objectives of the production unit. In some cases this simply reflects unethical employee behaviour. But in many instances it reflects an underlying lack of understanding of the production process in which the firm is involved. Lacking such understandings, or 'connections', employees use assigned tasks to produce products with which they are much more familiar – status and relationships.³³ The result as observed in recent fieldwork is that simple work tasks, such as driving a vehicle or purchasing stationery, become complicated and misdirected. Employees may spend considerable time (and money) trying to determine the type of vehicle they will drive, the route they will take and the location where they will buy items such as stationery. Further complications are created by weak understandings of the nature of 'production' itself.

5.4 Identifying and understanding the nature of 'production'. Modern production processes focus on creating value through the purposeful addition and refinement of inputs. The conceptions of production in customary kinship societies often place less emphasis on inputs

and more emphasis on the ritual and process by which inputs are brought together. The result is a focus on *procedure* rather than refinement. Anthropologists present extreme versions of this disassociation in terms of ‘cargo cults’ through which locals attempt to access modern goods and services through ritualised performances.³⁴ Although such ‘cargo cults’ are now uncommon, cargoistic conceptions may remain pervasive.³⁵ These conceptions create particular difficulties for the integration of the local populations into modern workplaces.

Firms need sustained policies to educate their workforces where employees lack a basic understanding of the production process in which they work. This education process (and re-education process) is commonly required in customary kinship societies such as in PNG. Managers regularly need to explain *product identification*, *product and resources use* and *product valuation* concepts as they apply to the workplace. The manner by which this occurs is not always straightforward. For example, where there is limited understanding of how value is added in coffee supply chains, employees may see coffee cherry simply as something they pick. Nevertheless, the real value is added where coffee cherry is harvested at the correct maturity and with adequate care that the cherry is not damaged. These explanations need to tie employee *inputs* to the *value-adding process*. It needs to be understood that cherry quality and timeliness are crucial to the *market price*. Once these recognitions are made, managers can move towards developing recognition of the impact that poor quality control has on value-adding *forgone*. Such ‘*opportunity cost*’ perceptions are essential for building-up understandings in employees who can eventually fulfil managerial roles.

5.5 Notions of ‘scarcity valuations’ and ‘productive performance’. Cargoistic conceptions also influence firm organisational and reward structures. Firm organisational structures often tie rewards to positions (such as where managers are paid more than general staff). In efficient enterprises these links reflect *scarcity valuations* and *productive performance* measured in terms of *value-added*. Nevertheless, in circumstances where the roles of these positions are not understood, tying rewards to positions can cultivate the cultic notion that that ‘access’ to the position provides ‘access’ to the reward.

Managers operating in customary kinship societies need expressly to relate the organisational structures of firms to employee *productive performance*. Similarly, tying rewards simply to employee inputs (such as hours spent at work) can hinder employee product and *productivity recognition*. Managers, instead, need to ensure that rewards reinforce product identification, by linking rewards to the *quantity* and *quality* of employee contributions to value-adding in *outputs*.³⁶

5.6 Identifying appropriate roles and cultivating domain separations. In cultures where formal employment is widespread, employees typically have been socialised from early

childhood to distinguish between ‘work’ and ‘non-work’ environments. Initially this comes through observation of parents who adopt a work routine inclusive of dress, etiquette and timeliness. Thereafter, it is reinforced through schooling, popular entertainment and direct exposure to workplaces. In customary kinship societies where formal wage employment is not widespread, the majority of the population receive little to no exposure to modern workplace cultures. This results in their bringing to the workplace ill-fitting customary perceptions regarding punctuality, accuracy, non-discrimination and basic social etiquette. Managers need to spend considerable time developing workplace social skills and articulating ‘protocols’ for appropriate workplace social behaviour. This of course needs to be linked with *incentive structures*, so that employees are rewarded for practicing workplace social skills that promote *organisation performance*.

Effective modern organisations require employees to clearer separation of *personal* and *work* domains. In contrast, the small-scale societies, such as encountered in PNG and many developing nations, do not significantly differentiate work and non-work domains. Instead, all aspects of life are subject to customary demands. These demands are seen most acutely in *lineage claims and obligations*. Extended family links dominate conceptions of identity, social value and morality in societies such as encountered in PNG.³⁷ In nearly all cases they require individuals to place the needs of the *group* above their own *personal* needs. These implicit rule systems make sense in small-scale societies, but in formal work environments often produce unwanted outcomes.

The unwanted effects can be seen in the form of the favoured employment of relatives, workplace friction (including physical violence) between lineages and the association of particular lineages with certain job and employment roles. Lineage demands also increase levels of absenteeism (due to employees needing to meet customary obligations) and give rise to forced redistributions that reduce the effectiveness of pecuniary incentives. Nevertheless, the most pernicious effect is seen in attitudes towards law and order and theft.

5.7 Identifying ‘property right’: what is earned and what is stolen. The level of theft and vandalism is very high in societies that weakly identify out-of-group property rights. Reasons for this are multifaceted and, undoubtedly, include low incomes and skewed wealth distributions.³⁸ Nevertheless, the lineage culture plays a significant role. Lineage loyalty is the fundamental moral principle in customary kinship societies as encountered in PNG and nations with similar indigenous socialities. Where lineage loyalty requires the subversion of wider principles, these wider principles are regularly subverted. The result is few informal mechanisms controlling opportunistic behaviours. This opportunistic behaviour is manifested in very high levels of public crime and violence. In response, firms allocate significant resources

to counter and prevent crime. Recent research shows estimates that, on average, enterprises allocate 10% of their staff to security duties. Less obvious is the extremely high level of internal organisational theft.³⁹

Almost all firms in PNG suffer from internal theft. The manner by which this impacts the workplace is not always clear-cut, as seen in two contrasting examples from recent fieldwork.⁴⁰ In the first instance a manager attempted to re-hire a very productive staff member who had recently left to work for a rival firm. The former staff member declined his offer stating: 'I can steal so much from my [new] employer I will never leave.' In another, a manager needed to dismiss a competent staff member for theft, on receiving her notice the employee replied: 'Thank you, thank you, thank you'. She had been stealing to satisfy lineage demands but it had conflicted her greatly. It is very difficult to deal with these issues through formal policies. Instead, managers need to develop local solutions that combine both controls against theft and motivations for firm allegiance.

5.8 Work roles / styles of workplace relations / gender in workplace relations. Traditional conceptions also impact local understandings of appropriate employment roles and managerial styles. In the main, the modern market order allocates employment roles based on competence and performance. In contrast, customary kinship societies typically allocate roles based on the sex of the person completing the task. In general, males complete tasks that afford the greatest status (or which provide an input to status building activities such as cash incomes). Females complete tasks that have low status and which require repeated inglorious work (such as tending gardens, cooking and conducting administration). There are of course exceptions to this practice but, in the majority of customary kinship societies, women and men are allocated work tasks on the basis of their sex, not their ability to produce.⁴¹

These conceptions flow into formal workplaces in which men often find it very difficult to work under the supervision of women. The resulting outcomes can be very stressful for female supervisors and significantly reduce productivity. Managing gender roles presents a significant challenge for human resource managers of firms operating in customary kinship societies. In many instances female employees, due to less concern with status, are far more reliable and effective in their work performances. Nevertheless, promoting them to supervisory positions can expose them to such considerable strain that they request demotion or leave the workplace. Education plays a significant role in bringing about the understanding that workplace promotion occurs on the basis of demonstrated competence. Nevertheless, education is often not enough, and managers need to complement such programs with direct supervision, mentoring and leadership.

Although there are significant variations within customary kinship societies such as encountered in PNG, traditional leadership emphasises meritocracy and consensus building.⁴² These understandings are often very different from the hierarchical management culture favoured by large transnational firms. In general, direct hierarchical communication is not favoured in customary kinship societies. Rather, the preference is for flatter organisational structures where directions are provided after a period of consensus building. Although this does not apply to all circumstances, it is generally the case that, where decisions rely on employee implementation, they are best developed as part of a consensus. This requires managers who are willing and able to interact with staff through personal, face-to-face engagement.

6. Factors affecting the labour supply

The previous section discussed considerations that apply at the firm level. Human resource planners dealing with strategic policy issues often need to extend their focus to include factors influencing the demand for and supply of labour. Of these factors, the labour supply, in particular how to increase the quality and quantity of human resources, is complicated in local contexts dominated by customary kinship societies.

6.1 Limited quantity and quality of human capital. ‘Human capital’ is a broad term encompassing knowledge, skills, values and health. In relative terms, the quantity and quality of human capital in developing nations with substantial customary kinship populations is low. Access to formal education is limited. The 2009 PNG National Labour Market Assessment – Supply Report estimated that 61% of children aged 6-18 years were not enrolled in school.⁴³ Quality of education is also a significant concern. Recent reports indicate that over the last decade, while there has been an increase in school enrolment, there has been a decline in the general quality of school, university and vocational education.⁴⁴ This reduces the capacity of indigenous populations to gain formal wage employment and results in the majority of transnational companies relying on non-citizen labour for key managerial and specialist roles.

6.2 Lineage demands as a disincentive to work. Formally employed workers in PNG are regularly subject to demands from extended kin for monetary and in-kind support. These demands are typically discussed in terms of ‘*wantok* obligations’. *Wantok* is a *Tok Pisin* [Pidgeon English] word that literally means one who speaks the same language. Nevertheless, the term is used more broadly to describe people with whom one is more closely affiliated due to lineage association or, in urban contexts, because they come from a similar district or sub-district. *Wantok* demands are well suited to small-scale societies where the kinship group provides a social, economic and physical safety net. They often work less effectively in larger

urban regions, because they reduce the effectiveness of reward systems based on individual productivity.

It is very common for household principal income earners to support an extended *wantok* network. Many of these *wantoks* consist of persons who are able to earn income, but who in some cases may purposefully choose to rely on the income derived by the principal income earners. They are able to make these demands because social custom dictates that the main income earner provides the assistance. Where persons refuse to provide assistance, they risk significant decline in social status, severe condemnation from their lineage, and possible sorcery-related violence and potential loss of rights over customary land. The effect of these demands is to reduce the willingness of individuals to supply labour and the effectiveness of rewards tied to marginal productivity.

6.3 ‘Subsistence affluence’. As is common in nations with substantial customary kinship societies, in many parts of PNG the incentives for exerting labour are limited. Terms such as ‘subsistence affluence’ have been used in economic anthropological literature to describe PNG societies where material wants (such as food and shelter) are satisfied with under-utilisation of available resources.⁴⁵ The term ‘affluence’ is not used to imply that the local society has an abundance of goods and services. Simply that subsistence needs and social obligations are met without full utilisation of available land and labour resources. Whilst this condition does not apply uniformly throughout a developing nation with substantial customary kinship societies, and parts of the rural and urban population often face great difficulty meeting subsistence needs, subsistence affluence may continue to shape household behaviour, especially in areas where there are less pressures on available land or marine resources. The result is a tendency to reduce the supply of labour, especially for wage employment and to reduce the effort with which persons apply their labour.

6.4 ‘Target incomes’. The term ‘target incomes’ refers to an amount of income that a person or household wishes to earn through exchanging their labour. Once the target is achieved, the person/ household stops supplying labour services. Target incomes impact policies attempting to increase the labour supply. Studies show that a household target income framework would appear suitable to customary kinship societies.⁴⁶ Households set a target income and then adjust their labour supply in response to the capacity to meet this income. The most interesting aspect of the model is that, because households remain focused on their target income, household labour supply may decrease as income increases. Recent fieldwork indicates that employers in rural parts of PNG continue regularly to record the phenomenon of employees reducing, or even eliminating, their labour supply, after they have earned sufficient income to meet cash needs for such goods as school fees.⁴⁷

Similar behaviour has been noticed in studies of pre-industrial Europe, where increases in ‘real wages’ could result in labourers working fewer hours.⁴⁸ The reasons for this reflected worker preferences for leisure. Interestingly, this relationship had changed by the 18th century, with dramatic increases recorded in worker consumption options (in the form of new products that they desired) as the prime driver of this change.⁴⁹ This has significant implications for policies attempting to increase the labour supply available to firms operating in rural customary societies such as encountered in PNG. Most people in rural PNG have limited access to modern market goods and services. Currently government policies for increasing the labour supply focus on formal education and increases in the minimum wage. Potentially, a better option is to focus on increasing the availability and quality of modern market goods and services. This, in effect, changes the ‘target income’. The rapid uptake and continued use of cell telephones and electricity services by rural villages indicates latent demand for such products and a willingness to increase their supply of labour in order to access them. Firms drawing upon labour from customary kinship societies will often find it expedient to engage in ancillary retail operations that increase workforce access to market products.

7. Adapting international HRM practices to customary kinship societies

PNG offers many examples of transnational firms adapting to weak indigenous labour supply by recourse to importing non-national labour to fill key managerial and technical specialties. Nevertheless, except for highly specialised firms, this approach is neither economically nor politically feasible. It is unachievable for small indigenous firms who rely on indigenous labour or who provide a direct service to the population. As result, the vast majority of firms adapt their HRM practices to suit local contexts. Exactly how firms adapt depends on their circumstances and purpose. One of the adaptations to be observed is that transnational firms operating in societies such as represented in PNG widen their activities to include components that would not be present on direct for-profit organisational criteria. In this aspect, such firms include operations as observed in aid organisations, foreign affairs departments and religious missions. The latter have been running formal cross-cultural education programs in PNG since 1970.⁵⁰

Direct observation of over 100 firms carried out in recent PNG fieldwork by the authors indicates that pluralist HRM structures are common. Head offices with a high level of non-national staff tend to maintain and observe centralised HRM practices. These practices are also applied to non-national technical specialists who work remotely. Nevertheless, practices are adapted in parts of the organisation where the workforce is primarily indigenous. The result is the coexistence of practices (formal and informal) which serve different purposes and different audiences. Key considerations for adapting to local contexts in PNG and other Asia-Pacific

contexts where firms operate in customary kinship society environments are outlined in Table 2 (see the next page), and should be assessed in conjunction with the strategic issues identified in Table 1 (above).

Table 2 Considerations for adapting international HRM practices to local contexts

Considerations	Practical HRM applications
<i>The continuing influence of status and prestige</i>	<p data-bbox="398 406 884 438"><i>Creating domain identification</i>, through</p> <ul data-bbox="398 462 2060 821" style="list-style-type: none"> • Clearly delineating the workplace as being governed by its own rule system that employees must adhere to and must openly choose to adhere to. • Identifying and reinforcing the inappropriateness of behaviour that may be acceptable in different domains but is unacceptable in the workplace. • Providing lower level managers the responsibility and incentive to oversee the creation of domain separation and the enforcement of enterprise rules. • Utilising symbols throughout the workplace to distinguish it as a separate domain (for example, the use of signs prohibiting activities or marking physical boundaries: ‘You are now entering a workplace’). <p data-bbox="398 837 1780 869"><i>Generating an understanding of workplace roles and appropriate obligations of individuals in such roles</i>, through</p> <ul data-bbox="398 893 2027 997" style="list-style-type: none"> • Clearly delineating the function of employees and managers and the roles they play in enabling the enterprise to function successfully. • Explaining different responsibilities in terms of teamwork and the requirement for discipline if the enterprise is to remain competitive. <p data-bbox="398 1013 1668 1045"><i>Structuring payments so as to enhance the long-term commitment of employees to the enterprise</i>, through</p> <ul data-bbox="398 1069 2060 1297" style="list-style-type: none"> • Explaining reward structures so that employees understand their incomes will be a function of the quality and quantity of their inputs to the production process and bear relationship with output values. • Ensuring rewards are appropriately linked to existing cultural preferences and institutions, and reflect the contribution of the employee to the enterprise. • Providing employees a share in the returns from productivity enhancement and enterprise growth.

**Consider-
ations**

Practical HRM applications

- Establishing education programs for employees regarding management of money, business and facilitating access to savings institutions.
- Structuring reward payments so they promote repeat rather than one-off exchanges.

***The
continuing
prominence
of small
group
institutions***

Reducing the influence of traditional demands on employees, through

- Developing structures that enable employees to isolate their incomes from lineage members (such as, multiple bank accounts, packaging of rewards in ways that strengthen attachment to employer such as allowing choice of direct payment of school fees in rewards packaging).
- Explaining to traditional leaders the demands modern workplaces have on employees and how these will limit their capacity to participate in traditional activities.

Recognising the egalitarian nature of PNG societies, through

- Involving staff in the design, construction, operation and maintenance of organisational rules and direction so that they develop a feeling of ownership.
- Providing employees open forums in which they are able to voice their concerns in a manner that is customarily acceptable (such as, by open discussion to achieve consensus).

Invoking assent for work place rules, through

- Developing a participatory decision making process that involves employees in developing rule systems that will be used to guide the workplace.
- Clearly identifying the workplace as an arena where loyalty is directed to fellow employees and the enterprise, rather than to *wantoks*.

Legitimising the enterprise rule system, through

- Public explanation of the rule system to all employees, explaining the reasoning behind such rules and any changes that have been made.

**Consider-
ations**

Practical HRM applications

- Using affirmation symbols and rituals to reinforce the rule system and the benefit of compliance (for example, establishing an annual public social gathering in which members of the enterprise are rewarded for behaviours that support enterprise objectives).

***Discriminat-
ive practices***

Cultivating work group identity, through

- Identifying and reinforcing the team-orientated nature of workplaces and the need for loyalty to be directed to organisation production activities during work
- Employing individuals in teams that cross lineage, sex and geographic boundaries so that mutual understanding can be developed through practical experience.
- Providing identity to employees through the use of common standards that act as markers of identification (for example, vehicle logos and uniforms).

Strengthening perceptions of even-handedness in the workplace, through

- Using representative panels for selection of persons for positions and for review of performance in positions.
- Creating and following objective and publicised procedures for dealing with workplace disputes, altercations as well as hiring, firing and rewarding of employees.
- Rewarding and promoting employees on the basis of their scarcity contributions and competence rather than their sex or kinship.

Promoting cooperative protocols, through

- Explaining the role courtesy plays in maintaining a cooperative workplace and how it is tied to the success of the enterprise and subsequently employee rewards.
- Educating staff regarding routine workplace behaviours (for example, phone answering techniques) and more complex processes such as sales techniques.

**Consider-
ations**

Practical HRM applications

*Divergent
value, product
and work
constructs*

Enhancing conceptions of product identification and value, through

- Clearly articulating the processes that link inputs and outputs (products) in order that productivity may be made a goal, may be assessed, and may be rewarded.
- Identifying and re-informing the processes by which the firm adds value to resources and the value-adding intent that underlies its existence.
- Explaining the value-adding intent of the enterprise and the technical means by which such value is added.

Tightening the links between rewards and the quality and quantity of labour inputs, through

- Making transparent the performance requirements attached to various positions within an enterprise, as well as means to achieve these standards.
- Tightly linking rewards to quality of performance and the skills which underline such performance, so that employees are motivated to improve their skills.

Creating a respect for formal market work culture, through

- Rewarding those who meet production standards and maintain timelines and penalising those who do not.
- Attaching status to contributions to productive activity through performance bonuses (not necessarily pecuniary) and public recognition of achievement
- Using existing social customs (such as prestige or shame) as rewards or penalties for adhering to workplace protocols.

*Faulty
perceptions of
causal links
in product*

Fostering the understanding that economic opportunities are created and rewards are earned, not simply delivered, through

- Openly linking rewards to the scarcity valuations of employee contributions to production as well as providing opportunities for others to enhance their contributions by creating opportunities for improving their skills.

**Consider-
ations**

Practical HRM applications

*delivery: the
flow-on
effects of
'cargoism'*

- Clearly articulating that access to modern goods and services is firstly a matter of production, and that the essence of market production is competition.
- Clarifying the importance of revenues and costs in market enterprises and the role of profit as pay-off for the over-time building-up of productive assets by the firm.

Articulating the concept of opportunity cost, through

- Explaining the notion of relative scarcity and its effect on resource valuation.
- Identifying that choice lead to forgone opportunities and that these forgone opportunities also apply to others.
- Explaining pricing of outputs and inputs in terms of their relative scarcities.

8. Conclusions

We have argued the need for situating and adapting human resource practices to pluralistic local contexts that experience marked 'cultural distance' from home-country and international and transnational organisational cultures. We have highlighted that in contexts where the underlying culture is shared, or where there is sufficient period of exposure to enable the building-up of common understandings, transnational firms are more readily able to export centrally-controlled human resource practices. In contrast, where the level of cultural distance is significant, as occurs in customary kinship social environments as seen in PNG, firms need to adapt their practices to suit local circumstances. This paper presents key considerations for situating and adapting human resource practices to contexts as encountered in customary kinship societies as these are encountered in the Asia-Pacific. In particular, we highlight that modern market organisations reproduce cultural understandings that are foreign to the majority of citizens in developing nations where customary kinship societies predominate. This results in locals bringing to the workplace different concepts of product identification, valuation and use.

These differences have significant impacts for human resources management, including the needs to reinforce workplace domain distinctions and to develop incentive and organisational structures that have relevance to employees. This requires a process of cross-cultural adaptation by both the organisation and employees. Where firms need to remain competitive in international markets, the international organisational culture should be expected to be culturally dominant. Nevertheless, it is likely that firms will develop a hybrid culture in which international human resource practices operate alongside local adaptations. The tabulations in this paper summarise the variety of strategies available to make operational cross-cultural adaptations in human resources management that enhance firm operations in the complex situations often encountered and the described social and economic environments such as encountered in PNG.

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