

# Policy Note 5

## Generating Jobs



Maldives  
Partnership  
Forum 2019

Investing in a Resilient & Sustainable Maldives

Over the past decades, Maldives has made impressive progress in economic growth and in achieving high levels of human development. In fact, Maldives became the first South Asian country to become an upper-middle income country in 2012, and has sustained a Human Development Index of 0.717 since 2017.

While enjoying sustained economic growth Maldives has maintained an unemployment rate of 11.8% for the total workforce. Youth and women unemployment has remained high at 15-25%.

Limited education opportunities and skills challenge youth capacity to realize their aspirations though productive labour market engagement. Furthermore, increasing competition from foreign labour for high and low-end jobs and limited opportunities for employment in the public sector contribute to worsening job prospects for the new generation.

The demand for service personnel outpaced the ability of the country to train workers for such needs. Moreover, most economic activities are based in the capital island Male' and its immediate vicinity, forcing people living in the atolls to migrate to the capital area, leaving their families behind. Tourism is the most rapidly expanding sector and the highest contributor to GDP in the Maldives. As such, tourism can play a vital role in provision of employment opportunities.

While successive governments have invested substantially in education and in creating opportunities for training Maldivians for jobs, these efforts have not yielded optimum outcomes. There is a need to rethink and modify existing interventions to suit the needs and requirements of the new generation.

This brief will outline the key challenges in the employment sector and policy priorities for generating jobs and employment of locals in these jobs.

### Challenges

#### **Weak Career Guidance:**

Underutilisation of the labour force is due to the lack of sufficient career guidance within the youth population, along with limited opportunities for upskilling or technical and vocational education. There is also a lack of incentive to encourage recruitment of young workers or new entrants to the labour market.

The education and training system has not yet developed career guidance and counseling to help youth identify their aptitudes and talents, nor a method to stream students into knowledge and/or skills-based programs depending on their individual strengths.

#### **Skills Mismatch:**

Due to limited opportunities for higher education and technical skills development, the country faces a shortage of qualified personnel for technical, and middle and senior management jobs.

This lack of technical skills and 'soft skills' such as positive attitudes toward work and learning, respectful professional relationships, time

management and good attendance, self-esteem and confidence, and sound professional decision-making is an obstacle to securing employment and staying employed.

The Government has established the Technical and Vocational Education Program (TVET) with the aim of creating a skilled workforce that meets labour market demands. The program has been diversified to offer training in hospitality and tourism, construction and building, agriculture, electrical wiring and engineering and handicrafts. However, the quality of these TVET programs are considered limited, and youth graduating with technical and vocational qualifications can face lengthy job search periods. Another constraint is that technical and vocational education and training is considered an inferior option to academic qualifications by Maldivians, so the demand for TVET is limited.

#### **Lower Women Participation in the Workforce:**

Lack of adequate child care facilities and flexible working arrangements, both in the public and private sector are huge barriers to women's participation in the workforce. Moreover, the socio-cultural barriers limit women's participation in tertiary sectors such as tourism, aviation and engineering.

#### **Unmet Quota on Employing Maldivian Workers:**

The quota imposed by Government on tourist resorts requires 55% of employees to be Maldivians. However, this quota remains customarily unmet. Weak enforcement of this regulation as well as limited training capacity available locally and the lack of equal opportunity to compete exacerbates the problem.

#### **Narrow Economic Base:**

The lack of economic diversification and over dependence on the tourism sector as a driver of economic growth and jobs makes Maldives extremely vulnerable to external shocks. Diversification of the economy is required with a focus on agriculture, ICT, and promotion of SMEs in order to generate more jobs.

### Policy Priorities

#### **Increase Employment Prospects for Youth:**

The Government aims to achieve this by supporting the diversification of the economy and facilitating the development of new industries to create new job opportunities. In this regard, Government aims to facilitate funding required by youth in areas of investment interests. The Government also plans to establish job centres and develop a web portal with information on job opportunities and vacancies, to facilitate job searches and applications.

#### **Skills Mismatch:**

The gap between youth aspirations for employment and actual opportunities for employment needs addressing.

The quality of existing TVET services needs to be improved so that it becomes both more attractive for youth and more relevant for employers. The Government also intends to further enhance its career guidance program, which attempts to connect high schools,

counselors and employers, and provide at-risk youth the technical and soft skills to enhance employability.

In order to facilitate the development of a well-educated workforce, the Government has recently rolled out its policy of making higher education accessible to all through the expansion of its loan program, as well as by providing access to free higher education through the national public universities.

Furthermore, Government intends to integrate pre-vocational and life skills development in the school system by expanding TVET in schools (upstream and downstream), introducing sampler courses for students in lower grades to familiarise themselves to vocational education, and expansion of vocational education in higher education.

### **Increase Women's Participation in the Workforce:**

Government aims to promote gender equality to eliminate gender barriers and increase the role of women in political, social, and economic decision making, with the goal of increasing the role of women in executive positions. In line with this, the Government introduced 6 months of paid maternity leave to encourage women's participation in the workforce.

More specifically, Government aims to create a conducive environment for female employees to work in tourism industry, by facilitating accommodation and travel arrangements. Additionally, Government aims to instill gender equality and gender sensitive values within the broader education system.

### **Promoting an Entrepreneurial Culture:**

Self-employment is promoted by the Government where enterprising youth are encouraged to establish their own businesses to cater to the upstream and downstream opportunities offered through the tourism industry as well as tap into new industries.

In line with this, the Government aims to promote productivity, technology, and innovation, focusing specifically on SMEs through promotion of capital investment and technology enhancement, and promoting innovation as a key source of competitive advantage. Furthermore, development of a digital ready workforce and building human capacity in the ICT industry through incorporation of more areas of Science, Technology, Engineering, and Mathematics (STEM) in the national curriculum is a key initiative of the Government.

### **Strengthening the Legislative Framework to Ensure Fair Practices in Employment**

Key initiatives under this goal include, ensuring transparency and fair practices are employed in the job market, and regulating foreign travel agencies working in the Maldives to protect business of local travel agencies in the tourism industry.

### **Ensure Increased Participation of Locals in the Tourism Sector**

Key initiatives under this goal includes creating jobs in the tourism sector geared towards employment opportunities at senior and technical levels allocated for locals, introducing tourism opportunities in all atolls to reduce time spent away from families.