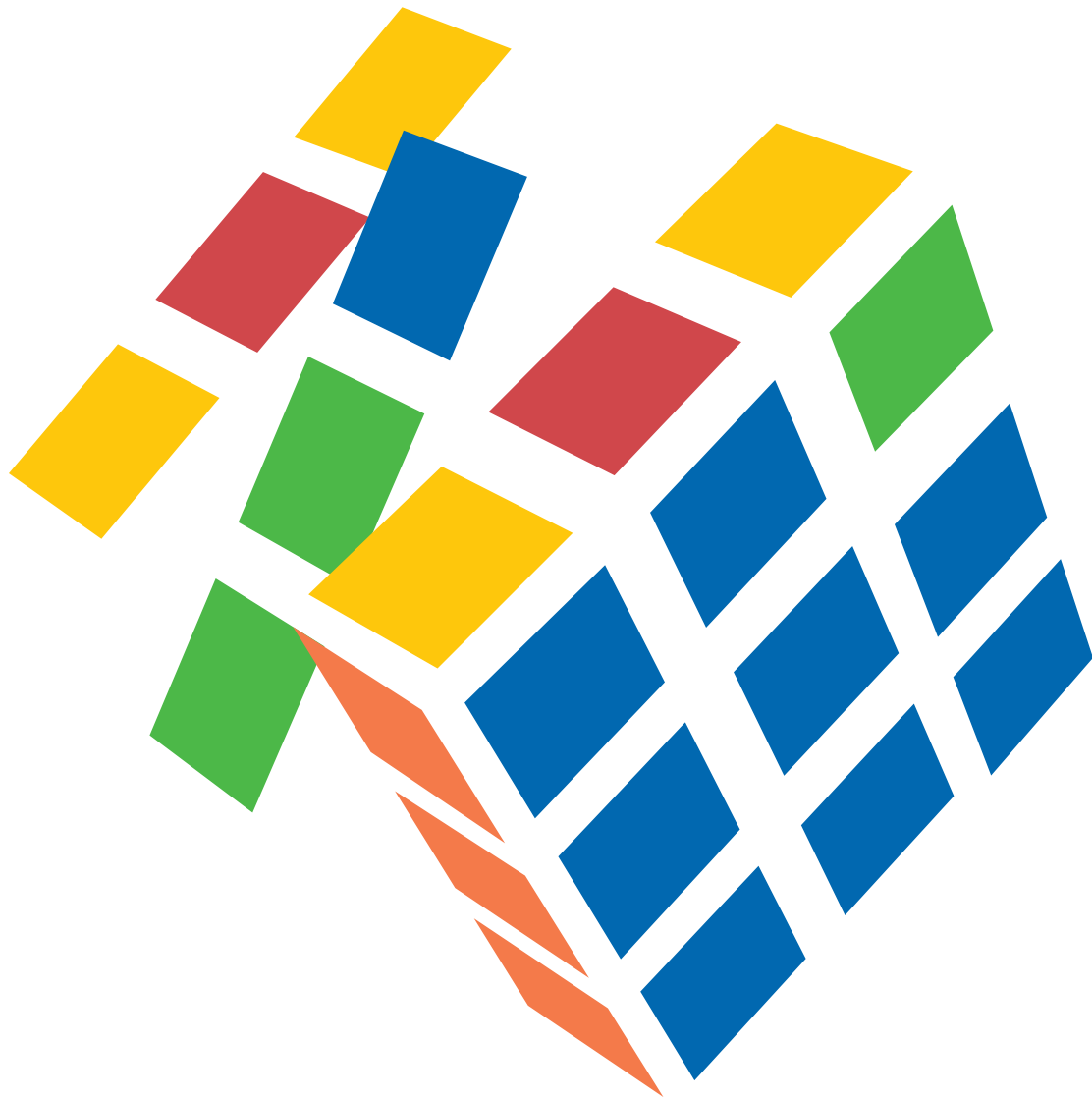




CEDEFOP

European Centre for the Development
of Vocational Training

EN



2020 skills forecast

Malta



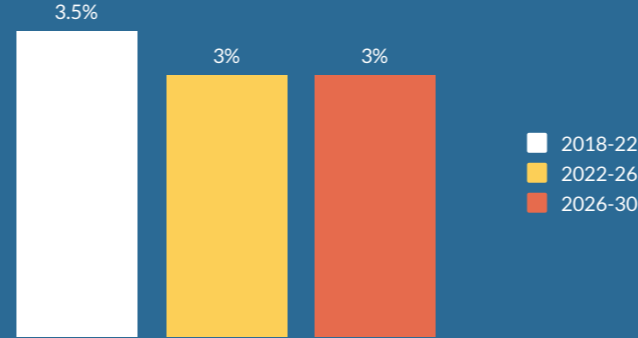


247 000

Employment in 2030

10%
Increase
2018-30

% Employment growth 2018-30



62 000

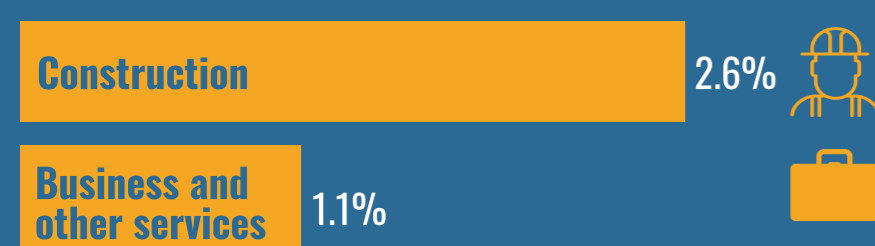
Total job openings, 2018-30



■ Replacement needs (60%)
■ New job openings (40%)

FASTEST-GROWING SECTORS

Growth per year 2018-30

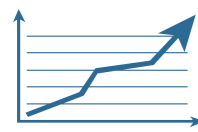


HIGHEST-DEMAND OCCUPATIONS

Total job openings 2018-30



Total job openings by qualification level 2030:



4.4%

Increase
in employment
in 2018-30



Fastest-growing sector
Non-marketed services



Highest-demand occupation
Business & administration associate
professionals

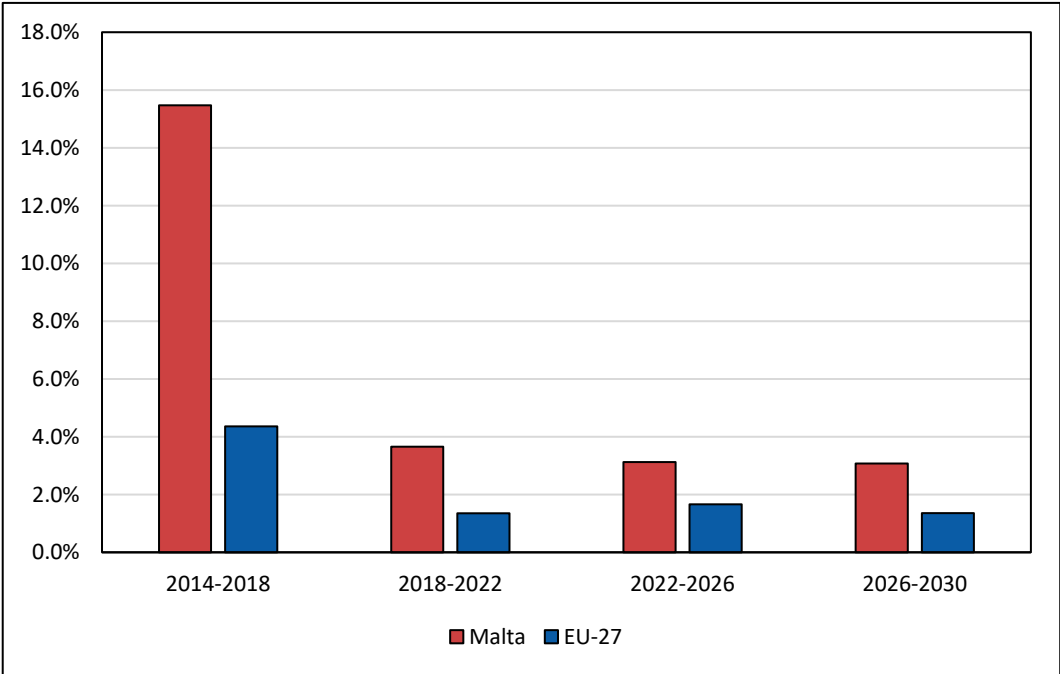
29%

 Increase in high-skilled labour supply 2018-30

1. Employment outlook

Employment in Malta is forecast to increase over the period 2018-30, albeit at a slower pace than seen in the period 2014-18. Employment in Malta is expected to increase at a broadly constant pace of 3% to 4% throughout the forecast period, with a slightly faster growth in the short term (2018-22), compared to the medium (2022-26) and long term (2026-30). The increase in all sub-periods is expected to be well above the EU-27 average.

Figure 1. Percentage employment growth in Malta and the EU-27, 2014-30



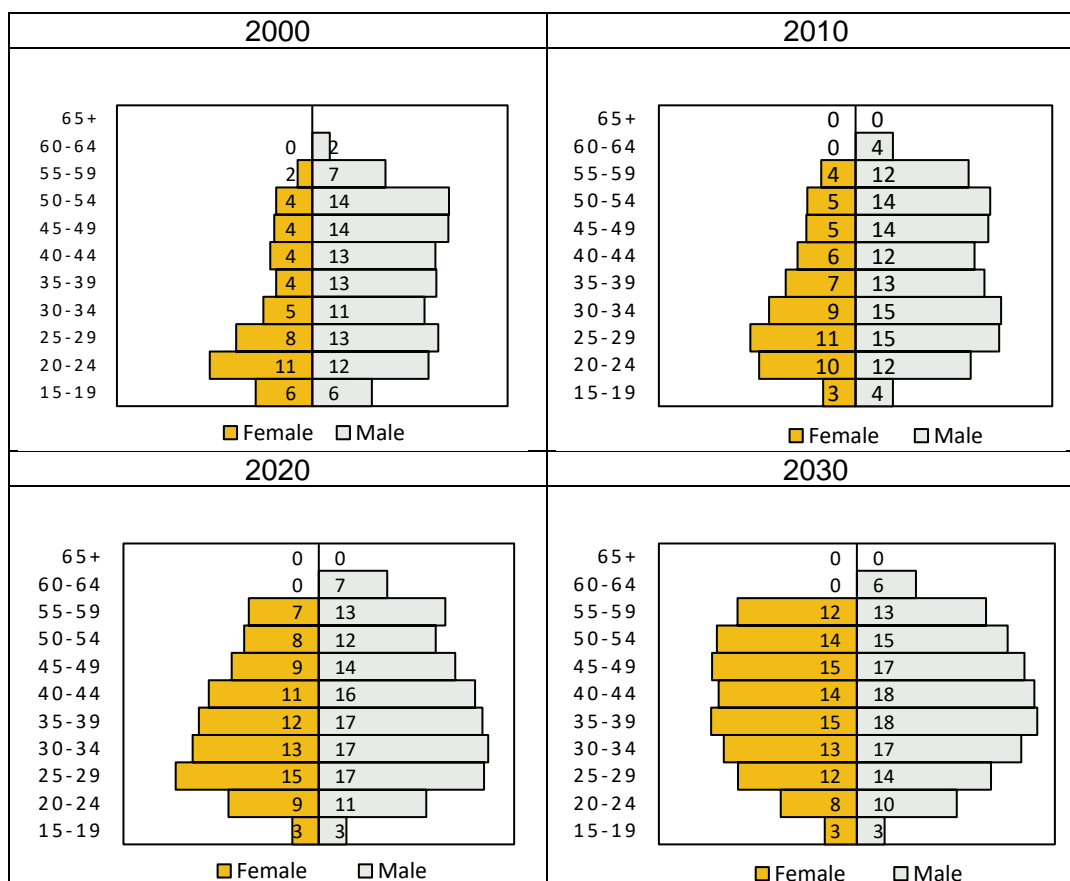
Source: Cedefop (2020 Skills Forecast).

2. Labour force overview

In Malta, the labour force is expected to have grown by 56% over the three decades from 2000 to 2030. This significant increase in the labour force is driven by an increase in the size of all age groups in the labour force except those aged below 24 years, which are decreasing (see Figure 2). The overall increase is high for females, whose numbers in the labour force more than doubles between 2000 and 2030. The increase in labour market participation rates is strong among those aged 35 to 59, with the age group 55-59 experiencing the highest increase

(41 pp between 2000 and 2030). The increase in the size of the labour force is also driven by an increase in the population, which is expected to increase for all age groups except for those aged 24 or less.

Figure 2. Distribution of the labour force (thousands), 2000-30



N.B: Data and forecast for 65+ not shown, as underlying data is unreliable. The same applies for female aged 60-64.

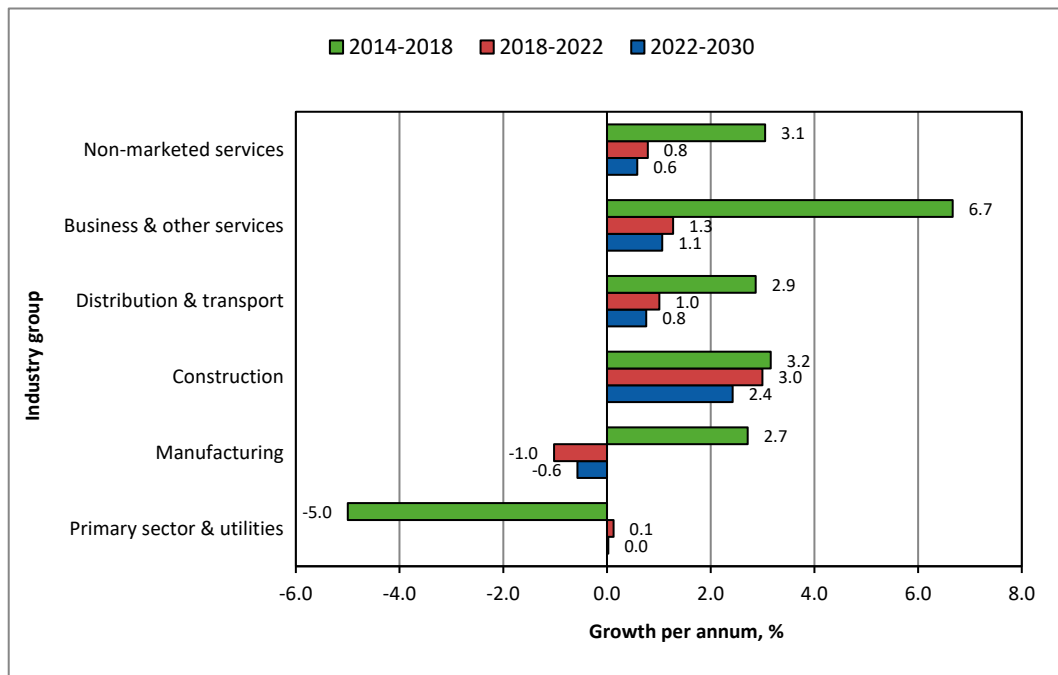
Source: Cedefop (2020 Skills Forecast).

3. Sectoral employment trends

As Figure 3 shows, most of the sectors are expected to continue their employment growth during the forecast period, albeit at a slower pace compared to 2014-18. *Construction* is the sector expected to increase the most both in the short term (2.5% pa over 2018-22) and in the long term (3% pa over 2022-30), but also *non-marketed services*, *business & other services* and *distribution and transport* are expected to grow. Employment in *primary sector & utilities* is

expected to remain stable over the forecast period, after a significant decline over 2014-18. *Manufacturing* is the only sector expected to decrease during the entire forecast period.

Figure 3. Employment growth by broad sector of economic activity, 2014-30



Source: Cedefop (2020 Skills Forecast).

Among the sub-sectors (i.e. below the level of the six broad sectors discussed above), *wholesale and retail trade* (1% pa) is expected to drive the increase in *distribution & transport*, while *legal, accounting & consulting* (2% pa) is expected to drive the increase in *business & other services*. *Public administration & defence* and *education* are also expected to grow by 1% pa over 2022-30, thus driving the increase in *non-marketed services* over the same period. Employment in *financial and insurance activities* (which is the most important sector in terms of GDP), is expected to stagnate during the forecast period.

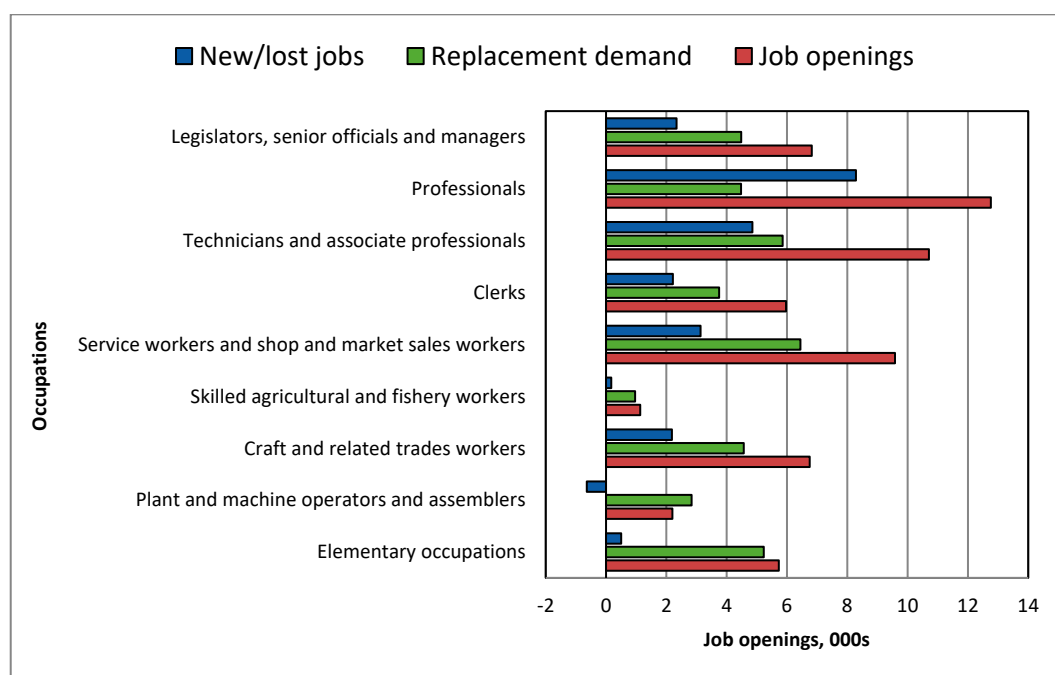
4. Job openings by occupational group

Cedefop skills forecasts estimate the total job openings by occupational group as the sum of net employment change and replacement needs. Net employment change refers to new jobs created due to the expansion of the employment in that sector or

occupation. Replacement needs arise as the workforce leaves the occupation due to retirement or career changes. Replacement needs, generally, provide more job opportunities than new jobs, meaning that significant job opportunities arise even in occupations declining in size (i.e. agricultural workers are a typical example, as ageing workers employed in the sector will need to be replaced).

Figure 4 shows the total job openings by broad occupational group over 2018-30. The number of job openings indicates the number of jobs that are required to be filled due to lost/newly created jobs and those that are in need of replacement workers. All occupations, except *plant and machine operator and assemblers* are expected to experience an increase in the number of job openings. *Professionals* is the occupation which is expected to provide both the highest number of new jobs created and overall job openings (which take into account also replacement needs) over the forecast period, accounting for 20% of total job openings, followed by *technicians and associate professionals* which is expected to account for 17% of total job openings.

Figure 4. Job openings by broad occupational group, 2018-30



Source: Cedefop (2020 Skills Forecast).

At the more detailed level, most job openings (taking both new/lost jobs and replacement needs together) are expected to be in *skilled non-manual* and *high skill* occupations found mostly in retail activities such as *sales workers* and *customer service clerks*, as well as in *skilled manual* occupations found in the

booming *construction* sector such as *building and related trades workers*. *High skilled non-manual* occupations such as *science and engineering professionals* and *associate professionals* are also expected to increase. On the other hand, most of the occupations expected to decline or stagnate are *skilled manual* occupations typical of *manufacturing* such as *stationary plant and machine operators*. In terms of qualifications, occupations requiring low qualifications are expected to shrink, while most of the job openings will require medium levels of qualifications.

These developments reflect the changing sectoral composition of the Maltese economy. Malta is expected to experience an increase in labour force and employment. While *financial and insurance activities* is the most important sector in terms of output, employment in the sector is expected to stagnate, possibly pointing to a higher use of automation instead of labour. On the other hand, the increase in the *construction* and the *wholesale and retail sector* is expected to require a higher share of medium skilled workers, as well as high skill engineering profiles.

5. Drivers of occupational change

Within the Cedefop skills forecasts, future employment growth (or decline) of occupations is further broken down by separating national economic components from regional industrial and economic effects, helping to interpret what is driving the change. From this perspective employment growth can be explained by three possible drivers: (a) overall trends of the economy (i.e. growth or decline), (b) shifts of employment between sectors and (c) changes in the occupational structure within sectors (i.e. factors making some occupations more important/ others).

An increasing specialisation in some sectors will influence the occupational composition of employment in Malta along with differential developments of sector employment. The occupation-specific effects, leading, overall, to increasing shares of *directors and chief executives* and *technicians and associate professionals* and of *protective and service care workers*. These changes reflect changes in job organisation in many sectors, and in many cases an increasing specialisation. Along with these specialisations there is also a move towards managing these new work forms. High-skilled occupations that can benefit from this trend are, for example, *legal and business professionals, managers*, as well as *business and other associate professionals* and *health professionals* as well as *health associate professionals*.

The overall effect of occupational change therefore depends on a number of factors that need to be considered together. Increasing digitisation and a move

towards a service-oriented economy, even within manufacturing, will lead to a greater use of higher-level occupations. At the other end of the spectrum, all lower-level occupations, as well as in the service sector, seem to be decreasing in favour of intermediate occupations.

The strength of occupations with a strong intermediate qualification level in Malta is enhanced by the overall growth of the medium level occupations. In particular, this is the case for *building and related trade workers, excluding electricians*, the *industry-based metal, machinery and related trade workers* who are increasing in number, most likely through increases the size of the *plant and machine operators and assemblers* industry. The number of workers in *elementary* occupations are expected to increase its employment share due to an expansion of the underlying sectors they are most often employed in.

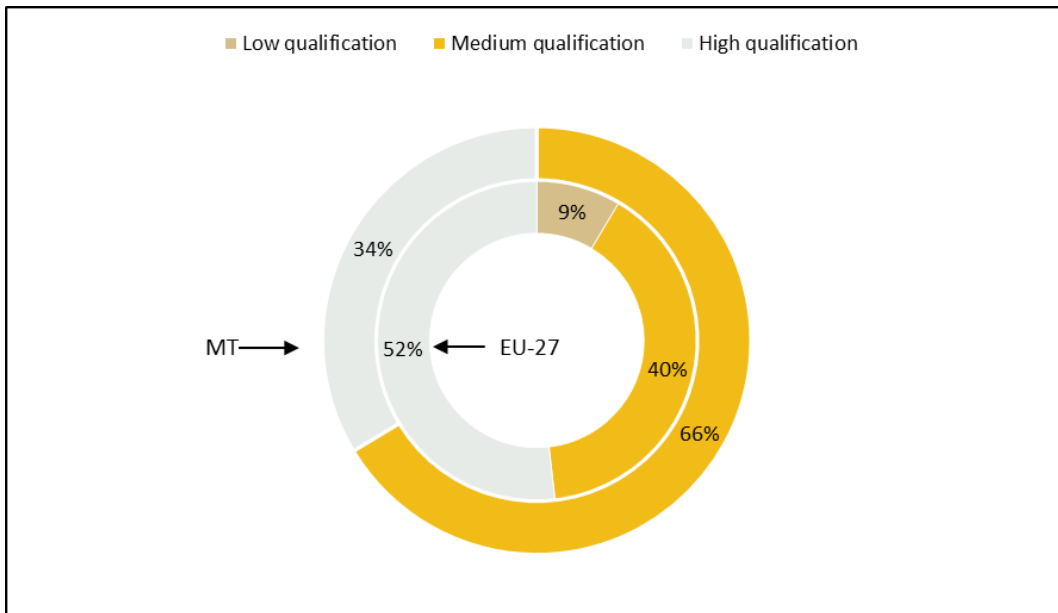
6. Demand for and supply of skills

Within the Cedefop skills forecast, skills are proxied by the highest level of qualification held by individuals in the labour force and in employment. Three levels are distinguished, high, medium, and low, which correspond to the official ISCED classification. The occupational group also offers an indication of the skill level required, as some occupations (e.g. professionals) typically require high-level skills, while some others (e.g. elementary) typically require only basic ones. Therefore, occupational groups are also linked to a skill level.

As shown in Figure 5, two-thirds (66%) of the total job openings that are expected to be created in Malta over the period up to 2030 are projected to require medium level qualifications, much higher than the EU-27 average. The number of total job openings for those with high level qualifications will be around one-third of the total openings (34%), while the structure of the expected changes is such that, at this high level, there is not expected to be a net demand for low level qualifications.

Total job openings are projected to be highest among skilled agricultural and fishery workers, technicians and associate professionals followed by craft and related trade workers. Among the higher-level occupations, building and related trade workers, excluding electricians along with business and metal, machinery and related trade workers are expected to see the highest total job openings

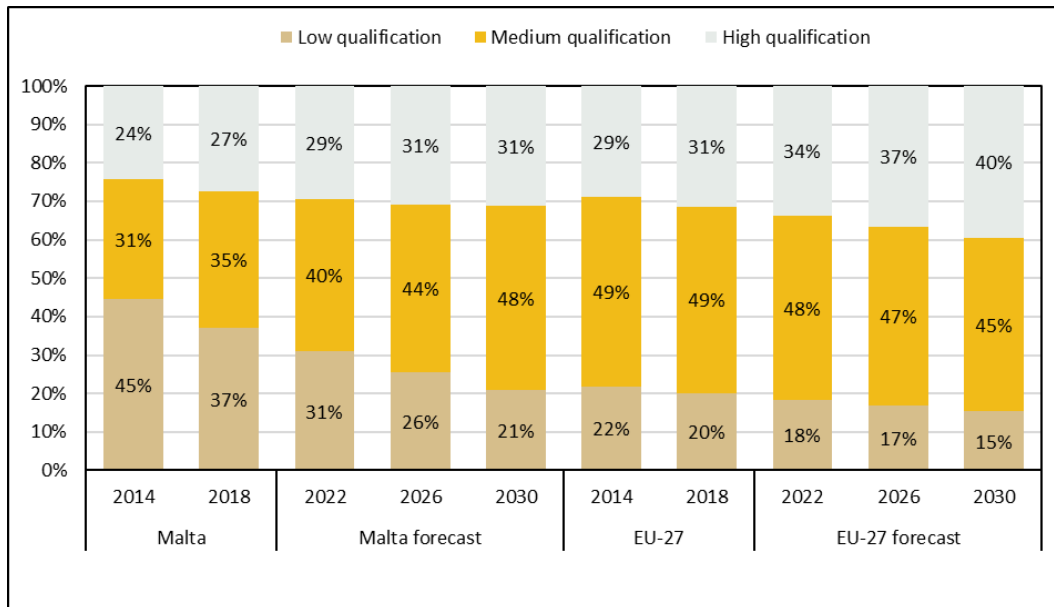
Figure 5. Shares of total job openings by level of qualification, 2018-30



Source: Cedefop (2020 Skills Forecast).

Future labour supply trends depend on the size of the working age population (defined as aged 15 or older), labour market participation rates, and the extent to which people acquire formal qualifications.

Figure 6. Labour force share by level of qualification, 2014-30



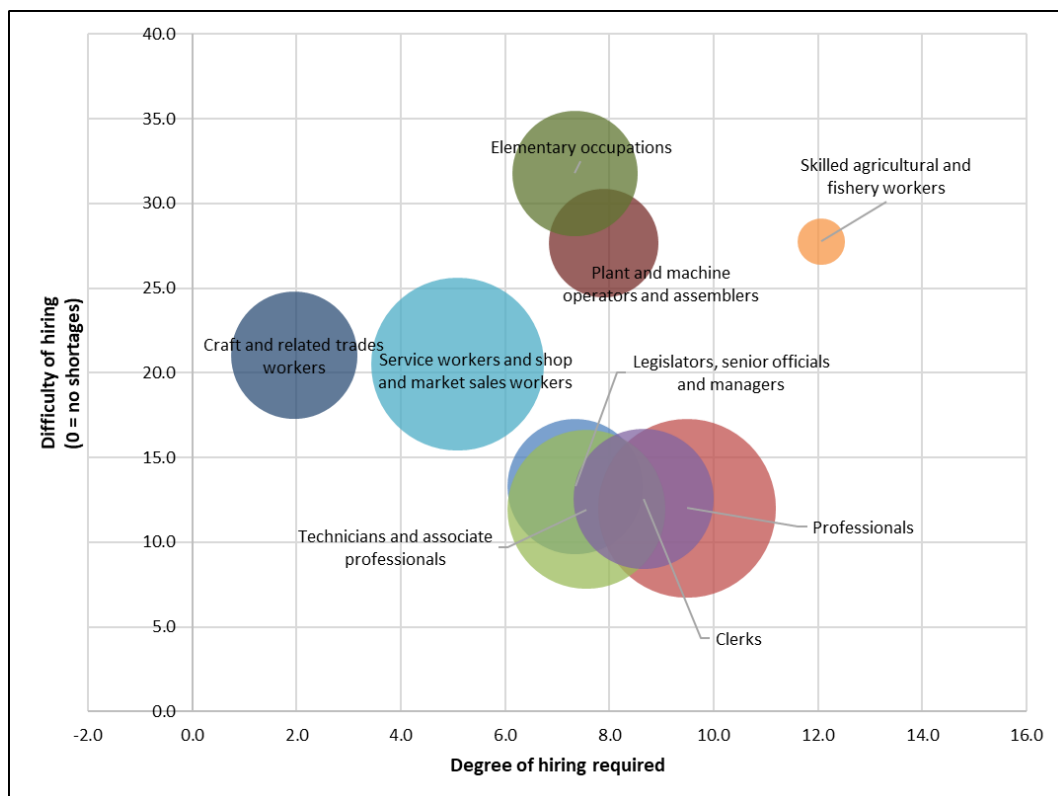
Source: Cedefop (2020 Skills Forecast).

The profile of shares of qualifications held by the labour force over 2018-30 are shown in Figure 6. The share of people with high level qualifications in Malta is expected to increase slightly over this period, while the share of medium qualified labour force is expected to reach 48% by 2030, becoming the largest qualification group. The share of those with low levels of qualification is expected to decrease of 21%. In Malta, both the share of those with low and with intermediate qualifications is expected to be higher than the EU-27 average in 2030, while the share of those with high level qualifications is expected to remain lower than the EU-27 average.

Figure 7 shows an indicator, *difficulty of hiring*, whose aim is to approximate shortages of supply by qualifications and its impact on occupations. This measure, shown along the vertical axis, indicates increasing difficulties to fulfil demand given the available supply of qualifications used in the occupation. Along the horizontal axis, the *degree of hiring required* in the occupation is depicted. Higher values indicate that to reach the forecast result that occupation will need to adjust more (in terms of workers with particular qualifications) relative to the base year (2018) levels. These changes (degree of hiring required) can be due to a change in the qualifications required or increases in the number employed. The size of the bubble indicates the *overall employment level*, bigger bubbles indicate more employment while smaller bubbles less employment.

Occupations with both a high *degree of hiring required* and a high *difficulty of hiring* (i.e. towards the top right of the figure) are likely to have the most difficulties in achieving a suitable workforce.

Figure 7. Indicators of future hiring difficulties, 2018-30



N.B: Indicators were calculated at the level of the underlying two-digit occupation groups. Aggregation was based on the employment weights within each one-digit occupation group.

Source: Cedefop (2020 Skills Forecast).

Figure 7 shows that occupations within *skilled agricultural and fishery workers* are forecast to experience changes that will require the hiring of new workers. It is also expected that there will be many hiring difficulties for this group, however, as they require mainly lower and intermediate qualified job-seekers who are projected to be in shortage. This pushes also the qualification mix of this occupation upwards, increasing the share of higher qualified. *Professionals* as well as *technicians and associate professionals* are expected to experience lower levels of hiring difficulties, while there is only limited hiring. *Elementary occupations* are hit by the shortage of low qualified workers as well as *plant and machinery operators and assemblers*. Whether this will result in the projected hiring difficulties will depend on the willingness of higher qualified workers to be employed for the typical work conditions and salaries of these occupations.

Within *professionals* there are some hiring difficulties, which do not vary much across the underlying occupations. However, the degree of hiring required does differ, with *science and engineering professionals* (92), and to a much lesser degree, *information and communications technology professionals* (30) being above the average of *professionals* (23), while the degree of hiring required among *teaching professionals* (8) and *health professionals* (<1) is well below the average.

Cedefop methodology and scenarios

The Cedefop Skills Forecast offers quantitative projections of future trends in employment, by sector of economic activity and occupational group. Future trends in the level of education of the population and the labour force are also estimated. Cedefop's forecast uses harmonised international data and a common methodological approach allowing cross-country comparisons between employment trends in sectors, occupations and qualifications. The forecast and methodology is validated by a group of national experts. The forecast does not substitute national forecasts, which often use more detailed methodologies and data, while they also incorporate in-depth knowledge of a country's labour market.

The latest round of the forecast covers the period up to 2030. The forecast takes account of global economic developments up to May 2019. The European economy is continued to expand for the seventh year in a row in 2019, with real GDP growing in all EU Member States. As global uncertainties continue to weigh, domestic dynamics are set to support the European economy. The key assumptions of the baseline scenario incorporate the Eurostat population forecast available in May 2019 (Europop 2015) ⁽¹⁾ and the short-term macroeconomic forecast produced by DG ECFIN in May 2019 ⁽²⁾.

The Cedefop Skills forecast was developed before the global Covid-19 pandemic had begun. The short-term economic impacts of the pandemic and subsequent lockdowns in many countries are very uncertain, and therefore the current short-term forecast is likely to be over-optimistic. However, the key long-term factors (such as the ageing population, increasing use of automation/artificial intelligence, globalisation, resource scarcity and moves towards a carbon neutral economy) will still hold as the EU Member States put plans in place to deal with the virus and their economies move forwards. The trends in the longer-term forecast are therefore still likely to hold.

For the latest update and access to more detailed Cedefop skills forecast data please visit:

<http://www.cedefop.europa.eu/el/events-and-projects/projects/forecasting-skill-demand-and-supply>



(1) <https://ec.europa.eu/eurostat/web/population-demography-migration-projections/population-projections-data>

(2) https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/spring-2019-economic-forecast-growth-continues-more-moderate-pace_en



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