

MANUFACTURING'S LABOR SHORTAGE

SIMPLE TECH & TACTICS FOR TOUGH TIMES

By Avetta



Manufacturers are pulling out all the stops when it comes to attracting and retaining skilled workers.

Nearly 90% have [boosted benefits, wages and raises](#). Some have souped up signing and referral bonuses worth \$5,000. Others are forking more money into 401Ks and vesting employees 100% on day one.

Despite these highly commendable gestures, not much has changed. The most recent quarterly outlook survey released by the National Association of Manufacturers reported almost 75% of manufacturers affirmed their top challenge remains [attracting and retaining employees](#).

Doing More with Less is Starting to Cost More

The direct impacts of the workforce shortage are obvious. Last year, [almost half](#) of manufacturers were unable to take on new business and lost revenue opportunities. This year, over 59% of manufacturers report that the inability to find enough workers has impacted decisions to [make investment plans](#) or expand.

The indirect impacts are equally concerning. A lean pool of new, inexperienced, or undertrained workers are prone to make more mistakes that impact product quality.

Is it a coincidence that a record-breaking 900 million of product units were recalled in the [first quarter of 2022](#)? The United States experienced the highest number of units recalled in a single quarter in the past 10 years. To put this figure into perspective, [1 billion product units](#) were recalled in all of 2021.

Predictably, when product recalls increase so do product liability insurance rates. Insurance Journal noted claim costs were starting to creep up for manufacturers in [2021](#).

Property insurance rates are climbing as well, partially due to aging facilities in the small to mid-size manufacturing market. Skilled maintenance technicians are [difficult to find](#), and maintenance plays a critical role in creating value for manufacturers. There's pricing pressure from property carriers because of [claims outside of catastrophes](#), too. The food manufacturing space ramped up production throughout the pandemic, and machinery was operating at full capacity. Overheated machinery can quickly become a fire hazard that leads to property damage or worker injuries.

Patchwork Solutions to Preserve Production

Outside of offering workers better benefits and compensation, manufacturers are cobbling together tactics to maintain production.

They're Seeking Temporary, Fast Fixes

Nearly 66% of manufacturers have [increased reliance](#) on temporary staffing services. Almost 10% reported using an "on-demand" labor force ([including gig workers](#)) to meet production demands.

But this short-term fix could cost manufacturers more than new business opportunities.

Temporary workers introduce increased risk exposure, for a variety of reasons – the most significant being that temp workers are less likely to receive adequate occupational safety and health training and other protections. As a result, temporary workers and subcontracted employment have [higher fatal and nonfatal injury rates](#) than permanent employees in standard jobs.



Temp workers experience [nearly twice the rate](#) of time-loss claims per 100 FTE workers compared to permanent peer workers. Among time loss temp claimants, nearly 40% didn't receive safety training from their temp agency, while 48% said they were trained only at the beginning of employment.

They're Replacing Humans All Together

The pandemic forced manufacturers to double-down on automation to improve productivity and efficiency. The rise of smart factories continues to accelerate Manufacturing 4.0 – or what some call the Fourth Industrial Revolution. The industry continues to explore robotics, co-bots, and other connected technologies to make up for the absence of human workers.

Smart factories are an exciting innovation, but they're not the solution to labor shortages. If anything, smart factories widen the scope of risk and could create a new set of worker skill gaps. Machines on the production floor will need to be calibrated and updated. These machines log and capture data, and some can be accessed remotely. Cyber risk exposure will only increase as manufacturers embrace and scale automation.

Simple, Effective Mobile Apps Can Help

For an industry that's laser-focused on quality and efficiency, a surprising roster of broken, inconsistent processes continue to increase the sting of the tight labor market. Shuffling paper documents, manual and disorganized onboarding, and a lack of access to critical information can become barriers to snapping up the best skilled employees, frustrate workers and lead to health and safety risks. Here are a few simple ways mobile apps can help manufacturers weather the labor market's storm:

1. Don't let the best candidates get hired elsewhere while you're still interviewing.

Time isn't on your side when [93% of manufactures](#) are struggling to find qualified applicants for unfilled positions in their companies. Speed matters when it comes to garnering top candidates. For some manufacturers, background checks and other requirement verifications make it understandably difficult to hire workers on the spot. Reassess the onboarding and training process and optimize wherever possible. Eliminate paper forms, which can create compliance bottlenecks. Mobile apps can accelerate and expedite the onboarding process via document upload of certifications and licenses. Integrated Learning Management Systems allow any worker (employee, supplier, contractor, etc.) to complete certain required trainings before arriving on site.

2. Mobilize and empower workers to up-skill.

This is a win-win for manufacturers and workers. Workers value upskilling and personal development opportunities. Manufacturers have fewer workers, and need to make the most with the staff they have. A mobile app with an integrated LMS system empowers workers to train and upskill on the go. Mobile apps can help manufacturers close skill gaps in their workforce.

3. Remove communication gaps between employees and temp workers.

Hiring clients often make the mistake of changing temp worker assignments without giving notice to the staffing firm, even when an agreement with the staffing company limits the worker to certain tasks. For example, such changes can happen after a company's human resources department agrees with a staffing firm on a temp worker's job parameters but then fails to communicate that agreement to another party, such as a front-line supervisor. This results in temp workers being moved into areas where they're less experienced or might not be comfortable. Mobile apps can remove this communication gap by providing site supervisors with real-time access to every job that temp-worker is trained in today.

4. Commit to keeping every worker safe.

Some mobile apps can verify a worker's compliance and qualification in seconds. Workers can present plant gate access personnel with their app, which will generate a unique, scannable QR code linked directly to a worker's profile. The profile contains certifications, license's, training courses completed and more – allowing personnel to verify a worker's qualifications and ensure compliance before work begins. Mobile apps can also provide site supervisors with real-time access to workforce information, helping them make informed decisions when adapting to changing project plans.

There's no shortage of challenges in the manufacturing industry. Adopting technologies with purpose – and using strategies to optimize overlooked business processes can help alleviate direct and indirect impacts of the tight labor market. Getting back to being better at the basics can help manufacturers achieve safer, smarter, more productive operations.

Sources

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