

## **The Effect of COVID-19 on the Labour Market: A comparison between March and April 2020**

This news release presents findings on the effects of the COVID-19 pandemic on the Maltese labour market in April 2020.

The LFS is a household-based survey used as a monitoring tool for assessing progress made in various spheres of the labour market and social statistics across the European Union.

### **Salient Points**

1. During April, 62 per cent of persons who had a job felt that their employment was affected with the onset of COVID-19.
2. One of the major changes experienced by the employed was a reduction in the number of working hours or complete absence from work (31 per cent).
3. During April, the employed worked an average of 29 hours per week, down by eight hours when compared to the average actual weekly hours in 2019.
4. Slack work brought about by economic circumstances that resulted after the implementation of a number of health measures, made up 39 per cent of all reasons for working less hours than usual.
5. For seven per cent of the employed, COVID-19 materialised in more hours of work, an average of 48 hours per week during the month of April.
6. Over one third of those employed in April were working from home.

### **Introduction**

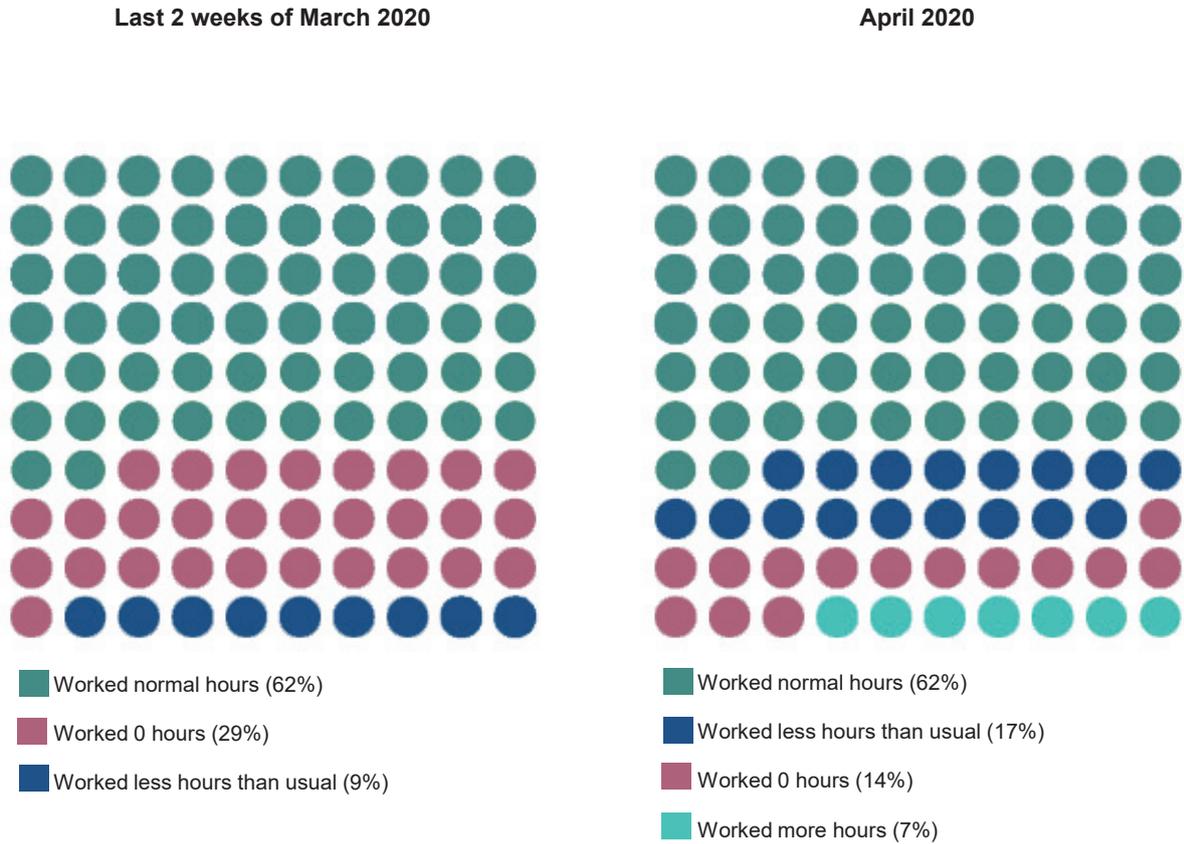
The Labour Force Survey (LFS) is an ongoing household survey aimed at gathering information about labour market trends. Through Regulation (EC) No. 577/1998, LFS data is comparable across all European Union Member States. As from March, an ad-hoc module was incorporated with the LFS core questions to gather data on the impact of the COVID-19 pandemic on the Maltese labour market. Figures provided in this release cover the last two weeks of March and April 2020.

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.

## Employment

During April, restrictive measures which were announced during the last two weeks of March were still in force. This resulted in further impact on the labour market. Survey data shows that by the end of April, 62 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 to changes in one's working hours.

**Chart 1. The effect of COVID-19 on the distribution of working time in the second half of March and April 2020**



The COVID-19 pandemic had an impact on the distribution of working time. Three out of every ten persons experienced a reduction in the number of working hours during April. LFS figures show that in April a higher share of persons were working less hours than usual (17 per cent) when compared to March levels (9 per cent). A further 14 per cent were not working but still had a job. Results also show that seven per cent were working more hours than usual, with an average of 48 hours per week. During April, the share of persons working their usual weekly hours was equal to the last two weeks of March (62 per cent).

## Working time

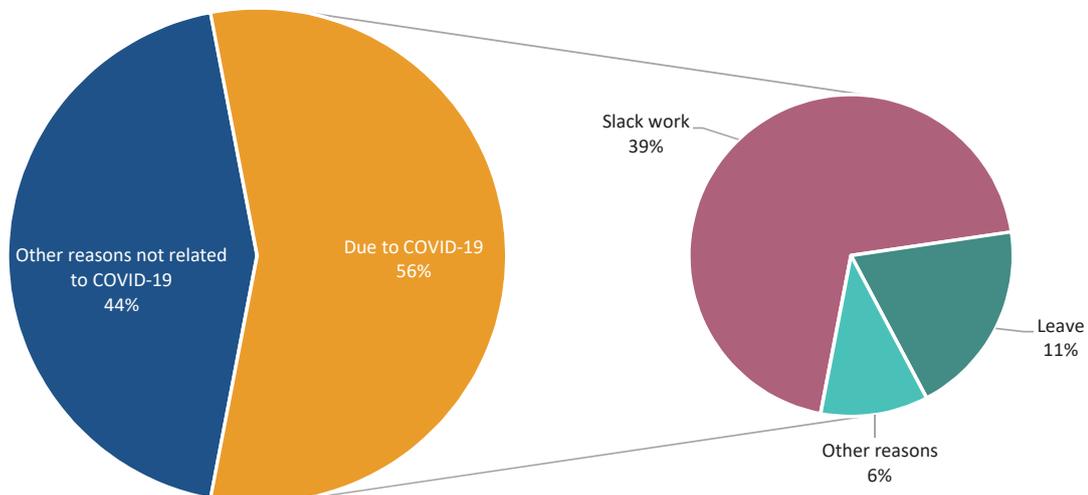
In 2019, employed persons worked 37 hours per week taking into account both extra hours worked due to overtime or variable hours and less hours due to vacation leave, public holidays, sick leave or for educational purposes. Between March and April 2020, a number of those who were employed were taking leave to compensate for the loss in hours, due to the sudden unprecedented decrease in demand for work. As the situation progressed and started to take longer than anticipated, persons resumed their jobs by working their usual or less hours. It is assumed that this development materialised since workers were running out of their vacation leave. In addition, by April, Government subsidies were starting to be availed of and this resulted in an average working time of 29 hours in April, from an average of 23 hours which was registered during the last two weeks of March.

Chart 2. Average actual hours worked per week in 2019, last 2 weeks of March and April 2020



In April, the COVID-19 pandemic accounted for more than half of the employed population who worked less hours than usual (56 per cent). As observed in the preceding month, the majority of those affected by the COVID-19 situation reported slack work related to economic reasons as the main contributor to the reduction in their working time (39 per cent). A further 11 per cent worked less hours because they took time off their job while 6 per cent worked less hours due to other reasons.

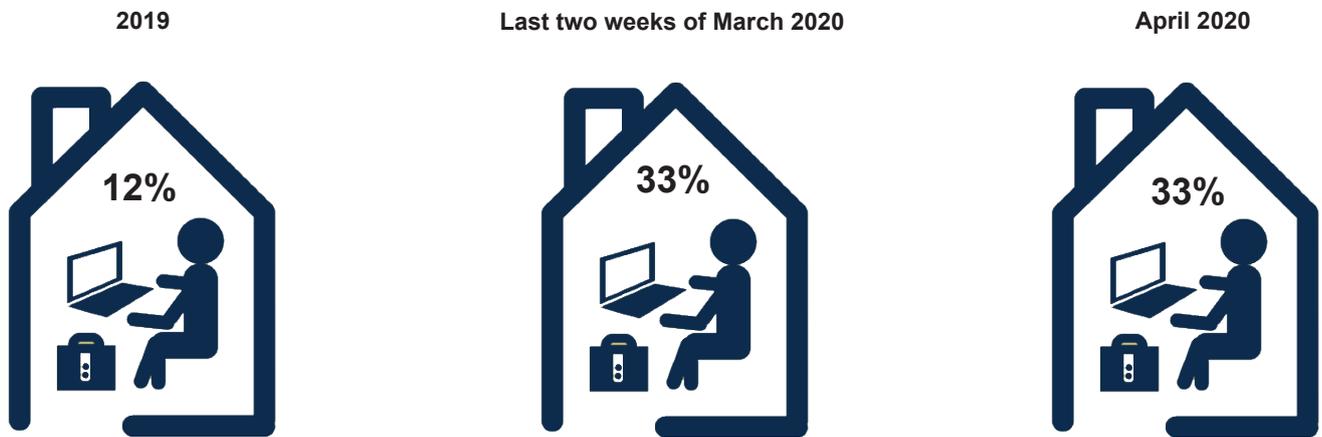
Chart 3. Main reason for working less hours in April 2020



## Teleworking arrangements

Prior to the COVID-19 situation, only 12 per cent of all employed persons were working from home. 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. In fact, a sharp increase was recorded in the last two weeks of March where 33 per cent of employed persons were working from home. This share was sustained in April.

Chart 4. Share of employed persons working from home in 2019, last 2 weeks of March and April 2020



## 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 April 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 the source of 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)