



BANK ĊENTRALI TA' MALTA
EUROSISTEMA
CENTRAL BANK OF MALTA

TRENDS IN EDUCATIONAL ATTAINMENT IN MALTA

BOX 2: TRENDS IN EDUCATIONAL ATTAINMENT IN MALTA¹

Data obtained from the LFS show that the educational attainment of the Maltese workforce has improved significantly in the last decade though still falls short of the EU benchmarks in some respects. This Box follows the study by Gauci (2021) which analyses the long-term trends in educational attainment in Malta but takes into consideration the revised educational attainment statistics published by the National Statistics Office in September 2021.² The revisions were deemed necessary to ensure better compliance with European Regulations governing education statistics and improve the comparability of the results at a European level. The revisions resulted from a realignment of the International Standard Classification of Education (ISCED) with the Malta Qualifications Framework (MQF) but the sources and methodology used to compile the indicators remain unchanged.

Trends in educational attainment

Human capital refers to “the knowledge, skills, competencies and other attributes embodied in individuals that are employed in the creation of individual, social and economic well-being” (OECD, 2001, p. 18).³ The most common approach used for measuring skills is the indirect approach, where qualifications are used to measure skills supply. However, official qualifications only certify skills developed in formal education programmes and thus do not cover soft skills acquired by individuals outside of the formal education system. Such skills are increasingly becoming more valuable, and hence, it is important to complement information on formal educational attainment with information on participation in non-formal educational activities and in lifelong learning.

The analysis is based on the ISCED 2011 classification which is the standard framework used to categorise and report comparable education statistics internationally. This framework enables comparisons across countries and allows authorities to monitor progress towards national and international targets. Table 1 shows the ISCED 2011 classification

Table 1
ISCED 2011 CODING OF LEVELS

Levels	Description	Levels of Education
0	Early childhood education	
1	Primary education	Basic level of education
2	Lower secondary education	
3	Upper secondary education	Intermediate level of education
4	Post-secondary non-tertiary education	
5	Short-cycle tertiary education	High level of education
6	Bachelor's or equivalent level	
7	Master's or equivalent level	
8	Doctoral or equivalent level	

Sources: United Nations Educational, Scientific and Cultural Organization; European Commission.

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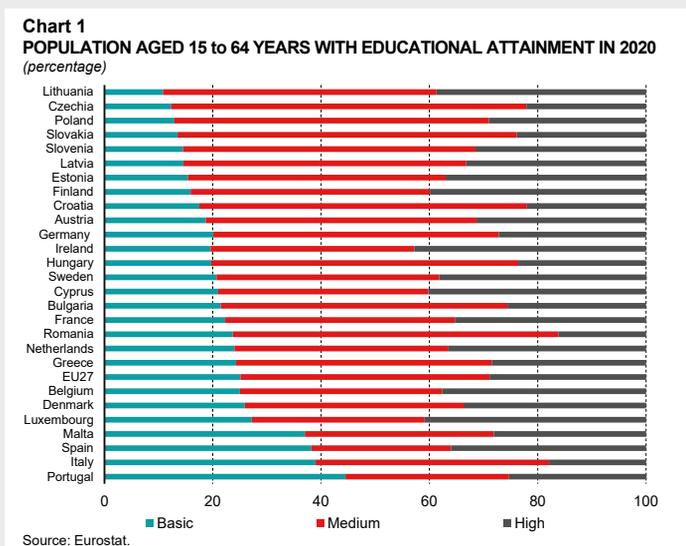
² For a full version of this study, see Gauci, T.M., (2021), “An analysis of educational attainment in Malta”, Central Bank of Malta *Policy Note* June 2021.

³ See OECD, (2001), “The Well-being of Nations: The role of human and social capital”, Paris: OECD Publishing.

which consists of nine separate levels from level 0 to level 8. The nine levels of ISCED are often combined into three categories as follows: levels 0 to 2 refer to a basic level of education, levels 3 and 4 refer to an intermediate level of education and levels 5 to 8 refer to a high level of education.⁴ Educational attainment is measured with respect to the highest education programme successfully completed with the data source being the LFS.

Figures on the educational attainment of the population in Malta show that Malta's educational attainment has improved substantially over the years though some challenges remain. The share of persons between 15 and 64 years having a basic level of education decreased from 59.6% in 2010 to 37.0% in 2020. This was the fourth highest share of low-skilled persons within the EU, with the EU average standing at 25.1% (see Chart 1). In the national context, persons having finished a secondary level of education and having obtained at least two O Levels or equivalent are now classified as ISCED 3, whereas prior to the revisions, only persons with five O Levels or more were included in this category. This resulted in a reclassification between low and medium levels of education. Meanwhile, 34.9% of the working-age population had a medium level of education while 28.1% had a tertiary level of education (ISCED 5-8).⁵

Between 2010 and 2020, the share of population aged between 25 and 64 years having a tertiary level of education has doubled with the gap between the EU average and Malta amounting to 2.2 percentage points in 2020, down from 9.7 percentage points in 2010 (see Chart 2). The improvement in educational attainment, in part, reflects the rising role of women in the labour market which led a greater number of females to further their studies.⁶ The percentage of females with a tertiary level of education has generally exceeded the male counterpart over the last decade, with the gender gap widening in recent years. In 2020, 32.5% of women aged between 25



⁴ A low level of education comprises persons with no schooling, those who attended primary education and special schools for disabled and those who attained a secondary level of education and have less than two O levels or equivalent. Medium level of education comprises persons with a secondary level education and having two O levels, or equivalent qualifications, or more and persons with a post-secondary level attainment who have at least obtained one Intermediate or A level or equivalent qualification. High level of education comprises those with a tertiary level education and with qualifications ranging from university diploma to doctorate level.

⁵ Before the revisions, the share of persons aged between 15 and 64 years having a low level of education stood at 40.3% in 2020, meaning a downward revision of 3.3 percentage points. On the other hand, the share of those with a medium level of education rose from 31.7% to 34.9%. Figures for those with a tertiary level of education were not affected by the revisions.

⁶ See Micallef, B., (2018), "Estimating the impact of structural reforms to increase the female participation in Malta", *International Journal of Social Science Studies*, 6(8), pp. 73-84.

and 64 years had a tertiary level of education, compared to 28.9% for men. An increasing share of foreign population, which has a relatively higher share of people with tertiary qualifications, has also contributed to the improvement in Malta's overall education level (European Commission, 2016).⁷

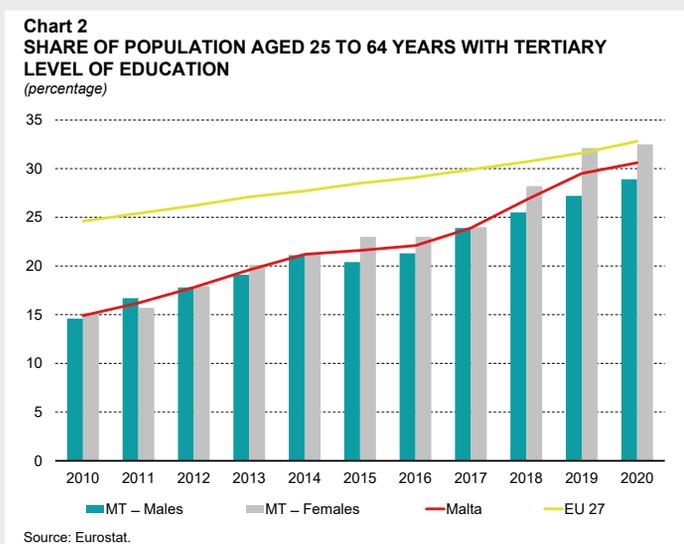


Table 2 shows that persons aged between 25 and 34 years are the

most highly educated, mirroring the situation in the EU. Among this cohort, 40.1% had a tertiary level of education in 2020. On the other hand, the older generations have a lower level of educational attainment, with over 65% of those between 55 and 64 having a basic level of education. Amongst the younger generation, that is, those between 20 and 24 years, around 15% have only achieved a basic level of education. A cross-country comparability study finds that low levels of education are persistent in Malta, which indicate that children belonging to parents with low education face bigger obstacles to transition to a higher level of education.⁸

Following rapid improvements in technology, the skill requirements in advanced economies, including Malta, are rapidly changing. Lifelong learning can continue to support professional development and skill upgrading. Furthermore, this process can be an important alternative to formal education, helping individuals to progress further up in their careers or find alternative employment.⁹ Participation in lifelong learning in Malta, as measured by the LFS, has improved over the last decade, increasing from around 6% in 2010 to 11%

Table 2
EDUCATIONAL ATTAINMENT IN MALTA BY AGE COHORTS AS OF 2020
(Percentage)

ISCED level	20-24	25-34	35-44	45-54	55-64
Levels 0-2	14.9	24.0	38.0	44.9	65.2
Levels 3-4	61.3	35.8	26.5	30.9	18.7
Levels 5-8	23.8	40.1	35.5	24.2	16.0

Source: Eurostat.

⁷ See European Commission, (2016), [Country report Malta 2016: staff working document](#).

⁸ See Eurostat, (2013), "[Educational attainment: persistence or movement through the generations?](#)", News release 188/2013.

⁹ Lifelong learning encompasses all learning activities undertaken throughout life with the aim of improving knowledge, skills and competences within personal, civic, social or employment-related perspectives.

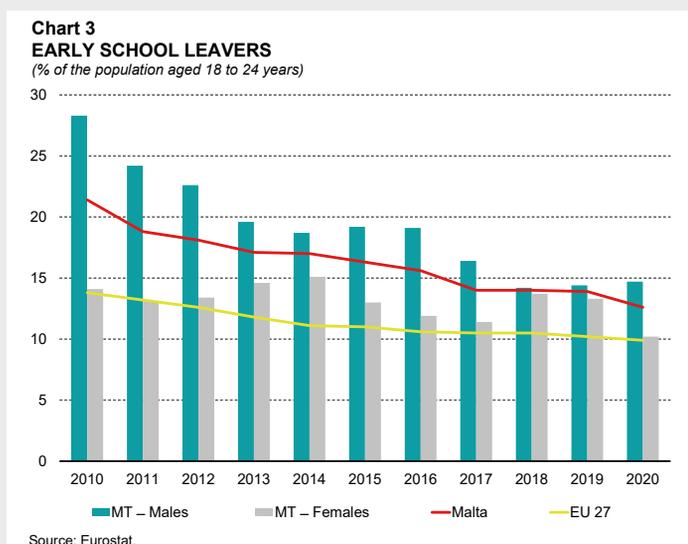
in 2020.¹⁰ While the figure for Malta exceeds the EU average, its participation in lifelong learning still remains low compared, for example, to Scandinavian countries, which top the list at an average of 25%.

EU2020 objectives

In 2010, the EU established two education-related targets to be reached by 2020 as part of Europe 2020 strategy – (i) a reduction in the share of early school leavers to 10% and (ii) at least 40% of people aged 30 to 34 to have completed tertiary or equivalent education. These targets were then translated into national targets, reflecting different situations and circumstances. Malta adopted the same target in respect of early school leavers but set out the target in respect of tertiary educational attainment for 30 to 34-year-olds to 33%.

Early school leaving can lead to several problems in the labour market – the most important of which are related to unemployment and the risk of poverty or social exclusion. Eurostat defines early school leaving as the percentage of the population aged between 18 and 24 years having completed at most, a lower secondary education or less (ISCED 0-2) and not pursuing further education or training in the previous four weeks.

The share of early school leavers in Malta has almost halved in the last decade, dropping from 21.4% in 2010 to 12.6% in 2020 (see Chart 3).¹¹ The decline in early school leaving follows the reduction in secondary school absenteeism which has declined from 30% in 2012/2013 to around 22% in 2016/2017.¹² Also, in a bid to respond to different educational needs, from 2019 secondary school students have the option to choose between general, vocational or applied subjects. While reductions in early school leaving can be observed for both males and females, the former tend to leave education and training earlier than the latter, a trend that is also observed in other EU countries. Despite the improvement in the rate of early school leavers, Malta still falls short



¹⁰ In 2017, there is a break-in series due to a modification in the national LFS question related to lifelong learning to capture better any lifelong learning being undertaken by respondents.

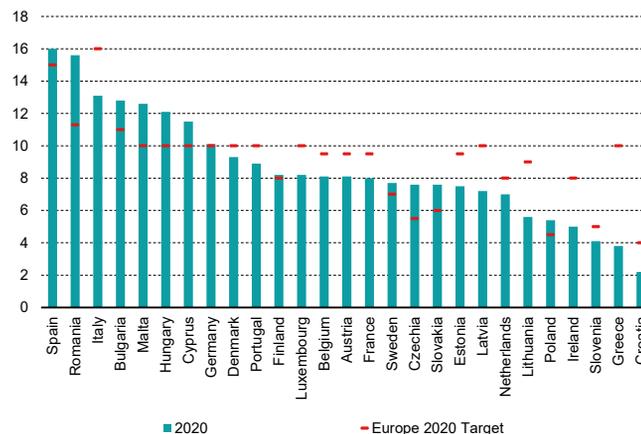
¹¹ Figures for early school leavers were also affected by the revisions mentioned earlier. The early school leaver rate was revised downwards by an average of 3.6 percentage points over the period 2010-2020. Before the revisions, Malta's early school leaver rate stood at 16.7% in 2020, the highest rate within the EU.

¹² See Directorate-General for Education, Youth, Sport and Culture, (2019), Education and Training Monitor 2019: Malta, Luxembourg: Publications Office of the European Union.

of the target. At the EU level, 15 countries had reached their national target in 2020 (see Chart 4).

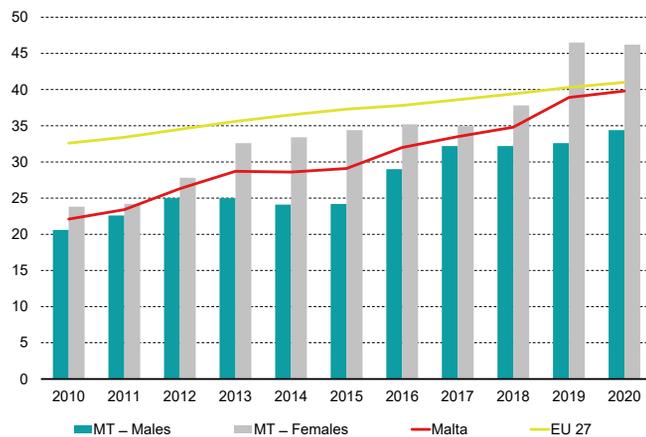
In addition to socio-economic status, labour market trends could have an impact on early school leaving decisions. For instance, studies have found that the unemployment rate has a positive impact on enrolment in post-secondary education.¹³ This is in line with the opportunity cost argument whereby high rates of unemployment reduce the cost of remaining in education and so increase post-compulsory enrolment.¹⁴ In Malta, the strong growth experienced prior to the pandemic led to a sharp decrease in the unemployment rate, which fell to historical lows. In such circumstances, the incentive to invest in one's education may have declined in the short run, in part explaining why the rate of early school leavers has remained high in Malta. Even though leaving school with a basic level of education, data shows that most early school leavers in Malta were still employed. In fact, almost 70% of early school leavers in Malta were employed in 2020, the highest employment rate of early school leavers across the EU. In the EU, less than half of early school leavers were employed. This suggests that despite the lack of official qualifications, early school leavers in Malta may still possess skills that are relevant for the labour market. Nonetheless, lacking basic qualifications could compromise employability later in life and has social

Chart 4
EARLY SCHOOL LEAVERS IN 2020 COMPARED WITH 2020 TARGETS
(percentage)



Source: Eurostat.

Chart 5
POPULATION AGED 30-34 YEARS WITH TERTIARY EDUCATION
(percentage)



Source: Eurostat.

¹³ See Pissarides, C. A., (1981), "Staying-on at School in England and Wales", *Economica*, 48, pp. 345-363 and Clark, D., (2011), "Do Recessions Keep Students in School? The impact of Youth Unemployment on Enrolment in Post-compulsory Education in England", *Economica*, 78, pp. 523-545.

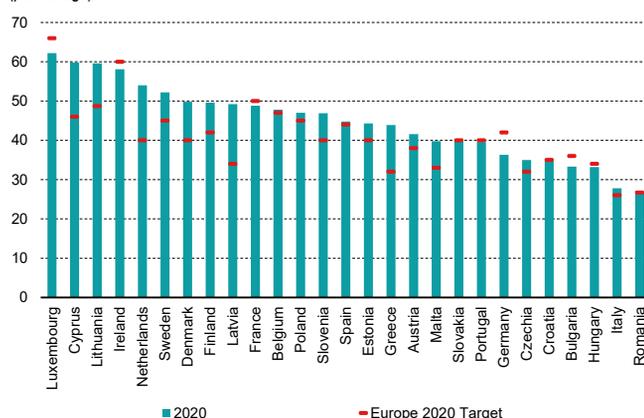
¹⁴ See Tumino, A. and Taylor, M., (2013), "The impact of local labour market conditions on school leaving decisions" presented during IZA Workshop on the future of Labor: The Effects of the Economic Crisis on the Labour Market, Unemployment and Income Distribution, 21 February 2013.

and economic costs with the latter often being reflected in wage differentials between those with different levels of education.¹⁵

With regards to the second target, Malta managed to reach its target of having 33% of its population aged between 30 and 34 with a tertiary level of education by 2017. In terms of gender, 46.2% of women aged between 30 and 34 years

had a tertiary level of education in 2020, while the share of men stood at 34.4% (see Chart 5). In 2020, the share of the population aged 30 to 34 years with a tertiary level of education stood at 39.8%, close to the EU average of 41.0%. Seventeen countries had reached their national target in 2020 (see Chart 6).

Chart 6
POPULATION AGED 30-34 YEARS WITH TERTIARY EDUCATIONAL ATTAINMENT IN 2020
(percentage)



Source: Eurostat.

¹⁵ See Cedefop, (2017), "Vocational education and training in Malta: short description", Luxembourg: Publications Office.