

## MALTA CHAMBER OF SMES PUBLISH SURVEY ON BUSINESS SENTIMENT AND PERFORMANCE DURING 2021

A study conducted by the Malta Chamber of SMEs among 250 business owners showed that 47% felt that the experience of businesses with the closures this year were worse than last year because they were in a weaker position and closing made it even harder. The survey, carried out between May 10th and 18th, asked business owners how they would describe the experience of being closed during 2021.

A quarter of the respondents said the impact was comparable to 2020 while 11% claimed there was confusion because some were unsure if they were allowed to open or not. This, they said, led to unfair competition because others “opened regardless”. A further 13% said they were able to continue with their business through their online platforms. They were allowed to reopen again on April 26th.

On the days following the reopening last month, almost 40% said business was “very slow” while 27% said it was “slow”. A further 34% said business was satisfactory.

The majority of business owners that participated in this survey, 59%, said they did not make use of the government’s tax scheme at any point since the start of the pandemic. A further 30% on the other hand, opted for the scheme, while 11 per cent claimed to not know about it.

Of those who made use of the scheme, over half, 52%, said they have started paying repayments while 22% plan to start paying “later this year when business restarts”.

### ABOUT MALTA CHAMBER OF SMES

Malta Chamber of SMEs (Formerly known as GRTU) is the largest social partner in Malta representing over 7,000 SMEs from over 90 different sectors. The SME Chamber has been established for over 70 years and its aim is of safeguarding the interest of businesses at large.

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A further 17%, however, said they are not sure when they will be in a position to start repayments while 9% said it will “surely not be before the year 2022”.

16% of the respondents made use of the moratoria on bank loans at any point since the start of Covid, while 84% did not make use of the bank moratoria.

Asked what their biggest concerns were, businesses flagged sales levels as the top concern with 19% of the respondents, followed by cash flow issues 15% and uncertainty 14%. Other problems included problems in collecting payments, employee wages, difficulty in paying commitments, rent and banking issues.

If the situation remains unchanged, 24% of businesses said they would only survive up to six months while 21% said they would make it for a period of up to 12 months. A further 38% would make it for longer than 12 months.

Others, however, said they would only last a few months, with 13% saying they would only survive up to three months and 4% said they would have to close in a month’s time if their situation did not improve.

On recovery, 23% said they are still unsure of when they envisaged recuperating while 19% said recovery has started.

When asked about business’ sales turnover during the first 4 months of 2021, 33% of the respondents said that they are “very dissatisfied”, 25% responded that they’re “dissatisfied” and 29% responded that sales are “neutral”.

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48% responded that sales are worse than expected while 47% replied it's in line with expectations, 5% said it was better than expected.

When asked about their plans for their business until the end of the year, 37% of businesses said that they do not plan to change anything, while 9% replied that they intent to expand in Malta, 14% replied that they'll start eCommerce. Only 10% replied that they will downsize and 7% replied that they will reduce employees, amongst other options.

The study also flagged worrying trends related to employees' mental health. Owners said 60% of their employees reported mental health issues, with 14% saying this was negatively impacting business.

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