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MALTA EMPLOYERS' ASSOCIATION

MEA survey finds that employers are temporarily holding on to their employees even though they are not satisfied with the Government schemes.

The Malta Employers' Association has conducted an online among employers to determine the extent to which business operations have been affected by the COVID-19 pandemic, the effectiveness of government schemes to assist companies and the need to review such measures. The response to the survey consisted of 346 companies in the private sector, with a spread across all economic sectors and size of companies, employing in the region of 40,000 persons.

The survey findings show that 40% of respondent companies are still operating at full hours, with a further 24% working at on a reduced working schedule. 36% replied that all employees are on a reduced working week. 58% of companies have enforced pro rata leave or the total annual leave entitlement for 2020 to avoid redundancies.

72% of respondents have not placed any employees on unpaid leave, and 6% replied that all their employees are on unpaid leave as a result of the virus outbreak.

Only 9% of respondents declared that they have made redundancies, with 80% of those who have stating that the rate of redundancies has been, so far, less than 25%.

However, in spite of this somewhat positive scenario, only 24% of respondents said that they will not increase redundancies if the crisis persists beyond the end of May 2020. 31% replied that redundancies will increase beyond May 31st and 45% said that they are undecided. This is indicative of a high level of uncertainty that prevails in the business environment.

Of those who envisage an increase in redundancies, 36% are in Annex A, 21% in Annex B and 43% are in neither Annex A nor in Annex B of scheme eligibility.

Employers reported on various digital measures taken to adapt to the circumstances. 73% have applied teleworking to all or some employees within the company, 58% mentioned the use of video-conferencing, and 18% are using e-commerce tools to conduct their business.

52% of companies surveyed are making use of the wage supplement schemes, with 48% not falling under any scheme. Of those who are using the schemes, 66% of these fall under Annex A and 34% fall under Annex B.

The overall response to the effectiveness of the schemes reveals that only 18% of companies stated that the schemes have been effective. Yet there is a significant difference between those falling under Annex A and Annex B. 38% of companies falling under Annex A said that the schemes are effective, and only 8% of those who were classified under Annex B stated the same.

The general conclusions and recommendations resulting from the survey are:

1. Although only 18% of companies have not considered the schemes to be effective, only a minority of respondents have laid off people. In a minority of cases, this could be because their business might not have been effected, but the really faced by a vast majority of employers is that they are accessing their own resources to postpone redundancies in the interest of their business and also the well-being of their employees.
2. This situation cannot be sustained indefinitely. 31% have reported increased redundancies if the situation remains unchanged, and a further 45% are uncertain about the immediate future.
3. Government needs to extend the benefits of Annex A to other companies that may be in dire need of assistance, irrespective of sector.
4. When the situation improves and fewer businesses will be in need of funding to retain employees and/or to remain operating, more intensive incentives should be focused on those companies and sectors who will take longer to recover.
5. Companies have reported that, in spite of the adverse situation, they still need foreign employees. Identity Malta needs to be more flexible and efficient in processing TCN applications, particularly renewals of contracts. Many TCNs face the unpleasant prospect of ending up in the streets without any income and without the possibility of returning to their country of origin.
6. Government may consider a temporary reduction in the VAT rate to kickstart the economy. This will depend on the extent and duration of the damage.
7. Commercial rents for companies who have been hit by the crisis should be temporarily waived or revised.
8. Energy bills should be cut to reflect international prices.
9. The schemes for reduced interest rates and liquidity incentives should be implemented immediately.
10. Incentives to implement alternative work organisation for both employers and employees should be extended beyond the crisis.