PERSISTENT YOUTH UNEMPLOYMENT AND HIGH DEMAND FOR FOREIGN WORKERS IN MAURITIUS:
EXPLAINING THE PARADOX

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ABSTRACT

The overall unemployment rate in Mauritius has been rising, particularly since 2004 with the end of the Multi Fibre Agreement and the EU Sugar Reforms. The unemployment rate for women has more than doubled relative to men with the male-female unemployment gap widening over the years. 2012. The youth unemployment rate reached 17.2 per cent in 2012, which is more than twice the overall unemployment rate of 7.8 percent. Despite the high unemployment rate, the number of foreign workers in Mauritius has more than doubled over the last decades. This paper thus investigates the impact of foreign workers on the rising unemployment rate in the small island economy of Mauritius. We first examine the trend in male and female youth unemployment. Second, we study the rising number of foreign workers over the last decades and analyse the main sectors which employ them. Third, we explain the paradox between the rise in foreign labour, when the country is in a situation of high youth unemployment. Lastly, we recommend appropriate policies regarding foreign workers and also youth unemployment for the small open economy.

Keywords: Youth Unemployment, Foreign Labour, Mauritius

JEL Classifications: E24, J21, J64, M51.

1. INTRODUCTION

Mauritius is considered as one of the most successful economies in Africa. Real gross domestic product (GDP) grew by 4.1 per cent in 2010, up from 3.1 per cent in 2009 but lower than the 5.5 per cent in 2008. Despite challenges at home and abroad, the economy has maintained a relatively steady growth path. Moreover, Mauritius leads Sub-Saharan Africa in economic freedom and is ranked 12th worldwide, according to the 2010 Index of Economic Freedom1 (Heritage Foundation, 2011). For the third consecutive year, the World Bank's 2011 Doing Business report ranks Mauritius first among African economies (20th worldwide, out of the 183 economies) in terms of the overall ease of doing business.

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1 The Index measures economic openness, regulatory efficiency, rule of law, and competitiveness.
However, despite this remarkable performance, the small island economy is facing severe economic challenges as the bases of its development are rapidly changing (African Economic Outlook, 2012). Increasing labour costs in recent years have eroded the competitiveness of the textile industry and preferential market access, which was critical for the development of the sugar sector and garment industry, have phased out. One of its major challenges remains its rising unemployment rate and in particular, mounting youth unemployment rate. The number of unemployed persons for 2012 was estimated at 48,300 (19,700 males and 28,600 females) as compared to 46,100 (18,800 males and 27,300 females) in 2011. The unemployment rate, stood at 8.1 percent (5.3 percent for males and 12.7 percent for females) in 2012 as compared to 7.9 percent (5.2 percent for males and 12.5 percent for females) in 2011 (Statistics Mauritius, 2012).

The latest available statistics as at December 2012 indicate that there were 155,600 young people aged 16-29 years in the labour force (i.e. 25.8 percent of the Mauritian labour force). In addition, though, representing around one quarter of the labour force, the youth accounted for 57.1 percent of the unemployed population in 2012. The youth unemployment rate of 17.2 per cent during the last quarter of 2012 was more than twice the overall unemployment rate of 7.8 percent in Mauritius in the same quarter (Statistics Mauritius, 2012). Young people aged 16-29 are more vulnerable in the labour market and have the most difficulty in securing jobs.

Along with the rising unemployment rate in Mauritius, there has been a rise in the demand for foreign workers in the country. The presence of foreign labour has flourished in the last decades; coming primarily from Bangladesh, India, China and Philippines among others (Statistics Mauritius, 2012). Mauritius has been deemed a ‘high migration state’, largely on account of the size of its diaspora, but also due to the combination of in- and out-migration.

The objective of the paper is to explain the paradox between high unemployment rate in Mauritius, especially youth unemployment rate and high demand for foreign labour. First, we examine the unemployment situation in Mauritius with particular emphasis on youth unemployment. Second, the study analyses the demand for foreign labour in the country. Lastly, we investigate the paradox between youth unemployment and high demand for foreign labour. The paper is structured as follows. Section 2 reviews the literature on the impact of immigration on the labour market. Section 3 analyses the macroeconomic data on youth unemployment and foreign labour in Mauritius while section 4 presents the findings and we finally conclude in section 5.

2. LITERATURE REVIEW

The consequences of immigration on the labour market outcomes and welfare of the host country have been extensively discussed in the economic literature, both theoretically and empirically (Mariani et al., 2011). Most studies of the economic impact of immigration examine how immigrants affect various dimensions of economic status in the population of the host country. The objective is to explain whether immigrants “take jobs away” from native workers and to measure the impact that immigration has on host countries (Borjas, 1999). Because natives fear the competition of foreign labour, the local labour market consequences of immigration have become a topical issue. However, even the simplest theoretical model does not result in a clear answer as to whether immigration leads to negative labour market effects on natives (Bauer and Zimmermann, 1999).

The neoclassical approach to migration analysis is traced back to Smith (1776) and Ravenstein (1889). A standard neoclassical labour supply and labour demand framework (Borjas, 2003; Card, 2001 and 2005; Card and Shleifer 2009 and Ottaviano and Peri, 2012) is applied where the number of available jobs is fixed in the short-run. In the model, before
immigration, the economy is in equilibrium where wages and interest rates are equal to their marginal product. Entry of immigrants increases labour supply, which in turn lowers the labour market wage. Thus, in the neoclassical case, migrants depress wages in the host country. Hence, immigration into a closed labour market affects the wage structure in that market by lowering the wage of competing workers and raising the wages of complements (Borjas, 2004). Low skilled immigrants compete with low skilled natives in the host country’s labour market. Entry of large numbers of immigrants with low education levels, slows the growth of wages of native-born high school drop outs initially, but the ultimate impact on wages is difficult to quantify (Holtz-Eakin, 2005).

In addition, the area analysis theory examines the impact of labour immigrants on the receiving communities. Immigrants enter the local labour market by accepting lower wages thus, increasing their demand by profit maximizing firms. If immigrants have the same skill as natives, they substitute locals in the labour market. The entry of immigrants affects wages for both immigrants and domestic workers. Unskilled immigrants also alter skills composition of the labour force. They increase the marginal productivity of skilled labour and reduce that of unskilled labour. Labour migrants increase wages for skilled and reduce wages for unskilled labour. The immigration of large numbers of unskilled labour also reduces the proportion of skilled to unskilled labour in the labour importing country. The increase in supply of unskilled labour further widens the wage gap between skilled and unskilled labour.

Similarly, according to the Heckscher-Ohlin model (Heckscher, 1919 and Ohlin, 1933), commodities differ in their factor intensities and countries differ in their factor endowments. At equilibrium a country chooses output combinations that maximise national income subject to world product prices, national input supplies and technology. National wages are determined by technology and world prices for each sector of production. The effect of immigrants on wages depends on a number of factors and these include product mix, immigration shock and the size of the country. The effect of immigration shocks on wages depends on the size of the country. When a country is small, immigrants will increase domestic output but do not change world prices therefore wages are not affected.

When a country is large, world prices and domestic wages change due to an immigration shock. Immigration reduces the relative price of less skilled labour intensive goods and raises relative price of skilled labour intensive products. As a result, wages of skilled workers rise and wages for unskilled labour fall; widening the wage gap between skilled and unskilled labour. Output increases in less skill intensive sectors and decreases in skill intensive sectors. Large immigration shocks change national wages by inducing a country to produce a different set of commodities which will alter world prices and technology thus, changing wages.

The above models discuss the effects of immigration on wages and returns to capital. However, much of the debate on immigration is about whether immigrants are skilled or unskilled, and how the inflow of immigrants of particular skill endowments affects economic outcomes of skill groups in the resident population. It seems therefore natural to distinguish between different skill groups when modeling the impact of immigration. The concept that immigrants and natives may be different factors of production assumes that immigrants and natives are imperfect substitutes within skill groups (Borjas 2003 and Ottaviani and Perri 2006). Further, Ottaviano and Peri (2012) consider that immigrants and natives, in spite of having similar skills, are not perfectly substitutable in production. Peri and Sparber (2011) motivate this assumption by introducing different relative skill endowments between natives and immigrants, such that an inflow of immigrants changes the comparative advantage of natives in occupations intensive in skills for which they are better endowed.

Lewis (2011) studies the labour demand side adjustment, and shows, that firms adjust to unskilled labour supply shocks by adopting less skilled biased technology. An
increase in the share of immigrants among lower skilled workers makes the adoption of a technology complementary with low-skilled labor more profitable, dampening their initial negative impact on wages. However, the process adjustment appeals to a form of “time consuming” adjustment coming from a complementary factor and in the short run, since the number of jobs remains fixed and job competition rises, wages or the employment rate of natives has to decrease (Mariani et al., 2011). However, Mariani et al. (2011) argue that, even if immigrants are as equally productive as natives, their lack of country specific assets puts them in lower bargaining position relative to natives when they negotiate their wages. As a consequence, they are paid less on the same job, so they increase the average profitability of this type of jobs and stimulate the opening of more vacancies in that occupation. Because natives can apply to this occupation, their employment opportunities are improved. The equilibrium employment of natives in a labour market segment is thus positively affected by a shock that increases the share of immigrants in an occupation. However, they also demonstrate that this positive impact is somewhat dampened by the possibility for natives from other segments to search in the segment whose employment prospect has improved.

The theoretical studies on the effects of immigration on unemployment do not establish unanimous results. Harris and Todaro (1970) employ a two sector model of migration and unemployment to describe the possible negative effects of immigration on native-born unemployment. However, Ortega (2000) provides a theoretical rationale for the positive effects of immigration on the native-born unemployment rate. Generally, the empirical studies on the impact of immigration on labour market in host countries conclude that migration flows do not reduce the labour market prospects of natives. This is the case for the empirical studies based on the spatial correlation approach (Simon et al. (1993) for USA; Pischke and Velling (1997) for Germany; Dustmann et al. (2005) for U.K.). Contrary to the above studies, which were conducted at the country level, Angrist and Kugler (2003) use a panel of 18 European countries from 1983 to 1999 and find a slightly negative impact of immigrants on native-born labour market employment. Jean and Jimenez (2007) evaluate the unemployment impact of immigration in 18 OECD countries over the period 1984 to 2003, and they do not find any permanent effect of immigration.

To the best of our knowledge, there is scant evidence on the impact of foreign labour on youth unemployment in developing countries. More so, for the small island economy of Mauritius there is no empirical evidence of this complex relationship.

3. MATERIALS AND METHOD

3.1 Materials

This study uses data for Mauritius over a period of 30 years from the year 1983 to 2012. Data was obtained mainly from the World Bank Development Indicators (2012) and from various publications of Statistics Mauritius. Data was also made available from the Employment Service of the Ministry of Labour, Industrial Relations and Employment.

3.2 Youth Unemployment in Mauritius

Mauritius has achieved remarkable economic success over the past four decades. Back in 1968 the country was entirely dependent on sugar exports and showed little scope for sustained economic progress and prosperity. It has since evolved into an upper middle income economy and is today one of the strongest economies in Africa. This turnaround has to a large extent been built on the development strategies adopted at distinct phases of the country’s economic history. However, Mauritius has been facing major external challenges
with the dismantling of trade preferences namely the end of the Multi-Fibre Agreement in 2004 and the EU Sugar reforms along with the financial crisis in 2008-2009. These changes have brought major structural economic changes over the past four decades and these have led to changing patterns of employment.

The overall unemployment rate has been rising, since 2004 with the closure of a number of textile factories. The unemployment rate for women has more than doubled relative to men with the male-female unemployment gap widening over the years. In 2010, 64 per cent of the unemployed were women. Women are also less economically active compared to men (Tandrayen-Ragoobur et al., 2011). This rising female unemployment rate is partly explained by the decline in the employment level of the EPZ sector due to closure of many firms at the outset of the end of the Multi Fibre Agreement in 2004 (Tandrayen-Ragoobur and Ayrga, 2012). It led to massive structural unemployment, especially for women; as the EPZ sector employed quite a large number of women. These women were unable to move to another sector of activity due to lack of appropriate skills and higher educational background. In addition, with the EU sugar reforms, which led to a fall of 36 percent in the sugar prices, the government and the private sector adopted the Multi Annual Adaptation Strategy to restructure the sugar sector. One of the main measures introduced, was the Voluntary Retirement Scheme in 2001 to reduce the labour force in the sugar industry. Many sugar factories closed down and workers, mostly women lost their jobs.

In 2010, the unemployment rate was 7.8 percent, higher among females (13.0 percent) than among males (4.6 percent). In the same year, unemployed women outnumbered unemployed men at all ages though they were generally more qualified. The number of unemployed persons for 2012 was estimated at 48,300 (19,700 males and 28,600 females) as compared to 46,100 (18,800 males and 27,300 females) in 2011. The unemployment rate, stood at 8.1 percent (5.3 percent for males and 12.7 percent for females) in 2012 as compared to 7.9 percent (5.2 percent for males and 12.5 percent for females) in 2011 (Statistics Mauritius, 2012). Further from Figure 1 below, we find that as from 2004, female unemployment has exceeded male unemployment and the gender gap in the labour market has increased considerably since then.

The United Nations defines youth as the age group between 15 and 24. The youth can further be divided into teenagers (15–19 years old) and young adults (20–24 years old). In Mauritius, according to the National Youth Policy (2009), a young person is defined as one aged between 15 and 29 years. Based on this definition, the youth makes up 24 percent of the Mauritian population.

Figure 1: Gender Gap In The Labour Market (1983-2012) - Rising Female Unemployment

The legal working age in Mauritius being 16 years, the latest available statistics as at December 2012 indicate that there were 155,600 young people aged 16-29 years in the labour force (i.e. 25.8 percent of the Mauritian labour force). 128,900 were in employment and 26,700 were jobless. This is shown in Table 1 and Figure 2 below.

Table 1: Labour Force (Lf) By Age And Sex, 4th Quarter 2012

<table>
<thead>
<tr>
<th>Age group (years)</th>
<th>In thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LF Aged 16 and over</td>
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<tr>
<td>Both sexes</td>
<td>In employment</td>
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<tr>
<td></td>
<td>Unemployed</td>
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<td></td>
<td>Total Population</td>
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<td></td>
<td>Employment rate (%)</td>
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<td></td>
<td>Unemployment rate (%)</td>
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<td></td>
<td>Activity rate (%)</td>
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<tr>
<td>Male</td>
<td>In employment</td>
</tr>
<tr>
<td></td>
<td>Unemployed</td>
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<td></td>
<td>Total Population</td>
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<td>Employment rate (%)</td>
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<td>Unemployment rate (%)</td>
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<td>Activity rate (%)</td>
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<tr>
<td>Female</td>
<td>In employment</td>
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<td></td>
<td>Unemployed</td>
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<td>Total Population</td>
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<td>Employment rate (%)</td>
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<td></td>
<td>Unemployment rate (%)</td>
</tr>
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<td></td>
<td>Activity rate (%)</td>
</tr>
</tbody>
</table>


Despite representing around one quarter of the labour force, the youth accounted for 57.1 percent of the unemployed population in December 2012. The youth unemployment rate of 17.2 per cent during the last quarter of 2012 was more than twice the overall unemployment rate of 7.8 percent in Mauritius in the same quarter. Young people aged 16-29 are more vulnerable in the labour market and have the most difficulty in securing jobs. Further, there is a marked disparity between young males and females as shown in Figure 3 below. The unemployment rate among young women aged 16-29 was 24.2 per cent compared to 12.4 per cent for young men in December 2012.
3.3 Foreign Labour in Mauritius

Today Mauritius experiences five distinct types of migration: (a) Emigration continues as a seeping and episodic brain drain although there is renewed optimism and improved financial means within the diaspora to precipitate a minor return flow; (b) Movement between Rodrigues and Mauritius; a migratory flow within the country’s national limits which adds an internal dimension to the migration-development relationship (Lincoln, 2012). The small island of Rodrigues forms the poorest administrative region in the Republic of Mauritius. (c) Circular migration for a very small number of young workers to take limited term and relatively low-skill employment in Canada; (d) Fourth are those who have arrived in Mauritius since 2006 either under a land-owning residential programme designed to attract private investment or as investors and professionals; and (e) By far the most numerous type of migration, workers who are recruited abroad to work in Mauritius under contract (Lincoln, 2012).

As of date, 37,197 work permits have been issued to foreign workers in Mauritius (Ministry of Labour, Industrial Relations and Employment, 2012). This number is steadily rising and that raises the concern of many observers especially with unemployment that continues to grow in the country. In May 2013, there were 37,197 against 35,629 in the
corresponding period in 2012. Nine years earlier, the country recorded only 17,500 foreign workers. Growth in foreign workers is attributed to several factors. First, some companies are struggling to have the local workforce with the required skills. Second, Mauritians do not want to undertake certain jobs in the textile sector or in the food sector like bakery for instance. Third, the cost of local labour is higher than that of foreign labour. It is more profitable for employers to use foreign workers who are willing to work hard to raise money. Fourth, the fact that the entry of foreign workers was liberalised in 2007, has made recruitment of foreign workers much easier for firms as foreigners can therefore come up with a tourist visa and look for work. This has also meant that Mauritius has now 2000 to 2500 foreign workers who work illegally in the country and this number is growing. Fifth, Mauritius is an open economy, and with greater competitive pressures from emerging nations and the increased globalization process, it is a fact that people will come to Mauritius to seek employment and firms will try to increase their competitive edge at the global level by employing foreign workers with the appropriate skills and who are willing to work at any time. Thus, many companies have no choice but to rely on foreign workers to continue to operate.

In order to enable the process of development, Mauritius has had recourse to foreign workers in a number of sectors. Figure 3 below shows the rising trend in foreign labour from 1983 to 2012. The number of foreign workers has surged from around 1,000 in 1990 to more than 24,000 in 2012. With an ageing population, it is expected that the number of foreign workers will gradually increase in the future and adds to the local active labour force.

Figure 4: Number Of Employed Foreign Workers In Mauritius (1983-2013)

![Graph showing the number of employed foreign workers in Mauritius from 1983 to 2013.](source)

In addition, Mauritius imports both highly qualified professionals and less qualified for its industries. Hence, foreign workers in Mauritius work as cook, mason, machine operator, baker, carpenter, fish cutter, carpenter, public relations officer, customer service officer, domestic helper, interpreter, software engineer, interior decorator, teacher, nurse specialist, dental mechanic, sculptor, musician and jockey among others. The number of foreign workers with work permits in the same year reached 34,509 in the same year. In fact, the number of valid work permits has been on the rise for the last five years (see Figure 5 below). We also note that the number of work permits issued to male workers exceeds that allocated to female labour.
Foreign workers come essentially from Bangladesh with a large increase since 2009. Further, the number of migrant labour from India, Madagascar and Sri Lanka has also been increasing over the years. Other source countries are Nepal, Morocco, Lebanon, Korea, Japan, Israel, Indonesia, Haiti, Algeria, Argentina, Burundi, Congo and Denmark (see Figure 6 below).

From Figure 7 below, 76 percent of the foreign workers are employed in the manufacturing sector, 16 percent in construction, 2 percent in hotels and restaurants, 1 percent in wholesale and retail trade and 2 percent in health and social work, among others. Other sectors include real estate, transport, storage and communications, financial sector, agriculture, other community, social and personal services, Information and Communication Technology, fisheries and education.
With the opening up of the economy following the enactment of the Business Facilitation Act in 2006, the number of occupation permits issued under the different schemes has increased over the years. The majority of occupation permits issued belongs to the category of professionals (83 percent). The number of professionals issued with occupation permits reached 2,171 in 2012. But, the number of investors issued with occupation permits peaked in 2008 but thereafter declining year on year. In 2012, only 188 occupation permits were issued to investors. The number of retired non-citizen with occupation permits has averaged 168 over the past five years. Further, 50 percent of foreigners issued with occupation permits in 2012 are from France (35 percent) and India (21 percent). The number of South Africans (12 percent) is on the rise (see Figure 8).

From Figure 9 below, it can also be argued that more than 90 percent of occupation permits are in the services sector with the hospitality sector, as the main sector of activity (25 percent), followed by ICT and Media (15 percent), professional services (12 percent) and financial services (10 percent).
3.4 Linking Youth Unemployment and Foreign Labour

For young people, participation in education and in the labour market interact in complex ways going beyond a straightforward one-way transition from school to work. In some countries, young people start working much earlier than in others, for instance, in the form of summer jobs or jobs for students. It is also possible to be in education and on the labour market at the same time. In Mauritius, we observe that among the registered unemployed, some 20 percent have never been to school or did not pass the Certificate of Primary Education; while about 12 percent have the Certificate in Primary Education as the only qualification. Another 34 percent have followed secondary education (Form I to V), without passing the School Certificate. The proportion of registered unemployed with SC, HSC and tertiary education were 21 percent, 8 percent and 5 percent respectively. Table 2 below shows the number of registered unemployed in 2012 by education level.

In general, female registered unemployed are more qualified than their male counterparts. The percentage of males and females who did not possess their Certificate of Primary Education was 24 percent and 19 percent respectively. On the other hand, 22 percent of females registered unemployed have attained the School Certificate and 9 percent the Higher School Certificate while the corresponding proportions for males were 19 percent and 8 percent. This is shown in Table 2.

Further, out of the 17,941 registered unemployed as at the end of December 2012, 22 percent have registered for less than one year and 22 percent have been registered for a period between one and three years. It is to be noted that 33 percent have been on the registration list for five years or more. On average, an unemployed has been in registration for 3.1 years. The average length of registration for females being slightly higher than that of males, 3.4 years compared to 2.4 years (Ministry of Labour, Industrial Relations and Employment, 2012). Further, the distribution of registered unemployed by district shows that in 2012, the region of Port Louis had the greatest number of registered unemployed (1,815) followed by Vacoas and Rose Belle (899 and 893 respectively). The regions of Case Noyale and Tamarin have the lowest number of registered unemployed.

Registered unemployed are also classified into occupational groups according to their previous work experience or their technical or professional qualifications. Among the 17,941 unemployed registrants, 3,208 (18 percent) had never worked and did not possess any technical or professional qualifications (see Table 3 below). Some 24 percent were classified as “Clerical Support Workers” and about 14 percent were engaged in “Elementary
occupations”. Some 16 percent were classified as “Service and Sales workers”. 5 percent were classified as “Managers; Professionals”.

### Table 2: Number Of Registered Unemployed And In Employment Jobseekers Aged 16-25 By Occupational Group And Sex, 2012

<table>
<thead>
<tr>
<th>Occupational group</th>
<th>Unemployed</th>
<th>In Employment</th>
<th>Total</th>
<th>Both Sexes</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>M</td>
<td>F</td>
<td>M</td>
<td>F</td>
</tr>
<tr>
<td>Managers</td>
<td>14</td>
<td>25</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Professionals</td>
<td>74</td>
<td>239</td>
<td>19</td>
<td>52</td>
</tr>
<tr>
<td>Technicians and Associate Professionals</td>
<td>143</td>
<td>155</td>
<td>65</td>
<td>77</td>
</tr>
<tr>
<td>Clerical Support Workers</td>
<td>583</td>
<td>1,586</td>
<td>351</td>
<td>587</td>
</tr>
<tr>
<td>Service and Sales Workers</td>
<td>362</td>
<td>596</td>
<td>453</td>
<td>384</td>
</tr>
<tr>
<td>Skilled Agricultural, Forestry and Fishery Workers</td>
<td>11</td>
<td>3</td>
<td>24</td>
<td>0</td>
</tr>
<tr>
<td>Craft and Related Trades Workers</td>
<td>364</td>
<td>44</td>
<td>444</td>
<td>20</td>
</tr>
<tr>
<td>Plant and Machinery Operators and Assemblers</td>
<td>198</td>
<td>54</td>
<td>175</td>
<td>30</td>
</tr>
<tr>
<td>Elementary Occupation</td>
<td>279</td>
<td>159</td>
<td>514</td>
<td>81</td>
</tr>
<tr>
<td>New Workers Seeking Employment</td>
<td>631</td>
<td>1,122</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>2,659</td>
<td>3,983</td>
<td>2,052</td>
<td>1,239</td>
</tr>
</tbody>
</table>

Source: Ministry of Labour, Industrial Relations and Employment, 2013

In addition, placement was made according to the job requirements of employers. However, there was a huge disparity between the number of vacancies reported and the number of persons placed and this can be explained by the unwillingness of job seekers to accept job offers and also by some criteria set by the employers (Ministry of Labour, Industrial Relations and Employment, 2012). Some jobseekers refused job offers because of the conditions of work for instance, low salary, overtime or night duty. Most of the jobseekers refused the jobs offered to them as they are looking for public sector jobs. For some vacancies no suitable candidates were available.

In some cases, employers were not satisfied with referred candidates and consequently the vacancies were filled by the employers themselves. Some candidates were not selected by employers as according to the latter they were not suitable for the work or lack previous experience. Employers were not willing to offer higher salaries, thus the jobseekers that were looking for a better pay were not selected by the employers (Ministry of Labour, Industrial Relations and Employment, 2012).

As far as foreign workers are concerned, they are concentrated in the manufacturing and construction sectors as seen above. Hence, we examine the different types of occupations of foreign workers operating in the manufacturing sector. From Figure 10 below, we note that 71.5 percent of foreigners work as machine operators, while the rest are split across plumber, gas and electric welder and building electrician, among other activities.
### Table 3: Number Of Registered Unemployed And In Employment Jobseekers Aged 16-25 By Occupational Group And Sex, 2012

<table>
<thead>
<tr>
<th>Occupational group</th>
<th>Unemployed</th>
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<td>Elementary Occupation</td>
<td>279</td>
<td>159</td>
<td>514</td>
</tr>
<tr>
<td>New Workers Seeking Employment</td>
<td>631</td>
<td>1,12</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>2,59</td>
<td>3,98</td>
<td>2,05</td>
</tr>
</tbody>
</table>

*Source: Ministry of Labour, Industrial Relations and Employment, 2013*

### Figure 10: Number Of Work Permits By Industrial Group, Occupation (2012)

*Source: Ministry of Labour, Industrial Relations and Employment, 2013*
In addition, those in the construction are mainly mason (17.5 percent), plasterer (9.6 percent), barbender (10.7 percent), carpenter (7.3 percent), and construction carpenter (6.8 percent), among others. This is shown in Figure 11 below. More foreign workers are gravitating to Mauritius while many citizens still struggle to secure a job.

Figure 11: Number Of Work Permits By Industrial Group, Occupation (2012)

The increase in demand for foreign workers in a period of increased youth unemployment can be explained by several factors. First, there is a skills mismatch. The sectors of activities and jobs which young people wish to engage differ considerably from the occupations of foreign workers, where there is a need for these workers in the economy. Hence, the employment of foreign labour becomes almost inevitable where there are shortages of skills locally. Companies involve foreign workers to alleviate the shortage of skilled labor in certain sectors, but also abandon the traditional occupation of Mauritians. Skills shortages are mostly anticipated in management, professional and technical positions. Migrant workers are often also called upon to fill in vacancies for unattractive jobs that no longer appeal to Mauritian job seekers. Local labour shows little interest for jobs in industries like fishing, seafood processing, construction and bakery that reportedly exhibit poor working conditions.

Further, Mauritians still perceive the “Zone Franche” (industrial zone) as a “Zone Souffrance” (suffering zone), as was the case in the 1970s. It also turns out that Mauritians do not like to work overtime, and they are followers of a “Lazy Monday” attitude and unhesitatingly absent themselves from work. In short, Mauritians are used to a certain
comfort and nonchalance. Some believe that the world, starting with the government, owes them everything. The awakening might be brutal. Whilst running the risk of being forever unemployed, those Mauritians without qualifications and training may unfortunately find themselves left out in a globalising world among the same group of Indians, Bangladeshis, Chinese, Malagasy, Sri Lankan, Nepalese and others who work in the country.

Second, the “perception” that employers can pay less for foreign workers has increased the demand for foreign labour. Further, in some areas, foreign workers are complementary to the survival of businesses or industries. With the contribution of foreign labour, companies are able to meet deadlines and become more competitive. Turning to skilled expatriates; then represents the most obvious solution, at least in the short term. The recruitment of expatriates is, first and foremost, motivated by a positive productivity differential over local labour. Foreign workers tend to work longer hours and as a result are, on average, more productive than their Mauritian counterparts. This represents a major attraction for employers who are faced with a constantly changing and increasingly fierce global competitive environment.

5. CONCLUSION AND POLICY IMPLICATIONS

The paper examined the link between youth unemployment and demand for foreign labour. From the analysis, we note that the increased in foreign labour is not responsible for the mounting youth unemployment in the economy. Hence, we argue that foreign labour cannot be blamed for the rising youth unemployment rate in Mauritius. This is so as foreign workers are concentrated in those sectors where locals refuse to work. The aspirations of the young are different as they wish to work in the public sector and the services sector, while foreign workers are concentrated in the manufacturing and construction sectors. Further, the skills of young people, do not meet the demands local firms and this skills mismatch has intensified the demand for foreign labour in the country.

The demand for foreign workers also depends on the government's labour, immigration, trade and investment policies. It also hangs on a government's economic agreements internationally. Whether to allow a free or restricted flow of foreign labour into a country is, undoubtedly, a government's responsibility. The effective implementation of such policies, would require the establishment of proper immigration controls to regulate the entry of numbers of foreign workers according to the deemed economic and developmental needs of a country.

However, it is important to ensure low local unemployment rates before considering opening the floodgates to foreign labour. Nonetheless, the legal protection of labour and human rights should not be displaced for local or foreign workers. There should not be any double standards, as foreign workers also contribute to the economic enrichment of a country, by becoming consumers of goods and services in the home market, as well as participants in development of a country.

Further, using foreign labour merely to ‘under-cut’ the cost of local labour is wholly counter-productive. It creates more problems, in fact, destabilizes the economic, social and political system of the country. To balance the demand for foreign labour in face of local unemployment, wages and other employment benefits for foreign workers should be kept on par with those given to local workers. This will reduce opportunities for unfair exploitation of workers and discourage the use of cheaper foreign labour by employers that seek to cut costs instead of finding other ways to sustain their competitiveness. The recognition of and respect for rights can really create a win-win situation for all stakeholders, including foreign workers.

As for youth unemployment, in order to better prepare young people for the world of work and make them more employable, placements programmes should be offered such as
the Student Work Experience Programme (SWEP), offered to University students, in enterprises during their course of study while the National Empowerment Foundation (NEF) has a special Training and Placement Programme for the unemployed, including young jobseekers. Through the Circular Migration Programme, the NEF also offers the possibility for young people to work abroad for a determined duration and to develop new skills and experience in specified areas. A new HSC qualification: the HSC Professional is also being contemplated to provide an alternative to students looking for a course of study that combines academic and practical contents and which will provide them with the necessary skills to directly enter specific fields of the job market.

To further boost the employability of youths, Government recently proposed a number of measures such as the implementation of a Sponsored Pre-job Training Initiative to prepare young people for employment with the Human Resources Development Council to pay 60 percent of training costs and half of a stipend of Rs6000 per trainee, the difference to be covered by the prospective employer. Other policies comprise of allowing employers to use training levy grants for prospective employees and training courses in hospitality on cruise ships, marine safety, fire fighting and first aid to enable young people to seize employment opportunities on cruise ships.

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