



Wage Inflation Survey

JULY 2019

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Foreword

It is my pleasure to present you with the results of a research exercise that has been conducted by the Malta Employers' Association over the past months that focuses on wage inflation – a phenomenon that many companies are facing. From our constant engagement with employers from all economic sectors in Malta, we felt the need to respond to many requests about the way in which the labour market is passing through unprecedented changes.



This report is the result of workshop sessions that were conducted with employers, and which were followed by an online survey carried out a few months ago. The response and participation from so many companies are very encouraging and demonstrate that we have touched upon an issue which many employers need more information about. As employers, we are constantly faced with questions related to wage determination: Is our productivity matching the increase in labour costs? Are we paying wages that are comparable to market rates? Are employees' expectations in our company reasonable? Are there other reasons besides wages that are affecting our labour turnover? These and so many other questions reflect the complexity of the labour market, and the replies are not always straight forward. Nor are they constant, as they are intricately intertwined with the ever-changing dynamics of our economic and social environment.

I hope that this report will be useful to employers and provide a clearer picture of the developments in our labour market. This exercise is not an end in itself. With your support, we intend to build upon it and a periodic repetition of the survey will also enable us to present trend data in the coming years.

We also urge you to provoke us by suggesting other areas where research can be useful to you. MEA has the capacity, through the commitment of its council and secretariat, to conduct research exercises that cater to your needs. It gives me tremendous satisfaction to see that more companies are appreciating the value of becoming members in MEA, and the fact that there is such a positive response to our activities is a confirmation that we are addressing the right issues. Our motto states that there is strength in unity, and your participation in such exercises enables us to feed you with information which few companies can manage to collect on their own.

Ms. Doris Sammut Bonnici
President – MEA

Chapter 1: Background

1.1 The Labour Market

The main purpose of this research exercise has been to determine the extent of wage inflation in Malta as experienced by employers. There are various influences that are having an impact on wage determination, amongst them a quasi-full employment situation, skills shortages and an influx of foreign employees. Companies also set wages in different contexts. For example, some are covered by collective agreements as against others which are not. It is also observed that sectoral differences are also influencing wage determination, as employees tend to gravitate towards sectors that offer better remuneration rates and overall conditions of employment. This has been one of the elements that have led to an increase in labour mobility over the past few years.

The research exercise has consisted of:

- A workshop with employers as an exploratory activity to identify the main causes of wage inflation
- An online survey among employers to obtain a wider and more specific response to different aspects of wage inflation.

1.2 Workshop on Wage Inflation by MEA

A workshop on wage inflation was organised by MEA on the 31st October 2018. The target audience was MEA members, capped at forty participants who were organised into four workshops to address different aspects of wage inflation. The following sections include the workshop formats and the questions which were addressed during this event.

1.2.1 Questions

Workshop 1: Impact of Rent and Property Prices on labour costs

1. Is the booming property market a major determining factor in wage inflation?
2. Are you receiving claims for higher remuneration to compensate for higher property and rental rates?
3. Are you experiencing a turnover in foreign employees because of rising rental rates?
4. What can be done to ease wage pressure arising from rising rental and property rates?

Workshop 2: Trends in Collective Bargaining and Wages

1. Is COLA being integrated with collective bargaining increases in the private sector?
2. What are unions basing their claims on? (productivity, union rivalry, inflation, non-wage claims etc)
3. To what extent are differentiated increases being negotiated to reflect labour market realities?
4. Do you see wage inflation as a threat to competitiveness or sustainability of the enterprise?

Workshop 3: Labour Shortages and Wage Inflation

1. In what sectors/labour categories are labour shortages most acute?
2. To what extent are your companies experiencing wage inflation caused by labour market shortages?
3. How is this having an impact on competitiveness? To what extent is the organisation managing to shift wage inflation of the price?
4. Are skill mismatches being tackled by the present educational system?
5. What are the main issues concerning wages in employing foreign workers?

Workshop 4: Government Induced Costs and Labour Costs in the Private Sector

1. How significant is the impact of COLA on wage inflation?
2. How are legislative measures/ legal notices affecting labour costs?
3. What contemplated government measures will have the strongest effect on labour costs?
4. To what extent, if any, is collective bargaining in the public sector having an effect on labour costs in the private sector?

1.2.2 Outcomes

Following reports by the rapporteurs at the end of the session, the main outcomes of the workshops were:

- Cost push wage inflation is a reality which is being faced by employers in all sectors.
- There is no single cause which is currently generating wage inflation. Rental rates, labour market shortages, skills mismatches, legislative measures, collective

bargaining and other variables are all contributing to an increase in labour costs, but not necessarily to the same extent.

- The impact of such increases on sustainability and competitiveness varies among companies and sectors.

1.3 The Survey

The survey was designed on the basis of the information obtained during the workshop sessions.

1.1.1 Objectives

The survey was conducted with the following objectives:

- To obtain data to identify the extent of wage inflation and its causes;
- To segment data by main economic sectors, size of companies and other relevant criteria;
- To identify differences between segments on the dimensions and causes of wage inflation included in the survey questions;
- To present conclusions and recommendations based on the analysis and findings.

1.3.2 Methodology

The survey was distributed online among employers, to all MEA members and contacts.

The survey contained nineteen questions, some of which are closed-ended and others are open-ended. For the open-ended questions, respondents were given the possibility to explain further their responses, by adding comments to their answers. Appendix I shows the questionnaire format.

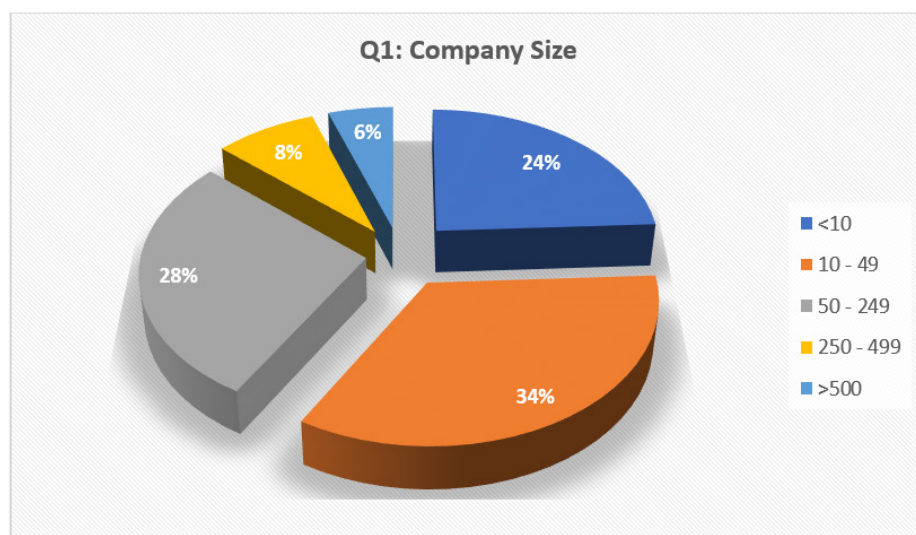
There were four-hundred and forty-one responses to the survey, representing a larger number of companies as a number of respondents represented groups of companies, not individual employers.

1.4 Demographics (in tables of respondents)

1.4.1 Company Size

The largest number of respondents (34%) came from small companies employing between 10-49 employees, followed by medium-sized companies (28%) employing

between 50-249 employees and micros (24%) employing less than 10 employees. As expected, considering that according to NSO statistics, large companies represent less than 1% of the company population in Malta and Gozo, the lowest percentages (8%) came from companies employing between 250-499 employees and (6%) for companies employing 500 employees and over.



ANSWER CHOICES	RESPONSES	
<10	24.20%	106
10 - 49	34.25%	150
50 - 249	28.08%	123
250 - 499	8.22%	36
>500	5.25%	23
TOTAL		438

Figure 1: Company Size by number of employees

1.4.2 Company Sector

The largest sector of respondents come from the Manufacturing industry (21%), followed by Wholesale & Retail (16%), Gaming, Financial & Insurance Activities (15%), Hospitality & Tourism (11%) and Professional Services (10%). The least respondents came from Agriculture & Fishing (2 respondents), Real Estate (1%), Public Sector (1%) and Quarrying & Construction (1%). The sample portrays a good representation from all sectors, as shown in Figure 2.

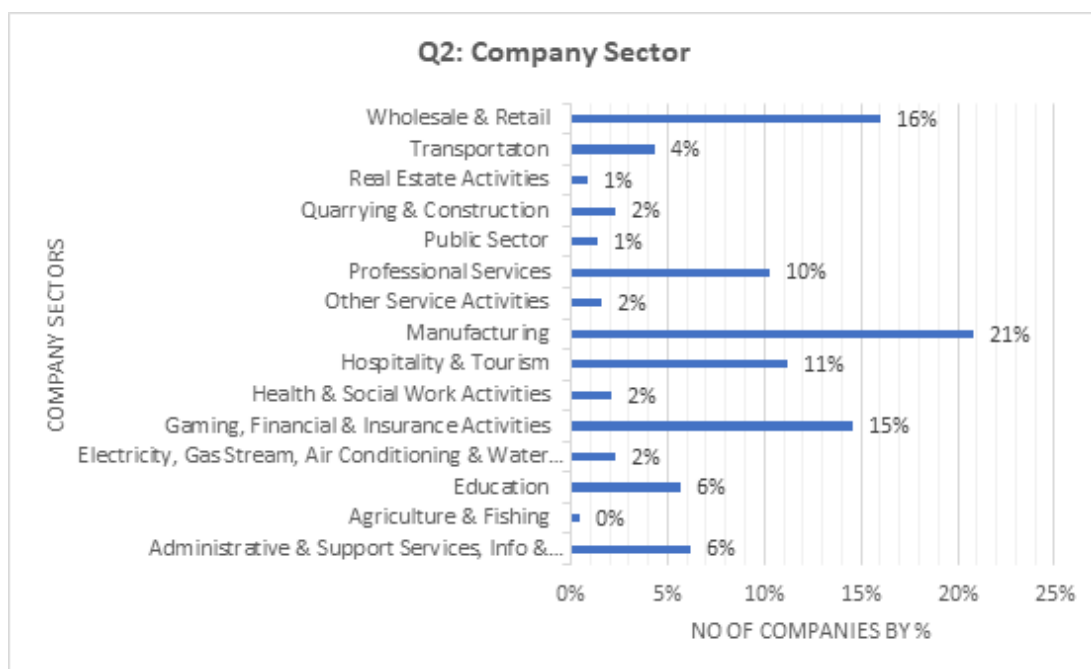


Figure 2: Company Sector

1.4.3 Non-Maltese Employees

Out of four hundred and thirty-eight (438) responses, 102 companies (23%) do not employ non-Maltese employees. 126 companies (29%) have up to 10% foreign employees; 79 companies (18%) have between 10-25% foreign employees; 69 companies (16%) have between 25-50% foreign employees and 62 companies (14%) replied that more than 50% of their employees are foreign. These results (see Figure 3) clearly illustrate the cosmopolitan nature of the labour force in Malta and the spread of foreign workers among companies, with 77% of respondents stating that they employ foreign workers, and 30% replying that more than 25% of their employees are non-Maltese.

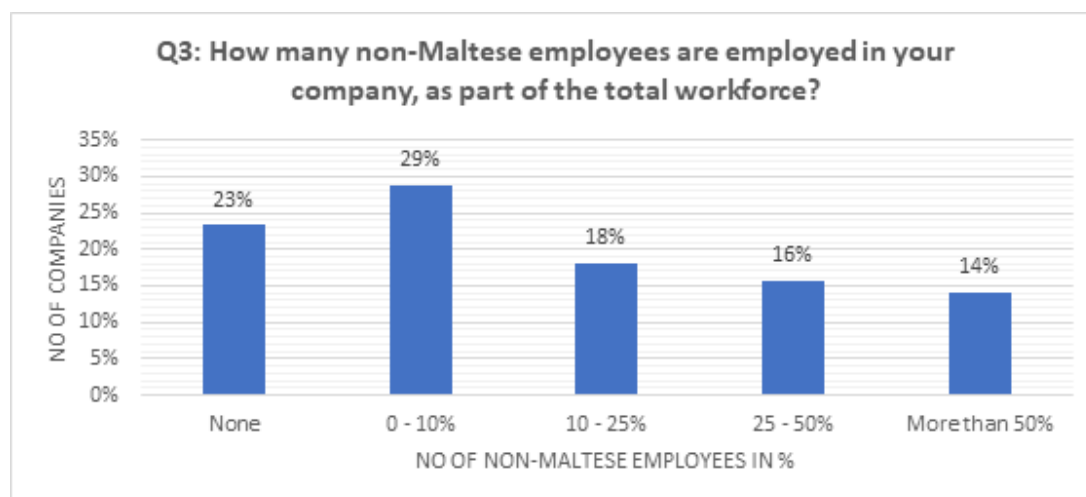


Figure 3: Number of Non-Maltese employees within companies

1.4.4 Collective Agreements

Figure 4 shows the extent of coverage of collective agreements among the respondents. Out of four-hundred and thirty-six (436) respondents, 357 companies (82%) are not covered by a Collective Agreement. Seventy-nine (79) respondents amounting to 18% of respondents are covered by a Collective Agreement. This result reflects the state of affairs encountered by the Malta Employers' Association, although official figures compiled by the Structure of Earning Survey (SES), based on unions' reporting of their membership, state that trade union coverage of the labour force stands between 55-57% (Eurofound, 2017). Survey data by the Centre for Labour Studies arrived at a figure of 30% trade union density, including membership in the public sector where membership in trade unions is much higher (Debono, M. (2018) Xjenza Online, 6:26-58).

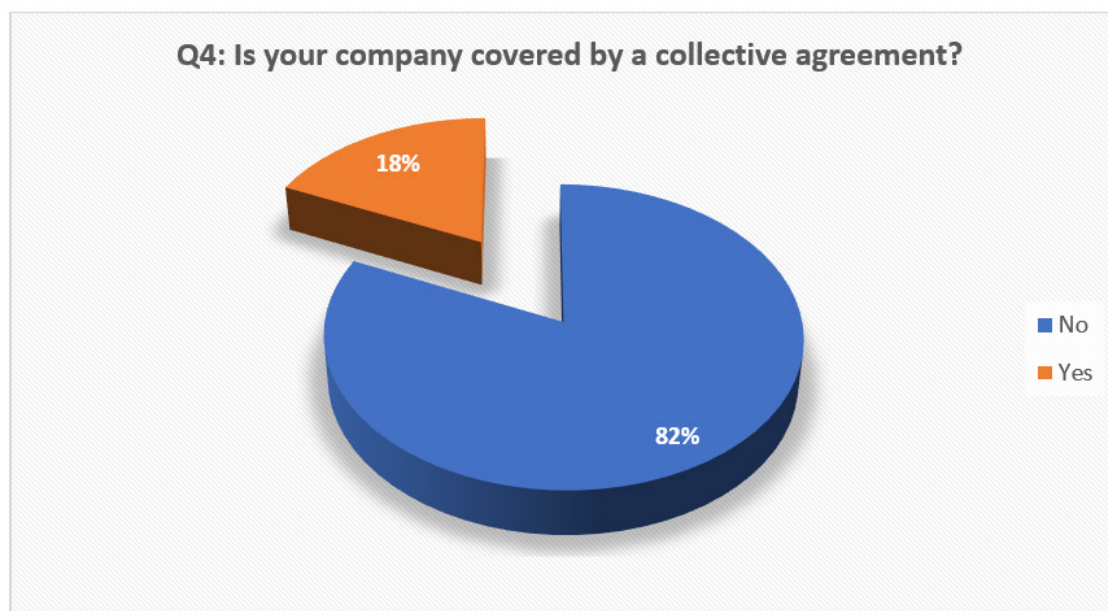


Figure 4: Number of Companies covered by a Collective Agreement

Chapter 2: General Findings

2.1 Companies experiencing higher upward pressure on wages

In response to Question 5, three hundred and seventy-four companies representing 85% of respondents stated that over the past three years, companies have been experiencing a higher upward pressure on wages and salaries than previously experienced. 233 companies (53%) responded 'strongly agree' and 141 companies (32%) responded 'agree'. 10 companies (2%) responded as disagree and 21 companies (5%) responded as strongly disagree. 34 companies (8%) responded as 'neither agree nor disagree'.

This is a strong indication that companies have been experiencing considerable wage inflation during the past three years.

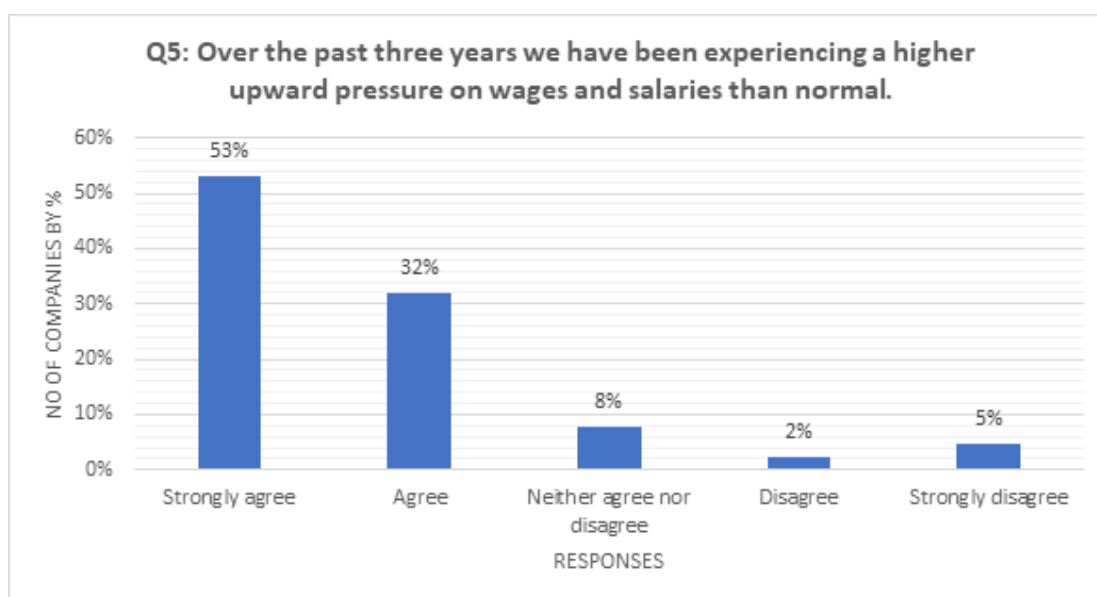


Figure 5: Companies experiencing higher wages in the past three years

2.2 Employees claiming for higher remuneration

When asked about which employees are claiming higher remuneration, 45% stated that it is across the board, followed by skilled workers (15%), technical staff and administrative/managerial staff (12%). Unskilled staff (9%) and clerical staff (7%) are the least employees claiming for higher remunerations.

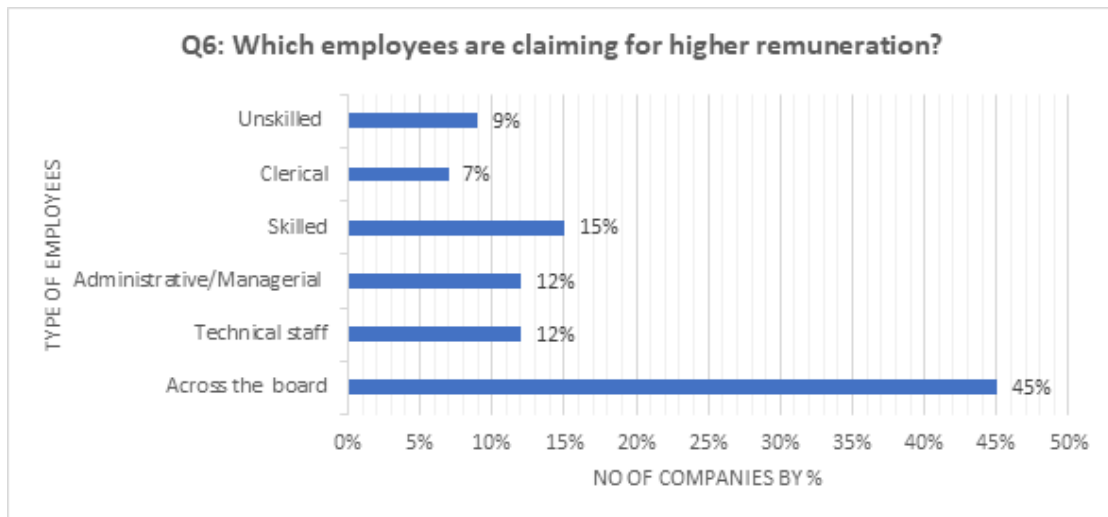


Figure 6: Employees claiming for higher remunerations

2.3 Main reasons for wage inflation

This was a ranking question and respondents were asked to rank each factor according to level of importance. Amongst the respondents, 57% gave labour market shortages top ranking, and only 9% replied that wage increases were related to company profitability. The increase in rental and property prices also featured prominently (21%), followed by unreasonable expectations (13%) and the increase in cost of living (13%). This is worrying as increases in wages that are not supported by profitability and competitiveness might not be sustainable, especially in vulnerable sectors.

The indications here are that wages are going up due to a tight labour market and factors that are not directly related to the company's performance.

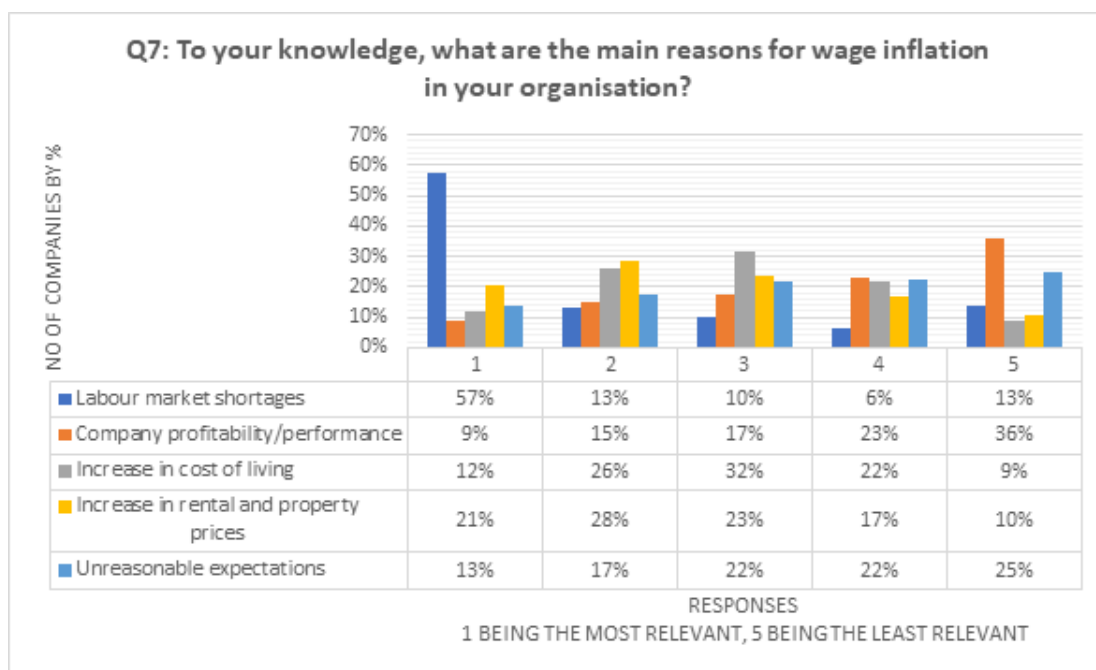


Figure 7: Main reasons for wage inflation in companies

This question also allowed respondents to list other reasons for wage inflation (vide comments in Appendix II). A number of respondents claimed that favourable conditions of employment prevailing in the gaming and financial institutions is the main reason for wage inflation, due to competitive packages being offering to their employees. Other companies mentioned poaching; better pension; working hours and insufficient family-friendly measures, amongst others.

2.4 Average wage increase per annum in the last 3 years

When asked about the average wage increases per annum in the last 3 years, taking into consideration the COLA, 34% of respondents stated that wages have increased by more than 8%. 26% stated that increases were between 3-5% and 23% stated that it has been between 5-8%. Only 13% reported an increase between 0-3%.

These results point towards substantial wage inflation over the past three years. It is significant that only 4% of respondents replied that they did not give increases beyond the statutory minimum. This finding supports MEA's contention that the number of employees on the minimum wage in Malta is very low and that labour market forces are a strong determinant of wage increases, even in the absence of collective bargaining. This result is also reflected in the Jobsplus Occupational Handbook (Jobsplus, 2018).

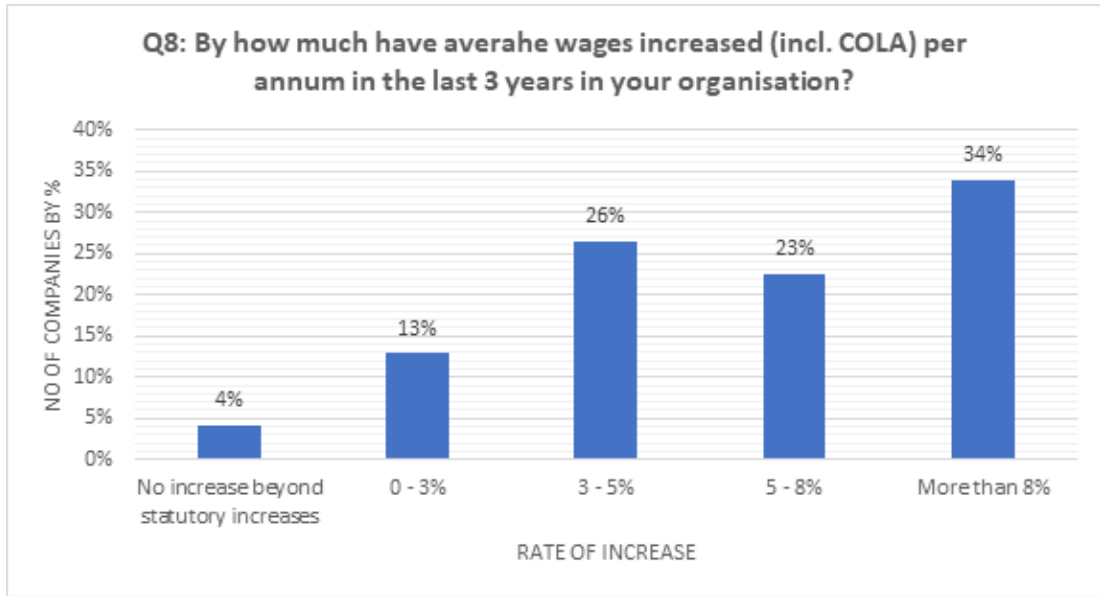


Figure 8: Average wage increase per annum in the last 3 years

2.5 Increase in Labour Costs in 2020

Most respondents (77%) anticipate that there will be higher wage increases in 2020 than 2018. 21% of respondents think that labour costs will remain the same as 2018 and only 2% of respondents think that it will be lower than 2018.

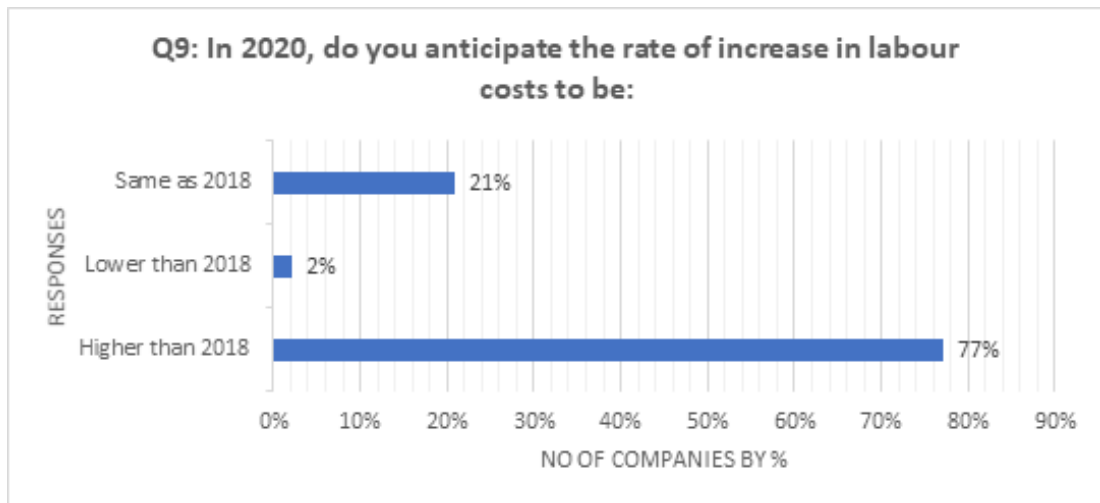


Figure 9: The rate of increase in labour cost in 2020

This question also allowed for comments by the respondents, which are included in Appendix III.

Some respondents declared that higher wages are inevitable due to the increase in the cost of living and competition from other industries, especially in the gaming and financial sector. Others have commented on skills shortages and the high cost of retention to provide training.

Some companies are trying to put a capping on wage increases, but market forces are making this difficult. Other respondents have stated that the employer is no longer in a state to negotiate and some businesses might have to close down, as it would not be financially feasible to continue increasing wages, while company's profits remain static.

Taking these replies together with those of Q.7 about the main reasons for wage inflation, it appears that many companies are concerned that wage inflation will accelerate irrespective of productivity gains.

2.6 Increase in Labour Costs and Company's Competitiveness

The results show that labour costs are affecting many companies' competitiveness. 74% of respondents replied 'strongly agree' and 'agree' with this statement, whilst 19% replied 'neither agree nor disagree'. Only 7% claim that they 'highly disagree' and 'disagree' with the statement that: Increases in labour costs are affecting our company's competitiveness.

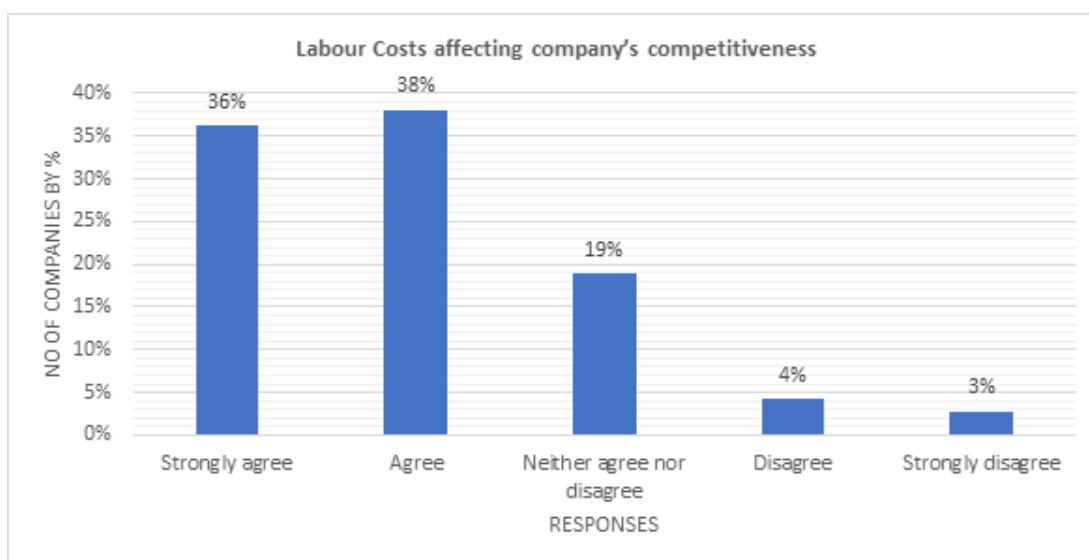


Figure 10: Increases in labour costs affecting company's competitiveness

The comments to this question can be found in Appendix IV.

2.7 Average Labour Turnover per annum

When asked about the average labour turnover per annum in the last 3 years, 23% of respondents claimed that it has been between 5-10% and another 23% replied that it was between 10-20%, followed by 17% for 0-5%. 16% of respondents claimed that their average labour turnover reached between 20-30%. Another 16% replied that their turnover has been more than 30%.

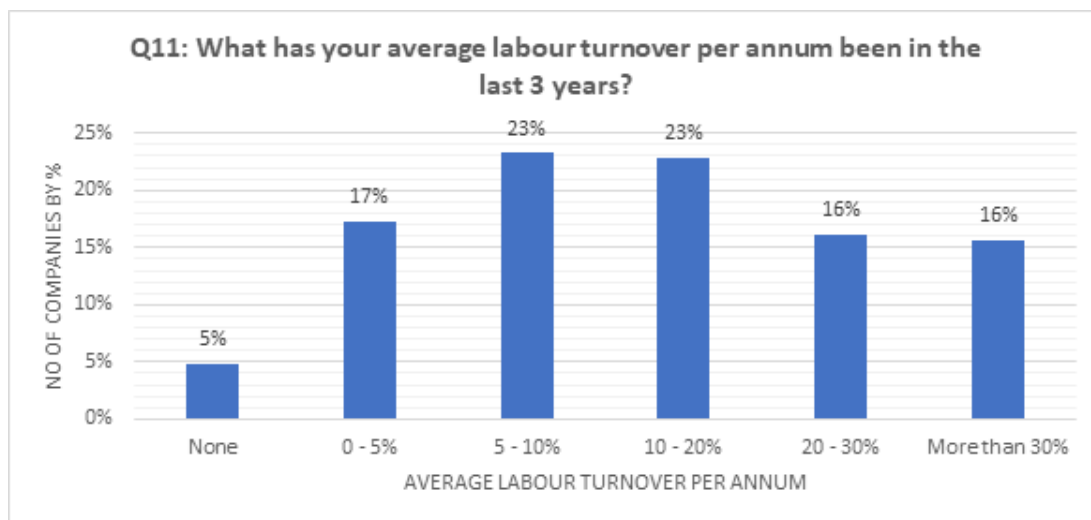


Figure 11: Average labour turnover per annum in the last 3 years

The fact that a third of respondents reported a higher turnover than 20% points to a dynamic labour market where one of the challenges being faced is employee retention. This is a result of labour shortages due to increased labour demand, and in spite of an increased labour supply due to foreign workers, stronger female participation and higher participation among the retired segment of the population.

In the comments section to this question (vide Appendix V), respondents stated that a lot of effort is being made to minimise labour turnover. However, workers are leaving for better pay and companies do not afford increasing prices to increase wages, as clients will go elsewhere. Other reasons given for high labour turnover include a poor work ethic (e.g. reluctance to work during weekends in hospitality, or shift work), and in other cases due to retirement. Companies are finding it difficult to source enough skilled workers in many sectors and many foreign workers are only staying for short periods of time, with many saying that they were not aware of the high cost of living and leave after a short period working in Malta.

2.8 Rate of Turnover higher than previous years

According to 62% of respondents, the rate of turnover is higher than normally experienced in previous years.

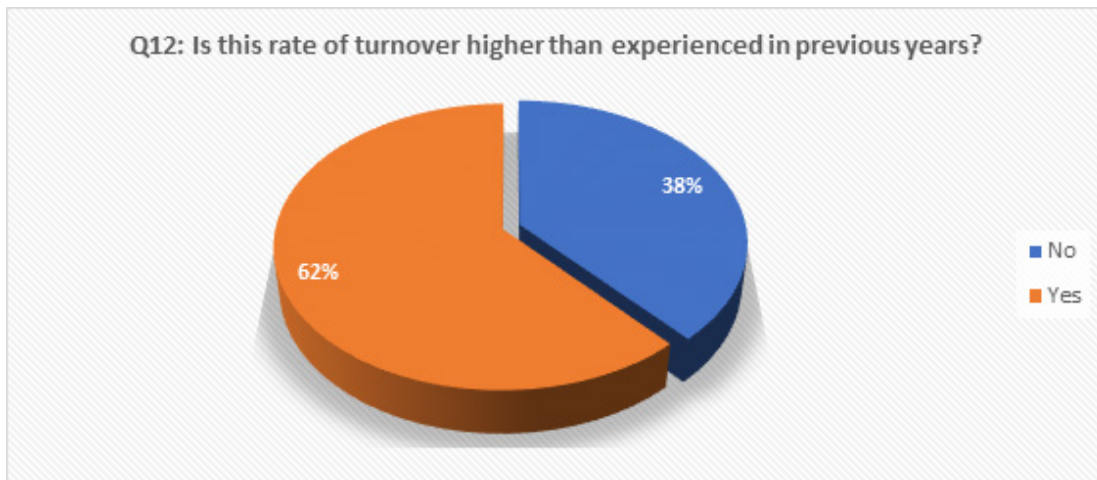


Figure 12: Rate of Turnover higher than previous years

2.9 Employees contributing to highest turnover

Companies are experiencing labour turnover across all segments of employees, with the highest percentage - 23% - being in skilled workers. This echoes the replies to Q7, which found that wage inflation tends to be highest among skilled workers.

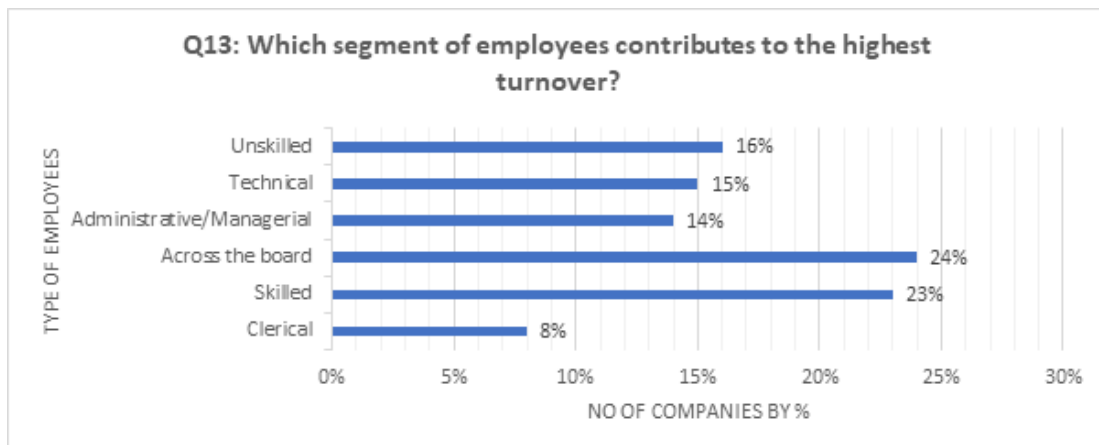


Figure 13: Segments of employees contributing to the highest turnover

2.10 Attributes of Labour Turnover

Most companies (69%) are attributing labour turnover in their organisation due to better remuneration packages and better career prospects (23%), followed by more flexible working conditions (21%) (see figure 14). Other companies (18%) claimed that they are also losing workers due to better opportunities being offered by the public sector and (10%) due to more stable environment. The attribution to employment in the public sector is significant and MEA has received reports of companies losing a considerable part of their human resources to employment in the public sector. Companies operating in Gozo have been particularly affected by such mobility.

Although remuneration is the main motivator for mobility, flexible working conditions and career prospects are also significant factors that generate labour turnover.

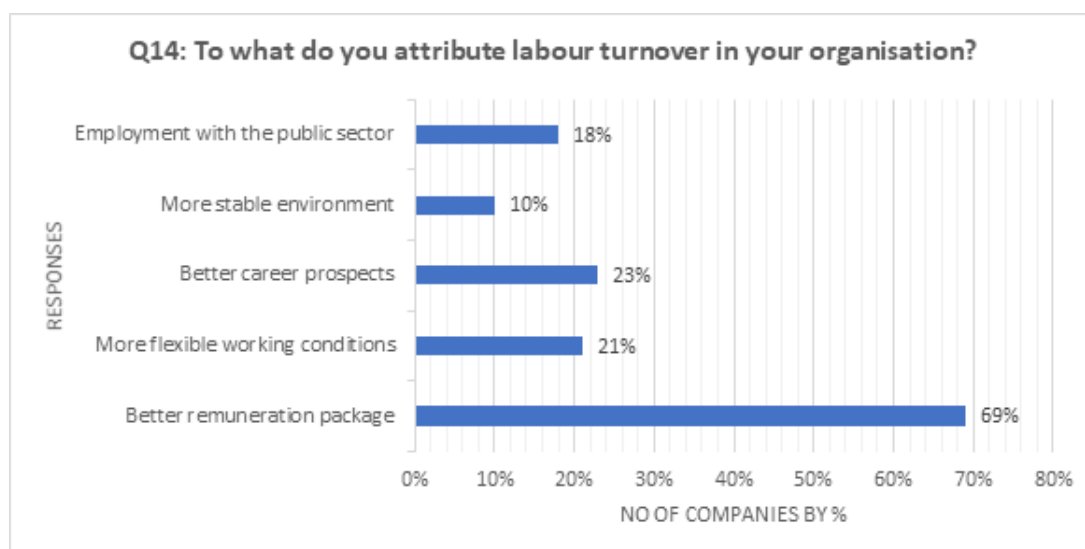


Figure 14: Reasons attributing to labour turnover in companies

Other reasons for annual labour turnover include employees not completing their probation period; moving abroad due to a better standard of living; seasonal work; and the wide variety of choices that make workers want to change their job more frequently. The comments to this question can be found in Appendix VI.

2.11 Dealing with labour market shortages

Most companies (64%) are already dealing with labour market shortages by increasing the workers' remuneration package. Others are employing foreign workers (58%) and increasing flexibility and work-life balance measures (36%). Some companies are providing further training opportunities (23%).

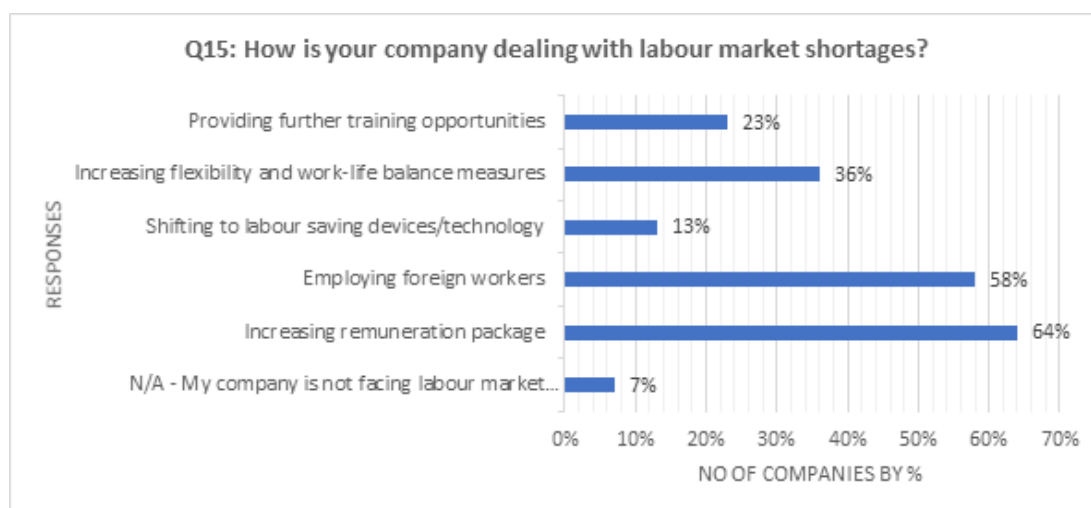


Figure 15: Companies dealing with labour market shortages

Surprisingly, only 13% reported a shift to labour saving devices and technology. This could be for a number of reasons, among them the capital expenditure required to shift to technological devices, or that labour costs have not yet reached a critical level required to change production methods. Another reason could be that many labour-intensive sectors – e.g. tourism – cannot shift to labour saving devices.

The score for increasing flexibility and work-life balance measures, at 36%, is significant and is a strong indicator of changing work organization practices in many companies, especially to attract and retain female employees. Only 7% of respondents reported not experiencing labour market shortages.

Others are subcontracting their services, setting-up student schemes and investing more in branding their company culture. Some respondents have also claimed that they are in a position where they have to reduce their workload as they cannot supply the demand. All comments can be found in Appendix VII.

2.12 Employees' Remuneration Packages

Out of the 248 respondents who replied to this question, (81%) claimed that they have employees earning between €185-€190 weekly. 27% of respondents claimed that they have employees earning between €180-€185 weekly and 17% have employees earning between €175.84-€180 weekly.

Only 10% have workers (not their entire labour force) that are on the minimum wage, which for 2019 is €175.84 for persons aged 18+ years.

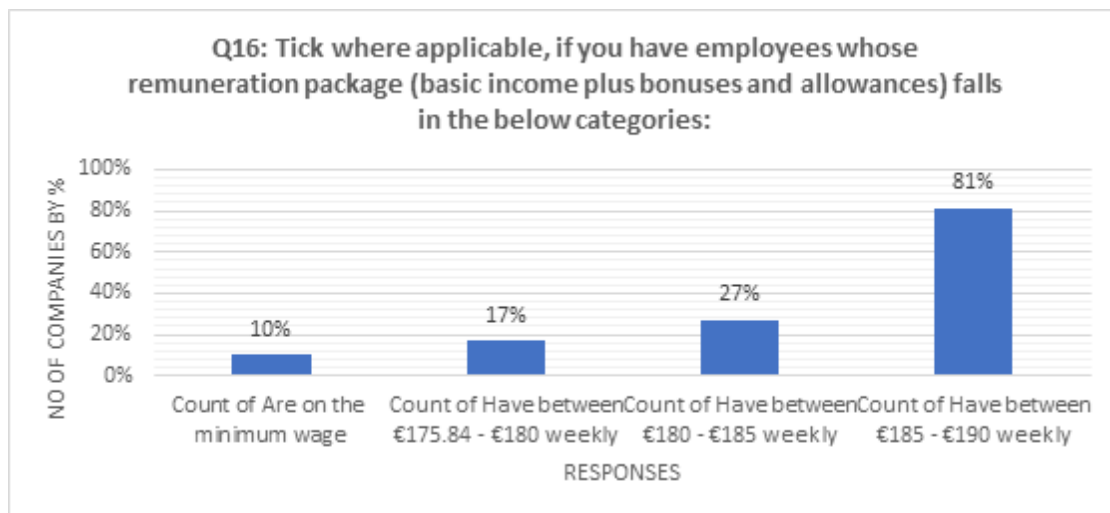


Figure 16: Employees' remuneration packages

This supports MEA's position that, although there are some countries with a higher minimum wage than Malta, the percentage of employees on the minimum wage is much lower in Malta than it is in those countries. This is why employers lobbied for a retention of the minimum wage but with an automatic increase for employees employed with the same company for more than a year. This was the main principle behind the National Agreement for the Minimum Wage which was signed by all social partners in 2017¹.

2.13 Labour Force in the next 5 years

47% of respondents claim that their labour force is expected to increase in the coming 5 years, while 39% claim that it will remain constant. Only 14% stated that their workforce will decline. This shows that, in spite of increasing labour costs, there are no strong indicators that the demand for labour will subside in the near future.

¹ <http://www.maltaemployers.com/loadfile/07860273-ec52-4c9c-bce9-a84db3f20cff>

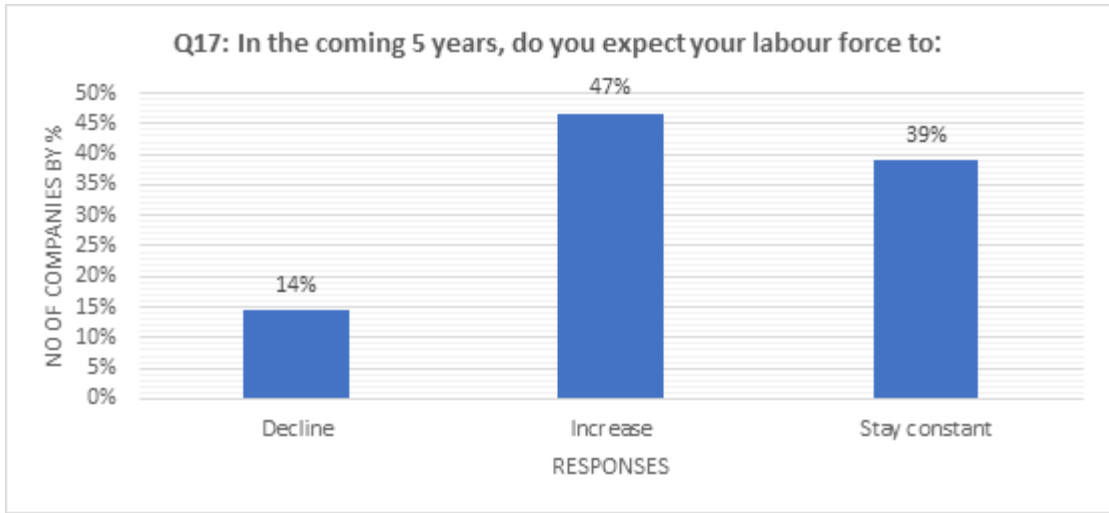


Figure 17: Size of Labour Force

Chapter 3:

Segmentation by company size

This chapter will break down the general findings of the survey by company size and identify differences between the different groups.

3.1 Distribution of companies by size

For the purpose of this research, company sizes were divided by number of employees: <10; 10-49, 50-249; 250-499 and >500 employees. For the distribution of companies by size, refer to Figure 1 from Section 1.4.1

3.2 Foreign Employees in companies, by company size

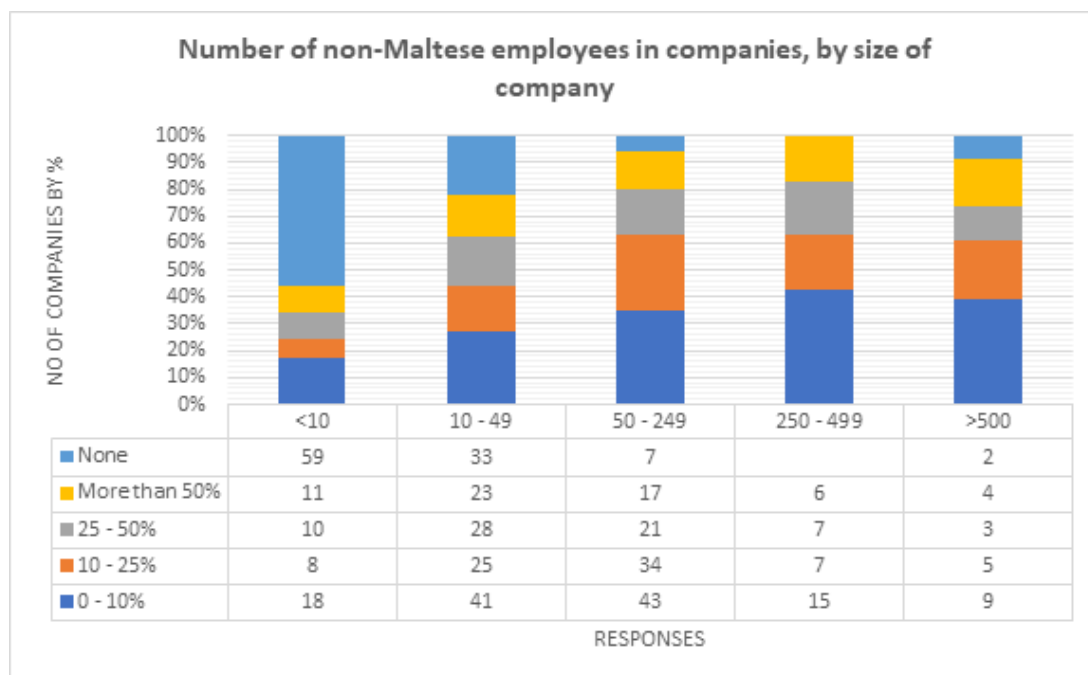


Figure 18: Foreign employees in companies, by size of company

Figure 18 shows that larger companies are more likely to engage foreign employees than small businesses. Among companies employing less than 10 persons, 56% replied that they do not employ any foreign workers.

By contrast, 37% of companies employing between 250 and 499 employees state that at last 25% of their labour force is foreign, and the corresponding figure for companies with more than 500 employees is 30%.

3.3 Higher pressure on wages and salaries, by company size

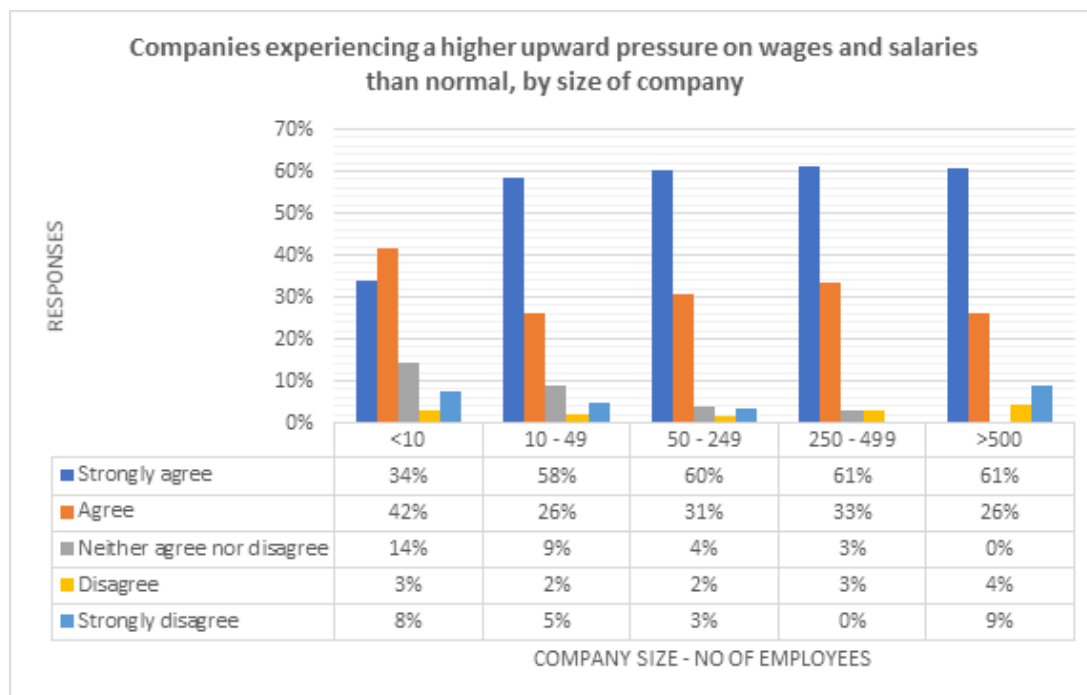


Figure 19: Companies experiencing higher upward pressure on wages, by size of company

Figure 19 splits the answers to Question 5 by size of company. The replies are consistent across the different brackets, with around 60% of respondents employing more than 10 persons strongly agreeing that wage inflation has been higher than normal wage inflation. The extent of agreement to this statement falls to 34% for micro-businesses.

3.4 Employees claiming for higher remuneration, by company size

The categories of employees asking for higher remuneration is fairly distributed among all sizes of companies. Micro-businesses tend to have more wage demands from the skilled segments. 22% of micro-business replied that wage demands are coming mostly from skilled employees. The corresponding figure for companies employing between 250 and 400 employees is 9%.

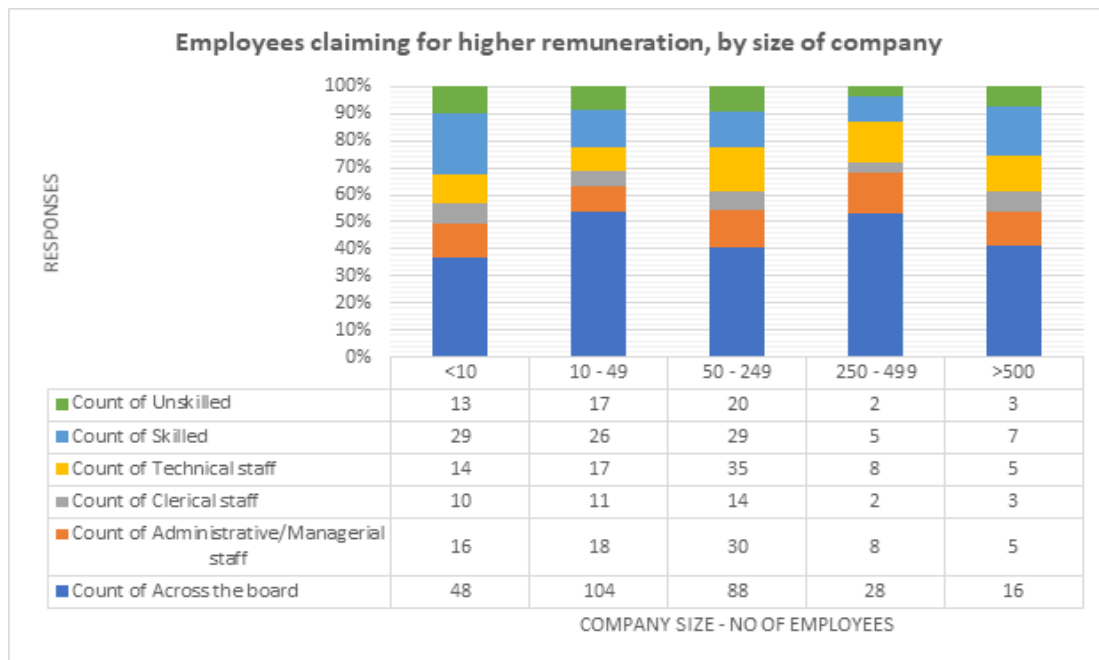


Figure 20: Employees claiming for higher remuneration, by size of company

3.5 Main reasons for wage inflation in organisations, by company size

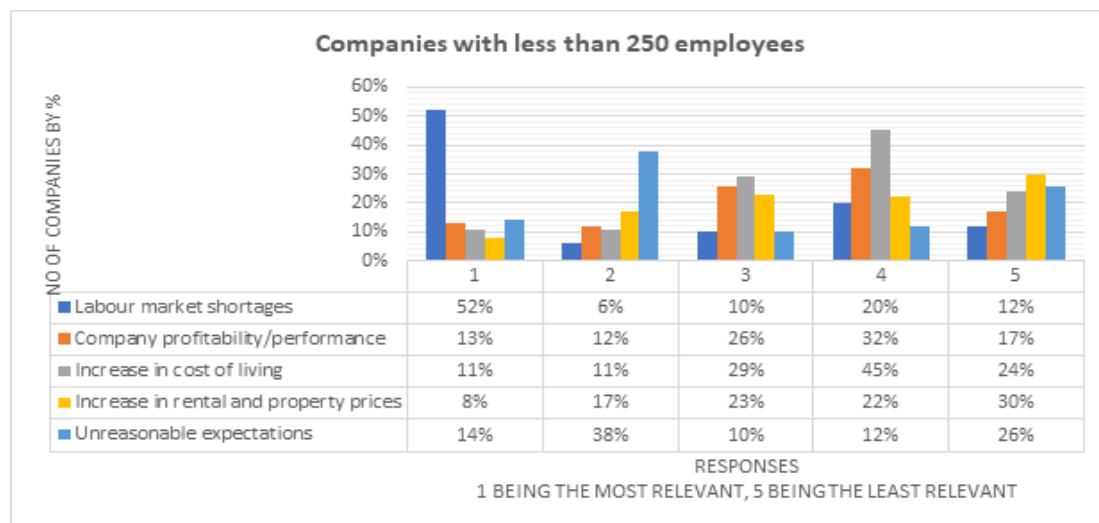
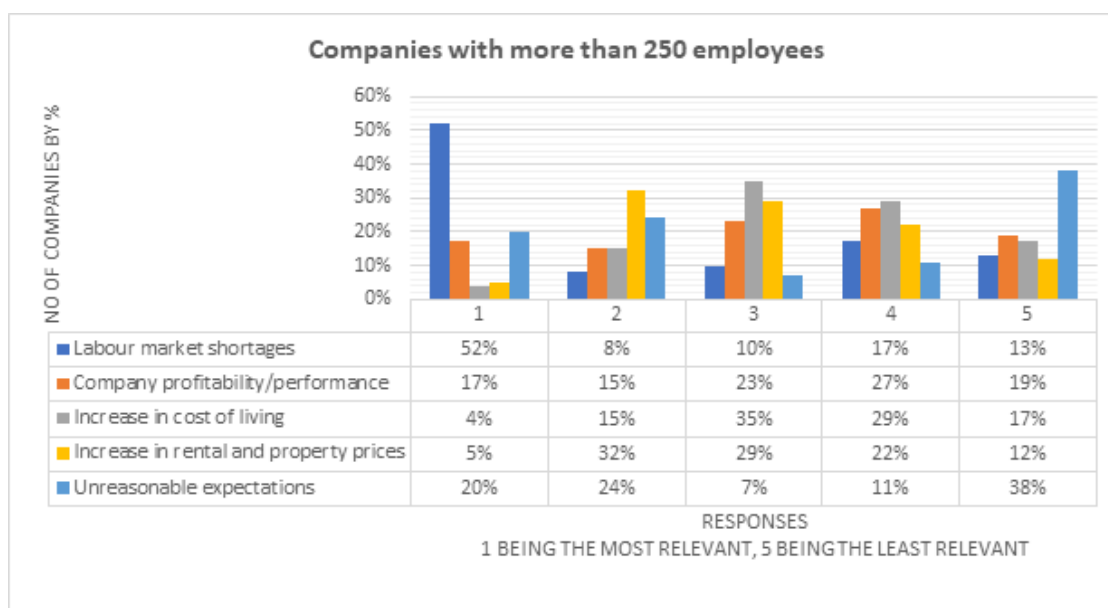


Figure 21: Main reasons for wage inflation, by companies employing less than 250 employees



Figures 22: Main reasons for wage inflation, by companies employing more than 250 employees

Figures 21 and 22 groups the respondents in two main segments – those employing below 250 employees and others employing more. 52% of respondents in both segments attribute labour market shortages to wage inflation as being the most important factor. 20% of the larger companies ranked unreasonable expectations as being the key reason for wage inflation, as against 14% among the smaller companies. As the larger companies tend to be more export orientated, this could be a worrying figure, particularly since only 17% of the larger companies, and 13% of the smaller ones attribute wage inflation to company profitability and performance. In ideal situations, company profitability and performance should be the main reason why wage increases are awarded, if these are to be sustainable.

3.6 Average wage increase per annum in the last 3 years, by company size

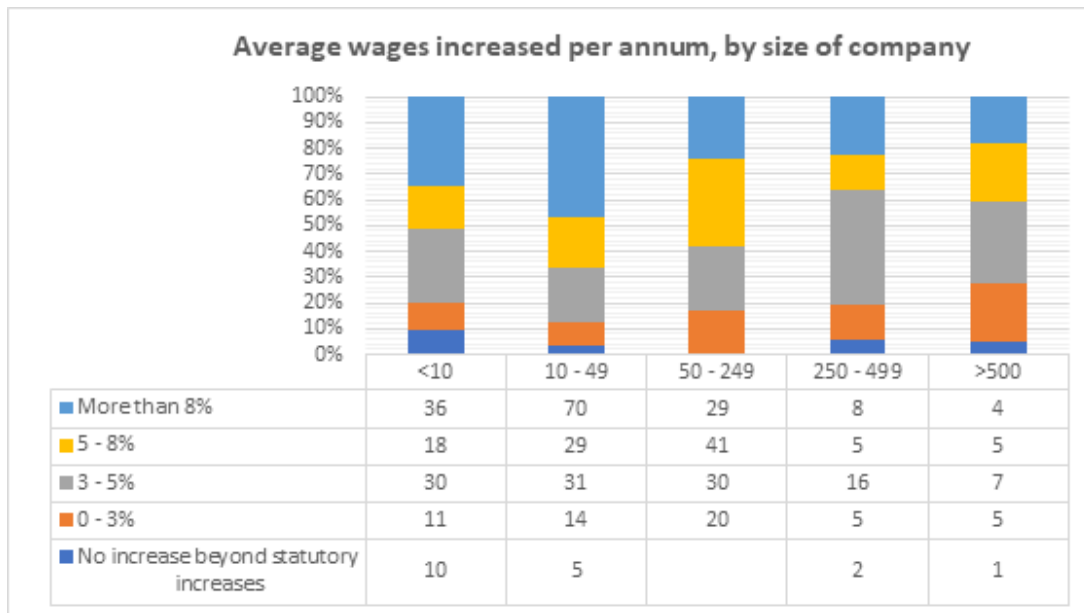


Figure 23: Average wage inflation per annum in the last 3 years, by size of company

Relatively smaller companies have tended to give higher wage increases than the larger ones. 47% of companies employing between 10 and 49 employees report increases of more than 8% in wages in the past three years.

3.7 Rate of increase in 2020, by company size

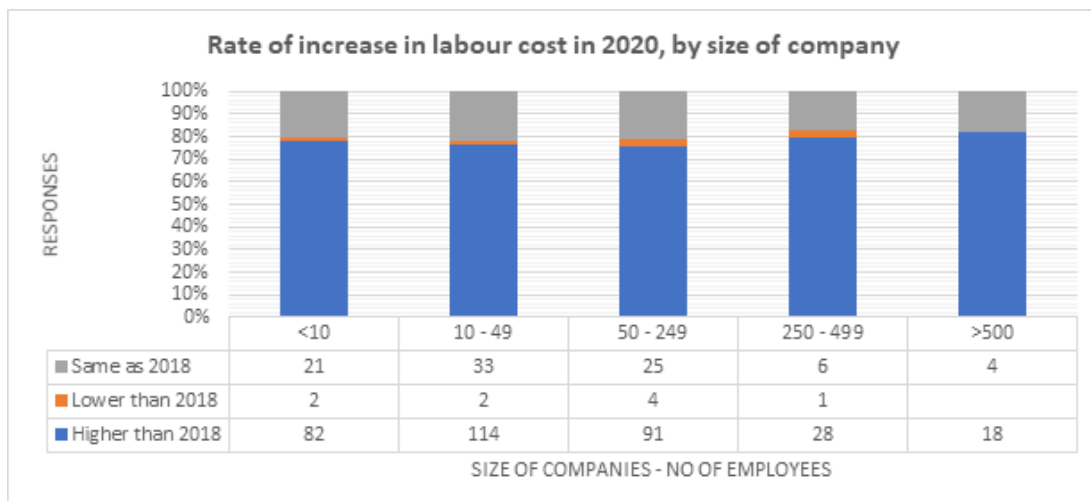


Figure 24: Rate of increase in labour costs in 2020, by size of company

The replies to this question were fairly consistent among all segments. Approximately 80% of respondents expect higher wage increases in 2020 irrespective of company size.

3.8 Increase in labour costs affecting company's competitiveness, by company size

The concern about loss of competitiveness due to wage increases is spread across all companies, irrespective of their size (see figure 25 below).

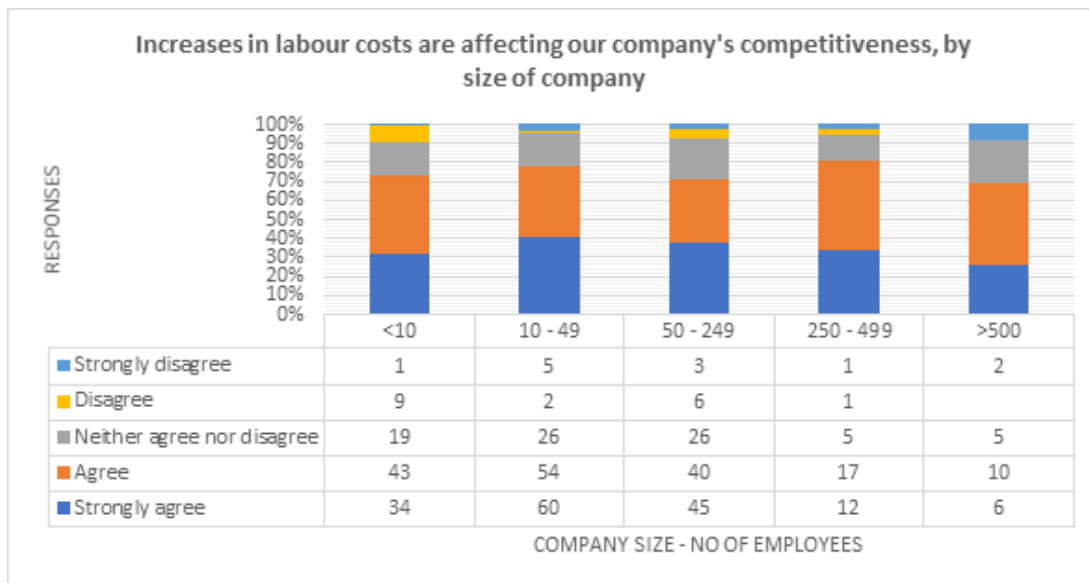


Figure 25: Labour Costs affecting company's competitiveness, by size of company

3.9 Average Labour Turnover per annum in the last 3 years, by company size

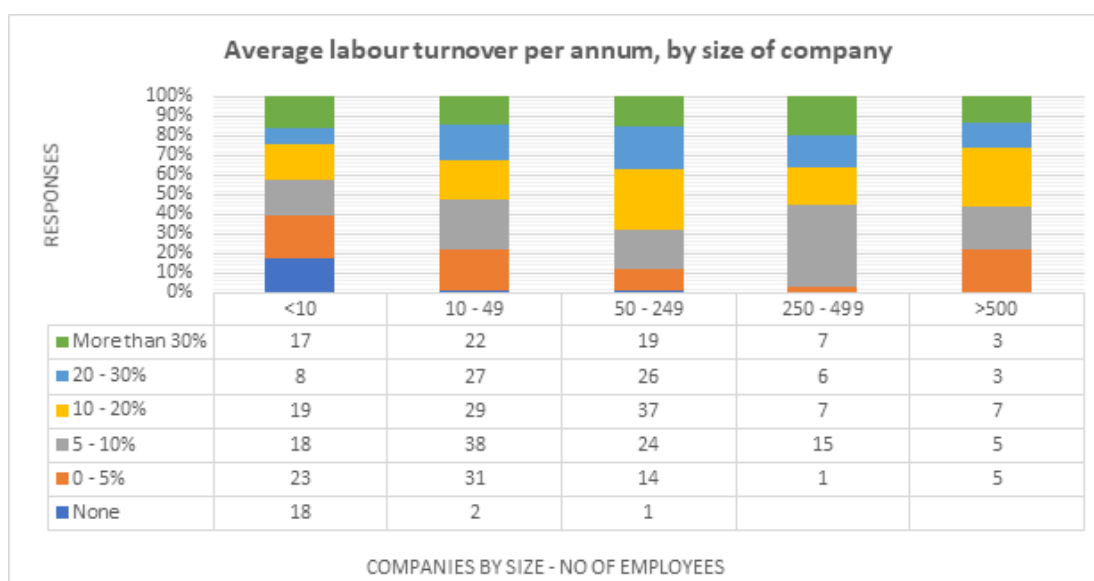


Figure 26: Average labour turnover per annum, by size of company

17% of micros reported no labour turnover in the last three years. 42% of companies employing between 250 and 400 experienced turnover between 5 and 10% during the same period. There are only minor variances between the overall figure of 16% of companies who experienced turnover in excess of 30% over the past three years and the results of different segments depending on size of company.

3.10 Rate of turnover higher than normally experienced in previous years, by company size

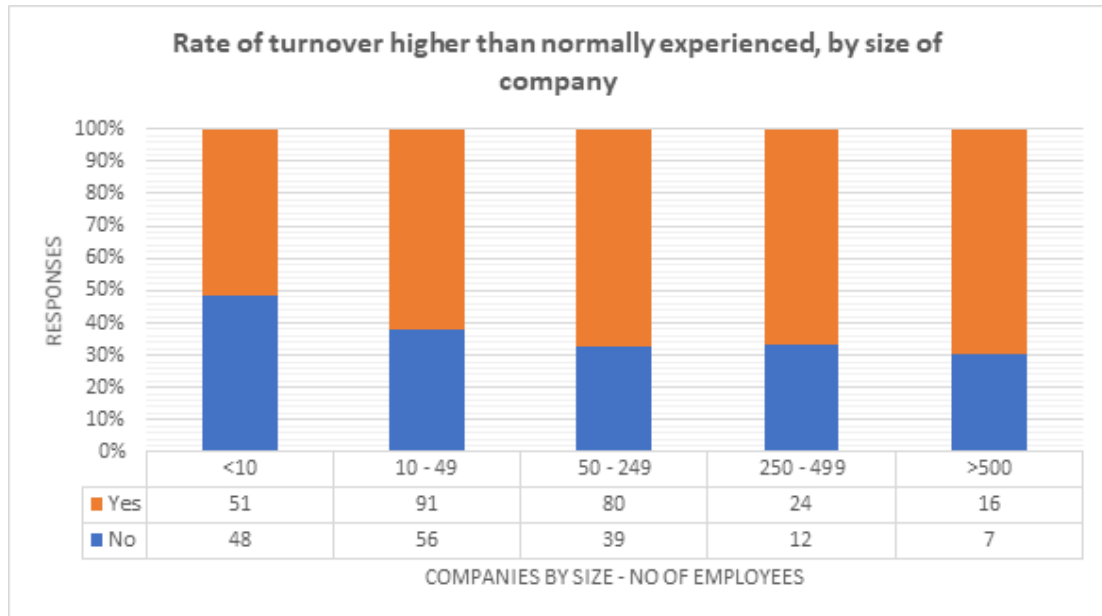


Figure 27: Rate of turnover in previous years, by size of company

Figure 27 shows a tendency for larger companies to report a higher turnover than smaller ones. 70% of companies employing more than 250 persons experienced a higher turnover than previous years as against 43% of those employing less than 50 persons.

3.11 Employees contributing to the highest turnover, by company size

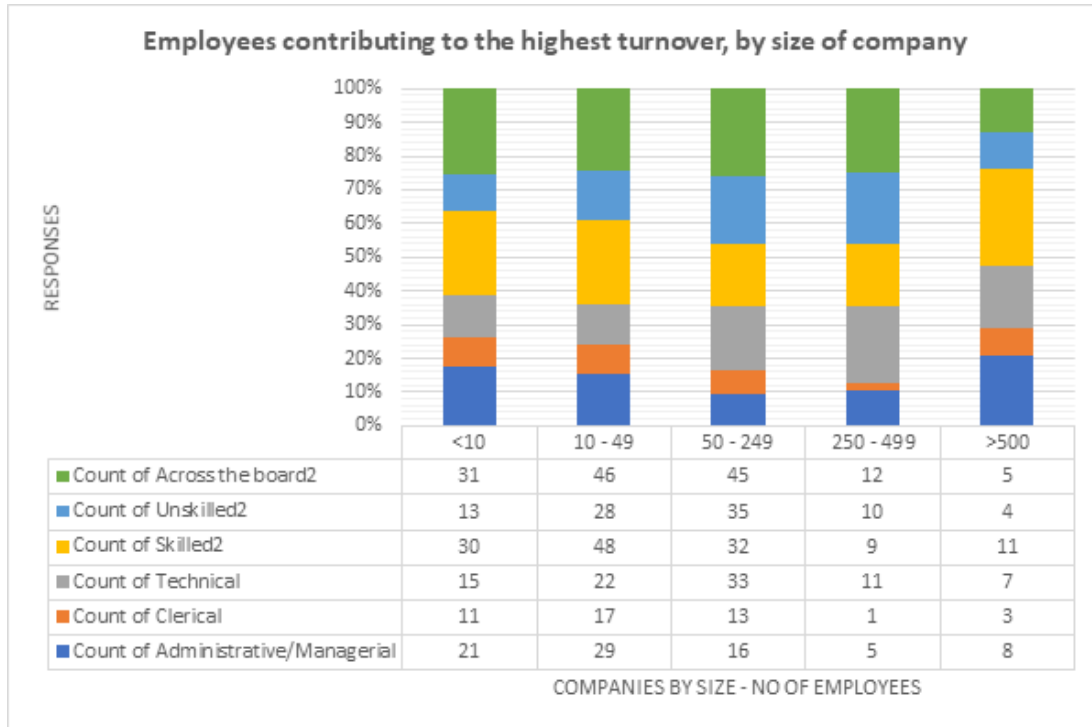


Figure 28: Employees contributing to high turnover, by size of company

A common element among all segments is that skilled employees account for a relatively high level of turnover. For companies with more than 500 employees, turnover due to skilled and administrative/managerial staff is more accentuated than that prevailing among the other segments.

3.12 Attributes of labour turnover, by company size

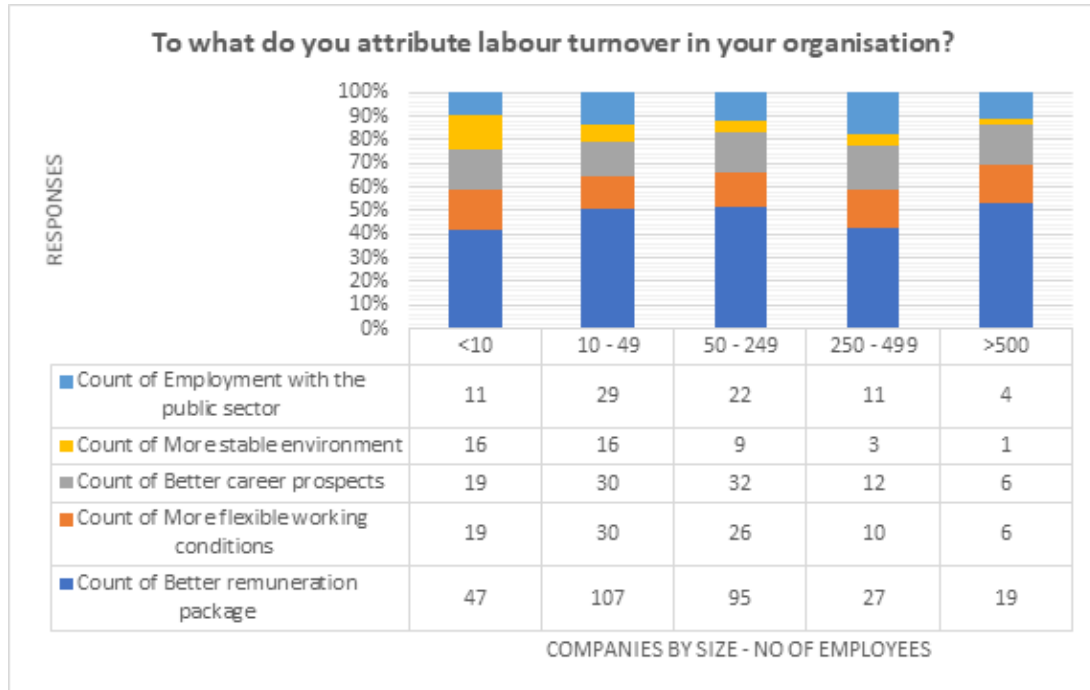


Figure 29: Attributes of labour turnover, by size of company

A point of difference between the size segments is that, comparing micro businesses with companies employing more than 500 persons, more people leave micros for a more stable environment (14% vs 2%) whereas more employees leave large companies for better remuneration (52% vs 42%).

3.13 Companies dealing with labour market shortages, by company size

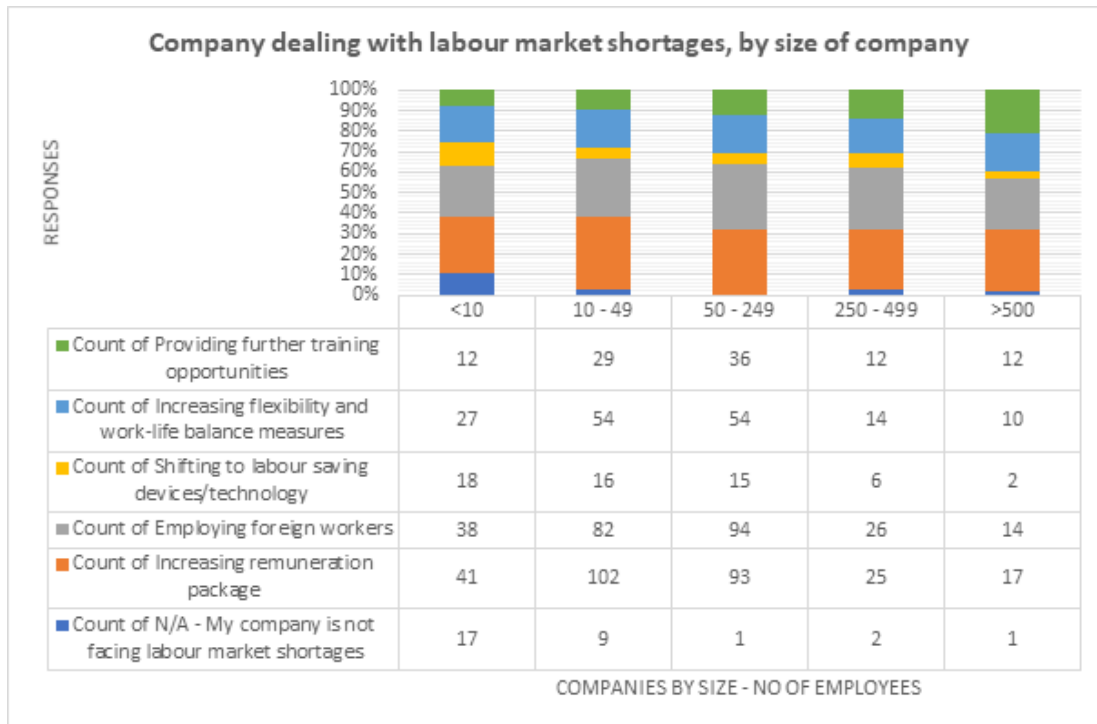


Figure 30: Companies dealing with labour turnover, by size of company

12% of micro-businesses reported shifting to labour saving devices to counter labour turnover, compared to 3% for companies with more than 500 employees. An interesting trend is that the larger the organisation, the more likely it is to invest in training as a means of countering labour turnover. The percentage of companies who do this increases steadily from 8% for Microenterprises to 22% for companies with more than 500 employees. This is illustrated in Fig.31 below.

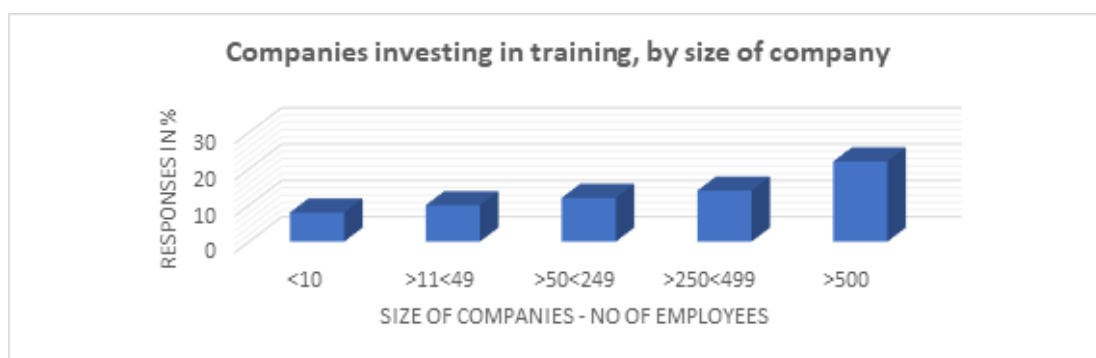


Figure 31: Companies investing in training, by size of company

3.14 Labour force in the coming 5 years, by company size

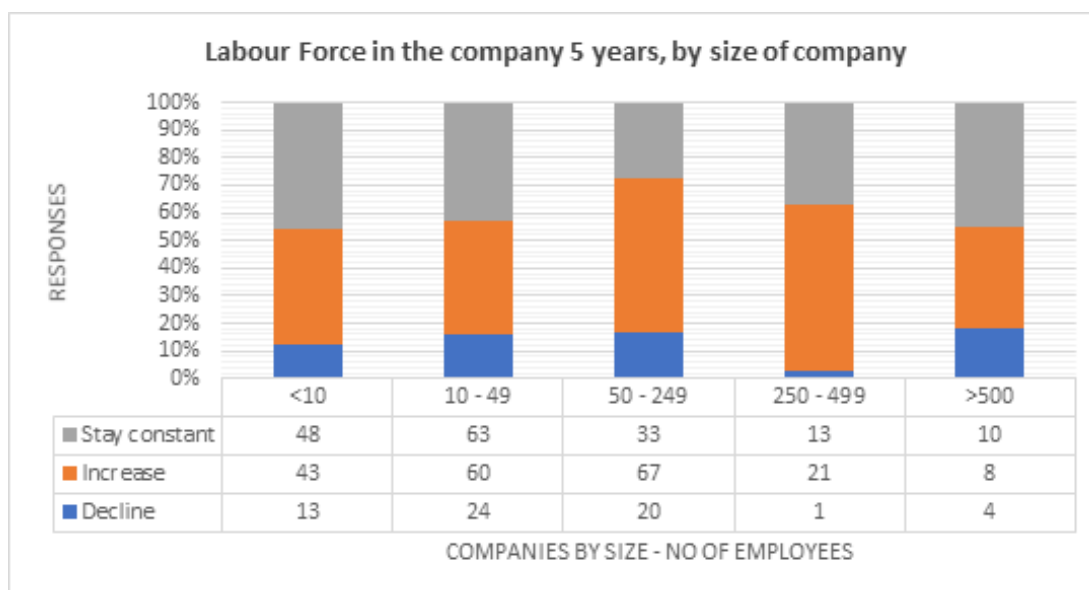


Figure 32: Labour force in the next 5 years, by size of company

The replies to this question are more or less consistent among segments, with the exception that companies employing between 250 and 400 persons have showed a smaller inclination than the other groups to reduce their labour force in the coming years. However, the fact that 18% of companies with more than 500 employees have relied that they intend to reduce their labour force in the coming 5 years could be of concern, especially if these are Malta's main exporters.

Chapter 4:

Segmentation by company sector

This chapter breaks down the general findings of the survey by main company sectors and identifies cross sectoral differences in the replies.

4.1 Intro on distribution of company sectors

The data collected in the survey has been analysed to identify sectoral characteristics related to wage inflation. For the purpose of this exercise, respondents have been grouped on the basis of NACE codes² into the following segments:

Agriculture & Fishing; Hospitality & Tourism; Quarrying & Construction; Professional Services; Manufacturing; Public Sector; Wholesale & Retail; Electricity, Gas Stream, Air Conditioning & Water Supply; Transportation; Education; Gaming, Financial & Insurance Activities; Real Estate Activities; Administrative & Support Services, Info & Communication; and Health & Social Work Activities.

The below tables show information grouping the seven sectors with the highest number of respondents: Administrative & Support Services, Info & Communication; Education; Gaming, Financial & Insurance Activities; Hospitality & Tourism; Manufacturing; Professional Services; and Wholesale & Retail.

For the distribution of company sectors refer to Figure 2 in Section 1.4.2

2 Company sector according to NACE codes http://ec.europa.eu/competition/mergers/cases/index/nace_all.html

4.2 Foreign employees in companies, by sector

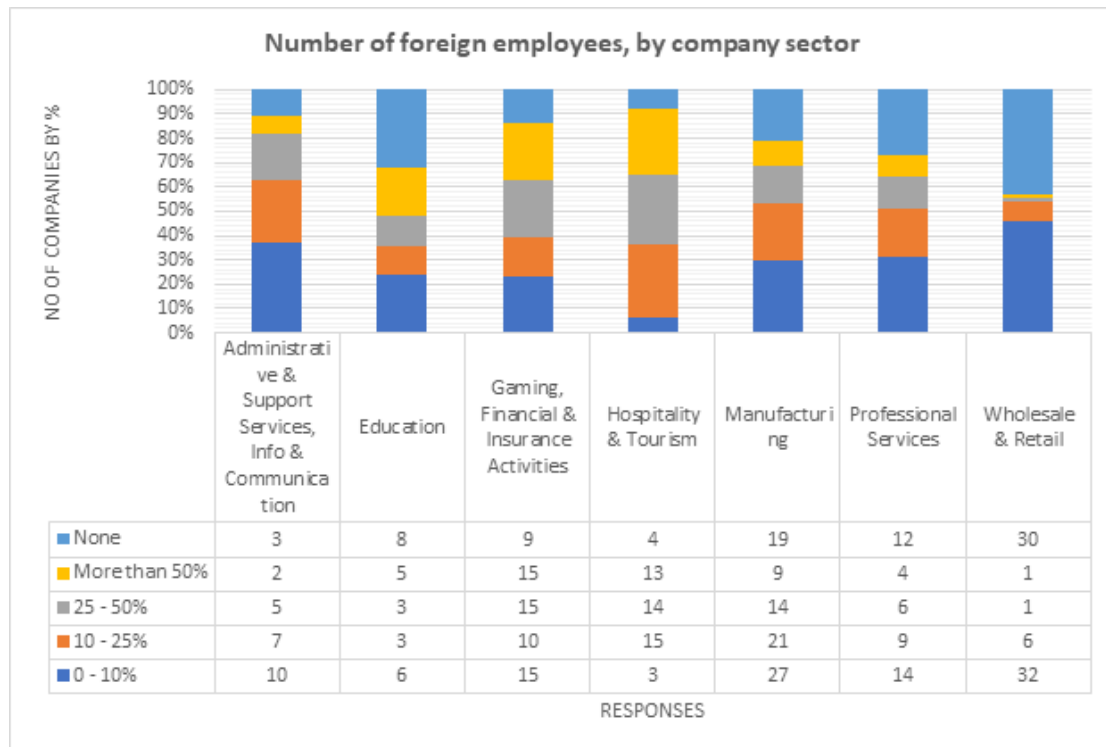


Figure 33: Number of foreign employees, by company sector

The extent of foreign employees is uneven across sectors, as seen in figure 33. The hospitality sector has a high incidence of foreign employees: 27% of respondents in this sector replied that over 50% of employees are non-Maltese. An additional 23% have between 25% and 50% foreign employees. In the professional services sector – which includes the provision of cleaning, security and carer services – 23% of companies have more than half of their workforce which is non-Maltese, and the corresponding figure in education – which includes the foreign language schools - is 20%. By contrast, 42% of respondents in wholesale and retail have no foreign employees, and 46% have less than 10% of their labour force which is non-Maltese.

4.3 Higher pressure on wages and salaries, by sector

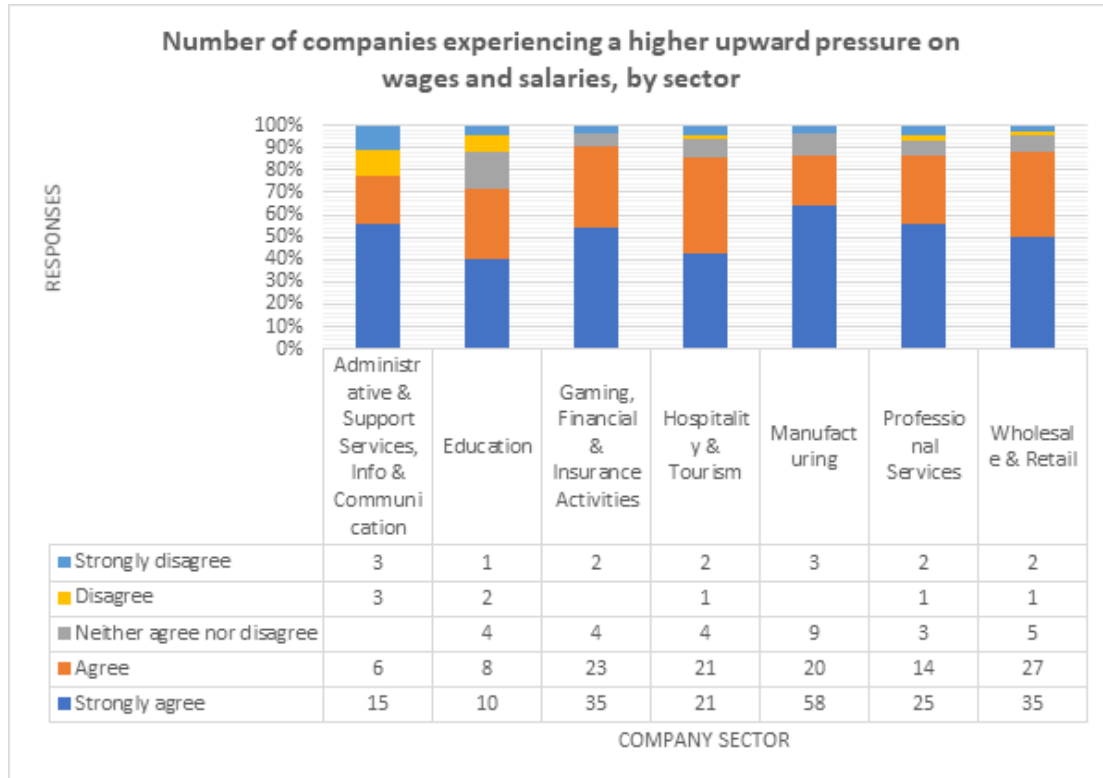


Figure 34: Pressure on wages by sector

There is strong agreement to this statement across all sectors of the economy. The overall results presented in Chapter 2 show that 85% of respondents strongly agree or agree with this statement. This figure is fairly consistent among all sectors but is felt more acutely in Manufacturing – with 64% strongly agreeing with the statement. Even in sectors with a relatively higher value added the result is similar. In Gaming, Financial and Insurance services, the agreement score reached 90%, the highest among all sectors. The score is also high in wholesale and retail and hospitality.

The response obtained from the financial services and i-gaming sector is important as these sectors are assumed to be able to increase labour costs indefinitely. The threat of tax harmonisation, together with rising costs to operate in Malta may act against the long-term retention and growth of these sectors.

4.4 Employees claiming for higher remuneration, by sector

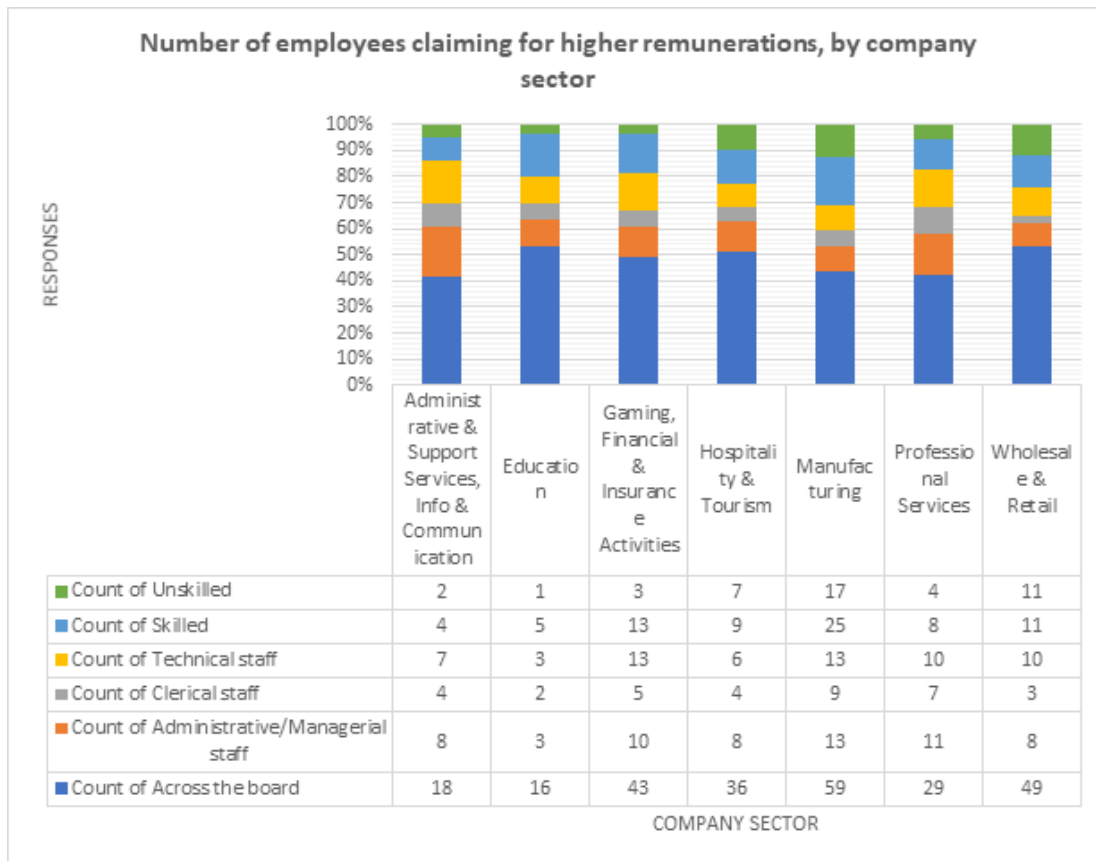


Figure 35: Employees claiming for higher remuneration, by sector

The aggregated response reported in Figure 39 is spread among all sectors. However, the manufacturing sector is getting more pressure from unskilled and skilled employees than other sectors.

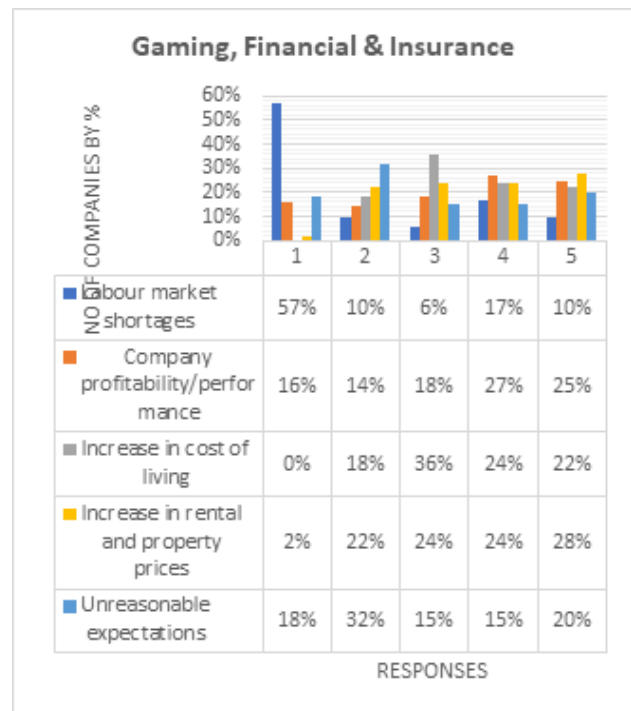
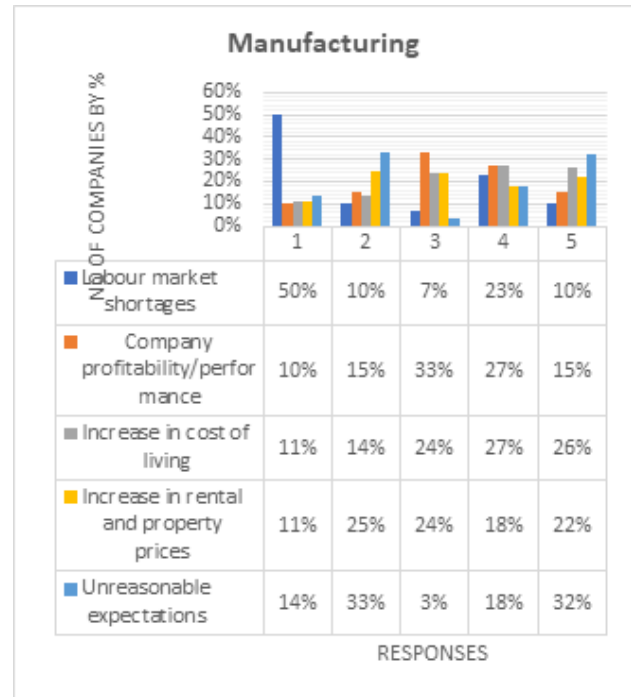
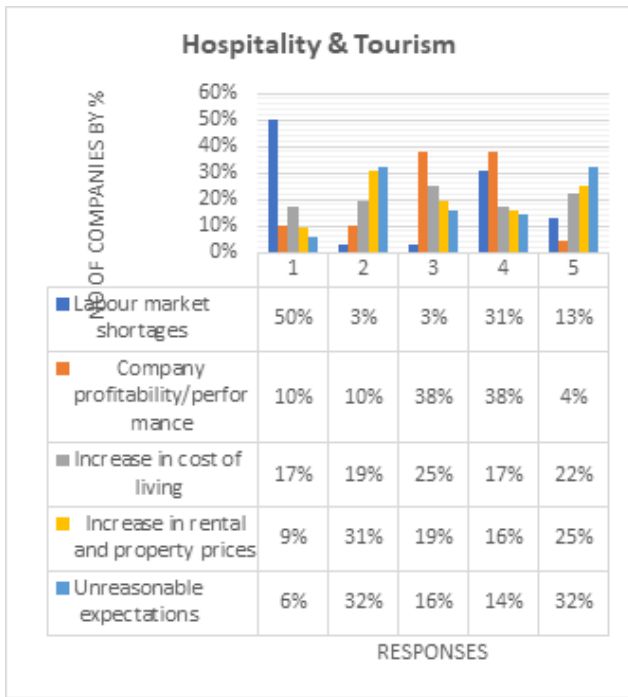
4.5 Main reasons for wage inflation, by sector

Q8: To your knowledge, what are the main reasons for wage inflation in your organisation? (Rank in order of impact, 1 being the most relevant, 5 being the least relevant)

The salient points of this ranking exercise are:

- Fig.7 (Chapter 2) showed that 57% of the total sample ranked labour market shortages as the main reason for wage inflation, and only 9% replied that wage increases have been linked to profitability and performance. The implications here are that companies are struggling to attract labour and that wage increases are outpacing productivity as they are being driven by cost push factors. The question that arises here is: For how long will this be sustainable if this situation persists?

- Figures 36, 37, 38, 39 below show the results for four sectors: Manufacturing, Hospitality and Tourism, Wholesale and Retail and Gaming, Finance and Insurance Activities. All four sectors rank labour market shortages as the main reason for wage inflation. 57% of Gaming and Finance companies attribute labour market shortages as the main reason for wage inflation, as against 50% for Manufacturing, 50% for Hospitality and 48% in Wholesale and Retail.
- In spite of being the sector with the highest value added, only 16% of Gaming and Finance companies gave profitability and performance first ranking. In Manufacturing and Tourism, the corresponding figure is 10%, and 17% for Wholesale and Retail.
- 31% of respondents in the Tourism sector attributed rental and property prices as the second factor affecting wage inflation, compared to 25% in Manufacturing, 23% in Wholesale and Retail and 22% in Gaming and Finance. This can be attributed to the increasing number of foreigners in the tourism sector in low paid jobs. Many companies report that an increasing number of foreign workers are leaving Malta after a few months as they are finding the rent unaffordable.
- Another noticeable result is that 18% of companies in the Gaming and Finance segment ranked unreasonable expectations as being the main contributor to wage inflation, and an additional 32% ranked it second.
- None of the respondents in Gaming and Finance gave a first ranking to the increase in the cost of living, compared to 17% of respondents in the Manufacturing sector. Evidently this is due to higher remuneration packages in Gaming and Finance.



Figures 36, 37, 38, 39: Main reasons for wage inflation, by company sectors

4.6 Average wage increases per annum in the last 3 years, by sector

Fig. 40 shows that increases in wages have occurred across the board, but there are variances among sectors. 64% of companies in administrative support services reported increases in excess of 5% per annum, compared to 66% in professional services, 58% in gaming and finance, 60% in manufacturing and 45% in hospitality.

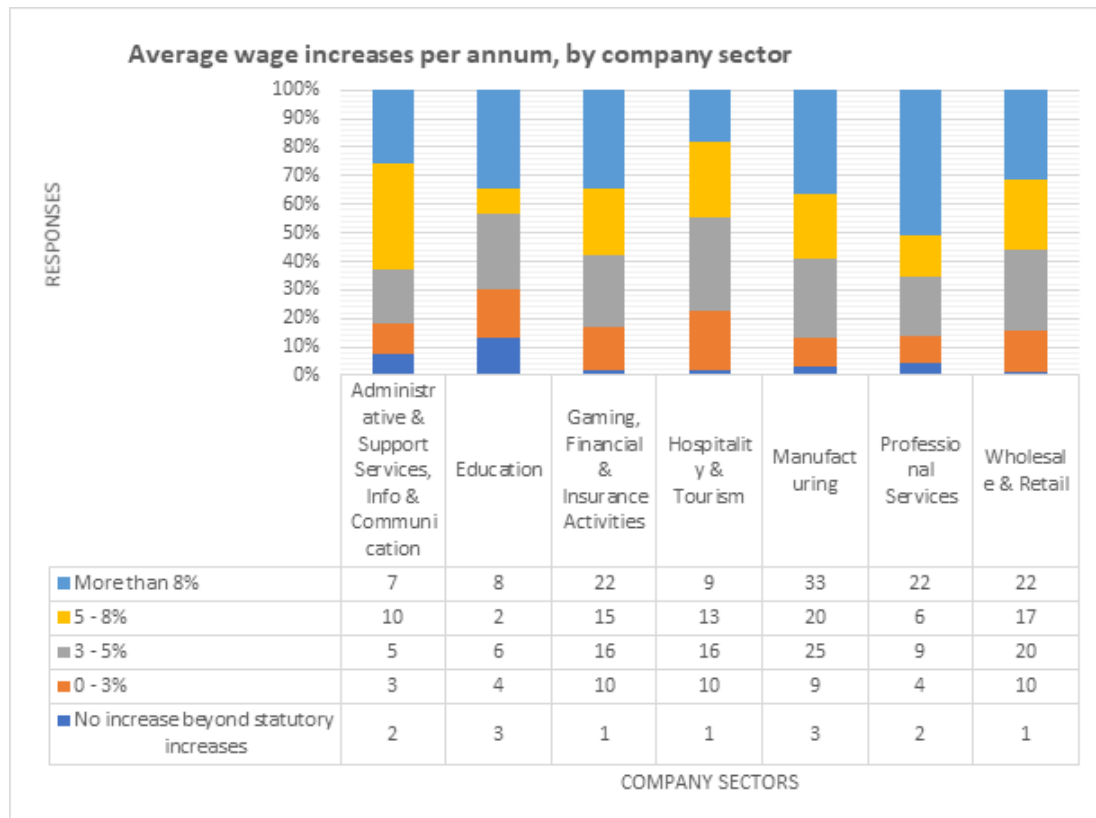


Figure 40: Wage increases per annum, by sector

4.7 Rate of increase in labour costs in 2020, by sector

The highest average wage increases – more than 8% - are reported in the Professional services, manufacturing and education sectors. All sectors report substantial increases in wages. Only 17% of the total sample reported increases of less than 3% per annum over a three-year period. Figure 41 reveals a high anticipation of increases in labour costs. 80% of the respondents from the gaming and financial sector anticipate higher labour cost increases in 2020 than what prevailed in 2018. The companies that anticipate lower wage increases in 2020 is negligible. These results show clearly that employers expect labour costs to continue to increase in the coming years – at least during 2020.

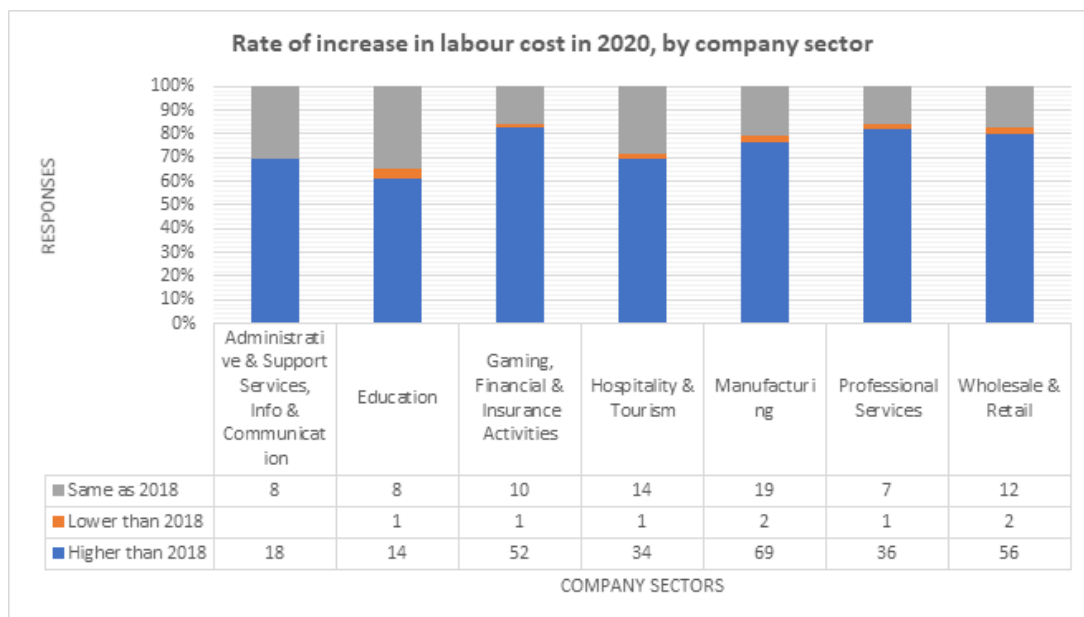


Figure 41: Rate of labour cost in 2020, by sector

4.8 Increases in labour costs affecting company's competitiveness, by sector

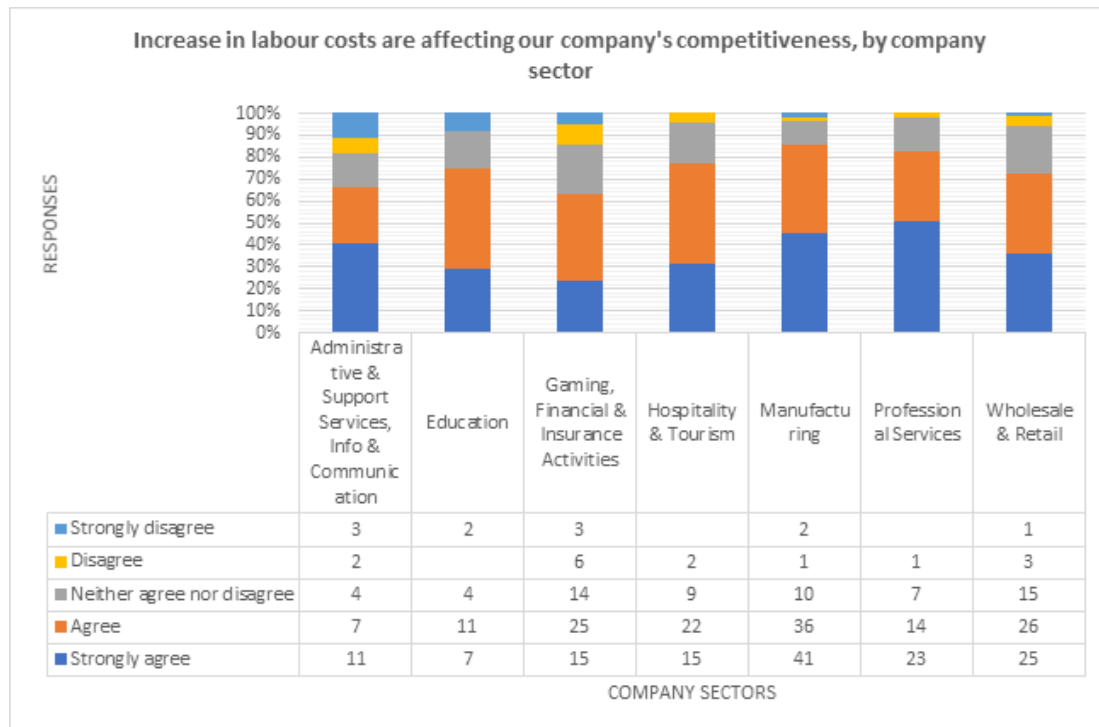


Figure 42: Company's competitiveness, by sector

Figure 42 looks at how the different sectors see rising labour costs as having an impact on their competitiveness. Aggregating the strongly agree/agree responses, the sectors that feel the most vulnerable are manufacturing (84%), and professional services (82%). The aggregated score, as explained in Chapter 2 is 74%. These results give a strong indication that companies are concerned about their competitive edge due to wage inflation.

4.9 Average labour turnover per annum, by sector

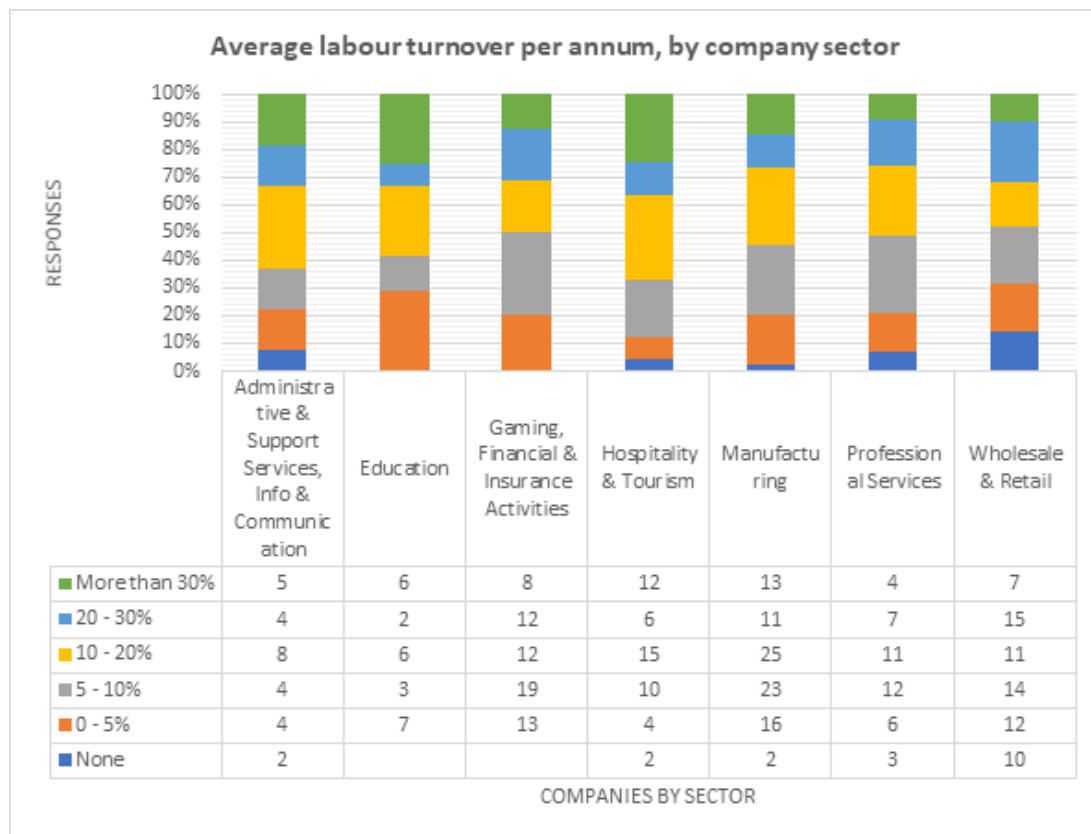


Figure 43: Labour turnover per annum, by sector

There are significant sectoral differences on the level of labour turnover. 25% of companies in the educational sector report more than 30% turnover. This is an indicator that employees in schools are leaving the sector to work in others. It is known that over the past five years, the student intake at University to follow teaching courses has fallen, and that many schools report a brain drain of qualified staff who take up careers in other sectors. On the other hand, 28% of companies in the educational sector also report a turnover of less than 5%.

Hospitality and Tourism is another sector reporting a high turnover, with 24% stating that they have a turnover which is higher than 30%, and an additional 10% claiming a turnover between 20 and 30%.

4.10 Rate of turnover higher than normally experienced in previous years, by sector

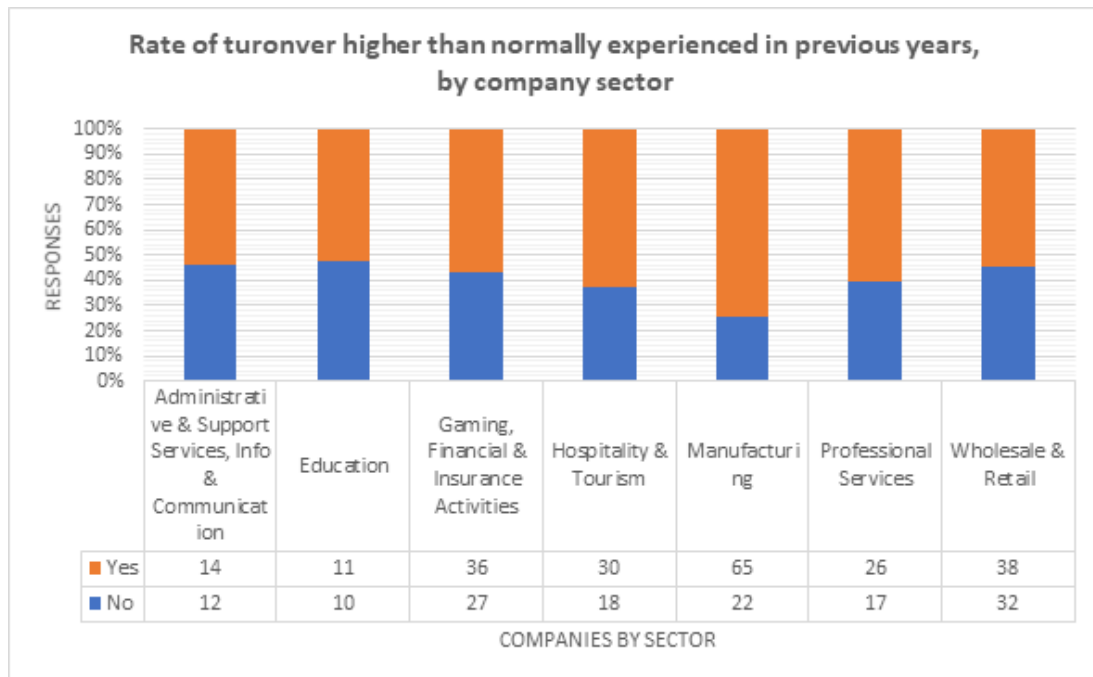


Figure 44: Turnover in previous years, by company sector

The rate of turnover is generally believed to be higher than in previous years. 74% of respondents in Manufacturing believe this to be the case.

4.11 Segment of employees contributing to highest turnover, by sector

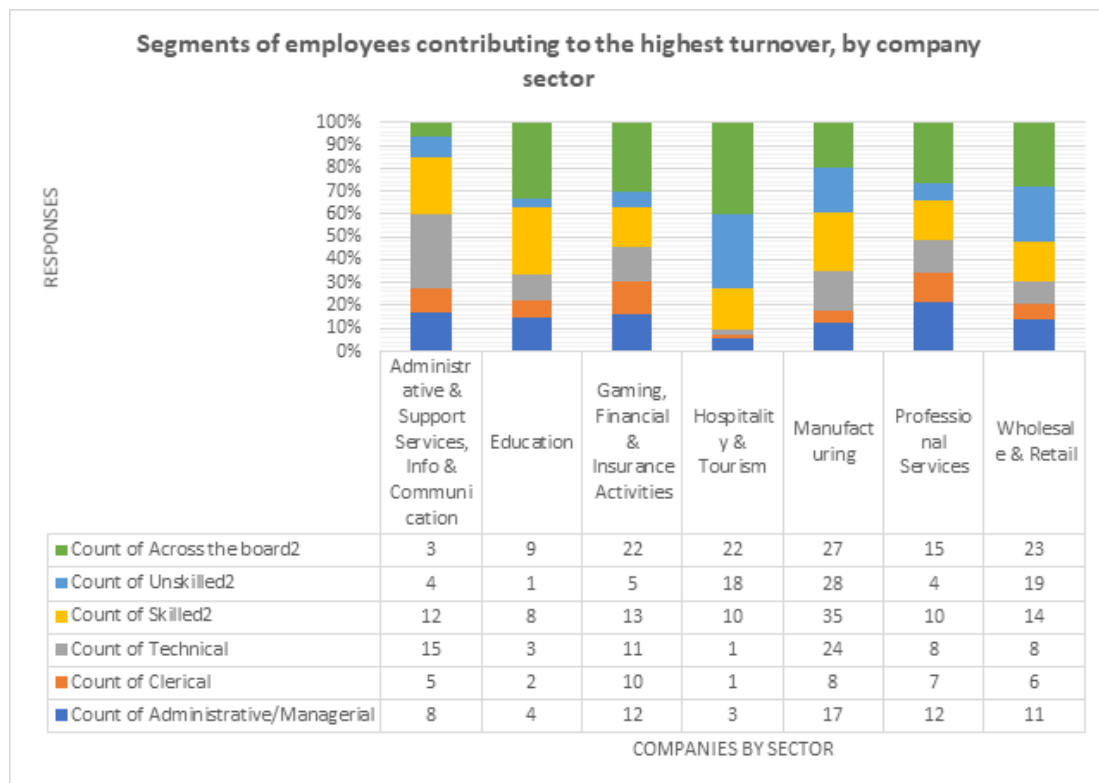


Figure 45: Employees contributing to highest turnover, by company sector

There is considerable variance among sectors as to the type of employees contributing more to turnover. 40% of respondents from the Hospitality and tourism sector report that turnover is across the board, and a further 32% replied that it is mostly the unskilled employees who account for most of the turnover. This reflects the shortage of staff in the catering industry and the heavy reliance on imported labour in this area. Less than 10% of respondents attributed turnover to technical, administrative and managerial mobility. On the other hand, in the administrative and support services sector, turnover attributed to technical, administrative and managerial mobility accounts to 58% of responses.

4.12 Attributes of labour turnover, by sector

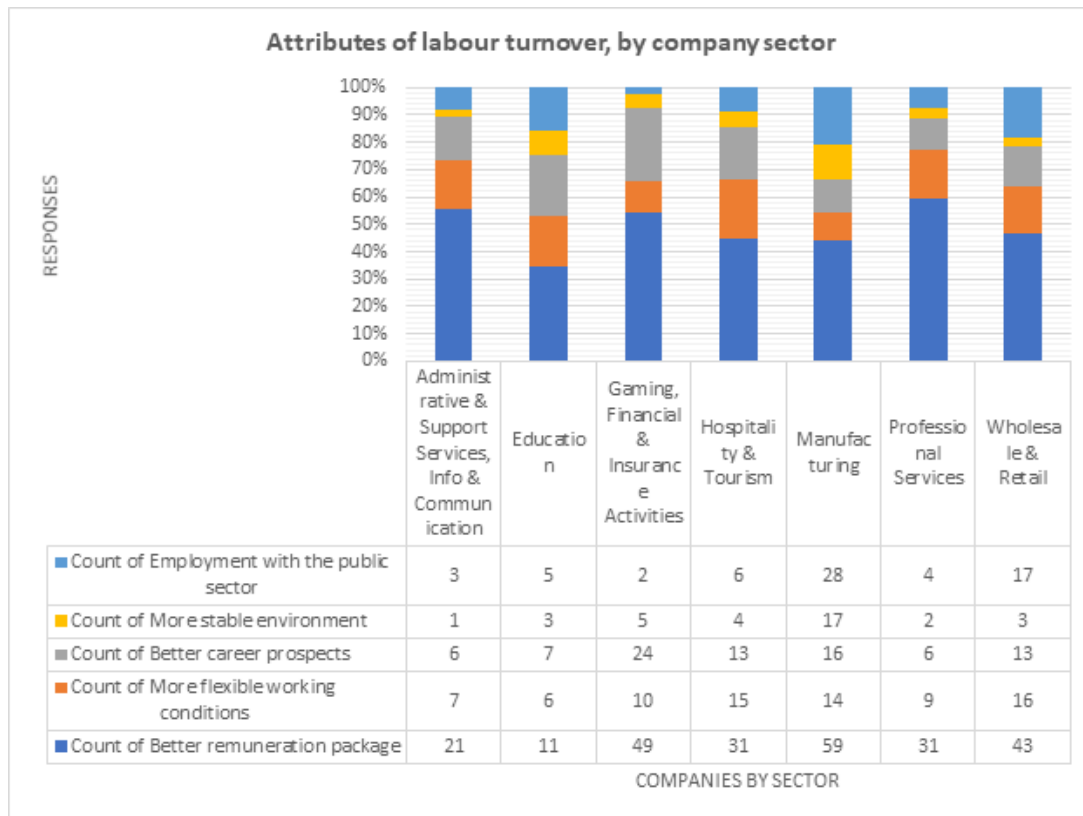


Figure 46: Attributes of labour turnover, by sector

The highest contributing factor for labour turnover is better remuneration. This reflects labour market shortages leading to wage inflation, and a general concern – as reported in replies to earlier questions – about the impact of wage inflation on competitiveness. However better remuneration is not the only cause. The impact of migration to the public sector is felt most strongly in the manufacturing and wholesale and retail sectors. 20% of companies in manufacturing and 18% in wholesale and retail attribute labour turnover to a drain of their human resources to work in the public sector. 24% of respondents in Hospitality and tourism stated that employees leave for more flexible working conditions, presumably due to work during weekends and public holidays. Interestingly, 26% of respondents in the gaming, financial and Insurance activities sector reported mobility due to better career prospects, presumably in higher positions in the same sector.

4.13 Methods of dealing with labour market shortages, by sector

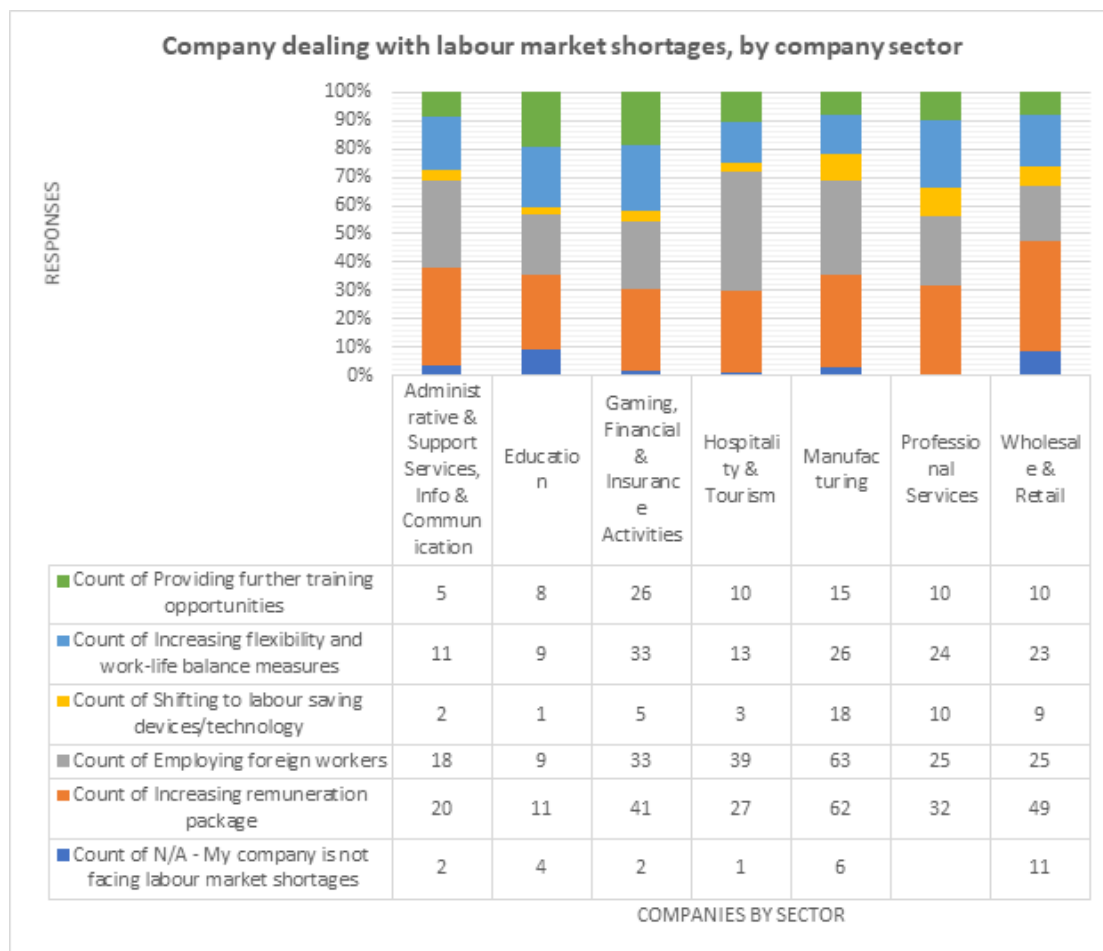


Figure 47: Dealing with labour market shortages, by company sector

In response to how companies are dealing with labour market shortages, training is more prevalent - at 20% of responses - in the gaming and financial and education sectors than others. 42% of companies from the tourism and hospitality replied that they resort to foreign workers.

Throughout the sectors, few companies reported that they resort to labour saving devices as a means to deal with labour market shortages, but the highest response in this regard is in manufacturing – at 10%.

The score for increasing flexibility and work life balance measures is lower in manufacturing, wholesale and retail and hospitality than the other sectors. The average for these sectors is 14% against an average of 24% in the other sectors. This could be due to the fact that service companies are more likely to be in a position to offer measures like teleworking, than areas such as manufacturing.

4.14 Labour force in the next 5 years, by sector

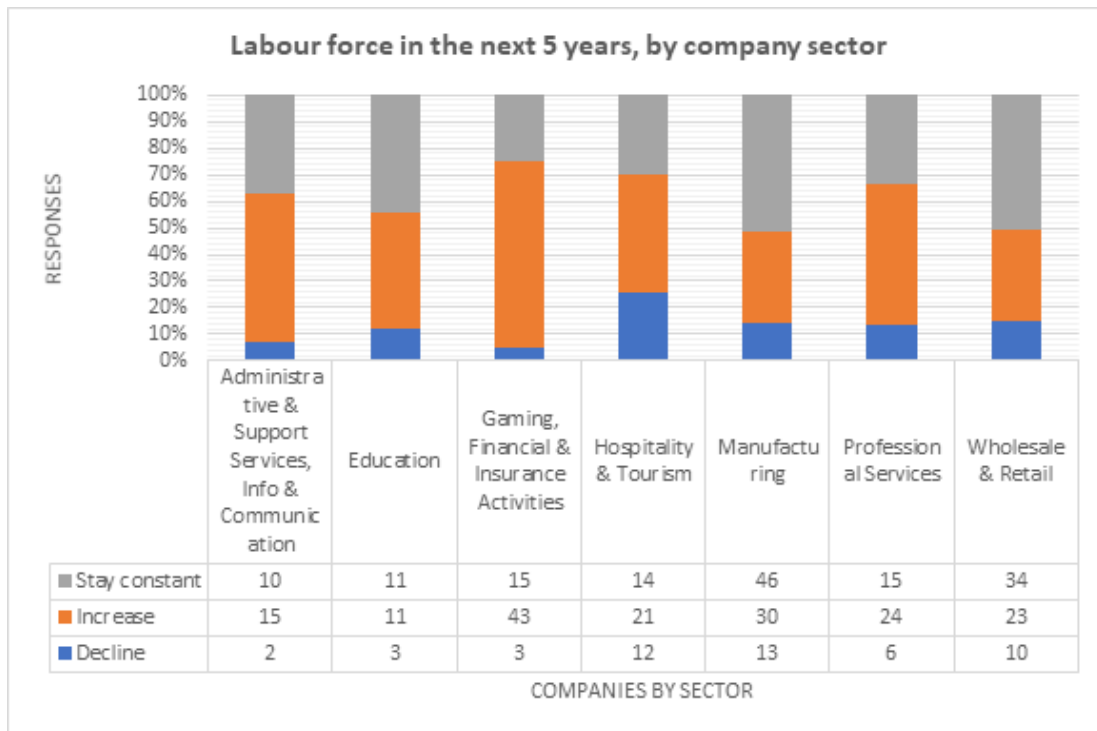


Figure 48: Labour force in the next 5 years, by company sector

Overall, the general trend is that companies intend to increase their labour force. 74% of respondents from the gaming, financial services and insurance activities expect their labour force to increase in the coming years, as against 35% in manufacturing companies. The Manufacturing and Hospitality sectors have expressed the highest inclination to reduce their workforce. 52% of manufacturing companies replied that their labour force will remain constant. These results point towards a shift to more service orientated employment and hence the need to match skills supply with emerging requirements.

Chapter 5: Unionised and Non-Unionised Companies

This chapter breaks down the general findings of the survey by unionised and non-unionised companies and identify cross differences in the replies.

5.1 Intro of distribution of unionised and non-unionised companies

As explained in Chapter 1, 18% of respondents – 79 companies – replied that they operate in a unionised environment. A major difference between the two groups is that wages in most companies covered by a collective agreement are determined through a negotiation process with a recognised union, whereas in a non-unionised environment wages are based on numerous factors, amongst them:

- Company's performance
- Competitiveness
- Labour market pressures
- Individual performance
- Relativities between grades

Nevertheless, these factors are also taken into account when collective agreements are negotiated, but one may add that another influencing factor in unionised companies is buying industrial relations stability.

5.2 Companies with Collective Agreement, by Company Size

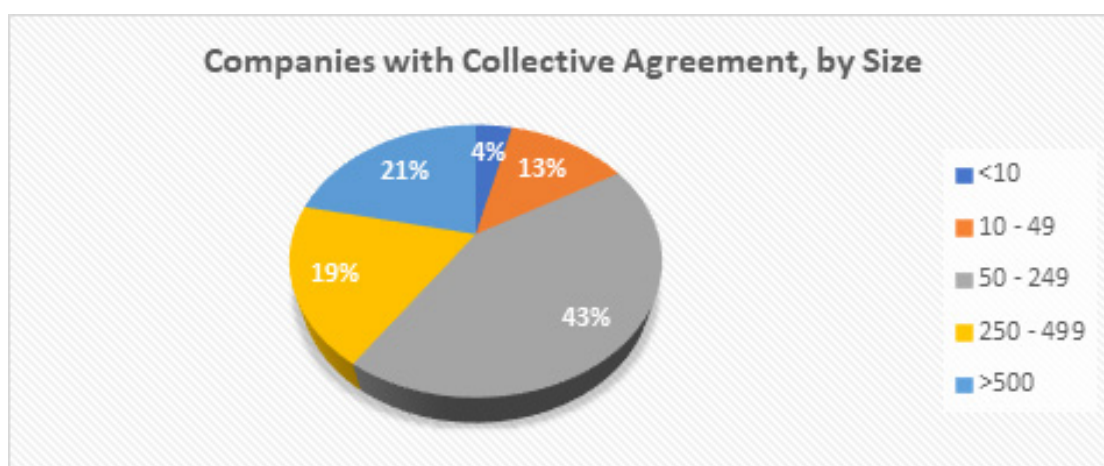


Figure 49: Companies with Collective Agreement, by size

The companies with the highest rate of coverage by a collective agreement are those employing 50 – 249 bracket, with 43% of this segment reporting that they are covered by collective agreement. The next highest unionised segment is the larger companies. 21% of companies having more than 500 employees are unionised. As expected, only 4% of micro-businesses are covered by a collective agreement, and just 13% of those having between 10 -49 employees.

5.3 Higher pressure on wages and salaries, by unionised and non-unionised companies

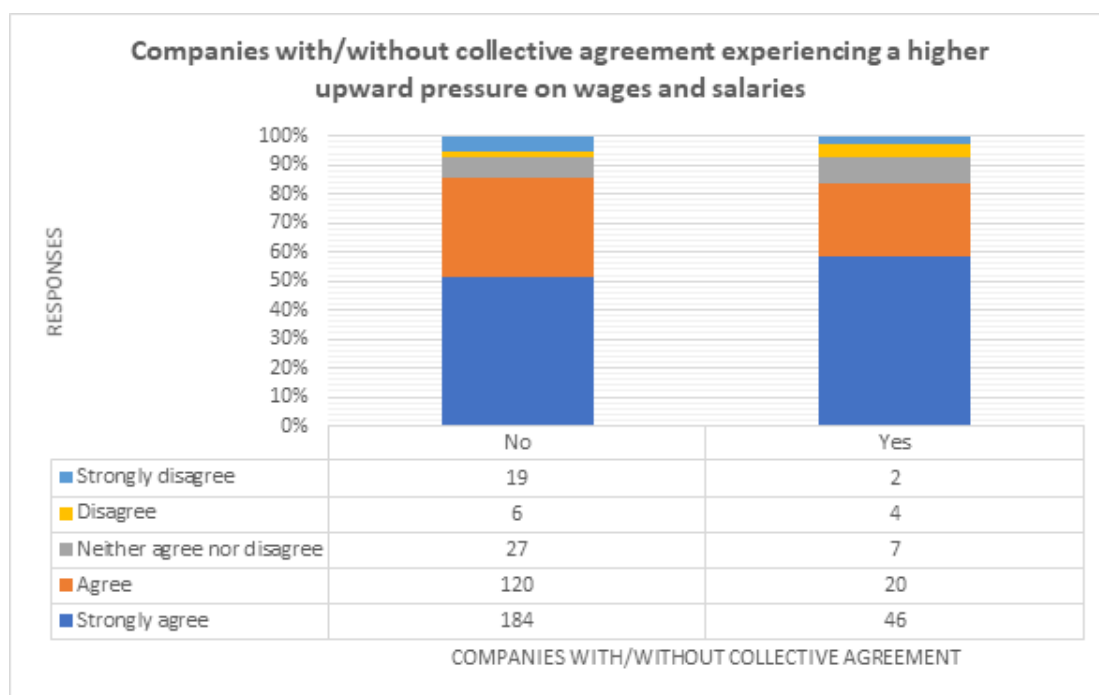


Figure 50: Companies with/without collective agreement experiencing a higher upward pressure on wages and salaries

Figure 50 shows that there are no significant differences between unionised and non-unionised companies in their response as to whether they have been experiencing higher upward pressure on wages than normal over the past three years.

52% of non-unionised companies strongly agree with the statement as against 58% of unionised companies. But the overall score for strongly agree and agree is 85% for non-unionised companies and 85% for unionised companies. There isn't a strong difference between the two groups and there is a strong agreement that wages have risen more than normal over the past three years.

5.4 Employees of unionised and non-unionised companies claiming for higher remuneration

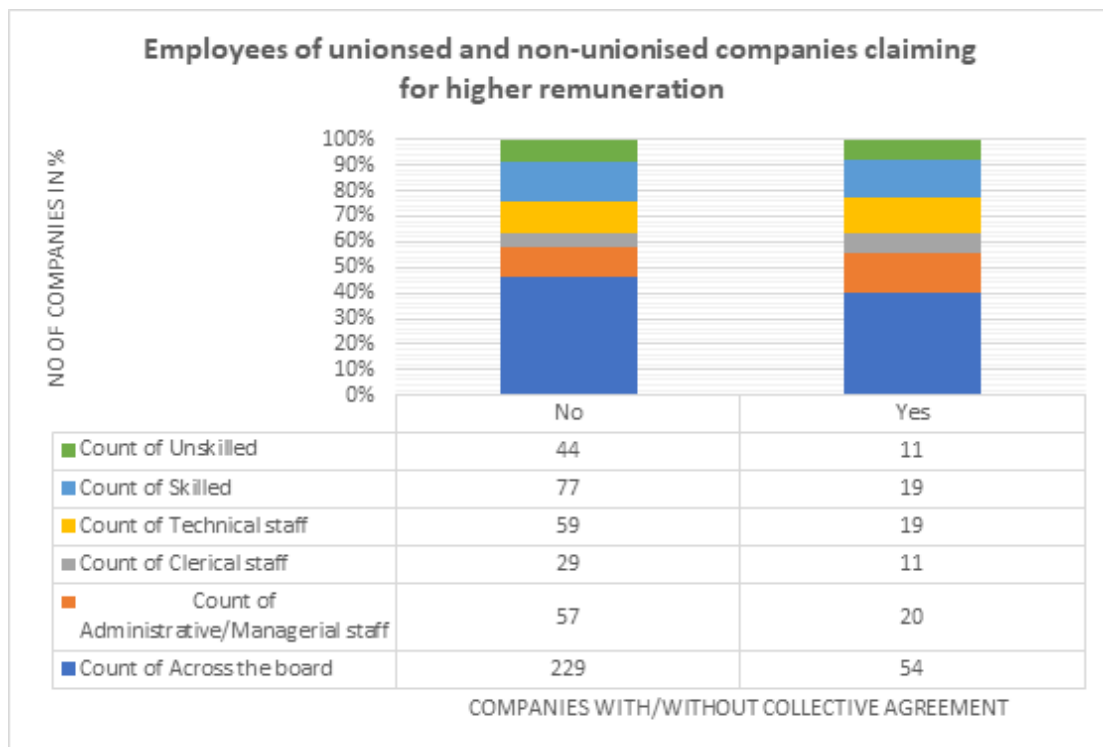
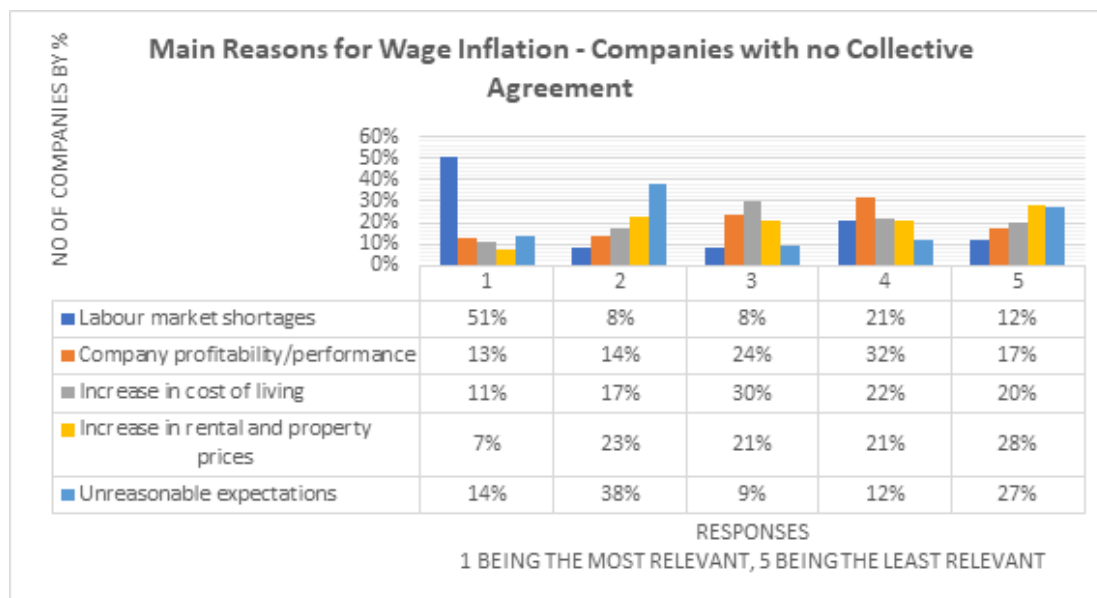
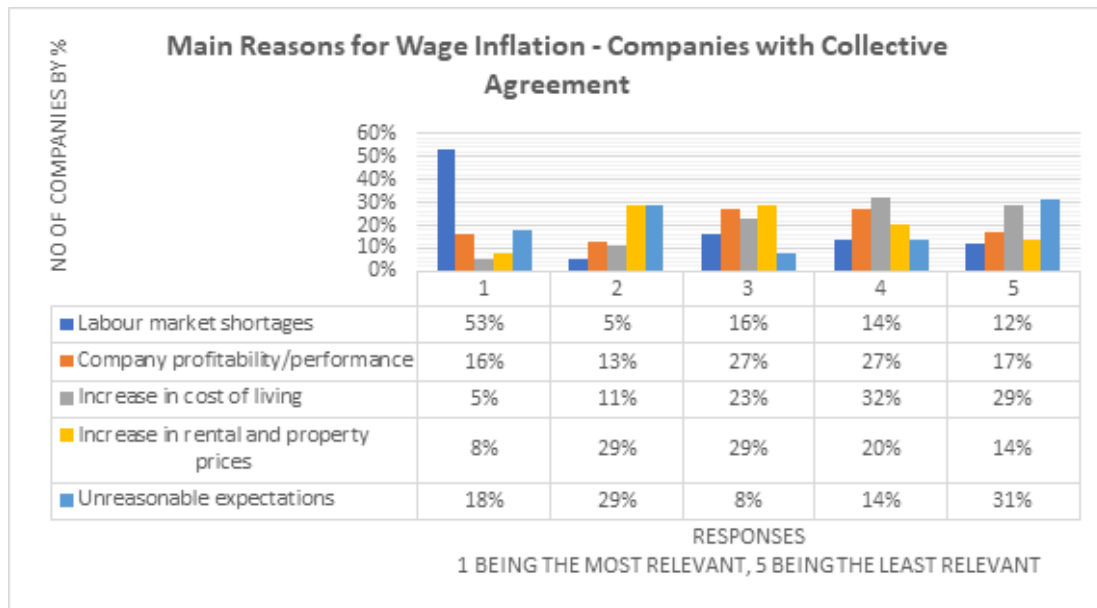


Figure 51: Employees of unionised and non-unionised companies claiming for higher remuneration

The similarities in the previous question also prevail in the response to this question. 46% of non-unionised companies replied that the claims for increases are coming from all groups of employees, whereas the corresponding figure for unionised companies is 41%. There are no significant differences between unionised and non-unionised companies with respect to claims for higher wages by different groups of employees.

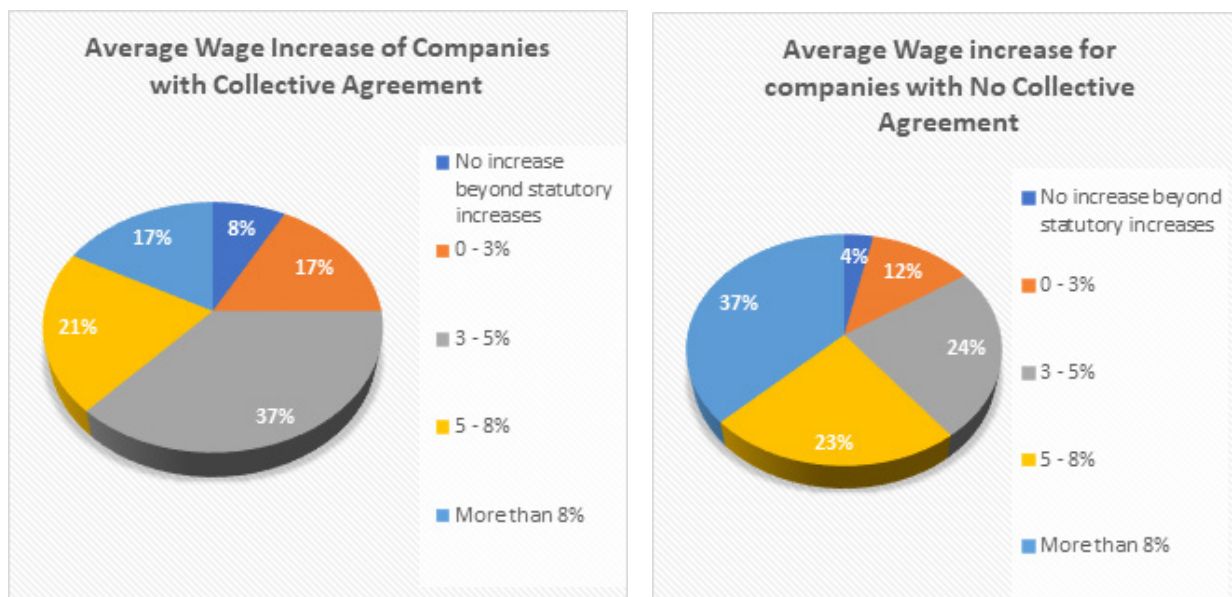
5.5 Main reasons for wage inflation, in unionised companies



Figures 52&53: Main reasons for wage inflation, of companies with and without collective agreement

In both unionised and non-unionised segments, the main reason ranked as causing wage inflation is labour market shortages. For the unionised sector, 38% ranked unreasonable expectations as the second most important factor, compared to 29% for non-unionised companies.

5.6 Average wage increase per annum, in unionised and non-unionised companies



Figures 54&55: Average wage increase per annum, of companies with and without collective agreements

The extent of wage increases differs between unionised and non-unionised companies. Among non-unionised companies, 37% report wage inflation of higher than 8%, compared to 17% among unionised companies. On the other hand, 37% of unionised companies replied that wages in their companies increased between 3-5%, compared to 24% among non-unionised companies. Only 3% of non-unionised respondents reported no increases beyond statutory increases, compared to 6% among unionised companies. This can reflect that unionised companies are concentrated more in relatively lower value-added sectors. It is also possible that employers with a union cannot give high increases to particular types of workers as they would have to give such increases to all unionized employees, thus limiting the increases given. Figure 56 shows that, among respondents, 47% of companies that are unionised operate in manufacturing and tourism. The findings in Chapter 4 support this as wage increases differed considerably between sectors.

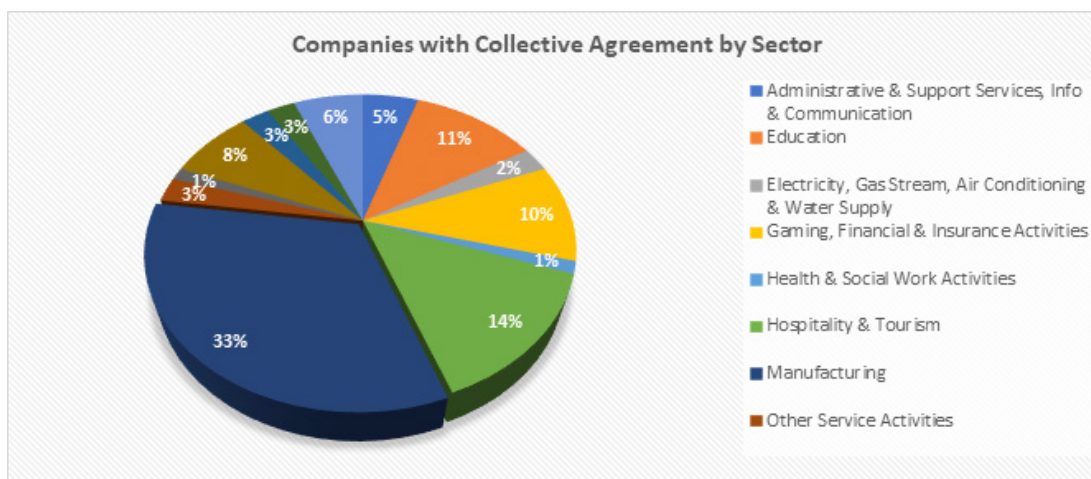
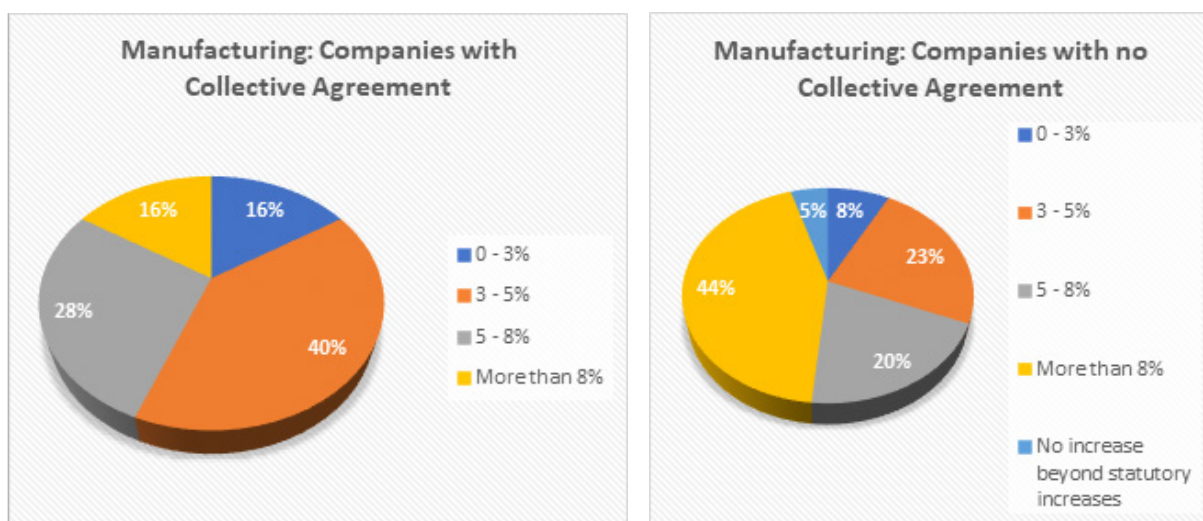
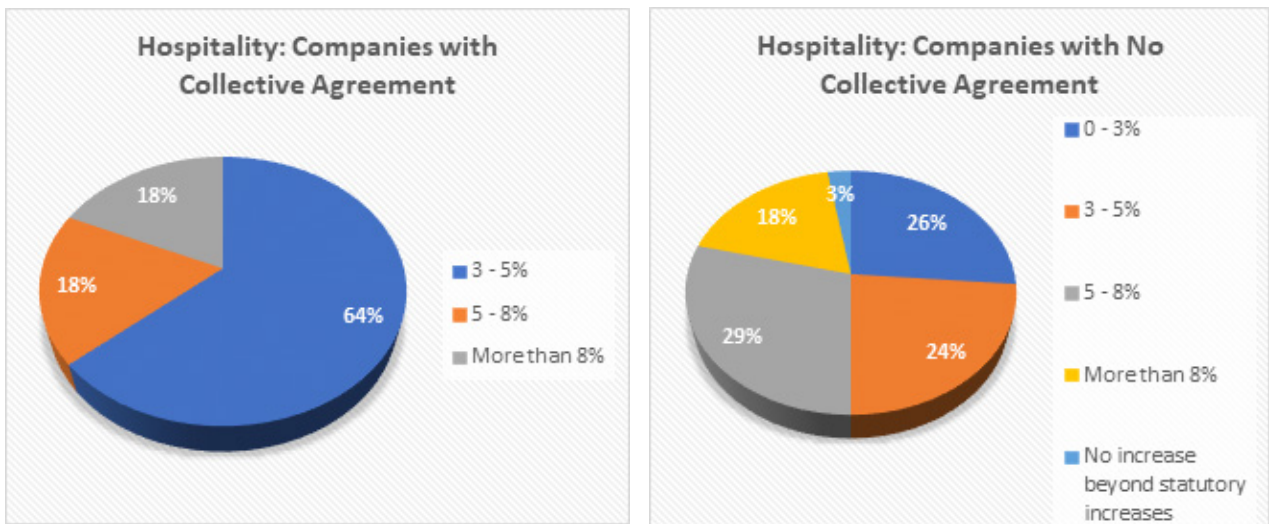


Figure 56: Number of Companies with Collective Agreement by Sector



Figures 57 & 58: Average wage increase per annum in the manufacturing industry

Within sectors, the data collected points to differences between unionised and non-unionised companies. In manufacturing, out of 91 respondents, there were 26 (29%) that are unionised. Among the non-unionised companies in the manufacturing sector, 44% reported annual increases higher than 8% as against 16% among the unionised companies. 56% of unionised companies stated that wage increases ranged from 0 – 5%, as against 31% in non-unionised firms. Again, this could be attributed to non-unionised companies being involved in higher value-added manufacturing, more specialised activities, but the survey data cannot confirm this. However, the data collected does not support the perception that wage increases are higher in unionised companies in the manufacturing sector.



Figures 59 & 60: Average wage increase per annum in the hospitality industry

Within the hospitality sector, there were 49 respondents, of which 78% are non-unionised. Among the 22% of unionised companies, 64% reported increases between 3 and 5%. Among the non-unionised segment, the increases are more spread out. None of the unionised companies reported increases of less than 3%, as against 26% of non-unionised companies. Yet, 29% of non-unionised companies stated that they had increases between 5-8%, with the corresponding figure being 18% in unionised companies.

5.7 Rate of increase in labour costs in 2020, in unionised and non-unionised companies

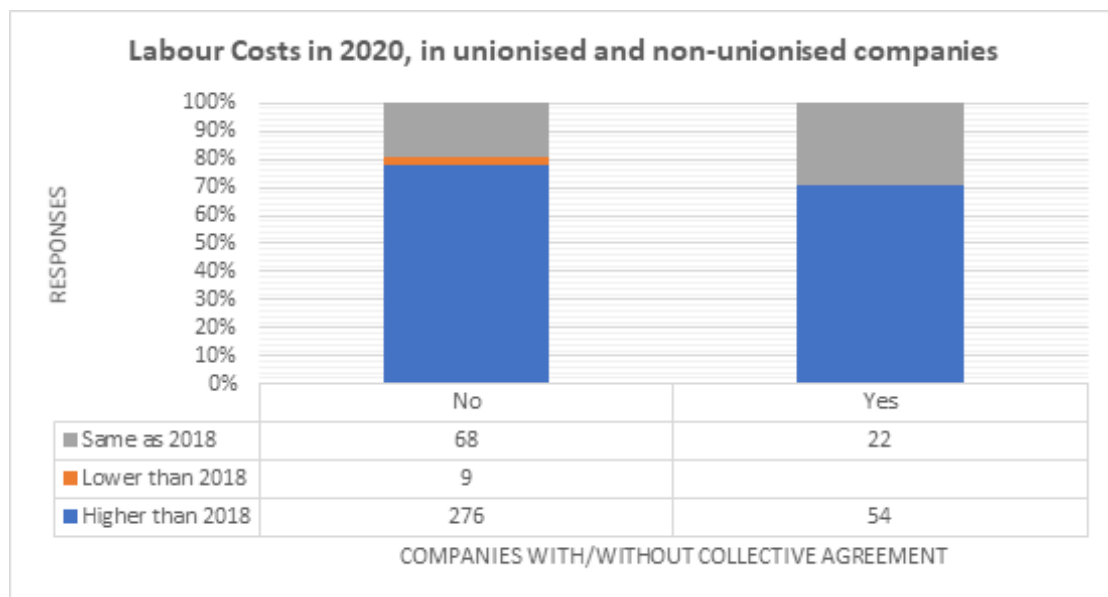


Figure 61: Rate of increase in labour costs in 2020, in unionised and non-unionised companies

Within the non-unionised segment, there is a higher anticipation of wage increases. 78% of non-unionised companies expect higher increases in 2020 than what prevailed in 2018, as against a figure of 71% in unionised firms. It can be concluded that unionised companies have a greater element of stability with collective agreement increases fixed for a three to four-year period.

5.8 Labour Costs increase affecting company's competitiveness, in unionised and non-unionised companies

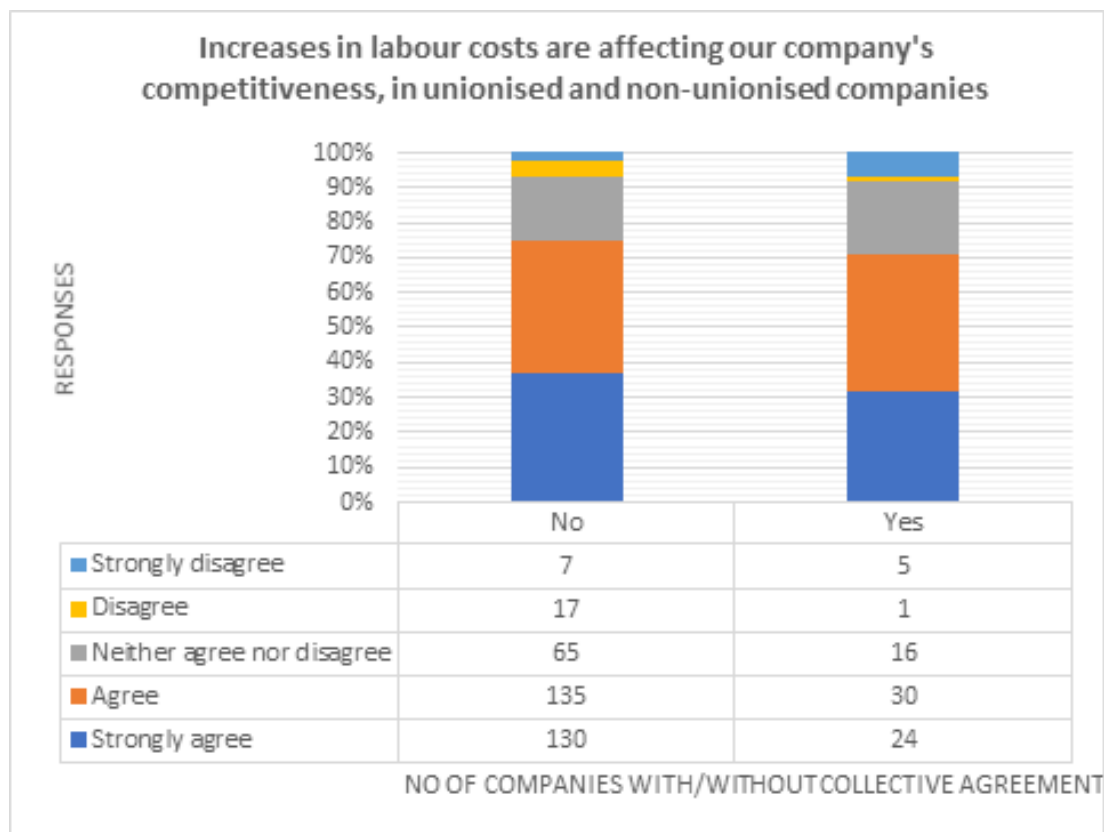


Figure 62: Increase in labour costs affecting company's competitiveness, in unionised and non-unionised companies

The concern about loss of competitiveness due to wage increases is shared almost equally between unionised and non-unionised companies, and is slightly more pronounced in the non-unionised segment, as seen in Figure 62.

5.9 Average labour turnover per annum, in unionised and non-unionised companies

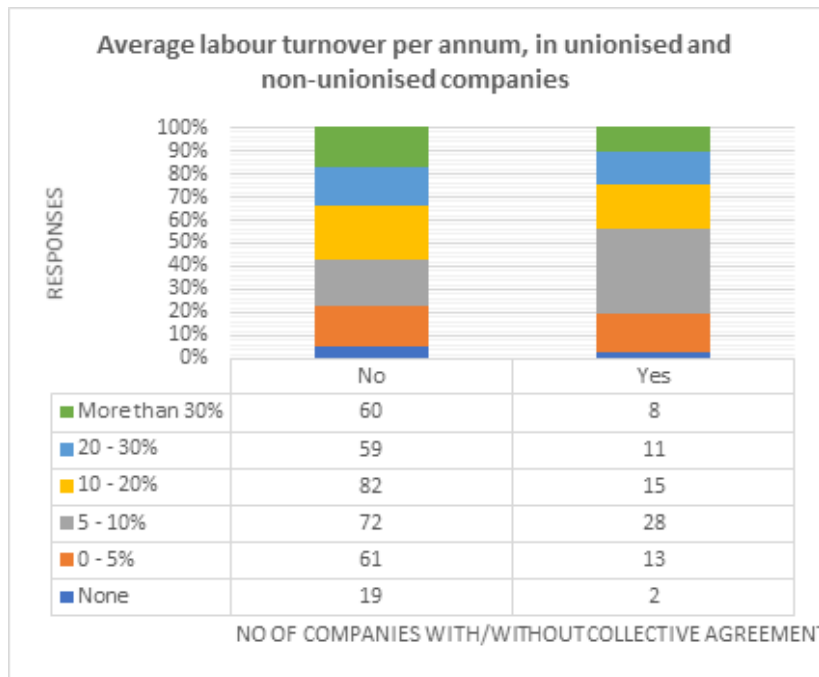


Figure 63: Average labour turnover per annum, in unionised and non-unionised companies

The patterns for labour turnover between unionised and non-unionised companies are somewhat different. A substantial part of unionised companies - 36% - reported a turnover between 5 and 10%, whereas in non-unionised companies there is a more even spread between companies experiencing a low turnover and those having higher turnover.

5.10 Rate of turnover higher than previous years, in unionised and non-unionised companies

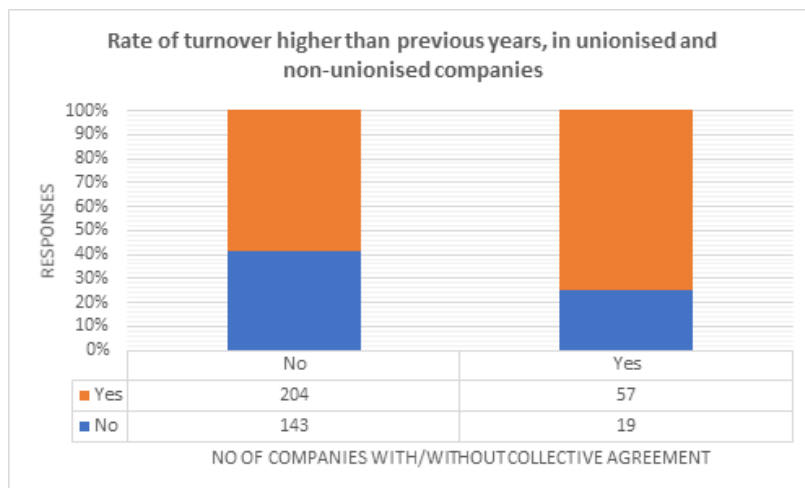


Figure 64: Rate of turnover higher than previous years, in unionised and non-unionised companies

75% of unionised firms agree that the rate of turnover has increased in recent years, as against 59% among non-unionised companies.

5.11 Employees contributing to highest turnover, in unionised and non-unionised companies

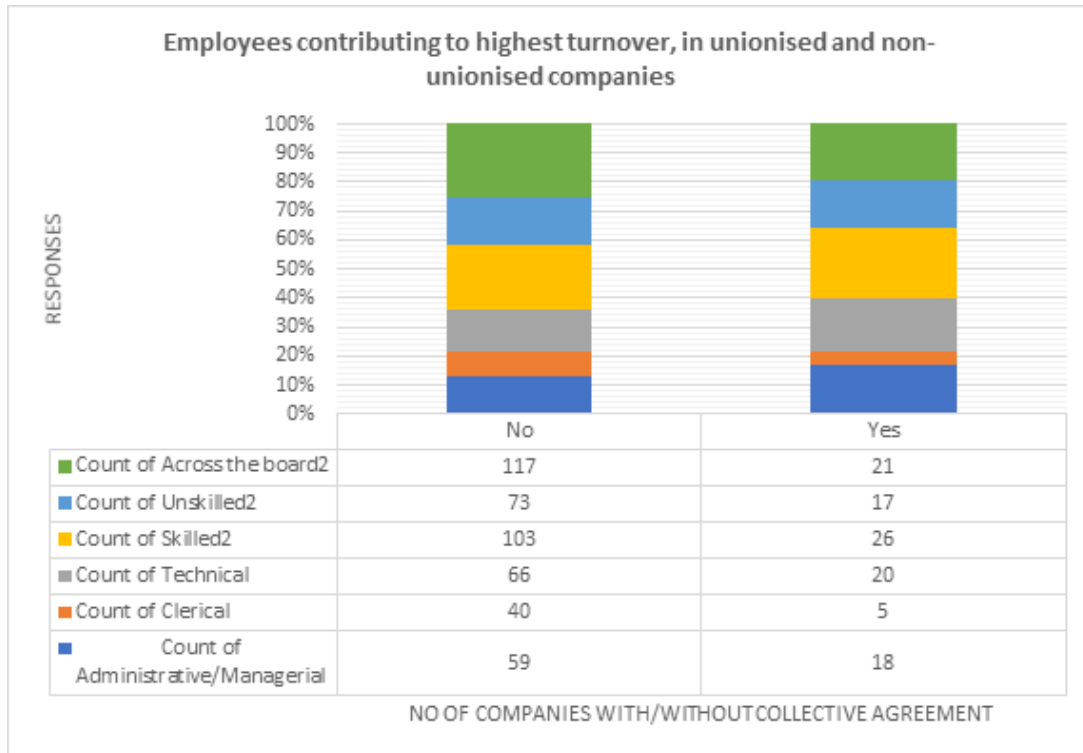


Figure 65: Employees contributing to highest turnover, in unionised and non-unionised companies

The pattern of turnover segmented by classification of the labour force is similar between unionised and non-unionised companies.

5.12 Attributes of labour turnover, in unionised and non-unionised companies

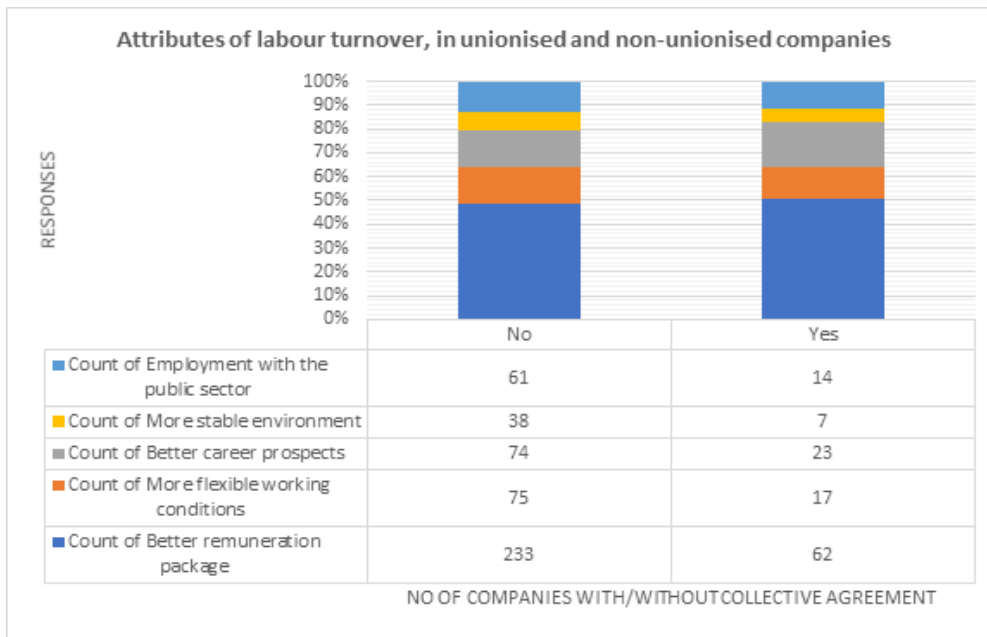


Figure 66: Attributes of labour turnover, in unionised and non-unionised companies

The pattern between the two segments is almost identical with respect to factors that have contributed to labour turnover.

5.13 Dealing with labour market shortages, in unionised and non-unionised companies

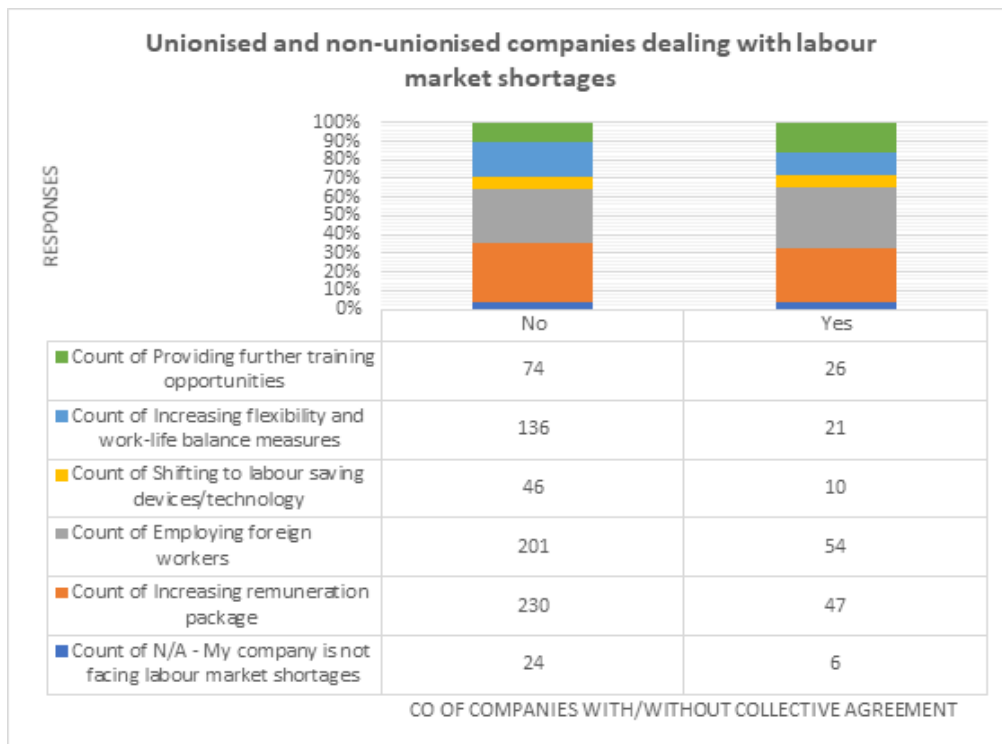


Figure 67: Unionised and non-unionised companies dealing with labour turnover

The major difference between the two segments is that a higher percentage of companies in the non-unionised segment have a tendency to use flexibility and family friendly measures to deal with labour turnover, and unionised companies rely more on training activities than non-unionised ones. However, this could be dependent not on trade unionisation, but on the sectors in which trade unions are more heavily represented. Unions are less present in service companies, which in general have better options for flexible work arrangements due to the nature of the work.

5.14 Labour Force in the coming 5 years, in unionised and non-unionised companies

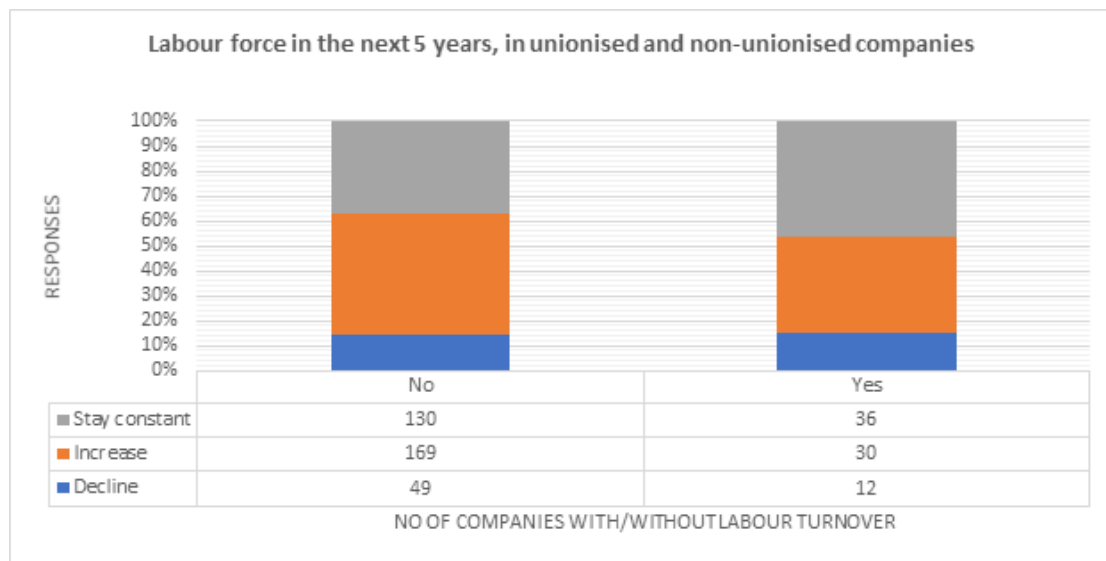


Figure 68: Labour force in the next 5 years, in unionised and non-unionised companies

49% companies in a non-unionised environment replied that they intend to increase the labour force in the coming years. The corresponding figure for unionised companies is 38%. Again, this may not be attributable to trade unionisation, but to the sectors in which these companies operate. In Chapter 5, it was explained that in the manufacturing sector, the percentage of companies that are projecting to increase their labour force is 34%, which is lower than the average for the whole sample which stands at 46%.

Chapter 6: Findings and Conclusion

The survey on which this report is based was distributed among a wide cross-section of employers in Malta. As stated in the introductory comments, it addresses a contemporary aspect of the labour market today which is of concern to all employers – wage inflation. This is corroborated by question 5 of the survey, with 85% of respondents agreeing to the statement that they have been experiencing a higher rate of wage inflation than normal over the past three years, and that they expect wage inflation in 2020 to be higher than experienced in 2018.

The survey findings are significant, given the fact that the number of respondents – at 441 - is high, also considering that some of the respondents represented more than one company because they were groups of companies. One limitation of the survey is **low generalizability**, that it was not based on a probability sample and therefore one cannot project the results to be fully indicative of what the entire population of companies in Malta might be experiencing. However, the variety of respondents, in terms of size of companies and sectors is a healthy one which certainly gives a good representation of the business community in Malta. The pattern of distribution of respondents among sectors, size and even rate of trade unionisation is similar to the national reality.

A key issue that emerges at this stage is whether those who responded have different characteristics to non-respondents. It is expected that companies offering sub-standard conditions of employment might be unlikely to participate in research exercises. Therefore, there may be an argument that, in some respects, the national situation may vary somewhat from what has been reported by the respondents.

Labour Market Shortages

Certainly, a salient finding of the research exercise is that labour supply shortages are seen to be the leading cause of wage inflation. In the response to question 7, 57% of respondents replied that labour market shortages are the main cause of increases in wages. This concern is spread across all sectors of the economy.

The implication here is that the growing economy, which has experienced record rates of expansion during the past five years, needs additional labour input for such growth to be sustained. Also, in the absence of more people working, wage increases will accelerate with possible negative implications for many companies, and low value-added sectors in particular. The main considerations with respect to this situation are:

- The increase in labour demand cannot be matched by the local labour supply. Female participation has increased substantially in Malta and is higher than the EU average among the younger cohorts. Although the projections point towards an even higher female participation in the workforce in the coming years, this will be insufficient to meet the requirements of the economy.
- The other segment from the domestic population with the potential to raise labour supply is the elderly. Again, although the number of persons who are retained in the labour force post-retirement is on the increase, it is unlikely to increase sufficiently to meet the national requirements.
- The increased participation among the female and retired segments are both part of a cultural change and also due to the fact that inflationary pressures are making it necessary for younger women to work to provide a second income to the household, and for pensioners to supplement their pensions to maintain a decent standard of living, as the first pillar pension is becoming inadequate.
- The labour shortage is inevitably being addressed by an ever-growing influx of foreign workers across the entire skills spectrum. An increasing number of such employees are coming from third countries. At a figure of 60k, one third of employees in the private sector today are not Maltese.

A Long-Term Strategy

- Enterprises are mostly concerned with their internal environment, even in if this does not exclude external considerations through their own initiative and support for social dialogue mechanisms. National strategies are the domain of country's leaders with the contribution of the social partners and relevant stakeholders.
- Although labour shortages are present across all the skills categories (as seen in fig. 13), part of the shortage is still due to mismatches between our educational sector and the needs of industry.
- The dependency on foreign labour is generating massive demographic challenges that are affecting all aspects of Maltese society. The Malta Employers' Association has called for a strategic approach to such challenges, in its detailed document: Malta's demographic challenges which it issued in November 2017³. Thus far, there has been no response by Government in terms of research and actions to be taken. MCESD has to date failed to take up this important task.

3 <http://www.maltaemployers.com/loadfile/2e927c34-4b4c-4526-8b35-c65df7152d8b>

The Public Sector

- The public sector is partly contributing to the labour shortages prevailing in the private sector. 18% of respondents replied that they attribute their labour turnover to employment with the public sector (Figure 14). The salary scale structure of the public sector, with a ratio of 1:4 between the lowest and highest paid, is becoming a magnet for low skilled employees, and causing a brain drain in the upper grades. In desperate situations, government is resorting to engage persons in a 'position of trust', with a higher remuneration, to bypass the official salary scales of the public sector.
- The situation in the public sector is being reflected in the recent amendment to the Public Administration Act which has introduced a 'revolving door policy' whereby a person employed in the public sector in a supervision or regulatory role would not be able to employ him/herself for three years within the private sector with any company that they may have been in contact with, and that if such persons leave the public sector they would have to pay 3 years wages to government. This principle is applied in many countries but it restricted to very specific positions. It should not be used as a retention measure to plug a brain drain of professional employees to the private sector.
- There is an increasing ratio of foreign employees coming from non-EU countries (TCNs). Identity Malta is, to date, ill-equipped to handle the volume of requests for work permits coming from TCNs, which are now being amplified by even more requests for change if employment by TCNs. This is hurting many companies, and is itself also a cause of labour turnover, thus further exacerbating the problem.
- The growth in population is creating the need for the public sector to attract more employees in key services (e.g. health). This in itself is contracting the Maltese labour pool in the private sector and in turn generating more demand for foreign employees. If this situation persists in the coming years, the public sector will be employing a rising percentage of the Maltese labour force, and the private sector will become even more dependent on foreign workers.

Wage Inflation and Competitiveness

- Wage inflation does not reflect the financial performance of many companies. The replies to Question 10 (Fig. 10) reveal a strong concern about the rate of increase in labour costs and competitiveness. Combined with the threat of tax harmonisation in the EU, a fall in competitiveness will have a negative impact on essential sectors like manufacturing and financial services. 84% of manufacturing companies and 62% of companies in Gaming, Finance and Insurance services expressed agreement that increases in labour costs are affecting their company's competitiveness (Fig43.)

- The employers' uneasiness is not that wages are increasing as such, but that the rate of increase in many enterprises is not a reflection of a corresponding augmentation in productivity. The overall results show that 47% of enterprises expect to employ more people in the coming years (Fig.17), but this result is shared in all sectors. 52% of manufacturing companies do not expect to increase their manpower, and 25% of companies in the Hotels and Tourism sector reported that their labour force will decline in the coming years.

Labour Turnover

- Figure 11 shows that 55% of the respondents reported a turnover of over 10%, and 16% have a turnover in excess of 30%. Excessive labour turnover has become an issue for many enterprises. It raises costs of hiring and training, and can lead to lower productivity.
- The results also reveal that turnover has increased (Fig. 12), and the strongest cause of such turnover is higher wages. It is a cause of concern when companies report that less people are changing jobs not for better career prospects (23% of respondents) compared to better remuneration (69%). The implication here is that the higher turnover is not being conducive to higher productivity. In fact, the two key ways how companies are dealing with the labour turnover is through raising wages, or by employing foreign workers (Fig. 15).

General Recommendations

- Government, together with the social partners needs to formulate a national demographic strategy to address the sustainability and the social and economic impact of a continued increase in the population. Economic growth strategies should be based on efficiencies and higher output per person, rather than on an increase in working people.
- Government should provide stronger incentives for elderly persons to remain in the labour force. In its recommendations to the National Budget 2019, MEA proposed to award half pension to those employees who remain working between pensionable age and retirement age. This will be a temporary measure in itself, as eventually the pensionable age and retirement age will be the same, at 65 years. However, it will help to address short to medium term labour market shortages.
- The private sector needs a wider dissemination of flexicurity measures to accommodate more working women and persons with unusual family responsibilities. This will encourage more persons to work and reduce labour turnover.
- Although considerable progress has been made in this respect, employers and

educational authorities need more focused strategies to match educational qualifications with labour market requirements. This could also include the nature and duration of some courses. For example, why should it take 5 years to produce a teacher when before it took much less? This is inflating teachers' expectations, and also disincentivising young persons from taking up the profession, choosing other areas instead.

- The public sector needs to rationalise its operations and release underutilised labour to the private sector.
- The public sector salary structure needs to be modernised to motivate highly skilled and professional employees. Fundamentally: less people, better paid, more productive. The reform should include remuneration to members of parliament, with MPs being prohibited from occupying posts in the public sector. Persons on a position of trust need to be accountable and their remuneration package made public.
- Identity Malta needs the necessary resources to expedite applications. It is unacceptable to have persons sleeping outside of Identity Malta's premises to have their permit processed or renewed. MEA has worked closely with Identity Malta to simplify the processes, but it is evident that Identity Malta cannot keep up with the sheer volume of applications with its current resources. Efficiencies may also be gained through the automation of certain aspects of their processes.
- Government needs to clarify any agreements with other countries to ensure that persons from countries like the Philippines come to work here on clearly defined terms. Maltese employers cannot be accused of human trafficking for offering conditions of employment that fully respect local legislation and that do not discriminate between Maltese and foreign employees.
- Government should not introduce any measures that inflate labour costs further. The results of this study show that the Maltese labour market is highly responsive to changes in demand and supply through labour mobility, wage fluctuations and other conditions of employment. The fact that increases in labour costs are not being matched by productivity makes any measures that increase labour costs further - such as the additional annual leave to compensate for public holidays falling on weekends - dangerous to the sustainability of many enterprises. The cost of additional annual leave to compensate for public holidays falling on weekends is approximately 1.25% of annual working time. Unless this is recuperated from efficiencies, on a labour force of 200k it will require an additional 2500 employees to compensate. Given the current situation in the labour market, most of these additional employees will be non-Maltese.
- Under the conditions prevailing in the labour market, collective bargaining should look beyond the three to four year horizon of the collective agreement and factor in the possible longer term negative consequences on the sustainability of our enterprises.

Appendix I: Survey Questions

1. Number of Employees

- <10
- 10 - 49
- 50 – 249
- 250 – 499
- >500

2. Company Sector

- Agriculture & Fishing
- Hospitality & Tourism
- Quarrying & Construction
- Professional Services
- Manufacturing
- Public Sector
- Wholesale & Retail
- Electricity, Gas Steam, Air Conditioning & Water Supply
- Transportation
- Education
- Gaming, Financial & Insurance Activities
- Real Estate Activities
- Administrative & Support Services, Info & Communication
- Health & Social Work Activities
- Other (please specify): _____

3. How many non-Maltese employees are employed in your company, as part of the total workforce?

- None
- 0 - 10%
- 10 - 25%
- 25 - 50%
- More than 50%

4. Is your company covered by a collective agreement?

- Yes
- No

5. Over the past three years we have been experiencing a higher upward pressure on wages and salaries than normal.

- Strongly disagree
- Disagree
- Neither agree nor disagree
- Agree
- Strongly agree

6. Which employees are claiming for higher remuneration?

- Administrative/Managerial staff
- Clerical staff
- Technical staff
- Skilled
- Unskilled
- Across the board

7. To your knowledge, what are the main reasons for wage inflation in your organisation? (Rank in order of impact, 1 being the most relevant 5 being the least relevant).

	1	2	3	4	5
Labour market shortages	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Company profitability/performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase in cost of living	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increase in rental and property prices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Unreasonable expectations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

Comment: _____

8. By how much have average wages increased (incl. COLA) per annum in the last 3 years in your organisation?

- No increase beyond statutory increases
- 0-3%
- 3-5%
- 5-8%
- More than 8%

9. In 2020, do you anticipate the rate of increase in labour costs to be:

- Lower than 2018
- Same as 2018
- Higher than 2018

Comment: _____

10. Increases in labour costs are affecting our company's competitiveness.

- Strongly disagree
- Disagree
- Neither agree nor disagree
- Agree
- Strongly agree

Comment: _____

11. What has your average labour turnover per annum been in the last 3 years?

- None
- 0-5%
- 5-10%
- 10-20%
- 20-30%
- More than 30%

Comment: _____

12. Is this rate of turnover higher than normally experienced in previous years?

- Yes
- No

13. Which segment of employees contributes to the highest turnover?

- Administrative/Managerial
- Clerical
- Technical
- Skilled
- Unskilled
- Across the board

14. To what do you attribute labour turnover in your organisation?

- Better remuneration package
- More flexible working conditions
- Better career prospects
- More stable environment
- Employment with the public sector
- Other (please specify): _____

15. How is your company dealing with labour market shortages (tick where applicable)?

- N/A – my company is not facing labour market shortages
- Increasing remuneration package
- Increasing flexibility and work-life balance measures
- Employing foreign workers
- Shifting to labour saving devices/technology
- Providing further training opportunities
- Other (please specify): _____

16. Tick where applicable, if you have employees whose remuneration package (basic income plus bonuses and allowances) falls in the below categories:

- Are on the minimum wage (for 2019, the national minimum wage per week of whole-time employees is €175.84 for persons aged 18+ yrs)
- Have between €175.84 - €180.00 weekly
- Have between €180.00 - €185.00 weekly
- Have between €185.00 - €190.00 weekly

17. In the coming 5 years, do you expect your labour force to:

- Decline
- Stay constant
- Increase

18. General Comments

Appendix II

Q7: To your knowledge, what are the main reasons for wage inflation in your organization? (Rank in order of impact, 1 being the most relevant, 5 being the least relevant).

Comments:

Gaming & Financial Institutions

Gaming companies have distorted the salary expectations and Maltese companies, especially SMEs cannot give the same salaries
Boutique Financial Institutions and gaming companies offering higher packages
Comparable to other industries like gaming or foreign equivalent rates
As well as the gaming winning most of our workforce
Unfair competition from gaming companies
Boutique financial institutions and gaming companies offering higher packages to attract talent
Gaming Industry has adversely impacted on the expectations of wages and salaries whether an employee is skilled or not

Other Comments

Word of mouth of wages in certain industries
Also cost of living rental etc
Acknowledgment of academic qualifications attained
Dire lack of locally qualified staff in this sector
Trend in Aviation Industry in Malta
Poaching
All of the above and other overheads for example Maternity Fund and administration
Higher wages due to better pension
Competition for competency
Working hours in retail are not family friendly

Appendix III

Q9: In 2020, do you anticipate the rate of increase in labour cost to be:

- Lower than 2018
- Same as 2018
- Higher than 2018

Comments:

Cost of Living

Cost of living and material cost are shooting up
Cost of living will continue to rise increasing the pressure
The cost of living and to enjoy a decent leisure life have increased. It is understandable that an employee would want more but there are certain aspects to what this is linked to. Apart from that the unreasonable salary offers which are offered by certain foreign companies and sectors is unbalancing the market. You can't unfortunately work much with a reward system linked to performance and output but you are driven by other external factors if you wish to retain your staff. Lastly the drive to grow our local economy in a very fast way driven by mainly by rampant construction and the services industry linked to them has also made one's personal life more expensive both in terms of acquiring a property, a garage to place a car, rent or even renovating it.
If rents increase then foreign workers particularly need more income, they are leaving the country after only one year here
Every year we have to adjust the salaries to reflect the increase in standard of living and market salaries
One MUST ALWAYS increase due to forced COLA

Other Competitive Sectors

Expectations are higher especially due to higher wages being offered by mainly IGaming and Financial Services companies
Threat of losing employees to a higher paying company
If our business can still survive financially - due to high competition from bigger businesses and drastic reduction of sales plus expenses going up

This is a knife that cuts from both side. Unfair Competition, lowering the cost will get you more clients but not so much employees since employees change their job even for 1 euro especially the one in our business

New industries such as AI and Blockchain will stretch the already short supply of resources rendering the situation untenable

Shortage of Skills

Increase is more pronounced for technical staff (technicians) due to the extreme shortage. We had to resort importing technicians from outside EU.

Due to the shortage this will continue increasing

Retention

Mainly because of cost of replacement

Retention allowances are becoming the norm

Attempts at poaching of our employees result in substantial increases in wages to retain them.

Other Comments

Requests for higher wages increases were significant in January 2019

I have yet to experience lower / reduction in wages for years ahead!!

Government has to do its checks and balances and stop irregular trends and unwarranted situations, including high salary expectations, when workers do not want to share responsibilities or added duties

We are trying to put a roof on average 3% but it is difficult

Unless we face a recession in the country it will just cont. going up

The employer now is in a situation of not possible to negotiate wages

If unemployment continues to decrease the 'best' employees will have opportunities to change jobs for better remuneration

Increase in number of employees

Unless we all fall down! Many organizations have credit problems.

Appendix IV

Q10: Increases in labour costs are affecting our company's competitiveness.

Comments:

We are competing in our sector against players that have a major advantage in beneficial tax rates and competing for manpower against other companies whose market is outside of Malta such as i-gaming and this they can pay higher wages.
Profit margins are becoming too low due to huge increase in payroll, nearing break even
With smaller yards and very few employees at said yards its difficult to compete price wise
One has to keep in view that clients making use of our services are continuously pressing for lower rates. A particular case in point, one hotel for whom we have frozen our rates for ten years called us last week to put down our prices. Sound like a joke but this is the reality!
It has become a critical issue
If there are increases this will most definitely happen
Small business that have minimal overheads and are affecting the competition
We cannot maintain this trend
It was once a clear selling point for attracting FDI. Now employees from major EU countries have better salaries abroad and can enjoy a better living standard than Malta, previously Malta was seen as a more attractive alternative
The fast growth of the industry in Malta is leading to steep wage increase demands. Replaced positions at middle and senior management levels is costing as much as 30 to 70 % more to replace in a few cases even higher.
I have had to refuse business (children) due to a lack of sufficiently qualified staff. This impacts on working Mothers, particularly when they will only leave their child in a quality center like mine
we will close in the next 5 years
I cannot say that it is mild but not strong either, however it takes good part of the company profit
Materials, labour charges are on the increase, whilst we cannot increase prices due to competition
Since we operate in the local market, competitors are likely to experience same issue but whilst some increases can be passed on to the consumer some has to be absorbed or countered by improved productivity
Not only our company's competitiveness but also Malta in general. Malta has become too expensive!
When one raises the cost even to cover just the cost of COLA or other government increase then all hell breaks loose
Clients in are starting to comment that we are losing our competitive edge even when compared to Germany and the UK

Appendix V

Q11: What has your average labour turnover per annum been in the last 3 years?

Comments:

<p>Maltese drivers change their job for a few cents. Always want more having high expectations. The way the trend is unless we put up our rates to our clients (which in most cases is unacceptable) we are unable to pay higher wages. Additionally, there is a shortage of drivers available also as confirmed by Jobs Plus.</p>
<p>We have had to meet employee's requests for increased wages. Also introduced KPI bonuses to help motivate employees and award those achieving the targets.</p>
<p>Having to keep the prices as low as possible, hinders our profit increase from year to year.</p>
<p>We have people who have been with us since 1979 and are now retiring!</p>
<p>There was no turnover since the increases demanded by the employees were met for the time being but this may not necessarily be always possible.</p>
<p>The turnover rate is fully due to customer support agents. If we exclude this department then our turnover is less than 10%</p>
<p>Foreign (EU) staff are disillusioned with life in Malta (construction, traffic, high rents, lack of play spaces and huge bureaucracy) and leave.</p>
<p>Being a government owned company, our staff turnover is minimal</p>
<p>Not all terminations were due to the employees finding higher paid jobs; some were terminated by the company due to performance below standard.</p>
<p>The specific field of "Responsible Person" which is a must in our business is very fierce!</p>
<p>Clients want the best service at the lowest prices</p>
<p>The arrival of a new International printing company in Malta plus expansion of another International printing company were the main causes for skilled workers to leave our company and has led to a great shortage of skilled Maltese printers and print finishers.</p>
<p>The company has not been established for that long. The statistics do not reflect reality as the long serving employee has been here for a little bit under two years (since the company starting operating in March 2017)</p>
<p>Keeping labour turnover low comes at a financial cost. Refer to 9 above.</p>
<p>A lot of effort is going in maintaining a low turnover which cannot be grasped to for much longer</p>

Appendix VI

Q14: To what do you attribute labour turnover in your organization?

Comments:

No labour turnover

No labour turnover
We do not have labour turnover
None in particular

Move abroad

Moved Abroad
Staff want to leave Malta, mainly due to cost of living here

Performance

Hard work
Performance related
Find it unsuitable
Laziness no willingness to work
Certain employees do not prove their worth during the probation period

Change

Change
Career change
Due to shortage of labour are always opportunities for people to try

Other Reasons

Many job opportunities
Internal issues with their managers
Competition for staff recruitment between restaurants
Seasonality
Mostly from the gaming industry
Shortage of skilled labour leading to poaching of staff
Salon is located in St. Julian's and housing is not affordable for my staff. They move to other salons close to where they can afford to live.

Appendix VII

Q15: How is your company dealing with labour market shortages?

Comments:

Student's Programs:

We have established a strong undergraduate training program
Having a stable student scheme in place
Having a stable student scheme in place
We have been trying to employ apprentices to learn the trade on the job, but with limited success

Subcontracting:

Subcontracting
Mainly contracting the business so as to employ less people
Sub-contracting

Others:

Currently considering 3 foreign countries to relocate all or part of the operations
We try to build a very strong corporate culture, where we treat our employees with the utmost respect
Using agencies
Reducing service...fewer children accepted as must have correct staff to child ratios by law. Children are being put at risk due to understaffed and overcrowded childcare and kindergartens, affecting their well-being. I owners obey the law; they will be at risk of going under...such as myself
Our company only employs personnel who are declared surplus in other Government owned entities.
Trying to employee more people but we are not finding and we are struggling
Owners have to pitch in a lot more time in the business. What we actually face is the inability of our workers to perform at least to expectations, because if we push them to perform better, they know they can leave and find something else!
Reducing workforce
Taking less work load as we won't have the resources to carry out such work
Constant re-structuring

Appendix VIII

Q. 18: General Comments:

Shortage of Workers

<p>In 2014 we employed 8 marina assistants. When we advertised, more than 200 applied, of whom 36 were appropriately skilled and many of whom were very overqualified. Last year we needed to employ 2 and received no response to advertisements. Eventually we employed the brother and cousin of a current employee. Individuals sent by JobsPlus usually do not have the required skills, qualifications or competence. The foreigners sometimes do, but lack Maltese language skills.</p>
<p>I think employees are linking with general economy doing very well so they expect higher salaries. Plus labour market shortage is eliminating any leeway from companies.</p>
<p>The difficulty to find people who are familiar with our work</p>
<p>Finding people to employ has become one of the biggest headaches to run a business in Malta</p>
<p>Owing to shortage of labour supply, we have resorted to lowering of entry requirements and upskilling on the job.</p>
<p>The quality of labour force is what worries us. Every worker would like to have a better pay but they do not want to perform better. I see it across the board, where even when we need a service from another company, the level of service is going down, and it is so disappointing. We need to foster the culture of doing it right the first time, and match the performance with reasonable expectations. But the culture currently is to adapt to what is being offered as you cannot find better - and this is so unpleasant!</p>
<p>We've noticed that prospective employees expect a much higher remuneration than what the company can afford. This has made it hard to fill vacancies with suitable candidates.</p>
<p>Most crucial problem is the lack of people available to work. No Maltese people are applying for vacancies and if they do, they just attend because Jobsplus sends them, but they won't be interested in the job.</p>
<p>We find that there is a general shortage of qualified labour at affordable costs in the Financial Services industry. Where there is the skill, the asking salary is far higher than what we would expect market related to be.</p>
<p>In a few words, one of the biggest cause of shortage in employees is the high number of employees who were employed with the private sector and after asking for , they were given jobs within the government departments. this was and is still happening at a high rate.</p>
<p>MCAST needs to go back to promote & provide training skilled trades</p>
<p>Our efforts have shifted away from finding new business to being able to retain what we have against a backdrop of rising costs and labour shortages.</p>
<p>There is a significant shortage of Technicians willing to work in the Manufacturing Sector. They are being attracted to other sectors that are considered more trendy such as IT or Aviation.</p>

Shortage of labour has created an employee's market. Employers are losing the grip on discipline, and most are declining from investing in their staff because of the high turnover. The situation is stressful to both employers and loyal staff as they need to deal with the workload, whatever the work force, and this has been so for the past 3 yrs. Employers are also less inclined to expand as it becomes physically impossible.

The company is facing difficulties to retain professional employees who work within our ICT, Architecture and Civil Engineering and Finance

Skilled Workers

Skilled workers especially in compliance and information security are extremely scarce. Whilst getting employees from abroad is our only option English speaking persons further complicates matters. Retention once brought to Malta is a big concern too.

Re question 17 We would like to increase but unlikely as difficult to find skilled workers in the marina industry.

The situation is untenable - there is no incentive to grow the business. Increases in sick, holiday and parental leave as well wage inflation are making and will make it impossible to provide a professional service to clients and the burden is on the family members in the business to work stupidly long hours. Professional services need employees who are committed to the business otherwise it just does not function and is actually quite risky for the directors.

We need more skilled labour force - foreign once welcomed as we cannot find any Maltese and if you find anyone, we are being asked exorbitant wages and conditions.

In our profession the overall package we are dealing with is way beyond what was mentioned of €190 per week. We are speaking of starting @ € 300 going up even possibly beyond € 600 per week depending on the whether the person is administrative/secretarial, technical, etc.

Local workforce is not interested in unskilled & skilled posts. Hardly any response to vacancy adverts from Maltese nationals.

Increases in labour costs and lack of skilled local employees available, is the greatest challenge that we are facing.

The main concern is availability of skilled workers particularly TECHNICIANS

In my opinion we have to deal with gaming companies and other international brands that can offer much more to get the best skilled workers and we trying to offer the same packages apart that in our sector I am at the mercy of the installers most of them Italian sub-contractors. Also, it's very hard and difficult to get skilled workers from NON-EU countries.

Property & Rental Prices

PROPERTY MARKET CAUSING PAYROLL TO SKYROCKET
Whilst appreciating that putting up our prices is difficult and, in most cases, unacceptable, one needs to admit that the wage increase as per KOLA is not enough hence the authorities need to find a balance which will increase the wages to allow people to work and live comfortably. Rents and cost of living in Malta has grown out of any proportion and cannot go on forever.
Rental prices are forcing young talented individuals to opt alternatives to Malta or to leave Malta if already here
Salary packages cannot keep up with the increase in rental prices. We employ foreigners who mostly rent. How is COLA representative at 1-3% of an apartment which used to cost 350 pm in Mosta now costs 850+?
The number one problem is the rental market
Most of my employees are either looking to buy property or are renting property. No employee either foreign or local will accept to work on a low wage.

Sick Leave

One of the problems is the sick leave
Sick leave problem is a big head ache.

Small Businesses

Malta's SMEs and family businesses cannot compete with large international companies operating from Malta. More tangible assistance should be given to family businesses and SMEs.
Small businesses family run with staff are struggling due to high business rents and increasing expenses

Competitive Market

It's becoming impossible to operate in the tourism sector due of competition from other Markets which are making Malta non-competitive.
Only Businesses with added value NEED to survive. Firms relying on increased population will be gobbled up by a few large mostly foreign businesses.
There needs to be a stabilization of labour cost as otherwise our activity will be moving to other more competitive countries. 100% of our product is exported and this would be a significant loss. Similar to our position are other manufacturing companies.
We are facing less demand as from October 2018 onwards

It is evident that we don't know how long we can support this substantial increase in payroll YOY in order to mitigate the labour market environment and this is worrying. We are reaching a stage where what we are paying for is not worth the value of the skill/experience and this is disappointing.
The current situation is unsustainable in the medium to long term.
The current wage inflation position in the country is not sustainable.
Unless something is done about the Cost of living, unregulated rental market, poor living conditions, it will become impossible to attract and retain the best talent. More needs to be done to avoid the larger companies leaving the island for more competitive and cost-effective countries.

General Comments

Question no. 3 Please note that 2 foreigners working within our organization have been living in Malta for many years before they were employed with us, hence our reply is none
Please try to help us by making it easier to employ foreigners, especially third world.
This is a very much needed survey. Unfortunately, I couldn't comment much as the business I'm in only started two years ago. Nonetheless, I really feel that the outcome of this survey will be of benefit to all.
Salaries will always remain the highest expense in our company.
We are living in an employee's market however organisations need to understand that staff retention is not about increasing salaries but a whole process which includes brand reputation in the market.
Promoting Hospitality careers with Locals and the growth in career starting from basic to GM. To try and preserve our Maltese Identity and culture. Fast track of applications for employees coming from Eastern Europe as these are visa free for 3 months and come to Malta seeking work.
Transport and traffic should be considered.
We need more quality not quantity.
Labour is a big problem. Companies in the plastic industry are failing given that the knowledge invested in our employees is being lost since employees are being employees mainly by the public sector and Crane Currency. It is very difficult to provide 17 year to 20 years of knowledge that the new employees in very short time with the risk that they leave as well. Also, the foreign workers are finding it difficult to work in Malta due to the exaggerated rent prices and they expect employers to compensate for such inflation. Also, we cannot rise sale prices due to competition but on the other hand all expenses + labour cost is all the time increasing. ha jfalluna!

Children are the future of our country, and given the least importance despite all the rhetoric. The generation now are very different to even my own children's generation previous; focused on social media, posing, acquiring 'things', but not willing to work hard. Of course, this is a generalization, but one heard often especially the past 2 years. This generation of parents also are not as committed to the welfare of their children, we have become a nanny state whereby the government is seen to be central and parents expect the government to run their lives for them. Free childcare has brought with it a lack of taking responsibility for your child's upbringing. Parents are brainwashed to thinking they hand over them often under three years old child to the government to start 'school'. Compulsory school age is 5 years, yet parents are pressured by schools to start age three and even younger, far too young, hence the problem of early school leavers persists..... they are fed up with being 'schooled' from such a young age, missing their childhood. We admire the Finnish model yet still do the opposite. Parents should be the main caregivers even if they work. There needs to be more statistical evidence of how Mothers today are working, their working patterns, what are their real needs, how many children really will need childcare in the coming years? Numbers of childcare centers have exploded, but where is the quality with such a lack of staff suitable for this very demanding work? In the leading EU countries, early years and childcare are seen as a career, as a respected profession, staff are highly trained and often to level 6 and above. Here, the least educated choose this work, they either want to be a hairdresser, nail technician, model or singer... childcare is seen on a par with a housekeeper. How can we raise children in this way? How will we raise the standard of what should be a profession? When will Mothers truly be able to hold a career and have children with real support from employers and society? I have Mothers quitting or reducing work due to stress. Why so stressed? Where is the research? Thank you for the work you do.

Stop being picky when it comes to employees, we need to give them what they need. The wheel has turned and the ball is in their court. So, start working on giving them incentives rather than keeping a close-minded mentality.

As a Government owned company, we follow the wage increases of the Public Service.

Things are not good as they are seen

Employees are very keen to move after a couple of years. It is more and more difficult to keep people long term.

There are better prospects for young people to earn more working less

Besides wages inflation, we are also facing an increase in costs. 2 extra days of optional leave, increased employees transport costs (due to government paying high rates for school transport).

We need to work harder and employ more people to earn less

It is felt that no further incentives should be given to foreign organisations to set up business in Malta if the labour supply in the industry is already very limited as it is leading to inflationary pressures. Should one such foreign business fail, salaries would still remain at high levels.

Companies have become government administrators. We have so many forms and reports to fill and pay for! Most of the data is already available to the authorities but it has to be repeated over and over!

Once a problem is identified, there is always a solution. In most cases, such as the situation we are facing, it is purely financial.

<p>The main problem with local employees is that they pretend a high wage when they still do not have any experience. If you hire a person who just graduated and you train him (investing in him) he will leave after 1 or 2 years if you do not increase his wage. Thus, the investment that one has made is lost!</p>
<p>It's extremely tough. Every day is a struggle with employees as they have become increasingly demanding and it is also a struggle with clients as you cannot deliver due to a shortage of workers.</p>
<p>If we continue with wage increase / higher annual leave days / uncontrolled sick leave / monthly maternity payments where we do not employ any women will be at high risk to close down our business.</p>
<p>Maltese doesn't want to work in some types of work and the foreign workers pretend that everything is given to them not on a silver plate but on a gold plate. Since unfair competition is rampant in Malta things won't improve for SMEs</p>
<p>Available skills and talent quality will continue to decrease - Malta is not a top EU country where to invest in employment in the long term scenario .</p>
<p>A worrying situation indeed which, in a way, drives more towards automation.</p>
<p>Being in the retail sector selling a technical product to a mainly Maltese clientele, fluent Maltese is an absolute necessity.</p>
<p>The issue of staffing gaps is significant and the single biggest risk faced by our organization today. The solution provided through the employment of foreign workers is administratively laborious (even including the issues faced by foreign staff when it comes to opening a bank account, inconsistent (eg. MCCA - security vetting- and TM - driving license exchanges to local- are not aligned with the phenomenon) and still with a risk that those employed find that their local expedition is not worth their while after considering the cost of living leading them to up and leave after a few months - it would be interesting to learn the rate of turnover for the local job market of foreign candidates i.e. how long a foreign worker remains available on the Maltese job market (not necessarily with the same employer)</p>
<p>Apart from Wage Inflation, inflation is impacting all aspects related to Employment cost as companies are providing better salaries, increased non-monetary benefits such as lunches at work or flexible working hours & transport and better working environments such as nice premises equipped with gym's, kitchens and staff canteens, entertainment equipment such as PlayStation etc. These are all costs that have to be borne by the employer and with poaching on the increase employee retention will continue to be an issue apart from the cost of replacing employees who resign, learning curve and business continuity.</p>
<p>We left number 16 empty as all employees even the company cleaners earn more. Number 17 indicates an increase but it will not be in Malta. At this stage the local market is saturated and the government is attracting more industry and lowering degree qualities to improve graduate statistics of people that are not employable.</p>
<p>I did not mark the wage category as our weekly wage alone is higher than the options given.</p>
<p>It has become extremely difficult to make things happen without people and to manage with the current work ethos of quitting quickly for the least reason.</p>
<p>Couldnot respond to question 16 the lease wage is of euro gross 273 per week and will have to be reviewed by end year 2019</p>



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