

# Localizing International Manufacturing Companies in the U.S. -Examining Successful Labor Practices



Yifan Bruce Zou, Vivian Li (Research Assistant) University of Pennsylvania, Graduate School of Education

#### **Abstract**

This study examines how changes in labor practices influence the manufacturing sector, a key driver of urban economies. By understanding these dynamics, this research contributes to the broader context of urban development, particularly in addressing how cities can adapt to post-pandemic economic shifts and labor market challenges. The resurgence of manufacturing, termed as a "manufacturing supercycle," has significant implications for urban infrastructure, workforce development, and economic sustainability.

#### **Research Questions:**

What labor practices have international manufacturing companies implemented to successfully localize in the U.S. post-COVID-19?

How have these labor practices contributed to their successful localization?

## Introduction

#### THEORETICAL FOUNDATION

**Economic Development Theories:** Utilize theories of economic development to understand the impact of manufacturing on urban economies. Investments in human capital (i.e., education and health services) are critical for economic growth because they enhance workers' productivity and innovation capabilities. Focuses on the role of institutions—legal, social, political, and economic frameworks—in shaping economic performance. It argues that effective institutions are crucial for economic development as they provide the necessary stability and incentives for investment and growth.

Labor Market Dynamics: Explore theories related to labor market adjustments, skill development, and employment trends, particularly in the post-pandemic context.

Globalization and Localization Theories: The interaction between globalization and localization involves a continuous balance where companies and organizations operate on a global scale but must tailor their approach to fit local market conditions and cultural nuances. Theories often point to the need for an integrative approach, suggesting that neither globalization nor localization can be effective in isolation. Successful strategy in today's global economy requires a nuanced understanding of both global trends and local specifics.

School-to-work Transitions and Human Development Theories: Comprehensive understanding of the pathways through which individuals enter and adapt to the workforce, especially in the context of localized international manufacturing companies.

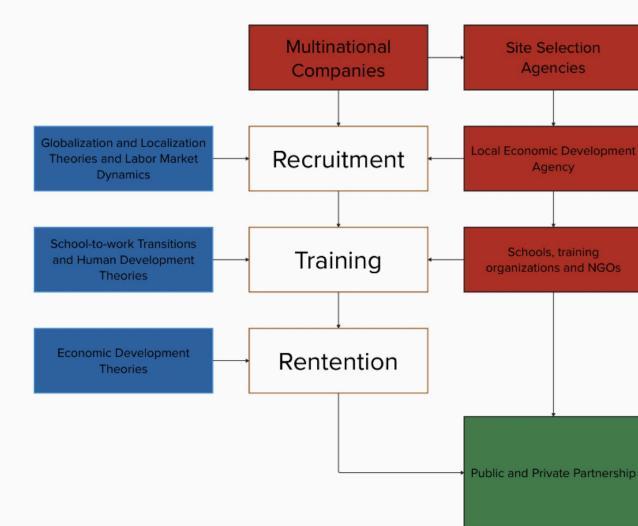


Figure 1. Conceptual Framework

# Methods and Materials

**RESEARCH METHODOLOGY:** Explanatory sequential mixed methods study Integrate in-depth qualitative understandings with broader generalizations of localization and workforce development through an approach of "measure what can be measured statistically and explore additional meanings through interviews" (Patton, 2014, p. 91)

•Phase 1: Quantitative survey to broad audience (n=20)

•Phase 2: Individual interviews with participants who meet the selection criteria (n=10)

Participant Recruitment: Outreach to companies via formal letters explaining the purpose and benefits of my study, and requesting their participation. Interviews will be conducted through HR departments to help facilitate meetings with relevant personnel. Participation will be on a voluntary basis, with all participants assured of their anonymity and the confidentiality of their responses.

**Document Analysis:** Review of company policies, public records, and local labor laws. These materials can provide valuable context and background for the case study.

### Results

Community Engagement with Multinational Companies: The creation of jobs emerges as the pivotal element for communities to foster engagements with multinational companies. This aligns with economic development and human development theories, emphasizing the significance of employment opportunities in driving urban development and enhancing the local workforce's quality of life. Site Selection Criteria for Companies: The decision-making process for site selection by companies places a premium on the quality of life, underscoring the necessity for locales to offer environments conducive to both personal and professional growth. This consideration is critical in understanding how human development theories apply to attracting and retaining multinational investments.

The Underemphasis on Workforce Development: Despite its crucial role, workforce development is not prioritized in the site selection criteria of companies, leading to a trickle-down effect where communities may find themselves ill-prepared for comprehensive workforce development initiatives. This observation highlights a potential gap in aligning school-to-work transition strategies with the needs of multinational companies, pointing towards a need for a more integrated approach in policy and practice.

**Funding of Workforce Development Programs:** With 75% of workforce development programs being funded by companies, the sustainability and continued success of these companies are essential to preventing community development vulnerabilities. This outcome stresses the importance of creating robust frameworks for economic and human capital development that support both corporate and community resilience, particularly in the face of globalization.

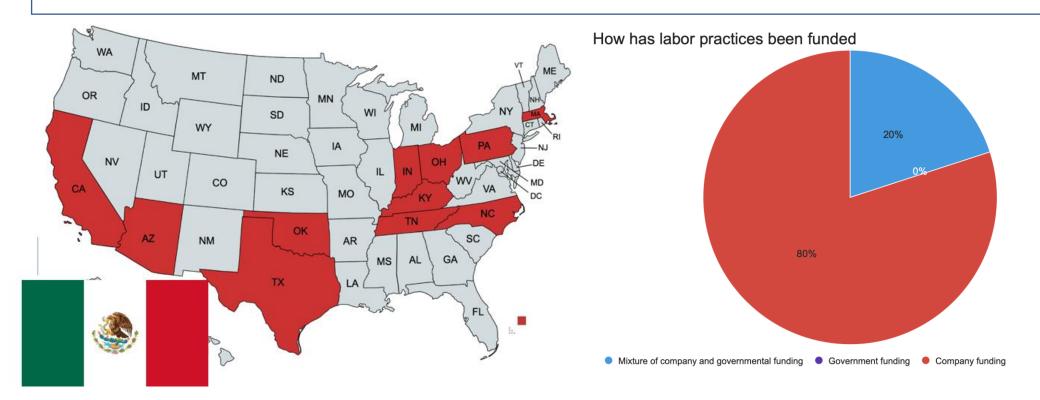
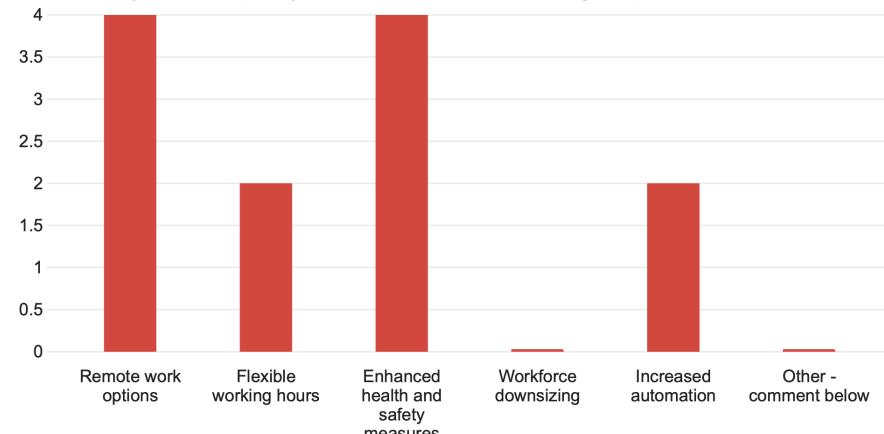


Figure 2. Geographic Distribution of Respondents

Figure 3. Breakdown of Labor Practice Funding

#### How has your company's labor practices changed post-COVID-19?



**Chart 1:** Changing Labor Practices Post-COVID-19

# Discussion

Challenges and Strategies in Managing Workforce Transitions Post-COVID-19: The transition of workforce practices in response to COVID-19 highlighted several challenges, such as the need for businesses to adapt to new norms, including remote work and digitalization. Effective strategies noted include fostering greater flexibility in work practices and enhancing health and safety measures, which are essential for maintaining productivity and adapting to new market conditions. These adaptations are crucial for businesses to remain competitive and for economies to recover in the post-pandemic landscape.

Government Role in Facilitating Workforce Development: Government initiatives play a critical role in facilitating workforce development, as evidenced by various international examples. In the U.S., federal and local governments provide crucial support through funding and policy frameworks that encourage educational and training programs aligned with industry needs. Similarly, based on the literature reviews, in Japan and China, government-led initiatives have been pivotal in transforming employment structures to meet the demands of a rapidly industrializing economy. These efforts are crucial for sustaining long-term economic growth and ensuring that the workforce is equipped with necessary skills.

# **Implications**

**1.Integration of Workforce Training with Local Economic Needs:** The importance of aligning workforce training programs with local economic and industry needs is a recurring theme across the sources. This includes tailoring education systems to adapt to rapid economic shifts, as seen in Japan, and focusing on sector-specific workforce centers in the U.S., such as in Chicago.

2.Challenges and Strategies in Managing Workforce Transitions Post-COVID-19: The transition of workforce practices in response to COVID-19 highlighted several challenges, such as the need for businesses to adapt to new norms, including remote work and digitalization. Effective strategies noted include fostering greater flexibility in work practices and enhancing health and safety measures.

**3.Government Role in Facilitating Workforce Development:** In the U.S., federal and local governments provide crucial support through funding and policy frameworks that encourage educational and training programs aligned with industry needs. Similarly, in China, government-led initiatives have been pivotal in transforming employment structures to meet the demands of a rapidly industrializing economy.

# **Contact**

Yifan Bruce Zou

Bruce.zou@wharton.upenn.edu

Vivian Li livivi@wharton.upenn.edu

## References

1. (2013). Workforce Development and the Organization of Work: The Current State of Knowledge and Challenges to Theory and Research. Workforce Review, 17(1), 45-67.

(2020). After COVID-19: The Future of Workforce. Journal of Future Studies, 24(4), 1-23. Goto, A., & Suzuki, K. (2018). Development in Education and Training in Japan. Journal of Education and Work, 31(2), 165-183.

4. Hong, R., Northcut, T. B., Spira, M., & Hong, P. Y. P. (2019). Facilitating Transformation in Workforce Training: Using Clinical Theory to Understand Psychological Self-Sufficiency. Smith College Studies in Social Work, 89(1), 66-82. http://dx.doi.org/10.1080/00377317.2019.1577046

5. Schrock, G. (2013). Reworking Workforce Development: Chicago's Sectoral Workforce Centers. Economic Development Quarterly, 27(3), 163–178. https://doi.org/10.1177/0891242413477187

UNESCO-UNEVOC International Centre for Technical and Vocational Education and Training. (2014). World TVET Database United States of America. Bonn, Germany: UNESCO-UNEVOC International Centre. Retrieved from http://www.unevoc.unesco.org/
 Van Zolingen, S. J. (2005). Developments in Education and Training in Japan. Radboud University Nijmegen, The Netherlands.
 Wang, J., & Sun, J. (2020). The Great Employment Transformation in China. Asian Economic Papers, 19(2), 58-79.