

Background Dossier on MEA Initiatives Towards

“Ensuring the Skills for Future Competitiveness”

Introduction

In recent years, a combination of demand and supply factors has led to a shortfall of skills in the local labour market. This has afflicted Malta-based companies, posing serious risks to their business continuity and competitiveness position.

To this end, the MEA is holding a series of events and initiatives aimed at taking stock of the current situation and proposing concrete and lasting solutions to avoid further hardships. The events and initiatives include:

- a) 4 focus groups,
- b) The National Stakeholders' Seminar to which you are being invited this week and which will bring together those Entities and Stakeholders which play a direct or indirect role in the employment of workers within Malta's labour market.
- c) A national Conference which will take place on 17 November
- d) The publication of a document including a summary of all proceedings and most importantly, tangible recommendations which will be presented to the highest national authorities and policy makers for their urgent consideration and implementation

The 4 focus groups have taken place already. These facilitated the collection of direct, detailed and frank feedback and opinions regarding the extent, causes and possible solutions to the problem at hand. Around 50 employers from as many companies participated in the 4 focus groups which covered the following business sectors:

1. Transport,
2. Professional Services & ICT,
3. Tourism, Hospitality & Retail, and
4. Manufacturing, Technical & Ancillary Services

Contrary to the misconception that employers seek to employ TCNs for cost competitiveness reasons, the overwhelming opinion of companies participating in the focus groups is that their first preference for employment would be Maltese workers especially for certain client-facing positions where customer experience is key such as Tourism, Hospitality and Retail. In general, Maltese workers are more loyal, easier to train and communicate with and do not bring permitting and accommodation complications. Employers' second preference are EU nationals as they can bring positive attitude, professionalism and technical skills to the workplace with minimal communication, permitting and accommodation challenges. Faced with the fact that there are not enough Maltese workers to go round and that EU nationals are often attracted to other MS which offer a better “take-home pay” (net income less rent and cost of living), employers have few alternatives but to resort to TCNs.

The following report summarises the effects, possible causes and recommendations emerging from the focus groups.

Effects of Shortages

- Wage inflation is impacting cost competitiveness very negatively to the extent that certain businesses are closing down
- Scarcity of staff is causing companies to turn away business
- Shortage of staff is causing new businesses to postpone opening dates
- Companies are less able to discipline their staff
- Lower filtering process at recruitment stage is leading to a drop in standards
- Less time for on-the-job training and induction at recruitment stage is also leading to a drop in standards
- The scarcer the human resources become, the higher the pressure on existing workers

Potential Causes

- Covid made people stop to reflect. It influenced people's priorities and behaviours. It brought about a change in work and new expectations in terms of work-life balance.
- Malta's economy is widely diversified and is not strategically orientated towards focusing on one (or few) particular sector(s) therefore the demand for workers is varied and disproportionately large to the extent that the gaps in the labour market cannot be filled by Maltese workers.
- There is a disconnect between the Education Sector and Industry to the extent that the system is not producing the type of skills (and qualifications) required by private employers.
- Trade schools which were closed have not been adequately replaced so certain trades are dying out.
- Apprenticeship schemes are also very rare impacting very negatively on the employability of students upon leaving school.
- Besides, technical skills, Maltese workers lack soft-skills, pride and proper attitude towards work
- Public sector attracting and employing people from the private sector offering more flexible work arrangements
- Many sectors (eg hospitality, language schools, aviation) lost up to 50 per cent of their workforce – either because TCNs return to their native countries or because the workers shifted to a more stable (recession-proof) sector.
- Negative perception of work experience in certain sectors such as hospitality, maritime, manufacturing, transport
- Malta is becoming less attractive as a place of work for all categories of workers across the board. The main reason for this is cost of rent and cost of living. Other reasons include general cleanliness, shabby environment, overcrowding and xenophobia.

Preliminary Recommendations for the Immediate/Short Term:

1. Improving the system at ID Malta
 - ID Malta should hold regular communication with recruitment agencies
 - Increase dialogue with stakeholders and temping agencies
 - Student/Work visas should be issued for at least 6 months
 - Establishing a database/register where employers can search for employees

2. Jobsplus
 - Jobsplus name should be changed to Career+ to promote careers rather than jobs
 - Matching of workers with vacancies issued by businesses should be improved
 - Increase enforcement on individuals on Registry

3. Enforcement
 - Capping on catering establishments
 - Quality checks

4. Encouraging foreigners to settle in Malta
 - Improving Malta's image as a Place of Work (improving the environment, promoting diversity and multiculturalism, etc.)
 - Offering flexible solutions and improving working conditions
 - Developing a strategy on the number of people needed by industry
 - Enhance relocation packages offered to foreign workers to match those available in Ireland and other MS
 - Continuous training and support

5. Changing the perception of the Maltese with regards to working in the hospitality, tourism and retail sectors.
 - Education – ITS, Hospitality subjects, placements
 - Raising awareness of what type of jobs exist in the sectors
 - Guidance teachers
 - Mentoring

6. Government to offer more generous conditions to encourage people of pensionable age to remain in employment

7. Introduce a scheme to encourage people employed unproductively in the Public Sector to shift to the private sector

8. Creating a common ground to measuring the gap in the industry
 - Vacancy Portal by sector
 - Companies' reputation (word-of-mouth/referrals)
 - Some vacancies are common e.g., compliance, management
9. Keep the Specialised Training within Companies
 - Offering inhouse training courses
 - Making use of schemes offered by government and EU

Preliminary Recommendations for the Medium/Long Term:

Education

1. Implementation of strategies and policies in education
 - Increase discussion between academia and industry
 - Awareness sessions for Guidance Teachers
 - Including certain subjects as part of the curricula e.g., basics of economics, STEM, maritime issues
 - Include training on soft-skills, interview skills and employability
2. Placements & Internships
 - Enhance MCAST's perception and profile
 - Work-based Learning Act
 - Partnership and Mentoring
 - Company visits for primary and secondary students
 - Awareness raising campaign e.g., STEM subjects for women, explaining what the jobs entail
3. Studying Future Trends
 - What skills are needed in the future? Are courses being developed according to industry needs? E.g., Malta is pushing for hydrogen, but who is studying hydrogen?
 - Accepting that locals do not want to do certain jobs – devising a strategy to attract foreign workers and keep them in the industry