



LABOUR MARKET REPORT 2022



WORC

WORKFORCE OPPORTUNITIES & RESIDENCY CAYMAN
CAYMAN ISLANDS GOVERNMENT

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Acknowledgements

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The Labour Market Demand Unit extends appreciation to the Department and Ministry in establishing this unit to execute the work necessary in assessing the labour market and determining the labour needs of the Cayman Islands. The information contained in this report constitutes an important component of this objective.

The Unit wishes to thank the Economics and Statistics Office for the data provided from its *Cayman Islands' Labour Force Survey Reports Fall* editions and *The Cayman Islands' 2021 Census of Population and Housing Report*.

The Labour Demands Unit is also grateful for the information provided by the International Labour Organization (ILO) through its publications, statistics and databases. Notably, the *Key Indicators of the Labour Market (Ninth Edition)* and *World Employment and Social Outlook Trends 2023* reports imparted critical insight on labour market developments and emerging trends. A special mention should also be given to *ILOSTAT*, the world's leading source of labour statistics, which provided data to conduct comparative analysis across countries.

Executive Summary

The Labour Market Report presents a comprehensive analysis of the Cayman Islands labour market and provides an overview of international labour developments and trends. The Report commences with a summary of international developments in 2022 and a comparison of key labour market indicators across select countries and the Cayman Islands.

This global overview is preceded by an in-depth analysis on nine of the seventeen key indicators of the labour market for the country. These indicators have been identified by the ILO as critical in conducting an assessment on any labour market. An analysis on each indicator across a five-year period, 2018 – 2022, is explored including disaggregation by immigration status, sex, age and other criteria where applicable.

After the discussion on the key indicators of the labour market, an outlook is provided locally and globally. The report is concluded by a summary of the main points arising from the analysis of the indicators and recommendations provided to policy makers.

Global Overview

The global labour market deteriorated significantly during 2022. This was due to geopolitical conflict, specifically, the war between Russia and Ukraine; an uncertain economic recovery from the pandemic; and persistent supply chain disruptions. The disruptions in global supply chains have resulted in an environment of high inflation and low economic growth.

Adverse supply-related events have resulted in substantial increases in producer and ultimately consumer prices, which translated into the cost of living crisis persons are experiencing currently. The food and commodities markets reflected the brunt of these price increases which highlighted the negative impact this had on consumers' real disposable incomes. In addition to the cost of living crisis, central banks responded to this inflationary episode by raising interest rates consistently throughout 2022, thereby further reducing consumers' real incomes and purchasing power as well as elevating the risk of a global debt crisis.

In addition to these heightened downside risks to global economic growth, employment prospects and job quality have worsened. There are more persons lacking access to paid employment which resulted in reduced access to social protection and fundamental rights at work, a violation of the ILO's mission of advancing social justice and promoting decent work. Also, progress in poverty reduction has slowed remarkably while productivity growth has declined. To conclude, 2022 emerged as a year possessing elevated downside risks to global economic growth with negative implications for labour markets across all countries.

Charts 1 and 2 illustrate a comparison between the Cayman Islands and other select countries on two key labour market indicators. In particular, the Cayman Islands outperforms its competitors with the highest labour force participation rate of 83.0 percent and lowest unemployment rate of 2.1 percent in 2022.

Chart 1: Labour Force Participation Rates of Select Countries (%), 2022

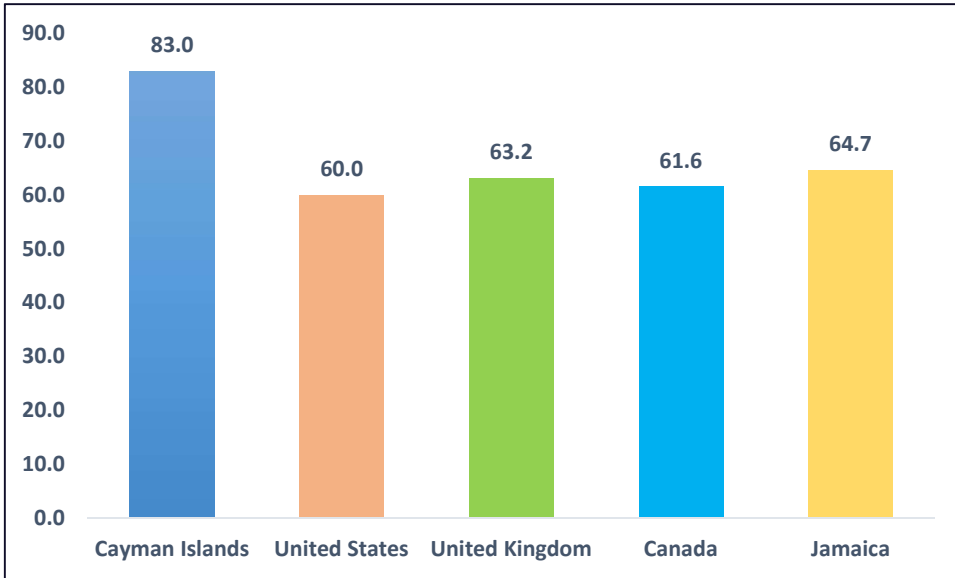
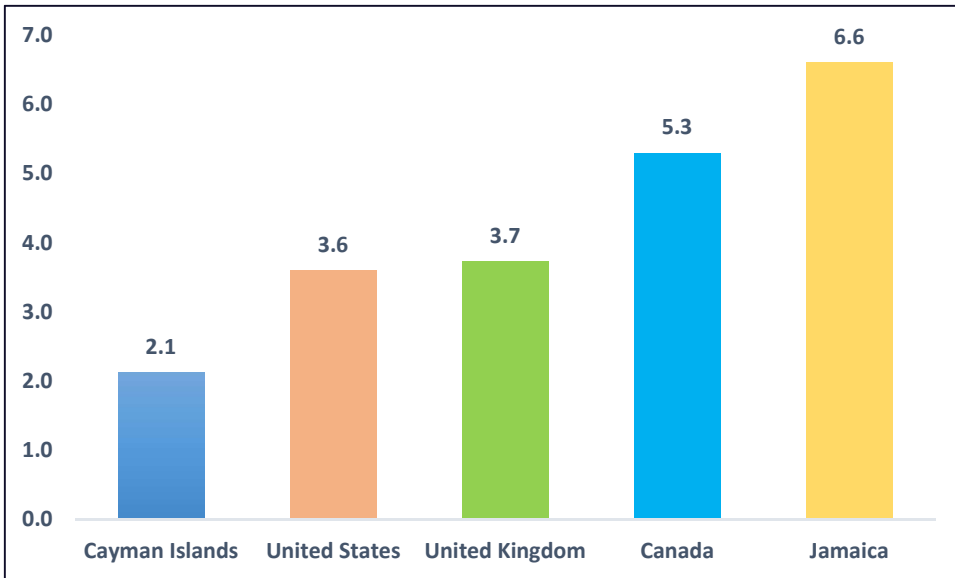


Chart 2: Unemployment Rates of Select Countries (%), 2022



Key Indicators of the Labour Market

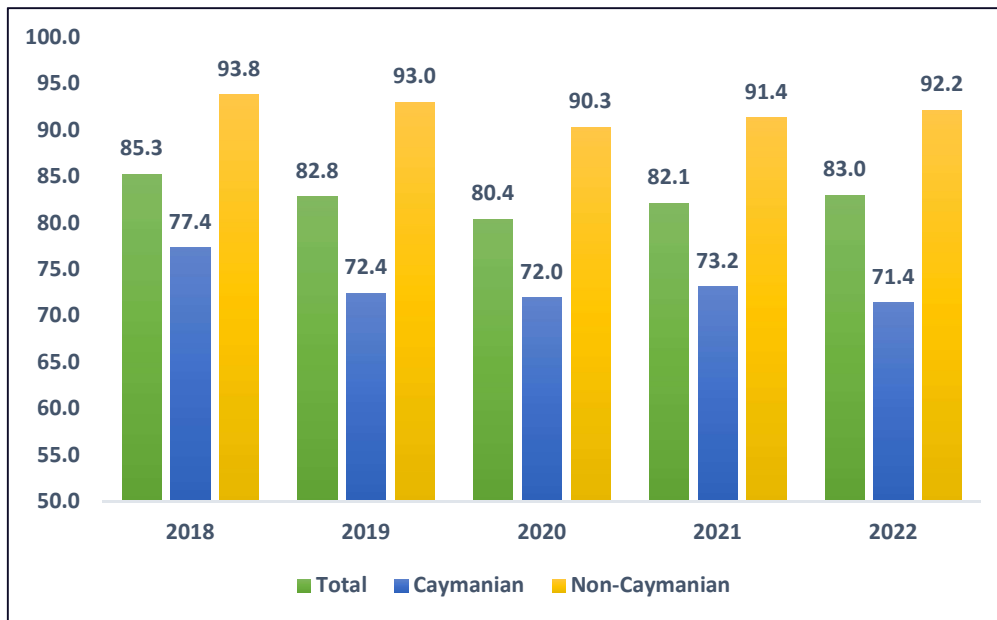
LABOUR FORCE PARTICIPATION RATE

The Labour Force Participation Rate is a measure of the proportion of a country's working-age population that is actively engaged in the labour market, either by working or looking for work. The working-age population is defined as those persons 15 years and older in the non-institutionalised population while the labour force is the sum of the employed and unemployed persons.

The labour force participation rate determines the size and composition of a country's human resources and plays a critical role in forecasting the supply of labour. This information is then used to formulate employment policies, determine training needs and compute the working life of the population.

The chart in Figure 1 shows a similar trend in the labour force participation rates for the total and Non-Caymanian working-age populations. The rates fell in 2019 and 2020, after which they increased in 2021 and 2022 to end at 83.0 percent and 92.2 percent, respectively. The labour force participation rate for Caymanians had a similar trend to the other categories except in 2022 when it declined to 71.4 percent from 73.2 percent in 2021. The decline in the labour force participation rates in 2020 resulted from the restrictive measures associated with the global pandemic before partial economic recoveries in 2021 and 2022 led to a turnaround in labour force participation. Notably, labour force participation surpassed its pre-pandemic rate of 82.8 percent in 2019 but still remained below its rate of 85.3 percent in 2018.

Figure 1. Labour Force Participation Rate (%)



As seen from Figures 2 and 3, the labour force participation rates by sex display the same trends for the Caymanian and Non-Caymanian working-age populations. Notably, labour force participation was highest in 2018 as a result of the economy recording its best growth in that year. Additionally, the participation rates for men were shown to be higher than for women in both populations. With respect to both categories, this was attributed to more women not being in the labour force. The higher number of Caymanian and Non-Caymanian women not in the labour force but in the working-age population could be due to more women attending school full time, in retirement and at home performing domestic duties than their male counterparts.

Figure 2. Labour Force Participation Rate of Caymanians by Sex (%)

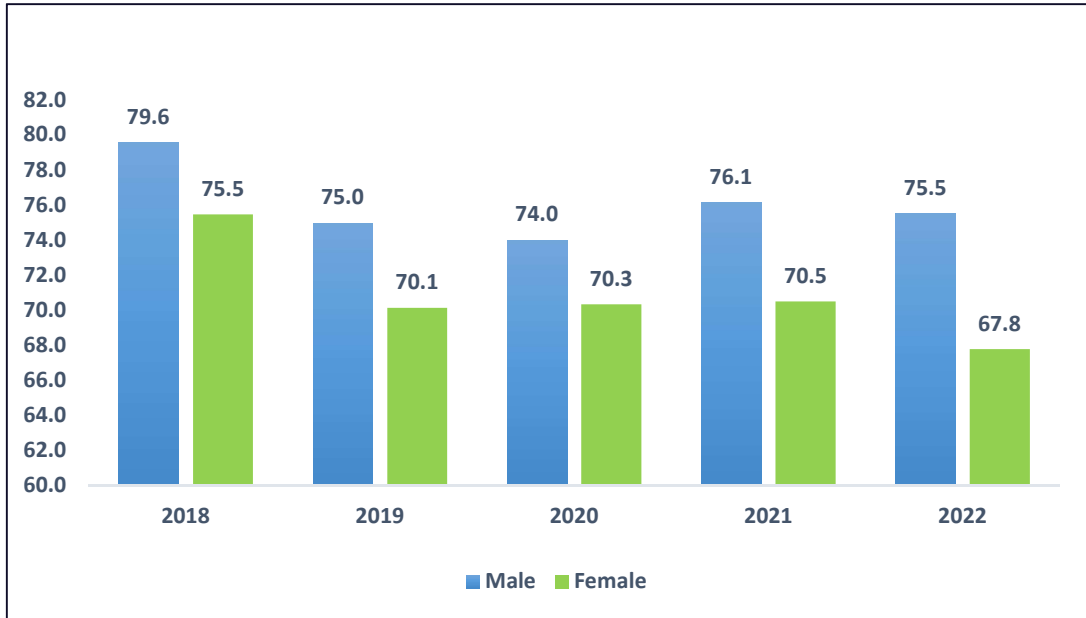
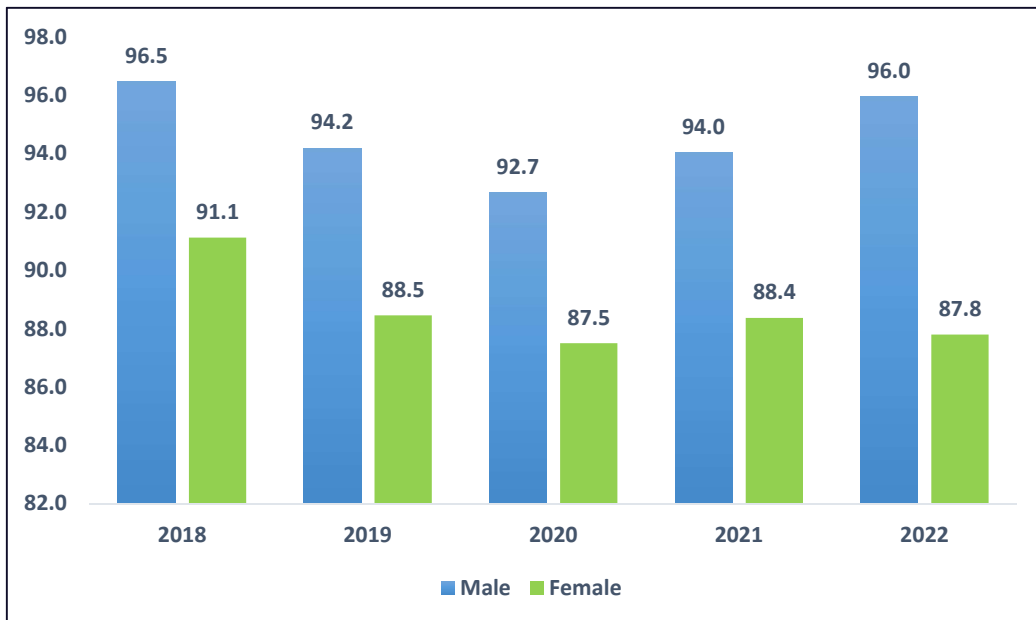
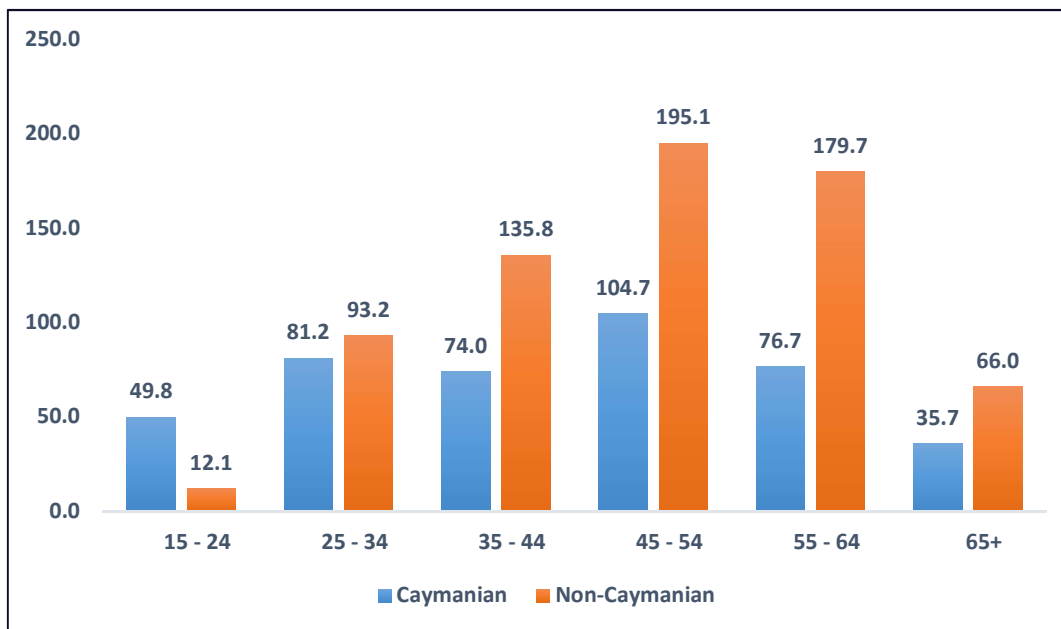


Figure 3. Labour Force Participation Rate of Non-Caymanians by Sex (%)



When analysing the data by age, labour force participation was highest in the 45-54 age group followed by the 55-64 and 35-44 age groups for the Caymanian and Non-Caymanian working-age populations (see Figure 4). Labour force participation was lowest among youth (persons 15–24) for Non-Caymanians due to the number of persons going school full time. Labour force participation was lowest among the elderly (persons 65+) for Caymanians as most of these individuals are in retirement.

Figure 4. Labour Force Participation Rate by Age Group (%), 2022

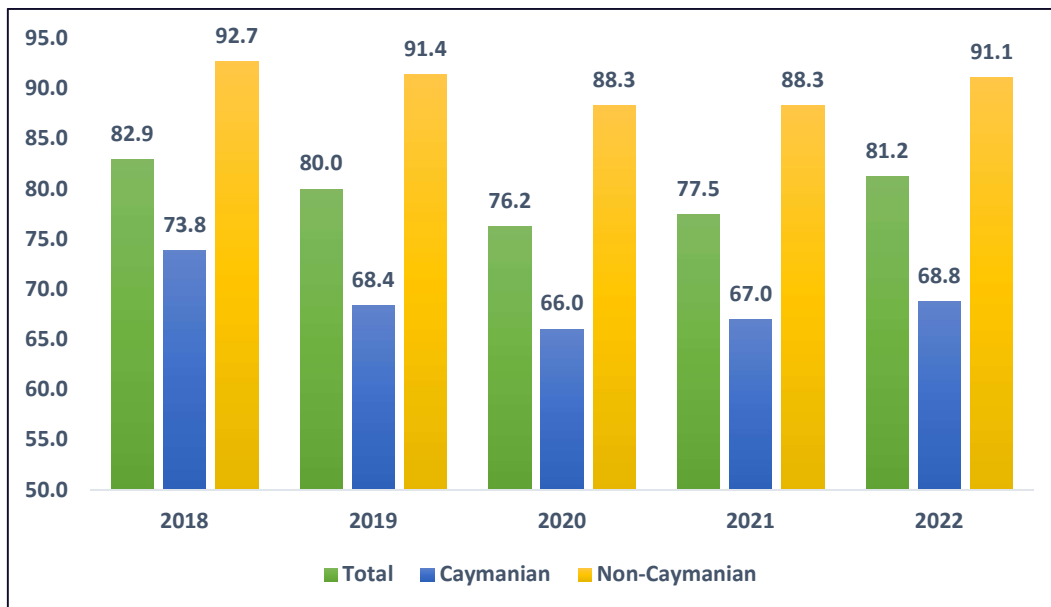


EMPLOYMENT-TO-POPULATION RATIO

The employment-to-population ratio is measured by the ratio of the employed persons to the working-age population in a country. A high ratio implies that a large proportion of the country's population is employed while a low ratio means the opposite holds true. This indicator provides information on the ability of an economy to create employment and is directly linked to the economic performance of a country.

Figure 5 displays the employment-to-population ratios for the three populations. The data follows a similar trend to labour force participation where the highest ratios were observed in 2018, followed by declines in 2019 and 2020, then gradual increases in 2021 and 2022. The ratios were higher for the Non-Caymanian population relative to the Caymanian population due to a larger representation of Caymanians among the youth and elderly.

Figure 5. Employment-to-Population Ratio (%)



As exhibited by Figures 6 and 7, the employment-to-population ratios for Caymanians and Non-Caymanians displayed similar trends of declines in the immediate years then

growth in the years after. Furthermore, the ratios for men were higher than for women in both groups.

Figure 6. Employment-to-Population Ratio of Caymanians by Sex (%)

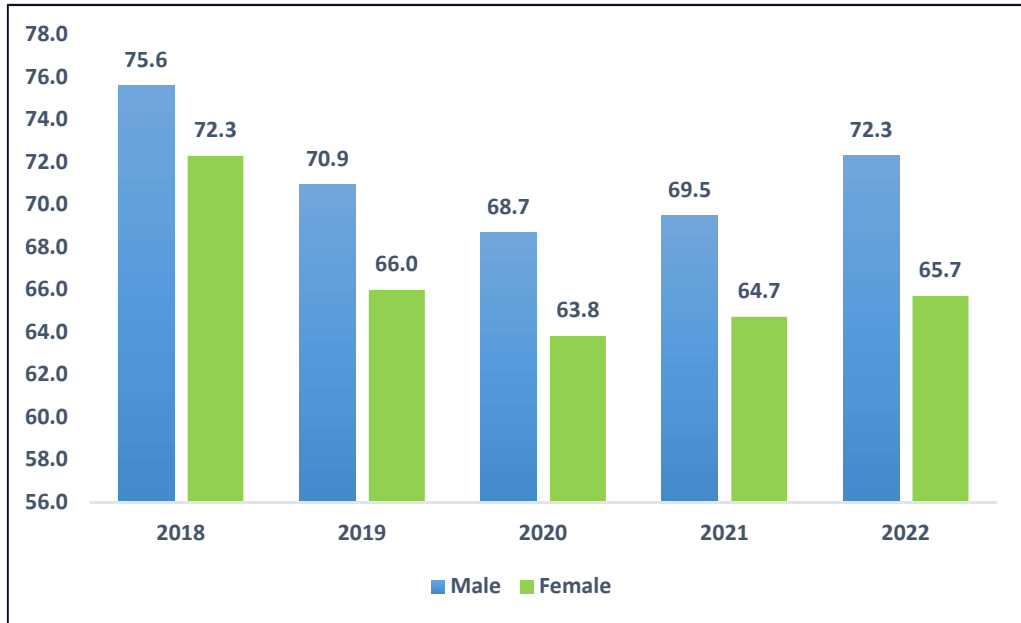
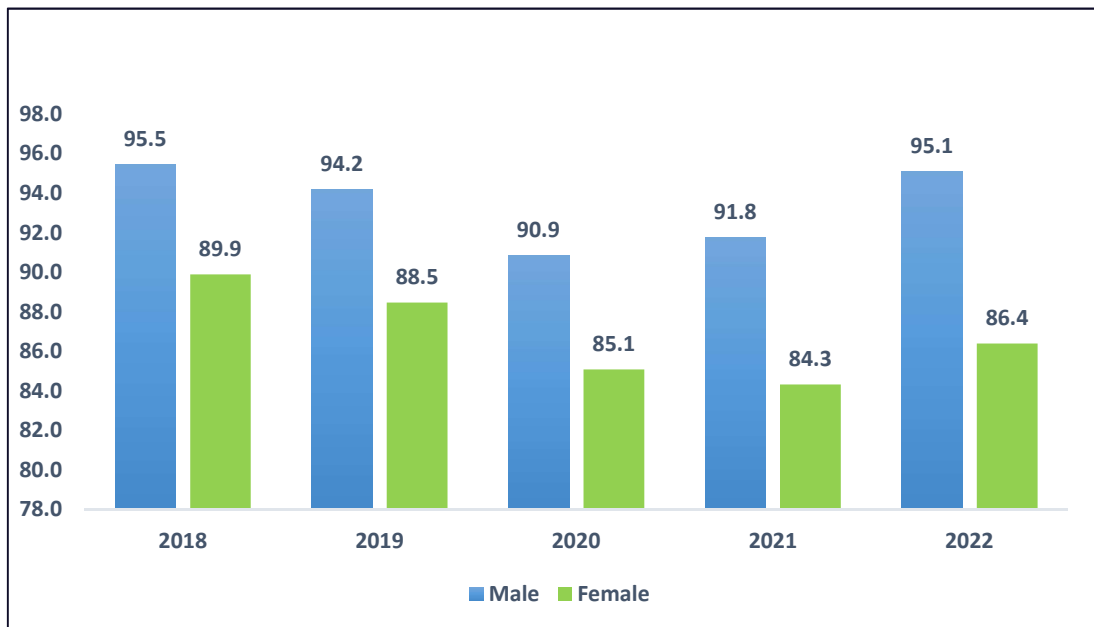
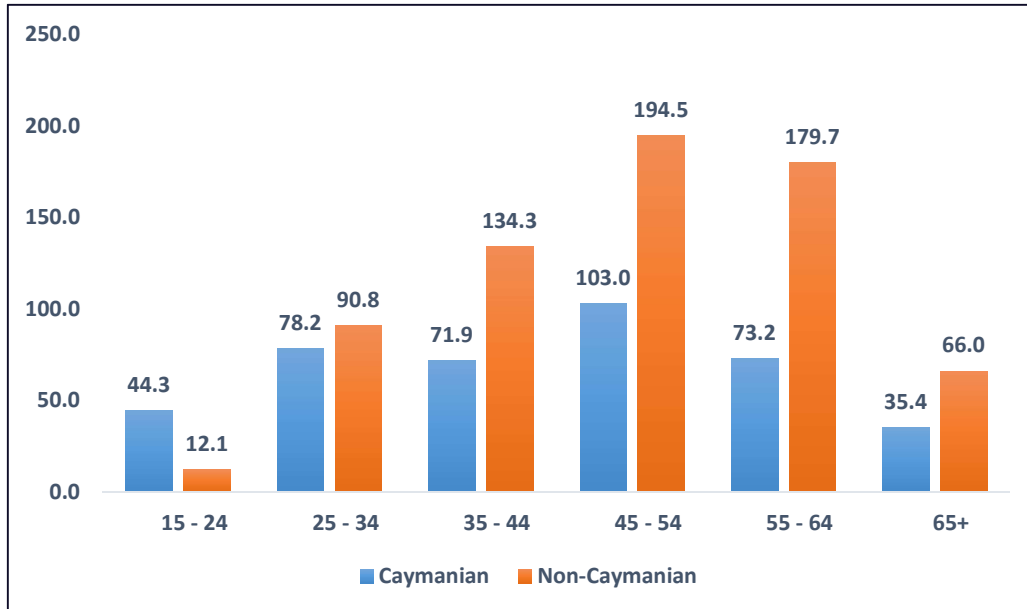


Figure 7. Employment-to-Population Ratio of Non-Caymanians by Sex (%)



The analysis by age for the employment-to-population ratios for Non-Caymanians was consistent with that for labour force participation. The 45-54 age group recorded the highest employment-to-population ratio followed by the 55-64 and 35-44 age groups (see Figure 8). With respect to Caymanians, the employment-to-population ratio was highest for the 45-54 age group followed by the 25-34 and 55-64 age groups. The ratio was lowest for Caymanians 65 years and older due to most of these persons being in retirement. Youth, aged 15 to 24 years, had low ratios mainly because these individuals had full-time school commitments.

Figure 8. Employment-to-Population Ratio by Age Group (%), 2022



STATUS IN EMPLOYMENT

Status in employment differentiates between two categories of the employed: employees, also known as wage and salaried workers; and self-employed workers.

Within self-employed workers, there are self-employed workers with employees, self-employed workers without employees and contributing family workers (formerly known as unpaid family workers). This indicator can provide useful information on workers' behaviour, conditions of work and a person's socio-economic group. For example, a country with a high proportion of wage and salaried workers usually implies advanced economic development. On the other hand, a country with a high proportion of self-employed workers, particularly contributing family workers, usually signifies low economic development, widespread poverty, high levels of informality and often a large rural sector.

Figures 9 and 10 display employees and the self-employed of the total, Caymanian and Non-Caymanian populations as percentages of total workers across the five-year reference period. Notably, the majority of employed persons were wage and salaried workers in the overall population as well as for Caymanians and Non-Caymanians as shown in Figure 9. Additionally, Non-Caymanians accounted for a higher percentage of employees than Caymanians in the review period. This observation also implied that Caymanians represented a higher proportion of self-employed workers than Non-Caymanians (see Figure 10).

Figure 9. Status in Employment for Employees (%)

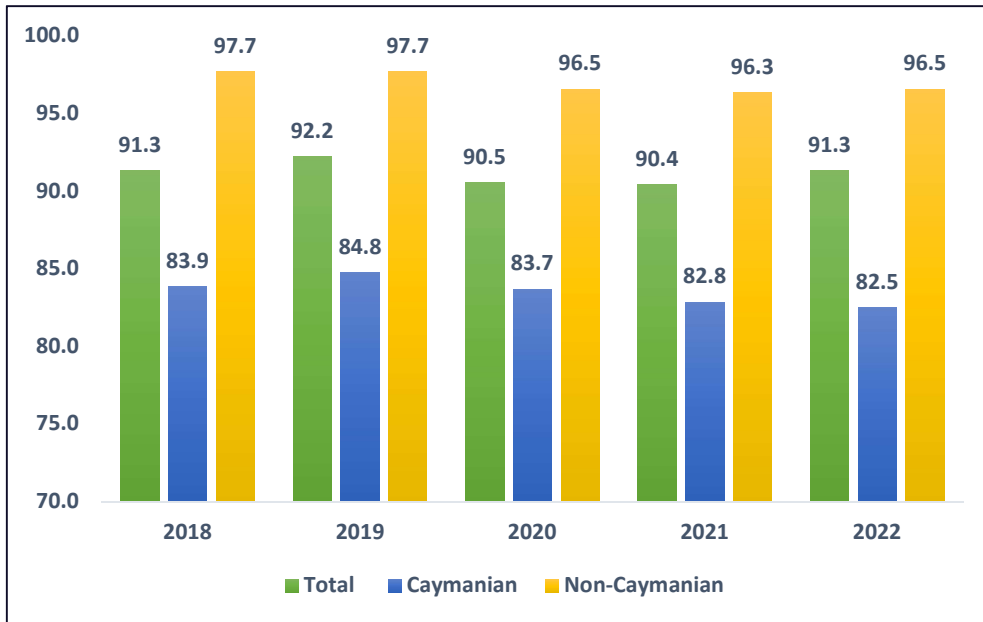
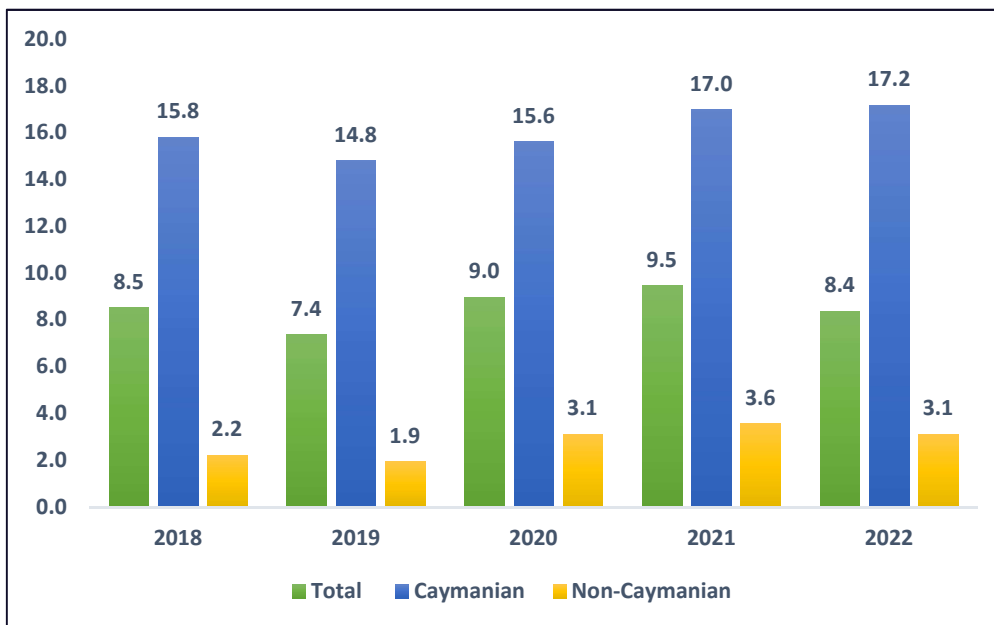


Figure 10. Status in Employment for Self-Employed Workers (%)



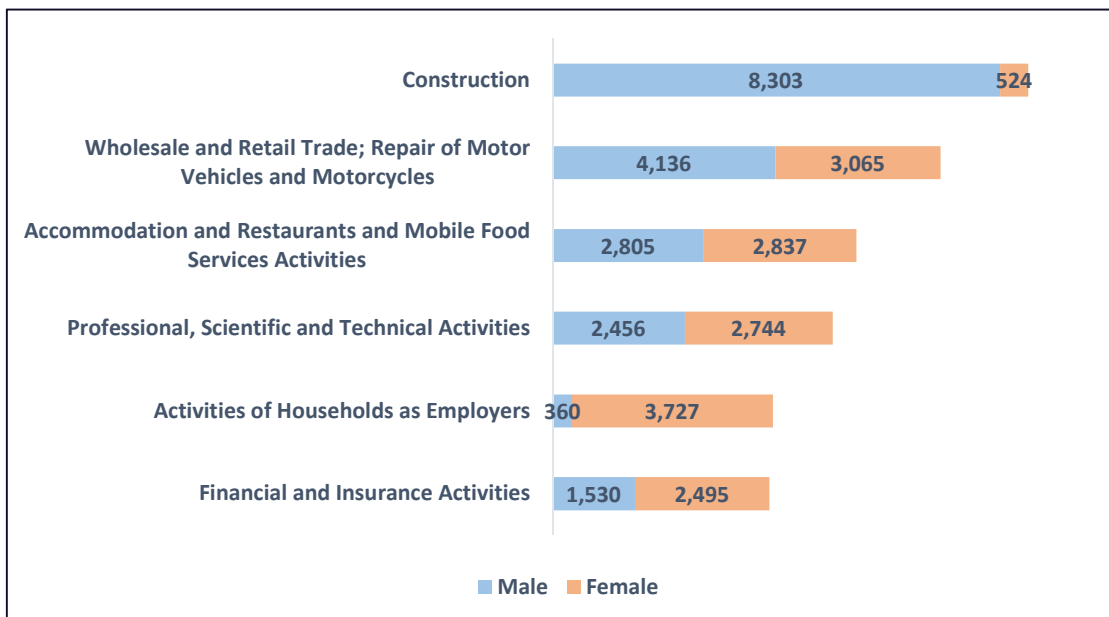
EMPLOYMENT BY INDUSTRY

This indicator classifies employment into the major industries by economic activity. It is useful for analyzing shifts in employment and stages of economic development.

The Cayman Islands economy is dominated by the services industries in terms of output and employment with the Financial and Insurance Activities industry being the largest contributor to output, that is, the market value of final services provided.

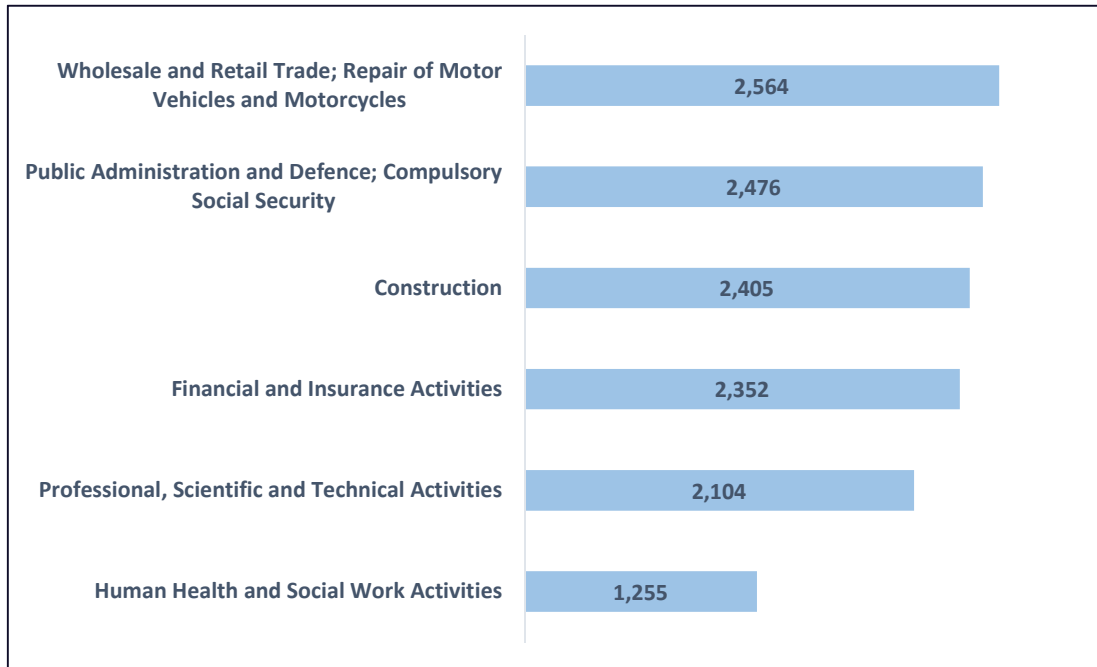
The largest employer in the economy was the Construction industry, employing 8,827 persons (see Figure 11). This industry is dominated by male employment, which accounted for 8,303 persons (94.1% of the total). There were 524 females employed in this industry, which represented 5.9 percent of the total. The Wholesale and Retail Trade industry followed with an employment of 7,201 persons, of which 57.4 percent was male and 42.6 percent female. It should be mentioned that the top six industries by employment shown in Figure 11 represented the largest-contributing and fastest-growing in the economy. This reinforces the relationship between economic growth and employment, and underscores the significant impact economic growth has on the Islands.

Figure 11. Total Employment by Industry and Sex, 2022



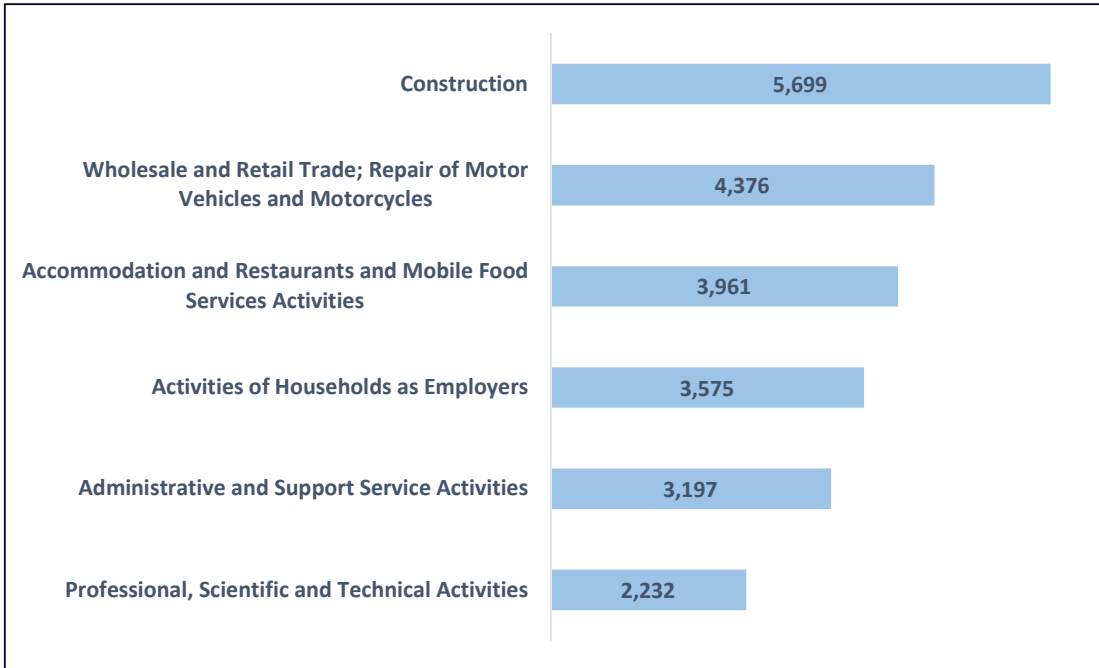
The Wholesale and Retail Trade industry employed the most Caymanians, 2,564 persons in total (see Figure 12). Central Government was next with 2,476 Caymanians followed by the Construction industry with 2,405 persons.

Figure 12. Caymanian Employment by Industry, 2022



The Construction industry employed the most Non-Caymanians, 5,699 persons in total (see Figure 13). The Wholesale and Retail Trade industry followed with 4,376 Non-Caymanians, which was then proceeded by the Accommodation and Restaurants and Mobile Food Service Activities with 3,961 persons.

Figure 13. Non-Caymanian Employment by Industry, 2022

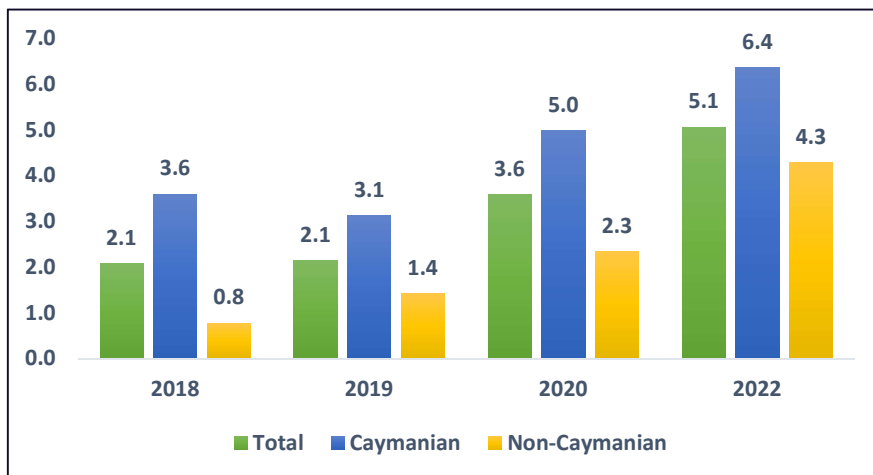


TIME-RELATED UNDEREMPLOYMENT¹

This indicator measures the number of employed persons whose hours of work in the reference period are inadequate to what they are available and willing to work. Time-related underemployment, similar to unemployment, examines the underutilization of the productive capacity of the labour force. The underemployment rate is calculated as the number of underemployed persons expressed as a percentage of the number of employed persons.

Figure 14 displays the underemployment rates for the total, Caymanian and Non-Caymanian populations from 2018 to 2020 and 2022. Total underemployment increased during the review period, ending at 5.1 percent in 2022. Caymanian underemployment declined in 2019, then increased in 2020 and 2022 to end at 6.4 percent. Non-Caymanian underemployment rose in all the years to end at 4.3 percent in 2022. For 2022, the total number of underemployed persons in the total population was 2,857 persons relative to 1,494 persons in 2020. Notably, there were 1,344 Caymanians underemployed in 2022 compared with 974 persons in 2020. This increase reflected the decreased utilization of employed Caymanians.

Figure 14. Underemployment Rate (%)



¹ Data not available for 2021.

Figures 15 and 16 show the underemployment rates disaggregated by sex for Caymanians and Non-Caymanians. In regards to the Caymanian population, there were variations in the male and female underemployment rates. The male underemployment rate increased in all years to end at 7.1 percent in 2022. The female underemployment rate fell in 2019 and then increased to end at 5.6 percent in 2022. The male underemployment rates surpassed the female rates in all years except 2018. With respect to the Non-Caymanian population, both male and female underemployment rates displayed a steady increase to 2022. Furthermore, the female underemployment rates dominated the male rates in the review period.

Figure 15. Underemployment Rate of Caymanians by Sex (%)

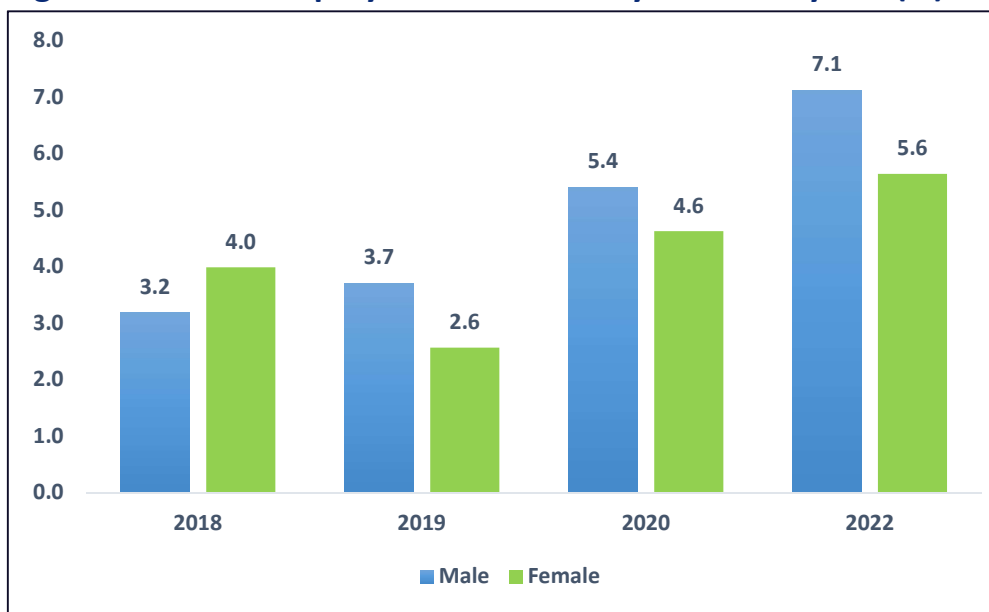
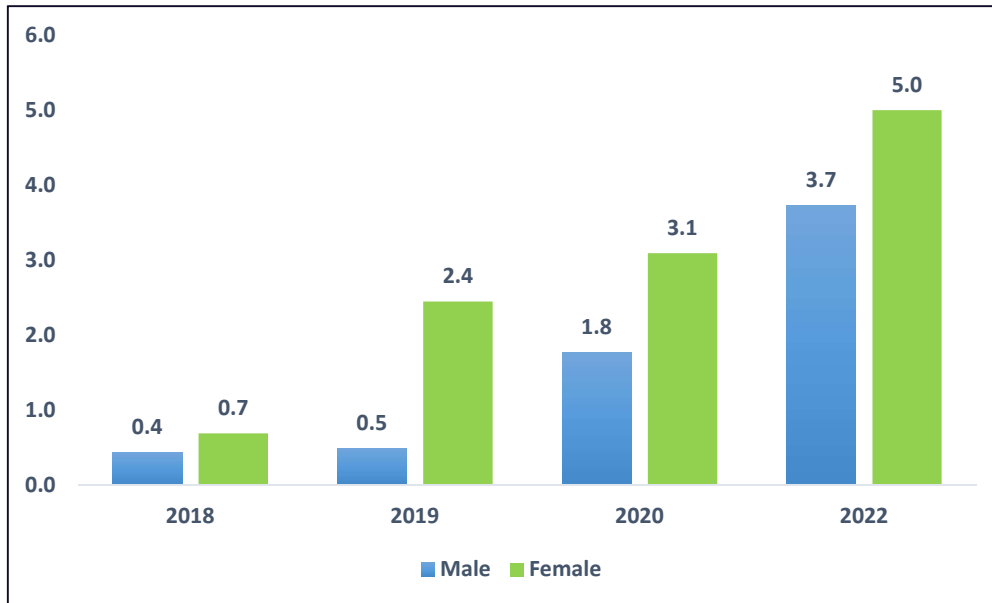


Figure 16. Underemployment Rate of Non-Caymanians by Sex (%)



When examining underemployment by age for the Caymanian population, the majority of the underemployed persons were in the age group 45 to 54 years at 26.3 percent (see Figure 17). This was followed by persons in the 55-64 age group who accounted for 19.7 percent of underemployed Caymanians. With respect to the Non-Caymanian population, it was observed that 31.6 percent of underemployed persons were accounted for in the 35 to 44 age group (see Figure 18). The next largest group for underemployed were persons aged 25 to 34 years at 26.2 percent. Combined, persons aged 25 to 54 years accounted for 82.4 percent of the underemployed population.

Figure 17. Underemployed Caymanians by Age Group, 2022

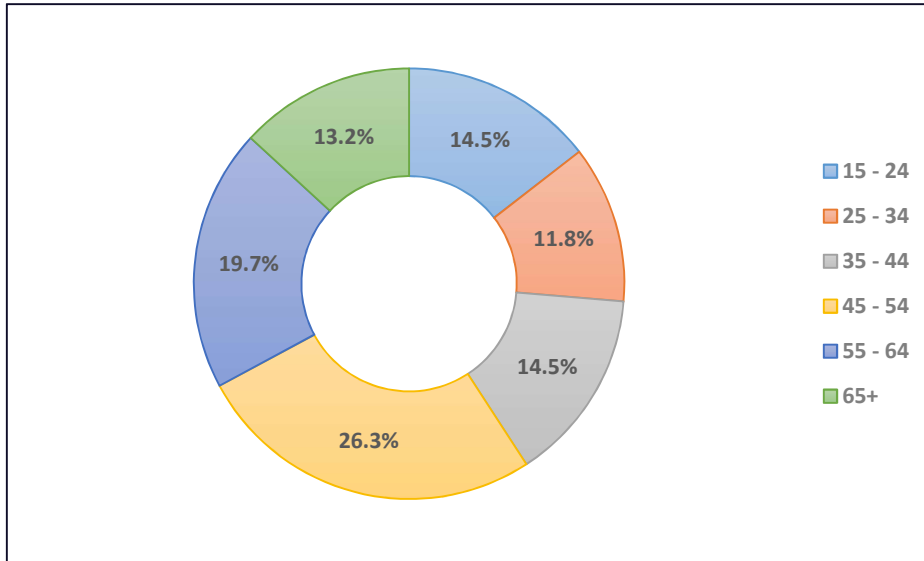
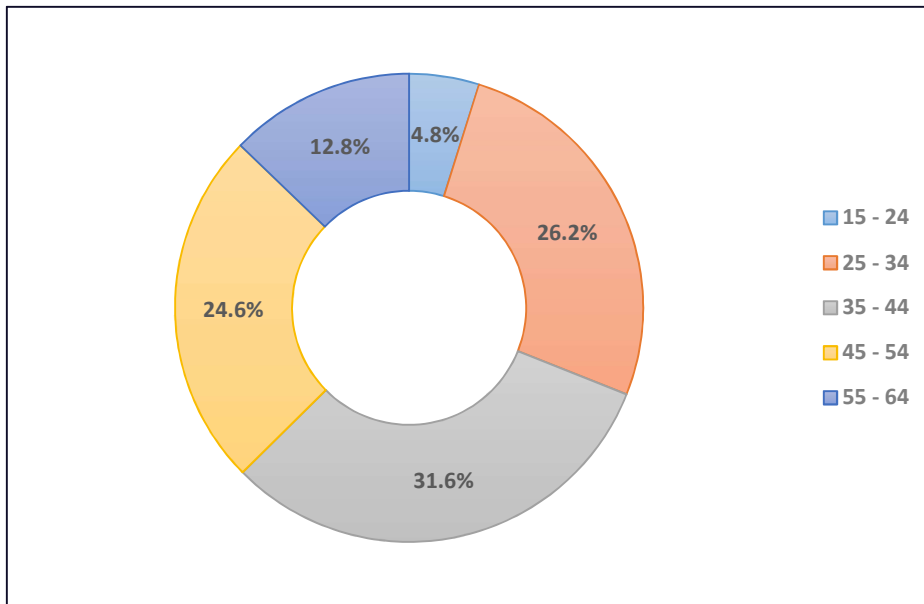


Figure 18. Underemployed Non-Caymanians by Age Group, 2022



The majority of underemployed Caymanians was employed in the Wholesale and Retail Trade industry, 21.8 percent (177 persons) of the total (see Figure 19). The Construction and Transport & Storage industries both followed with 17.3 percent of underemployed Caymanians. Most underemployed Caymanians possessed a high school qualification, 60.6 percent (743 persons) of the total (see Figure 20). The next

largest group was students with post-secondary education who accounted for 23.1% (283 persons) of underemployed Caymanians. A substantial proportion of underemployed Caymanians did not have a college/university degree, which suggests that educational attainment needs to be increased to reduce the incidence of underemployment.

Figure 19. Underemployed Caymanians by Industry, 2022

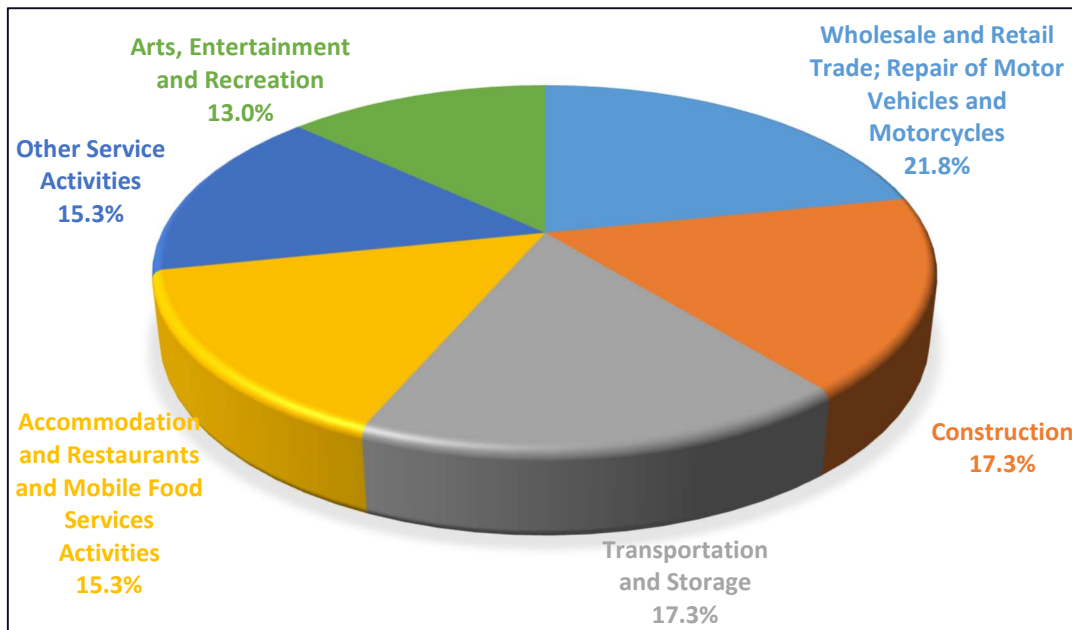
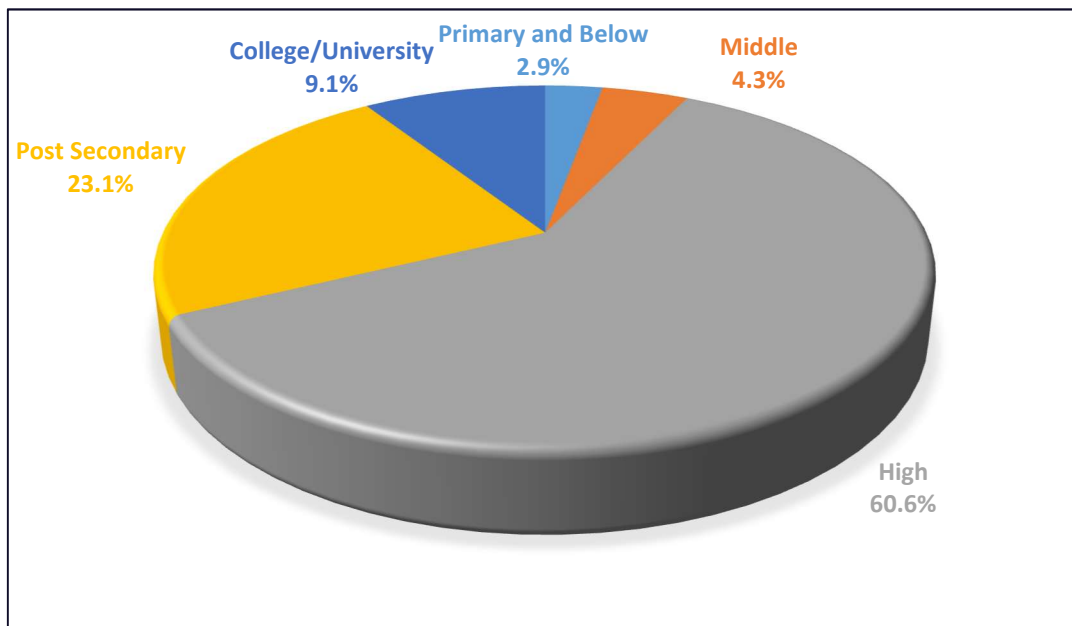


Figure 20. Underemployed Caymanians by Educational Attainment, 2022

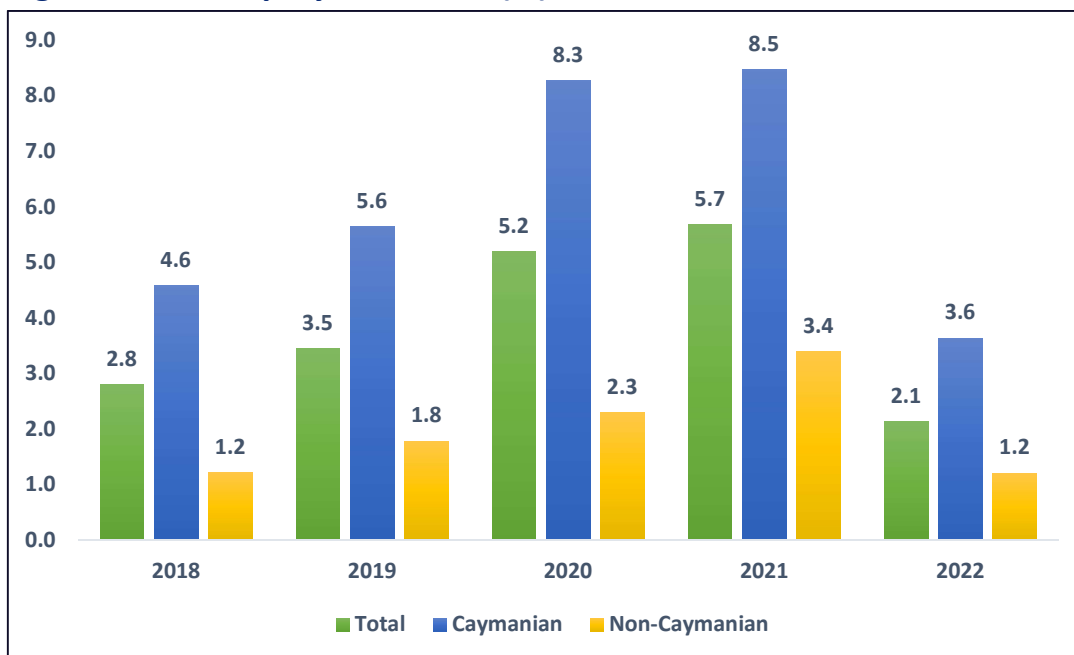


UNEMPLOYMENT

The unemployment rate is defined as the proportion of the labour force that is not working. Unemployed persons are those who are not working but are available and actively seeking work within a specified reference period. The unemployment rate is a measure of the underutilized labour in a country and is usually the most publicized and monitored labour market indicator.

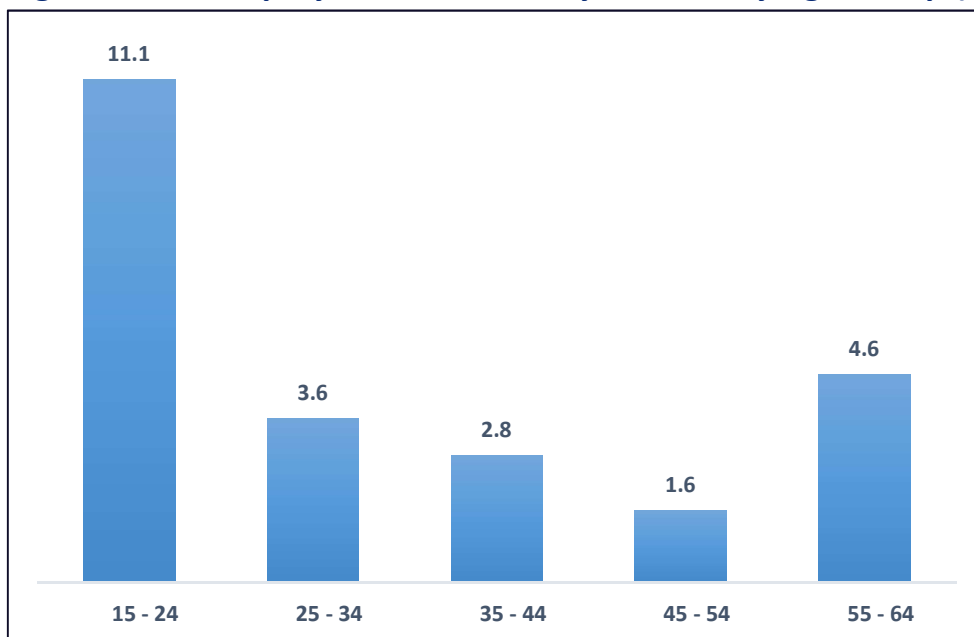
Figure 21 displays the unemployment rates for the total, Caymanian and Non-Caymanian populations. All the rates exhibited similar trends, that is, they decreased from 2019 to 2021 before declining in 2022. The reduction in unemployment rates for 2022 was a direct result of continued improvement in economic conditions following the global pandemic in 2020. The unemployment rates peaked in 2021 as the country continued to recover from the pandemic.

Figure 21. Unemployment Rate (%)



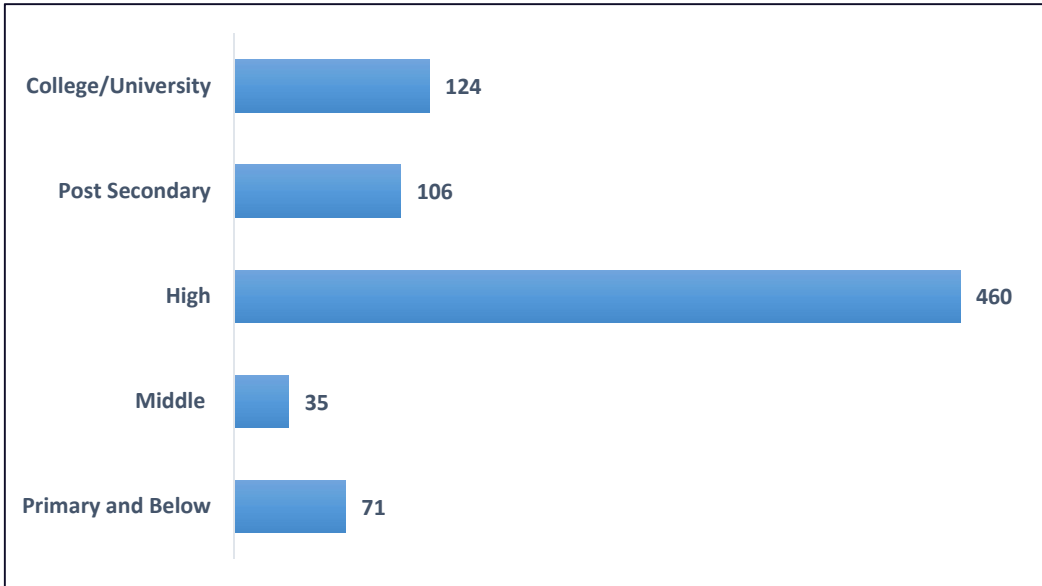
There were 1,227 unemployed persons in total, of which 796 persons were Caymanian and 431 persons Non-Caymanian. With respect to the Caymanian population, youth aged 15 to 24 years recorded the highest unemployment rate at 11.1% (230 persons) {see Figure 22}. Persons aged 55 years to 64 years registered the next highest unemployment rate at 4.6 percent (195 persons).

Figure 22. Unemployment Rate of Caymanians by Age Group (%), 2022



Persons with high school qualifications accounted for most of the unemployment among Caymanians, 460 in total. This was followed by 124 unemployed Caymanians with College/University degrees and 106 Caymanians with post-secondary qualifications (see Figure 23). Unemployment was observed mainly in persons with high school qualifications which underscores the importance of increasing the level of educational attainment among Caymanians to improve their employment prospects and quality of life.

Figure 23. Unemployed Caymanians by Educational Attainment, 2022

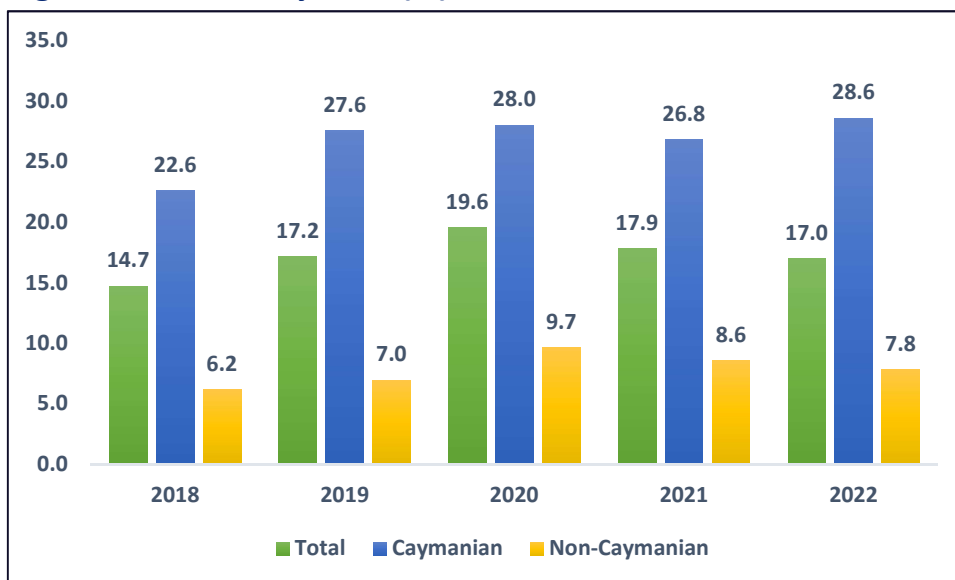


PERSONS NOT IN THE LABOUR FORCE

Persons not in the labour force, formerly the economically inactive population, are those individuals who are neither employed nor unemployed. They include retirees, full-time students, sick or disabled persons, persons taking care of family members at home, and discouraged jobseekers who believe no jobs are available or who have lost interest in working. The inactivity rate is the proportion of the working-age population who are not in the labour force.

The inactivity rates for the total and Non-Caymanian populations displayed the same trend over the five-year period. The inactivity rates increased in 2019 and 2020 before decreasing in the years after (see Figure 24). The inactivity rate for Caymanians displayed a similar trend except increasing in 2022 after declining in 2021. Additionally, the inactivity rate was higher for Caymanians than for Non-Caymanians in the review period because a larger share of youth and elderly persons are Caymanian.

Figure 24. Inactivity Rate (%)



For Caymanians and Non-Caymanians, the inactivity rates were higher for females than males. This was a possible indication that more women were at home caring for family members or going to school full time than men (see Figures 25 and 26).

Figure 25. Inactivity Rate of Caymanians by Sex (%)

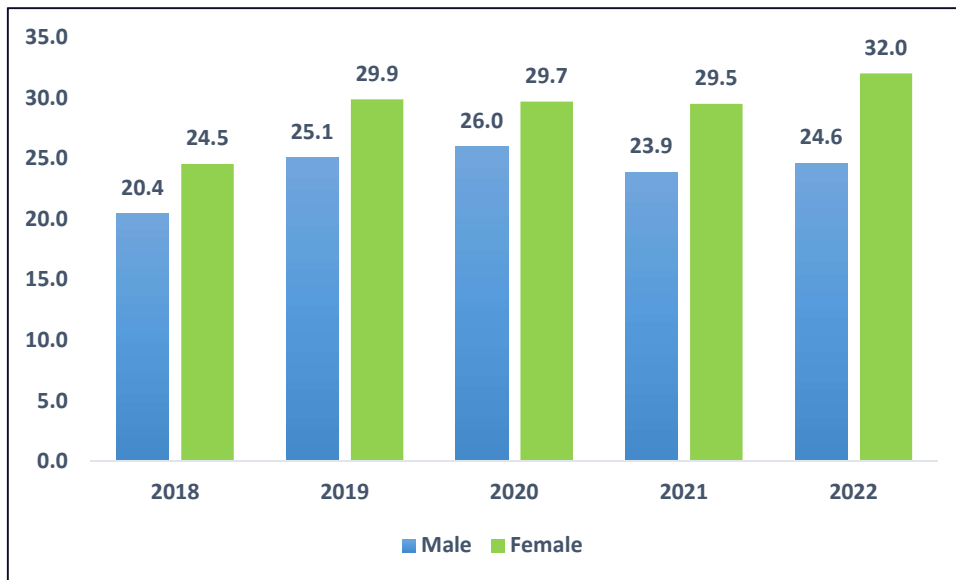
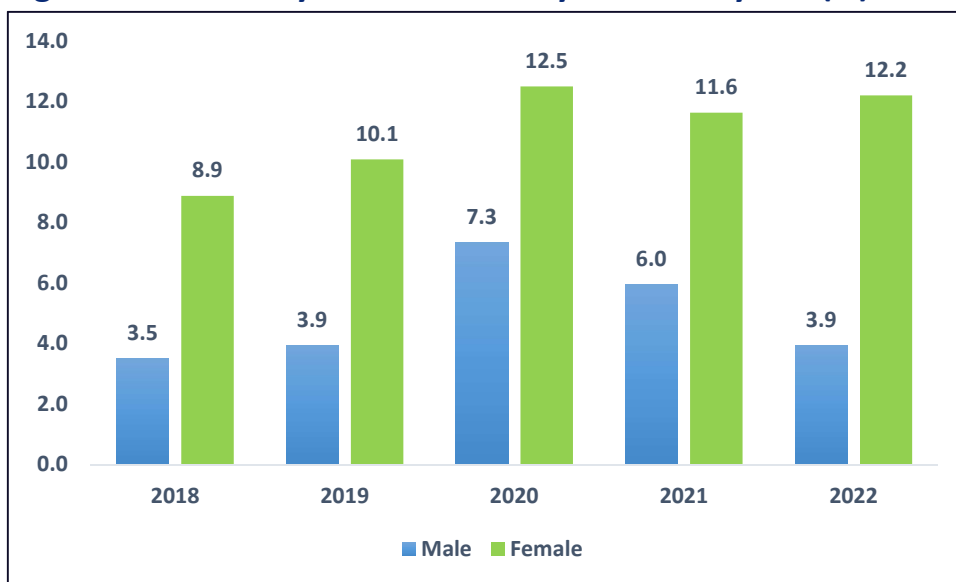


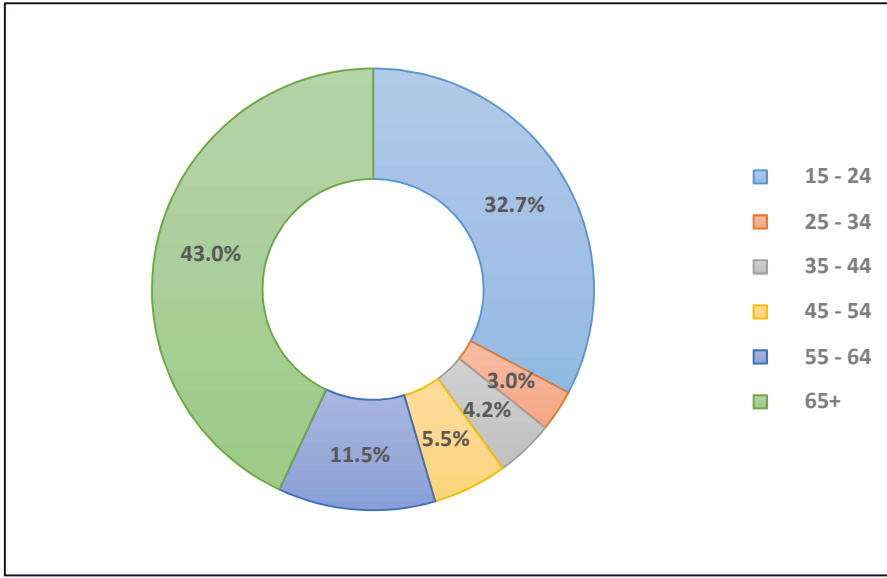
Figure 26. Inactivity Rate of Non-Caymanians by Sex (%)



The inactivity rate of Caymanians was dominated by persons in the 65+ and 15 to 24 age groups. Notably, there were 3,766 elderly Caymanians (43.0%) and 2,865 young Caymanians (32.7%) outside of the labour force (see Figure 27). This reinforced the fact

that retirees and full-time students represented the majority of Caymanians outside the labour force.

Figure 27. Caymanians Not in Labour Force by Age Group (%), 2022



The majority of Caymanians not in the labour force possessed a high school qualification (49.4%), post-secondary qualification (17.1%), and a college/university degree and middle school qualification (11.5%) as shown in Figure 28. This data, along with the statistics by age, possibly alluded to a significant number of students pursuing full time studies at colleges and universities.

Figure 28. Caymanians Not in Labour Force by Educational Attainment (%), 2022

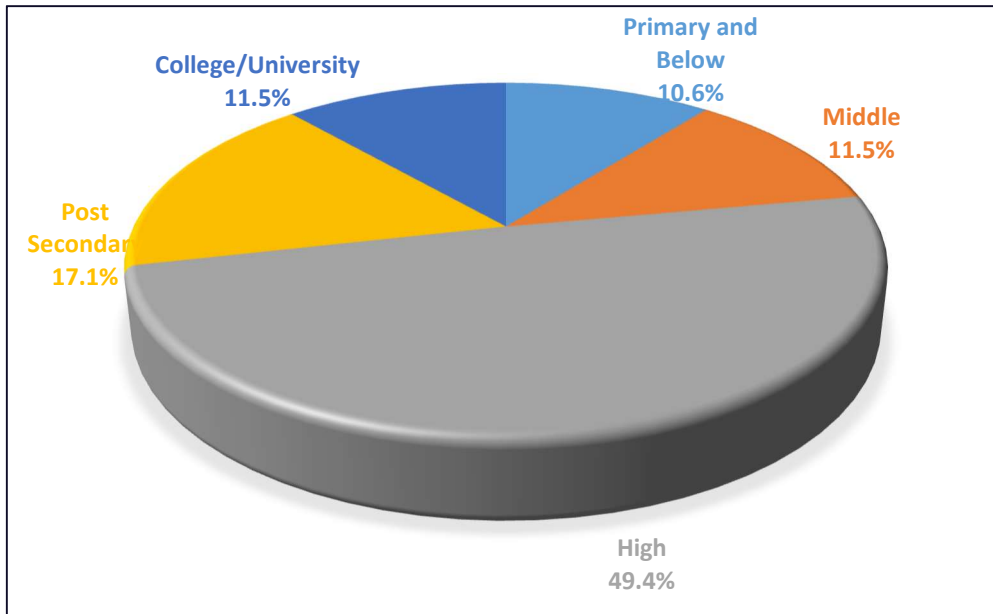
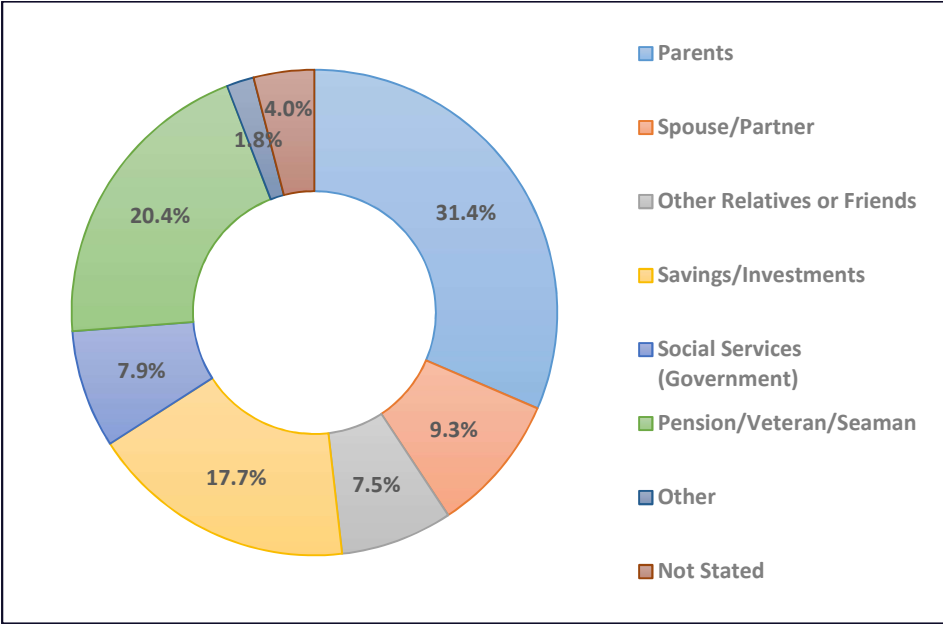


Figure 29 illustrates that 31.4 percent of Caymanians not in the labour force received financial support from their parents. This represented 2,758 persons. Pensioners/veterans/seamen were the next largest group of Caymanians not in the labour force in receipt of financial support, accounting for 20.4 percent or 1,786 persons in total. Caymanians outside the labour force reliance on savings and investments was the third largest means of financial support. There was a total of 1,556 persons (17.7%) who depended on this means of financial support.

Figure 29. Caymanians Not in Labour Force by Main Means of Financial Support (%), 2022

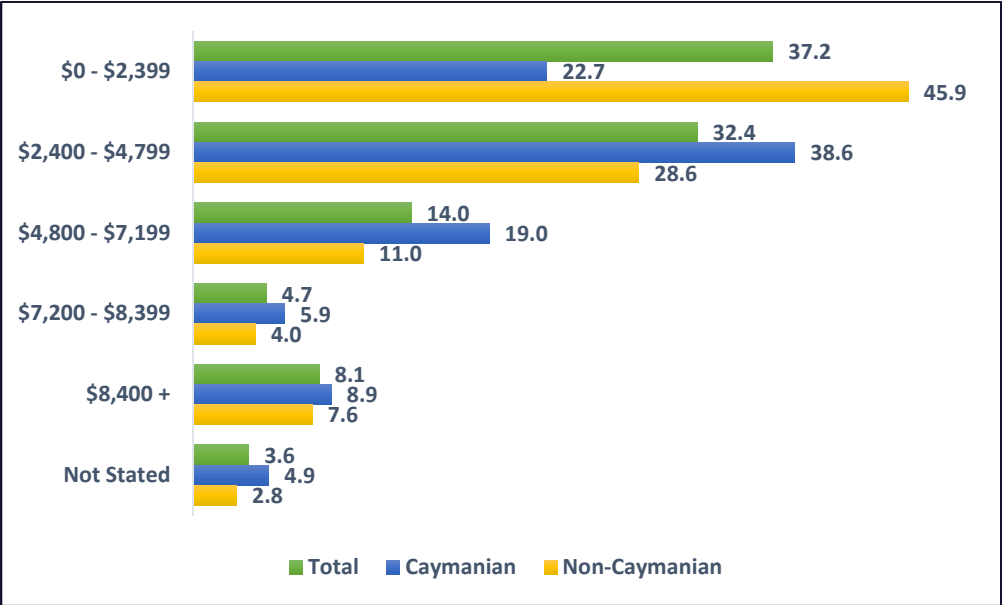


EARNINGS

Earnings refer to the wages and salaries of employees and not the full compensation costs incurred by employers associated with employment. Therefore, it excludes social benefits, services and facilities (such as housing and training) paid by employers to their employees. This indicator, measured in real terms, provides a useful measure of the purchasing power of persons, which gives an indication of the standard of living of the population. It can also capture whether economic growth is translating into better living standards for all segments of society, that is, if there is evidence of income inequality.

Figure 30 displays the monthly earnings of the total, Caymanian and Non-Caymanian employed labour force. Most Caymanians (38.6%) earned an annual income within the \$2,400 – \$4,799 range while the majority of Non-Caymanians (45.9%) earned within the \$0 – \$2,399 range. For Caymanians, the next highest earnings range was \$0 – \$2,399 at 22.7 percent.

Figure 30. Monthly Earnings, 2022



LABOUR PRODUCTIVITY

Labour Productivity is defined as output per unit of labour input (employed persons or hours worked). This indicator measures the efficiency with which inputs are used to produce goods and services in an economy. Labour productivity indicators can be used to support the design and evaluation of labour market policies. For example, high labour productivity usually indicates advanced levels of human capital which requires specific education and training policies. Additionally, trends in labour productivity can be used to analyse the impact of wage settlements on inflation. Furthermore, labour productivity can be used as a proxy along with other social and economic indicators to assess living standards.

Figure 31 shows labour productivity² declining in the years prior to the pandemic, increasing in 2020 and decreasing again in 2021. The lower productivity levels in the review period emanated from a larger reduction in the number of employed persons than output. The sharp increase in productivity in 2020 was due to a larger increase in the number of employed persons than in output. The economy grew in the years labour productivity declined and contracted in the year labour productivity increased. This suggests that Cayman's economic growth did not result from productivity growth but increased employment. This trend also indicates that Cayman's economic growth can be increased with advancement in labour productivity, which would provide the Government with more fiscal space to implement social and economic policies to improve quality of life for all persons.

² Measured as output per worker. Actual Gross Domestic Product data not available for 2022.

Figure 31. Labour Productivity (CI\$ 000 per Worker)

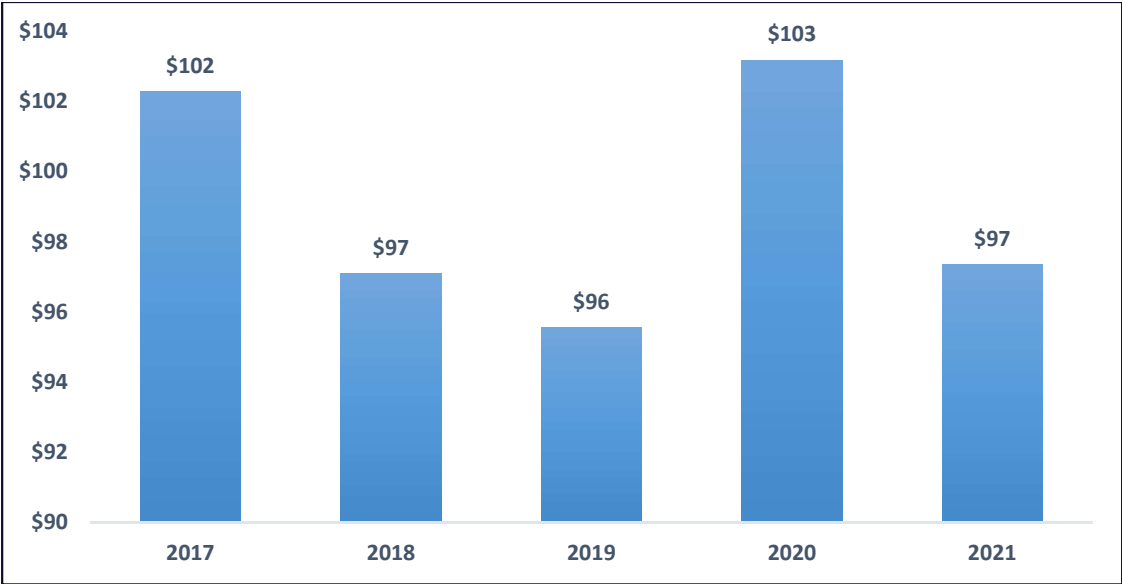
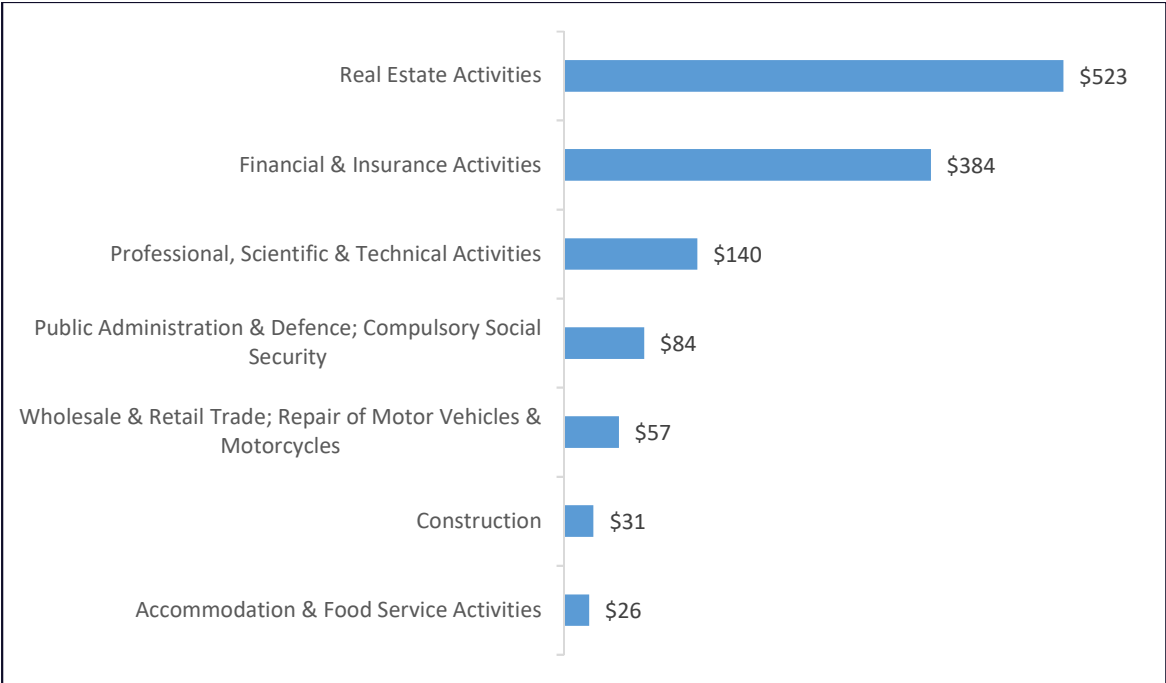


Figure 32 shows labour productivity for select industries³. The Real Estate Activities industry, the third-largest contributor to the economy, recorded the highest productivity level of \$523,000 per worker. The Financial and Insurance Activities industry, which is the largest contributor to the economy, registered the next highest productivity level of \$384,000 per worker. This was preceded by the Professional, Scientific and Technical Activities industry with labour productivity of \$140,000 per worker. This industry is the second-largest contributor to the economy.

³ Industries selected based on contributions to output (Gross Domestic Product).

Figure 32. Labour Productivity by Industry (CIS\$ 000 per Worker), 2021



Labour Market Outlook

Major downside risks pose significant challenges to the global labour market in 2023. According to the ILO's World Employment and Social Outlook Trends 2023 Report, the long-term slowdown in productivity growth was identified as the most substantial downside risk as it spread from advanced economies to major emerging economies. Additionally, the benefits of this reduced productivity growth were dispersed less equally which meant greater levels of income inequality. Other downside risks include the transfer of decreased growth prospects in high-income countries to low and middle-income countries through global supply chain linkages and declining real incomes due to rising prices. All these risks have negative implications for labour markets worldwide as global unemployment is expected to rise by around 3 million persons to reach 208 million persons as employment growth decelerates the ILO reported.

A worsening labour market outlook and higher informal employment have further weakened incentives for productive investment. The high-cost environment due to increased commodity prices, supply chain disruptions and raised interest rates, has made it more difficult for businesses to increase formal employment. This will result in fewer opportunities for formal employment and is a contributing factor to the slowdown in employment growth. Moreover, job quality is expected to decline as informal employment increases, which will lead to fewer persons with social protection and reduced prospects for decent work.

In advanced countries, some sectors have experienced and are expected to continue experiencing labour shortages. These sectors include tourism, healthcare, air transport and logistics; and they have found it increasingly difficult to attract and retain workers due to low wages, lack of decent working conditions and an ageing population.

In the Cayman Islands' context, the labour market looks more promising as a resurgence in economic growth has led to an expansion in jobs. Notably,

unemployment fell significantly in 2022 along with an increase in labour force participation. All the main macroeconomic indicators have been improving since the pandemic and are expected to continue moving in the right direction. A few downside risks to the outlook are anticipated to be the persistent increase in consumer prices, further interest rate hikes by the Federal Reserve in the US, minimum wage adjustment possibly later this year and a continued deterioration in job quality. The Federal Reserve is expected to continue with a monetary policy stance of raising interest rates to return inflation to its target and achieve full employment. An increase in the minimum wage could have an inflationary impact on consumers and undesirable effect on employment. Finally, the quality of jobs available may decrease as businesses struggle to cope with increased operating and financing costs.

Main Findings

- ✓ **Labour Force Participation Rate:** Labour force participation was highest in 2018 as a result of the economy recording its best performance in this year. The rate decreased in 2019 and 2020, after which it rose in the years after. This trend was also observed in the Non-Caymanian population while there was a decline in 2022 in the Caymanian population. Labour force participation was higher for men than women among Caymanians and Non-Caymanians. For Caymanians and Non-Caymanians, this was due to more women being outside the labour force. A possible explanation for this is that more women were retired, domesticated or going to school full time. Most persons in the labour force were aged 25 to 64 years old. This is because a majority of the youth and persons 65 years and older would have been full-time students and retirees, respectively, and these persons are not included in the labour force.
- ✓ **Employment-to-Population Ratio:** The employment-to-population ratio for the overall population declined in 2019 and 2020, then rose in 2021 and 2022. This trend was also similar for the Caymanian and Non-Caymanian populations. The ratio was higher for Non-Caymanians than for Caymanians due to a larger proportion of Caymanians represented in the youth and retired populations. The ratio was also higher for men than for women among Caymanians and Non-Caymanians and could possibly be due to more women in domesticated roles than men. The employment-to-population ratio in 2022 was high in all age groups except for persons aged 15 to 24 years old and at least 65 years old as these individuals were primarily in full-time school and retired.
- ✓ **Status in Employment:** Most persons were employees or wage and salaried workers. There was a higher percentage of Non-Caymanians as employees

when compared with Caymanians. Of the minority that were self-employed workers, there were more Caymanians than Non-Caymanians.

- ✓ **Employment by Industry:** The Construction industry was the largest employer in 2021. It was followed by the Wholesale and Retail Trade; and Accommodation and Restaurants and Mobile Food Services Activities industries. Most Caymanians were employed in the Wholesale and Retail Trade, Central Government and the Construction industries. The majority of Non-Caymanians were employed in the Construction, Wholesale and Retail Trade, and Accommodation and Restaurants and Mobile Food Services Activities industries.
- ✓ **Time-Related Underemployment:** The overall underemployment rate increased during the review period. The rate for the Non-Caymanian population displayed a similar trend while the rate for Caymanians fell in 2019 before increasing in the years after. The male underemployment rate surpassed the female's rate in most years for Caymanians while the female underemployment rate exceeded the male's rate in all years for Non-Caymanians. In 2022, most underemployed Caymanians were in the 45 to 54 age group while the majority of underemployed Non-Caymanians were persons in the 35 to 44 age group. Most underemployed Caymanians were employed in the Wholesale and Retail Trade industry and had high school qualifications.
- ✓ **Unemployment:** The unemployment rate for the total population increased over the review period. The rates for the Caymanian and Non-Caymanian populations recorded similar trends to the total population. The majority of the persons unemployed in 2022 were Caymanians, with most being youth (persons aged 15 to 24 years). Most unemployed Caymanians had high school qualifications.
- ✓ **Persons Not in the Labour Force:** The overall inactivity rate rose in 2019 and 2020, then fell in 2021 and 2022. This trend also occurred in the Non-

Caymanian population. The rate for the Caymanian population displayed a similar trend except when it increased in 2022. The inactivity rate was higher for Caymanians than for Non-Caymanians because a larger share of youth and elderly persons are Caymanian. For Caymanians and Non-Caymanians, the inactivity rates were higher for women than men. This suggests that there were more women at home caring for family members or going to school full time. For Caymanians not in the labour force, most persons were youth and persons aged 65 years and older, had high school qualifications and relied on parents for financial assistance.

- ✓ **Earnings:** Caymanians earned more than Non-Caymanians per month in all salary ranges except \$0 – \$2,399. This was attributed to the employment of more Non-Caymanians in labour intensive industries such as Construction, Tourism, and Wholesale and Retail Trade.
- ✓ **Labour Productivity:** Productivity fell mostly during the review period as an increase in the number of employed persons outweighed the increase in output. The Real Estate industry was the most labour productive in 2021.

Recommendations

- ✓ Bolster support for human capital development in the workforce and institutions that offer training and development. The Government should collaborate with labour market institutions, employers and workers to ensure that educational and skills training curricula correspond with businesses' needs to facilitate productivity growth. Furthermore, the development of the workforce is critical in the application of new technologies to enhance productivity growth. **Additionally, research has shown that active labour market policies can improve efficiency in the labour market as well as increase productivity through greater knowledge and skills spillover effects.**
- ✓ Increase skills development and vocational training as the Cayman Islands economy has produced many economic opportunities for workers in these areas. **The Government should increase strategic partnerships with the private sector to promote training and development of the current and future workforce. The private sector should be encouraged to take ownership of training and development to guarantee relevance and quality of programs offered.** The increased emphasis on skills development and vocational training will create a more sustainable and inclusive space for persons to capitalize on decent work, earn higher incomes, improve productivity and enjoy a better standard of living.