

Discouraged Youth in Mauritius

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Abstract: Discouraged Youth' is defined as those youth who are not working even though they have expressed a desire to work, but due to the fact that they felt that undertaking a job search would be a futile effort, have not continued with the effort to seek a job . The magnitude of this crisis is a cause for concern for Mauritius, hence this study was conducted with the objective of creating a deeper understanding of discouraged youth. Primary data is used for this study, and the survey covers a sample of 500 unemployed youth across the island. The probit regression model is used to analyse the determinants affecting discouraged youth. The findings of the study found that age, age², marital status, gender and tertiary education, area of study based on friend's opinion, length of unemployment less than 12 months and prior experience have an impact on discouraged youth. From the analysis it was noted that education and training systems should be revisited to bridge the skills gap.

Keywords: Labour Force, Unemployment, Discouraged Youth, Probit Regression Analysis, Mauritius.

I. INTRODUCTION

Today almost one person out of five is between the ages of 15 and 24 years. Altogether, there are over 1.2 billion youth in the world. According to the International Labour Organisation (ILO) in 2012, the majority of young people, about 90% corresponding to around 1 billion live in developing countries and is expected to reach a maximum of 1.1 billion by 2060. Further to this, Africa has about 200 million people aged between 15 and 24 and this represents the youngest population in the world. Moreover, youth unemployment has become a major challenge in recent years and Africa is no exception to the problem of youth unemployment as presently 3 out of 5 of the total unemployed in the African region are the youth and on average 72% of the youth population live on less than \$2 per day.

Youth unemployment is one of the main malfunctions in the Mauritian labour market, impacting directly on the current and future economic condition of those unemployed youngsters together with their environment and indirectly on the wider economy. Young people in Mauritius, aged between 16 to 29 years, represent 13% of the Mauritian labour force; yet they face the highest unemployment rate. Today's youth represent a group with serious vulnerabilities in the world of work. Youth unemployment for Mauritius is currently 21% while the inactivity youth unemployment data is not available. This high percentage of unemployed youth is a threat to the development of the economy.

It is important to focus on discouraged youth as they are the main potential drivers for the economic development in the country. To our knowledge, there has been no study dealing with youth discouragement in Mauritius. Thus, this paper attempts to analyse the determinants causing and affecting discouraged youth in small island economy. For the purpose of this study, primary data will be used .i.e. a questionnaire is conducted in Mauritius among unemployed youth under 25 years using a random sampling technique. To analyse the effect of discouraged youth, a probit regression analysis is used. The paper is structured as follows. Section 2 reviews the literature on discouraged youth. Section 3 sets out the methodology used, while section 4 analyses the survey data and presents the findings, and section 5 concludes the paper.

II. LITERATURE REVIEW

The labour market situation of youth can be described by a combination of several indicators capturing both quantitative and qualitative aspects. The quantitative aspect groups the employed youth (measures the share of employed youth in the total youth population), unemployed youth (measures the share of youth who are not working but searching for a job, as a percentage of the youth labour force) and the share of youth neither in employment nor in education or training (NEET)

which captures a broader group of inactive youth, including those that are discouraged from searching for work and those inactive for other reasons. The qualitative part takes into account the vulnerable employment share (which is calculated as the share of self-employment, unpaid family work, voluntary part time job or involuntary work in total employment) and the working poverty which measures the share of workers living below the poverty line. Table 1 below sum up how the youth population can be classified into different groups according to their employment or activity status.

Table 1- Typology of the labour market outcomes

Labour force Status	In the labor Force	Wage employed	Employed
		Self employed	
		Contributing family worker/ unpaid worker	
		Voluntary part-time employed	
		Underemployed (Involuntary)	
	Out of the labour force	Job seeker- Unemployed	NEET
		Discouraged	
		Inactive or housework	
		In education or training	Student

Source: Adapted from African Development Bank and African Economic Outlook, 2012.

To summarise the typology of labour market, the ‘employed category’ consists of wage employment, vulnerable employment and part time job while the ‘not employed’ category contains unemployed, discouraged, inactive and student. Some countries face high youth unemployment, while in other countries unemployment is low but a large share of youth is in vulnerable employment. Out of a total of 400 million young people, around 85 million are unemployed youth, 300 million are working poor youth at the US\$2 a day level and 20 million are discouraged youth (ILO, 2006). Globally, the youth inactivity rate in 1995 was 41.1% and kept on increasing in the later years. Youth inactivity continues to increase in the South Asia, Middle East and North Africa. This rising trend can be largely explained by the low levels of female labour force participation due to cultural and socio-economic constraints in many countries in the regions. In 2004, among OECD countries, the highest share of discouraged youth in the youth population was 5.7% in Sweden in 2004 followed by Italy with 2.0%, while young discouraged workers in countries such as Ireland, Austria, Denmark, United States and Germany stood at 0.1% of the labour force between 2000 and 2008. Thus, the main challenge is a high share of discouraged or inactive youth.

Discouraged job seekers is defined as those who want a job and are currently available for work but have given up any active job search because they believe they cannot find a job (OECD, 1993; and ABS, 2007). Approximately 35 % of the young individual suffers from a failure to find or maintain a decent work that allows them to fulfil their economic potential while earning sufficient income to get out from the vicious trap of poverty (ILO, 2006). These young people depends on their family financially, this leads to less investments and spending at household level. Societies lose their investment in education, while governments experience a negative trend in the contributions to social security systems but are forced to increase spending on remedial services, including crime or drug use prevention efforts. Due to lack of decent work if a person experienced discouragement at an early age, this has a negative impact on a person’s future employment prospects and also leads to unsuitable labour behavior patterns that last a lifetime (Ryan, 2001, and ECA, 2005). In addition, a discouraged worker is vulnerable to face the difficulty process of reintegrating into the labour force which leads to a dangerous feeling of useless. Thus, (re)integration into the labour market becomes more difficult as the period of unemployment lengthens and the increasing likelihood of the person becoming ‘discouraged’.

Discouraged youth are more likely to say that they lack employers’ requirements or they do not know how and where to find work. Kingdon and Knight (2000) find that discouragement in South Africa is negatively correlated with the probability of finding job. The rate of discouragement is higher when there is low chance of finding a job. Therefore, the longer the spell of unemployment among the young people, the more vulnerable the youth is. Consequently, the presence of discouraged youth represents a waste of human resources, productive and development potential for the economy. Education also plays an important role in discouragement. For many African countries the more youth is educated, the smaller their chances of being discouraged. Using the multivariate analysis, Gallup World Poll (2010) concludes that

education and location are negatively significant with discouraged youth. Thus, the more the youth is educated, the higher the probability of finding wage employment, and consequently the less likely to be a discouraged youth. But, youth with higher education still face problem to enter the labour market. The young individual with university education has greater expectations to get an employment than those youth with less education. Young people with higher education are more likely to lack the skills required by employers.

Most of the empirical analysis focuses on youth labour force, but were silent on the discouraged work seekers among young people. Hence this is an attempt to fill the gaps in literature related to discouraged youth by analysing the determinants affecting discouraged youth in Mauritius.

III. RESEARCH METHODOLOGY

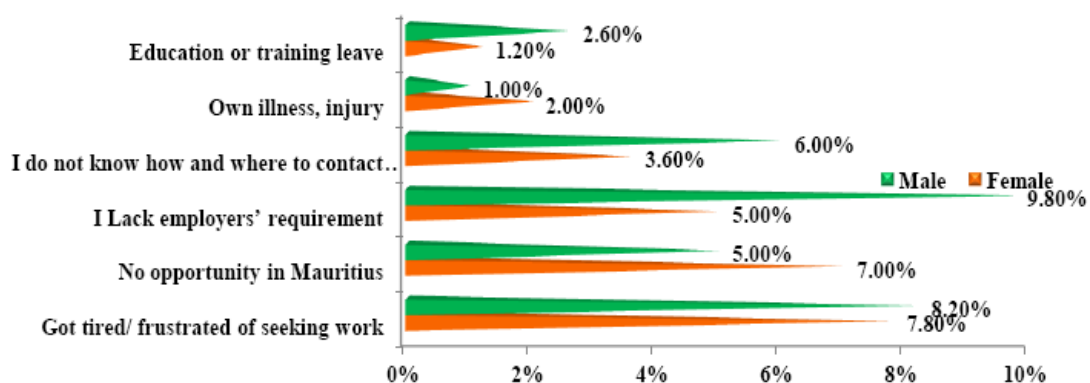
This study attempts to explore the determinants affecting discouraged youth in Mauritius. A questionnaire was designed to collect data among unemployed youth in Mauritius. The questionnaire was divided into three sections. The first section focuses on the general profile of the respondent including his/her gender, age, marital status, region where he/she lives, education level, field of study, and prior experience. In the second section, respondents were asked about their present unemployment situation, while the third section contains questions about their future plan. This survey uses the random sampling technique. A sample of 500 unemployed youth was randomly chosen to fill the questionnaires. A probit regression model will be used to determine factors affecting the discouraged youth in Mauritius using the Stata 12 software. The following represent the regression.

$$\text{Discouraged youth}_i = \beta_0 + \beta_1 \text{AGE} + \beta_2 \text{AGE}^2 + \beta_3 \text{MARITAL STATUS} + \beta_4 \text{GENDER} + \beta_5 \text{REGION} + \beta_6 \text{EDUCATION} + \beta_7 \text{FIELD OF STUDY} + \beta_8 \text{DECISION FOR CHOOSING FIELD OF STUDY} + \beta_9 \text{LENGTH OF UNEMPLOYMENT} + \beta_{10} \text{PRIOR EXPERIENCE} + U_1 \quad \text{--- Equation 1}$$

Where Discouraged Youth is a dummy variable taking value 1 if the respondents is discouraged and 0 otherwise, (β_0) is the intercept term; ($\beta_1, \beta_2, \dots, \beta_{10}$) are the estimated coefficients. AGE is the age of the youth. MARITAL STATUS is 1 if the youth is single and 0 otherwise. GENDER is 1 for male youth and 0 for female youth. REGION denotes where the youth is presently living, dummy being 1 if he lives in urban region and 0 if he lives in rural region. EDUCATION considers the education level of the respondent in terms of primary, secondary, tertiary, professional courses and vocational training. A series of 10 dummy variables is for FIELD OF STUDY of the respondent. DECISION FOR CHOICE OF FIELD OF STUDY includes a series of 7 dummy variables while LENGTH OF UNEMPLOYMENT is 1 if the youth is unemployed less than 12 months or 0 otherwise and PRIOR EXPERIENCE 1 if the youth had prior business experience and 0 otherwise and U_1 is the stochastic error term.

IV. DATA ANALYSIS AND KEY FINDINGS

From this survey, 59.20% of youth are discouraged among which 26.60% are female and 32.60% are male. In terms of marital status, 44.80% of discouraged youth are single. The majority of discouraged youth interviewed are 23 years old. We also note that the majority of discouraged youth have been unemployed for a shorter time period, i.e. less than 12 months. The reasons for respondents being discouraged vary among gender, as shown below.

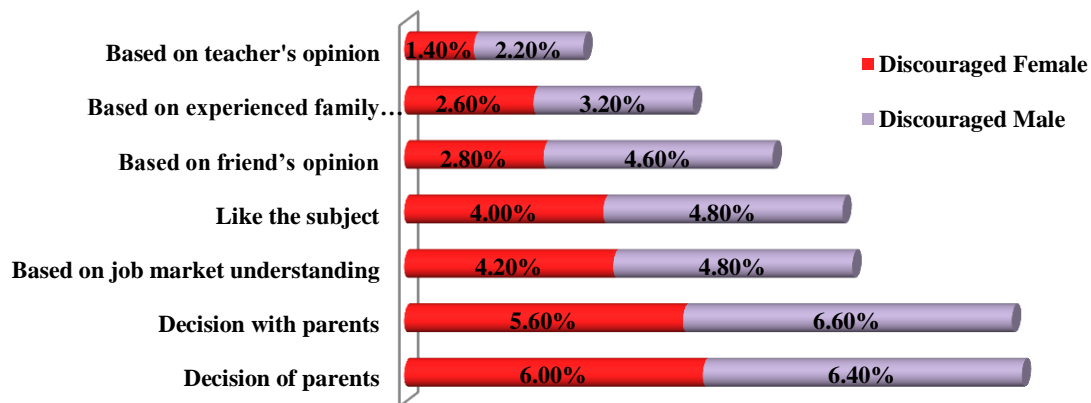


	Got tired/ frustrated of seeking work	No opportunity in Mauritius	I Lack employers' requirement	I do not know how and where to contact employer	Own illness, injury	Education or training leave
Male	8.20%	5.00%	9.80%	6.00%	1.00%	2.60%
Female	7.80%	7.00%	5.00%	3.60%	2.00%	1.20%

Source: Survey data, 2013

Figure 1: Reasons for being discouraged youth* Gender

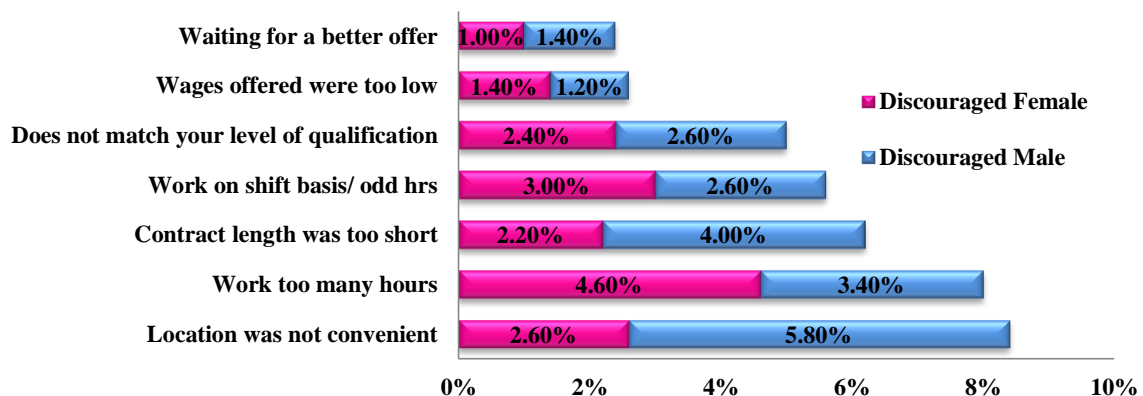
From figure 1, the majority of female youth (7.80%) got frustrated in the job hunting process, while 9.80% of male lack employers' requirements namely qualifications, training, experience and age. Looking at educational level, the majority of discouraged youth have attained secondary education, among which 16.00% are female and 22.60% are male. Only 1% of the discouraged respondents have professional courses. We further note that 8.40% of discouraged male have studied social science while 7.00% of discouraged female have not studied any field of study. We also notice that the majority of parents have secondary education. Parents and other personal networks such as friends or relatives play an important role in supporting youth while making the decision on what to study. Figure 2 summarises the respondents of discouraged youth about their decision for choosing area of study.



Source: Survey data, 2013

Figure 2: Decision for choosing area of study of respondents

From Figure 2, we note that 12.40% of the discouraged youth consider the decision of their parent on what to study. We further note that very few students rely on their teacher's opinion, even though this is a potential source of information about higher education and the real job market. While majority of female consider the decision of their parent and male youth decide with their parents what to study. According to our statistics, 17.20% of discouraged female and 21% of discouraged male have ever rejected a job. Figure 3 shows the reasons why youth had reject a job.

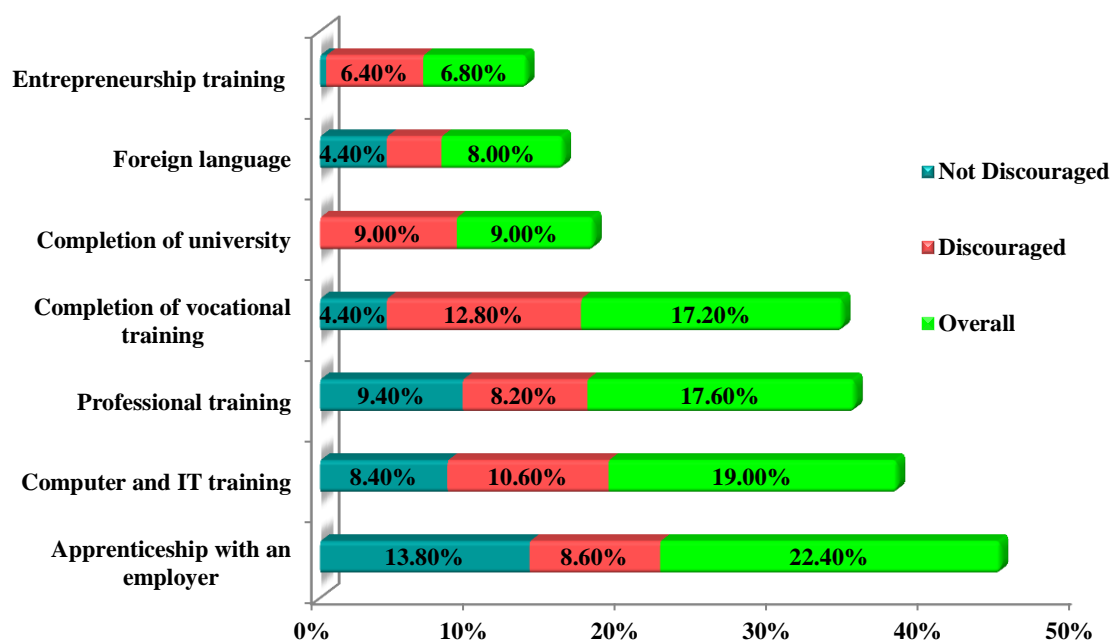


Source: Survey data, 2013

Figure 3: Reasons for rejecting job * Gender

The main reasons for discouraged female rejecting jobs are: 4.60% were required to work too many hours, 3% said the job would require working on shift basis or odd hours and 2.60% point out that the location was not convenient. Looking on male side, they attach more important to nature of jobs, i.e. 5.80% said the location was not convenient, 4% find the contract length too short and 3.40% said the work would require too many hours.

Furthermore, respondents were asked to give their views about the probability of getting a job in Mauritius, around 38.40% of discouraged youth said 'very difficult' followed by 20.80% 'somewhat difficult'. Thus, it can be concluded that finding jobs in Mauritius is difficult. In addition, youth also face some challenges during their job search. The biggest obstacle for young individual is lacking the needs of employers in terms of qualifications, training, experience and age to enter the labour market. Moreover, figure 4 summarises the responses on which type of training or educational requirement youth need to enter the Mauritian job market in 2013.



Source: Survey data, 2013

Figure 4: Type of training required to get a job in Mauritius in 2013

From Figure 4, we notice that the majority of overall respondents (22.40%) and non discouraged youth (13.80%) said 'apprenticeship with an employer'; while 12.80% of discouraged youth said completion of vocational training is needed to get a job in Mauritius. Further to this, a gender wise comparison among discouraged youth, 5.60% of female said 'completion of vocational training' followed by 5% of 'computer and IT' and 'apprenticeship with an employer' is a must to get employed while 7.20% of male said 'completion of vocational training', 5.60% said 'computer and IT' while 5.40% said 'completion of university' is required to get a job in 2013.

Respondents were also asked about their preference of towards their future employment. The majority of the discouraged female prefers administrative & support service activities (6.20%), followed by hotels & tourism (6.20%), and information & communication (5%) while the most preferred job industry for male prefer information & communication (8.40%), followed by hotels & tourism (7.80%) and administrative & support service activities (6.40%). A more in-depth analysis was carried out on the most preferred type of job among discouraged youth. We note that the majority of youth (21.80%) prefer administrative work, followed by professional work (11.40%) and 11% of manual work. The least type of work for discouraged female is accounts clerk, teaching and social work while for male is social work. In addition, only 27.40% of discouraged youth would like to work abroad.

Table 2 below reports the coefficient, robust standard errors and marginal effects of the probit model.

Table 2: Probit Regression Results

Number of observations: 500			
Variables	Coefficient	Robust Standard Error	Marginal Effects
Age	1.5875**	0.6588	0.6046
Age ²	-0.0386**	0.0159	-0.0147
Marital Status	0.8946***	0.1728	0.34388
Gender	-0.3389**	0.1452	-0.1278
Region	-0.2198	0.1486	-0.0849
Education- Secondary	0.5737	0.4862	0.2147
Education- Tertiary	-1.1957**	0.5249	-0.4455
Education- Professional	-1.1766	1.0097	-0.4312
Field of Study- Business Administration	-0.2569	0.8683	-0.1005
Field of Study- Engineering	-0.4467	0.8035	-0.1753
Field of Study- Mathematics, Statistics	0.2140	0.8381	0.07858
Field of Study- Literature/ arts	-0.5235	0.7989	-0.2045
Field of Study- Chemistry, Physics	-0.1959	0.8187	-0.0760
Field of Study- Economics, Psychology	-0.4300	0.7982	-0.1674
Field of Study- Technical	0.2212	0.9507	0.0816
Field of Study- None	0.0401	0.8339	0.0152
Choice of area of study- Decision of parents	-0.2416	0.2484	-0.0936
Choice of area of study- Decision with parents	-0.2230	0.2431	-0.0863
Choice of area of study- Teacher	-0.0931	0.2977	-0.0358
Choice of area of study- Like the subject	-0.4210	0.2650	-0.1645
Choice of area of study- Based on friend's opinion	-0.5758**	0.2756	-0.2257
Choice of area of study- Based on job market understanding	-0.0629	0.2670	-0.0241
Length of unemployment- less than 12 months	-0.3849**	0.1800	-0.1414
Prior Experience	-0.3044**	0.14032	-0.1152
Constant	-15.0876**	6.8598	
Wald Chi- Square	177.32***		
Pseudo R ²	0.3125		

(Note: *significant at 10%, **significant at 5%, ***significant at 1%)

Source: Author's Computation

The result of the probit model is supported by the low R-squared, implying that 31.25% of the variability of discouraged youth is explained by the independent variables in the model. We further observe that the variables namely age, age², marital status, gender and tertiary education, area of study based on friend's opinion, length of unemployment less than 12 months and prior experience have an impact on discouraged youth.

Considering the demographic variables, we observe that, there is an inverse U shaped relationship with age which is statistically significant. We further notice that single youth is positively affected by discouragement. There is also evidence that being a male is associated with a lower probability of being discouraged. However, tertiary education turns out to be negative and statistically significant while the secondary and professional courses appear to have an insignificant effect on discouraged youth. Thus, those young with a tertiary education are less likely to be discouraged. But, it can be argued that having completed high education does not guarantee the young individual a place in the labour market. In fact, there is an "over-education problem" in Mauritius, which is also the case in many high income countries, with the higher education sectors producing too many graduates for the labour market to absorb (Mc Guinness, 2006).

From the field of study dummies, there is not much disparity in probability of being discouraged. From the dummies of choice of area of study, we notice that decision based on friend's opinion has a negatively impact on the discouraged youth. In addition, youth being unemployed for less than 12 months are less discouraged compared to those unemployed more than 12 months. Furthermore, youth with prior experience are less discouraged, but findings opposed the work of Yu (2013). Thus, experience matters for the unemployed youth.

V. CONCLUSION

The research focuses on the determinants affecting discouraged youth in Mauritius by using a sample of 500 unemployed youth. From the above findings, the probit regression shows evidence that age, age², marital status, gender and tertiary education, area of study based on friend's opinion, length of unemployment (less than 12 months) and prior experience have an impact on discouraged youth. Mostly male young people lack the necessary soft skills and relevant practical experience required by employers in Mauritius. Our education system is rather academic and based on traditional fields of study. Access to education is crucial in order to enable the youth to acquire the knowledge, skills and competencies that are required for employment, social inclusion and active citizenship. However, it is necessary to render our education system more responsive to the changing needs of the country and keep pace with its economic and social development.

Discouraged youth specially those with higher educational qualifications need specific support in terms of helping them to acquire job-relevant skills so that they can apply their educational training which can be useful in the labour market or as entrepreneurs. Furthermore, to ensure a better match between supply and demand of youth in the labour market, there should be a co-operation between education (curriculum content) and companies. This cooperation should follow academic excellence and practical needs as two equally important benchmarks and the needs of the labour market and the skills acquired through education and vocational training will be better matched. Thus, the authorities should revisit our education and training systems for quality improvement to bridge the skills gap. Although young individual often have the least target of entrepreneurial, numerous educated youth can become robust entrepreneurs if the motivation and financial possibilities are being provided.

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