

Legal Update Article

# **Automation as Response to Labor Shortage: Considerations for Manufacturing Industry**

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The move toward automation was underway in the manufacturing industry well before the current labor shortage triggered by the COVID-19 pandemic. Now, employee departures and the wage increases in an effort to retain and replace employees have forced employers to fast-track plans to implement automation technologies.

More than 43 million Americans quit their jobs in 2021, according to the *Washington Post*. The number of manufacturing employees who have voluntarily left their jobs as of late 2021 has increased by nearly 60 percent compared to pre-pandemic rates. This is a greater rate of attrition than employees working in any other major business sector, including wholesale trade, healthcare, hospitality, education, and retail.

Automation offers significant benefits for manufacturers. They include lower production time and higher production volume, fewer human error, and greater safety as a result of limiting employee involvement in the production process.

The net impact of automation is not inherently positive, however, at least not at the outset. While automation can save manufacturers money in the long term, the front-end costs can be expensive and implementation time can be substantial.

The most cited disadvantage of automation is the assumed elimination of jobs. This critique has garnered serious skepticism from commentators, many of whom posit that the increased productivity flowing from automation creates as many job opportunities as it eliminates. This is supported in a fall 2020 World Economic Forum report that predicted the rise of automation would net 12 million new jobs by 2025. Moreover, automating repetitive and simple tasks frees employees to learn new skills, take on more complex jobs, and empowers them to move up the value chain.

Nonetheless, these changes often cause employees serious anxiety and uncertainty. For that reason, manufacturers looking to incorporate automation into aspects of their operation should make a deliberate effort to communicate honestly and openly with the workforce. They should educate employees on the fact that the changes are not designed to cut jobs, but to help them perform their work and create opportunities for advancement. This is particularly true for unionized employers. They likely will need to devote additional time and energy educating union leaders about the positive effects of automation. Preparing and educating employees, and their bargaining agents, for the integration of automation should help ease the transition.

Automation has serious utility and is becoming more of a necessity (rather than merely a competitive advantage) in the current labor market. Still, manufacturers can take a holistic approach to automation technology. Rather than thinking of automation exclusively in terms of cost savings, consider the impact on employee morale as well and take steps to promote employee empowerment.

Please contact a Jackson Lewis attorney with any questions.

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