

08 May 2020 | 1100 hrs | 077/2020

## The Effect of COVID-19 on the Labour Market

This news release presents findings on the effects of the COVID-19 pandemic on the labour market in Malta. Figures refer to preliminary results from the Labour Force Survey (LFS) for the last two weeks of March 2020.

The Labour Force Survey (LFS) is an ongoing household survey aimed at gathering information about labour market trends. Through Regulation (EC) No. 577/1998, LFS data is comparable to other European Union Member States. An adhoc module was incorporated to the LFS core questions to gather data on the impact of restrictive measures introduced in light of the COVID-19 pandemic on the Maltese labour market.

According to the International Labour Organisation (ILO), employed persons include those who work for at least one hour for pay or profit, those who are employed but were absent from work during a specific reference week, self-employed persons or unpaid family workers.

### Salient Points

1. During the last two weeks of March, 59 per cent of persons who had a job felt that their employment was affected with the onset of COVID-19.
2. Almost 30 per cent of the employed were not working during the last two weeks of March despite having a job.
3. One of the major changes experienced by the employed was a reduction in the number of working hours or complete absence from work.
4. The average actual number of hours worked per week decreased from an annual average of 37 hours in 2019 to a mean 23 hours during the second half of March 2020.
5. Almost 80 per cent of employed persons worked less hours than usual due to slack work.
6. Over one third of those employed in the last two weeks of March were working from home.

## Employment

In March 2020, changes in the Maltese labour market were recorded due to the emergence of the COVID-19 pandemic. Restrictive measures implemented by government to contain the transmission of the virus, such as, the closure of the airport, education institutions and other non-essential retail, service and catering industries, affected the employment situation of those working within these sectors and those who are highly dependent on them.

Survey data showed that by the end of March, 59 per cent of all persons who were employed before COVID-19, felt that their working conditions were affected by the onset of this virus. Effects felt ranged from adaptations to employment conditions, working less or zero hours during the last two weeks of March and job losses. Among the employed population, 29 per cent stated that they were not working during the last two weeks of March, but still had a job.

**Chart 1. Share of employed persons by working time**



The main changes experienced by the employed population after the onset of COVID-19 related to adjustments:

- to one's working time;
- and/or to one's main place of work.

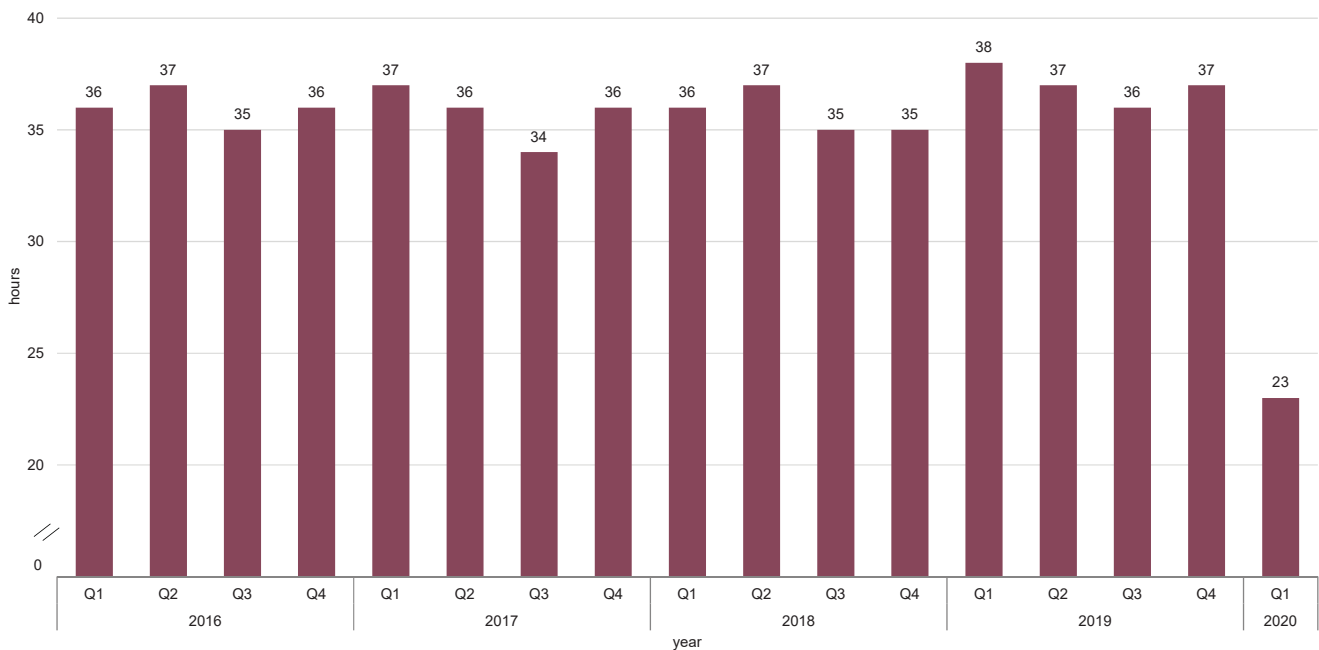
## Working time

Four out of every ten persons experienced a reduction in the number of working hours during the latter half of March. In fact, LFS figures indicated that while in 2019 employed persons worked on average 37 hours per week, during the last two weeks of March they were working 23 hours on a weekly basis.

**Chart 2. Average actual hours worked per week in 2019 compared to the last two weeks of March 2020**



**Chart 3. Average actual hours worked per week by employed persons**



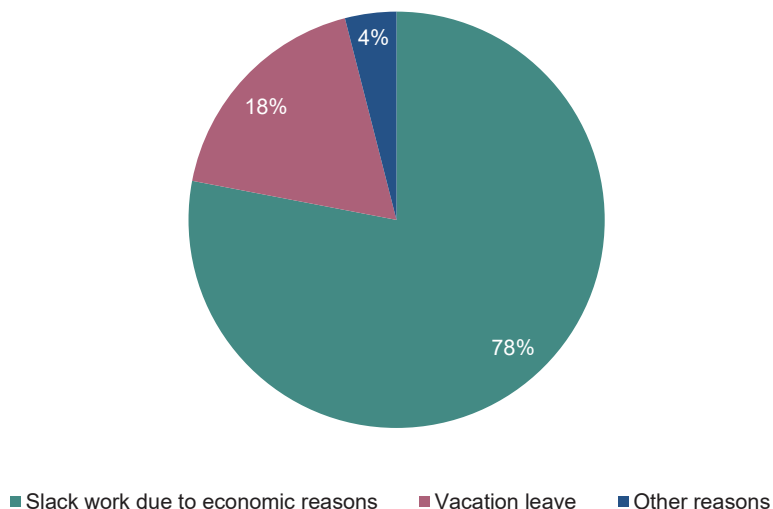
Note: Data for Q1/2020 refers to the last 2 weeks of March.

In the last two weeks of March, the majority of those who worked less or no hours, reported slack work related to economic reasons as the main contributor to the reduction in their working time (78 per cent). A further 18 per cent worked less hours because they took time off their job.

The closure of non-essential retail, food and accommodation, transport and recreation industries resulted in an increase in the number of persons being absent from their jobs.

Moreover, the fact that all childcare and education institutions were not available along with the absence of informal care provided by grandparents, meant that parents might have had to resort to their time-off.

**Chart 4. Main reason for working less hours in the last two weeks of March**



### Teleworking arrangements

Another major change experienced by the employed related to the usual place of work. Owing to the current situation, where social distancing is considered a priority, many employers made necessary arrangements for themselves and their employees to work remotely from home.

**Chart 5. Employed persons working from home in 2019 compared to the last two weeks of March 2020**



During 2019, 12 out of every 100 persons carried out work from home. The situation changed drastically owing to the COVID-19 crisis and, for the second half of March, 33 out of every 100 persons were working from home. This is an increase of 21 percentage points over the average teleworking shares recorded in 2019.

## Methodological Notes

1. The Labour Force Survey (LFS) is carried out on an ongoing basis using a quarterly gross sample of 3,200 private households. The objective is to have a continuous assessment of labour market trends given that the reference weeks are evenly spread throughout the 13 weeks of the quarter. One-fourth of the sample is made up of households who have been selected to participate in the LFS for the first time. Three-fourths of the quarterly sample is made up of households who were selected to participate in the survey in previous instances, either one quarter before, or one year before, or one year and a quarter before (2-(2)-2). Unless otherwise indicated, figures provided in this release refer to persons aged 15 and over and living in private households during the reference period. All criteria used for this survey match international methodologies used by the International Labour Organisation (ILO).
2. Unlike other LFS releases, data for this publication covers the situation of the labour market during a specific month, in this case March 2020. All information provided refers to respondents who participated in the survey for the second to fourth panel.
3. The LFS is designed to satisfy the concepts and definitions as outlined by Eurostat, which is the EU Statistical Agency. This allows the comparability of results with other EU member states and countries following ILO definitions of employment and unemployment.
4. **Definitions:**
  - **Actual hours:** refers to the number of hours actually spent at the place of work during the reference week for the main job. A person may work extra hours (e.g. overtime, variable hours) or work less hours than usual (e.g. vacation leave, education, sick leave or slack work) due to various reasons. Owing to increased flexibility at work places coupled with technology, the place of work may also include one's home. In this regard, actual hours worked also includes the hours of work carried out by persons who telework.
  - **Employed persons:** all persons aged 15 and over who, during the reference week, were in one of the following categories:
    - **paid employment:** includes those who during the reference week worked for at least one hour for a wage or salary, in cash or in kind.
    - **were employed but absent from work:** due to sick leave, bad weather, were undergoing training or education, did not work due to a labour dispute, were on maternity or parental leave, did not work due to slack work for technical or economic reasons, were absent from work for a period of less than 3 months, or were not working because on layoff and receiving at least 50 per cent of the salary/wage.
    - **self-employed:** covers persons who run a trade or business, rather than working as an employee for someone else. A person is self-employed if s/he is a sole proprietor or a partner working in a business.
    - **unpaid family workers:** refers to people who worked without pay in a family business or farm. Excluded from this definition are housewives.
  - **Reference week:** the week to which the collected data relate.
  - **Telework:** refers to persons who carry out productive work related to their main job -from home.
5. Data included in this release are based on sample data and are therefore subject to sampling error. Sampling error is measured by a quantity known as the margin of error, which in turn, expresses the variability between the true population parameters and their corresponding sample estimates. The margin of error is used to construct a set of 95 per cent confidence intervals for specific variables, which give an indication of where the true population parameters lie.
6. More information is available from the NSO upon written request.

7. More information relating to this news release may be accessed at:

Sources and Methods:

[https://nso.gov.mt/en/nso/Sources\\_and\\_Methods/Unit\\_C2/Labour\\_Market\\_Statistics/Pages/Labour-Force-Survey.aspx](https://nso.gov.mt/en/nso/Sources_and_Methods/Unit_C2/Labour_Market_Statistics/Pages/Labour-Force-Survey.aspx)

Statistical Concepts: <http://nso.gov.mt/metadata/concepts.aspx>

Metadata: <http://nso.gov.mt/metadata/reports.aspx?id=33>

8. References to this news release are to be cited appropriately.

9. A detailed news release calendar is available on:

[https://nso.gov.mt/en/News\\_Releases/Release\\_Calendar/Pages/News-Release-Calendar.aspx](https://nso.gov.mt/en/News_Releases/Release_Calendar/Pages/News-Release-Calendar.aspx)