



Policy Education: Reasons Why Labour Migration in Fiji is Inevitable

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Abstract

In Fiji, labour shortages have grown far more rapidly over the decade. As the education system rises, many choose the path of migration to gain better standards and job opportunities abroad. The policy brief focuses on the impact of migration on individuals gaining adequate education and training. More often, it is seen that many choose the path of going abroad to upgrade their education further. As detailed in the National Economic Summit, many individuals from migration are moving abroad, either due to education, work, or permanent transition. This gives a massive blow to the economic progress of Fiji, as the country starts to lack skilled and educated groups of individuals to fill the gaps in labour demand. As Fiji progresses in its development stage, such shortages will doom the nation's fate in the coming years. Once the nation lacks such skilled and educated labour, it will be in a tighter position to obtain financial aid as human capital formation reduces over time.

Keywords: Education, Labour, Migration, Fiji, Shortages

1. Introduction

Brain drain is not new. It is a common phenomenon not only in Fiji but also in the Pacific Island Countries and other regions such as the Caribbean. Fiji has been facing shortages of labour for a long time. Skilled labour loss started decades ago and continues to wreck the economic progress today. Today, the migration problem is far worse, which hinders economic progress far more intensely. If this continues, in the future, hope for any economic progress looks bleak. As per the media and official utterances, the last 18 months has seen around 10 percent of the formal labour force drained off to join our neighbouring countries that offer them better returns. Apart from the formal labour force, many have left the nation with an ambition to further their studies, and some to earn income and accumulate wealth through temporary employment. The fact is that wage rates in those countries (Australia and New Zealand) are much higher than in Fiji, giving the migrants a better chance of progress in life.

In Fiji, many students invest in higher education. There are various motives to it. Such as gaining adequate experience to get promoted, chances for higher pay grades, and not only that but investing in higher education to learn more about how to handle relevant work-related tasks. More supposedly, many students intend to migrate after upskilling and increasing their education capacity. One of the key factors that contribute to migration and labour shortages, it can be said that it evolves around education and skills.

2. Literature Analysis

Migration has remained a significant challenge for many developing countries. Migration opportunities entirely depend on the location and reallocating cost. Other determinants of such movement are based on returns to the human capital. There are many links between migration and education; to date, the correlation between the two dependents is understood to have a positive impact. Many connections lead educated individuals to migrate, and one possibility would be for better human capital return (Girsberger, 2017; Gosai, 2023). The recent discovery by Gosai and Deo (2023) found the connections to how educated groups migrate and hence support the family back via remittance. Many families in Fiji live in poverty. Poverty has been a substantial issue. Regardless of the government support for alleviating poverty, the nation remains consistent on the poverty rate. As a connection, those who have a link to families abroad choose the alternate path of moving abroad. The more stock of individuals migrated, the more remittance received for Fiji increased (Gosai & Deo, 2023).

Knapp et al. (2013) conducted a statistical analysis using data to find out returns on migration and how education plays a pivotal role in influencing migration type. Education and training play a key role in motivation to migrate. Many choose the path to migrate, reasoning behind gaining better income caps and better returns, lifting their standard of living. Likewise, Gosai (2023) also discussed that reallocating within the nation is considered local migration, as education is key, allowing many to move from rural to urban in search of better income and opportunities. This raises the informal settlement and impacts poverty drastically. Moreover, the movement does not stop there. The reallocation will continue until the satisfactory level of individuals is achieved. Therefore, the individuals gain a better taste of migration domestically and see the great human capital returns. This further motivates them to leave urban sectors and

reallocate themselves to other countries such as Australia, New Zealand, the United States, or Canada (Gosai, 2023; Gosai & Deo, 2023).

3. Labour and Investments

Shortages of labour can have a huge impact on investments. Fiji is now experiencing this shortage in investments, both domestic and foreign, are withering off. Investors are placing their investments on hold, and many are retreating due to this shortage of labour. Although Fiji has successfully implemented a gradual rise in the minimum wage rate in the hope to motivate workers, the labour stock is progressively declining.

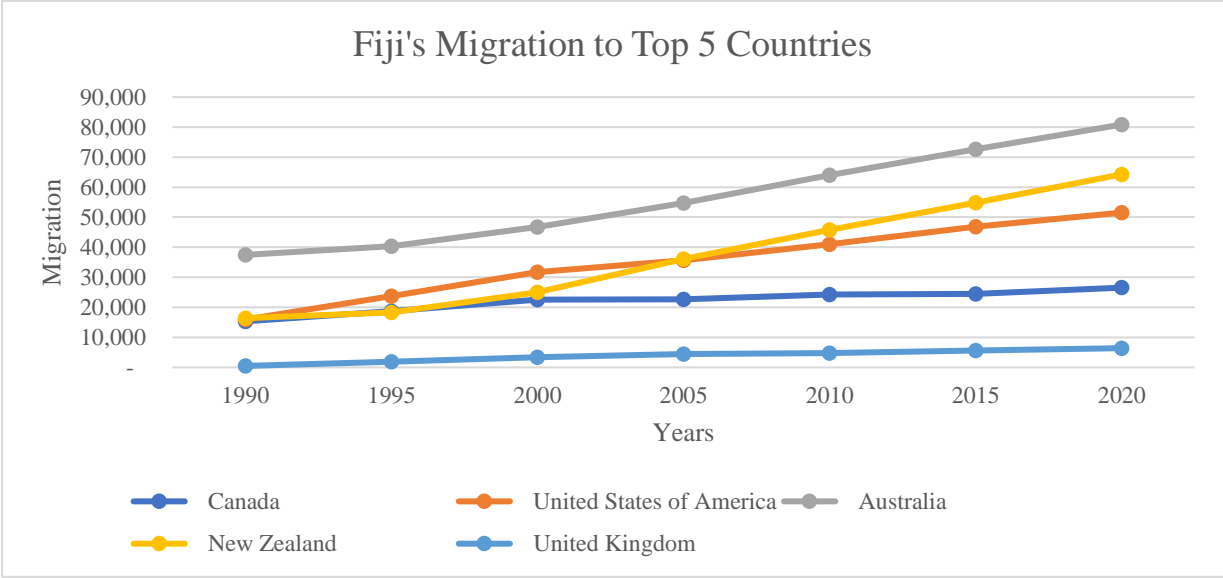
Many industries in Fiji have been drastically impacted by this dramatic phenomenon in the last 2 years post-COVID-19. In recent times, we have noticed that the Bus Association has raised its concern regarding shortages of qualified and experienced bus drivers, as many have left the shores to seek employment in Australia and New Zealand for better pay and less stress. In one instance, a driver in New Zealand said, “Working here is 10 times more beneficial, many times more relaxing since roads are so good, and the conditions of vehicles are excellent”. They add, “We wasted our lives in Fiji”. Likewise, the tourism sector, one of the rapidly growing and highest contributors towards economic progress, has been facing the same issues recently. The building sector and agriculture suffer the same fate. Therefore, the question is, how will Fiji and many other Pacific Island countries cope with such shortages?

4. Training and More Training

One way to do this is to train more people. More TVET programs and grants to allow individuals to attain skills through education so that they can fill up the gaps that exist. Despite the government investing in institutes such as Pacific Polytech and in FNU’s TVET programs in the past couple of years, Fiji continues to lose people after training them. Now due to this shortage, we see unskilled labour in the informal labour force filling those gaps. Many times, the businesses suffer the cost due to low productivity. To address the issue, the government plans to indulge more in competence-based training. The question is, can competence-based training be a quick enough solution to support the shortages and upskill the labour force? In quarter two of this year, it was observed at the National Economic Summit that around 22,000 people moved out in the previous 12 months. Of this, 16,000 workers were on work permits. These numbers fail to capture those

individuals who have been granted student visas and moved abroad. Countries such as Australia now has allowed students to work 48 hours per fortnight. This is a significant component of skilled labour Fiji has been losing. The figures would have significantly increased by now as we continue to see outward mobility (the graph shows continuously increasing migrant stock). The big question is how Fiji and other PICs cope with this migration level as it continues to grow.

The graph below depicts Fiji’s migration to the top 5 destinations.



(Author's graphical presentation based on International Organisation for Migration data)¹

The migration figures have increased over time. In the next 5 years, by the end of 2025, the estimated figures would cross 90,000 for Australia. At an accelerated rate observed now, the average for the next 5 years would easily exceed 10,000. Similarly, in New Zealand, an observed average of 10,000 individuals would migrate by the end of 2025, and eventually, the figures would cross an estimated total of 75,000 migrated individuals. It can be said that an average of 2,000 individuals migrate to either Australia or New Zealand, either on a permanent move or on work permits. Likewise, it can be further said that individuals also move to the United States at an average of 1,000 per year. As migration continues to increase, the figures could escalate quickly, hence, Fiji will continue to have skilled labour shortages.

¹ The data is presented till 2020.

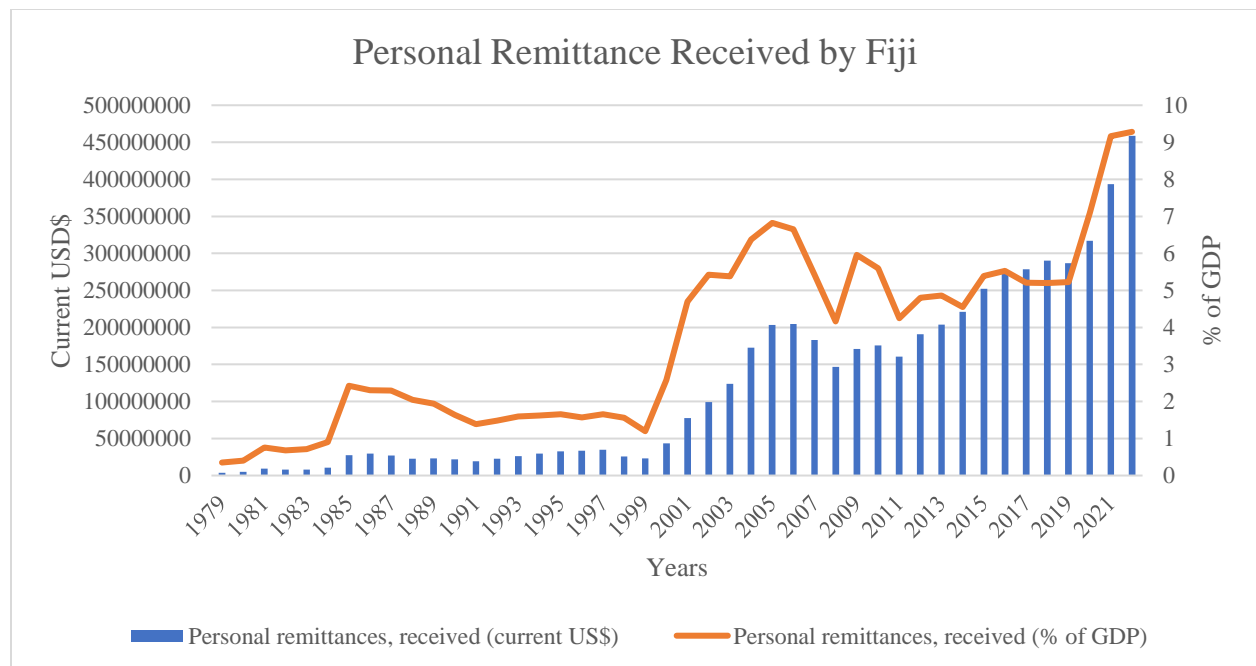
The current migration trend raises another serious question – is this increase in migration also associated with political stability in Fiji? Migration in Fiji is known to be associated with political problems and social disenchantment. This critical factor causing migration is far more volatile due to families of Fijians abroad, particularly in Australia and New Zealand.

While this phenomenon drains the country of much-needed skills, it also dries off the prospects of remittances. It is expected that if the family units move abroad, the motivation for remittances will diminish and have drastic consequences for Fiji and PICs alike. This will leave developing countries like Fiji high and dry in every respect. It would create a huge generational gap in the labour force.

5. Is there a Brighter Side to Migration?

As we all know, migration is inevitable, and migration offers positive returns to the people. Most who leave the shores of Fiji and residing abroad gain economically and actively send remittances to support their families back home. Hence, Fiji has benefitted from this in the past and continues to benefit as personal remittance received increases yearly, reaching close to a billion FJD in 2022.

The data presented below is from 1979 – 2022 for personal remittance received in current USD and remittance received as % of GDP (Right Hand Side Axis).



(Authors graphical presentation based on World Bank Data)²

The increasing remittances during COVID-19, were recorded as the highest ever for Fiji. Many families abroad continuously send money back home to support their families during the hard times. According to the World Bank, in 2020, remittances received were recorded as USD 317 million, and in 2021 as USD 394 million, largely from Australia, New Zealand, and the United States. By the end of 2022, remittances received reached USD 459 million, and by the end of 2023, remittances can reach a staggering USD 500 million (more than one billion FJD).

With the increase in remittances received, remittances consumed impact the nation's GDP. It is noticeable that the rate from 7.1 percent in 2020 reached 9.2 percent in 2021 and 2022 to 9.3 percent. Currently, there are no statistics to indicate remittance consumption by type. However, most cash received via remittance is consumed or invested in household development.

These remittances were a boon for thousands of families during Covid-19 as Fiji faced economic hardships and financial restraints due to the complete lockdown. The remittances became a lifeline for the people regardless of the government's handouts. This experience gives us solace that Fiji could be supported through this mechanism of remittances in hard times. Therefore, the governments in PICs may be motivated to design policies to encourage or, more so, to attract remittance.

Unfortunately, it is not quite clear what measures and policy strategies PICs are considering to sustain remittances with the least economic cost, including those arising from labour migration. In addition to this, it is also known that remittances are utilised by families back home to invest in housing and education, a benefit that can never be overstated.

However, the reality is that family remittances tend to diminish over a period of time as family links weaken, which implies that migration of workers must continue for remittances to continue flowing back.

² The World Bank has data till 2022.

6. Government's Skill Development Policies and Foreign Aid

Indeed, as stated earlier, losing labour is not a good thing for the economy, while losing surplus labour may be harmless. The outflow of labour from developing countries to developed ones hugely benefits them. The loss of labour inadvertently harms developing countries due to the loss of productivity. Therefore, developing countries must replenish their skills to sustain their economic output. This loss can be partially compensated with foreign aid that countries receive. However, the aid must be effectively utilised to increase productivity and output.

The government, therefore, needs to start working on strategies how to minimise labour drift and at the same time, increase labour productivity through technology, including economic efficiency through improved infrastructure. A structural policy that can enable the government to work with other nations to set a benchmark on the utilisation of aid for infrastructure development. In that order, Fiji can also enjoy some services of the skilled labour market through a reverse flow of labour and technology. At the moment, Fiji needs at least 10,000 more workers in the building industry, agriculture, and tourism.

While there has been an ongoing saga of labour shortages, the government should work towards policy adjustment through the Immigration Department to make the process of importing labour easier and faster for businesses that need skills to continue with their business. At the end of the day, people are needed to create the economy, which can only happen through investment and employment creation.

The government continues to drag its feet on this.

In addition to this, the government needs to relook at its policies and processes to ease the business environment in Fiji, which is crucial to attract foreign investments into the country and motivate domestic investors to consider investments. Without a new and bold approach, Fiji and most PICs will suffer an economic downturn in the next 3 years.

7. Conclusion

It is profound how education has a heavy link to migration. The Government of Fiji has been investing significantly to enable many unskilled labourers to gain relevant exposure and training. However, it has been noted continuously that the government fails to retain individuals from

migration regardless of the investment. Migration is inevitable, and it cannot be stopped or controlled. It is a tremendous trend in how educated group cycles choose to further upgrade their education abroad in ambition to gain different prospects. The need to fill the gaps has increased dramatically. This could become a future impact on the nation if they fail to address such rise in demand and shortages in supply for skilled and educated workers.

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9. Declaration

The paper is original and does not contain external sources or references in the body of the paper. A few references used are detailed in the reference section. The original paper was published in the local newspaper Fiji Times, dated October 20, 2023, titled, Fiji: Labour Migration is Inevitable.