



**MALTA
EMPLOYERS**

Debating the Concept of a Four-Day Week in Malta

Position Paper JANUARY 2026



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Over the past few years, the debate about working hours has become more intense, both locally and internationally.

Introduction

Over the past few years, the debate about working hours has become more intense, both locally and internationally. The drivers of such debate are various, but may be summarised as:

- 1.1 Increased concern about the balance between economic activity and well-being.
- 1.2 The pressures of a forty hour week on two income families and its effect on the declining birth rate in many developed economies
- 1.3 The forty hour week model has been enshrined in labour market practices for more than a century and is detached from current economic and social realities. A reduction in working hours is seen to be a sign of social progress and thus desirable in itself.
- 1.4 Technological advancements, AI in particular, are shifting the emphasis of the working relationship from number of hours worked to productivity and output.
- 1.5 Increased demand for flexible work arrangements following the Covid-experience.
- 1.6 A four day week may make business sense through a more motivated and productive work force.
- 1.7 More leisure hours increase consumer spending and boost economic activity.

Section 1

Defining the Four Day Week

There are different models of how a four-day can be implemented:

1.1 A week of 32 hours spread over four-days, with pay remaining comparable to a forty hour week

- The reduced-hours model represents a fundamental redefinition of the relationship between time, output, and compensation. This approach, most prominently advocated by the organisation 4 Day Week Global, is encapsulated by the '100-80-100' principle: employees receive 100% of their pay for working 80% of their previous hours, in exchange for a commitment to delivering 100% of their previous output (4 Day Week Global, n.d.). This typically translates to a 32-hour, four-day with no reduction in salary.
- This model has formed the basis of the most widely cited recent pilot programmes, including the large-scale trial in the United Kingdom (Autonomy, n.d.). It is a high-stakes proposition for employers, as its success is entirely contingent on achieving a substantial (typically 25%) increase in labour productivity to offset the cost of the non-working day. This model carries the most profound implications for productivity, labour costs, and national competitiveness.

1.2 A week of 32 hours spread over four-days with pro rata pay and benefits

This option reduces the supply of hours and productivity, but does not carry the pressure – on both companies and employees – to increase productivity by 25% to compensate the reduction in hours, as labour costs are reduced pro rata. However, there is still the cost of reduced output and more complex work organisation, possibly increased overtime costs to make up for the missing hours.

1.3 A forty hour week, with hours spread over four-days – the compressed week.

The compressed work week involves a logistical rearrangement of the standard full-time workload. In this model, the total number of weekly hours remains unchanged (e.g., 40 hours), but these hours are distributed across fewer, longer workdays, such as four 10-hour days. The primary objective is to offer employees an additional day off each week, thereby reducing commuting times and enhancing flexibility and work-life balance, without altering the total labour input or the fundamental cost structure for the employer.

This position paper looks into these models and proposes family friendly policy options without compromising productivity, costs of labour and national competitiveness.



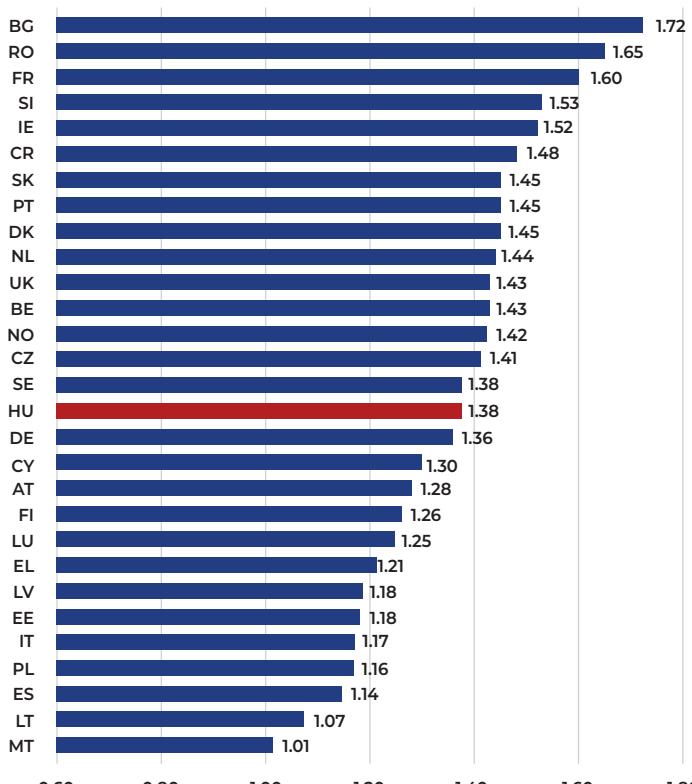
Malta stands amongst the countries with the highest proportion of births from foreign parents.

Section 2

The Maltese Labour Market

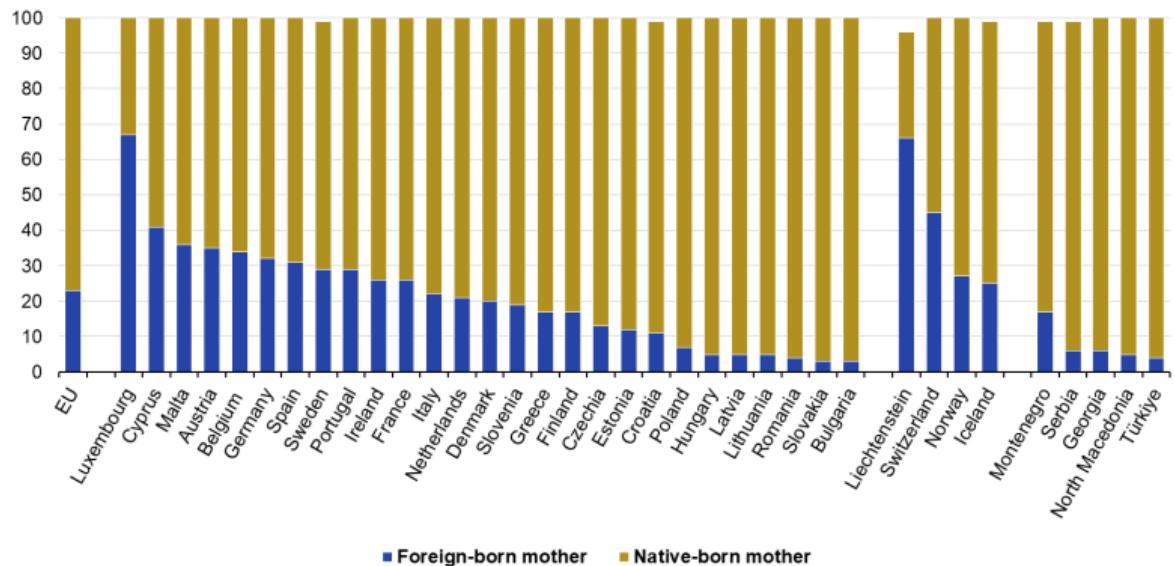
Malta has experienced low unemployment for the past decade, with many economic sectors resorting to importing labour to tackle labour shortages and skills gaps. Malta is facing severe demographic changes, as the number of foreigners living in Malta is increasing the overall population, but simultaneously experiencing a sharp decline in its birth rate. Malta has one of the lowest birth rates in the world. What makes the situation more alarming is that besides the overall declining fertility rate, Malta stands amongst the countries with the highest proportion of births from foreign parents. 36% of births in Malta are to foreign-born mothers, one of the highest in the EU. The EU average is 22%.

Fertility Rates in Europe, 2024



Source: Human Fertility Database

Share of live births from foreign-born and native-born mothers, 2023 (%)



Note: mothers of unknown country of birth are not included. Sorted on foreign-born mother.

Source: Eurostat (online data code: demo_facbc)

eurostat

Malta Employers has been calling for a national demographic strategy for the past decade to seek ways to reverse these trends before they reach a critical stage.¹²

The national human resource suffers from a skills mismatch, inefficient utilisation in many areas of the public sector, and low productivity compared to other EU countries.

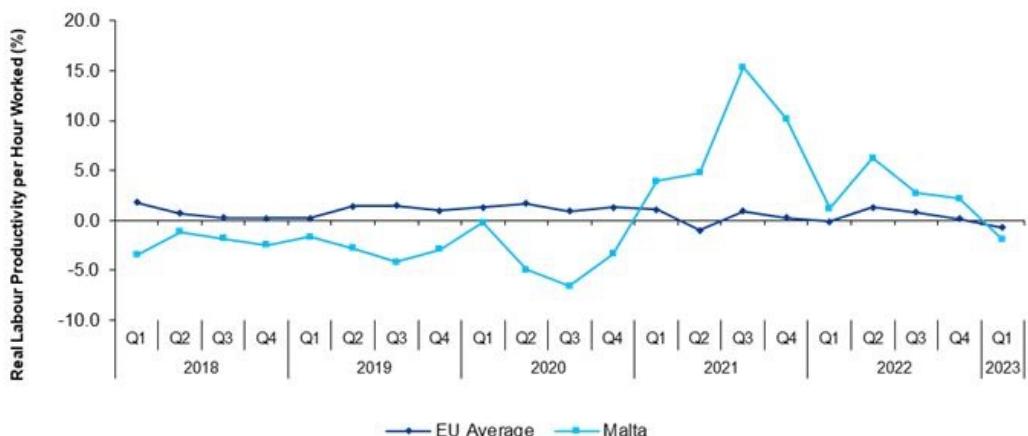
1 https://media.maltaemployers.com/wp-content/uploads/2025/02/Maltes-Demographic-Challenges.pdf?_gl=1*5m7nu8*_ga*NTk4NTY4NzIxLjE3NDU5MTM0OTM.*_ga_YQEFCCPRLX*cze3NjizMzQxMTgkbzQ0JGcxJHQxNzYyMzM0MTIwJGo1OCRSMCRoMA

2 https://media.maltaemployers.com/wp-content/uploads/2025/02/MEA_Parliament-Low-Birth-Rate-Publication-Feb-2024.pdf?_gl=1*ls89bw5*_ga*NTk4NTY4NzIxLjE3NDU5MTM0OTM.*_ga_YQEFCCPRLX*cze3NjizMzQxMTgkbzQ0JGcxJHQxNzYyMzM0MjMxJGo3JGwwJGgw

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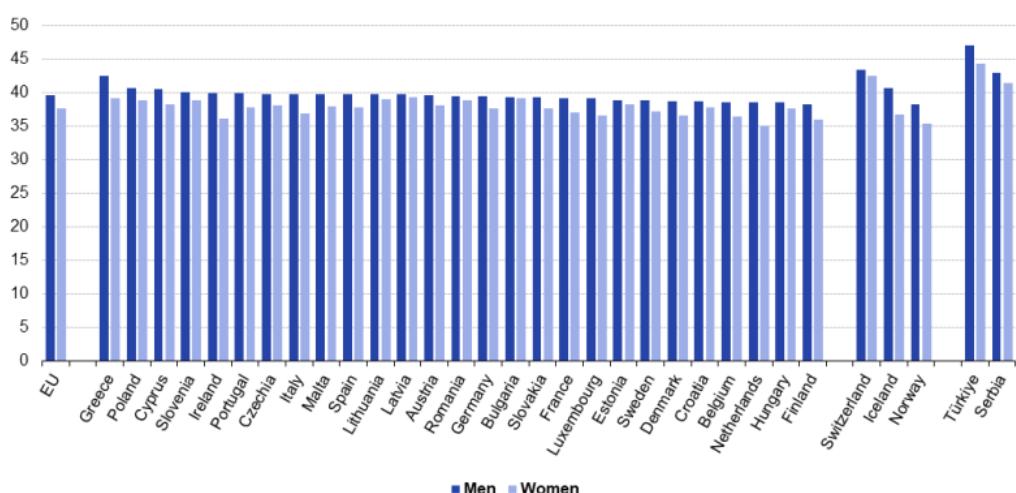
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Movements in Real Productivity per Hour Worked



The Tables below provide figures for weekly hours worked in Europe. The average number of hours worked in the EU is 36. In Malta it is 37.5 hours. The average weekly hours in the EU ranges between 39.9 hours (Greece) to 32 hours (Netherlands).

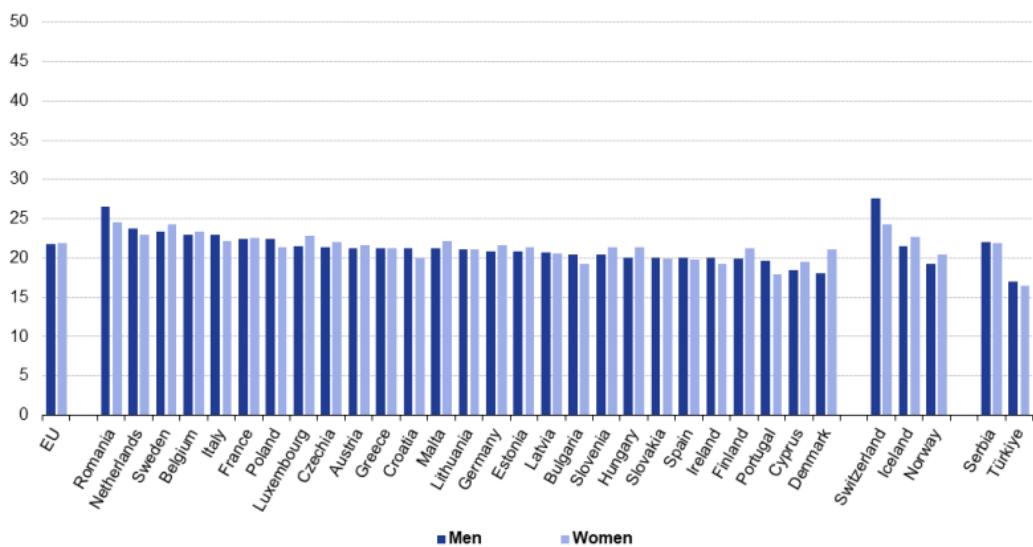
Average number of actual weekly hours of work in the main job for full-time, by sex, 2024 (People aged 20 to 64)



Source: Eurostat (dataset code Ifsa_ewhan2)

eurostat

**Average number of actual weekly hours of work in the main job
for part-time, by sex, 2024**
(People aged 20 to 64)



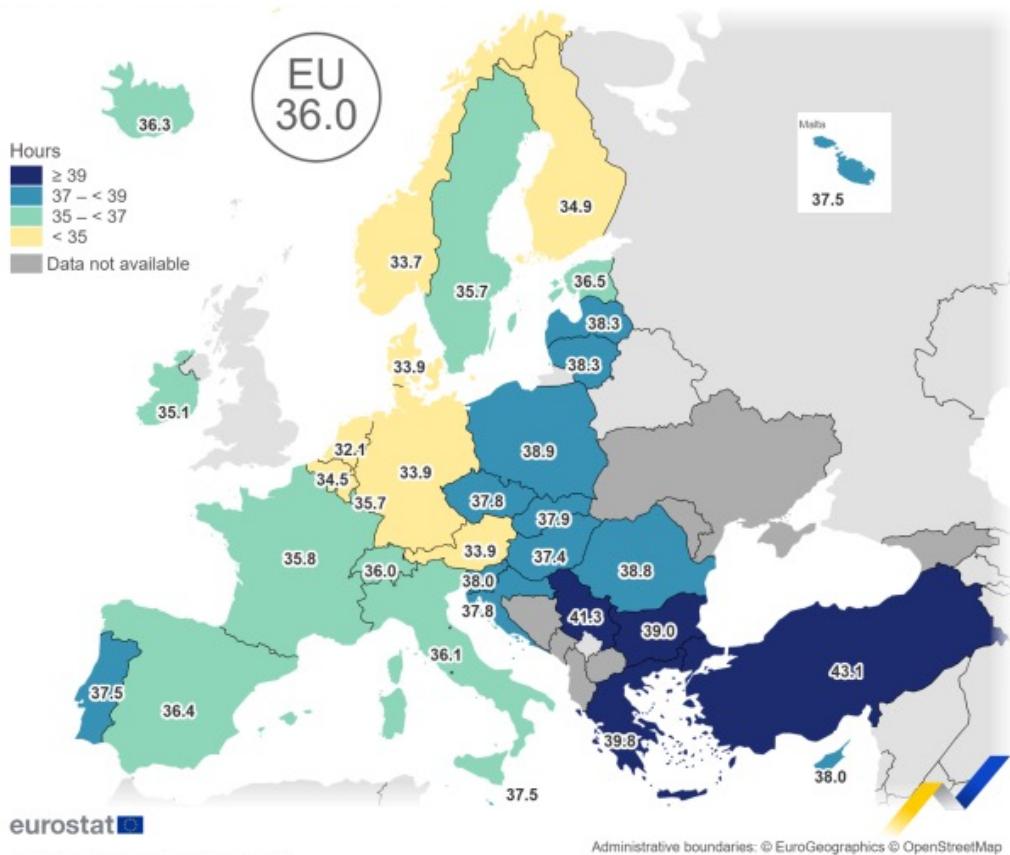
Source: Eurostat (dataset code lfsa_ewhan2)

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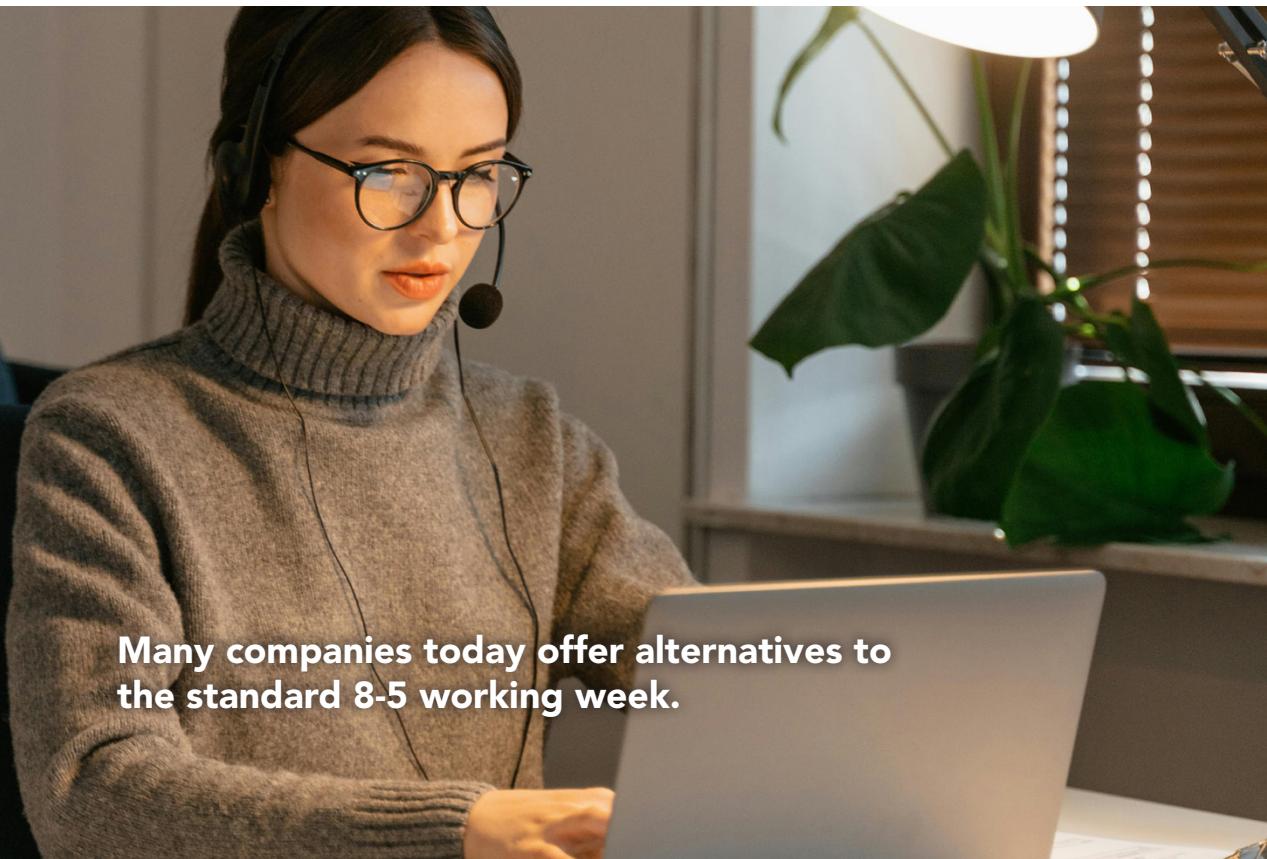
Average number of actual weekly hours of work in the main job, 2024 (Employed people aged 20 to 64)



The increase in population in Malta has contributed to pressures on the infrastructure, environmental deterioration and a decline in the well-being of its citizens. The Maltese landscape has shifted dramatically over the past two decades, from a country with among the lowest female participation rate, to one which is higher than the EU average. Dual income families has fast become the norm. The pro is that of female empowerment and higher family income, but the downside is that a second income has become necessary for a family to cope with dramatic increases in the cost of living, rentals and real estate. Many struggle to juggle

between work and family responsibilities, and this is one of the main causes that has raised the matter of working hours, as families with children where both spouses have full time jobs find it increasingly difficult to juggle between work and family responsibilities. However, the deterioration in well-being is not all work related. It is also linked to poor infrastructural support, unrealistic aspirations and lifestyle. Within the family, females remain burdened with a higher share of family responsibilities than males. The increase in single parent families has also added to the stress of raising children, making it difficult to cope with family pressures and a forty hour week, in addition to financial pressures.

On the positive side, there are a number of family friendly options available to address family/work related stress. Many companies today offer alternatives to the standard 8-5 working week. Flexible hours, teleworking, and reduced hours have become common practice and employers in general are open to adapting work organisation as long as productivity is not compromised, and where the nature of the job permits such flexibility. These alternatives are also being implemented to accommodate elderly employees or those who desire to work beyond retirement, and to attract and retain the best talent. Most resistance to reduced hours is linked to the corresponding loss in net income. The concept of the four day week needs to be projected against this background.



Many companies today offer alternatives to the standard 8-5 working week.

Section 3

International Trends

3.1 The ILO

The issue of working hours has been discussed at the International Labour Organisation since its inception in 1919. ILO Convention 1 established the 8 hour day, which was later extended from industry to commerce and offices in 1930 through Convention 30. In 1962, Recommendation 116 established the principle of the 40 hour week. Other ILO conventions address other aspects of working time. For example, Convention 132 of 1970 lays down the annual leave of at least three weeks per annum.

3.2 European countries.

Some European countries have recently taken measures to review the concept of the traditional 40 hour working week, spread over five days. Notable examples are Iceland and Belgium that have revised work organisation using different approaches, as explained below.

3.3 Iceland

Iceland took the lead and, following testing of a sample of 2500 employees between 2015 and 2019, adopted a shorter working week in many companies. The sample was taken from among public sector employees. In general, around 90% of workers in Iceland today work 36 hours per week. This is not enshrined in legislation but negotiated in collective agreements. In reality, Iceland has longer average working hours than other Nordic countries. (Sweden 35.7hrs; Norway: 33.7hrs; Finland 34.9hrs; Denmark 36.5hrs).

3.4 Belgium

Belgium, on the other hand, legislated a 4-day working week as part of the post-pandemic recovery efforts. However, the working week remains at 40 hours, compressed in four-days. It is the only EU country to have legislated on the 4-day week thus far. This 'Labour Deal' has had mixed reactions and results, with critics claiming that in many cases it has added pressure on workers. Recent data shows that only 0.8% of employees have actually taken the 4-day option, and fewer than 3% of companies have employees who opted to work 4 days³.

³ <https://www.brusselstimes.com/1591779/hardly-any-enthusiasm-for-four-day-working-week-in-belgian-companies>

3.5 France

France has implemented a 35 hour working week, but contracts of employment may stipulate longer working hours. Many workers actually work more than 35 hours, and the average working week in France is 35.8 hours. In most European countries, the average hours worked are less than the statutory hours (e.g. Germany: 40 hour week, but average hours worked are 33.9 hours.), but not in France. France has been floating the idea of reducing 2 public holidays to increase productivity in view of chronic budget deficits (5.8% of GDP in 2024). The ageing population in France is absorbing increasing resources into maintaining the pension system to the point of it becoming unsustainable. Efforts to increase the supply of hours - for example by raising the retirement age - are met with strong opposition and invariably lead to riots.

3.6 Germany

The legal working week in Germany is 40 hours, but on average employees work 33.9 hours. This has become a problem for Germany, especially in view of the fact that the productivity per hour worked has remained static since 2009. In May 2025, Friedrich Merz proclaimed that: “We must, in this country, work more again and, above all, more efficiently,” and that “It is not with the four-day work week and ‘work-life balance’ that we will be able to maintain our prosperity!”⁴ As the German labour force ages, there are also concerns about the sustainability of their welfare system, given the low number of hours worked, and low productivity. This should serve as a lesson for Malta.

3.7 Netherlands

In the Netherlands, the average person works 32 hours (lowest in the EU) in his/her main job. This is not enforced in legislation, but rather through a change in work culture over the past three decades where more employees choose to sacrifice additional income in favour of shorter working hours. Hence many employees are effectively on a four day week. This could be seen as an application of the backward bending supply curve of labour in economic theory, where, beyond a certain level of disposable income, employees shift their priority from working additional hours in favour of leisure time. The GDP per capita in the Netherlands 2024 was €63k. Germany work longer hours, but the GDP per capita, at €51k in 2024 is lower compared to the Netherlands.

Yet the gender pay gap in the Netherlands is higher than the EU average. The EU average stands at 12.7%, and the Netherlands have a gender pay gap of 13.5%. At 10.5%, Malta has

⁴ <https://fortune.com/2025/09/07/germany-workweek-hours-labor-productivity-gdp-friedrich-merz/#:~:text=The%20average%20workweek%20in%20Germany,been%20essentially%20flat%20since%202009.>

a lower gender pay gap than the Netherlands, but this is most likely due to the fact that Maltese women work longer hours compared to their Nordic counterparts. Malta has one of the lowest unadjusted gender pay gaps (10.5%) in the EU, whereas in the Netherlands it is 13.5%.



3.8 Portugal

In 1996, Portugal reduced its standard work week from 44 hours to 40 hours with pay remaining the same (Asai, 2024)⁵. While the results revealed an increase in labour productivity, it was insufficient to fully offset the negative scale effects on labour demand caused by the higher costs. There was a decrease in employment of 2% and a fall in sales of 4%. This demonstrates potential adverse macroeconomic consequences, such as job losses, when such a policy is applied universally. (Asai 2024).

3.9 Poland

Rather than reducing working hours, the Polish government (2024) has recently announced a capped zero tax regime for parents raising two children. It has removed income tax for families earning up to €33k per annum. The average Polish family is expected to save around €235 per month in taxes as a result. The downside of this measure is that low income families will not be gaining much in terms of increased disposable income. On average, a worker in Poland works 38.9 hrs a week. In Malta it is 37.5 hrs. Average hourly cost of labour in Poland is €17.5 vs €19 in Malta.

3.10 Lithuania

In the public sector, parents of employees with children less than three years work a 32 hour week without loss in pay. Experts caution government that the country must first boost productivity, efficiency and global competitiveness before moving to a four-day model. Unions are concerned that the compressed week may be more stressful for employees⁶.

3.11 Japan

In December 2024, Japan announced the introduction of a four day week, but with the same number of hours. This is mainly in response to the need to reverse a declining fertility rate. Parents are also offered the option to leave work early to promote work-life balance.

3.12 The OECD – Shrinking Smartly and Sustainably

The OECD has launched a project in 2023 entitled "Shrinking Smartly and Sustainably", that focuses on regions experiencing substantial and sustained population decline and ageing. The project, which is financed by the European Commission looks at adaptations that are necessary to manage population decline .

5 Asai. K. (2024, November). Firm level effects of reductions in working hours. Paris School of Economics

6 https://www.lrt.lt/en/news-in-english/19/2681358/lithuania-debates-four-day-workweek-as-prime-minister-backs-shorter-schedules?srsltid=AfmBOooE5GPZ-7AIEPB6FPGn8ush_3lhyZ-wNwccww-RFBmcnkHwGzFRG

'The project looks at how municipalities are responding to shrinking tax bases and workforce shortages, developing new revenue sources, repurposing infrastructure, and rethinking how essential services such as education, healthcare and transport are delivered. Drawing on case studies and local innovations from across Finland, the paper highlights lessons for countries facing similar demographic shifts. It offers insights into how multi-level governance, fiscal frameworks and public investment can evolve to ensure resilient local communities in a context of population shrinking.'⁷

In essence, this project is acknowledging the problems of demographic shifts in many developed countries and addresses them through three thematic pillars: 1) land use, housing, the environment, and spatial planning; 2) multi-level governance, subnational finance, public service delivery, and infrastructure; and 3) the challenges and opportunities of shrinking small towns and cities.

The findings and recommendations of this report are very relevant to the Maltese situation, and may be considered as part of a holistic strategy that addresses hours of work as part of a multi-level governance approach.

7 (https://www.oecd.org/en/publications/shrinking-smartly-and-sustainably_f91693e3-en.html)



The relation between hours of work and productivity must factor in the different characteristics of companies.

Section 4

The Four Day Week as a Productivity Tool

The matter of whether a shorter working week will actually lead to same or enhanced productivity is subject to debate. If there was a proven, straight forward relationship between shorter working hours and productivity increases, many employers would have implemented shorter working hours ages ago.

The practice of decreasing the number of hours is not new in Malta, even if not necessarily distributed on a four day week. There are examples in manufacturing, hospitality and services where employees work less than forty hours a week. It has been offered as a perk, and as a means to attract and motivate employees within the organisation. Many shift work systems do compress the 40 hour week into fewer working days.

The proponents of the shorter working weeks point to potential improvements in efficiency, lower operational costs (office space, utilities etc), and a reduction in traffic congestion.

The relation between hours of work and productivity must factor in the different characteristics of companies, sectors and jobs.

Section 5

The Four Day Week as a Family Friendly Measure

In principle, the 4 day week could address issues related to family pressures, particularly those families raising children below the age of three years. The reality is that with current aspirations and financial constraints, a dual income family has become a necessity for many to make ends meet. Yet this implies considerable stress and may in itself be a contributing factor towards the low fertility rate. There is no question that stress is related to the number of hours worked and many families struggle to strike a happy balance between working hours, income and family responsibilities.

Currently families cope with such situations through:

- Flexible working hours
- Working less hours
- Teleworking
- Seeking assistance from other family members
- Child care or paying for child minding services

The stress of juggling between a full-time forty hour a week job and raising children could impact work performance negatively. Some employees may also have to reluctantly resort to reporting sick to address urgent family priorities.

In many cases, compressing a forty hour week job into thirty hours could be stressful in itself, and cause burnout. Teleworking can also create issues as it is not always feasible to multitask between raising children and concentrate on working.

A shorter working week could alleviate pressure on parents in such situations. In such cases, a four-day thirty two hour week provides more relief than compressing forty hours into four-days, even if it may imply lower take home pay.

Section 6

Pilot Studies Methodological Considerations

Many countries that have experimented with the idea of reduced working weeks have conducted pilot studies. The scope of such experiments is that the results can be extrapolated on a wider context and the sample should therefore be representative of the population – in this case the general working environment.

4 Day Week Global conducted a comprehensive study in 2022 in the UK, involving 61 companies from diverse sectors employing 2,900 employees. The results were positive in favour of a four-day. (Autonomy, n.d.; World Economic Forum, 2023).

Iceland also conducted a research exercise among public sector employees, with positive results.

However, there are severe methodological weaknesses that impose limits on the generalisability of the findings. (American Psychological Association, 2025)

- 6.1 Selection Bias and Economic Context: The most significant critique is the presence of selection bias. The companies participating in trials are volunteers, likely predisposed to success due to efficient cultures and adaptable structures (American Psychological Association, 2025). Their performance is therefore highly unlikely to be representative of the broader economy.
- 6.2 The Hawthorne Effect and Longevity: The reported boosts in morale and productivity may be, at least in part, a temporary phenomenon. Academic researchers have raised concerns about a potential “honeymoon effect,” where the novelty of the new schedule generates initial enthusiasm that may “lose its shine a bit” as time progresses (Allen, as cited in American Psychological Association, 2025). One analysis noted that when employees were polled 25 months after adoption, nearly all admitted the initial improvements in well-being had vanished. The same could happen with productivity.
- 6.3 Ambiguity in Productivity Measurement: Objectively measuring productivity is notoriously difficult, particularly in the white-collar, knowledge-based sectors that dominate the trials (American Psychological Association, 2025). The UK trial included a range of sectors such as marketing, finance, IT, and professional services, alongside a small number of

manufacturing, construction, and retail businesses. Many of the reported “productivity gains” in these office-based environments are achieved by eliminating low-value activities, such as internal meetings (Schor & Fan, as cited in Boston College, n.d.). This is a one-off efficiency gain not easily replicated in sectors where time is linearly correlated with output (Boston College, n.d.).

6.4 Sectoral Inapplicability and Operational Hurdles

The “one-size-fits-all” narrative often promoted by advocates does not stand up to operational scrutiny across different industries.

6.5 Customer-Facing and 24/7 Industries: The model is exceptionally difficult to implement in sectors requiring continuous presence, such as healthcare, emergency services, transport, retail, and hospitality (British Business Bank, n.d.; HR Daily Advisor, 2025). A UK study found that 75% of companies not implementing a four-day were concerned about customer availability (British Business Bank, n.d.). While staggered schedules can ensure five-day coverage, they introduce significant managerial complexity and may necessitate hiring additional staff to cover gaps, thereby increasing overall labour costs (MIT Sloan Management Review, n.d.).

6.6 Workload Compression and Burnout: If work processes are not fundamentally redesigned, the policy can devolve into simply compressing five days of work into four. This leads to increased stress and rushed work, undermining the very well-being benefits the policy aims to achieve (HR Daily Advisor, 2025; MIT Sloan Management Review, n.d.). This is considered one of the biggest failure points in implementation; success requires a strategic redesign of work to eliminate inefficiencies before cutting hours (MIT Sloan Management Review, n.d.).

Section 7

The Economic Consequences of a Mandated Reduction

- 7.1 The core economic reality of the 100-80-100 model is that it is not “free” for employers. By providing 100% of pay for 80% of the time, the policy mandates a 25% increase in the effective hourly wage rate. Unless this is fully offset by a corresponding 25% increase in hourly productivity, it translates directly into higher unit labour costs, eroding competitiveness. This is the experience of Portugal. (Asai 2024)
- 7.2 The most compelling real-world evidence of this mechanism comes not from a voluntary pilot, but from a national legislative reform in Portugal in 1996. The government reduced the standard work week from 44 to 40 hours, while legally forbidding firms from reducing monthly salaries (Asai, 2024). A comprehensive econometric study of this reform found that the firms affected by this mandated increase in hourly labour costs experienced a moderate but statistically significant decrease in employment of approximately 2% and a decrease in sales of 4% compared to a control group (Asai, 2024). While hourly labour productivity did increase, it was insufficient to fully offset the negative scale effects on labour demand caused by the higher costs (Asai, 2024).

This finding is crucial as it reveals a significant gap between the optimistic narrative from advocacy-led pilot studies and the cautionary results from large-scale, quasi-experimental economic analysis. The pilots demonstrate what is possible for a small, self-selected group of motivated firms. The Portuguese experience, however, demonstrates the potential adverse macroeconomic consequences, such as job losses, when such a policy is applied universally as a mandate (Asai, 2024).

- 7.3 Another possible outcome of a mandated reduction is that initially employees’ wages per hour will increase as they will be earning the same income for less hours worked. However, in the event that productivity does not increase accordingly, these gains will be temporary and wage increases in subsequent years will be toned down to reflect enterprises’ output and competitive situations. The net effect will be simply a contraction of labour supply.



**Malta's economy is heavily reliant
on high-contact service industries.**

Section 8

Recommendations

8.1 The Netherlands Model

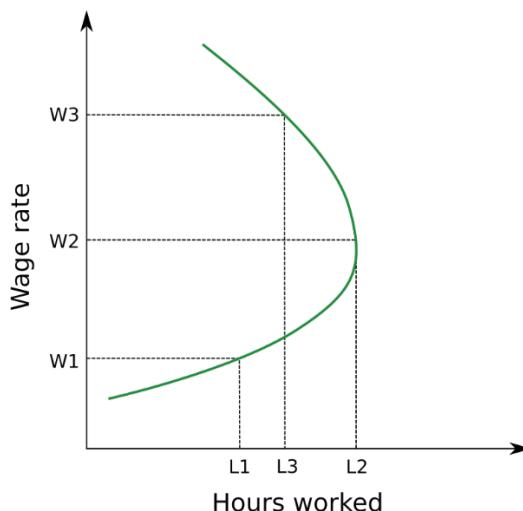
As explained, there are various models that attempt to create a better work-life balance, with varying degrees of success. The widespread adoption of a reduced hours four day week carries considerable risk and can affect many companies. Malta's economy is heavily reliant on high-contact service industries. A reduction in the supply of labour hours will undermine the competitiveness of many companies, especially if the 32 hour week model is adopted. Reducing the working week and banking on a 25% productivity gain is highly improbable, particularly in sectors with time dependent output. The compressed model also presents severe limitations when applied to many industries.

Therefore a blanket measure that is enforced on the economy places at risk jobs and competitiveness and will be counterproductive.

The most plausible way of shortening working hours would be to follow the Netherlands experience. Netherlands has the lowest average working hours in the EU (32). However this situation is the result of a culture shift, and an economy that is based on high value added activities which has raised disposable income sufficiently to enable employees to live comfortably on a reduced income compared to what they may earn on a forty hour week. Economic theory has the concept of the 'backward bending supply curve of labour', which posits that, although there is a positive relationship between wages and labour supply, there is a limit beyond which employees will prefer to trade marginal income for leisure.

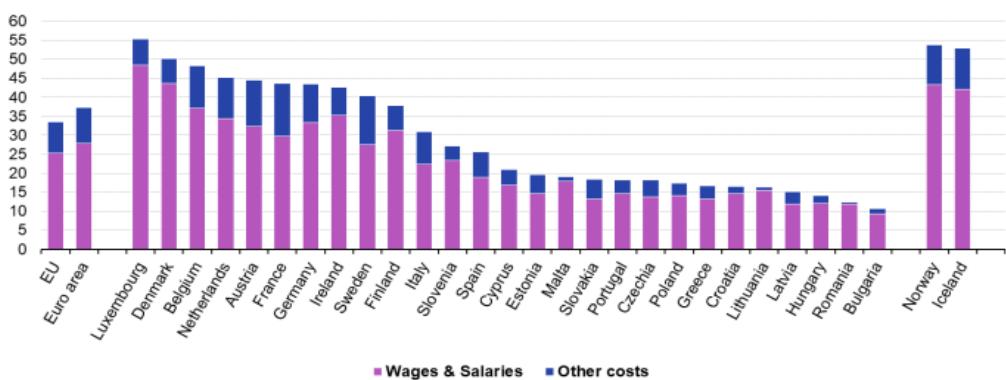
This model works in the Netherlands because it is driven by voluntary agreements between employers and employees. Incomes are also sufficiently high – due to high value output and competitiveness – that they allow for households to forfeit income for time off.

The backward bending Supply Curve of Labour



Maltese workers, and their employers, will be able to afford such positive outcomes if the economy is steered towards higher value added work. In the Netherlands, labour costs in 2024 stood at €45 an hour. The corresponding figure in Malta was €20. GDP per capita in Malta is €39k compared to €63k in the Netherlands.

Estimated hourly labour costs, 2024
(€)



Source: Eurostat (online data code: lc_lci_lev)

eurostat

The situation in the Netherlands also ensures that, in most cases, time gained from a shorter working week is not diverted into part-time employment, which would defeat the whole purpose. Imposing a shorter working week in a low income economy will carry a higher risk that the additional hours will be worked elsewhere, since, as explained by the backward bending supply curve, the marginal benefit of an additional hour worked in terms of material gains will be higher than the marginal benefit of additional leisure hours.

Another consideration is that more than a third of those working in Malta are non-Maltese. Many of these are in low-income jobs and their main priority is to maximise their earnings over the period they stay in Malta to sustain their families abroad. The likelihood in these cases is that additional leisure time will be converted into working time.

In view of Malta's heavy reliance on labour, any discussion on a shorter working week must be preceded by economic transformation to drive smart economic growth through capital investment, digitalisation, business process re-engineering, all of which contribute towards higher productivity at equal or reduced inputs of labour. Malta's trend in the last decade to build its economic model by expanding its labour force needs to be reversed to render the economy more sustainable, resilient and competitive. This needs to be done through investment in digitalisation, automation, AI, and robotics across new and traditional sectors alike. Such investment needs to be coupled with re-skilling and a radical transformation in Malta's education system to render workers and youths more employable in the new tech-orientated economic model.

Economic transition towards higher value added sectors must play an important role in reducing working hours. This should be enshrined in Malta Vision 2050.

8.2 Parents with second child under 6 years.

The social partners can discuss whether parents with a second child less than six years of age will have the option of requesting to work a 32 hour week. The employer will have to present an objective reason in case of refusal. The parent will earn pro rata pay and benefits for the duration of the reduced hours week. Government will subsidise the lost earnings for the lost eight hours (e.g.: paid at 50% of basic pay). This will be a focused intervention addressing the needs of employees who are the most pressured by family responsibilities. The employee will have to provide proof from his/her employer that hours and income from main employment have been reduced as a result of less hours worked. No part-time work will be allowed during the period when the employee will be receiving a subsidised income. This is similar to the measures taken in Lithuania in the public sector.

Alternatively, government may emulate the Polish model of tax deductions and offer parents with young children the reduced hour option. However, low income families will not benefit much from such tax deductions, although they will be the least likely to sacrifice income for less hours worked (The tax revisions in tax bands announced by government for the 2026 national budget are a step in the right direction. However, they favour more higher income earners and offer less to low income families).

The downside to this will be that the overall supply of hours will be reduced, and employers will have to adjust accordingly. Employers may suffer from increased overtime to compensate for the absence or recruit additional labour which, in the current challenging environment, will most likely be imported. However, this measure will guard against a drastic fall in supply of hours and productivity at national level, and will not affect competitiveness as hourly costs should remain constant.

8.3 Extension of school hours

There needs to be an honest and serious discussion about the need to reconcile school opening hours with the needs of families. This should have been part of the bargaining exercise with the teachers' union when the recent collective agreement was negotiated. Even by just increasing school times to 3.00pm will make it more practical for parents to opt for a thirty hour week and a working day of 8.00 am – 2.30pm (with 30 mins break) where possible, and be with their children upon their return from school.

8.4 Extension of child care facilities

The system of free childcare has become a key service in helping dual income with raising children. The service can be improved by extending it to cover employees doing shift work.

8.5 A Flexible Work Culture

Employers will endeavour to intensify efforts to introduce a flexible work culture, based on output rather than hours worked. This includes strengthening the current trend of offering teleworking, reduced hours and flexible hours where possible. Preferential treatment will be given to parents with young children.

There have been some claims that a shorter working week may be implemented without loss in productivity in some jobs/occupations. The danger here is that one can never generalise. In many jobs, output is intricately connected to time – e.g. catering, health, manufacturing, logistics. Yet, working excessive hours regularly will not result in higher output and risk burnout, which favours neither the employee nor the employer.

There is also the risk that, even if a reduction in working hours were possible for some occupations in particular circumstances, this may lead to a two tier labour market where some employees would enjoy privileges that others can never have. To an extent, this is already happening with teleworking. Employees in non-teleworking jobs feel disadvantaged compared to others who can work remotely. In the long run, this could lead to structural issues as less people will be attracted to work in areas where such flexibility is not possible. Sectors such as catering are already experiencing this, leading to an ever increasing dependency on imported labour.

It is argued that employees do not work at 100% efficiency all the time, leading to a conclusion that a shorter day or week yield the same levels of productivity if such inefficiencies are removed. However, fluctuations in productivity occur irrespective of the number of hours worked per week. The term work/life balance is too mechanistic and discards the essential interaction between these two aspects of people's lives. The work environment is also an organic place where people socialise and build friendships. This human interaction is positive for both employees and enterprises as - when managed properly - it builds teamwork, fosters innovation and improves quality and output.

8.6 Steer away from legislation

Blanket measures bring pain to both workers and companies. Let social dialogue find customised and workable solutions. Government should lead with incentives, not legislation. Even imposing a shorter working week on selected sectors or occupational categories will be counterproductive, as it will cause friction between different groups of workers. This is already being experienced between employees in jobs that can be done through remote working and others that demand a constant physical presence at the workplace. 'Most low- and middle-skilled occupations are not teleworkable, making these workers more vulnerable to the current crisis. A teleworkability divide could therefore exacerbate existing labour market inequalities'.⁸

In addition, once such measures are introduced, they are next to impossible to retract, even if they incur a negative net benefit to society. Mandating a reduced hour week will be political suicide for a party in government to withdraw, even if introduced on a test basis.

8.7 A compressed working week

Where feasible and accepted by employees, companies may introduce a forty hour week spread over a four-days. The Belgian experience indicates that the compressed week did not gain traction with employees.

8 (https://joint-research-centre.ec.europa.eu/system/files/2020-11/policy_brief_-_who_can_telework_today_-_the_teleworkability_of_occupations_in_the_eu_final.pdf)

8.8 Technology and Artificial Intelligence

Developments in AI and labour saving technology play a key role in revising work organisation in many industries, thus diluting the strict relationship between hours worked and productivity. The potential increase in output per person could enable more work flexibility, including a reduction in working hours. The increased productivity could be translated into higher income or more leisure time, depending on companies' and employees priorities. Such changes can only be implemented according to companies' specific circumstances. (These developments are not unprecedented, and are part of a continuous process started with the industrial revolution.)

8.9 Retaining the reduced working week where it exists

Companies which already have a working week with less than 40 hours will retain such systems, unless negotiated with workers' representatives.

8.10 The Ageing Labour Force

The four-day option may also be offered to employees attaining sixty years of age. One way to address the demographic crisis and welfare gaps is through active ageing. As the labour force ages, it becomes more important to encourage employees to work beyond retirement. Paradoxically, a reduced working week could be a positive incentive to increase supply of hours.

8.11 Lifestyle changes

Excessive after work activities is a source of anxiety for many families. Rushing from work to take children to after school activities every day, involves time and commuting which takes up a good part of - if not all - leisure time. Many employees often express the sentiment that they feel less stressed at work than when they leave the workplace. A reduction in such afterwork commitments is also a way to increase relaxation time without sacrificing working hours.

None of the statements included in this position document are to be interpreted as politically biased. By its nature the Malta Employers is a politically neutral organisation. It cannot and must not show any impartiality between any party on the local political spectrum.

Nevertheless, the Malta Employers is not apolitical because the proposals, decisions and policies enacted by the country's political leaders have a direct bearing on the prevailing employment and investment conditions which in turn impact on the business competitiveness of its members and the livelihoods of their employees.



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