

Close the Talent Gap

Pre-pandemic insights inform future workforce strategies in manufacturing



This report analyzes responses from 313 hiring managers and decision-makers working in the manufacturing sector for a U.S.-based organization or a multinational company with a strong U.S. presence. The survey was fielded March 11–17, 2020 and predominantly asked questions pertaining to the 12-month period prior to the COVID-19 pandemic.



2020 HINDSIGHT

A pre-pandemic pulse check on manufacturing

The good — and the not-so-good

The bottom-line impact of recruitment and engagement strategies was top of mind for hiring decision-makers prior to the COVID-19 pandemic.

THE STATE OF THE INDUSTRY

The mindset of manufacturers in early 2020

The qualified candidate conundrum

In the year leading up to the COVID-19 pandemic — i.e. March 2019 to March 2020 — most hiring decision-makers (62%) agreed that their organization had difficulty recruiting skilled talent. With rising retirements, manufacturers must embrace the youngest generations in the workforce — Millennials and Generation Z — to fill critical gaps.

However, confidence in their ability to attract these demographic groups is mixed: Nearly half (47%) of respondents agree that negative perceptions about manufacturing plague their industry and have had a direct impact on their organization's ability to recruit Millennial and Gen Z candidates.

47%

of hiring decision-makers say negative perceptions about the industry directly impacted Millennial and Gen Z recruitment.

62%

of hiring decision-makers say that their organization had difficulty recruiting skilled talent.

44%

of hiring decision-makers say their organization experienced higher-than-average voluntary turnover in the year leading up to COVID-19.

High turnover, low engagement

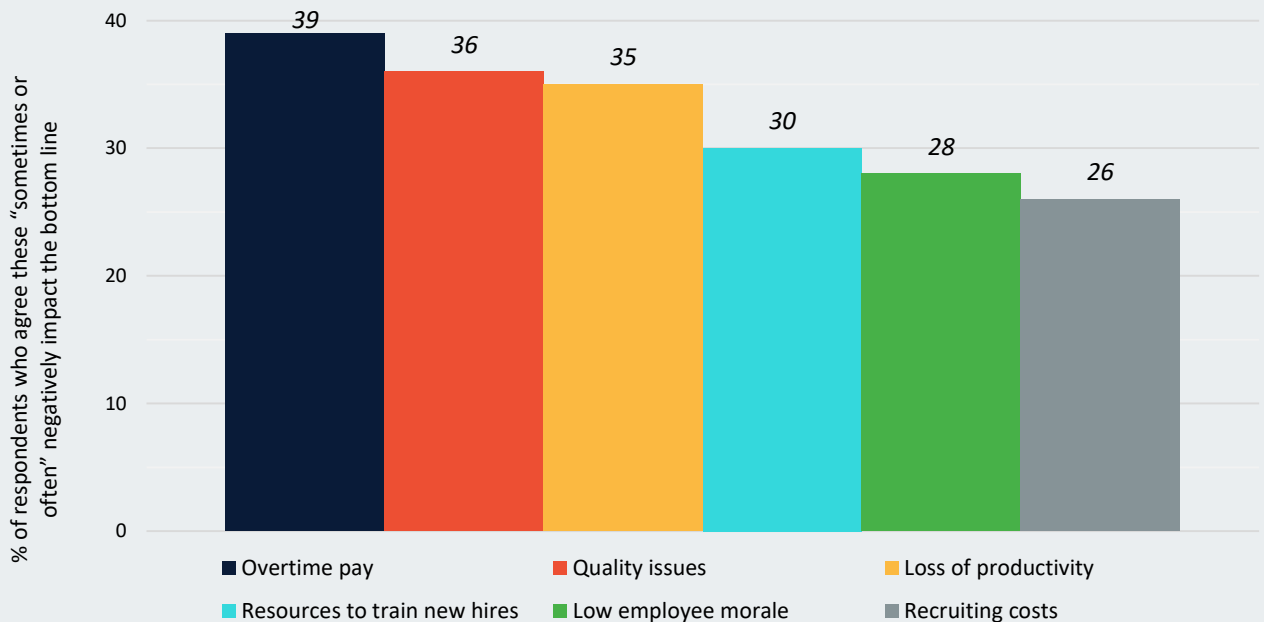
Layered on top of recruitment challenges, nearly half (44%) of hiring decision-makers were experiencing higher-than-average voluntary employee turnover in the 12 months prior to the start of the COVID-19 pandemic, and 2 in 5 (40%) recorded a spike in retirements.

Some manufacturers struggled to maintain an employee experience that inspired good attendance: During that same 12-month timeframe, 61% of respondents found that employees weren't showing up on time, 55% found employees were calling out of shifts at the last minute, and 42% noted that employees would sometimes simply not show up for a scheduled shift, without alerting a manager.

Impacting the bottom line of the business

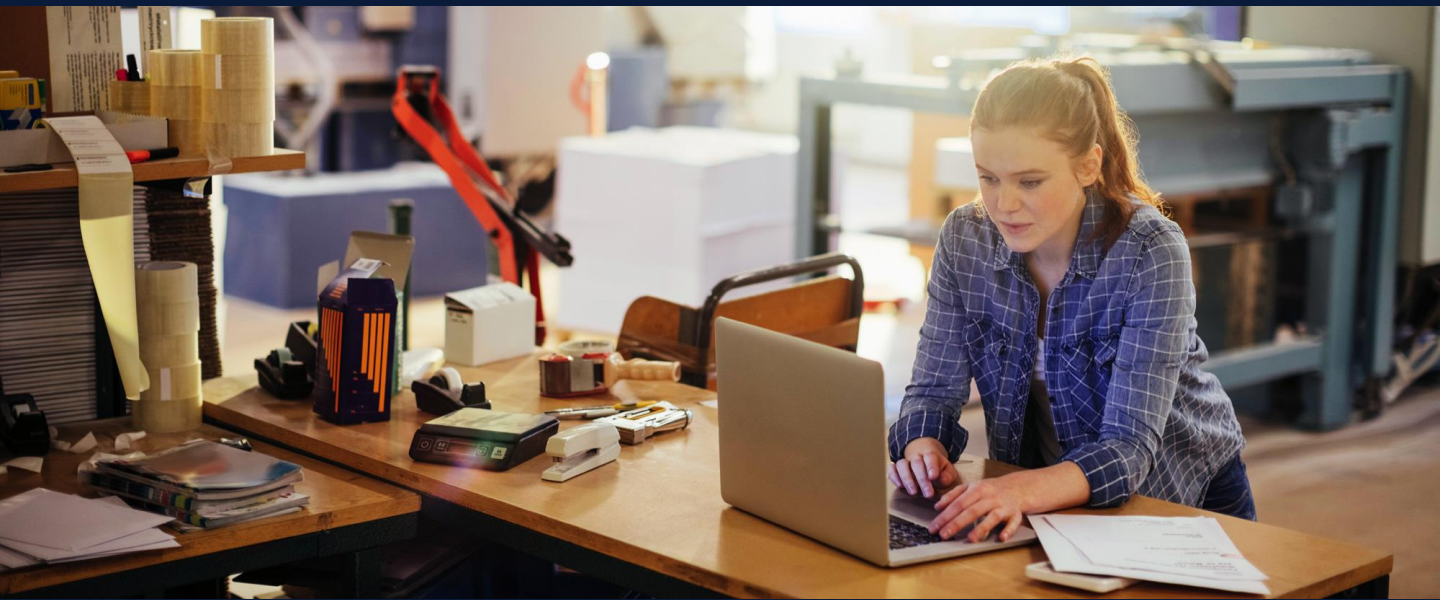
Ultimately, the combination of low recruitment and high turnover impacted productivity and overall operating costs for many manufacturers. More than half (52%) of hiring decision-makers said that unplanned employee absence sometimes or often led their organization to pay more overtime than expected.

In the 12 months preceding COVID-19, more than a third of respondents said these factors had negatively impacted their organization's bottom-line: overtime pay to compensate for vacant positions (39%) and loss of productivity due to turnover (35%). In addition, resources to train new hires (30%), low employee morale (28%), and recruiting costs (26%) also took a bite out of manufacturers' bottom line.



However, it wasn't all doom and gloom on the pre-pandemic HR front: When reflecting on the previous 12 months, more than three-quarters (75%) of hiring decision-makers found that their organization had sustained adequate headcount to meet production demands.

And while a small percent of manufacturing organizations had downsized operations in the preceding year (8%), nearly two-thirds (65%) had successfully grown, whether by opening a new facility, creating new jobs, acquiring headcount, or successfully filling open positions. Although they hadn't solved the industry's looming talent problem, manufacturers generally seemed to be faring well as of early March 2020.



BRIDGING THE TALENT GAP

It's a double-edged sword

Tackling recruitment and retention

Doubling down on employee experience may be the missing key to solving manufacturing's recruitment and retention woes.

PERSISTENT CHALLENGES

Attracting and retaining skilled labor

A smaller traditional candidate pool

Manufacturers have struggled in recent years to recruit skilled employees at a rate that matches the pace of innovation: A silver tsunami threatens to thin the manufacturing workforce substantially and few young people are lining up to fill their roles, posing a legitimate threat to production demands.

In the 12 months preceding the start of the pandemic, nearly half (48%) of hiring decision-makers surveyed found it difficult to get qualified applicants to apply for open positions, with applicants lacking:

- Experience (40%);
- Critical skills (38%); and
- Education required for the role (19%).

When considering recruitment in the long-term, one-third of respondents (34%) reported experiencing difficulty maintaining a strong pipeline of qualified candidates.

- More than half (51%) of respondents found full-time hourly positions to be the most difficult positions to fill, followed closely by management positions (47%).
- Hiring decision-makers were also challenged to compete with both manufacturers (26%) and non-manufacturing (25%) organizations for skilled talent.

COVID-19 has accelerated the need for the industry to focus on its people. Adopting strategies to develop and attract skilled talent and to optimize the existing manufacturing workforce is more important than ever.



Kylene Zenk is the director of the manufacturing practice at UKG (Ultimate Kronos Group), where she focuses on tracking and identifying industry trends that shape the future of work for manufacturers.

An uninspiring employee experience?

To be an employer of choice in the manufacturing industry, professional development and educational opportunities are critical — yet between March 2019 and March 2020, the gap between employee expectations and employer offerings appears to be concerning significant.

- Just above half (57%) of hiring decision-makers said that managers at their organization showed a commitment to helping employees advance along in their career path; at the same time, less than 2 in 5 (38%) said that on-demand training resources were made available to all employees.
- Despite increasing demand for shift security and flexibility, less than 2 in 5 (38%) respondents said that part-time employees had predictable schedules. Meanwhile, 82% said that full-time employees were given predictable schedules.
- Similarly, only a third (35%) of respondents said that their organization used creative scheduling practices designed to help employees achieve work-life balance.
- Less than half (44%) of respondents said their organization's attendance policy rewarded employees for good attendance.

Gaps in adequate workplace technology over the 12 months preceding the COVID-19 pandemic further exacerbated weaknesses in many manufacturers' insufficient employee experience strategies.

Less than a quarter of respondents had:

- Introduced an automated employee scheduling system (22%);
- Offered mobile self-service tools for employees to view and request changes to their work schedule (22%);
- Allowed employees to swap shifts automatically in real time, without the need for manager approval (17%); or
- Given employees the ability to clock in and out of their shift from a mobile device (15%).



A little more than half (57%) of hiring decision-makers say managers at their organization are committed to helping employees advance in their career path.



Only a third (35%) of hiring decision-makers say their organization uses creative scheduling practices to help employees find work-life balance.



Less than a quarter (22%) of hiring decision-makers say their organization offers automated or mobile scheduling.



OPPORTUNITIES AHEAD

Where past insights meet present challenges

Examining pre-COVID-19 insights

By observing critical learnings from a pre-pandemic era as a point of reference, manufacturers can define and adopt new workforce management strategies for the future.

ADOPT, ADAPT, OVERCOME

Innovative steps toward workforce resilience

Maximize the existing workforce

In early March 2020, manufacturers were taking steps to maximize their workforce by:

- Upskilling / reskilling employees to take on new or different roles (65%);
- Cross-training employees to take on a broader set of responsibilities (58%);
- Offering apprenticeships to provide hands-on experience and support professional development (28%); and
- Offering mentorships to promote knowledge sharing from seasoned workers to new employees (26%).

Collaborate with community partners

Around 1 in 4 hiring decision-makers said their organization was collaborating with local schools and colleges to develop

programs designed to teach technical skills relevant to a career in manufacturing (30%) or to educate students and parents about career opportunities in modern manufacturing (23%).

14%

of hiring decision-makers said that their organization had participated in a MFG Day initiative within the last three years.

A quarter (24%) said their organization had developed a talent pipeline by networking with industry associations.

Enhance employee-facing technology

Manufacturers had begun to answer the call for intuitive

workplace technology that would:

- Track employee skills and certifications (43%);
- Measure employee potential (36%);
- Measure productivity losses based on absenteeism (28%);
- Intelligently pin-point root cause(s) of employee turnover (28%);
- Forecast skills gaps (27%);
- Fill open shifts last-minute / in real time (23%); or
- Measure flight risk (13%).

36%

of hiring decision-makers said that their organization had begun using technology to measure employee potential, in addition to other key metrics.

Embrace alternative talent pools

Faced with a tight labor market over the 12 months preceding the COVID-19 pandemic, many manufacturers were forced to diversify their candidate pool by recruiting individuals with non-traditional experience — and 4 in 5 (81%) found this helped to address their organization's skilled labor shortage.

73%

of hiring decision-makers said their organization actively recruited veterans to fill skilled-labor gaps.

Among those who said their organization was actively recruiting alternative sources of talent, the most commonly recruited grouping of candidates was veterans: Three-quarters (73%) said their organization actively recruits veterans, while 3 in 5 (60%) had hired a veteran between March 2019 and March 2020.

Other commonly recruited candidates include:

- Short-term (69%) and long-term (67%) contract labor;

- Those with non-traditional skills or work histories (66%);
- Second-chance workers (64%);
- Those who were out of the workforce for 2+ years (64%);
- Gig workers (62%);
- Graduates of nonprofit job placement programs (61%);
- Refugees (56%);
- Persons with disabilities or special needs (54%); and
- Retirees (54%).

Prioritize the employee experience

Even prior to the COVID-19 pandemic, manufacturers showed they were keen to invest in employee experience.

91%

of hiring decision-makers agreed it's important to invest in company culture to recruit and retain.

Culture: The vast majority (91%) of hiring decision-makers agreed it's important to invest in company culture as a way to

attract qualified candidates and retain valued employees.

The good news? Most manufacturers (87%) have already begun to actively enhance their company culture.

81%

of hiring decision-makers view people a key component of a successful digital transformation.

Productivity: Most respondents agreed that employees are more productive when they have flexible schedules (82%). And nearly half (46%) agreed that when organizations hire less people and give them more hours, productivity improves.

People: 4 in 5 (81%) agreed that their workforce is a key component of digital transformation — reinforcing the importance of the employee experience.

It's more important than ever to focus on adopting new strategies for developing and attracting skilled talent while optimizing the current workforce as the industry prepares for the future of work.



ABOUT THIS REPORT

“Close the Talent Gap: Pre-pandemic Insights Inform Future Workforce Strategies in Manufacturing” analyzes responses from 313 hiring managers and decision-makers working in the manufacturing sector for a U.S.-based organization or a multinational company with a strong U.S. presence. The survey was fielded March 11–17, 2020 and predominantly asked questions pertaining to the 12-month period prior to the COVID-19 pandemic.

THE WORKFORCE INSTITUTE AT KRONOS

The Workforce Institute at Kronos Incorporated is a think tank that helps organizations drive performance by addressing human capital management and workforce management issues that affect both hourly and salaried employees. Through education and research, The Workforce Institute empowers organizations with practical ideas for optimizing the 21st-century workplace. Board members and key stakeholders publish articles and insights through The Workforce Institute blog at www.workforceinstitute.org.

Survey Methodology

The Workforce Institute at Kronos Incorporated collected responses from 313 full-time employees working in the manufacturing sector and involved in hiring decisions at their company, which is either U.S.-based or a multinational organization with a strong U.S. presence. The survey was fielded between March 11–17, 2020 — in the earliest days of the COVID-19 pandemic.

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For more on how Kronos can help your organization address employee engagement and other key workforce management issues, please email Kronos at educate@kronos.com or visit www.kronos.com.