



Manufacturing's Impact on Local Communities and Women

Approximately 13.5 million Americans are employed in the manufacturing industry. This represents 8.5% of all US jobs, and 11% of total US GDP. Although women make up nearly half of the working population, at present, women hold just 29% of manufacturing jobs in the U.S. According to the Manufacturing Institute's data collection, a gender diverse workforce can help a manufacturing company drive profit and get a higher return on equity. Adding more females to the industry can bring about more innovation and creativity as well as more varied perspective.^{i ii}

The impact of manufacturing on local economies is also significant. From a microeconomic view, it is clear that an expansion of the manufacturing sector - due to reshoring or expansion - has a significant effect on local economies and an enormous economic impact on women at the community level. Amanda Weinstein, assistant professor in the Department of Economics at the College of Business Administration, University of Akron, reviewed Census data on female labor participation from 1980 to 2010 across 250 different cities in the U.S. Her findings revealed that as more women joined the workforce, wages and productivity of that city increased.ⁱⁱⁱ

ECONOMIC IMPACT ON LOCAL COMMUNITIES

An expansion of manufacturing has a positive impact on local communities. With the addition of manufacturing comes a surge in employment opportunities, leading to stimulation in economic growth, availability of more capital, and a general increase in the standard of living. In addition, increased employment opportunities provide individuals with higher wages, more disposable income, and financial security. Average manufacturing jobs in the U.S. pay above minimum wage - typically between \$45k-\$85k per year. These are squarely middle-class wages in most of America.^{iv}

Jobs are often viewed as a poverty-reduction recipe for communities due to their direct relationship with economic growth. Manufacturing jobs have a ripple or multiplier effect due to wages being re-spent in other parts of the local economy. Middle-class wage earners help local businesses and restaurants, by buying houses and cars, eating out, and spending on other durable goods.

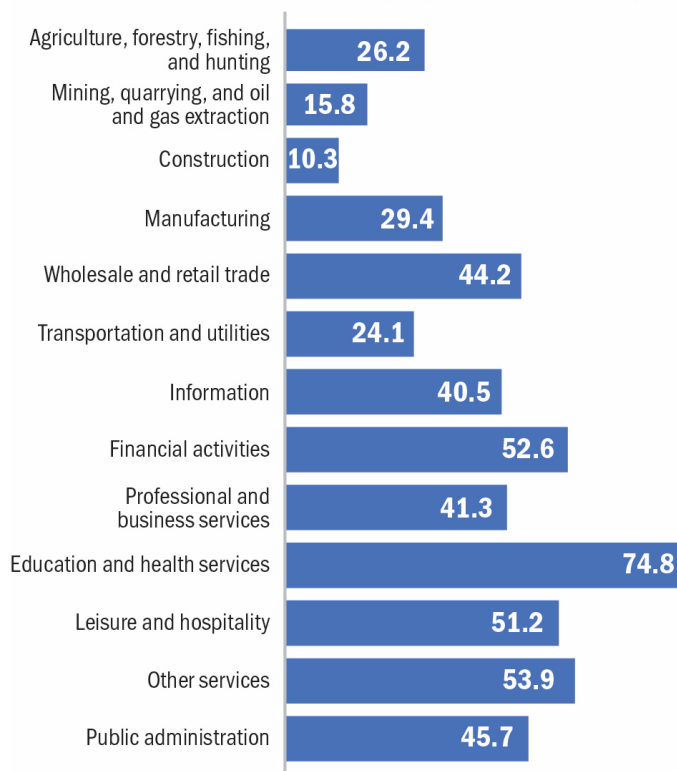
Manufacturing generates more economic activity than any other sector. In addition, manufacturing has been dubbed the most efficient sector in raising living standards. For every dollar of domestic manufacturing value-added, another \$3.60 of economic activity is generated elsewhere across the economy. It is said that for every job created in durable manufacturing, three other jobs are created. By comparison, the number of indirect jobs associated with one retail trade job is just 1.22. No other industry can directly impact local economies to the same extent as manufacturing.^{v vi}

These statistics are relevant to the relationship between manufacturing and local poverty rates. In this case, revitalizing and reshoring manufacturing jobs is pivotal to rebuilding the American middle class and creating opportunities for low-income families. When employment in the manufacturing sector rises, families enjoy more social and economic mobility. Furthermore, with increased employment, purchasing power can be expected to rise, affecting countless other local businesses, not just the manufacturing industry. Not only can increased job prospects impact short-term local output, but it can also impact the economy in the long-run; an exponential relationship between job growth and education, technology, and innovation (shifters of the long-run aggregate supply curve) is not uncommon.

IMPACT ON WOMEN

An expansion in the manufacturing industry is beneficial to local economies. However, many economists point out that women are much less likely to directly reap these economic benefits. Manufacturing has a massive gender gap that poses immediate challenges to gender equality. Women only hold roughly 29% of manufacturing positions even though women make up nearly 47% of the US labor force. Across the US, women earn more than half of the associates, bachelor's, and master's degrees, however, they continue to be manufacturing's largest pool of untapped talent. In addition, women hold more than half of all US managerial and professional positions. Despite their potential, women are underrepresented in nearly every single manufacturing sector.^{vii}

Percent of Total Women Employed Per Industry



This gender gap will have major impacts on the women living in communities that see a rise in manufacturing. In a community where women are excluded from new job opportunities, higher wages, and increased financial security, gender economic inequality will likely persist. This is not to say that women can't reap the indirect benefits of industry expansion. Families will have more disposable income and surrounding businesses will see improvements. So, even though women are underrepresented in manufacturing jobs, they will still benefit economically from manufacturing expansion.

Though the percentage of women employees in manufacturing has remained relatively constant over several decades, there is optimism for the future. Advances in technology have revolutionized manufacturing and women are more likely to pursue college degrees in the fields of STEM (Science, Technology, Engineering, and Math) than ever before. It can be assumed that these degrees will transfer over to the manufacturing industry and gender equality could certainly improve.^{viii}

Common misconceptions about the manufacturing industry (all jobs are difficult, dirty, unskilled, etc.) are changing. Today's manufacturing facility is more likely to be clean, safe, and involve the extensive use of computers. Manufacturing firms are becoming cognizant of this untapped talent pool of women and are making explicit efforts to be more gender diverse.

Manufacturing firms understand that gender diversity improves innovation, return on equity, and profitability. When employees believe their organization is committed to inclusion, they report better business performance in terms of their ability to innovate. In an attempt to recruit more women, firms are closing the gender gap in a few ways:^{ix}

- Offering women equal pay, a clear path for advancement, work-life balance options, and improved working relationships between genders.
- Promoting factors like benefits, flexibility, culture, and examples of gender inclusivity in job postings.
- Removing key identifiers like names and photos from candidate applications before reviewing them to curb gender bias during recruiting.
- Sending female leaders and professionals in roles like engineering to schools and career fairs to talk to the next generation of talent.
- Actively promoting the fields of STEM to elementary-age girls.
- Changing internal work culture. Working towards erasing the outdated notion that manufacturing is a “man’s job” and refusing to employ people who perpetuate sexist attitudes.
- Tackling workplace diversity issues head-on and create strong signals of change.
- Increasing the visibility of women leaders in manufacturing organizations to display gender inclusiveness to talent. The women in the Deloitte study rank programs that help “identify and increase the visibility of key [women] leaders who serve as role models for employees” in the top three most impactful things their organizations offer.
- Creating and supporting formal and informal mentorship and sponsorship programs. Initiating more female-only programs in manufacturing so females in manufacturing can have a support system.
- Offering ongoing training opportunities and educational resources to women.
- Partnering with the community.

One firm that has proved to be successful in recruiting women is Harley Davidson. Tony Macrito, Harley-Davidson’s Manager of Corporate Media Relations, explained: “Harley works with local and national professional women organizations, attends career fairs and campus events specifically targeted to women, and leverages its Professional Women’s Business and Employee Resource Group to actively recruit other females in their social network.” The firm has made great strides in re-working the stereotype that their products and workforce are exclusive to men.^x

Levi Strauss has recognized the heightened pressure women face in balancing work and family responsibilities. In February 2020, Levi announced eight weeks of paid time off per year to care for an immediate family member with a serious health condition. This strategy has proven to be successful in recruiting and retaining women.

There are a handful of firms that have put in the effort to specifically recruit women in manufacturing. These efforts will make a long-lasting impact on closing the gender wage gap and promoting workplace diversity and equity.

CONCLUSION

Expansion of the manufacturing sector can be directly tied to poverty alleviation, rises in the standard of living, wage rises, increases in financial/social mobility, and general economic development in America. The importance of rebuilding a globally competitive, innovation-based advanced manufacturing sector in the USA is vital to maintaining America’s economic strength. The growing trend of adding more women in manufacturing jobs is optimistic. Even when women benefit indirectly, such as when a family member is employed in manufacturing, women still benefit economically.

Reshoring- the idea of bringing outsourced American jobs back to the U.S. - is a positive strategy in strengthening the middle class. Reshoring can be achieved through a series of policy avenues including tax incentives, state and local incentives, training tax credits, innovation, automation, and localization. More specifically, bringing manufacturing jobs back to the United States directly impacts women and provides more opportunities for their employment. Reshoring is key in closing the manufacturing gender gap and empowering women to pursue a profession in this field.^{xi}

FOOTNOTES

ⁱ <https://www.usnews.com/news/elections/articles/2019-12-18/the-declining-economic-impact-of-manufacturing-no-longer-made-in-america>

ⁱⁱ <https://mrinetwork.com/blog/work-of-work/how-women-could-impact-the-manufacturing-industry/>

ⁱⁱⁱ <https://www.census.gov/newsroom/blogs/random-samplings/2017/10/women-manufacturing.html>

^{iv} www.ReshoringInstitute.org

^v <https://www.areadevelopment.com/advanced-manufacturing/q3-2016/importance-manufacturing-to-us-economy-909033.shtml>

^{vi} <https://www.epi.org/press/job-loss-in-manufacturing-has-a-large-ripple-effect-on-other-jobs/>

^{vii} <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/manufacturing/us-minding-the-manufacturing-gender-gap-final.pdf>

^{viii} <https://nsf.gov/nsb/sei/edTool/data/workforce-07.html>

^{ix} http://www.apics.org/docs/default-source/default-document-library/womenmf_book_0317_final-print.pdf?sfvrsn=2

^x <https://industrialmarketer.com/how-to-hire-more-women-in-manufacturing/>

^{xi} www.ReshoringInstitute.org

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