



EMPLOYMENT SITUATION IN THE MALDIVES

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Introduction

- The Maldives is characterized by isolated islands, and a narrow resource base.
- Global markets can be accessed only at considerable transportation costs.
- The country's internal market is constrained by a total population of roughly 320,000 Maldivians plus 100,000 expatriates scattered over 200 islands.
- Country's narrow resource base and small domestic market make openness to foreign trade and investment the 'natural' policy choice.
- This strategy has paid off by expanding the economy and transforming it into a middle income country. Poverty has also declined
- **However.....**

Present Situation...

- The Maldives has experienced a sharp increase in unemployment and discouragement in recent years, especially among youth and women.
- Unemployment rates doubled from 5 per cent in 2006 to 11.7 per cent in 2009/10.
- While the country experiences high rates of unemployment among locals, nearly half the total employed workforce is foreign.

Economic growth and employment

- Between 2006 and 2010, the Maldivian economy grew by nearly a third, generating a 10 per cent increase in total employment.
- Apart from the **construction sector**, which accounts for a fifth of total employment in the economy, the sectors that were most positively responsive (employment levels increased) to changes in growth were **financial, business services and real estate, transport and telecommunications, community and social services (including health), and tourism.**
- Among them, **tourism, community and social services (including health)** and **transport and telecommunications,** appear to hold the most potential for absolute job creation by the private sector as they account for larger proportions of total employed.

- Despite the growth over the period, the Maldivian employed workforce shrank by 4 per cent but the expatriate workforce increased by 37 per cent.
- In construction, business , community services, manufacturing , wholesale and retail trade, expatriate employment grew while Maldivian employment shrank.
- Even though the manufacturing sector contracted, expatriate employment grew at the expense of the employment of Maldivians.
- Only in tourism, electricity, gas ,water, community and social services did Maldivians benefit from the growth process in terms of employment generation.

Reasons for high rates of unemployment and discouragement

- lack of skills required by the present configuration of economic activities
- lack of access to information
- social and cultural barriers
- lack of motivation and incentives including a non-lucrative wage structure; and,
- Lack of work ethic among Maldivians.

Skills mismatch at the high end of the skills distribution

- Weaknesses in the education system appear to account for the skills shortage at the higher end of the occupational scale.
- Problems with access, especially for girls, and the low quality of teaching in many primary and secondary schools in the atolls.
- As a result, students do not have the skills required to continue to higher education.
- Facilities for higher education, particularly university education, and technical and vocational training, have also been limited.

Unemployment at the lower end of the skills range?

- Maldivians appear to have very high job expectations relative to their skills endowments, and seem reluctant to take up what are considered low status jobs.
- Employers also complain that Maldivians lack work ethic.

Policy Directions: Five Pillars

1. Economic diversification
2. Education and skills
3. Targeting youth
4. Managing the expatriate workforce
5. Data collection and analysis

- references

A vibrant tropical beach scene. In the foreground, a wooden sailboat with a single white sail is beached on a pristine white sand beach. The water is a clear, shallow turquoise, transitioning to a deeper blue further out. Several palm trees are scattered across the landscape; one large palm tree leans from the right side of the frame towards the center, casting a long shadow on the sand. The sky is a brilliant, clear blue, dotted with soft, white cumulus clouds. The overall atmosphere is peaceful and idyllic.

Thank You