NATIONAL REPORT MALTA

SOCIAL PARTNERS TOGETHER TOWARDS A BETTER AND EFFECTIVE REGULATION OF ARTIFICIAL INTELLIGENCE FOR A JUST TRANSITION TO THE WORK OF THE FUTURE

TransFormWork 2
Project 101145650

co-funded by EU

The project is implemented with the Financial Support of the European Commission – Employment, Social Affairs and Inclusion DG, SOCPL-2023-SOC-DIALOG

The Malta Chamber of Commerce, Enterprise and Industry (TMCCEA) General Workers Union (GWU)

NATIONAL REPORT

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Malta, 2025

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Scope

TransFormWork 2 is an EU-funded project that examines the effects of artificial intelligence (AI) and algorithmic management on the future of work. This initiative unites social partners from seven EU Member States (Malta, Bulgaria, Cyprus, Romania, Italy, Poland, and Ireland) to explore these effects through a series of meetings and planned events designed to facilitate a fair and inclusive transition to workplaces integrated with AI. The aim is to address the impact of AI and algorithmic management on employment relations, discuss future skill requirements, and promote the upskilling and reskilling of workers. It also aims to ensure adherence to the human-in-command principle during AI implementation and to foster new labour market opportunities, innovative work arrangements, and improved working conditions.

This report fulfils the obligations of project partners to create a national report related to their countries. The objectives include mapping the national context of AI and algorithmic management, which involves examining government strategies, sectoral developments, and regulatory frameworks. It also seeks to address the implementation of the EU AI Act and its projected impact on national labour markets and employment relationships. The report additionally aims to document company-level practices across key sectors, including education, healthcare, media, manufacturing, and financial services. It also analyses the role of social partners, such as trade unions and employer organisations, in influencing AI-related policies and practices, and evaluates collective agreements and non-binding initiatives that address AI and algorithmic management, particularly in relation to job security, upskilling, and the ethical deployment of AI systems.

After each national report is finalised, a comparative analysis will synthesise findings from all national reports to uncover common trends, challenges, and opportunities among partner countries. It will emphasise disparities in regulatory strategies, social dialogue practices, and collective bargaining related to AI and algorithmic systems. Guidelines and policy briefs will be developed to facilitate the adoption of fair and inclusive AI governance at both national and EU levels. The principle of human oversight will be promoted, ensuring that AI systems employed in the workplace are implemented with appropriate human accountability. Additionally, support will be provided to European social partners in advocating for an EU Directive on Algorithmic Systems at Work and in guiding the implementation of the EU AI Act.

Methodology

This research employed a multi-phase desk study alongside qualitative methods to evaluate the effects of artificial intelligence (AI) on the workplace, focusing on perspectives from both employers and employees. This approach was adopted in consultation with the other project partners, with whom the methodology, research structure, and progress were discussed during several meetings throughout the project.

The initial phase involved a thorough desk review of Malta's national AI strategies, along with relevant sectoral strategies and updates on legal and regulatory issues. This part of the research was carried out by the Malta Chamber and later reviewed by the General Workers' Union (GWU) and the Malta Business Bureau (MBB). The goal

was to establish context for the national policy landscape and to identify the strategic direction and regulatory frameworks influencing AI implementation in workplaces. At the same time, GWU examined company-level practices regarding AI adoption and the inclusion of AI-related clauses in collective bargaining agreements. This included investigating how AI is implemented across different sectors and assessing the use of social dialogue mechanisms to support this transition. The Malta Chamber and MBB reviewed the findings.

After conducting desk research, the lead researcher engaged by the Project consortium developed a survey to gather primary data from employers and employee representatives. This survey aims to understand perceptions, experiences, and expectations regarding AI in the workplace, highlighting its perceived benefits, challenges, and impacts on job roles and working conditions.

Two different surveys were used:

- Employee representatives completed the survey on paper. This was carried out by GWU. After collecting the surveys, it was then recorded digitally for better analysis.
- Employers' representatives were invited to complete the survey via an online platform to ensure anonymity. This was organised by the Malta Chamber.

The survey aimed to collect responses from 25 participants, comprising both employee representatives and employers, evenly distributed across five sectors agreed upon with the other project partners: education, health and care, media, manufacturing, and financial services. The Malta Chamber analysed the collected survey data. Subsequently, the GWU and MBB reviewed and validated the results to

ensure their accuracy, neutrality, and alignment with the overarching objectives of the TransFormWork2 project.

Historical developments of digitalisation, AI and Algorithmic management: overview of AI deployment with specific focus on the five sectors under research

Over the last decade, the Maltese economy has grown steadily, achieving a post-pandemic recovery of 6.9% in 2022 and 4% in 2023. This growth was driven by various economic sectors, including financial services, professional services, manufacturing, real estate, wholesale and retail, transportation, accommodation, and food services. The growth has altered Malta's labour market dynamics. While life expectancy has increased, the birth rate has declined, leading to an ageing society and a greater demand for foreign workers due to insufficient resident labour, resulting in a tight labour market.[1] As of March 2023, foreign employees accounted for 33.8% of the workforce, with high representation in administrative services (15.8%), accommodation and food services (13.7%), real estate (10.3%), and wholesale and retail (9.5%). This situation presents challenges, including higher turnover rates among foreign workers compared to their Maltese counterparts.[2]

[1] Economic Policy Department, 'Economic Survey', *Ministry for Finance and Employment*, October 2023, https://finanzi.gov.mt/wp-content/uploads/2023/11/Economic-Survey-2023-Final-Grayscale-for-printing.pdf.pdf Page 8, 9, 11 and 12, Country Report No 24/33: Malta, International Monetary Fund, January 2024, page

[2] Estimating Labour Turnover in The Maltese Economy Using Administrative Data, NSO, 2023, https://www.centralbankmalta.org/site/Reports-Articles/2023/QR-2023-4-Box-1.pdf

Artificial intelligence (AI) is quickly transforming industries and the workforce. Malta, an EU member with an open economy, as highlighted by its AI National Strategy and various policies, recognises the potential benefits and challenges AI brings. It aims to adopt a strategic approach to support AI integration across multiple sectors. By leveraging AI, the country seeks to boost its economic growth, strengthen economic resilience, and improve quality of life for its citizens through sustainable development and innovation. Malta's strategy and vision aim to position the country as a global leader in AI, fostering a vibrant and competitive business environment that maximises the potential of artificial intelligence.

Like many nations, Artificial Intelligence (AI) and algorithmic management are transforming workplaces across various sectors in Malta. Although this technological shift offers numerous advantages and opportunities, it also presents significant challenges. Malta faces considerable vulnerabilities despite its preparedness. Given the country's small, predominantly service-oriented economy, disruptions can have a pronounced impact. A recent IMF study indicates that Malta has one of the highest proportions of workers among major economies, with approximately 60% employed in roles heavily reliant on AI technologies. This includes various service occupations involved in routine information processing that could be partially automated by AI, such as business administration specialists, sales personnel, and clerical support staff. Notably, many of these high-exposure jobs suffer from low AI "complementarity," implying that AI may replace these roles rather than enhance them. The IMF report warns that if AI adoption continues unchecked, nearly 30% of Malta's total jobs could be lost in the coming years. This forecast underscores a vital point: Malta's workforce is poised for significant transformation, even as AI creates new jobs and improves many existing ones. According to the same report, certain women and younger employees with only secondary education are more susceptible to job displacement

driven by AI. Women are over-represented in occupations such as administration and clerical work, which are highly automatable, while younger employees with only secondary education are at greater risk of being replaced, as they typically occupy manual or entry-level roles where AI can enhance efficiency.

As highlighted by some of the presenters at the National Discussion Forum, Malta's current skills pipeline exhibits significant deficiencies. For instance, employers frequently cite a shortage of computer specialists, which compels the country to depend on international talent in engineering and ICT. Maltese students are enrolling in only a limited number of advanced science and computing courses, further exacerbating the digital skills gap amid rising demand for these skills. Concurrently, Maltese enterprises are increasingly exploring AI solutions. According to IMF, as of 2023, 13.2% of companies in Malta (excluding certain micro-sector businesses) reported using at least one AI technology. With Malta's robust digital infrastructure and competitive pressure to innovate in key sectors, this percentage is expected to increase in the coming years.

Decades of investment in education and ICT have created a workforce with notably strong digital skills. Around 63% of working-age people in Malta have at least basic digital competencies, exceeding the EU-27 average. Additionally, many Maltese businesses are technologically skilled, and surveys show that these companies use a variety of digital tools and processes in their operations, surpassing the EU average in digital intensity. These factors give Malta a solid base for adopting AI. According to the AI Preparedness Index by the IMF, Malta's readiness to implement AI is closely aligned with that of advanced nations in areas such as ethics, digital infrastructure, human capital, and legislation. Furthermore, the government's emphasis on digital transformation, supported by significant EU-funded investments in digitalisation and

the creation of organisations, enhances Malta's ability to incorporate AI into both public and private sectors. One such organisation is the Malta Digital Innovation Authority (MDIA), which supports the local AI ecosystem by:

- Bootcamps, summer schools, training courses, and other initiatives to upskill youths in technology subjects, including coding and AI.
- Pathfinder scholarship scheme to sponsor postgraduate, doctorate level students of Artificial Intelligence.
- Additional support for digital innovation projects receiving government funding through additional funds and technology assurance services, including AI Act compliance support for AI projects.
- Collaborations with other entities to provide targeted funding for projects making use of AI

As will be discussed in this report, Malta is tackling these challenges through policy changes. The National AI Strategy 2030, launched in 2019, emphasised workforce transformation. It called for "fundamental changes" in education by integrating AI topics into various disciplines and updating curricula for educators. Several initiatives for continuous education and retraining of the existing workforce were recommended. The strategy also proposed creating a think tank to identify jobs and skills at risk from AI and to develop transition plans based on this data. Additional initiatives included a national reskilling programme for employees transitioning into AI-complementing roles, reforms to mitigate the impact of automation, and promoting lifelong learning.

There have been notable developments in the sectors under review, particularly due to significant investment in AI-related scholarships, the allocation of funds for AI

projects, and initiatives from both the public and private sectors to adopt innovative AI solutions. For example, AI is seen as an opportunity to personalise learning experiences and optimise administrative processes. For instance, projects like EduAI utilise AI puppets to enhance literacy education for primary school children, making the learning process more interactive and engaging. Other tools aim to promote early AI literacy among students, equipping them with vital skills for future job markets. These initiatives, supported by the Malta Digital Innovation Authority (MDIA) and the eSkills Foundation, seek to increase the number of AI-related graduates and foster a culture of innovation within educational settings. To ensure equitable access to AI tools, initiatives such as the One-Tablet-Per-Child and Your Device Your Right projects have been established. The healthcare sector is also looking to embrace opportunities presented by AI. Numerous initiatives and platforms are being developed to enhance patient care and provide greater insights into patient needs, including AI-assisted diagnostics and predictive analytics that facilitate early disease detection and personalised treatment plans. These advancements improve patient care and streamline administrative processes, allowing healthcare professionals to focus more on direct patient engagement. In the manufacturing sector, AI and robotics are revolutionising production by increasing productivity and precision. Automation powered by AI streamlines processes, minimises errors, and reduces costs. Predictive maintenance that employs AI ensures that machinery operates efficiently, decreasing downtime and extending the lifespan of equipment. In the financial services industry, AI enhances customer service, improves risk management, and supports regulatory compliance. AI-driven chatbots and virtual assistants operate around the clock, efficiently managing inquiries and transactions. AI algorithms analyse transaction trends to identify fraudulent activities and assess credit risk, while automating compliance processes allows financial institutions to meet regulatory standards. The Malta Financial Services Authority (MFSA) is actively engaging with the intersection of Artificial Intelligence (AI) and financial services. It emphasises the

importance of transparently communicating AI usage in client interactions and prioritising clients' interests. In journalism, the use of AI is being considered in terms of maximising the visibility of articles by using AI to suggest the types of titles and thumbnails that would attract more viewership. Moreover, the same project seeks to suggest whether the selected photo for the article aligns with the story being reported. Other initiatives aim to ensure the truthfulness of the articles.

In 2024, PWC Malta conducted a study to assess the current state of AI adoption among organisations in Malta, evaluate the landscape of AI adoption, identify the primary drivers and barriers organisations encounter during implementation, and raise awareness of the potential benefits and risks involved. This was carried out through an online, self-administered survey featuring 20 questions. A total of 59 participants completed the survey on behalf of their organisations.

In their report, PWC Malta emphasised that in analysing the survey results, "it is important to note that the study is not a representative one. " Yet their survey still provides interesting analysis and discussion, especially when one considers the answers to specific questions and the size of the organisations. Participants were evenly divided between organisations with revenues over €50M (27%) and those in the €1M - €10M range (27%), while an additional 20% reported revenues between €10M and € 50M.[3] Despite the considerable number of high-revenue companies (particularly given that Malta's enterprises mostly consist of small and medium

[3] The survey included individuals from various business functions, including C-suite (44%), IT and Cybersecurity (31%), and Finance professionals (8%). The remaining 17% comprised respondents from Sales, Compliance, Human Capital, and Operations. Industry-wise, respondents hailed from diverse sectors such as financial services (19%), government and public services (15%), technology, media, and communications (15%), consumer markets, distribution, and retail (7%), and professional services (5%). The remaining 39% represented numerous other industries, including food and beverage, leasing, real estate, pharmaceuticals, aviation, logistics and mobility, and multi-sector services.

enterprises), as will be discussed, there is a relatively high percentage that cite a lack of resources and knowledge when faced with the challenges of adopting AI systems.

Over 75% of respondents indicated that there is no AI governance framework in their organisation. This may suggest challenges in monitoring and implementing obligations related to the increasing legal and regulatory requirements. As shown in the second chart below, 85% of respondents are either unaware of the EU AI Act or, if they are aware, they do not understand its implications and obligations.

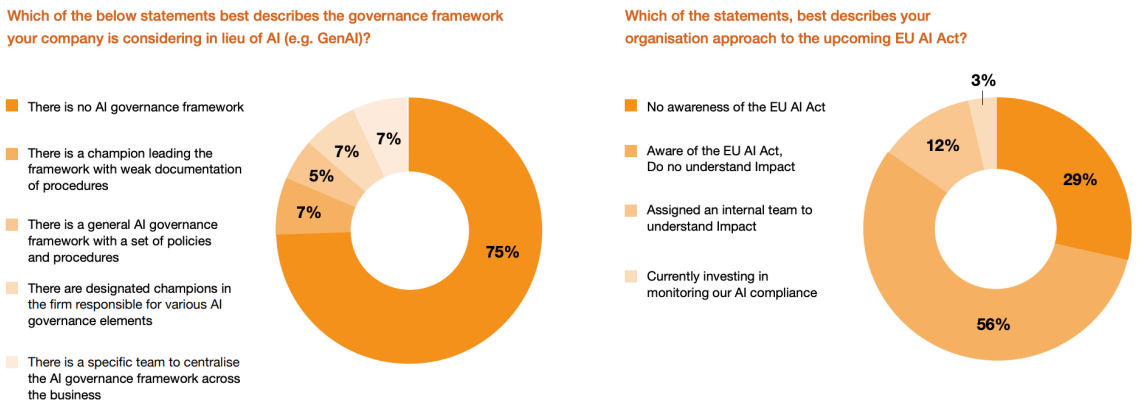

Figure 1 Charts as produced in the PWC Malta final report, page 19

42% of respondents view AI as the primary catalyst for optimising internal business operations. 27% indicated that enhanced customer experience is a key area for AI improvement, with customers encompassing both the employees who engage with

AI and the clients who benefit from improved service delivery resulting from AI utilisation.

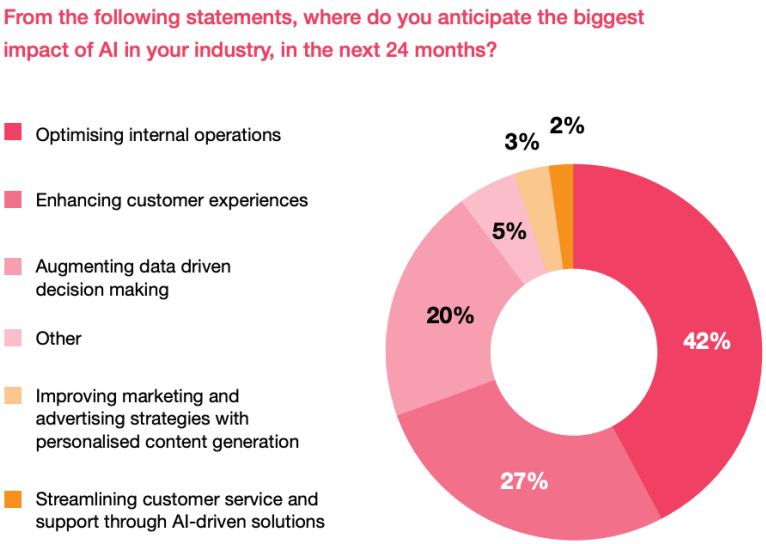

Figure 2 Chart as produced in the PWC Malta final report, page 26

29% and 10% of respondents believe that AI will have a transformative organisational impact and sector-wide impact, respectively. Interestingly, 41% of responses indicated that while the anticipated impact of AI technologies is significant for their departmental processes, they do not consider it transformative for their operating model. This suggests that while businesses may expect optimisation within their human resources departments, they do not anticipate a complete re-engineering of conventional processes through AI tools. PWC Malta, in its report, specified that it's important to note that most respondents are still investigating the best ways to leverage AI technologies, indicating a continued need for research and experimentation with AI initiatives.

Legal framework

In 2019, Malta adopted the Artificial Intelligence Strategy to map "the path for Malta to gain a strategic competitive advantage in the global economy as a leader in the AI field".[4] It is based on three strategic Pillars: (1) investment, start-ups and Innovation, (2) Public Sector adoption, and (3) Private Sector adoption. These pillars rely on three horizontal enablers: education and workforce, legal and ethical framework, and infrastructure.

The strategy mandates changes in the educational system and advocates for AI solutions for educators. It emphasises workforce reskilling, identifying future skills, and developing a reskilling programme. A think tank will assess jobs and skills affected by AI to establish training paths and incentives for employees to pursue training. It calls for increased funding for AI research and support for AI-related businesses, with various EU and national funding opportunities available. The strategy promotes collaboration among industry, education, and research institutions, proposing policies to support AI adoption by all businesses, especially SMEs, which represent a significant share of Maltese businesses. In 2019, Malta published a strategy for trustworthy AI, outlining a vision for ethical AI and setting four principles: (1) Human autonomy, (2) Prevent harm, (3) Fairness, (4) Explicability. Additionally, it announces the creation of a National Technology Ethics Committee to oversee the Ethical AI Framework and the introduction of a national AI certification framework to ensure ethically aligned, transparent, and socially responsible AI solutions.

[4] National AI Strategy: Malta, The Ultimate AI Launchpad, A Strategy and Vision for Artificial Intelligence in Malta 2030, Parliamentary Secretary for Financial Services, Digital Economy and Innovation, Office of the Prime Minister, 2019, https://malta.ai/wp-content/uploads/2019/11/Malta_The_Ultimate_AI_Launchpad_vFinal.pdf

This strategy aimed to enhance the economic and social well-being of citizens and businesses by leveraging AI in the public sector to provide better services and improve efficiency. The responsibility for adopting AI solutions rests with individual Ministries and their Chief Information Officers. A Technical Committee will examine the architecture of these AI solutions. The Malta Information Technology Agency (MITA) Strategy 2024-2026 seeks to strengthen "the Agency's Network Operations Centre through AI-powered tools that will provide insights on the health, performance, and security of the infrastructure, and implement corrective actions accordingly."[5] In recent years, the Maltese Government has emphasised the importance of Artificial Intelligence in various policies and strategies, highlighting the need for adequate skills to maximise its use. These strategies relate to the educational, health, and financial sectors, among others.

MDIA announced that the 2030 AI Strategy, comprising 72 action points, has achieved 80% implementation, either fully or partially. The remaining 20% are still in progress, under discussion, or have become obsolete due to advances in AI. Furthermore, since the launch of the 2019 strategy, several new international regulations have arisen, prompting MDIA to develop a revised national strategy. It has initiated extensive public outreach involving numerous stakeholders to ensure inclusive consultation. The new vision will reflect local policies shaping the AI strategy, review other national AI strategies to understand global goals and their impact on Malta, monitor the evolving EU AI Act for legal context, evaluate AI technological developments for opportunities and challenges, analyse industry trends in AI

[5] MITA Strategy 2024-2026, https://mita.gov.mt/wp-content/uploads/2023/12/MITA-Strategy-2024-2026.pdf
The Malta Information Technology Agency (MITA) is a Maltese government agency that manages the implementation of IT programmes in Government to enhance public service delivery and provides the infrastructure needed to execute ICT services to Government.

adoption and workflow changes, incorporate ethical AI frameworks from international bodies, and follow national and industry technical and risk guidelines for the safe deployment of AI.

In November 2025, the MDIA released the new national AI strategy for public consultation, titled Malta AI: Where Innovation Meets Trust for Well-Being. Its stated aim is

> "Malta's vision is to create a trusted AI ecosystem that promotes societal well-being, inclusive social and economic progress, and sustainability."

This realigned national AI strategy aims to establish Malta's long-term vision of creating a trusted AI ecosystem that promotes societal well-being, inclusive economic growth, and sustainability. The same proposed strategy states that:

> "Malta can capitalise on this wave of AI awareness to advance social well-being and economic growth. There is ample opportunity to support improved quality of life, education, and industry with AI discoveries, exploit breakthrough innovations, and replicate successes to scale. Historically, Malta has not only mitigated the economic constraints of its small scale but has also harnessed this characteristic to enhance its competitive edge."

To achieve this, it focuses on five guiding principles: diversity and fairness, accountability, transparency and human oversight, safety, and data protection.

The strategy is structured around:

- Underlying Foundations: AI for societal well-being and sustainability.

- Strategic Enablers:
    - Cultivating an informed public and a skilled workforce.
    - Strengthening regulatory, policy, security, and support structures.
- Strategic Drivers:
    - Improving data availability and infrastructure.
    - Supporting the adoption and responsible use of AI in the public and private sectors.
    - Advancing AI through research, innovation, and commercialisation.

It presents 83 measures covering education, public-sector deployment, R&D support, data governance, talent development, regulatory alignment with the EU AI Act, and initiatives promoting AI use across key sectors such as health, tourism, mobility, and culture. The strategy also adopts an evergreen approach, meaning it will be continually monitored, evaluated, and adjusted as technology develops. Relevant to the TransFormWork 2 project, it is worth noting that among the proposed measures it lists:

> Measure 1 - "Job displacement due to AI: Monitor international developments regarding job displacement due to AI. Periodically report on sectors with high risk, mitigation measures which can be adopted, and report to policy-making bodies identifying major challenges arising."

> Measure 4 - "AI, Human Rights, Democracy and the Rule of Law: Ratify the Council of Europe Framework Convention on Artificial Intelligence and Human Rights, Democracy and the Rule of Law while exploring ways how to identify and address opportunities and challenges in the area."

Measure 7 - "Technology Ethics Committee: Continue with the establishment of the National Technology Ethics Committee to provide advice regarding the ethical use of AI and its intersection across various policy initiatives."

Measure 36 - "Creation of upskilling and reskilling opportunities: Develop programmes to provide upskilling and reskilling, including targeting individuals whose jobs may be displaced due to digitalisation and adoption of AI, thereby facilitating a just economic transition."

Measure 69 - "Maximising use of local expertise: Sustain a seconding scheme to support academics and researchers to spend time working in the AI industry, enabling tapping of human resources in the context of commercial AI research and development."

While this strategy is at the time of publication at the public consultation stage, it is clear that, compared to the previous strategy, it shifts its focus from AI adoption to a greater emphasis on ensuring that AI is used for societal well-being. Although policies and strategies can be ambiguous, their successful implementation requires commitment from all stakeholders, from government to social partners.

MDIA is dedicated to prioritising human and societal well-being within technological development and policy. This covers a wide range of aspects, including basic needs, personal growth, and well-being—such as physical, mental, and emotional health—as well as career, financial stability, and social ties. Additionally, it aims to develop a sustainable strategy that features a strong monitoring and evaluation system, continuously seeking to identify and implement corrective measures to realign strategies and actions.

As explained by the MDIA representative during the National Round Table Conference, the AI Act is currently in effect and is being introduced in phases. MDIA is updating its legislative framework to lead in AI regulation, with the draft currently at the First Reading stage in Parliament. This framework enables the publication of subsidiary legislation on AI regulation as per the EU Regulation.[6] The Bill, introduced on 19th April 2024, amends the Malta Digital Innovation Act, renaming it the Malta Digital Innovation Authority Act. The Authority will support the development of guiding principles in this Act, promote consistent approaches for innovative technology, regulate related services, and address ancillary matters. Among a long list of objectives, the Authority shall seek:

> "to promote harmonised practices and, where applicable, to facilitate the adoption of standards in innovative technology in Malta in conformity with international norms, standards, rules and, or laws and particularly with those of the European Union";

[6] PQ 18748 (in Maltese)
https://pq.gov.mt/PQWeb.nsf/7561f7daddf0609ac1257d1800311f18/c1257d2e0046dfa1c1258b1700448398!OpenDocument

This proposed bill will also grant the authority the regulatory function to ensure compliance with EU legislation related to cybersecurity, surveillance, and other areas. This bill is still at the initial stage and may be amended in subsequent stages.

The Digital Education Strategy 2024-2030 recognises the current 'digital age' and urges actions to "provide basic digital competencies from an early age, to support those who lag, while also advancing computing education for the digital economy." One medium-term initiative states that "by the sixth year of primary school, learners will gain basic comprehension of Artificial Intelligence (AI)." Additionally, AI is viewed as a key tool to "provide more personalised learning" and emphasises the "procurement of both off-the-shelf and custom products targeting the needs of Maltese students."[7] The National Lifelong Learning Strategy 2023-2030 emphasises digital skills and service digitalisation but does not mention AI.[8] National Education Strategy 2024-2030 calls for "an enhanced quality continuous professional development training on the latest emerging technologies, including advances in Artificial Intelligence (AI), to support educators in acquiring digital competencies."[9]

The National Health Systems Strategy for Malta 2023 – 2030 recognises the importance of "big data, machine learning, artificial intelligence and other emerging digital technologies" for innovation in health, enhancing performance and outcomes for patients. It emphasises that "the hospital is gearing up" for opportunities from Big Data analysis and AI. The strategy highlights that AI improves patient care through

[7] Digital Education Strategy 2024-2030, Public Consultation, Ministry for Education, Sport, Youth, Research and Innovation, https://education.gov.mt/wp-content/uploads/2024/04/Digital-Education-Strategy-Consultation-Document-ENG-Version-3.pdf

[8] National Lifelong Learning Strategy 2023-2030, Ministry for Education, Sports, Youth, Research and Innovation, https://education.gov.mt/wp-content/uploads/2023/12/PDF-File-EN-National-LL-Strategy.pdf

[9] National Education Strategy 2024-2030, Ministry for Education, Sport, Youth, Research and Innovation, https://education.gov.mt/wp-content/uploads/2024/05/NATIONAL-EDUCATION-BOOKLET-ENG-Version.pdf

better diagnostics, care planning, safety, and risk management. AI is expected to play a significant role in medical care and attract investment from companies and governments. It uses aggregated data from healthcare systems to automate clinical processes and personalise treatments and diagnoses. In Malta, initial AI applications are expected in medical imaging for detecting lesions and in symptom analysis for identifying diagnoses and guiding patients to suitable clinical pathways.[10]

The Strategy for Financial Services views FinTech and AI as "good examples of Malta's potential in developing Centres of Excellence." It advocates for digitalisation options like "a digital platform for due diligence processes via a standardised, centralised identity system used by all parties." Digital tools are also envisioned for digital identity, data standards, data accessibility, personal data access and revocation, common API standards, and shared platforms. Furthermore, it states that "digital transformation will strengthen the resilience of the tax system."[11] The MFSA FinTech Strategy encourages "viable FinTech solutions that drive innovation and enhance access to financial products." It also allows for RegTech to address regulatory challenges through enhanced data analysis and monitoring, and SubTech to assist supervisory authorities in regulation through data analytics.[12] Similarly, the Malta Tax and Customs Administration 2023-2025 strategy highlights the significance of the latest technology in tax and customs administration, such as "advanced data analytics, business intelligence and artificial intelligence." Therefore, the strategy

[10] A National Health Systems Strategy for Malta 2023 - 2030 Investing successfully for a Healthy Future, Ministry for Health, 2022, https://health.gov.mt/wp-content/uploads/2023/04/A_National_Health_Systems_Strategy_for_Malta_2023_-_2030_Investing_Successfully_for_a_Healthy_Future_EN.pdf

[11] Strategy for Financial Services 2023, Ministry for Finance and Employment, https://financemalta.org/app/uploads/2023/03/MFSAC-Strategy.pdf

[12] MFSA FinTech Strategy: harnessing innovation through technology, Malta Financial Services Authority, https://www.mfsa.mt/wp-content/uploads/2019/07/MFSA-Fintech-Strategy.pdf

seeks to address "the new skills required for digitally transformed tax administration, with less human intervention and more support from AI processes."[13]

Legal Notice 268 of 2022 of the Employment and Industrial Relations Act titled Digital Platform Delivery Wages, Council Wage Regulation Order, provides an interpretation for Algorithmic Management. In Article 2 of this L.N. states:

> "algorithmic management means the use by digital labour platforms of any automated systems, including automated monitoring systems and automated decision-making systems, in any manner whatsoever to match supply and demand for work, as well as to assign tasks, and monitor, evaluate and make decisions for the platform workers."[14]

This legal notice aims to provide platform workers with access to labour and social protection rights by promoting transparency, fairness and accountability in algorithmic management.[15] They have a right to know the parameters adopted by the automated decision-making system and the employer must monitor the impact the algorithmic management system has on the employee.

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[13] Tax & Customs Administration, Delivering Transformation, Strategic Plan 2023-2025, A new strategy for Malta's Tax and Customs Administration, Ministry for Finance and Employment, https://cfr.gov.mt/en/cfr/Documents/MTCA%20Strategic%20Plan%202023_2025.pdf

[14] L.N. 268 of 2022, https://legislation.mt/eli/ln/2022/268/eng

[15] This Legal notice define "platform worker" as :(a) any person performing digital platform work and who has entered into a contract of employment or an employment relationship or any other form of arrangement irrespective of the contractual designation with any digital labour platform or multiple digital labour platforms and who is engaged, whether on a regular or on an irregular basis, to provide services consisting of the delivery of any product; and (b) any person performing digital platform work and who has entered into a contract of employment or an employment relationship or any other form of arrangement irrespective of the contractual designation with a work agency and who is assigned to, or placed at the disposal of, whether on a regular or on an irregular basis, any digital labour platform or multiple digital labour platforms to provide services consisting in the delivery of any product;

Social dialogue and collective agreements on digitalisation: are AI and Algorithmic management regulated by social partners?

The Malta Council for Economic and Social Development (MCESD) is composed of national Employers' representatives and Trade Unions.[33] It is a tripartite body that provides a discussion forum between the social partners and the government, where sound and concrete recommendations regarding socioeconomic matters are deliberated before their adoption. The topic of AI has been addressed at the Council several times. In 2021, the MCESD issued a statement calling for preparedness for future technology in Malta. It recognised that "advances in AI technology opened up new opportunities for progress in critical areas such as health, education, energy, and the environment" and stressed that the Council is doing its utmost to facilitate a healthy discussion among its Council members on AI-related issues aspects.[34] The topic of AI was discussed again in 2023, focusing on the economic and social implications of AI. During this meeting, guest expert Professor Alexiei Dingli explained that AI, which is shaping our society, "will not take over human jobs but someone who knows how to use AI will prevail".[35] The Council recognised the need to "keep up with the latest developments" in order for the Maltese economy to "remain relevant and competitive".[36]

The Malta Chamber also addressed the topic of AI in some of its policy documents. For example, in its recommendation document, "Time to 5Tep up," it mentioned that:

> "Government and business should join forces to develop and implement digitalisation, innovation and technology-driven transformation pathways tailored to different sectors, supported by fiscal incentives. A series of public-private partnerships should be set up in areas such as cybersecurity, high-performance computing, 5G infrastructure, big data, electronic components and systems, robotics, Internet of Things, digital content, Artificial Intelligence among others"[38]

Furthermore, in its feedback on the Digital Education Strategy 2024-2030, concerning Pillar 2 Empowering Educators for the 21st Century, the Malta Chamber advocated for mandatory regular training and workshops on new technologies, as well as other measures to ensure that "educators are well-prepared for the increasing integration of AI in education." These include:

- "Transparency and Ethics: Deep knowledge of AI promotes transparency in its interactions. This is crucial for addressing ethical considerations and teaching students about AI literacy, fostering a more informed and ethical use of AI.
- Critical Evaluation of AI Tools: Understanding how AI works enables educators to critically assess the design, value, ethics, and costs of various AI applications, leading to more informed decisions about their use in the classroom.
- Teacher Autonomy and Critical Thinking: Mastering AI basics enhances teacher autonomy and critical thinking. As AI tools improve and become more

reliable, teachers will be better equipped to maintain control over their use and outcomes, rather than blindly trusting these tools.

- Detection of AI Usage: Familiarity with AI's 'language' helps educators identify when students use AI, aiding in maintaining academic integrity."[39]

The Wellness Committee, one of the Horizontal Committees of the Malta Chamber, has recently compiled a list of recommendations based on a study of Malta's AI environment and global best practices. The synopsis of this report includes:

> "a) Make significant investments in reskilling and upskilling initiatives to prepare Malta's workforce for the future. These initiatives might include mid-career courses and training in AI literacy, as well as an expansion of digital education in schools to enable workers to move into new roles created by AI. This includes national programs to encourage lifelong learning and incentives for firms to retrain employees.
>
> b) Create ethical guidelines and responsible AI governance in accordance with EU rules, making sure that AI is used in surveillance, hiring, and promotion in a transparent, bias-free manner while protecting data privacy. To safeguard workers, the impending EU AI Act, which designates AI systems connected to human resources as "high-risk," ought to be put into effect and upheld.
>
> c) Provide employer support frameworks, such as tax credits or grants for businesses that use AI in ways that benefit workers (e.g., by augmenting rather than replacing jobs), "AI-readiness" audits and toolkits (particularly

for SMEs) to assist businesses in successfully integrating AI, and change management guidelines to ensure that organisational transformations brought about by AI are planned with employee involvement and transparent communication.

d) Make social safety nets and transition support stronger. This includes providing job placement aid, subsidised training to help people quickly reskill into emerging roles, and upgraded unemployment benefits or "transition allowances" for any workers displaced by AI.

e) Encourage social discourse and cooperation: In order to cooperatively develop solutions for the AI transition and guarantee that workers have a say in how AI technologies are applied in workplaces, government, employers, and unions should form partnerships, as is the case in various Nordic and EU nations."

During the National Discussion Forum held in Malta as part of the TransFormWork 2 project, Mark Bajada, Deputy President of The Malta Chamber, described artificial intelligence (AI) as both a challenge and an opportunity, urging Malta to remain agile and future-focused to ensure long-term economic resilience and prosperity. He acknowledged the range of emotions that AI evokes, from enthusiasm to anxiety, emphasising that society has faced similar uncertainties with technological advancement in the past. Bajada argued that AI should be seen as a tool, one that can bring both benefits and drawbacks, depending on its use. Importantly, Bajada stressed the need for human oversight but warned against delaying AI adoption, as this would hinder Malta's competitiveness and innovation. Emphasising the

importance of skills and education, he pointed out the paradox that those who require training the most are often the least likely to pursue it. He advocated for specific initiatives to bridge this gap, aiming to avert social exclusion and health issues associated with unemployment. He emphasised the necessity of investing in individuals, policies, and purpose to ensure that artificial intelligence benefits society rather than causing harm. Malta has the potential to lead responsibly in the digital age and to ensure that AI serves the interests of all individuals through the adoption of appropriate strategies.

During the same event, Mario Xuereb, CEO of the Malta Business Bureau, emphasised the strategic and ethical importance of integrating artificial intelligence (AI) into the workplace. He emphasised the European Union's AI Act as a significant regulatory milestone, describing it as the first global legal framework for AI, and noted that this places responsibilities on developers and users, including businesses. He stressed that the future of work is being shaped now, and Malta must take robust measures to remain competitive. While AI could ultimately render some jobs redundant, it could also create new opportunities. He highlighted the importance of managing this transition responsibly through collaboration, ensuring that low-skilled workers are not overlooked and can acquire the necessary skills for the evolving job market. This requires a commitment to training and upskilling efforts. He echoed Bajada's call for human oversight and ethical AI use. AI should be implemented transparently and fairly, with clear policies and human supervision to enhance human roles.

Riccarda Darmanin, representing the General Workers Union, delivered a compelling speech focused on the human aspects of AI implementation in the workplace. Her address highlighted the dual experiences of workers during this era of artificial

intelligence: those who have successfully integrated AI tools into their daily responsibilities and those who struggle to adapt, often due to misunderstandings, fear of job loss, or challenges in adjusting to new technologies. Darmanin emphasised that while AI can boost productivity, it also presents challenges for workers. Many employees are aware of AI but lack an understanding of its applications in the workplace. Some face a steep learning curve and uncertainty concerning job security, leading to resistance or anxiety. She argued that this divide necessitates inclusive strategies to ensure no one is left behind. Darmanin underscored the importance of ongoing learning and upskilling, noting that training and digital literacy are key to remaining competitive in a rapidly changing job market. The General Workers Union, she noted, is engaging with employers to integrate reskilling initiatives into collective agreements, aiming to prepare workers for the future while reducing reliance on foreign labour. She also addressed AI's ethical implications in the workplace, warning against its use for surveillance, which can heighten stress and jeopardise employee wellbeing. Advocating for a human-centred approach, she emphasised the need for collaboration between humans and machines. Employee involvement in AI-related decisions is vital, with staff participating in discussions on AI implementation. She stressed that transparent communication and robust governance are essential for building trust and diminishing uncertainty. She urged organisations and policymakers to establish strong AI governance frameworks that prioritise employee welfare and ethics. AI is powerful, but its success depends on societal engagement. She called on stakeholders to adopt inclusive policies that bridge the knowledge gap, fostering workplaces where technology enhances human potential. The future of work is being created today, and it is everyone’s responsibility to ensure it remains a thriving space alongside technology.

During the National Discussion Forum, the Parliamentary Ombudsman, Judge Emeritus Joseph Zammit McKean, highlighted the legal and ethical aspects of

artificial intelligence, especially regarding human rights. Drawing on his legal expertise and experience as Malta's Ombudsman, he reminded us that, despite AI's great potential, it must be developed and utilised within the framework of the rule of law. He cautioned that excitement about AI's capabilities might overshadow the risk of infringing on fundamental rights. He stressed that AI must not become a tool that undermines the dignity and privacy of individuals, particularly the vulnerable.

He cited a significant ruling from the Court of Justice of the European Union (CJEU) concerning the improper use of algorithmic systems in the Netherlands. In this case, an AI tool designed to detect welfare fraud disproportionately targeted marginalised populations, including Roma communities and third-country nationals. The court found that the system violated Article 8 of the European Convention on Human Rights, which protects privacy rights. Zammit McKean highlighted the dangers of unregulated AI deployment. He warned that even well-meaning systems could produce biased results if not properly regulated and overseen. He stressed that data collected for a specific purpose, such as tax administration, should not be reused without clear legal protections. Transparency, accountability, and non-discrimination should be fundamental principles in any AI governance framework.

He also emphasised the importance of the EU AI Act, which contains strict rules for high-risk AI systems. He pointed out that Malta, like all EU member states, must ensure that its national authorities, such as the MDIA and the Data Protection Commissioner, work effectively together to implement these regulations. He warned against overlapping responsibilities or confusion within institutions, as this could undermine compliance and erode public trust. In addition to the EU AI Act, Zammit McKean highlighted the Council of Europe's Framework Convention on Artificial Intelligence, Human Rights, Democracy, and the Rule of Law. He commended this

convention for its comprehensive scope and commitment to ethical AI development. He noted that any organisation wishing to operate in the EU, including those from non-signatory countries, must adhere to these standards. In conclusion, Zammit McKean emphasised that AI should be used as a tool for progress, provided it upholds the fundamental values of human dignity, fairness, and justice. He urged regulators, developers, and policymakers to remain vigilant and ensure that AI benefits the public. His remarks underscored the critical need for technological innovation to be guided by ethical and legal standards.

Malta's AI Strategy and Vision 2030, currently under revision, emphasises the importance of developing a vibrant AI ecosystem while considering workforce implications. The strategy includes key pillars focused on investment, startups, innovation, and the implementation of AI in both public and private sectors, supported by elements such as education and workforce development, legal and ethical frameworks, and infrastructure support. This comprehensive strategy ensures that AI integration not only enhances the economy but also protects workers' rights through collective bargaining and stakeholder participation. During the National Discussion Forum, Neil Micallef from MDIA emphasised that the AI Strategy considers job displacement, upskilling, AI talent development, digital literacy, and ethical AI use while incorporating cultural heritage and the Maltese language for a broader societal vision. Micallef stated that the new strategy is being designed to be evergreen, ensuring continuous updates for relevance.

Through a targeted strategy and continuous efforts in key sectors, Malta aims to foster a dynamic and competitive business environment that fully leverages artificial intelligence. As AI and algorithmic management increasingly become part of the workplace, various sectors in Malta are responding to these changes through

collective agreements, bargaining practices, and non-binding initiatives. In education, the educators' union has actively negotiated collective agreements to tackle emerging challenges from the anticipated integration of AI into teaching. The latest agreements focus on improving working conditions for educators, including allowances for professional development and clearer pathways for career progression. These agreements highlight the importance of ongoing teacher training to effectively utilise AI technologies in both administrative and instructional roles. For instance, the recent collective agreement includes provisions for annual increases in allowances for teachers, supporting their professional development and engagement with new AI tools. In healthcare, collective agreements are increasingly incorporating provisions for the ethical use of AI. These agreements stress transparency and ethical standards in AI applications for diagnostics and patient care, ensuring AI tools complement rather than replace healthcare professionals. Such AI initiatives aim to enhance patient interaction and care without compromising ethics, reflecting broader European trends. Additionally, pilot projects in Malta's AI strategy seek to improve patient insights and care through AI utilisation. In manufacturing, collective agreements emphasise reskilling workers for new roles emerging from AI and automation technologies. Unions negotiate terms that secure jobs while providing training programmes to help workers adapt to changes brought by AI-driven automation. For example, agreements in this sector often include clauses promoting ongoing training and development, enabling workers to transition smoothly into roles related to AI. In the financial services sector, collective agreements address AI's impact on customer service, risk management, and regulatory compliance. These agreements usually contain provisions to protect workers' privacy and ensure transparency in AI-driven decisions. For example, unions negotiate conditions to ensure AI tools are used ethically, preventing job losses and unfair labour practices.

Analysis of the TransFormWork 2 survey responses from managers

Education sector

The education sector is undergoing a digital transformation, with artificial intelligence (AI) becoming increasingly essential in administration, teaching methods, and human resource management. This section analyses the outcomes of a management-level survey conducted in two educational institutions, focusing on AI adoption, its effects on staff and educational quality, and existing governance frameworks. Although the sample size is limited, the responses offer valuable insights into the current status of AI integration and the associated challenges and opportunities it presents.

The institutions surveyed are secondary and tertiary education providers, employing 70 and 85 staff members, respectively. The workforce representation highlights a diverse situation. One institution indicated that its employees are members of a trade union or employee representative organisations, reporting a 52% union membership, while the other institution did not. Only one respondent noted that working conditions were addressed by a collective agreement.

All respondents confirmed the use of AI systems within their organisations. The range of application is limited to general administration, internal finance, and accounting, as well as LLM models for general office automation tasks. There were no responses regarding the use of AI in direct teaching, which may suggest that institutions are focusing more on enhancing back-office efficiency. Only one of the respondents

stated that employees or their representatives were consulted prior to implementation. Among those who were consulted, the entire workforce was informed, yet there was no involvement from trade unions or representative bodies.

One respondent indicated that AI systems are employed for personnel management. These systems are used for managing personnel and time, as well as for safeguarding personal data, including how it is retained and processed. This same respondent confirmed that adequate training was provided to employees required to use AI systems.

The advent of AI has brought about significant transformations to job responsibilities. The respondents noted a shift away from manual processes, such as using LLMs instead of marketing script writers, and improved efficiency in data capture and processing. These changes positively influence operational efficiency. One respondent observed that junior staff have acquired new digital skills, suggesting that AI can serve as a catalyst for upskilling and workforce development. However, the impact on working hours is more complex, with one respondent noting shifts, specifically citing reduced autonomy in self-management and alterations in overtime work.

In terms of whether organisations have internal occupational health and safety (OHS) rules that ensure the respectful and compliant use of robotics and AI systems, both respondents answered negatively. One respondent acknowledged having procedures that allow employees to question or request clarifications regarding AI-driven HR decisions. One institution referred to ISO 9001 certification as a means to

ensure procedural transparency, while another noted the use of change request forms for feedback and assessment.

Regarding the question of whether there are support or complaint procedures in place to ensure that decisions resulting from the use of AI systems are regularly reviewed, only one respondent answered affirmatively. In terms of whether the organisation is transparent about the use of AI for internal monitoring, one respondent indicated that it is somewhat transparent, whilst another suggested it is not very transparent. One respondent noted that the organisation monitors employees through digital tools of AI surveillance systems, but also stated that employees were consulted about the monitoring system before its introduction. Moreover, the respondent reported that the institution has implemented data protection measures, including regular data deletions, compliance with GDPR, and limited access to sensitive systems. One respondent indicated that measures are in place to minimise the risk of intrusive employee monitoring and misuse of personal data within AI surveillance systems or other monitoring systems in the organisation.

With respect to the use of platform workers and algorithmic management, all respondents stated that the organisation does not employ any platform workers. Furthermore, both respondents indicated that neither they nor the organisation's management is aware of the EU Platform Work Directive.

Financial services

Malta's financial services sector stands as one of the most crucial pillars of the Maltese economy, owing to its consistent annual growth, which reflects resilience and stability.

It encompasses vital services, with Malta hosting a variety of retail, commercial, and international banks. Malta has positioned itself as a centre for insurance and reinsurance firms, especially Protected Cell Companies (PCCs), which facilitate cost-efficient risk management solutions. Moreover, Malta is becoming increasingly attractive for fund management, backed by a growing number of fund managers and collective investment schemes. Trusts and fiduciary services, regulated by the Trusts and Trustees Act, are gaining popularity for estate planning and asset protection.

The financial services industry is experiencing significant changes due to digital technologies, particularly artificial intelligence. This section will present the findings from a management-level questionnaire conducted with a small sample of organisations within the sector. Despite the survey's limited scope, which comprises only four responses, it provides valuable insights into the integration of AI into organisational processes, its impact on employees, and the governance frameworks that oversee its application.

The respondents indicated that the number of employees in their enterprises ranges from 3 to 250, suggesting a mix of small to medium-sized enterprises. Every respondent reported no trade union representation. Additionally, no organisations stated that they have a collective agreement in place. The second section of the questionnaire examines the adoption of AI and its extent. 66.7% of participants reported that they do not use AI systems, whereas 33.3% indicated that AI systems are in use. Among those utilising AI, its applications are limited to predictive modelling. When asked about future plans, 66.7% expressed intentions to implement AI within the next two years, highlighting a growing interest in digital transformation. Only 50% of respondents stated that employees or their representatives had been consulted prior to the implementation of AI.

When it comes to whether the introduction of AI resulted in changes to specific tasks, one respondent confirmed that it did lead to changes. He/she elaborated that: “We see the use of AI as a way to help us remove manual work.” Regarding the question of whether AI systems are used in the management of personnel, all respondents answered no. They also confirmed that there are no procedures in place for employees to challenge or seek explanations for decisions based on AI, obviously since none declared having adopted such systems.

All respondents (100%) stated that their organisations do not utilise digital tools or AI systems for employee monitoring. Responses regarding the enterprise's transparency about AI use for internal monitoring were evenly divided among “very transparent,” “somewhat transparent,” and “do not know.” Regarding whether the enterprise has internal occupational health and safety (OHS) rules that ensure the use of robotics and that AI applications comply with safety and security controls, all respondents answered no. A key issue in AI implementation is ensuring human oversight. 66.7% of respondents stated that their organisation lacks guidelines regarding AI decision control. The final section investigates the growing area of algorithmic management and platform work. One respondent noted that the organisation utilises platform workers, but none were familiar with the suggested EU Platform Work Directive.

According to the respondents, AI adoption within these enterprises is increasing; however, it is primarily focused on operational tasks rather than on strategic or HR functions. This trend may be attributed to the relatively small size of the enterprises that provided these responses.

Health Sector

The healthcare industry is progressively adopting artificial intelligence to improve service delivery, optimise operations, and enhance patient outcomes. As AI becomes more integrated into healthcare systems, it is crucial to grasp its effects on workforce dynamics, governance, and ethical issues. This section examines the results of a management-level survey from a large private healthcare organisation, providing insights into the adoption of AI, its impacts on employees, and the frameworks established to guarantee responsible usage. The respondent reported that the organisation employs approximately 1,500 people. Despite its size, the respondent indicated that the employees are not part of a union and that the working conditions are not covered by a collective agreement.

The respondent stated that the organisation employs AI systems in healthcare services. These systems are used to enhance patient experiences and manage patient records. The entire workforce was informed in advance about the implementation of the AI systems. Following the introduction of AI, it was reported that healthcare provision was 'somewhat improved'. AI was not introduced for personnel management, and there are no procedures in place that allow employees to seek explanations regarding decisions made through AI HR management systems. The introduction of AI has resulted in significant changes in work tasks, particularly in personnel-related functions, which are now transitioning to system-based processes. In terms of working time, the respondent indicated that AI has led to diminished autonomy in the self-management of work schedules. Employees have received training that was deemed sufficient in both availability and teachability. This reflects positively, as effective training is crucial for successful AI adoption and reducing resistance among staff.

The organisation has put in place various governance measures to promote responsible AI usage. This includes procedures allowing employees to contest AI-driven HR decisions, as well as internal occupational health and safety (OHS) regulations to guarantee that AI systems meet safety standards. There is also a commitment to the "Human in Control" principle, which ensures that final decisions are made by humans rather than by AI.

AI is used for employee monitoring, and the organisation has implemented measures to guarantee transparency and data protection. It is characterised as being highly transparent regarding its use of AI for internal monitoring and data collection. Prior to implementing surveillance systems, consultations with employees were held, and various data protection measures were established, such as restricted data access, regular data deletions, and adherence to GDPR compliance. Additionally, employees are entitled to access, delete, and manage their data, while trade unions participate in decisions concerning monitoring technologies. Such practices reflect a robust dedication to privacy and ethical data utilisation. The organisation employs platform workers who provide services as required, even remotely. Management recognises the EU Platform Work Directive, designed to regulate these employment models and safeguard worker rights.

Industry

Digital transformation, particularly the integration of artificial intelligence, robotics, and automation, profoundly influences the evolving landscape of industrial production. AI has the potential to serve as a pivotal technology within this context, transforming the design, manufacturing, and delivery of products. It enhances

operations through predictive maintenance, quality assurance, supply chain improvements, and robotics, all while reducing costs and boosting productivity. This widespread adoption signifies a crucial shift in how industries pursue innovation, efficiency, and sustainability. Implementing AI across sectors is a key objective of the national strategy, aimed at aiding Maltese manufacturers to enhance production, minimise waste, and meet market demands.

The enterprises of the respondents vary in size, with employee counts ranging from 18 to 40. None reported that their employees belong to trade unions or have representation, while two mentioned that working conditions are not dictated by collective agreements. One respondent expressed uncertainty regarding this issue. Only one respondent confirmed that the enterprise has implemented AI, robotic, or automated systems, including ROV, AUV, and USV. The adopted systems are used for the automation of manual work, integration of the Internet of Things, and implementation of collaborative robotics. The impact on quality and output is described as positive, but there was no impact on working time. Of those who stated that they did not adopt AI systems, one replied that they intend to introduce it in the next two years, while the other respondent is unsure. The involvement of the workforce in planning and implementing these systems seems minimal, as no respondents reported consultations. Only one respondent confirms that occupational health and safety (OHS) protocols specific to AI and robotics are implemented, while no respondent confirms that there are procedures in place in line with the principle of maintaining human oversight in AI decision-making.

All respondents indicated that AI is not utilised in personnel management or HR management, with no one mentioning any procedures in place to provide employees the opportunity to challenge or seek an explanation for decisions made by AI.

Regarding the transparency of the enterprise concerning the use of AI for internal monitoring, only one respondent replied with a "don't know" answer. All three respondents stated that the enterprise does not monitor employees via digital tools or AI surveillance systems. None of the respondents indicated that they employ platform workers, and none confirmed awareness of the proposed EU Platform Work Directive.

News Media

AI is revolutionising how news is created, shared, and experienced by automating routine reporting functions, customising content distribution, and enhancing audience interaction. Newsrooms are relying increasingly on AI tools for data analysis, fact-checking, and even generating articles, resulting in quicker and more streamlined workflows. Nevertheless, this technological shift raises significant issues related to editorial integrity, potential job displacement, algorithmic bias, and the critical need for human oversight in journalism.

Only one respondent participated in the survey. The organisation has a total of 29 employees, including 16 full-time and 13 part-time staff. There is no representation from trade unions or any other employee organisations, and no structures for collective bargaining currently exist. At present, the organisation does not utilise AI systems in its operations, and a decision regarding the implementation of these technologies within the next two years has yet to be made. No AI systems are employed to monitor employees. The organisation does not hire platform workers.

Conclusion

This assessment is based on management-level survey feedback from five critical sectors: education, financial services, healthcare, industry, and news media. It examines the current landscape of AI adoption, employee representation, and governance practices. Although the sample size is small, these insights offer a useful overview of how private businesses are navigating the convergence of digital transformation and labour rights.

A common theme across various sectors is the limited presence of trade unions and a lack of engagement in collective bargaining. Among all respondents, only one educational institution reported having trade union representation. All other organisations, including those in finance, healthcare, industry, and news media, indicated that there was no involvement from trade unions. This highlights a broader trend in Malta's private sector, where unionisation is minimal. Similarly, collective bargaining agreements are rare. Only one educational institution indicated that its working conditions were governed by such an agreement.

The utilisation of AI tools varies significantly across sectors, with education and healthcare leading the way among the participants' organisations. In education, the institutions surveyed reported that they utilise AI for administrative functions, internal financial processes, and office automation. Similarly, healthcare organisations employ AI to manage patient records and enhance service delivery. These applications emphasise a focus on back-office efficiency and data management rather than direct teaching or clinical decision-making. Only one in four respondents from financial services indicated they are using AI for predictive modelling. The remainder either do

not use AI or plan to adopt it within the next two years. Within the industrial sector, only one respondent acknowledged using AI, robotics, or automation, primarily for automating manual tasks and integrating Internet of Things (IoT) technology. These findings indicate that AI adoption remains at an early stage in many areas of the private sector, primarily concentrating on operational functions instead of strategic or human resource ones.

Employee participation in AI decision-making is typically restricted across various sectors. Only one educational institution indicated that all staff were notified before AI was implemented, yet trade unions were not consulted. In the healthcare sector, employees were also informed beforehand and received sufficient training.

Formal policies and governance structures for AI use are often inadequate. In the healthcare sector, the organisation has implemented various governance strategies, including occupational health and safety (OHS) regulations, processes for appealing AI-based HR decisions, and compliance with the "Human in Control" principle. For the education sector, one institution cites ISO 9001 certification. However, neither institution has reported established OHS regulations specifically tailored to AI and robotics. The financial services and industrial sectors indicate an absence of internal OHS rules or decision-control policies, alongside a lack of protocols for employees to contest AI decisions. Similarly, the news media organisation, which currently does not utilise AI, also lacks these frameworks.

In Malta's private sector, AI integration is happening at varying rates, with some areas adopting the technology more quickly than others. Although AI presents considerable opportunities for enhancing efficiency and fostering innovation, its

rollout must include strong governance, active employee engagement, and adherence to labour rights.

Analysis of the TransFormWork 2 survey responses from trade union representatives

Education sector

Four respondents work in primary schools, while one is employed at a school that serves both primary and secondary levels. Only one respondent represented the secondary level, and none reported involvement in tertiary or postgraduate education. Additionally, four respondents indicated that their school has approximately 30 staff members, whereas one reported employing 120. All five stated they are represented by a trade union and that their working conditions are governed by a collective agreement. The responses are from employee representatives in the education sector within the public service. Membership levels in trade unions varied, with some organisations reporting participation as high as 87%.

For the question of whether AI system(s) are being used, none of the respondents answered affirmatively, and for the question of whether the organisation is planning to introduce AI, all respondents answered, "Do not know." In a subsequent question regarding whether any tasks have changed due to the introduction of AI, four respondents answered no and one answered "do not know." The same answers were given to the question of whether AI systems have affected the quality of education and training offered by the organisation.

Furthermore, concerning whether the workforce and/or its representatives are consulted or involved in planning for the introduction of AI, four respondents answered 'do not know' and one replied 'yes.' Concerning whether personnel management and HR utilise AI, all respondents answered 'no.' Regarding whether there is an internal procedure in place for HR when using AI to address challenges or seek explanations, all respondents indicated they do not know.

Some of the answers seem to suggest that employees' representatives participating in this survey are not aware of or directly involved in discussions related to the introduction of AI by the organisation. Similarly, there is uncertainty about whether there are procedures in place to govern the use of AI, with respondents either answering no or indicating they do not know. When asked whether the organisation has international OHS rules related to AI, three answered no and two answered they do not know.

When asked whether the organisation has rules regarding the control of decisions related to AI, despite earlier questions revealing uncertainty about the introduction of AI and the rules in place, one respondent answered yes, three answered no, and one answered that they do not know. Yet, in a subsequent question about whether there are support or complaint procedures in place to ensure that decisions resulting from the use of AI are regularly reviewed, one answered no and four answered that they do not know.

Some of the feedback demonstrates a certain level of uncertainty or lack of awareness, which can be explained by the answers to the question of how transparent

the organisation is about its use of AI for international monitoring and the data collected. For this question, two answered "not very transparent," two answered "not transparent," and one answered "do not know."

When asked whether the organisation monitors employees via digital tools or AI surveillance systems, employees responded with "No," except for one who answered "Yes." In a subsequent question related to the affirmative answer, the respondent who answered "Yes" stated that he/she does not know if employees or their representatives were consulted about these monitoring tools. When asked if there are any measures in place to limit the risk of intrusive monitoring of employees, all respondents replied that they do not know.

In response to the question about whether the organisation employs platform workers, all respondents answered no. When asked if the management is aware of the proposed EU platform work directive, one respondent answered no, while four stated that they did not know.

Financial services

Respondents' demographics: While one respondent reported working in a relatively small organisation with 14 employees, the others indicated that they work in organisations employing between 1,600 and 2,300 staff members. Four respondents stated they are represented by a trade union, whereas one replied that the employees are not represented by a trade union or any other employee representative organisation. The same results were found regarding whether their working conditions are covered by a collective agreement.

Regarding the question of whether AI system(s) are in use, three respondents answered yes, while two responded no. For the subsequent question of whether the collective agreement covers any or all of the following topics in the event that AI is used, Recruitment was chosen three times, while general administration, general data management, internal financial and accountancy, and personnel and duty management were each selected once. Additionally, automated systems were indicated by three respondents, data processing by two, and predictive modelling, Cloud services, and diagnostic analytics by one. Moreover, regarding the question of whether the workforce and/or its representatives are consulted or involved in the planning for the introduction of AI, three respondents answered 'no' and two answered 'do not know'.

In response to the question of whether AI is used for HR management, only one respondent replied yes, while two stated they do not know. The respondent who reported that AI is used selected that AI is employed for 'Occupational safety, health and psychological issues', 'Personnel and time management', and 'individual / group training schedules'. When asked whether there are procedures in place for employees and/or their representatives to challenge or seek explanations for such decisions, one answered no and four answered they do not know.

There were mixed results regarding the question of whether the introduction of AI led to changes in specific tasks, with two respondents answering yes and another two answering no. In response to the question of whether working hours were affected by the introduction of the AI system, two respondents replied yes, two replied no, and one replied don't know. Those who answered yes reported 'reduced working hours' and 'less autonomy in self-management of work schedules'. As for the question

regarding whether management provided any training for employees about AI systems, three responded yes, one said no, and one stated they did not know. Those who answered yes indicated that the training was adequate.

When asked whether the organisation has international OHS rules related to AI, two answered yes, two answered no, and one was unsure. When asked if the organisation has rules regarding the oversight of decisions related to AI, one respondent said no, while four said they did not know. In a subsequent question about whether support or complaint procedures are in place to ensure decisions resulting from AI are regularly reviewed, one responded no, and four indicated they did not know.

When asked whether support or complaint procedures are in place to ensure that decisions made using AI systems are regularly reviewed by employees or an employee representative organisation, one respondent answered no, and four replied that they did not know. Regarding the perception of the employees' representative about the organisation's transparency concerning the use of AI for internal monitoring and the data collected, two responded that it was somewhat transparent, one responded that it was not very transparent, one claimed it was not at all transparent, and one said they did not know. When asked whether the organisation monitors employees using digital tools or AI surveillance systems, one respondent replied affirmatively, another responded negatively, and three stated that they did not know. Regarding whether measures are in place to limit the risk of intrusive monitoring and the misuse of personal data involving AI surveillance systems or other monitoring systems, one replied negatively, while four indicated that they were unsure.

In response to the question of whether the organisation employs platform workers, two respondents answered yes. One indicated that they provide a service remotely, while another stated that they are managed by algorithmic management. When asked if management is aware of the proposed EU platform work directive, four respondents answered no, whereas one stated that they did not know.

Health services

The five respondents reported that their organisations or departments have between 15 and 100 employees. All indicated that the employees are represented by a trade union or employee representative organisation and reported adherence to the trade union ranging from 80% to 90%. Regarding collective agreements, three respondents stated that their working conditions are covered by a collective agreement, one reported no, and one was unsure. All respondents work in the public sector. It should be noted that within the public sector, collective agreements are specific to healthcare professions, which may explain the differences in answers. The employee representative may be reporting based on the healthcare profession they represent rather than the entire workforce within the organisation.

Regarding the use of AI within the organisation, one respondent confirmed that AI is used, three indicated no, and one was unsure. The respondent who confirmed the use of AI within the organisation reported that it is used for general administration, the use of patient records/data, and general data management. In terms of medical services, it is employed to improve medical diagnosis, transform patient experiences, and manage healthcare data. Moreover, the same respondent confirmed that, prior to the introduction of AI systems, employees or their representatives were informed

and consulted. Those who reported that AI is not yet used said that there are plans to introduce AI within the next two years, while one was unsure. Although only one respondent confirmed that AI is used by the organisation, two respondents reported that AI systems have affected the quality of healthcare provided by the organisation and stated that it has significantly improved.

When it comes to the use of AI in personnel management, one respondent confirmed that AI is used, another said no, and three replied that they are unsure. The respondent who confirmed that AI is used for personnel management also stated it is employed for personnel and time management, as well as for the protection of personal data, including how data is retained, processed, and disseminated. Regarding whether AI systems are used for internal organisational human resource decisions, one respondent answered no, and four are unsure if procedures exist that allow employees and/or their representatives to challenge or seek explanations for such decisions. No respondent reported that specific tasks or working hours have been affected by the introduction of AI. One respondent confirmed that training on AI systems had been provided to employees. For the question of whether employees are required to use AI systems to perform daily workplace tasks, one respondent answered yes, and for the question of whether AI systems decide which tasks should be prioritised, the same respondent said yes.

Regarding whether the organisation has internal occupational health and safety (OHS) rules that ensure the use of AI systems complies with safety and security controls, one respondent answered no and four did not know. Concerning whether the organisation has rules on the control of decisions related to AI (the Human in Control principle is applied: i.e., final decisions are made by humans and not by AI systems), one respondent answered no and four did not know. When asked whether there are

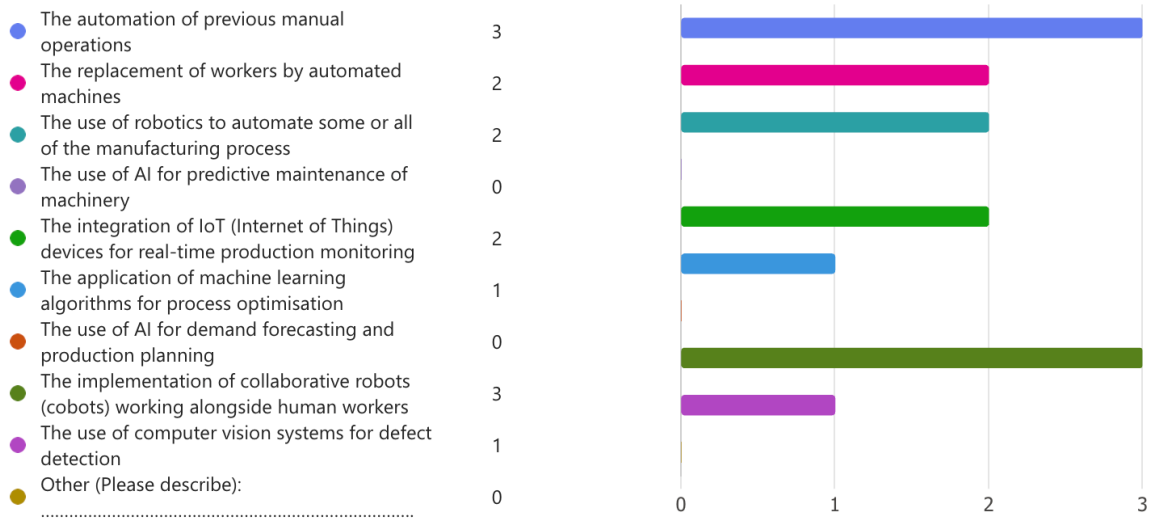
support or complaint procedures in place to ensure that decisions resulting from the use of AI systems are regularly reviewed by employees or employee representative organisations (such as trade unions), one respondent answered yes, two answered no, and two did not know. When asked how transparent the organisation is about the use of AI for internal monitoring and data collection, one replied very transparent, one said somewhat transparent, and three did not know.

In this questionnaire, three respondents said that the organisation monitors employees via digital tools or AI surveillance systems, while two answered no. For those who responded affirmatively, when asked if employees and/or their representatives were consulted on the monitoring and/or surveillance systems before AI systems were introduced, one said yes and two answered no. Only one reported that representative organisations (such as trade unions) were consulted or informed on issues related to data privacy protection; one answered no and one did not know. The same answers were given to the question of whether controls are in place to limit the risk of intrusive monitoring and misuse of personal data. When asked if there are any measures in place to limit the risk of intrusive monitoring of employees and misuse of personal data, one replied no and three replied that they are not sure. Regarding whether employees' representative organisations (such as trade unions) are equipped with facilities and digital tools (for example, digital notice boards) to undertake their duties in a digital working environment, two answered no and two are not sure. No one reported that platform workers are employed within the organisation, and for the question if the organisation is aware of the proposed EU Platform Work Directive, one answered no, and four answered that they do not know.

Industrial production

When it comes to industrial production, employees' representatives work in enterprises with between 8 and 800 employees (8, 25, 150, 400, and 800 employees). When asked whether trade unions or other employee representative organisations represent the workforce of the enterprise, all answered no. On the other hand, two reported that their working conditions are covered by a collective agreement, while two answered no.

Regarding whether AI, robotic, or automated systems are used in the enterprise, four respondents answered yes and one answered no. Two reported using these systems for data management, while one reported their use for supply chain management. In relation to production, three respondents indicated that these systems automate previously manual operations, two mentioned the replacement of workers by automated machines, two reported using robotics to automate some or all of the manufacturing process, two noted the integration of IoT (Internet of Things) devices for real-time production monitoring, one mentioned the application of machine learning algorithms for process optimisation, three reported the deployment of collaborative robots (cobots) working alongside human workers, and one noted the use of computer vision systems for defect detection.



The respondent who stated that the enterprise does not use AI, robotic, or automated systems reported that they are unaware of any plans to introduce such systems in the next two years. For the question if such technology has been introduced, has the introduction impacted on the quality of and/or output from the enterprise, all respondents answered yes. One indicated that the quality of production output has significantly improved, while the rest responded that it has somewhat improved. When asked whether, before the introduction of AI, robotic, or automated systems, the workforce and/or its representatives were consulted or involved in planning such systems, three responded yes and specified that the whole workforce was informed, one responded no, and one said he/she did not know.

Regarding the question of whether AI systems are used in personnel management (HR management), one respondent answered yes, three answered no, and one did not know. The respondent who answered yes reported that AI systems are used for occupational safety, health and psychological issues, personnel and time management, protection of personal data, how it is retained, processed and

disseminated, and the use of personal data to monitor workplace performance by AI HR management systems. In case AI systems are used for internal organisational resource management decisions, no respondent indicated that procedures are in place to allow employees and/or their representatives to challenge or seek explanations for such decisions. One respondent replied 'no' and three replied 'do not know'. Regarding the question of whether there are procedures in place that allow employees and/or their representatives to challenge decisions or seek explanations related to AI HR management systems, only one respondent answered yes, another replied no, and two stated that they do not know.

Regarding whether specific work tasks in the enterprise change as a result of introducing AI systems, two answered yes, and two were unsure. Those who answered yes stated that, through the introduction of AI, tasks are ‘made easier’ and involve ‘less individual manual work’ as a result of a better collective production system. When asked whether working time is impacted by the introduction of AI systems, two answered yes and two said that they do not know. Those two stated that working hours have been affected, reporting that they changed due to reduced hours, less autonomy in managing their work schedules, and alterations in overtime work. Two reported that management provided training to those employees who are required to use AI systems. This training was reported as adequate. Asked whether work-specific tasks change due to the introduction of AI systems/robotics/automation, three reported yes and said that they lead to a 'safer working environment and tasks’, a 'faster process', and ‘less damage to the product’.

Regarding whether the enterprise has internal occupational health and safety (OHS) rules ensuring that the use of robotics and artificial intelligence applications respects and complies with safety and security controls, one respondent said yes, two said no,

and two others said they do not know. Concerning whether the enterprise has rules on the control of decisions related to AI, robotics, or automation (applying the human in control principle: final decisions are made by humans, not AI), two respondents said yes, two said no, and one said does not know. For the question about support or complaint procedures to ensure that decisions resulting from the use of AI, robotics, or automation are regularly reviewed by employees, two respondents said yes, two said no, and one said 'does not know'. When asked how transparent the enterprise is about the use of AI, robotics, or automation for internal monitoring and data collection, two respondents said very transparent, two said somewhat transparent, and one said does not know.

Regarding whether the enterprise monitors employees using digital tools or AI surveillance systems, two respondents answered yes and three answered no. Those who answered yes stated that employees or their representatives had been consulted on the monitoring and/or surveillance systems before the introduction of AI technologies. However, regarding whether employees' representatives (such as trade unions) had been consulted or informed about data privacy protection issues, one said no and another responded with 'do not know'. When asked if there is an AI surveillance system or other monitoring systems in the enterprise, and whether measures are in place to limit the risk of intrusive monitoring of employees and misuse of personal data, one answered no and four said 'do not know'. When asked if employees' representative organisations (such as trade unions) are equipped with facilities and digital tools (for example, digital notice boards) to perform their duties in a digital working environment, two replied yes, one replied no, and two said 'do not know'.

One respondent reported that the enterprise employs platform workers on a contract basis, two said no, and two do not know. No answers were given to the subsequent questions about platform workers. When asked whether the enterprise's management is aware of the proposed EU Platform Work Directive, one responded yes, and four said they do not know.

News media

Regarding the survey completed by employees' representatives in the new media sector, three reported that 14 employees are employed in the organisation, and two reported that 130 work there. All stated that a trade union or other employee representation organisation represents the workforce in these enterprises. The percentage of workers who are members of a trade union ranges between 50% and 100% (3 reported 100% and two reported 50%). All reported that their working conditions are covered by a collective agreement.

All five respondents reported that AI systems are used in the organisation. They also confirmed that the collective agreement covers any or all of the following topics: general administration (5), general data and archive management (2), internal finance and accounting (2), editorial (2), and personnel management (3). Regarding services, all five identified marketing, two identified media research, two identified broadcasting/film/video, three identified reporters/journalists, and five identified social media managers. Concerning whether the workforce and/or its representatives were consulted on and/or involved in planning the introduction of AI systems, one said yes, one said no, and one said do not know. The respondent who answered yes reported that the entire workforce was involved. When asked if the introduction of AI technologies resulted in changes to specific work tasks in the organisation, two

answered yes and one no. Those who answered yes specified 'from the old system to the more accurate system' and 'online news portal'. One reported that the quality of the services provided by the organisation has significantly improved, and another reported it has somewhat improved. When asked if working time was affected by the introduction of AI systems, one answered yes and four answered no. One reported that the use of AI reduced working hours. When asked if management provided training for employees required to use the new AI systems, one responded yes, three responded no, and one responded do not know. The respondent who said training was provided described it as adequate. When asked if they are required to use an AI system to carry out 'everyday' workplace tasks, only one replied yes, four said no.

When asked if AI systems are used in personnel management (HR management), one respondent said yes, three said no, and one did not know. The respondent who confirmed the use of AI reported employing it for personnel and time management, protecting personal data, including its retention, processing, and dissemination, as well as for recruitment procedures, using algorithms to analyse and filter job applications. Regarding the question of whether AI systems are used for internal organisational human resource management decisions, four respondents replied no, and one was unsure if procedures exist that allow employees and/or their representatives to challenge or request explanations for such decisions. When asked if the organisation has internal occupational health and safety (OHS) rules that ensure the use of robotics and AI applications comply with safety and security controls, three replied no and two said they do not know. Regarding whether the organisation has rules on decision control related to AI where the Human in Control principle is applied (i.e., final decisions are made by humans and not by AI systems), two replied yes and three replied that they do not know. Asked whether there are support or complaint procedures in place to ensure that decisions made by AI systems are regularly reviewed by employees or employee representative organisations (such as trade

unions), two answered no and two answered do not know. No respondent reported that the organisation monitors employees via digital tools or AI surveillance systems, with two saying 'no' and three stating 'do not know'.

Two respondents indicated that the organisation employs platform workers. Both said they deliver a service, at least partly, remotely via electronic means such as a website or mobile application, without contact with regular 'office-based' employees. They also mentioned that their work involves, as a necessary and fundamental part, organising the work undertaken by each individual worker in exchange for payment. When asked if the management of the organisation are aware of the proposed EU Platform Work Directive, all five respondents replied that they do not know.

Conclusion

This survey provides insights into how different sectors approach AI integration and worker involvement. Analysing responses from employee representatives across education, finance, health, industry, and media reveals similarities and differences in awareness, consultation, safeguards, and transparency in AI adoption. All sectors report a lack of clear AI procedures. Most respondents, regardless of industry, are uncertain whether internal mechanisms exist to challenge AI decisions. However, there are notable differences between sectors regarding actual AI usage and worker awareness. While these surveys cannot be considered fully representative, they suggest that worker consultation and involvement in AI planning vary considerably across sectors. Among the respondents, only one from education reported any consultation; others were unaware or uninvolved. Financial services showed similar patterns, with three respondents indicating no consultation and two unsure. Health services performed somewhat better, with one respondent confirming that

employees were informed and involved before AI implementation. Industrial production was the most collaborative sector, with three respondents stating that the entire workforce was informed prior to AI deployment. Despite high AI usage, the news media had limited consultation, with only one respondent confirming worker involvement.

This survey indicates an uneven landscape of AI adoption, with limited worker involvement and significant gaps in procedures and transparency. While some sectors are progressing with AI integration, they are not necessarily more advanced in governance or worker engagement. Conversely, some sectors slower to adopt AI face challenges due to a lack of awareness and preparedness. These insights highlight the importance of cross-sector efforts to develop clear procedures, enhance transparency, and foster meaningful worker participation in the ongoing digital transformation of work.

Limitations of the Study

This study offers valuable insights into how employers and employee representatives perceive and experience the integration of Artificial Intelligence (AI) in the workplace. However, it is important to highlight some limitations of this study.

This study aimed to collect 25 responses from employers and 25 from employee representatives, evenly distributed across five sectors: education, healthcare, manufacturing, financial services, and media. The identified sectors were agreed upon by the partners of the Transformwork 2 project. The project partners aimed to ascertain which sector would best enable the collection of adequate feedback to

facilitate a comparative study. Although this approach permitted sectoral distribution to provide cross-sector representation among various countries, these surveys cannot be deemed representative due to the limited number of responses. The scope of the questionnaires, qualitative in nature through their detailed questions, is intended to achieve an in-depth understanding of various issues. Yet, despite the low numbers, differences between sectors can still be noted.

The complex and unclear process of integrating AI into workplaces presents a methodological challenge. In certain sectors, AI can be incorporated into existing systems in ways that are not immediately obvious to employees. Employees (and employers themselves) may not realise that the tools they use daily, such as scheduling software, document editors, or customer service platforms, include AI components. This can influence the accuracy of feedback, particularly when respondents are asked whether AI is employed and to evaluate its presence or impact within their work environment. This does not imply that the data collected is irrelevant; rather, it may indicate a significant outcome that highlights the need for greater awareness.

AI adoption levels may vary between the public and private sectors. In the private sector, the integration of AI is usually driven by organisational strategy and funding, whereas in the public sector, employees may independently utilise freely available AI tools, such as generative AI platforms, to enhance their work. This difference in adoption methods leads to variations in how AI is experienced and perceived (whether it is a threat for the employee or an opportunity), aspects which, if not directly questioned in the survey, may not be fully captured by the data and may only be assumed.

Another issue encountered in Malta's study concerns the timing of the employer survey. Concurrently with our data collection, PwC Malta was conducting a separate, shorter survey targeting employers. This coincidence led to survey fatigue, potentially affecting response rates and engagement with our research. Furthermore, in sectors such as healthcare and media, the number of private sector organisations in Malta is relatively small. This limitation likely impacted the response rate from employers in these areas, despite our efforts to ensure balanced representation. Although we aimed to receive five employer responses per sector, we did not meet this target in all cases. Nevertheless, the feedback we gathered still offers valuable insights and reflects broader trends observed across sectors.

Lessons learnt from methodology

This research, part of the TransFormWork 2 project, forms a substantial cross-national effort designed to understand and influence how algorithmic management and artificial intelligence affect work and employment across Europe. This country-specific study employs a consistent methodology adopted by all partners from seven EU member states: Malta, Bulgaria, Cyprus, Ireland, Italy, Poland, and Romania. These reports serve as the empirical foundation of the project, offering a comparative perspective for analysing and understanding national strategies, legal frameworks, and workplace practices. These reports, which will subsequently be analysed comparatively, are crucial for informing policymaking at both the national and EU levels. Their standardised structure and methodology enable significant comparisons among countries, revealing trends, differences, and effective practices. This comparative aspect is essential in crafting coherent and inclusive policies that address the challenges and benefits of AI in the workplace. Furthermore, the reports are an important resource for social partners, empowering trade unions and employer

organisations to engage more actively in discussions and negotiations regarding digital transformation.

The common methodology adopted by all partners seeks to gather insights from businesses and employee representatives regarding the initial implementation of AI in the workplace. Therefore, this study, along with its success and possible shortcomings, provides significant insights for upcoming research. The survey's timing is particularly significant, occurring as AI adoption started to gain traction within companies throughout Europe. The TransFormWork 2 questionnaires mark one of the initial structured efforts to record the impact of algorithmic management and AI on workplace environments. This groundbreaking context contributes both value and complexity to the data collection process.

Based on Malta's experience with these questionnaires, it is notable that each respondent faced between 50 and 60 questions, many of which were conditional and designed to be answered only based on how the respondent responded to the previous question. However, when presented in paper or online formats, the questionnaire might have seemed overly long or complex at first glance. This initial impression could have led to a significant number of non-responses to some questions, especially follow-up questions that depended on earlier answers. It is important to remember that some respondents might receive regular requests to complete surveys, particularly within organisations. In Malta, the questionnaires were distributed to participants. Businesses provided responses online in anonymised form, while employee representatives completed paper forms. This approach was adopted to prioritise privacy and encourage honest answers; however, it limited opportunities for clarification and deeper exploration. As a result, while the data collected offers valuable insights, some respondents did not answer several questions

or answered questions they were not required to reply to. Nonetheless, the findings remain noteworthy, especially considering the innovative nature of the topic and the initial stage of AI integration in many workplaces.

Based on this experience, future surveys with a similar structure and scope, including specific and focused questions, might be more effective if conducted through telephone or face-to-face interviews. These formats enable the interviewer to adaptively guide the participant through only the relevant questions, depending on previous responses. This method would reduce the perceived burden of the questionnaire while also ensuring that important follow-up questions are not unintentionally missed. Clearly, interviewers would need to be capable of clarifying any uncertainties and skipping questions based on earlier answers.

This experience emphasises the need to balance methodological rigour with practical factors such as accessibility, clarity, and the experiences of respondents. With the ongoing evolution of AI and its growing influence on work, upcoming surveys must become increasingly agile, focused, and attuned to the diverse realities of various workplace settings. They must also take into account that, since AI is a relatively new phenomenon being implemented and adopted, some respondents may lack a clear understanding of what systems constitute AI, and their answers may be influenced by misconceptions or misunderstandings.

Conclusions

This report meets the requirements of the Maltese project partners to deliver a national report on AI. Its objectives include mapping the national landscape of AI and algorithmic management by analysing government strategies, sectoral progress, and regulatory frameworks. It also examines AI's impact on domestic labour markets and employment relationships. Additionally, the report documents practices at the company level across key sectors such as education, healthcare, media, manufacturing, and finance. It assesses the contributions of social partners, including trade unions and employer organisations, in shaping AI policies and practices, and reviews collective agreements and non-binding initiatives related to AI and algorithmic management, focusing on job security, upskilling, and ethical AI deployment. The goal is to promote the principle that human oversight will be emphasised, ensuring AI systems used in the workplace remain accountable to humans.

The initial phase of this research involved a comprehensive desk review of Malta's national AI policies, relevant sector strategies, and updates on legal and regulatory issues. The purpose was to provide context for the overall policy environment and identify the strategic and regulatory frameworks guiding AI deployment in the workplace. At the same time, an analysis was carried out of company practices concerning AI adoption and the inclusion of AI-related clauses in collective bargaining agreements. This included examining how AI is implemented across various sectors and evaluating the role of social dialogue mechanisms in supporting this transition. The research also involved surveys aimed at understanding perceptions, experiences, and expectations relating to AI in the workplace.

Like many countries, Malta is undergoing changes in workplaces due to Artificial Intelligence (AI) and algorithmic management across various sectors. While these technological developments offer numerous benefits and new opportunities, they also pose notable challenges. Despite Malta's preparedness, the country remains vulnerable. On one side, AI is crucial for ensuring that the Maltese economy and businesses stay competitive; on the other, AI will also bring changes to most workplaces. According to the IMF, Malta's small, mainly service-oriented economy means that disruptions can have significant effects. The IMF's report shows that Malta has a high proportion of workers, around 60%, in roles heavily dependent on AI technologies. These include service jobs involving routine information processing, such as business administration specialists, sales staff, and clerical workers, many of which could be partly automated.

Investment in education and ICT has cultivated a workforce with notably strong digital skills. About 63% of Malta's working-age population possess at least basic digital skills, surpassing the EU-27 average. Many Maltese businesses are also technologically advanced, using various digital tools and processes that exceed the EU average for digital activity. This provides a solid foundation for AI adoption in Malta. According to the IMF's AI Preparedness Index, Malta's readiness to implement AI is comparable to other advanced nations, especially in areas such as ethics, digital infrastructure, human capital, and legislation. Moreover, the government's commitment to digital transformation, supported by significant EU investments and the establishment of relevant organisations, enhances Malta's capacity to integrate AI into both public and private sectors.

As detailed in this report, Malta is tackling these challenges through policy initiatives. The National AI Strategy 2030, launched in 2019, highlights the importance of

building a vibrant AI ecosystem while managing workforce implications. It stresses investment, startups, innovation, and AI deployment across both public and private sectors. Key areas include education, workforce development, legal and ethical standards, and infrastructure. This comprehensive plan aims to boost the economy through AI while protecting workers' rights via collective bargaining and stakeholder engagement. It calls for essential changes in education by integrating AI topics into various disciplines and updating curricula for teachers. Several measures for ongoing education and retraining of the current workforce are proposed. The strategy also intends to establish a think tank to identify jobs and skills at risk from AI and develop transition plans based on this analysis. Additional initiatives include a national reskilling programme for employees transitioning into AI-related roles, reforms to counteract automation impacts, and promoting lifelong learning. In 2019, Malta also introduced a strategy for trustworthy AI, outlining a vision for ethical AI and establishing four principles: (1) Human autonomy, (2) Prevent harm, (3) Fairness, and (4) Explicability.

MDIA announced that the 2030 AI Strategy, comprising 72 action points, is 80% implemented, either fully or partially. The remaining 20% is ongoing, under discussion, or rendered obsolete due to advancements in AI. Since the 2019 strategy, new international regulations have emerged, prompting MDIA to pursue a revised approach. It has initiated public engagement with stakeholders for inclusive consultation with the aim of drafting a new strategy. During the National Discussion Forum, Neil Micallef from MDIA mentioned that the new strategy is designed to be evergreen, allowing for continuous updates to ensure its relevance.

The PwC Malta study revealed that, despite a relatively high number of large enterprises among its respondents, there is a lack of an AI governance framework.

This underscores a significant gap in readiness for regulatory compliance, particularly with the EU AI Act. In fact, most respondents were either unaware of the Act or did not grasp its implications. A major obstacle to adoption is the shortage of resources and expertise, even among high-revenue companies. This emphasises the need to provide targeted support, especially for small and medium-sized enterprises (SMEs), to build internal skills and navigate the evolving regulatory landscape. The TransFormWork 2 surveys, which collected responses from employers and employee representatives in five economic sectors, revealed a fragmented and uneven landscape of AI adoption and governance. Across all sectors, trade union involvement was limited, and collective agreements rarely addressed AI-related issues. Many respondents were unsure whether AI was even in use, highlighting a broader problem of transparency and digital literacy or awareness. This may be because AI's adoption in most workplaces remains relatively recent.

This report emphasises the critical need for national strategies that enhance AI literacy, develop transparent governance frameworks, and encourage inclusive conversations among employers, employees, and policymakers. It also stresses the importance of providing organisations, particularly SMEs, with the necessary tools and knowledge to implement AI responsibly and effectively.