



Gallagher

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Manufacturing

— 2023 —
WORKFORCE
TRENDS
REPORT
SERIES

Findings and insights from the 2023
Benefits Strategy & Benchmarking Survey

US EDITION



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Introduction

The manufacturing industry, as it continues to evolve and forge new pathways to growth, has started down a path to reinventing the workplace.

Manufacturers remain focused not only on competitive pay and benefits, but also creating a culture where people feel valued as individuals. Through a broad emphasis on wellbeing, they can meet the unique needs of all employees with the right workplace policies and total rewards strategies.

Wellbeing is at the center of **Gallagher Better WorksSM**, our comprehensive approach that aligns the people strategy with overall business goals. It focuses on the full spectrum of organizational wellbeing—taking a strategic approach to investments in employee wellbeing at the right cost structures to support diverse workforce needs.

Part of our Workforce Trends Report Series, this addendum highlights key findings and implications based on responses from 509 manufacturing organizations that participated in our 2023 Benefits Strategy & Benchmarking Survey. From broad insights to specific findings, you'll gain a practical perspective on trends and best practices to help you face your future with confidence.



Lisa Metcalf

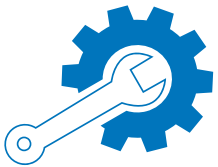
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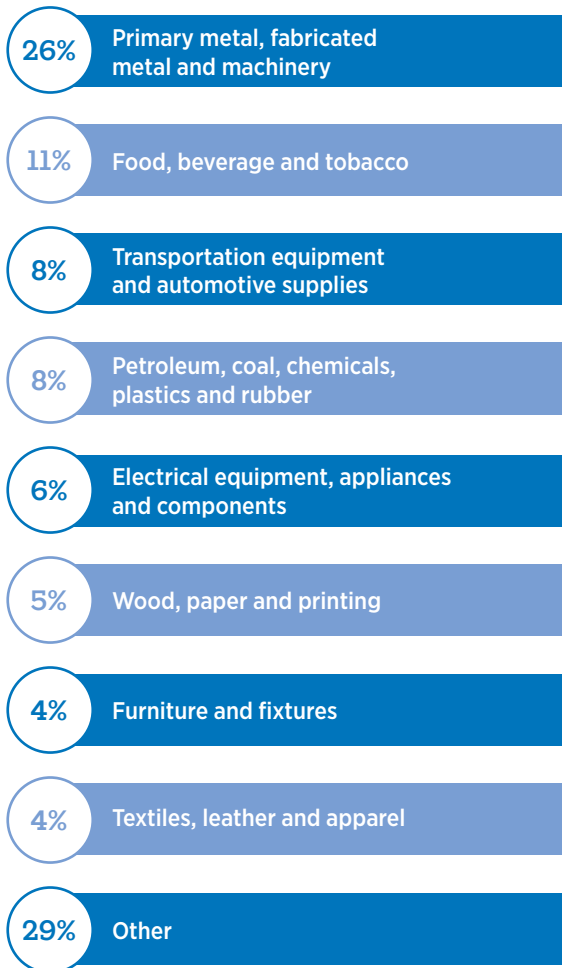
Benefits Strategy & Benchmarking Survey Manufacturing Participant Profile



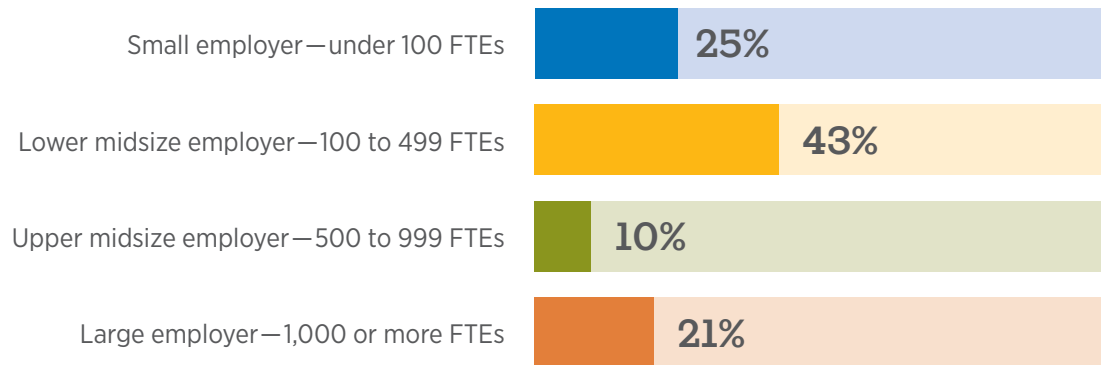
509

Manufacturing organizations

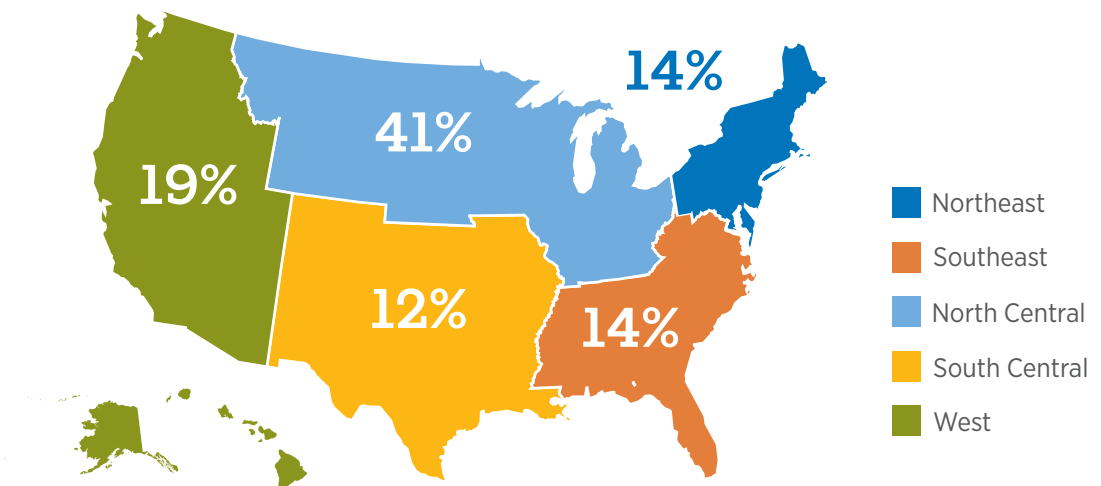
Type of manufacturing organization



Workforce size—full-time equivalents (FTEs)



Geography



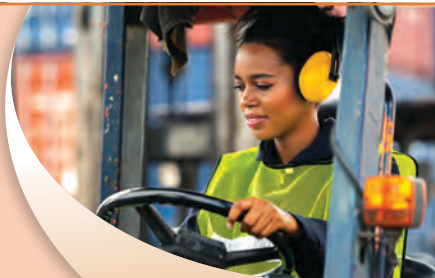
Key Takeaways for Manufacturing Employers

Organizational Wellbeing



Optimized people strategies have a defined purpose and a focal point that aligns with organizational goals.

Physical & Emotional Wellbeing



A positive work culture starts with employees having healthy bodies and minds.

Career Wellbeing



Employees who understand what's expected of them, have a road map for growth and are given flexibility form greater attachment to their organizations.

Financial Wellbeing



Financial wellbeing programs are most effective when they support a broad spectrum of employee saving and spending needs.

Organizational Wellbeing

Applying people strategies that align with organizational goals supports productivity.

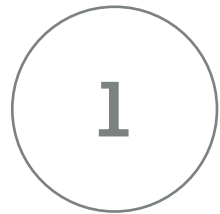
There's an opportunity at the intersection of organizational goals and people policies to truly impact business growth. In the manufacturing industry where HR's top priorities are attracting, developing and retaining a dedicated workforce, employers continue to face a labor shortage. More often, as they look for ways to manage through this challenge, they lean more heavily on automation—yet people still have an indispensable role. While adding headcount is widely expected, turnover is still on the rise.

Costs associated with employees increased at astonishing rates in the past two to three years, especially wages. Benefits spending has also escalated in response to higher provider, medication and technology costs—which can be important investments in promising new advancements.

With recession concerns lingering and budgets tightening, employers are shifting their approach to highlight a new emphasis on culture and diversity. A supportive experience that serves key workforce needs collectively, and meets each person where they are, helps to create a more comfortable and inclusive space for everyone within a more energetic workplace.



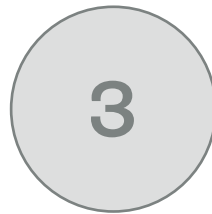
Top operational priorities



Growing revenue or sales

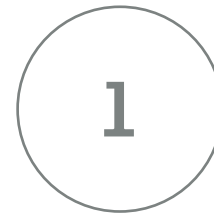


Retaining talent



Maintaining or decreasing overall operating costs

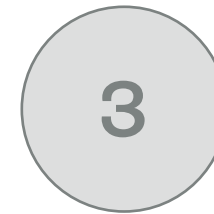
Top HR priorities



Retaining talent



Attracting talent



Training and developing employees

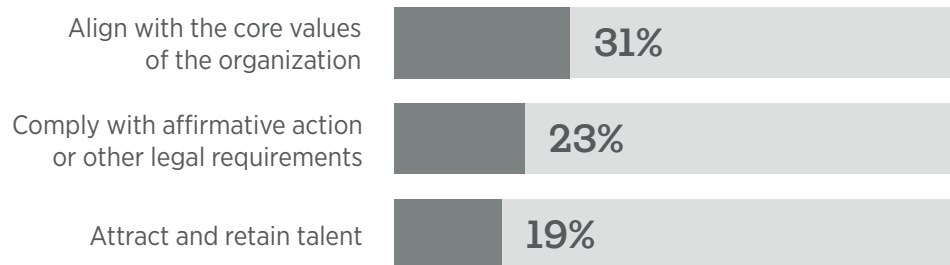
1 in 2

Expect to add and/or upgrade their HR tech solutions by 2025

34%

Experienced turnover of 25% or more in 2022

Key purpose of the current diversity, equity and inclusion (DEI) initiatives or strategy



82%

Provide DEI-related training

Physical & Emotional Wellbeing

Healthy bodies and minds are essential for a positive work culture.

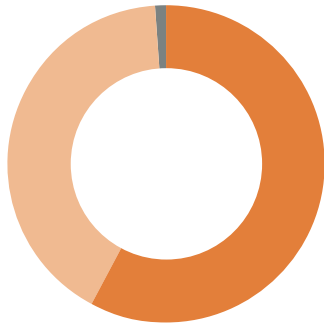
As the need for retention deepens, manufacturers continue their quest to attract talent in the earlier stages of their work lives, and build stability with a steady focus on total wellbeing for everyone. Realignment of benefits is already underway to meet certain employee needs based on generation, interests, income levels and other factors, and personalization is an increasing trend.

To promote an environment of psychosocial health, many employers offer emotional wellbeing resources. Access to virtual or telephonic mental health counseling is one broad-based solution. Besides psychiatry and psychology visits, care should address subclinical needs through coaching and learning about coping mechanisms to help employees manage stress, improve work-life integration, and avoid or mitigate burnout. Training managers to support these needs can reduce stigma, and encouraging time away through paid time off (PTO) and leave flexibility shows a commitment to wellbeing.

Voluntary benefits are expanding to meet an even wider variety of employee needs and interests. Specifically, the availability of typically limited or excluded coverages has started to increase. More employers insure applied behavior analysis (ABA) therapy, hearing aids, treatment for autism, infertility and family planning services, and bariatric surgery.



Approach to PTO



58%

Combined bank of days

41%

Separate vacation, sick and personal days

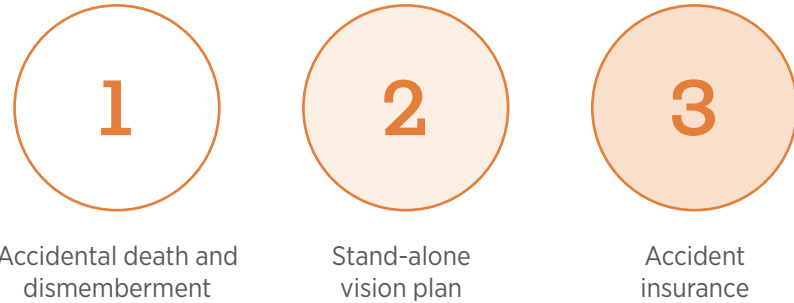
1%

Unlimited PTO

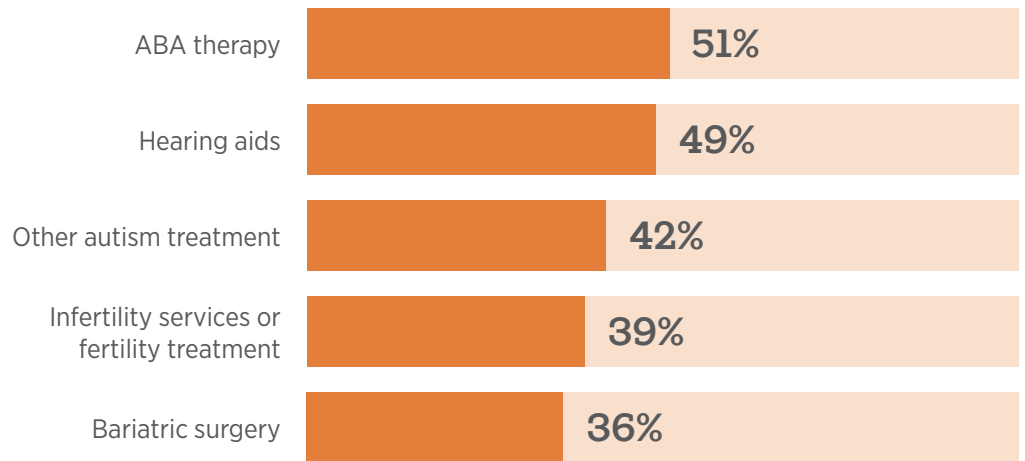
Components of emotional wellbeing initiatives



Most common voluntary benefits offered



Coverage of elective services, procedures and devices



About **1 in 5**

Have a comprehensive wellbeing strategy focused on whole-employee health

45% Did not increase employee cost sharing in 2023

Career Wellbeing

Setting work expectations and adding flexibility helps connect employees to the organization.

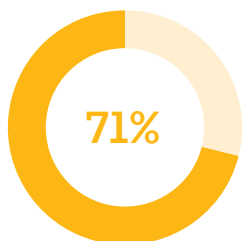
Employees want clear communication and recognition for their efforts. Underlying priorities include an understanding of performance expectations that's based on well-defined goals and objectives, along with development opportunities and a road map for career growth.

In response, manufacturers are improving recognition programs and equipping managers to coach and support employees. Surrounding these efforts is greater emphasis on employee communication and engagement.

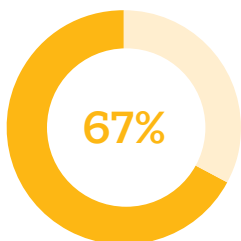
Providing workplace flexibility for shop floor employees can be a difficult challenge to solve. As a workaround for this industry disadvantage, some employers have invested in making conditions more attractive to new generations. Where they can be supported, hybrid and remote work options are now more readily available. And when they aren't practical, reorganized or reinvented work structures such as compressed workweeks, job sharing and flextime may offer a solution.



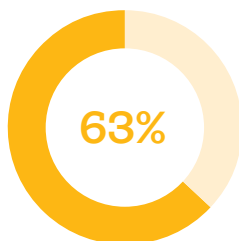
Top career development initiatives



Service awards or employee recognition



Ongoing performance feedback or coaching



Employee development training

Tactics used to improve employee engagement



43%

Conducted a survey to measure employee engagement in 2021 or later

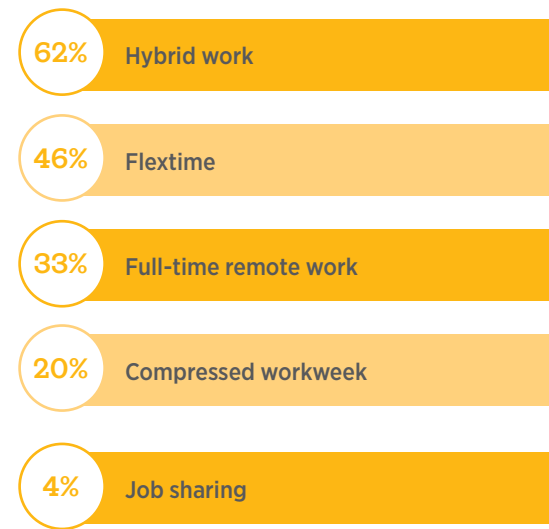
46%

Believe their workforce is highly engaged

About 1 in 2

Have a strategy for improving employee engagement

Tactics used to address workplace flexibility



Financial Wellbeing

Effective financial health programs provide a variety of resources to match a variety of needs.

Record-high inflation, credit card debt and stress levels that mirror this trend are top concerns for employers in minimizing the cumulative effects of day-to-day financial challenges on employees. Help in dealing with these issues throughout their working years can better prepare employees for retirement.

Assistance also protects organizations from the costs of absenteeism and presenteeism. Ongoing money problems significantly contribute to these costs, which may impact total wellbeing.

Financial wellbeing programs and resources also have an important role in culture. They can deliver true value to employees by presenting solutions for their unique needs—that aren't met with a traditional benefits portfolio. Gone are the days of offering financial solutions only for retirement or unwelcome life events. Meeting employee financial wellbeing needs proactively is meeting them more effectively, as they build a sustainable future at every stage of their work lives.



1 in 2

Indicate financial wellbeing has become more important in 2023

Top financial wellbeing programs and resources



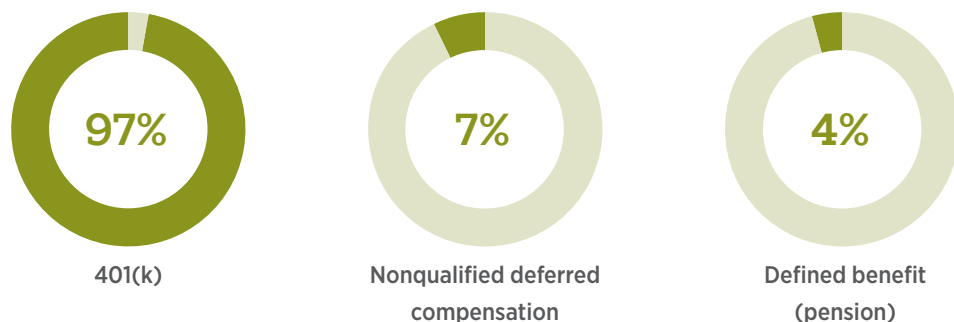
88%

Have a retirement program

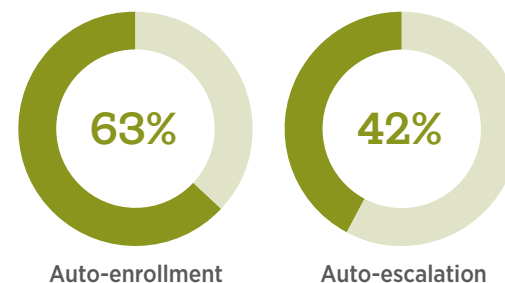
92%

Match employee contributions

Most common active retirement plans offered



Methods used to promote better savings habits



Final Remarks

The manufacturing industry is continuously evolving. In that spirit of embracing change for the better, employers are taking a hard look at their total rewards and prioritizing employee wellbeing. Traditional benefit portfolios are out, and purpose-driven benefits are in.

To optimize the ability of limited policies and programs to meet the many varied interests and needs of employees, refocusing is required. Success comes from building a foundation for communicating and engaging with the workforce intentionally, guided by a clear strategy for cohesive progress over the long term.

For additional insights and custom benchmarking on the latest trends impacting manufacturing employers, contact your local Gallagher consultant.

About Gallagher

People are your organization's greatest asset.

But daily hardships—like economic uncertainty, personal and family health concerns, and insufficient resources or staffing at work—can take a toll on your people and leave your business struggling with hindered productivity, heightened disengagement and strained retention.

That's why every aspect of your benefits and compensation program needs to work in concert to promote overall employee wellbeing. Offering robust medical coverage and a competitive retirement plan isn't enough in today's hyper-competitive labor market.

As employees across all geographies, industries and employer types navigate the ever-changing world, organizations must critically evaluate their people's experience in the workplace—finding unique ways to engage teams, establish authentic connections and support employee wellbeing overall.

Doing so can help your business attract top talent, motivate employees and shift the organizational culture so employees feel differently about their work. When organizations find ways to reduce burnout and increase productivity among their people, business performance can soar.

This is why employee wellbeing is at the center of Gallagher Better WorksSM—a comprehensive approach for strategically investing in benefits, compensation, retirement, employee communication and workplace culture so you can support your people's physical and emotional health, financial confidence and career growth at the right cost structures.

From evaluating the demographics of your workforce to surveying and analyzing competitor trends, Gallagher offers you data-driven insights—allowing you to make the most of your investment in talent, deliver a better people experience and reduce organizational risk.

Even in times of uncertainty, Gallagher's consultants are here to help you optimize your profitability with a strategy rooted in the wellbeing of your people—so you can face the future with confidence.



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