

## Foreign Direct Investment and Quality of Employment in the Tourist Sector: assessing the quality of FDI in the Fiji Islands using Sen's capability approach

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### Abstract

Using the notions of people centred development and Sen's capability approach (CA), this paper discusses the extent to which FDI in resort tourism contributes to worker well-being. The paper argues for the need to go beyond employment statistics in tourism linked to increases in FDI to ask questions about the quality of the employment generated. Based on the analysis of information gathered from primary research amongst employees of six foreign-owned resorts, the paper maintains that there is considerable scope for improving employment conditions to enhance the functioning's of workers and thereby contribute to enhancing their well-being—the hall mark of people centred development.

**Key Words:** Capability Approach (CA), Foreign Direct Investment (FDI), Resort Tourism Employment, Functioning's, Poverty

### A. Introduction

Fiji's labour force has undergone significant changes over the last 40 years. Tourism is perceived as a major contributor to development as it generates large amounts of foreign exchange, tax revenue and wages for those employed in the industry. In this paper a brief recount of the field research will be followed by discussion of the labour market characteristics in Fiji, the impact the 1987 economic policy changes have had on employment and the characteristics and patterns of tourism employment in Fiji. The paper will then discuss current approaches to measuring well-being and in particular Sen's capability approach. The remainder of the paper provides an account of the research and its findings.

## B. Methodology

The primary aim of the study was to gain knowledge of the well-being of resort workers in Fiji and the secondary aim was to critique the CA as a tool for exploring the well-being of workers. Well-being was explored through work-related and non-work-related functions and capabilities of workers, and through the institutional structures relating to the political and economic environment that affected the achieved functionalities and capabilities of workers. The research was conducted in the Nadi and Coral Coast area and was limited to six foreign direct investment resorts. Key person interviews were conducted with a range of stakeholders in the industry. In-depth interviews were carried out with 21 resort workers. As the Nadi and Coral Coast areas are pivotal to tourism and as the resorts operate in a competitive market there is a likelihood of some similarity in practices Fiji-wide. This would mean the research findings may have wider relevance.

## C. Labour Market Characteristics

Fiji's labour force numbered around 341,700 in 2000 (Fiji Islands Bureau of Statistics (FIBS) (2005a, p.6). One third of the population still relies heavily on the sugar industry for their income, and there are approximately 50,000 direct employees (Narayan and Prasad 2003). A large proportion of the population is employed in manufacturing (29,202 with 48.7 percent of those being employed as garment workers), wholesale, retail, trade, hotels and restaurants (20,337 people), and the public service sector (35,380 people) (FIBS 1999, p.41). Other employment can be found in mining, construction, and primary production such as coconut cultivation, fishing and forestry (FIBS 1999). Additionally, an emerging element of employment in Fiji, particularly related to ethnic-Fijian men, is overseas employment in security positions with the United Nations, the British armed forces or private security organisations, in areas such as the Middle East (Teaiwa 2005). Finally, the informal sector plays an important (though often ignored in policy making) role in providing livelihoods for a large portion of the population in Fiji, who would otherwise have none (UNDP 1999). In urban areas informal occupations include domestic jobs, craft-making, street vending, and shoe shining (Reddy, Naidu and Mohanty 2003). There are few employment opportunities in rural areas and on out lying islands, but simultaneously, not enough employment opportunities in urban areas for the growing urban population. Urban areas experienced a population increase of approximately 30 percent between 1986 and 1996, while the rural population experienced roughly 5 percent decline in population during this period (Reddy et al. 2003, p.128). In 1986 youth unemployment in urban areas in Fiji was at 30

percent, and many of these youths had secondary schooling (Bryant 1993, p.45). While this figure is dated, it points to the continuing problem of urbanisation and unemployment, which is accompanied by problems such as crime, poor housing and pollution (Reddy et al. 2003). A final aspect shaping the labour force in Fiji is the emigration of skilled workers after the 1987 and 2000 coups (Barr and Naidu 2002).

## D. Post-1987 economic change and employment

Fiji undertook neoliberal economic reform after the 1987 coup in the hope of reviving the failing economy. Since then successive neoliberal policies have been adopted, though implementation has been slow and not uniform (for example it does not extend to land deregulation) (Prasad 1998; World Bank 1998). Policies implemented covered government downsizing and retraction from economic involvement, alongside privatisation and private sector promotion with a strong export orientation (ibid.). This concurrently involved a reduction in protective economic policies, tax-breaks and other incentives in certain industries to attract FDI (Prasad 1998; Regut 2004; Sofield 2003).

Further moving Fiji towards a more liberalised economy, the labour market was deregulated and a consumption-based tax was adopted (value added tax [VAT]) (Prasad 1998). Low wages are viewed as one of the strongest incentives for foreign investors to invest in developing countries and as such the ADB calls for the elimination of minimum wages in many Pacific Islands (Duncan, Cutbertson, and Bosworth 1999). On this basis, the government pursued the strategy of being a low-wage economy with no minimum wage (Prasad 1998). However, ten different employment sectors have wage councils' stipulating minimum wages, though yearly revisions of wages rates do not always occur (Chand 2004; Narsey, 2006).

This economic restructuring has had a clear impact on the labour environment in Fiji. Firstly, Regut (2004) believes that labour rights in Fiji today are subjugated by foreign-investment based imperatives of the State and outside powers. Here it is important to note that the current government is not very supportive of the union movement (Chand 2004). Secondly, real wages gradually fell as a result of the adjustments imposed after the 1987 coup (Regut 2004). Thirdly, employment opportunities in the export manufacturing industry grew as a result of economic restructuring and ensuing investment (Chand 2004). By 2001, 25.2 percent of the labour force was employed in manufacturing (Chand 2004, p.4). Women made up a large portion of this labour, in typically low wage and menial positions (ibid). For example, in the garment industry women commonly receive only F\$1.20 an hour (Narayan 2001). Tourism employment has similarly grown as a result of the

adjustments made over the past twenty years. Fourthly, the amount of casual and contractual work is growing in areas formerly offering permanent positions (Reguri 2004). On the whole, changes of government between the 1987 coup and present have caused unstable labour conditions (for example state support for workers' associations has fluctuated) (ibid).

## F. Tourism employment in Fiji

Tourism is the one industry in Fiji that has been reasonably successful in gaining investment (principally foreign investment) over recent years (National Tourism Forum Investment Sub-Committee 2001). A huge amount of investment in large sized resorts is currently under way in Fiji ('Fiji Tourism' 2002). The international hotel chains Marriott, Intercontinental, and Hilton are all currently constructing resorts, and Sofitel has just opened a resort, all located on the western side of Viti Levu ('Fiji: Tourist Boom' 2006). The 2003 figure for new investments in resorts was F\$100 million ('Fiji Tourism Booming' 2003, n.p.).

In 2003 tourism generated F\$622,100,000, while the garment and sugar industries generated F\$252,700,000 and F\$230,700,000 respectively (Fiji Islands Bureau of Statistics cited in Whitton 2004, p.3). Some 45,000 people are directly or indirectly employed in Fiji's tourism industry (Whitton 2004, p.19) growing from 7,000 in 1970 (Leckie 1990, p.62). The tourism industry is a complex structure of many linking primary (for example, accommodation) and secondary (for example, shopping) sectors (Britton 1979). Of the 14,199 people employed directly in the tourism industry in 1998, 48 percent were working in the hotel sector (Ministry of Tourism, personal communication, Suva, 30 November, 2004). Excepting this information, there are no statistics on the numbers of workers in each tourism sector or in positions within each sector.

Further, tourism has the ability to bring employment opportunities to remote regions, which is important for Fiji, with more than 300 islands (Berno and King 2001). For example in the Mamanuca Islands off the west coast off Viti Levu, where many resorts are located. Sofield (2003) holds that the much higher number of hotel rooms in the western part of Fiji in general compared with the capital of Suva and its surrounding region has helped decentralisation. Despite this, geographical variations are present with few hotels in the north and middle of Viti Levu and in Vanua Levu, and travel still poses a hurdle to tourism growth on many outlying islands.

Employment in tourism is affected by two other factors: firstly, the nature of landownership in Fiji influences access to a large number of employment

opportunities. 82.9 percent of land is communally owned by ethnic-Fijians, 8.3 percent is freehold land and 8.7 percent is Crown owned land (Sofield 2003, p.285). A good proportion of Crown land was later converted to communal land and transferred to MLTB for administration along with the rest of the communal land. Therefore most land for hotel development must be leased from ethnic-Fijian landowners. Mataqali<sup>2</sup> are then able to contractually ensure jobs for their members through lease agreements (Prasad 1998). For example the Mana Island Resort (a foreign-owned resort in the Mamanuca Islands) must employ people of the mataqali Ketanamasi before other applicants and as such, of the 180 employees, 165 are from the mataqali Ketanamasi (Sofield 2003, p.300). The Native Lands Trust Board<sup>3</sup> (MLTB) is responsible for setting these lease agreements between landowners and resort developers.

Secondly, since its inception, labour has been ethnically segregated with ethnic Fijians in positions that directly interfaced with the tourist and Indo-Fijians in indirect employment (for example retail), and direct positions that did not have contact with the tourist (for example kitchen work) (Britton 1979; Leckie 1990; Samy 1975). Some positions, such as construction, were not ethnically segregated (Leckie 1990).

## F. Measures of Well-Being

### *The capability approach*

According to the CA each person has a set of entitlements that equate to those commodities they can form a command over (Sen 1985). There may be choices within the parameters of the variables allowing entitlement (Sen 1985), for example food choices within an income budget.

The 'functionings' of a person are the valued ways in which that person can utilise those entitled commodities (Sen 1985). This ability comes from personal factors such as age, physical characteristics and socio-cultural factors such as cultural taboos (ibid).

A person's 'capabilities' are represented by the 'various combinations of [valued] functionings' they can attain (Sen 1992, p.40). For example, in reference to the functioning of swimming, the capabilities of a person are the freedom to be able to swim as well as the freedoms to achieve other functionings of physical health or leisure that person has.

Capabilities, or lack of, are the space in which a person is free or not free to achieve, hence capabilities are described as 'positive freedoms to achieve valuable

identified that resorts absorb a large percentage of tourist expenditures (Narayan 2003), and they are increasingly becoming all inclusive packages resorts whereby one price will not only pay for accommodation but meals, regional travel, shopping and activities ("Antigua" 1998). Finally, foreign-owned resorts, including the main international hotel chains, are a major part of the tourism industry in Fiji (Harrison 2003). According to the nature of tourism in Fiji, which is typified by large resorts (Scheyvens 2002) this study is considering mass tourism<sup>8</sup> rather than alternative tourism<sup>9</sup>.

**Interviews with resort workers: interview procedures and participant selection**

Structured interviews composed of questions with fixed content but no preset response types were posed. Flexibility existed in asking questions in order to understand the reality of each workers experience. Interviews with workers were centred on gaining information on achievement of all functionalities and the instrumental variables causing the extent of functionalities. The interviews included a number of short questions to gain quantitative and qualitative information on entitlement to commodities.

As large resorts create predominantly associate-level positions compared with few managerial positions the sample population aimed to comprise workers in non-managerial positions. Criterion and snowball sampling (Patton 2002) were used to identify workers, who represented, to as close a degree as possible, the sexes and ethnicities present in the industry. The criteria used were simply that the worker was from a foreign-owned resort in the focus region and was not in a managerial position. The group of workers interviewed included 21 workers from foreign-owned resorts in the Nadi and Coral Coast regions (see Table 1). Following with the dynamics of snowball sampling meant that five workers from locally owned hotels and one worker sub-contracted to a foreign-owned resort were interviewed in addition to the 21 workers.

Table 1: Interviewed workers

Worker characteristics	Ethnicity: Indo-Fijian	Ethnicity: ethnic-Fijian	Ethnicity: Part-Fijian	Total
Female	0	11	1	12
Male	7	1	1	9

Male ethnic-Fijians were underrepresented in the worker interviews. Again, as a result of snowballing no Indo-Fijian women were interviewed. However, only a small number of Indo-Fijian women work in hotels; around 10.2 percent

functionings" (Aikire and Black 1997, p.263, cited in Flores-Crespo 2001).

Sen's approach to well-being involves focusing on two roles of freedom. The constitutive role of freedom represents the "primary end" of well-being or development; examples include political participation the freedom to escape starvation; the freedom literacy gives. The instrumental role of freedom is the "principle means" of achieving well-being (Sen 1999, p.36). For example, the freedom of political participation is the means by which a group may obtain access to social services. There is no prescribed way for the CA to be operationalised (in fact CA has been critiqued for its lack of prescription and for its difficulty in application). Sen (1999) suggests exercising practicality when selecting how to use CA and rather than seeing futility in not using the approach in its extended form, he proposes that any movement in space towards functionalities and capabilities and away from exclusively commodities measures is beneficial to exploring well-being. The CA has been used in a variety of forms from theoretical use (for example the HDI (Fukuda-Par 2003)) to the enhancement of orthodox commodity measurements (Comm 2001). The papers presented at two international conferences centred on the CA<sup>7</sup> discuss research that has operationalised the approach to assess well-being in the areas of: education, gender analysis, indigenous rights, health, environmental sustainability, communications, political freedom and justice.

**G. Fieldwork**

To limit the study the choice was made to concentrate on work-related aspects of well-being more heavily than non-work-related aspects of well-being. Based on this decision, the study looked at psychological aspects of poverty (such as knowledge and agency) in greater depth than the physiological aspects (such as health and housing) (Pant 2001).

Based on selecting the most prevalent setting of workers in Fiji, the case study chosen was that of non-management workers in foreign-owned resorts in the Western region of Viti Levu. Firstly, there is high spatial variation in the tourism industry, with around 77 percent of hotel rooms being located on Viti Levu, and predominantly on the western side of the island (Fiji Ministry of Tourism and Transport 1997 p.15). The concentration of tourism in the Western part of Viti Levu is primarily due to favourable weather conditions and the natural environment and proximity to offshore islands (Sawailau 1996). Secondly, hotel employment accounted for 48 percent of the total formal tourism employment in 1998 and the bulk of these are associate-level jobs (Fiji Ministry of Tourism, personal communication, 8 December, 2004; Britton 1987). Furthermore, tourist resorts hold prime importance in the structure of the tourist industry. It has been widely

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in these functions. That is the majority are all eating decent amounts of nutritious food, drinking clean water, using health care, participating socially, living in decent housing, and living in healthy natural environments.

Wages are an important factor which determines entitlements to commodities that allow the achievement of these functions, and as such employment in tourism has contributed to the achievement of the present functioning levels. Pay rates of the sixteen associate workers (see Table 2) ranged between F\$2.30 per hour and F\$3.60 per hour, while for the five higher-level<sup>10</sup> workers they ranged between F\$3.65 per hour and F\$7.21 per hour (this latter pay rate is an outlier as the worker is a supervisor in his department). The average pay of the 21 workers was F\$3.48 per hour, while the average pay of only the associate-level workers was F\$3.09 per hour<sup>11</sup>. All the interviewed workers achieved over the rate stipulated by the Hotel and Catering Trades Wages Council Act (See Fiji Islands Government Gazette Supplement 2003, p.252). Therefore, the employing resorts are choosing to pay a better rate than required. It has been noted that generally small resorts, whether local or foreign-owned pay their workers much less than larger resorts (stakeholder 7, civil society).

However, wages are very low in comparison to resort profits and the cost of living. For example, one of the case resorts made F\$17 million in profit in 2003 (stakeholder 11, resort personnel). Furthermore, twelve workers said they can only just afford daily expenses because of the high cost of living in comparison to their wages. Eight workers could save a minimal amount. Four important variables affecting the ability to save were wage rate, number of dependents, other income earners in the household, and access to other resources. Like most ethnic-Fijians, workers *H* and *K*'s ability to save is limited by village obligations. Ethnic Fijians are required to contribute financially to fund raising events and on other occasions to the village that they belong to (this may not be their current place of residence) (Field, Baba and Nabobo-Baba 2005).

Wages have given some choices in entitlements, especially in relation to food, though choice varies considerably between workers. Three workers have choice in housing and only five have choices in health care. An increase in wages would contribute towards alleviating the problems identified and increase the choices in entitlements of the workers. For example, five workers eat fresh meat more than two times per week, and ten workers eat fresh fish more than two times per week, while over half the workers indicated that they can not eat fresh meat or fish more than two times per week, and often not at all. An increase in wages would allow these workers to eat more fresh meat and fish, a functioning which eighteen of the workers would highly value (three do not eat meat for health reasons). Secondly,

of employees in the wider employment group of service and retail workers are Indo-Fijian women (FIBS 2004, p.76). For instance, at a well established Nadi resort Indo-Fijian women only account for 1 percent of the permanent workers (stakeholder 10, resort personnel). Interviews were conducted with the agreement that views expressed would remain confidential. Hereafter, the first worker interviewed will be worker *A* and the last worker interviewed will be worker *U*.

#### Interviews with stakeholders: interview procedures and participant selection

Semi-structured interviews were used with participating hoteliers, and government and non-government stakeholders. These interviews were based on topic areas, both preset and developed in the field, to provide further insights on work-related functions and capabilities, as well as information on the relationships between both process and outcome indicators for each work-related functioning. Several short questions were asked during the interviews giving quantitative information on employment characteristics (for example: numbers of casual and permanent workers in each resort).

Selection of participants for the second set of interviews was done in a variety of ways. While the relevant government organisations were selected before going into the field, the actual persons to be interviewed were identified in Fiji. Additional organisations that would yield useful information were identified once in Fiji. Within foreign-owned resorts, certain personnel staff members were identified to be the most appropriate people to speak to concerning workers. Selection of resorts, and hence personnel staff was dependent on selection of workers and their respective places of employment.

#### H. Results and Discussion

This section summarises the results of the fieldwork within a discussion of the well-being of the 21 workers in terms of functions and capabilities. The additional functions will be discussed as a group while each of the work-related functions will be discussed separately.

#### Additional functions and capabilities

Additional functions include being nutritious and using health care, participating socially, having good housing, and being in a healthy natural environment. Nearly all of the 21 workers have achieved a basic level of well-being

well-being, and research has shown elsewhere that the benefits of job creation through FDI do not always take this problem into account. Further exploration of social participation also needs to explore the impact of internal migration to tourist centres for employment. Sen (1985, p.30) notes the importance of the "ability to ... be close to people one would like to see". While Whittion (2004) purports that tourism in Fiji causes a decrease in migration to urban centres, the huge amount of hotel development in the Nadi and Coral Coast areas suggests that internal migration will continue.

The exploration of migration for employment in resorts will also give information on the impact on the housing market in these areas, and thus the next functioning. This is especially important due to the shortage of housing in urban areas, including the regions studied (Hassan 2005). Though the general level of housing of these workers is decent (with access to clean water, decent furnishings, and bathroom facilities) the limited choice for the majority and the marginal state (some experience over crowding and insecure tenure and twelve are in single sheet iron house with wooden frames) indicates that further population changes may have a negative impact. The squatter settlements that have arisen in Suva and other urban areas (UNDP 1997) must be avoided. Additionally, three out of seven of the Indo-Fijian workers have poor land and security, which is a problem that is experienced by many in Fiji. While this problem is not related to employment in resorts the feeling of housing insecurity will be exacerbated by a lack of employment security.

Finally, for the most part these workers have achieved healthy natural environment (fifteen of the workers found the natural environment to be clean) but governance of the environment is needed to prevent the few problems that were mentioned, such as pollution in the rivers, from escalating. Judging within the short-range time period, the poor are more reliant on a healthy natural environment than are the rich due to lack of choice in places of settlement. This relates directly to the workers studied as we have seen that the overwhelming majority lack the capability in housing and employment options to avoid environmental problems.

### Work-related functionalities and capabilities

#### *Having agency at work*

Having 'agency' in one's place of employment is the focus of this functioning. Sen's (1999, p.19) definition of agency as "someone who acts and brings about change, and whose achievements can be judged in terms of her own values and objectives..." has been adopted. Using this definition, workers were asked about their ability to act upon grievances or other needs that arise at work.

an increase in wages would give workers greater capability to achieve good housing and have a choice of housing types and locations; however this capability is further impacted by lack of housing supply, limited freehold land and socio-cultural norms of living arrangements. With tourism development booming in the Nadi and Coral Coast region, there is a desperate need for affordable housing for resort workers. Finally, increased wages would allow more spare time for social participation, which is an especially highly valued functioning. A lack of spare time reduces workers agency within the workplace and community. Since, as we will see, the achievement of these workers agency at work is problematic, it is important that workers have time to voice their concerns in other arenas.

In addition to wages, as detailed in the previous section there are important structures relating to employment that impact on these functionalities, and thus action on these issues can increase well-being. Firstly, while more research is necessary to explore whether resort lunches have in fact increased or decreased the achievements of workers (three workers specifically mentioned the fatness of the food while the remainder did not), health problems created by foods with high fat content are prevalent in Fiji (NFNC 2003), and therefore it is the responsibility of the resort to provide healthy food so as not to contribute to this problem. Secondly, there is a lack of coherence between the sick pay system, the time available for health care and the speed of public health care, which limits the achievement of some workers (for example worker H). This was clearly illustrated by the lack of capability to choose public care because of the need to receive a sick sheet in a short period of time. Here further research into these issues would allow the formulation of systems that improve workers ability to use health care and have choice between health care. A positive link between health care and employment in resorts is access to Medicare cards for four workers at one of the resorts. These cards allowed workers to overcome problems of slow public health care and this was valued highly by these workers. However casual workers are not entitled to this Medicare card assistance (worker L).

The only mention of unhealthy working conditions was concerning the laundry environment at one resort and the air-conditioning at another, however exploration did not focus on this issue. In fact unhealthy laundry environments appear to be a common problem found in hotels in other countries in the South (Beddoe 2004).

Thirdly, further research, looking at cultural and social structures, will give greater information on workers' ability to participate in different spheres of life. For those women who are still responsible for unpaid housework (four women workers stated this), time for social participation is especially important to their

This included the workers ability to participate in their working environment through talking about their needs and enacting change, and to be represented by a union or the Fijian Labour Department<sup>12</sup>.

As the legislation governing dismissal of employees is viewed as highly inadequate (stakeholder 8, government), security of employment is low, which has impact on agency. The ability for workers to have agency is decreased greatly when exercising that agency could result in job dismissal. In addition, multiple examples of hoteliers breaching labour laws (for example, not providing over-time pay) indicate that such laws do not ensure agency. Finally, the NUCHCTE maintains labour laws are tailored towards the employer (stakeholder 7, civil society). Overseas investors do in fact participate in employment-related policy generation, and because of these employment policies invest in the local economy (stakeholder 8, government). Therefore, within the governance of employment the interests of employers and foreign investors appear to have paramountcy over the well-being of workers, with the result being decreased agency of the latter.

In relation to collective movements as a part of political empowerment, though further research is needed to accurately assess the effectiveness of the NUCHCTE in this environment, they do offer one space where workers can achieve agency by representation. The union was an important institution for many of the interviewed workers. For the reason that their employers allow union membership, thus adhering with the law of Fiji, the well-being of the workers interviewed (except one worker from Resort 5) is greater than those from other resorts where membership is not allowed. Even if they have chosen not to be union members they have the capability to do so. The government must enforce the freedom of association set down by national legislation (for example, worker Q's employing hotel did not allow her to join the union) and international conventions to enhance workers agency and allow greater well-being in all functioning areas. The lack of enforcement of freedom of association identified by this study coheres with the Chand's (2004) assertion that the Government is not supportive of the union.

Therefore, with the government failing to enforce legislation (in this circumstance and in regards to sick pay, and overtime pay) and hoteliers not abiding national legislation, the foreign resort owners have a leading role in controlling the labour environment. This position of the hoteliers is highlighted again through their involvement in employment policy formation. In fact Emberson-Bain (1995) notes that employers have long been able to sway wage council legislation in Fiji in their favour (see also Narsey, 2006).

### *Being in good working conditions*

This functioning is being in resort employment with good working conditions.

Achievement of this functioning predominantly varies with position and employment status (that is permanent or casual status). Ten workers are for the most part achieving good working conditions. Though to varying degrees, all of these workers value their achievement. Eleven workers feel they do not have good working conditions, and all of these workers do not value their level of achievement in this space. Six of these workers are achieving in other spaces of the same functioning, and value this achievement. All workers have pride<sup>13</sup> in their work.

However, resort practice is causing poor working conditions in some distinct areas. Three of these will be discussed: wages, workload and the case of casual workers. The predominant reason for the functioning not being obtained is the low wage rate, especially in comparison to the large amount of work the employees must complete. A high portion of workers in these resorts are on temporary contracts, and this portion is increasing as permanent workers are not replaced and more casual or contract workers are hired.

Casual workers do not generally receive the same conditions and benefits as permanent workers (worker P, stakeholder 9, resort personnel; stakeholder 11, resort personnel; stakeholder 8, government). This has resulted in the casual workers not being able to achieve this functioning. From the workers' realities, we can see that seven workers are affected by both being retained as casual workers and not receiving employment benefits. Entitlement to benefits varies among these workers, but the majority do not receive any, including sick pay and annual leave as policy states that workers are entitled to sick pay and annual leave after they have worked 720 hours (workers J, L, and U; stakeholder 11, resort personnel). Further, worker Q does not receive sick pay although she has worked well over the three months required by the Hotel and Catering Trades Wages Council Act before a worker may receive sick pay (Fiji Islands Government Gazette Supplement 2003). Five and benefits, while the other two did not express a desire to become permanent. In general the casual workers felt they did not have the same employee rights as other workers.

The ability of these casual workers to become permanent is very limited. Arbitrary practices of promotion to permanent status give managers discretionary power and thus open casual workers to poor practices, such as discrimination. In light of this, legislation and resort practice must provide this increasing number of

casual workers with ethical working conditions and appreciation, through benefits, wages and the working environment. Especially as these workers have low work-related security. Additionally, this trend will have an impact on current resort workers well-being, for example, through an increasing workload as mentioned by three workers. Further, as the growth of casual workers in the labour force decreases the ability of workers to collectively organise (Reguri 2004), research must look at the affect of this trend on worker agency. Therefore, hoteliers must question this trend realising it limits workers' achievement of well-being, and nothing that, as Burns (1994) points out, decreasing labour costs in this way can negatively affect labour quality which is extremely important in the hotel industry.

#### *Being knowledgeable or skilled through one's employment*

Being knowledgeable and skilled is a functioning that constitutes a part of well-being through being knowing as well as giving self-esteem and empowerment. This functioning looks at how hotel employment impacts on being skilled or learned, primarily through training provided, but additionally through spaces for learning.

Tourism has created many vocational jobs (Tabua Investments, personal communication, Nadi, 17 November, 2004) and yet it is difficult to achieve a high skill level in the hotel industry<sup>4</sup> (personnel staff, Resort 2). The findings concerning this functioning show that the achievement of the interviewed workers, in a functioning that is valued by all, is limited by what is offered at the resorts, and what positions are available to each worker.

#### *Being secure in one's employment*

This functioning constitutes labour market security and employment security. The International Labour Organisation defines these as:

Labour market security: "Security of having income generating work (based on a broad concept of gainful work). In addition to wage employment, income generating work includes self-employment, unpaid family work and home-generating home-based economic activities" (Anker 2002, p.311).

Employment security: "Security from loss of current work, and the security/capability of keeping one's main job or work. For employees, this includes security from dismissal. For employed workers, farmers and unpaid family workers, this refers to security from bankruptcy and/or business failure due to factors such as loss of market, credit and/or materials. For worker without a contract, this refers to the likelihood of keeping one's current work" (Anker 2002, p.311).

Two stakeholders said that while there are some general guidelines for dismissals, the legislation governing hiring and firing of employees provides very little protection (stakeholder 7, civil society; stakeholder 8, government). Therefore, employees have poor legal rights if dismissed improperly, and conversely, employers have a large amount of power in employment relations. Without proper legislation governing dismissal practices all workers are limited in their ability to achieve employment security.

This limitation in the security legislation could provide is eased for some of the interviewed workers by union membership, skills, and confidence in resort procedures. For others it is exacerbated by these same variables; that is by non-union membership, deficiency of skills and low confidence in resort procedures. Seven workers feel some form of security in their present employment. Except worker F (who feels secure because of his higher-level position), these workers feel secure because of their ability to perform in their position as required by the resort. For example, worker B feels she is secure in her work because she works to the expected standards; she feels that as long as she does this she is secure. Two workers derive their labour market security from a source other than their employment security, which they believe to be low due to unjust resort procedures and fluctuations in resort occupancy affecting employment. That is, worker I feels secure because of his ability to gain other work as he has obtained a specialised skill level as a food artist, while worker T is not worried about losing her job because her husband works. Nine workers feel insecure in their current position because of resort dismissal practices, which causes them to feel insecure in the labour market. For example, worker H feels insecure because of the high turnover rate caused by resort dismissal practices. She said "you have to be on your toes the resort can fire you for any problem". Finally, three workers were worried about losing their employment in respect to losing family income security rather than current employment insecurity, as two are sole earners in their households and will be in the near future.

While resorts do have warning systems, they are clearly not providing all of the workers employment security. To ensure the well-being of workers, resorts must utilize just dismissal procedures that workers can have confidence in, and government must create legislation to govern these resort procedures and thus provide employment security. Further, while only one of the interviewed workers was affected, many other resort workers in Fiji cannot achieve employment security because of the unwillingness of their employers to allow union membership and the failure of the government to monitor freedom of association legislation and conventions (stakeholder 7, civil society).



environment of Fiji over the last fifteen years as one of growing poverty amidst poor economic performance, and political and racial volatility. The ethnic segregation of one of the principle sectors of tourism can only add to the ethnic problems in Fiji and inhibit poverty alleviation.

## I. Conclusion

Sen's CA was able to provide in-depth information on workers well-being and how the labour environment in Fiji in general, and in the foreign-owned resorts affects this well-being. Creating a qualitative application of Sen's CA, using predominantly subjective measures produced nine aspects of well-being (or functioning and their related capabilities) that were relevant to workers well-being in Fiji. The work-related functions covered the five dimensions of: agency, working conditions, skills and knowledge, security and freedom from discrimination, while the additional functions covered: physical well-being, social participation, housing and the environment.

Within the achievement of each core functioning there is a point where the workers achievement is impeded. Firstly, though the majority of the workers can discuss issues and grievances at work through the space provided, overall agency, though achieved to a degree by some, is limited in a number of keys ways. Approximately half the workers have not achieved agency because of problems with the procedures. In considering the government's impact on agency, it is the inadequacy of legislation to provide security that has the most evident impact on worker agency. Secondly, many of the workers feel they are in a good working space with adequate conditions and benefits, however some are clearly in poor spaces. In particular, the casual workers interviewed suffered from much poorer conditions that the permanent workers. This is a serious problem that will worsen as the number of casual workers increases. Furthermore, it is compounded by the fact that casual workers fared poorly in other work-related functionings. Thirdly, the ability of workers to gain knowledge and skills is limited by what is offered at the resorts, and what positions are available.

While the workers have gained knowledge and experience in a growing industry, resort practices are not allowing the majority to achieve functioning above the basic skills. Fourthly, due to inadequate legislation governing dismissal practices all workers are limited in their ability to achieve employment security. This limitation is eased for some of these workers by their skills and confidence in resort procedures, yet for others it is exacerbated by the same variables. Nearly all of the workers are worried about their security. Lastly, ethnic discrimination

exists in foreign-owned resorts. The structures of marketing by tourism agents, resort practices, lack of protective national legislation and failure to monitor international conventions are instrumental in limiting the achievement of workers. The governance of employment in resorts in Fiji needs to be much stronger to ensure the workers are achieving decent levels of well-being. France (1997, p.213, cited in Scheyvens 2002, p.165) notes that "sustainable development can only be achieved when tourism is managed in a controlled and integrated manner and is based in careful and effective legislative restriction".

Income is an important means to achieving the nine functions. The respective incomes of the majority of the twenty-one workers is only just affording them basic daily living costs, however, this wage is better than many other employment sectors in Fiji. Still, the wage rate and rising living costs are dominant factors behind workers desire for a 48 hour working week although this means decreasing their ability to participate in society. Further, the income received by these workers is not allowing them great choice in the areas of food, housing and health care. Besides income, there are important connections between employment in resorts and the achievement of the each of the additional functions, including resort food and health care systems.

The political and economic environment surrounding employment in these foreign-owned resorts in Nadi and the Coral Coast has institutional structures that both assist and retard the achievement of work-related functions and capabilities. This coheres with the assertion by many scholars that for the positive attributes of FDI to take hold, countries must have certain policies and governance systems in place (Tambunan 2004).

## Notes

1. The population of Fiji in 2005 was estimated at 846,085 (Fiji Islands Bureau of Statistics 2005b, n.p.).
2. Prior to the current 'free market' export oriented system being adopted, the Fiji Government was implementing import substitution strategies (Prasad 1998). Neoliberalism is increasingly pervading all Pacific Islands through government policies, international institutions imperatives, WTO membership, regional trade agreements such as PICTA and PACER, donor conditionalities, and the interests of foreign investors.
3. Wage councils have "tripartite representation (including employers, unions, and government)" (Chand 2004, p.11).
4. F stands for Fijian dollars.
5. A Fijian social formation defined as "the basic land-owning group or clan composed of

- numbers of [families] linked through kinship ties" (Sofield 2003, p.287).
6. The NLTB is the administration body that manages ethnic-Fijian communally owned land (Narayan and Prasad 2003).
7. The 2001 conference at the University of Cambridge in England titled 'Conference on Justice and Poverty: Examining Sen's Capability Approach' and the 2003 conference at the University of Pavia in Italy titled '3<sup>rd</sup> Conference on the Capability Approach: From Sustainable Development to Sustainable Freedom'.
8. While Harrison (2003) notes that there is no mass tourism currently present in the Pacific (excluding the North Pacific where Hawaii does have mass tourism), Fiji and French Polynesia, which receive approximately half of the tourist arrivals to South and Central Pacific, do have "concentrated facilities" or centres of larger scale tourism development (Harrison 2003, p.10).
9. The Fijian tourism industry is currently promoting alternative forms of tourism such as eco-tourism and smaller locally-based tourism (Berno and King 2001). As the focus of the Ministry of Tourism in Fiji is on foreign investment, with the domestic branch of the Ministry being involved with developing ecotourism (Ministry of Tourism, personal communication, Suva, 30 November, 2004) we can see that foreign investment is directed towards conventional forms of tourism.
10. This term has been used for those workers who were in positions above associate-level but below management level. The staff at the case resorts were generally divided into five levels, with associate-level being the lowest.
11. At this rate the associate workers are receiving F\$148.32 for a normal weeks work (48 hours). As the taxable pay rate was above F\$7,500 per annum at the time of field research, some of the interviewed workers were being taxed. As a result of the November 2004 budget the rate went up to F\$8840 per annum for 2005 (Inland Revenue, Lautoka branch, personal communication, 6 December, 2004), meaning many would now not have to pay income tax.
12. Participation of workers in the development of the tourism industry (including employment related issues) on the local or national levels was not explored.
13. During fieldwork an extra dimension of well-being was added: being proud of one's employment. Exploration of pride came out of the discussion of the functionalities list with a staff member of the University of the South Pacific, as well as a perceived need when conducting the first interviews. For several reasons the dimension of pride was not explored in the full format of the other functionalities. The findings of this dimension of well-being were added to the functioning of 'being in good working conditions'
14. Stakeholder 9 (resort personnel) said several workers from one of the case resorts, who have managed to obtain skills have gone to New Zealand and Australia to work.
15. The Hotel and Catering Trades Wages Council Act specifies a 'normal working week' as 48 hours per week (Fiji Islands Government Gazette Supplement 2003, p.251).

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