



Media Release, 9th September 2020

MEEA urges government to remain vigilant and to keep on supporting businesses

The Malta Employers' Association has conducted an online survey among employers to test business performance in times of COVID-19. The response to the survey consisted of 237 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 research findings show that 81% of respondent companies have experienced a loss of business due to COVID-19, 3% experienced an increase in business and 16% of respondents claim that COVID-19 is having no effect on their business operations. June-August have been better than March-May for 48% of respondents; 38% of respondents claimed that business remained the same and 16% of respondents claimed that business performance was worse than Jun-Aug 2020.

73% of respondent companies answered that they have foreseen the second wave following the increase in Covid-19 cases after the 20th July, and this has affected many companies (73%) in their business projections for the fourth quarter of 2020. 96% of respondent companies claim that the second wave could have been totally or partially avoided.

Only 19% of respondents declared that they have made redundancies, with 85% 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 38% of respondents said that they will not increase redundancies in the coming 3 months (Sept-Nov). 19% replied that redundancies will increase beyond September and 43% said that they are undecided. This is indicative of a high level of uncertainty that prevails in the business environment.

62% of companies surveyed are making use of the wage supplement schemes, 24% have benefitted from the Electricity and Rent Refund Scheme, 19% have benefitted from the teleworking equipment schemes and 11% have made use of bank moratorium.

44% of companies surveyed are envisaging that business will depend on extended government support for 2021, and 22% are still undecided.

In sectors where teleworking is viable, many companies (65%) have introduced or enhanced teleworking arrangements for their employees. 60% of these companies claim that employees have been equally productive and 7% have been more productive than when working from the place of work. Unfortunately, 33% of respondents claimed that teleworking arrangement have not produced positive results as employees have been less productive. 42% of respondent companies envisage keeping teleworking arrangements post-COVID, while 20% are still undecided.

38% of respondent companies are going to be strongly affected if schools do not operate normally in the coming scholastic year.

60% of survey respondents have not yet initiated any investment projects that have been postponed due to COVID-19. Out of this 60%, 11% stated that they will definitely be reactivating their projects within the next 12 months. 23% stated that they will definitely NOT be reactivating their projects within the coming 12 months, while another 36% are still unsure. Another 30% did not answer the question.

Major employment related matters that are affecting business in the current situation include:

- Sense of instability and uncertainty
- Demotivated employees
- Fear of returning to work
- Less cash in hand (struggling to pay salaries)
- Lack of skilled staff (recruitment issues)
- Permits of foreign nationals
- Increase in sick leave
- Quarantine Leave

The survey concludes that the majority of the respondent companies (57%) need more than 12 months to recover.