



Eurofound

# Restructuring in SMEs: Malta

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# Introduction

Following the recovery in economic growth recorded in 2010, Malta's economy continued to register positive growth for 2011. At 2.1%, real GDP growth in Malta remained relatively healthy in 2011. This growth was mainly driven by net exports and household consumption. Figures for 2011 also show a steady growth of 2.4% in employment figures and a decline from the previous year in the number of job seekers. Meanwhile, inflation, as measured by the Harmonised Index of Consumer Prices, averaged 2.4% in 2011 compared to 2.0% in 2010. The inflation rate moderated towards the end of the year, with the annual rate dropping to 1.3% by December 2011 (Central Bank of Malta, 2012).

As in most countries, SMEs perform an economically and socially important function in Maltese society, being active contributors towards growth, innovation, and job creation. Figures for Malta show that micro, small and medium enterprises alone account for over 99% of total businesses, 95.8% being micro enterprises. In 2010, the share of gross value added contribution generated by SMEs in Malta was 73.4%. This is higher than the EU average share, which is reported at 58.4%.

In employment terms, SMEs account for over 70% of the total workforce and employ, on average, 2.5 people; a figure that is considerably smaller than the EU average of 4.3 (European Commission, 2010–2011).

Table 1: *Number and share of enterprises in Malta*

|                   | Malta         |            | EU27       |
|-------------------|---------------|------------|------------|
|                   | Number        | Share (%)  | Share (%)  |
| <b>Micro</b>      | 33,772        | 95.8       | 92.1       |
| <b>Small</b>      | 1,200         | 3.4        | 6.6        |
| <b>Medium</b>     | 246           | 0.7        | 1.1        |
| <b>Total SMEs</b> | 35,218        | 99.9       | 99.8       |
| <b>Large</b>      | 48            | 0.1        | 0.2        |
| <b>Total</b>      | <b>35,266</b> | <b>100</b> | <b>100</b> |

Source: *SBA Fact Sheet (Malta) 2010/11. Estimates for 2010, based on 2005–2009 figures from National Statistics Office in Malta. The estimates have been produced by Cambridge Econometrics. The data cover the 'business economy', which includes industry, construction, trade, and services (NACE Rev. 1.1 Sections C to I, K). The data do not cover the enterprises in agriculture, forestry, fishing or the largely non-market services such as education and health.*

Table 2: *Employment by firm size in Malta*

|                   | Malta          |            | EU27       |
|-------------------|----------------|------------|------------|
|                   | Number         | Share (%)  | Share (%)  |
| <b>Micro</b>      | 39,364         | 34.7       | 29.8       |
| <b>Small</b>      | 24,432         | 21.5       | 20.4       |
| <b>Medium</b>     | 87,813         | 21.2       | 16.8       |
| <b>Total SMEs</b> | 25,640         | 77.4       | 66.9       |
| <b>Large</b>      | 113,453        | 22.6       | 33.1       |
| <b>Total</b>      | <b>113,453</b> | <b>100</b> | <b>100</b> |

Source: *SBA Fact Sheet (Malta) 2010/11. Estimates for 2010, based on 2005–2009 figures from National Statistics Office in Malta. The estimates have been produced by Cambridge Econometrics. The data cover the 'business economy', which includes industry, construction, trade, and services (NACE Rev. 1.1 Sections C to I, K). The data do not cover the enterprises in agriculture, forestry, fishing or the largely non-market services such as education and health.*

Table 3: Value added by firm size in Malta

|              | Malta     |            | EU27       |
|--------------|-----------|------------|------------|
|              | € billion | Share (%)  | Share (%)  |
| Micro        | 1         | 28.9       | 21.6       |
| Small        | 1         | 24.7       | 18.9       |
| Medium       | 1         | 19.8       | 17.9       |
| Total SMEs   | 3         | 73.4       | 58.4       |
| Large        | 1         | 26.6       | 41.6       |
| <b>Total</b> | <b>4</b>  | <b>100</b> | <b>100</b> |

Source: SBA Fact Sheet (Malta) 2010/11. Estimates for 2010, based on 2005–2009 figures from National Statistics Office in Malta. The estimates have been produced by Cambridge Econometrics. The data cover the 'business economy', which includes industry, construction, trade, and services (NACE Rev. 1.1 Sections C to I, K). The data do not cover the enterprises in agriculture, forestry, fishing or the largely non-market services such as education and health.

A report presented on the findings of a Small Business Survey (SBS)<sup>1</sup> conducted among enterprises in Malta between August and October 2010 shows a set of characteristics which could be seen as representative of small business operators in Malta (Enterprise Policy Directorate, 2010). The findings can be summarised as follows:

- over 50% of small businesses are family-owned;
- half of the businesses interviewed have been operating for 15 years or less, with 24% of all businesses being considered as new (in operation for five years or less);
- the younger the business owners, the less family members are involved in the business;
- almost 50% of the owners interviewed fall within the 50+ age group (19% are 60+).

This last figure has implications for business succession and survival of the enterprise.

## Employment

Several studies show that SMEs create more jobs than large enterprises. A recent study on employment in SMEs shows that between 2002 and 2010, 85% of total employment growth in the non-financial business economy within the EU was credited to SMEs. This sector also has a considerably higher annual employment growth rate (1%) than large enterprises (0.5%) (EIM, 2011).<sup>2</sup>

<sup>1</sup> Report issued by the Enterprise Policy Directorate, Ministry of Finance, the Economy and Investment. The report presents findings from the 2010 Small Business Survey (Enterprise Policy Directorate, 2010). The survey interviewed 2,493 Maltese businesses, employing between one and 49 employees (micro and small enterprises) between August and October 2010. The questionnaire had a response rate of approximately 51%.

<sup>2</sup> This report was prepared by EIM Business & Policy Research with financial support from the European Communities, under the Competitiveness and Innovation Programme 2007–2013.

The same report mentions Malta as one of three Member States to have suffered an employment decline in the non-financial business economy during 2002–2010.<sup>3</sup> The drop in employment figures is reported for both micro (-1.8%) and large enterprises (-2.9%), with growth figures reported at 1.6% and 1.5% for small and medium-sized enterprises respectively. Employment growth figures for small and medium-sized enterprises in Malta contrasted positively with the overall trends in other Member States.

Moreover, figures for Malta show that over the same period, job loss in SMEs (at -0.1%) was relatively small in comparison with the situation in larger enterprises, which reported a negative growth of -2.9% (EIM, 2011).

Table 4: *Average annual employment growth by Member States, 2002–2010 (%)*

|                       | Micro | Small | Medium | SMEs | Large | All enterprises |
|-----------------------|-------|-------|--------|------|-------|-----------------|
| <b>Austria</b>        | 1.8   | 1.0   | 1.0    | 1.3  | 0.8   | 1.1             |
| <b>Belgium</b>        | 1.5   | 0.3   | 0.4    | 0.9  | 1.0   | 0.9             |
| <b>Cyprus</b>         | 2.2   | 2.9   | 3.3    | 2.7  | 2.0   | 2.5             |
| <b>Czech Republic</b> | -1.8  | 0.4   | 0.9    | -0.5 | -0.3  | -0.4            |
| <b>Denmark</b>        | 1.1   | 0.5   | 0.3    | 0.6  | -0.1  | 0.4             |
| <b>Estonia</b>        | 2.0   | 0.3   | 1.1    | 1.1  | -0.2  | 0.8             |
| <b>Finland</b>        | 1.6   | 0.8   | 0.5    | 1.0  | -0.3  | 0.5             |
| <b>France</b>         | 1.4   | -0.4  | -0.4   | 0.3  | 0.5   | 0.4             |
| <b>Germany</b>        | 2.2   | 1.3   | 1.6    | 1.7  | 0.2   | 1.1             |
| <b>Greece</b>         | 0.9   | 2.8   | 0.6    | 1.2  | -1.5  | 0.6             |
| <b>Hungary</b>        | 0.5   | 0.8   | -0.3   | 0.4  | -0.1  | 0.2             |
| <b>Ireland</b>        | 3.4   | 0.6   | 0.5    | 1.5  | 0.1   | 1.0             |
| <b>Italy</b>          | 1.0   | 0.5   | 0.5    | 0.8  | 0.4   | 0.7             |
| <b>Latvia</b>         | 0.1   | 0.5   | -0.6   | 0.0  | -1.3  | -0.3            |
| <b>Lithuania</b>      | 6.5   | 1.7   | 0.9    | 2.8  | -0.3  | 2.0             |
| <b>Luxembourg</b>     | 2.9   | 1.9   | 1.7    | 2.1  | -0.5  | 1.2             |
| <b>Malta</b>          | -1.8  | 1.6   | 1.5    | -0.1 | -2.9  | -0.8            |
| <b>Netherlands</b>    | 7.0   | 0.9   | -2.7   | 1.9  | 0.5   | 1.4             |
| <b>Poland</b>         | 1.5   | 2.2   | 2.5    | 1.9  | 2.5   | 2.1             |
| <b>Portugal</b>       | 2.6   | 1.1   | 0.7    | 1.7  | 1.2   | 1.6             |
| <b>Romania</b>        | 12.2  | 3.9   | -0.1   | 4.9  | -3.1  | 1.6             |
| <b>Slovakia</b>       | 15.0  | -0.7  | -0.2   | 3.2  | -1.0  | 1.2             |
| <b>Slovenia</b>       | 2.5   | 0.5   | -1.5   | 0.7  | 1.9   | 1.1             |
| <b>Spain</b>          | 0.4   | -0.4  | 0.4    | 0.2  | 1.8   | 0.5             |
| <b>Sweden</b>         | 0.3   | 3.0   | 2.6    | 1.6  | 0.9   | 1.3             |
| <b>United Kingdom</b> | 2.4   | 0.1   | 0.0    | 0.9  | 0.5   | 0.7             |

Source: EIM, based on European Commission: *Are EU SMEs recovering from the crisis? Annual Report on EU Small and Medium-Sized Enterprises 2010/2011*; data 2008-2010 estimates. Note: The contribution of size classes to total employment growth is controlled for the population effect.

<sup>3</sup> The report notes that the low value of the SME-indicator for Malta means that the share of SMEs in total job loss is less than proportionate to their employment share. Therefore, job loss in the SME sector has been relatively mild.

### Economic and financial scenario

As with many other EU Member States, Malta's economy has not been immune to the financial and economic turbulence which gripped the world in 2008. The crisis struck at the heart of economies worldwide, leaving them propped up by substantial levels of monetary and fiscal support.

During this time, Malta started to experience a decline in its manufacturing industry, as export-oriented foreign firms operating in Malta started to relocate their operations to countries with a lower labour cost (Rizzo, 2009). However, this situation is not all doom and gloom, as the loss in manufacturing output is reported to have migrated to more higher value-added sectors with a greater net increase (Camilleri, 2008). The negative impacts of the financial crisis became more visible towards the end of 2008, with a rising trend in Malta's unemployment rate reported for the final quarter of that same year (Central Bank of Malta, 2010).

By 2009, the domestic financial market gradually started to resume stability. The recession which swept the island was relatively shorter and less severe than in most countries of the euro zone. This has been largely attributed to three mitigating factors:

- targeted government support to export-oriented enterprises;
- increased diversification towards higher value-added service activities;
- the resilience of the domestic banking system (Central Bank of Malta, 2011).

The Ministry of Finance, in collaboration with Malta Enterprise, the agency responsible for the promotion of foreign investment and industrial development in Malta, established a rescue plan specifically designed to help SMEs generate economic growth through investment in high added-value activities and a better quality workforce, which is considered to be one of Malta's core strengths. In so doing, a number of fiscal measures and financial aid incentives in the form of grants, subsidies, loans and loan guarantees were introduced under the Business Promotion Act (Cap. 325). The Government also provided support to the sector through measures encouraging employment and training, administered by the Employment and Training Corporation (ETC), Malta's public employment agency; the promotion of investment in research and development; and assistance to SMEs in the restructuring of their operations with a view to meeting the challenges of international competition.

The global economic instability which persisted through 2011, coupled with political instability in north Africa, impacted heavily on trade performance and social mobility in the Mediterranean basin and took its toll on Malta's overall economic performance (MCC, 2012).

Speaking during a business breakfast organised by the Malta Business Bureau (MBB), the President of the Malta Chamber of Commerce, expressed the Malta Chamber's surprise at the lack of active support shown by the European Commission for SMEs affected by the Libyan uprising, which had negative implications on a number of Maltese companies. A plea was made for the EU to look into possible mechanisms to support European SMEs in the event of an analogous resurgence in Malta's neighbouring region. The Chamber President added that such 'mechanism should serve to prevent the severe financial hardship inflicted on those SMEs concerned, mainly because they were determined to retain their human resources to ensure they could continue to serve this market once the conflict was over'.<sup>4</sup>

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<sup>4</sup> Business Breakfast organised by the Malta Business Bureau (MBB) on 5 March 2012. The main speaker during this event was Vice-President Antonio Tajani, Commissioner for Enterprise and Industry.

## Restructuring as a topical issue in public debate

Due to their size, SMEs have a reputation of being able to excel in innovation and are more flexible in comparison with large companies when it comes to adapting to changing environments. Through close cooperation with other firms, SMEs can take advantage of knowledge externalities and respond better to market changes whilst promoting the level of skills within their business. Thus, SMEs can generate important benefits in terms of creating a skilled industrial base, and industries capable of contributing to GDP through higher added value (Harvie and Lee, 2002).

This being said, smaller enterprises have fewer assets and smaller retained earnings than larger companies. They are also equipped to cater for a smaller number of customers, and are unable to spread business risk by operating across multiple product lines and large geographic areas.

As some larger firms are choosing to shift their operations overseas in an effort to reduce costs, smaller firms are becoming increasingly important to the domestic and wider economies. One should add that the significance of SMEs is even more pronounced in a micro-state economy such as Malta, which brings about a somewhat natural constraint to the emergence of larger businesses; and, therefore, an even greater need to safeguard SMEs in a growing global competitive market.

As mentioned earlier in this chapter, the prevailing economic, financial and political global challenges are expected to continue to shape the way businesses operate at the domestic level. Consequently the Maltese Government, in collaboration with banking institutions and other non-public sector bodies, continues to promote incentives which can assist SMEs to remain ahead of their competition. This is a continuous process which sees the SME sector taking centre stage during public and policy debates.

This report seeks to identify the existing knowledge gap which exists in relation to restructuring measures undertaken by SMEs in Malta. The study offers a closer insight into the characteristics, influences and processes which build, shape, and drive SMEs to restructure. It then looks into the existing public and private support mechanisms available and specifically sought by SMEs, and underlines the challenges and obstacles faced in the context of enterprise restructuring. Attention is given to how these restructuring activities affect the performance of the company at large, the owner/manager of the enterprise and employees.

A literature review was conducted for this study, based on theoretical and empirical data. The main idea is to be able to locate this research in the context of what is already known about SMEs in the economy and identify existing knowledge gaps in relation to restructuring processes undertaken by SMEs.

Data concerning restructuring in SMEs in Malta is relatively scarce. Much of the secondary data available for restructuring activities focuses on large-scale company restructuring and therefore could either not be used for this study or, where appropriate, a comparison has been drawn in a way that could lend to a better understanding of restructuring characteristics in SMEs. Three local case studies have also been identified as part of the field research undertaken for this study (see <http://www.eurofound.europa.eu/emcc/labourmarket/restructuringme.htm>), with each enterprise representing different sectors from the economy, and distinctive restructuring activities ranging from business expansion, relocation and internal restructuring. The case studies analysed in relation to this study provide an interesting read into what could possibly, in future, develop into a broader field of research through the execution of in-depth quantitative and/or qualitative analysis of each restructuring category and its impact on local SMEs.

# Relevance of different types of restructuring for SMEs

## Overview

Much of what is documented in terms of restructuring in Malta centres upon large companies<sup>5</sup>, which have larger production lines and higher payroll. Moreover, restructuring is mostly reported in connection with reforms, as it were, in the public sector and in old labour-intensive sectors such as manufacturing and ship repair, which have been characterised by a substantial reduction in employment.

The challenges faced by Malta's economy from the point of view of restructuring were addressed by the Maltese social partners in the presence of the European social partners during a seminar held in Malta on 12 and 13 April 2005<sup>6</sup>. When discussing restructuring in the private sector, the social partners acknowledged the importance of restructuring as a continuous process that is here to stay and should thus be treated as an important element of industrial evolution. Given the sensitive nature of this process, more so from the standpoint of the employer and the impact this may have on workers, representatives of management and HR professionals stressed the need to pay more attention to the way the whole process is dealt with, in particular in terms of psychological preparation and assistance (Polska, 2005).

What follows is an analysis of SME restructuring in Malta and the various forms under which this may be conducted. Here it may be considered relevant to list the seven main categories of restructuring<sup>7</sup> identified for the purpose of this study, which include:

- relocation
- outsourcing
- offshoring/delocalisation
- bankruptcy/closure
- merger/acquisition
- internal restructuring
- business expansion.

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<sup>5</sup> As per EU definition, large enterprises are taken as enterprises employing 250 people or more.

<sup>6</sup> The work programme of the European Social Partners for the years 2003 to 2005 contained the commitment to undertake a study on Restructuring in new Member States. The study was carried out amongst the ten new Member States at the time, these being Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

<sup>7</sup> The different types of restructuring for SMEs are based on the European Restructuring Monitor (ERM) categories as recognised by Eurofound. <http://www.eurofound.europa.eu/emcc/erm/index.htm>.



## Relocation

Relocation can be described as the transfer of a business activity – which remains within the same company – to another location within the same country.

Restructuring which leads to a positive outcome, such as the opening of new and improved business premises offering better working conditions, is typically publicised in the local media. Having said this, there is no data record on the relocation of business activity in Malta. One may comment, however, that given the small size and geographical insularity of the island, business relocation within the same territory is limited. Nevertheless, relocation does play an important function in maximising economic returns on business activities, for example, through relocation that leads to the formation of clusters or the convergence of activities around transport terminals, such as seaports.

A study on migration of SMEs (Weihong and Huilong, 2000) reveals that the majority of enterprises tend to remain within the same location indefinitely. Firm migration is described as a single process, which leads to the locational adjustment of a firm. The phenomenon can be seen as one of other possible ways by which an enterprise adjusts to changes in markets, such as consumer preferences, environmental regulations, and technological advancements. Relocation is therefore not a goal in itself but is a particular form of locational adjustment that implies a spatial relocation of economic activities. The authors cite Ebels (1997) who defines firm migration as ‘a process of adjustment, whereby one location is substituted for another in order to better satisfy the needs and desires of each intended migrant’.

## Outsourcing

Outsourcing takes place when a company decides to subcontract single functions or whole parts of the company to another company within the same country.

Exposure to global competition, coupled with rapidly changing technology and challenging market conditions, has led to industrial restructuring in SMEs that is characterised by a focus on specialisation, and extensive outsourcing strategies. In fact, studies indicate that large firms are proving to be more efficient in economies which boast a larger share of SMEs, given the opportunity to outsource activities to smaller enterprises (Audretsch and Thurik, 2010).

There is no literature or data record available on outsourcing activities in Malta. One must bear in mind however, that Malta’s economy is quintessentially dominated by micro and small enterprises, which means that there is little demand for this type of restructuring at the domestic level. Nevertheless, outsourcing activities are becoming more prevalent amongst large operators in Malta and more specifically so within the pharmaceutical industry.

## Offshoring/delocalisation

Offshoring is the process whereby a company relocates or outsources its business activity to another company based in another country. Two major types of offshoring activities emerge from this definition:

- relocation through the corporation’s own affiliates;
- international subcontracting to non-affiliated enterprises (OECD, 2007).

Studies show that in recent years, the European economy has witnessed an increase in the offshoring of digital forms of communication, such as IT support, back office work, call centres and software programming (Kirkegaard, 2005).

There are no statistical data on the offshore activities of Maltese businesses. However, there is reported evidence of Malta's growing potential as an offshore destination for foreign companies. In particular, there has been a growing trend in the outsourced offshore activities relating to investment and financial services, HR, health services, retail businesses, logistics and customer support services (*Sunday Times of Malta*, 2008). In recent years, Malta has also become a hub for software development companies, some of which are foreign-owned and have established themselves in Malta in order to benefit from the secure, yet dynamic environment which Malta has to offer.

Business Process Outsourcing (BPO) is also reportedly gaining ground in Malta. Whilst Malta's location works against its ability to become a major BPO provider, nevertheless, it succeeds as an extension to SMEs, call centres and firms dealing with knowledge process outsourcing (such as financial and legal services) (Government of Malta, 2006). In fact, Malta invests considerably in promoting itself abroad as a sound provider of knowledge-based services. As part of the effort to attract offshore investment to Malta, the Government has introduced a number of incentives (fiscal and non fiscal) to companies to set up call centres in Malta. These measures, under the Business Promotion Act (Cap. 325) provided for the offer of:

- office space;
- soft loans;
- interest rate subsidies;
- loan guarantees;
- investment tax credits;
- reduced tax rates (Malta Enterprise, 2006).

Delocalisation has also been viewed as a sensitive and topical issue for Malta, specifically when linked to outward transfers. In July 2007, the company VF decided to close its factory in Malta and move production to Asia.<sup>8</sup> This resulted in 562 job losses.

## Bankruptcy/closure

An entrepreneur may decide to terminate his/her business for various reasons, such as retirement, voluntary closure and even bankruptcy.

To date, there is no public statistical evidence available on firm closures/insolvency cases in the SME sector in Malta.

## Mergers and acquisitions

A merger takes place when two companies decide to transfer their assets into a single company. In the case of an acquisition, this would involve an internal restructuring programme aimed at rationalising the organisation by cutting the number of personnel.

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<sup>8</sup> Also see <http://www.eurofound.europa.eu/emcc/erm/factsheets/9709/VF%20Corporation?template=searchfactsheets&kSel=1>.

National data on mergers and acquisitions are scant. There is a possibility that this data gap is linked to the fact that mergers and acquisitions are less common in SMEs than in large enterprises. The fact that this form of restructuring is more sporadic in SMEs allows one to conclude that SMEs can offer a more attractive stable working environment for employees when compared with larger companies (EIM, 2011).

In Malta, mergers and acquisitions are regulated under the Companies Act (Cap. 386). The Act provides for a process of takeover, namely where the assets and liability of one or more companies are delivered to another company, which holds 90% or more of their shares (Article 359(1)).

## Internal restructuring

Internal restructuring covers a wide range of processes – both positive and negative – and it is generally planned and tailored around the specific needs of a company. The decision to restructure would generally stem from a business analysis mapping out changes in organisational practices that would need to be undertaken by the company in order to operate with greater efficiency.

The internal reorganisation of a company may include, among others: business successions and transfers; and the reorientation of human resources and training programmes for employees. A more negative approach to the restructuring may include plans for job cuts.

## Business expansion

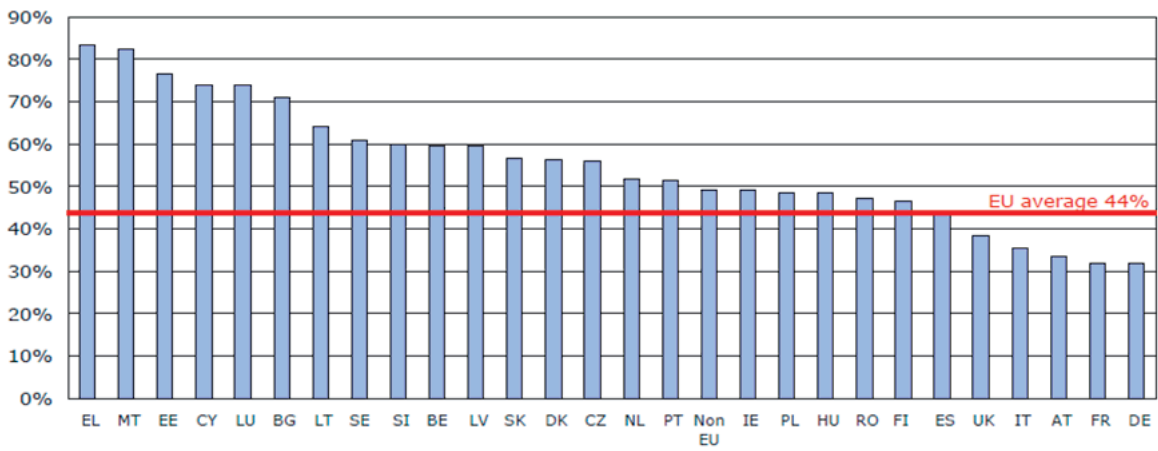
Business expansion takes place when a company extends its business activities, resulting in a contribution to job creation.

The statistical data provided in Table 5 below (p. 20) are taken from a study carried out for the European Commission, DG Enterprise and Industry (EIM, 2010). The data show the percentage of SMEs that say they are active in any of the following forms of international activities:

- exporting;
- importing;
- investing abroad;
- cooperating internationally;
- having international subcontractor relationships.

The statistics show how Malta is second in terms of the percentage of internationalised SMEs, with a figure in excess of 80%. This percentage shows a negative correlation between the population size of the SMEs' home country and its level of internationalisation. One can deduce from this analysis that once a Maltese SME has reached a certain level of growth, its only option, in order to grow further, is to venture abroad (EIM, 2010). This is very much a reflection of the reality of the small size of the local market.

Figure 1: Percentage of internationalised SMEs in 2006-2008 by country



Source: Survey 2009, Internationalisation of European SMEs EIM/GDCC (N=9480)

# Drivers of restructuring

There are multiple factors or influences which could lead a company to undertake restructuring measures. As with large companies, SMEs are highly exposed and challenged by global influences, such as international competition, rapid advancements in technologies, increasing research and development costs, and evolving market conditions. Indeed, research findings show that small enterprises are largely driven by the same forces that push large companies towards restructuring (Voss, 2007).

Within the Maltese context, SMEs are being encouraged to strengthen their strategies, management structures and competitive standing amongst local and international business players.

The phenomenon of globalisation continues to challenge companies to secure and safeguard their businesses in a fiercely competitive environment. In order to stay ahead, companies are being pushed into restructuring their operations in order to respond to ongoing changes. One way of going about restructuring is through a reorganisation of the company structure which would allow them to operate more efficiently and to generate cost savings for future growth. This strategy of staying ahead in the business world came out in the case studies conducted, where one could see considerable investment being injected into the modernisation and internal restructuring of the company (see <http://www.eurofound.europa.eu/emcc/labourmarket/restructuringsme.htm>). The internal restructuring measures undertaken were marked by fresh ideas, which were fed into a new and improved Business Development Strategy for the company, and ultimately reflected in the final results which came about from the restructuring processes.

Within the domestic context, market forces are seen to be pushing Maltese SMEs to move up the value chain. The global economy has steered the relocation of labour intensive production, particularly in the textile industry, towards other emerging economies such as China and north Africa. This outward shift in production towards countries with lower operating costs has pushed the local economy towards a reorganisation and consequent leap up the value chain. Whilst due consideration to rebuilding the manufacturing industry in Malta remains, other higher value added sectors – such as ICT and financial services – have found their way into the local market and have provided vital business opportunities for small enterprises. The pharmaceutical sector, aviation services industry and the manufacturing of higher-end electrical components also started to flourish and establish themselves as new profitable revenue streams for Malta.

In order to enhance Malta's competitive edge, particular attention has also been paid to restructuring in the public sector. Liberalisation and privatisation processes were implemented by Government as part of its strategy towards addressing the negative impacts of the economic and financial crisis which struck economies worldwide. A case in point is the privatisation of Malta Shipyards, which prior to its privatisation, was operating at substantial losses and was being subsidised through taxpayers' money. The restructuring of Malta Shipyards has reportedly resulted in work being provided to numerous small and medium-sized enterprises that are now clustering around the shipyards (DOI, 2012).

Business expansion is a form of restructuring largely associated with periods of economic growth and stability. The 2008 economic downturn, which led the world into a global recession, prompted managers to reevaluate their business strategies in order to remain in operation. Yet in some cases, as portrayed in one of the case studies, the financial and economic crisis was taken as an opportunity for optimising the business structure and investing in the planning of business expansion and the refurbishment of one of its stores, thereby seeking to gain a competitive advantage once the critical period was over. A number of Maltese SMEs are also looking into expanding their business operations by investing in Libya, with the intention to tap into new market opportunities.

Firms must also constantly adapt to new spatial constraints and environments, which may change over time. Relocation of a firm, as evidenced in one of the case studies, can be regarded as a form of this adaptation. Although relocation of business activities cannot be considered a customary activity in Malta, there are a number of reasons why a firm may consider relocating its operations somewhere else. The geographical proximity of core villages, coupled with acute

construction developments over a relatively short period of time has given way to companies originally situated in semi-rural areas, now finding themselves located within an environment that has gradually evolved into a residential area. This in turn creates unfavourable conditions for residents – mostly due to air and noise pollution. On the other hand, factory owners and employees stand to benefit more from relocating to a purposely designated industrial site that accommodates the industrial and commercial necessities of the business.

Relocation can also be the result of business expansion which necessitates business migration to a larger and more modern operational workspace. A company may also seek to relocate its business to a more visibly exposed location in order to attract more customers (for example, with the opening of a new showroom/store).

SMEs are also increasingly relocating their business activities to industrial parks or commercial areas surrounding transport terminals, such as the seaport (depending on their economic activity). Another growing phenomenon amongst SMEs is the formation of clusters, which helps them obtain a better competitive advantage by strengthening their market opportunities.

# Distinctive characteristics of restructuring in SMEs

Having analysed the drivers of restructuring within the national context, the study proceeds to look at the main characteristics of restructuring in SMEs as a distinctive and vital process of a company's lifecycle.

## Anticipation, planning and preparation of restructuring events

Restructuring is considered as a crucial component of a company's business strategy. The success or otherwise of an enterprise may largely depend on how much the owner/manager is able to anticipate and devise ways of responding to market changes.

The restructuring of a company can take different forms and occur within altered settings. The process can take place as part of an ongoing business development project or in connection to a past investment failure. Restructuring can also take place within the context of a single business setting or it may involve a whole or segment of a sector of the economy (European Commission, 2012).

Private employers in Malta reportedly possess the knack for anticipating the need for restructuring, and thus help minimise any negative impact on the business and the workforce (Kurtyka, 2006). However, despite the ability to anticipate the need for change, there is no statistical evidence available as to the number of SMEs that actually recognise and move forward with the implementation of restructuring projects, and the type(s) of restructuring undertaken.

By definition, internal restructuring encompasses a wide range of organisational adjustments which can be introduced within a company. However, for the scope of this study, internal restructuring will be approached from a positive perspective only, focusing mainly on restructuring as a reorganisation of the internal management of a company, which can also include business successions and transfers. The process will also take into consideration changes introduced by way of new recruitment and training of employees.

A shared characteristic, which emerged from the case studies dealing with internal restructuring, business expansion and relocation (see <http://www.eurofound.europa.eu/emcc/labourmarket/restructuringsme.htm>), is that all three businesses are mainly family-owned and managed. A study on family-run businesses claims that succession planning remains a matter of low priority in Malta, with family business owners reluctant to address business matters that concern retirement, illness, incapacity or even death (Borg-Cardona, 2008).

The same study also reveals how business succession would typically pass on to the next generation, with only a small percentage of non-family members (an estimated 25%) being identified as successors. Notwithstanding this, the last two decades have reportedly witnessed a shift in traditional business practices, as some family owners are choosing to take on non-family members with a formal education background to occupy management posts. Another reality that featured from the field research shows a shift in the mentality of new generation family members who are choosing to combine the knowledge acquired from having been exposed to the mechanisms of the family business from a young age, with a formal education background. The addition of new blood within a management body can also help to inject fresh ideas into the business, which can be translated into new solid business opportunities, and subsequently realised by way of restructuring.

All the companies approached as part of the field research emphasised the importance of having a well prepared business plan when planning company restructuring. Depending on the project undertaken, the restructuring plan would – as a general rule – set out projections, timeframes, a budget plan, and what can be achieved by the project.

As global markets continue to expand and put pressure on smaller firms to remain competitive, small companies are seen planning for additional, profitable revenue streams. In some cases, this form of business expansion may lead to the engagement of an external consultant or a team of experts, from different professional backgrounds, to assist in the planning and implementation of the project. By investing in a team of experts, the company increases the chances of success when it comes to the actual implementation stage.

Communicating the company's plans to the employees is considered crucial. The case study on internal restructuring provides an overview of the communication strategy adopted for informing employees in advance, and of the plans and projected changes which would be implemented as part of the restructuring process. In this case, the employer had commissioned a management consultant during the initial planning stage to interview employees on a one-to-one basis. The consultant would explain the restructuring process to the employees and would report back to management with their feedback. This process also served to identify key players around which the new structure would be built.

In the case of relocation, a migration plan was set out for the workforce and implemented over a strict time schedule. Given that this was a factory business which included the operation of machinery, the factory commenced by operating trial runs, which required workers to work extra shifts until all of the company's employees had received the necessary training to be able to operate on the new machinery. This was done in order to ensure a smooth transition of human resources without disturbing productivity.

Business expansion is carried out through an assessment of the potential of the project vis-à-vis the requirements of the target market or the customer's response to that particular area. If the assessment results are positive, initial negotiations would commence with all parties concerned in order to put together a plan for the project, which would include projections concerning financial sustainability and profitability.

### Managing restructuring

Restructuring, which can have a direct impact on employees, needs to be managed in anticipation of the actual commencement of the project. Uncertainty can trigger fear within employees, which if not addressed properly can lead to disruptions during the implementation stage. Depending on the restructuring project undertaken, employees may need to undergo a phasing-in period in order to get accustomed to the new operational environment. This is particularly true for relocation strategies, which require the implementation of a sound migration plan, which would see the smooth shifting of the human resource function of the company from one location to another. From the field research conducted, one can see how the operation from the new plant continued to work in parallel with ongoing work from the old plant, until the full migration of the company's human resources was complete. This was done in order not to disrupt productivity or supply for the local market.

The initial reaction of employees to the restructuring project was reported to be one of uncertainty and caution, with job security being their main concern. However, generally speaking, once employees are informed of what and how changes are to be effected, the general reaction of the workforce is mostly positive and supportive. Improved facilities and conditions of work foster the right attitude and approach to achieve the corporate objectives.

### Involved actors

Decisions concerning restructuring are largely taken by the company's board of directors together with the management team. In some cases, companies are seen to commission the services of an external consultant to help in the planning, management and implementation of the project.



Employees are not directly involved in the planning and preparation phase of restructuring. However, management considers it important to have everybody seen to be working together in preparation for the implementation phase. This is reportedly accomplished through the adoption of a good communication strategy with employees.

The SME sector in Malta is largely defined by stable industrial relations. In fact, one finds that the management practice within such enterprises is, to a great extent, based on the cultivation of personal relationships with employees. However, one can also witness a strong trade union presence in the case of intensive restructuring projects, which have a direct impact on the workforce and operations of a company.

The two main trade union representatives in Malta are the General Workers Union (GWU) and the *Union Ħaddiema Magħqudin* (UHM). On the employers' side, the main actors are the Malta Employers' Association (MEA) and the Chamber of Commerce, Enterprise and Industry. Other influential employers' associations in Malta are the Malta Hotels and Restaurant Association (MHRA) and the Chamber of Small and Medium Sized Enterprise (GRTU). All these bodies are represented within the Malta Council for Social and Economic Development (MCESD) which performs the role of advisory council to the Maltese Government on issues of social and economic relevance.<sup>9</sup>

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<sup>9</sup> Malta Council for Economic and Social Development – <http://www.mcesd.org.mt/mcesd/home.aspx>.

# Main challenges and constraints facing SMEs in restructuring

Given that data on restructuring in SMEs in Malta are scant, much of what will be provided in this section will be deduced from the information gathered through interviews conducted as part of the field research.

When it comes to internal restructuring, one of the main challenges identified through one of the case studies was in helping employees understand the benefits of the company's restructuring and modernisation. However, initial resistance on the part of employees was soon dispelled once employees came to understand how the restructuring was to take place. Management claimed that good communication was the tool that smoothed out the initial challenges presented by the workforce.

Whilst remaining on the topic of internal restructuring, the following are the main challenges identified in the framework of business transfers and successions (Borg-Cardona, 2008):

- managing the family dynamics and its interrelationships;
- managing and leading the business in a successful manner;
- successfully managing the business through change (altering consumer demand, higher quality and regulatory standards, and growing competition);
- managing the succession process without disrupting the work flow of the business.

Aside from the above, no other major challenges were identified during the restructuring processes considered for the case studies. Management agreed that the extremely smooth implementation of the restructuring projects was the result of investing in the development of a good business plan and in engaging, where required, additional assistance from professionals in the field.

# Business support from public and private sources

Within the national context, the restructuring process at the company level is supported through a range of fiscal and non-fiscal incentives, which are mainly administered by Government authorities and banking institutions. Malta Enterprise – the Agency responsible for the promotion of foreign investment and industrial development in Malta – remains the core support system for the SME sector. However, different forms of assistance do exist, such as training programmes administered by the Employment and Training Corporation (ETC), which help to improve the knowledge and skills of Malta’s human resource base and thus promote investment in human capital.

## Supply

The following is a non-exhaustive list of incentives offered to SMEs under the Malta Enterprise Act (Cap. 463):

- SME development grants to support SMEs in developing and diversifying their business activities, developing new products and services, increasing competitiveness, and tapping into new market opportunities;
- Investment tax credits to give substantial reductions in payable tax, expressed as a percentage of the qualified investment. The investment aid is designed to assist in the development of SMEs through investment and job creation;
- Soft loans to support new investment projects undertaken by enterprises engaged in manufacturing activities. They cover up to 75% of the projected capital outlay (plant, machinery and equipment);
- Loan guarantees as part of a support scheme for local SMEs engaged in manufacturing who are undertaking capital expenditure with a view to achieve growth and innovation (support for new investment projects);
- Loan subsidies: low-interest loans issued by banks or other financial institutions with the objective of encouraging growth in competitiveness and innovation;
- Employment and training incentives to support enterprises in the recruitment of new employees and training of staff;
- Research and development incentives to stimulate the acquisition of knowledge and skills that would feed into the development of new, or the improvement of existing, products, processes or services.

Malta Enterprise also provides business advisory services on matters relating to:

- marketing and business management;
- research, technological development and innovation;
- business advisory and enterprise support.

Fully conscious of the value of exports to the local economy, Malta Enterprise also introduced the programme ‘Gateway to Export’ which aims at encouraging micro and small enterprises to venture into new markets through exports. The programme is tailored to equip local entrepreneurs with the skills, know-how and confidence needed to tap into international markets.

Malta continues to support the promotion of SME internationalisation through other incentives, which promote the sales of locally manufactured goods abroad. This is achieved through a combination of financial and advisory support to firms whose home-grown product or service could be franchised in other countries.

Another form of assistance is offered through the *Jeremie* financing package, which offers assistance to SMEs and micro-enterprises to develop ways to boost their economic performance both locally and abroad. The scheme helps SMEs to launch new products and services in new niche markets through capital investment, and assists them in tapping into new export markets by improving their Malta-based operations<sup>10</sup>.

In January 2012, the Maltese Government also set up Business First – a one stop shop for businesses in Malta that offers a range of over 50 different services to entrepreneurs under one roof. Business First offers start-ups and existing companies the opportunity to apply for a wide range of schemes and support through a single point of contact. Entrepreneurs are also able to seek information and guidance concerning their business operations. The services provided also include guidance on the procedural steps involved in closing a business. Useful information can also be found on the agency website on points to be considered when closing a business for reasons which may include: retirement, a change in career, illness, voluntary closure, or bankruptcy (company dissolution, voluntary liquidation, or enforced dissolution).

SMEs can also seek support through private law firms and/or business and management consultancy firms, which can provide legal and technical advice and guidance relating to business start-up and management.

### Demand

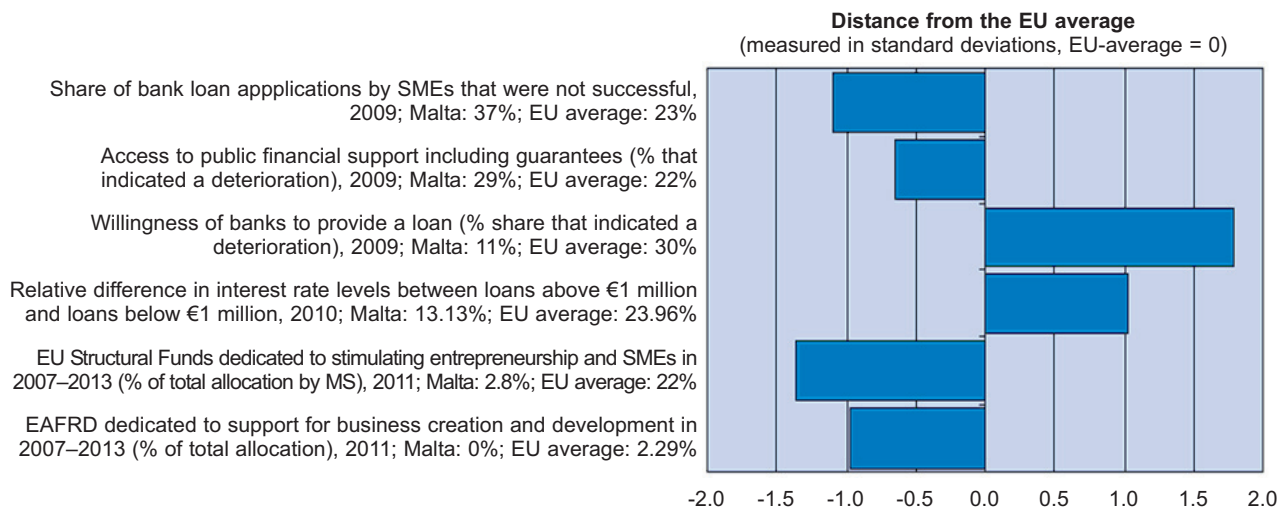
According to the latest SBA fact sheet for Malta issued by the European Commission (2010/2011), the relative difference in interest rate levels (mark-up) for smaller loans (that is below €1 million) as compared to larger ones is much smaller in Malta (13%) than in the EU as a whole (24%).

However, on the downside, a below-average score is reported for access to public support administered by government. A negative outcome was also reported in the level of support received by SMEs from the EU's structural and regional funds. On both indicators, Malta has reportedly some of the lowest scores amongst the Member States. For the regional funds it is only 2.8% (as against 22% for the EU), and in the case of structural funds it is zero.

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<sup>10</sup> Jeremie Financing Package – <https://www.bov.com/page.asp?p=13355&l=1>.

Figure 2: Access to finance by SMEs



Note: Data bars pointing right show stronger than EU-average performance and data bars pointing left show weaker performance.  
Source: *SBA Fact Sheet (Malta) 2010/11*. A number of indicators in relation to access to finance are reportedly missing. For this reason, no assessment could be provided on access to venture capital or cash flow. Information on access to credit is reportedly inconsistent (i.e. the four indicators do not clearly show whether, overall, it is easier for an SME in Malta to obtain a bank loan).

From the interviews conducted, it appears that the most sought after support during company restructuring is in the form of guidance, or advisory services, on how to restructure in a way that would ensure sustainability of the business in a highly competitive market. Guidance on restructuring planning and implementation, whether through government services, external consultants (such as economic, management and legal consultants) or in-house through the brand mother company (or foreign subsidiaries), was also identified as a potential source of assistance during restructuring. Knowledge transfer and the exchange of best practices can prove to be vital tools in a company's survival.

Another factor which emanated from the field research was the need for more hand holding when it comes to applying for funding schemes. The bureaucratic nature of application procedures can reportedly be discouraging for local entrepreneurs when deciding on whether to access such schemes.

When it comes to business expansion, interviewees highlighted the importance of having external economic and legal consultants involved in the analysis of the project plan in order to obtain an outsider's professional opinion prior to carrying out restructuring.

In a study carried out by the European Commission on internationalisation of European SMEs, respondents were questioned about existing support measures for SMEs (EIM, 2010). From the study it transpires, amongst other things, that considerable differences exist in the use of public support reported for each country investigated. Figures for Malta show that around 2% of internationally active SMEs make use of some form of financial public support, whilst SMEs reporting to make use of non-financial public support stood at 0%.

Table 5: *Use of financial and non-financial public support for internationalisation, percentage of internationally active SMEs, by country (2009)*

| Rank |                | Financial support (%) | Rank |                | Non-financial support (%) |
|------|----------------|-----------------------|------|----------------|---------------------------|
| 1    | Austria        | 47                    | 1    | Slovenia       | 23                        |
| 2    | Turkey         | 32                    | 2    | Cyprus         | 19                        |
| 3    | Greece         | 17                    | 3    | Latvia         | 16                        |
| 4    | Latvia         | 17                    | 4    | Lithuania      | 12                        |
| 5    | Norway         | 14                    | 5    | Luxembourg     | 11                        |
| 6    | Germany        | 14                    | 6    | Italy          | 11                        |
| 7    | Spain          | 10                    | 7    | Norway         | 11                        |
| 8    | Italy          | 9                     | 8    | Greece         | 11                        |
| 9    | Slovakia       | 9                     | 9    | France         | 9                         |
| 10   | France         | 7                     | 10   | Spain          | 9                         |
| 11   | Romania        | 6                     | 11   | Germany        | 7                         |
| 12   | Hungary        | 5                     | 12   | Denmark        | 5                         |
| 13   | Sweden         | 5                     | 13   | United Kingdom | 5                         |
| 14   | Cyprus         | 5                     | 14   | Ireland        | 4                         |
| 15   | United Kingdom | 5                     | 15   | Austria        | 3                         |
| 16   | Slovenia       | 4                     | 16   | Poland         | 3                         |
| 17   | Luxembourg     | 4                     | 17   | FYROM          | 2                         |
| 18   | Liechtenstein  | 4                     | 18   | Finland        | 2                         |
| 19   | Belgium        | 4                     | 19   | Belgium        | 1                         |
| 20   | Finland        | 3                     | 20   | Slovakia       | 1                         |
| 21   | Estonia        | 3                     | 21   | Netherlands    | 0                         |
| 22   | Lithuania      | 3                     | 22   | Estonia        | 0                         |
| 23   | Poland         | 3                     | 23   | Malta          | 0                         |
| 24   | Ireland        | 3                     | 24   | Croatia        | 0                         |
| 25   | Malta          | 2                     | 25   | Portugal       | 0                         |
| 26   | Bulgaria       | 2                     | 26   | Sweden         | 0                         |
| 27   | Croatia        | 2                     | 27   | Czech Republic | 0                         |
| 28   | Czech Republic | 2                     | 28   | Bulgaria       | 0                         |
| 29   | Portugal       | 1                     | 29   | Hungary        | 0                         |
| 30   | Denmark        | 1                     | 30   | Iceland        | 0                         |
| 31   | Netherlands    | 1                     | 31   | Liechtenstein  | 0                         |
| 32   | FYROM          | 0                     | 32   | Romania        | 0                         |
| 33   | Iceland        | 0                     | 33   | Turkey         | 0                         |

Source: *Survey 2009, Internationalisation of European SMEs EIM/GDCC (N=9480)*

# Outcome of the restructuring events

## Organisational effects

Much of what can be concluded from the outcome of restructuring events is based on feedback gathered from interviews conducted as part of the case studies undertaken for this project. All interviewees participating in the field research (that is both employers and employees) commented positively on the outcome of the restructuring carried out within their respective companies.

The relocation project in one of the case studies resulted in a larger and better suited operational workspace for the company's employees. This helped to facilitate the administration of production, packaging, storage and distribution with greater efficiency. The new premises also incorporated two new production lines, and was designed to accommodate further future expansion.

Management claimed that, following the relocation project, the company continued to register a growth in turnover, which is reportedly conducive to the continued investment injected into the business. An integral part of the design of the new premises included the incorporation of greener technology which has resulted in an improvement in the company's cost structure. Due to the new possibilities arising from the restructuring, the company has also incorporated into its plans projections for an increase in its production for export.

Internal restructuring can have a multiplier effect on other areas of a company. In one of the case studies conducted, the changes introduced within the management set-up of the company resulted in new plans or projections that brought about an overhaul in the company's structure and operations. A decision to inject substantial investment into the business formed part of the modernisation project for the company which, in turn, led to business expansion and a consequent considerable return on investment.

When it comes to business expansion, the interviewees approached for the case study noted that restructuring usually results in an increase in workload, which is mostly taken up by the board of directors and management. However, the outcome of the restructuring projects undertaken by the company has resulted in a considerable return on the company's investments. Most of the profit generated from restructuring is re-invested into the business as a policy to ensure expansion.

## Effects on employees

As part of the new operational arrangements, which followed from the relocation project undertaken in one of the case study firms, the board of directors also introduced changes to its human resources set up, in order to enhance the value added of the business. Central to the internal restructuring which took place, the company appointed a Chief Executive Officer and other members of the family to key management positions. The process also included succession planning and involvement of family members in the operation of the business. This came about as a consequence of the growth in sales and expansion of the business which necessitated a more formal set-up and clearly designated management structures.

Management also introduced new cutting-edge technology for its machinery which resulted in an increase in operational efficiency and an initial cut in employees' overtime. However, the continued growth in product demand over the past two years has led the company to expand its production line, which has also led to the reintroduction of overtime shifts.

As discussed earlier, the process of internal restructuring addressed within one of the case studies has brought about considerable investment in the business's operations and a registered growth for the company. Following the restructuring measures undertaken, management claims to have more than doubled the number of its full-time

employees. In fact, the number of workers employed on a full-time contract has reportedly increased from 34 to 80 after the restructuring process. Young energetic people were brought into the business, and together with other members of staff, were sent on various training programmes to ensure that all employees acquired the skills and knowledge commensurate with their responsibilities and the targeted customer satisfaction.

As part of the internal restructuring process, a review of management and staffing performance was undertaken within the company. This led to the dismissal of a few employees who were considered to be ill-fitted to their job. Organisational adjustments were also introduced at managerial level. An experienced foreign representative of the brand was also brought in to form part of the management team in order to help with the restructuring and business diversification of the company.

The restructuring project reportedly also brought about positive results in employer–employee relations and in customer relations. A formal human resource policy is also being developed for the company and remuneration improvement has been introduced as a result of a comprehensive review of tasks and the introduction of a more formal salary and wage structure.

The restructuring project that led to business expansion in one of the case studies did not result in any negative effects on the workforce. Most of the employees are involved in the running of the company's retail outlets and are therefore very much sheltered from the effects of restructuring. The added pressure which arises from business expansion is mainly in the form of an increase in workload, which was mostly taken up by the board of directors and top and middle management. In order to cushion the effect of the workload, the company decided to recruit additional staff to work within the IT, merchandising and accounts department, thereby creating new job opportunities in the process.



# Conclusions and policy issues

The following draws upon some of the main conclusions and findings which emanated from this study.

As some larger firms are choosing to shift their operations overseas in an effort to reduce costs, smaller firms are becoming increasingly important to the domestic and wider economies. The significance of SMEs is even more pronounced in a micro-state economy such as Malta, which brings about a somewhat natural constraint to the emergence of larger businesses.

As a general observation, respondents remarked positively on public and private assistance available to SMEs in Malta, which help to promote the growth and sustainability of this sector within a highly competitive market.

A shared perception amongst interviewees taking part in the field research carried out for this study is that larger companies tend to garner more interest and backing from Government due to their higher productivity and export share, and the fact they have a larger workforce. Much attention is also given to major reforms, such as those carried out in the public sector and in old labour intensive sectors such as manufacturing and ship repair, which have been characterised by a substantial cut in employment figures.

It is estimated that over 50% of small businesses in Malta are family-owned, with family members usually seen to occupy senior management posts in the company. Nevertheless, succession planning within family businesses in Malta is often given low priority as owners are reluctant to address business matters which concern retirement, illness, incapacity or even death.

The last two decades have witnessed a shift in traditional business practices, as some family owners are choosing to take on non-family members with a formal education background to occupy management posts within the company. New generation family members are also choosing to combine the knowledge acquired from having been exposed to the mechanisms of the family business from a young age, with a formal education background.

The SME sector in Malta is defined by stable industrial relations. Interviewees participating in the field research claim that the cultivation of a strong owner/manager/employee ethic within small businesses reduces the need for trade union representation.

The process of restructuring in large companies is considered to be more immune to the interpersonal relationships that develop between individuals working within SMEs, although other influences (such as the presence of trade unions) may make it a more challenging process for larger companies.

Due to their inherent size, SMEs have a reputation for excelling in innovation and are more flexible in comparison with large companies when it comes to adapting to changing environments.

Market forces are seen to be pushing Maltese SMEs to move up the value chain. This outward shift in production towards countries with lower operating costs has pushed the local economy towards reorganisation.

Small and medium-sized enterprises in the retail sector often find themselves at a disadvantage in comparison with manufacturing industries, which benefit from a wider range of public incentives for funding opportunities.

The following is a summary of the recommendations put forward by interviewees during the field research.

- Planning is crucial to any restructuring activity undertaken by a company. Due to changing market conditions and other economic realities, it is important that SMEs are well prepared in order to be able to adapt to change which is considered a natural process in any business.
- At the root of the restructuring process is how the strategy is perceived by employees and the way in which the company communicates with employees on the envisaged changes. It is recommended that if communication is right, employees will feel part of the process and the likelihood is that most employees would be willing to collaborate and contribute towards the overall process of restructuring.
- By investing in a team of experts with distinct professional backgrounds, respondents claimed to have increased their chances of project success, avoiding any pitfalls which could have resulted in a less desirable outcome.
- Interviewees approached as part of the field research recommended the need for more hand holding when it comes to assessing existing assistance available to local SMEs, in particular, access to finance.

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