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THE CHANGING DYNAMICS OF MALTA'S LABOUR MARKET FLOWS

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CBM Staff Insights 18/2026

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Introduction

Over the past decade, Malta experienced strong labour demand amid significant economic growth. According to Jobsplus, the total number of employed persons in Malta (full-time employment and part-time as a primary job) grew by around 132,100 persons between 2015 and 2025, reaching 340,463 people. This increase was supported by a surge in foreigners working in Malta, who rose by around 106,000 persons, reaching 135,417 persons in 2025.

These developments were documented in various studies and publications issued by the Central Bank of Malta. This publication assesses monthly labour market flows, focusing on the period between 2020 and 2025. It outlines trends in the level of engagements and terminations of Maltese and foreign workers, and offers updated insights on the turnover rate of Maltese and foreign workers in recent years.

Labour market flows: Data and measurement

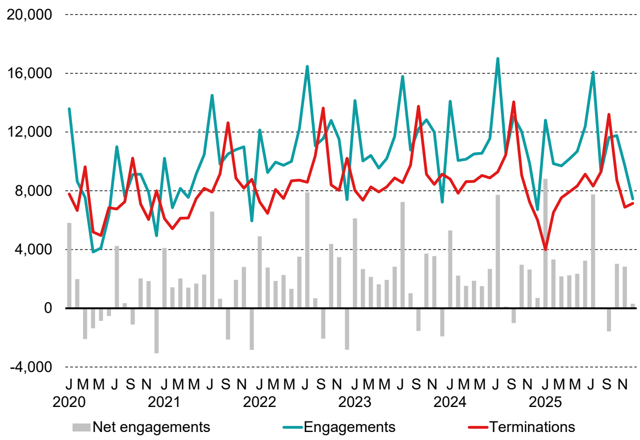
Jobsplus maintains data on engagements and terminations of workers for each month. This is revised over time to reflect new administrative information. The dataset available to the Bank has been cleaned by Jobsplus to exclude engagements and terminations arising from business transfers or administrative changes within the same organisation.[2]

By deducting terminations from engagements, it is possible to derive the level of net engagements, over a reference period.

Net engagement trends in Malta

Overall, as shown in Chart 1, net engagements are volatile but predominantly positive, indicating that engagements generally exceed terminations. A seasonal pattern is evident, with January and July consistently recording the highest net engagement figures, reflecting peak hiring activity, while September and December often feature net terminations.[3]

Chart 1
ENGAGEMENTS AND TERMINATIONS
(levels)



Source: Jobsplus.

The level of net engagements rose in each year since 2020,

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[2] The dataset excludes engagements and terminations due to transfer of businesses, and changes in job designations within the same organisation. The latter includes changes from part-time into full-time employment and vice versa, changes from a definite to an indefinite contract and vice versa, and transfers to another department. Moreover, the level of terminations can be determined by employee decisions, such as resignations or retirement, in addition to terminations by employers. More details can be found on the declarations of terminations classified by Jobsplus.

[3] These patterns are explained by a pick-up in temporary jobs during summer, which are then terminated in September. Moreover, Jobsplus receives a high level of engagement registrations in January, when employees and employers return from vacation during the Christmas period.

reaching a peak in 2025. This was partly due to more subdued levels of terminations, compared with the previous years. The highest monthly net inflow occurred in January 2025 and amounted to around 8,800 persons.

There were more instances of net terminations in 2020, due to the reduced economic activity brought about by COVID-19. The year 2020 featured six months with net terminations, of around 9,000 persons. From 2021 onwards, no more than two months in each year featured net terminations. In 2024, one notes one occurrence of net terminations amounting to around 1,000 persons. Similarly, in 2025, there were around 1,600 net terminations.

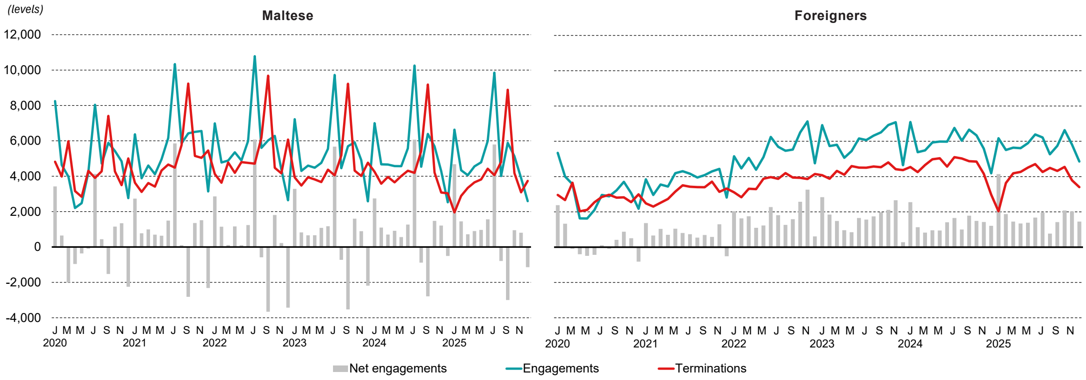
Engagement and termination trends by nationality

Chart 2 breaks down engagements and terminations by nationality. As the data does not distinguish between net engagements of EU and third-country nationals (TCNs), the term ‘foreign’ in this analysis refers to flows of all non-Maltese workers.

The chart shows that the level of engagements and terminations among Maltese workers displayed more pronounced peaks and troughs over the years, compared with foreign workers. These also mostly account for the seasonal patterns in overall net engagements discussed earlier. Between 2020 and 2025, there were 20 months (just under a third of the period under analysis) in which net engagements of Maltese workers was negative, despite there being more engagements than terminations in each year as a whole.

In contrast, there were only seven months in which net engagements of foreign workers was negative. These were all concentrated in 2020 and 2021, during which COVID-19 travel restrictions hampered labour market activity. Overall, foreign workers exerted an increasingly significant contribution to the Maltese job market, with net engagements becoming more pronounced from 2022 onwards. In each month from this year onwards, foreign net engagements often matched or exceeded those of Maltese workers. The number of foreign net engagements exceeded Maltese net engagements by a factor of 3.0 and 2.1 in 2022 and 2023, respectively. This coincides with a period in which engagements of TCNs increased strongly and was higher than the level of engagements of EU country nationals. Since then, the ratio of foreign net engagements relative to Maltese net engagements has moderated to 1.4 in 2024 and 1.7 in 2025.

Chart 2
NET ENGAGEMENTS OF MALTESE AND FOREIGNERS
(levels)



Source: Jobsplus.

Chart 3 presents year-on-year changes in these flows rather than absolute levels, allowing any shifts in hiring and termination patterns to be more easily identified.

Following the post-pandemic recovery in 2021, net engagements of Maltese workers moderated from the second half of 2022 and throughout 2023, as the availability of Maltese workers became increasingly constrained despite continued strong labour demand. During this period, engagements rose at a progressively slower pace, until the year-on-year change eventually turned negative. This reflects the full employment of Maltese workers in the labour supply.[4] Changes in engagements remained subdued during 2024 and were negative in the second half of 2025.

Although terminations also declined over 2022 and 2023, the slower pace of engagements was more pronounced, resulting in lower net employment gains.

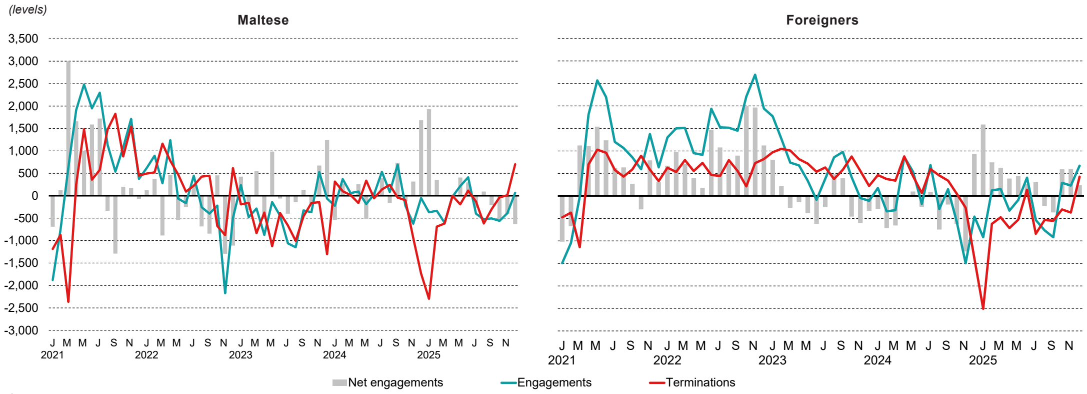
Net engagements of Maltese nationals subsequently recovered during 2024 and the first half of 2025, as termination levels declined by more than engagements. In particular, an unusually low level of terminations was recorded in January 2025; compared with a year earlier, terminations fell by around 2,300 persons.

In contrast, the rate of change of engagements of foreign workers consistently exceeded that of terminations, with the pace of hiring picking up strongly from the second half of 2022 and throughout 2023. In this period, the number of terminations of foreign workers kept increasing. However, the increase fell short of the year-on-year increase in the level of engagements. This resulted in a higher turnover rate (see below).

Hiring patterns of foreign workers changed during 2024, when the level of net engagements moderated significantly. During this year, engagement levels stood below their 2023 levels in seven months, especially in November, when they fell by around 1,500 persons. Engagements declined further in 2025.

In 2025, net engagements of foreign workers generally exceeded those of 2024. This was due to a decline in terminations, particularly in January which fell by around 2,500 persons. The decline in terminations among foreign workers may partly reflect improved retention, consistent with recent policies which seek to foster a more sustainable labour migration framework (see below). However, it may also be influenced by the decline in engagements recorded in 2024, as fewer new entrants to the labour market would naturally reduce the number of potential terminations in later periods. A more accurate assessment requires an evaluation of turnover rates.

Chart 3
ANNUAL CHANGE IN NET ENGAGEMENTS OF MALTESE AND FOREIGNERS
(levels)



Source: Jobsplus.

[4] See Grech, Aaron G. (2025). [Understanding recent labour supply dynamics in Malta](). Central Bank of Malta *Discussion Paper*, DP/01/2025.

Implications for labour turnover

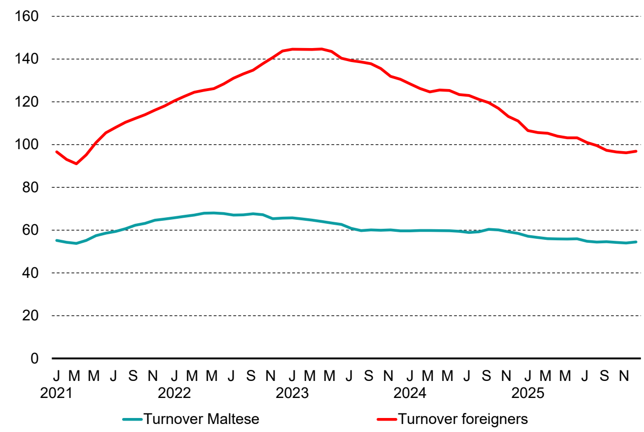
Combining this information on net engagements with the dataset for gainfully occupied population allows for the calculation of labour turnover rates for Maltese and foreign workers. The turnover rate is calculated as the sum of engagements and terminations in each period, relative to the gainfully occupied population in the previous period. To ensure that monthly flows add up to the annual stock of employed persons, engagements and terminations are computed as 12-month moving sums. This exercise serves as an update of a previous in-depth assessment of the Maltese labour turnover rate, which covered the period from 2005 to 2022.[5]

The turnover rate of Maltese workers followed a gradual downward trend over the period under review (see Chart 4). After rising to around 67% in 2022, the rate declined by more than 10 percentage points to around 55% over the subsequent four years. This is due to the abovementioned declining levels of engagements and terminations, at a time in which the stock of gainfully occupied Maltese workers increased. Overall, the declining availability of Maltese workers coincided with a relatively more subdued pattern of Maltese job turnover.

Turnover rates for foreign workers were around twice the rates for Maltese employees throughout the period under review. This reflects a high degree of churn, compounded by the relatively short length of stay of foreign workers in the country.[6] Turnover increased from just under 100% in mid-2021 to average around 130% in 2022 and to around 140% in 2023. However, turnover rates started to decline from mid-2023 onwards. In 2024, the turnover rate continued to decline and averaged just above 120%. This decline was affected by the abovementioned decrease in the level of engagements of foreigners during this year. By end-2025, the turnover rate had declined back to around 100%. This partly reflected a year-on-year decline in the level of terminations.

The changes in the pattern of engagements and terminations of foreign employees in 2024 and 2025 might be partly attributable to the new labour migration policies which are gradually bearing fruit.

Chart 4
LABOUR TURNOVER
(per cent)



Source: Jobsplus.

Conclusion and expectations for the coming years

Malta's labour market has undergone a significant transformation in recent years, with foreign workers playing an increasingly important role in sustaining employment growth amid persistent labour shortages. Recent increases in the level of net engagements were driven more by lower termination rates than

[5] Turnover rates in this exercise approximate, but not exactly tally with the rates cited in the previous study, which analysed trends using different estimations for turnover and the level of employment. For more details, see Grech, A.G. (2023), Estimating Labour Turnover in the Maltese Economy Using Administrative Data. Central Bank of Malta Article in the *Quarterly Review* 2023:4.

[6] See Borg, I. (2025), The length of stay of foreign workers in Malta: an update. Central Bank of Malta *Discussion Paper*, DP/05/2025.

by stronger hiring, particularly in 2025. This contributed to declining labour turnover rates among Maltese and foreign workers, although turnover among foreigners has declined at a faster pace.

A number of measures have been introduced with the aim of improving the quality, sustainability and retention of Malta's workforce. These include the Skills Pass launched in March 2024, which requires prospective workers in the tourism and hospitality sector to complete training and assessments covering language, customer care and sector-specific skills before being authorised to work in Malta. The Skills Pass is currently required only for TCNs but will be required for Maltese and EU workers as from 2027.

The Labour Migration Policy introduced in August 2025 seeks to regulate the employment of TCNs more thoroughly.[7] Under the policy, employers with termination rates above specified thresholds will not be allowed to hire new TCN workers. This policy requires employers to advertise vacancies locally and across the EU before recruiting TCNs, while employers are eligible to apply for additional TCNs based on a fixed percentage of their current total workforce. Moreover, the policy also doubled the fee for first-time permits while halved the fee for renewals. These measures are intended to encourage employers to improve retention, reduce excessive labour churn, and rely less on a continuous cycle of recruitment and replacement of workers.

Malta also introduced a new regulatory framework for temporary employment agencies between 2024 and 2025. The reforms introduced mandatory licensing requirements for employment agencies and reinforced worker protection by broadening the equal pay parity principle and extending safeguards to outsourced workers.

Together, these reforms aim to reduce turnover and encouraging employers to make greater use of workers already present in Malta. At the same time, these measures are intended to improve the matching of skills with labour market needs and enhance workforce quality. Further measures are set to be implemented in the near future. For instance, the Construction Industry Skill Card will become legally binding for both Maltese and foreign workers starting from January 2027. This certifies that workers possess the skills, qualifications and health and safety knowledge required to work on construction sites.

The full impact of these initiatives is not yet visible in the data analysed in this study and therefore warrants further assessment in the coming years.

[7] Government of Malta (2025), Malta Labour Migration Policy. Consultation Document.