

*Chapter 3*

# Labour Force, Employment and Unemployment



## LABOUR MARKET TRENDS

### The Global Scenario

“A man willing to work, and unable to find work, is perhaps the saddest sight that fortune’s inequality exhibits under this sun.”

*Thomas Carlyle*

With the waves of globalisation riding over the world, various changes have occurred across the globe. Consequently these changes have had an impact on all spheres of life including employment trends. According to International Labour Organisation estimates, many regions have witnessed improvements in a number of labour market indicators following successive years of adverse employment trends during the years 2001 and 2002 (ILO, 2005). At the end of 2006, the number of people aged 15 and older stood at 2.9 billion, representing an increase of 1.6 percent as compared to the year 2005. On the other hand, global unemployment stood at 195.2 million in 2006 as compared to 194.7 million in 2005. It is worth mentioning that the major events that have struck the global labour force in the recent past are the December 2004 Tsunami, HIV/AIDS epidemic, the trend towards outsourcing and the erosion of preferential trade agreements. This shows clearly that competition worldwide will become more fierce, and in order to survive, all countries will have to face the growing challenges in the labour market .

It is important to define the various terminologies associated with employment before we further our analysis. To start with, the labour market is one that consists of the demand and supply of labour. The demand for labour is reflected through vacancies while the supply of labour refers to those who are willing and able to work. The labour force also referred to as the economically active population is made up of the employed and the unemployed population. The employed population refers to persons who are working while the unemployed population refers to persons who are not working but who are looking for work and are available for work. In fact, according to the ILO, the unemployed is defined

“as members of the economically active population who are without work but available for and seeking work, including people who have lost their jobs and those who have voluntarily left work.” Thus, some unemployment is unavoidable in all countries.

**Table 3 (a): Unemployment Rate by Region for 1994, 2003 - 2006**

| Region                                      | Unemployment Rate |      |      |      |                   |
|---|-------------------|------|------|------|-------------------|
|   | 1994              | 2003 | 2004 | 2005 | 2006 <sup>1</sup> |
| Developed Economies and European Union      | 8.2               | 7.4  | 7.2  | 6.8  | 6.2               |
| Central and Eastern Europe (non-EU) and CIS | 6.5               | 8.4  | 8.3  | 9.4  | 9.3               |
| East Asia                                   | 2.5               | 3.3  | 3.3  | 3.5  | 3.6               |
| South East Asia and the Pacific             | 4.1               | 6.5  | 6.4  | 6.6  | 6.6               |
| South Africa                                | 4.0               | 4.8  | 4.7  | 5.2  | 5.2               |
| Latin America and the Caribbean             | 7.0               | 9.3  | 8.6  | 8.1  | 8.0               |
| Middle East and North Africa                | 12.4              | 11.7 | 11.7 | 12.3 | 12.2              |
| *Sub-Saharan Africa                         | 9.8               | 10.0 | 10.1 | 9.7  | 9.8               |
| World                                       | 5.5               | 6.3  | 6.1  | 6.4  | 6.3               |

Note: Mauritius forms part of the Sub-Saharan Africa. Differences from earlier estimates are due to revisions of the IMF estimates of GDP growth used in the model as well as new regional groupings.

1 preliminary estimates

Source: ILO, *Global Employment Trends Model, 2006*; IMF, *World Economic Outlook, September 2006*; see also *Technical Note in ILO, Global Employment Trends (Geneva, 2005)*.

Table 3(a) shows the rates of unemployment across the world by region. The figures show that the Middle East and North African countries have registered the highest rate of unemployment across all the years. The Sub-Saharan African countries have recorded the second highest unemployment rate while the region that has the lowest unemployment rate is East Asia.

**Table 3 (b): Total Unemployment in the world by Gender, 1996, 2001 and from 2003-2006<sup>1</sup> (millions)**

| Year   | 1996  | 2001  | 2003  | 2004  | 2005  | 2006 <sup>1</sup> |
|--------|-------|-------|-------|-------|-------|-------------------|
| Total  | 161.4 | 185.2 | 188.9 | 192.7 | 194.7 | 195.2             |
| Male   | 94.7  | 108.3 | 110.2 | 112.5 | 113.2 | 113.4             |
| Female | 66.7  | 76.9  | 78.7  | 80.2  | 81.5  | 81.8              |

1 preliminary estimates

Source: ILO, *Global Employment Trends Model, 2006*; see also *Technical Note in ILO, Global Employment Trends (Geneva, 2005)*.

From Table 3(b), it is clear that world unemployment has been growing over the years. The figures also show that the number of unemployed male far outstrips the number of unemployed female.

## The Demand for Offshore Talent

Offshoring has rapidly become part of many business activities. This is due to the fact that any job that is not confined to a particular location has the potential to be globally resourced or performed anywhere in the world. Broadly speaking, this includes any task that requires no physical or complex interaction between an employee and customers or colleagues, and little or no local knowledge. Such jobs can be performed wherever a company deems most attractive. A company may choose to have a particular location - insensitive job performed in the demand market (that is, in the market in which the resulting output is sold), in a border zone (nearshore), or remotely (offshore). A recent research study (McKinsey & Company, 2005) has shed some light on key questions like *what is the total number of jobs worldwide that can be globally resourced?*, *How does the supply and demand meet?* *Which countries will provide offshoring labour?* By breaking down eight representative sectors of the global economy (automotive, health care, insurance, IT services, retail, retail banking, packaged software, and pharmaceuticals) into their subsectors and the occupations undertaken by people in those functions, it was calculated that 18.3 million jobs in these sectors could have been done by people located anywhere in the world in 2003. Extrapolating from these eight sectors to the global economy in 2008, it was estimated that 160 million jobs, or about 11 percent of the 1.46 billion service jobs worldwide, could in theory be carried out remotely, barring any constraints on supply. However, the number of service jobs is estimated to remain modest as compared to total employment in service activities in developed economies over the medium term. Although the trend toward offshoring is growing among companies in developed countries, a gap exists between the number of service jobs that they could locate remotely and the actual number of jobs that they have located offshore, or plan to offshore by 2008.

By June 2005, it was estimated that 565 000 jobs in the eight sectors were performed in low-wage countries for companies and customers in the developed countries. By 2008, it is expected that the number will grow to 1.2 million for the same eight sectors. Extrapolating to the global economy, it is estimated that total offshore employment amounted to approximately 1.5 million jobs in 2003. In 2008, total offshore employment will reach an estimated 1.2 percent of total demand for labour in services from developed countries, equivalent to 4.1 million employees. It is also estimated that packaged software and IT services will offshore 18 percent and 13 percent of their high-wage employment demand, respectively, by 2008.

Most of the companies included in the research study reported cost pressure at home combined with much lower labour costs abroad as their main incentives to resource labour globally. Companies that already conduct some operations in low-wage countries find the switch to resourcing service labour from them easier than do less internationally experienced firms. Those companies that find the prospect of offshoring difficult, generally face company-specific barriers like operational issues, management attitudes to offshoring, and structural issues.

Mauritius must spare no effort in ensuring that a company hunting for an offshoring location does not turn to other countries. There is a need to adjust the country's educational policies and also to invest more money in infrastructure.

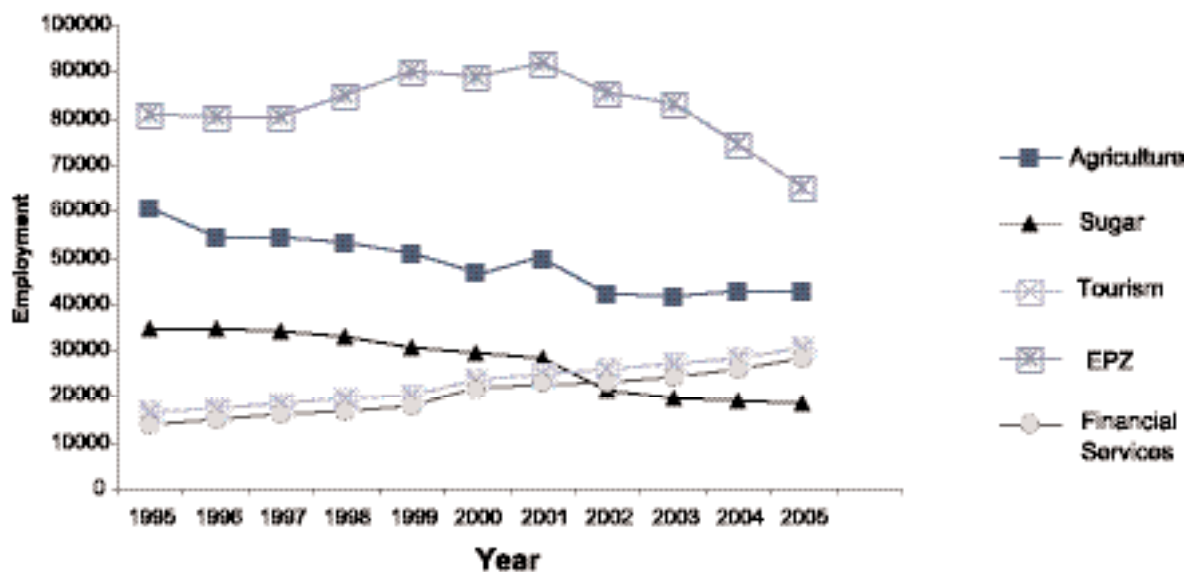
## Employment in Mauritius

The initial growth in Mauritius was led by the Sugar sector, which accounted for about 20 percent of GDP in the early 1970s. Sugar has been insulated from the changing world market under the Sugar Protocol of the Lomé Convention. Thus, the economic success of Mauritius since 1968 occurred largely because of preferential trade agreements (Multifibre Agreement and the EU-ACP Agreement). However, since then, the economy underwent major structural changes and diversified into five major pillars, namely, Manufacturing (Textile and Clothing), Agriculture (Non Sugar product), Financial Services, Tourism and most recently, Information and Communication Technology (ICT). In fact, the ICT, the "Seafood Hub" and the "Knowledge Hub" are being touted as additional pillars of Mauritius and are expected to strengthen the economic base. Besides, the coming into force of the WTO and the new challenges linked to the new economic and social transition in a more globalised environment, will have far reaching implications in the economy over the coming years. Trade preferences are expected to be eroded and new sectors to emerge.

The Minister of Finance in the 2006/2007 budget stressed on the fact that wages have to be linked to productivity so that firms can optimise their number of employees and raise average wages while for workers, this can act as an incentive for workers to improve their efficiency. The aim of the present Government is to generate additional jobs while reducing the problem of skills mismatch that is jeopardizing the growth of emerging sectors. It is high time to realise that emphasis should shift from protection of income and jobs to that of workers by providing them opportunities to upgrade their skills so that they can easily shift from one job to another. There is a determination by the present Government to promote entrepreneurship in Mauritius thereby increasing total employment. In the same light, Government wants to offer those who have already have a spirit of enterprise but few resources, to take temporary employment abroad to acquire skills and capital to set up their own businesses in Mauritius when they come back. As announced in the recent budget, the Mauritian diaspora is also being encouraged to invest in Mauritius. The Government is convinced that by reducing the rigidities in the labour market, they will be in a better position to protect the rights of the unemployed.

Figure 3.1 shows the employment trends in Mauritius from 1966 to 2002 in the four sectors: Sugar, Textiles, Tourism and Finance. It can be seen from the graph that the Sugar sector was the largest employer in 1966 as compared to Textiles and Tourism sectors that were employing relatively few workers. The Finance sector emerged after 1975 and has been employing an increasing number of workers ever since. From the trend, it is noticed that in terms of job creation, Sugar's and Textiles' contribution are decreasing while Tourism is still growing but at a decreasing rate.

**Figure 3.1: Employment by Sector (1995-2005)**



Source: *Digest of labour statistics (1995-2005)*

Given that Mauritius was under colonial rule, the first batch of workers that landed in Mauritius were slaves and indentured labourers. At that time, Sugar was the main industry of our economy. Nowadays, the situation in the labour market is a major cause for concern. Net employment creation has persistently lagged behind increases in the labour force in Mauritius, resulting in a rise in unemployment rate. The employment scenario rose from a state of full employment in 1990 with an unemployment rate of 2.8 percent to reach an estimated rate of 9.4 percent for the year 2006 with an estimated total number of 51 700 unemployed persons. The Tourism sector is the only sector that can still employ low skill persons or with basic training. Other sectors like the Financial Services and Information and Communication Technology cannot do so. According to the population census (CSO, 2000: Housing and Population Census - Economic characteristics), 38 percent of the unemployed labour force did not complete primary school.

### Employment by gender and sector

Table 3(c) shows the trends in employment in the Primary, Secondary and Tertiary sectors by gender. Over the years, it can be seen that the Primary sector has absorbed the least number of employees. The highest number of employees are in the Tertiary sector while the Secondary sector is the second largest employer. However it has to be noted that as from year 2002, employment in the Secondary sector has started declining. As a whole, there are more males than females across all three sectors.

**Table 3(c): Employment (thousands) by gender and sector, 1994 - 2005,  
Republic of Mauritius (Mid-year estimates)**

| Year |            | Primary | Secondary | Tertiary | Total |
|------|------------|---------|-----------|----------|-------|
| 1994 | Male       | 46.6    | 110.4     | 154.8    | 311.8 |
|      | Female     | 17.1    | 65.3      | 60.6     | 143.0 |
|      | Both Sexes | 63.7    | 175.7     | 215.4    | 454.8 |
| 1995 | Male       | 46.1    | 109.9     | 158.2    | 314.2 |
|      | Female     | 17.1    | 65.1      | 64.1     | 146.3 |
|      | Both Sexes | 63.2    | 175.0     | 222.3    | 460.5 |
| 1996 | Male       | 49.7    | 113.8     | 151.1    | 314.4 |
|      | Female     | 18.9    | 66.8      | 64.7     | 148.2 |
|      | Both Sexes | 68.6    | 180.2     | 215.8    | 462.6 |
| 1997 | Male       | 48.5    | 112.1     | 154.3    | 314.9 |
|      | Female     | 16.3    | 67.6      | 68.4     | 152.3 |
|      | Both Sexes | 64.8    | 179.7     | 222.7    | 467.2 |
| 1998 | Male       | 46.6    | 114.7     | 155.8    | 317.1 |
|      | Female     | 15.9    | 70.9      | 71.1     | 157.9 |
|      | Both Sexes | 62.5    | 185.6     | 226.9    | 475.0 |
| 1999 | Male       | 44.0    | 116.0     | 158.6    | 318.6 |
|      | Female     | 14.9    | 72.4      | 74.6     | 161.9 |
|      | Both Sexes | 58.9    | 188.4     | 233.2    | 480.5 |
| 2000 | Male       | 42.8    | 115.3     | 160.6    | 318.7 |
|      | Female     | 14.3    | 72.4      | 78.2     | 164.9 |
|      | Both Sexes | 57.1    | 187.7     | 238.8    | 483.6 |
| 2001 | Male       | 41.7    | 116.5     | 163.4    | 321.6 |
|      | Female     | 13.9    | 73.5      | 81.8     | 169.2 |
|      | Both Sexes | 55.6    | 190.0     | 245.2    | 490.8 |
| 2002 | Male       | 37.4    | 117.1     | 169.5    | 324.0 |
|      | Female     | 10.8    | 69.6      | 85.7     | 166.1 |
|      | Both Sexes | 48.2    | 186.7     | 255.2    | 490.1 |
| 2003 | Male       | 36.3    | 116.8     | 174.2    | 327.3 |
|      | Female     | 10.4    | 66.4      | 91.0     | 167.8 |
|      | Both Sexes | 46.7    | 183.2     | 265.2    | 495.1 |
| 2004 | Male       | 36.1    | 119.0     | 181.6    | 336.9 |
|      | Female     | 13.2    | 58.3      | 96.1     | 167.6 |
|      | Both Sexes | 49.3    | 177.3     | 277.9    | 504.5 |
| 2005 | Male       | 34.9    | 117.5     | 185.6    | 338.2 |
|      | Female     | 14.4    | 53.4      | 101.0    | 168.8 |
|      | Both Sexes | 49.3    | 170.9     | 286.8    | 507.0 |

Note: Primary: Agriculture & Fishing and Mining & Quarrying  
 Secondary: Manufacturing and electricity, gas & water  
 Tertiary: Other industry groups

Source: *Digest of Labour Statistics, CSO (1994-2005)*

## Total employment by industrial group

From Table 3(d), it is noted that total employment for both sexes has increased from 1995 to 2005. From the year 1995 to 2005, employment has been lowest in Mining and Quarrying sector and highest in the Manufacturing sector.

**Table 3 (d): Total employment<sup>1</sup> (thousands) by industrial group, 1995 - 2005, Republic of Mauritius (Mid-year estimates)**

| Industrial group   | Both sexes (000s) |              |              |              |              |              |              |              |              |              |              |
|--|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 1995              | 1996         | 1997         | 1998         | 1999         | 2000         | 2001         | 2002         | 2003         | 2004         | 2005         |
| <b>Agriculture &amp; Fishing</b>   | 67.5              | 65.0         | 63.3         | 61.1         | 57.5         | 55.8         | 54.3         | 46.9         | 46.4         | 49.0         | 49.0         |
| Sugar cane   | 34.5              | 34.6         | 33.9         | 32.7         | 30.9         | 29.4         | 26.1         | 21.8         | 19.9         | 19.1         | 18.6         |
| Agriculture (Non-Sugar)  | 33.0              | 30.4         | 29.4         | 28.4         | 26.6         | 26.4         | 26.2         | 25.3         | 26.5         |              |              |
| <b>Mining &amp; Quarrying</b>  | 1.6               | 1.6          | 1.5          | 1.4          | 1.4          | 1.3          | 1.3          | 1.3          | 0.3          | 0.3          | 0.3          |
| <b>Manufacturing</b>   | 135.9             | 132.7        | 133.6        | 140.1        | 142.4        | 142.0        | 143.5        | 139.5        | 134.4        | 125.2        | 118.2        |
| Sugar  | 5.9               | 5.0          | 4.4          | 4.1          | 3.93         | 3.36         | 3.19         | 3.09         | 2.2          | 2.3          | 2.2          |
| EPZ  | 80.9              | 79.3         | 81.3         | 86.7         | 90.3         | 89.8         | 91.0         | 85.7         | 80.0         | 71.6         | 65.5         |
| Manufacturing (Non-EPZ & Non-Sugar)  | 49.1              | 48.4         | 47.9         | 49.3         | 48.2         | 48.8         | 49.3         | 50.7         | 52.5         |              |              |
| <b>Electricity, Gas &amp; Water</b>  | 3.4               | 3.3          | 3.2          | 3.1          | 3.0          | 2.9          | 3.0          | 3.1          | 3.0          | 3.0          | 3.0          |
| <b>Construction</b>  | 42.7              | 44.1         | 42.8         | 42.4         | 43.0         | 42.8         | 43.5         | 44.1         | 45.8         | 49.1         | 49.7         |
| <b>Wholesale &amp; retail trade; repair of motor vehicles, motorcycles, personal and household goods</b> | 57.5              | 59.5         | 60.8         | 61.6         | 62.9         | 63.7         | 65.1         | 67.5         | 70.8         | 74.8         | 75.0         |
| <b>Hotels &amp; Restaurants</b>  | 16.8              | 17.3         | 18.6         | 19.6         | 20.4         | 22.7         | 24.2         | 25.4         | 26.5         | 28.4         | 30.9         |
| <b>Transport, Storage &amp; Communications</b>   | 30.0              | 30.0         | 30.6         | 30.7         | 30.9         | 30.8         | 31.5         | 33.4         | 34.3         | 35.9         | 36.0         |
| <b>Financial Intermediation</b>  | 6.6               | 6.7          | 6.9          | 7.1          | 7.1          | 7.3          | 7.5          | 7.5          | 7.9          | 7.9          | 8.8          |
| <b>Real estate, renting and business activities</b>  | 8.0               | 9.6          | 10.6         | 11.1         | 12.3         | 14.1         | 14.3         | 14.3         | 14.6         | 18.1         | 19.6         |
| <b>Public administration and defence; compulsory social security</b>                                     | 32.7              | 33.3         | 33.8         | 34.1         | 34.8         | 35.1         | 35.2         | 38.2         | 39.2         | 39.0         | 39.4         |
| <b>Education</b>   | 21.6              | 21.8         | 22.1         | 22.1         | 22.4         | 22.7         | 23.3         | 24.3         | 25.8         | 26.2         | 27.7         |
| <b>Health &amp; Social Work</b>  | 11.7              | 12.0         | 12.2         | 12.6         | 12.8         | 12.8         | 12.3         | 12.7         | 13.4         | 14.5         | 16.2         |
| <b>Other services</b>  | 24.5              | 25.7         | 27.1         | 27.9         | 29.5         | 29.8         | 30.7         | 32.0         | 32.7         | 33.1         | 33.2         |
| <b>Total</b>   | <b>480.5</b>      | <b>482.8</b> | <b>467.2</b> | <b>475.0</b> | <b>480.5</b> | <b>483.6</b> | <b>490.8</b> | <b>490.1</b> | <b>495.1</b> | <b>504.5</b> | <b>507.0</b> |

Source: Digest of Labour Statistics, CSO (1995-2005)

1. Employment figures include foreign workers



In Table 3(e), it is observed that from year 2000 to 2005, total employment in large establishments has decreased by 5825. In 2005, the highest share of total employment is accounted for by the Manufacturing sector.

**Table 3 (e): Employment by major industrial group in large establishments (March 2000 – 2005) (Including Foreign Workers & Rodrigues)**

|  | 2000           | 2001           | 2002           | 2003           | 2004           | 2005           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Industrial Groups</b>   |                |                |                |                |                |                |
| Agriculture, Forestry and Fishing  | 32,663         | 31,253         | 25,258         | 23,364         | 23,000         | 22,700         |
| Sugarcane  | 24,785         | 23,534         | 17,615         | 15,540         | 15,000         | 14,500         |
| Tea  | 240            | 310            | 269            | 293            |                |                |
| Tobacco  | 253            | 288            | 204            | 198            |                |                |
| Other  | 7374           | 7121           | 7710           | 7363           |                |                |
| Mining and quarrying   | 193            | 192            | 170            | 214            | 200            | 200            |
| Manufacturing  | 114,987        | 116,960        | 111,017        | 106,907        | 97,900         | 91,500         |
| Sugar  | 3355           | 3170           | 3084           | 2230           | 2300           | 2200           |
| EPZ  | 85,157         | 90,798         | 84,475         | 82,516         | 70,700         | 64,600         |
| Other  | 23,472         | 22,992         | 23,478         | 24,161         |                |                |
| Electricity, gas and water   | 3006           | 2955           | 3041           | 2992           | 3000           | 3000           |
| Construction   | 13,528         | 13,287         | 13,027         | 14,621         | 15,000         | 12,700         |
| Wholesale & retail trade, repair of motor vehicles, motorcycles, personal & household goods. | 16,459         | 16,477         | 16,909         | 17,691         | 18,200         | 18,300         |
| Hotels & restaurants   | 14,495         | 16,292         | 17,142         | 18,216         | 18,600         | 21,100         |
| Transport, storage and communication   | 16,082         | 16,640         | 17,521         | 18,064         | 17,900         | 18,200         |
| Financial intermediation   | 6715           | 7059           | 7016           | 7387           | 7500           | 8400           |
| Real estate, renting & business activities   | 8906           | 8907           | 8729           | 8894           | 12600          | 14,300         |
| Public administration & defense; compulsory social security                                  | 34,877         | 35,650         | 37,770         | 38,878         | 39,000         | 39,400         |
| Education  | 17,826         | 18,295         | 18,914         | 20,635         | 21,500         | 22,300         |
| Health & social work   | 11,257         | 11,002         | 10,966         | 11,606         | 12,300         | 12,700         |
| Other community, social & personal services  | 6031           | 6248           | 7103           | 6968           | 5600           | 6000           |
| <b>Grand Total</b>   | <b>297,025</b> | <b>301,217</b> | <b>294,603</b> | <b>298,499</b> | <b>292,300</b> | <b>291,200</b> |

Source: Survey of Employment and Earnings in large (employing 10 or more persons) establishments (2000-2005)

Note: Figures in Tables 3(d) and 3(e) are based on the National Industrial Classification (NSIC), an adaptation of the International Standard Industrial Classification of all Economic Activities, Revision 3 of 1990 (ISIC Rev. 3)

## Unemployment in Mauritius

Logically, there exists a negative correlation between the growth rate and the rate of unemployment. When there is a rise in the growth rate, this means that the overall demand in the economy is increasing and that employers will be employing more people and this will lead to a lower rate of unemployment.

However, Table 3(f) shows that despite the fact that the growth rate has been rising over the years, the rate of unemployment has also been increasing in parallel. The economist A.W. Phillips (1958) put forward his theory thereby illustrating the relationship between inflation and unemployment. According to the Phillips Curve, there is an inverse relationship between inflation and the unemployment rate. However, the Mauritian experience (Table 3(f)) shows that during the previous years even if inflation has been rising, the unemployment level has continued increasing. This is a situation of stagflation where the rate of unemployment and inflation rises simultaneously

**Table 3(f): Unemployment, Growth Rate and Inflation (1994-2006)**

| Year              | Growth Rate (%) <sup>*</sup> | Unemployment           | Inflation (%) <sup>***</sup> |
|-------------------|------------------------------|------------------------|------------------------------|
|                   |                              | Rate (%) <sup>**</sup> |                              |
| 1994              | 4.8                          | 4.5                    | 9.4                          |
| 1995              | 5.5                          | 5.1                    | 6.1                          |
| 1996              | 6.2                          | 5.8                    | 5.8                          |
| 1997              | 5.6                          | 6.6                    | 7.9                          |
| 1998              | 5.7                          | 6.9                    | 5.4                          |
| 1999              | 2.3                          | 7.7                    | 7.9                          |
| 2000              | 9.3                          | 8.8                    | 5.3                          |
| 2001              | 5.6                          | 9.1                    | 4.4                          |
| 2002              | 1.9                          | 9.7                    | 6.3                          |
| 2003              | 4.4                          | 10.2                   | 5.1                          |
| 2004              | +4.8                         | 8.5                    | 3.9                          |
| 2005 <sup>1</sup> | +2.3                         | 9.5                    | 5.6                          |
| 2006 <sup>2</sup> | 4.7                          | 9.4                    | 5.1                          |

Source \* *National Accounts, 2006, CSO*  
 \*\* *Digest of Labour Statistics, (1994-2003)*  
 \*\*\* *Household Budget Survey & Consumer Price Index*  
 1 *Revised Estimates*  
 2 *Forecast*

**Note:** As from 2004, unemployment is calculated for persons who are 15 years of age and above, as compared to previous years where it was based on 12 years and above.

In Table 3(g), the trends in the Mauritian labour market clearly show that the total labour force, employment and unemployment figures have been soaring over the years. In fact, as compared to year 1993, in 2003 total labour force has increased by 18.5 percent, total employment has grown by 11 percent. Besides, the rate of unemployment has rose from 3.9 percent in 1993 to 10.2 percent in 2003.

**Table 3(g) - Labour force, Employment and Unemployment, 1993-2006, Mauritius  
(Mid-year estimates)**

| Both sexes (thousands) |                           |                 |       |                                      |                      |       |              |                       |
|------------------------|---------------------------|-----------------|-------|--------------------------------------|----------------------|-------|--------------|-----------------------|
| Year                   | Labour force <sup>1</sup> |                 |       | Employment <sup>2</sup>              |                      |       | Unemployment |                       |
|                        | Mauritian                 | Foreign workers | Total | in large establishments <sup>3</sup> | outside large estab. | Total | Number       | Rate <sup>4</sup> (%) |
| 1993                   | 457.0                     | 6.9             | 463.9 | 290.5                                | 155.4                | 445.9 | 18.0         | 3.9                   |
| 1994                   | 482.3                     | 8.2             | 490.5 | 286.8                                | 175.8                | 462.6 | 27.9         | 5.8                   |
| 1995                   | 490.8                     | 8.6             | 499.4 | 289.2                                | 171.3                | 460.5 | 24.3         | 5.1                   |
| 1996                   | 482.3                     | 8.2             | 490.5 | 286.8                                | 175.8                | 462.6 | 27.9         | 5.8                   |
| 1997                   | 490.8                     | 8.6             | 499.4 | 287.8                                | 179.4                | 467.2 | 32.2         | 6.6                   |
| 1998                   | 499.4                     | 10.0            | 509.4 | 294.7                                | 180.3                | 475.0 | 34.4         | 6.9                   |
| 1999                   | 506.6                     | 12.9            | 519.5 | 297.4                                | 183.1                | 480.5 | 39.0         | 7.7                   |
| 2000                   | 514.0                     | 14.8            | 528.8 | 297.7                                | 185.9                | 483.6 | 45.0         | 8.8                   |
| 2001                   | 522.0                     | 16.5            | 538.5 | 301.0                                | 189.8                | 490.8 | 47.7         | 9.1                   |
| 2002                   | 523.9                     | 17.0            | 540.9 | 296.2                                | 193.9                | 490.1 | 50.8         | 9.7                   |
| 2003                   | 531.3                     | 18.2            | 549.5 | 295.9                                | 199.2                | 495.1 | 54.4         | 10.2                  |
| 2004                   | 532.1                     | 17.5            | 549.6 | 292.3                                | 212.2                | 504.5 | 45.1         | 8.5                   |
| 2005                   | 542.5                     | 16.6            | 559.1 | 291.2                                | 215.8                | 507.0 | 52.1         | 9.6                   |
| 2006*                  | 547.9                     | 16.7            | 564.6 | 294.5                                | 218.4                | 512.9 | 51.7         | 9.4                   |

\* Provisional

1 Labour force comprises population 12 years and above

2 Includes foreign workers

3 Average of March and September figures

4 Unemployment total as a percentage of Mauritian labour force

Source: *Digest of Labour Statistics, CSO (1993-2005)*

From table 3(g), it should be noted that despite the fact that the rate of unemployment has continuously been rising, the number of foreign workers has also been soaring (for instance in 2006 it was estimated that there were 16 700 foreign workers in Mauritius and 51 700 unemployed). According to statistics from the Employment Division of the Ministry of Labour, Industrial Relations, it is noted that the overwhelming majority of work permits are issued in the occupational category of “Skilled Workers” (93 percent on an average). Besides, it is seen that employment in large establishments (employing more than 10 employees) outweighs the number of workers outside large establishments. The overall rate of unemployment has been rising and, in fact, it has nearly doubled from 1995 to 2006.

The Table 3(h) shows that total labour force for both male and female has continuously increased over the years with the number of male workers exceeding that of female. The figures for both Mauritian and foreign workers have also been rising. From Table 3(h), it is seen that the highest proportion of the labour force is concentrated in the age group of 20-39 over the years for both male and female. The labour force is lowest in the age bracket 75 and above and that of 12-14. Total Mauritian labour force has increased from 2001 to 2005, figures being highest for male workers.

**Table 3(h): Labour force by age group and gender, 2001 - 2006 (in thousands)**

| Age (years)                   | MALE         |              |              |              |              |                   | FEMALE       |              |            |              |                   |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|-------------------|--------------|--------------|------------|--------------|-------------------|
|                               | 2001         | 2002         | 2003         | 2004         | 2005         | 2006 <sup>1</sup> | 2001         | 2002         | 2003       | 2004         | 2006 <sup>1</sup> |
| 12 - 14                       | 1.3          | 1.3          | 1.3          |              |              |                   | 0.3          | 0.3          | 0.3        |              |                   |
| 15 - 19                       | 18.2         | 17.5         | 17.3         | 14.4         | 12.9         |                   | 9.4          | 9            | 8.9        | 7.9          |                   |
| 20 - 24                       | 48.8         | 48.8         | 47.7         | 42.5         | 39.8         |                   | 28.8         | 29           | 28.3       | 26.6         |                   |
| 25 - 29                       | 45.6         | 47.1         | 49.3         | 48.7         | 49.9         |                   | 26.2         | 27.2         | 28.9       | 26.2         |                   |
| 30 - 34                       | 47           | 45.8         | 44.5         | 43.9         | 43.9         |                   | 25.5         | 25.3         | 24.5       | 24.3         |                   |
| 35 - 39                       | 51.3         | 50.8         | 50.3         | 47.8         | 46.3         |                   | 27.1         | 26.9         | 27.2       | 26.7         |                   |
| 40 - 44                       | 44.9         | 45.5         | 46.8         | 47.2         | 48.4         |                   | 24.2         | 25           | 25.6       | 24.9         |                   |
| 45 - 49                       | 38.1         | 39.7         | 40.2         | 40.9         | 42.0         |                   | 19.5         | 20.3         | 20.7       | 21.0         |                   |
| 50 - 54                       | 29.1         | 29.9         | 32           | 33.9         | 34.9         |                   | 13.8         | 13.2         | 14.4       | 15.0         |                   |
| 55 - 59                       | 16.6         | 15.9         | 17.7         | 19.7         | 21.3         |                   | 7.5          | 6.8          | 7.9        | 8.1          |                   |
| 60 - 64                       | 5.4          | 5.4          | 5.4          | 4.8          | 5.3          |                   | 2.1          | 2.2          | 2.2        | 1.6          |                   |
| 65 - 69                       | 3.3          | 3.5          | 3.5          | 2.4          | 2.8          |                   | 1.1          | 1.2          | 1.2        | 1.2          |                   |
| 70 - 74                       | 1.5          | 1.4          | 1.5          | 1.0          | 1.3          |                   | 0.5          | 0.5          | 0.5        | 0.2          |                   |
| 75 and above                  | 1            | 1            | 1.1          | 1.0          | 0.3          |                   | 0.4          | 0.4          | 0.4        | 0.3          |                   |
| <b>Total labour force</b>     | <b>352.1</b> | <b>353.6</b> | <b>358.6</b> | <b>357.2</b> | <b>358.5</b> | <b>358.8</b>      | <b>186.4</b> | <b>187.3</b> | <b>191</b> | <b>192.4</b> | <b>205.8</b>      |
| <b>Mauritian labour force</b> | <b>346.3</b> | <b>347.2</b> | <b>351.1</b> | <b>348.2</b> | <b>349.4</b> | <b>350.5</b>      | <b>175.7</b> | <b>176.7</b> | <b>180</b> | <b>183.9</b> | <b>197.4</b>      |
| <b>Foreign labour force</b>   | <b>5.8</b>   | <b>6.5</b>   | <b>7.5</b>   | <b>9.0</b>   | <b>9.1</b>   | <b>8.3</b>        | <b>10.7</b>  | <b>10.6</b>  | <b>11</b>  | <b>8.5</b>   | <b>8.4</b>        |

1 Continuous Multipurpose Household Survey, 3rd quarter 2006

Source: Digest of Labour Statistics, CSO (2001-2005)

From Table 3(i), it is seen that the male activity rate is almost two times higher than that of females, with those being more active found in the age group of 30-34. As for females, the activity rate between the age-group of 25-29 is more pronounced. After the age of 75 and above there is an overall decrease in the activity rate. Besides the activity rates for the younger groups for both males and females might decrease in the years to come given that they will undertake longer studies due to compulsory schooling up to the age of 16 years.

**Table 3(i): Activity rates (%) by age-group and gender, 2001 - 2005**

| Age (years)  | MALE |      |      |      |      | FEMALE |      |      |      |      |
|--------------|------|------|------|------|------|--------|------|------|------|------|
|              | 2001 | 2002 | 2003 | 2004 | 2005 | 2001   | 2002 | 2003 | 2004 | 2005 |
| 12 - 14      | 4.4  | 4.2  | 4.1  |      |      | 1.2    | 1.1  | 1    |      |      |
| 15 - 19      | 36.9 | 36.7 | 36.6 | 30.0 | 26.1 | 19.4   | 19.3 | 19.2 | 16.9 | 16.6 |
| 20 - 24      | 85.9 | 85.7 | 85.6 | 79.6 | 78.7 | 50.6   | 50.9 | 51.1 | 52.5 | 53.4 |
| 25 - 29      | 96.3 | 96.3 | 96.3 | 95.1 | 93.7 | 54.6   | 55.1 | 55.4 | 51.2 | 56.3 |
| 30 - 34      | 97.5 | 97.5 | 97.5 | 97.4 | 97.1 | 53.1   | 53.5 | 53.6 | 54.4 | 58.1 |
| 35 - 39      | 97.3 | 97.3 | 97.3 | 97.2 | 95.1 | 52.3   | 52.6 | 52.8 | 54.1 | 57.6 |
| 40 - 44      | 96.7 | 96.7 | 96.7 | 95.1 | 96.4 | 53.4   | 53.7 | 53.9 | 51.0 | 53.7 |
| 45 - 49      | 96.2 | 96.2 | 96.2 | 95.6 | 94.9 | 49.7   | 49.9 | 50.1 | 49.5 | 45.1 |
| 50 - 54      | 92.7 | 90.1 | 90.7 | 92.4 | 93.8 | 42.5   | 38.5 | 40.2 | 40.2 | 42.2 |
| 55 - 59      | 83.6 | 75.1 | 77.5 | 82.6 | 83.0 | 34     | 29.2 | 31.3 | 30.5 | 31.6 |
| 60 - 64      | 35.1 | 35.3 | 35.4 | 29.2 | 30.9 | 12.1   | 12.2 | 12.3 | 8.3  | 10.4 |
| 65 - 69      | 27   | 27.2 | 27.3 | 19.0 | 21.3 | 7.7    | 7.7  | 7.8  | 7.3  | 8.4  |
| 70 - 74      | 16.5 | 16.7 | 16.8 | 11.3 | 13.9 | 4      | 4    | 4.1  | 1.8  | 3.1  |
| 75 and above | 9.1  | 9.1  | 9.1  | 8.3  | 5.2  | 2      | 2    | 2    | 1.3  | 1.2  |
| 12 and above | 75.2 | 74.6 | 74.6 |      |      | 38.6   | 38.3 | 38.5 |      |      |
| 15 and above | 79.9 | 79.5 | 79.7 | 77.4 | 76.6 | 41     | 40.7 | 41   | 39.7 | 41.1 |

Source: Digest of Labour Statistics, CSO (2001-2005)

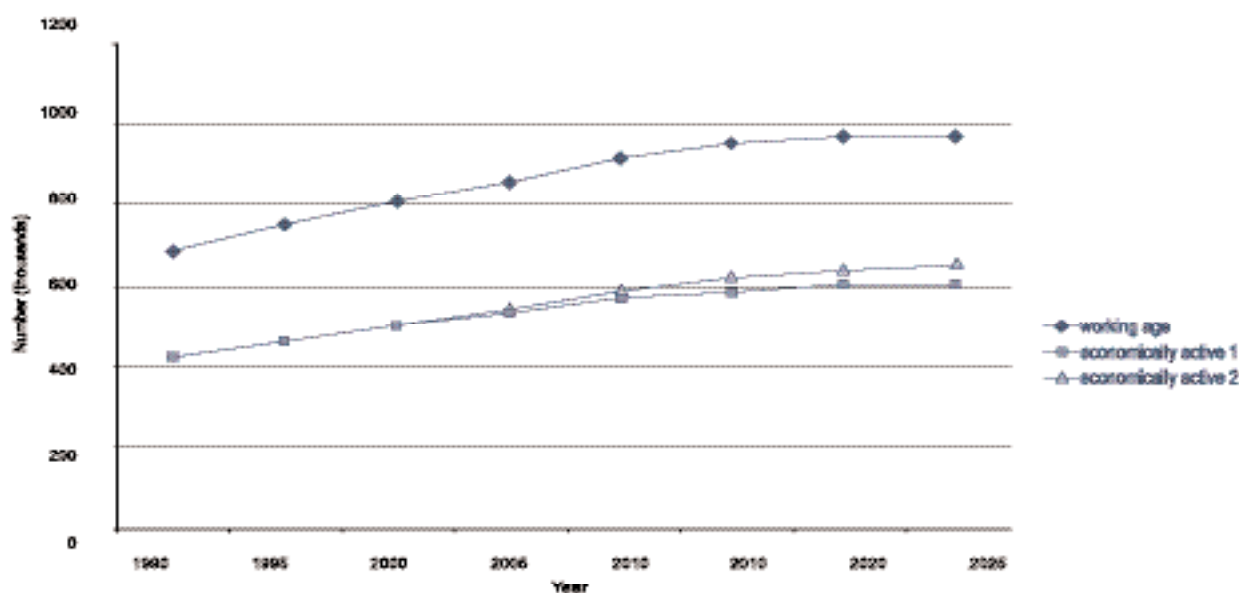
### Job Vacancies by occupational group, March 1994-2005

Table 3 (n) on page 60, also illustrates that the highest number of job vacancies are in the occupational group of “Plant and Machine Operators & Assemblers” and the lowest is depicted in the “Skilled Agricultural and Fishery Workers”. As from 1995 to 1998, there has been a decrease in the total number of job vacancies followed by a rise in 1999. The highest number of job vacancies was recorded in 1994 (3657) while the least number of job vacancies was registered in 1998 (1558).

## Future employment

In the ILO International Migration Paper 71 (ILO, 2004), projections for labour force and employment have been estimated up to the year 2025. The labour force projection has been calculated for two categories of population: economically active 1 and economically active 2. Figure 3.2 depicts the projected working age population and labour force (1990-2025).

**Figure 3.2: Working age population and labour force (1990-2025)**



Source: UN Population Projections, 2000. Participation rates calculated from ILO LABPROJ

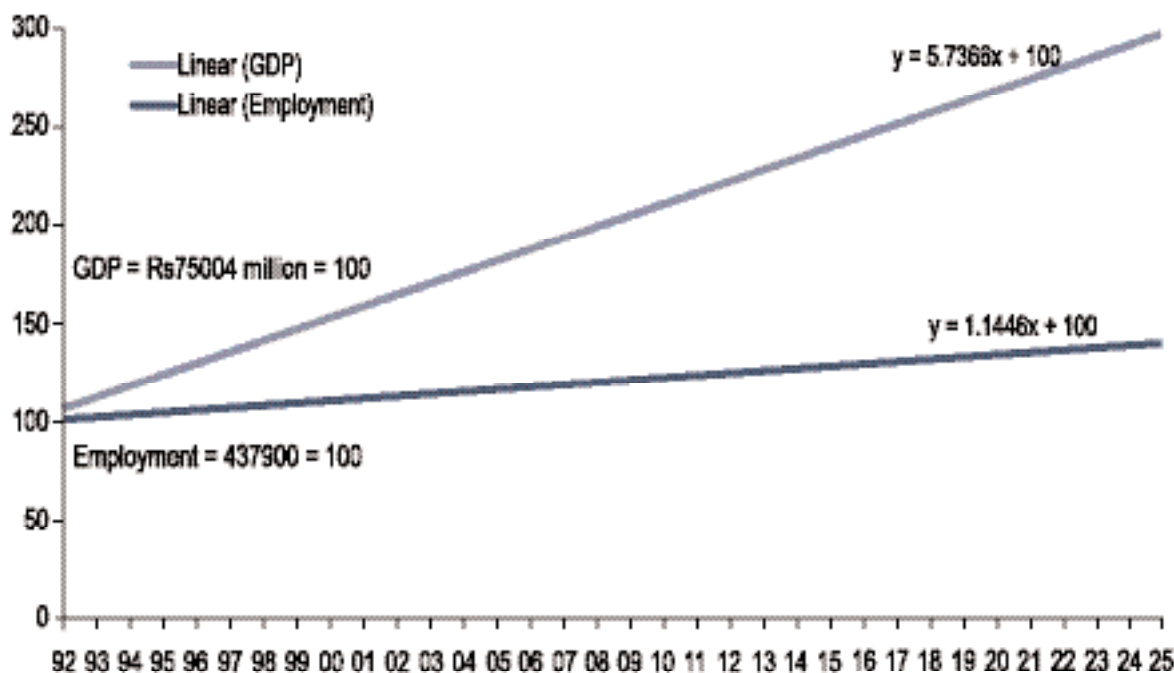
The “economically active 1” estimate was calculated by applying the present participation rates for men and women to the UN data on population of working age (15-64 years). They show that the labour force would be 568 000 in 2010, 598 000 in 2020 while by 2025 it is expected to be 596 000. “Economically active 2” trend assumes an increase in the female activity rate of 2 percent per 5-year period ultimately resulting in to a rate of 51 percent by 2025. This category seems to be a more realistic predictor. Past increases in employment – related to the EPZ – involved an increase in women’s participation. Similarly, a greater desire and ability on their part to contribute to the future proposed expansion into ICT and the Knowledge Economy is likely. Among potential Highly Skilled Persons (HSPs), the female spouses of Mauritians may constitute a positive resource. Consequently, under the “economically active 2” scenario, the Mauritius labour force is expected to increase from 531 300 in 2003 to 586 000 in 2010, reaching 644 000 in 2025.

In the absence of data on projected or desired growth rates and in employment patterns, the ILO International Migration Paper 71 (ILO, 2004) has worked on three different scenarios to calculate future employment.

(a) Scenario 1 (continuation of past trends)

Scenario 1 is a linear projection made on the basis of past trends, and is presented graphically in Figure 3.3. Under a linear projection of GDP and output per worker, employment would reach 528 000 in 2010, 553 000 in 2015, 578 000 in 2020 and 603 000 in 2025. Assuming that the number of foreign workers is maintained at 20 000, this projection would imply a rate of unemployment of over 13 percent in 2010 and 2015, falling below 10 percent in 2020 and 2025. Without foreign workers unemployment would fall by a few percentage points (9.9 percent in 2010) but it is probable in practice that the absence of the foreign workers might decrease rather than increase employment of Mauritians. In view of the current and expected transformation of the structure of the Mauritian economy, there is no reason to believe that the future will be a mechanical linear projection of past trends. In any case this scenario is not considered desirable in view of the implied increase in unemployment.

**Figure 3.3: GNP and Employment projections (2004-2025) based on past trends**



Source: CSO for 1992-2003; GDP data reproduced

b) Scenario 2 (desirable scenario)

Table 3(j) represents the overall employment picture till 2025 under this “desirable” scenario. It assumes that the unemployment rate is brought down to 5 percent, and that consequently the number of jobs needed for Mauritians would be 557 000, 586 000, 605 000 and 612 000, for 2010, 2015, 2020 and 2025, respectively (Line C). This scenario also assumes that the number of foreign workers would stay constant at 20 000.

This scenario is based on what is “needed” or desirable, and is on the optimistic side. It assumes that, in spite of the expected decline of certain traditional activities, the economy would be able to create some 82 000 additional jobs by 2010 – a significant challenge – since it involves a higher level of job creation than would be the case if current linear trends (Scenario 1) were continued. This is particularly the case for the period up to 2010 when 82 000 new jobs would need to be created. After 2010, the needed rate of employment creation slows down: 29 000 between 2010 and 2015, falling down to 19 000 and 7000 in the succeeding 5-year periods. (Line F). It is, of course, not difficult to envisage other subscenarios.

**Table 3(j): Estimates of employment creation needs 2010-2025 (“desirable” scenario) (thousands)**

|   |   | 2003  | 2010 | 2015 | 2020 | 2025 |
|---|---|-------|------|------|------|------|
| A | Mauritius labour force (estimates after 2003)       | 531.3 | 586  | 617  | 637  | 644  |
| B | Unemployed Mauritians (assumed at 5% A after 2010)  | 54.4  | 29   | 31   | 32   | 32   |
| C | Employment for Mauritians (A-B)                     | 476.9 | 557  | 586  | 605  | 612  |
| D | Foreign workers                                     | 18.2  | 20   | 20   | 20   | 20   |
| E | Total employed (C+D) (employment needed after 2003) | 495.1 | 577  | 606  | 625  | 632  |
| F | Additional employment needed                        | -     | 82   | 29   | 19   | 7    |

Sources: Data for 2003, CSO; For future dates, labour force estimates are based on UN Population Projections for the age group 15 to 64 applying the current participation rate for men and assuming a gradual increase in the participation rate of women (increasing from 41 per cent in 2000 to 51 percent by 2025)

### c) Scenario 3 (bleak scenario)

A third scenario (bleak scenario) assuming high unemployment rate (15 percent), with outward migration as a palliative, is presented in Table 3(k).

**Table 3(k): Bleak Scenario with high unemployment and emigration (in thousands)**

|    |  | 2003* | 2010 | 2015 | 2020 | 2025 |
|----|--|-------|------|------|------|------|
| A  | Mauritius labour force                       | 531.3 | 586  | 617  | 637  | 644  |
| B  | Unemployed Mauritians (15% of A, after 2003) | 54.4  | 87   | 93   | 96   | 97   |
| C  | Employment of Mauritians – Total (A-B)       | 476.9 | 499  | 524  | 541  | 547  |
| C1 | (domestic)                                   | 476.9 | 495  | 506  | 509  | 514  |
| C2 | (overseas)                                   | n.a   | 4    | 18   | 32   | 33   |
| D  | Foreign workers                              | 18.2  | 5    | 1    | 1    | 1    |
| E  | Total Employment in Mauritius (C.1+D)        | 495.1 | 500  | 505  | 510  | 515  |

\*Actual

According to Vision 2020 published in 1997, it is expected that the future labour force will continue to be male dominated (with a sex ratio of 143 males to 100 females) and that the labour force would increase to some 700 000 by 2020.



## Existing Structure to Acquire Work Experience

### Skills Development Programme (SDP)

The core aim of the Skills Development Programme (SDP) is to break the “no-job, no-experience and no-experience, no-job cycle”. It is thus a scheme aimed at giving work experience to unemployed degree and diploma holders by placing them either in the public (ministries and parastatal bodies) or private institutions for a maximum period of one year. The SDP is a yearly programme, usually advertised in the local press whereby both employers and trainees send their application forms to the Ministry of Education and Human Resources. During their placement, trainees receive a monthly stipend. The monthly stipend of degree holders is presently Rs 8070 while that of diploma holders is Rs 5000. In case the trainee is placed in a ministry, the stipend is fully funded by the government while if placement is obtained in a parastatal body or private organisation, then only 50 percent of the stipend is paid by the government and the remaining born by the employer. This scheme has been relatively successful and helpful to the trainees because some of them eventually are able to secure a job after their traineeship. As from this year, the scheme has been extended to unemployed with Certificate of Primary Education (Pass and Fail), Form I to V, School Certificate (pass) and Higher School Certificate (Pass). The duration of this latest scheme will be of only 6 months duration and trainees will obtain a monthly stipend ranging from (Rs 3000 to Rs 4500) depending on their relevant educational qualifications.

Tables 3(l) and 3(m) show the total number of degree and diploma holders placed in ministries, parastatal organisations and private institutions from 2001/2002 to 2004/2005. From these Tables, it is seen that the total number of trainees (degree and diploma holders) placed has increased over successive years, with the highest number being placed in ministries. It can also be noticed from Table 3(m) that prior to year 2002/2003, the scheme was meant for degree holders only but given its increasing demand, it has been extended to diploma holders.

**Table 3(l): Placement of degree holders in organisations from 2001 to 2005**

| Organisation | 2004/2005 | 2003/2004 | 2002/2003 | 2001/2002 | Total |
|--------------|-----------|-----------|-----------|-----------|-------|
| Ministries   | 179       | 115       | 54        | 43        | 391   |
| Parastatal   | 197       | 90        | 56        | 37        | 380   |
| Private      | 135       | 74        | 37        | 33        | 279   |
| TOTAL        | 511       | 279       | 147       | 113       | 1050  |

Source: Ministry of Education and Human Resources (2005)

**Table 3(m): Placement of diploma holders in organisations from 2002 to 2005**

| Organisation | 2004/2005  | 2003/2004 | 2002/2003 | Total      |
|--------------|------------|-----------|-----------|------------|
| Ministries   | 67         | 46        | 11        | 124        |
| Parastatal   | 22         | 18        | 25        | 65         |
| Private      | 48         | 19        | 7         | 74         |
| <b>TOTAL</b> | <b>137</b> | <b>83</b> | <b>43</b> | <b>263</b> |

*Source: Ministry of Education and Human Resources (2005)*

## The Student Work Experience Programme (SWEP)

The SWEP exists as from the year 2000 at the University of Mauritius whereby students are placed in organisations during their semester break.

## The Ministry of Labour, Industrial Relations and Employment

One of the functions of the Employment Service of the above mentioned ministry is to manage the 13 Employment Information Centres in Mauritius and one in Rodrigues. These centres deal with the registration, counselling, placement of jobseekers in employment, work permit inspections and recommendations, collection and publication of statistics on the labour market, including employment and unemployment, provision of advice on matters related to employment, unemployment and training. In line with these activities, the ministry has also created a job bank, jobseeker's bank and jobseekers' guide to assist those who are looking for a job. In January 2005, the Ministry has also set up a 'redundancy unit' that registers employees who are laid off from various sectors, and it liaises with employers for placement of these retrenched workers. This unit also helps retrenched workers if ever they want to go for training or set up their own enterprises.

**Table 3 (n): Job Vacancies by occupational group, March 1994-2005**

| Occupational Group                     | Year        |             |             |             |             |             |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  | 1994        | 1995        | 1996        | 1997        | 1998        | 1999        | 2000        | 2001        | 2002        | 2003        | 2004        | 2005        |
| Senior officials & Managers            | 41          | 20          | 21          | 15          | 17          | 23          | 26          | 50          | 53          | 88          | 72          | 83          |
| Professionals                          | 58          | 73          | 122         | 57          | 65          | 100         | 163         | 237         | 167         | 136         | 230         | 180         |
| Technicians & Associate Professionals  | 33          | 29          | 155         | 65          | 100         | 74          | 125         | 241         | 234         | 166         | 314         | 556         |
| Clerks                                 | 209         | 219         | 250         | 144         | 95          | 108         | 127         | 435         | 160         | 167         | 391         | 415         |
| Service Workers & Sales Workers        | 229         | 159         | 181         | 130         | 60          | 13          | 181         | 224         | 153         | 128         | 192         | 332         |
| Skilled Agricultural & Fishery Workers | 6           | 12          | 7           | 27          | 2           | -           | 7           | 15          | 35          | 28          | 24          | 30          |
| Craft & Related Trades Workers         | 365         | 330         | 120         | 142         | 170         | 67          | 323         | 463         | 148         | 273         | 296         | 291         |
| Plant & Machine Operators & Assemblers | 2423        | 1893        | 1132        | 1293        | 577         | 1501        | 959         | 1120        | 445         | 515         | 1017        | 722         |
| Elementary Occupations                 | 177         | 412         | 161         | 234         | 332         | 378         | 401         | 247         | 254         | 288         | 326         | 313         |
| <b>Total</b>                           | <b>3867</b> | <b>3238</b> | <b>2242</b> | <b>2113</b> | <b>1550</b> | <b>2460</b> | <b>2331</b> | <b>3182</b> | <b>1651</b> | <b>1879</b> | <b>3226</b> | <b>2914</b> |

Source: Digest of Labour Statistics (1994 - 2005)