



PILLARS – Pathways to Inclusive Labour Markets: The case study of Malta

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1 Introduction

Malta is an island-country located in the Mediterranean Sea. In 2021, Malta's population was 514 564 people, and its population density was 1.595 people per square kilometre, which is among the highest in the EU. The net migration between 2013 and 2020 has been positive, with an overall increase of 23.3%. The biggest immigrant group in Malta is from Italy and the second largest is of British background.¹ As in the rest of the EU, the population is gradually aging, and currently the median age is at 42.6 years. The demographic composition of the island is balanced in terms of gender, 49.6% male and 50.4% female.²

In Malta, 43.7% of the population has attained tertiary education, which is slightly above the EU average. The average literacy rate in Malta is of 92.7%.³ The overall enrolment in secondary education is of 99% as of 2020.⁴ Thus, the general population in the country is relatively educated.

Malta is a republic, and it embraces democratic systems and separation of powers.⁵ Given the small size of the economy, Malta heavily relies on international trade of goods and services. The economy of the country is service-based, accounting for 76.4%.⁶ Malta's services sector continues to grow, with sustained growth in the financial services and online gaming sectors. As of 2021, the GDP per inhabitant in PPS of the region was 102% (% of EU-27 average), which highlights a relatively high level of economic development.

Total population in 2021	Population density (persons per square km) ⁷ , 2021	Average crude rate of net migration plus statistical adjustment (2013-2020)	GDP per inhabitant in PPS (% of EU-27 avg. from 2020 average) in 2021	Tertiary education attainment (ages of 30-34), 2021 ⁸
514 564	1 595.1	23.3	102%	43.7%

¹ https://en.wikipedia.org/wiki/Demographics_of_Malta

² <https://countrymeters.info/en/Malta>

³ <https://uis.unesco.org/en/country/mt>

⁴ <https://uis.unesco.org/en/country/mt>

⁵ <https://www.gov.mt/en/Government/Government%20of%20Malta/Synopsis/pages/governance-synopsis.aspx#:~:text=The%20President%20is%20the%20head,appointed%20through%20a%20Parliamentary%20resolution>

⁶ <https://www.countryreports.org/country/Malta/economy.htm>

⁷ The EU average population density in 2021 was 109

⁸ The EU average of tertiary education attainment in 2021 was 41.5%

2 Overview of the labour market in Malta

Labour market trends and key skills in demand

The Maltese labour market is robust. Maltese labour market indicators outperform EU averages in every instance, without exception (please see the table below). The unemployment rate in Malta is low, at 3.2%, while labour productivity has been growing in the last decade. In fact, Malta is considered to have already reached full employment, according to the PES (Jobsplus).¹ Most of the Maltese population (namely, 88.7%) is employed on a full-time basis,² while 11.3% of the population worked part-time and 15.3% of the population are self-employed. Overall, the labour market in the country is described as progressively tight, with labour shortages and skill mismatches identified as main limiting factors for the economy.³

The sectors that have most acute labour shortages are the ICT, accommodation and food, construction, financial services, transportation & storage and the public administration, health, and education sector.⁴ Professionals, such as doctors, dentists, pharmacists, engineers, teachers, consultants, are the most common job category in Malta, representing 20.8% of the overall labour force.⁵ A more detailed breakdown of the composition of the overall labour market shows the following: 36.4% of women work in the sectors of public administration, defence, education, healthcare, and social work; while 25.6% of men work in the retail and wholesale sector, the motor vehicle and household appliances repair sector, hotels and restaurants, and transport sector.

Despite an increasing demand in highly skilled labour, the demand in low and middle-skilled workers, such as delivery persons, cleaners, clerks, construction labourers, is also high. An increasing immigration to the country helps to alleviate some labour shortages and stimulated economic growth, however, it is not sufficient yet. The competition for labour drives wages upward in Malta.

¹ Interview

² https://eures.ec.europa.eu/living-and-working/labour-market-information_en

³ <https://www.centralbankmalta.org/site/Reports-Articles/2023/Increasing-tightness-Maltese-labour-market.pdf?revcount=1134>

⁴ <https://www.centralbankmalta.org/site/Reports-Articles/2023/Increasing-tightness-Maltese-labour-market.pdf?revcount=1134>

⁵ https://eures.ec.europa.eu/living-and-working/labour-market-information_en

Major job sectors/industries

Malta's economy is driven by foreign trade, manufacturing, financial services, and tourism. Among the key industries on the island are listed electronics, ship building and repair, construction, food and beverages, textiles, footwear, clothing, tobacco.

Key challenges on the labour market and vulnerable groups

Based on the interview with the PES, the vulnerable groups on the Maltese labour market are low-skilled people, long-term unemployed migrants, substance abusers, ex-convicts, homeless persons, single mothers, or widowers. By belonging to several of these groups at once increases the likelihood of long-term unemployment.

Overall, the labour market in Malta has a high absorptive capacity, therefore all individuals have a high chance of employability. In the view of the PES, the key challenge represents the unwillingness to get training or the inability to get training due to limited time and other commitments.¹

Indicator	Data
Employment rate, 2021 ²	78.5%
Employment in high-tech sectors, 2021 ³	5.6%
Unemployment rate, 2021 ⁴	3.5%
Youth unemployment rate, 2021 ⁵	6.1%
Unemployment rate of males (15 years or over), 2021 ⁶	3.6%
Unemployment rate of females (15 years or over), 2021 ⁷	3.1%
Unemployment rate among individuals with less than primary, primary and lower secondary education (levels 0-2), 15 years or over, 2021 ⁸	4.8%

¹ Interview

² The EU average rate of employment in 2021 is 73.2%

³ The EU average of employment in high-tech sectors in 2021 was 4%

⁴ The EU average unemployment rate in 2021 was 7.2%

⁵ The EU average youth unemployment rate in 2021 is 14.5%

⁶ The EU average unemployment rate among males (15 years or over) in 2021 was 7%

⁷ The EU average unemployment rate among females (15 years or over) in 2021 was 8.1%

⁸ The EU average unemployment rate among individuals with less than primary, primary and lower secondary education (levels 0-2), 15 years or over, in 2021 was 13.9%

Unemployment rate among individuals with upper secondary and post-secondary non-tertiary education (levels 3-4), 15 years or over, 2021 ¹	3.9%
Unemployment rate among individuals with tertiary education (levels 5-8), 15 years or over, 2021 ²	1.6%
Labour market slack, 2021 ³	5.9%

3 Technological transformation and policies/instruments to stimulate innovative and inclusive job creation

Two decades ago, the policymakers in Malta decided to introduce structural reforms of the economy, shifting from low-cost manufacturing and tourism to knowledge-based industries, export of services and high-end manufacturing. Since then, Malta's economy has been steadily growing, benefiting from private consumption and foreign investment. The latter has been the key driver of the economy and innovation, stimulating the development of the financial services, computer programming, legal and accounting services, gambling, and education services etc.⁴ Moreover, foreign capital and the overall economic development stimulated the advanced manufacturing sector.

To attract investors, the Maltese policymakers have offered advantageous tax schemes, modern business infrastructure, competitive labour costs, English-speaking workforce, and favourable conditions for living due to climate.⁵ In addition, the government has been attracting investors by offering citizenship for their contribution to the economy. For example, the current migration programme indicates that individuals that make an investment of at least 600 thousand EUR and have completed 36 months of residency in Malta are eligible for citizenship.⁶

¹ The EU average unemployment rate among individuals with less than primary, primary and lower secondary education (levels 3-4), 15 years or over, in 2021 was 7.6%

² The EU average unemployment rate among individuals with tertiary education (levels 5-8), 15 years or over, in 2021 was 5.4%

³ The EU average labour market slack in 2021 was 14%

⁴ <https://maltaprofile.info/page/foreign-direct-investment>

⁵ <https://maltaprofile.info/page/foreign-direct-investment>

⁶ <https://getgoldenvisa.com/malta-citizenship-by-investment#:~:text=Eligibility%20for%20Malta%20Citizenship%20by%20Investment,-Community%20Malta%20Agency&text=An%20investment%20of%20at%20least,a%20minimum%20of%20five%20years>

The economic development agency, Malta Enterprise, has been charged with the mission to attract foreign direct investment and to facilitate innovation and growth of already existing industries/organisations.¹ The agency offers various support measures, including soft loans, training grants, tax incentives and innovation funding, for enterprise support, investment, research and innovation, SMEs, and start-ups.

Malta Enterprise has launched an initiative “Innovate – Innovation Aid for SMEs”.² The initiative aims to facilitate the creation of Business Research Partnership between SMEs and Research Knowledge-Dissemination Organisations to carry out projects leading to product, process, and organisational innovation.

The funding is provided for the secondment of a highly qualified person to an SME or for providing access to innovation advisory of a Research Organisation. The scheme aims to facilitate access to expertise to generate new knowledge and to accelerate innovation, thereby enhancing business performance and competitive advantage.

The initiative has been considered successful, due to the following:

- It stimulated innovation in SMEs and the development of long-term partnerships with research organisations. The latter has also been contributing to a better quality of research/education in participating research/education organisations, due to better research/academia-industry linkages.
- The funding was allocated for 36 months, covering between 50% and 100% of eligible costs. The maximum support for each Partnership is 100-200 thousand EUR, depending on the innovation support services provided. A relatively high and flexible budget represented a significant incentive for SMEs to innovate.

In addition, Malta Enterprise has been promoting the development of clusters in manufacturing and services. Currently, Malta has 16 industrial parks and business zones that serve as innovation hubs for specific industries, focusing on addressing common challenges, developing or providing critical infrastructure, conducting R&D activities together and tapping into new markets.³ The ecosystem approach has been very effective in stimulating R&D&I and new business partnerships, and in generating local innovative job creation. The government has been supporting the development of clusters through various financial schemes. The governance structure of these cluster differs, as some of them are driven by

¹ <https://www.maltaenterprise.com/>

² <https://www.maltaenterprise.com/innovate>

³ <https://southeusummit.com/europe/malta/malta-is-upgrading-expanding-and-clustering-industry/>

“orchestrators” that guide their development, others represent a network of loosely organised companies/organisations from the same industry.

‘Malta Marittima’ is the agency of the Government of Malta that aims to bring industry and government stakeholders together to focus and promote the continued and enhanced development of the marine and maritime industries in the Maltese Islands.¹

Malta Marittima is composed of a steering that represents the following public organisations - Transport Malta, Department of Fisheries and Aquaculture, Malta Freeport Corporation, Regulator for Energy and Water Systems, Malta Enterprise. The executive team is tasked with the provision of support to the ‘Clusters’ which address the diverse array of activities in the marine and maritime domains. In line with the Integrated Maritime Policy, ‘Malta Marittima’ brings the business and non-business members together, in sectoral ‘Clusters’. Each sectoral cluster is comprised of businesses, industry associations, government departments, academic and research institutions.

The sectoral clusters are as follows:

- Maritime Commercial Cluster – Legal, Financial, Insurance, Broking, Chartering, Ship Owners, Surveyors, Adjusters, Crew Management;
- Logistics Cluster – Freight Forwarders, Terminal Operators, Ship agents, Warehouse Operators, Bunkering;
- Marine Engineering Cluster – Marine Engineering, ICT, Ship Repair, Technical Services Mechanical and Electrical, Sailing and Motorboat clubs, Marinas, Boat Sales/Chartering;
- Fisheries and Aquaculture Cluster – Fishing Boat Owners, Fishing Coops, Fish farming, Aquaculture, Fish Processing, Fisheries Management and Biotechnology;
- Energy Cluster – Oil & Gas exploitation and servicing, Offshore renewable, Emissions.

The support of Malta Marittima to the marine and maritime industries ensured sufficient public support to the clusters, informed the policymakers about the stakeholder challenges that need to be addressed, and monitored the development of clusters to speed up engagement between the stakeholders.

¹ <https://www.maltamarittima.org.mt/index.php/about/wic>

Despite improvements in innovation in Malta, the country is lagging in terms of investment in R&D&I by both private and public sectors.¹ This would also improve the quality of education in Maltese universities. Overall, higher education institutions in Malta are highly rated, attracting student across the EU. The shares of population with tertiary education and of IT specialists have been increasing in the last decade. In addition, the country is paying significant attention to adult learning, upskilling and reskilling to decrease labour market mismatches and to maximise utility of all available labour resources. However, based on the PISA results of 2018, the students in Malta score below the OECD average on reading, mathematics and science.² Thus, additional attention should be paid to compulsory education.

4 Policies/instruments to prevent and mitigate job displacement

In view of the experts, the technological transformation in Malta has been stimulating job displacement, especially among the low-skilled individuals, youth, individuals with disabilities that have been conducting some manual tasks that became automated, and among older population groups. However, job displacement did not affect the general approach of the ALMP or its measures, as, regardless of the cause of unemployment, the PES activation services are considered valid and generally effective. Despite that, the PES in Malta admitted that in recent years they stimulate the development of ICT competences, digital and complementing social skills through trainings. Youth, in particular, is targeted to contribute to the Twin transition in the EU.

The major ALMP instrument of the PES in Malta is training, as it is suggested most effective for both employers and employees. At the moment, Jobsplus offers more than 100 free training courses in various formats (online, onsite, hybrid), available to both employed and unemployed. Following the COVID-19 pandemics, the demand for online and hybrid trainings has increased. In view of Jobsplus, employers are typically looking for short-term trainings that are relevant for a specific role in a company. Thus, hands-on and on-the-job trainings are more effective than theoretical classes, especially as individuals are able to interact with potential/current employers and employees in a working environment, and such trainings typically reactivate the long-term unemployed, as people typically enjoy social interaction.

¹ https://ec.europa.eu/research-and-innovation/sites/default/files/rio/report/PR%2520Malta_%2520Final%2520Report.pdf

² <https://gpseducation.oecd.org/CountryProfile?primaryCountry=MLT&treshold=5&topic=PI>

In 2020, Jobsplus has transformed its approach to the advisory services. Specifically, the PES in Malta started to devote more time to one-on-one consultations to understand what prevents a person from getting a job or being fulfilled at work, and what motivations are needed to tackle (potential) unemployment. The new insight from these consultations resulted in the development of many new measures that are targeted at specific population groups (e.g., youth, long-term unemployed, migrants and those seeking a change of jobs or career) and proved to be an effective approach to tackling unemployment. In addition, PES strengthened monitoring mechanisms to observe, receive feedback and to introduce new measures that will support individuals.

SMARTLY is the initiative, launched in 2021, to strengthen the employability of youths while ensuring that Public Employment Services across Europe enhance the strengths of individuals that are not in education, employment or training (NEETs) to meet the needs of the labour market for the Green and Digital Sectors.¹

The initiative stimulates the development of digital and green skills of youth in eight European countries – Malta, Croatia, Cyprus, Poland, Italy, France, and Luxembourg. In Malta, the initiative has been considered very successful and attracted over 100 participants per year. The success factors of the initiative include:

- Dual focus – reducing NEET and stimulating innovative job creation that will support strategic policy objectives (i.e., Twin transition);
- Long-term vision – the initiative focuses on upskilling in sectors that will secure employment of youth in the long run;
- Learning through collaboration – the initiative has been launched across several EU Member States, which allows to learn best practices, compare, and draw lessons on effective implementation of the initiative.

The VASTE programme was a €13 million project, launched in Malta and funded by the ESF.²

The programme aimed to tackle unemployment, especially among the vulnerable groups, such as persons with disability, former substance abusers and other socially challenged individuals etc. All the above are also typically characterised as low-education/low-skilled.

The main activity of the programme was the development of a Vocational Multi-Disciplinary Assessment Centre. The Centre offers a comprehensive assessment of an individuals' needs. Based on it, a tailored training and employment/career plan is developed. The

¹ <https://www.smartlyproject.eu/>

² <https://jobsplus.gov.mt/schemes-jobseekers/vaste>

individual, in consultation with the programme advisor, was offered several training courses, such as...

- Pre-Employment Training is offered to four distinct groups: persons with intellectual difficulties, persons with physical/sensorial difficulties, persons with mental health challenges and other vulnerable individuals. Courses range from 50 to 100 hours of training depending on the training referred to.
- Basic ICT Training aims to provide clients with practical knowledge, skills and competences required to use ICT, use the Internet, send, and receive email and use Microsoft Word to prepare a Curriculum Vitae and covering letter. Through this training programme, the client also learns to identify and apply the correct practices and habits to work with ICT equipment safely.
- Sheltered Employment Training gives the opportunity to clients with intellectual or other severe disabilities to receive hands-on training in different tasks such as back office, assembly of products, packaging etc. The duration of this training is of 52 weeks, during which, clients work within groups assisted by Job Coaches. Skills such as work ethics, independent living, communication, and social skills are embedded within this programme. The main objective of this initiative is to offer maximum opportunity to those with severe or multiple disabilities, possibly instigating achievement from sheltered to supported employment.
- Headstart is a six-month programme offered by the Lino Spiteri Foundation with the scope of increasing work prospects within the labour market. The aim of the programme is to assist individuals in enhancing their competences related to employment. It simulates a work setting and is structured in a manner that helps individuals to improve relationships and social skills, understand work-related skills and procedures and foster workplace ethics.
- The VASTE Programme is also working to increase the number of work placements and employment retention of other vulnerable individuals. This is being achieved through Mentoring services which are being provided to clients prior and during employment as necessary.
- Throughout Supported Employment, the client is given training and re-training on the specific job tasks according to the individual's needs. Job Coaches are assigned to facilitate the integration of the individual at the place of work by the identification of a 'work buddy' who will volunteer to handhold the vulnerable individual on an ongoing basis to retain employment.

As a result of participation in the programme, 44% participants got a job within the first six months following the programme completion. The strengths of the programme include its

individualised approach to individuals, that focuses on a thorough assessment, a comprehensive package of services until an individual is employed, and a good design of training/employment programmes that fit the needs and preferences of different individuals. The training programmes include both basic skills, competences that are essential to empower an individual and skills that are in high demand on the labour market, especially in light of technological transformation.

In addition, the programme has been implemented in cooperation between the PES and the Lino Spiteri Foundation. The Foundation is a leading social purpose cooperative that employs persons with disability in collaboration with the private sector. This partnership drew on PES resources together with the experience and expertise of the corporate sector to create employment opportunities for persons with disability.

An additional important improvement was the creation of the webpage on the website of PES on which employers can register vacancies. The webpage provided a free platform for employers and employees, and supported the work of Jobsplus advisors that aim to facilitate the matching. In view of labour shortages, the PES pays specific attention to fast processing of migrant applications to obtain employment licenses.¹

One of the key challenges that some unemployed individuals in Malta have faced is a lack of formal qualifications. This applies to both locals and migrants. To address this, the Trade Testing System was put in place.

The Trade Testing System is aimed at assessing individuals who have acquired skills on the job or through general life experience but do not have formal qualifications. The System provides assessment of individuals' knowledge, skills and competences through interviews, portfolio analysis, theoretical and practical tests.²

Candidates who have successfully passed the tests are awarded a Certificate of Competence in that particular occupation. For those occupations that do not have an MQF (Malta Qualifications Framework) level next to the occupation title, the applicant needs to have at least one year experience in a given occupation. For those occupations that have an MQF level next to the occupation title, the applicant needs to have at least three years' experience in a given occupation. In addition, Jobsplus cannot allow candidates to sit for more than two assessments for different occupations within a calendar year.

¹ <https://jobsplus.gov.mt/resources/publication-statistics-mt-mt-en-gb/publications/annual-reports>

² <https://jobsplus.gov.mt/training-opportunities/trade-testing-system>

The System has had a positive impact on employability of individuals (both currently employed and unemployed). It was considered successful, due to efficient and effective assessment procedures and eligibility criteria, presented above.

5 Policies/instruments to support employers and employees during job transformation

Based on opinions of the stakeholders, the adoption of automation technologies in organisations has led to a significant job transformation effect in Malta rather to job displacement, given significant labour shortages. Thus, employers aimed to upskill/reskill existing staff members than focus on recruitment. Supporting employers and employees during the job transformation process has become one of the key objectives in local organisations. Such support has been delivered through business-oriented organisations, such as Malta Enterprise (i.e., in the form of advisory services, grants for training), employers' associations that influence policymakers, industrial clusters and the PES that provide consultations and training to both employers and employees.

In view of experts, the challenges of employers and employees in workplaces, especially following technological transformation, are rarely addressed by the policymakers. This is related to limited abilities to monitor and analyse organisational practices. Thus, the responsibility for addressing these challenges falls on organisations themselves. In case employers and employees are not given external support, many issues can be ignored. The experience of Malta has indicated the importance of raising awareness of workplace-related issues that has led to positive impacts for both employers and employees.

In 2013, Malta Employers' Association together with Richmond Foundation, an NGO that offers support to people experiencing mental health problems, have launched a project "MEA-EQUIP – Equipping SMES for a More Diverse, Equal and Inclusive Labour Market".¹ The project aimed to help employers through capacity building measures to research, learn and discuss how diversity, equality and inclusion makes business sense and is good for business, rather than being just a mere legal or social obligation. The activities of the project (i.e., informational and educational measures) focused on raising awareness on mental health issues in the workplace, supporting employee well-being and personal development, but also the success of businesses.

¹ <https://www.maltaemployers.com/equip-esf-project/>

Besides employers from various organisations, the project involved other stakeholders, such as the KNPD (Commission for Persons with Disability), NCPE (Commission for Equality) and relevant NGOs. As a result, the project led to more fruitful partnerships among key stakeholders in the field of employment and equipped MEA and employers to play a more effective role in social dialogue.

Among the success factors of the project are listed:

- Involvement of key and diverse stakeholders improved understanding of challenges faced by employers and employees and ensured lasting cooperation, support and commitment to diversity, equality and inclusion at workplaces;
- Discussion of the project and its results in various events, forums and in media drew the attention of a wider community of employers and employees to the project and to the topic in focus and stimulated the development of a more collaborative culture and climate in organisations. The project led to production of 6 social dialogue TV programmes to discuss the challenges and success stories of equality and inclusion in the business world;
- Based on project results, the employers' association has developed a concrete action plan and digital HR guidelines that were later distributed among employers;
- Malta Employers' Association set an example by introducing various infrastructural interventions to its premises, including the installation of a lift, the construction of new, suitable and fully accessible toilet facilities and the introduction of a flexible ramp, to make the place fully accessible, especially to wheelchair bound, persons with disability.

The PES in Malta has a strong focus on building relations with employers, as it is essential for providing timely and effective support to both employers and employees. To build trustful and long-term relationships, the PES allocates a dedicated member of staff to support a list of organisations with various requests. Such personalised approach has been considered very effective and efficient by PES staff and employers, employees. The support of the Jobsplus staff members includes a discussion of organisations' needs and challenges, advisory services and training support. The advisory services might include the suggestions of organisations/experts that could address specific needs, development of action plans or tailored training programmes.

Among the ALMP instruments that have been effectively stimulating both training and employment in Malta is highlighted the Free Childcare Programme.

The Free Childcare Programme, launched in 2014, is an initiative of the Malta's government that provides free childcare services to parents/guardians who are in employment or are pursuing their education, with the aim to help families achieve a work/life balance.¹ In light of technological and workplace transformation, the Programme supported upskilling/reskilling of employees with children.

The childcare service is either provided directly through government services or alternatively through Registered Childcare Centres. The services are offered to children between the three months and three years old.

The programme ensures a greater availability of time among parents that could be dedicated to training and employment. In addition, it lifts the financial constraints associated with childcare services and stimulates female participation on the labour market. In 2022, more than 8,000 children have been benefiting from this programme, which costs about 31 million EUR per year. The PES in Malta report that the programme had a strong positive impact on employability among women, allowed many young parents to complete education/training and addressed the skills needs of many employers.

The success factors of the programme include its good design that recognises that individuals with children need support to find and undergo relevant training, and to find suitable employment.

The technological development and transformation in organisations also opened new opportunities for more inclusive labour markets. This is illustrated through the “Facilitating Work Life for Individuals with Disability” programme.

The programme “Facilitating Work Life for Individuals with Disability” has been developed in Malta in response to low employability among individuals with disabilities and technological transformation of workplaces.² It was suggested that besides leading to job displacement, technologies could also contribute towards the inclusion of this population group on the labour market. Thus, the programme provided a grant to purchase technologies/equipment that will make the workplace more accessible to employees with disabilities. The grant covered 90% of incurred eligible costs to a maximum of 10 thousand EUR per project.

¹ <https://jobsplus.gov.mt/free-childcare>

² <https://www.maltaenterprise.com/node/1785>

The programme has been very successful, due to its wide promotion by PES among both employers and individuals with disabilities, and substantial financial support for adaptation of the workplaces.

6 Lessons learned

Stimulation of innovative and inclusive job creation, powered by automation technologies:

- A small economy benefits from FDI and openness to international trade of goods and services, as it gets access to larger markets, becomes integrated into the global/regional value chains and benefits from the exchange of ideas and resources. However, it is essential to design conditions that will strengthen the local economy and capabilities from unfair competition and direct the foreign resources towards strategic areas of the local economy. The latter suggests that the policymakers should have a good plan of economic development and deployment of innovation.
- Full employment should not be considered the primary goal for policymakers. It is essential to address labour shortages and skill mismatches, as they may limit the economic potential and opportunities associated with technological transformation.
- To attract investors, the Maltese policymakers have offered advantageous tax schemes, modern business infrastructure, competitive labour costs, English-speaking workforce, citizenship of Malta, and favourable conditions for living due to climate.
- Malta Enterprise has been charged with the mission to attract new foreign direct investment and to facilitate innovation and growth of already existing industries/organisations. By appointing one organisation a specific mission, it is more likely that it will be completed, as responsibility is not diluted across several organisations, leadership is expected, and knowledge/resources accumulated internally enhance efficiency and effectiveness. However, the key factor that determines success of such an organisation is the skills and motivation of individuals/experts employed at such organisation.
- Collaboration between business organisations and research/knowledge organisations can be mutually beneficial. Business organisations capitalize on expertise of research/knowledge organisations to introduce innovations, while the latter can improve the quality of education/research. For many research/knowledge organisations, the motivation to join collaboration is generally low, while business organisations lack resources for innovation. Hence, public incentives should be provided to stimulate collaboration.
- Innovative job creation in Malta is driven by industrial parks and business zones/hubs. The ecosystem approach ensures that the job creation effect occurs across many industries and leads to greater structural transformations of the economy. The

ecosystem approach has proved effective, as it focuses on collaboration between the stakeholders that leads to greater synergies, efficiency, larger investments, and benefits for multiple actors.

- High quality education across all levels is essential to ensure availability of labour to support innovation and job creation.

Prevention and mitigation of job displacement, following adoption of automation technologies:

- A rapidly developing economy, especially if it experiences labour shortages, absorbs almost all labour resources. Thus, it might mask a strong association between the levels of education/skills and employability.
- Job displacement associated with technological transformation might not affect the general approach of the ALMP or its measures, as, regardless of the cause of unemployment, the PES activation services should be effectively supporting re-employment of people.
- The PES and ALMP policies/instruments in Malta focus on activities that address all three effects associated with technological transformation on the labour market (i.e., job displacement, job transformation, job creation). This highlights that the ALMP policy is designed to account for current and future industry needs. At the same time, many ALMP measures that are not directly related to technological transformation are considered essential by PES, as they address more fundamental needs of employed and unemployed individuals. The vulnerable groups have many (individual, structural) barriers that prevent them from being re-employed. Thus, ALMP measures should remove as many of these barriers as possible.
- A more personalised, assessment-based and tailored approach of PES is more resource-intensive, but also more effective. It focuses on strong collaboration and consultations between employers, employees and PES, and aims to address the causes of un/under-employment or a lack of fulfilment at work.
- The training programmes for vulnerable groups should not focus only on most relevant skills for the labour market. Instead, first, the PES should remove barriers that vulnerable people have before providing most relevant skills.
- Hands-on and on-the-job trainings are more effective than theoretical classes, especially as individuals are able to interact with potential/current employers and employees in a working environment, and such trainings typically reactivate the long-term unemployed, as people typically enjoy social interaction.
- To learn about best practices in the implementation of an instrument it is advisable to launch it across geographies (i.e., countries, regions) and compare why and how specific results have been achieved.
- The development of the webpage on which employers can register vacancies free of charge can support the unemployed, employers and facilitate the work of PES.

Supporting employers and employees during job transformation, following adoption of automation technologies:

- The adoption of automation technologies in organisations is likely to lead to a significant job transformation effect rather to job displacement, given significant labour shortages. Thus, the policymakers should support employers in upskilling/reskilling of existing staff members.
- In Malta, the support during technological transformation is delivered through business-oriented organisations, employers' and industry associations.
- The challenges of employers and employees in workplaces, especially following technological transformation, are rarely visible and addressed by the policymakers. Thus, the organisations that represent employers and employees should raise awareness of workplace-related issues and possible solutions. The effectiveness of such information/knowledge-sharing activities depends on engagement of relevant and committed stakeholders that will engage in lasting cooperation, wide dissemination, development of concrete actions, and leadership on implementation of actions.
- The allocation of a specific PES staff member to an organisation supports the development of lasting and trustful relations that yield positive results for employers and employees.