



UNIVERSITY OF MALTA
L-Università ta' Malta

CENTRE FOR LABOUR STUDIES

Biennial Report

2015-2016



UNIVERSITY OF MALTA
L-Università ta' Malta

Published in May 2017

Centre for Labour Studies
New Humanities Building, Block B
University of Malta
Msida MSD 2080 Malta
Tel: 2340 3766 / 2340 2731
www.um.edu.mt/cls

 www.facebook.com/uom.cls

General Editor: Anna Borg

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means without prior permission in writing of the author, and of the publisher, which must be obtained beforehand.

Design and Layout: Outlook Coop

ISBN: 978-99957-1-091-0

Contents

| | |
|--|-----------|
| 1. Introduction..... | 05 |
| 2. Foreword..... | 07 |
| 3. Articles..... | 10 |
| 3.1 Malta and the 'New Normal': The Labour Importing Economy | 11 |
| 3.2 Work-Life Balance Measures for Persons of Working Age with Dependent Relatives | 19 |
| 3.3 Skills Governance in Malta..... | 26 |
| 3.4 The Aging Workforce: An Ergonomic Approach and the Situation in Malta | 35 |
| 3.5 The Major Issues in the Maltese Industrial Relations Scenario during 2015 and 2016..... | 47 |
| 3.6 Change and Continuity: A Review Article..... | 58 |
| 4. Organisation and Staff..... | 66 |
| 4.1 Centre for Labour Studies Board (as at December 2016)..... | 67 |
| 4.2 Centre for Labour Studies Staff..... | 69 |
| 5. Academic Programmes offered in 2015-2016..... | 73 |
| 5.1 Bachelor in Work and Human Resources (Honours)..... | 74 |
| 5.2 Diploma in Social Studies – Gender and Development | 81 |
| 5.3 Bachelor in Occupational Health and Safety | 85 |
| 5.4 Master in Lifelong Career Guidance and Development..... | 88 |

| | |
|--|------------|
| 6. Dissertation Synthesis | 90 |
| 6.1 Dulcie Brincat Peplow | 91 |
| 6.2 Madion Dingli Scicluna..... | 95 |
| 6.3 Ivan Sciriha | 99 |
| 6.4 Loranne Zammit..... | 103 |
| | |
| 7. Long Essay Synthesis | 105 |
| 7.1 Sandy Calleja Portelli | 106 |
| 7.2 Michelle Cilia..... | 111 |
| | |
| 8. Monitoring and Research on Industrial Relations and the Maltese Labour Market - Eurofound Contract 2015-2016 | 115 |
| | |
| 9. Research Work and Publications of the CLS Staff: 2015-2016 | 119 |
| | |
| 10. Other Activities and Conferences Organised by the Centre for Labour Studies during 2015-2016 | 123 |
| | |
| 11. Financial Statements 2015 & 2016 | 129 |



Malta and the 'New Normal'

THE LABOUR IMPORTING ECONOMY

Godfrey Baldacchino

ABSTRACT

This brief article is a 'wake-up call' to Malta's recently discovered predicament as a labour importing economy. The country is in the process of coming to terms with the diversity and complexity of the consequences of such a condition, and for which history has not offered much preparatory experience.

INTRODUCTION

Visit a home for senior citizens, and you are likely to meet Filipino and Indian care givers. Go out for a meal at a restaurant, and the chances are that the waiter/waitress, or even the owner, is Italian. Visit one of the many on-line betting companies with offices in the Gzira and Sliema area: there is a strong likelihood that you will meet a British 'trader' or a Polish 'bet settlement executive'. Walk by a construction site, and your ears may very well pick up Bulgarian or Serbian being spoken. Finally, note who is collecting your garbage daily from outside your door: it could very well be that an Eritrean or Somali refugee now domiciled in Malta is performing that job.

Foreign labour is the 'new normal' in 21st century Malta. Even where, at face value tasks involve Maltese workers or contractors, these would in turn readily utilise and subcontract immigrants to do much of the work.

There were some 23,000 EU nationals officially working in Malta in April 2016, with another 8,500 from non-EU (third) countries. Most of these – around 27,500 – are engaged in full-time employment or self-employment. Italians top the list with 5,180 workers, followed by workers from the United Kingdom (3,985), Bulgaria (2,044), Hungary (1,308), Romania (1,262), Spain (1,119) and Sweden (1,085). At 1,470, citizens of the Philippines top the 'third country' (non-EU) nationals list, followed by Serbians (1,246). These immigrants in Malta are economically active, with very few actually looking for work. According to Jobsplus, at the end of August 2016, 74 EU nationals were registering for work; the highest number of these by nationality was Italians at a meagre 20, followed by those from the UK at just 14 (Times of Malta, 2016).

CONTEXT

The phenomenon of migration will continue to be debated as: (1) either a response to a failed domestic economy, political turmoil or social unrest, or (2) a constructive adjustment to changing conditions from which both sending and receiving societies gain.

In the early 1980s, I remember reading a set of papers by economist Lino Delia (1982, 1984, 1985) which basically engaged in a debate amongst Maltese scholars which was typical amongst academics discussing labour *exporting* countries. On one hand, was the argument that sending off adult Maltese, often trained and educated, to seek their fortune overseas because there were no (or not enough) suitable employment opportunities at home was a net and tragic loss and drain to the local economy and society. In a small country like Malta, emigration would have a fast and negative impact due to the limited size of the skilled workforce, the members of which were the most likely to both want, and be able, to emigrate; as well as to be attractive to potential host countries (Balogh and Seers, 1955). Talent, enterprise and acumen were being squandered, only to be exploited by receiving destinations: mainly Australia, Canada, the UK and the US, who accepted tens of thousands of Maltese, exiled from their island home in the immediate post-second world war period.

The second and counter-argument was that the heavy out-migration figures were a blessing in disguise to an already overcrowded island bereft

of both natural resources and employment opportunities. Indeed, mass emigration was then deemed as “the only feasible solution in the long run” for the economic development of Malta (Stolper et al., 1964). This reduced the pressure on the local labour (and housing) market, allowed many to secure jobs and open businesses overseas and thus earn salaries which were much higher than would have ever been possible at home. Thus, these emigrants could still support the Maltese economy, first by their regular transfer of funds (remittances) to their family members left behind, by their gifts, by their travels to (and spending in) Malta as tourists over many years, and eventually by the investment of their savings if and when they retired in Malta. Had such mass migration not happened, Malta today may have to be grappling with a resident domestic population of over 700,000 (and this figure would exclude immigrants).

DRAMATIC REVERSAL

The situation has changed, and changed quickly and dramatically (although not necessarily irreversibly), as tends to happen in a small island state. The Maltese Islands have been historically a place for sending people away: willingly (as with the 'assisted passage' schemes that financially supported migrants, and where the state grant had to be refunded if the migrant returned to Malta within 24 months of departure) or unwillingly (as a result of piracy). But, since 1974, the country has welcomed more immigrants than it has sent off to other countries. The trend became even more sustained first, in the mid-1990s, when Malta officially 'graduated' from the ranks of developing countries; then after European Union (EU) accession in 2004 (which sent strong signals of stability); and then again after the financial crisis of 2008, which Malta weathered better than most of its southern Mediterranean neighbours. We now have a resident Maltese population of close to 420,000; along with some 32,000 foreign workers officially resident in Malta, most accompanied by family members. National minority groups are now large enough to constitute communities: see and hear them go out together during weekends. The influx is not restricted to EU nationals: there are (as noted above), more than 1,000 Filipino workers, mostly female, engaged in the health and social care sectors; and various Libyans, who escaped to Malta with the collapse of the Gaddafi regime. Localities

like Marsa, Birżebbuġia and Qawra/Buġibba have been morphing into concentrations of non-Maltese residents, who have been attracted to these areas by relatively low rents; while St Julians (in the north) and Marsaskala (in the south) are the property magnets for immigrants operating at the top end of the labour market. The state schools that serve these localities are dealing with considerable ethnic, religious and linguistic diversity. Indeed, no locality in Malta is exempt from these new demographic challenges, for which Maltese history has not prepared us.

LABOUR MARKET REPERCUSSIONS

With this dramatic reversal, the concerns and issues have shifted as well. What have been some of the repercussions of this demographic switch on the local labour market and labour relations?

Some of the consequences are indirect. Whereas Malta's property market has been traditionally dominated by sales, rental contracts have picked up speed of late. The demand for (especially quality) accommodation – from Maltese and non-Maltese residents – has made the already hot real estate market even hotter, with prices at historically dizzy heights. This will have consequences on the spending power of families, especially those who choose not to, or cannot afford to, buy their own house. The other side of the coin is the potential bonanza for those who make supplementary income from property sales or rentals.

Other consequences are more direct and closely related to the labour market structure. As one would expect, foreign workers are quite heterogeneous in terms of their occupational profile. However, as a general rule, "foreign workers are employed at either end of the labour market: the higher end where skills are scarce and the lower end where jobs are no longer that attractive for Maltese workers" (Grech, 2016: 40). And so, for extreme examples of this, look at the electronic gam(bl)ing sector in Malta, where non-Maltese EU nationals predominate; then look at the waste collection services, where a different set of non-Maltese, non-EU nationals are conspicuous. In both sectors, Maltese workers are a minority, and for markedly different reasons.

TIGHT LABOUR SUPPLY

In terms of wages, one could postulate that an influx of foreign workers, particularly in relation to unskilled, elementary occupations, can have a measurable dampening effect on wages as long as labour supply is so tight. Indeed, the per capita annual growth of emoluments to Maltese employees reached 3.6% in 2001-4, then peaked at 4.1% for the period 2005-9, but then declined back to 3.3% for the period 2010-14 (Grech, 2016: 41). (Indeed, inflation rates are stable at below 2%, so there has not been any strong higher wage push.) With Malta's economy growing at very healthy rates in recent years, one could argue that the presence of foreign workers may have staved off stronger demands by the Maltese workforce for higher wages. In other words, without the labour immigration that has been witnessed, there would have been a relative scarcity of labour in Malta. This, in turn, would have resulted in stronger bargaining positions for workers (individually and collectively) and result in higher wages which, however – given our invariably open economy – may have challenged or compromised Malta's export competitiveness.

And yet, if there ever was a good time to revise the indexation mechanism – based on the cost of living adjustment (COLA) while taking into account the Retail Price Index – which sets the national minimum wage – at €169.76 a week in 2017 – *the time is now*. First of all, only some 3.4% of all full-time employees received the minimum wage in 2015. Secondly, the increase in the net statutory minimum wage has lagged behind the stronger increase in net average wages in Malta in recent years. In France and Malta, the minimum wage rose only by about 1% in both 2015 and 2016; this is the lowest increase recorded in the whole of the EU 28, with the exception of Greece (where the minimum wage has remained unchanged since 2012). Thirdly, the minimum wage in Malta has actually *decreased* in real terms by 1.4% between 2010 and 2017 (Eurofound, 2017: 4-5). It is therefore consoling and comforting to hear that an agreement to revise the mechanism which determines the National Minimum Wage was indeed hammered out within the MCESD, and accepted both by the Prime Minister on behalf of the Maltese Government as well as the Leader of the Opposition, on April 26th 2017.

We have now reached a situation where *any* major new investment starting operations in Malta – such as US specialist printer Crane Currency (2017) - must seriously consider its recruitment strategy. For specialist jobs, the recruitment of foreign workers may be inevitable; while any Maltese personnel may have to be poached from other employers by the offer of enticing 'sweet deals', effectively transferring the recruitment problem to another employer. The Association of General Retailers and Traders (GRTU) declared that there is a proper "human resource crisis" in the Maltese private sector, due to a general inability to find desperately needed staff (Schembri Orland, 2016).

The influx of so many foreign workers is also likely to have disturbed the national industrial relations landscape. The majority of foreign workers now in Malta are located at the very top or very bottom of the labour market hierarchy; these are the two labour market segments that are least disposed towards trade union consciousness and affiliation. The fact that most of these foreign workers are engaged in the private sector compounds their likely overall disenchantment and disinterest with trade union membership and with collective bargaining; after all, the bulk of such foreign workers are engaged in such economic sectors – construction, catering, gaming, personal care – where trade union membership and representation in Malta is at very low levels. Such foreign workers are also likely to follow the industry trend, preferring to engage in individual negotiations with employers, boosted by the current tight labour supply; or else are gratefully accepting what their employer offers (which is always so much better than the long term unemployment prospects in their country of origin). There is also probably a general lack of awareness of the potential utility of trade unions – many of these immigrants might not be as well integrated in the Maltese social fabric and so would have a lower or partial knowledge of local institutions. Besides, for those foreigners doing undeclared work; they would have their suspicions from getting involved with any institution such as a trade union adding further to the overall reticence.

FUTURE SCENARIOS

In the short term, it is likely that local employers will resist the continuation of tight labour markets which play into the hands of workers, the latter exploiting their commanding situation as the recipients of rare skills and human capital to secure better conditions of employment. Already, there are clear instances of specific high-skill domains, like information technology, where employees – especially those with work experience – are in such high demand that government institutions are witnessing a significant loss of their manpower to the better paying pockets of the private sector, jeopardising their operations in the outcome. Staving off the HR haemorrhage may only be possible by sweetening the conditions of employment.

Employers have lobbied, and will continue to apply pressure on Government, to permit even more 'third country' nationals to secure work permits. They will also support measures that would allow *bona fide* full-time foreign students studying in tertiary education institutions in Malta to secure work permits for a limited time period after their graduation from the University of Malta, MCAST or the Institute of Tourism Studies.

CONCLUSION

Finally, and more soberly, what of medium-to-long term labour market prognostications for Malta? Years of plenty may morph into years of drought. For all its current show of dazzling resilience and robustness, Malta's economy is necessarily exposed and open to external shocks, an observation confirmed most recently by credit rating agency DBRS (Times of Malta, 2017). Strong economic growth does not last forever; when the crunch comes, foreign workers in Malta, being inherently mobile, are likely to be disposed to pack up their bags, leave and seek other pastures. This is especially so in economically potentially volatile sectors like tourism and electronic gaming. In this way, the clutch of foreigners now working in Malta could be seen as a cushion, protecting local workers from the consequences of eventual redundancy and job loss. In spite of its small size, let us hope that our fairly diversified economy will be able to weather the shocks that it will inevitably face.

Until then, we need to wake up to the myriad implications of Malta as a labour importing economy, bucking the historical trend.

Acknowledgements

My thanks to Manwel Debono and Saviour Rizzo for comments on an earlier draft. The usual disclaimers apply.

References

- Balogh, T. & Seers, D. (1955). *The economic problems of Malta: An interim report*. Valletta, Malta: Government Printing Office.
- Crane Currency (2017). We're coming to Malta: Interested? Available at: <http://www.cranecurrency.com/careers/en-us/>
- Delia, E.P. (1985). Maltese migration: a critique of two views, *Economic and Social Studies*, Vol. 2, pp. 1-17.
- Delia, E.P. (1984). Some considerations on post-war migration from the Maltese Islands. In E. Azzopardi and P. Heywood (eds.) *Aspects of an Island Economy*, pp. 15-24. Malta: Formatek.
- Delia, E. P. (1982). Modern emigration from Malta: a liability? *Hyphen: Quarterly Journal of Melitensia and the Humanities*, Vol. 3, pp. 141-164.
- Eurofound (2017). *Statutory minimum wages in the EU 2017*. Dublin, Ireland: European Foundation for the Improvement of Living and Working Conditions. Available at: <https://www.eurofound.europa.eu/sites/default/files/ef1703en.pdf>
- Grech, A. (2016). Assessing the economic impact of foreign workers In Malta. *Central Bank of Malta Quarterly Review*, No. 1, pp. 39-44.
- Schembri Orland, K. (2016). The other side of low unemployment: a crisis in the private sector. *The Malta Independent*, 27th November. Available at: <http://www.independent.com.mt/articles/2016-11-27/local-news/The-other-side-of-low-unemployment-a-crisis-in-the-private-sector-6736167166>
- Stolper, W. F., Hellberg, R. E. R. & Callander, S. O. (1964). *Economic adaptation and development in Malta*. New York: Report prepared for the Government of Malta under the United Nations Programme of Technical and Assistance of the Department of Economic and Social Affairs.
- Times of Malta (2017, March 4). Malta's 'A' rating confirmed by DBRS. Available at: <http://www.timesofmalta.com/articles/view/20170304/local/maltas-a-rating-confirmed-by-dbrs.641363>
- Times of Malta (2016, October 12). 31,500 foreign workers in Malta. Available at: <http://www.timesofmalta.com/articles/view/20161012/local/31500-foreign-workers-in-malta.627790>