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Media Release

MEA publishes results of a Wage Inflation Survey

The Malta Employers' Association has conducted a wage inflation survey among a wide cross section of employers from all sectors of the economy and representing all sizes of companies. The Association stated that there is a strong need for such a study given the current transformation of the labour market which is facing skills shortages, and a reliance on foreign labour to meet demand. This situation is also creating a higher labour turnover, resulting in added labour costs due to costs of recruitment and training.

The report segments the results by sector, size of company and also differentiates between unionised and non-unionised companies. The results reveal a widespread concern that wage inflation is a reality which is being mostly generated because of labour shortages, rent and property inflation, and a high turnover. More than half of respondents reported a turnover exceeding 10% of their labour force in 2018, and 16% had a turnover of more than 30%.

Most companies report labour cost increases that outpace productivity which may negatively affect the long sustainability of many enterprises. This phenomenon is prevalent across all sectors of the economy, and irrespective of whether a company is unionised or not. In this scenario, the public sector is competing with the private sector for Maltese labour. 18% of respondents attributed their labour turnover to employment with the public sector, particularly for unskilled and semi-skilled employees.

The report includes a number of recommendations to address the situation, amongst them strengthening Identity Malta for a faster processing of applications for Third Country Nationals, incentives for persons who reach pensionable age to remain in the labour force, and an appeal to government to refrain from introducing measures that increase labour costs to businesses. The MEA is recommending that remuneration packages of persons on a position of trust to be made public, as these are also distorting relativities in the private sector, and a reform of the public sector wage scales.

The Association also called for long-term economic growth strategies to be based on efficiencies and higher output per person, rather than on an increase in working people.