

Barriers to Income Diversification: Study on Covid-19 redundant skilled workers - Evidence from Fiji.

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Introduction

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1.1 Background

- COVID19 brought devastating effects all over the world!
- Fiji was impacted the most in the Pacific Islands nations.
- Resulted in massive redundancies.
- Overall, 115,000 job loss within Fiji in various sectors that make-up one-third of Fiji's workforce (Fiji Bureau of Statistics).
- Most impacted sector was the Tourism Industry.
- The Industry contributes 40% to Fiji's GDP (Fiji Bureau of Statistics).
- One redundancy story that stood out – Fiji Airways!
- Laid off almost 800 staff – more than half of its workforce!
- It was heavily publicized.

1.1 Background (cont.)

- Laid-off highly qualified and well-paid staff (including pilots, line managers, engineers, and air-hostesses, to name a few).
- They were comfortable and secure with their jobs at the airline!
- COVID-19 pandemic outbreak resulted in the redundancy that caught them off guard, as both were unexpected.
- Short-term financial relief from savings and family/friends.
- But Long-term survival was uncertain!
- Especially with the uncertainty of when the outbreak would end.
- Opportunities – either diversify into entrepreneurship as an income diversification or New employment – critical decision!

1.2 Income Diversification

- An income diversification is simply defined as an activity that could generate an alternative livelihood and in return regular income.
- Examples are often tied to micro or small business activities such as running a small canteen, selling cakes or handicrafts, planting crops, hair care, market vendors, selling secondhand clothing/shoes, and so forth.
- For the Fiji Airways staff that were made redundant, through daily conversation and observation, some or most of them, were engaging or trying to engage in small alternative income-earning activities!
- Some explore and venture into new territories and industries such as Age Caregivers!

1.3 Theory and Model Building

- **Structured Equation Modelling (SEM)** will be employed:
- **Dependent variable:** Income Diversification Barriers (IDB)
- **Independent variables:** Access to Finance, (AF), Access to Land/Rental Space (ALR), Access to Capital Resources (ACR), Lack of Technical Know-How (LTKH), Access to Government and Donor Agency Assistance(AGDOA)
- **Equation:**
- $IDB = \beta_0 + \beta_1 AF + \beta_2 ALR + \beta_3 AC + \beta_4 LTKH + B_5 AGDOA + \epsilon$
- Where:
 - IDB = Income Diversification Barriers
 - β_0 – constant factor
 - β_1 – coefficient of the Access to Finance (AF)
 - β_2 – coefficient of the Access to Land and Rental Space (ALR)
 - β_3 – coefficient of the Access to Capital Resources (ACR)
 - β_4 – coefficient of the Lack of Technical Know-how (LTKH)
 - B_5 – coefficient of the Access to Government and Donor Agency Assistance (AGDOA)
 - ϵ - error term

1.3 Theory and Model Building (cont.)

- Validity and strength of the constructs identified will be tested using some controlling measures including:
 - ✓ Convergent validity, discriminant validity, and linear multi-collinearity
- The adopted measures fall under Cronbach's Alpha for Reliability Test & Fornell-Larcker Criterion Interpretation, and
- Following Average Variance Extracted (AVE) for convergent and divergent validity.
- A standard Multiple Regression Model at a 95% confidence level is adopted.

1.4 Research Design Overview

Item	Description
Sources of data	Primary and Secondary Data
Profile of respondent	Age, gender, position & income before redundant, nature of income diversification, location in Fiji, other job engagement.
Sample selection and size	Close to 800 Fiji Airways staff that were made redundant. We will try to involve as many as we can. But may restrict only to those that are members of the Fiji Flight Attendants Trade Union (FFATU) for ease of data collection.
Data collection method	Primary data – collect through online survey questionnaire or field survey interviews. Secondary data – collect from annual reports of related websites and stakeholders.
Survey Questionnaire	The questionnaire will be set up accordingly to capture all the data we need to complete our study.
Instrument and tools	Likert scale will be used: 1 strongly disagree;; 2 disagree; 3 neutral; 4 agree, 5 strongly agree. Software of Choice: Stata, SPSS or ADANCO 2.0.1

1.5 Research Questions, Objectives and Hypothesis

- **The research objectives are:**

- 1) To examine how access to finance was a barrier to income diversification of the Fiji Airways staff made redundant during COVID-19.
- 2) To assess whether the difficulty in access to land/rental spaces was a barrier to the income diversification of the Fiji Airways staff made redundant during COVID-19.
- 3) To ascertain that the lack of access to capital resources was a barrier to the income diversification of the Fiji Airways staff made redundant during COVID-19.
- 4) To evaluate whether the lack of technical know-how was a barrier to the income diversification of the Fiji Airways staff made redundant during COVID-19.
- 6) To confirm that the lack of awareness of or access to the government and donor agencies' assistance was a barrier to income diversification of the Fiji Airways staff made redundant during COVID-19.

1.5 Research Questions, Objectives, and Hypothesis (cont.)

- **The main research questions are:**

- 1) Was the difficulty in accessing finance from banking institutions a barrier to income diversification?
- 2) Was the difficulty in access to land or rental spaces a barrier to income diversification?
- 3) Did the lack of access to capital resources (equipment, tools etc) a barrier to income diversification?
- 4) Did the lack of technical know-how, especially on how to run a business and marketing a barrier to income diversification?
- 5) Was the difficulty in accessing assistance from the Government and Donor agencies a barrier to income diversification?

1.5 Research Questions, Objectives, and Hypothesis (cont.)

- Hypothesis (HP) for each of the individual sub-variables identified in the Research Framework is to be established:
- For example, the difficulty in access to finance from banking institutions is largely due, (from the personal experience of the team members), to three things: (i) financial packages/assistance availability; (ii) aware or knowing of the availability of the financial packages/assistance by the potential business start-up owner; (iii) the application process usually time-consuming to complete and huge amount of paperwork
- Hence possible hypotheses for these sub-variables are:
- *HP1: The non-availability of financial packages/assistance from banking institutions was a barrier to the setting up of an income diversification.*
- *HP2: Being not aware or not knowing the availability of financial packages/assistance from banking institutions was a barrier to setting up an income diversification.*
- *HP3: The long application process with the huge amount of paperwork and taking a long time to complete was a barrier to setting up an income diversification.*

1.6 Significance of the Study

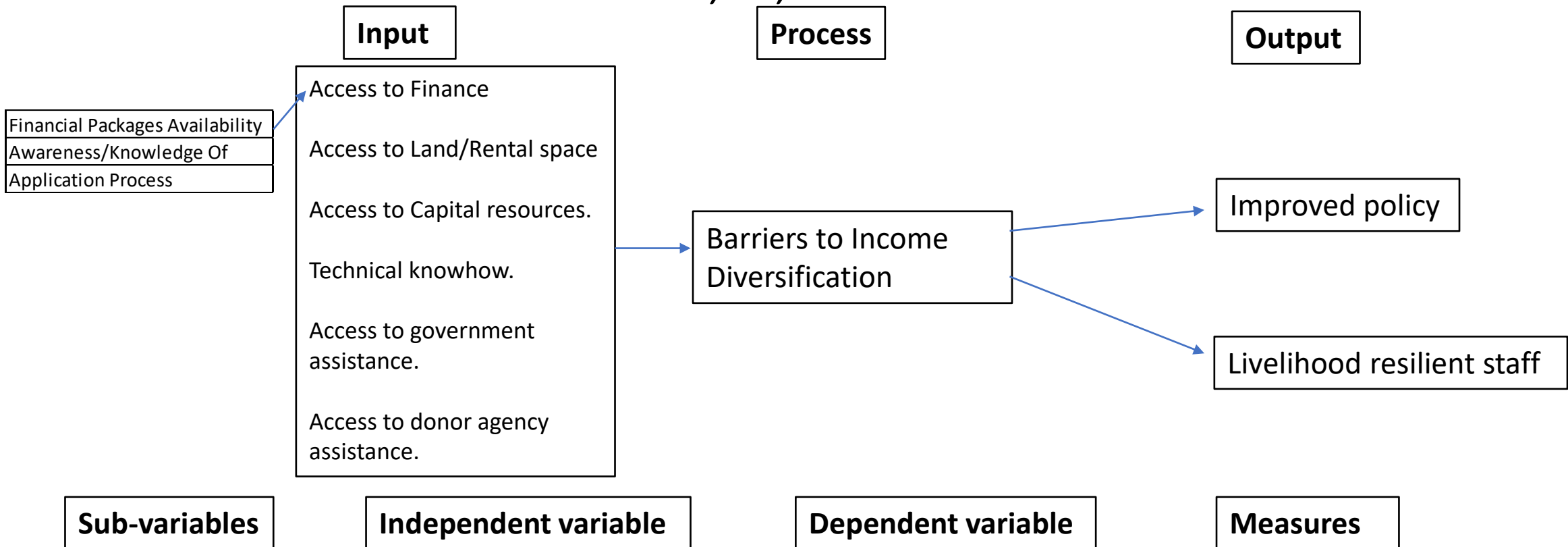
- Studying how highly qualified and highly paid workers made their living after redundancy during Covid-19 is crucial for a developing country like Fiji. Why?
- In order to understand how qualified and highly paid workers with long stable employment, but with zero to minimal entrepreneurial skills venture out and secure income diversification sources when suddenly made redundant!
- Difficulties they face in trying to set up alternative livelihoods must be understood and simultaneously is a learning curve for many staff in other industries, that may face similar situations when a pandemic like COVID19 hits!
- Study findings to assist in improving current policies on awareness and prepare staff to be resilient!
- Quoting the Boy Scout Motor: 'Be prepared!'

2.0 Literature Review

- Expected Literature Review will be carried out as follows:
 - a) Dependent variable;: 30 papers
 - b) Independent and sub-variables; 90 papers
 - c) Total papers to be reviewed: 120 papers
 - d) All papers that will be reviewed must or should be listed in the ABDC 2020 list (A*, A, B or C ranks)

3.0 Research Framework

- To be finalized after the literature review is completed.
- Somehow should be similar, to, the illustration below.



4.0 Limitations and Future Scope for Research

- This study is limited only to Fiji Airways staff that were made redundant and members of the Fiji Flight Attendants Trade Union (FFATU).
- Future study to be carried out on staff made redundant in other areas within Fiji's Tourism Industry, such as Hotels, Motels, Tour Activities, and other transporting industries.
- Future study on resilience strategies implemented by pandemic redundant made staff.

5.0 Schedule and Milestones

Milestone	Duration (Months)	Sub-level Steps
Literature Review	1 month	The literature review completed by end of April or early May Formulation of the Research Framework
Questionnaire & Survey	1 – 2 months	Questionnaire design and testing Securing of Fiji Flight Attendants Trade Union contact Identifying of respondents Actual data collection from various sources (primary & secondary) Data filtering and further literature review Meetings with team and mentor
Draft 1	1 – 2 months	Write up of draft 1 Data analysis with results using software of choice Peer reviews especially from the Acting Head of School, SAFE and selected staff
Final Draft and Submission	1 month	Present final copy summary during the ADB September workshop Merged comments during the workshop into a final draft Submission of the final draft to ADB

Questions & Discussion!