

The Impact of IPS-funded Scholarships on Beneficiaries, the Public service, and Maltese Society

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Background

The public service offers financial sponsorships to public officers with the aim of helping them continue their formal education, in order to acquire higher qualifications and develop their human capital.

These sponsorships, which vary from short training courses to PhD programmes, are administered by the Institute for the Public Services (IPS), which provides courses specifically for the public service through a collaborative venture with two higher education institutions: the University of Malta (UOM), and the Malta College of Arts, Science and Technology (MCAST). Additionally, IPS is also responsible for the administration of scholarships funded by national funds and the European Social Fund (ESF), which is obtained through the EU to support employment and social inclusion.

The public service has grown substantially in recent years, and it is only through trained, qualified, and dedicated employees that it can offer an efficient and effective service to the general public. Now more than ever, public service employees need to engage in policy and research, embrace new technology systems, and adapt to growing and shifting demands. To strengthen



such a workforce, employers need to ensure that the skills of their employees are nurtured, and that they are in line with the respective objectives and needs.

In fact, pertinent literature emphasizes the view that education is an important source of skills and innovation (Crawford, 2008; Feldman, 2000) and suggest that investing in scholarship schemes offer significant benefits to employers.

In addition to this, studies show that education represents a positive investment that represents several benefits for employees, including in terms of higher wages and job satisfaction. Moreover, literature

indicates that the benefits of education are not limited to the firm, but possibly also to society in general. Indeed, studies have linked further education with a healthier society and increased awareness of civil duties, including charity, social cohesion, and civic duties (Borgonovi & Miyamoto, 2010; Cutler & Lleras-Muney, 2010; Miyamoto & Chevalier, 2010).

IPS is part of the People and Standards Division (P&SD), with the role of managing and developing the efficiency of the public service. The Institute provides training programmes that include short courses which are tailor-made for the public

service, and also organizes scholarships for employees. The scholarships offer the possibility of studying at local or international institutions, in order to ensure that employees are presented with ample opportunities. The aim of the scholarship is twofold: first, to ensure the formation of the civil servants at the different stages of their employment; and second, to support the continued upskilling and dynamism of the public service.





The rationale for funding education through IPS scholarship schemes

The extent to which a workforce is skilled plays a major role in relation to a country's economic growth. Literature suggests that, other things being equal, a country with a higher level of human capital has a greater possibility of higher growth, wages, and economic wellbeing (Von Brockdorff & Amaira, 2017). Considering that labour is the most important creator of wealth for Malta in view of the practical inexistence of any natural resources of significance, and in the light of the predominance of services, it may be argued that it is of particular necessity for Malta to invest in its workforce in order to ensure that it remains dynamic and competitive. This is not to mention the possible positive impact of education on the rest of society.

Despite the importance of education for Malta's socioeconomic landscape, results from the survey that was disseminated among beneficiaries indicate that 50 percent of beneficiaries would not have carried out the further studies had they not been awarded a scholarship, possibly due to the expenses involved. In this context, in view of these facts and indicators, it appears that education cannot be left to its own devices or to the employees themselves, but rather, employers – in this case the public service – have to step in to provide the appropriate and conducive conditions in the form of scholarship grants to ensure that their workforce remains dynamic and skilled.

Need for this study

This research intends to explore the impact of human capital investment on the Maltese public service as sponsored by national and international scholarship programmes. Despite the significance of upskilling projects such as that of the scholarship programme offered by one of Malta's largest employers, the public sector, an analysis of such initiatives in the Maltese context has yet to be conducted. The need to focus on Malta is a crucial component of our study, in view of the specificities of the Maltese labour market and of the economy. To the best of our knowledge, the only study which is situated in a Maltese context that comes somewhat close to our objectives is that of (Grech, 2018), whose paper sought to investigate the extent to which the University of Malta, which encourages worker retraining by reimbursing tuition fees, is successful in harnessing the benefits of its investment. However, while the need to ensure that employers get to reap the benefits of their educational investment in employees is immensely pertinent, and insofar as this is discussed in relation to the IPS scholarship in the final recommendations, in this study we are solely concerned with the impact of the investment itself, and not the ex-post retention of its benefits.

Therefore, by focusing on the IPS scholarship scheme and its efficiency, the project will seek to address the puzzling dearth of research on scholarship in Malta. In doing so, this is the first study of IPS scholarships,¹

¹ Information provided by IPS shows that there have not been any previous studies on IPS scholarships (see Appendix II, Ques. 4.5.2)

which is probably the largest scheme in Malta ever to provide funding for employee retraining and upskilling. Understanding the efficiency of the IPS scholarship scheme is critical not only because the public sector is one of the main employers in the Maltese economy, but also in light of the fact that the funds are derived from the national budget, which raises the need for accountability and academic scrutiny.

Results

The overarching conclusion is that further studies sponsored by IPS provide significant benefits for public service employees, the public service as an employer, and to Maltese society.

Specifically, it was noted that further studies contribute to higher pay scales, income, promotions, and job satisfaction for employees benefiting from scholarships. In turn, the public service is indeed benefitting from its investment, since data shows that beneficiaries are subsequently better skilled, have a higher propensity to innovate, and are more productive, all of which may indicate a substantial contribution to the efficiency of the public service. Lastly, data also reveals that sponsored education is a public good that results in positive spill overs within society in general, resulting in higher social outcomes: from our study, increased education leads to better health, increased social cohesion, and more environmental awareness.



Recommendations

On the basis of the results and subsequent analysis, four main recommendations are presented for the consideration of policymakers. All of these are specifically designed to reform and improve the IPS scholarship scheme.

Recommendation 1:

Link scholarship grants with the priorities and needs of the public service.

Every firm or organisation disbursing its funds to train and equip its working with skills, be they general or specific, has to ensure that the training and the skills obtained reflect its priorities and needs, depending on its gaps in skills and on its projected operations. Otherwise, without such organisation, mismatch in skills occurs, and the firm cannot obtain the full value of its investment back. While IPS applicants have to have their applications approved by their department or ministry, there exists no systemic exercise to ensure that the IPS scholarship scheme, which is funded by taxpayers, is geared to meet the strategic priorities and needs of the public service.

In view of this IPS, in collaboration with the leadership of the public service, should define priority areas in which the service requires upskilling, in view of

constantly changing technology and strategic needs.

Once the service's priorities have been defined, the IPS is well placed to in turn set up a system to link the scholarship grants with these priorities. A way of doing this would be to, ex-ante: i) request applicants to justify their scholarship application in the light of the public service's priorities and needs; ii) request beneficiaries to focus their end of degree research on a subject linked to the public service and its priorities.

Defining its priorities and implementing these mechanisms would permit IPS to direct its scholarship funds towards plugging the public service's skill-gaps and ensure that it is well equipped for its future endeavours.



Recommendation 2:

Facilitate the matching of retrained workers with corresponding positions.

To train and equip workers according to the priorities of the public service is a significant step forward. However, in an imperfect labour market with inherent information asymmetries, it is crucial that the public service, the largest employer in Malta, ensures that its retrained workers are matched with the positions in which their skills are required, so that it avails of the skills for the development of which the funds were disbursed in the first place.

A way to tackle possible information asymmetries hindering the matching of developed skills with corresponding positions within the public service would be for IPS to collaborate with the public service's human resources section, providing it with information about beneficiaries and their studies. Such information sharing mechanisms would allow Human

Resources to be better informed about its changing workforce and its skills-pool, permitting it to take on the role of facilitating the internal mobility of retrained labour within the public service. Whether it is with the human resources section or with any other pertinent department of the Maltese public service, it is crucial for IPS to ensure that its relevant partners are well informed of its work and its investments.





Recommendation 3:

Conduct ongoing evaluation of the scholarship programme

To ensure that the scholarship programme is effective and bearing fruit, IPS should set up an evaluation system. This could consist of i) ex-post surveys with beneficiaries to allow them to provide valuable feedback on the programme; ii) short and long term follow-up of a pool of selected beneficiaries in order to evaluate how retrained workers are being helped in the best possible manner to employ their skills in the relevant departments or positions; iii) constant internal consultation with relevant public service departments in order to obtain pertinent feedback on whether the scholarship programme is being effective in addressing the public service's needs, and on how the scheme can be improved and finetuned.

Recommendation 4:

Facilitate international exchange programmes

International exchange programmes, the most successful example probably being Erasmus+, serve not only to exchange knowledge, but perhaps more importantly to change attitudes related to work ethic and practices, as well as cultures. The world is becoming increasingly globalised and multicultural, and Maltese society is no exception, and eventually the public service will have to adapt in order to continue reflecting the society in which it is embedded.

A successful way of reaping these benefits would be to encourage beneficiaries to participate in international exchange programmes in the form of placements within companies, foreign public services, or universities. This will not only guarantee that the Maltese public service obtains new input in the form of ideas, insights and knowledge; it will also ensure that civil servants are able to work and interact in a multicultural and multilingual setting at a time when collaboration among European public services is required more than ever.

Conclusion

This study sought to provide the first systematic analysis of the impact that investing in education has on beneficiary employees, employers and society by taking the IPS scholarship scheme offered by the national government to civil servants in order to further their education, obtain better qualifications, and improve their human capital and skills.

While understanding the impact of education is crucial from a public policy and management perspective, exploring whether the IPS scholarship scheme is indeed efficient is rendered perhaps even more pertinent by the fact that the grants are financed by the Maltese taxpayer.

A survey circulated to scholarship beneficiaries found that further education results in increased earnings, enhanced job prospects, and improved job satisfaction. Beyond the individual benefits, it also emerged that when employers invest in their employees' education, they have access to workforce that is more skilled, innovative, and productive. Finally, the study explores possible externalities spilling over to the remainder of society; we demonstrated that there exist positive links between educational investments and a more democratic and open society, one that is more conscious of the environmental challenges we face and of the importance of wellbeing and health.

From a public policy perspective, these findings are significant and will help policymakers and firm managements to adopt informed strategies to employ education at the service of employees, and Maltese

firms and society in view of its demonstrated benefits for the Maltese economy and society in general. Furthermore, these findings, which imply that the firm and society are deeply interlinked, should encourage policymakers and firm managers to come together in order to harness the full extent of the benefits resulting from invested education.

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