



LABOUR MARKET REPORT 2023



WORC

WORKFORCE OPPORTUNITIES & RESIDENCY CAYMAN
CAYMAN ISLANDS GOVERNMENT

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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.

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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 2024* 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 2023 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, 2019 – 2023, 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 displayed resilience in 2023 due to strong jobs growth, which resulted in the unemployment rate and jobs gap falling below pre-pandemic values. This better than expected performance in the labour market occurred despite a significant slowdown in economic recovery. The worsening of economic conditions globally reflected ongoing geopolitical conflict, unrelenting and broadening inflation, persistent increases in interest rates, and weaker productivity growth.

Real wages declined in most advanced economies as rising inflation eroded wage increases. Additionally, the number of persons living in extreme and moderate poverty grew in 2023, reflecting the adverse impact of higher consumer prices. Global financial conditions started to deteriorate as a result of higher interest rates. Notably, highly indebted developing countries were at risk of financial distress due to the increased cost of financing which had severe negative implications for the quality and quantity of jobs. Despite the increased cost of financing, global investment recovered to pre-pandemic levels.

Productivity growth continued to decelerate amidst increasing price pressures. This slowdown occurred in the context of heightened technological advancement, particularly in generative artificial intelligence. This paradox suggested that most investments were in low-productivity services sectors and construction. A reduction in average hours worked, combined with declining productivity growth, aggravated labour imbalances such as labour and skills shortages. In particular, employers in the manufacturing, construction, information and communication technology, transportation, care, and retail business have found it difficult to attract the required talent to meet the growing demand for labour in these areas.

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 83.1 percent and lowest unemployment rate of 3.3 percent in 2023.

Chart 1: Labour Force Participation Rates of Select Countries (%), 2023

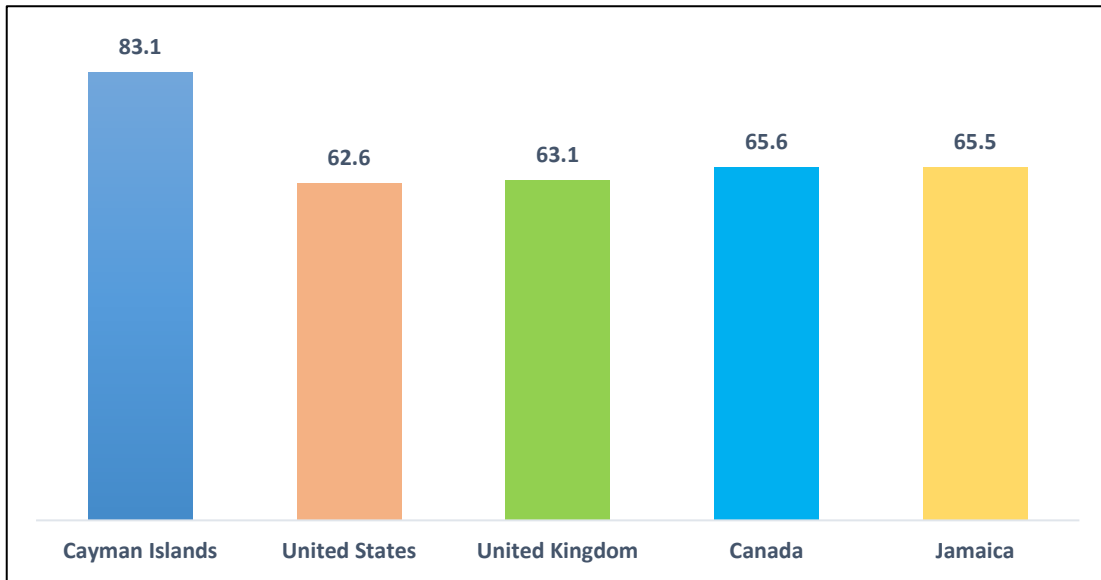
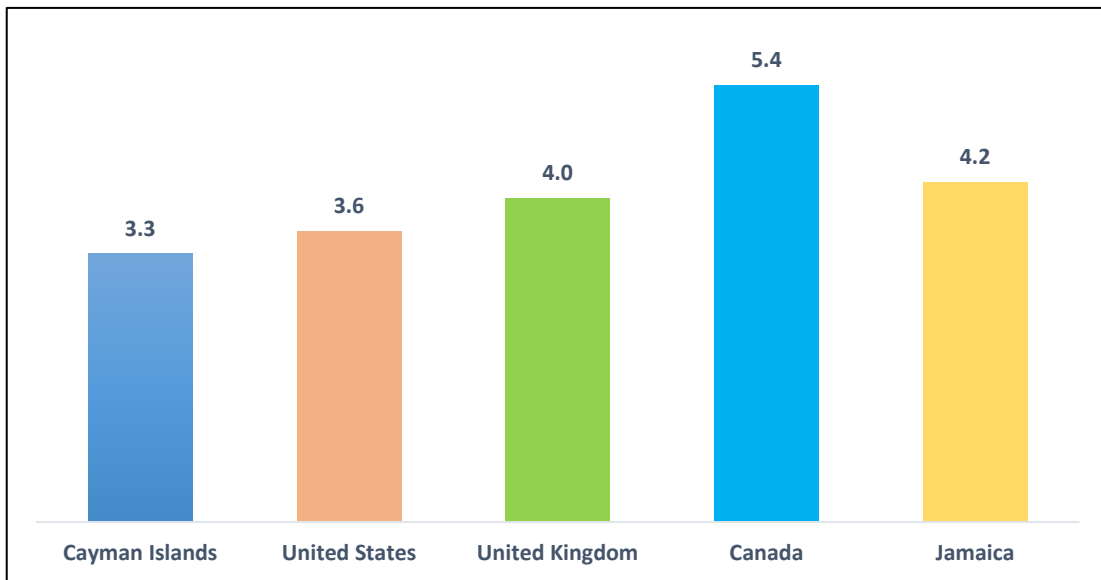


Chart 2: Unemployment Rates of Select Countries (%), 2023



Key Indicators of the Labour Market

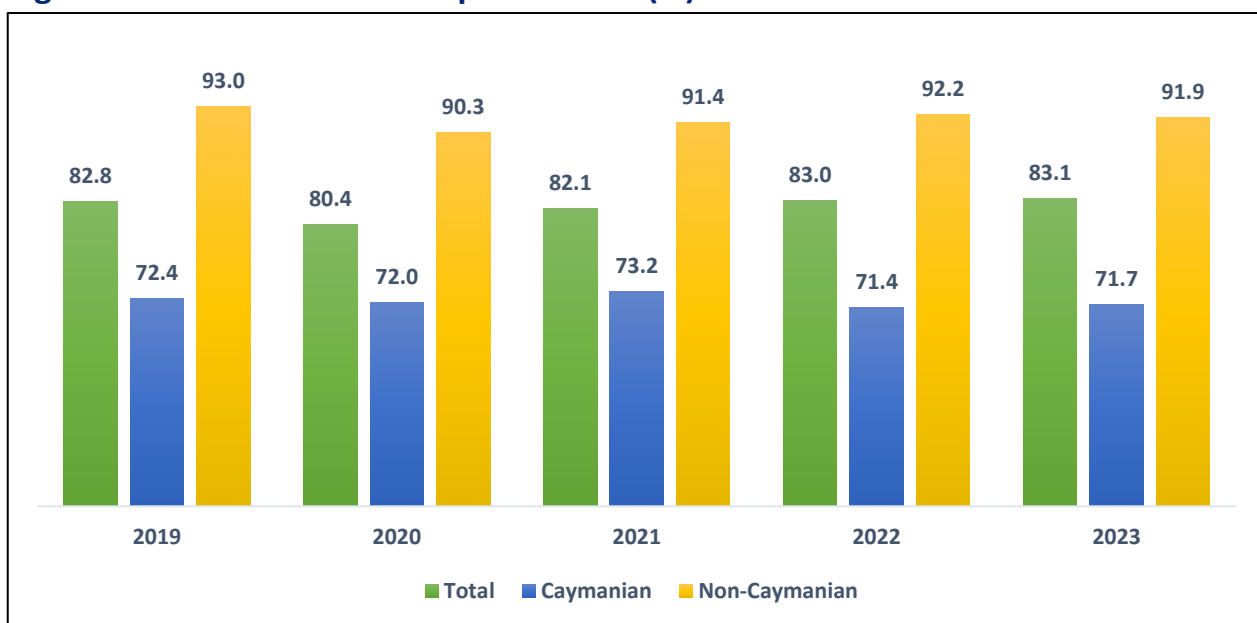
LABOUR FORCE PARTICIPATION RATE

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.

Figure 1 illustrated that the Cayman Islands demonstrated high labour force participation across the five-year review period. The Labour Force Participation Rates (LFPR) were consistently above 80.0 percent for the entire country, and even higher among the Non-Caymanians in the population. The LFPR for the country fell in 2020 due to the adverse impact of the global pandemic, then steadily increased in the following years to 83.1 percent in 2023. This LFPR was higher than the pre-pandemic LFPR of 82.8 percent. For the Caymanian population, the LFPR was 71.7 percent in 2023, a slight improvement from 71.4 percent in 2022. This LFPR was below the pre-pandemic LFPR of 72.4 percent. For the Non-Caymanian population, the LFPR was 91.9 percent in 2023 relative to 92.2 percent in 2022. This LFPR was also below the pre-pandemic LFPR of 93.0 percent.

Figure 1. Labour Force Participation Rate (%)



As seen from Figures 2 and 3, the LFPRs for males were higher than those for females in both the Caymanian and Non-Caymanian working-age populations. In the Caymanian population, labour force participation was highest in 2018 for both males and females at 76.1 percent and 70.5 percent, respectively. In 2023, the LFPR for Caymanian males was second highest at 75.8 percent while for the Caymanian females the LFPR was 68.2 percent, below the 70.0 percent benchmark set in 2019 to 2021. In the Non-Caymanian population, labour force participation was highest for males in 2022 at 96.8 percent and highest for females in 2023 at 89.5 percent. These LFPRs were above those registered before the pandemic. With respect to Caymanians, the male population had higher labour force participation as the female working-age population exceeded that of the male more than the female labour force surpassed that of the male. With regards to Non-Caymanians, the male population recorded higher labour force participation due to the male labour force exceeding that of the female more than the male working-age population surpassing than that of the female.

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

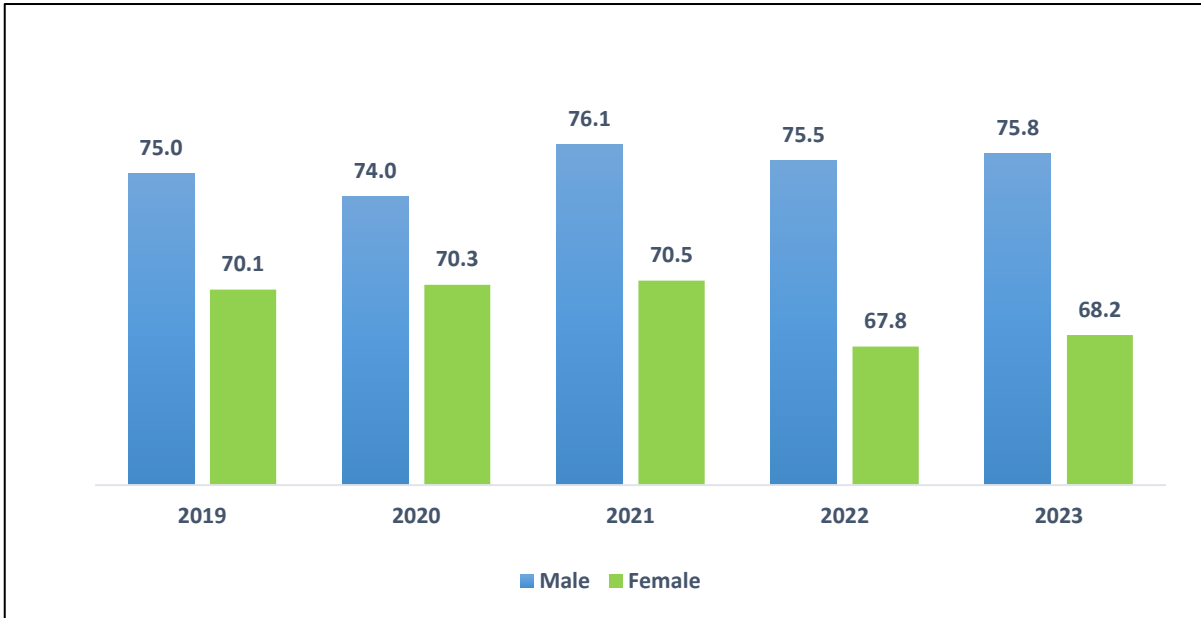
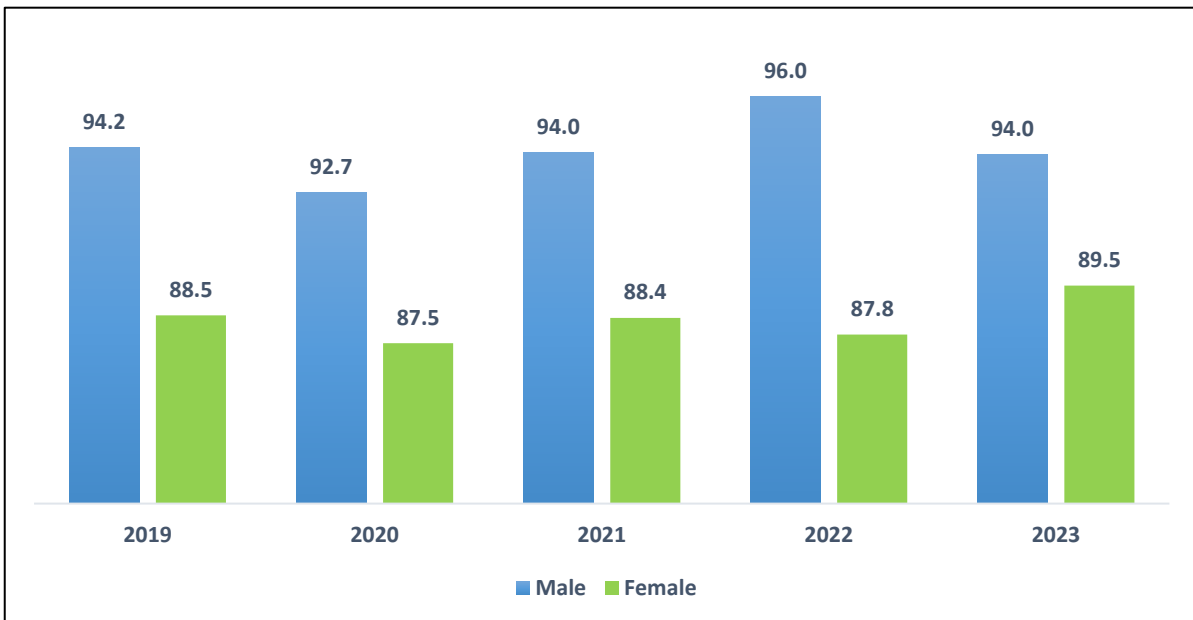
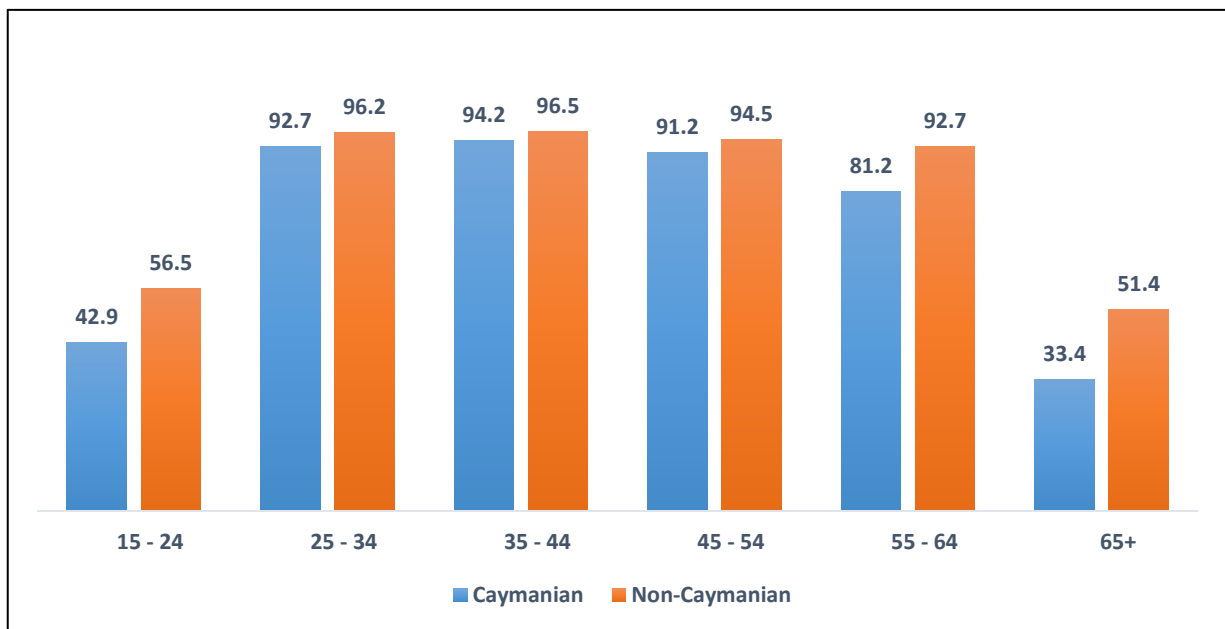


Figure 3. Labour Force Participation Rate of Non-Caymanians by Sex (%)



When analysing the data by age, labour force participation was highest in the 35-44 age group followed by the 25-34 and 45-54 age groups for the Caymanian and Non-Caymanian working-age populations (see Figure 4). Labour force participation was lowest among the elderly (persons 65+) and youth (persons 15–24) for both Caymanians and Non-Caymanians due to the number of retirees and persons going school full time in these age groups.

Figure 4. Labour Force Participation Rate by Age Group (%), 2023

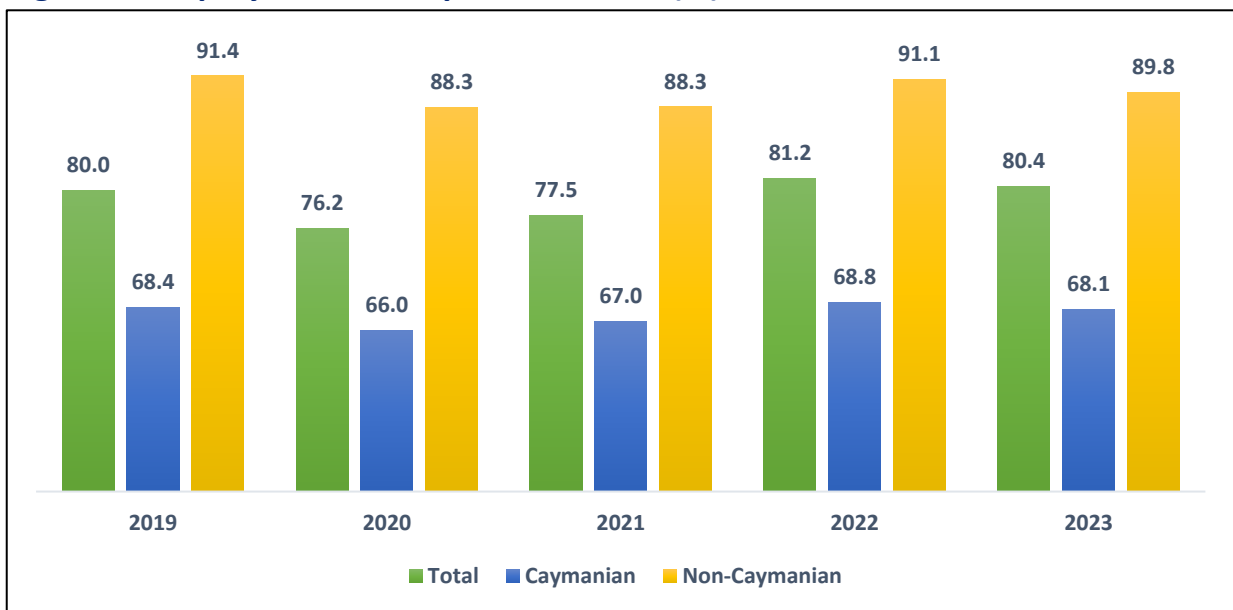


EMPLOYMENT-TO-POPULATION RATIO

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 exhibits a similar trend among all three populations, with the total employment-to-population ratio declining in 2020, then rising and falling again to end at 80.4 percent in 2023. The ratio was higher for Non-Caymanians due to the surge in employment of this segment of the population, which was driven by economic growth.

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



As exhibited by Figures 6 and 7, the employment-to-population ratios for male and female Caymanians as well as male Non-Caymanians displayed similar trends to the country's trend. Furthermore, the ratios for men were higher than for women in both groups.

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

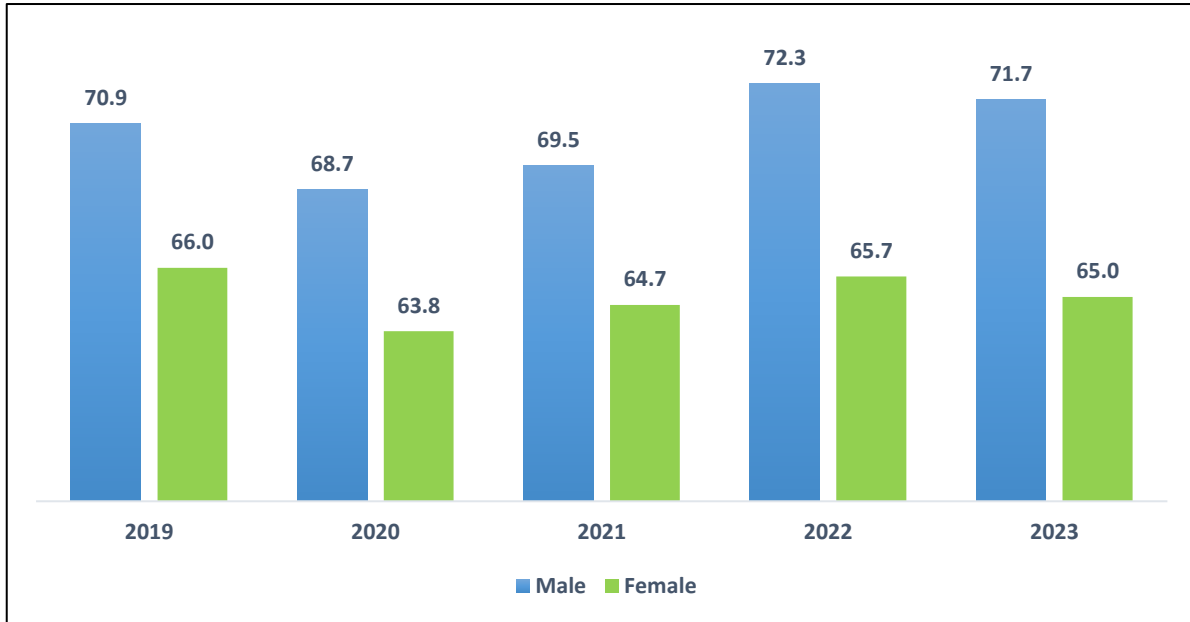
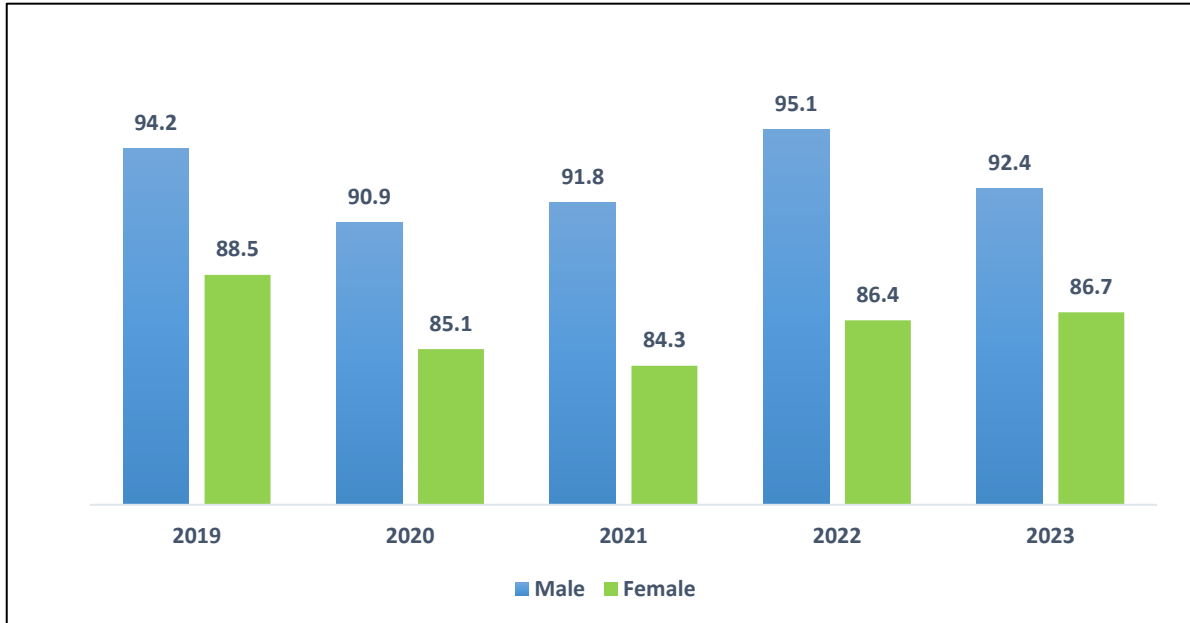
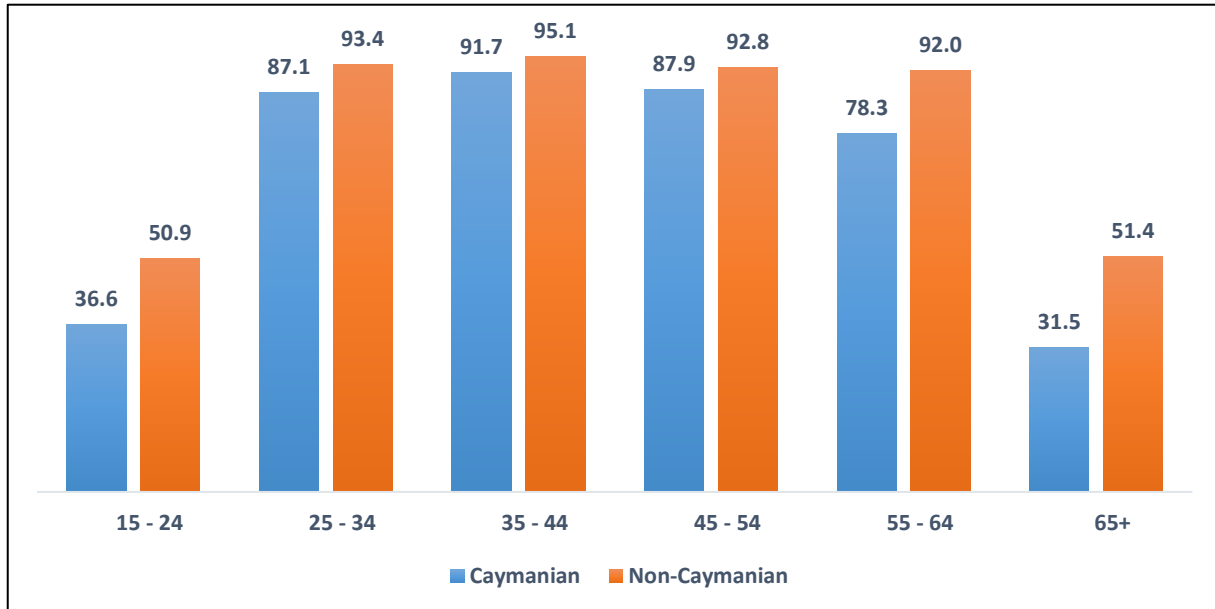


Figure 7. Employment-to-Population Ratio of Non-Caymanians by Sex (%)



The analysis by age for the employment-to-population ratios for Non-Caymanians was consistent with that for labour force participation. The 35-44 age group recorded the highest employment-to-population ratio followed by the 25-34 and 45-54 age groups (see Figure 8). With respect to Caymanians, the employment-to-population ratio was highest for the 35-44 age group followed by the 45-54 and 25-34 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 among Caymanians and Non-Caymanians mainly because these individuals had full-time school commitments.

Figure 8. Employment-to-Population Ratio by Age Group (%), 2023



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 (%)

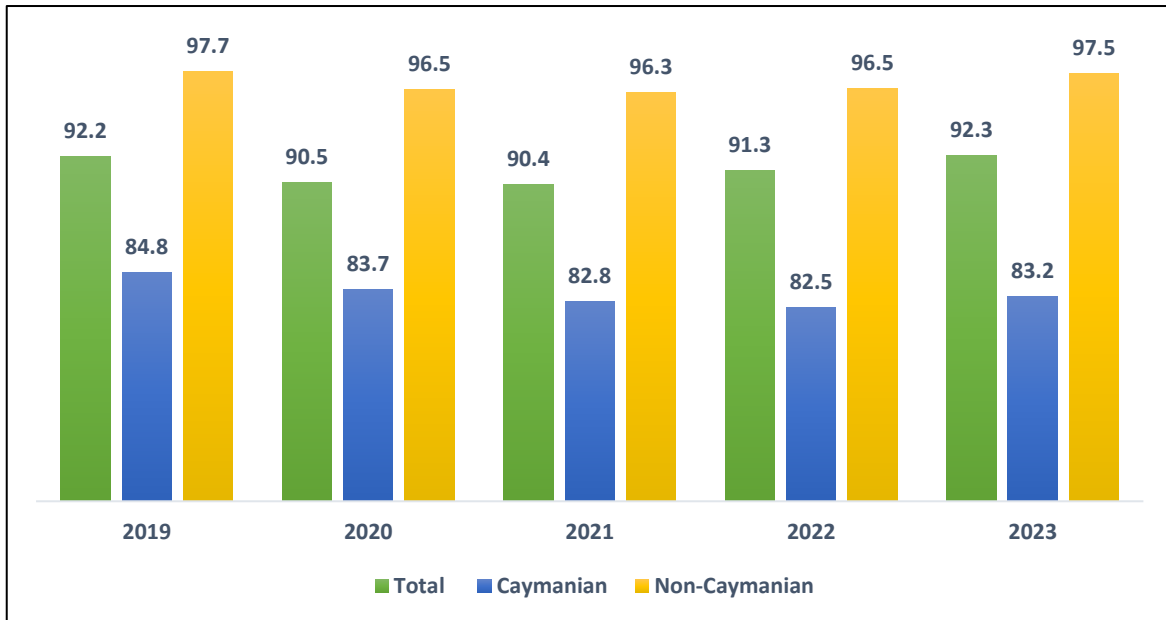
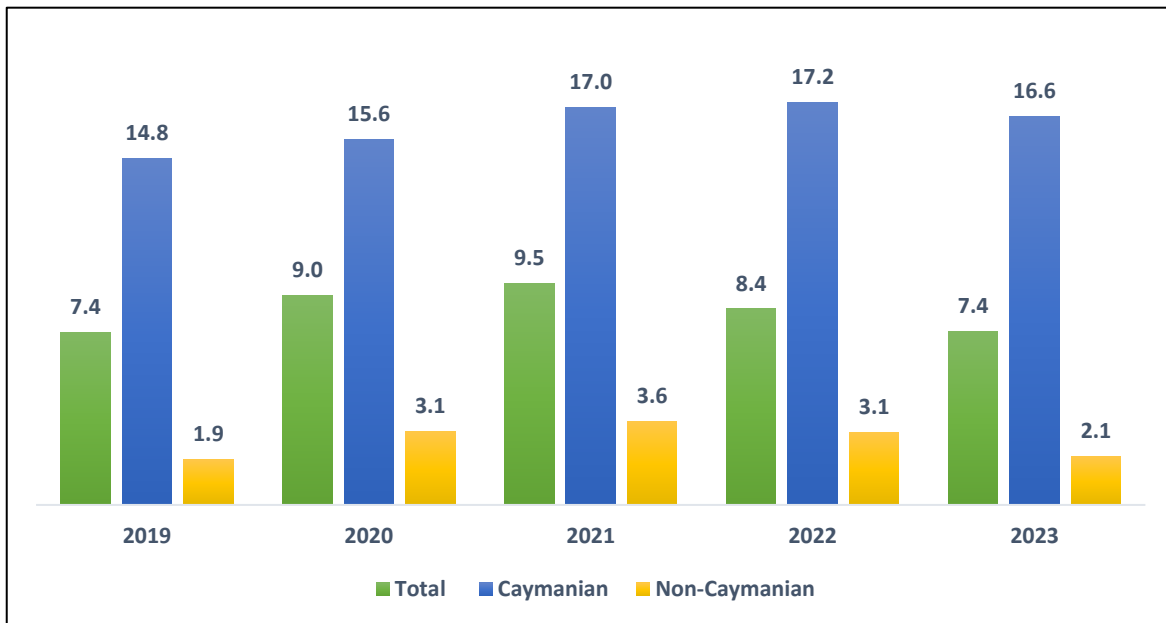


Figure 10. Status in Employment for Self-Employed Workers (%)



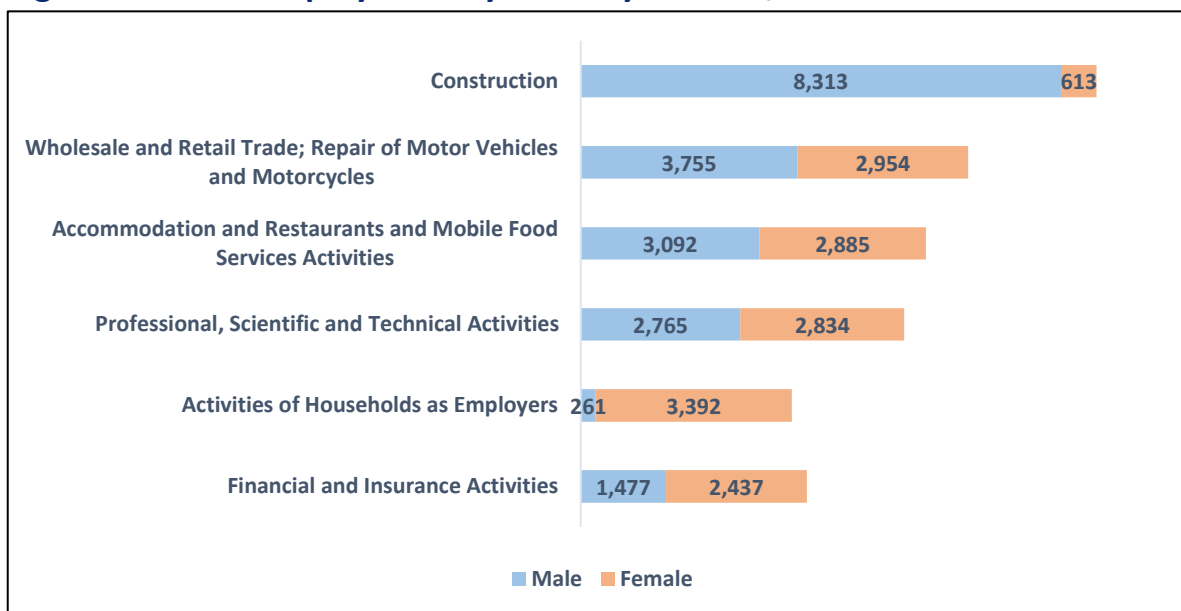
EMPLOYMENT BY INDUSTRY

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.

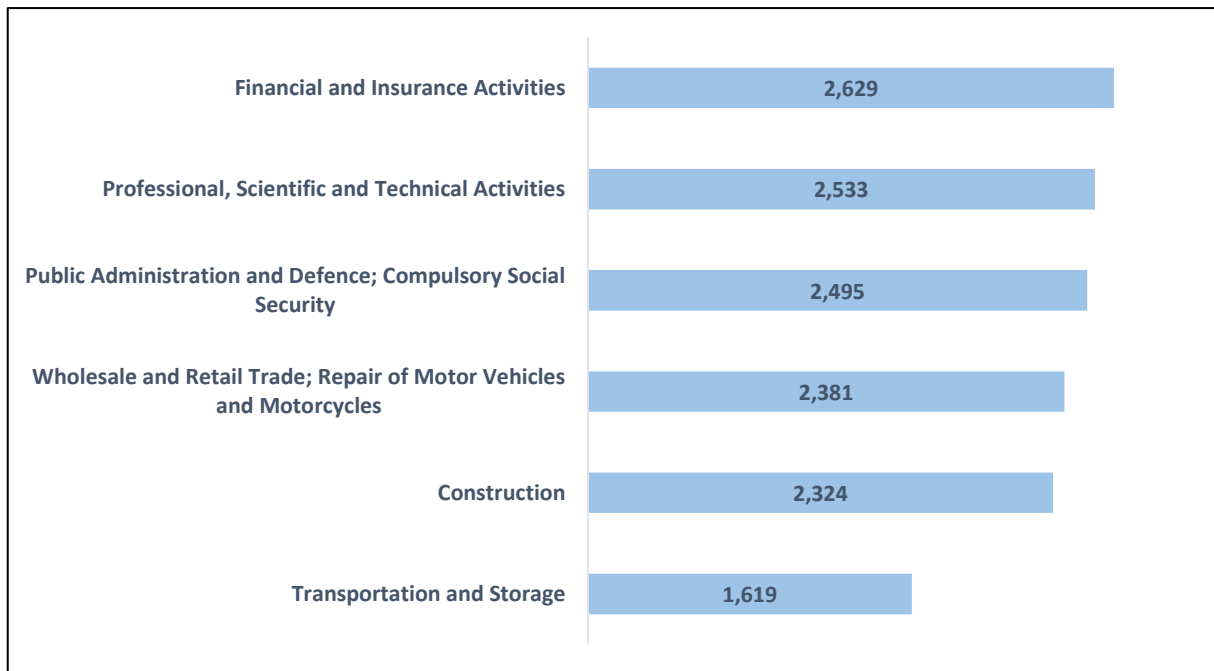
The largest employer in the economy was the Construction industry, employing 8,926 persons (see Figure 11). This industry is dominated by male employment, which accounted for 8,313 persons (93.1% of the total). There were 613 females employed in this industry, which represented 6.9 percent of the total. The Wholesale and Retail Trade industry followed with an employment of 6,708 persons, of which 56.0 percent was male and 44.0 percent female. It should be mentioned that the top six industries by employment shown in Figure 11 represents the most significant and some of the 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, 2023



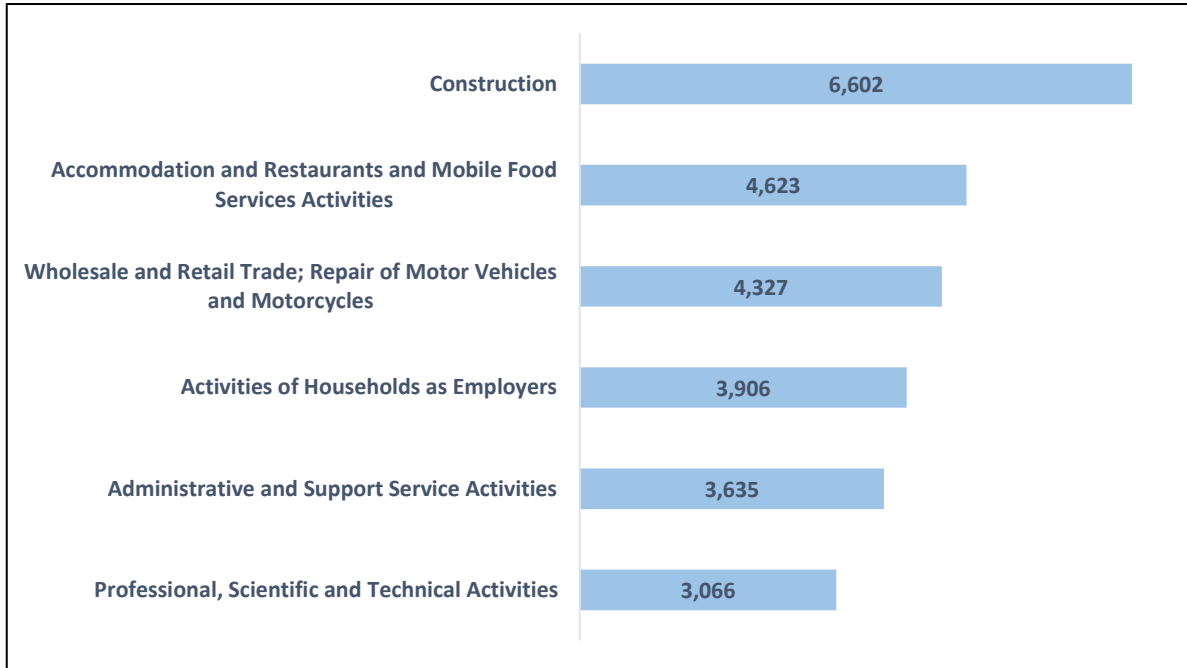
The Financial and Insurance Activities industry employed the most Caymanians, 2,629 persons in total (see Figure 12). The Professional, Scientific and Technical Activities industry was next with 2,533 Caymanians followed by Public Administration and Defence with 2,495 persons.

Figure 12. Caymanian Employment by Industry, 2023



The Construction industry employed the most Non-Caymanians, 6,602 persons in total (see Figure 13). The Accommodation and Restaurants and Mobile Food Service Activities industry followed with 4,623 Non-Caymanians, which was then proceeded by the Wholesale and Retail Trade industry with 4,327 persons.

Figure 13. Non-Caymanian Employment by Industry, 2023

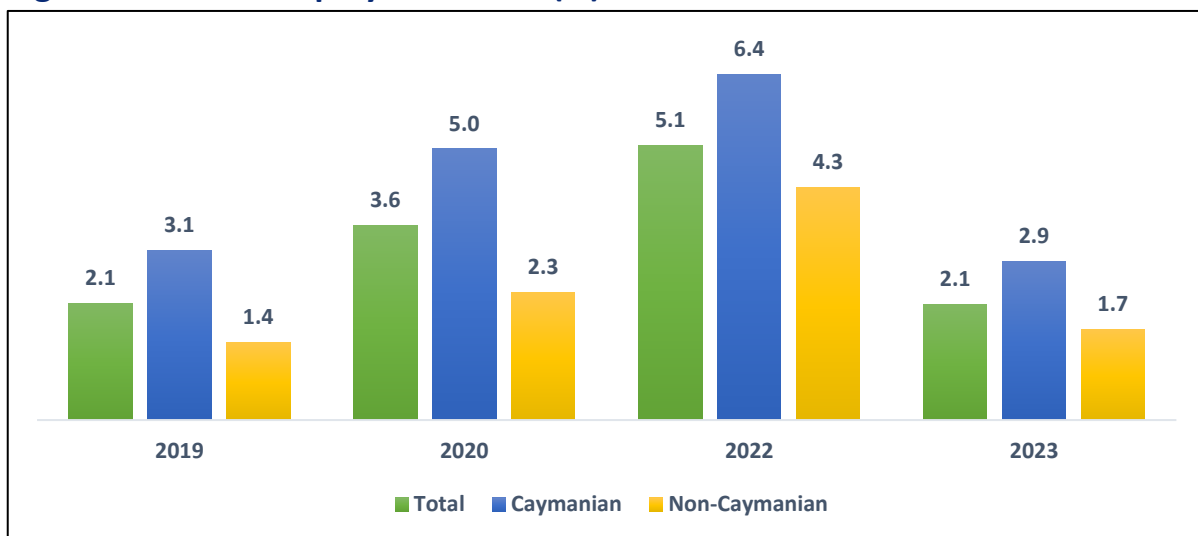


TIME-RELATED UNDEREMPLOYMENT¹

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 for 2019 to 2020 and 2022 to 2023. Total underemployment decreased during the review period, ending at 2.1 percent in 2023. The underemployment rates for Caymanians and Non-Caymanians declined to 2.9 percent and 1.7 percent in 2023, respectively. For 2023, the total number of underemployed persons was 1,247 persons relative to 2,857 persons in 2022. Notably, there were 629 Caymanians underemployed in 2023 compared with 1,344 persons in the previous year.

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. With regards to the Caymanian population, both the male and female underemployment rates increased to 2022, then fell significantly to 3.6 percent and 2.2 percent in 2023, respectively. The underemployment rate displayed the same trend for Non-Caymanians. Furthermore, the male underemployment rate surpassed the female's among Caymanians while the female underemployment rate exceeded the male's in the review period.

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

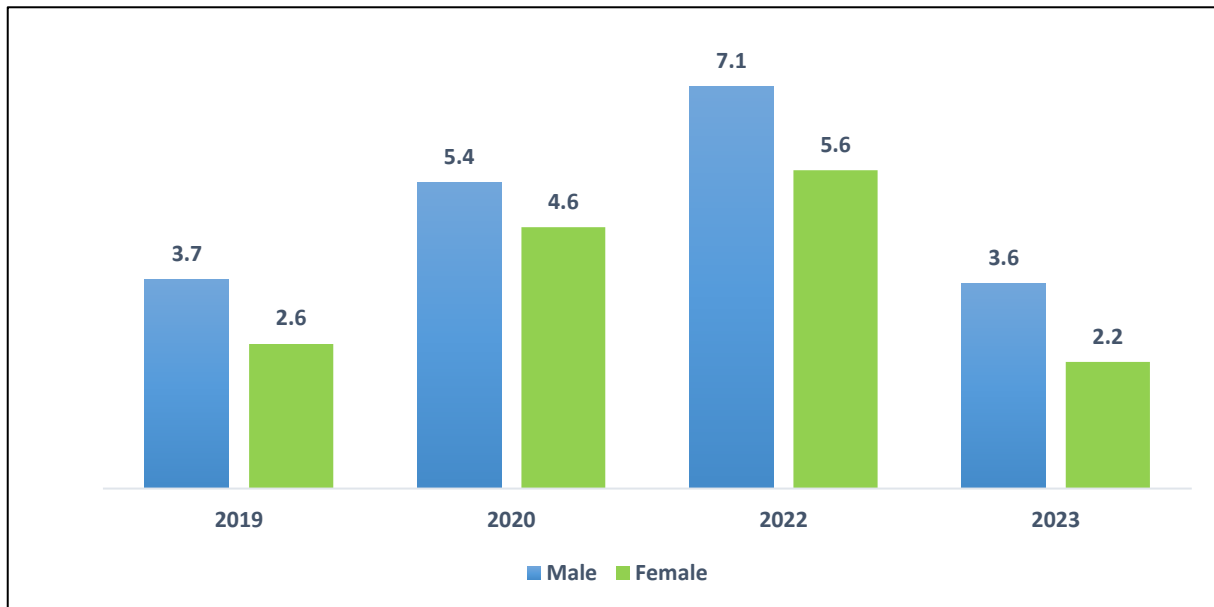


Figure 16. Underemployment Rate of Non-Caymanians by Sex (%)



When examining underemployment by age for the Caymanian population, the majority of the underemployed persons were in the age groups 15 to 24 years and 45 to 54 years at 26.0 percent (see Figure 17). This was followed by persons 55 years and older who accounted for 37.5 percent of underemployed Caymanians. With respect to the Non-Caymanian population, it was observed that 57.2 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 45 to 54 years at 19.1 percent. Persons aged 55 to 64 years proceeded with 14.3 percent of the underemployed population.

Figure 17. Underemployed Caymanians by Age Group, 2023

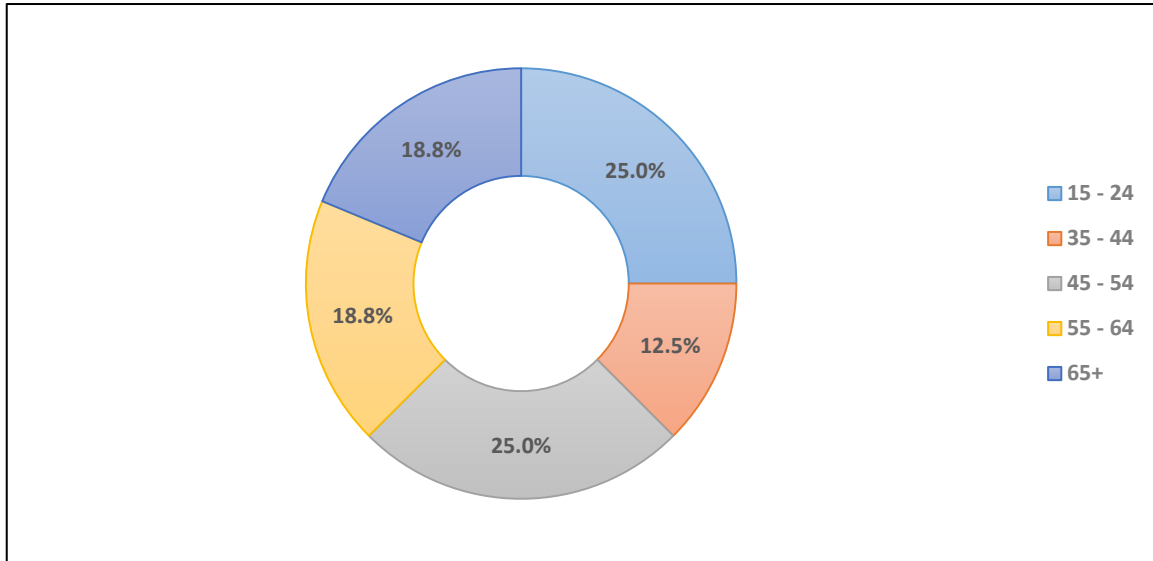
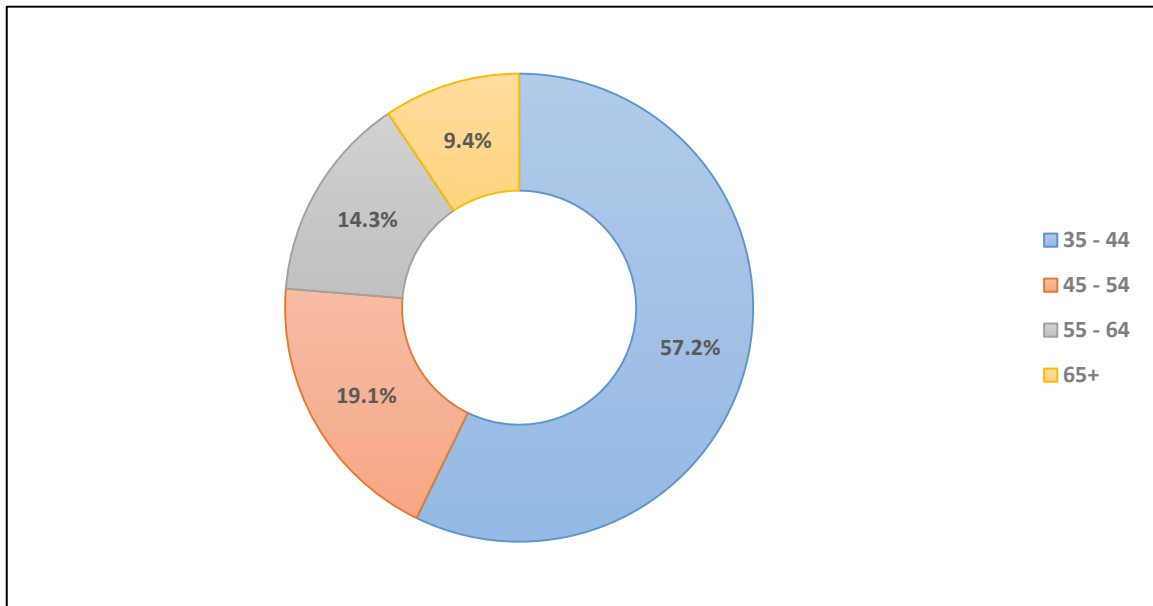


Figure 18. Underemployed Non-Caymanians by Age Group, 2023



The majority of underemployed Caymanians were employed in the Construction and Transport and Storage industries, both at 23.1 percent (see Figure 19). The Education and Other Service Activities industries followed with 15.4 percent each. Most underemployed Caymanians possessed a high school qualification, 61.4 percent (362 persons) of the total (see Figure 20). The next largest group was students with post-

secondary and college/university education who both accounted for 32.2% (190 persons) of underemployed Caymanians. A substantial proportion of underemployed Caymanians did not have a college/university degree (83.9 percent), which suggests that educational attainment needs to be increased to reduce the incidence of underemployment.

Figure 19. Underemployed Caymanians by Industry, 2023

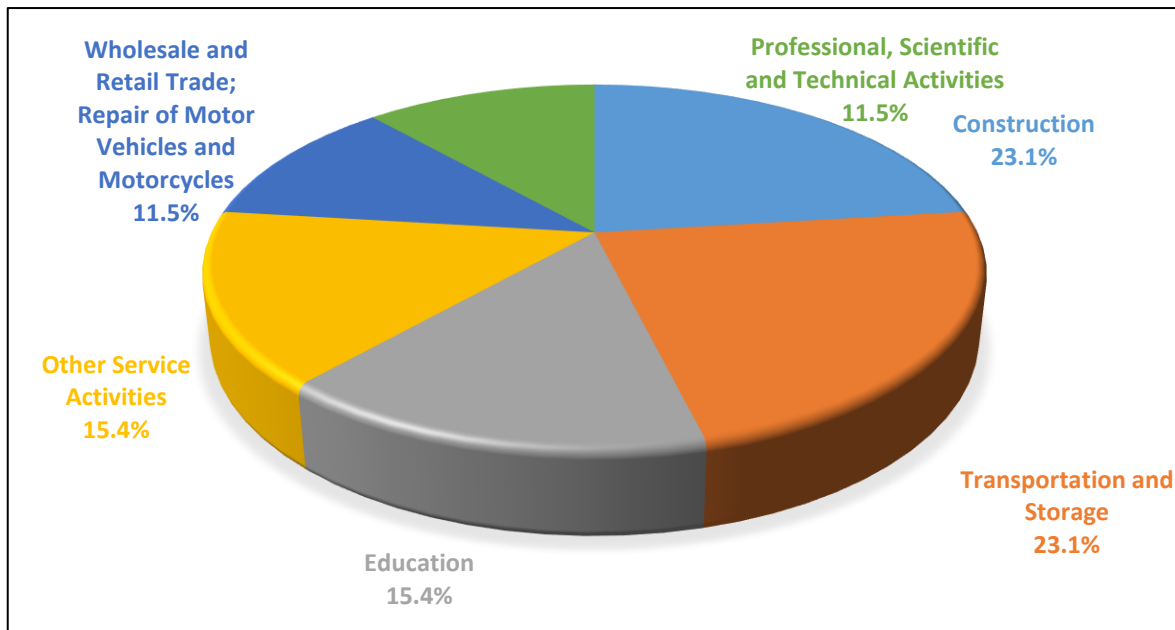
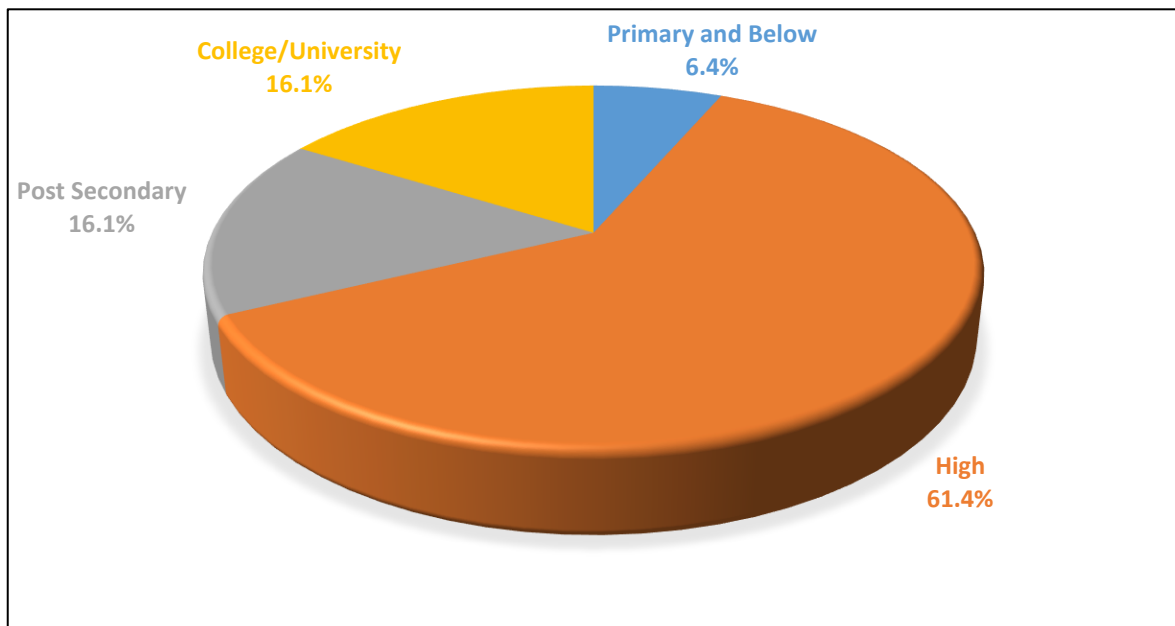


Figure 20. Underemployed Caymanians by Educational Attainment, 2023

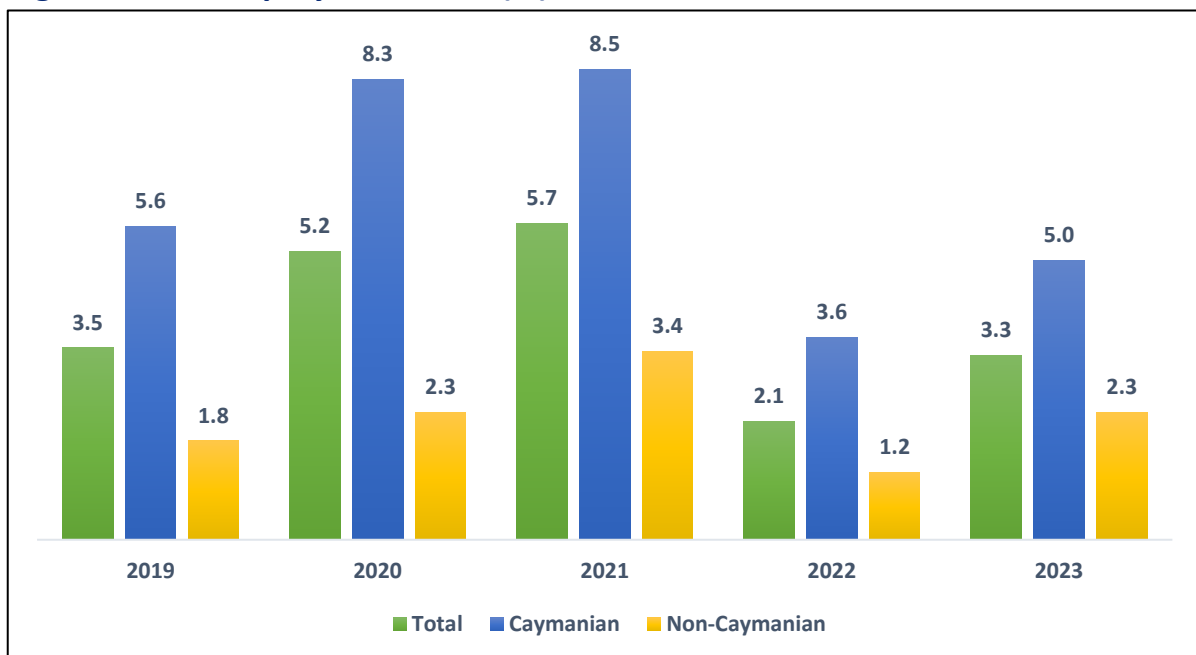


UNEMPLOYMENT

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.

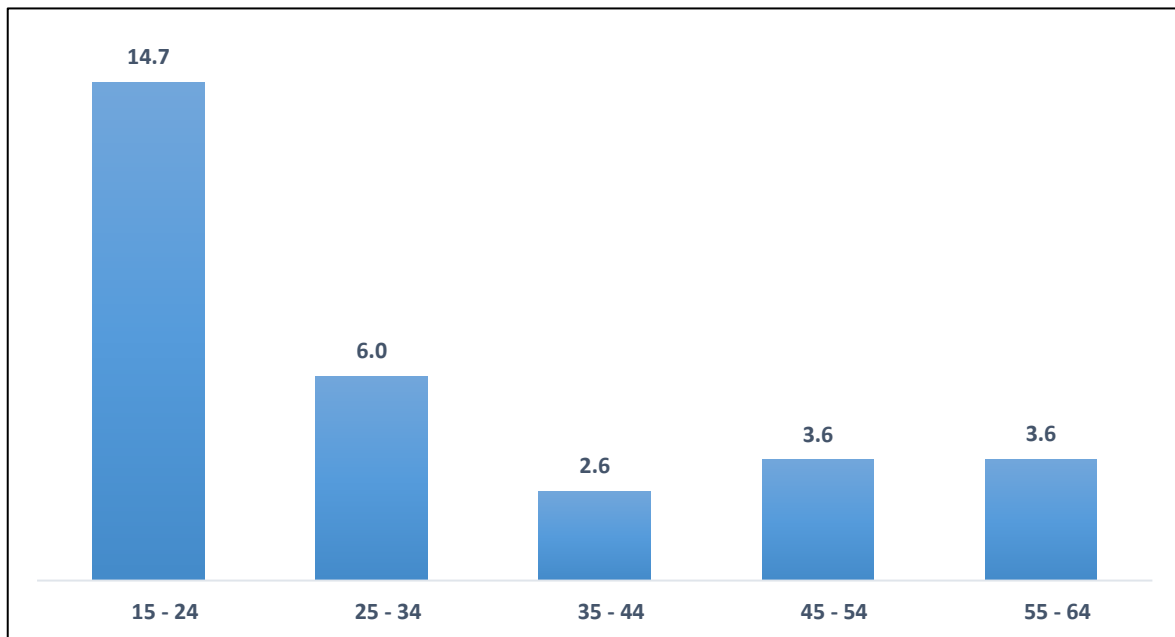
Figure 21 displays the unemployment rates for the total, Caymanian and Non-Caymanian populations. All the rates exhibited similar trends, that is, they increased to 2021 before declining in 2022, then rising again in 2023.

Figure 21. Unemployment Rate (%)



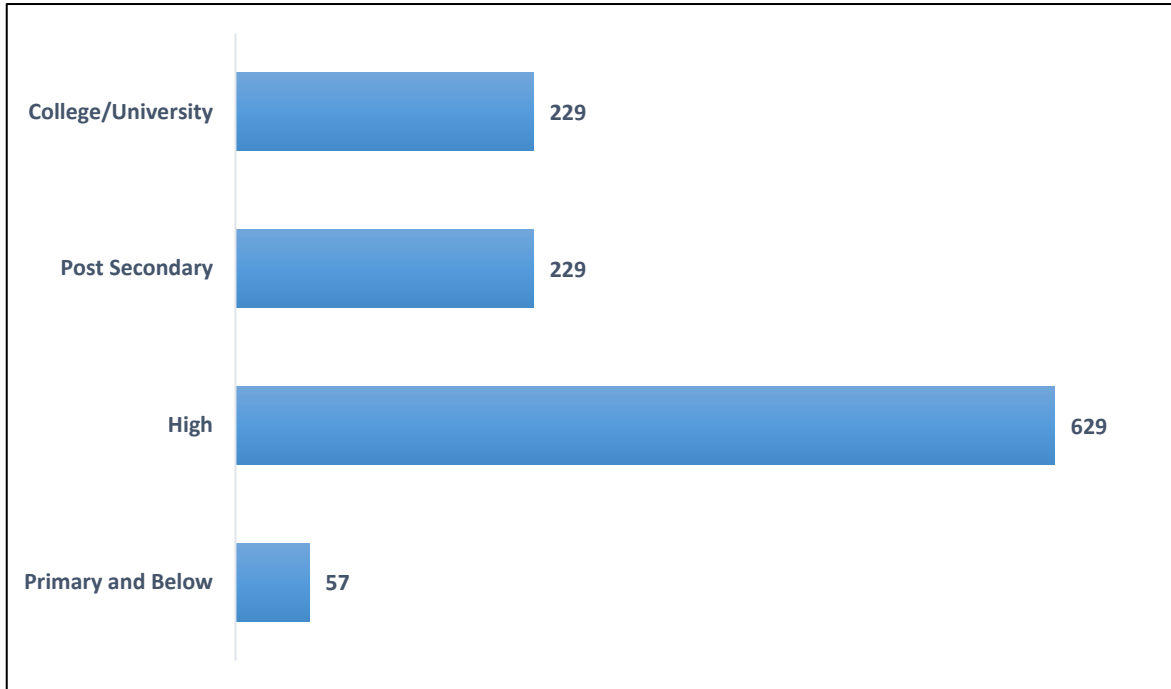
There were 2,008 unemployed persons in total, of which 1,143 persons were Caymanian and 866 persons Non-Caymanian. With respect to the Caymanian population, youth aged 15 to 24 years recorded the highest unemployment rate of 14.7% (305 persons) {see Figure 22}. Persons aged 25 years to 34 years registered the next highest unemployment rate of 6.0 percent (248 persons).

Figure 22. Unemployment Rate of Caymanians by Age Group (%), 2023



Persons with high school qualifications accounted for most of the unemployment among Caymanians, 629 in total. This was followed by 458 unemployed Caymanians with college/university degrees and post-secondary qualifications (see Figure 23). Unemployment was observed mainly in persons with less than a College/University Degree (80.0 percent), 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, 2023

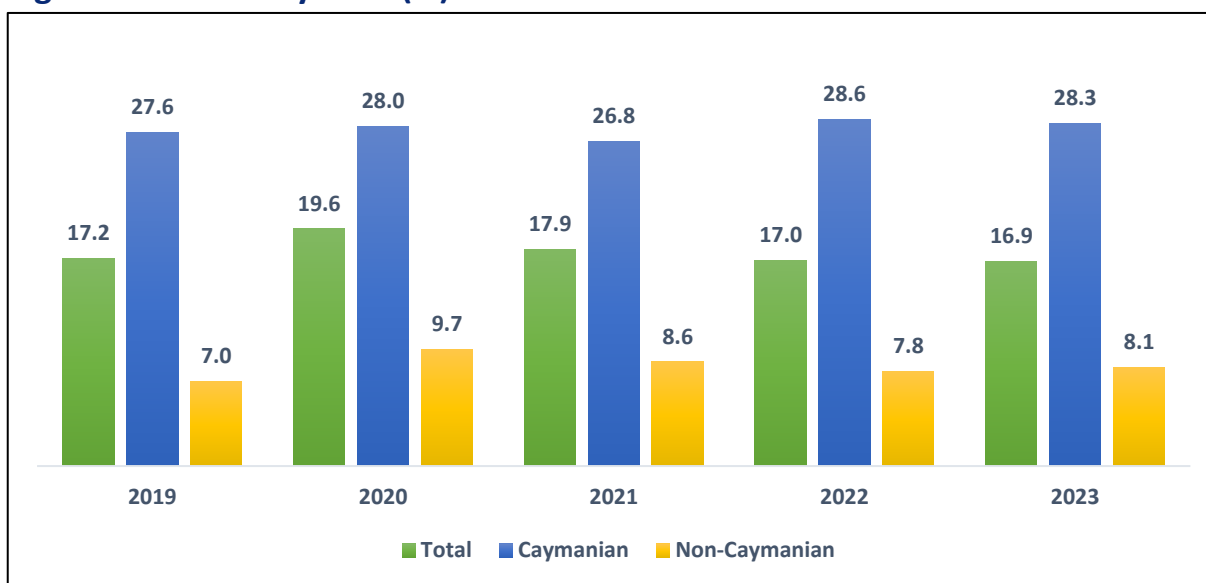


PERSONS NOT IN THE LABOUR FORCE

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 rate for the total population rose in 2020 due to the negative impact of the global pandemic, then fell in the corresponding years to end at 16.9 percent in 2023 (see Figure 24). The inactivity rates for Caymanians and Non-Caymanians displayed similar trends with that of the total population up to 2021. In 2023, the Caymanian and Non-Caymanian populations recorded inactivity rates of 28.3 percent and 8.1 percent, respectively, both higher when compared with before the pandemic. 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 (see Figures 25 and 26). Further inspection of the data showed that there were more women not in the labour force.

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

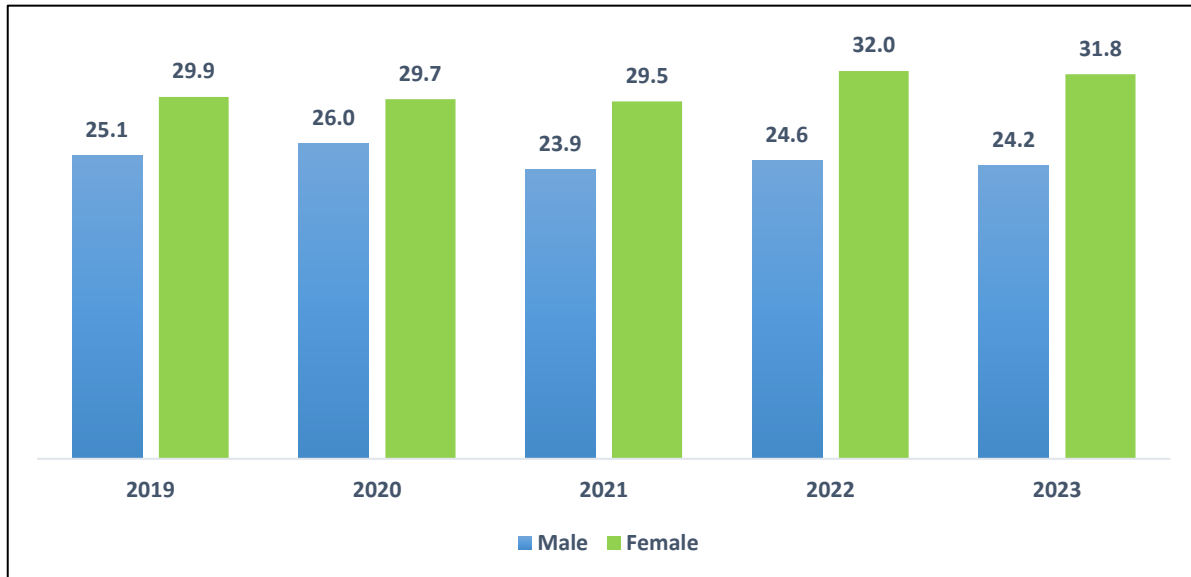
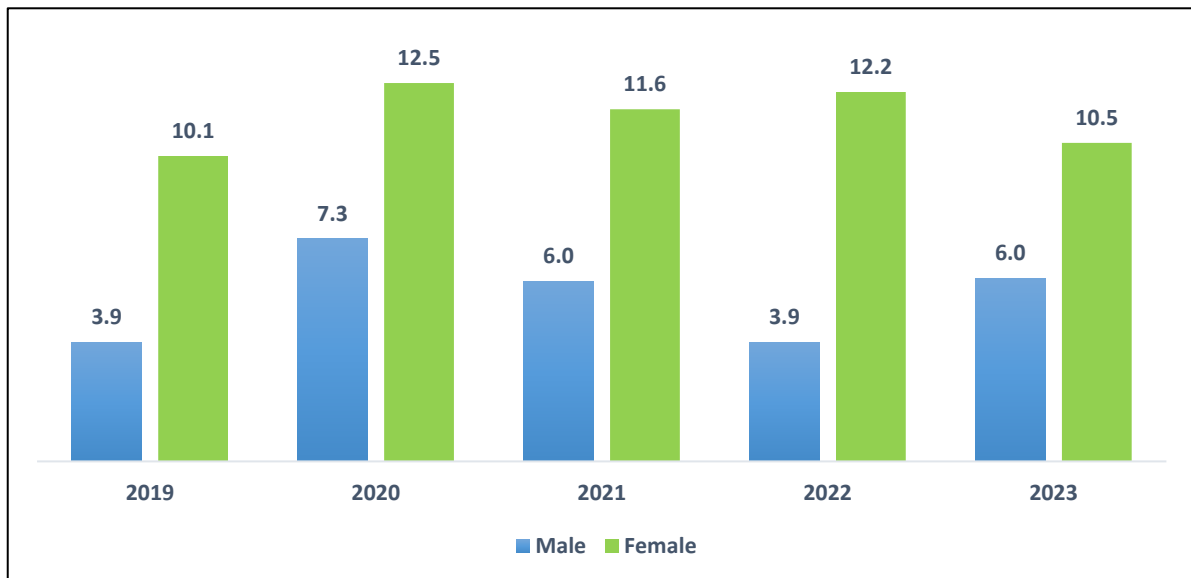
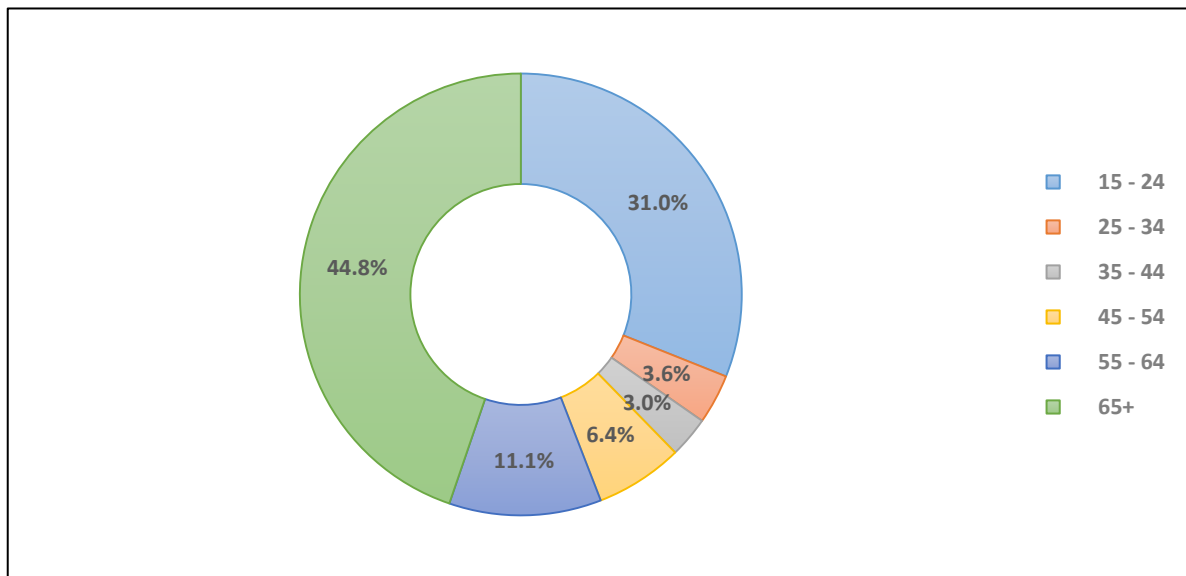


Figure 26. Inactivity Rate of Non-Caymanians by Sex (%)



The inactivity rate of Caymanians was dominated by persons in the 65+ and 15 to 24 age groups. Notably, there were 3,981 elderly Caymanians (44.8%) and 2,762 young Caymanians (31.0%) not in the labour force (see Figure 27). This reinforced the fact that retirees and full-time students represented the majority of Caymanians not in the labour force.

Figure 27. Caymanians Not in Labour Force by Age Group (%), 2023



The majority of Caymanians not in the labour force possessed a high school qualification (45.9%), post-secondary qualification (20.3%), and a college/university degree (17.2%) as shown in Figure 28. This data, along with data on Caymanians not in the labour force by age group, 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 (%), 2023

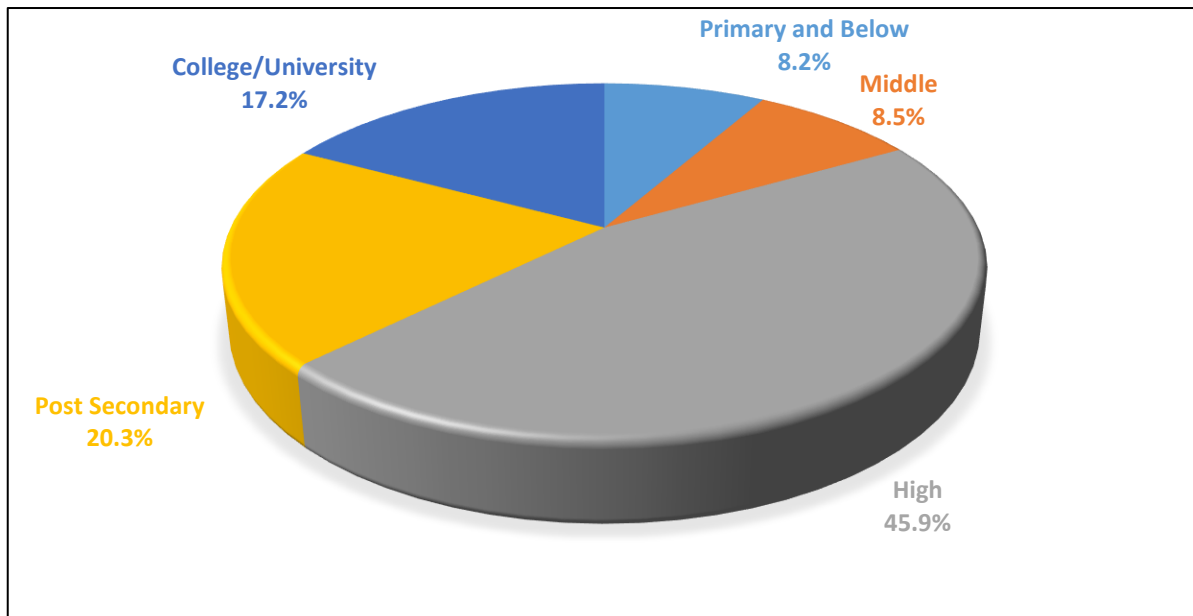
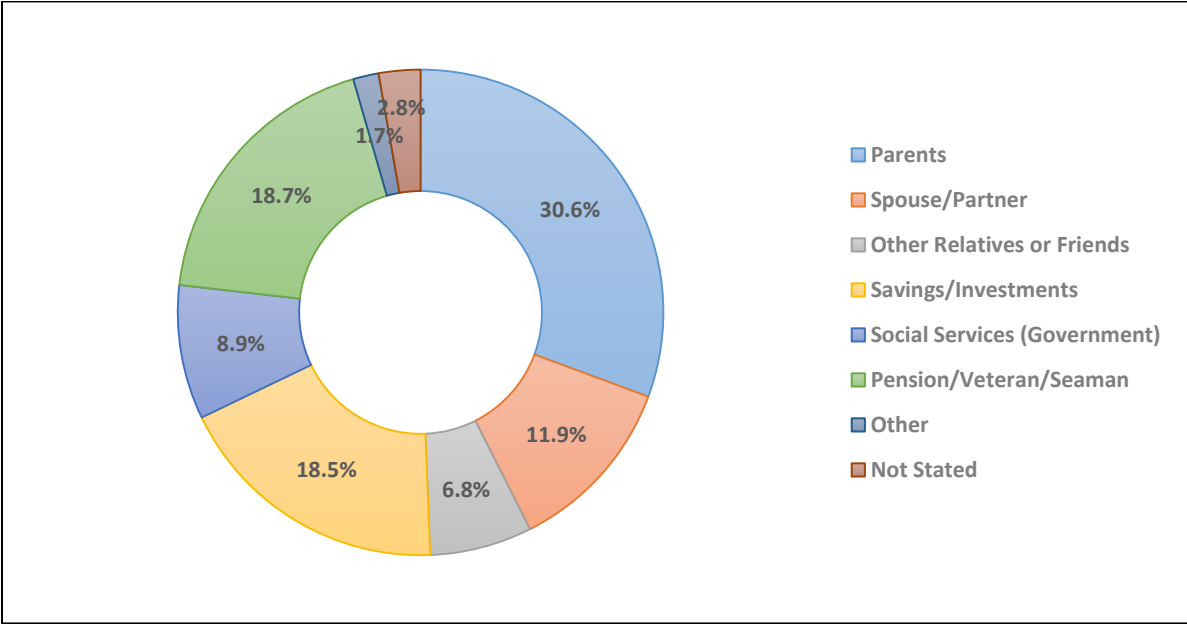


Figure 29 illustrates that 30.6 percent of Caymanians not in the labour force received financial support from their parents. This represented 2,743 persons. Pensioners/veterans/seamen were the next largest group of Caymanians not in the labour force in receipt of financial support, accounting for 18.7 percent or 1,676 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 1,657 persons (18.5%) who depended on this means of financial support.

Figure 29. Caymanians Not in Labour Force by Main Means of Financial Support (%), 2023

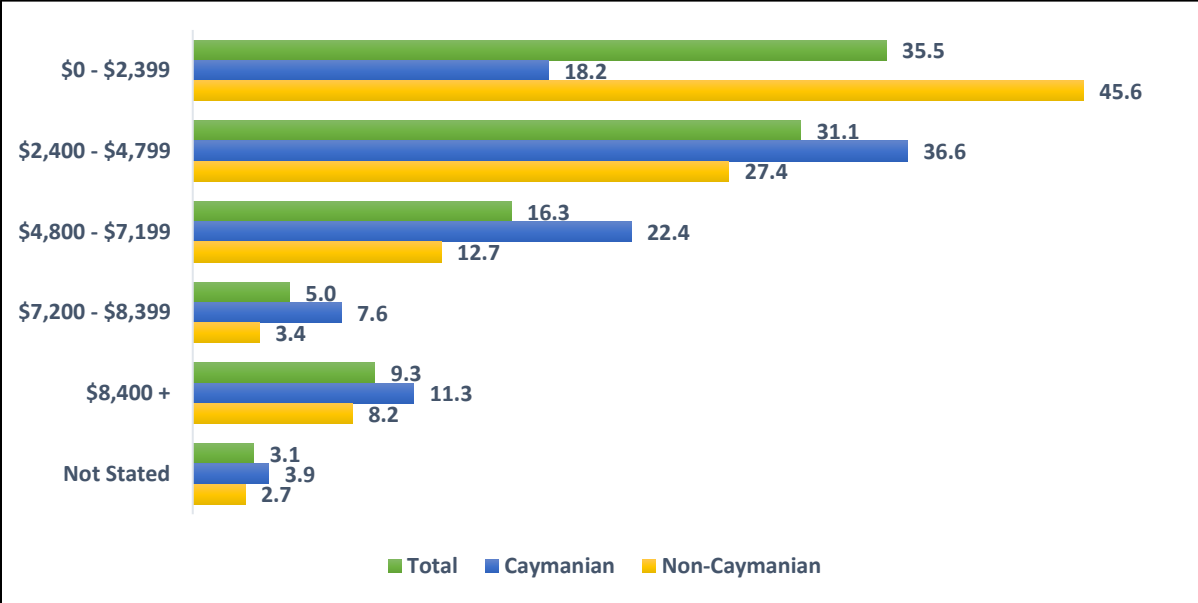


EARNINGS

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 (36.6%) earned an annual income within the \$2,400 – \$4,799 range while the majority of Non-Caymanians (45.6%) earned within the \$0 – \$2,399 range. For Caymanians, the next highest earnings range was \$4,800 – \$7,199 at 22.4 percent. The majority of the country’s population earned between \$0 – \$2,399 due to the impact of most Non-Caymanians earning within this range.

Figure 30. Monthly Earnings, 2023



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 showed labour productivity² being at its highest level in 2020 due to a larger reduction in the number of employed persons than in output relative to the previous years. Labour productivity declined in the following years to \$84,000 per worker in 2022. The declines in labour productivity in 2021 and 2022 were attributed to larger increases in employment than in output. Economic growth was registered in the years after the pandemic, signifying 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 2023.

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

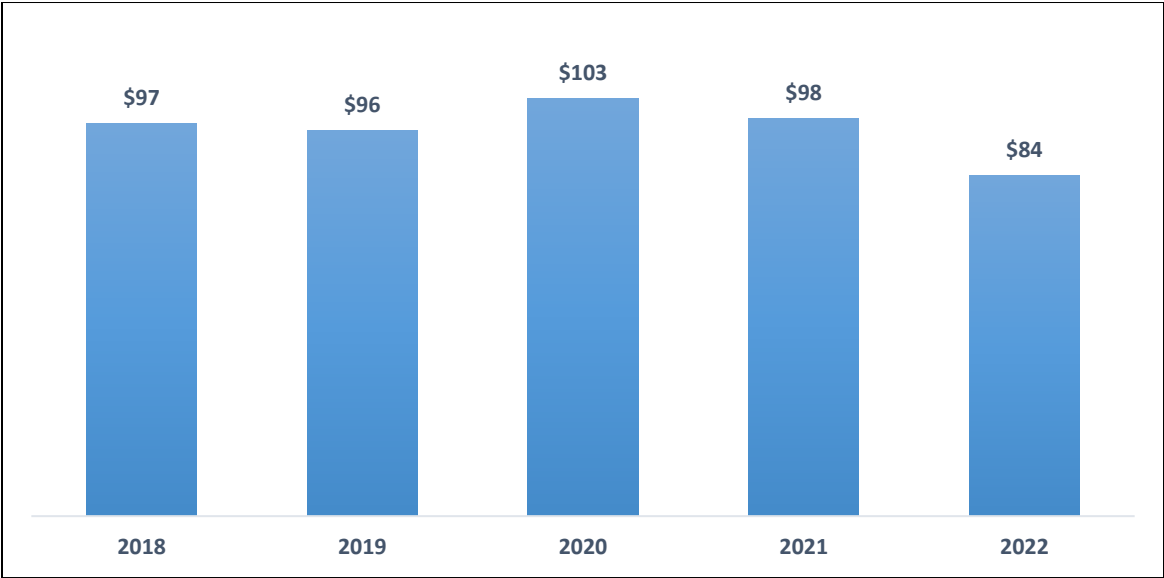


Figure 32 shows labour productivity for select industries³. The Real Estate Activities industry, the third-largest contributor to the economy, recorded the highest productivity level of \$424,000 per worker. The Financial and Insurance Activities industry, which is the largest contributor to the economy, registered the next highest productivity level of \$368,000 per worker. This industry was preceded by the Mining and Quarrying industry with labour productivity of \$140,000 per worker.

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

Figure 32. Labour Productivity by Industry (CI\$ 000 per Worker), 2022



Main Findings

- ✓ **Labour Force Participation Rate:** Labour force participation was highest in 2023 at 83.1 percent for the total population. The rate decreased in 2020, after which it rose in the years after. Labour force participation was higher for Non-Caymanians than Caymanians as a result of a larger fraction of Non-Caymanians residing in the Islands for work. Labour force participation was also higher for men than women among Caymanians and Non-Caymanians. This stemmed from more women not in the labour force in both populations. 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 was highest in 2022 at 81.2 percent for the total population. The ratio declined in 2020, rose in 2021 and 2022, and fell slightly in 2023. 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 was possibly be due to more women in domesticated roles than men. The employment-to-population ratio was high in all age groups during 2023 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, respectively.
- ✓ **Status in Employment:** Most persons were employees or wage and salaried workers during the review period. This reached a peak in 2023 at 92.3 percent of employed persons. 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 2023 with 8,926 persons. It was dominated by males, with this segment accounting for 93.1 percent of the industry. The Construction industry was followed by the Wholesale and Retail Trade; and Accommodation and Restaurants and Mobile Food Services Activities industries. Most Caymanians were employed in the Financial and Insurance Activities; Professional, Scientific and Technical Activities; and Public Administration and Defence industries. The majority of Non-Caymanians were employed in the Construction, Accommodation and Restaurants and Mobile Food Services Activities, and Wholesale and Retail Trade industries.
- ✓ **Time-Related Underemployment:** This indicator recorded its lowest rate of 2.1 percent in 2023, equivalent to the rate registered in 2019. Both the Caymanian and Non-Caymanian populations displayed similar trends to the total population where the underemployment rates rose in the years leading to 2022, then decreased significantly in 2023. The male underemployment rate surpassed the female's rate during the review period for Caymanians while the female underemployment rate exceeded the male's rate in all years for Non-Caymanians. In 2023, most underemployed Caymanians were in the 15 to 24 and 45 to 54 age groups while the majority of underemployed Non-Caymanians were persons in the 35 to 44 age group. Most underemployed Caymanians were employed in the Construction and Transportation and Storage industries as well as had high school qualifications.
- ✓ **Unemployment:** The unemployment rate for the total population was at its lowest in 2022 at 2.1 percent, before increasing to 3.3 percent in 2023. The unemployment rates for the Caymanian and Non-Caymanian populations recorded similar trends to the total population. The unemployment rate for Caymanians was higher than that for Non-Caymanians due to the presence

of more youth among the Caymanian population. The majority of unemployed Caymanians were youth (persons aged 15 to 24 years) with most having high school qualifications.

- ✓ **Persons Not in the Labour Force:** The inactivity rate for the total population was at its highest in 2020 at 19.6 percent. The rate declined from that year to end at 16.9 percent in 2023. The inactivity rate was highest for Caymanians in 2022 at 28.6 percent and for Non-Caymanians in 2020 at 9.7 percent. 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 the lowest range at \$0 – \$2,399 during 2023. 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 in 2022 to CI\$84,000 per worker as an increase in the number of employed persons outweighed the increase in output. This was also the lowest productivity level recorded in the review period, which alluded to an increasing number of lower income jobs being added to the economy. The Real Estate industry was the most labour productive in 2022 followed by the Financial and Insurance Activities industry.

Labour Market Outlook

The global labour market is projected to deteriorate moderately in 2024. According to the ILO's World Employment and Social Outlook Trends 2024 Report, global unemployment rates are expected to increase, largely due to elevated joblessness in advanced economies. World unemployment is anticipated to rise by two million persons because of a decline in the labour force participation rate and a reduction in employment growth. The global jobs gap is also expected to remain at a high level despite not improving in the short-term outlook.

Persistent and high inflation is projected to continue erode real wages and worsen living standards. Notably, the rising cost of housing is not expected to temper soon, which means continued declines in the purchasing power of existing mortgagors. The youth are particularly vulnerable to the pace of labour market adjustment as it relates to gainful employment, therefore targeted skills initiatives are critical in reducing the number of these persons not in education, employment and training. Additionally, it is anticipated that there will be not much improvement in the number of persons in informal employment which has implications for *advancing social justice and promoting decent work*, the mantra of ILO.

Given the major challenges that lie ahead, policy action needs to move swiftly to address these imbalances to achieve the United Nations' Sustainability Development Goals. One of the strategies recommended by the ILO to achieve this is for policymakers to support groups with weak labour force participation such as the youth, older workers and women. Specifically, youth employment policies should be established to facilitate relevant training and enhance labour market attachment for this group. Furthermore, development of skills policies is needed to increase productivity and integrate better use of technological advancement.

With respect to the Cayman Islands, the economy is projected to grow at a slower pace resulting in a higher unemployment rate in the short term. This outturn is not anticipated to last due to the projected improvements in global macroeconomic

indicators and the resilience of the domestic economy. According to the Job Postings Report for May 2024, the industries expected to dominate the labour market are Construction, Accommodation and Food Services, Administration and Support Services, Wholesale and Retail Trade, Financial and Insurance Activities, and Professional, Scientific and Technical Activities (includes legal, engineering, architectural and accounting services). Jobs in these areas will be of greatest demand in the short term as the economy continues to grow beyond its pre-pandemic level. Emerging labour market trends, such as generative artificial intelligence, are expected to disrupt the local labour market and require new skills and jobs for the future of work. Skills such as creative thinking, analytical thinking, and technological literacy will be in high demand for the foreseeable future. Furthermore, climate change will continue to have a large impact on the Cayman Islands, therefore jobs associated with environmental sustainability will be in great need. Another potential area of growth will be cryptocurrency and tokenization of real world assets in financial services.

Recommendations

- ✓ **Continue the development of human capital in central government's workforce.** The central government, being one of the largest employers in the country, should continue empowering its workforce to deliver services effectively to the country. This should be done through the Civil Service College and partnerships with other training institutions to ensure that the workforce remains relevant and is adaptable to the evolving needs of society. Furthermore, the development of the workforce is critical in the adoption of new technologies, such as generative artificial intelligence, to enhance productivity growth and improve standard of living.
- ✓ **The government should implement active labour market programmes to improve efficiency in the labour market as well as increase productivity through greater knowledge and skills spillover effects.** Active labour market programmes are essential in changing behaviours by shifting persons from welfare to work to raise labour force participation, employment, earnings and improve quality of life. Social benefits are only provided to persons in genuine need under active labour market programmes.
- ✓ Increase skills development and vocational training as the country 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.