

Report by the Malta Foundation for Human Resources Development (FHRD)

Findings, Conclusions and Recommendations for Employers and HR Professionals

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Executive Summary

In 2026, FHRD conducted its inaugural Malta Annual HR Survey to better understand the pressures, priorities and readiness of the local HR community. The survey drew 160 responses, predominantly from senior HR professionals and organisations employing 50 or more people, offering a representative view of how larger Maltese employers are experiencing the world of work today.

The findings point to an HR function under real pressure on two fronts at once: an immediate, pressing struggle to recruit talent, and a longer-term, arguably more strategic, challenge of retaining and developing the people already on the payroll. At the same time, HR's ambition to sit at the strategic table is running well ahead of its capacity to get there, constrained largely by operational workload and by a persistent perception of HR as an administrative function.

Technology adoption tells a similar story of ambition outpacing integration: AI is entering HR quickly, but very few organisations have embedded it meaningfully into decision-making, and adoption is happening almost as much through individual employee initiative as through organisational strategy. Underlying all of this is a broader sense of exposure: only a small minority of respondents believe their organisation is genuinely ready for the future of work.

This report sets out the key findings from the survey, draws out the conclusions that matter most for Malta's employers and HR community, and closes with practical recommendations for both groups.

Five Headline Messages

1. 72% of organisations are currently experiencing hiring challenges.
2. Retention is the leading anticipated challenge over the next two to three years.
3. Around 71% say HR's strategic influence is constrained by operational workload or by an administrative perception of the function.
4. Almost 65% are using AI in HR or planning to, but only 6% have fully embedded data and AI into decision-making.
5. Only 5% believe their organisation is fully prepared for the future of work.

About the Survey

The Malta Annual HR Survey 2026 marks the inaugural edition of FHRD's structured study of the views, priorities and experiences of Malta's HR community. The survey gathered 160 responses, predominantly from senior HR professionals and representatives of organisations employing 50 people or more.

The findings should therefore be interpreted primarily as a reflection of how Malta's medium-sized and larger employers currently experience talent management, organisational strategy, technology and workforce readiness, rather than as a fully representative cross-section of the entire Maltese labour market.

The findings were presented in conjunction with the Malta Annual HR Conference & Expo 2026, under the theme *HR Lead: Powering Strategy Through People*. The theme reflects the increasingly strategic role of HR in shaping organisational culture, enabling transformation and translating people priorities into business outcomes. It also recognises that the future of work in Malta will be determined not by technology alone, but by how effectively organisations retain talent, develop leaders, build adaptable cultures and use people data to inform decision-making.

As the inaugural edition, this report establishes an important baseline against which emerging priorities and changes within Malta's HR landscape can be assessed in future years. Through its continued development, the Malta Annual HR Survey aims to support informed discussion, evidence-based decision-making and a deeper understanding of the opportunities and challenges shaping people management in Malta.

Respondent Profile

The survey received 160 completed responses from professionals representing organisations across a broad range of industries and organisational sizes. All respondents provided information on their organisation's size, sector and current role.

The respondent base was weighted towards medium-sized and large organisations. Almost half (49.7%) worked within organisations employing between 50 and 249 people, while a further 29.5% represented organisations with 250 employees or more. Overall, 79.2% of respondents came from organisations employing at least 50 people. Smaller organisations were also represented, with 15.4% employing between 10 and 49 people and 5.4% employing fewer than 10.

The survey attracted a particularly strong response from senior HR professionals. Nearly two-thirds of respondents (65.8%) identified themselves as an HR Director, Head of HR or HR Manager. When other HR and people-related positions are included—such as HR Business Partners, HR Executives, HR Officers, L&D professionals and talent acquisition specialists—at least 81% of the sample worked directly within the HR and people profession. A further 7.4% were CEOs, Managing Directors or General Managers.

Respondents represented 45 sector descriptions, including both predefined categories and individually entered responses. The largest sector represented was financial and insurance activities, accounting for 18.1% of respondents. This was followed by information, technology and communication (10.7%), education (8.7%), wholesale and retail trade (7.4%), accommodation and food service activities (6.0%), and professional, scientific and technical activities (6.0%). Representation was also recorded across manufacturing, public administration, transport and storage, construction, gaming, healthcare, aviation, pharmaceuticals and other sectors.

Overall, the respondent profile provides a strong cross-sector perspective on the priorities and challenges facing Malta's HR profession. However, as the sample is predominantly composed of senior HR practitioners from medium-sized and large organisations, the findings should primarily be interpreted as reflecting the views of established employers and HR decision-makers rather than as a statistically representative picture of every organisation or worker in Malta.

Detailed Findings

1. Talent Acquisition Is the Immediate Pressure, Retention Is the Future Concern

Hiring remains the most acute pain point for Maltese employers today, but when respondents were asked to look two to three years ahead, the centre of gravity shifted decisively from acquisition to retention and capability.

Current challenges reported:

Current Challenge	% Reporting
Talent acquisition/hiring difficulties	72%
Leadership and management capability	45%
Compensation and benefits competitiveness	43%
Skills gaps	36%
Employee turnover	35%

Anticipated challenges (next 2–3 years):

Anticipated Challenge	% Anticipating
Employee retention	58%
Attracting critical or scarce skills	53%
Leadership pipelines and succession planning	39%
Managing organisational change and growth	35%

Taken together, these two sets of figures describe a talent agenda that is changing shape rather than simply easing. Today's pain is overwhelmingly about getting people through the door: 72% report hiring difficulties, and this is compounded by leadership capability gaps (45%) and compensation pressure (43%), suggesting that Malta's tight labour market is being felt both in volume of applicants and in the calibre and cost of the available candidates. Skills gaps (36%) and turnover (35%) round out a picture in which acquisition problems and retention problems are already intertwined, even in the present tense.

Looking two to three years out, however, the emphasis moves decisively inward: retention overtakes every current concern to become the top anticipated issue at 58%, and scarce-skills access (53%) suggests organisations expect the external labour market to remain unforgiving. Critically, leadership pipelines (39%) and change management capability (35%) enter the picture as forward-looking concerns in their own right, not just as by-products of hiring. This pattern implies that a talent strategy built solely around recruitment marketing, faster hiring processes or higher salaries will address today's symptoms but leave the underlying, and larger, retention and capability problem largely untouched.



> *The question is shifting from "How do we recruit people?" to "How do we retain, develop and prepare the people we already have?"*

2. HR Has Gained Influence, But Is Not Consistently at the Strategic Table

HR's Role in Decision-Making	% of Respondents
Strategic partner, involved in key decisions	28%
Regularly involved in business and workforce decisions	23%
Consulted only on selected people-related decisions	38%
Not involved/unsure	12%

Only around half of respondents describe HR as regularly or strategically involved in organisational decision-making. The two principal barriers cited were operational workload limiting HR's strategic focus (42%) and HR still being perceived as administrative rather than strategic (28%), together accounting for roughly 71% of respondents.

What stands out here is that the barriers to strategic influence are structural rather than attitudinal. Respondents are not describing a lack of appetite for strategic involvement, nor a leadership team unwilling to listen to HR; they are describing a function that is too busy with transactional, day-to-day workload to consistently show up at the table, and one that in many organisations is still culturally filed under "administration" rather than "strategy". The 38% who say HR is consulted only on selected people-related matters likely represent the most persuadable group: organisations where HR has partial credibility and partial access but has not yet broken through to being a default presence in business planning. Closing this gap is therefore less about convincing leadership that HR matters, and more about giving HR the operating model, systems and headcount needed to earn and sustain a seat that many organisations are already open to offering.



> *The issue is not whether HR wants a strategic role, but whether it has the capacity, credibility and organisational positioning to perform it.*

3. AI Adoption Is Outpacing Strategic Integration

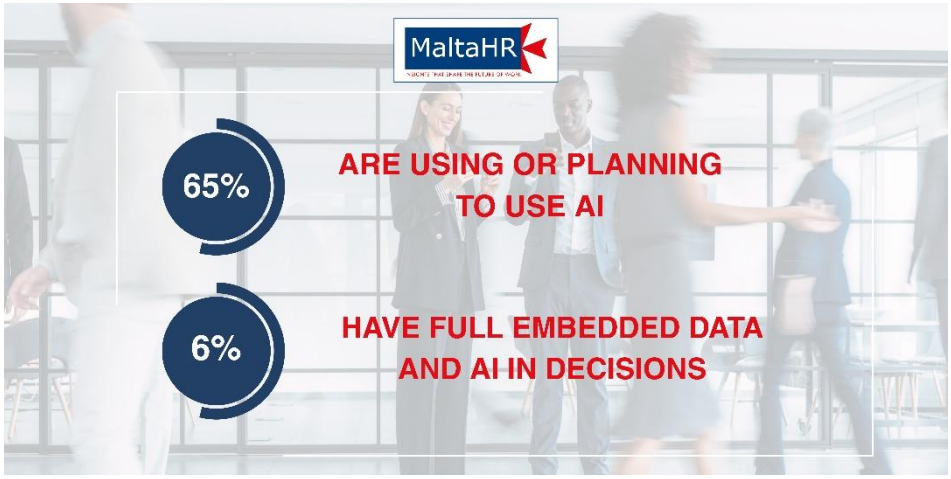
47% of respondents currently use AI tools within HR, and a further 17% plan to introduce them within the next 12–24 months; combined, almost 65% are using or preparing to use AI. Yet only 6% say data and AI are fully embedded in HR decision-making; 31% use them frequently but not fully, 31% only occasionally, and 32% report minimal or no use.

How AI tools are being provided is equally telling:

Source of AI Tools	% of Respondents
Centrally supplied or approved tools only	46%
Combination of organisational and employee-initiated tools	34%
Employee-initiated tools only	19%

More than half of respondents therefore reported at least some employee-initiated AI use, raising real questions around governance, data protection, consistency and employee capability.

The gap between the 65% who are using or planning to use AI and the 6% who describe it as fully embedded in decision-making is the single clearest evidence in the survey that Malta's HR community is in an early, exploratory phase of AI adoption rather than a mature one. This is not necessarily a bad thing; cautious, staged adoption is often preferable to a rushed rollout, but the fact that only 46% of AI use runs exclusively through centrally supplied or approved tools means that a substantial share of organisations have only partial visibility into how AI is actually being used inside HR. Employee-initiated use, whether alongside or instead of sanctioned tools, tends to move faster than governance frameworks can keep up with, particularly around what data is being entered into third-party tools, how outputs are being validated, and whether decisions influenced by AI are being reviewed by a human with appropriate context. Left unaddressed, this creates exposure on data protection and consistency long before it creates value through better decisions.



> *AI is already entering HR, but adoption alone is not transformation. The real question is whether it is being used strategically, responsibly and in ways that improve decisions.*

4. Culture Is the Leading Strategic Priority

Top HR Strategic Priority	% Selecting
Building and sustaining a high-performance culture	38%
Leadership development and capability building	23%
AI and digital transformation	13%
Workforce transformation and redesign	13%
Employee wellbeing and engagement	13%

Culture and leadership together account for 60% of respondents' top priorities, underlining that even in an AI-enabled workplace, organisations still see performance primarily as a people and leadership issue. Confidence in delivering on this priority, however, is more mixed: 24% are very confident in their ability to sustain a high-performance culture, 45% somewhat confident, 17% neutral, and 14% unconfident to some degree, meaning only around one in four respondents is firmly confident.

Notably, AI and digital transformation, workforce transformation, and employee wellbeing all tie at 13%, well behind culture and leadership, suggesting that, when forced to choose a single top priority, most HR leaders in Malta still see the fundamentals of how people are led and how the organisation behaves day to day as more decisive than any specific technology or restructuring initiative. This is broadly consistent with the survey's other findings: leadership capability is already a top current challenge, and leadership pipelines are a top anticipated one, so it makes sense that culture and leadership development would also be named as the priority organisations are choosing to invest in. The confidence data, however, tempers the ambition. With fewer than one in four respondents firmly confident in their organisation's ability to sustain a high-performance culture, and a further 45% only somewhat confident, this priority is better described as a genuine intention that most organisations have not yet fully operationalised, rather than a capability many can already claim with certainty.



> *While HR leaders treat high-performance culture as their clear top priority over technology, few feel genuinely confident in their ability to deliver it.*

5. People Data Is Not Consistently Translated into Business Impact

Extent Insights Drive Business Decisions	% of Respondents
Consistently drive business decisions	5%
Effectively in most cases	41%
Effectively only sometimes	38%
Rarely	8%
Not at all	8%

Taken together, 54% of respondents do not consistently translate people data into business decisions.

This finding sits in direct tension with the AI adoption figures reported above: almost two-thirds of organisations are using or introducing AI tools, yet just over half are not consistently converting even their existing people data into decisions that shape the business. This suggests the bottleneck in most organisations is not a shortage of data or of tools capable of analysing it, but a shortage of the analytical capability, decision-making processes and cross-functional relationships needed to turn numbers into influence. The 41% who say insights are translated effectively in most cases represent a reasonably capable middle tier that likely has the foundations in place: dashboards, regular reporting, engaged business partners, but has not yet made data-driven decision-making the default rather than the exception. For the 46% at the lower end of the scale, the priority is less about acquiring more sophisticated analytics and more about building the basic discipline of connecting people metrics to specific business outcomes leadership already cares about, such as revenue per employee, time-to-productivity or the cost of avoidable turnover.



> *The challenge is no longer simply collecting HR data; it is converting that data into insight, influence and measurable business impact.*

6. Change Capability Is Inconsistent Across Organisations

Organisational Change Readiness	% of Respondents
Highly agile and adaptive	15%
Generally responsive, some resistance remains	29%
Readiness depends on the leader or department	39%
Mostly reactive	12%
Resistant to change	5%

Only around one in six organisations is considered highly agile. For most, change capability is inconsistent, or dependent on individual leaders, reinforcing the case that change readiness cannot be left to depend on which department or manager an employee happens to work under.

The largest single group of respondents, 39%, describe change readiness as dependent on the individual leader or department, which is arguably the most actionable finding in this section: it points to a capability that exists somewhere in the organisation, but has not been standardised, shared or embedded consistently across teams. This is a fundamentally different problem from the 17% who describe their organisations as mostly reactive or resistant to change, where the gap is more foundational and likely requires sustained investment in leadership mindset and organisational systems before agility can take hold. Read alongside the earlier finding that 35% expect organisational change and growth management to become a bigger challenge over the next two to three years, this inconsistency in change capability looks less like a static weakness and more like a widening risk, organisations that fail to standardise the change leadership behaviours already present in their strongest teams may find the gap between their most and least adaptive departments growing wider precisely as the pace of change increases.



> *Most organisations struggle with inconsistent change readiness that relies too heavily on individual leaders rather than standardised, company-wide capabilities.*

7. Most Organisations See Future-of-Work Gaps

Perceived Future-of-Work Readiness	% of Respondents
Fully prepared, already adapting	5%
Well prepared, initiatives underway	26%
Somewhat prepared, gaps acknowledged	49%
Early stages	10%
Not prepared	10%

Only 5% of respondents feel fully prepared for the future of work. Nearly seven in ten either acknowledge gaps, are only beginning their journey, or do not feel prepared at all.

This is arguably the survey's most sobering statistic precisely because it functions as a summary judgment across everything else respondents reported. The largest group, 49%, describe themselves as somewhat prepared but with acknowledged gaps; a position that is neither complacent nor alarmed, but which leaves considerable room for those gaps to widen if not addressed deliberately. When this finding is read alongside the retention, leadership pipeline, AI governance and change capability results elsewhere in the survey, a coherent explanation emerges organisations are not lacking awareness of what the future of work requires but are still in the process of building the underlying capabilities; retention strategy, leadership depth, data-driven decision-making, and consistent change management that would allow them to describe themselves as genuinely ready. Future-of-work readiness, in other words, is less a separate initiative to be launched and more a byproduct of how well organisations address the seven other findings in this report.



> *While most organisations recognise their future-of-work requirements, nearly 70% acknowledge significant gaps that stem from underlying capability deficits rather than a lack of awareness.*

8. Hybrid Leadership Is Fundamentally a People Challenge

Leading Hybrid-Working Challenge	% Citing
Productivity and accountability	22%
Employee engagement and culture	22%
Trust and team cohesion	20%
Communication and alignment	18%

No single operational problem dominates. Hybrid working challenges leadership simultaneously across accountability, trust, culture and communication, suggesting that hybrid leadership development needs to address the whole picture rather than any one symptom.

The near-even spread across all four challenges, ranging narrowly from 18% to 22%, is itself an important finding: it indicates that hybrid working has not produced one dominant, easily targeted pain point that leadership development can address in isolation, but rather a cluster of interrelated pressures that reinforce one another. Weak trust and cohesion, for instance, make it harder to manage productivity and accountability without resorting to close monitoring, which in turn can further erode trust; and gaps in communication and alignment naturally feed into weaker engagement and culture. This interdependence means that organisations attempting to solve hybrid leadership challenges through a single intervention, such as productivity monitoring software or a one-off communications initiative, are likely to see limited impact. The more durable response is to treat hybrid leadership as a core capability to be built into manager training and performance expectations, covering trust-building, accountability without micromanagement, and deliberate communication practices together, rather than as a series of discrete problems to be solved individually.



> *Hybrid work presents an interconnected cluster of challenges, spanning trust, engagement, productivity, and communication that requires a holistic leadership development approach rather than isolated quick fixes.*

Conclusion

The Malta Annual HR Survey 2026 paints a picture of an HR function, and a broader employer community, caught between immediate operational pressure and a longer-term strategic ambition it has not yet fully realised. Three themes stand out.

First, the talent conversation in Malta is bifurcating. Hiring is the fire that needs putting out today, but retention, leadership pipelines and scarce-skills access are the fires organisations expect to be fighting over the next two to three years. Employers that treat talent strategy as solely a recruitment problem risk being unprepared for what is coming.

Second, HR's strategic ambition is real but only partially realised. Roughly half of respondents describe HR as strategically or regularly involved in decision-making, while the rest remain constrained overwhelmingly by workload and by a lingering perception of HR as administrative rather than strategic. This is not a motivation problem; it is a capacity and positioning problem.

Third, both AI adoption and data-driven decision-making are running ahead of governance and integration. Organisations are experimenting with AI and accumulating people data, but few have turned either into something that consistently shapes business decisions. Left unmanaged, especially where AI adoption is employee-led rather than centrally governed, this gap creates real risk around data protection, consistency and quality.

Underpinning all of this is a sobering readiness signal: only 5% of respondents believe their organisation is fully prepared for the future of work. Culture and leadership are recognised as the priorities that matter most, but confidence in delivering on them is moderate at best, and organisational agility remains dependent on individual leaders rather than being embedded as a systemic capability.

The overarching message of the survey and the conference theme it supported, HR Lead: Powering Strategy Through People, is that the future of work in Malta will be won or lost on people fundamentals: retention, leadership, culture, adaptability and the disciplined use of data. Technology will matter, but it will not substitute for these.

Recommendations

For Employers

6. Rebalance investment from acquisition to retention. Given that 58% expect retention to become a bigger issue within two to three years, build retention metrics (turnover, regrettable attrition, engagement) into board and leadership reporting now, not once attrition spikes.

7. Invest deliberately in leadership pipelines and succession planning. With 45% already citing leadership capability as a current challenge and 39% expecting succession planning to matter more, treat leadership development as core infrastructure rather than a discretionary training line item.

8. Give HR genuine capacity to be strategic, not just a strategic mandate. Since 42% of respondents point to operational workload as the main constraint on HR's strategic contribution, invest in HR systems, automation of transactional work, and adequate headcount so HR has the bandwidth to engage in workforce planning and business strategy.

9. Put governance around AI use in HR before it becomes unmanageable. With over half of organisations reporting some employee-initiated AI use, establish clear policies on which tools are approved, what data can be entered into them, and how AI-supported decisions are reviewed.

10. Treat culture and change capability as leadership accountabilities, not HR initiatives. With only around one in six organisations considered highly agile, and change readiness often dependent on individual managers, build change leadership and cultural stewardship into every people-manager's role and performance expectations.

11. Commission a genuine future-of-work readiness assessment. Given that only 5% of organisations feel fully prepared, a structured audit of workforce planning, skills, technology and leadership capability against future scenarios should be a near-term priority for senior leadership teams.

Recommendations

For Local HR Professionals

12. Reframe HR's value proposition around retention and capability, not just recruitment. Use the survey's own data to make the internal case that the next two to three years demand investment in retention, skills and leadership, not just faster hiring.

13. Push to convert HR data into decision-ready insight. With 54% of organisations not consistently translating people data into business decisions, prioritise a small number of high-impact metrics (e.g. flight-risk indicators, leadership bench strength, engagement drivers) and present them in language business leaders act on, rather than producing HR-only reports.

14. Actively manage, rather than passively absorb, AI adoption in HR. Where employee-initiated AI use already exists, get ahead of it: define approved tools, provide practical training, and build simple guardrails for confidentiality and accuracy rather than waiting for a formal enterprise-wide policy.

15. Use the administrative-perception challenge as a call to redesign HR's own operating model. Where 28% cite perception as administrative and 42% cite workload as the constraint, look at what can be automated, outsourced or self-served by managers and employees, freeing HR time for strategic work.

16. Build the business case for leadership development explicitly around retention and change capability, using the survey's findings; retention, leadership pipelines and change readiness are the top emerging concerns to secure budget and leadership buy-in for structured leadership programmes.

17. Benchmark progress year-on-year. As FHRD's inaugural survey, this study establishes a baseline; HR professionals should use next year's edition to track whether their own organisation's strategic involvement, AI integration and future-of-work readiness are genuinely improving.

Source: FHRD Malta Annual HR Survey 2026 (n = 160). This report was prepared based on the survey findings and headline messages as released by FHRD.