



# HR

3rd Quarter 2021

# INDUSTRY INSIGHTS

## MANUFACTURING

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### U.S. Employment Statistics as of June 2021

Unemployment  
Rate



5.9%

Manufacturing  
Unemployment  
Rate



5.4%

Manufacturing  
Employment



12,318,000

Source: U.S. Bureau of Labor  
Statistics

### Addressing the Current Talent Shortage

Across almost all industries, there is a talent shortage. In fact, as of May, there were [9 million](#) open jobs. Talent challenges spare no industry, and manufacturers today are struggling to bring high-quality employees into their workplaces.

Throughout 2021, the lack of available talent has been a top-of-mind concern for employers in manufacturing. This article provides an overview of the potential upcoming talent market in the manufacturing industry and what this outlook means for employers.

### Manufacturing Talent Market Overview

The United States general unemployment rate, manufacturing industry unemployment rate and the total number of workers employed in manufacturing [remain similar](#) to previous months in 2021, according to the U.S. Bureau of Labor Statistics. Though the industry has steadily risen in overall employment, it has only seen marginal increases thus far in the year. This minuscule increase could be partly because, during the COVID-19 pandemic, manufacturing employment as a whole wasn't hit as hard as other industries—mainly since many businesses in the industry provided essential goods.

Despite relatively healthy numbers in the manufacturing segment, employers continuously cite finding workers as one of their biggest obstacles. As of May, a report by Deloitte and the Manufacturing Institute (MI) found that the manufacturing industry is looking to fill nearly half a million job openings. Little has improved since then, and like other industries, manufacturers are struggling to fill open positions as the industry faces its own unique challenges to supplement the current talent shortage across sectors.

### Current Talent Challenges

Across industries, some employers argue that increased unemployment benefits included in COVID-19 stimulus relief packages are the main barrier keeping employees from reentering the workforce.



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Federal unemployment insurance is set to expire at the end of September, while some states have discontinued benefits already. However, the current talent market for manufacturers is much more complex.

Here are three additional talent barriers manufacturers face today:

1. Workplace safety concerns, often due to COVID-19 and the emergence of the Delta variant
2. Competition with similar sectors such as warehousing—which, according to findings from Deloitte and MI, has had more success filling open positions than manufacturing
3. Caregiving responsibilities for current and prospective employees, as some may find it difficult to return to the workplace without proper support

Manufacturers are tasked with a two-fold dilemma: addressing the current talent shortage and preparing for what could come in the near future as unemployment benefits are scheduled to end shortly and uncertainty surrounding the COVID-19 pandemic continues.

### **Employer Takeaway**

It's clear that both the manufacturing industry and its respective talent industry are changing, and it's time for employers to think differently. An employee-centric approach can help with recruitment and retention, but employers need to consider how to address their workforce's needs while also meeting the demands of their business.

As employers strive to address the current labor market shortage, common employee desires include flexible work options and expanded total rewards. It's worth reviewing whether offering flexible work options, such as flexible scheduling or hybrid work arrangements, is possible. In addition, benefits continue to play a critical role. Key considerations include caregiving support resources, such as child care assistance, and mental health resources; child care resources can help employees overcome obstacles keeping them out of the workforce. Notably, mental health has been a spotlight topic during the COVID-19 pandemic, with many employees seeking accessible care.

While these can address some common employee desires, there are many unique variables for each employer and its workforce. Consider how to best gather the pulse of the current workforce—such as through a survey—to feasibly address employees' desires and needs.

Recruiting and retaining the necessary workforce continues to be a challenge for employers in manufacturing. Unfortunately, it isn't easy to compete in today's talent market. But employers that stay apprised of the current talent market are well-positioned to meet the demands of today's workforce. Contact us today for more attraction and retention resources.

### **Hybrid Work Models in Manufacturing**

As organizations implement return-to-work plans, not all employees are eager to return to the workplace full time. In fact, work flexibility is consistently cited as a top request of employees post-pandemic. Many employers are already introducing a hybrid work

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model because it's a top desire of employees and can also benefit organizations.

A hybrid workplace is a flexible model designed to support a workforce of both on-site and remote employees. In some arrangements, employees are on-site on set days. In other cases, employees may be able to request a specific schedule.

According to many experts, an adaptation to a hybrid model for many organizations is unlikely to go away—meaning that now is the time for employers to consider how a new workplace model may impact their future workforce.

### **The Feasibility of Hybrid Work in Manufacturing**

With a high proportion of production, warehouse or floor employees, hybrid work isn't feasible for all manufacturers. In fact, according to findings from PricewaterhouseCoopers (PWC), the industrial sector (which includes manufacturing) is one of the more challenging sectors to facilitate remote or hybrid work.

Generally, administrative positions are more likely to be eligible for remote work—but even many of these jobs can be challenging virtually. For example, a position in which an employee may need to conduct a visual quality check may be challenging to do remotely. Similarly, some occupations in manufacturing could require a high frequency of interpersonal communication and team-building activities, such as a manager or team lead.

For employers in manufacturing, one of the largest challenges lies in evaluating which positions may be eligible for remote work—and, by extension, a hybrid work schedule. Though many employers within manufacturing are adopting this arrangement for some roles, that doesn't mean it will be feasible in all

cases. In some situations, it may just not be possible—or effective—for employees to be away from the workplace.

### **Advantages and Challenges of Hybrid Work**

Despite remote work being forced upon some organizations during the pandemic, a long-term approach for a hybrid workplace can offer several advantages to both the organization and its workforce. For employers, benefits include preparation for future catastrophe (such as another pandemic) and potential cost-savings, as it's been learned that many activities can take place virtually. For example, some businesses may cut on costs for business travel or reduce real estate or facilities costs if fewer employees are going into the workplace every day. While part of the adaptation to remote and hybrid work may be due to employee demands, advancements in technology and automation also allow more work functions to be conducted virtually.

On the employee relations side, a hybrid model can also provide advantages. First and foremost, flexible work options, such as a hybrid schedule, are often a top request of employees. But other potential benefits of hybrid workplaces can include access to a wider talent pool as a result of removed geographical limits, greater schedule flexibility and a healthy work-life balance. These benefits can be a key tool to leverage for recruitment and retention.

However, like any new initiative or strategy, a hybrid workplace also has its shortcomings. Challenges of hybrid workplaces can include issues adapting workplace operations, loss of real-time collaboration, company culture struggles and cybersecurity and IT infrastructure difficulties.

Taking hybrid workplace advantages and challenges into consideration, employers can develop their ideal

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hybrid workplace and bring that idea to life in a return-to-work plan. The process may involve making an organizational culture shift, which may also reshape organizational goals and objectives.

### **Hybrid Workplace Considerations for Employers**

Most organizations have norms for on-site employees but can also adapt a mirroring set of standards for those working remotely. It's important for employers to accommodate all employees but also to create practices that treat all employees fairly. Here are a few tips for developing a hybrid workplace:

- Determine which positions may be eligible for a hybrid schedule and create a plan for implementing hybrid work.
- Establish clear expectations for hybrid work and communicate them often and openly.
- Formalize a hybrid work request process, allowing employees to request approval from their manager or HR.
- Be transparent about remote and hybrid work expectations and decisions.
- As feasible, create work processes and standards that work for all employees, regardless of location. Topics to consider may include criteria for virtual-friendly meetings and effective utilization of project management and communications tools.

Employers can reduce the prevalence or impact of such challenges by being intentional about decisions and trade-offs. They should be empathic and listen to individual employee needs while also being creative when developing connected and effective workplace solutions. Well-managed hybrid workplaces can help

maintain not only a great work-life balance for employees but also an employee-centric work environment for employers and organizational leaders.

For more resources on how to develop and manage a hybrid work model, contact CLG Insurance today.