

Enhancing Female Participation in the Labour Market

Proposals for the Budget 2012

1.0 Introduction

During the past decade female participation in the Maltese labour continued to edge upwards, though the employment ratio still remains distantly behind the EU-27 average. Nonetheless, when female participation is segmented by age cohorts, Labour Force Survey figures indicate that the female employment ratio remains short of EU targets because of the low participation by those of age forty or higher. However, it is worth mentioning that significant improvements were registered among the young aged cohorts. In fact, Malta managed to surpass the EU-27 female participation average in the 25-29 age cohort and registered the highest increase (20 percentage points) across the 30-34 age bracket (see figures 1 and 2).

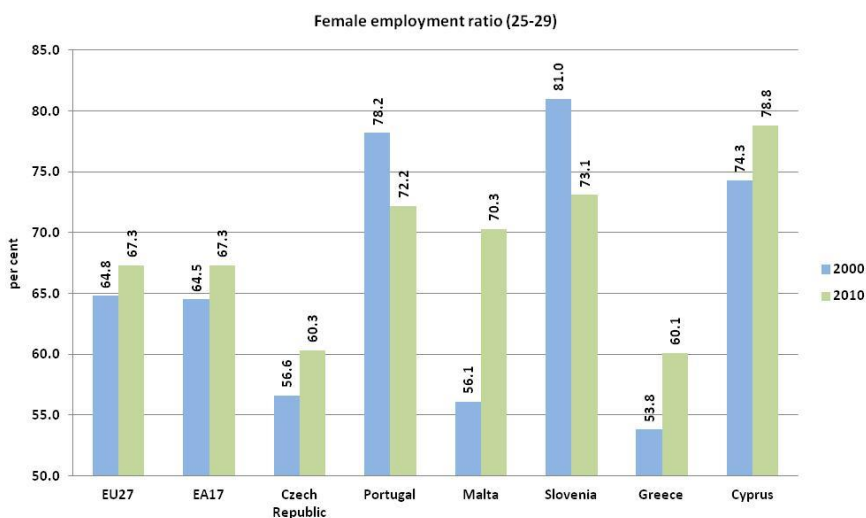


Figure 1

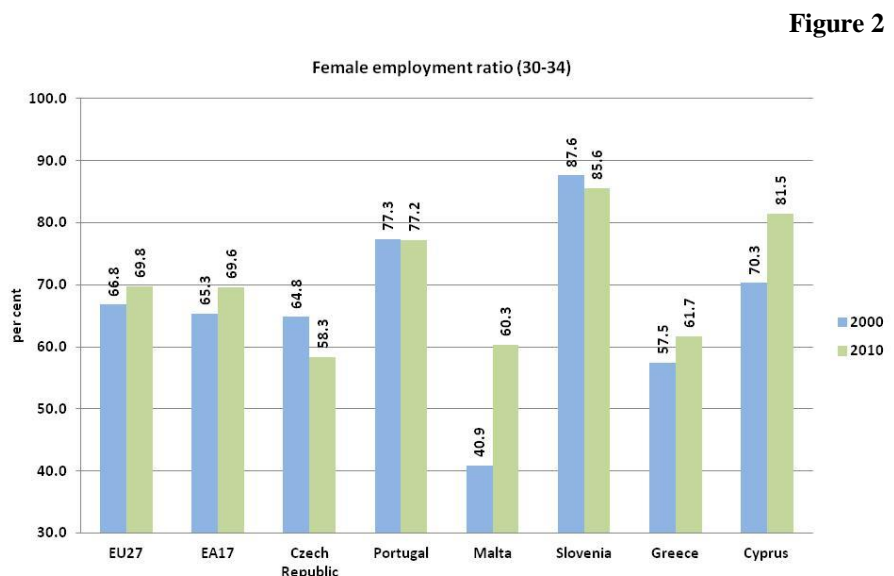


Figure 2

2.0 Work-life balance

Despite the encouraging results, official figures indicate that females (though at a lesser rate than past years) are still dropping out of the labour market after giving birth to their first child. This happening is hindering the female employment ratio from increasing at a faster pace. While the younger generation embrace a different attitude to work than the previous one, they still face a trade-off between a career-oriented life and raising up children. Results published by the European Working Conditions Observatory confirm this statement. The increase in participation of young aged females brought about a higher level of stress among families. According to published results, the number of females that fail to strike the right balance between work and family has doubled between 2000 and 2005, only to recover slightly in 2010 (see figure 3).

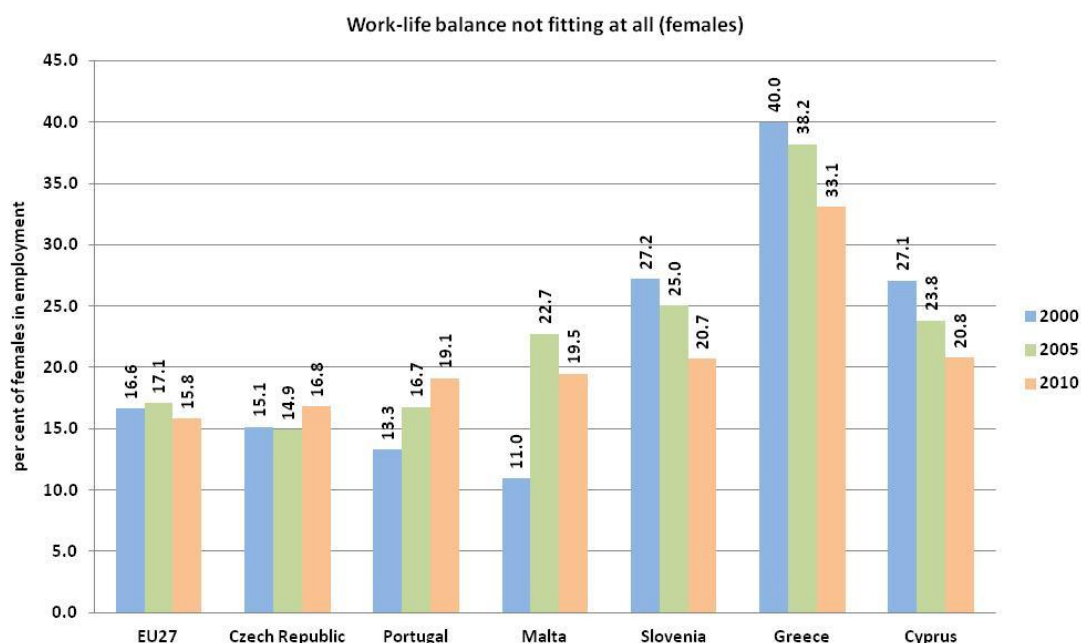


Figure 3

3.0 The effectiveness of family friendly measures

One way females have responded to their needs of matching the appropriate work-life balance is by seeking employment with the government. During the last ten years the government enacted various measures to curb the burden of the public sector on the economy, in fact the public sector male employment population decreased by over 10,000, while female employment increased by 2,700 (see figure 4). This amount represents 30% of the share of the total increase in female employment between 2000 and 2010. In a nutshell, the share of females in the public sector shot up from 5 out of 20 in 2000, to 8 out of 20 in 2010 (see figure 5). On the other hand the distribution between male

and female employment in the private sector remained fairly stable at 70% and 30% respectively. The significant number of females finding employment with the government can be interpreted as a sign that the public sector is one of the most ideal employers for females.

On a different note, but worth mentioning is the fact that almost 97% of the increase in the gainfully occupied population between 2000 and 2010 were females. This figure is very important because it indicates that most of the new economic activity generated in the past years was as a result of new females entering in the labour market.

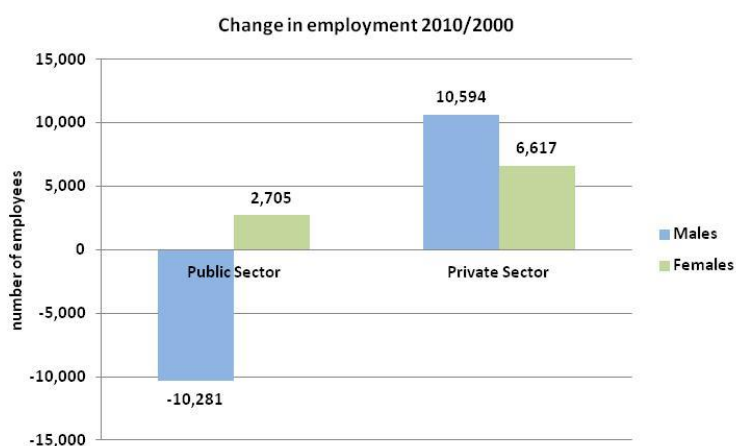


Figure 4

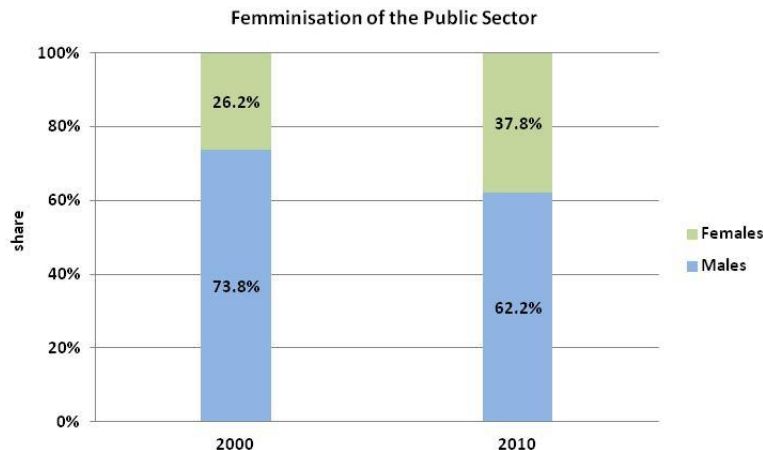


Figure 5

4.0 Proposals for encouraging non-active females to join the labour market

According to figures published by Eurostat, Malta's female participation rate is inferior to the EU-27 average because of lower employment levels among those females who hold a Post-secondary level-of-education or lower. The highest difference in employment is found among those with a lower-secondary education level or lower. The reason behind lower employment figures in Malta

may be attributed not only to the possibility of lack of opportunities but perhaps to the fact that ‘work does not pay’ (see figure 6).

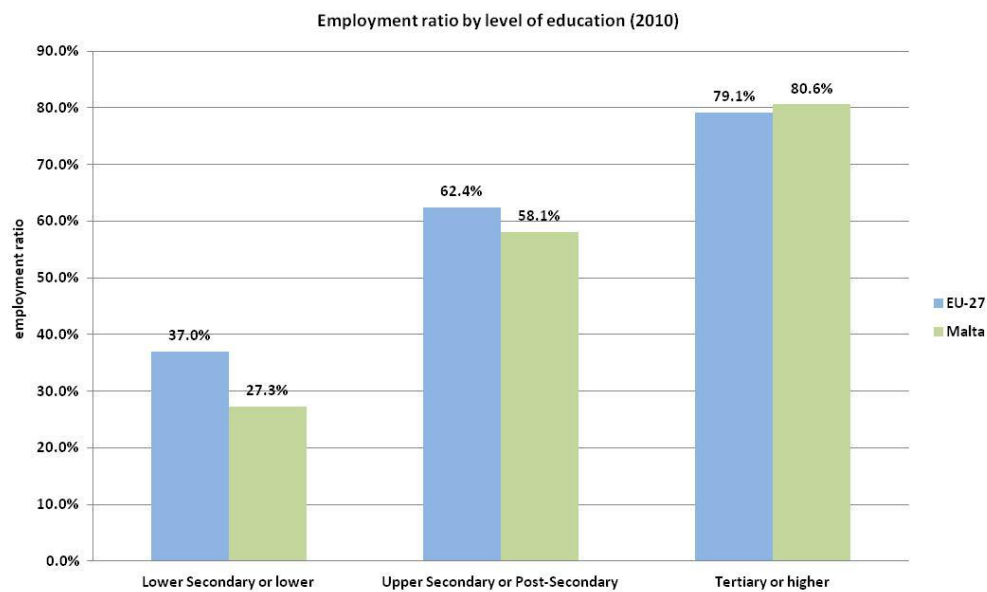
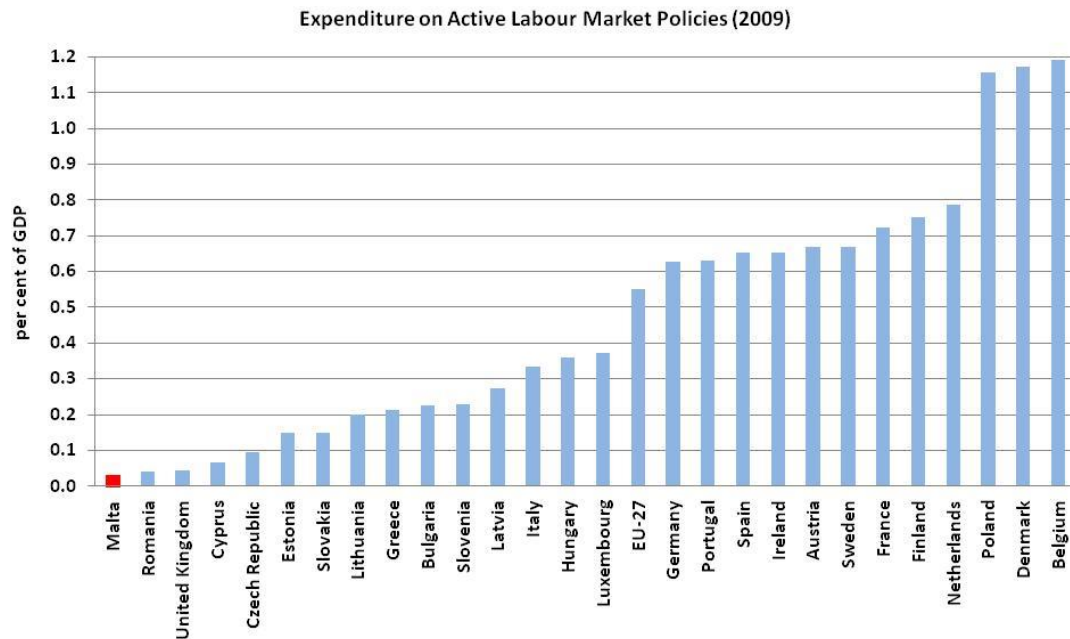


Figure 6

In view of these findings, it is suggested that for the upcoming budget the government considers the implementation of the following proposals:

- It is evident that females are facing difficulties to find the desired work-life balance. The outstanding increase in female employment within the public sector highlights the need to encourage the introduction of more family friendly measures (where applicable) to employees in the private sector.
- As mentioned above, unless more females with ‘lower’ education levels opt to enter into the labour, Malta’s female participation will remain low in the medium-term. One way of boosting this rate is by spending more resources in education and training. Eurostat figures show that Malta is the Member State with the least amount of expenditure on labour market policies as a share of GDP.



- For labour market policies to be successful, resources should be designed in such a way to target specific groups. Empirical evidence from the UK and the Netherlands shows that it is more cost-effective to provide education training to young females as part of a ‘human capital’ building exercise that enables longer job retentions in future. On the other hand, research shows that training in new skills is more appropriate for ‘older’ females.
- Existing and new educational and skills training courses should be thoroughly reviewed by a board of appointed experts to ensure that the quality of training satisfies the industries’ demand. A report compiled by the National Audit Office in 2006, highlights the need to encourage the up-take of more specialised courses rather than just mandatory basic ones.
- Female participation is also hindered because of the poverty-trap. Due to the benefit structure, single unmarried parents do not consider taking up work as an option. This is because after a pre-established ceiling is reached, beneficiaries start to lose up €1 of benefit for each €0.90 they earn (€0.1 is paid in social contributions). The introduction of a taper system similar to the one employed in the UK can be a positive step forward in reducing the disincentive to work.
- The female participation among those with secondary education or lower is low because the opportunity cost of being out of the labour market is small. Continental and Nordic Member States encourage the take-up of low paid jobs by providing ‘in work tax credits’. In work tax

credits are a form of negative income tax paid to all those who fall under a pre-established income and capital threshold and are working. These tax credits can be paid out in instalments and carry premium payments for those who continue working for periods longer than 3 years in order to encourage long-term participation. This system works out the same way tax credits were given to those who joined in the labour force after several years of inactivity. The only shortcoming of the scheme was that those females who enrolled in a low paid jobs did not qualify for any incentive.

- Labour Force Survey statistics indicate that the female employment ratio declines sharply for females over thirty years of age. In part this may be due to child rearing responsibilities. The provision of additional and free child care services could possibly encourage females to enter work or work longer hours. In addition, the government can incentivise single unmarried parents to undertake training and help out in the running of such centres in return for monetary compensation.
 - The government should explore the possibility of providing the necessary assistance to the formation of worker co-operatives. Co-ops are not only the ideal way of pooling labour resources together but also provide an element of flexibility among the participants. In doing so the government does not only help to foster employment but may also benefit from lower procurement costs.
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