



Consultation Document on the local challenges encountered by workers in the Tourism Industry

Proposals and Suggestions
from the Local Councils Association



**Assocjazzjoni
Kunsilli Lokali**

Local Councils' Association Malta

© Local Councils' Association Malta, 2023.
Document images are cited by source.

Local Councils' Association Local Government Building Local
Government Road Marsa Malta
T. +356 25968000
E. lca@lca.org.mt
www.lca.org.mt

Consultation Document on the local challenges encountered by workers in the Tourism Industry

Proposals and Suggestions
from the Local Councils Association

Contents

Introduction	04
The issue in context	05
Where are these workers originating from ?	07
Which are the pressing issues?	08
Government's proposals	09
What is the way forward?	10
Conclusion	11



INTRODUCTION

The tourism sector undeniably serves as a cornerstone of Malta's economy, playing a pivotal role in generating employment opportunities for both direct and indirect workforce. The profound impact of the global crisis brought about by the COVID-19 pandemic served as a stark reminder of the industry's vulnerability to external forces. Thus, it becomes paramount for us to adopt a sustainable and forward-looking strategy. Within this framework, each decision carries significant economic implications, and considering Malta's competition with various markets, it is essential to make well-calculated choices rooted in clearly defined action plans.

On the contrary, impulsive decisions only exacerbate the existing challenges and further deteriorate our circumstances. It is vital to recognize that prudent decision-making in this sector is a linchpin in preserving its health and resilience, given its importance to our nation's economic well-being. By adhering to this structured approach, we can better navigate the intricate landscape of the tourism industry and ensure that our actions not only mitigate challenges but also promote long-term sustainability and prosperity.



THE ISSUE IN CONTEXT

Until a few years prior to our nation's independence, the significance of developing the tourism industry, both as a social and economic driver, was fully acknowledged as crucial for our country's prosperity. As a result, both local and foreign entrepreneurs took it upon themselves to enhance this sector. The number of hotels, restaurants, and various other establishments proliferated not only across Malta but also to some extent in Gozo. This expansion brought about employment opportunities, providing a source of livelihood for numerous Maltese families.

However, it is important to note that this burgeoning industry remained largely unregulated, permitting virtually unrestricted access to anyone interested in participating. This lack of specific skill and knowledge prerequisites resulted in the employment of workers who were not adequately qualified. Furthermore, the hospitality sector, in particular, operated with minimal oversight and allowed for entry without stringent guidelines.



In recent times, there has been an increasing recognition in the hospitality industry of the crucial importance of having highly trained and qualified personnel to provide exceptional service. While some employees have traditionally received training while working, educational institutions like the Institute of Tourism Studies have taken the proactive step of providing accredited programs designed to benefit both experienced and inexperienced workers. Businesses that have placed a strong emphasis on investing in the improvement and expertise of their staff have, without a doubt, set themselves apart. Their dedication to cultivating a highly skilled workforce has not only drawn top-quality talent but has also created significant avenues for career advancement. Hotels and businesses in the hospitality industry that boasted highly skilled and well-trained staff significantly distinguished themselves. Moreover, these establishments naturally attracted top-tier talent, as individuals recognized that career advancement in such environments was promisingly swift.

Reflecting on the past, it's evident that many of these institutions established dedicated departments for employee development and training, allocating substantial resources to ensure that employees at all levels received proper nurturing. In recent years, each administration has also made substantial investments to secure the recruitment of high-achieving students. These initiatives have yielded positive outcomes, though there is an ongoing commitment to achieving even better results.



In summary, institutions with excellently trained personnel who prioritize employee development and talent recruitment have thrived in the hospitality sector, offering promising career growth opportunities and continually striving for excellence. In recent years, the investment in this sector has been unprecedented. We have witnessed significant advancements, with larger hotels and establishments, more modern, and impeccably equipped facilities. It's noteworthy that the standard of these facilities and their products now stands on par with international standards.

This achievement can be attributed in part to the strategic approach that has led to the presence of global brands in Malta or their adoption of the Maltese franchise model.

While all this was taking place, Malta also experienced significant social development, contributing to an increase in social mobility. Until a few years ago there was no difficulty when one needed to identify the necessary workforce and talents required to operate, however, in a short period of time, there has been a noticeable decrease in such resources to guarantee efficient operations.

One of the proposed solutions was to increase the reliance on foreign workers, some highly skilled, others less so, and some with qualifications while others lacked any formal qualifications. In recent years, the influx of foreign labour in this sector has significantly impacted Maltese workers. This raises the question: What is the underlying issue that needs to be addressed?

Are there too many foreign workers in the sector? Are these workers not adequately qualified? Are they performing tasks that are not suitable for them? Is there an excessive influx of such workers arriving and leaving prematurely? Are these workers not proficient in Maltese and sometimes struggle with English? Are we not accommodating them in the same manner? These are several pertinent questions, all of which need to be carefully considered and addressed. Undoubtedly, there is more than one issue at hand, and, therefore, more than one solution should be sought.



WHERE ARE THESE WORKERS ORIGINATING FROM ?

To the advantage of both the nation and the economy, these foreign workers play a pivotal and intricate role in joining the workforce from various origins. It is crucial for individuals to understand the sources and understand how to anticipate the optimum workforce. To make this feasible, it is imperative for all stakeholders to collaborate and sing from the same hymn sheet. It should not be disregarded that a substantial number of Maltese workers likely remain in the sector where most probably some presently occupy supervisory and managerial roles. On the contrary the operational workforce is predominantly comprised of foreign workers.

One of the main sources of workers is being channelled from the hoteliers and the owners of various establishments themselves. Years ago, these same owners were desperate to recruit workers and later decided to have foreign workers recruited directly by themselves from abroad. International branded hoteliers were at an advantage compared to others and such a decision to recruit foreign workers first and foremost served to alleviate the labour shortage they were experiencing. As a result, these companies were able to continue operating without any significant disruptions.

Meantime larger and more modern hotels and establishments that required a significant number of employees mushroomed and at this point, where the demand exceeded the supply of workers, a significant shortage emerged. This employee shortage was addressed by both locals and foreigners who realized there was a growing commercial niche. During this period, the number of foreign workers increased. The quality focusing strategy was distorted at this point and priorities were set around the urgent need of highly skilled workers rather than the abundance of competent ones. Some of these same workers took advantage of relatively temporary employment, facilitated by visas that allowed them to move around in European countries. In no time employers and establishment owners found themselves in a continuous cycle where they had to ensure a return depending on their investment in terms of workers, including foreign workers, who continued to work on a temporary basis.

Concurrently there were private institutions that, in a more intensive and deliberate manner, were collaborating with Maltese and foreign students to prepare them for entry into the hotel working industry. Although, in principle, these aimed to provide high-quality workers, they had limited success because the industry faced a critical bottleneck. In fact, many of these establishments often had to lower their standards to hire less qualified workers in order to continue offering their services.

WHERE ARE THE PRESSING ISSUES?

A significant societal concern that has arisen relates to Maltese consumers, especially when contrasted with their international counterparts. They have reached a point where they believe that the service, they receive is not commensurate with the money they are dishing out. This evolution in social mobility has effectively elevated the standards of expectations among Maltese consumers, who now anticipate a level of quality in products and services that surpasses current standards. At this point in time, it becomes impractical to ascertain whether these expectations are real or perceived. The essential truth remains that if individuals perceive a disparity between what they receive and the financial investment they make, there exists a legitimate issue to be addressed.

On the same lines one would notice great lack of communication between foreign employees and local customers. While one should avoid generalizing, this fact is leading to ongoing frustration and unnecessary conflicts.

Moreover, it is likely that cultural differences and the consequent lack of orientation and the necessary experience for foreign employees to assimilate with the Maltese culture and environment pose a more significant challenge. Socio-cultural disparities are a major contributor leading to conflicts.

Due to the persistent shortage of skilled workers in the sector, both foreign and Maltese employees are ending up operating within the workplace with minimal to no academic and practical

preparation. Given the limited available time to these requirements local and foreign individuals who are already in the field of work are either not adequately trained.

The ultimate outcome of all this is

- a. a reduced level in the quality of service offered
- b. dissatisfied customers who feel they are not getting value for their money; and
- c. both foreign and Maltese employees growing increasingly frustrated, experiencing a lack of motivation, and having little incentive to resume with their work.



GOVERNMENT'S PROPOSALS

While one acknowledges that the Government is taking steps to ensure that this industry is given the respect it truly deserves, hesitant actions do not lead to any solutions.

Primarily, the fact that the Government is discussing a single Skills Card for all workers without any distinction between different levels ensures that this won't lead to any solution. Furthermore, the competencies listed on the Skills Card are not updated sufficiently for today's requirements.

The way the Government is tackling the Skills Card issue with a short course offered by ITS could lead to more abuse rather than a solution. Foreign workers who want to work in Malta will be given a short-term job that will not address the problem but rather encourage more abuse.

The logistics of how these programs will be organized may not work, especially when many of these workers come from remote areas that lack the necessary infrastructure for uninterrupted training programs.



WHAT IS THE WAY FORWARD?

The fact that there is awareness of the existing problem and, above all, the need for collective efforts to improve the quality of products and services is a significant step forward. Furthermore, the simplification of the White Paper is aiding in driving the discussion on this matter. In the drafting process towards a final solution, there is a requirement for concrete strategically designed actions.

1. It is necessary that, first and foremost, comprehensive studies are conducted to ensure a clear understanding of the competencies associated with the industry. As one can appreciate, within this scope, there is a need for competencies at various levels closely linked to the job market. The efforts to define competencies in this regard should not be isolated but should be aligned with similar studies in other industries. In this way, as a nation, we can move away from personal and subjective ideas and engage in rational and objective thinking.
2. Those workers who are already in the workforce should receive training related to stable their competencies over a period of time. This can be facilitated by private institutions to establish an ecosystem that fosters stronger collaboration with the private industry.
3. There should be a government-supported scheme to enable those students who come to Malta for studies to access the job market, while also allowing those employees who would have come forth from the hotel/establishment directly to be in a position to acquire skills over an extended period.
4. There should be an independent authority responsible for certifying that every individual, both those currently working in the industry (after completing an approved course) and apprentices (after several months of practical training), receives certification. This certification should be renewed periodically to ensure that competencies are maintained.



CONCLUSION

These ideas and proposals are put forward to elevate the standard of workers in this industry, which is vital for Malta. Ensuring that no solution is left unexplored is imperative, and, therefore should be diligently tackled. Simultaneously, alternative proposals should be considered and assessed to ensure that the ultimate goal is not compromised.

The Association believes that, although it may seem that this is a sector that does not fall directly within the purview of the Local Councils, we firmly believe that any measure to be implemented at the local level should involve and engage the Local Councils.





www.lca.org.mt



**Assoċjazzjoni
Kunsilli Lokali**

Local Councils' Association Malta