

Warehouses and Distributions Centers Turn to Automation in Response to Ongoing Labor Shortage

By Laura A. Pierson-Scheinberg & Nicholas B. McGrath

September 9, 2022

Meet the Authors



Laura A. Pierson-Scheinberg

(She/Her)

Principal

415-796-5408

Laura.PiersonScheinberg@jacksonlewis.com



Nicholas B. McGrath

Associate

402-827-4249

Nicholas.McGrath@jacksonlewis.com

Related Services

Distribution and Warehousing

Labor Relations

National Compliance and Multi-State Solutions

Retail

More than 43 million Americans quit their jobs in 2021, according to *The Washington Post*. This mass exodus has put a particular strain on operators of warehouses, distribution centers, and 3PL providers who have been forced to confront the labor shortage while e-commerce sales have surged over recent years. These staffing issues have been exasperated by high turnover rates among workers facing longer hours and added stress as they try to keep up with their employers' fulfillment needs.

Automation offers significant benefits to employers struggling to adequately staff warehouse environments. In addition to reducing the need for labor and making work less demanding for current employees, automation stands to increase productivity, order accuracy, and reduce workplace injuries. Given these benefits, it should come as no surprise that the global warehouse automation market is expected to double in value over the next four years, based on a study conducted by the *Harvard Business Review*. Indeed, supply chain leaders who participated in the study indicated that automation is one of their top priorities for digital investment.

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

The most commonly identified concern associated with automation is the assumed elimination of jobs. This perceived disadvantage has garnered serious skepticism from commentators, however, many of whom posit that the increased productivity flowing from automation creates as many job opportunities as it eliminates. Moreover, automating repetitive and simple tasks frees employees to learn new skills, take on more complex jobs, become empowered to move up the value chain, and makes workers' jobs safer and more meaningful.

These changes often cause employees serious anxiety and uncertainty, nonetheless. For that reason, employers looking to incorporate automation into aspects of their warehouse 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.

Employers should also take proactive steps to provide opportunities for employee growth, including avenues for entry-level warehouse workers to eventually elevate into management level positions. If current employees can see a path for meaningful career advancement, the notion that more menial

tasks may be moved toward automation should be less foreboding.

The importance of front-end communication and education regarding automation is particularly true for unionized employers. Employers with union shops will likely 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.

Warehouse work is one of the pillars of our global economy. Automation has serious utility and is becoming more of a necessity (rather than merely a competitive advantage) in the current labor market. It has the potential to resolve thorny staffing issues, increase efficiency, and empower employees. Still, employers implementing automation technology in warehouse environments would do well to consider the impact on their current workforce by investing in opportunities for growth and advancement.

Please contact a Jackson Lewis attorney with any questions.

©2022 Jackson Lewis P.C. This material is provided for informational purposes only. It is not intended to constitute legal advice nor does it create a client-lawyer relationship between Jackson Lewis and any recipient. Recipients should consult with counsel before taking any actions based on the information contained within this material. This material may be considered attorney advertising in some jurisdictions. Prior results do not guarantee a similar outcome.

Focused on labor and employment law since 1958, Jackson Lewis P.C.'s 1000+ attorneys located in major cities nationwide consistently identify and respond to new ways workplace law intersects business. We help employers develop proactive strategies, strong policies and business-oriented solutions to cultivate high-functioning workforces that are engaged, stable and diverse, and share our clients' goals to emphasize inclusivity and respect for the contribution of every employee. For more information, visit <https://www.jacksonlewis.com>.