

The Year Ahead 2024: Manufacturing

By James M. Stone & Maurice G. Jenkins

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Transcript

Alitia Faccone:

Welcome to We get work™ and The Year Ahead 2024 podcast series. Covering workplace issues from both subject matter and industry perspectives, the 19 episodes in our series provide both big picture trends and detailed tactics that can help employers achieve their workplace ideal, while remaining real about regulations, compliance challenges, and more in 2024. Jackson Lewis invites you and others at your organization to experience the report's legislative, regulatory, and litigation insights in full at our website, JacksonLewis.com, or listen to the podcast series on whichever platform you turn to for compelling content.

Jim Stone:

Hello and happy New Year. Good morning, good afternoon as the case may be. And thank you for joining us for this special episode of The Year Ahead 2024 report. Today we're talking about the manufacturing industry. I'm Jim Stone and I'm here with Maurice Jenkins. We're the co-leaders of Jackson Lewis' manufacturing industry group. We both have a large amount of manufacturing industry experience, probably 50 or 55 years between two of us. We both have worked in labor law, litigation, and a host of other areas within the industry. We're going to talk a lot about challenges facing manufacturing industry right now. And we're going to lead off with my colleague Maurice Jenkins talking about what the key trends that he's seeing within the manufacturing industry. Maurice, what are you seeing right now as industry faces so many challenges?

Maurice Jenkins:

You're right, Jim. As I prepared for this podcast, of course we monitor and are committed at Jackson Lewis to thought leadership and knowing what is going on and what might happen. What I've identified from many different sources are four or five important trends that manufacturers can look for as they develop their playbooks or amend their playbooks for the year 2024. Obviously, one is tackling challenges they have that is retaining and recruiting the correct mix of skill sets and personnel for their evolving companies.

Also, manufacturers are still reeling from disruptions in the supply chain. And efforts to secure those supply chains and to bring resiliency to those supply chains has driven a move towards technologies that affect both the future of work and how

employees get work done. Then of course, there is managing artificial intelligence or AI and its impact on jobs, security threats, data privacy, and finally, developing sustainability with respect to their business models, both to encourage and improve upon their workforce skill development and succeed in the business.

But we've both discussed that as well as these trends are there, there are headwinds. Can you share, Jim, some of the headwinds that you've identified that are facing manufacturers in particular?

Jim Stone:

Yeah, so I think many manufacturers who are listening to this can identify with this. Probably the number one issue are the skill gaps that exists between the applicant pool and the employment pool and what the industry needs. There's been a long-term trend that dates back probably decades for younger generations pushing towards college degrees instead of careers in the trades, even though often careers in the trades pay more in the long run. And overall, negative perception of manufacturing industry in general, which I think is leftover from photographs people have seen from the '30s and '40s and '50s of dark and bank manufacturing facilities. All of us know that is almost never the case anymore. Manufacturing is light, bright and very much with it. But there perceptions persist and take a long time to change, and I think that has discouraged people with a high degree of technical acumen or interest from getting into the manufacturing industry.

And there's a lot of opportunities for advancement too. But again, I think the old images persist that this is a one and done kind of career path and that's not the case at all. Despite record level new hires, Maurice, you and I talked about this, job openings are at a near all time high, around 800,000. Even though the gap that was even higher coming out of the height of the pandemic, that's still extremely, extremely high number. Voluntary separations continued to outnumber layoffs and discharges. Overall, that's increased the demand on the industry to hire and find hires that are qualified. Immigration is also something that is beyond the scope of our program to talk about, but most manufacturers favor some degree of immigration reform. And inflation of course, which has driven prices up and costs up and required companies to pay more or offer better benefits. That's been a challenge to filling this employment gap.

HR itself, human resources, is a business imperative that that be retooled and re-skilled to help with change management and to develop new compensation strategies that are designed for companies. I know I got a call the other day from a company manufacturer about what should they be doing with benefits beyond sort of the obvious issue of health insurance. And we talked about a lot of different options that are available today in terms of things that can be done to make workforce more attractive and to get people to come and more importantly to stay. I do think that newer employees tend to have less employer loyalty than even was the case maybe 10 years ago. So retention is a key issue and HR can play a key role in dealing with that.

So along those lines, Maurice, managing the production workforce, managing the manufacturing workforce is an important consideration. And what do you see as the key challenges specifically in that area beyond just the more general trends I

talked about?

Maurice Jenkins:

Yeah, Jim, just to sharpen the point that you made about the state of the skill manufacturing labor in the US, a recent report by the Manufacturing Institute and Deloitte found that 4.6 million jobs will need to be filled in US manufacturing over the next decade, and 2.4 million jobs may be left open due to a lack of trained workers.

And so your point about attracting and recruiting talent and with a skillset that fits the manufacturing organization will require a recalibration of what that looks like. Many employers, we expect, will continue to look for skills, not necessarily that announced a highly technical background in mathematics or those STEM kind of curricula, but candidates who have adaptable skills. So retaining manufacturers who were polled over the last six months have said that their top challenges will remain retaining existing talent, which means employers will have to find ways to redefine career paths and to give employees with adaptable skills the incentive to continue to learn because AI will continue to redefine how they perform their job, where they perform the job, and the nature of work itself.

So finding the right talent, 74% of manufacturers said that is an imperative for them. And of course maintaining competitive wage and benefit packages will continue to be a challenge in this time of inflation. But what we can expect is not only more organic, continuous skill development initiatives by employers, but I can envision, and statistics indicate, that more and more private sector manufacturers are partnering with governmental entities to develop external cooperative learning curricula to develop and otherwise undeveloped workforce in their respective geographic area. And of course, one in three surveyed executives point to retaining high performing employees, which I would suggest is the holy grail of most businesses. But in manufacturing, its particularly acute because of the move to industry 4.0 initiatives that incorporate AI and other digital controls and means into the operations of manufacturers.

But you mentioned, and the theme appears to be manpower, manpower, headcount. How are some of the chief HR officers of these manufacturing clients that we represent and those doing business here and abroad, how do they view those challenges and attacking those challenges? What do you see on the forefront?

Jim Stone:

Yeah, Maurice, I think a lot of HR and other company executives are being creative in this area. I think that the old idea that we'll pay people enough and they'll stay, that's out of date and they're being much more skillful and flexible in this area. So one thing we see companies doing is they're creating various versions of sort of an internal talent marketplace that allows workers to access projects and mentors outside of the roles which allow them to develop in many areas, allowing employees can to work at home at least part of the time. This is view of the pandemic and people's experience there. This has become a very popular feature of jobs. Not every job can allow that, but some can at least on an occasional or once a week or twice a week basis. And that can be extremely popular with retaining employees. It builds

loyalty not just from the employee, but the whole employee's family.

Employee referral programs with cash rewards that are much higher than maybe were the case in the past can lead to a huge increase in applications. And then removing false barriers to entry. You mentioned earlier, Maurice, not necessarily having background in the STEM or mathematics areas or even a vocational training course, but even hiring liberal arts graduates that have the interest. As long as you have the interest and want to make a career in manufacturing, those people can become excellent hires.

So along those lines, Maurice, what else do you think employers can do to retain? You mentioned retention being a key, the holy grail, and that is, I think you're right. What can they do to retain employees?

Maurice Jenkins:

It's been a common phenomenon that each generation views, scans predecessor generations is not being enlightened or different than they are. But what we're seeing, for those employers that are challenged to develop and boost their workforce and skill sets among the workforce to match the technological evolution and strategies of their company as it affects manufacturing, they're finding that pay increases alone don't necessarily carry the day because it's a buyer's market. That is to say the applicant is more like the buyer and the employers are trying to convince the applicant that their company is the one for them.

And so DEI strategies, as you know, the manufacturing industry overall has not been very diverse throughout the history of the US industrial age. But clearly, given the challenges for workforce development and retention that employers, manufacturers have to reimagine and reset their manufacturing cultures to be more inclusive with respect to diversity, that's gender, ethnicity, race, or what have you. Because by sheer numbers alone, the census data shows that the birth rate in America has been declining since 2007.

So these challenges are real and they're structural. And this is a sobering thought. For those employers who have been frustrated as they've gone to hiring fairs and factory or industrial programs to encourage and attract applicants, they have found among Gen Zers that 72% of Gen Zers are prepared and have rejected job offers or quit where a company did not indicate a support for DEI initiatives. 67% of Gen Zers would consider rejecting the job offer if there was a gender imbalance in the company. And 65% would consider accepting a job offer or stay if a hybrid data IT analytics and development job and career development opportunities are there. And so these are the things that traditional manufacturers are looking at and we expect to pivot towards what their resources and strategic focus in the year 2024 and beyond.

So the good news is for our listeners that the US manufacturing industry is very strong and contributes... Just the auto industry alone, I believe contributes 30% of our GDP or heavy goods industries. And so it's very timely that we share this. And being that we're co-leaders of the manufacturing industry group of Jackson Lewis, I think it's critical that our members are committed to continuing to research and analyze.

Jim Stone:

Well, we thank everyone for joining us for this podcast and we look forward to talking to many of you in the future.

Alitia Faccone:

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