



4th Quarter 2021

# INDUSTRY INSIGHTS

## MANUFACTURING

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

Unemployment Rate

4.8%

Manufacturing Unemployment Rate

3.9%

Manufacturing Employment

12,446,000

### Looking Ahead to Attraction and Retention Challenges in 2022

2021 has been marked as a year of talent shortages—with these challenges largely expected to linger into the new year. To start, the United States’ general unemployment rate sits at 4.8%, according to the U.S. Bureau of Labor Statistics (BLS). This is the lowest rate since before the coronavirus pandemic. On a broad scale, fewer available workers are looking for work across industries. At an operational level, this means that employers, such as manufacturers, may continue struggling to bring in the employees they need.

In addition to finding new workers, employers are struggling to keep the ones that they currently have. According to the BLS, employers have had high numbers of employees [leave their current jobs](#) over the preceding months. During this time, a lack of available talent has labeled the employment market as a “turnover tsunami” and even “the great resignation.”

Various factors have influenced these attraction and retention challenges. Over the course of the year, many employees have had safety concerns due to COVID-19, often leaving them to stay out of the workforce. In other cases, employees have personal or caregiving responsibilities that have impeded their employment availability. And earlier in 2021, employers argued that increased unemployment benefits included in COVID-19 stimulus relief packages were one of the main barriers keeping employees from reentering the workforce. These are just a few of many factors that may have contributed to the struggle that employers, including manufacturers, find themselves in today. As the pandemic evolves, manufacturers should expect the difficult labor market to continue into 2022.

#### Attraction and Retention Challenges in 2022

Here are some attraction and retention challenges that may contribute to tight labor markets for manufacturers in 2022:

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- 1. Addressing COVID-19-related safety concerns.** While increased COVID-19 vaccination rates have improved the numbers of employees returning to work, many employees still have safety-related concerns that could prevent them from working in an on-site position.
- 2. Navigating COVID-19 vaccine and testing mandates.** The Occupational Safety and Health Administration (OSHA) recently issued a federal emergency temporary standard (ETS) that goes into effect in the coming months. Affected employers include private employers with 100 or more employees. The ETS requires employers to:
  - Develop, implement and enforce a mandatory COVID-19 vaccination policy; or
  - Create a policy allowing employees to choose to get a vaccination or wear a face covering in the workplace and have weekly COVID-19 testing done.

In addition, many employers not required to do so are also considering vaccine mandates. While many employees who value a safe workplace support vaccination policies, others dislike or could even quit over a mandate. Employers will be tasked not only with staying in compliance but also with navigating employee relations as this mandate may impact attraction and retention.

- 3. Bringing new employees into manufacturing.** In May, a report by Deloitte and the Manufacturing Institute (MI) found that the manufacturing industry was looking to fill

nearly half a million job openings in the United States. Looking forward, the report found that manufacturing may have as many as 2.1 million unfilled positions by 2030. Tying in today's employment numbers, the manufacturing industry's total unemployment has added minimal workers, [remaining relatively constant](#) over the past several months, according to the BLS. This trend is likely to continue into 2022 as manufacturers struggle to fill open positions.

- 4. Meeting employee demands.** In today's market, workers can often afford to be choosy. This may mean they are looking for competitive compensation, workplace safety, flexibility or other aspects of an employment opportunity that meet their needs.

### Employer Takeaway

These examples illustrate that we currently are in a worker-driven employment market. As we move into 2022, it appears that employers will continue to face many of the same challenges that have plagued organizations throughout 2021 and will need to meet the needs of current and prospective employees to win over—and keep—workers. As employers begin workforce planning for 2022, understanding current events and trends can help and inform talent strategies. It's never too early to start planning for 2022. Contact us today for more attraction and retention resources.

### Building Digital Skills Among Workforces

The digital revolution has led many manufacturers to use technology-forward models. Among other efforts to improve their business, manufacturers are

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investing in technology to improve efficiencies, reduce errors, advance capabilities and lower costs. However, as organizations focus on investing in new technology, investments in necessary skill sets often get left behind. Investments in new tools can only be as effective as the employees that are using them.

The ways in which a digital skills gap impacts a manufacturer vary, but regardless of an organization's investment, advancing digital skills is imperative.

### Digital Skills Challenges in Manufacturing

In some cases, manufacturing facilities might be introducing technologies such as 3D printing, motion sensors or new software. For most employers, realistic challenges include having workers operate automated machinery effectively or use computers. For example, some manufacturers may have previously had many employees completing manual labor—whereas today, machinery does most of the heavy lifting. And as technology advances, employers will need production or warehouse employees who are able to navigate new tools to do their jobs more efficiently.

To highlight the current skills gap in the industry, a recent report from the National Skills Coalition found that around one-third of manufacturing workers lacked digital skills. The report found that 19% of American manufacturing employees have very limited skills, while 16% have no digital skills at all.

### Addressing Digital Skills Gaps

In some capacity, the need for digital skills has expanded to most positions in manufacturing. The needs of every organization will vary, but here are some ways that employers can address a digital skills gap:

1. Take inventory of the current digital skills and capabilities within your current workforce. This inventory should focus on what skills are necessary for the current and future state of the business and where existing skill sets are lacking. A full understanding of the current state can help inform strategies to address gaps.
2. Build digital training into ongoing learning and development efforts. For example, if using a Learning Management System (LMS) or other training platform to educate employees, including digital skills trainings in ongoing efforts can help employees continually learn.
3. Design roles that include ongoing learning and evolving skills, and then align training to this continuous learning model.
4. Offer digital-focused microlearning opportunities, and allow employees to learn about new skills in a workshop, training event or a short-term project.

Learning and development should be thought of as an ongoing effort, not a one-time event. There are several ways that employers can equip employees with new skills, but in general, a good practice to build these skills sets is to create a learning culture that includes such development efforts on an ongoing basis.

For more resources on addressing skills gaps, contact Wheeler & Taylor Insurance today.