

GRDA NOTE



Female Employment A Regional Analysis

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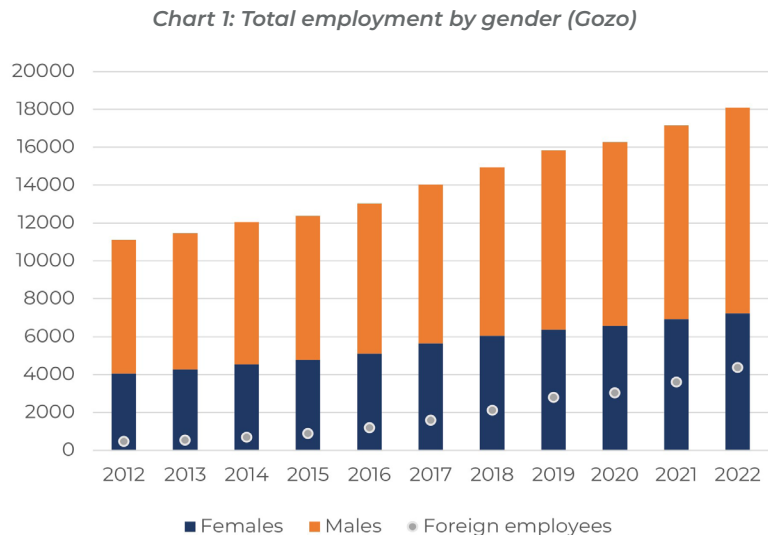
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Female Employment

A Regional Analysis

Introduction

The labour market in Gozo has experienced a number of changes over the last decade, both in terms of its composition and its overall size. These notable shifts can be primarily attributed to the robust economic performance observed during this period, as increased economic activity generated a heightened employment demand. The surge in labour demand was addressed through an influx of foreign workers and an upswing in female participation in the labour market (see Chart 1). These developments were similar to those observed in mainland Malta, however, the labour market in Gozo still maintains a number of unique characteristics that, in many aspects, distinguish it from that of mainland Malta.



Data Source: Jobsplus.

Given the recent changes in employment trends on the island of Gozo, including the notable increase in female participation in the workforce, this note aims to outline the observed developments and the underlying factors driving them. The next section of this note offers a detailed examination of Gozitan females in employment, with a particular emphasis on the most recent developments including an overview of the key drivers responsible for the observed shifts in female employment patterns.

Stylised Facts

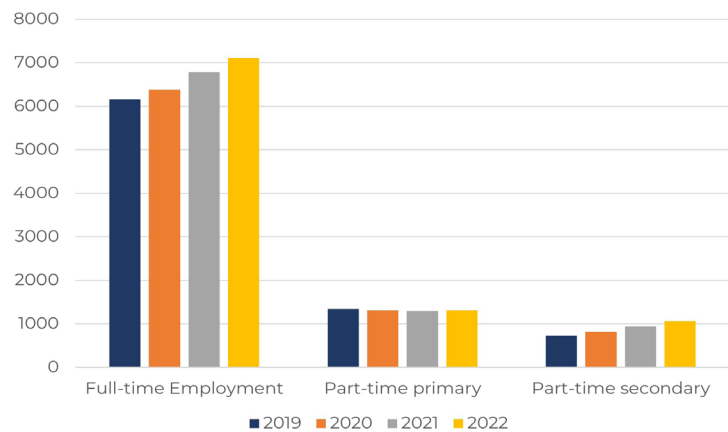
Recent developments in female employment

According to the latest regional employment figures published by the National Statistics Office, the number of female Gozitan residents in employment, full-time and part-time primary, stood at 8,432 which is equivalent to 41.9% of the number of Gozitan residents in employment.

Over the past few years, the number of employed women residing in Gozo has risen, surpassing pre-pandemic levels despite the pandemic's effects. This increase mainly emanated from a rise in

full-time employment which rose by 955 individuals or 15.5% (see Chart 2). Meanwhile the number of part-time primary employment declined slightly. With regards to the type of employment, 84.4% of employed Gozo residing females worked on a full-time basis, while the rest worked on a part-time primary basis. Meanwhile the number of Gozitan females working in part-time secondary employment reached 1,064 as at end 2022, an increase of 46.0% over the pre-pandemic period.

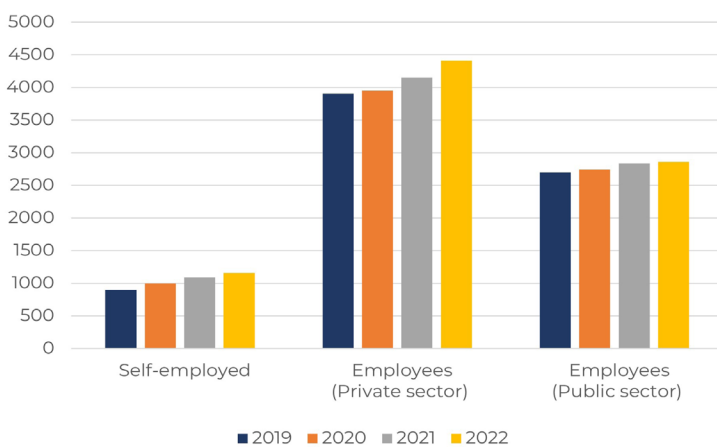
Chart 2: Total employment in jobs by place of residence and type (Gozo, females)



Data Source: NSO.

The majority of employed women residing in Gozo were engaged with the private sector. In 2022, out of the total employed Gozo residing women, 4,410 or 52.3%, were working in the private sector (refer to Chart 3). This reflects an increase of 504 individuals or 12.9% compared to the levels observed in 2019. On the other hand, 33.9% of employed women residing in Gozo were engaged with the public sector. The remaining 13.8% of women in the labour market were self-employed, marking a notable increase of 28.6% compared to pre-pandemic levels.

Chart 3: Total employment in persons by place of residence and sector (Gozo, females)



Data Source: NSO.

Data from the Labour Force Survey, which demonstrates the distribution of females by occupation, shows that in 2022, 29.0% of Gozitan female workers worked as professionals, 27.0% worked as in services and sales, while 11.0% worked as clerks. In 2022, the share of female workers in elementary occupations and as associate professionals stood at 11.0% and 9.0% respectively, while the share of females employed as managers stood at 8%. Despite the relatively low share of females employed as managers it is also worth mentioning that the number of females employed as managers in Gozo rose from by 259.0% over the 2015 to 2022 period.

As at end of 2022, the number of females employed in Gozo stood at 6,253. The number of women engaged in employment in Gozo has increased substantially in recent years, reflecting the region's robust economic growth and the resulting buoyant labour market environment. Indeed, between 2015 and 2022, the number of females employed in Gozo surged by 50.2%. This notable growth can be largely attributed to a significant increase in full-time employment, particularly within the private sector, where the number of female employees surged by 106.6%.

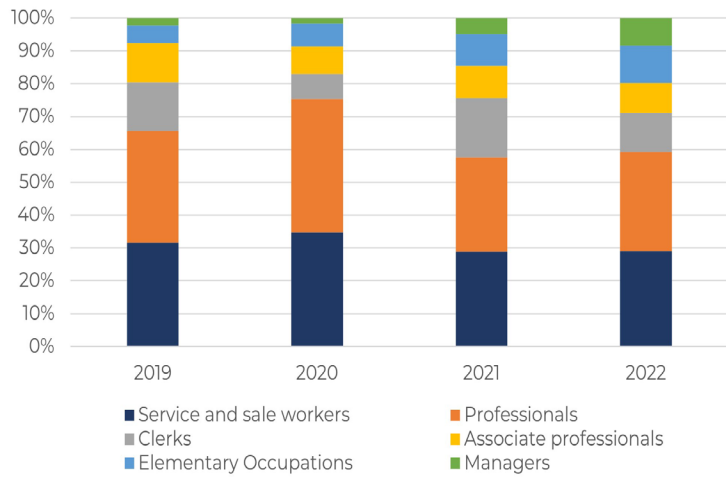
Female employment by place of work

As at end of 2022, the number of females employed in Gozo stood at 6,253. The number of women engaged in employment in Gozo has increased substantially in recent years, reflecting the region's robust economic growth and the resulting buoyant labour market environment. Indeed, between 2015 and 2022, the number of females employed in Gozo surged by 50.2%. This notable growth can be largely attributed to a significant increase in full-time employment, particularly within the private sector, where the number of female employees surged by 106.6%.

This surge was primarily driven by an influx of foreign female workers.

The growth in female employment during the 2015 and 2022 period also outpaced that of males, leading to a 1.5 percentage point increase in the share of females to total employment in Gozo. As a result, the share of females to total employment reached 40.0% by 2022, in line with the average registered in mainland Malta. Additionally, there was a noteworthy increase in the number of women engaged in part-time secondary employment, which saw a significant rise of 129.3%.

Chart 4: Distribution by ISCO and place of work (Gozo, females)

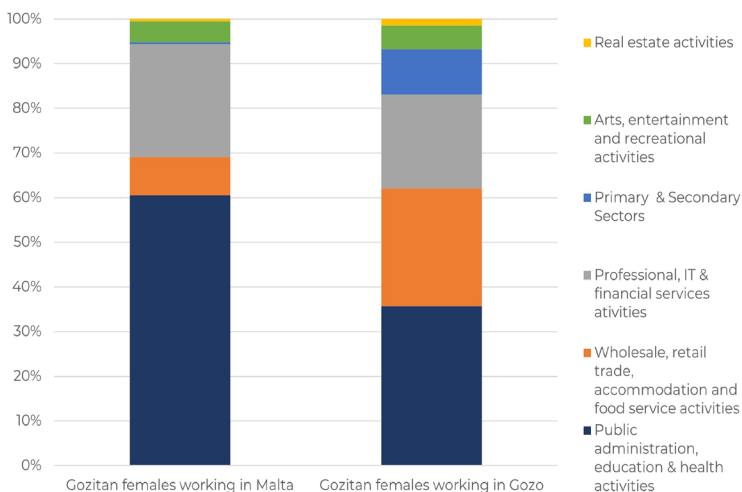


Data Source: NSO.

Regarding employment by sector, the services sector is the primary employer of women in Gozo. This sector predominantly encompasses activities such as education, healthcare, wholesale and retail trade, as well as accommodation and food services.

Gozo exhibits a notable annual graduation rate, particularly in comparison to other regions in Malta, especially at the higher MQF levels. During the 2020/21 academic year, 502 individuals from Gozo successfully graduated at MQF levels 6, 7, and 8, with females constituting a significant majority at 72.1%. Notably, there was a substantial number of female graduates from Gozo at MQF level 6, reaching 249 individuals, which accounts for 14.1% of the total female graduates at that level. This statistic is quite remarkable considering the relatively small population of Gozo. Nevertheless, Gozitan graduates, both male and female, have encountered challenges in securing job opportunities, especially in high-skilled roles, given the structure of Gozo's economy. Consequently, a significant portion of individuals choose to commute to mainland Malta for work-related purposes. In fact, as at end 2022, 25.8% of Gozitan female employees worked in Malta. Primarily,

Chart 5: Share of Gozitan female employees, by sector & place of work (% , 2022)



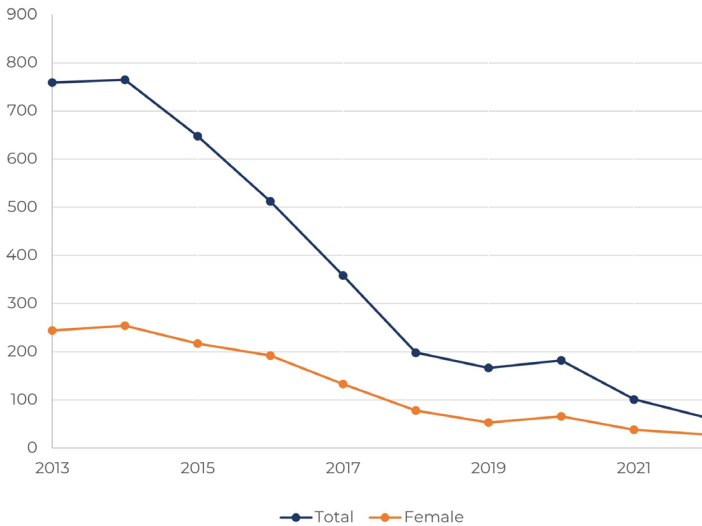
Data Source: NSO and GRDA calculations.

of public administration, healthcare and education activities (see Chart 5). However, there has been an emerging trend in recent year, where more females are finding employment in Malta within the professional, scientific, financial and insurance services sectors.

Registered Unemployment

The buoyant labour market environment also led to a sharp decline in the number of Gozitan individuals seeking employment. In

Chart 6: Registered unemployment (Gozo)



Data Source: NSO.

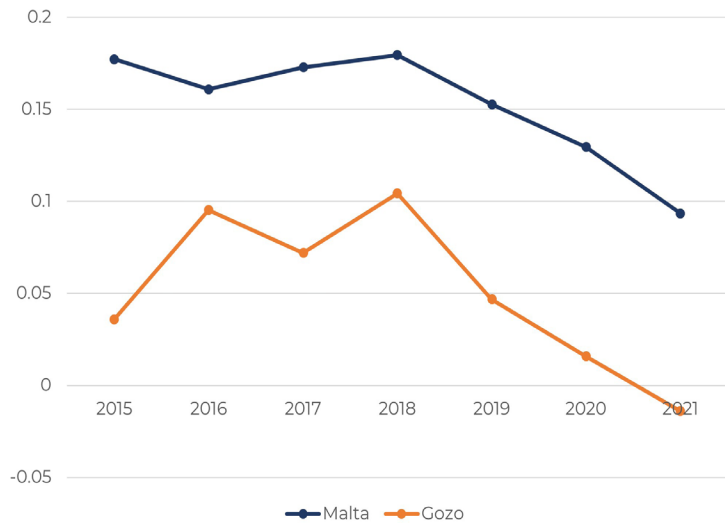
wage supplement scheme, which for Gozitan enterprises was more generous.¹ The low number of registered unemployment was evident across both males and females. By end of 2022 the number of Gozitan females that were registering for work amounted to 28 individuals, a decline of 216 individuals or 771.4% when compared to the number registered a decade ago.

fact, as at end of 2022 the number of Gozitan individuals registering for work reached record low levels (see Chart 6). Registered unemployment also remained relatively low during the pandemic, as although it increased slightly in 2020, it declined in the following year to lower levels than those registered prior to the pandemic. This mirrors the number of fiscal measures introduced by the Maltese government to mitigate the negative economic effects of the pandemic. In particular, this includes the introduction of the

Gender Pay Gap

Although fluctuating, regional-level data indicates an underlying downward trend in the gender pay gap in Gozo, in line with national trends (see Chart 7). In fact, the gender pay gap in Gozo has exhibited a significant decrease since 2018, reaching a mere 2.0% in 2020. Remarkably, in 2021, Gozo experienced a historic milestone as the gender pay gap turned negative, signifying that, on average, women in Gozo earn more than their male counterparts.

Chart 7: Gender Pay Gap



Data Source: NSO.

In contrast to mainland Malta, Gozo boasts a lower gender pay gap. One contributing factor to this disparity appears to be linked to the composition of economic activities and the prevalence of the manufacturing, wholesale and retail sectors in Gozo's employment landscape. Notably, these sectors exhibit a smaller discrepancy in average basic salaries between males and females at the national level.²

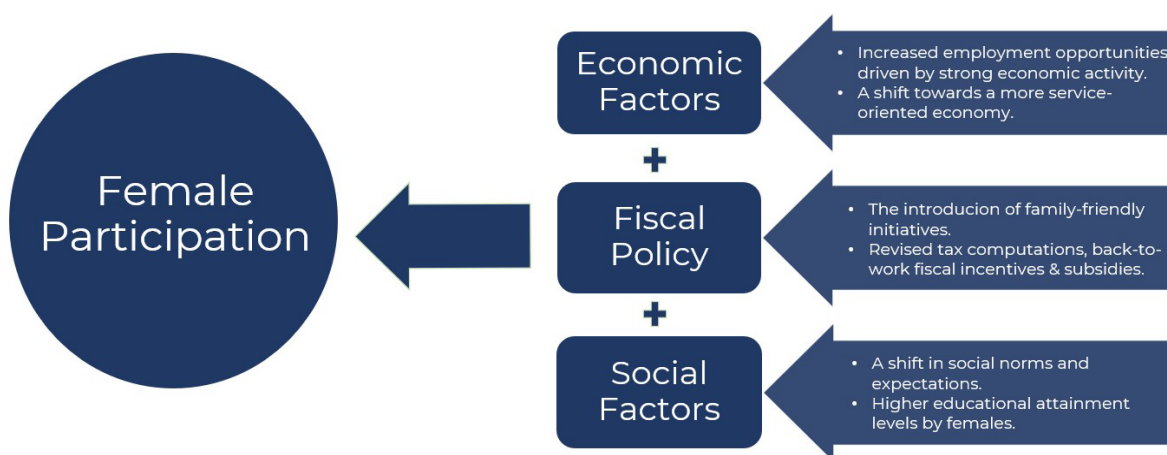
¹ For a more detailed description of the fiscal measures introduced by the Maltese government during the pandemic see: <https://grda.mt/wp-content/uploads/2021/11/Note-on-Pandemic-Impact-on-Gozo-Economy-Final-Version-.pdf>.

² For more information see: <https://grda.mt/wp-content/uploads/2023/01/Employment-Skills-in-Gozo.pdf>.

The factors behind the changes in female employment trends

As outlined in the previous section of this note, the number of Gozitan women in employment has increased significantly. The observed increase in female participation can be attributed to various factors, including the implementation of numerous government measures and initiatives aimed at encouraging and facilitating women's employment, the registered economic growth, the diversification of Gozo's economy as well as a cultural shift.

Figure 1: Determinants of change in female participation



Data Source: GRDA.

i. Economic factors

After experiencing a period characterized by slow economic growth, Gozo has undergone a remarkable resurgence in economic activity over the past decade. From 2011 to 2021, Gozo's real economic output exhibited an impressive average annual growth rate of 5.2%. At times, this growth even surpassed that of mainland Malta. This contrasts the development observed in the preceding decade, where Gozo's real economy, on average, registered a slight decline of 0.1%. This substantial boost in economic activity in Gozo translated into a heightened demand for jobs, as the number of job opportunities increased significantly while registered unemployment reached record low levels. This increase in employment was met by an influx of foreign workers coupled with a significant increase in female employees driven by higher female participation rates.³

Moreover, over the past two decades, Gozo's economy has been shifting away from its traditional reliance on the primary sector and tourism towards a more service-oriented economy. Specifically, there has been a significant rise in high-skilled sectors including the professional, scientific, technical, information, financial, insurance and communication sectors. Indeed, the share of these sectors to Gozo's total GVA rose from 8.5% in 2000 to 20.4% by end of 2021. This gradual transition to a service-based economy has created more employment opportunities for women in Gozo.

³ For a detailed overview of the recent foreign employment developments in Gozo see: <https://grda.mt/wp-content/uploads/2021/11/Foreign-nationals-employed-in-Gozo-09.11.21.pdf>.

ii. Fiscal policy

However, the rise in female workforce participation in Gozo cannot solely be attributed to economic factors. It also reflects the impact of several family-friendly initiatives. As outlined by Micallef (2015), government measures have played a pivotal role in facilitating greater female participation in the labour market.⁴ These measures encompass back-to-work fiscal incentives for women, revised tax computations, extended maternity and adoption leave, and the introduction of an In-Work Benefit, which was later expanded to top up the income of single-earner households while still providing a strong incentive for the second earner to join the workforce (Bugeja et al., 2016).⁵ In 2014, the government implemented free childcare for all, aimed at assisting families in achieving a better work-life balance. Additionally, initiatives such as 'Klabb 3-16' and the Breakfast Club have enhanced flexibility for working parents. Beyond these initiatives, various measures have focused on improving basic skill attainment and reducing early school dropout rates, ultimately strengthening the employability prospects of those entering the job market. Moreover, the growing prevalence of flexible work arrangements, including teleworking and remote work, particularly during and after the pandemic, may also have influenced more women to seek employment opportunities.

iii. Social factors

Besides the various government efforts directed at encouraging greater female involvement in the workforce, the increase in female participation rates is also intertwined with the evolving role of women within society. This shift is characterized by increasing educational achievements alongside changing societal expectations (Grech, 2015).⁶ The influence of higher educational attainment levels is particularly evident, often resulting in a swifter return to work after childbirth. Changes in labour force participation could also have been impacted by developments in the housing market. The rise in housing prices and, more broadly, the surge in household indebtedness may have both mirrored and reinforced the trend towards higher rates of female workforce participation.

Concluding remarks

Despite improvements in the labour market, Gozo continues to experience a higher rate of inactivity among individuals of working age compared to mainland Malta. This inactivity rate, which includes individuals who are not employed, unemployed, or not pursuing further education, has seen a gradual decrease in recent years but remains relatively high. This is primarily due to lower female participation rates. In fact, according to GRDA estimates, the inactivity rate in Gozo as at the end of 2021 was approximately 21.0%, with females experiencing a higher inactivity rate than males, which was around 28.0%. Gozo's inactivity rate was also higher when compared to mainland Malta with an estimated activity gap of approximately 3.0 percentage points. While it's possible that some of this divergence derives from unreported economic activity, these figures suggest that there is an opportunity for policy measures to engage underutilized human resources, particularly women, in order to enhance Gozo's potential for economic growth.

⁴ Micallef, B. (2015). Estimating the impact on potential output of structural reforms to increase the female participation rate.

⁵ Bugeja, S., Mifsud, C., & Saliba, P. (2016). Research Note: Illustrating the distributional implications of measures from the 2016 Budget for Malta (No. EM12/16). EUROMOD Working Paper.

⁶ Grech, A. G. (2015). The evolution of the Maltese economy since independence.



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