

Malta's SMEs face growing challenges amid employee shortage, skills mismatch and unfair competition, SME Barometer® Q1 2025 reveals

The latest SME Barometer® survey for the first quarter of 2025 reveals that SMEs continue to face major challenges, including employee shortages, unfair competition, and rising inflation, with growing concerns about governance and business conditions.

Conducted by the Malta Chamber of SMEs in collaboration with MISCO Malta between 7th and 18th April 2025, the survey captured insights from 427 businesses across various sectors.

Key findings from the Q1 2025 SME Barometer® include:

- **Top Business Challenges:**
 - Employee shortages (43%) remain the most pressing issue.
 - Unfair competition (24%) and excessive competition (19%) closely follow.
 - Inflation (16%) and skills mismatch (15%) are increasingly problematic for SMEs.

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.

SPOKESPERSONS

Paul Abela | President
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HEAD OF COMMUNICATION

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- **Top National Concerns:**
 - 33% of respondents cite *lack of good governance* as a top national issue, followed closely by *corruption* (30%) and *overpopulation* (30%).
 - Inflation and the ease of doing business are also major issues according to SMEs
- **Business Sentiment:**
 - 30% of SMEs believe Malta is moving in the *right direction*. The highest result among the recent SME Barometer reports.
 - Only 16% believe that the next 12 months will be a good time to invest — a decline from previous quarters. 30% responded 'No', an 8% increase from the previous survey, while 54% replied 'Not sure'.
- **AI Adoption:**
 - 50.8% of businesses already use AI tools while 29% plan to use AI tools in their operations over the next 12 months.
 - 65.9% of respondents stated that they or their employees have not received training on AI tools.

The SME Barometer highlights several **urgent recommendations** for policymakers, including:

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- Launching AI education campaigns to support businesses in safe and effective adoption and training.
- Reforming labour migration policies to meet economic needs.
- Strengthening transparency, tackling unfair competition, and reforming public procurement.
- Reviewing and streamlining regulations impacting SMEs in line with the Omnibus Directive.
- Review & revamp schemes related to investment such as Micro Invest, to further encourage investment.

SME Chamber President, Mr. Paul Abela, noted that the major issues businesses are currently facing have remained the same; however, in most cases, the number of businesses identifying these challenges has decreased compared to previous SME Barometer surveys. A similar trend was observed when respondents were asked about the key issues the country is currently facing.

Mr Abela stated that the recent *Envision 2050* initiative announced by the government may have contributed to the decrease in some challenges reported compared to previous surveys.

Mr. Andrew Aquilina, COO of the Malta Chamber of SMEs, emphasised that while the SME community continues to play a critical role in Malta's economy, today's challenges demand immediate and decisive action.

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The SME Barometer survey is a collaborative effort between the SME Chamber and MISCO.

About Malta Chamber of SMEs:

The Malta Chamber of SMEs is a leading advocate for small and medium-sized enterprises, dedicated to championing their interests, fostering innovation, and driving economic prosperity in Malta.

About MISCO:

MISCO, a renowned research and consultancy company, specializes in providing actionable insights and strategic solutions to empower organizations, human resources and upskilling across various industries

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