

The State of AI 2025

Transforming HR and Talent
Management in the Philippines



Executive Summary

The State of AI 2025 report provides a detailed look at AI's transformative potential within the HR and talent management landscape in the Philippines.

It examines how AI is reshaping **talent acquisition**, **performance management**, and **employee engagement**, which are essential to building resilient, future-ready teams.

Key findings highlight the need for AI in **addressing skill gaps**, **fostering a supportive work culture**, and **enhancing learning and development programs** to attract and retain talent.

The report concludes with **strategic recommendations** for AI adoption, positioning Filipino companies to build future-ready teams and sustain growth in an increasingly technology-driven market.



Methodology and Scope & Limitations

Sprout surveyed over 200 HR professionals, managers, and talent experts across Philippine industries from September to October 2025, revealing key insights into AI's role in HR and talent management.

To provide a broader context, these findings are supplemented with secondary data from credible sources, including industry reports, articles, and case studies. This secondary research enriches the report's analysis of the current and anticipated state of talent management in the Philippines and beyond.

The findings reflect the perspectives of survey participants, primarily HR professionals in the Philippines, which may not represent all global trends.

Additionally, self-reported data may introduce minor biases, and a technical assessment of AI tools is not included. These limitations should be considered when interpreting the results.

Further research may be needed to generalize the findings to a broader audience or validate the effectiveness of specific AI tools and strategies.

Key Findings

► Exploring AI in the Filipino Workforce: Trends and Applications

- 65% of Filipino employees use AI tools daily or frequently
- While AI usage is high, 83% of employees rely on their own AI tools due to limited company resources
- 60% of employees view AI as a coworker rather than a job threat



65% of Filipino employees use AI tools daily or frequently



60% of employees view AI as a coworker rather than a job threat

- A majority (57%) feel comfortable discussing their AI involvement at work

► Challenges of Implementing AI in Organizations

- 50% of respondents cite "low readiness" for AI implementation due to high initial costs, value demonstration challenges, ethical concerns, skill gaps, privacy and security issues, and unclear integration strategies.
- 69% of CEOs express concerns over AI's cybersecurity risks, and 57% worry about AI-generated misinformation



69% of CEOs express concerns over AI's cybersecurity risks



57% of CEOs worry about AI-generated misinformation

► Transforming HR and Talent Management Through Effective AI Use

- 57% of respondents report difficulty finding qualified candidates for AI-related roles, likely due to a shortage of trained professionals and educators in AI.

► Future-Proofing Your Organization Through AI Integration

- 62% of respondents consider AI tools "absolutely essential" for 2025



62% of respondents consider AI tools "absolutely essential" by 2025

- 89% of Filipino leaders see AI adoption as vital for competitiveness

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Introduction

Artificial intelligence (AI) is projected to [boost the Philippines' GDP by 12%](#), adding approximately \$92 billion (₱5.3 trillion) by 2030. With such promising potential, AI is becoming a powerful ally for HR leaders looking to enhance employee engagement, streamline performance management, and future-proof their workforce.

As competition for skilled talent intensifies, Filipino companies are [focusing on learning and development \(L&D\) programs](#) and performance management practices to attract and retain talent. This is critical as [80% of employees](#) report that these opportunities significantly enhance job engagement.



This focus on L&D is further emphasized by employees' awareness of AI's impact on the job market. A striking [75% of employees believe that AI will render certain jobs obsolete](#), creating a growing demand for employers who prioritize continuous learning. Employees want the chance to develop technical skills that will help them remain competitive in an evolving market.

However, technical expertise alone is not enough. Adaptability and problem-solving — identified by the Philippine Institute for Development Studies (PIDS) as [essential skills that AI cannot replace](#)—are increasingly valued as core competencies. Lastly, [effective performance management](#) is at the heart of this transformation, aligning employee goals with organizational objectives and guiding impactful policy changes.

This ebook examines how AI is transforming HR and talent management in the Philippines, offering insights for building resilient, future-ready teams.

Discussion of Findings

The State of AI 2025 report delves into how organizations in the Philippines are [leveraging AI to modernize HR practices](#) and stay competitive.

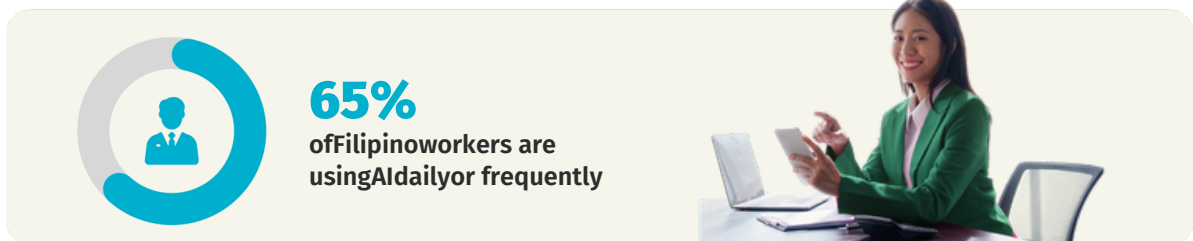
This research highlights how AI-driven tools are reshaping workflows, providing insights into emerging trends, core focus areas, and impactful strategies for enhancing employee engagement, satisfaction, and retention.

FINDING #1

Exploring AI in the Filipino Workforce: Trends and Applications

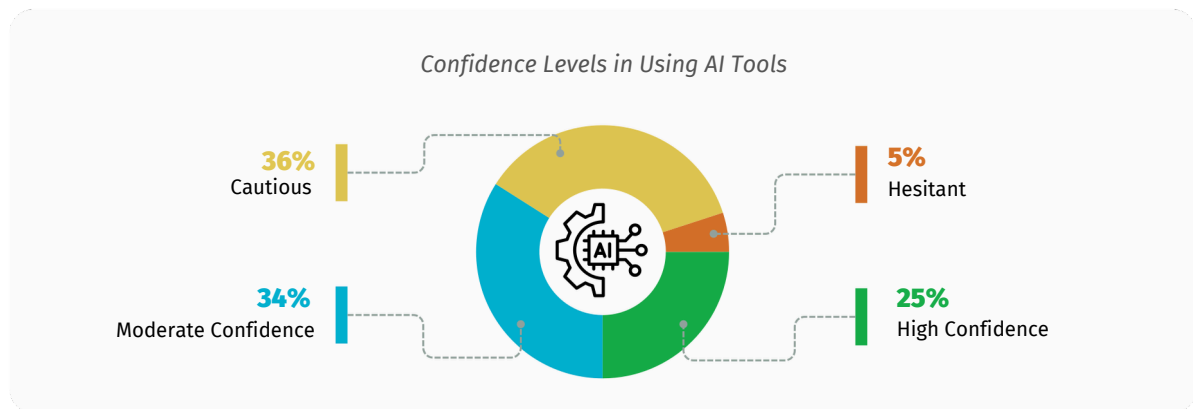
- ▶ **Majority Are Using AI at Work:** Our survey data shows that AI tools are gaining traction in Filipino workplaces, with 65% of respondents using AI “daily” (30%) or “frequently” (35%), indicating a strong shift towards AI-assisted productivity. This aligns with Microsoft’s findings that [86% of Filipino knowledge workers use AI](#), surpassing the global average of 75% and the regional average of 83%.

However, 35% still use AI only “occasionally” or “not at all”, suggesting that barriers—such as lack of familiarity or access to resources—remain. In fact, [83% of Filipino workers rely on AI tools they have personally acquired or accessed](#).



- ▶ **High AI Advocacy Among Filipinos:** According to our survey, 61% of Filipino respondents reported being "strongly encouraged" to use AI in their daily operations. This reflects a growing trend in AI adoption within local workplaces. External research supports this proactive stance, with [60% of businesses believing AI can boost productivity and 42% highlighting its potential to streamline job processes](#).
- ▶ **Mixed Confidence in AI Usage:** Our survey shows mixed confidence levels in using AI tools, with only 25% of respondents feeling "very confident," while 34% feel "moderately confident" and 36% approach AI use with caution.

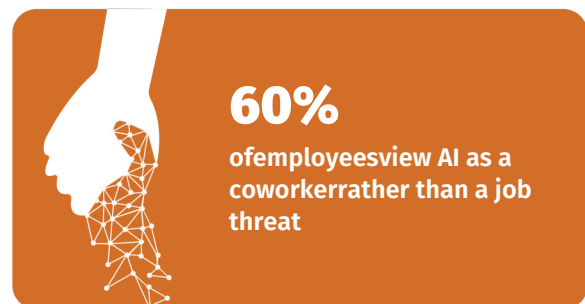
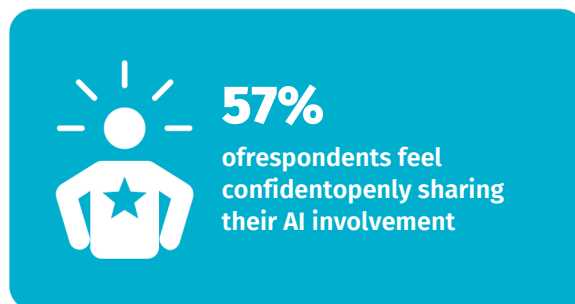
This highlights that while many workers recognize AI’s benefits, there remains a learning curve in mastering these tools effectively. Notably, [only 30% of Filipino AI users are likely to receive training](#)—particularly on effective AI prompting (23% more likely) and role-specific applications (37% more likely), like automating data analysis for finance or streamlining customer support through AI-powered chatbots.



Lastly, 5% of our respondents remain hesitant to adopt AI, likely due to the perceived complexities and confusion surrounding its applications. In fact, while 84% of workers have used AI, like generative AI (GenAI) in some capacity, **many still report confusion about what it actually is and how it works.**

- **High Confidence in Discussing AI at Work:** Our survey shows that 57% of respondents feel confident openly sharing their AI use at work, while 17% feel "okay" discussing it. However, 26% only disclose their AI involvement when specifically asked, suggesting possible hesitation or caution around the topic.

Notably, no respondents actively avoid discussing their AI usage. This trend aligns with findings from a **MIT Sloan Management Review and Boston Consulting Group research**, which reported that 60% of employees view AI as a coworker rather than a job threat, indicating increased comfort and openness in integrating AI into daily work routines.



- **High AI Advocacy Among Filipinos:** Our survey found that 65% of respondents have experienced a significant improvement in task ease thanks to AI tools, which streamline workflows, automate repetitive tasks, and boost efficiency.

In terms of time savings, 57% of our respondents report substantial time saved with AI tools, particularly in HR tasks like recruitment and employee data management. Meanwhile, 29% experience moderate time savings in these areas. These findings suggest

that AI generally enhances productivity by reducing time spent on routine tasks. Supporting this, an **Unleash report** shows that 80% of employees credit AI with boosting productivity, particularly for tasks like writing assistance, workflow automation, and content summarization.



Actionable Insights: To maximize AI's potential in the workplace, provide structured training and clear guidance on AI applications. Addressing barriers related will enhance confidence, improve productivity, and foster a more AI-inclusive culture.

FINDING #2

Challenges of Implementing AI in Organizations

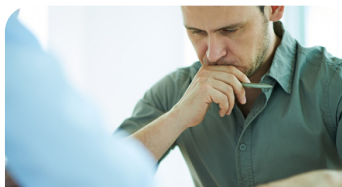
- ▶ **Low Readiness for Formal AI Implementation:** Despite strong AI advocacy and daily use, readiness for formal AI integration in HR operations remains low. Half of the respondents (50%) report "low readiness" for formal AI implementation, with only 25% indicating "moderate readiness." Notably, 25% have no current plans to incorporate AI into their operations, and concerningly, 0% demonstrate high readiness.

Several factors can contribute to the low AI readiness observed among organizations, such as:



High Initial Costs

- AI projects demand high upfront investment, with 49% of employees citing [ROI proof as the biggest challenge](#) for AI adoption.



Hesitation and Ethical Concerns

- Resistance to AI is driven by fears of job loss and ethical concerns, with [43% of workers worried about AI replacing their jobs](#) within five years.



Lack of Technical Skills

- Despite 81% of workers feeling confident about using AI, [only 12% have significant experience](#) using it, limiting effective implementation.



Concerns About Privacy and Security

- [69% of CEOs](#) believe that GenAI will elevate cybersecurity risks and [57% are concerned](#) about its potential to spread misinformation.



Lack of Clear Strategy for AI Integration:

- [55% of Filipino leaders](#) express concern that their organization lacks a clear plan and vision for effective AI implementation.



Actionable Insights: To overcome challenges in AI readiness, develop a clear, strategic roadmap that addresses both the financial and skill-based requirements of AI integration. Prioritizing targeted training, [establishing data security protocols](#), and fostering an open culture around AI.

FINDING #3

Transforming HR and Talent Management Through Effective AI Use

- **Enhancing Talent Acquisition:** Our survey reveals that "finding qualified candidates" is the biggest challenge in talent acquisition, with 57% of respondents citing it as their primary concern. This issue, especially for AI roles like machine learning engineers and data scientists, likely stems from a [shortage of AI-skilled educators](#) and the slow adoption of AI, with [only 30% of organization](#) reporting that they ready to adopt AI.

Leveraging AI recruitment solutions can streamline the hiring process, allowing companies to [identify and engage with qualified candidates](#) more objectively and without bias.

Biggest Challenges in Talent Acquisition:



High competition for talent (20%) and effective employer branding (13%) are also significant challenges, underscoring the need for companies to differentiate themselves to attract and retain top talent. In fact, [Sprout's State of Talent 2025 report](#) reveals that 83% of HR professionals consider employer branding a "very important" part of their recruitment strategy.

AI can support this by making the recruitment process smoother and more efficient. Tools like [Manatal](#) leverage AI for resume screening and smart candidate ranking, ensuring that only the most qualified applicants are prioritized which enhances efficiency by automating recruitment emails and workflows, allowing for faster and more personalized communication. Lastly, only 10% of respondents identified "technological integration" as a challenge, indicating that while AI tools are widely adopted, the focus remains on sourcing top talent through both online methods and offline channels like job fairs and events.

- **Optimizing Performance Management:** Streamlining processes" is the top priority for improving performance management, cited by 48% of our respondents. Companies investing in task automation, such as payroll and employee management, can achieve an [ROI of up to 246%](#).

Additionally, “improving communication” (19%) and “increasing transparency” (19%) highlight the need for clearer performance dialogues. AI plays a critical role in achieving this by facilitating regular, continuous feedback through **automated performance tracking tools** which provide real-time insights and personalized feedback.



85%

of employees are more proactive when they receive regular, continuous feedback

This shift to automation can boost proactivity, with reports showing that **85%** of employees become more engaged and proactive when they receive regular feedback on their performance compared to annual reviews. Finally, “expanding training programs” (14%) underscores the importance of ongoing skill development, where **AI can provide tailored learning recommendations** to support employee growth. AI tools like **Sprout Performance+** offer tailored learning recommendations to support employee growth while enhancing performance management.

- **Boosting Employee Engagement:** Our survey data indicates that “company culture” (39%) and “work-life integration” (38%) are seen as the most impactful aspects of employee engagement, underscoring the importance of a supportive and balanced work environment.

However, “training and development” was only prioritized by 12% of respondents, indicating a potential gap in recognizing growth opportunities as a key engagement driver.



Only 12%

of organizations prioritize training and development



This poses a challenge, as **40% of employees have left jobs due to limited learning opportunities**, while 42% would stay if provided with meaningful L&D programs. Investing in AI-driven development

can help close skill gaps, especially in technical areas, and boost engagement by empowering employees to advance their careers within the company. Platforms like **Disprz** offer several features to support these objectives:



Gamified Learning

Uses badges, leaderboards, and progress tracking to create an engaging learning environment.



AI-Driven Personalized Skilling

Delivers tailored learning experiences with AI-powered content recommendations.

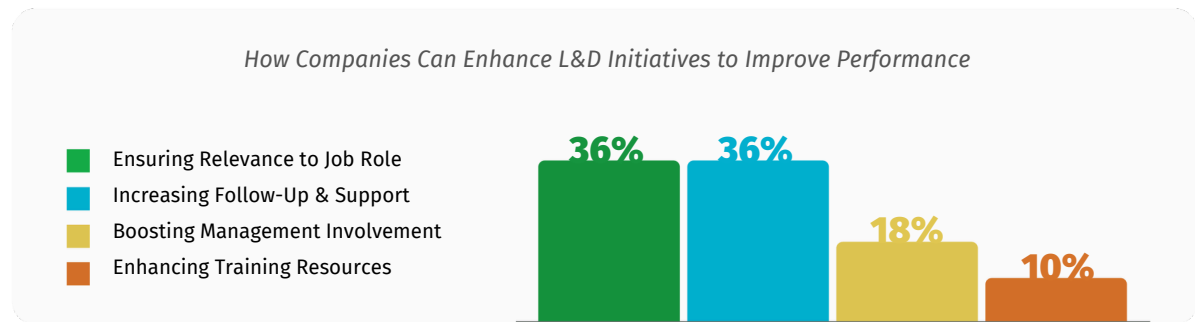


GenAI-Powered Quiz Authoring

Creates diverse assessments, incorporating quizzes and feedback to track learning progress and evaluate skills.

- **Enhancing L&D to Improve Performance:** According to [SHRM](#), 24% of employees feel that their training is irrelevant to their current roles, highlighting a critical challenge in learning and development. Addressing this, “ensuring relevance to job role” (36%) and “increasing follow-up and support” (36%) emerged as key factors in enhancing the effectiveness of L&D initiatives, based on our survey findings.

AI can address this by [providing personalized training content tailored to job-specific needs and performance data](#), ensuring that learning is directly applicable to employees’ roles.



Additionally, AI-driven tools [can track progress and provide real-time feedback](#), allowing for continuous follow-up and support that reinforces learning.

Meanwhile, “boosting management involvement” (18%) highlights the need for leaders to actively support L&D efforts, while “enhancing training resources” (10%) suggests a potential area for growth in expanding the quality and diversity of learning materials. This is especially relevant, as [43% of employees report that their training content is ineffective and outdated](#).



Actionable Insights: Leveraging AI in HR and talent management entails investing in targeted AI-driven solutions for [recruitment](#), [performance management](#), and [personalized learning](#) to support individual development and overall organizational success.

FINDING #4

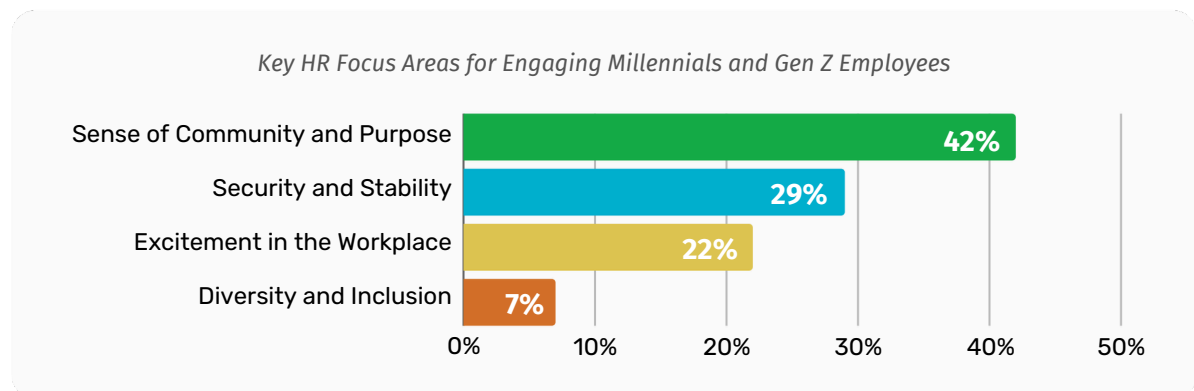
Future-Proofing Your Organization Through AI Integration

- **Positive Outlook for the Future of AI in HR:** Our survey shows that a majority of respondents (62%) view AI tools as “absolutely essential” by 2025, signaling increasing confidence in AI’s potential to drive business outcomes. This strong support reflects AI’s perceived ability to transform processes, boost sales, enhance decision-making, and boost productivity.

GenAI, in particular, is gaining traction for its relevance in streamlining recruitment, personalizing learning and development, and automating repetitive tasks. According to [Gartner](#), 76% of HR leaders believe that failing to adopt AI within the next 12-24 months will put their organizations at risk of falling behind competitors.

- **Engage Younger Generations Through AI:** By 2030, Millennials and Gen Z are expected to comprise 30-50% of the workforce. These groups value work-life harmony and find AI highly beneficial in their roles.

To engage these employees effectively, our survey identifies “sense of community and purpose” as a priority for 42% of respondents. AI can help HR foster this sense of community through personalized engagement, collaboration tools, and platforms that encourage open communication.



“Security and stability” (29%) and “excitement in the workplace” (22%) also rank highly, indicating that younger employees want both stable career paths and engaging, dynamic work environments. While traditional methods may offer support in these areas, AI tools stand out by providing data-driven insights and personalized experiences, such as tailored career development plans and gamified learning opportunities, which are designed to align precisely with individual employee values and preferences.

Finally, “diversity and inclusion” (7%) remains important to Gen Z workers, with AI's potential to reduce bias in recruitment and performance evaluations, further supporting HR's engagement goals with these generations.

- **High Levels of Excitement to AI:** Our survey reveals a high level of enthusiasm for AI, with all respondents expressing excitement about using AI tools in 2025—50% are “very excited” and the other 50% “excited.”

This widespread positivity reflects a growing recognition of AI's potential to transform workflows and boost productivity. 89% of Filipino leaders believe that adopting AI is essential for their company's competitiveness, placing the Philippines ahead of global and regional averages of 79% and 84%, respectively.



Actionable Insights: Investing in AI-driven tools can future-proof your organization by enhancing productivity, fostering employee engagement, and supporting inclusive hiring practices.

Future Outlook:

Key Takeaways from the State of AI 2025

Although challenges in AI readiness and skills gaps persist, a strategic approach that addresses training, security, and AI-driven learning can unlock significant benefits for Filipino business.

Here are some recommendations for 2025 and beyond:



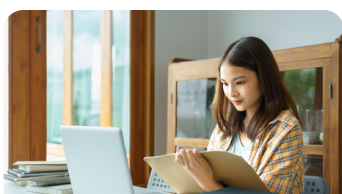
Grasp of AI Technology + Transformative Leadership

- A strong understanding of AI, paired with proactive leadership, is essential for successful AI adoption.



Secure C-Level Buy-In

- Executive support is crucial for AI implementation, as C-suite buy-in secures the resources and infrastructure needed to unlock its full potential.



Ensure Working-Level AI Literacy and Proper Onboarding

- Training employees to understand and effectively use AI tools is critical to successful adoption. Businesses should implement structured AI onboarding and continual learning programs.



Align AI Initiatives with Business Goals

- AI should support overarching business strategies, not act as a standalone solution. AI can amplify outcomes if it's integrated with goals such as improving customer satisfaction or increasing operational efficiency.



Lack of Clear Strategy for AI Integration

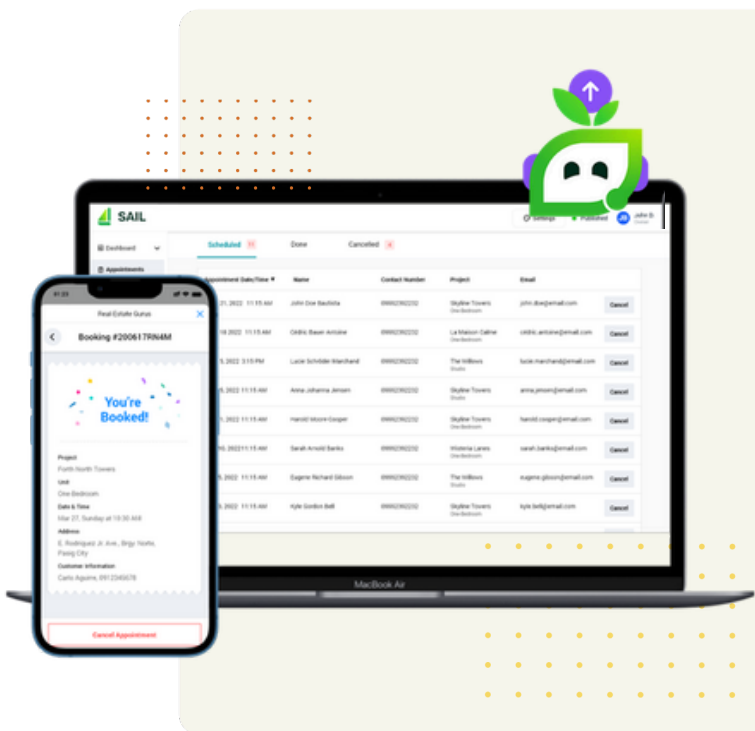
- Establishing [ethical guidelines for AI use](#) fosters trust and transparency. Businesses should be open about AI's role in decision-making, ensure data privacy, and actively seek employee input to improve AI implementations.

Embracing AI strategically enables organizations to drive sustainable growth and build a future-ready workforce.

Lead the Future Where AI Drives Success!

With AI reshaping HR, now is the time to invest in AI-driven tools and strategies that can streamline processes, enhance employee engagement, and future-proof your workforce.

As Filipino businesses prepare for AI transformation, Sprout is here to make that journey smoother and more impactful with [Sprout AI Labs](#).



- ✔ **Sprout Concierge:** A 24/7 AI assistant that automates tasks, answers inquiries, and provides up-to-date, company-specific information through a user-friendly interface.
- ✔ **HR Link:** Your AI-powered HR chatbot providing instant guidance on Philippine labor laws, employee benefits, and compliance.
- ✔ **Sprout Inbound:** An AI chatbot designed to nurture prospects, boost lead conversions, and streamline handovers to sales.

From setting the right AI strategy to enabling ethical, goal-aligned integrations, Sprout offers the expertise and resources your business needs to succeed in the AI era.

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