

SME BAROMETER[®]

Q3 2023

PREPARED BY

Malta Chamber of SMEs in collaboration with
MISCO



ENQUIRIES ABOUT THE REPOR MAY BE ADDRESSED TO:

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ABOUT THE SURVEY.

The SME Barometer® is a quarterly survey that provides scientific insights into economic trends, business sentiment, and the state of enterprises in Malta.

The SME Barometer is a comprehensive survey and report that offers valuable insights into the small and medium-sized enterprises (SME) sector. It encompasses data on the current economic conditions, challenges, and opportunities faced by SMEs. The report highlights trends in business performance, and growth prospects. It is a crucial resource for policymakers, business owners and other important economic stakeholders seeking to understand the pulse of the SME sector, providing key indicators for decision-making and strategies to foster SME growth. The SME Barometer serves as a vital tool for evaluating the health and vitality of SMEs in various economies.

This initiative plays a crucial role in identifying potential future challenges. By making this information available to the public and stakeholders, the SME Barometer® becomes an essential tool for addressing and proactively managing the economic and business landscape in Malta.

The SME Barometer is conducted by the Malta Chamber of SMEs in Collaboration with MISCO.

BEHIND THE SME BAROMETER.



PAUL ABELA
PRESIDENT | MALTA CHAMBER OF SMES



LAWRENCE ZAMMIT
DIRECTOR | MISCO



ABIGAIL AGIUS MAMO
CEO | MALTA CHAMBER OF SMES

SURVEY DETAILS.



NUMBER OF RESPONDENTS

423



MARGIN OF ERROR

4.9%



TYPE

Online Survey with Unique Submissions



RESPONDENTS

Businesses operating in Malta



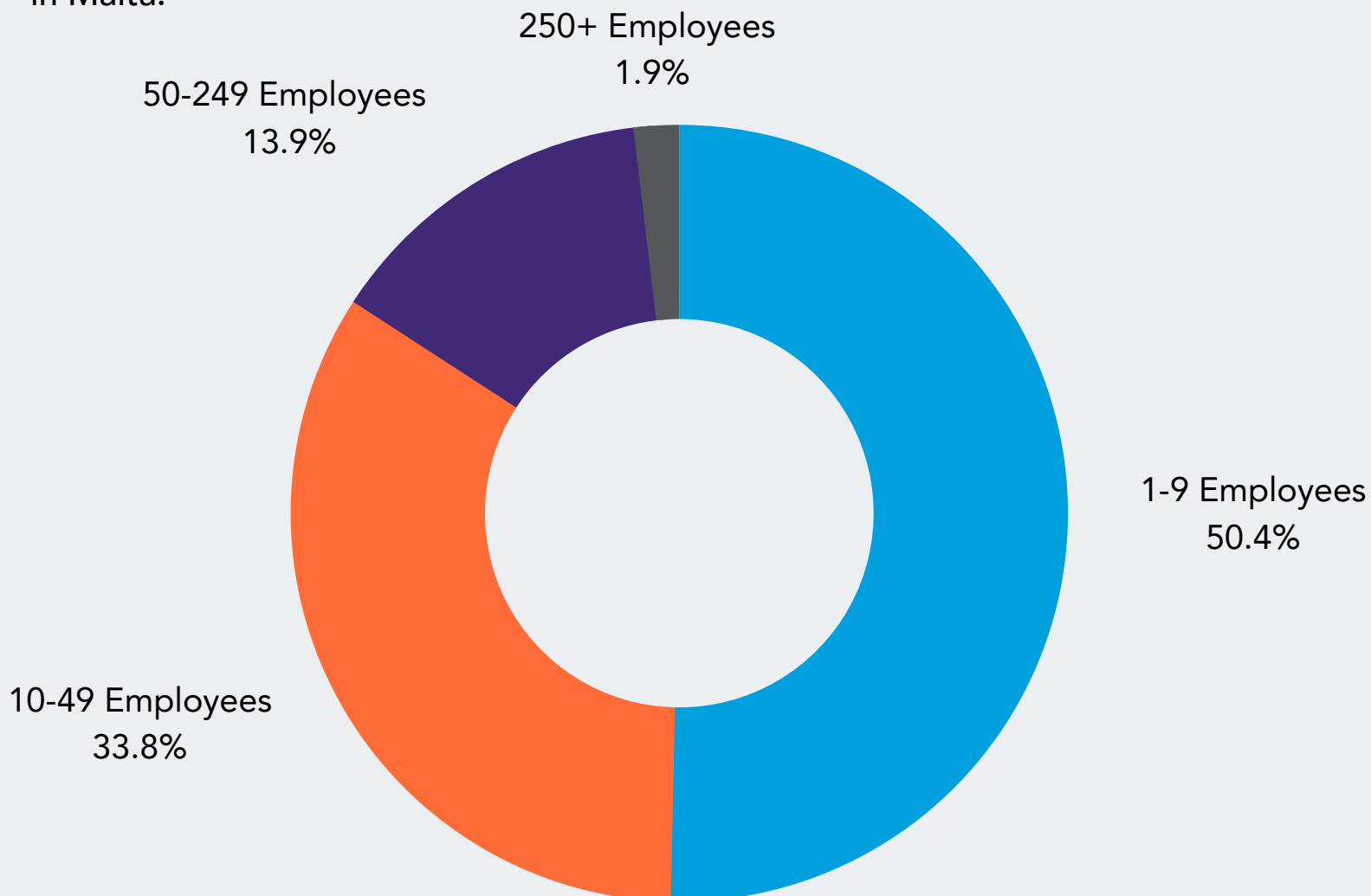
DATE

11th Oct - 20th Oct 23'

SIZE OF BUSINESS (HEAD COUNT).

The 423 businesses participating in the Q3 SME Barometer primarily fall within the micro-enterprise category, with 50.35% employing fewer than 10 individuals. The next significant segment comprises companies with 10 to 49 employees, making up 33.81% of the business landscape in this barometer. A smaller but notable portion, 13.95%, consists of firms with workforces ranging from 50 to 249 employees.

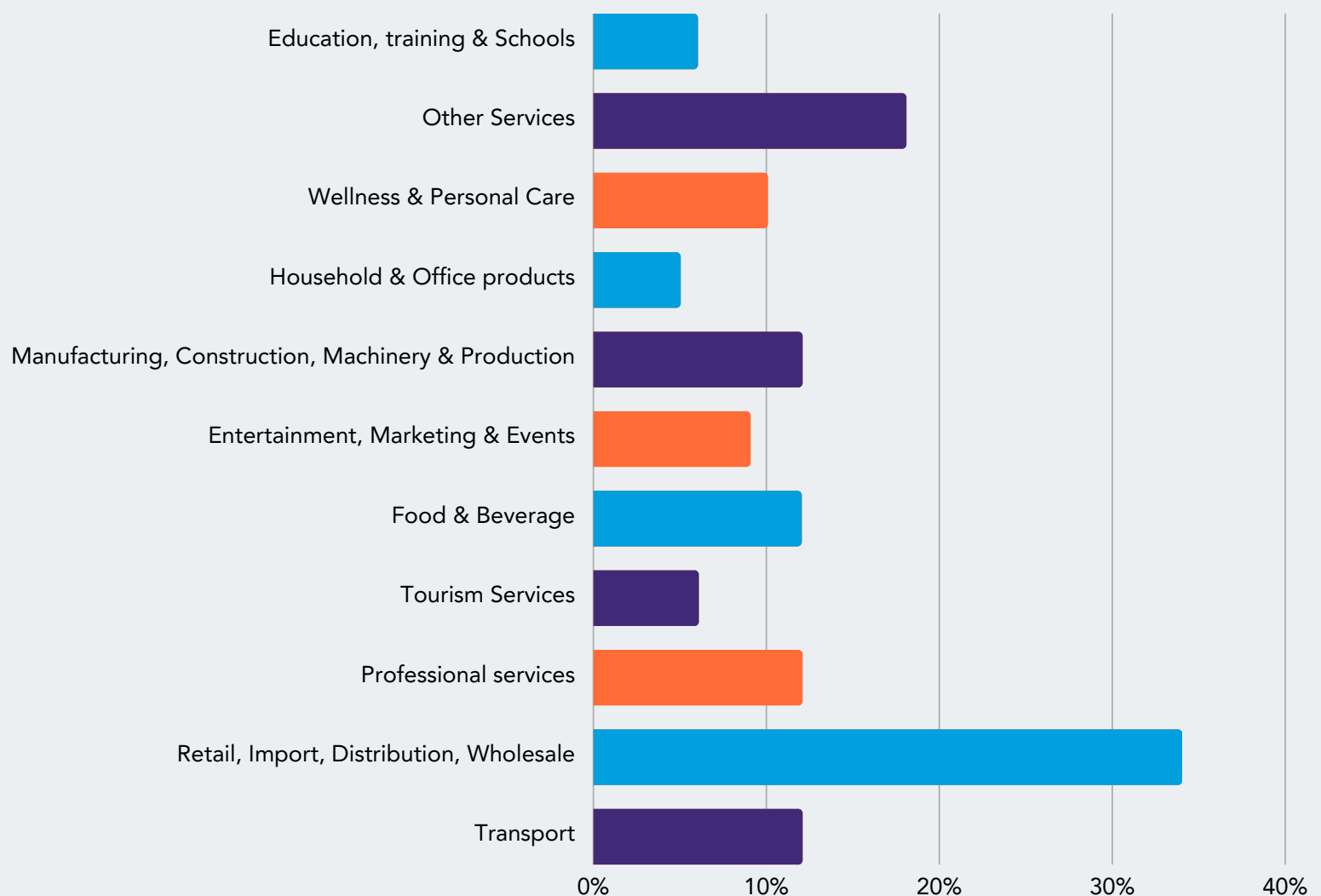
Few enterprises, approximately 1.89%, employing over 249 individuals participated, reflecting the predominantly small and micro-sized business makeup in Malta.



LINE OF BUSINESS (MULTIPLE CHOICE).

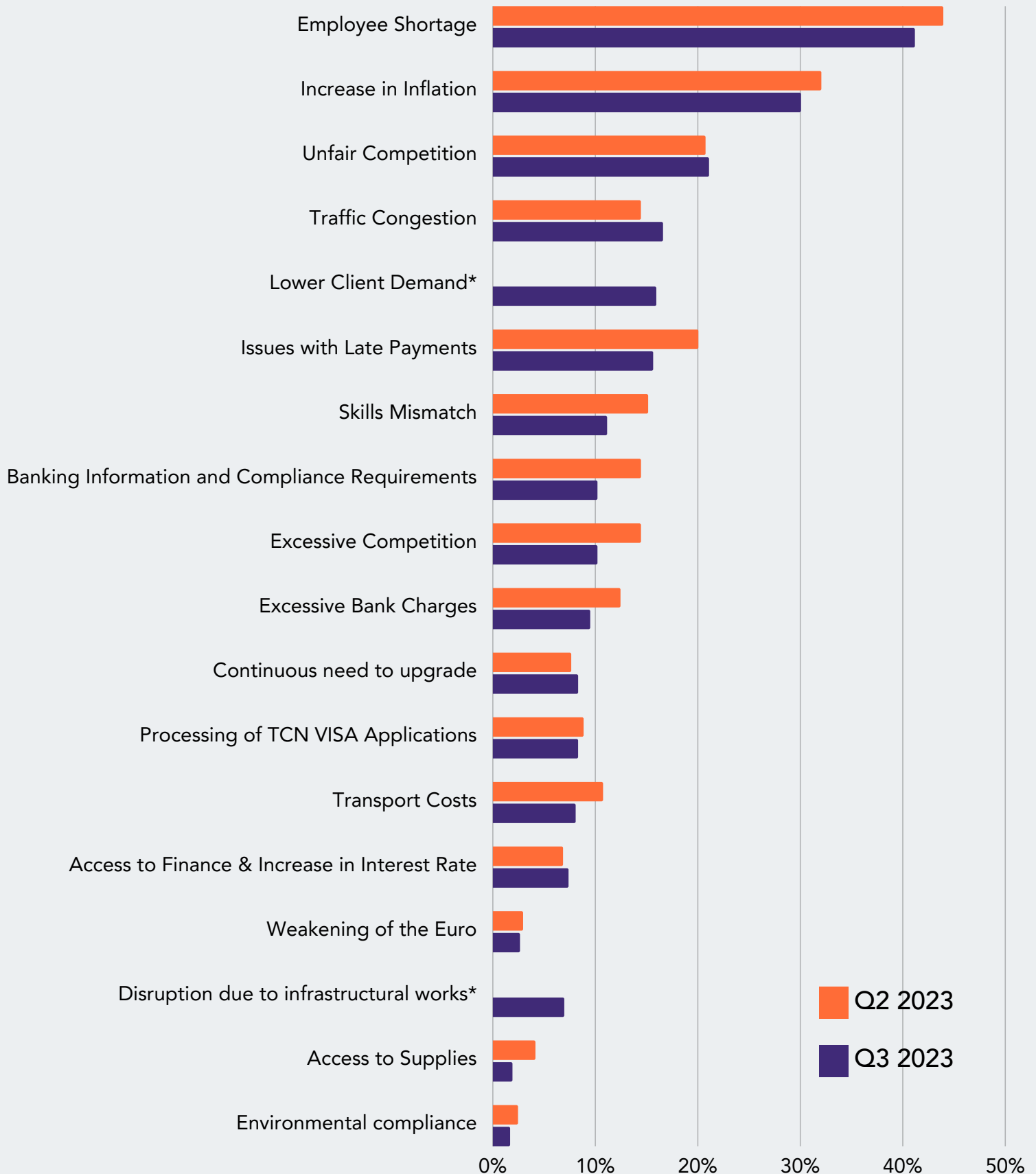
Of the participating business sectors, various industries contribute to Malta's economic landscape. Retail, Import, Distribution, and Wholesale dominate the sector at 34%, highlighting a robust commercial presence. Other significant contributors include Manufacturing, Construction, Machinery & Production (12%), Professional Services (12%), and Transport (12%). Wellness & Personal Care and Food & Beverage sectors each account for 10%, while Entertainment, Marketing & Events make up 9%.

Additionally, Other Services and Tourism Services comprise 18% and 6% respectively. Education, Training & Schools and Household & Office Products round out the sector at 6% and 5% respectively.



The 2 most important issues your business is currently facing?

Quarter 2 VS Quarter 3

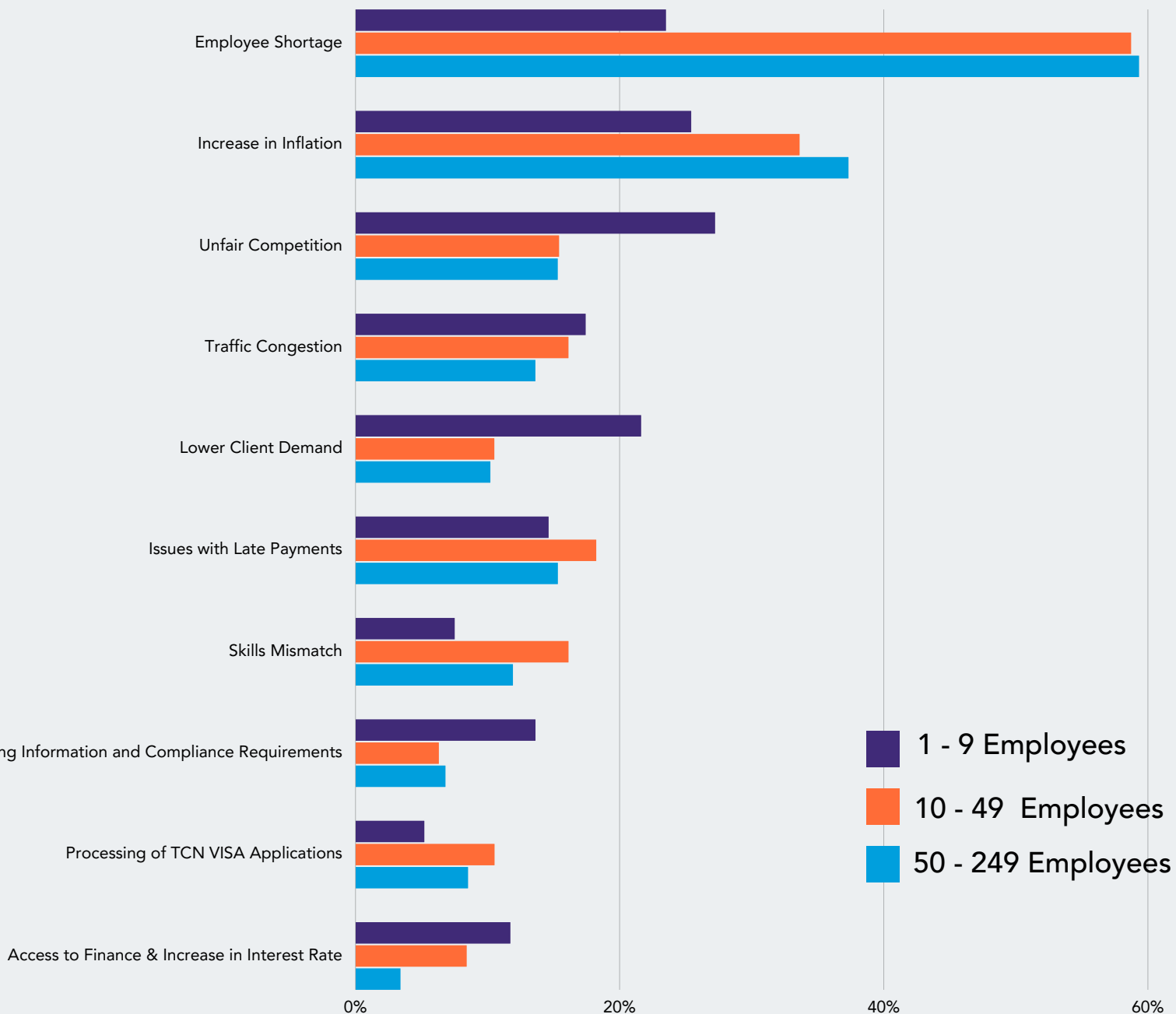


* Choice was introduced for the first time in Q3 survey, therefore a comparison could not be drawn.

The 2 most important issues your business is currently facing? Cont.

This data reveals the major concerns and challenges faced by businesses in Malta, categorised by the number of employees. In general and across the board, the most pressing issues across all Business sizes are Employee Shortage, Increase in Inflation and Unfair Competition.

The below gives a more detailed explanation of the main findings by company size

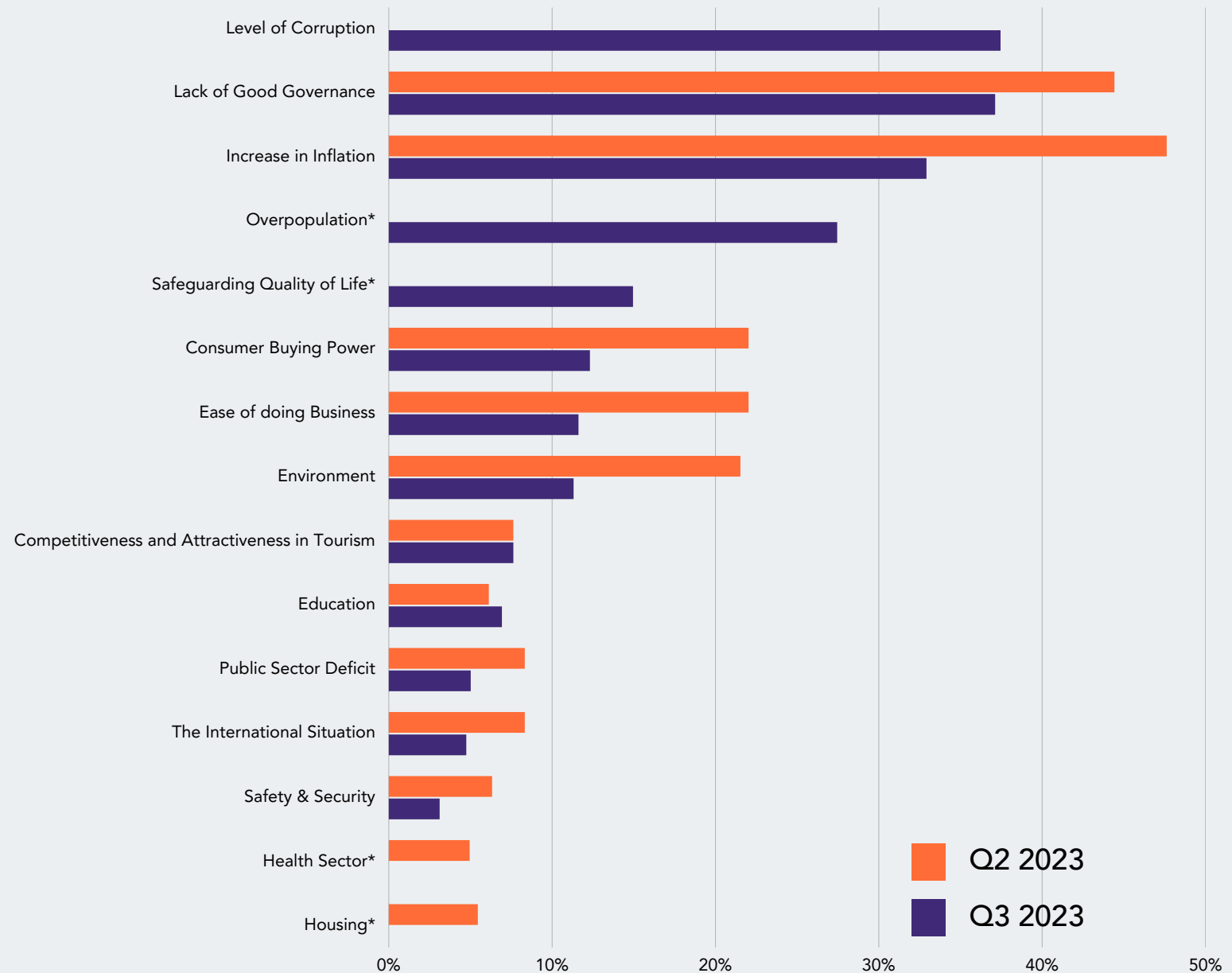


In your opinion, what are the TWO most important issues the country is currently facing and that you would like the Government to do something about it?

Quarter 2 VS Quarter 3

The primary contributors to business concerns when it comes to the national situation across all sectors continue to be the lack of good governance and the increase in inflation. These challenges have remained consistent from the previous quarter (Q2 2023), affirming their sustained importance and concern.

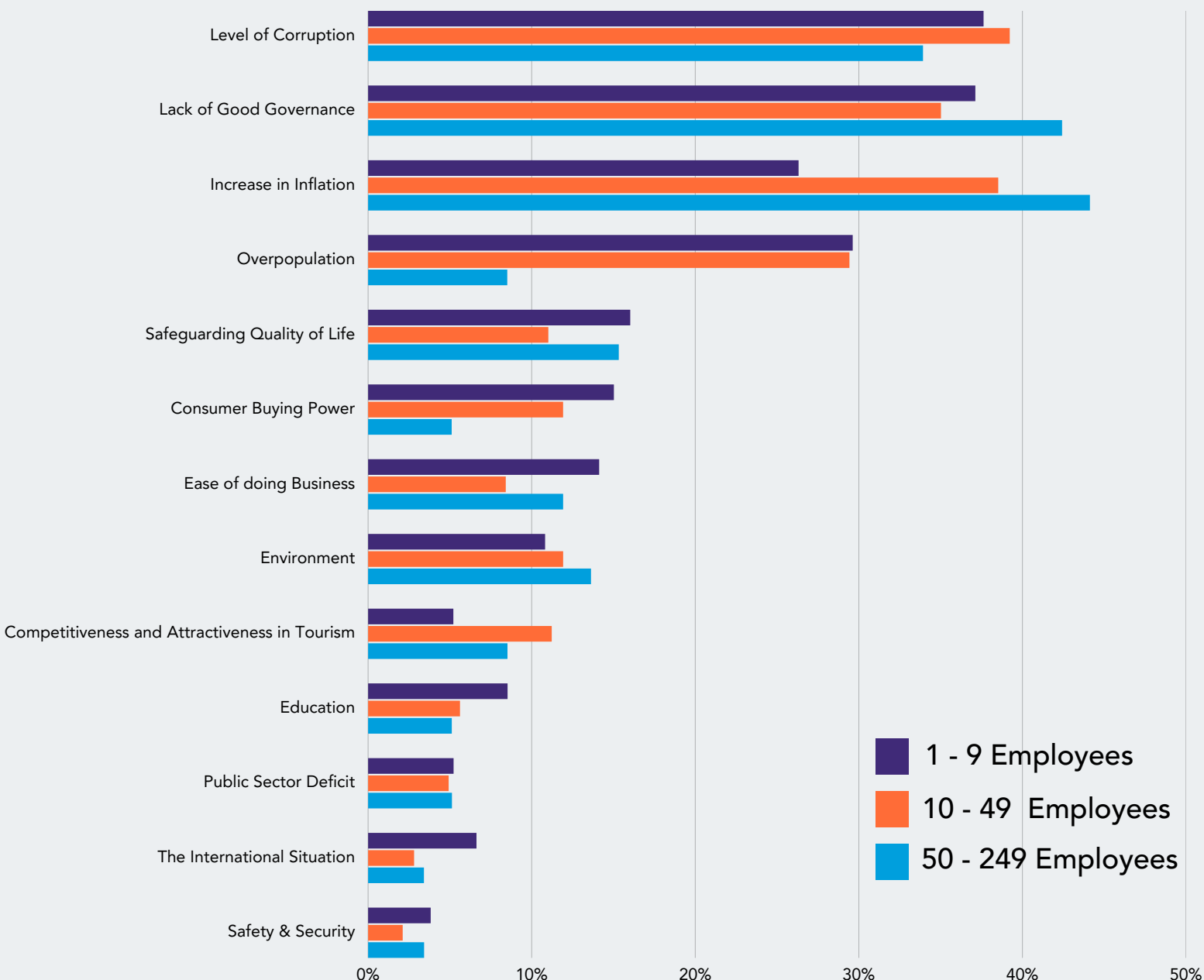
The Q3 SME Barometer introduced new choices, in particular on the perceived level of corruption and the nation's overpopulation and concerns on the quality of life. These new choices also scored high, which continues to underpin the survey results with the evolving issues highlighted during this quarter.



* Choice was not offered in both surveys, therefore a comparison could not be drawn.

In your opinion, what are the TWO most important issues the country is currently facing and that you would like the Government to do something about it? Cont.

The primary concern for businesses when it comes to their view of the current state of the country centers around good governance and corruption. Following closely is the situation with increasing inflation. Interestingly, overpopulation is also a significant concern, particularly amongst micro and small companies. This underscores the need to regulate the market and address potential abuses of the system resulting in unnecessarily collateral damage.



In your opinion, Is Malta moving in the right direction or in the wrong direction?

Quarter 2 VS Quarter 3

The businesses overall sentiment continues to show that Businesses are feeling uncomfortable with the direction they are seeing Malta heading towards.

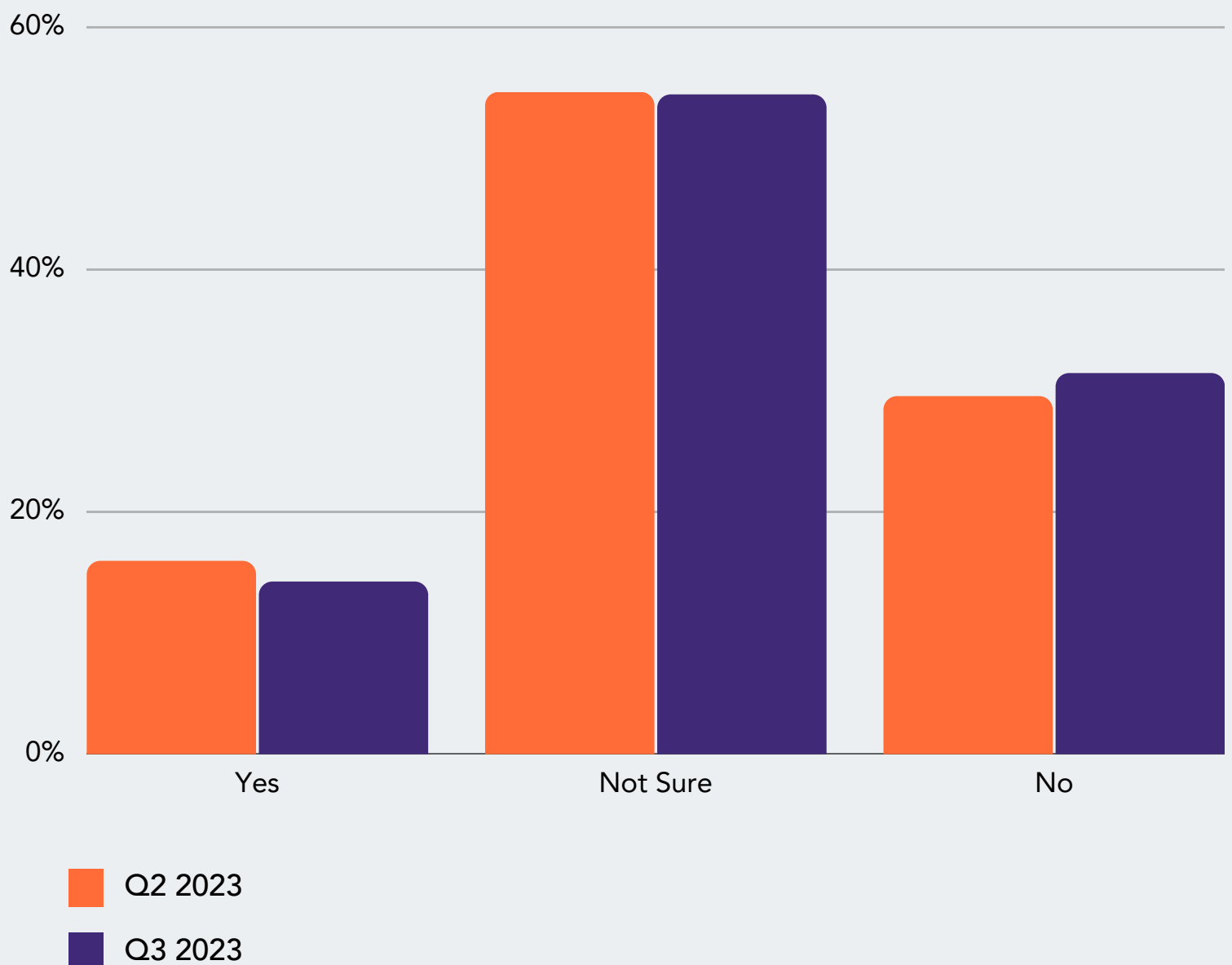
The data shows that overall businesses' sentiment continued to shift when compared with Q2, 2023. The change is a significant one, being it of 16% from Q2 to Q3.



Do you think that during the next twelve months, it will be a good time to invest?

Quarter 2 VS Quarter 3

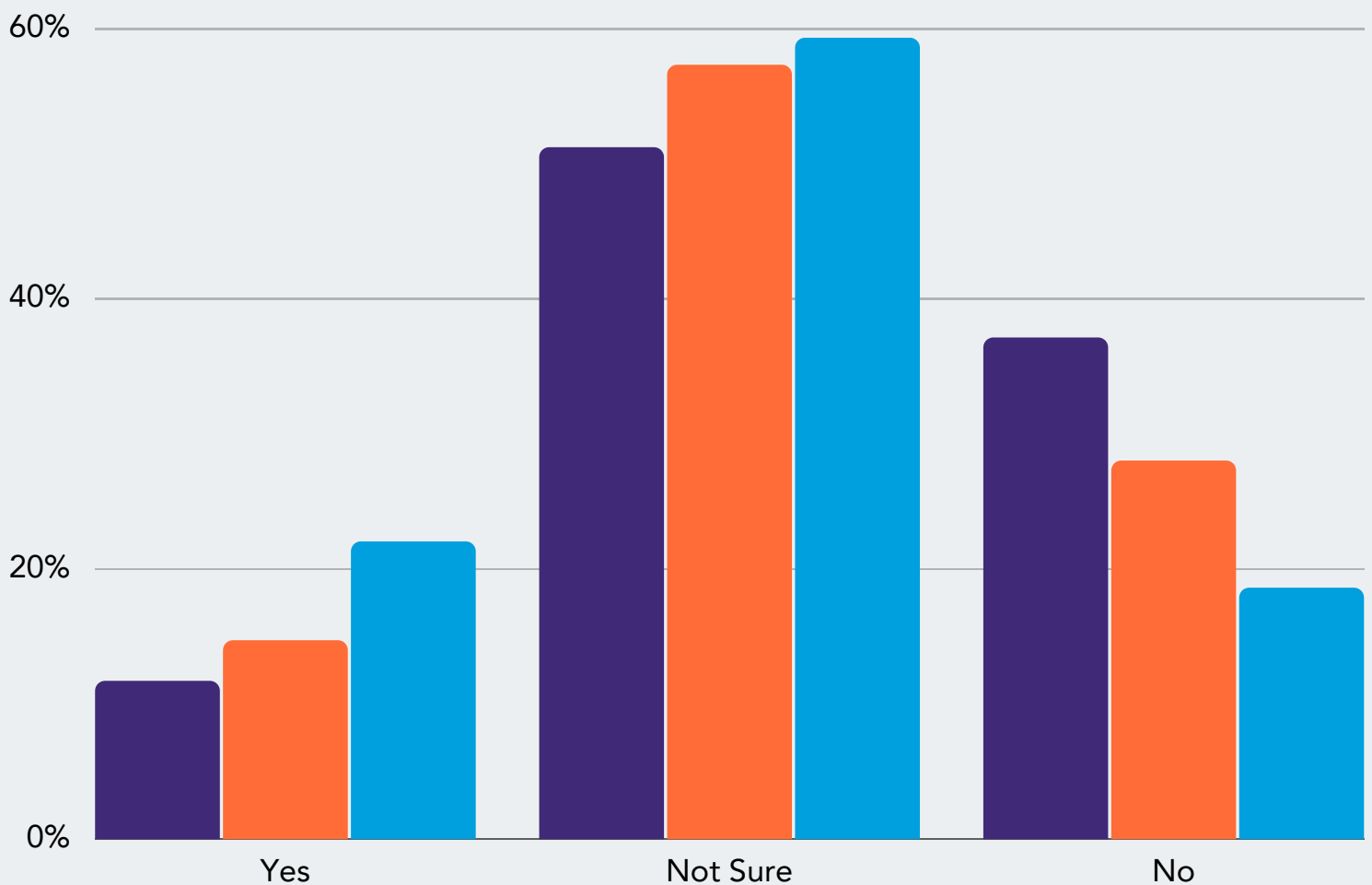
The level of uncertainty remained the same when comparing both quarters. The comparison however shows that there was a slight shift from those respondents who replied that they were willing to invest during Q2 as opposed to Q3. The shift results in a total of 1.9%.



Do you think that during the next twelve months, it will be a good time to invest?



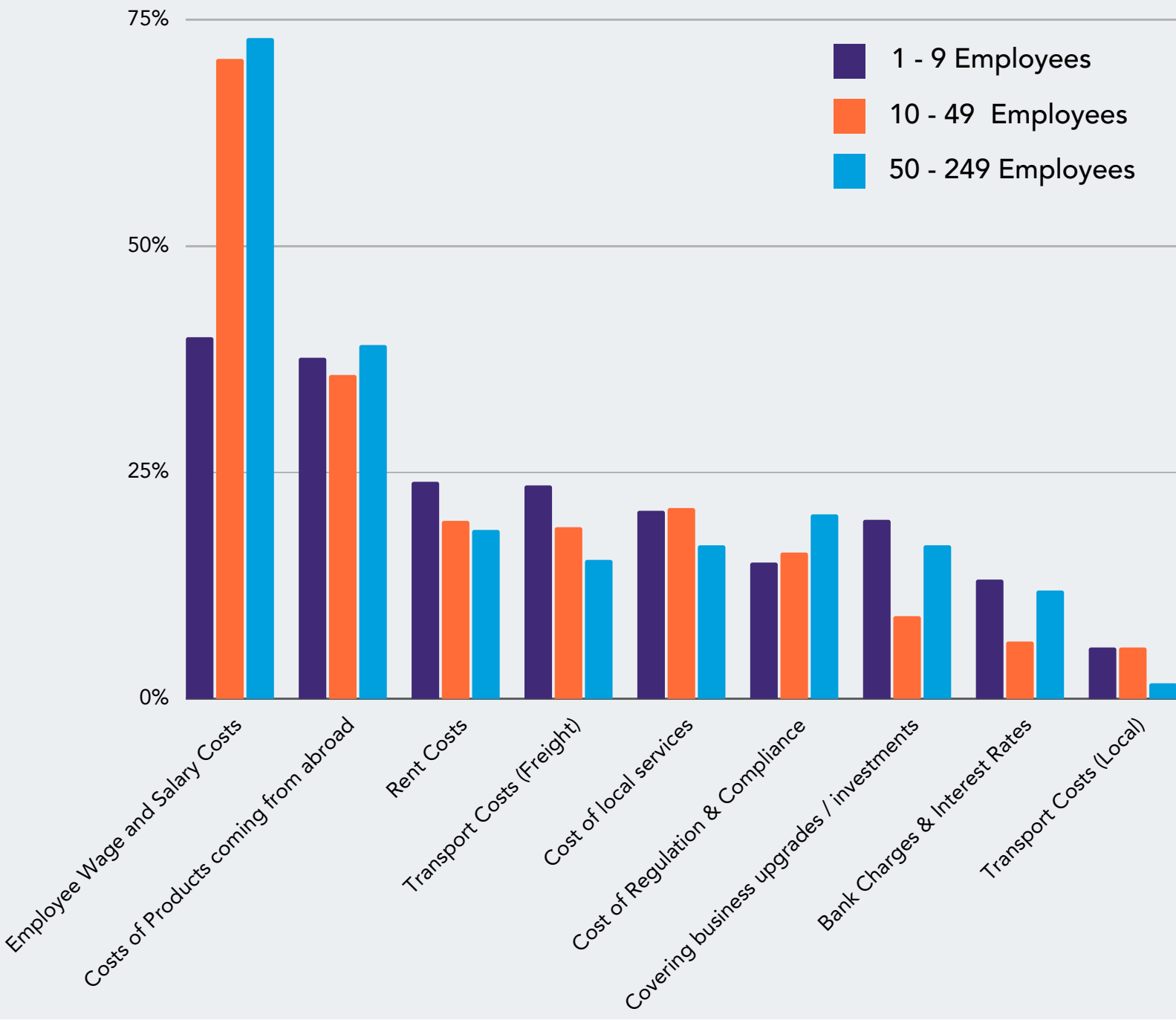
Businesses, regardless of their size, are still facing considerable uncertainty when it comes to making investment decisions for the next year. Interestingly, when it comes to those who expressed a lack of interest in investing, the majority were micro businesses, followed by small businesses.



- 1 - 9 Employees
- 10 - 49 Employees
- 50 - 249 Employees

Which are the two main contributors leading to inflation within your business?

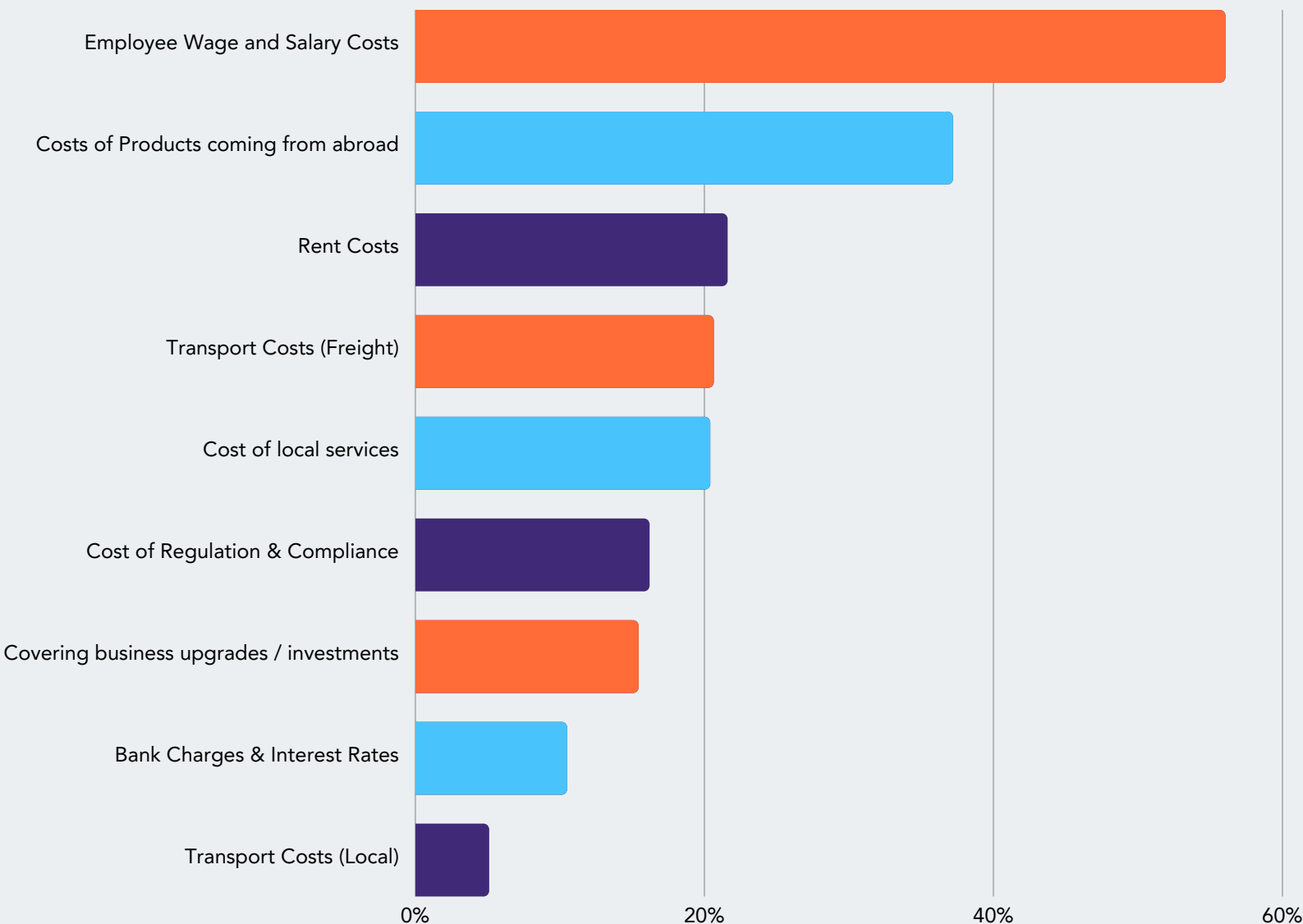
Businesses believe that the main factors leading to inflation are mainly due to Employee wage and salary costs. This includes the cost of recruitment, employee turnover and actual salaries. Micro businesses are the least impacted when it comes to employee wage and salary costs as opposed to small and medium sized businesses. The larger the business, the greater the impact. The costs of products coming from abroad however is impacting businesses across the board.



Which are the two main contributors leading to inflation within your business?



In general business still believe that the top most concerning factors leading to inflation are the Employee wage and salary costs, the costs of products coming from abroad, followed by rent costs, Freight costs and costs of local services.



KEY FINDINGS.

- **High Concern Regarding the Nation's Direction:**
 - The survey findings highlight a notable increase in the level of concern among businesses about the country's overall direction.
 - A significant increase of 16% from Q2 to Q3, underscores a growing sense of unease within the business community regarding the nation's overall direction.
- **Inflationary Factors Impacting Diverse Business Scales:**
 - Inflation is primarily attributed to employee wage and salary costs, in addition to expenses linked to imported goods.
 - It's noteworthy that these drivers of inflation affect businesses of all sizes, revealing a common economic challenge across the board.
- **Top-Priority Concerns for Businesses:**
 - The most imminent concerns identified by businesses encompass employee shortages, the surge in inflation, and issues related with unfair competition.

KEY FINDINGS.

cont.

- **Emphasis on Matters of Governance and Corruption:**

- Another notable finding is the escalating apprehension among businesses related to good governance and the level of corruption.
- This signifies the growing importance that is given to being able to trust institutions and relying on a transparent system, giving fair and equal access to all.

- **Investment Intentions Shrouded in Uncertainty:**

- When asked about their investment plans for the upcoming year, a substantial majority (54.40%) of businesses express uncertainty.
- This prevailing hesitancy underscores a climate of caution and uncertainty, potentially linked to the concerns about the nation's economic direction, the International situation and high volatility and stability as revealed by the survey.

GET IN TOUCH

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