

HR Priorities with **AI in the Workplace**

MALAYSIA 2025





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Forewords

GenAI is undoubtedly here to stay, and HR stands at a pivotal crossroads, one where human insight must guide technological advancement. This Malaysia-focused report offers a timely lens into how HR leaders in the region are navigating AI's promise and complexity. From elevating talent strategies to redefining performance management, the findings reflect both urgency and opportunity.

At SHRM, we believe AI must serve to augment and not replace human potential. A mantra we often share is: AI (Artificial Intelligence) + HI (Human Intelligence) = ROI (Return on Investment). It is imperative that we equip our people leaders with the tools, frameworks, and ethical guidance needed to lead this transformation responsibly.

I commend the HR community in Malaysia for their forward-thinking approach and commitment to responsible innovation. Let this report be a catalyst for deeper dialogue, smarter action, and shared progress across borders.



Johnny C. Taylor, Jr.
SHRM-SCP,
President & CEO
SHRM

At SMR HR Group, learning remains at the heart of our core business. Since our founding in 1978, our mission has been to help people learn and perform, equipping organisations with the capabilities they need to thrive in an ever-evolving world of work.

Today, we find ourselves at a turning point for the HR profession. The rapid rise of Artificial Intelligence (AI) is transforming industries, reshaping jobs, and redefining the skills that people and organisations need to succeed. For HR leaders, this means not only understanding the technology but also reimagining how we can harness AI responsibly to augment and not replace human potential.

This research “HR Priorities with AI in the Workplace: Malaysia 2025”, is part of our continued commitment to support our clients, partners, and the broader HR community in navigating this profound shift. We are proud to present this report in partnership with SHRM, the world’s largest HR professional society, as a joint effort to provide timely insights and practical guidance on how AI can be integrated into the people function in meaningful ways.

With over four decades of experience in human capital development — spanning training, consulting, and HRD conferences — SMR HR Group believes that collaboration and knowledge-sharing are vital in shaping the future of work. This partnership with SHRM reflects our shared vision to empower HR professionals with the knowledge, tools, and confidence to lead in this new era.

We hope this report will spark thoughtful conversations, inspire new ideas, and help you and your organisations unlock the true potential of AI — while keeping people at the centre of progress.

Together, let us continue to learn, adapt, and lead.



Dato' CM Vignaesvaran

Principal Consultant

SMR HR Group Sdn Bhd

The rapid emergence of Artificial Intelligence (AI) has signaled a new era, one that is reshaping how organizations operate, compete, and connect with talent. At the heart of this transformation lies Human Resources (HR), a function now uniquely positioned to lead the responsible integration of AI into the world of work.

In Malaysia, this journey is already underway. The country is building a robust ecosystem to support AI-led innovation. Through our research highlights, HR will play a pivotal role in realizing this vision.

This report, “HR Priorities with AI in the Workplace: Malaysia 2025”, is part of SHRM’s broader effort across Asia to track how HR leaders are approaching the integration of AI. What we see in Malaysia is both promising and instructive.

On one hand, the potential is clear. A majority of HR leaders in our study express optimism about how AI can increase efficiency, enhance decision-making, and free up teams to focus on higher-value work. GenAI, in particular, is beginning to show real promise, from personalizing learning journeys to supporting talent acquisition. On the other hand, the challenges are equally evident.

What also stands out in the Malaysian context is the human dimension. The future of work is not about replacing people with machines, It’s about amplifying human potential through smarter tools, deeper insights, and more inclusive systems.

At SHRM, we believe that HR must lead this transformation, not just follow it. We also believe that the Malaysian HR community is uniquely equipped to do so. With a growing digital talent base, a collaborative mindset, and strong government support, Malaysia has the building blocks to be a regional role model in ethical and inclusive AI adoption in HR.

Let this be a starting point for conversations, collaborations, and action. The road ahead is dynamic, complex, and full of possibility. And HR, powered by the right balance of technology and empathy, will be the engine that drives it forward.



Achal Khanna
CEO
SHRM APAC & MENA

Executive Summary



Strategic Awareness & Readiness

- 63% of HR leaders believe their teams understand AI's potential.
- Only 26% have a formal AI strategy in place.
- 74% of organizations lack a GenAI usage policy.

Readiness exists, but structured strategy and policy are lagging.

AI's Perceived Impact on HR Work

- 73% say HR teams will stay the same size but need new skills.
- 62% expect GenAI to reduce workload.
- 26% cite increased efficiency as a key benefit.
- 22% observe better decision-making.

Shift is underway, from task automation to a more strategic role.

Where AI Lives in HR in Malaysia

Top Functions with AI Adoption

- Recruitment (23%)
- Training & Development (19%)
- Performance Management (15%)

Top Areas to be impacted by GenAI

- T&D (22%)
- Recruitment (20%)
- Performance Management (16%)

HR leaders are prioritizing productivity levers, but broader use cases remain untapped.

The Challenge Map: Barriers to GenAI Adoption

Top Barriers

- Lack of Technical Expertise (24%)
- Integration with Legacy Systems (21%)
- Data Privacy Concerns (20%)

HR needs cross-functional support to move from friction to flow.

Responsible AI & Ethical Readiness

- 67% of HR leaders are concerned about the ethical use of GenAI.
- Ethical risks include: bias in hiring, lack of transparency, and privacy violations.
- Upcoming AI Governance Guidelines and Malaysia AI Ethics Code offer national alignment opportunities.

HR must lead the conversation on trust, fairness, and responsible innovation.

The Malaysia Moment

AI, HR, and the Future of Work in Malaysia

Artificial Intelligence has begun reshaping the global economy and redefining how work gets done. In Malaysia, this transformation is gaining pace. AI is expected to contribute over ****USD 115 billion** to national productivity by 2030, underscoring its potential as a critical economic driver.

The government's proactive push through frameworks like MyDIGITAL and the Malaysia Artificial Intelligence Roadmap signals a clear ambition: to position Malaysia as a digital-first, high-income economy. Investments in digital infrastructure, talent development, and ethical governance are laying the groundwork for this future.

As AI advances, its influence on Human Resources is particularly profound. HR is evolving from a support function into a strategic partner; powered by data, driven by insights, and central to navigating change.

Yet, the journey is not without its hurdles. Malaysia faces a significant AI talent gap along with ethical concerns, particularly around privacy, fairness, and transparency. Many organizations are still navigating how to implement governance frameworks for AI responsibly.

To move forward, HR leaders must balance innovation with integrity. This means embracing AI while doubling down on people-centric practices, reskilling teams, and shaping policy that keeps pace with technology. Encouragingly, employers are stepping up, investing in training, while academia and industry work together to close the talent gap.

AI's integration into HR is progressing through three key stages: **initial automation, deeper augmentation, and ultimately, full integration**, where human and machine collaboration drives both performance and well-being.

This study captures where Malaysian HR stands today on this path. It offers insights into current adoption, emerging priorities, and the critical capabilities needed to lead in an AI-powered future one where technology enhances, not replaces, the human touch.

****Source: Artificial Intelligence 2025 - Malaysia**



Insights from Malaysia's HR Leaders

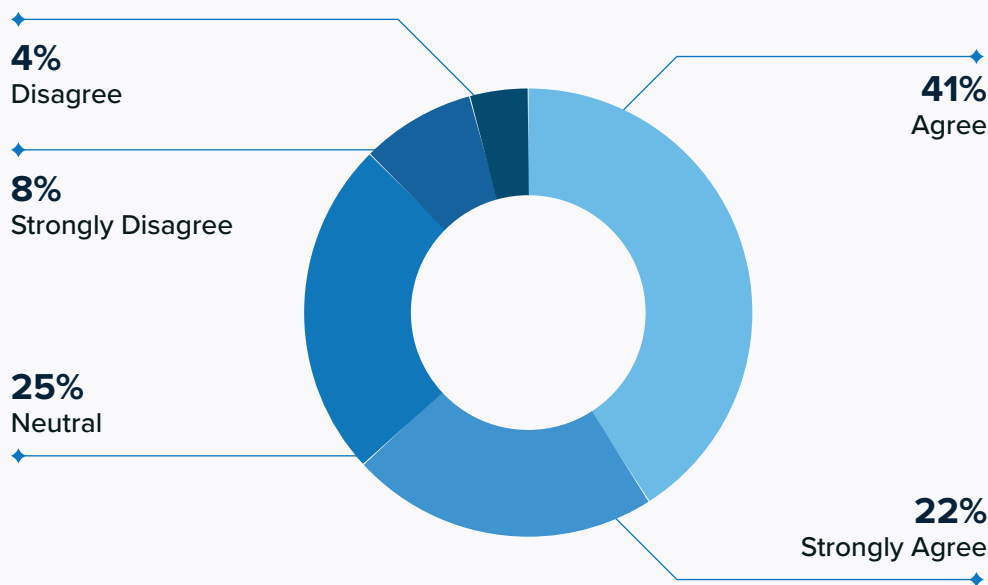
63% of Malaysian HR leaders understand AI's potential, signaling strong readiness for adoption.

Only 2% have fully implemented an AI strategy, revealing a wide gap between awareness and execution.

Just 7% have clear GenAI policies in place, highlighting the urgent need for governance frameworks.

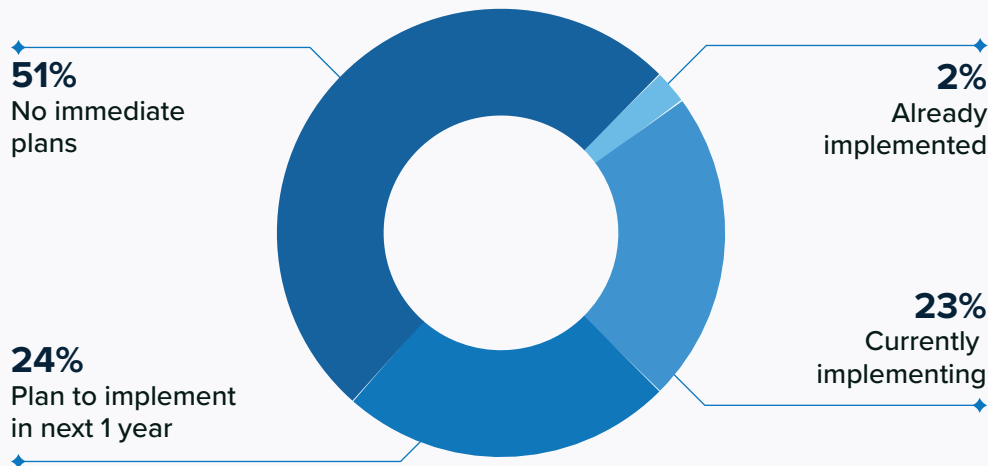
Our study reveals that there is growing momentum among Malaysian HR leaders to embrace AI as a strategic enabler. Nearly **two-thirds (63%) of respondents** agree or strongly agree that their HR teams understand AI and its potential to drive organizational effectiveness. This marks a promising foundation for more widespread adoption in the years ahead.

Organizational Views on HR's Understanding of AI's Potential



However, the translation of awareness into structured action remains a work in progress. While **47% of organizations** are either implementing or planning to implement a comprehensive AI strategy within the next 12 months, **just 2%** have fully done so. This indicates a significant opportunity for HR teams to move from intention to execution.

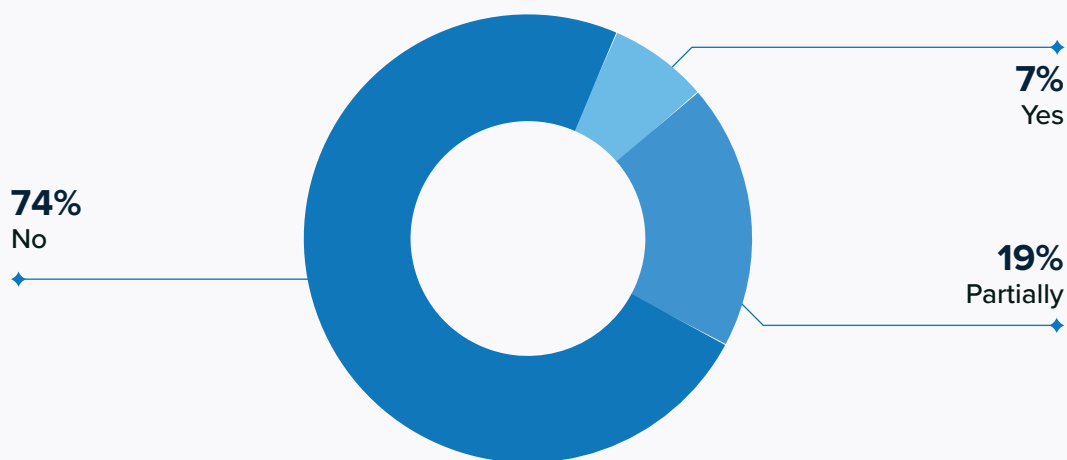
% of Organizations that have an AI Strategy in Place



Governance structures, particularly around GenAI, are still evolving. Only **7%** of organizations currently have a well-defined policy, and **19%** are in the early stages of drafting one. With the rapid rise of GenAI tools in the workplace, formalizing usage guidelines will be key to managing risk and ensuring responsible adoption.

With organizations in Malaysia, it's clear that awareness is growing and intent is forming. The next phase must focus on building the capabilities and structures to scale AI effectively and ethically across the HR function.

% of Organizations that have a Well-Defined GenAI Policy



CALL TO ACTION

Turning Awareness into Action

To accelerate AI maturity in Malaysian HR, leaders should

- ▶ **Capitalize on growing AI understanding** by integrating AI-specific training across HR functions.
- ▶ **Develop enterprise-wide AI strategies** that align with business goals and workforce needs.
- ▶ **Prioritize governance and ethical usage**, especially around GenAI, to build trust and safeguard compliance.
- ▶ **Engage with national AI initiatives** (like MyDIGITAL and the AI Roadmap 2021–2025) to tap into resources.

AI in HR

Implementation Trends in Malaysia

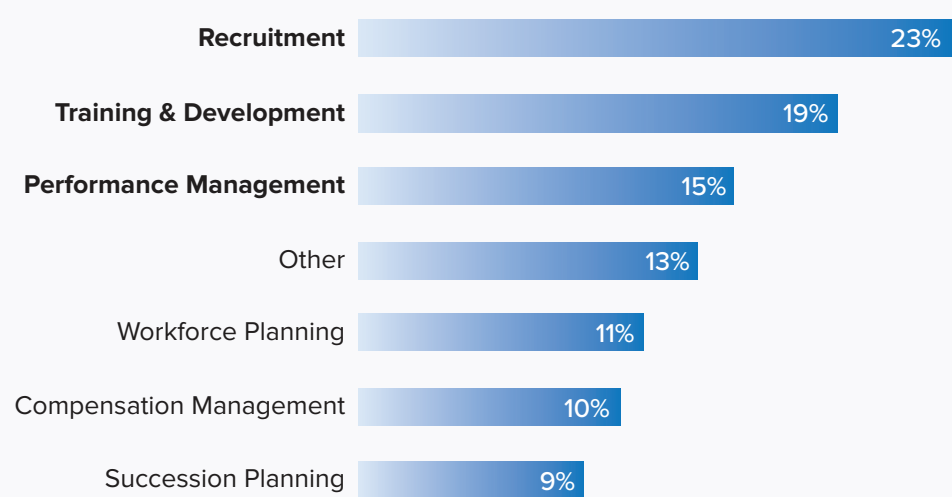
AI is gaining ground in Recruitment, Training, and Performance Management, HR's most automation-ready areas.

GenAI is expected to disrupt Training and Recruitment first, mirroring global trends.



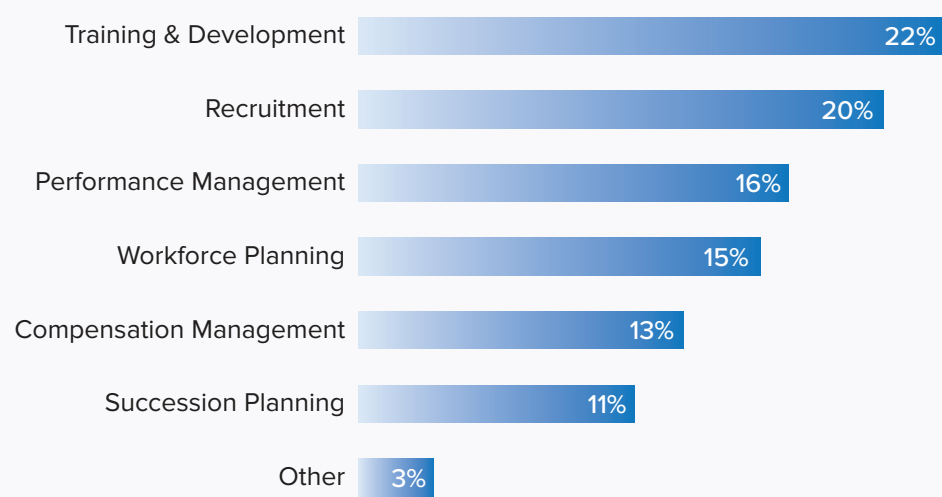
AI is making tangible inroads into Malaysian HR practices, especially in **Recruitment, Training & Development, and Performance Management**; sub-functions that show the **highest implementation rates** of AI-based solutions. These areas lend themselves well to automation and data-driven decision-making, making them natural starting points for AI deployment.

Areas Where GenAI Has Been Implemented



Looking ahead, HR leaders anticipate that **Training & Development (22%)** and **Recruitment (20%)** will be the most impacted by **GenAI**, followed by **Performance Management (16%)** and **Workforce Planning (15%)**. This aligns with global trends, where GenAI is increasingly used for **L&D personalization, resume screening, automated interview scheduling, and feedback analysis**.

HR Functions Most Likely to Be Impacted by GenAI



However, functions like **Succession Planning** and Compensation Management still lag in both perceived impact and current adoption, indicating untapped potential for predictive AI tools to support strategic workforce planning and total rewards optimization.

Key Takeaway

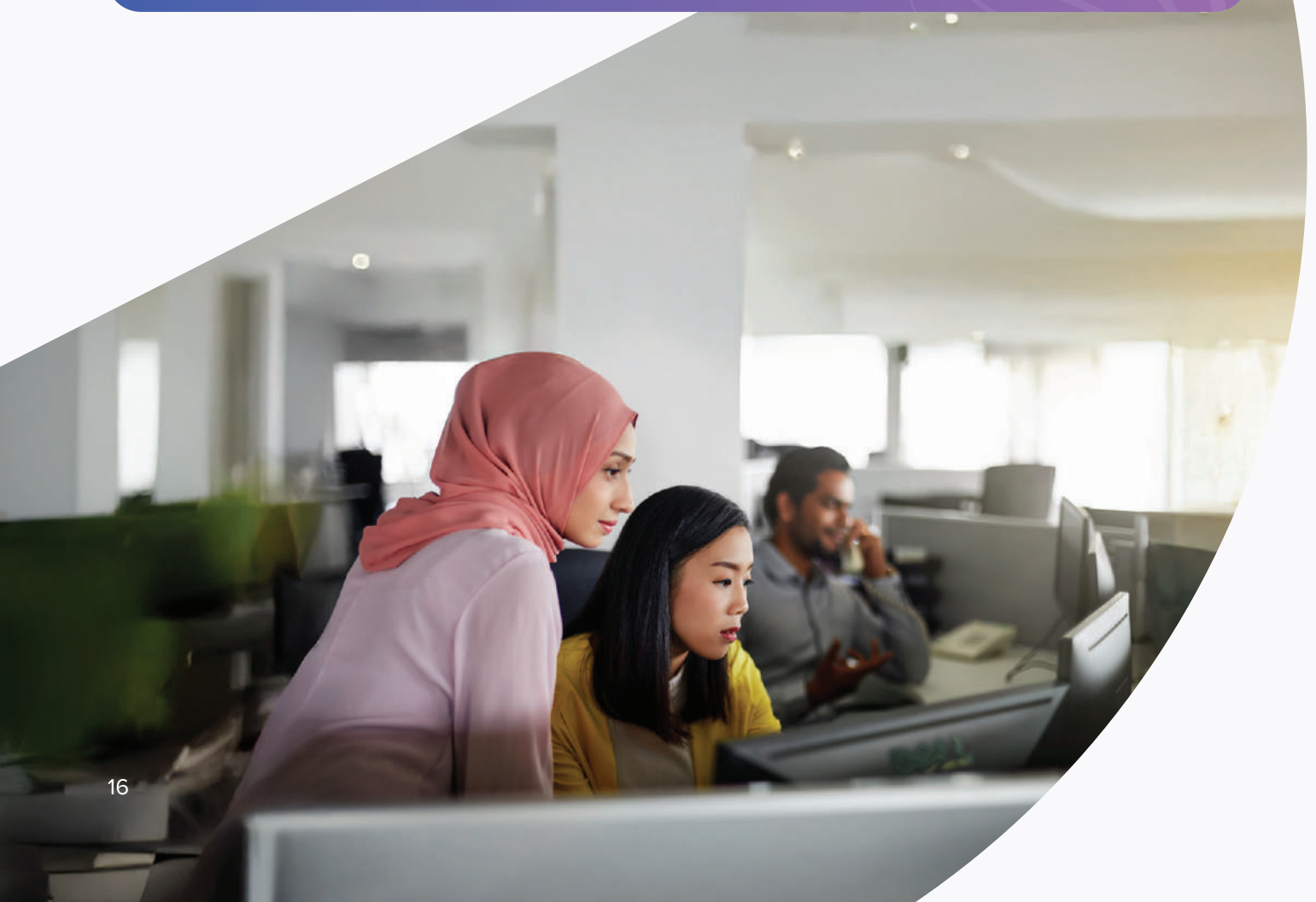
While AI adoption in Malaysian HR is still in its early stages, leaders are clearly prioritizing high-volume, high-impact areas first, and laying the foundation for broader transformation.

CALL TO ACTION

Activate AI Where It Matters Most

To deepen impact and scale AI effectively across HR

- ▶ **Prioritize use cases with clear ROI**, such as recruitment automation, skills-based L&D paths, and performance analytics.
- ▶ **Pilot GenAI applications** in controlled settings to explore feasibility in training content creation, employee **communication**, and job matching.
- ▶ **Invest in cross-functional capability building** so that adoption extends beyond the tech team to HRBPs, L&D leads, and line managers.
- ▶ **Set benchmarks and measure outcomes**, track time saved, quality of hires, and employee satisfaction to build the **AI business case**.



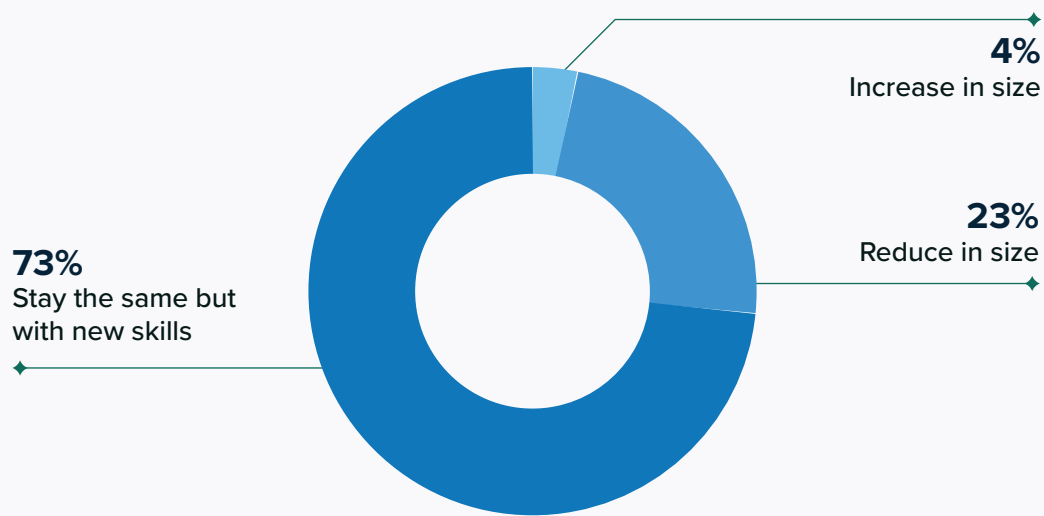
GENERATIVE AI

Hype or Transformation?

The Malaysian HR landscape is leaning firmly toward transformation rather than hype when it comes to GenAI.

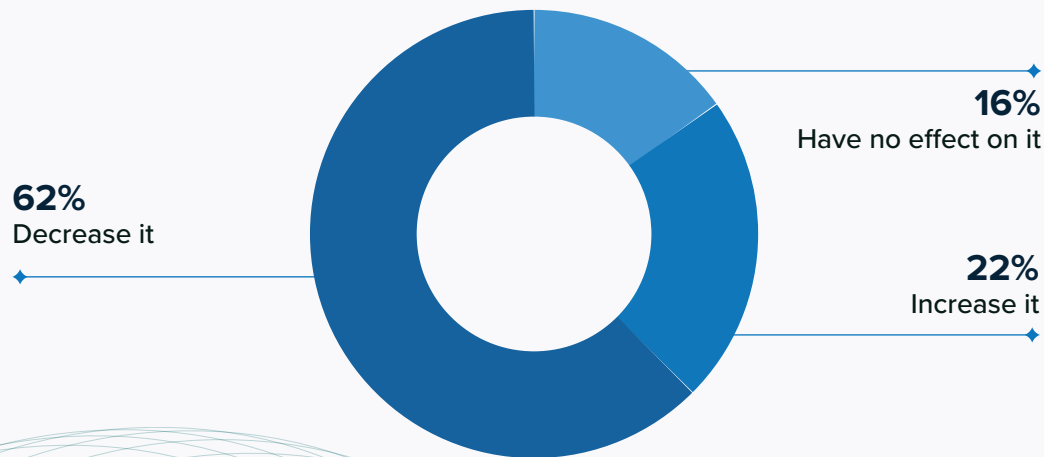
A significant **73% of HR professionals believe their teams will retain their current size but require new skills**, emphasizing the shift toward upskilling over downsizing. Only a minority anticipate a reduction (23%) or increase (4%) in team size, indicating a balanced, capability-led approach to AI integration.

GenAI's Impact on HR Teams



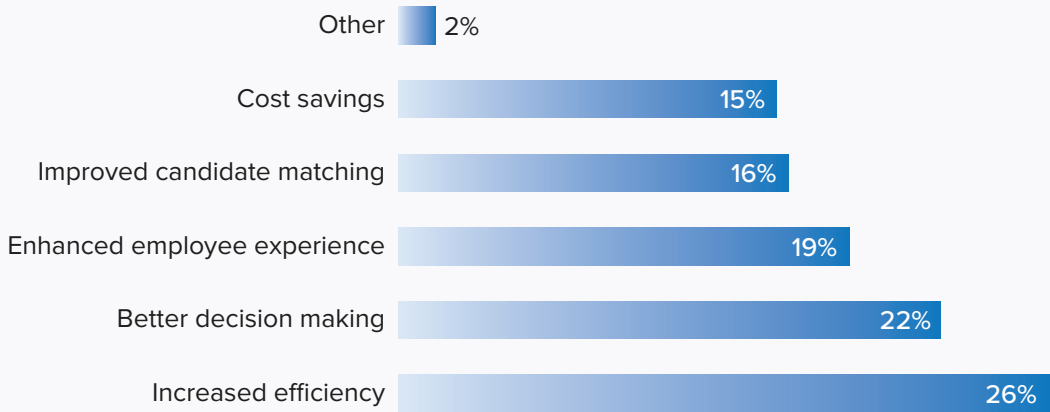
When asked about how GenAI will affect workload, **62% said it will reduce the amount of work**, while 22% foresee an increase, suggesting a shift in the nature of work rather than its volume. This points to an opportunity for HR to reimagine roles, elevate focus areas, and spend more time on high-value strategic work.

GenAI's Impact on Workload



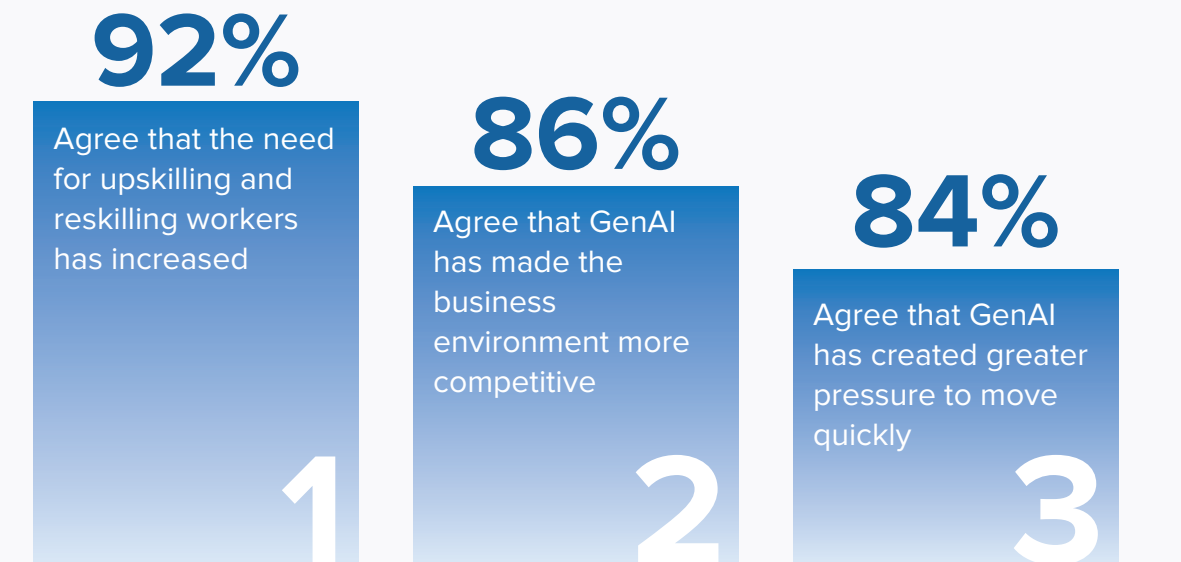
The benefits of AI in HR are already evident as shown below through our survey findings

Key Benefits Perceived from using AI in HR



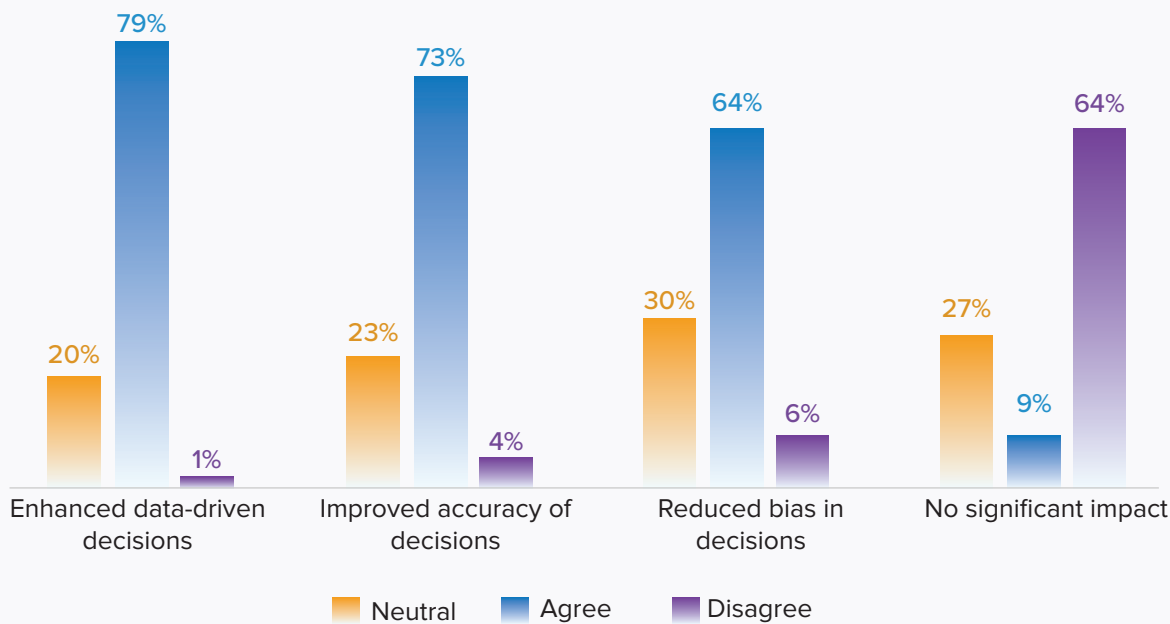
At a macro level, HR leaders overwhelmingly agree that AI is reshaping the business ecosystem in the following ways - greater urgency to reskill and upskill, pressure to keep up with a competitive business environment & greater pressure to act fast/move quickly being among the top 3

GenAI Impact on the Business Ecosystem: Top 3



HR decision-making too is being enhanced: **79%** agree that AI is enabling more data-driven decisions, and **73%** believe it has improved the accuracy of decisions.

GenAI Impact in the Decision-Making Process in HR



Our data showcases a growing confidence in GenAI’s role in expanding human capability, not replacing it, clearly marking it as a strategic lever for transformation.

CALL TO ACTION

Shaping the Future of Work in Malaysia

Malaysia’s AI momentum is undeniable. Now is the time for HR leaders to

- ▶ **Champion reskilling:** Equip your teams to thrive in AI-enhanced roles.
- ▶ **Reimagine roles:** Shift focus from repetitive tasks to strategic impact.
- ▶ **Build AI fluency:** Promote ethical, data-informed decision-making across functions.
- ▶ **Explore use cases:** Start with recruitment, L&D personalization, and performance management - Malaysia’s top areas for GenAI impact.

Barriers to Break

AI Challenges Facing HR

Lack of technical expertise emerges as the top challenge in AI Implementation.

Industry Call-Out: Top 3 GenAI challenges impact the Automotive, Manufacturing & Professional Services sector.

While the benefits of GenAI are clear and promising, it's equally important to recognize the real-world challenges Malaysian organizations are facing. Acknowledging these hurdles is a strategic step forward. By anticipating roadblocks, businesses can better prepare, adapt, and ultimately lead to a rapidly evolving and competitive landscape.

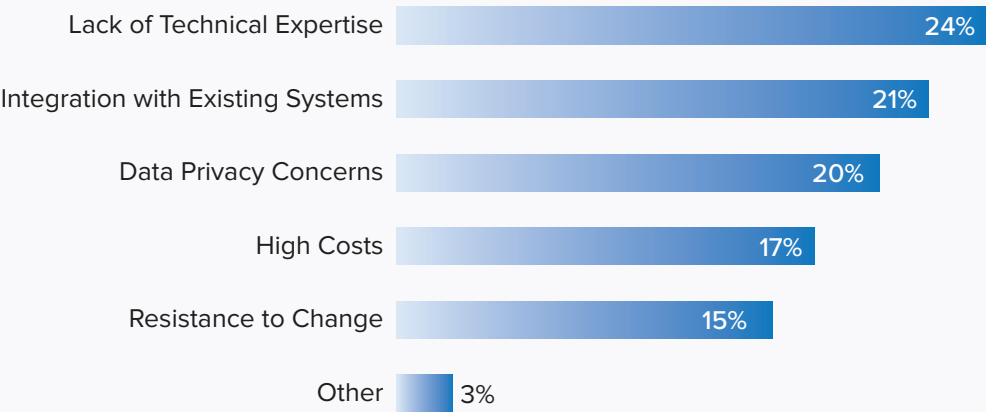
The top three challenges identified by respondents reflect a blend of capability gaps and systemic hurdles

Lack of technical expertise
(24%) emerged as the top barrier, highlighting the urgent need for reskilling and accessible AI learning pathways.

Integration with existing systems
(21%) points to the operational complexity of embedding AI into legacy HR platforms and workflows.

Data privacy concerns
(20%) remain a significant challenge, underlining the need for clear governance, regulatory alignment, and employee trust.

Challenges Faced in Implementing GenAI in HR



Other barriers like high costs (17%) and resistance to change (15%) reflect both structural and cultural dimensions of adoption. Interestingly, no respondents reported the absence of any barriers, reinforcing that GenAI adoption; despite its potential, is still an evolving journey for most.

Critically, these challenges vary by industry

Automotive, Manufacturing & Industrial and Professional & Business Services report the highest barriers across all three categories.

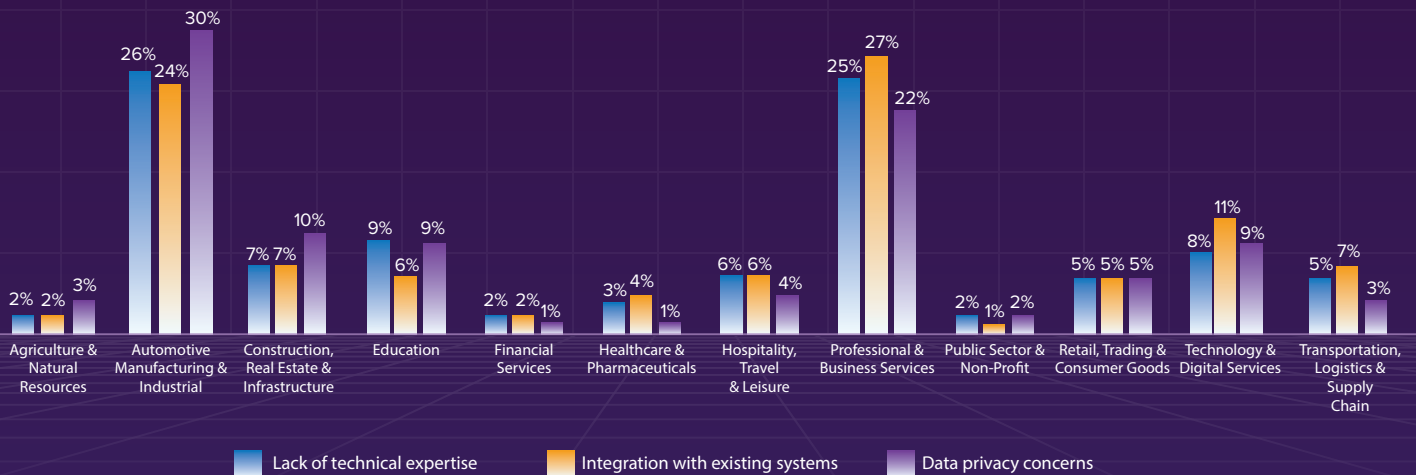
The **Education** sector expresses moderate concern, especially around technical expertise and data handling.

Financial Services, despite being a digital-forward industry, reports the least concern across the board, potentially indicating maturity and preparedness.

HR Priorities with AI in the Workplace: Malaysia 2025

This divergence emphasizes the need for tailored solutions. A one-size-fits-all approach to GenAI adoption in HR will fall short. Instead, industry-specific support ecosystems, scalable tools, and capacity-building programs must be prioritized.

Top Challenges Across Industries



CALL TO ACTION

Break the Barriers, Realize the Promise

To move from intention to implementation, Malaysian organizations must

- ▶ **Invest in foundational tech capabilities** - especially in industries like manufacturing and education.
- ▶ **Bridge the AI skills gap** through structured learning pathways for HR and IT.
- ▶ **Strengthen data governance frameworks** to reduce friction in adoption.
- ▶ **Drive change readiness** via cross-functional AI champions who humanize the transformation.
- ▶ **Start small, scale fast** - Pilot GenAI in manageable workflows like policy creation, training content design, or internal communications.

Responsible AI

Policies, Principles & Practice

Concerns over the ethical implications of GenAI still prevail among organizations.

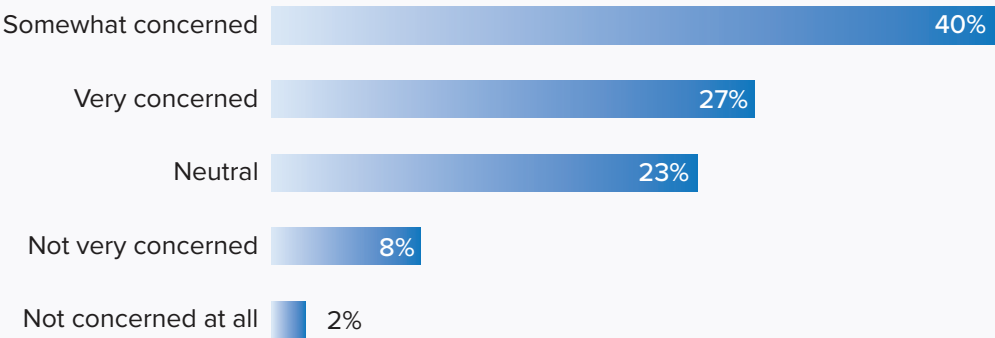
Opportunity: Aligning the organizations internal AI ethics frameworks with national vision and guidelines.

Malaysian organizations are now faced with a growing imperative: *how to ensure its use is responsible, ethical, and trustworthy.*

Our survey reveals that 67% of HR leaders are either very concerned (27%) or somewhat concerned (40%) about the ethical implications of using GenAI in HR. From biases in recruitment algorithms to opaque decision-making in performance management, the risks are real and rising.

However; despite the concern, only a small proportion (10%) express low or no concern, while 23% remain neutral, suggesting a gap in awareness or clarity around how to address ethical challenges.

Organizations concerned about the Ethical Implications of using GenAI in HR

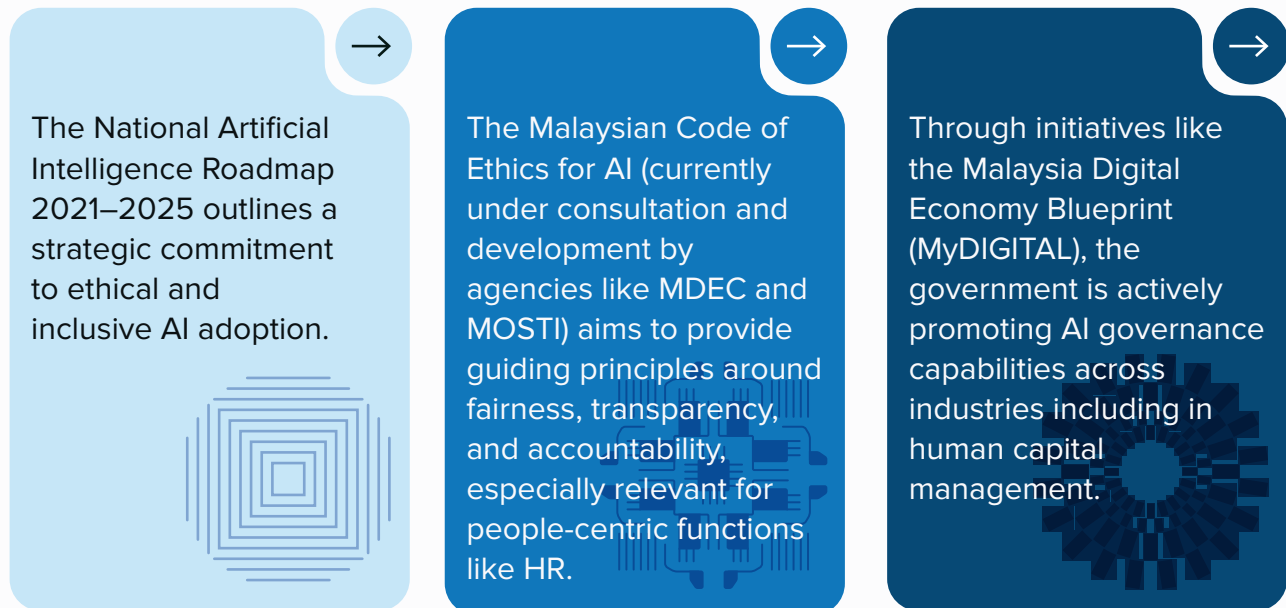


This underscores the urgent need for clear ethical frameworks, governance protocols, and transparent policies in the HR use of AI. With AI increasingly influencing career decisions, employee experiences, and organizational trust, ethical use has become foundational.



Malaysia's Responsible AI Vision

The Malaysian Government has taken early steps to embed responsible AI across sectors. Notably



Organizations now have an opportunity to align their internal AI ethics frameworks with national vision and guidelines, creating coherence and public trust.

CALL TO ACTION

Build Ethics into Every Line of Code

- ▶ Make responsible AI everyone's business. HR, IT, compliance, and business leaders must collaborate to embed ethical thinking into every AI use case.
- ▶ Leverage national guidelines like Malaysia's AI Roadmap and upcoming Ethics Code as a springboard for policy design.
- ▶ Co-create with employees. Trust is earned when transparency and consent are built into every tool and policy.
- ▶ AI in HR should serve people, not replace or disadvantage them. Let's use AI to amplify fairness, not automate bias.

The Road Ahead

HR Priorities for an AI Future

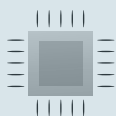
5 strategic priorities to build Malaysia's AI in HR agenda.

Exploring the 12-month roadmap for effective integration of AI in HR.

The Malaysian HR landscape is standing at a pivotal juncture, where technology, trust, and talent converge. HR leaders must now pivot from experimentation to enablement. The next 12 months will be critical in shaping a future where AI drives not just efficiency, but employee experience, equity, and strategic impact.

Based on our study findings, five strategic priorities are emerging as non-negotiables

1



Build AI Literacy Across the HR Function

Empower HR professionals with the knowledge to understand, evaluate, and co-create AI solutions, not just use them. This includes foundational AI concepts, prompt engineering, ethical use, and change leadership in digital transformation.

2



Embed AI into Ways of Working

Move beyond isolated pilots. Design workflows, decision-making processes, and service delivery models where AI is seamlessly embedded and value is measurable, especially in recruitment, learning, and employee experience.

3



Establish Robust AI Governance

Put in place policies and ethical frameworks that govern the responsible design, deployment, and monitoring of AI. This includes human oversight, data privacy, risk controls, and employee transparency.

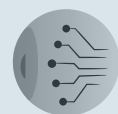
4



Promote a Culture of Experimentation & Change Readiness

Create psychological safety and capability for teams to experiment, fail fast, and learn. Ensure AI is not perceived as a threat but as an enabler of growth, equity, and innovation.

5



Enable Cross-Functional Collaboration

Drive alignment between HR, IT, Legal, Risk, and Business teams. AI in HR cannot succeed in silos, it requires shared ownership and collective accountability.

Malaysia HR's AI Agenda – Next 12 Months Roadmap

Q1 : Assess & Educate

Launch AI literacy programs
for HR teams and leadership

Q3 : Pilot Cross-Functional Use Cases

Implement AI pilots in 2–3
high-impact HR areas (e.g.,
L&D personalization,
recruitment automation)

Q2 : Policy & Governance

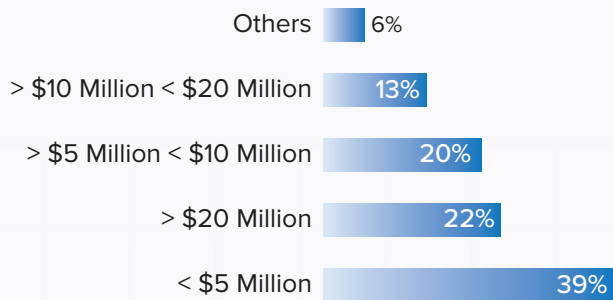
Develop or adapt
responsible AI frameworks
aligned with PDPA and
Malaysia's AI Roadmap

Q4 : Scale & Embed

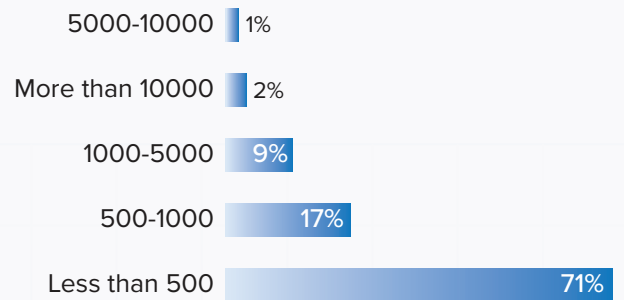
Institutionalize successful
pilots into HR workflows;
establish monitoring and
review mechanisms

Demographics

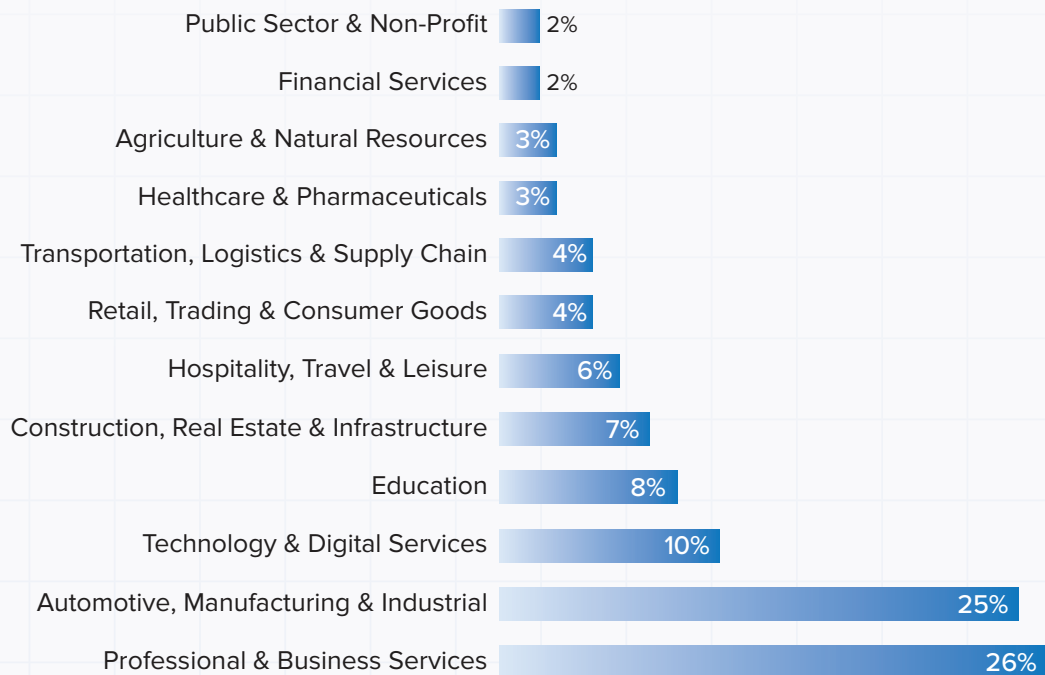
Revenue



Organization Size



Industry





SHRM is a member-driven catalyst for creating better workplaces where people and businesses thrive together. As the trusted authority on all things work, SHRM is the foremost expert, researcher, advocate, and thought leader on issues and innovations impacting today's evolving workplaces. With nearly 340,000 members in 180 countries, SHRM touches the lives of more than 362 million workers and their families globally.

A leading global HR professional association dedicated to advancing the practice of human resources. With a focus on empowering HR professionals and organizations, SHRM APAC offers a variety of services and programs designed to enhance HR knowledge, leadership, and business impact.

Discover more at shrm.org

Contact Us: shrmapac@shrm.org



SMR HR Group Sdn Bhd ("SMR HR Group") is a regional human resources professional services firm dedicated to helping people learn and perform. Founded in 1978 and officially registered as a private limited company in 1989, SMR HR Group is now part of the University of Cyberjaya. With a broad client base across almost all of Asia, we remain committed to promoting continuous learning and improving organisational performance.

As a specialist in human resources development, we combine strong domain expertise with deep industry and functional practices. We take a long-term perspective, working closely with influential global thinkers and partners to create lasting value for the communities we serve.

Our core professional services in Human Capital Development include

- **Training**
- **Consulting**
- **HRD Conferences**

Our services are characterised by high knowledge intensity. Each of our consultants and facilitators holds strong credentials in their area of practice and brings years of experience working with diverse organisations. They have built an extensive knowledge base and are widely recognised for their ability to deliver services in a skilled, ethical, and impactful manner.

At SMR HR Group, **learning remains at the heart of our business.**

Discover more at smrhrgroup.com

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