

# LABOUR MARKET CHALLENGES IN A POST-RECESSION SCENARIO

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## Labour Market Challenges in a Post Recession Scenario

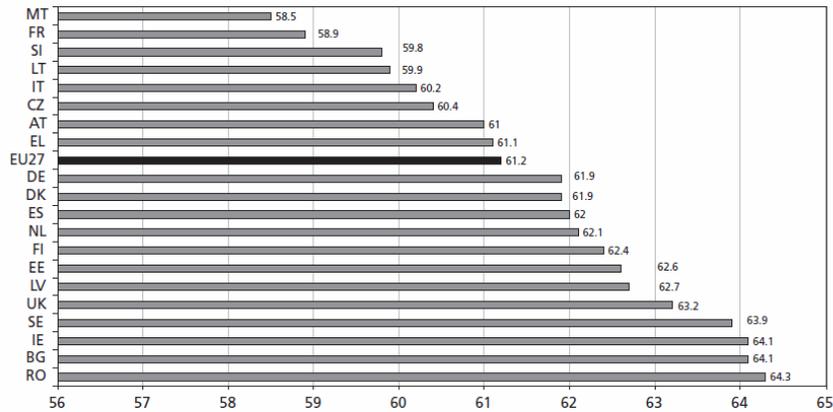
Chart 17: Activity rates for Member States, 2000 and 2007



Source: Eurostat, EU Labour Force Survey, annual averages

## Labour Market Challenges in a Post Recession Scenario

Figure 15 Average exit age from the labour force, 2006 (years)

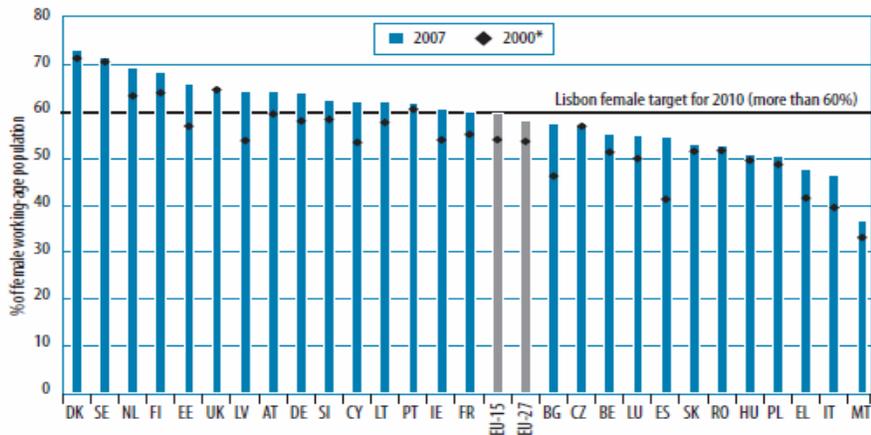


Note: No data for Belgium, Cyprus, Hungary, Luxembourg, Poland, Portugal and Slovakia.

Source: Eurostat, Structural indicators, 2007

## Labour Market Challenges in a Post Recession Scenario

Chart 13: Female employment rates for Member States, 2000 and 2007

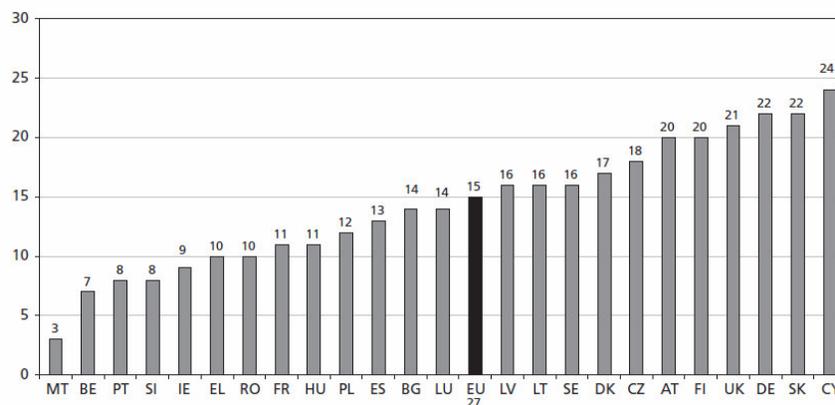


Source: Eurostat, EU Labour Force Survey, annual averages.

Note: \* Data for RO, 2002.

## Labour Market Challenges in a Post Recession Scenario

Figure 17 Unadjusted gender pay gap, as a % of men's gross hourly earnings (%)

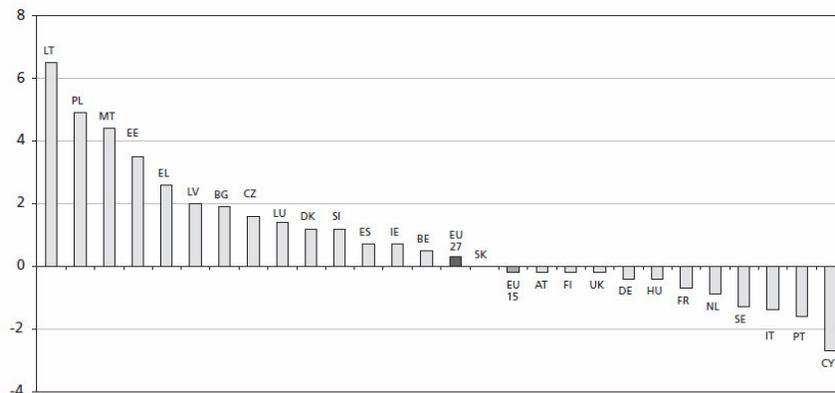


Note: No data for Estonia, Italy and the Netherlands.

Source: Eurostat, Structural indicators, 2007

## Labour Market Challenges in a Post Recession Scenario

Figure 7 Changes in female employment growth rates, 2001–2006 (percentage points)

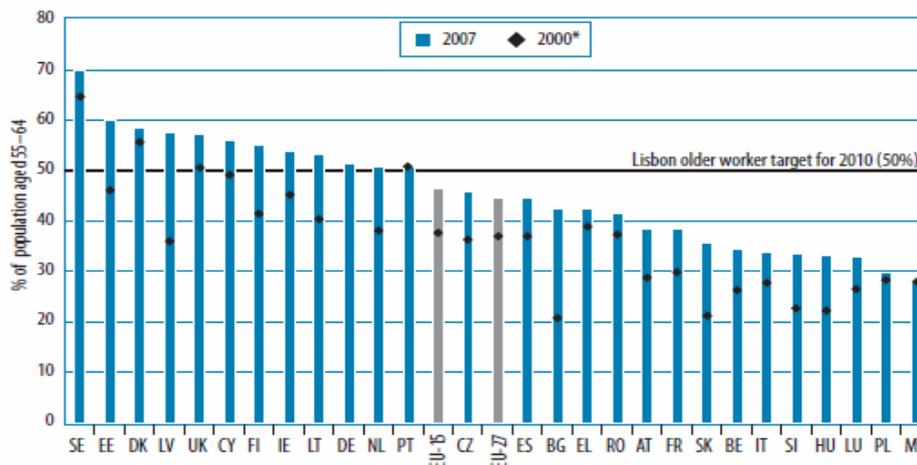


Note: No 2001 data for Romania.

Source: Eurostat, LFS main indicators, 2007

## Labour Market Challenges in a Post Recession Scenario

Chart 14: Older worker employment rates for Member States, 2000 and 2007

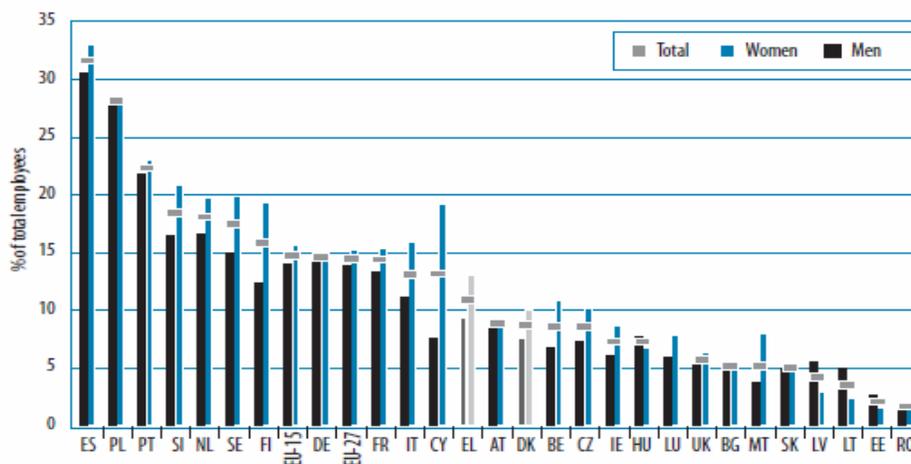


Source: Eurostat, EU Labour Force Survey, annual averages.

Note: \* Data for RO, 2002.

## Labour Market Challenges in a Post Recession Scenario

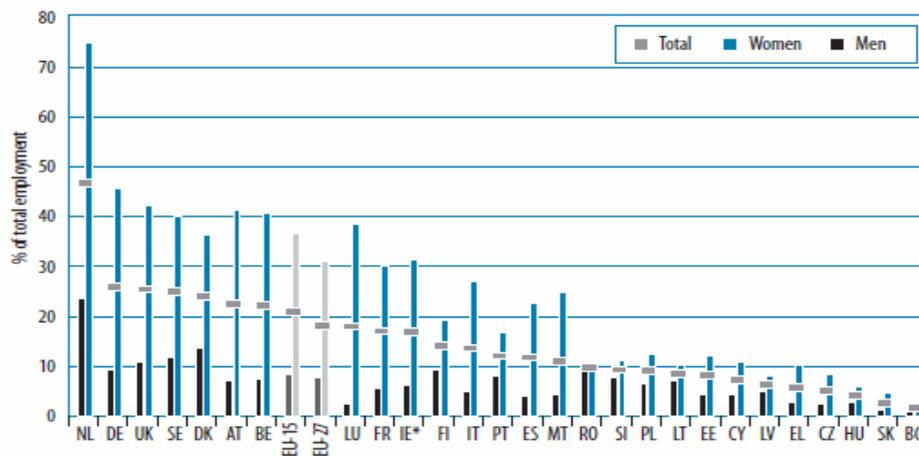
Chart 21: Fixed-term employment for Member States by gender, 2007



Source: Eurostat, EU Labour Force Survey, annual averages.

## Labour Market Challenges in a Post Recession Scenario

Chart 19: Part-time employment for Member States by gender, 2007



Source: Eurostat, EU Labour Force Survey, annual averages.  
Note: Data for IE, 2004.

## Labour Market Challenges in a Post Recession Scenario

### P/T on an involuntary basis:

- 18% of P/T on an involuntary basis (EU average: 22%)  
Italy: 40%; Greece 44%; Romania 53%; Cyprus: 30%

### Fixed Term on an Involuntary basis

- Malta: 50% - could not find permanent job**
- Austria: 85% involuntary: 18% could not find better job; 67% probation/training/education
- Germany: 90% involuntary: 24% could not find better job; 66% probation/training/education

IS AN INCREASE IN ATYPICAL EMPLOYMENT  
DESIREABLE?

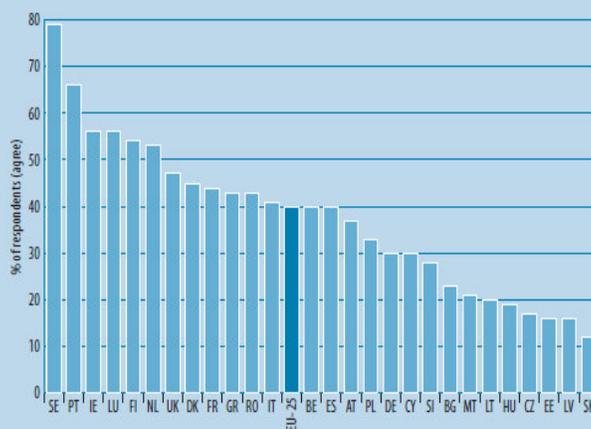
## Labour Market Challenges in a Post Recession Scenario

### Immigration:

- Currently there are about 10,000 foreigners working in Malta doing all sort of jobs.
- The number of foreigners in Malta will increase
- More Maltese will opt to work abroad
- Maltese labour force will become more cosmopolitan
- Controlled Immigration is a source of increasing the labour supply
- Controlled immigration can tackle short term structural labour market shortages

## Labour Market Challenges in a Post Recession Scenario

Chart 67: Shares of population who consider that immigrants contribute a lot to the host country, 2007



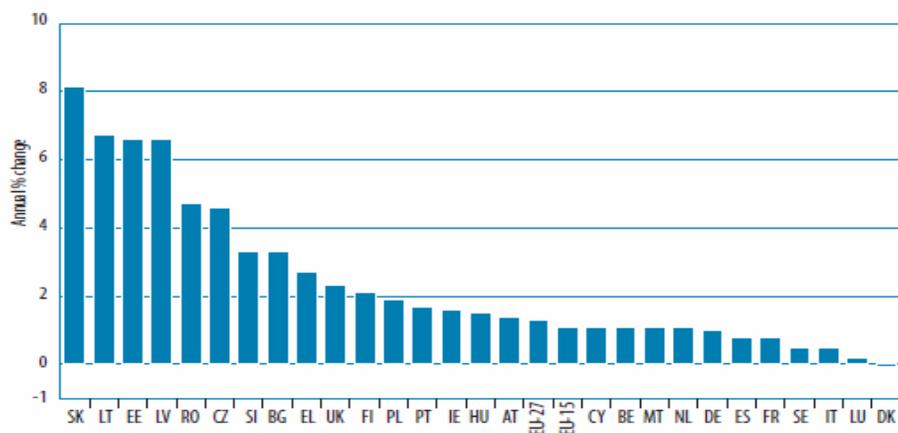
Source: Eurobarometer (2007a).

## Labour Market Challenges in a Post Recession Scenario

- Wage increases must be linked to productivity
- Eurostat figures reveal that Malta is among the countries with the lowest labour productivity growth in 2007
- Wage differentials will increase to prevent brain drain and to reflect different productivity levels between different categories of employees.

## Labour Market Challenges in a Post Recession Scenario

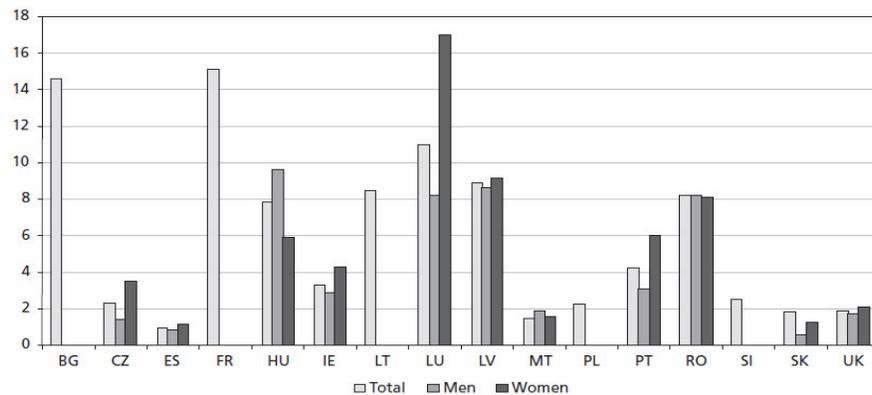
Chart 31: Growth in productivity per person employed across Member States, 2007



Source: AMECO database, Commission Services.

## Labour Market Challenges in a Post Recession Scenario

Figure 12 Full-time workers on minimum wages, by sex, 2006 (%)



Note: Of the 20 EU Member States with a minimum wage, no data for Belgium, Estonia, Greece and the Netherlands.  
Source: Eurostat, LFS main indicators, 2007

## Labour Market Challenges in a Post Recession Scenario

### Potential Labour market targets:

- Raise current participation rate from 60% to 65%
- Gainfully Employed labour force (ceteris paribus) will increase to from 163k to 176k
- Most of the increase in labour supply will be through increased participation of female employees and retired persons
- If the additional jobs are generated in the private sector, and the public sector continues to shrink (by an additional 3k), share of public sector employment will fall to 25% (44.5k as a % of 176K)

## **Labour Market Challenges in a Post Recession Scenario**

This will make government finances more sustainable through:

- ▣ controls payroll costs
- ▣ Increased revenue (direct and indirect) from more productive people being employed and consequent economic growth
- ▣ Releases more government funds for investment, education and welfare (pensions and health)

## **Labour Market Challenges in a Post Recession Scenario**

### **Obstacles:**

- ▣ Structural Unemployment (e.g. 82% of unemployed in Gozo have less than 'O' level standard of education; 14% are illiterate)
- ▣ Rigidity of labour supply: incentives will not necessarily bring a corresponding increase in labour supply
- ▣ Brain drain
- ▣ Job Creation
- ▣ Labour shortages will create artificial wage inflation, and affect competitiveness

## **Labour Market Challenges in a Post Recession Scenario**

### **Opportunities:**

- ❑ Global economic recovery
- ❑ A better qualified labour force
- ❑ Unutilised labour resources
- ❑ Controlled Immigration
- ❑ Untapped niche value added markets: e.g. Super yacht maintenance
- ❑ Malta's post recession reputation
- ❑ 'Branding' Malta

## **Labour Market Challenges in a Post Recession Scenario**

### **Requirements:**

- ❑ Atypical work arrangements
- ❑ Adoption of Flexible work agreements
- ❑ Increased labour supply
- ❑ Changes in labour legislation (e.g. Union recognition)
- ❑ Stable industrial relations
- ❑ Continued investment in education and training (ETC, MCAST, UNI etc.)
- ❑ Aggressive effort to attract investment for job generation