# THE ROLE OF FOREIGN DIRECT INVESTMENT IN THE DEVELOPMENT OF MAURITIUS

# THE MARGINALIZATION OF THE CREOLE COMMUNITY



Master Thesis in Global Studies (30 HP)

Author: Marie-Laure Sundman

Supervisor: Monica de Lindh Montoya

Date: September 2013

## **ABSTRACT**

The success of Mauritius has often been mentioned as a lesson for African countries to learn from involving: a decreased inequality gap, improved living standards and full democracy in Africa, which is unique for the continent. The liberalization of its policies has resulted in openness to trade and foreign direct investment (FDI) in order to attain increased investment from abroad and a rapid economic growth. Particularly, the close ties between Mauritius and India as large bilateral FDI and trade partners have led to a great impact on the Mauritian economy. However, many articles about the positive results in Mauritius have disregarded the fact that a significant minority group, the Creole community, is largely marginalized despite the advantages of economic development.

The thesis focuses on answering what the outcome of FDI as a development strategy has been for the Creole community, and why. The second largest economic sector in Mauritius is the textile sector, where mostly the Creoles of the local population work. This would lead to the assumption that the local workers would experience improvements in their lives in line with economic development. A sub question arises from this: have the Creole textile workers in Mauritius experienced any changes in their living situations, and if not, why? To address the research questions, the thesis is based on theories of poverty reduction strategies and FDI as a development tool, as well as data collection via a method of triangulation using participant observation, semi-structured interviews and photography. The thesis focuses on the situations and perspectives of the Creole community, leading to the findings that the recent development trend since independence has not necessarily improved the living standards of the Creole community as it has for the Hindu community. The reason is primarily a Hindu, i.e. Indo-Mauritian government, collaborating with India and favoring the Hindu community as well as an unrestricted and cheap foreign labor importation, competing with the Creole textile workers.

KEY WORDS: Mauritius, India, poverty reduction, development strategy, foreign direct investment, economic growth, ethnic groups, Creole community, marginalization

# **ACKNOWLEDGEMENTS**

I would like to express my gratitude to my supervisor Monica Lindh De Montoya whose guidance helped me to accomplish this thesis. Most importantly, I would like to thank my relatives and friends in Mauritius with whom I shared much happiness and love. My data collection for the thesis was only possible thanks to them. In particular, I would like to acknowledge the support of my cousin Nadine and her husband Jerome Fabre, my cousin Melanye Gingambur as well as my uncle Richard Gingambur. Similarly, I am grateful for the great help from Gary Tanner who assisted me in finding and translating interviews of the textile workers. I would also like to convey my gratitude to everyone who participated in the interviews and shared their stories for this thesis. Last but not least, I am thankful for all the support I got from my boyfriend, friends and classmates.

This thesis is dedicated to my family in Mauritius.

# **LIST OF ABBREVIATIONS**

CEO Chief Executive Officer

CMT Compagnie Mauricienne de Textile Ltée

CPE Certificate of Primary Education

EPZ Export Processing Zone

GNP Gross National Product

HDI Human Development Index

FDI Foreign Direct Investment

LP Labor Party (Mauritius)

MMM Mauritian Militant Movement

MNC Multinational Corporation

MUR Mauritian Rupees

MSM Militant Socialist Movement

NGO Non-Governmental Organization

SIDA The Swedish International Development Cooperation Agency

PMSD Mauritian Social Democratic Party

# TABLE OF CONTENTS

| 1. Introduction   | 1         |
|---|-----------|
| 1.1. Problem and Relevance                                      | 2         |
| 1.2. Aim and Research Questions                                 | 3         |
| 1.3. Background   | 4         |
| 1.4. Previous Research  | 7         |
| 1.5. Delimitations  | 8         |
| 2. THEORETICAL FRAMEWORK  | 9         |
| 2.1. The Definition of Poverty and Poverty Reduction Strategies | 9         |
| 2.2. The Benefits and Implications of FDI                       | 11        |
| 3. METHODOLOGY  | 15        |
| 3.1. Choice of Method   | 15        |
| 3.2. Choice of Company  | 16        |
| 3.3. Data Collection  | 17        |
| 3.4. Data Analysis  | 19        |
| 3.5. Research Quality and Reliability                           | 19        |
| 3.6. Generalizability   | 21        |
| 3.7. Ethical and Methodological Considerations                  | 22        |
| 3.8. Discussion of Methods                                      | 22        |
| 4. Empirical Findings and Analysis                              | 24        |
| 4.1. Observations   | 24        |
| 4.2. Answers from the Factory Manager                           | 27        |
| 4.3. The Perspectives of the Textile workers                    | 28        |
| 4.4. Supplemental Comments of Former Textile Workers            | 37        |
| 4.5. The Viewpoint of a Politician                              | 38        |
| 5. Summary  | 44        |
| 6. Conclusion   | 45        |
| 6. SUGGESTIONS FOR FURTHER RESEARCH                             | 50        |
| 7. Bibliography   | 52        |
| Internet Sources  | 54        |
| 8. APPENDICES   | 56        |
| Appendix 1. Tables of FDI in Mauritius                          | 56        |
| Appendix 2. Interview Guide for the Textile Workers             | <i>57</i> |
| Appendix 3. Questionnaire for the Factory Manager               | 60        |
| Appendix 4. Photographs   | 61        |

## 1. Introduction

Mauritius is a success story in which liberalized national policies have encouraged openness to trade and foreign direct investment (FDI) to flow into its economic sectors (see Table 1a in Appendix 1). In particular, the close connection between Mauritius and India as large bilateral FDI and trade partners has had a significant effect on the economy (Table 1b). The country has also gained increased investment from abroad and managed to decrease the inequality gap, which in turn enabled the achievement of a high 0.728 Human Development Index (HDI) in 2011 compared to 0.546 in 1980. The Mauritian development trend has been rapid both economically and socially. Furthermore, Mauritius has become the only full democracy in the African continent (Bertelsmann Stiftung, 2012; The Economist, 2012). In 1961, the economist and Nobel Prize winner James Meade predicted a failure of the Mauritian development since the country was heavily dependent on one crop, i.e. sugar, and vulnerable in terms of trade shocks, rapid population growth and potential ethnic tensions. However, this anticipation never came true as the development has moved in the opposite direction (Subramanian, 2001).

On the other hand, the positive outcome of the Mauritian development has been questionable for the largest part of the Creole community, the minority group of the population in Mauritius, which constitutes to be socially marginalized. Meanwhile, the Hindu majority, i.e. the Indo Mauritians, have been privileged to rule the public sector as well as the government which is strongly associated with India (Bertelsmann Stiftung, 2012, p. 9, 15, 16). Many articles about the Mauritian success story neglect the fact of the marginalization of the country's minority group. The democracy of Mauritius has become "shallower", as the Creoles are currently aware of not being represented in national politics, which has resulted in future divisions in the Mauritian society (Laville, 2000; Srebrnik, 2002). This leads to the research question of the thesis: what has been the development outcome of FDI for the Creole community in Mauritius, and why?

Mauritius is an essential global producer of textile goods, and the textile sector is the second largest economic sector in the country (Srebrnik, 2010). It would thus be expected that the local workers at a textile factory, mostly Creoles, would experience improvements in their lives as the economy continues to grow. By collecting data in a textile factory, my intention was to answer

the main research question by addressing the following sub question: have the Creole textile workers in Mauritius experienced any changes in their living situations, and if not, why?

The reason for my interest in this topic is due to the fact that I have Creole family living in Mauritius. This provided me with the opportunity to use a participant observation methodology, and to conduct semi-structured interviews with textile workers, factory managers and a politician. I also used photography as a method triangulation. Based on a theoretical framework of the definition of poverty and poverty reduction strategies used by the Swedish International Development Cooperation Agency (SIDA), as well as the benefits and implications of FDI as development strategy, the thesis describes the situations and perspectives of the Creole community as a case study.

The thesis is structured as follows: first, the problem and its relevance, the aim of the thesis and research questions, background, previous research and delimitations of the research are introduced to contribute to an understanding of the situation of the Creole community in the economic and political context of Mauritius. In the second chapter, the theoretical framework consisting of the definition of poverty and poverty reduction strategies along with the benefits and implications of FDI is given. The third chapter presents the methodology, clarifying how the research was conducted to collect data for the thesis. In the fourth chapter, the empirical findings are presented and analyzed in view of the research questions and theoretical framework. The conclusion is provided in the fifth and last chapter.

#### 1.1. Problem and Relevance

Although Mauritius is a success story for development in Africa, the critical perspective of development is often neglected in articles about its achievements, e.g. The Economist (2008; 2012). Since independence in 1968, the Hindu majority has voted for a political situation in which the Mauritian prime ministers have nearly always been Hindu leaders, favoring the Hindu community.<sup>1</sup> Breaking down the success story of Mauritius, the South-South relation between

-

<sup>&</sup>lt;sup>1</sup> An exception is the former Franco-Mauritian Prime Minister Paul Bérenger who led the Mauritian Militant Movement and Militant Socialist Movement (MSM/MMM) alliance government during 2003-2005.

India and Mauritius has contributed to economic advantages for the Hindus, but the question if the Creoles have benefited remains.

This thesis is relevant for the discipline of Global Studies because the liberalization of policies in many countries around the world has resulted in a transformed socio-economic structure where often the privileged are benefited and the vulnerable are disadvantaged. Mauritius has frequently been mentioned as a success story involving a high standing HDI and economic growth that the majority of the Mauritians have gained from – a model of sorts for African countries to follow. In contrast to most cases where the majority has been underprivileged, in Mauritius the living standards of the many Indo-Mauritians have developed positively while a large minority, primarily the Creoles, is marginalized. The question of why this has happened will be addressed in the thesis.

# 1.2. Aim and Research Questions

Previous research (Carroll & Carroll, 2000; Laville, 2000; Srebrnik, 2002) has confirmed that the most marginalized and vulnerable community in Mauritius is the Creole group. These have mentioned the stereotype of the Creole population and the restriction of their representation in politics as the causes of this marginalization. Hence, this thesis aims to investigate whether the Creole community has experienced improvements from the tremendous development in Mauritius. In particular, this thesis examines to which extent the Creole textile workers have been benefited from the liberalized national development strategies in Mauritius. The purpose of this thesis is to bring forth the experiences and views of the Creoles on the topic. To be able to answer the main research question, the following sub question will first be answered:

Have the Creole textile workers in Mauritius experienced any changes in their living situations, and if not, why?

The main research question is following:

What has the outcome of FDI as development strategy been for the Creole community in Mauritius, and why?

## 1.3. BACKGROUND

Mauritius is an island that has attained great economic development, an improved standard of living on average and a stable democracy since its independence in 1968. The economic failure estimated by James Meade never occurred, but rather the opposite, also known as the "Mauritian miracle" (Caroll & Caroll, 2008, p. 34). Nevertheless, the colonial history, political geography and current demography of Mauritius must be taken into account when examining the success of economic growth and democracy (ibid.).

The history of Mauritius contains a diverse range of cultural heritage due to immigrants, mostly slaves or indentured workers who made the island their home. The Indo-Mauritian community, descended from the Indian laborers arriving to the island during the British rule, consists of both Hindu and Muslim populations. The few Chinese immigrants obtained the title Sino-Mauritians. The Mauritians of French descent, the Franco-Mauritians, were the elite of Mauritius and prevailed in main sectors of the economy, in particular the sugar industry. The Franco-Mauritians together with the Creole Mauritians were put in the category of General Population as they shared the same religion Christianity. The Creoles include people of largely African ancestry and of mixed origins, the descendants of African slaves and colonial settlers. The skin colors of Creoles are a distinction of different class, social and cultural categories. They identify with the French culture and sometimes perceive themselves as the native Mauritians since their ethnic group is a mixture of different Mauritian groups and not connected to a specific ancestral nation. In many cases, higher income and social status have been linked with fairer skin color (Bowman, 1991). The ethnic groups of the total population in Mauritius comprise 68 % Indo-Mauritians, 27 % Creoles, 3 % Sino-Mauritians and 2 % Franco-Mauritians. The population contains 52 % Hindus, 23.6 % Roman Catholics, 16.6 % Muslims and 3 % other or unspecified (CIA, 2012a).

A large minority of Mauritians, particularly the Creole community, was concerned about the independence of the country as there was the possibility that the Hindu majority would take over the political scene (Subramanian, 2001, p. 6). Since the Indo-Mauritians are the largest ethnic group on the island, they gain certain political and economic benefits from their demographic dominance. Since independence, all prime ministers have been Indo-Mauritians, except Paul Bérenger leading the Mauritian Militant Movement and Militant Socialist Movement coalition

(MMM/MSM). Bérenger was from the Franco-Mauritian minority who dominated the business sector rather than politics. One reason for the Hindu supremacy could be the family links between the prime ministers who have controlled politics, e.g. the Ramgoolams and the Jugnauths. Sir Seewoosagur Ramgoolam of the Labor Party (LP) ruled Mauritius into independence. Currently, his son Navin Ramgoolam (LP) is the prime minister. In the 1980s, Anerood Jugnauth became the prime minister and is today president while his son Pravin is the deputy prime minister (Bertelsmann Stiftung, 2012, p. 3; Srebrnik, 2010, p. 279).

During the decolonization period and part of the first post-colonial government, Gaetan Duval of the Mauritian Social Democratic Party (PSDM) was a Creole politician and opposition leader wishing for continued British control over internal security and defense as well as a hindrance to Hindu domination (Srebrnik, 2010, p. 279). As a result, the Creole community was encouraged to leave the island. Much of the Creole elite left for other countries, thereby slowing the development of the entire Creole group. It was not until the first decade of the 21<sup>st</sup> century that a new Creole elite emerged and contributed to improved conditions for the Creole community (Bertelsmann Stiftung, 2012, p. 16). Mauritius has had a political history of party coalitions that have changed during the years. Today, the LP/PMSD coalition is in power while the MSM/MMM alliance stands in the opposition (ibid., p. 2).

In an economic context, Mauritius has a considerable interest in liberalized trade and FDI. In the 1980s, the government implemented stabilization and liberalization policies, increasing the export-led growth as well as Gross National Product (GNP) per capita to approximately eight times the average amount for sub-Saharan Africa, while preserving all-inclusive social services and improving income distribution (Bräutigam, 1997, p. 45). The main objective of the government is to attract foreign investors to Mauritius as the country is heavily dependent on FDI. Therefore, export processing zones (EPZs) have been established, allowing the state-subsidized processing of imported commodities for export (Bertelsmann Stiftung, 2012, p. 12). During 2011-12, the bilateral trade between India and Mauritius reached 1.43 billion US dollars (Fibre2fashion, 2013). Approximately 40 percent of total FDI from Mauritius is destined for India due to the Double Taxation Avoidance Agreement which favors the FDI inflows to India. Hence, the island nation constitutes the single largest source of FDI to India (PTI, 2012). In numbers, FDI from Mauritius has accounted for around 65 billion US dollars. However, Indian

investment to Mauritius accounts for only 14.3 billion US dollars although Mauritius is the top destination for Indian FDI (Invest in India, 2012). The government strategy of Mauritius has increasingly been focused on the financial sector as several beneficial double taxation treaties have transformed Mauritius into a cheap gateway to invest in India (African Development Bank, 2009, p. 2)

Mauritius is the second largest exporter of woolen knitwear in the world and an important exporter of textile commodities and ready-to-wear garments. However, tourism and financial services such as offshore banking have increased the diversification of the Mauritian economic structure more recently. The 1990s saw the beginning of the booming information technology and e-commerce centers that helped reduce unemployment. Therefore, the Indo-Mauritian community has gained by the expansion, especially in the offshore and financial services sector (Srebrnik, 2010, p. 281).

The Gini index of 39 (2006) has hidden the exclusion among poor, uneducated Creole inhabitants in Mauritius (CIA, 2012b).<sup>2</sup> Today, 7000 households are living on less than 2 US dollars per day (Bertelsmann Stiftung, 2012, p. 11). In addition, the government is eager to portray the Mauritian population as peaceful and cooperative, bearing in mind that conflict-filled countries are not likely to attract tourism. Since the early 1980s, Mauritius has displayed itself as an island paradise, lacking internal problems, thereby concealing the social and economic disparities on the island for the purpose of enhancing the belief among visitors that no ghettoes exist (Laville, 2000, p. 282). Nonetheless, areas of severe poverty can be found on the outskirts of Port Louis as well as in larger towns where black Creoles and other impoverished citizens have not encountered the Mauritian "economic miracle" (ibid.).

The marginalization of people begins early in life, at the age of 10 or 11; children have to pass the Certificate of Primary Education (CPE) exam, an examination that tends to eliminate underprivileged students from the education system. Although the secondary education is free, only those who pass the examination are allowed to continue education and therefore, parents are under considerable pressure to afford private tuition and books for their children (Carroll and

<sup>&</sup>lt;sup>2</sup> The Gini index measures the range of inequality in the distribution of family income in a specific country in which zero refers to perfect equality and 100 implies perfect inequality.

Carroll, 1999, p. 11). The current education system, for example, is a contributing factor to the structural inequality in Mauritius (ibid.).

#### 1.4. Previous Research

Several studies (Bertelsmann Stiftung, 2012; Srebrnik, 2010; Laville, 2010) have concluded that Indo-Mauritians will continue to govern in politics because of the size of this majority group. Nevertheless, the Hindu majority has found it difficult to decrease the power and affluence of the Franco-Mauritians due to the heavy control in the private sector by Franco-Mauritians who still have social support of black Creoles (Laville, 2000, p. 279). Also, less moderate Hindu businessmen and politicians are opposed by moderate Hindus collaborating with Franco-Mauritians for the purpose of increasing their personal wealth and prestige (Laville, 2000).

By interviewing senior public officials, business people, union leaders and leaders of several non-governmental organizations (NGOs), Carroll and Carroll (2008) proved that the growing inequalities affiliated with economic growth produced social tension. They mention that the failure of the education system to provide for social needs has conserved the inequalities between ethnic groups, in particular between the Hindu and the Creole community. The inequality corresponding to the ethnic divisions also contributed to turning the social tensions into interethnic violence, e.g. the riots in 1999 after the death of the Creole reggae singer Kaya while in police custody (Carroll and Carroll, 2008, p. 26).

Duclos and Verdier-Chouchane (2011) conducted a pro-poor growth analysis on Mauritius over the period 2001-2006 with a poverty line set at 3 US dollars per day in order to demonstrate Mauritius' status of middle-income countries. The concept of pro-poorness relates to the idea that the poor individuals receives more from growth than some predefined benchmark (Duclos & Verdier-Chouchane, 2011, p. 1). In the absolute approach, the definition of pro-poor growth is when the economic growth decreases absolute poverty. In the relative approach, pro-poor growth is when the growth diminishes inequality and relative poverty, implying that growth should benefit the poor relatively more than the non-poor people (The World Bank, 2011). Rather than advocating economic growth as means to absolute poverty alleviation, one has to take into account the pro-poorness in growth which depends on the effect of growth on inequality and how

much the effect on inequality alters poverty (Duclos & Verdier-Chouchane, 2011, p. 1). Growth without inclusive development can result in social instability and riots (ibid., 6). The poverty reduction strategy of Mauritius has focused on increasing employment opportunities in addition to modernizing the Mauritian economy and preserving a complex social safety net (ibid., p. 2). Moreover, Mauritius has concentrated on utilizing public resources on education and health care which have become free. As a result, the adult literacy and life expectancy are above the average of sub-Saharan Africa. Regarding the modernized economy, privatization and trade liberalization were promoted as national policies to stimulate growth. Yet, the Mauritius government has targeted its poverty reduction strategy on education and health services (ibid., p. 4). From a critical perspective, although the labor markets transformed growth into poverty reduction and helped Mauritius to develop in the 2000s, the enhanced employment opportunities and labor market conditions only benefited the already skilled and educated work force. That is, the role of the labor markets did not provide improved opportunities to the lower-skilled individuals. These people have not gained from the Mauritian development trend aligned towards exports, manufacturing and services (ibid., 5).

Additional conclusions of similar research have found that the Creoles have remained on the bottom rank of the socioeconomic status together with the poorest Hindu plantation workers of the country; hence, followed the colonial trend of the country. The few of the Creole community who have succeeded in attaining any prosperity have been those with lighter skin (Laville, 2000; Miles, 1999). The stereotype of Creoles, in particular the black community, has undercut their economic position; i.e., they are considered to be present-oriented, incapable of saving money and weak for alcohol (Eriksen, 1986; Laville, 2000, p. 281).

Otherwise, research on similar topic to this thesis does not exist. Previous research has not observed the Creole working class and how it is affected by the current economic development in Mauritius.

#### 1.5. Delimitations

The thesis focuses on the working class of the Creole community in a specific sector, although many uneducated and poor Creoles can be found in the unemployment rate (Bertelsmann Stiftung, 2012, p. 11). To analyze all of the Creoles, whether they are working or not, would be a huge task. An additional difficulty would be to focus on all the other sectors where the Creoles can be found. Therefore, this research was limited to investigate one significant sector and the people involved in that industry. Since most Creoles are working in the textile industry, which is an important sector in Mauritius, the expectation of a changed living standard due to the effects of FDI and liberalized economic policies is addressed. My objective is to observe the effects of the Mauritian development strategy by studying the living situations of mainly textile workers. In addition, this study was limited to include an active politician in the opposition party to gain critical information that one cannot easily find about the Mauritian political system.

#### 2. THEORETICAL FRAMEWORK

As a theoretical basis, the study has applied the definition of poverty and poverty reduction strategies used by SIDA (2002) together with the debate on the advantages and implications of FDI as development strategy. In order to understand how development strategies should alter the living situations for a marginalized ethnic group, the following two theories will be presented below.

#### 2.1. The Definition of Poverty and Poverty Reduction Strategies

Poverty does not only involve economic difficulties for the poor and vulnerable people. The issue of development also has political aspects. Poverty is the state where individuals lack the freedom of deciding over their own lives as well as forming their future. The lack of power, choice and material resources are three factors of poverty. Poor people need the opportunity to choose mechanisms concerning their living situations. Therefore, power, opportunities and security over material resources as well as the lack of these factors are interconnected. Additionally, the causes and expressions of poverty vary between genders, age groups, ethnic groups and other groups of people. Concerning ethnicity correlated to poverty, ethnic and cultural attribution can lead to discrimination and restricted access to assets and information for marginalized ethnic groups. Hence, a comprehensive analytical approach is encouraged given that poverty is dynamic, multi-dimensional and context specific (SIDA, 2002, p.2; 10; 11; 23; 25).

Poverty reduction can be achieved in different ways, not only concerning the economic aspect, but also the question of education, political voice and other factors. First, the dynamics of the economic, social and political structures of a specific context must be understood. The features of poverty are due to changing political, economic, environmental and socio-cultural conditions that make every case of poverty unique. Economic and social development is required to achieve poverty alleviation. For instance, institutions and markets must work for the poor individuals. The governmental policies must take into account the poor individuals in order to improve capacities and increase the opportunities, empowering the poor. A lack of security can be minimized by empowerment and opportunities (ibid., p. 10).

In theory, the factors leading to increased democracy are equally supportive forces of social development as those behind poverty reduction. These elements would eliminate the population's lack of power and choice as poverty not only involves the lack of material resources. Individuals become empowered and obtain increased security through democratic governance. Since a democratic government is estimated to be more accountable and transparent, opportunities grow for employment and capital for investment. Thus, the democratic or human rights aspect of poverty connects to the material dimension as the lack of power and choice generate difficulties for poor individuals to acquire enough material resources. The human-rights approach includes all people, i.e. also the poor and the poorest (ibid., p. 9). Focusing on the rights approach implies the emphasis on non-discrimination and participation, i.e. all individuals, regardless of factors of economic and social status such as sex, ethnicity or disability, have the same rights. With a democracy- and rights-based approach, marginalized groups are highlighted by addressing inequalities and integrating all social groups in the development process (ibid., p. 15). The human rights aspect focuses on all society members, not only a certain group. Therefore, the democracy- and rights-based approach stresses the political sphere of development. In the political perspective, a broad-based democratic system is required in order to achieve human rights and advocate opportunities for poor and marginalized groups to engage in decisions concerning their lives (ibid., p. 17). The fundamental objective of development is to increase the freedom of choice of the poor population by supporting their empowerment. The objective will be achieved through active participation and representation of the poor in the processes of political, social and economic changes, as well as the guarantee that the poor will benefit from their efforts (ibid., p. 16).

International labor migration, i.e. domestic firms employing guest workers from abroad, is an additional factor to development in a country. The increasing disproportions regarding the supply and demand for labor as well as enhanced education, language skills and access to information are present in developing countries. Labor migration can contribute to advantages for both labor-exporting and labor-importing countries; however, foreign workers may face the risk of being exploited as an import when needed or discarded during economic slowdowns (ibid., p. 20; 21). Other factors that are essential for poverty reduction are education and health as they are a part of the social and economic rights to all people (ibid., p. 31).

In order to empower poor people, they need to have the opportunity to use their ability to generate savings. Although many poor individuals are credit-worthy, they are "often denied access to credit and financial services"; thus, the difficulties in attaining capital. In addition, the poor lack access to markets and information and are unable to enforce their rights as well as to organize themselves (ibid., p. 31). Moreover, ethnic or cultural discrimination can lead to a blocked access to productive assets as well as information. Indigenous groups are often the marginalized and impoverished people. By excluding them, economic growth, human potential and security for everyone will be hampered (ibid., p. 43). Small urban elites may gain profits due to globalization whilst excluding the majority of the rural people as well as the poor (ibid., p. 21).

#### 2.2. The Benefits and Implications of FDI

FDI has been viewed as the driving force for economic development since an inflow of FDI may generate access to new markets, capital, employment, skilled management and technology. Hence, policy-makers and governments have developed policies that promote inward FDI, considering the benefits for host countries through FDI (Arnal & Hijzen, 2008, p. 3). Developing countries with histories of deficits in their current account balance need a net inflow of foreign financial resources for development in the long-run. This will enhance these countries'

international financial condition depending on its current account balance, i.e. the commodity trade and its balance on capital account, i.e. the net inflow or outflow of private and public financial resources. Further, net inflow is required for investments in targeted main sectors as well as poverty alleviation strategies. There are two main forms of the international flow of financial resources: firstly, private FDI by multinational or transnational companies, mostly with headquarters based in developed countries, and foreign portfolio investment, e.g. stocks, bonds and notes in developing countries' credit and equity markets by private institutions, i.e. banks, mutual funds and companies, as well as individuals; secondly, remittances of earnings by international migrants (Todaro & Smith, 2011, p. 684).

FDI is often strongly concentrated in only a few destinations when flowing into developing countries (ibid., p. 685). Private capital is attracted to countries and areas with "the highest financial returns and the greatest perceived safety" (ibid., p. 686). One must bear in mind that FDI is about the objective of maximizing the capital return, not about the business of development, which is collateral benefit. MNCs are more concerned about the profit opportunities rather than poverty, inequality, employment conditions, etc. South-South investment has increased a lot lately. However, many people in developing countries consider that MNCs work in collaboration with their domestic governments and with national resources in case of a dispute. Many developing countries, in particular smaller and least developed ones, do not feel a high competiveness when negotiating with dominant bodies (ibid., p. 686; 688).

There are a few advantages and disadvantages of FDI that one needs to consider in the discussion of foreign financial resources as a national development strategy. The four major pro-arguments for FDI are following:

- (1) Foreign financial resources, either private or public, can fill in gaps between domestic supplies of savings, foreign exchange, government revenue, human capital skills and the desired level of these necessary resources to attain economic growth and development targets. A FDI inflow can reduce a part of or the entire deficit on the balance of payments current account over time (ibid., p. 688; 689).
- (2) A FDI inflow can alleviate the deficit over time if the foreign-owned firm can create a net positive flow of export earnings (ibid., p. 689).

- (3) A FDI inflow can fill the gap between the targeted governmental tax revenues and locally increased taxes (ibid., p. 689).
- (4) A FDI inflow can fill the gap in management, entrepreneurship, technology and skills assumed to be filled by the local operations of private foreign companies. Additionally, FDI can provide a flow of advanced technological knowledge about production processes and modern machinery as well as equipment into developing countries (ibid., p. 689).

In contrast of the list above, the counter-arguments against the arguments of the gap-filling FDI are presented as follows: (1) Although the capital transfers to the domestic country, FDI may decrease domestic savings and investment rates through the substitution of private savings. In addition, FDI might not only restrict competition through production agreements with host governments, but fail to reinvest most of the profits, resulting in domestic incomes for people with lower savings and preventing the growth of domestic firms which would perhaps supply them with intermediate commodities instead importing these goods from affiliates abroad. Additionally, MNCs increase a large fraction of their capital locally in the developing country itself; the downside is that this may lead to crowding out of investment of local companies (ibid., p. 690).

- (2) Albeit FDI leads to public revenue, i.e. the revenue a government acquires to pay its expenditures, appearing in the form of corporate taxes, they are significantly less than they might seem. This is due to liberal tax concessions, the use of transfer pricing, i.e. the price setting between related companies at which transactions happen involving transfer of commodities or services, enormous investment allowances, very low public subsidies and tariff protection provided by the host government (ibid., p. 690). These means, especially transfer pricing, have been used for tax avoidance and maximization of profit for companies.
- (3) Regarding the entrepreneurial skills, ideas, management, technology and contacts abroad provided by MNCs, the development of domestic sources of these limited skills and resources may not be as high as anticipated. They might even be hindered in their development by the slowing of the growth of local entrepreneurship due to the forceful MNCs in local markets (ibid, p. 690). Domestic resources are likely to be allocated to socially unfavorable projects, complicating the existent inequality between rich and poor along with the disproportion between

urban and rural economic opportunities (ibid., p. 691). The projects could involve exploitation of domestic workers employed for low wages and working conditions as well as competition for local small businesses.

- (4) The economic power of MNCs is able to influence government policies in an adverse path towards development (ibid., p. 691). Many developing countries have committed a large amount of resources and liberalized their investment policies in order to attain FDI. These countries usually provide incentives to foreign companies, e.g. lower tax rates, income tax holidays, assistance for infrastructure as well as decreased tariffs and subsidies, to attract FDI inflows. This competition for FDI is due to the assumption that domestic affiliates of foreign MNCs will supply knowledge spillovers or positive effects to local enterprises that enhance their productivity and benefit domestic companies, industries and consumers (Clark, et al., 2011, p. 2). Critics against FDI perceive MNCs as modern embodiments of colonial tools, e.g. the British East India Company. Thus, these promote stricter regulation of FDI, a stronger bargaining stance of the host government, a will power of developing countries intended to deal with better agreements, an implementation of performance standards and requirements, enhanced local ownership and control, as well as an improved coordination of development strategies corresponding to terms and conditions of FDI. Essential factors for diminished dominancedependence affairs between FDI and host governments are national control over local economic activities and the reduction of the power asymmetry in the relationships between MNCs and governments of developing countries (ibid., p. 693).
- (5) Activities of MNCs are likely to augment dualistic economic structures and worsen income inequalities. Generally, they encourage interests of a few domestic factory managers and lucrative modern sector employees while the interests of the rest are neglected by increasing the income differentials (ibid., p. 690; 691). Figini and Görg (2006) as well as other authors (Arnal, 2008; Choi, 2006; Clark, et al., 2011) found the positive correlation between income inequality and FDI inflows, i.e. the wage inequality increased with FDI flowing into the host country. However, this effect diminishes as FDI increases. In contrast, Milanovic (2002) and Sylwester (2005) concluded in their studies that FDI decreases inequality, but these few studies with this conclusion might involve various factors effecting concurrently a country's income distribution differently, e.g. the outcomes of government tax transfer policies and subsidies as well as labor

migration trends (ibid., p. 31). Combining tax transfers, i.e. transaction fees paid by the seller transferring property, and subsidies to welfare as well as to local companies being in the public interest protect the domestic market from foreign competition. For instance, a textile sector, competing with a strong international industry involving low prices and a high inflow of cheap foreign labor, would benefit from cash grants provided by the government.

# 3. METHODOLOGY

This thesis has been based upon a qualitative research approach by applying semi-structured interviews, participant observation and photography. Having Creole relatives in the country provided me an advantage in conducting a participant observation as method. This gave me the chance to get in-depth into the study by living with the Creole community and carrying out interviews with local factory workers, factory managers and a politician.

# 3.1. Choice of Method

The research strategy of this thesis has been primarily semi-structured interviews in combination with participant observation and photography. The combination of methods is also known as method triangulation, meaning that various methods are used to gather empirical findings. By choosing this qualitative method, I was able to obtain the perceptions of different respondents. The semi-structured interviews were carried out with the support of an interview guide. The questions for the interview guide were based upon the theoretical framework.

Participant observation is a method in which the researcher attends daily activities, interactions and events of a group of individuals in order to learn different aspects of their life routines as well as culture (Dewalt & Dewalt, 2011, p. 1). The benefits of participant observation is that this method augments the quality of the data in the field; the quality of the interpretation of the data by the means of participant observation or other methods. Therefore, participant observation can be perceived as a data collection and an analytic instrument. Participant observation is also essential for formulating new research questions and hypotheses based on the observations during fieldwork (ibid., p. 10).

Photography was used to add the details in the data collected from semi-structured interviews and participant observation. This facilitated my work in the observation process and the writing of this thesis to provide a detailed image of the undertaken observations.

The literature behind the thesis was selected according to research questions, aiming at finding similar studies in which the author takes into account the marginalization of the Creole community. The theory and the previous research provided hunches of patterns that directed me in the research process, including in the field. In general, I first examined which groups of people that have benefited from the Mauritian development. Secondly, I strived to discover if there is any growing elite class and if so, does it belong to a specific ethnic group.

In my perspective, the most crucial task for the data collection was to listen to what the locals had to tell about the development trend and how they have been affected. Therefore, I preferred the interviews to be open for them to speak more about the issue rather than simply answering some questions about the household to get an idea of the interviewees' living situation. For instance, essential subjects to converse about could be how the textile workers and the Creole people feel disadvantaged by the prevailing system, and if they have experienced a positive or negative change in their living situations. During my stay in Mauritius, I have learnt from various Mauritians and gained opinions about the negative living standards of the Creoles. Everyone has confirmed that the Creole community is mostly challenged while more Indo-Mauritians are becoming richer.

# 3.2. Choice of Company

The purpose was to discover what was happening at the largest company in the textile industry in order to observe the effects of the development in the second largest economic sector, i.e. the textile sector, in Mauritius. Hence, I chose to interview textile workers at Floreal Knitwear in Floreal, one of the largest textile manufacturers in Mauritius (DCDM Research, 2012).

The interviews took place at Floreal Knitwear Ltd, the second biggest wool mark knitwear supplier in the world as well as the leading knitwear manufacturer in Sub-Saharan Africa. Its manufacturing locations are placed in Mauritius, Madagascar, China and Bangladesh. The

company is a part of CIEL Textile, owned by CIEL, the fifth largest firm of the top 100 with a turnover of 7876.24 million Mauritian rupees (MUR), i.e. 255.8 million US dollars, (2011) based in Mauritius. CIEL Textile is ranked as the largest textile producer in the country (CIEL Group, 2013; coinmill.com, 2013; DCDM Research, 2012).

Another interest to observe in the study was the ethnic groups of managers. The CIEL group contains mainly Franco-Mauritian Chief Executive Officers (CEOs) (DCDM Research, 2012). However, the factory managers of the textile companies were Indo-Mauritian.

# 3.3. Data Collection

The data collection took place during a time period of five weeks in different areas of Mauritius. I lived in a village called Moka with relatives of Creole origins and visited villages where mostly the Creole community is living. Meanwhile, I wrote field notes after informal conversations with people. The participant observation was carried out by living with Creoles, observing and talking to Mauritian citizens. Meanwhile, I photographed the environment, the villages, the cities and housing of different ethnic groups and the textile factory itself to simplify the process of the data collection. The benefit of having Creole relatives helped me to find vital contacts and influential people to interview, such as a Creole politician from MMM. He was interviewed to obtain insights into the current political sphere.

The theories of poverty and FDI served as basis for the composition of the interview questions used. First, I wanted to ascertain how much investment is in a specific area or specific industry in an area. Furthermore, I investigated the FDI in correspondence with public policy and examined how politics is corresponding to FDI. As a result, I found the amount of FDI flowing into different Mauritian sectors and the total amount of FDI from India to Mauritius, and vice versa. From there, I could specify a certain economic sector in which mostly Creoles are affected by the economic and political transitions in the country. In accordance to the research questions, the interview guide for the textile workers was formulated to bring forth the current situation for them.

The semi-structured interviews at the textile factory were conducted in groups of two or three respondents out of 17 interviewees on the 8<sup>th</sup> of March. By grouping them, the interviews were carried out in a faster time than if they were individual interviews. Also, a discussion among the respondents could emerge. On the other hand, I noticed that they influenced each other's replies, e.g. one agreed with another. However, the answers were then confirmed by the other groups of interviewees. The interviews required moderately short answers, but could evolve further if necessary. That is, the questions were open-ended in that the interviewees could reply however they wanted to (Bryman, 2008, p. 246). Before being introduced to the workers, the factory manager quickly skimmed through the interview guide for the workers to approve the questions which he did without any objections. With the help of a friend, Gary Tanner, the interviews with the workers were translated directly in the Creole language. In English, the factory manager was interviewed through a questionnaire and a dictaphone which was also used during the interviews of the textile workers and the politician. I was aware that the responses of the interviewees might have been restricted as they are currently working at the company and want to keep it that way. To complement the data collected from the textile factory, interviews were conducted with former Creole textile workers from Compagnie Mauricienne de Textile Ltee (CMT) whom I spoke in English with on the 11<sup>th</sup> of March, while taking notes. My purpose here was not simply to attain information from textile workers, but people living and observing the industry from outside. As a result, diverse insights were given which made the research more complete. Additionally, the semi-structured interview with the politician, Joe Lesjongard, was conducted in English. The interview with Lesjongard occurred on the 27<sup>th</sup> of February, which is prior to the interviews with the textile workers. The role of the interviewees was to contribute as buildingblocks to the thesis.

In order to remember the feelings and sights in Mauritius, I took photos in the factory with consent from the manager as well as in the villages, cities and different environments. The pictures simplified the process of writing this thesis as I remembered details, e.g. the differences in the living situations of Creoles and Hindus. The highlighted photographs, contributing to the empirical findings, can be found in Chapter 4 and Appendix 4.

## 3.4. Data Analysis

The transcription of the recorded interviews was done right after my stay in Mauritius to assure I remembered all the details. The field notes were taken on everything I observed in alignment with the principal research question if the Creole community has experienced any improvements by the recent development in Mauritius. I analyzed my field notes and data material following each day of interviews and observations. In accordance to the theories of poverty reduction strategies and FDI, I separated the data material into different categories. During the data collection as well as the process of analysis, I discovered new categories as more questions appeared. These discoveries made my future observations more concentrated on certain areas of the thesis topic. Hence, a few questions were altered and added into the interview guide during the process. Further, the aim was changed during this process. Instead of focusing on all ethnic groups, I examined the Creole group and their perspectives as it became certain that they were the most vulnerable community in Mauritius.

# 3.5. Research Quality and Reliability

The research validity for the quality of the thesis is divided into two types, i.e. external validity and construct validity. External validity refers to the exercise of defining the area to which the empirical findings of the thesis can be generalized; also known as generalizability and will be discussed in the following section. Construct validity implies that one determines accurate operational measures for the concepts in the thesis (Yin, 2009, p. 40). Since the data sources were triangulated, i.e. the data collection emerged from multiple sources with the purpose of examining the same phenomenon; the potential issues of construct validity are addressed. The conclusions of the study have been supported by various sources of evidence (Yin, 2009, p. 116). A case study applying multiple sources of evidence has a much higher rate of overall quality than those depending on only single sources (ibid., p. 117). Moreover, the validity was increased by the use of method triangulation. Mixing several methods with their diverse advantages and disadvantages offers a varied confirmation of conclusions. Perceptions received through the utilization of participant observation can be validated through the use of other techniques (Dewalt & Dewalt, 2011, p. 128). Further, maintaining a chain of evidence enhances construct validity and the overall quality of the case study. Hence, the original evidence, i.e. recordings of

the interviews and photographs, were saved and used during the writing of this thesis (Yin, 2009, p. 123). Lastly, Joe Lesjongard (MMM) has read the final draft of this thesis. Having key informants reviewing the draft of the report at the composition stage tackles the issue of validity (ibid., p. 41).

Reliability refers to the level to which a procedure generates the same result when repeated by another researcher. The reliability of participant observation can be questioned as the lack of consistent results leads to questions about the scientific value of the procedure or method (Jorgensen, 1989, p. 37). Another researcher with other personal characteristics, interests, abilities and prerequisites presumably observes different aspects and elements of the same event. The quality of participant observation varies depending on the researcher's characteristics, e.g. gender, ethnic association, age, knowledge such as language skills, experience and theoretical alignment. Accordingly, the personal characteristics of the researcher cause inescapable biases and predispositions in the field work. For that reason, these biases have been discussed further in this section to make them as explicit as possible for readers to use when reading this research work (Dewalt & Dewalt, 2011, p. 94). Method triangulation has helped to increase reliability as the main questions have been tackled from different directions (Kvale, 1997). If researchers merely adopt participant observation as method, they are implausible to demonstrate more diverse aspects of personalities and lives of the community being studied (Dewalt & Dewalt, 2011, p. 95).

To increase the reliability of the study, distinct definitions have been applied. Moreover, the increased reliability is also due to the interview guide that has been designed in as clear manner as possible, using lucid concepts. Since Creole and French are not my mother tongue, a friend took the role as translator and was very explicit in the language when posing all the questions to the textile workers. In that sense, the respondents could understand all the questions and reply with clear answers as well as develop their stories. The interview questions were open-ended to avoid the risk of using leading questions, a common risk in qualitative studies (Kvale, 1997). The responses of the interviewees, including the politician, were recorded and later, carefully transcribed. Notes were also taken during all the interviews for the thesis to simplify the transcription.

## 3.6. Generalizability

Generalizability, also referred to as external validity, implies the extent to which the empirical findings of the study apply to individuals and conditions except the ones being studied. That is, how much the results of the study can be used as a conclusion for another population (Crowne, 2001, p. 335). To improve generalizability, the sample selection of the individuals studied has to be randomly selected since any bias is a predominant threat to the external validity. Random sampling decreases any possible bias in the sample selection. Such sampling method is often not possible which requires the consideration of broad eligibility criteria for the study. Broad eligibility criteria can include individuals of different ages, of various backgrounds and from diverse circumstances. Another potential threat to generalizability is the setting in which the study is conducted. If the study is based only in a factory setting, there are limits in the generalizability of the empirical findings due to the uniqueness of the type of setting in regard to the factory work (ibid., p. 336).

Critics state that single case studies are not appropriate for generalizations, i.e. a study's findings are not applicable to other cases. On the other hand, case study researchers are in a position to generalize by drawing on the findings from comparable cases investigated by others (Yin, 2009). The findings of case studies are generalizable since the results can be perceived as lessons that are applicable to other situations. Although the case is unique, the conclusions of the findings can be used in other situations. The concepts and ideas that are drawn from case studies are generalizable (Gilgun, 2011). A case study tactic tackling the issue of external validity is to use theory in single-case studies (Yin, 2009, p. 41). This study is considered to be generalizable as it contains relevant features of, and difficulties that pertain to more individuals than the ones in the research sample (Crown, 2001, p. 335). In addition, this study relies on analytic generalization, striving to generalize a specific set of results to a wider theory (Yin, 2009). Interpreting the study results, the sample of the study has been based on broad eligibility criteria to strengthen generalizability. However, the sample was drawn by the factory manager's assistant who picked out various employees from the factory which might create a selection bias. The individuals were different as they were mostly Creoles, a few Indo-Mauritians, and Indian as well as Madagascan workers. In addition, interviews with former textile workers from another textile company were

carried out in a separate setting. Since the research was conducted in multiple settings, the issue of limitation has been approached.

#### 3.7. Ethical and Methodological Considerations

My attempt to find statistics regarding different ethnic groups was not successful as Mauritius does not provide these numbers. The societal focus on ethnic identification is not strong, maintaining the harmonized integration of different groups in Mauritius (Bowman, 1991). This can be due to the perception that all Mauritians are equal individuals. Perhaps, the lack of statistics for the ethnic groups is due to the potential ethnic tensions. On the other hand, this also hinders further documentation of the Mauritian inequality, helping to hide the issue of the Creole poverty.

The interviews with the textile workers were a little stressful as the interviewees lost work time to be able to finish the garments, i.e. lost money by taking time to contribute to the study. In addition, the factory manager came into the room once and made a comment regarding the time. Therefore, the answers may have been restricted as it was clear that some of the interviewees were thinking about their unfinished work, i.e. loss of income, rather than providing copious answers. Also, the replies may have been constrained due to the awareness of the boss nearby. In an ethical aspect, there are several hindrances of interviewing employees in a textile factory. Firstly, to prevent the risk of making them feel exposed, the translator and I insured that they will be completely anonymous. Obviously, they were afraid of dismissal if the factory manager finds out about hidden information they revealed. This will be further discussed in the section of empirical findings and analysis.

# 3.8. Discussion of Methods

Method triangulation was used to combine multiple methods and theories for the purpose of completeness, increasing the deep understanding of the study and reducing the possible biases. Triangulation is applied primarily when dealing with less examined research problems. The advantages of triangulation involve "increasing confidence in research data, creating innovative ways of understanding a phenomenon, revealing unique findings, challenging or integrating

theories, and providing a clearer understanding of the problem" (Thurmond, 2001, p. 254). Method triangulation generates a comprehensive perspective on the study and a large amount of diversified data for the analysis. By using participant observations, semi-structured interviews and photography, the study becomes deeper in its results which would not have been achieved by applying one method only; thus, enhancing the validity and use of the empirical findings.

The reasoning behind the choice of methods was quite straightforward as I strove to achieve several perceptions around the topic. By means of participant observation, I acquired more indepth information of the topic. With this method, I was able to obtain a tacit comprehension by living, working, sharing thoughts and feelings with the community that would not have been possible with other techniques of data collection. By participating in the everyday life of the Creole community, I gained an understanding of their values, opinions and ways of living (Dewalt & Dewalt, 2011, p. 11). The photographs added to my research work as they reminded me of details of situations, atmospheres and nonverbal communication. By simply carrying out participant observation, my personal characteristics, e.g. the ethnic affiliation to the Creole community despite my Swedish citizenship, would generate biases. Method triangulation has been encouraged in order to use more formal methods in combination with participant observation to enhance the quality of the thesis (ibid., p. 95). Likewise, by only conducting semi-structured interviews with textile workers at a company, the data collection and the results would have been restricted, resulting in a bias along with the failure of delivering complete conclusions for the purpose of answering the research questions.

Nonetheless, triangulation requires more time than single-strategy studies. More planning and organization in order to collect more data are needed. However, some resources might not be available for the studies (Thurmond, 2001). Another disadvantage of triangulation contains the "possible disharmony based on investigator biases, conflicts because of theoretical frameworks, and lack of understanding about why triangulation strategies were used" (Thurmond, 2001, p. 256). Interviewing a Creole politician from the opposition party MMM may have created a bias. On the other hand, this thesis is highlighting the problematic situation of the Creoles. For that reason, a political aspect involving the political voice of the Creole community needs to be mentioned, to be in line with the theory of poverty reduction strategies.

# 4. EMPIRICAL FINDINGS AND ANALYSIS

This section provides the evaluated empirical findings in accordance with the theoretical framework and my own reflections. The photographs of my observations can be found in Appendix 4.

## 4.1. Observations

When I was travelling into town, I was astonished by how Mauritius had developed in the 14 years since I last visited the country. Through my own eyes, I could observe the new buildings of big companies and banks compounded together. One specific commercial bank had mind-blowing features containing bright neon lights all over the egg shaped building. I had never seen



such a high-technological construction which reminded me of what the future could look like for many advanced economies. Yet this view of the highly developed Mauritius burst when I entered the village Moka where I would stay with my cousins. In Moka, I had one cousin who was living with my uncle, her mother and brother in a small house with two rooms and a

kitchen. I lived in a bigger average house where my cousin, working as an office worker and her husband, a truck driver, lived. They had a yard that they shared with other neighbors. I also came over to the home of my grandmother and my aunt in Le Bouchon where they shared a small house with one room together, i.e. all the worn-out furniture were in one place, while the kitchen with a rusty interior was separated and built out of sheet metal. Additionally, I visited other aunts, uncles, cousins and friends in other areas. During the visits, I was treated with food that mostly contains rice and stews. The Creole cuisine was very often shared with big families and friends. In New Grove, I saw my cousin who was taking care of her old parents in addition to both her and her employed sister's children. She was really tired of all the stress and not pleased with her situation at all since the government does not bring support in her case. Although I felt

at home with my relatives, I could sense their dissatisfaction of the contemporary economic structure in Mauritius. Not much had changed in their living situations and this perception applied to villages where mostly Creoles lived. The houses were average looking, made out of bricks. Some of the houses looked like shacks made out of sheet metal. Some people use worn clothes while others just wear inexpensive clothes. In general, people on the island are quite relaxed with what they are wearing as long as the clothes are wearable.





Travelling around the cities and villages gave me an updated vision of the development in Mauritius. The inequalities between ethnic groups were apparent for me. I passed by beautiful, expensive houses belonging to the Hindu community; later on, shacks, especially in Port Louis, and average houses, such as my cousin's house, in villages where the Creole people live. In Mauritius, poverty is greater in rural areas than in urban areas (Duclos & Verdier-Chouchane, 2011, p. 5).

Most of the Creoles I conversed with highlighted that the entire government contains only Hindu leaders with strong connections to India. Moreover, they have noticed that they are not being represented in politics due to the small percentage of Creole representatives. The majority of the people are of Indian heritage. Therefore, the same government is voted in, favoring the Indo-Mauritians. I interpreted their stories as a sign of discontent with the Indo-Mauritian government. For them, a democracy is not actually present in the sense that the small percentage of Creoles who are voting against the current government does not change anything. They consider that if a new government will rule, there will be a change for everyone. Many Creoles have explained

how Creole people are less preferred in the labor market. Discrimination due to skin color exists; although you as a Creole have the right qualifications, Indo-Mauritians usually have a higher priority (Bowman, 1991). Indo-Mauritians are generally found in professions like accounting, law, and leadership, etc. while Creoles have lower ranked employments (Carroll & Carroll, 2008, p. 30). They feel that Indo-Mauritians have reached a higher status than white Mauritians, as they are constantly prospering.

Since there is no tax or any limit on how much labor force India can bring into Mauritius, the foreign guest workers have increasingly flowed in. In particular, Creoles have noticed this trend. This fact was even very noticeable to me as I could observe trucks filled with Bangladeshi and Indian workers in traffic in addition to the small houses around villages where there were several guest workers living in one house. An informant who is working as a construction worker spoke to his boss on the phone; in turn, I spoke to him regarding the construction industry. His boss informed me that the construction sector receives more Bangladeshi and Indian laborers since they are cheaper and simply come to work in Mauritius. They work for a much lower salary than Creoles can accept. The imported laborers are willing to on work public holidays and Sundays; they work as much as possible for unsustainable salaries of around 3000 MUR, i.e., 98 US dollars, a month (coinmill.com, 2013). The Creoles have to take care of their families while immigrants from Bangladesh do not have to worry about those issues.

Foreign workers have thus become a threat to Creole employees. The main development challenge in Mauritius is the Creole poverty as the Afro-Mauritian Creole population still lives below the poverty line. The lack of education as well as the prejudice among Indo-Mauritians that the Creole community is lazy hinders the employment prospects, worsening the Creole poverty (ACTSA, 2011, p. 7).

In a conversation with a married Creole couple, they explained that families cannot afford education for all kids if they are not working hard. Although education is free, private tuition and books cost. People who cannot afford good education can forget good jobs with good salaries. There is no safety net if you become unemployed; thus, you enter a vicious circle. The government provides no support to unemployed people or individuals who are helping their old parents. Since their salaries are not high enough, one has to take loans in order to progress at all

in Mauritius. For instance, a loan would help to provide a decent home with necessary equipment for people. Those who are poor and live in shacks are either working or unemployed.

On the 12<sup>th</sup> of March, during Independence Day, I noticed how many Indian flags were hoisted around the island. Approximately half of the flags signified India and the rest Mauritius as a sign of respect for the visit of the President of India, Pranab Mukherjee that day. India and Mauritius have been found to be mutually interested in the many sectors of culture, education, science, renewable energy, technology and trade (Jagran Josh, 2013). Another particular observation I took notice of was the shutdown of sugar cane factories throughout the country, demonstrating that the sugar sector, owned by the Franco-Mauritians, is declining along with the textile industry in which more Sino-Mauritians are owners. India has a greater interest in the technology-improving sectors, e.g. offshore banking, call centers, etc. On Independence Day, a Creole acquaintance narrated the history of the riot in 1999 that was due to the killing of Creole reggae singer, Kaya, in prison by police because he smoked marijuana at a concert. He was a representative of the Mauritian Creoles as he campaigned for the rights of the Creole people. The riots became violent between members of the Creole community and the Hindu majority, bringing the deep-rooted ethnic and economic tensions to light (Vellien, 1999).

# 4.2. Answers from the Factory Manager

The first interview at the Floreal Knitwear was conducted with the factory manager to understand the main context of the employees. After the approval of the interview guide for the workers, the factory manager informed that Floreal Knitwear contains no less than 500 factory workers, including around 275 domestic workers and 225 foreign workers. The majority of the foreign employees originate from India and Madagascar. Concerning the salary range, a factory worker earns on average 10 000 MUR (325 US dollars) per month, i.e. the take home salary. The range is between 8000 – 13 000 MUR per month, i.e. 260 – 423 US dollars each month. In the end, he continued to explain that the normal working hours for the workers are 60 hours per week. He offers no micro loans to the employees, but does offer medical insurance, although the hospital and medical service is free in Mauritius.

When the question "how much do local workers earn as compared to foreign workers" was posed, I expected a different answer than what we received from him. The manager gave me another perspective as he highlighted that there is no discrimination between workers and that foreign workers in fact cost more for the company, in regards to e.g. accommodation. In the past two years, more people from Madagascar have been employed at the factory. Currently, Indian workers cost more as they focus on other sectors nowadays. In the past 15 years, there has been a difficulty to employ more Mauritians within the textile industry. Young people are joining other sectors. The domestic labor cost is high compared to other countries. The textile industry in Mauritius is declining as there is an increasing competition abroad, e.g. the factories in Madagascar and Bangladesh. In comparison, the number of employees at Floreal Knitwear contests with about 6600 workers at manufacturing locations in Bangladesh, China and Madagascar (CIEL Group, 2013). Furthermore, he stated that FDI is not flowing into the company. However, there are many workers from abroad, with a working contract of minimum three years.

What I could conclude from his information was that FDI aims at obtaining capital return where the economic sector is most flourishing (Todaro & Smith, 2011, p. 686). As the textile sector is falling, there is no interest for Indian FDI to enter a declining industry. India focuses on sectors that are developing economically and technologically. Likewise, the idea of working in the textile industry is not popular for locals since factory work implies hard and much labor for a low wage at the moment.

#### 4.3. The Perspectives of the Textile workers

In the beginning of the interview with each group of employees, Gary emphasized the confidentiality of the interviews and the anonymity of the respondents. Subsequently, he carried on with the basic questions such as their family status and working experience at Floreal Knitwear. All of the interviewees were female, except for two male Indian workers. Most of the local employees had a working experience of approximately 25 years; they ranged between 10 and 37 years of experience. The local workers who had a husband and children all owned their own houses, except one married woman who was staying at her stepmother's place as she could not manage to save any money. Four out of 15 interviewees were widows. One of them did not

have any children and stayed at her brother's home; therefore, she may save a little of her income. However, the other employees with children could not save earnings despite a lot of overtime labor. The rest of them were homeowners, renting, or staying at their stepmother's home in order to build a house. Regarding the latter mentioned, she was able to save a part of her wage, but not anymore whilst she is paying a loan for house construction. Both Gary and I felt the differences in the personalities of the groups and in their views regarding the specific questions. As two Creole Mauritians replied that they were able to save a small part of their salaries through banks, others responded that they either cannot save or that they can save, but not enough. Some of the latter commented that they were able to save before, but not anymore. Nevertheless, the work load and pressure were equally demanding for all of them. Their small savings depended on how much they work monthly wise. The basic salary is not fixed, but based on piece wise, i.e. how many garment pieces they can produce. As a result, the wage depends on the output, leading to much overtime work on Saturdays. One of the widows also mentioned that she sometimes does night shifts to help close the month. Their monthly expenditures involve costs for the children, particularly education, food, payments for the house such as electricity and daily expenses. They do not own cars, motorcycles or any fancy cell phones. The extra income goes to buying things, e.g. furniture, television or something they need for the house, and education for the children. Most of the money goes to education, which all the workers who had kids confirmed. The majority of the textile workers had not made any major investment in purchasing anything for the house or improved it in any way. Some stated that if something would break, they would fix it and then pay for that, but they do not buy things every month since they are thinking about their budget.

Two interviewee groups explained an alternative of saving income, a savings cycle. With the little amount of capital they acquired, they invest it in a social cycle in which ten people come together, collectively put money in a cycle of ten months. Every month, one person receives that amount of capital, and since each person has a month to collect the savings. For instance, ten individuals working in a cycle put in 1000 MUR (33 US dollars) each month, meaning that each of them takes the pot of 10 000 MUR (333 US dollars) one of the ten months. This sort of saving

cycle is indeed beneficial for them to gain lump sums of savings.<sup>3</sup> The other workers not pursuing the social cycle are not purchasing clothes, cars or such of the extra money they get after paying the essential parts of the private economy. Each worker with children prioritizes the education highly, i.e. paying private tuition, books, etc. That is, most of the additional earning goes to education. One widow who stayed at her brother's house mentioned that she helps her nephews with money for their education.

There are loan credit facilities through the textile factory. One employee had applied for a loan which textile workers can apply for to purchase computers, refrigerators, etc. Another did not have any loans although she applied for one. At least half of the interviewees did not have any debts since they stayed in their own houses. The majority of the interviewees had taken loans for their houses, implying that some are still paying for the house. However, there was one worker who had not applied for a loan since the textile industry is very unstable right now. Many employees have been dismissed. Hence, she has not applied because of the fear of being sacked and not being able to repay the loan.

This made me ask this woman how they get dismissed in this industry. My assumption of threats and pressure from abroad, as the factory manager mentioned, was accurate. She replied that since they have factories in Bangladesh and Madagascar, it is sometimes cheaper to have those factories manufacturing the products. If Floreal Knitwear does not have enough orders, there is not enough work for everyone; thus, the need for dismissal. I asked if they feel pressured to always work hard due to this fact and received a big yes from the three women together.

Before, the workers used to get access to micro loans. Currently, banks do not allow any loans without a person guaranteeing you in case you cannot pay back the loan. Since few are willing to be a guarantor and stick their neck out to help somebody, it is difficult to obtain a loan. They do not have any guarantor, but do get help from the textile industry with the loan facility providing up to 10 000 MUR (325 US dollars) per worker.

\_

<sup>&</sup>lt;sup>3</sup> This cycle is also known as Rotating Savings and Credit Association (ROSCA) in which a group of people agree to save and borrow collectively for a specific time period. This method can be found in other developing countries where poor communities use ROSCAs to save and acquire an amount of money for larger expenses.

The employees have access to other credit facilities, for instance small stores which they have an agreement with, that they can pay half now and half next month. Additionally, they can get help from leasing of CIM finance helping them to take larger credits. This company provides credit facilities for the purchase of items such as ovens or furniture. For instance, if you want to buy an oven, you can pay for it over 12 months, 30 months, or if you want to buy furniture, you have credit facilities, i.e. financial companies assisting them. Nonetheless, no one mentioned that they use the facilities. Regarding the issue of economic security, the workers turn to their parents for aid if the money is running out, besides the social savings cycle. They are not aware of any governmental facilities.

Concerning the question of being able to afford health care, education and such for the family, one interviewee explained that she pays an insurance for her family besides the one provided by the company. Since the company provides a limited cover, i.e. 3000 MUR (97 US dollars) for the outpatient only for the workers and 12 000 MUR (390 US dollars) for inpatient, meaning that you go to the clinic and actually get admitted a clinic. The factory manager mentioned this



medical scheme. Yet, some employees indicated that they afford cannot purchase any insurance. All of the workers can afford to pay the private tuition for their children, except three employees. These were widows with children who could not afford these things.

To quit a job and attain another is not any easy option for the workers. They even have friends who quit their employments and are still searching for other alternatives. The difficulty in

finding a new occupation is also due to their long experience in the textile sector. As a result of the many years in this sector, they have no other option than staying in the textile industry. Besides, they would not earn the same income as they are currently working for. For most of the local textile workers, the work placement at Floreal Knitwear was their first job.

Since the day when the employees began working at Floreal Knitwear, several factors have changed. In particular, they reported that the work load has increased. They started piece wise, first with producing the collar, and then sleeves. Nowadays, they know how to make a shirt. The company tends to employ people who know how to make a whole shirt, i.e. versatile employees. Two workers explained that they had colleagues who actually were dismissed because of their incapability to generate a whole shirt. Everyone pointed out the pressure to work hard and the large work load depending on the orders they have. In general, the work load is constantly large.

Also, their work used to be more manual. With technological progress, they have machines that help them. The wage is the same, with a possibility that it has increased slightly, but this may be due to inflation. In addition, there are more foreign workers than Mauritians nowadays. Three workers described that they do not mingle that much with them since they stick together. Another employee explained that they used to be 1500, and now they are only 25 in the semi-automatic section. There are newcomers in the factory in the other sections. In her section, there are no newcomers to join them, merely the Mauritians with good experience.

One interviewee group described the big projects handed over to them before. They could have a large project handed over in a month. Presently, they have small projects to be finished in a week or two weeks. With that earlier project, they had a certain time, for instance, one month, to finish the work. A work project for one month entails that the employees can distribute the work separately during different days. They could have a day in which they could work a little bit less, but ensure that during the remaining days they could finish the work and catch up to what they have not done during that specific period. Since they now have small projects, which they have to deliver in a week, they do not have a day in which they can relax a bit. They have to be working constantly.

During the fourth interview, the factory manager came in and interrupted. He asked if we were "not done yet" which stressed us and made me distracted. As he kept sitting in the office where we had the interviews, we decided to go to another room for the rest of the interviews. One particular interview in that room was revealing what probably most interviewees were thinking during the interview, i.e. work. This was not only due to their restricted answers, but how the personal chemistry worked between them. They seemed a little indifferent when responding as Gary attempted to get out as much as possible from them. During the interview, Gary's phone rang and he had to take the call. When he did not have eye contact with them, they exchanged knowing glances with each other which I could interpret as that they had better things to do than losing time and money on an interview for half an hour.

In the end of each interview, the workers described how things have changed for them the last five years. Two groups explained that they feel that they are moving forward in life. I would interpret the feeling of moving forward due to their personal accomplishments. Their responses demonstrated a sign of confidence and hard-working attitude in their personalities. Depending on how hard they work, piece wise, they can actually get by and bring a change to their life. Normally, their basis is 5000 MUR (162 US dollars), but they can increase the salary by working overtime. A small part of their salaries is saved in case they need to purchase something. One interviewee mentioned that she has been able to send her parents to Mecca. As a Muslim, that has been a major accomplishment to be able to do that once in her life. For all of the house owners, their largest accomplishment is to be able to have their own house. One employee emphasized that she is happy that she can provide what they need for education. Most state that they are moving forward and can achieve what they want while a few others say that they do not. The latter felt that they either were moving forward before, or that the fact that they grow older means that they cannot work as much as before. Being a textile worker, the correlation one does not strive for is an increase in age together with an increased work load.

Only one group dared to describe that they felt disadvantaged due to foreign workers. The group that expressed their feeling of being disadvantaged described they were earlier a large group of Mauritians. As a result, they had the power to speak up. Today, there are currently fewer Mauritians in the factory, but more Madagascan and foreign workers. They feared that if they

speak up, they can actually get dismissed or fired for that reason. One of the women highlighted that this is completely "top secret". Gary indicated in Creole that the interview was entirely confidential. Everyone else stated that they have not been bothered by the foreign workers and that they felt at ease speaking up to their supervisor. The explanation behind this can be that they focus more on their work as the foreign workers do as well. One group mentioned that there have not been any new employees for a long time. Nevertheless, there are only Mauritians in their sections; thus, they have not really minded.

Other groups from the knitting section stated that they only have a small-medium section at Floreal Knitwear. All the large knitting sections are via Madagascar or Bangladesh. Those are the ones that get the large projects. They feel a little disadvantaged since they get the small projects. Sending the big projects to the big knitting sections abroad is more preferred than to a small section in Mauritius. Those who work abroad are young, as are those working in the factory in Madagascar and India. I understood that being young in the textile industry implies being capable of working much.

The first foreign guest workers interviewed were from India and worked at the machine section where male employees were located. The Indian workers were married. One of the employees had a child. The difference between their responses about family status and those of the local workers was that they mentioned their siblings and parents living in India as well. Currently, they live in an accommodation provided by Floreal Knitwear. The house is owned by the company and contains several rooms; five persons live in each room. Moreover, their working experience varied between two and three years.

We struggled a little with this group interview as we had to speak both English and Creole. The language barrier hindered them from further developing their answers. One interviewee tended to be the most talkative. When we asked if they are able to have any savings, he responded:

Saving, money? Saved money go to India. All the money go to mama and papa and family. Just pocket money here.

The pocket money is kept in case they need a visit at a doctor's office or food such as breakfast or even lunch, if they do not feel peckish for the lunch the company pays for. Since their families

reside in India, they can concentrate on earning income by working in Mauritius to send back home. In respect to their work focus, this entails that they can work many hours of overtime every day, which they do for a three or four year contract.

Yes, 6 am to 22 pm. Saturday and Sunday. Normal time is Monday to Friday, 6 am to 6pm. Total salary 11 000, 10 500... Work every day. Sunday 6 am to 3 pm or 10 pm. Evening, night...

Evidently, domestic workers cannot compete with guest workers who work in this manner. In contrast, local employees have families in Mauritius to take care of after work. The Indian workers have the purpose of saving most of their wages; thus, they have not acquired any recent property, i.e. home and vehicle improvements, cars, motorcycles, etc. which they did not own before. Yet, they can afford essential factors of living such as health care and education for their families. The workers plan to go back home to India after the time of their contracts run out. One interviewee expressed his feeling of "beaucoup fatigue" as he has become very tired after working hard every day.

The other foreign interviewees were three Madagascan female workers from the sewing section living in one of the accommodations provided by the company. As with the Indian workers, they do not have to pay for lunch, rent, electricity or transportation costs. The spoken language in the interview with the Madagascans was French. The workers were single women with no children, but had parents living in Madagascar. During the interview, Gary and I noticed that they were fascinated by his presence. This comical event was amusing to observe since he concentrated on posing the questions in the same manner as with the other interviewees, although they became rather timid and giggly. Fortunately, this did not affect their responses completely.

They are able to save their earnings in the bank and have even managed to buy garments lately. Additionally, they can afford to send some of their capital to support their families in Madagascar as a result of all the overtime work. The overtime ranged between four to six hours a day, except on Sundays when they are free. The reason why the women left Madagascar for Mauritius was due to a better labor market. In the past five years, all three of them worked in a company before coming to Floreal Knitwear. There are no employments available in

Madagascar. The factory they used to work at back in Madagascar shut down. Hence, they had to find an alternate solution which was working in Mauritius. Nowadays, they get on well in the good working environment at the Mauritian company, they stated.

In sum, the participants were two Hindu Mauritians and one Muslim Mauritian while the rest were Christian and Creole Mauritians. The factory manager and his assistants were Hindu. The local workers have been working at the company for a long time period. These were no young women who can easily switch to another job. They are heavily dependent upon their current work in order to take care of their families settled here. Another specific thing I noticed was how much these women prioritized the private tuition and books for the children's education. The pressure is hard to afford private tuition and books for the children in order to even pass the CPE examination for secondary education or attain employments with acceptable wages.

There are more new and young Madagascan workers in the other sections and Indian laborers in yet another section. The foreign workers are able to work more as their families are based abroad. Due to competition from abroad and foreign guest workers, the domestic employees have no option than to do overtime work and handle the tough pressure at the workplace. Consequently, there is a lack of power to speak up at work, which only one group spoke about the feelings and risks due to foreign threats. The stereotype of lazy Creoles would not apply for these workers. They have a sense of accomplishment and attempt to find ways, e.g. the social cycle of saving income, to get by.

After the last interview, Gary and I discussed the answers from the employees. Gary told me that back when he was young they used to tell little girls that if you do not study, the consequences will be working at an industrial factory, sewing all your life. Mauritian people have a very negative image of workers in the textile industry. They perceive that this sector is for people who have not studied and ended up sewing for the rest of their lives. As the factory manager told us, "working here is hard". These workers are paid by piece they produce, put in a lot of effort and are really tired when they come home. Young people do not want to work like that, which the factory manager mentioned that as well.

### 4.4. Supplemental Comments of Former Textile Workers

I had attempted to obtain interviews at CMT, but did not succeed as the Human Resource Department stated that they had a busy schedule. Subsequently, Gary explained that he had heard that they rejected interviews before. By asking people who worked there, it was clear that they would not provide any interviews. Besides, the workers at Floreal Knitwear would not tell me everything in the fear of being fired.

Both the former Creole workers I talked to are currently married and quit their jobs within a year at the company due the low salary. They normally worked overtime every day from 7.30 am to 9.00 pm during weekdays. On Saturdays, the working hours were between 7.30 am and 5.00 pm, sometimes even until 7.00 pm. The working hours on Sundays and public holidays were between 7.30 am and 3.00 pm. Other workers normally continued until 5.15 pm, 7.00 pm, 8.45 pm or 11.00 pm.

One worker expressed her constant back pains, headaches and depression during the time at CMT, working hard in a very strict factory atmosphere. Workers were only allowed one absence per month. If there were two absences, one would have a warning. If three absences, one would have a severe warning, and be obliged to explain to the board deciding if the worker should stay. If someone is absent, another person receives an extra work load. The salary depended on how much you produced. Neither of their salaries were enough to have any savings. Their husbands also had a low wage covering only themselves.

CMT in Phoenix contains around 900 Indians and Chinese working behind the machines. Approximately 100 are Mauritians; most of them Creoles, working with the quality control of products to send abroad. One of the Creoles felt disadvantaged due to the foreign workers who work all the time since they do not have families in Mauritius to take care of. Mauritians have families to consider; therefore, are not able to work as much as foreign workers. Public holidays are free days for Mauritians, but foreign employees work anyways. The Chinese employees continue working until 1.00 am some nights. The other Creole pointed out the noticeable advantages for the Chinese as there is a single owner who is Sino-Mauritian. During Chinese holidays, the Chinese workers receive alcohol, cakes and an extra salary bonus while Mauritians and Indians do not receive any of these gifts, not even on their own holidays.

The Mauritians cannot speak up and complain about both salary and work. The boss of CMT uses the argument that the productive Chinese workers do not have any absences. To talk about the money issue at CMT is taboo, while the economic problems among Mauritians remain a fact. The foreign workers are always favored.

Luckily, the workers changed to another textile firm and got better conditions, for instance, a productivity bonus. In sum, Floreal Knitwear has better working conditions than CMT, treating their workers better. Nonetheless, the lack of workers' rights for both foreign and local workers in export control zones is another development challenge for Mauritius. Companies are violating trade union and labor rights; therefore, there is a great need of increased power for trade unions to intervene in violations by employers (ACTSA, 2011, p. 7).

### 4.5. The Viewpoint of a Politician

Since the Hindu majority prevails in the public administration, politics and political parties, the Creole and the Muslim communities face increased difficulties in achieving the highest political posts (Bertelsmann Stiftung, 2012, p. 9). For that reason, I found it essential to interview a Creole politician, contributing to a new perspective on the political arena.

Joe Lesjongard is a Creole Mauritian politician working for MMM, the opposition party. He was positioned as chair person for MSM in 1996-2009, but resigned from that party to join MMM. The transition was due to his dissatisfaction with the party lines that the party took. At that time, MSM wished to join an alliance with the current ruling party, the Labor Party. In addition, he was the minister of local government and in the island Rodrigues over housing, land, fisheries, small and medium industries. Two predominant questions were in my mind in advance of the interview, i.e. how the Indian FDI was corresponding to public policy and how the current government is benefiting Indians and Indo-Mauritians. He explained the political history and the ethnic groups, how the government (LP/PMSD) is constantly ruled by Indians and how Mauritius is used as a gateway for India to attain FDI. Indo-Mauritians will continually be favored while the Creoles remain marginalized.

The starting point of the recent political and economic structures in Mauritius was during the time of independence, 1968. In the beginning of the independence era, the vital electoral

boundaries were reviewed. However, the electoral boundaries were unaltered and are today the same as the ones set in 1968, despite the fact that the Electoral Boundaries Commission publishes a review of these electoral boundaries every 10 years. In 1968, the first electoral boundaries were set to benefit the Indian community. In each election, mainly Hindus are elected to most of the 20 constituencies in Mauritius due to the composition of the electoral boundaries. The regime cannot modify these boundaries, although the Electoral Boundaries Commission has introduced a proposal to review the electoral boundaries since 1978. One can merely accept or reject the proposal by parliament; thus, the report has constantly been rejected by the electors of the strong Hindu majority and favored the Hindu, i.e. the Indo-Mauritian, community. Also, the government does not review these boundaries. Hence, every election has favored the Hindu community and the majority of the elected members of Mauritius are Hindus. At each election, a Hindu leader is continually selected as prime minister.

Another reason why a Hindu majority exists in the civil service and the top positions of the public administration is the outflow of Creole intellectuals.

Just before independence, we had a Creole leader, Sir Gaetan Duval. I think you must have heard about him, his son now is the finance minister of this country. He, Sir Gaetan Duval, was against independence, and he stood in the elections in 1969 for a party that contested the independence of this country. And what he did during that time, he encouraged those Creole, those belong to the Creole community, who were top intellectuals to leave Mauritius and settle elsewhere. So, we encourage a lot of Creole to move away from Mauritius. And they did move. And those Creole were top civil servants.

Lesjongard pointed out that in the early 1970s, the top civil servants in e.g. the ministry of health, the police force, etc. were Creoles, but abandoned their posts to live in other countries. On that occasion, the Seewosagur Ramgooolam (LP) government ruled, being the first regime of independence. Lesjongard stated that the president:

(...) promoted civil servants belonging to the Hindu community to those top positions. And today, if you have a look at the civil service, you find that 80

percent of the civil service belongs to the Hindu community. And 20 percent to the minorities, that is, the Creole, Muslim, Tamils.

While the economic situation is ruled by the Franco-Mauritians, the politics of Mauritius is governed by the Indo-Mauritians. The remainders are the few Creoles forming the minority along with the Muslim community. However, the latter community focuses on the business sector, constituting the businessmen in Mauritius. The Mauritian government has had close ties with India; in particular, when it comes to agreements.

There have been a lot of exchanges with India, whether it be the economic front or the cultural front. And then, about 2003, about 10 years ago, we had signed a double taxation agreement with India.

The policy-makers have promoted FDI and formed policies opening up for trade and investors. To attain more FDI, the government has lowered the tax rates, e.g. through the double taxation agreement with India set a corporate tax of zero in Mauritius. This agreement and investment has a great deal of influence on the Mauritian politics. The reason why Mauritius is the biggest FDI source to India is primarily the agreement with India. There is a zero cooperate tax for investors, meaning that they can invest in India through Mauritius with no tax, compared to if they invest in India directly, facing a cooperative tax.

Consequently, investors have been misusing the benefits of the system via so called "round tripping". An Indian investor using another country than India as platform is not allowed to reinvest in India through Mauritius. Another issue is the cheap labor from Bangladesh, China, India and Madagascar. Local workers are not able to compete with these foreign workers with their acceptance of unsustainably low salaries, particularly in the textile sector. This implies that a local worker cannot negotiate for a better wage, but would face a reaction from the boss that she is not willing to work as an Indian would do in her position. Therefore, the MMM has voted for a legislation restricting imported labor from the four countries since there is no quota to control the importation of foreign workers.

At the beginning that importation of labor was exclusively made so that Mauritians in the textile sector could compete with countries like China and India. At some point in time, the textile sector was ranked the second sector in Mauritius. Then, competition started building up when China and India started getting into the textile market with the abolishment of GATT, General Agreement on Tariffs and Trade. With that, prices were liberalized. We did not have the protection that we had before. That's why, we have to import labor.

The liberalization of policies was used by factory managers in order to be more competitive, reducing local labor force and substituting them with foreign guest workers able to work more than domestic workers. The solution to this problem is to implement a quota allowing a certain percentage of imported labor, not liberalizing migration labor completely. This information led me to pose the question about the existing discrimination by skin color, according to what local Mauritians have told me; i.e. companies would rather employ an Indian than a Creole person.

Lesjongard described the historical stereotype of a Creole worker who may not show up at the workplace as he enjoyed the weekend too much. In contrast, an Indian would work even overtime as up to 12 hours or more in total during a day. The stereotype of the Creole worker was true before, but one must keep in mind that Mauritius is an island, involving a different meaning of the concept productivity compared to a landlocked country. Island people enjoy life at the beach and gladly drink an alcoholic beverage; thus, they might not show up at work the day after. Therefore, that stereotype would apply for all local workers, including all ethnic groups, if that was the case. Lesjongard added that some firms have been able to undertake solutions for this "island problem" by implementing productivity bonuses or presence bonuses among other alternative options. On the other hand, foreign laborers have left their families far away to work as much as possible for a low salary and send the income back home.

Concerning the question if there is any Indian investment flowing into the textile sector, Lesjongard responded:

The Indians have never been interested in the textile sector. The textile industry started only because in the early 90s, the Chinese government came forward, saying that Hong Kong will get back to China in so many years. And the first investors in the textile industry came from Hong Kong, because of that. They are

the only ones who have invested in the textile industry. And they kept that industry running until Mauritians joined. Workers came from India, but not investment.

The Sino-Mauritian community attracted investment from Hong Kong where investors searched for perfect locations for their textile operations due to the imposed textile quotas on Hong Kong (Subramanian, 2001, p. 6). The textile sector has not been interesting for Indian investors as they are seeking the maximum capital return in more attractive sectors. Regarding the question of how the Indian FDI is corresponding to public policy, Lesjongard described the fact that India influenced Mauritius much for years. For instance, India has always supported the Mauritian government with credit. The Indian influence on Mauritian politics has constantly existed as India's power has an impact on the political situation in Mauritius. In addition, India has always attempted to exploit the seas of Mauritius, anticipating that the waters contain potential minerals. Hence, Mauritius is in a strategic position. China's interest in Mauritius is merely to use the island as a bridge to Africa. China is searching for coal, diamonds, etc. which Mauritius does not possess. India has political intentions while China has economic interests.

Lesjongard also mentioned the well-known case of the death of Kaya, the campaigner for the Creole rights and reggae singer, in prison which sparked the violent riots between Creoles and Indo-Mauritians, demonstrating the ethnic tensions and the negative economic situations Creoles were in. Most of the Mauritian prisoners happen to be Creoles while the police force is mostly Indo-Mauritian.

When you have a look at the rich people in this country, they beg to not form part of the Creole community. They form part of the Hindu community, the Chinese community. Now, how long will that last? The solution to this problem is found in the community itself. They have to be more solidaire, show more solidarity between themselves. Whereas people belonging to other communities, let's say the Hindu community, are more together.

He emphasized that today there are no role models for the Creole community and not enough positive discrimination benefiting the Creoles. There is a need for solidarity within the Creole community as there are black, white and mulatto Creoles which generate a disparity in the community. An additional issue in my mind brought up the question of the Creole families that

cannot afford a higher education after the age of 17 for all of the family members. Lesjongard confirmed that many Creoles do not strive for higher studies as they mostly finish secondary school and stop there since universities cost and parents do not push their children adequately. The Creole community has realized that this was the case for the former poor Hindu community, which pushed their kids. Nonetheless, although a higher percentage of the Creoles encourage their kids to achieve a higher education, they have to face the difficulty of becoming employed either in the private sector or the public sector. The only possibility is the private sector, in which there is heavy competition, while the Hindu majority is positioned in the public sector. Thus, the Creole community tends to search for work abroad, impeding the confidence of other Creoles to attempt involving themselves in the public sector.

Another issue hampering the development for all communities is the education system functioning as an engine to favor different communities. Lesjongard, opposing to the CPE exams, explained that this competitive exam eliminates 25 percent of the 10-11 year old students from pursuing a secondary education. Out of that percentage, 90 percent are Creole children. Quite recently, institutions for the children not attaining access to the regular secondary education have been established. However, there is not enough space for more students in those institutions.

Analyzing the case of Mauritius through a democracy and human rights approach, a poverty reduction strategy striving to improve living standards of marginalized groups emphasizes non-discrimination and participation. This has not been the case in the democracy of Mauritius, as the large Hindu community maintains its power and benefits. If the Mauritian government would pursue a poverty reduction strategy addressing the situation of the Creoles, it would have eliminated the CPE exams, which seem to have a purpose of bringing forth the elites while kicking out the ones in need of more educational assistance. Education should be a social right for everyone in a country. That is, the governmental policies should have taken into account the needs of the impoverished population by helping to increase capacities and opportunities, empowering the marginalized.

#### 5. Summary

The success story of Mauritius has often been embraced as a role model for Africa, disregarding the marginalization of the Creole community. Taking the colonial history, the demographic, the political and the economic context into consideration, the disadvantages for the Creoles who were formerly slaves appear evident. During the transition to the Mauritian independence, the Creole community feared the upcoming governing Hindu majority would gain economic and political advantages. The anticipation of the prevalence of the Hindu government after independence was accurate; all prime ministers were Indo-Mauritian with an exception of the Franco-Mauritian Paul Bérenger (MSM/MMM) and a Creole elite left the country. Today, the LP/PMSD alliance steadily holds the power of the country, favoring the Hindu community. In the economic context, Mauritius has liberalized its national policies and implemented the EPZs, i.e. free trade zones, increasing FDI, trade and export-dependent growth. Correspondingly, the income distribution and social services have improved for the majority of citizens; however, the Hindu majority. The evidence of the strong associations between India and Mauritius can be found in the numbers of bilateral trade and FDI exchanges. Through double taxation treaties, Mauritius has become a free gateway for investment into India.

Further, although Mauritius is the second largest of woolen knitwear in the world, tourism, information technology, call centers, offshore banking and financial services have expanded lately, benefiting the Indo-Mauritian community. In the same way as Sino-Mauritians attracted investment from Hong Kong into the textile industry, Indian investment contributes to the sectors where most Indo-Mauritians are advantaged. Today, the textile sector along with the sugar cane factories are declining industries in Mauritius, worsening the situation of the Creoles working in those sectors. Another factor of marginalization is the current education system involving CPE examinations that hinder the underprivileged from pursuing a free secondary education, aggravating the structural inequalities between Hindus and Creoles.

Liberalized national policies designed for the interests of FDI and trade imply disproportionate structures in the Mauritian society, further separating the growing Hindu majority and the underprivileged Creole minority. Revealing the disadvantages of the Mauritian development success, the aim of the thesis was to examine whether the Creole community experienced

positive changes in alignment with the development in Mauritius. The primary research questions along with the sub question were formulated as follows:

What has the outcome of FDI as development strategy been for the Creole community in Mauritius, and why?

Have the Creole textile workers in Mauritius experienced any changes in their living situations, and if not, why?

With a method using triangulation which included semi-structured interviews, participant observation and photography, a deeper understanding of the study as well as reduced biases, I have intended to answer these questions. Based upon the theoretical framework involving the definition of poverty, poverty reduction strategies, advantages and disadvantages of FDI as development strategy, the empirical findings could be analyzed in order to conclude the answers of the research questions.

### 6. Conclusion

My research has shown that Indian FDI is not flowing into the declining textile sector as there is no strategic reason for it to do so. The Indian FDI has been targeted on flourishing economic sectors rather than these sectors. However, Mauritius is the primary FDI source to India as a result of the previously mentioned double taxation agreements. The Indian government has a huge influence in the Mauritian politics as the current government is run by Indo-Mauritians since many years. This study has demonstrated the quite apparent fact that the Indian influence in politics has led to improvements for the Indo-Mauritian community that is also favored by the unaltered electoral boundaries since 1968. As estimated, the strategy of FDI as poverty reduction has not had any positive effect on the Creole community. Judging by the observations of the cities and the elite houses in comparison with the villages, the structural inequality is conspicuous. In accordance with the theory of poverty reduction strategies, small urban elites profit from globalization as most of the rural and poor population are excluded. In the case of Mauritius, the growing elite of the Hindu majority is advantaged while the minorities and the poor are marginalized due to the Hindu government and Indian investment.

Based on my findings, an increased amount of cheap foreign labor through in-migration inclined to work much overtime and the decline of the textile industry due to competition from foreign textile factories, in e.g. India and Madagascar, have added to the work pressure on the domestic textile workers. Their wages depend on how much they produce; thus, decreased demand from abroad means a decline in salaries. Taking into account the long working experience of the textile workers at Floreal Knitwear, there is no other choice than to stay and work overtime as well, although their families are waiting at home. Some workers expressed the fear of dismissal in different ways, a high risk while young foreign workers with families based abroad are increasingly employed. One Creole group apart from the rest of the textile workers at Floreal Knitwear and the former textile workers explained how they felt unable to speak up and disadvantaged due to the foreign labor force. To negotiate higher wages cannot be on the agenda for a local worker; as foreign labor working for unsustainable salaries is outcompeting the locals. Also, the foreign laborers are working under severe conditions, raising the question of how much work a human being is legally allowed to do. It is paramount that trade unions have an increased power and are able to intervene in these matters. The current course of development in Mauritius is clearly going towards a state in which the Creole community is further marginalized and workers' rights are violated. Development should not be about the exploitation of laborers, nor the marginalization of minority ethnic groups.

Overlooking the Gini index of Mauritius, the country should work more on pursuing sustainable social development in addition to economic growth for the achievement of poverty reduction, i.e. including the needs and voices of the poor and marginalized. Governmental policies, institutions and markets should take into account poor individuals to increase capacities and opportunities; thereby empowering the marginalized. FDI as a development strategy has focused on the attractive sectors in which the Hindus are advantaged, e.g. offshore banking, call centers, etc. Hence, the Gini index has shown a heavy decrease in the inequality gap as the Hindu majority has prospered. The deepest poverty has not been reduced through FDI as one can observe the poor areas in which shacks and mostly Creoles exist.

As mentioned by Joe Lesjongard from MMM, investment from Hong Kong, not from India in this case, in the textile sector once generated a growth in the industry. At that time, more locals were employed in the sector. In that sense, an increased amount of employment opportunities have arisen. As there is a continuous technological progress in the country leading to FDI inflows in other sectors, the problem of economic security and opportunities has become more intense for Creoles. The government's increased focus on FDI and trade affairs with India has weakened the political voice of the Creoles as the Hindus have become more dominant in the job market as well as in politics. The development objective of increased freedom of choice for the poor and marginalized has not been met by FDI into the country. Since the marginalized group is not being represented in the process of political, social and economic change, most Creoles may feel that it is useless to participate in this process as there is no guarantee that their efforts benefit them.

Mauritius has created free education, although not on the university level, as well as health care that form a part of the social and economic rights of all its citizens. As mentioned in the background section, the requirement of passing the CPE exam which allows pupils to gain a secondary education does not follow the lines of these rights as a failure of this exam leads to no further education at all. In addition, medical insurance for an entire family is something not all workers can afford. This fact was highlighted through the data collection at the textile factory in which a few textile workers paid insurance while the rest could not afford it. Concerning education, widows alone cannot afford private tuition and books for their children, thus hampering further education. The need for empowerment is evident in this case. To be empowered, an opportunity to use their ability to create savings must exist. On the surface, free education and health care seem almost perfect for the population, but when savings are nonexistent, as for many Creoles, these factors do not mean much for the poor.

Some of the textile workers at Floreal Knitwear could save part of their incomes, but not sufficient; others simply could not. A few Creole workers have found a beneficial alternative of saving income, a social cycle in which one person out of a group of several people receives collectively saved money each month. There are loan credit facilities through the textile factory and access to micro loans if they have a guarantor. This would help in attaining capital that could lead to a certain empowerment, the ability to enforce their rights and organize themselves. Nonetheless, loans have to be paid back to the lender. Some of the current and former textile workers mentioned the risk of dismissal in the competitive atmosphere at work and therefore, not

being able to repay a loan if taken, the difficulty in switching to a new job and the lack of freedom to speak up about their rights.

On the other hand, some of the textile workers at Floreal Knitwear have expressed partial control over their lives as they know how much they should work to earn more income in order to spend it on necessities. There is a possibility of economic gains as they seem to feel like they are moving forward in life; thus, they have attained more choice and control. That depends on how hard they work to generate a change in their lives. Many of them have managed to obtain houses and are able to provide for their children and for such things as education. From this, one can observe the possibility of their economic gains, but also their sense of power and choice over their situation. A clear example of this is that the former textile workers quit their jobs due inhumane labor conditions, signifying power and choice in that context.

On the whole, the Mauritian economy has enjoyed the increased amount of FDI as development strategy both economically and technologically. The gaps between savings, foreign exchange, government revenue, human capital skills and necessary resources were filled by FDI. For that reason, Mauritius could reach economic growth and its aims of development. Also, the positive flow of export incomes through the attractive sectors of FDI has had a great impact on the economy. Furthermore, the inflow of FDI has supported the development in management, entrepreneurship, technological knowledge, skills of modern machinery and equipment to the domestic country.

However, the liberalized policies in Mauritius tend to bring forth a certain elite while exploiting the marginalized people. There are several disadvantages of FDI as development strategy. First, FDI has restricted competition through agreements with Mauritian government, hindering the increase of local companies that would perhaps supply the poor people with intermediate goods instead of importing these. Second, the effect of FDI on the public revenue is relatively less than it seems due to two essential factors. That is, the liberalized investment policies leading to lower tax rates and means of tax avoidance through e.g. the double taxation treaties between India and Mauritius, involving a cooperate tax of zero as Joe Lesjongard described. The policies have

made it easier to trade and invest into and through Mauritius. Also, India's economic power has influenced governmental policies as the Mauritian government strives to attract more FDI into the country, assuming knowledge spillovers and positive effects in local firms, industries and consumers through FDI. This results in an unfavorable development path in which maximization of profit in popular sectors weighs more than including underprivileged groups in that development.

As FDI generally leads to dualistic economic structures in which income inequality increases and local factory managers as well as employees with high ranked positions benefit, workers at a factory would expect no difference in their wages. This can be seen in the unchanged wages of the local textile workers with their long working experience at the factory. The solution would be to combine FDI with government tax policies, subsidies to welfare as well as local companies in necessary sectors for the public good and last but not least, a quota on labor migration to protect the locals from foreign competition. A quota set by the government would not only restrict the cheap foreign labor, but hinder the wages to decrease for the local laborers. Also, setting strict minimum wages and a restricted allowance of working time would be a better option for both local and foreign workers.

FDI as a development strategy has not been a poverty reduction strategy, but rather it has generated a stronger dominance of the Hindu group in Mauritius. The sectors of the ethnic communities associated with other foreign countries tend to attract investment from those. The Indian influence and the ethnic composition of the country have given the Hindu government a power that does not favor the rest. The government, and India, has been more concerned about turning Mauritius into a financial hub where investment is flowing inwards as well as out, mostly to India. The liberalized policies and the double taxation treaties have been beneficial in this way; however, they have been misused by many. As Joe Lesjongard explained, Indian investors among others have found a large loophole in this agreement by using "round tripping", i.e. sending capital out of India in order to send it as foreign capital to Mauritius, and in turn, send it back to India to attain profits while avoiding taxation. These events have also demonstrated that

the economic power of investment has transformed the politics of Mauritius for the benefit of investors and companies.

There is a need for the Mauritian government to deal with improved agreements on the basis of a strong bargaining position and local ownership. The coordination of development strategies corresponding to terms and conditions of FDI must be improved. This is easier said than done considering the global economic conditions and the political force shaping the development strategy. Unfortunately, the local minority has to take the consequences. Mauritius is not a landlocked country, but an island nation, and has a distinct colonial history and demography compared to other African countries. Its success has not been as extraordinary as one would expect when taking a closer look in the country. Small elites in urban areas tend to gain from globalization while the majority remains poor. In the Mauritian case, the opposite has taken place, but the same principle applies. The living situations of most Creoles have remained the same; not being affected by the development in Mauritius. In contrast, Hindus have climbed up to higher ranked employments in attractive sectors where most Creoles are excluded as a result of discrimination due to the stereotype of the "island mentality" and problematic policies of the education system as well as liberalized policies to attract FDI and trade. To judge from this study, FDI as a poverty reduction strategy is not the solution for Mauritius to pursue for social development.

### 6. Suggestions for Further Research

Before beginning this study on the Creole marginalization and the working class, I was aware of the few studies made on the topic. The lack of statistics on the Creole population led to difficulties in finding statistics about the living situations for most Creoles. More research needs to be conducted to tackle the predominant development challenge of Mauritius by publicizing the problem more, and conducting surveys to determine the severity of marginalization. An important study would attempt to collect statistical data on the living standards of ethnic groups for the purpose of clarifying the social gaps between groups.

This thesis has pointed out that FDI inflows are attracted to other sectors than the textile sector. More research needs to be conducted on the flourishing sectors of offshore banking and the call center while they are becoming popular among the labor force and investors. Additionally, this study has taken into account the failure in the education system as another cause of the marginalization of the Creoles. The education system correlated to the marginalization requires more attention in future research.

### 7. BIBLIOGRAPHY

- Arnal, E. (2008, October). *The impact of foreign direct investment on wages and working conditions*.. (68). Organisation for Economic Co-operation and Development, Dir. for Employment, Labour and Social Affairs, Employment, Labour and Social Affairs Committee, Paris.
- Bertelsmann Stiftung, (2012). Mauritius Country Report. *BTI 2012*. Gütersloh: Bertelsmann Stiftung.
- Bryman, A., (2008). Social Research Methods. 4th ed. New York: Oxford.
- Bräutigam, D., (1997). Institutions, Economic Reform, and Democratic Consolidation in Mauritius. *Comparative Politics*. **30**, pp. 45-62.
- Bowman, L., (1991). Chapter 3 & 5. *In: Mauritius: Democracy and Development in the Indian Ocean.* Boulder: Westview Press.
- Carroll, B. & Carroll, T., (2008). Trouble in paradise: Ethnic conflict in Mauritius. *Commonwealth.* **38**, pp. 25-50.
- Clark, D., et al., (2011). FDI, Technology Spillovers, Growth, and Income Inequality: A Selective Survey. *Global Economy Journal*. **11**, pp. 1-44.
- Choi, C., (2006). Does foreign direct investment affect domestic income inequality?. *Applied Economic Letters*. **11**, pp. 811-814.
- Crowne, S., (2001). Research and Statistics: Generalizability and How It Relates to Validity. *Pediatrics in Review.* **31**, pp. 335-336.
- DCDM Research (2012). *Mauritius: The Top 100 Companies*. Port Louis: Business Publications LTD.
- Dewalt, K., & Dewalt, B., (2011). *Participant Observation: A Guide for Fieldworkers*. 2nd. ed. Lanham: AltaMira Press.

- Duclos, J. & Verdier-Chouchane, A., (2011, April). *Growth, Poverty and Inequality in Mauritius and South Africa*. (3). African Development Bank, Abidjan.
- Eriksen, T., (1986). Creole Culture and Social Change. *Journal of Mauritian Studies*. **1**, pp. 59-71.
- Figini, P. & Görg. H., (2011). Does Foreign Direct Investment Affect Wage Inequality? An Empirical Investigation. *The World Economy*. **34**, pp. 1455–1475.
- Gildun, J., (2011). Yes They Are: The Generalizability of Case Studies. *Current Issues in Qualitative Research.* 2.
- Jorgensen, D., (1989). The Process of Defining a Problem. *In: Participant Observation*. Thousand Oaks: SAGE Publications, pp. 26-40.
- Kvale, S., (1997). Den kvalitativa forskningsintervjun. Lund: Studentlitteratur.
- Laville, R., (2000). In the Politics of the Rainbow: Creoles and Civil Society in Mauritius. *Journal of Contemporary African Studies*. **18**, pp. 277-294
- Milanovic, B., (2005). Worlds Apart: Measuring International and Global Inequality. Princeton and Oxford.
- Miles, W., (1999). The Mauritius Enigma. *Journal of Democracy*. **10**, pp. 91-104.
- SIDA, (2002). Perspectives on Poverty. Stockholm: SIDA.
- Sylwester, K., (2005). Foreign Direct Investment, Growth and Income Inequality in Less Developed Countries. *International Review of Applied Economics*, **19**, pp. 289-300.
- Srebrnik, H., (2002). Full of Sound and Fury: Three Decades of Parliamentary Politics in Mauritius. *Journal of Southern African Studies*. **28**, pp. 277-289.
- Subramanian, A., (2001). Mauritius: A Case Study. Finance & Development. 38, pp. 1-8.
- Thurmond, V., (2001). The point of triangulation. *Journal of Nursing Scholarship*. **33**, pp. 254–256.

- Todaro, M. & Smith, S., (2011). Foreign Finance, Investment, and Aid: Controversies and Opportunities. In: Todaro, M. & Smith, S. *Economic Development*. 11th ed. Westford: Courier. pp. 684 - 697.
- Yin, R., (2009). Case Study Research: Design and Methods. 4th ed. Thousand Oaks: Sage Publications.

### **INTERNET SOURCES**

- ACTSA, (2011). *Country Profile: Mauritius*. [Online]. Available from: <a href="http://www.actsa.org/Pictures/UpImages/pdfs/Mauritius">http://www.actsa.org/Pictures/UpImages/pdfs/Mauritius</a> Country Profile September 2011.pdf>. [Accessed 20 February 2013].
- Arouff, J., (2011). *Mauritius economy may suffer in rare political crisis*. [Online]. Available from: <a href="http://www.reuters.com/article/2011/07/28/ozatp-mauritius-politics-idAFJOE76R0DP20110728">http://www.reuters.com/article/2011/07/28/ozatp-mauritius-politics-idAFJOE76R0DP20110728</a>>. [Accessed 21 February 2013].
- Arouff, J., (2012). Eyeing return to politics, Mauritius president urged to quit. [Online]. Available from: <a href="http://www.reuters.com/article/2012/03/28/mauritius-politics-idUSL6E8ES2IL20120328">http://www.reuters.com/article/2012/03/28/mauritius-politics-idUSL6E8ES2IL20120328</a>>. [Accessed 21 February 2013].
- CIA World Factbook, (2012a). [Online]. Available from: <a href="https://www.cia.gov/library/publications/the-world-factbook/fields/2075.html">https://www.cia.gov/library/publications/the-world-factbook/fields/2075.html</a>. [Accessed 18 January 2013].
- CIA World Factbook, (2012b). [Online]. Available from: <a href="https://www.cia.gov/library/publications/the-world-factbook/fields/2172.html">https://www.cia.gov/library/publications/the-world-factbook/fields/2172.html</a>. [Accessed 18 January 2013].
- CIEL Group, (2013). *Floreal Knitwear Ltd*. [Online]. Available from: <a href="http://www.cielgroup.com/textile/knitwear\_floreal\_knitwear.aspx">http://www.cielgroup.com/textile/knitwear\_floreal\_knitwear.aspx</a>. [Accessed 14 March 2013].

- Coinmill.com, (2013). *Mauritius rupie (MUR) och United States dollar (USD) Valutakursen Conversion Calculator*. [Online]. Available from: <a href="http://sv.coinmill.com/MUR\_USD.html">http://sv.coinmill.com/MUR\_USD.html</a>. [Accessed 30 March 2013].
- Fibre2fashion, (2013). [Online]. Available from: <a href="http://www.fibre2fashion.com/news/association-news/ministry-of-textiles-india">http://www.fibre2fashion.com/news/association-news/ministry-of-textiles-india</a>. [Accessed 28 February 2013].
- Invest in India, (2012). *India and Mauritius to expand trade ties in textile sector.* [Online]. Available from: <a href="http://www.investinindia.com/investmentindia/2012/07/08/india-and-mauritius-to-expand-trade-ties-in-textile-sector">http://www.investinindia.com/investmentindia/2012/07/08/india-and-mauritius-to-expand-trade-ties-in-textile-sector</a>>. [Accessed 28 February 2013].
- Jagran Josh, (2013). [Online]. *45th Independence Day of Mauritius Celebrated; Pranab Mukherjee Was the Chief Guest.* Available from <a href="http://www.jagranjosh.com/current-affairs/45th-independence-day-of-mauritius-celebrated-pranab-mukherjee-was-the-chief-guest-1363070025-1">http://www.jagranjosh.com/current-affairs/45th-independence-day-of-mauritius-celebrated-pranab-mukherjee-was-the-chief-guest-1363070025-1</a>. [Accessed 13 March 2013].
- The Economist, (2012). *African democracy: a glass half full.* [Online]. Available from: <a href="http://www.economist.com/node/21551494">http://www.economist.com/node/21551494</a>>. [Accessed 18 January 2013].
- The Economist, (2008). *Mauritius: Beyond beaches and palm trees*. [Online]. Available from: <a href="http://www.economist.com/node/12436181?zid=306&ah=1b164dbd43b0cb27ba0d4c3b12a5e227">http://www.economist.com/node/12436181?zid=306&ah=1b164dbd43b0cb27ba0d4c3b12a5e227</a>>. [Accessed 8 February 2013].
- The World Bank (2011). *Pro-Poor Growth*. [Online]. Available from: <a href="http://go.worldbank.org/LQIDQG2AV0">http://go.worldbank.org/LQIDQG2AV0</a>. [Accessed 24 March 2013].
- Vellien, C., (1999). *Rioting in Mauritius set off by jail death of singer.* [Online]. Available from: <a href="http://www.theguardian.com/world/1999/feb/25/7">http://www.theguardian.com/world/1999/feb/25/7</a>>. [Accessed 28 March 2013].
- PTI, (2012). *Mauritius top destination for Indian investments*. [Online]. Available from: <a href="http://articles.economictimes.indiatimes.com/2012-03-05/news/31123958\_1\_fdi-outflows-fdi-inflows-unctad-s-world-investment-report">http://articles.economictimes.indiatimes.com/2012-03-05/news/31123958\_1\_fdi-outflows-fdi-inflows-unctad-s-world-investment-report</a>. [Accessed 21 February 2013].

### 8. APPENDICES

APPENDIX 1. TABLES OF FDI IN MAURITIUS

| Table 1a: FDI in Mauritius by Sector: 2006 - 2012 (Rs |      |       |       |      |       |      |      |
|---|------|-------|-------|------|-------|------|------|
| million)  | 2006 | 2007  | 2008  | 2009 | 2010  | 2011 | 2012 |
| Agriculture, forestry and fishing                     | 26   | 18    | 447   | -    | -     | 177  | -    |
| Electricity, gas, steam and air conditioning          | 17   | -     | -     | -    | 2     | 1    | -    |
| Manufacturing   | 181  | 271   | 149   | 485  | 63    | 54   | 42   |
| Construction  | 12   | 45    | 68    | 211  | 1292  | 2094 | 500  |
| Wholesale & retail trade; repair of motor vehicles &  |      |       |       |      |       |      |      |
| motorcycles   | 198  | 38    | 103   | 291  | 125   | 21   | 174  |
| Transportation & storage                              | 13   | -     | 14    | 10   | 110   | 4    | 5    |
| Accommodation & food service activities               | 1382 | 3189  | 1348  | 1850 | 836   | 579  | 104  |
| Information & communication                           | 43   | 18    | 8     | -    | 235   | 76   | -    |
| Financial and insurance activities                    | 3593 | 4056  | 4564  | 1371 | 4645  | 1646 | -    |
| Real estate activities                                | 1701 | 3820  | 4525  | 4305 | 3422  | 4580 | 745  |
| Professional, scientific and technical activities     | -    | -     | -     | -    | 404   | 217  | 28   |
| Education   | 55   | 30    | 74    | 125  | 18    | 4    | -    |
| Human health & social work activities                 | 2    | 29    | 120   | 145  | 2732  | -    | -    |
| Arts, entertainment & recreation                      | -    | -     | -     | -    | 62    | 3    | -    |
| Total FDI in Mauritius                                | 7222 | 11514 | 11419 | 8793 | 13948 | 9456 | 1598 |

| Tabl  | e 1b: FDI in Mauritius by Geographical Origin: 2006 - |      |      |      |      |      |      |      |
|-------|---|------|------|------|------|------|------|------|
| 2012  | 2 (Rs million)  | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Soutl | h Asia (Afghanistan, Pakistan, India)                 | 210  | 610  | 1921 | 320  | 2887 | 99   | 7    |

 $Statistics\ taken\ from\ https://www.bom.mu/pdf/statistics/Foreign\_Direct\_Investment/FDIQ12012.pdf$ 

### APPENDIX 2. Interview Guide for the Textile Workers

| Company Name: Floreal Knitwear Ltd  |
|---|
| Interviewee Number:   |
| Gender:   |
| Marital status:   |
| Family:   |
| House status:   |
| Working experience at FK:   |
|   |
| 1.1. Are you able to have any savings? (Not only money wise, but jewelry, bricks, etc.)                       |
| Eski ou capave faire in p leconomie? (Ramasse in pe casse, bijoux.)   |
| 1.2. Do you do any overtime or have a second job (what kind)?   |
| Eski ou faire overtime ou eski ou ena in deuxiem travail (ki ou faire)?                                       |
| 2. What are your monthly expenditures (e.g. rent, electricity, water, food)?                                  |
| Kot ou casse aller tou les mois (loccassion, electricite delo, manger)?                                       |
| 2.1. Some people tend to spend their extra money on mobile phones, car tuning, etc.                           |
| Besides the expenditures mentioned above, where does your money go?   |
| Ena dimoune ki depense zot ti casse en pli pour achetez telephone, tuning, etc., ou cot ca ti casse la aller? |
| 3. Have acquired any property recently, i.e. home improvement, car / motorcycle / vehicle                     |
| improvement, etc. that you did not own before?  |

Eski oune aster kik propriete dernierement, modifier ou lacaze, aster in loto ou in moto ou in modifier ou lauto, qui ou pa ti ena avant?

### 4. Have you ever applied for a loan?

Eski oune déjà demane in loan labanque?

### 4.1. Are any micro loans available for you? Is it possible to get a loan from the banks?

Eski ena bane ti loan ki ou capave gagner? Eski ou capave gagne loan ar labanque?

### 4.2. Are you in dept?

Eski ou endeter?

# 5. Is it possible for you to buy things on credits? How does it work, credit cards, store giving credits and leasing or others?

Eski ou capave aster bane larticle lor credit? Comme li marcher, carte credit, magasin ou laboutic donne ou credit, etc.?

# 6. Is there security? Multiplicity of possibilities, growing networks (e.g. can you borrow money from your neighbors or family), control over resources?

Can ou dan baise, eski ou capave prend casse preter are ou famil ou camarade ou meme ou banne voisin? Eski ena bane laide ou capave gagner?

### 7. Can you afford health care, education, etc. for your family?

Eski ou capave prend lassurance medical pour ou famile ou paye education ou banne zenfant?

### 8. How many jobs have you had before this one in the last 5 Years?

Environ combien travail eski ou tie ena avant dans 5 dernier lannee?

### 8.1. Is it easy for you to quit one job and get another one?

Eski li facile pou change travail?

# 9. How has it changed for you since the day you start working at Floreal Knitwear until now? (For example, wages, kind of employees, work load, etc.)

Comment eski ou travail in changer depi oune commence travail kot floreal knitwear, eski ou salaire in changer, bane employee in changer or ena plis ou moince travail?

# 9.1. Have you ever felt disadvantaged due to the foreign workers who do the same work as you?

Eski ou senti ou a in desavantage a comparer avec banne travail ki sorte dehor ek vine faire meme travail qui ou?

### 10. How have things changed the last 5 Years? Are things improving? Why or why not?

Comment eski ou la vie in changer depuis 5 ans? Eski ou senti qui ou lavie p ameliorer?

### Appendix 3. Questionnaire for the Factory Manager

| 1.  | How many workers do you have in your company?                  |
|-----|--|
| 2.  | How many locals do you have?                                   |
| 3.  | How many foreign workers have you employed?                    |
| 4.  | Where are the majority of the foreign workers from?            |
| 5.  | What is the salary range of a factory worker?                  |
| 6.  | How much do local workers earn as compared to foreign workers? |
| 7.  | How long are the working contracts of the foreign workers?     |
| 8.  | What are the normal working hours for the workers?             |
| 9.  | Do you offer micro loans to your workers at a low interest?    |
| 10. | Do you offer medical insurance for your workers?               |

### Appendix 4. Photographs



1. A Creole man's home



2. A house belonging to Hindus. The red flag near the gate signifies that they are Hindus.



From left: 3. The house in Moka where I was staying. 4. At the yard outside my cousin's house in Moka where I was staying. 5. My aunt in the kitchen. 6. In New Grove. 7. In Port Louis. 8. Textile workers in Floreal Knitwear.