

# TALENT TRENDS

DECEMBER 1, 2021



## MANUFACTURING TRENDS TO WATCH

**Despite challenges, the manufacturing sector has experienced sustained growth.**

For the past couple of months, manufacturing has seen both growth and decline in terms of the overall performance and success of the sector. According to the PMI, the purchasing managers index which measures the direction of economic trends in manufacturing, manufacturing is showing accelerated growth in recent months. The indexes that are measured to produce this conclusion include production, new orders, employment, and trade (new export orders and imports). Production and new orders have seen a trend of growth for 15 consecutive months, and new export orders and imports also saw a 14-month growth trend. The employment index is where the PMI reported a contraction, similar to the first one seen during the summer of 2020 in the midst of the pandemic. August was the 15th consecutive month where the PMI showed sustained manufacturing growth. Improvements to manufacturing employment could accelerate growth in the industry.

# 87.5%

of respondents felt either somewhat or very positive about their company outlook.

Source: NAM Manufacturers' Outlook Survey

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## **Expansion of the manufacturing industry is expected to continue.**

The manufacturing industry uses various sources and indexes to measure the performance of the sector. One such index is the Institute for Supply Management (ISM), and its index of national factory activity recently read 59.5. Any reading that is above 50 indicates an expansion in manufacturing, which accounts for 11.9% of the U.S. economy. Another indication of expansion in the manufacturing industry is the increase in available jobs and use of automation. Many are afraid that automation is taking away jobs, but it is doing the opposite. Automation within the manufacturing industry creates new, highly-skilled jobs, adding high-paying jobs and keeping the U.S. manufacturing industry competitive.



## **Manufacturing spending is high with strong demand.**

Another aspect of the manufacturing sector's success is the fact that new orders for U.S.-made goods have risen recently, alongside business spending on equipment remaining strong. This was not expected of the manufacturing industry because there have been persistent supply constraints and spending has gone back to services from goods. The switch of demand to services from goods is not a bad thing because there is still a very

strong demand for goods. There is also an urgent demand by businesses to restock inventories that were very low in the first half of the year, and these two demands together will continue to support the manufacturing industry and boost its profitability and success.



## **Workers are the key to manufacturing success.**

The National Association of Manufacturers association conducted a survey to see what people thought were the biggest downsides to the economic outlook for manufacturing. Workforce shortages got the majority vote, with the number of manufacturing job openings recently increasing to another record high of 889,000 open jobs. Increased automation has created new positions that require advanced skills. This is where the recruiters at ZSG can help. We have been recruiting top talent in the manufacturing industry for over a decade. We understand your industry and can help you find the people you need to meet your business goals. While finding workers has been a challenge for the manufacturing industry, it is also the greatest opportunity to strengthen the industry. Higher employment rates would spur even greater growth within organizations and the sector.

