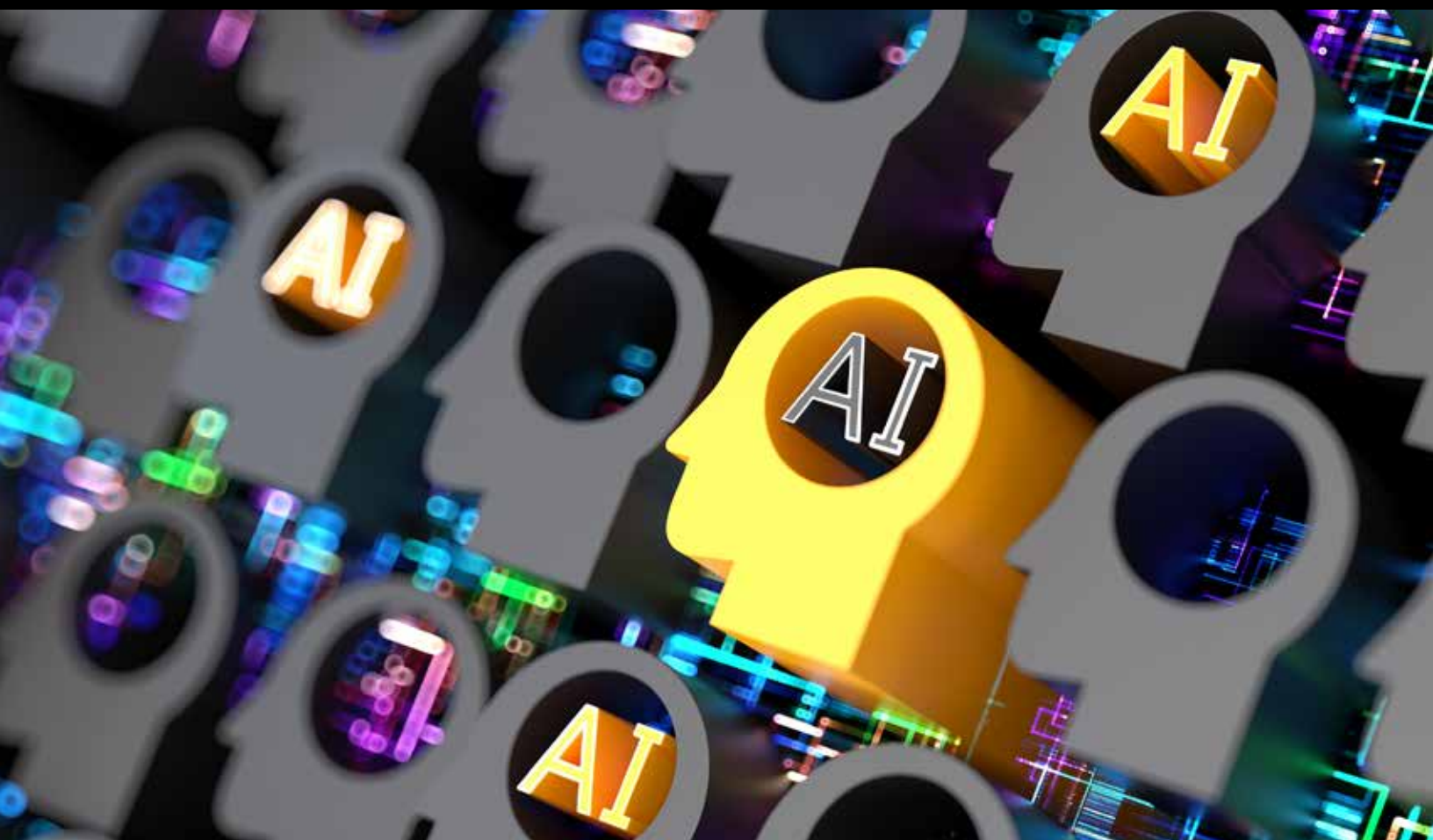


# Keeping HR Human in the Age of AI

MAY 2025

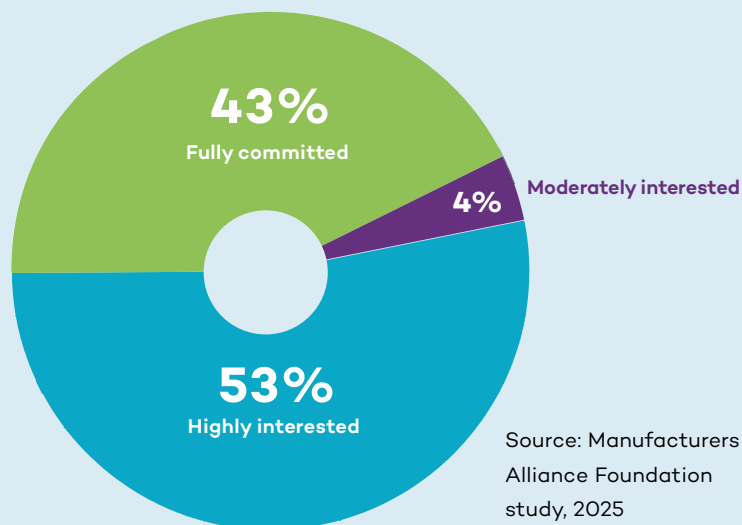


Finding skilled talent in many regions has been challenging for quite some time and will remain so in 2025 as manufacturers contend with competition for employees, new or expanded facilities, and a possible shift to more operations in the U.S. With the latest innovations in AI beginning to deliver in the operational sphere, HR leaders are asking what AI can do for their function.

More than half (53%) are actively researching and planning to implement AI. Nearly as many (43%) have already started integrating AI as a core part of their workforce strategies. They want AI to improve the efficiency of HR teams (e.g., recruiting more suitable candidates, faster and more effective training) and deliver a better employee experience (e.g., better understanding of benefits, more personalized experience).

There is a natural reluctance to take the “H” out of HR when it is already difficult to attract, develop, and retain qualified employees. At the same time, HR leaders do see use cases for the most time-consuming aspects of their workflow, believing that efficiency gains will free up HR teams to engage in more meaningful interactions with employees. There are also some early examples of the transformative power of AI for HR in terms of employee development and engagement.

## Interest or Willingness Among Leaders to Adopt AI for Workforce Strategies



To better understand how manufacturers are addressing the expansion of AI into HR, Manufacturers Alliance Foundation partnered with **American Fidelity** to learn where HR departments are deploying AI, how it is making a difference in their workforce strategies, and what they expect in the near and long-term for AI in HR. We conducted a survey of 135 U.S.-based mid-cap to large-cap manufacturing companies and interviewed executives representing a variety of company sizes and industries.

## KEY INSIGHTS

Top-level findings reveal that the AI journey for HR is well underway. Nearly all are either planning to use AI or already doing so. The top three priorities for AI enhancements are recruiting, onboarding, and retention. As HR technology systems incorporate more AI, manufacturers are wary of risks related to accuracy, transparency, privacy, and fairness. The vast majority envision AI being combined with human insights as the future for AI in the HR function.

# Recruiting Is the Top Priority for AI

Recruiting is the number one focus for most companies due to the difficulty of sourcing the right talent as well as the massive workflow involved. The most time-consuming tasks identified by professionals we surveyed involved screening resumes and applications as well as conducting initial assessments. “My HR team members literally spend their days reviewing applications, looking at resumes, screening candidates, and having very quick conversations. We spend a lot of time on recruiting,” Kristin Malbasa, Vice President of Human Resources at **MacLean-Fogg Company**, told us.

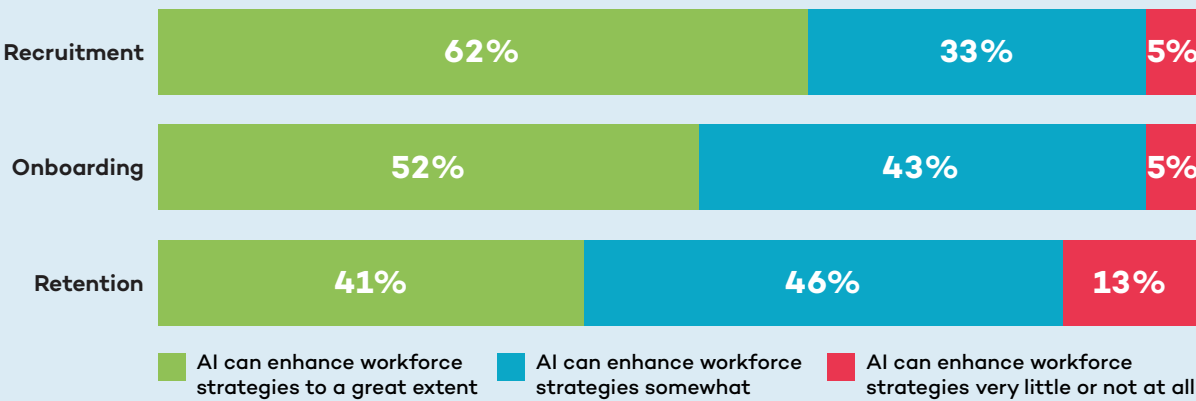
Manufacturers have started using AI-powered applicant tracking systems to make recruiting teams more efficient. These systems collect, assess, and rank candidates based on criteria specified by the hiring organization. As candidates progress to the interview

stage, these tools can automate interview scheduling and provide video interview analysis.

The most popular applicant tracking systems use AI-driven skill-matching algorithms that map candidate profiles to job requirements. But there are concerns about over-reliance on these algorithms. As one survey respondent put it, “AI may interpret non-traditional career paths in a wrong light by rejecting the most capable candidates who don’t fit in the predefined algorithm.” Another raised the importance of balancing skills and capabilities, pointing out that “AI can flag skills gaps, but only human instincts help know whether the candidate’s experience and personality help compensate for those gaps.”

Companies can also run candidates through AI-generated skills assessment

## Most Teams Believe AI Can Enhance Workforce Strategies



Source: Manufacturers Alliance Foundation study, 2025



systems that test candidates during the application process. Such assessments can range from basic math skills and language proficiency to industry-specific production simulations.

Here, too, many HR leaders are wary. To validate AI-generated skills assessments, 71% agree that human interpretation is essential. Nearly two-thirds also feel that relying solely on these assessments can overlook nuances that only human judgement can capture.

Half of respondents said combining human expertise with AI ensures a more accurate application of AI insights, but nearly as many (46%) were neutral on this point. Responses seem to pivot on the question of the accuracy and trustworthiness of the AI systems themselves. While 60% agree that AI can reduce the potential for human bias when assessing candidate skills, the rest were either not sure or disagreed with this point.

Predictive analytics for candidate fit are another AI-driven tool in the application tracking system arsenal. While 43% see potential for such tools in the recruiting

process, there is also a healthy dose of skepticism. Greg Janicik, Chief Human Resources Officer at **WL Gore & Associates**, captured the duality of the question. “Culture is still important, and you can’t necessarily measure culture fit through AI,” Janicik said. “At the same time, if we go beyond candidate selection, there are so many other ways you can use AI to really shorten the decision time.”

## Applicant Tracking Systems

### Which Tools Will Help HR the Most?

- 1 Automated skill assessments
- 2 AI-driven skill-matching algorithms
- 3 Automated interview scheduling
- 4 Predictive analytics for candidate fit
- 5 Resume parsing tools

Source: Manufacturers Alliance Foundation study, 2025





## Onboarding and AI – A Solution at Last or a Slippery Slope?

Onboarding is often a weak point in the HR workflow because it brings together multiple departments, large amounts of information, and sometimes conflicting expectations on the part of employee and employer. As one HR executive in diversified materials manufacturing expressed it, “I always joke that if there is one thing that will drive me to early retirement, it is onboarding and orientation. Every new HR team member who comes into the organization has grand ideas about what the onboarding experience should look like. They’re all very similar in nature, and they all miss the mark. At the end of the day, onboarding doesn’t touch on any of the things that we would hope for as a first impression for the employee.”

Anna Tsakiris, Assistant Vice President of HR Talent Management at American Fidelity, identifies effective onboarding as one of the most significant challenges organizations face. “Effectiveness can be measured

by providing the right amount of information at the right time for their positions and for the company,” Tsakiris said. “It is also imperative that employees feel supported and included, while aligning them to company brand and culture.”

**“I always joke that if there is one thing that will drive me to early retirement, it is onboarding and orientation.”**

— HR executive

Too often companies do a poor job during this phase, delivering a firehose of information and missing opportunities to check in and make sure employees are able to absorb and

act on what they hear. According to a **study by Paychex**, while 80% of new hires said they were satisfied with their onboarding experience, nearly 60% of employees described their post-onboarding training as inadequate to various degrees. Among the 20% who said they were dissatisfied with their onboarding, almost 30% planned to look for a new job within three months of being hired.

When we asked respondents to rank the most time-consuming tasks in onboarding, matching new hires with mentors or team members, scheduling training sessions, and delivering personalized safety training were three areas that rose to the top. Most companies we surveyed are either currently using or planning to deploy AI in precisely these areas.

AI can accelerate facilitating the human connection between employees by matching new hires to mentors. More than two-thirds of manufacturers say they are planning or currently using AI systems to create mentoring relationships during onboarding, and most believe this combination of AI plus human mentorship creates a more effective onboarding experience.

“Companies need to rely on a mixed approach that includes human reasoning and empathy alongside technology,” said Anna Tsakiris of American Fidelity. She also stressed the importance of following up to determine where improvements can be made,

69%

**believe companies must guard against losing the human touch by leaning too much on AI during onboarding.**

and this itself can become another opportunity for a human touchpoint and connection.

**Grede Holdings** is taking a front-end-loaded approach to onboarding by starting the process even before new

## Top 5 Areas Where AI Can Improve Onboarding



Scheduling training sessions or orientations



Matching new hires with mentors or team members



Delivering personalized safety training



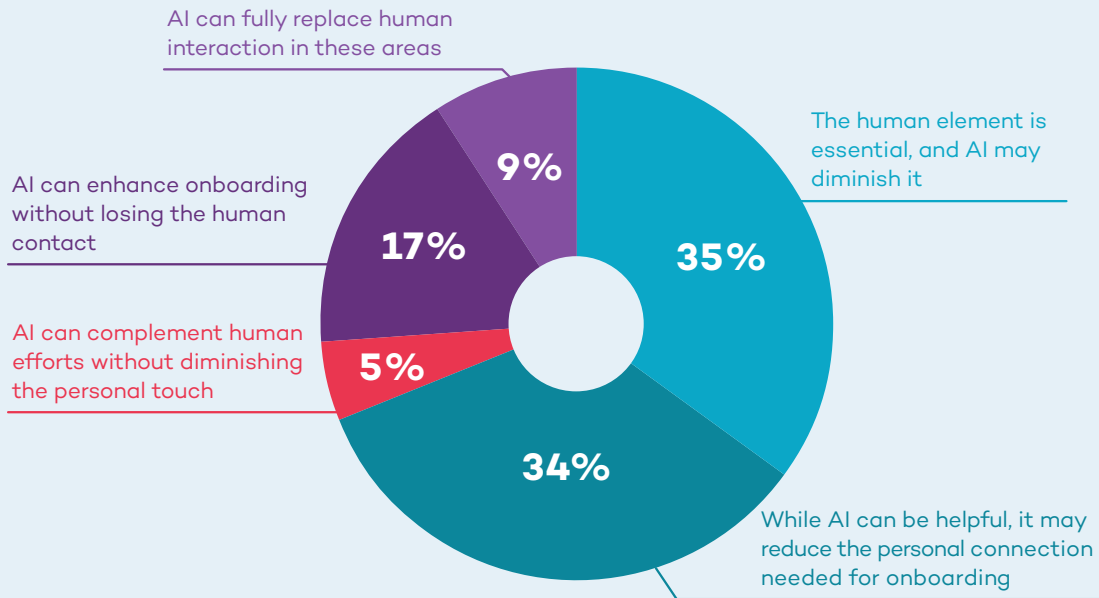
Providing equipment & tools familiarization guides



Setting up system access and user accounts

Source: Manufacturers Alliance study, 2025

## Employers' Mixed Feelings About Using AI in Onboarding



Source: Manufacturers Alliance Foundation study, 2025

hires come to a Grede location for their first day of work. Brandon Cummings, Director of Organizational Development at Grede, told us about working with **Mainstay** to develop a chatbot and start communicating in advance to future employees prior to their first day.

Cummings explained, “We’ve started hiring them into our system even before they come on site, so we can send them customized messages such as, ‘Here is the address of the location where you will be going on Tuesday. Here is the time you should arrive. Here is a picture of the door you need to go to. Here is a picture of the HR Manager.’”

As Cummings explained, “The chatbot has really helped employees because they have that friendly face from day one. They know who their supervisors are, and they recognize you.” After

employees arrive on location, the chatbot can answer questions such as “Where can I find information about company benefits or vacation policy?” The tool is already successful and becomes more usable every day as the company builds on the algorithm and adds more options for connecting people.

As the Grede experience makes clear, connections at the human level are the most important part of the employee experience. AI’s role is clearly in facilitating that overarching goal of making the employees feel welcome and able to do their jobs effectively. This philosophy is in line with other manufacturers we surveyed. More than two-thirds believe companies must guard against losing the human touch by leaning too heavily on AI during onboarding.

# Retaining Employees with AI – Finding the Right Balance

Regardless how efficient a company's recruiting and onboarding may be, retaining existing employees is paramount for preserving a competitive advantage, productivity, and morale. Many manufacturers deal with high turnover rates among recent hires. "When you are dealing with hourly or production floor workers, this group is highly sensitive to slight variations in benefits and pay, with differences as little as 10 cents per hour making a difference," said Lisa Whitmore, Vice President, Human Resources at **MacLean Power Systems**.

To retain employees beyond pay and benefits considerations, the company checks in regularly with hourly staff via its two-way, bilingual texting platform. "These messages say things like, 'Congratulations, you've made it through your first week...' followed by reminders about 401(k) plans, and things like that. These messages are automatically generated, but employees can respond back if they have questions, so it also allows for conversations to happen based on those initial texts. It's casual language and easy to respond. Because of that, we are able to gather a lot of data about how our employees are doing and where they have questions," Whitmore added.

We spoke with Dan Rabin, Senior Vice President of Business Development at **Mainstay**, about the importance of staying connected to the employee during the first few months of employment: "If the first time you reach out is the 30-day check-in, you're not helping someone who is thinking about leaving on day seven. We're

offering a continuous conversation and understanding, so if somebody is at risk we want to flag it." This is especially important in situations where there may be only one HR representative for every 100 employees. Rabin continued, "Ideally you'd love to sit down with all of your new hires every day, but it's just not possible. But what if an AI agent sent you an alert that two employees have had a really bad training experience. That's the moment when you want to bring an HR person into the conversation and move quickly with a high-value intervention."


**65% agree that AI can increase the efficiency and accuracy of insights from employee surveys**


AI may also help HR teams stay on top of employee morale. Almost two-thirds believe that AI can increase the efficiency and accuracy of insights from employee surveys. Kristin Malbasa of MacLean-Fogg talked about partnering with a third-party company for engagement management. This partner provides the survey platform and data analytics to identify themes that emerge from their annual survey



as well as recommendations for action. “The cool thing, from a technology standpoint, is that the tool can take the top five concerns and create an engagement action plan, which we can accept or revise as needed. It then tracks our progress as we implement the plan,” said Malbasa.

Succession planning is another area for AI. Malbasa was enthusiastic about combining data points from engagement surveys, talent assessments, and manager surveys to gain a clearer picture of which employees are a flight risk. “It can identify individuals who seem to be most at risk of leaving, so we know when we need to create or update succession plans,” Malbasa said.

To some extent, striking the balance between AI and the human touch may depend on the preferences of the individual employee. As Carlos Valdes, Vice President of HR at **Vitaulic** put it, “My own personal feeling is that AI

should never take away the human element. We’re a very high-touch type service company for employees, and that will never go away. Having said that, there are employees, especially the younger generation, who would rather just text or interface with a chatbot or robot than having to walk to HR or call somebody. But this is their personal preference. In general, AI would never replace the human connection. It would complement it.”

AI as a companion tool rather than a replacement is especially important when it comes to using AI to boost employee morale. Less than half of survey respondents see a role for AI-generated touchpoints for awards and recognition. While some agree that AI and automation can help managers keep track of employee accomplishments, there is no replacement for a heartfelt and sincere acknowledgement of a job well done directly from the manager to the employee.

## AI to Increase Benefits Awareness

Underutilized benefits due to lack of awareness is a known deficiency for many companies. This is especially problematic if employees want these benefits but don’t know they have them or how to access them. For this reason, it is not surprising that companies are looking to AI for solutions. More than three-quarters believe that AI can assist in creating in-person touch points to help increase employee awareness of available benefits.

Making employees aware of benefits can also lead to higher benefits utilization. Here, too, HR professionals see a role for AI. More than half

believe that AI has the potential to complement and improve the human interactions related to benefits utilization and communication.

Indeed AI may be able to play a role in designing better benefits packages to begin with. More than two-thirds expect AI tools to help identify opportunities for improving employee benefits offerings or timing. This is especially important in an environment where the benefits preferences of job seekers undergoes rapid change, as was the case during the post-pandemic labor market tightening.



## Key Concerns and Challenges

It is clear that HR leaders are focused on preserving empathy and the human connection throughout all phases of HR, from recruiting to retention. An important question is whether the time savings generated by AI will open up space for more human touchpoints between managers and employees and an improved employee experience. More than half are concerned that using AI for hiring and retention may result in the loss of the human touch. In addition, there are mixed feelings about whether combining human expertise with AI will deliver a more accurate application of AI insights.

Sometimes a simple misunderstanding can mean losing a new hire before they even start. Natalia Bubis, Talent Acquisition Manager at **Quanex** said, “This morning, a colleague shared that a candidate who had accepted an offer ended up withdrawing because they missed an email from us and assumed we had moved on. It was a disappointing moment and a reminder of how crucial clear, two-way communication is throughout the hiring process. Human connection matters. While AI and automation can be incredibly helpful, they should enhance the experience—not replace the personal touch that builds trust and engagement.”

Dan Rabin of Mainstay talked about the importance of having a place for empathy in talent strategies. “We reach out proactively to candidates before they start working because a lot of

**“AI may unintentionally overlook diverse perspectives, unique personalities, and the emotional nuances that make a workplace truly inclusive and engaging.”**

— HR executive

people don’t make it to day one. They disappear in that process because, for example, they lose their daycare or transportation. When things like that happen, they don’t reach out to the employer because they feel like they’re demonstrating that they’re not a trustworthy or good employee. But when your AI agent has already established a trusted conversation with them, people feel safe saying, ‘Look, I can’t make it



tomorrow because I lost my car. I want to reschedule.’ That’s when you need a person to become involved to show some empathy. That’s when you need the high-value intervention.”

Irina Feldman, Vice President of HR for **Metal Processing Group**, an affiliate of the Heico Companies, LLC, believes the combination of technology and the human touch is invaluable. “I think there should be a combination of technology – which will be advancing – and accessibility of talking to a real person,” Feldman said. “And those real people need to know, by watching the data, that a person may need human interaction.”

Having guidelines and policies in place to educate employees about the limitations on the use of AI is recommended. This is especially important with regard to legal considerations around data privacy. Nearly three-quarters of manufacturers say that data privacy concerns are limiting their willingness to adopt AI. “Companies must develop safeguards around processes and policies to identify, mitigate, and address unauthorized use or misuse of data,” Anna Tsakiris at American Fidelity told us.

Opinions diverge on whether AI solves or aggravates problems related to bias. Some see AI as a solution to bias because it “provides a consistent framework within which decisions are

made so that biases arising in human judgement are minimized,” as one HR leader put it. In onboarding, as another HR executive stated, “AI ensures that every employee gets the same quality experience.”

Others are concerned that unconscious bias can be built into the AI systems themselves. Nearly two-thirds believe that there is a risk of AI tools reinforcing

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**63%**

**believe that there is a risk of AI tools reinforcing bias in hiring and retention practices**

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bias in hiring and retention practices. Finding a way to address biases in the AI algorithms is considered a challenge by 43% of the companies we surveyed. As one executive put it, “AI may unintentionally overlook diverse perspectives, unique personalities, and the emotional nuances that make a workplace truly inclusive and engaging.”

# Conclusion – Next Steps for AI in Talent Strategies

While there are concerns about the limitations of AI, there are a few developments on the AI horizon where manufacturers see potential in the near future. One example is using AI to deliver more personalization to employees. Personalized training, including safety training, could be an easy win. Experts say technology can deliver more engaging learning and tailored development programs for specific job functions or as reinforcement for areas of weakness. Other types of personalization, such as individualized communications from HR, can deliver a better employee experience and maintain relationships between managers and employees.

Another area of promise, especially for employee retention, is using AI to track participation in various engagement activities such as surveys, campaigns to engage employees, career development programs, and utilization of benefits. This type of application would represent the power of AI in transforming the HR function because such applications simply do not exist today.

To progress from AI-driven efficiency to AI-based transformation, HR technology tools need to catch up. In contrast to the operational technology sphere, which has enjoyed a long history using automation, machine learning and AI, HR systems are relatively late to the game. Irina Feldman of Metal Processing Group stressed that it is incorrect to blame the HR function for this relative technological immaturity. “Some people

say HR as a function is behind in adopting AI. It is not. It is the industry that is supporting HR that needs to catch up. The large players [in the HR technology space] cannot change those millions of programming elements into something else overnight. It will take some time.”

The AI learning curve is steep, and many companies feel that they don’t have the right resources or expertise to move forward with AI in their HR departments. The lack of internal expertise or training for using AI tools is a problem area for half of the companies we surveyed. Limited budget for AI implementation and maintenance is a problem for 47% as well.

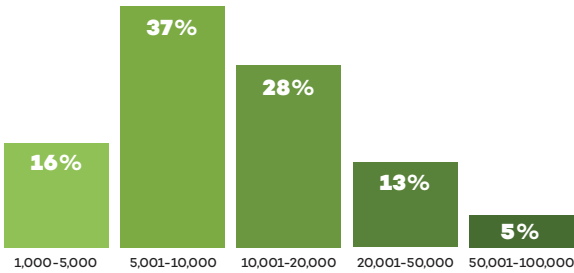
The HR function is layering AI enhancements into existing tools and learning along the way. Change management tools can help build buy-in for AI enhancements. Irina Feldman stressed the need to use pilots and test groups to gather feedback before any major rollout. “You need to listen to the feedback and incorporate it. Any type of change has to be based on real-life experience. It has to be agile.”

Moving from AI enhancements to AI transformation in HR will take time. Finding the right balance between the brave new world of AI in HR and preserving the human touch – empathy, understanding of nuance, and appreciation for a diversity of thought and experience – will take considerable care.

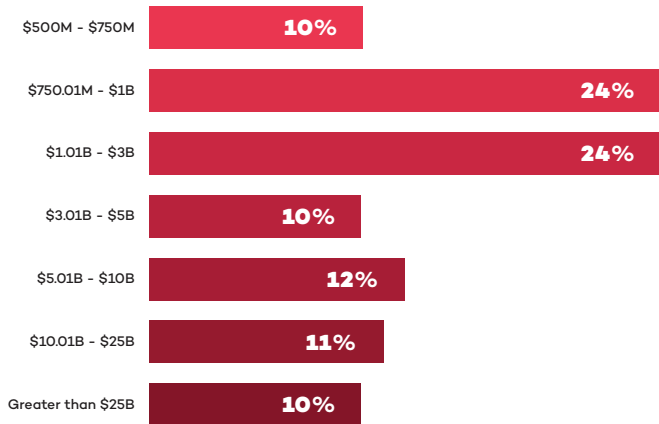
# About this Research

Manufacturers Alliance surveyed 135 leaders in manufacturing to better understand how AI is being implemented in HR practices. We have highlighted some statistics about the respondents.

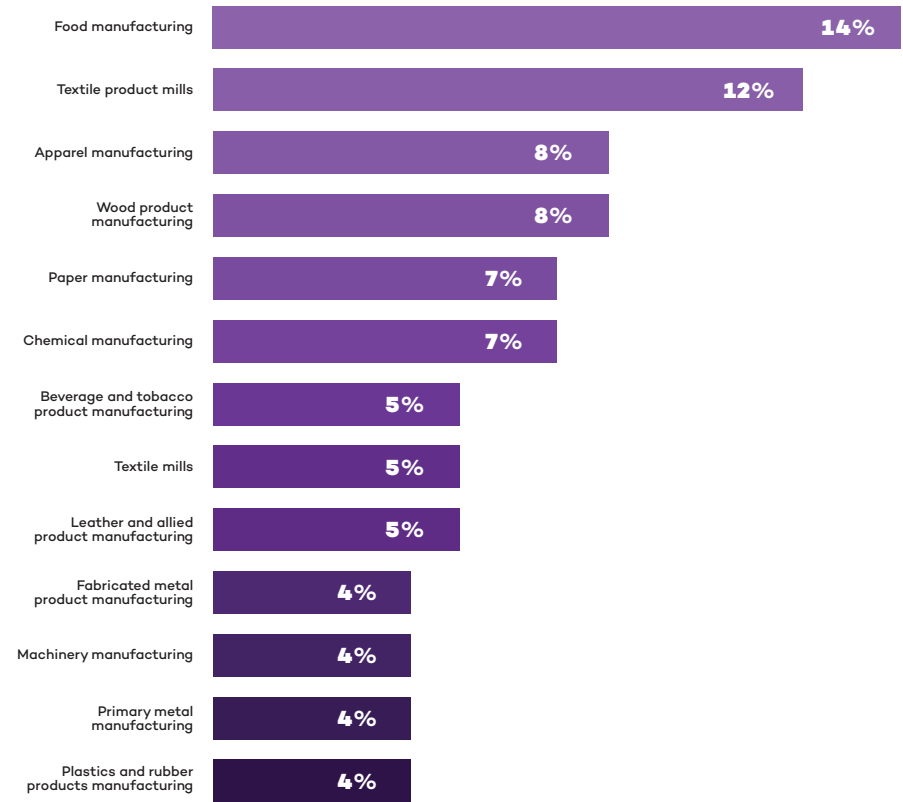
## Number of Employees



## Annual Company Revenue



## Primary Industry



Source: Manufacturers Alliance Foundation study, 2025





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