



REPORT

Modernizing Manufacturing Hiring

*Overcoming Skills
Gaps & Building a
Future-Ready Workforce*

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About HighMatch

HighMatch offers *modern assessments tailored to your organization's roles, competencies, and culture*. Personalized by workplace psychologists, our solutions can be delivered at any stage of the hiring process, with support for every job level. We provide highly relevant, data-driven insights that boost employee retention and engagement while streamlining your hiring process.

Launched in 2004, HighMatch is trusted by leading enterprise organizations, including Keller Williams, Mercedes Benz, NVR, TSMC, and Comcast, to help solve their most pressing talent challenges.

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PURPOSE

This report will analyze the current hiring challenges faced by the manufacturing industry, from talent shortages to skills gaps, and provide actionable insights and strategic solutions to help operators attract, retain, and optimize their workforce for improved efficiency and long-term success.

EXECUTIVE SUMMARY

Currently, the manufacturing industry is facing a significant talent crisis and skills gap. **Almost 600,000 manufacturing jobs were unfilled in 2024.**¹ Studies predict that by 2033 that number could rocket to **1.9 million.**² With the industry at a critical growth juncture and attraction and retention at a dangerous low, manufacturers must modernize their hiring processes, compensation, and workplace mindsets to ensure success in the coming years.

A shortage of interested talent and candidates with the necessary skills undermines the industry's profits, productivity, and retention. Up to **\$1 trillion** could be lost in economic output annually³ as staffing shortages heighten production inefficiencies and cause companies to lose influence in the global market. Already, **82%** of manufacturing executives face reduced ability to meet production demands.³

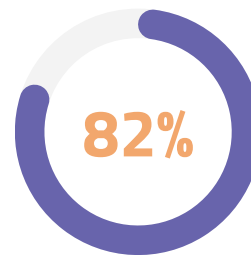
Without immediate, strategic action, these impacts will cause a cascade of further turnover as overworked employees burn out and seek more attractive positions elsewhere.

These impacts stem from five key workforce challenges:

1. Aging employees are retiring, leaving a younger workforce with different needs.
2. Talent pools are shifting, as STEM jobs attract skilled candidates away.
3. Legacy technology systems hinder progress, reinforcing negative industry perceptions.
4. Old hiring, compensation, and workplace practices no longer meet current workforce expectations.
5. Turnover remains at **28.6%**, substantially higher than the national average.⁴

**\$1
trillion**

*could be lost in
economic output
annually*



*of executives face
reduced ability to
meet production
demands*

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These industry issues are serious and must be dealt with quickly and strategically.

Although these workforce challenges threaten innovation and growth, proven, actionable solutions are readily available to manufacturing companies. Steps to improved attraction and retention must be tackled in tandem to accelerate talent pipelines and boost the manufacturing workforce.

GENERATE ATTRACTION

1. Offer competitive pay and benefits
2. Reposition manufacturing as a safe and innovative industry
3. Leverage modern hiring technology

INCREASE RETENTION

1. Promote a positive workplace culture
2. Invest in ongoing training programs
3. Implement career growth opportunities

To gain a competitive edge in today's workforce, manufacturing must strategically pair these steps with **data-driven hiring tools**.

The top five hiring tools to speed up the hiring process are:



Minimum qualifications questionnaires



Realistic job previews



Skill assessments



Job knowledge tests



Culture fit assessments

By leveraging modernized hiring tools, hiring teams can connect with quality candidates faster.

To confidently accomplish these modernized hiring goals, manufacturing companies must team up with the right recruitment help. HighMatch, a proven and innovative key player in recruitment, has more than 15 years of experience helping diverse companies—including manufacturers—save time and money while updating their hiring processes. Our personalized solutions are tailored to your specific needs, integrating seamlessly with existing systems and supported by expert I/O Psychologists.

Although the manufacturing industry is facing a serious crisis of talent and skills gaps that are undermining its attraction and retention, effective, proven solutions can be acted upon now. Strategically updating key hiring practices and modernizing workplace expectations to address these hiring challenges would increase overall retention to harness the industry's projected profit and proven resilience in the coming years.



Impact of Talent and Skill Shortages on Manufacturing Operations

A shortage of talent and candidates skilled in manufacturing is slashing profits, disrupting operations and productivity, and undermining the morale and workplace culture that are cornerstones of retention.

FINANCIAL IMPLICATIONS

A tight labor force with increasingly limited skilled workers means that the manufacturing industry will struggle to compete with the global market output. Profit loss could be catastrophic, up to **\$1 trillion** lost economic output annually.³ Worker turnover exacerbates that cost significantly. Replacing just one skilled frontline worker could cost between **\$10,000–\$40,000**, according to **60%** of human resource leaders of US manufacturing companies surveyed in 2024.⁸ Over half of those surveyed stated that turnover directly impacted their bottom line, either moderately or severely.⁸



OPERATIONAL DISRUPTIONS AND PRODUCTIVITY LOSSES

Talent and skills shortages quickly disrupt production efficiency. A National Association of Manufacturers (NAM) report found that **82%** of manufacturing executives faced significant reduction in ability to meet production and customer demands because of the ongoing talent shortage.³ Lengthy job vacancies aggravate operational disruptions. The national average across industries for a job vacancy is **48 days**; for manufacturing, it is **nearly twice that**.³ The longer jobs go unfilled, the more operations stagnate and innovation falls behind.

LOST EMPLOYEE MORALE AND WORKPLACE CULTURE

The more understaffed a factory is, the more overworked it is, so the greater its production inefficiencies and turnover rate from burnout become. This highly stressful environment erodes workplace culture. Positive workplace culture is essential for successful attraction and retention. Without a strong core of veteran employees in a workplace, positive workplace culture and key workplace knowledge are lost, making attraction harder.



Current Workforce Challenges in the Manufacturing Industry

Changing demographics have contributed to labor and talent shortages in manufacturing. These pressures, combined with skills gaps, outdated systems, and a disconnect with workforce expectations, are driving higher turnover.

DEMOGRAPHIC CHANGES

Manufacturing workers' retirement rates are increasing as Baby Boomers age out of their employment years. Millennials and Gen Z are left to fill the gap, but they have significantly different workplace and company expectations than older generations. Increased job openings across industries gives younger workers more leverage in choosing their ideal job offers. Not enough workforce entrants are interested in manufacturing jobs. In the current landscape, younger workers will typically accept the earliest job offer that provides them the greatest benefits. Unfortunately, these workers currently perceive manufacturing jobs as being dirty, outdated environments without high-tech innovation, safety, good pay, and valuable benefits.



SKILL AND PIPELINE DISCONNECTS

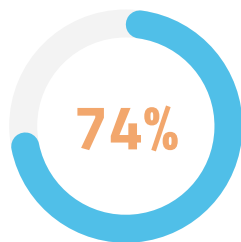
The industry boom has sprouted new manufacturing hubs faster than training programs and local talent pipelines can keep pace.⁹ Hiring managers tend to focus just on candidates coming in with hard skills. Many new workforce entrants lack manufacturing technical skills, but they can be upskilled. Meanwhile, candidates with crucial soft skills, such as an eagerness to learn, spatial awareness, organization, teamwork, and resilience may be overlooked, when in truth they are often readily trainable. The pressure to integrate AI, virtual reality, and more high-tech systems in manufacturing bring even more complex skills into demand. However, more currently popular industries like cybersecurity are snapping up candidates with high-tech skills before they can develop an interest in manufacturing.

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LEGACY TECHNOLOGY LAGGING

The Fourth Industrial Revolution (Industry 4.0) has the power to transform factories into hubs where real-time data supports innovative, technology-oriented teams to boost production to full capacity.



*of companies still rely on **legacy systems**¹⁰*

2/3

*of manufacturers see themselves **behind their competition** in digital transformation¹¹*

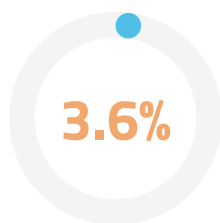
Legacy technology stagnates manufacturing growth by further tightening the talent shortage. Few young workers are being trained to operate legacy systems, while experienced employees retire without passing down their knowledge, leaving a growing skills gap.

MISUNDERSTANDING MISALIGNED EXPECTATIONS

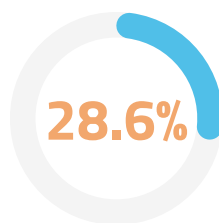
In the case of manufacturing, it is companies themselves that have misaligned expectations about candidates. What worked in the past does not align with building attraction in the current workforce landscape. **Flexibility in scheduling, greater compensation, development opportunities, and positive workplace culture** are the biggest factors in whether the growing younger workforce will accept a job offer and stick with that company. Too many companies are stuck in legacy mindsets that are no longer competitive in the job market.

HIGH CURRENT TURNOVER

High turnover worsens the talent shortage because short staffing increases demands on remaining workers, driving many to exit due to burnout.



is the national average turnover rate⁴



is the current manufacturing average turnover rate⁴

>10%

turnover tanks production, efficiency, morale, and profit⁴

Poor workplace culture and lack of competitive compensation contributes to early turnover, which occurs in the first 90 days of employment. While some turnover is normal, when employees feel undervalued, without development opportunities, and like their pay and workplace environment are not what they need, they will rapidly leave.



Strategic Solutions to Improve Attraction and Retention

Attraction and retention are closely linked, but the strategies to improve each are slightly different. Improvement and modernized hiring practices must be implemented on both ends to boost attraction and retention. It is important to consider the variety of roles that manufacturers must hire for and to thus diversify attention to generating attraction and retention for all roles.

4 STEPS TO IMPROVED ATTRACTION

To tackle the current labor shortage, manufacturing talent teams must use these steps to competitively modernize their offerings and hiring practices:

- 1 Provide increased pay and benefits.** Millennial and Gen Z workers as well as older, skilled workers all require more competitive pay and benefits to attract them to a job. Offering higher pay, health and dental insurance, and parental leave will tap into core needs that younger workers have and make you a more attractive workplace. Just a **4% increase** in average hourly earnings for manufacturing employees led to **19% less** voluntary turnover.⁹
- 2 Offer flexible scheduling whenever possible and promote work-life balance.** Prioritizing work-life balance and flexible scheduling lets workers recover better from grueling roles and respects the time and caregiver duties many younger workers face, boosting job satisfaction by up to **78%**.⁶
- 3 Redefine perceptions of manufacturing.** Tackle Millennial and Gen Z perceptions of manufacturing as outdated, labor-intensive, and unsafe by innovating operations and onboarding data-driven technology solutions to create a more productive and modernized workplace.
- 4 Leverage technology for talent acquisition and retention.** Eliminate the time-consuming hiring process by using automated tools and pre-employment assessments to efficiently evaluate candidates, streamline your talent pipeline, and match skills to your specific criteria.

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3 STEPS TO IMPROVED RETENTION

To increase long-term retention, manufacturers must invest more in modernizing their workplace operations to promote a positive workplace culture, development opportunities, and career advancement.

- 1 Promote employee engagement and positive workplace culture.** Managers and workers must have strong trust in each other and competently communicate and resolve disputes. Prioritize safety and ergonomics to boost employee confidence, and show how you value employees through bonuses, raises, and regular acknowledgement of their hard work. Listen to employee concerns and act to remedy them effectively.
- 2 Implement comprehensive training programs.** Focus your training on replicating what makes current employees rockstars. Provide thorough steps for upskilling all employees through skill demonstrations and on-the-job training. Regular training programs keep your whole workforce updated with technological advancements.
- 3 Develop career pathways and advancement opportunities.** Offering workshops and professional development opportunities gives you a pipeline for talent promotion. After all, acquiring strong entry-level candidates and training them while they gain on-the-job experience primes these workers for internal promotion and takes another step towards reducing the talent crisis.



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EFFECTIVELY UTILIZING TOOLS

Hiring can be time-consuming, costly, and inefficient. Talent teams often find themselves swamped with applicants and facing long delays in contacting candidates, costing the company potentially valuable employees. Modernizing hiring methods with automated tools like pre-employment assessments streamlines candidate screening and quickly identifies the best fit.

These tools, united with the above improved hiring practices, give you a stronger playbook for combatting the talent crisis and skills gap:



Minimum Qualification Questionnaires help you pinpoint candidates who match all your basic requirements for success at your company, *expediting the hiring process by streamlining your talent pool.*



Realistic Job Previews ensure that candidates fully, transparently understand a job's requirements through videos that *demonstrate daily tasks, the work environment, necessary skills and competencies, and common issues on the job.*



Skills Assessments rate candidates against your top needs, including *technical manufacturing skills, digital skills, and soft skills.*



Job Knowledge Tests assess a candidate's industry or role-related knowledge, *specialized to your company.*



Culture Fit Assessments determine if a candidate has the skills, personality, values, problem-solving, and conflict management approach to *fit and maintain a positive workplace and digital culture.*



How HighMatch Can Help

Ready to streamline your hiring process, improve your candidate quality, and boost your retention?

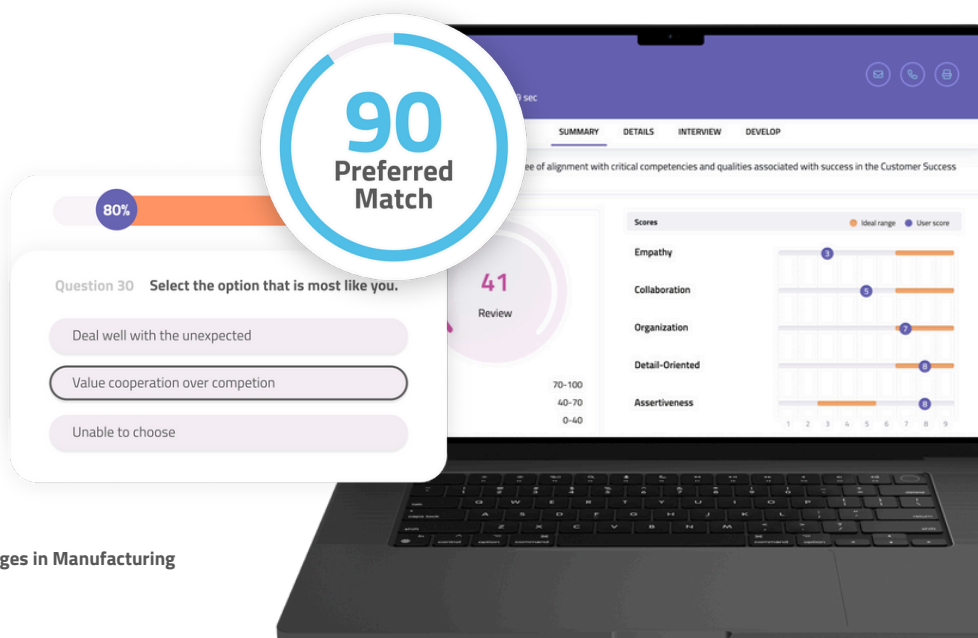
Highmatch is the teammate to partner with. HighMatch brings to the table over 15 years of experience helping diverse companies save time and money in their hiring processes. We leverage a robust, automated suite of hiring tools that help you make the most efficient hiring decisions. With personalized assessment solutions for the talent shortage and skills gap, we give you key insights to identify candidates to fill your roles.

Unlike other vendors, we tailor our products to your chosen language and competencies, not ours.

Our **personalized assessments** use modular and custom-built components in coordination with the expert guidance of our I/O Psychologists. We collaborate with your hiring managers, empowering you to make faster, **data-driven hiring decisions** with confidence. ***By choosing HighMatch, you choose a modernized, strategic partnership committed to improving the experiences of candidates and hiring teams.***

Minimum qualification screening reduces your workload. Tools like HighMatch's **Min Qual** capability can be easily integrated with your early hiring process to filter out all applicants who do not meet your most basic requirements. By doing so, you can put your energy and effort towards analyzing the candidates with the most potential for your company.

Customizing **personality assessments** gives you a unique data algorithm. HighMatch **Assess** lets you more effectively streamline your talent pipeline early in the hiring process, saving you significant time and effort. Such assessments can showcase candidates who have a strong desire to learn and high potential for success with the right training, helping you find younger workers that can be molded into a rockstar employee at your company.



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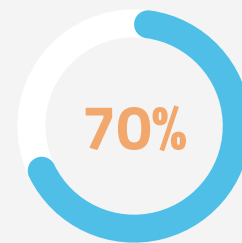
Realistic [job previews](#) reduce misalignment. HighMatch's **Job Preview** offers an in-depth perspective of a position's daily challenges, tasks, and environment, ensuring candidate expectations are properly aligned with the realities of the role.

Providing [job knowledge tests](#) quickly identifies the most skilled candidates. HighMatch's **personalized job knowledge tests** compare a candidate's hard skills to those needed for your unique roles, helping you identify applicants with key role-related knowledge.

Utilizing [culture fit assessments](#) helps you maintain an attractive positive workplace culture. **HighMatch's Cultural Fit assessment** gives you data-driven insights into whether a candidate has values that align with your company's positive and innovative workplace culture.

BEFORE HIGHMATCH

A large food distributor with 67 depots across 32 states hired **1,200 EMPLOYEES/YEAR**

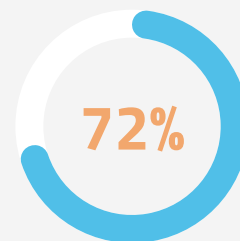


turned over -
most within 30 days

In three years,
that turnover **cost over**
\$4 million
in payroll

WITH HIGHMATCH

Within a month,
the company saw a



reduction in
early turnover

+ Projected savings of
\$332k
for Year 1



Conclusion

The manufacturing industry is facing a talent crisis and widening skills gap, compounded by rapid growth, evolving customer demands, high turnover, outdated technology, and persistent misconceptions about the industry. For manufacturers to boost their attraction and retention rates, they must accelerate their talent pipelines by leveraging competitive compensation and modernized hiring practices utilizing the most efficient digital tools.

Talent and skill shortages create a heavy financial burden for manufacturing companies. Time, money, and production are lost through staffing shortages, which can make innovation and updating feel out of reach. However, implementing proven solutions can improve margins and address the talent and skills gaps through upskilling initiatives, putting your company on the trajectory to success.

Leveraging modernized, competitive compensation and consistent, customized, and transparent hiring practices and tools will save significant time and money. Streamlining your talent pipeline through pre-employment assessments will help you quickly identify the best fit candidates, accelerating your time-to-hire and combating the challenges of the current manufacturing hiring landscape. Boosting your compensation to be more competitive will especially increase your attraction to the growing Millennial and Gen Z workforce, giving you a greater talent pool to draw from. While they may not enter with every skill needed, you can train them to become rockstars. When you look to the future of what your candidates can become with you as a team, their teamwork will lead your company into the future.

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RESOURCES

¹ <https://www.bls.gov/news.release/jolts.t01.htm>

² <https://www2.deloitte.com/us/en/insights/industry/manufacturing/supporting-us-manufacturing-growth-amid-workforce-challenges.html>

³ <https://www.linkedin.com/pulse/workforce-crisis-bridging-skills-gap-us-manufacturing-varenas-mba-srzfc/>

⁴ <https://www.teamsense.com/blog/reduce-employee-turnover-manufacturing#:~:text=Employee%20Turnover%20in%20Manufacturing,%20The,opportunities%2C%20employees%20seek%20advancement%20elsewhere>

⁵ <https://www.fountain.com/posts/hiring-challenges-in-the-manufacturing-industry-how-a-high-volume-ats-can-help#:~:text=Manufacturing%20companies%20face%20stiff%20competition%20when%20it,quality%20employees%20if%20they%20are%20not%20quick>

⁶ <https://mau.com/2024/09/10/recruitment-and-retention-the-twin-challenges-of-the-modern-manufacturing-industry/#:~:text=Additionally%2C%20the%20competitive%20job%20market,manufacturing%20plants%20pose%20another%20hurdle>

⁷ <https://goodtime.io/blog/recruiting/manufacturing-recruiting-trends/>

⁸ <https://www.ukg.com/resources/industry-brief/2024-manufacturing-talent-trends-report>

⁹ <https://www.actiongrp.net/2024/04/30/how-to-overcome-manufacturing-labor-shortage/>

¹⁰ <https://polcode.com/resources/blog/legacy-system-modernization-why-is-it-essential-for-modern-businesses/>

¹¹ <https://www.l2l.com/blog/digital-transformation-in-manufacturing-industry>



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