

SME BAROMETER[®]

Q1 2024

PREPARED BY

Malta Chamber of SMEs in collaboration with
MISCO



ENQUIRIES ABOUT THE REPOR MAY BE ADDRESSED TO:

The CEO

Malta Chamber of SMEs
43/45
Kapuccini Street
Floriana, FRN1052

W: www.smechamber.mt
E: admin@smechamber.mt
T: +356 21232881

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

414



MARGIN OF ERROR

4.9%



TYPE

Online Survey with Unique Submissions



RESPONDENTS

Businesses operating in Malta



DATE

19th April - 30th April 24'



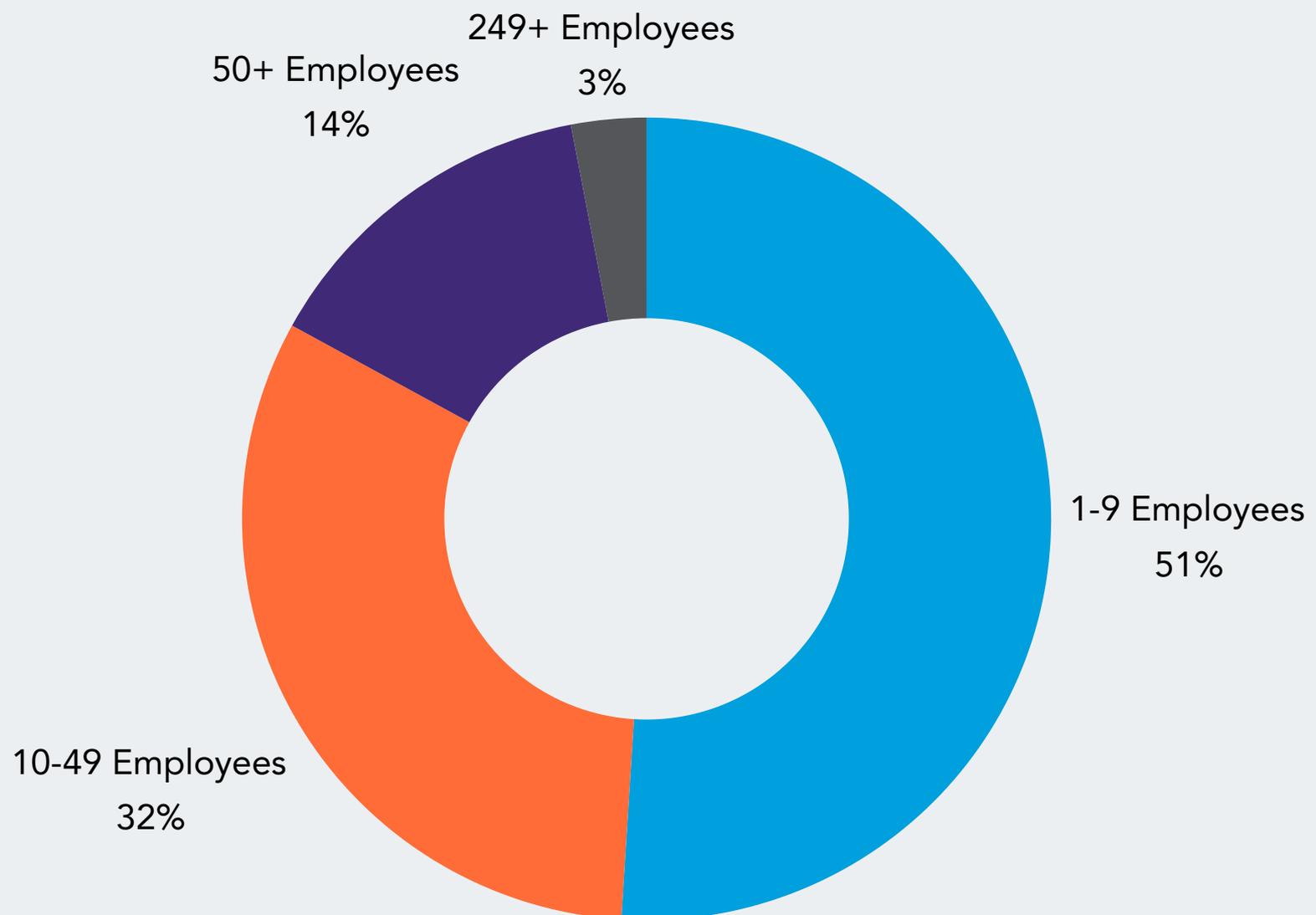
Demographics.



SIZE OF BUSINESS (HEAD COUNT).

The 414 businesses participating in the Q1 2024 SME Barometer primarily fall within the micro-enterprise category, with 51% employing less than 10 individuals. The next significant segment comprises companies with 10 to 49 employees, making up 32% of the business landscape in this barometer. A smaller but notable portion, 14%, consists of firms with workforces ranging from 50 to 249 employees.

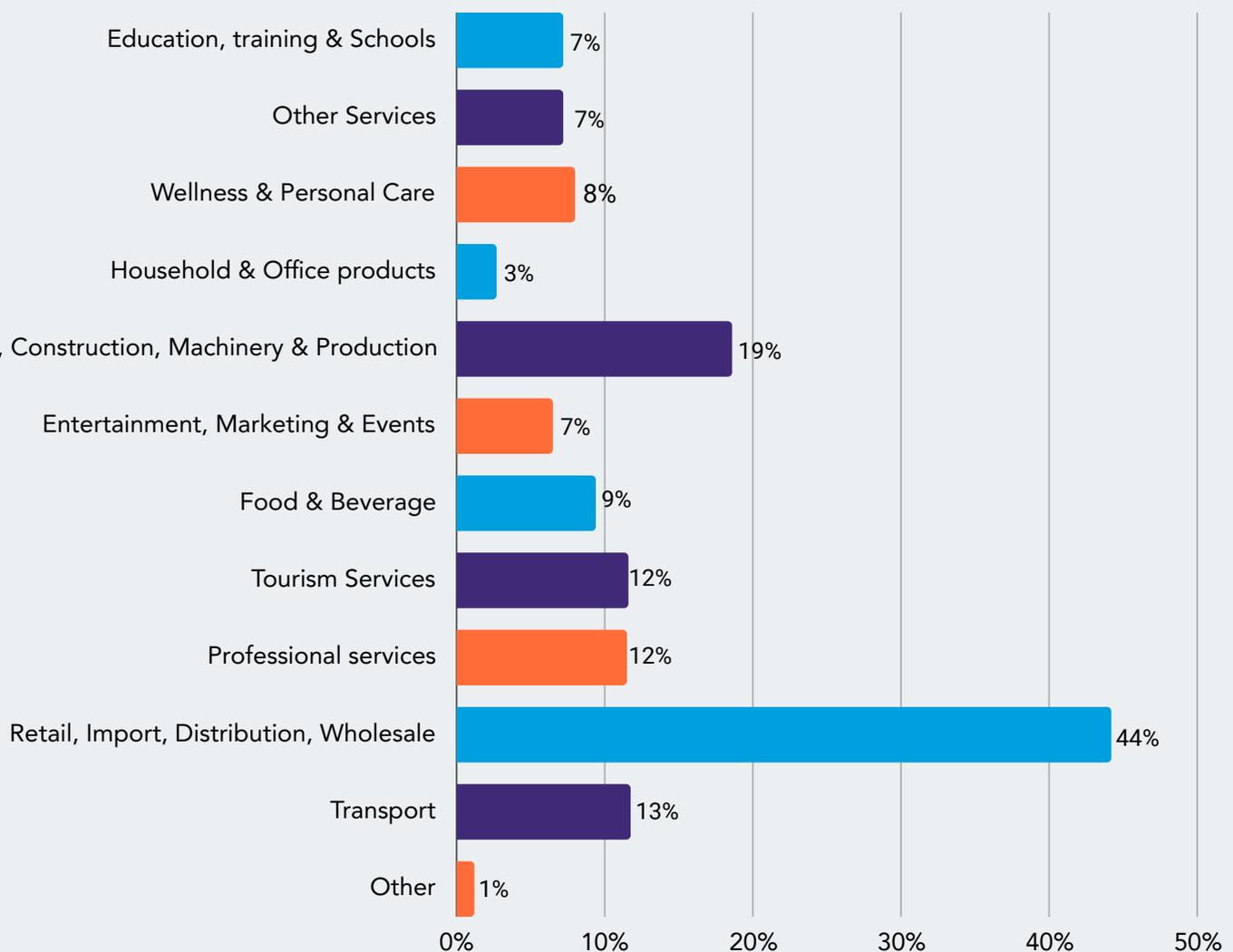
Few enterprises, approximately 3%, employing over 249 individuals participated, reflecting the predominantly small and micro-sized business makeup in Malta.



LINE OF BUSINESS (MULTIPLE CHOICE).

The survey data reveals a diverse market landscape across various sectors. Retail, Import, Distribution, and Wholesale dominate with 44%, followed by Manufacturing, Construction, Machinery & Production at 19%. Professional services and Transport sectors each hold 12%, while Tourism Services and Food & Beverage stand at 12% and 9% respectively. Wellness & Personal Care, Entertainment, Marketing & Events, and Education, Training & Schools sectors contribute 8%, 7%, and 7% respectively.

Household & Office products and Other Services sectors represent smaller shares at 3%.

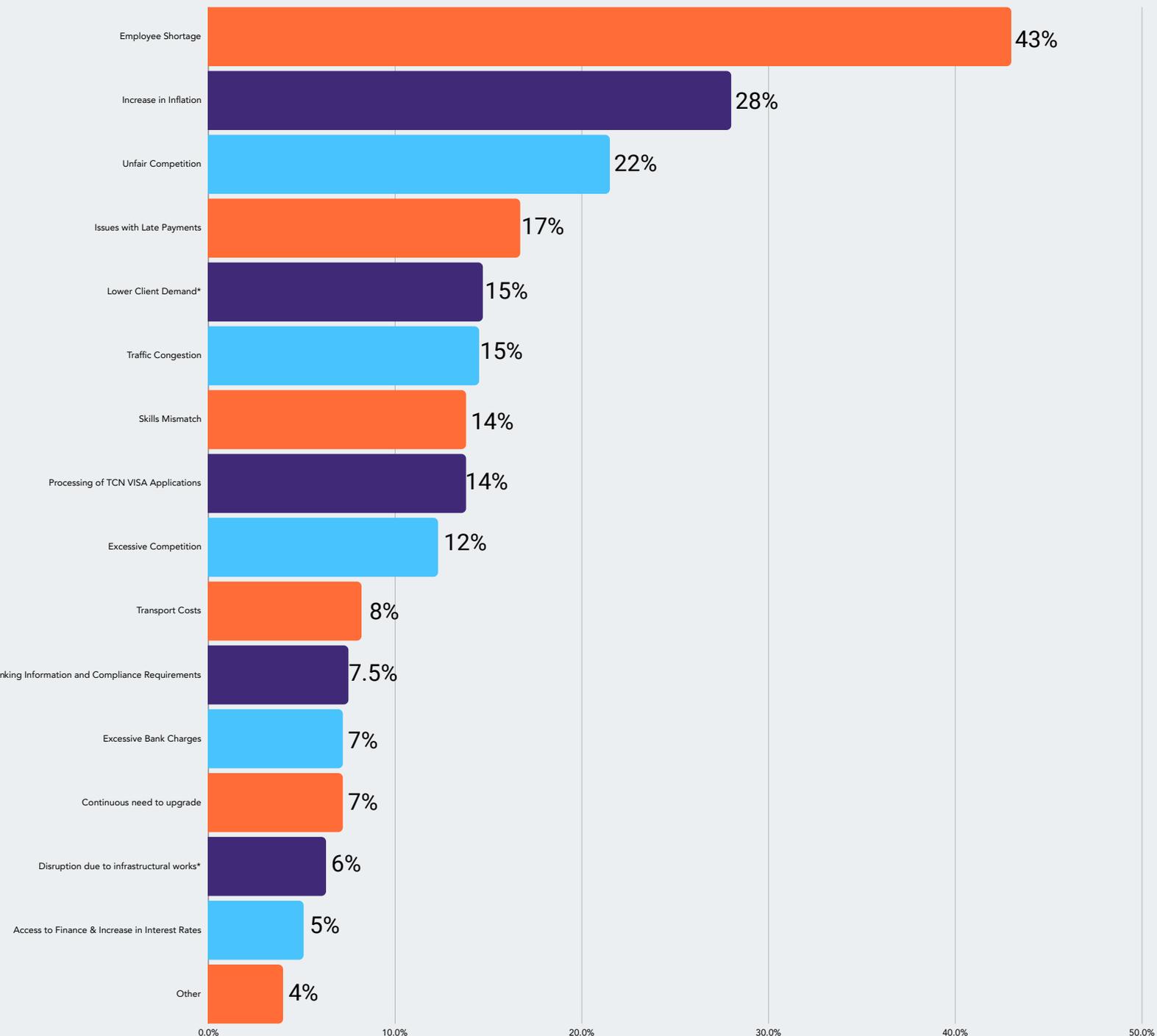




Key Findings.

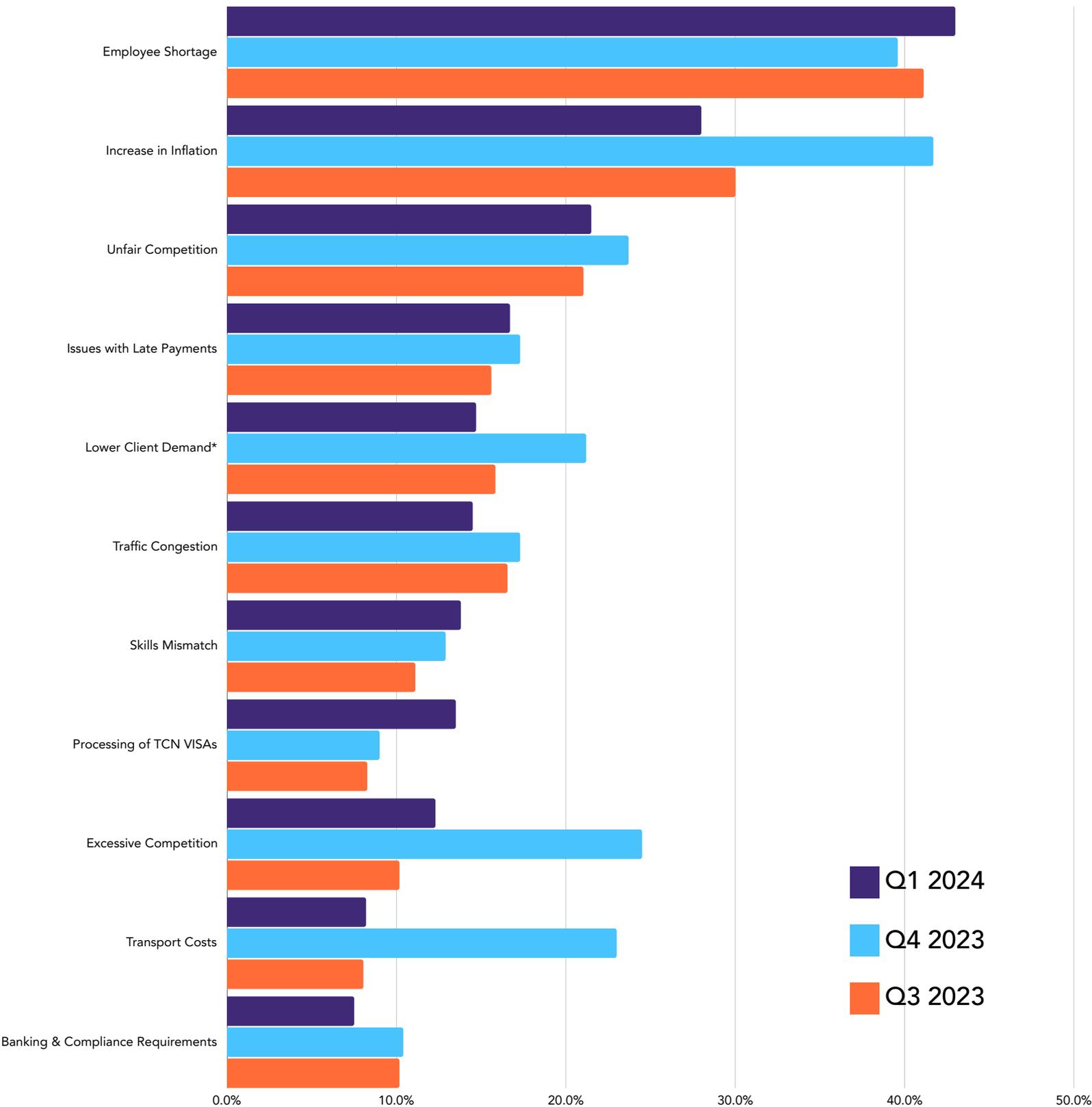
The 2 most important issues your business is currently facing?

Q1 2024



The 2 most important issues your business is currently facing?

Comparative



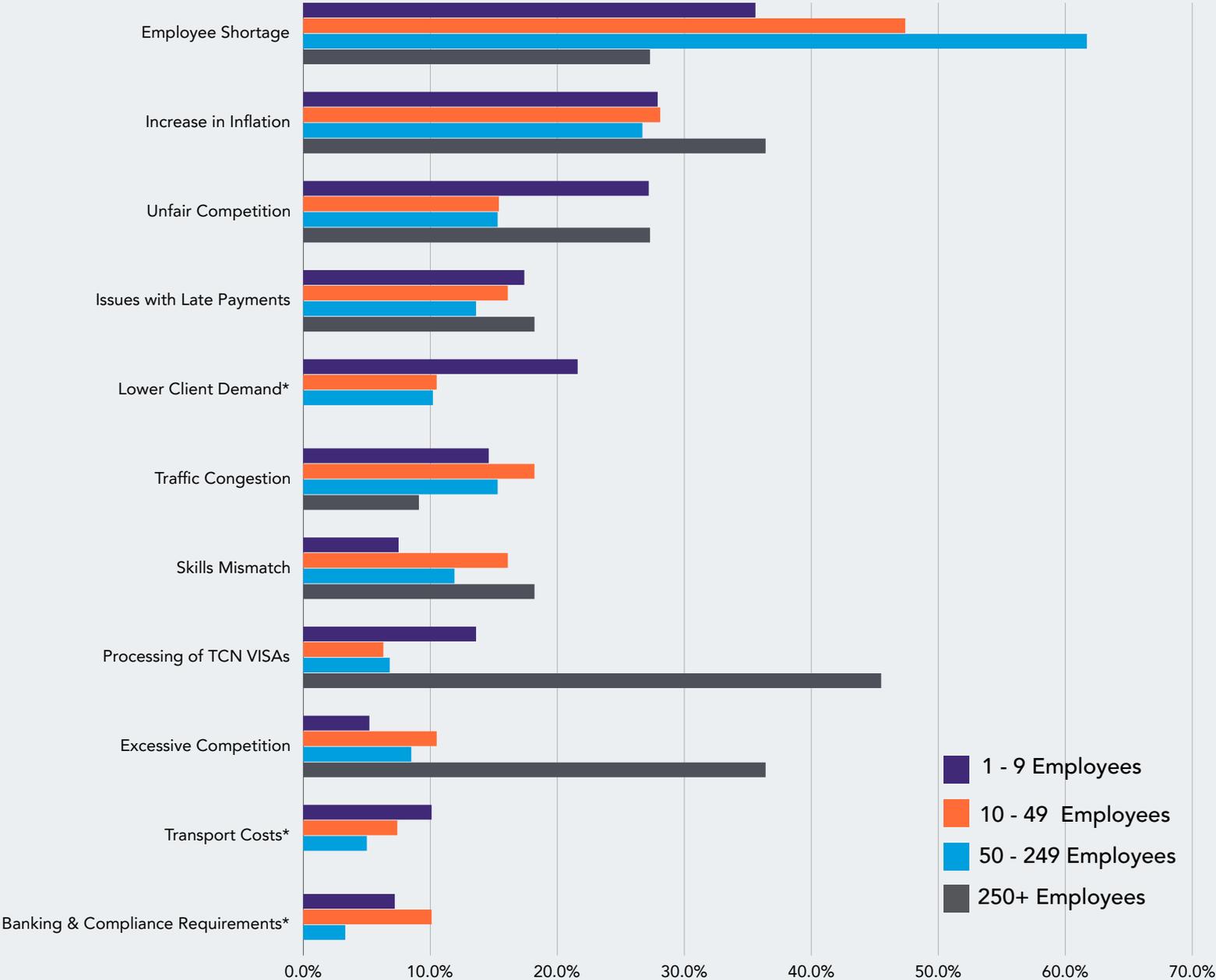
*Quarter two not being included due to variation in choices.

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

According to size of Business

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 and Increase in Inflation. Particularly, medium sized businesses registered a significant issue with employee shortage, with 62% choosing this option.

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



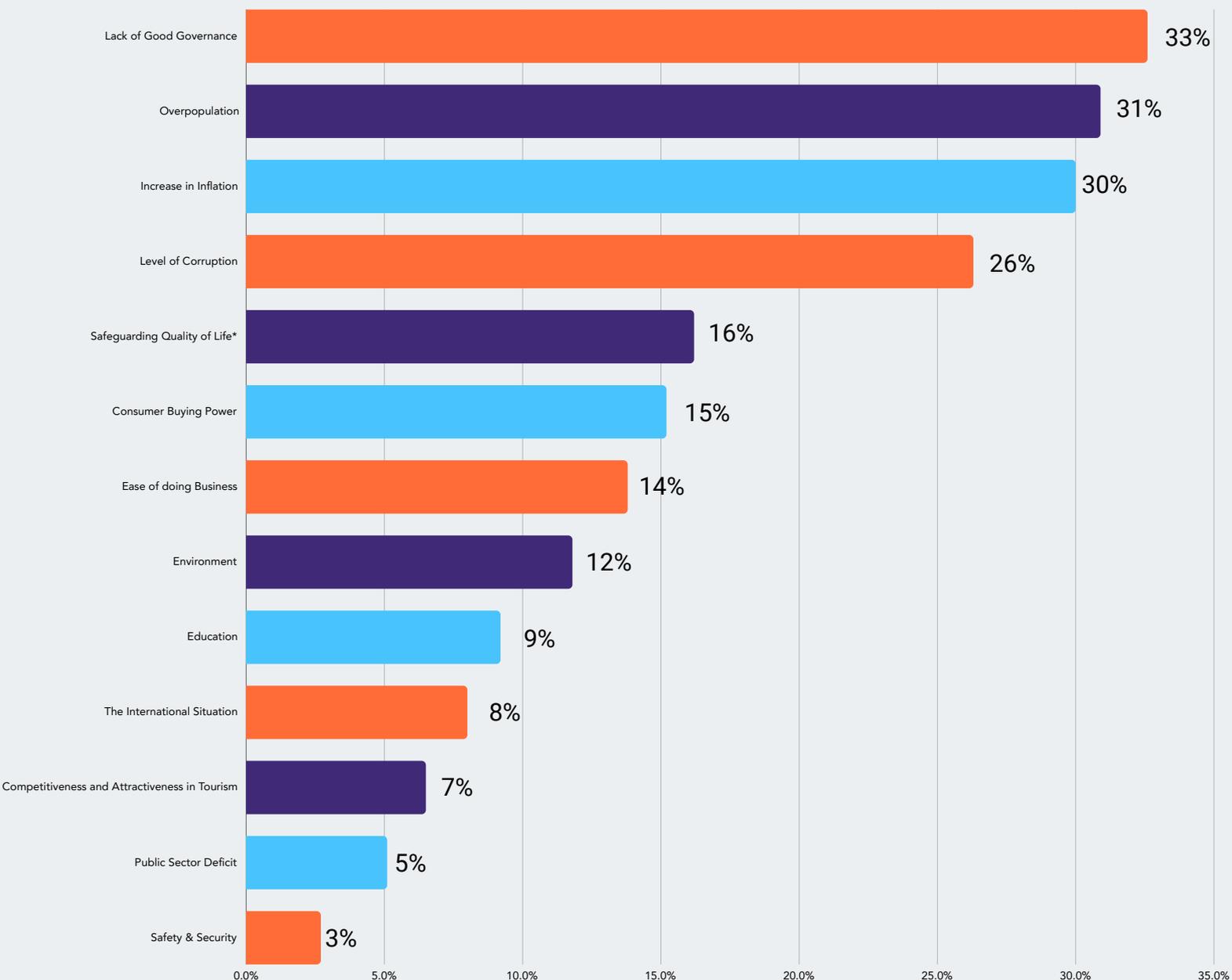
*Data for 250+ insignificant to list

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?

Q1 2024

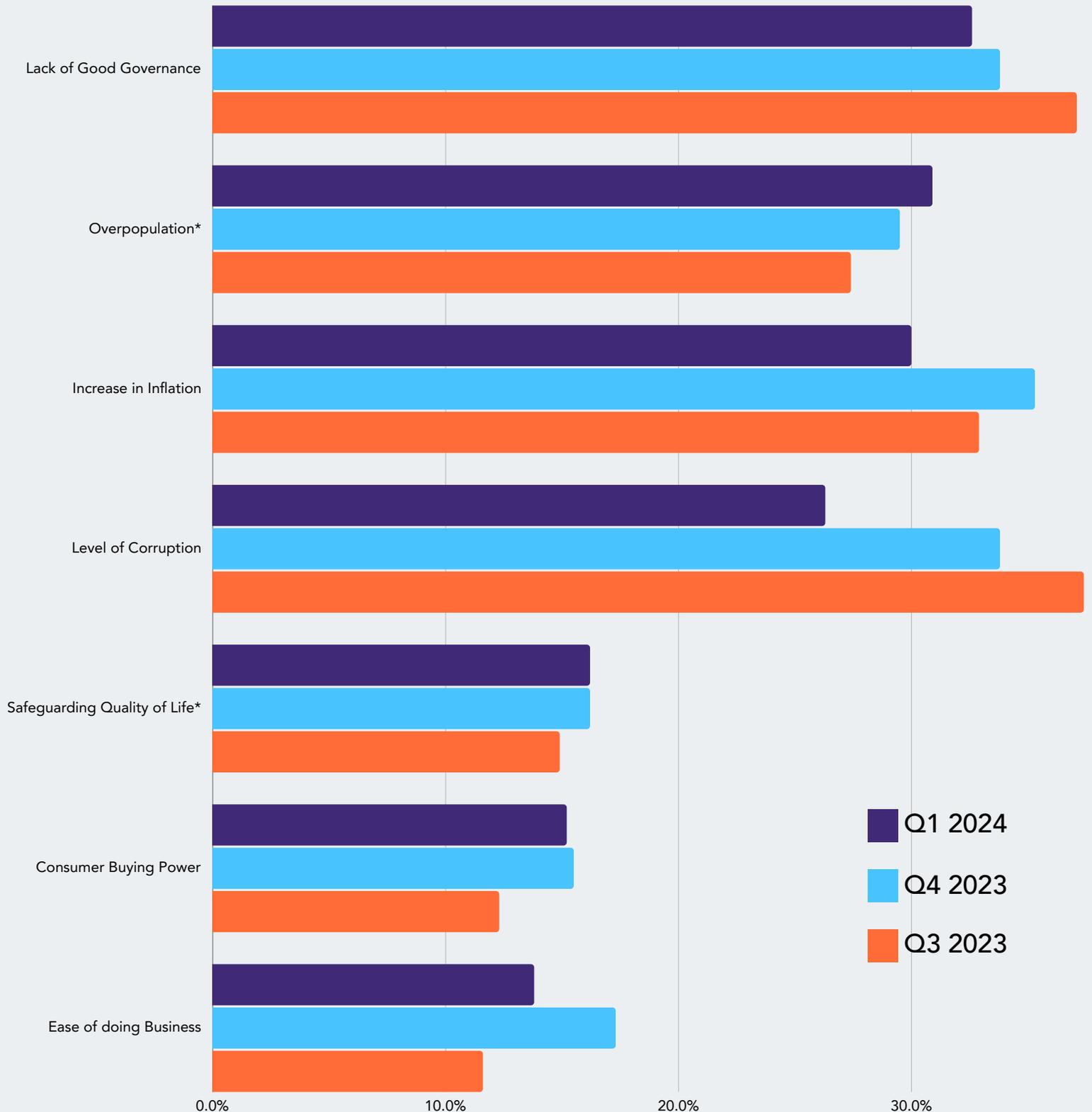
The two most critical issues the country is currently facing, and which businesses believe the government should prioritize addressing, are: Lack of Good Governance & Overpopulation: This issue, highlighted by 33% of respondents, signifies deep-rooted concerns regarding ineffective or inadequate governance structures and processes.

Overpopulation ranked closely at 31%, followed by inflation at 30%. It is to be noted that for the first time, increase in inflation did not rank amongst the top most two issues.



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?

Comparative

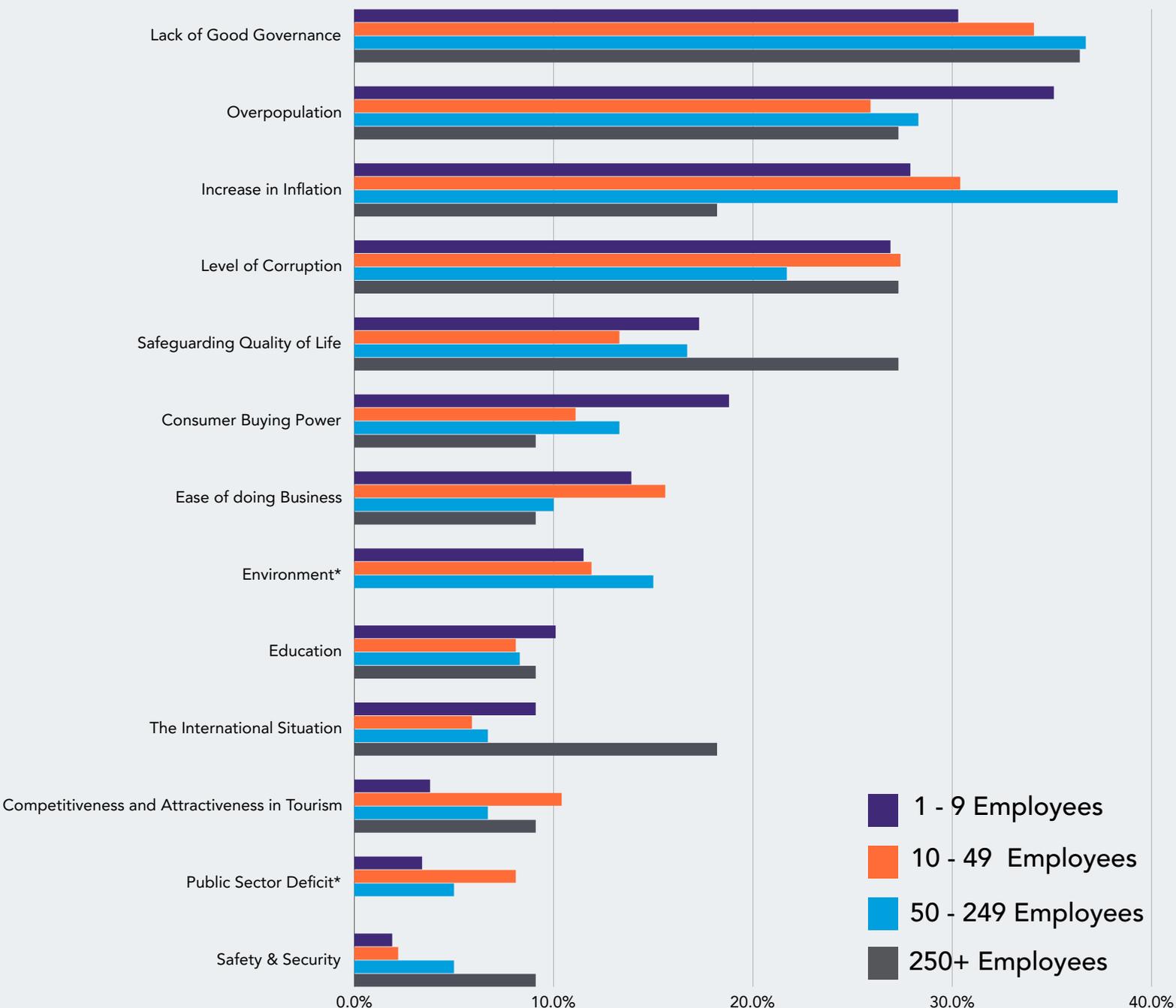


*Quarter two not being included due to variation in choices.

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.

According to size of Business

The primary concern for businesses when it comes to their view of the current state of the country centers around good governance. Additionally however it is notable to mention that medium size businesses still believe that Increase in inflation is the top most issue (38%) which is also overall the top most selected answer if each business size was taken independently.



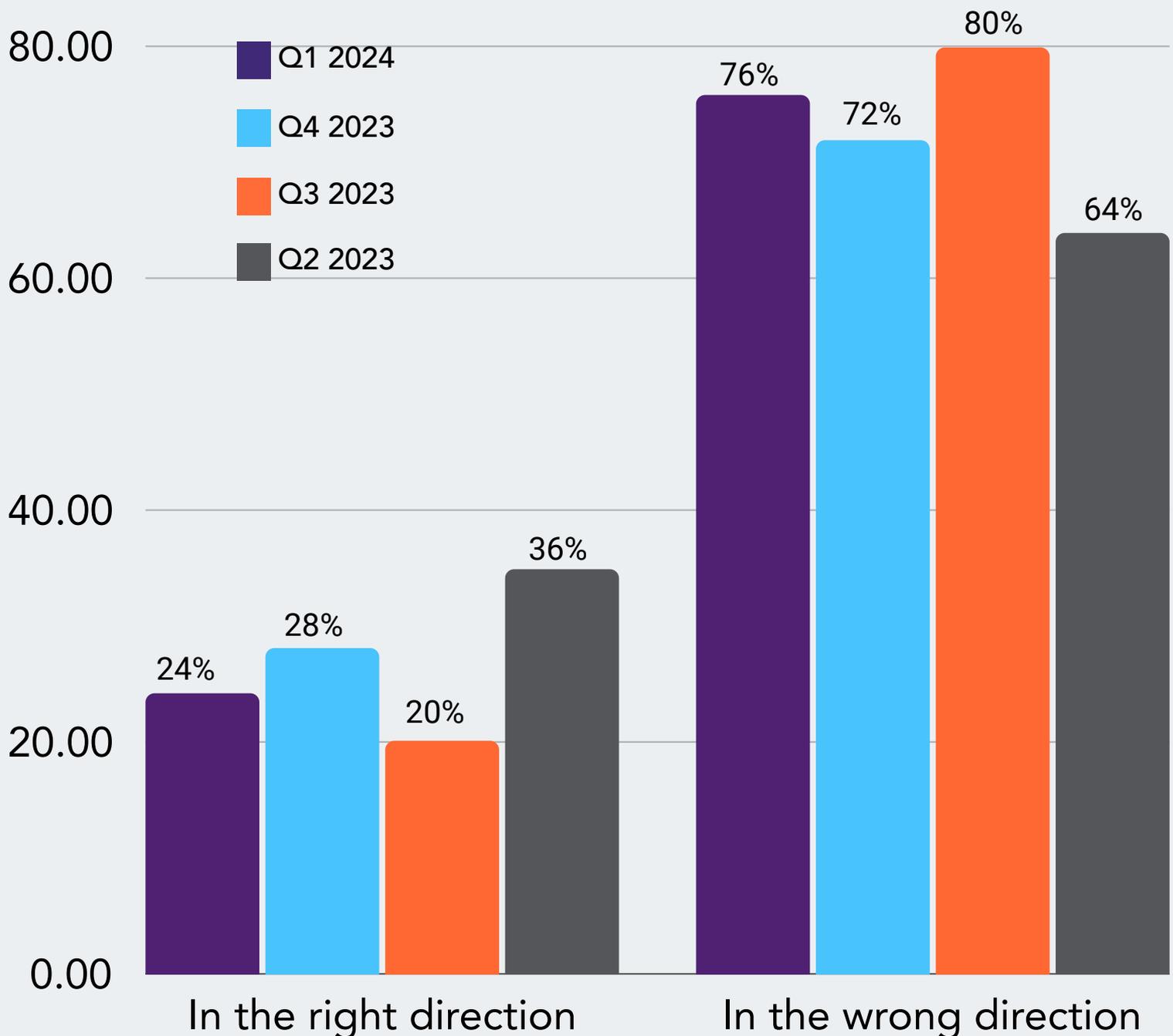
*Data for 250+ insignificant to list

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

Comparative

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 once again shifted by 4% when compared with Q4, 2023.

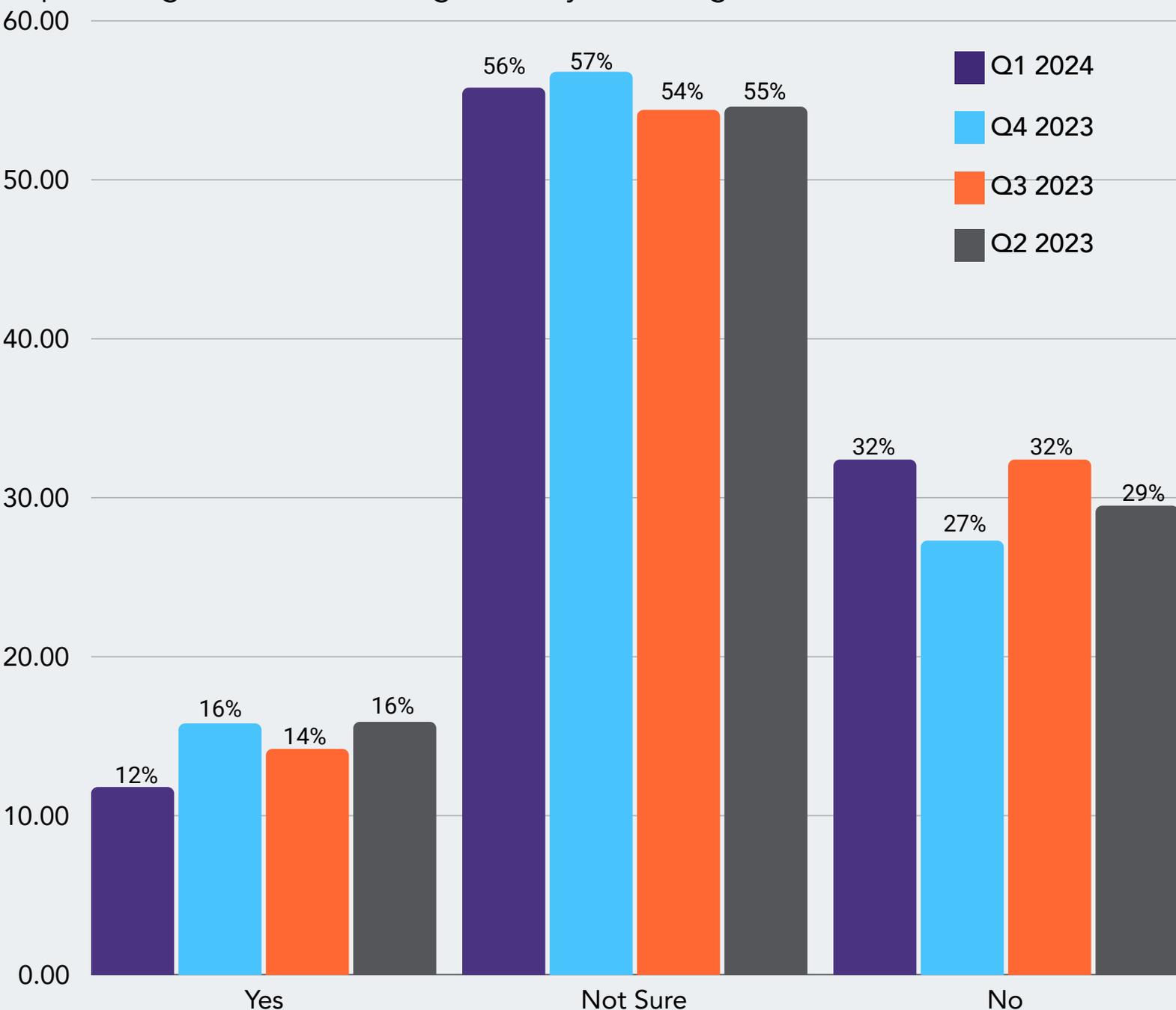


Do you think that during the next twelve months, it will be a good time to invest?

Comparative

The level of uncertainty remained the same when comparing both quarters. The comparison however shows that those declaring that they are not willing to invest increased by 5% while those replying that they will be willing to invest decreased by 4% when compared with Q4 last year.

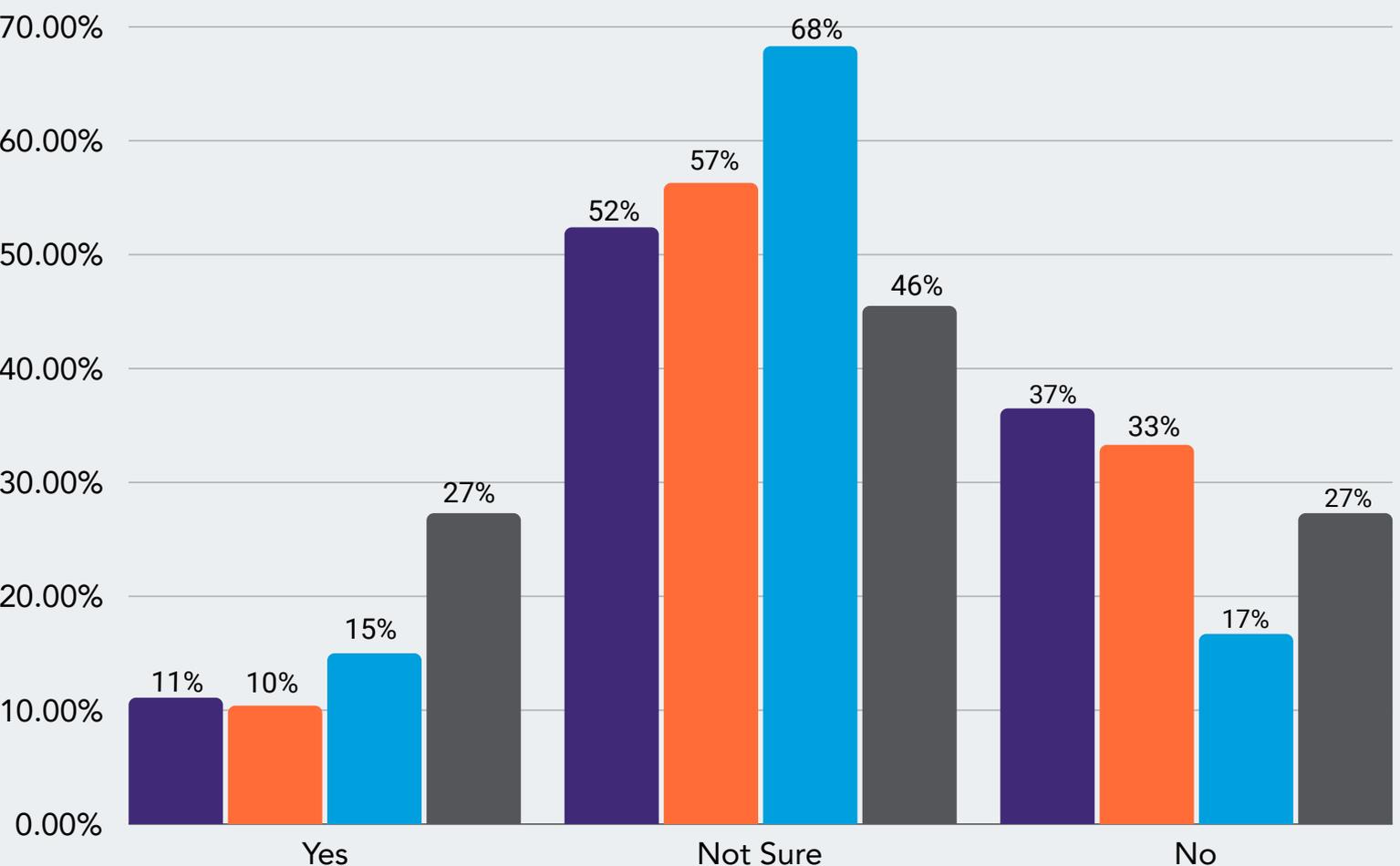
Additionally comparing the past four quarters, this quarter registered the lowest percentage of those declaring that they are willing to invest.



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

According to size of Business

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.



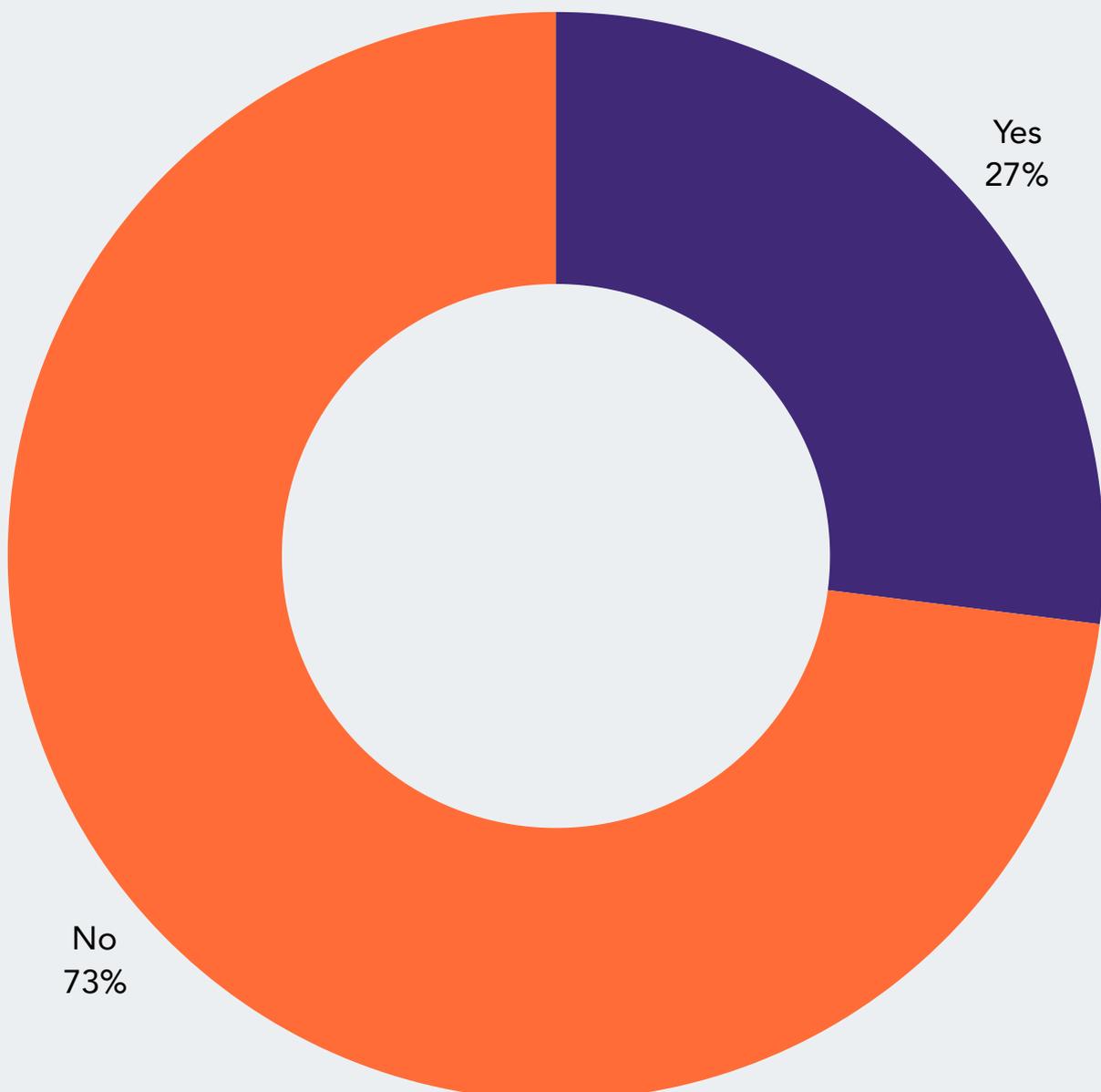
- 1 - 9 Employees
- 10 - 49 Employees
- 50 - 249 Employees
- 250+ Employees

Do you feel your views and needs are well represented at EU Level?

The majority of respondents (73%) feel that their views and needs are not well represented at the EU level, while a minority (27%) believe they are well represented.

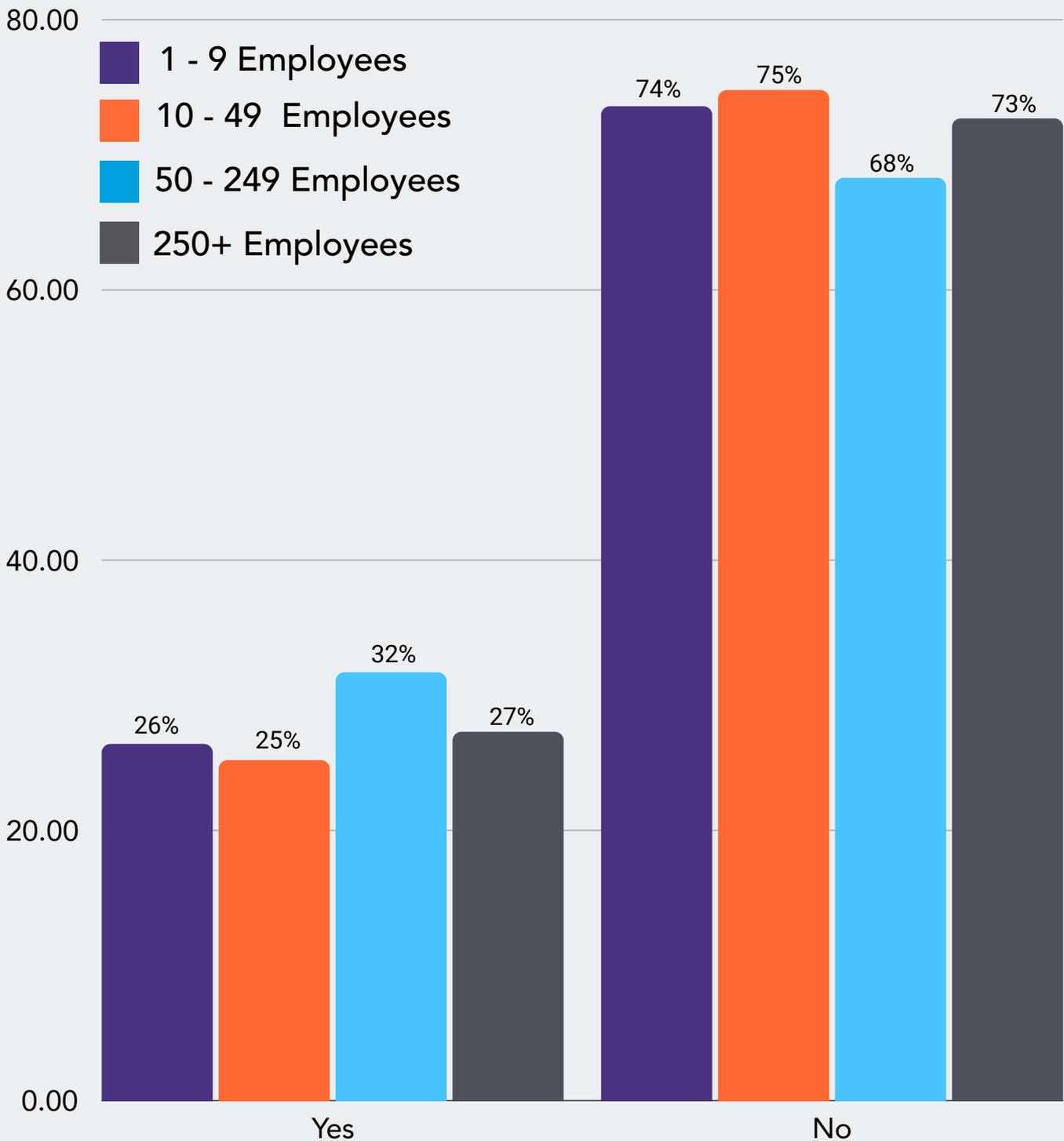
This disparity highlights mainly the concerns about democratic deficit, transparency, and inclusivity within EU decision-making processes. To address this, there's a need for enhanced transparency, accountability, and engagement with businesses.

Ultimately, ongoing dialogue between EU institutions and businesses is crucial for ensuring policies reflect the diverse needs of the business community.



Do you feel your views and needs are well represented at EU Level?

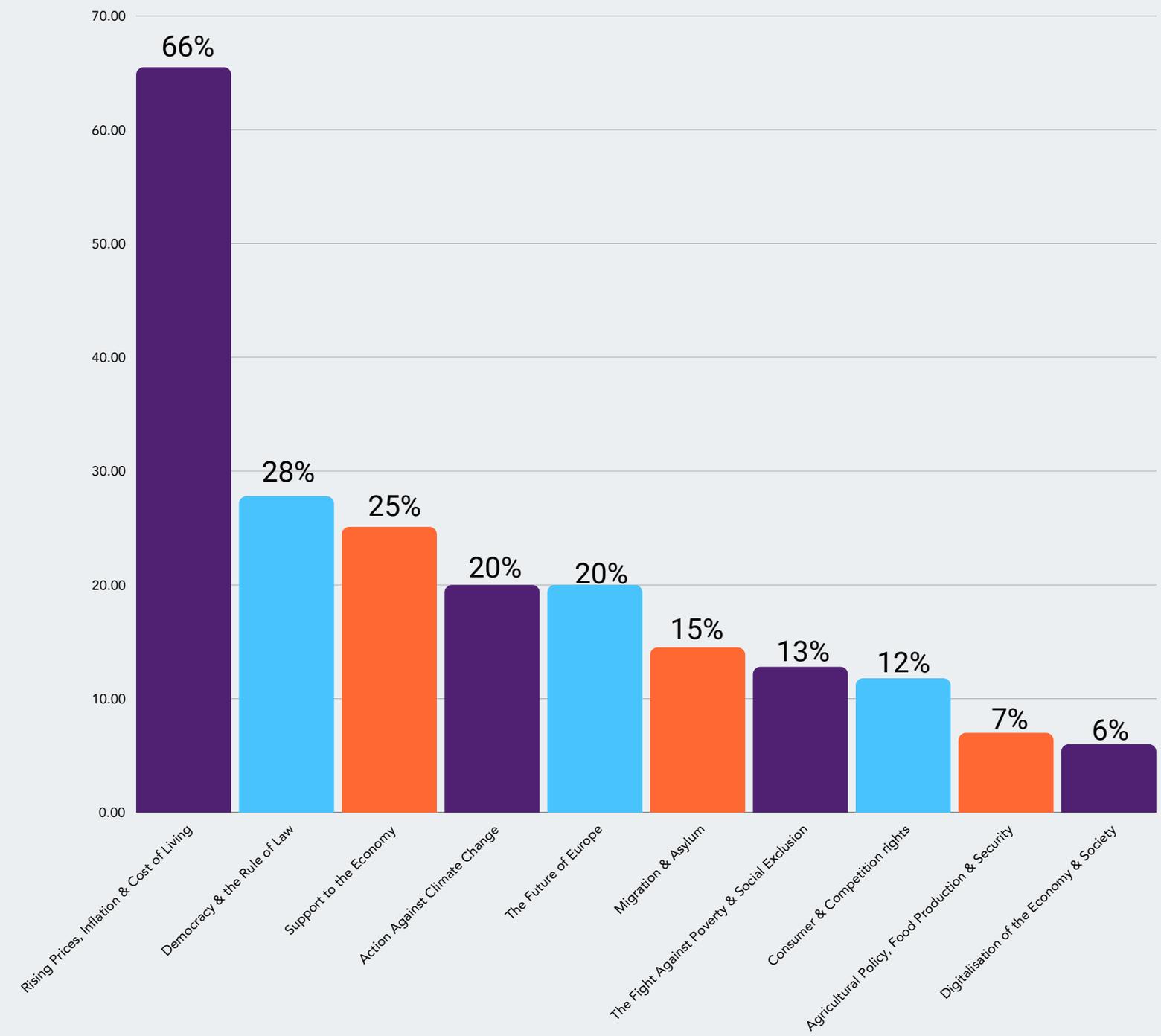
According to size of Business



Which TWO of the following topics should be discussed as a matter of priority during the electoral campaign for the next European Parliament Elections?

The top two topics that businesses believe should be discussed as a priority during the electoral campaign for the next European Parliament Elections are rising prices, inflation, and the cost of living, with 66% of respondents expressing concern, and democracy and the rule of law, which garnered 28% of respondents' attention.

Addressing the challenges associated with economic stability and affordability, as well as upholding fundamental democratic principles and legal integrity within the European Union, are critical for ensuring the well-being and trust of the business community at large.





Observations & Reccomendations.



OBSERVATIONS.

- Employee shortage remains a top issue for businesses followed by inflation however a notable 14% less than the previous period.
- For the first time; lack of Good Governance and Overpopulation surpass inflation as the top most issues businesses would like the government to do something about.
- Businesses remain shrouded in uncertainty when it comes to investment prospects with Q1 2024 (11.80%) recording the lowest ever percentage of those who are willing to invest in the next 12 months.
- Unfair Competition continues to be a third most common concern businesses face.
- A third of respondents believe that the EU does not represents their views and needs.
- Businesses link rising prices, inflation, cost of living as issues they believe the EU is the ideal institution to address, collectively.

RECOMMENDATIONS.

- The Government must work on improving the trust in the economy and in building a positive business sentiment in general.
- Local MEP candidates need to work with a common front to address gap in adequate representation.
- Public service commitment to strengthen transparency and efficacy of EU level efforts in relation to policies and national priorities
- In line with the 2022 electoral manifesto, the government should implement the reduction in tax for businesses, in order to increase cash flow and encourage re-investment.
- Develop comprehensive strategies to address overpopulation, including urban planning initiatives, investment in infrastructure, and measures to promote sustainable development and balanced demographic growth.

RECOMMENDATIONS.

cont.

- Increase efforts to attract and retain quality foreign talent including by implementing measures which are competitive compared to other Member States.
- **Serious national strategy to address human resource shortcomings.**
- Reducing VAT from 18% to 15% on all goods and services to tackle inflation. This will ensure price stabilisation while maintaining revenue.
- **Remove SISA / EXCISE TAX** (hidden Tax) from every-day consumer goods water, non-alcoholic beverages, shampoo and hair products, personal care, make-up, shaving products, deodorants, wipes, body soaps **to tackle inflation.**
- **Inflation plan for Malta to be stronger in the face of global shocks – food security, competitiveness and productivity.**

RECOMMENDATIONS.

cont.

- Reform Malta's public procurement infrastructure in order to ensure transparency and good governance at a national level.
- Urgency of directing efforts towards the genuine needs and priorities of our country. Combating issues of governance and corruption with diligence and integrity by demonstrating the unwavering commitment to serving the best interests of our country and not politics.

GET IN TOUCH

MALTA CHAMBER OF SMES

w: www.smechamber.mt
e: admin@smechamber.mt

MISCO

w: www.miscomalta.com
e: info@miscomalta.com

The SME Barometer survey is a collaborative effort between the SME Chamber and MISCO. The 'SME Barometer' is a registered trademark (No. 62118) . Any use or dissemination of the data collected in this survey must be done with prior permission from the Malta Chamber of SMEs.