

## SEASONAL WORKERS RECRUITMENT IN THE PACIFIC; LABOR MARKET IMPACT ON NON-AGRICULTURAL PRIVATE BUSINESSES IN SAMOA

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### ABSTRACT

*This article explores the impact of the seasonal worker's scheme on non-agricultural private businesses in Samoa. It is based on detailed interviews with 31 private business operators in Apia who may have experienced losses of skilled and trained workers leaving their employment to take up the opportunity to work under the seasonal worker's scheme. The focus of the article is the impact of the Seasonal employment recruitment process on the labour pool of workers, the loss of skilled workers and the potential disruption of the private businesses in Samoa.*

**Keywords:** Non-agricultural, Pacific labour scheme, Private businesses, Recognized seasonal Employer, Seasonal workers.

### INTRODUCTION

In most economies, all the stakeholders in a perfectly competitive labour market encounter the wage determining forces of demand and supply where the wage is determined by the demand and supply. The main buyers of labour will thus be, the government, her associated public institutions, and private businesses. However, in economies that subscribe to any Seasonal Work Schemes (SWS), the labour market does not only include the local recruiters but now includes overseas recruiters. Entrepreneurs and private business operators now have to compete for workers from the same pool of workers overseas recruiters. In most cases, these overseas recruiters have a better remuneration package and therefore an advantage over the local businesses. Some countries and territories within the Pacific region, are provided with the economic right to work in New Zealand or Australia through labour mobility and SWS. These paths of employment provide the triple economic return to the country that is sending the workers, the country that is receiving and engaging the services of the workers and the workers. The general view of these schemes focuses on the economic benefits and some of the experiences that the recruited workers face. This article provides a summary of the impact that these schemes are having on the Samoan labour market and especially the effects they may be having on non-agricultural private businesses.

The New Zealand's Department of Labour established the Recognized Seasonal Employer

Scheme (RSE) scheme on 16 October 2006 and recruited the first workers in 2007 (Ramasamy, Krishnan, Bedford, and Bedford, 2008). The scheme started initially with Vanuatu, Tonga, Samoa, Kiribati, Tuvalu, and expanded to Papua New Guinea, Fiji, and Nauru. The opportunity is also available for employers to recruit from the Federated States of Micronesia, Palau, and the Republic of Marshall Islands (Underhill-Sem and Marsters 2017). The aim of the RSE is to: improve New Zealand's horticulture and viticulture industries productivity, create a sustainable seasonal labour supply, assist New Zealand's Pacific economic development objectives, facilitate regional integration, and political stability (Underhill-Sem and Marsters 2017).

Under the RSE, workers from eligible Pacific Island countries are recruited to work in New Zealand for a maximum of seven to nine months per eleven-month period and can return in future seasons if recruited again. The RSE scheme's success depends on stakeholder cooperation, careful management and monitoring (R. Bedford, Bedford, Wall and Young, 2016). There is an administrative limit or cap on the number of RSE places that can be taken up in any one year. The initial success of the scheme did lead to increased demand from employers and led to the increase in the cap of workers recruited across the years. In 2007, the cap of workers was set at 5,000 places, 8,000 places in 2009, 9,000 in November 2014, 9,500 in December 2015, 10,500 in December 2016, 11,100 in December 2017, 12,850 in November 2018, 14,400

in October 2019 and 14,400 for 2020/21 (New Zealand Immigration, 2022).

Similarly, The Australian Government's Pacific Labour Scheme (PLS) provides workers from nine Pacific island countries and Timor-Leste opportunities for employment in low and semi-skilled occupations across hospitality, agriculture, fishing, aquaculture, forestry to aged care to meat processing in rural and regional Australia for up to three years (Howes S. and Lawton H. 2021). The Pacific Australia Labour Mobility (PALM) scheme which is to commence in April 2022, streamlines the Australian Government's labour initiatives, the Seasonal Worker Programme (SWP) and Pacific Labour Scheme (PLS), (Department of Foreign Affairs and Trade 2022). The SWP offers employers in the agriculture sector and in the accommodation sector (in most regional and rural areas) access to reliable seasonal labour when Australian workers are not available. Australia intends to increase her intake of Pacific Workers under the PALM, SWP and PLS. By March 2022, 10,000 workers will be recruited under the SWP and 2,500 under the PLS making a total of 12,500 workers (Department of Foreign Affairs and Trade 2022).

There is an ongoing discussion on whether such schemes are having any impact on various aspects of the economy. Little is known of the experiences and competition between private business operators and overseas recruiters for the same labour pool. In this study, we investigated the private businesses' knowledge, practices, and experiences with the Seasonal Employment Schemes in the Pacific Island nation. This research addresses the question of whether seasonal worker recruitment has an impact on non-agricultural businesses in Samoa. The research focused on for-profit businesses that are not owned, controlled, or operated by the government, although at times they may partner with a government body to jointly deliver a business service or business venture to the community. A cross-section of the Private and medium-size businesses in Samoa with a particular interest in their labour recruitment, labour retention, and labour issues were selected and reviewed to see how these businesses are able to stay competitive when their competitors for the same labour pool are from Australia and New Zealand.

## LITERATURE REVIEW

To the best of our knowledge, very little has been written on the competition that exists between the foreign recruiters of labour and their local counterparts and how this impacts the local labour markets, particularly for low-income middle-income countries like Samoa. However, we intended, as part of this research, to look at comparative international studies of seasonal work impacts on the economies of development countries. There are a number of influential studies of the social economic impact of seasonal worker schemes summarised in Ramasamy et.al. 2008, and Bedford et.al. 2009. The academic literature has largely concentrated on explaining the differences in unemployment rates across countries, the quality of labour that are migrated as to whether they are skilled or unskilled, the permanent migration of skilled labour across countries, etc. and not the specific competitive impact of foreign recruiters from the local skills pool or the complexities of doing business as a private firm that has to only depend on a reduced pool of workers who could potentially leave or those who couldn't qualify for the opportunity to be recruited for one reason or the other overseas. The literature makes it clear that Labour shortages have not only resulted from migration ('brain drain') but also that remittances may discourage labour force participation (Bedford and Ho, 2009). Muntaner et al 2012, found out that the economies of low-income countries are hindered by a heavy reliance on informal work. Large informal sectors tend to result in severe labour market insecurities. A study by Tsujita of the Yazaki factory workforce found that workers were prepared to endure tough conditions for minimum wages because they enjoyed the social contacts and the chance to earn money for their family which they had no other means of obtaining. However workers forced Yazaki to modify terms of employment because workers refused to commit to those set down by the company in its initial years in Samoa (Tsujita Levi 2019).

### Semi-Structured Interview Procedures

Private business owners or their managers identified from the Samoa Chamber of Commerce database and a few other private businesses that met our criteria for selection were contacted and interviewed privately for approximately 40 to 60 minutes in their business location, using questionnaires and audio recorders.

The semi-structured interviews were conducted in English by research team members (MY), who is trained to conduct interviews. All the interviews were conducted in English which was the participants' language of preference. At convenient times and dates, the interviews were conducted face-to-face in participants' preferred location, while ensuring COVID-19 safety measures and guidelines (social distancing, wearing of face masks, and the use of hand sanitizers). Prior to the interviews, the researcher explained to participants about the privacy and confidentiality of the data collected. Participants consented and signed consent forms, which were written in English. Some Socio-demographic details such as number of family members employed in the businesses, and the village of the business location, were collected, then other open-ended questions were asked. Field notes summarizing contextual characteristics of interviews were finalized. Audio filed interviews were transcribed verbatim in English by research assistants.

### **Ethical Approval**

For this research, ethical approval was obtained from the National University Research Ethics Committee in Samoa.

### **Measurements**

Structured open-ended questionnaires including socio-demographic information, staff employment and retention attitudes, and impact on the staffing procedures were used. Each measurement scale was constructed after ascertaining face validity and content validity based on experts' ratings, and factor analysis.

### **Data analysis**

The data was thematically analyzed under different themes received on knowledge, experience, and practice of private business owners and operators. Firstly, transcripts were reviewed and coded by the research team. Transcripts were systematically read and different themes were identified. Sections of the interviews, which fitted into the different codes were collated and placed under themes on knowledge and practice of the labour recruitment and retention practice. In order to ensure rigor and reduce coder bias, a second review and coding were conducted, together with written notes at weekly team meetings. The analysis and description of each theme identified patterns, relationships between the different themes, and the overall research topic.

Emerging themes were obtained together with participant quotes to illustrate the results below.

## **RESEARCH METHODOLOGY**

In order to answer the research questions identified, a qualitative research method was used. A sample of business owners and managers in 25-30 small and medium enterprises (5-15 employees) were contacted through consultation with the Samoa Chamber of Commerce and affiliated organisations. The proposed sample of businesses were contacted with a written request for their assistance and for appointments, and a final list and work program created based on the responses.

The survey method was a semi-structured interview schedule in which the same topics of enquiry was used for all interviews, thus ensuring comparability of responses. The interviews were conducted in the English language, recorded, and transcribed for analysis.

For confidentiality purposes, the names of the people interviewed are not published but only the type of business operated in adherence with the university's confidentiality policy. Consent forms were also used for all interviews.

The findings were then collated and analysed using narrative analysis; contents from the various interviews were analysed and compared against the research questions to provide inference as to the competition for labour in the Samoan labour market, the common issues that private businesses face when doing business with Samoan labour, and the composition of the labour market in Samoa.

The interview schedule used was field-tested to ensure it is an effective means of collecting relevant information. It contained standardised questions on: (i) type of business (ii) number of employees (iii) recruitment, training, and promotion practices (iv) family members employed (v) wage costs (v) loss of employees and the causes (vi) attitudes and opinions on the Seasonal Worker programme in relation to Samoa's private sector.

Each interview lasted between 40 and 60 minutes and was audiotaped with participant's consent.

Following the completion of each face-to-face interview, the researcher completed field notes, and summarized the contextual characteristics of the interview. These notes were then used in the data analysis. A research proposal that was drawn up in accordance with the prevailing procedure, was submitted to the National University of Samoa Research Ethics Committee (UREC) for approval.



Other sources of information consulted included publicly available data from the Household Income and Expenditure (HEIS) Surveys, Agriculture Censuses, Ministry of Finance reports, employment data from population censuses and a range of other special reports produced by the government of Samoa, World Bank and Asian Development Bank, and the local media.

### **The non-agricultural private sector**

The private sector is the part of the Samoan economy that is not state-controlled but is run by individuals and companies for profit, some of whom are non-Samoan by ethnicity, but Samoan by citizenship. They may be engaged in mainly wholesale, retail, telecoms, food and beverages, very minor manufacturing. These non-Samoan businesses could be regarded as foreign investors in Samoa. Typical examples of private sector organizations in Samoa include; sole proprietors, partnerships, small and medium-sized businesses, and large multinationals such as those in the Telecommunications industry. In order to start and run any successful organization in Samoa, due diligence must be conducted on the industries, markets, businesses, competition, legal framework, and other relevant data. One of the main areas that any new or current business will be expected to know and engage with is the labour market.

The literature makes it clear that Labour shortages have not only resulted from migration ('brain drain') but also that remittances may discourage labour force participation (Bedford and Ho, 2009). Muntaner et al 2012, found out that the economies of low-income countries are hindered by a heavy reliance on informal work. Large informal sectors tend to result in severe labour market insecurities. A study by Tsujita of the Yazaki factory workforce found that workers were prepared to endure tough conditions for minimum wages because they enjoyed the social contacts and the chance to earn money for their family which they had no other means of obtaining. However, workers forced Yazaki to modify terms of employment because workers refused to commit to those set down by the company in its initial years in Samoa (Tsujita Levi 2019). To the best of our knowledge so far, very little has been written on the competition that exists between the foreign recruiters of labour and their local counterparts and how this impacts the local labour markets, particularly for low middle-income countries like Samoa. There are a number of

influential studies of the social-economic impact of seasonal worker schemes summarised in Ramasamy et.al. 2008, and Bedford et al 2009. The academic literature has largely concentrated on explaining the differences in unemployment rates across countries, the quality of labour that are migrated as to whether they are skilled or unskilled, the permanent migration of skilled labour across countries, etc. and not the specific competitive impact of foreign recruiters from the local skills pool or the complexities of doing business as a private firm that has to only depend on a reduced pool of workers who could potentially leave or those who couldn't qualify for the opportunity to be recruited for one reason or the other overseas.

Samoa in addition to the local labour market complexities has made her labour force available to New Zealand and Australia under the seasonal work schemes in exchange for remittances in line with the MIRAB model of Pacific Island nations. This model asserts that in very small island states traditional pathways to economic growth by exporting product is constrained by the small size of the economy and natural resources, therefore economies have flourished based on migration (Mi), remittances (R), aid (A), and government employment (B); MIRAB (Arthur T 2020). A considerable proportion of the Samoan labour force is already engaged in contracts under the RSE and SWP schemes, some of whose contracts have expired and therefore on the way back to Samoa whilst others are still under contract. Further, over 800 people departed in June 2021 to Australia (Samoan Observer 2021) to engage in such employment. All these people are effectively out of the Samoan labour force and not available for employment within Samoa for the period that they are engaged outside the country. This could typically be a few months up to 3 years and as long as the agreement between the countries is ongoing there will be replacements sent regularly as both New Zealand and Australia appear to be increasing their intake of workers. There is also the possible effect that this could become their labour force's priority for work which in turn could potentially threaten the industries and businesses that rely on the pool of labour like the non-agricultural private businesses. MCIL has recently confirmed that Samoa is losing skilled workers as well as unskilled labour as part of the scheme which may affect the local economy (Radio New Zealand 2020). The objective of the research was to find what impact

such a gap within the Samoan labour force is making on the private sector or in essence, to what extent is the regular outflow of labour from the pool of labour available to the Samoan economy impacting the private sector, especially since the majority of the workers would likely have been engaged in the informal sector, agriculture or business enterprises. It is obvious that the wages flowing back to Samoa from seasonal workers increases the demand for goods and services and the levels of consumption by many Samoan households. What was not known is whether it tends to shift the labour away from the private sector businesses and its impact on their business operation and existence.

### **Recruiting and retention of workers by small private businesses in Apia**

The recent COVID-19 pandemic has already had an impact on the non-agricultural private sector and the pool of workers in various ways. The decreased cash flow impact of the COVID-19 has led to some businesses changing from permanent workers to a preference for short-term or on-call staff whilst in some cases, it has led to the reduction of the hours of work. Some are navigating the unique problem of trying to hold onto their best employees in a cashflow constraint situation in addition to the difficulty of finding good people. One of the business operators told us that:

“The COVID-19 Pandemic has significantly impacted the economy. We are feeling the challenges of the slow economy which is being felt at all levels by our customers and business partners, and the challenge of trying to maintain sustainable cash flow and investment in staff in this environment.”

Recruitment within the non-agricultural private sector in Samoa has its unique challenges which also further extends the burden on the private businesses with regards to the already resource-limited constraints. Private non-agricultural businesses in Samoa recruit by word of mouth, by placing adverts in the national newspaper (Samoan Observer), on radio and primarily on Facebook. Additionally, some of the workers use their engagement with a local business as a temporary job whilst they wait to be invited to work under the SWS. One of the private business operators recounted some of the challenges they face in recruitment. “When I do hire and put out an advert on Facebook for a job, I tend to get almost 100

applicants at a time. From those, I invited about 30 for an interview. It takes a lot of time to engage 30 people. Out of that, only about 10 per cent show up for the interview. From the 6 interviews, I managed to get about half to do a 3-month working trial. From the 3 chosen, many do not tend to last. Usually after the 1st month the number halves and after the other month the other halves. “

In addition to the difficulty in securing good workers, one of the issues that private business operators have to overcome is the retention of workers. The main way they do this is generally through increasing the remuneration above the minimum wage of \$3 tala or attempting to match a competitor’s salary, depending on the value of the worker to the business. With a limited income and budget, the worker is lost to the higher-paying competitor from a certain point. In some cases, they keep a habit of regularly recruiting replacements to meet the demand for them or provide performance-based bonuses. This means that there is a trade-off between the skills that the workers learn and the pay they receive though the pay increase does not always lead to an increase in productivity. There is also an interest in attracting and retaining workers for a longer period

“One of our priorities now is the assurance of longevity with the Company. We are very interested in the long-term plans of prospective employees due to increasing staff movements. To retain workers, we have in the past offered additional benefits and restructured salary/wages package as a necessary incentive”

Across the industries, there is a gap in the worker pool for reliable, trained, honest, and quality workers. The difficulty of some of the recruiters has led to choosing to recruit overseas graduate workers.

“it is difficult to attract technically skilled people in our field. Once they gain the skill with us, it is difficult to retain them as their next destination is overseas with better pay”

The common reasons for terminating staff ranges from not being punctual or reliable to being under the influence of alcohol at work, not informing the employer if they are sick or not coming, the lack of passion, or drive, some are also going through the motions just to be paid, not being honest with the work or coming late, not turning up on time, or disappearing when expected to be working, or for not being dependable, not attending work, poor work presentation, stealing, laziness, not willing to

work, not doing anything during working hours, and troublemaking at the workplace. Due to Samoa being a family-knit and community-based society, some of the obligations also impact the workplace

“The Cultural and Religious Environment provides challenges to staff attendance eg. Church, village events, family Faalavelave.”

Generally, there is Increasing competition from competitors poaching or attracting employed staff. However, very few of the businesses are losing staff to local competitors as they are to the SWS scheme. The main local recruiter is the government that provides unmatched prestige and security for the workers.

“We do have some loyal staff and some who come for a couple of months, some are temporary and waiting for a visa and some are waiting to go on the government scheme. One left because he found a job in the government.”

A majority of the non-agricultural private businesses that we spoke to confirmed losing various numbers of skilled and trained workers to the SWS scheme. For example; 2 staff have been lost to seasonal work in one business, some are already engaged in overseas working under the scheme whilst some who are currently employed are waiting for their opportunity to go. One business reported that one of their staff has recently left for seasonal work. In one business, some staff members that have just applied to the seasonal employment scheme will be leaving in November 2021. Surprisingly, in some cases, some of the employees who are lost to the seasonal employment scheme always return to the same job after their assignment under the scheme is over as the businesses consider the experience and investment, they had already put into training them. One business operator reported a loss of

“up to 20 staff members in total across all my other businesses. They were good people.”

“I have lost 9 people to seasonal work over the past 4 years. I have totally lost 8 people but my 9th worker is a regular on the seasonal worker’s scheme. He is a really good worker.”

“For seasonal work, we’ve lost 7 staff members over 5 years “

“In 2021, many have gone to apply but none has left as yet. 10 have applied as we know.”

In the businesses where the business operator may be interested in securing workers for a longer-term, the workers who are intending to and waiting to be chosen for the SWS, are resorting to keeping their

intentions from their managers. Most progressive business operators will prefer to have workers who are intending to stay with the business for the foreseeable future instead of those who could potentially desert the business and the workforce at very short notice thus creating a labour force crisis

“I have lost 4 staff members to seasonal work from the beginning of 2021. In the last 6 months, we have found out about 5 of our staff applying and making excuses to miss work.” In another case, “Five staff have left for seasonal work overseas and we have an additional two staff who are thinking about this but still undecided for 2022.”

Some of the workers who are getting the opportunity to work under the scheme are also being permanently lost from the Samoan work pool. To put this in context, the private business operators are having to recruit and provide all the necessary skills training for all their staff in most cases after which they are lost to the scheme and from the Samoan work pool. This means a great investment of time, money, and the associated opportunity cost. The discrepancy in the earnings under the scheme and the earnings in the local market is sponsoring a decrease in the labour participation rate and the decision to not supply work to the Samoan labour market

“We have lost 2 staff whose partners went on the scheme. They have opted to stop working because they are getting enough money to survive.

“When the people come back, especially the men, some become very lazy. They refuse the work here because they are expecting to be paid the same amount of salary that they used to get when they were overseas.

This is in line with the literature that states that remittances may discourage labour force participation (Bedford and Ho, 2009)

### **Impact of the Seasonal Worker Scheme on small private businesses in Apia**

The official stance is that the Seasonal employment Scheme is tailored and targets the unemployed which in theory implies that there is no impact on the currently employed labour force or the institutions that employ them. This also means there are no support structures put in place to alleviate any of the impacts that such a scheme may be having on private businesses. The general view is that the seasonal worker scheme robs Samoa of labour to develop its own agricultural industries as the workers who would have been engaged in such

industries find themselves out of the country (Fatupaito et al 2021). The SWS according to one of the private business operators

“does more harm to our businesses. It takes more critical skilled labour from being available to our industry-leading to unplanned re-investment into training, hiring, etc. It will be wrong to say those going overseas are unskilled as some do have skills. When they are gone, they will not be available to our industry as both skilled and unskilled go. If we were to start allowing tourists into the country next month, the critical skilled workers will no longer be there as they have been snapped by the scheme”. The COVID-19 Pandemic protective measure has led to a closure of international flights and thus international tourism (Yemoh and Taotofi 2021).

The requirements of overseas employers under the Seasonal Employment Scheme are for fit, English-speaking workers aged 21-40 with a clean police record and references from community leaders (MCIL 2021). The local employers look for the same characteristics in their workers. It is argued that seasonal work has no significant effect on household agriculture and there is data that suggests this is correct. Furthermore, small-scale agriculture cannot compete with seasonal work as a means of earning money on the basis of the incentives on offer. Samoa’s agricultural censuses of 1989, 1999, and 2009, present a picture of increasing household-level agriculture for subsistence or semi-subsistence purposes rather than for mainly commercial and export-oriented production. Commercial agriculture is becoming more specialized and business-based, and commercial planters presumably look for the same qualities in workers as do overseas seasonal employers. The head of the Labour Export and Employment Division at the Ministry of Commerce, Industry and Labour as of January 2020 confirms that seasonal work offered far more attractive financial benefits than what was locally available and therefore skilled labour that may also be locally already employed may be leaving the labour market for better reward structure overseas (Radio New Zealand 2020).

The SWS is helping hugely with the unemployment levels and problems of the nation. However, the other impact of the SWS on private businesses is material. Most workers who receive training and skills investment upon their employment within the Non-agricultural private sector businesses are being lost to the scheme. Some of the jobs under the

scheme require skilled workers, for example, team leaders, multi-lingual workers, and other roles which all require some sort of prior training.

“They are taking more skilled workers than the unskilled, especially from other distressed industries like Tourism and Hospitality.”

“We have lost an engineer to the scheme”.

“We have lost good workers because of the scheme.

“We lost our best staff in that department.”

The SWS is actually recruiting from the pool of employed skilled labour and most importantly trained staff meaning wasted efforts, training and investment.

All the businesses we spoke to said they provided some sort of training for their employees. Any regular loss of workers to the SWS scheme who may not be returning in the short term to the same work roles, also creates the repeated cycle of constantly going through the loss of trained staff, loss of resources invested, and the process of recruiting and training new workers who may also be lost again with time.

“It affects the labour structure. Businesses that depend on the pool of labour struggle for that level of labour that will not be available. Even if they go for a short term, they will always be looking for another opportunity. To find people who are serious about work ethic, who have a commitment to a job, etc will not be available as they have been snapped by the scheme”

More time, energy, effort, and training are lost and need to be invested into training the replacements, shift management, and recruitment.

“When they go, they take all that skill and training with them. “There is also no replacement for staff lost which would have taken time, money, and effort of the businesses to have acquired.”

“The more people we send overseas, the less we have in the country and I believe that harms the country. Even if it is seasonal. If they return to the country, they still leave the country with fewer workers. It’s not good for the country in the long run (loss of the invested training and people who could be trained or educated in skills required and specific that improves the productivity of the local economy). Australia and New Zealand get the best workers; the strong, able-bodied, young who are motivated by the money incentive to work for relatively cheaper wages. They are taking the very best of the workers from the private sector” Understandably, there are sometimes there's a strain



on other staff who have to cover during the loss and training of replacements.

The non-agricultural private businesses see the SWS scheme as bad for business. The experiences from the loss of staff have been quite extreme in some cases;

“a business had to close for a week to find replacement staff due to the sudden loss of key skilled staff to the scheme. The brightest and strongest children have been recruited and exported overseas from the pool of labour”

“The loss of staff slows down production, means more hiring of staff, which affects our business operation and bottom line. We lose money and customers as production goes down and or the quality of produce is not on the same level as before we lost the workers. This year, 10 of my staff have applied as we know. If all 10 are successful, it will slow down production, it will make us lose money, we have to hire new people, etc. It will affect our business.” The sentiments of the private businesses are summarized in a report provided by one of the private business operators

“One of my staff that went on the scheme, has learned a lot about work ethics, new skills, and work skills from the scheme. The negative thing is that some choose to live on the money they had gained from the scheme and refuse to work on their return to this country. All I know is that I am losing staff that I have spent time training. losing 2 of my main bakers who I have spent and invested 5 years into being with me. The investment I have had to put into them is that when they came to me, they were not fluent in English. I have to train them using hands-on or Samoan who can now walk into any bakery in New Zealand and do the same job. I lost 2 people who were actually grading who will be graded at 3 out of 5 who I have now lost to the scheme. it did affect us, especially with the skilled workers that I trained. It meant I have to bring another person in at level 0 to train to level 3. For me, it is the opportunity cost. We are a little bit still crippled but trying to recover. My 2-key staff left in May 2021 during my best season. In order to operate, I have to transfer 2 staff to train in their place. I was concerned about their physical and mental health during that period.” Another of the private business operators reported that

“In recent years we have found that Staff leaving for RSE and SWP employment overseas has been the primary factor for our loss of staff. In the last five years, we have lost a total of six staff members.

The business has been affected at all levels with staff shortages in our small business. We have only replaced two staff due to downsizing with the COVID-19 Pandemic effect on the economy. for our business, there has been a negative effect overall especially being the loss of trained workers three of them at senior management level with longevity in the business. All our workers who left on these programs were with the Company for more than five years so it has been a significant loss of historical and product knowledge, trade experience, and seniority. We have not and will not be able to replace these workers at this level. In the event that we hire new management staff, they will not have the in-house experience or trade knowledge of those who have departed, and it will take some years to bring them up to this level. For Samoa, It is good that the SWP programs offer this opportunity to unemployed or unskilled Samoan workers for short-term overseas employment and we support these programs for these reasons. However, in our humble view, the RSE and SWP provide a significant loss overall to the private and business sector. We observe and confirm by our own experience that the programs are actually draining Samoa of its best and experienced workers who have developed good work ethic and experience, thus leaving a considerable shortage at the senior level in many sectors in the workforce. The programs are now taking senior workers and even at the management and supervisory level, out of their places of employment to do jobs that can be done by those with lesser or no training and skills. By employing senior and skilled workers who already have jobs, they are taking jobs away from the young people and unemployed but also leaving huge gaps in Samoa’s workforce and places of business which often are irreplaceable, or cannot be filled for some time and will take even years of training to achieve the same level as those who have departed.”

## CONCLUSION

Private businesses in Australia and New Zealand are backed by their government to source labour from anywhere and everywhere at a cheaper cost to supply where there is a labour shortage. Their business differentiation strategy on cost, profit maximization and the MIRAB model provide Australia and New Zealand access to the Samoan labour market in addition to other economies within the Pacific region. The current minimum wage in



Australia is AUD \$19.84 from 1 July 2020 (FWC 2021) whilst the current minimum wage in New Zealand is NZD \$20 from 1 April 2021 (Employment New Zealand 2021). Comparatively the current minimum wage in Samoa is WST \$3 (MCIL 2021). The opportunity to source the supply of labour from the eligible Pacific nations may be coming at the expense of the private businesses in the economies that provide the labour force.

The main theory and basis of the RSE & SWP is the premise that only unemployed and unskilled workers are the target pool. From the research, we have found cases where the skilled and employed staff within private businesses are being recruited. The impact of such practices is compounding in its effect on private businesses who struggle to recruit, equip their recruits with the much-needed training and skills, and incentives to retain them. Due to their resource constraints, the propensity to lose their quality staff is expounded although in almost all cases, a great deal of time, money, energy, and various forms of investment is made into their labour force. The current Recognized Seasonal Employer Scheme (RSE) and Seasonal Workers Program (SWP) scheme brings in a huge capital injection to the economy and indirectly to private businesses. The seasonal employment scheme in principle provides a new work- abroad and work-at-home opportunity for the best workers. It also provides the potential for workers to use the scheme to work overseas for many years and earn a very good income over the years. The MCIL 2020 annual report estimates a six months RSE worker to be earning between 14,601-18,723 WST after tax and deductions according to the 2017/18 season (MCIL 2021). The corresponding earnings for six months under the SWP Australia program were between 13,374-16,897 WST. This however means, in the absence of any adjustment to the current setup, the balance of power will shift towards the overseas recruiters and then the government institutions followed by the private business operators when it comes to the choice of quality staff. Almost every employed staff will also be looking for an opportunity to work through the scheme. Businesses that rely on this pool of workers will suffer in the long-term with the regular loss of critical workers, having to provide training for their replacements who may also be sucked into the same scheme, and an ongoing cyclical loss of workers.

The official stance is that the Seasonal Employer Scheme is taking from the pool of unemployed workers and theoretically has no direct impact on skilled and employed staff. But having interviewed private business operators, we have made the following observations; skilled and employed workers are also being lost to the scheme with major repercussions on the existence and operation of private businesses. The specification and requirement for the Seasonal Employment Scheme target people with skill and in most cases employed staff although this may not be the official intent. Generally, the reason why people choose to work is the reward they receive. The reward for work provided through the seasonal employment scheme, not surprisingly, is attractive for anyone who is either employed or unemployed, whether they are skilled or unskilled to opt for any opportunity that has a marginal return that is higher than whatever pay scale they are on, all things being equal. There is great competition between private business operators, governmental institutions, and overseas recruiters. In most cases, the order of recruiters who have the choicest and first pick if the available workforce available in the overseas recruiters followed by the governmental institutions and then the private business operators. Development of the private sector in such an environment becomes a lot more difficult. In the current climate of increasing the number of exports of workers on this scheme, it appears the impact on the country's workforce and the associated impact on the private businesses are set to increase. This is coming at a cost to the private businesses that are losing some of their key trained staff. Due to the size of the businesses and the availability of replacements and economic impacts of the COVID-19, the environment in which private businesses have to operate in, has made the existence of many private businesses a bit more challenging. This adds to the other economy-specific challenges that they face.

If the Australian and New Zealand governments are taking steps to ensure that low-skilled and semi-skilled workers are sourced to meet the demand for them, it may be a reasonable step for their counterparts in a nation like Samoa to also start reviewing their needs for skilled, unskilled and semi-skilled workers. A review of the impact of the scheme on the current labour force and pool of workers and its associated impact on businesses may be a good place to start.

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