MAKE**uk**
The Manufacturers' Organisation

125 YEARS BACKING BRITAIN'S MAKERS

MANUFACTURING OUR RECOVERY
THROUGH INCLUSION

MakeUK.org

FOREWORD

We are proud to introduce this important new report Manufacturing Our Recovery Through Inclusion. It is a first for Make UK, which addresses key issues facing our sector.

As the manufacturing industry recovers from the pandemic, we have seen it embrace new technologies which will help create a more resilient future. In parallel there is a need to reframe manufacturing as an attractive, progressive sector with employers who display this approach. It has never been more urgent, for the survival of this sector, to deliver digital transformation, solutions to climate change and lead the UK economic recovery. To achieve this, we need more highly skilled employees from all sections of society.

Britain's manufacturers are stepping up their commitment to a more balanced and diverse workforce, not least because it is the right thing to do, but also to widen the talent pool and in turn improve performance. However, there is a long way to go to achieve this goal with major longstanding challenges facing the sector in terms of a lack of diversity (age, ethnicity, and gender) in the workforce.

If businesses are to capitalise on the new opportunities that lie ahead, they must put people at the very top of their agenda and create a truly diverse and inclusive workplace that is representative of society.

Make UK commits to leading the way in understanding and supporting all aspects of equality, diversity and inclusion and calls on its members and the wider manufacturing to come with us on this all-important journey to drive real change and create real opportunities.

Stephen Phipson, CEO, Make UK
and
Dame Judith Hackitt, Chair, Make UK

READY OR NOT THE NEW WORLD IS UPON US

The manufacturing sector in the UK is in itself diverse and plays host to such a wide range of businesses, from global multi-nationals to fourth generation micro-businesses. Manufacturing can be found in every cornerstone of the UK. But the legacy of "old manufacturing", towns reliant on one manufacturer and individuals in manual jobs has been hard to shake off.

Make UK's #ManufacturingHeroes campaign highlighted the lengths UK manufacturers went to in order to support communities, people, and the NHS during the pandemic. In many ways, the Covid-19 pandemic has been a catalyst for change, putting a sector that has often been seen as in decline, unimportant or outdated, back into the spotlight. While many of us were asked to stay home, a nation of makers went to work, producing vaccines and PPE, keeping food on our tables, and perhaps most astonishingly producing 13,000 ventilators in just 12 weeks for people in need.

All of this is a demonstration of how the UK's manufacturing firms, big and small, have and continue to tackle the biggest social issues we face, as well as how different modern manufacturing really is.

New digital technologies like Artificial Intelligence (AI), the Internet of Things (IoTs), robots and cobots, augmented and virtual reality are transforming the world of production, enabling more efficient processes, and generating added value not just for industry but for our local communities and the environment. We are also moving towards a green revolution, as our transition to a more sustainable economy takes pace and the sector finds itself optimising efforts to become more energy efficient and sustainable.

This transformation will need more high skilled employees that can respond to these opportunities and challenges.

If businesses are to capitalise on these opportunities, they must put people at the top of their agenda – all people. This means creating a truly diverse and inclusive workplace. To ensure the right strategies and policies are in place, manufacturers need to embed equality, diversity & inclusion (ED&I) across all business units.

Fortunately, more and more manufacturing business leaders realise that they need to include the people element into their business strategies. Over a third (36%) of manufacturers have said they already have an ED&I strategy within their business and a further third (31%) are in the process of introducing strategies. Manufacturers agree that giving equal rights and opportunities to all people is simply the right thing to do.

Our research shows that manufacturers are stepping up their commitment to a more balanced and diverse workforce to make greater use of the talent pool and to improve their performance. However, our findings make it very clear that there is a very long way to go to achieve this goal with major longstanding challenges facing the sector in terms of age, ethnicity, and gender balance.

On average under a third of the manufacturing workforce (29%) is made up of women while 18% of the workforce are from ethnic minorities. Greater occupation segregation is apparent with women comprising of just 8% of professional roles such as chartered engineers, whilst ethnic minority groups make up on average just 5% of board roles.

With the support of Make UK's newly formed ED&I Working Group as well as discussions with hundreds of manufacturers across the country, this paper explores:

– The business case for a more diverse and inclusive manufacturing workforce
– What diversity looks like in the UK manufacturing sector
– The positive impacts an ED&I strategy can have
– Guiding principles for manufacturers to adopt ED&I in their business and an action plan for those ready to take the next step.

Diversity does not concentrate on specific factors but is truly intersectional. Make UK commits to leading the way in understanding and supporting all aspects of how we can promote and encourage a diverse and inclusive manufacturing sector.

PART 1:
THE BUSINESS CASE FOR A MORE DIVERSE AND INCLUSIVE MANUFACTURING WORKFORCE

This report outlines how manufacturers can improve equality, diversity, and inclusion in their own businesses, and how to build a truly inclusive and progressive manufacturing sector. To do so, first we must look at the meaning of equality, diversity, and inclusion

DIVERSITY AND INCLUSION ARE NOW TWO INTERCONNECTED CONCEPTS

Diversity is a fact: it is the make-up of an organisation.

Inclusion is about behaviour: how the contributions and perspectives of the workforce are heard, valued, and integrated. It is about facilitating and fostering the workforce's sense of belonging: bringing their whole selves to work and having a voice which resonates and is valued.

"Diversity is being invited to the party; Inclusion is being asked to dance"

Verna Mayers, Diversity and Inclusion Consultant

DIVERSITY

Diversity describes the range of human differences, whether they are inherent (protective characteristic) or acquired (by experience). Some of them are obvious to others and some are not noticeable. In today's workplace, these differences can be the basis for different forms of exclusion and result in different forms of discrimination. A range of characteristics pose a risk of exclusion, preferential treatment, or discrimination.

Among these are:

- Age and generation
- Gender and gender expression
- Sexual orientation
- Mental and physical abilities
- Level of health
- Personality traits and behaviours

- Race, ethnicity, and religion
- Language and nationality
- Location (such as rural and urban)
- Social origin and parental background
- Income, education, and socio-economic status
- Appearance

THE BUSINESS CASE FOR DIVERSITY AND INCLUSION

Manufacturers we spoke to as part of this research told us that to make a real difference to productivity, resilience and efficiency, the core focus needs to be on people. When we look to wider research we see that companies leading their industry in equality, diversity and inclusion benefit from higher levels of innovation as well as increased revenue.[1]

Detailing the business case to the manufacturing sector is the first step to bring companies across all sub-sectors and of all sizes on the ED&I journey.

THE CASE FOR A DIVERSE AND INCLUSIVE WORKFORCE

Moral: Giving equal access and opportunities to all people to work under fair and equitable conditions is simply the right thing to do. Inclusive companies declare fairness and opportunity for all as part of their corporate values and codes of conduct, declaring exclusionary behaviour is unacceptable. Moral questions posed by new workplace technologies i.e., AI and practices only further underline the need to build organisational cultures that proactively engage the entirety of their workforce on these issues.

Legal: the Equality Act 2010 applies to all employers in England, Wales, and Scotland, and prohibits discrimination and unfair treatment of people on the grounds of: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

Economic: Well managed diverse teams outperform well managed homogenous teams over time. To achieve this, companies need to move beyond a focus on diversity and for its own sake, towards a focus on providing a safe, open, and inclusive work environment that is underpinned by a sense of belonging for all employees. In return, diverse and inclusive teams − if well managed − have a broader range of knowledge and skills; are better at identifying and solving problems that others may overlook; and gain a competitive edge in accessing new markets and higher market share. Expanding hiring to a broader talent pool provides new avenues for staffing hard-to-fill roles, while an inclusive workplace culture is a key driver of employee engagement, well-being and retention. companies leading their industry for diversity, equality and inclusion perform better than their market average across a wide range of key performance metrics:

- **Profitability:** 25%-36% more likely to outperform their competitors on profitability

- **Innovation:** Decision-making: Up to 30% greater ability of spotting and reducing business risks

- **Employee engagement:** when leaders are perceived by their teams as being inclusive, 84% report feeling more motivated and 81% indicate it has a positive impact on their productivity.

Source: World Economic Forum, Diversity, Equity and Inclusion 4.0, 2020

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[1]BCG Consulting, Why diversity and inclusion matter?

THE CASE FOR SMALL BUSINESS

Small businesses, and in particular micro-businesses, are often too small to employ diverse talent. These companies may employ family members especially in manufacturing when there are third, fourth and even fifth generation companies. Therefore demonstrating that they have a diverse business can be difficult but they can create an inclusive one.

However, diversity is as relevant and necessary for even the smallest of firms. Manufacturers will often report fierce competition over talent with larger companies when skills are in scarce supply. Opening the talent pool can help address this challenge. The need to open recruitment procedures more broadly and expand into new local and national markets more generally will become a significant element of how SMEs overcome economic downturns and continue to grow into the future.

Research conducted by the EU details the business benefits of diversity, Respondents overall said that diversity policies enable the recruitment and retention of high-quality employees.

When interviewed, SMEs explained that this aspect was especially important given shortages of skills and competition for employees between SMEs and larger business. A further 40% also recognised a link between diversity, creativity, and innovation.

SUPPLY CHAIN DEMANDS

Manufacturers reported that their customers are increasingly introducing equality, diversity, and inclusion requirements throughout their supply chains. Companies within the supply chain need to be prepared to demonstrate their engagement and importantly action within the equality, diversity, and inclusion area. Failing to do so may jeopardise relationships with key clients and potentially lose new and existing business.

As companies seek to take on more responsibility for addressing diversity and equality, a key pathway is to adopt an integrated approach to this issue across the workplace and a renewed commitment to concrete change.

In the UK, 80% of purchasing decisions are made by women. By 2025, women are expected to own 60% of all personal wealth and control £400 million more per week in expenditures than men. McKinsey reported that a top team that reflects different demographic groups will have a better understanding of their market behaviour (McKinsey, 2015).

By 2025, 65% of the global workforce will be made up of Gen Z and Millennials, who want their workplace to be fostering innovative thinking, develop their skills and be inclusive. www.linkedin.com/pulse/millennials-75-workforce-2025-ever-anita-lettink/

Harnessing the power of the UK manufacturing sector by embracing the full potential of the entire working population can help to revive and rebalance our regions but to do this we firstly need to understand what the manufacturing workforce looks like. By doing so we can set realistic yet ambitious goals on how the sector can move forward.

PART 2:
WHAT DOES THE AVERAGE MANUFACTURING WORKFORCE LOOK LIKE?

WHAT DATA DO MANUFACTURERS COLLECT?

Monitoring diversity data is a crucial part of the process, as this provides knowledge of who works in a manufacturing business, where in the business they work, what action needs to be taken and finally to track progress against those actions. However, in order to monitor data, it must be recorded.

Many manufacturing employers record data about age at 77% and gender at over 75%. Disability is currently being recorded by 55% of firms and ethnicity by 44%. The lowest, possibly because it is deemed the most sensitive of subjects is sexual orientation at 18% and religious beliefs by just 16% of manufacturers.

"We just really don't know what to do about the GDPR aspect of collecting data"

Make UK member

Chart 1: Manufacturers collect a range of manufacturing data

% companies citing they collect specific employee data

Source: Make UK ED&I Survey (2021)
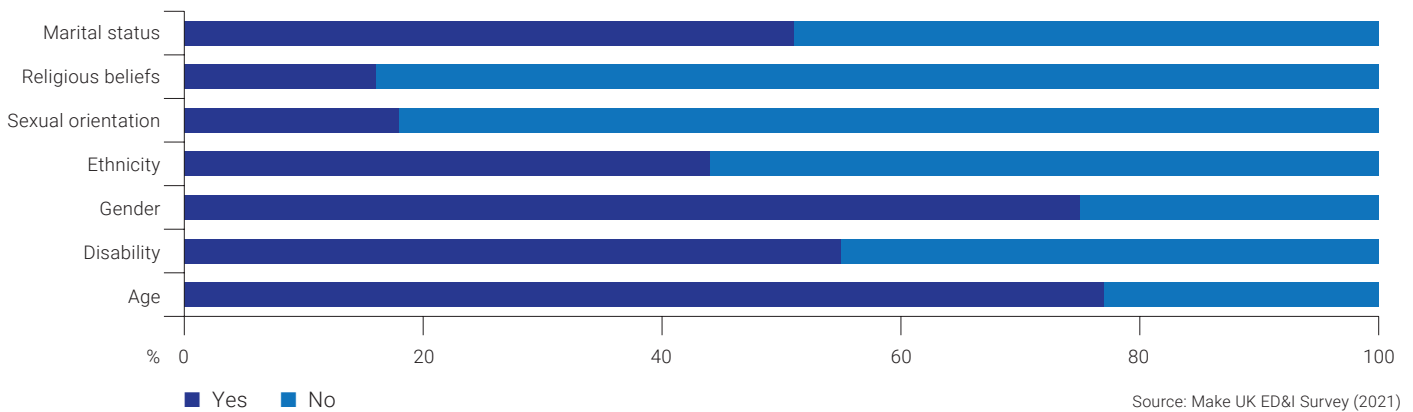
ETHNIC MINORITIES - GOVERNMENT GUIDELINES

We use 'ethnic minorities' to refer to all ethnic groups except the White British group. Ethnic minorities include White minorities, such as Gypsy, Roma and Irish Traveller groups.

For comparisons with the White group as a whole, we use 'all other ethnic groups combined' or 'ethnic minorities (excluding White minorities)'. We also refer to 'White' and 'Other than White' if space is limited.

We do not use 'Non-White' because defining groups in relation to the White majority was not well received in user research.[2]

[2]Writing about ethnicity, https://www.ethnicity-facts-figures.service.gov.uk/style-guide/writing-about-ethnicity

WHAT DOES THE AVERAGE MANUFACTURING WORKFORCE LOOK LIKE?

Our survey, at the start of this year, asked manufacturers what the make up of their workforce was in terms of gender and ethnicity. We also asked the average age within their business. The results are as follows:

Gender: According to our survey, the average manufacutring business is 29% female and 70% male. This reflects the global trend according to Interntional Labour Organisation which found that on average women make up 29.90% of the manufacturing workforce. However, it does not replicate the UK's working population as women account for 48% of the working population.

Ethnicity: Employees from all ethnic groups represent a small proportion of the manufacturing workforce (18%). The average manufacturing business has almost three-quarters (82%) white employees.

Age: When it comes to age, over a third (34%) of manufacturers state the average age of their workforce is between 36-40 years old, 22% between 41-45 years old and 24% between 45-50 years old.

Chart 2: The average manufacturing business is predominatly male

% companies reporting the make up of their workforce by gender

- Female
- Male
- Non-binary/gender fluid/ prefer to self describe

1% 29% 70%
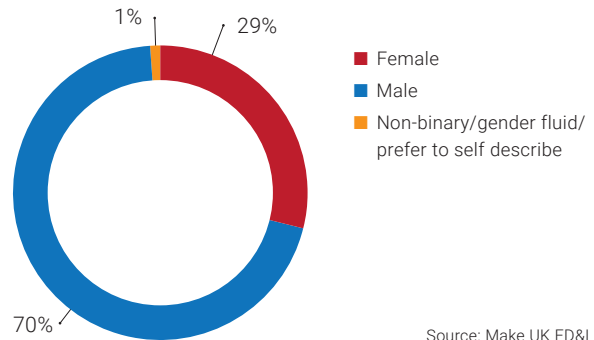
Source: Make UK ED&I Survey (2021)

Chart 3: Companies reporting the make up of their workforce by ethnicity[3]

- White (White British, White Other)
- Black, Asian, minority ethnic

18% 82%
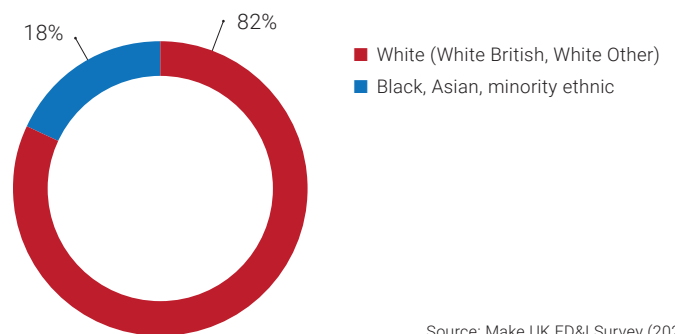
Source: Make UK ED&I Survey (2021)

[3]The totals add up to 113% - we believe this may be due to double counting during the survey

OCCUPATIONAL SEGREGRATION IS APPARENT IN MANUFACTURING

There is still significant occupation segregation in the manufacturing sector among underrepresented groups such as women and ethnic minority groups, and this is borne out within our research.

Our data shows that only 8% of professional high skill roles in manufacturing (for example Chartered Engineers) are filled by women, and only 12% of other skilled roles, such as trade or technical, are filled by women. Part of this occupational segregation is caused by the barriers that manufacturers are facing, which we will discuss in more detail later in this report.

Many of these roles will be crucial for manufacturers to progress in digital adoption and their transition to net zero. Previous Make UK research shows that the manufacturing sector will need an increasing number of mid to high level technical skills over the coming years. It is therefore crucial to overcome the barriers for women and ethnic minority groups to access these jobs, otherwise it's likely that the gap will widen.

Moreover, just 15% of middle management roles are filled by women. Yet globally, women represent 27% (ILO of all managerial positions). This gap is very significant. The roles of middle and senior management are those where strategic decisions are made. Therefore, diversity must cut across the shop floor to the board room. Those companies that are reaping the benefits of a more diverse and inclusive workforce are those where diversity is seen in senior level and decision making job roles.

WOMEN MAKE UP JUST 20% OF SKILLED TRADE ROLES

Chart 4: Women are most likely to be in administrative and clerical roles

% companies citing the proportion of women filling job specific roles
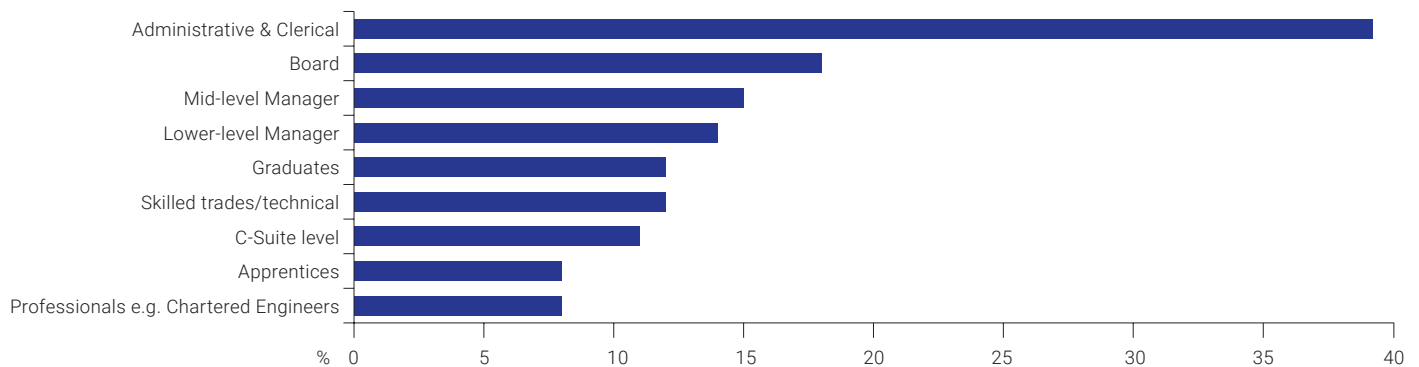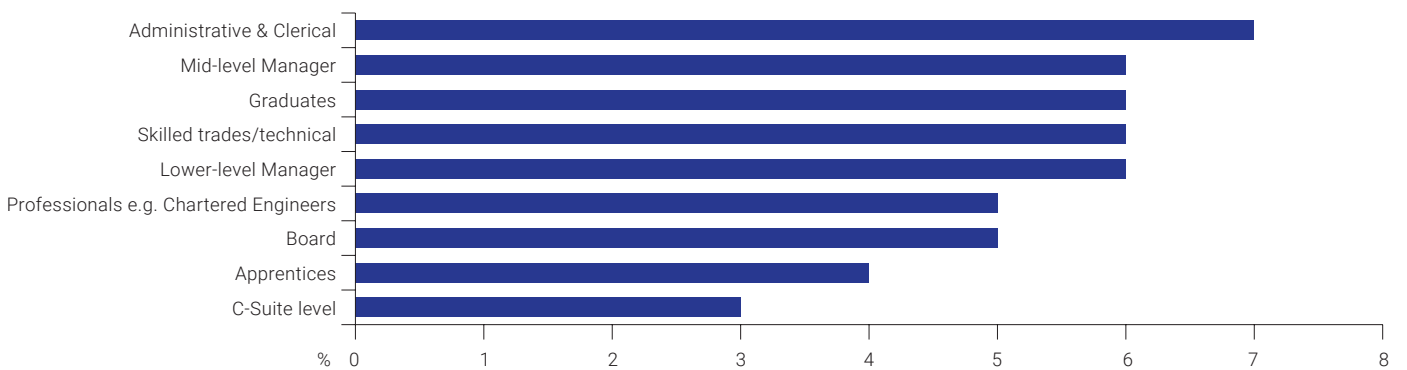

Source: Make UK ED&I Survey (2021)

If we are to increase participation in professional, managerial and board level roles, then we also need to boost the talent pipeline via entry level jobs. Yet our research reveals that when it comes to apprenticeships the average manufacturing business has 8% female apprentices and just 4% of apprenticeships being undertaken by Black, Asian and other ethnic minority group employees. While for graduates there is a slight improvement, we are some way off equal representation.

JUST 4% OF APPRENTICESHIPS ARE BEING UNDERTAKEN BY ETHNIC MINORITY GROUPS

Chart 5: Ethnic minority group employees fill job roles across the business

% companies reporting proportion of ethnic minority employees filling job roles

Role	%
Administrative & Clerical	7
Mid-level Manager	6
Graduates	6
Skilled trades/technical	6
Lower-level Manager	6
Professionals e.g. Chartered Engineers	5
Board	5
Apprentices	4
C-Suite level	3

Source: Make UK ED&I Survey (2021)

It is easy to point towards the UK's education system, however, when we look at school, college and university leavers, we see positive trends. For example the number of women entering full-time undergraduate courses taking Science, Technology, Engineering and Mathematics (STEM) subjects has increased from 33.6% to 41.4%. Also in the UK, there has been a 31% increase in entries from women and girls to STEM A-levels between 2010 and 2019.

"At recruitment, there is often a limited pool to select from. For example, the last recruitment for a "software engineer was via LinkedIn and we have no female applicants. But since I have little staff turnover or staff number growth, my challenge lies with internal resources, both in terms of my time to initiate any change, which will include convincing the Board and then driving change with little or no financial resources."
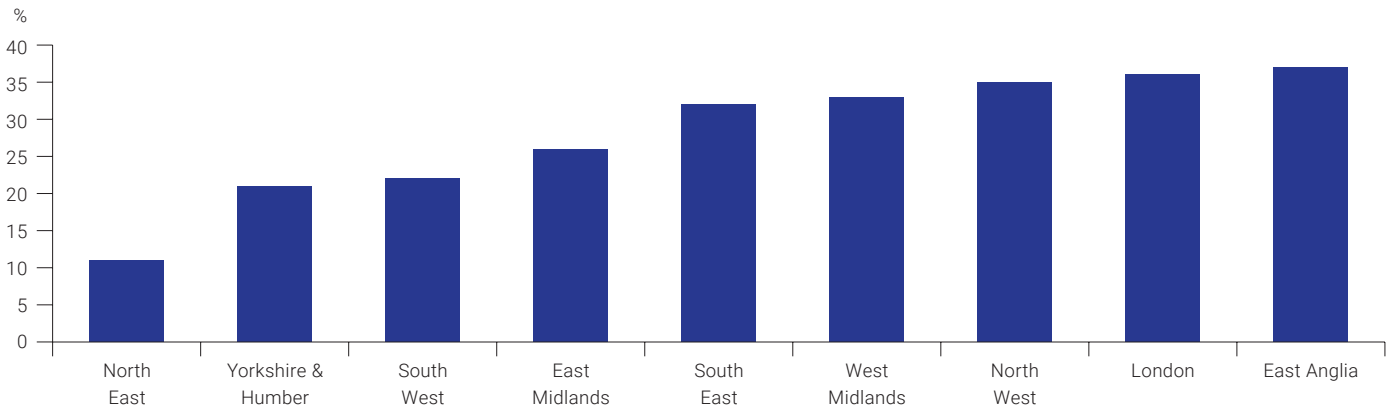
Make UK member

While there is still some way to go, education and the supply of new talent isn't the only barrier for manufacturers to create diverse workplace. Where the sticking point seems to be is transitioning diverse talent into the labour market.

Iceland: Women are highly visible in senior or managerial positions, representing 41.9% of senior roles and 45.9% of the board members. One important driver of the high presence of women in the workplace is the fact that Iceland is one of the OECD economies with the highest proportion of GDP spent on childcare.

New Zealand: In addition, the share of women in professional and technical roles remains high (over 50%).

Chart 6: Average proportion of female employees in the manufacturing workforce by region

%
40	
35	
30	
25	
20	
15	
10	
5	
0	North East · Yorkshire & Humber · South West · East Midlands · South East · West Midlands · North West · London · East Anglia

Source: Make UK ED&I Survey (2021)

When we look into the regional breakdown of women in the manufacturing sector, we can see a familiar trend. London has one of the highest proportion of women working in manufacturing, second only to East Anglia. The North East has the lowest number of women working in manufacturing, according to our data.

PART 3:
THE POSITIVE IMPACT OF AN ED&I STRATEGY

EQUALITY, DIVERSITY, AND INCLUSION (ED&I) STRATEGIES

Manufacturers are acutely aware of the need to engage in ED&I and are taking action. Indeed, over a third (36%) of manufacturers already have an EDI strategy and a further 31% are currently developing one. Yet, this means the remaining third are not planning to take action.

"ED&I is about culture not compliance"
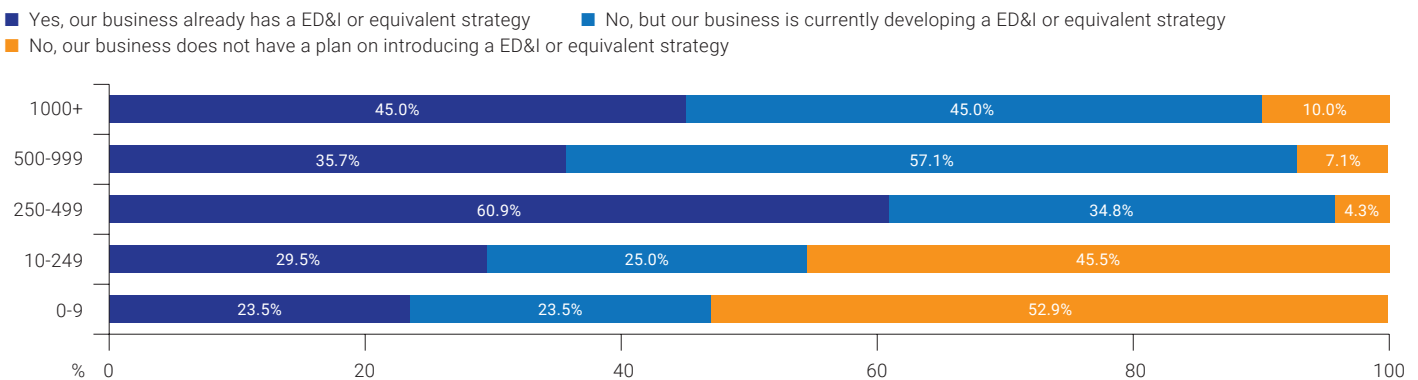
Make UK member

There is also a difference based on company size. The largest companies (those with over 1000 employees) are far more likely to have developed or be developing an ED&I strategy compared to micro businesses (with less than ten employees). This is largely due to the capacity and resource constraints small businesses face.

Our research also looked at the impact a strategy has on the diversity of the manufacturing workforce. The evidence suggests that businesses with a more diverse workforce tend to be those who have, or are in the progress of developing an ED&I strategy. What we do not know at this point is if the recent reactiveness around equality, diversity, and inclusion in the second group is originated by the employee engagement or initiative from the leadership.
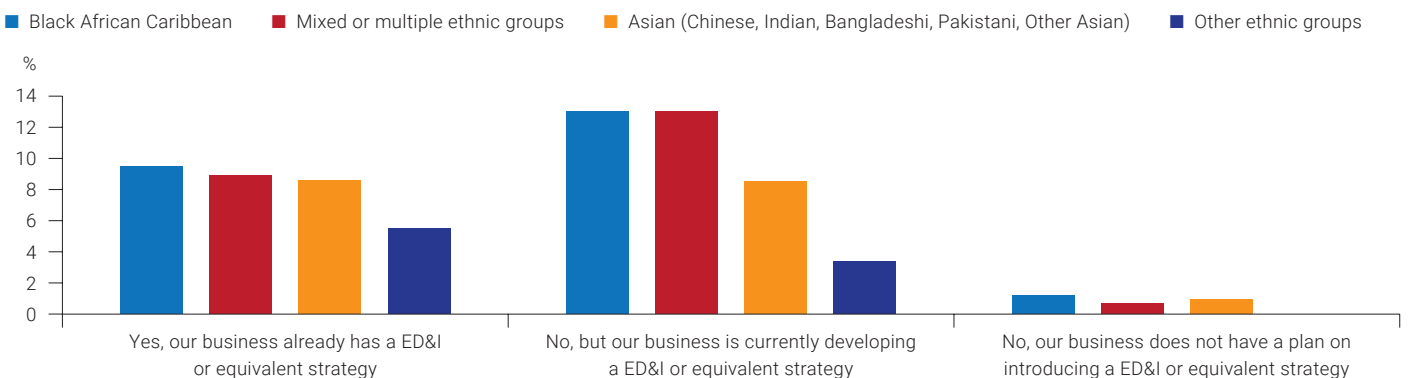
Chart 7: Manufacturers are introducing ED&I strategies into their business

% companies reporting if they have ED&I strategies by company size

■ Yes, our business already has a ED&I or equivalent strategy   ■ No, but our business is currently developing a ED&I or equivalent strategy
■ No, our business does not have a plan on introducing a ED&I or equivalent strategy

Company size	Yes	Developing	No plan
1000+	45.0%	45.0%	10.0%
500-999	35.7%	57.1%	7.1%
250-499	60.9%	34.8%	4.3%
10-249	29.5%	25.0%	45.5%
0-9	23.5%	23.5%	52.9%

Source: Make UK ED&I Survey (2021)

Chart 8: Companies with ED&I strategies tend to have more diverse workforces

■ Black African Caribbean   ■ Mixed or multiple ethnic groups   ■ Asian (Chinese, Indian, Bangladeshi, Pakistani, Other Asian)   ■ Other ethnic groups

Source: Make UK ED&I Survey (2021)

Companies who have already introduced equality, diversity and inclusion strategies into their business are also refreshing these strategies. Almost half (45%) of manufacturers are reviewing their ED&I strategy at least once a year to ensure that action is being taken and progress is being made. This tells us that ED&I is not a tick-box exercise. The sector has moved away from change for compliance's sake and instead change for cultural sake. Manufacturers we spoke to during roundtables and on a newly formed Make UK ED&I Working Group want to make change happen and not just for the short-term.

Long-term change can only come about if we track and measure action. Manufacturers are using various tools and techniques to measure progress. The most favoured tool for assessing workforces are staff engagement surveys. That said, not all companies are assessing the status of ED&I in their workforce.
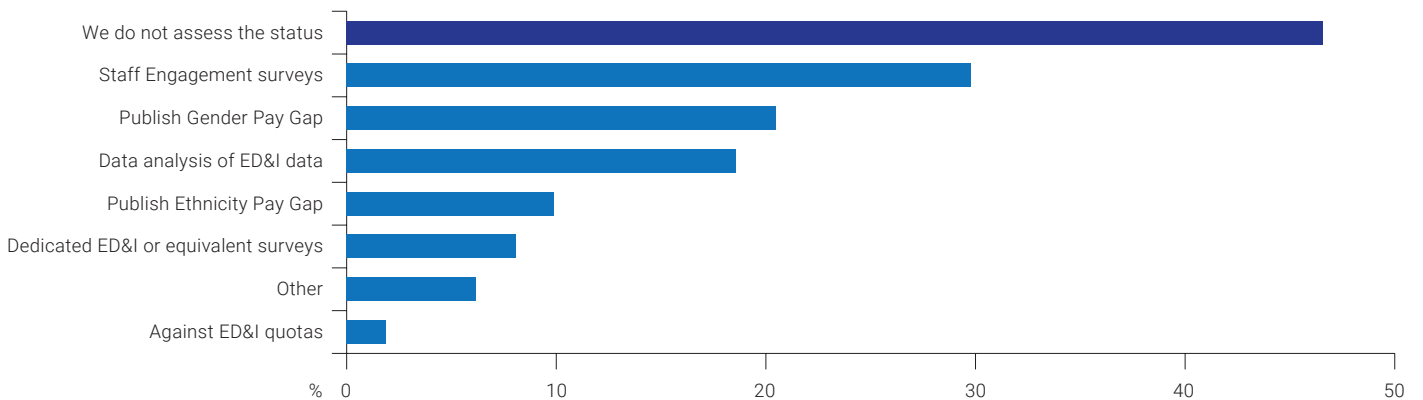
Clearly, adopting a strategy and tracking its progress can have a positive impact. But in the words of one of Make UK's members "it's not just about strategy, it's about action."

Many businesses we spoke to as part of this research said they wanted to understand what the good looks like. We have found many great examples across our membership and we will continue to share them across the sector so that manufacturing peers can learn from each other.

47% OF MANUFACTURERS ARE NOT ASSESSING THE STATUS OF ED&I IN THEIR BUSINESS

Chart 9: Staff engagement surveys most used tool to measure progress

% companies citing tools and techniques to progress ED&I status

Category	%
We do not assess the status	~46
Staff Engagement surveys	~30
Publish Gender Pay Gap	~20
Data analysis of ED&I data	~18
Publish Ethnicity Pay Gap	~10
Dedicated ED&I or equivalent surveys	~8
Other	~6
Against ED&I quotas	~2

Source: Make UK ED&I Survey (2021)

CASE STUDY – G&B ELECTRONICS

G&B Electronics is a small family run manufacturing company offering printing circuit board assembly services, employing over 50 people.

When Laura McBrown joined her family company, the majority of workforce was male, with average age of 50-years-old. *"It was a slightly intimidating place at the time"*, she admits.

After 16 years with G&B Electronics, she took over as the company's Managing Director, together with her sister Kate, who is the HR Director, set about to change this culture and establish a place of work where everyone feels like they belong and can voice their opinion and be themselves. It's a small company and they don't have a formal D&I strategy in place.

The change had to be done carefully, with listening to their employees and their perspectives at the heart of it. *"People are scared of the unknown"*, Laura said. *"We proactively tried to make people open up and build their confidence."*

For example, while recruiting for an engineering role, they knew of a female candidate who would be suitable but who didn't want to go for the job because she felt she could only do part of it. Kate worked with the agency to arrange a more informal interview and is delighted to say that she became an effective and popular member of the team.

After six years as an MD, they have a more balanced workforce with women make up around half of the company's positions including senior management and key roles and the average age reducing. The leadership and development skills programme has been helpful in encouraging their team to be more vocal about their ideas, with the business thriving and winning awards for promoting new ideas and diverse thinking.

The safe environment they created has also paid off during the Covid-19 crisis, when, despite big pressure on the team, the company avoided any problems with quality and levels of the production.

"By changing the culture and being more attuned to team G&B we have created a real place of belonging", Laura said.

CASE STUDY – LEONARDO – LARGE NATIONAL EMPLOYER

Leonardo's Head of Inclusion and Diversity Nerys Thomas stated they started their journey with creating the ED&I strategy – a clear, transparent plan and ensuring the right people supported it. The plan consisted of targets, actions, timescales and measurements. This received buy in from the senior leadership team and was then communicated across all employees.

"Inclusion is key. It's crucial to get the culture right first – we all understand the benefits of diverse teams but if we bring in diverse talent too soon and newcomers don't feel comfortable in the environment then they will leave. We are focusing on inclusion because that is right for all of our people who work here now and for the people who we hope will work with us in the future, and then when they do join, they will feel welcome and want to stay here" said Nerys Thomas.

To oversee the implementation of the ED&I strategy, Leonardo created a People and Inclusion Committee tasked with driving change within the company. The committee contains 12 members, five of them are senior leaders at Leonardo and the other seven members having been recruited through a wider open internal recruitment process. Instead of

tapping people on the shoulder and asking them would they like to join the Inclusion Committee they wanted people who feel passionate about ED&I as they believe only people who want to be there can drive and create the change. The announcement about creation of the committee and search of its members went to all the 7500 employees, with criteria; creativity, contribute ideas, influence through day to day work and commitment. Leonardo received many applications in return and since then are running a very successful and engaged People and Inclusion Committee, overseeing the plan and thinking creatively about how to make Leonardo a more inclusive place for all.

Leonardo as many other manufacturers are still on the journey with the capturing of diversity data. Most of the data they capture is while recruiting individuals. Within existing employees, it becomes a far more challenging process as people often choose "prefer not to disclose" option.

To improve data capture, Leonardo are taking proactive steps with the workforce. In addition to meeting the GDPR requirements, this includes stating why they are requesting data, what they will do with the data and who will have access to it. This approach is agreed by the People and Inclusion Committee and from supported from the top.

We try building trust with what we are requesting data and using it for which is to ensure we are providing opportunities and a fair workplace for all, Nerys Thomas, Leonardo

A key learning point is to ensure any communication about the topic with the workforce is interactive, clearly stating the purpose and why it is relevant.

Leonardo continue to have conversations about why diversity is important and actively mix the messaging platforms. They continue to reach out through video messages, emails and communication through internal channels however they are also careful not to overload employees about the subject.

GENDER AND ETHNICITY PAY GAP REPORTING

Gender Pay Gap Reporting has been in place since 2017. The Gender Pay Gap Reporting Regulations require employers with over 250 employees to report on six gender pay metrics including the mean and median gender gap and the mean and median bonus pay gap.

- **27%** of manufacturers are reporting on their gender pay gap because they are in scope of the gender pay gap regulations
- **13%** are reporting their gender pay gap even though they are not in scope of the regulations
- **10%** of firms do not report but are planning to do so
- **49%** of manufacturers do not report and have no plans to do so

Ethnicity Pay Gap Reporting was consulted on at the end of 2018 with Government seeking views on what information should be report and who should be in scope of reporting requirements. However, since the consultation concluded, there has been no formal introduction of ethnicity pay gap reporting.

- **18%** of manufacturers are voluntarily reporting their ethnicity pay gap
- **23%** of companies do not current report but are planning to do so
- **59%** of firms do not report their ethnicity pay gap and have no plans to do so

PART 4:
MANUFACTURERS COMMITMENT TO A MORE DIVERSE AND INCLUSIVE WORKFORCE

Businesses have been faced with a myriad of challenges in the past few years, most recently recovering from the pandemic and leaving the EU. It is therefore no surprise that for SMEs with limited resources ED&I is not currently at the top of their business priorities. Nonetheless, this does not mean that it is not an issue on their radar when looking ahead. Manufacturers we spoke to as part of this research cited challenges they have faced or continue to face when it comes to creating a more diverse and inclusive workforce. These tended to focus on the themes of:

CULTURE

LANGUAGE

EDUCATION

DATA

TRAINING

RECRUITMENT

RETENTION

"We must address unconscious bias. More training in this area would help."
Make UK member

"We need to go back into schools to talk about the opportunities a career in manufacturing can bring. When we go into schools, we need role models, diverse role models."
Make UK member

"We must treat people as individuals, not only do employees have different characteristics they have different life experiences."
Make UK member

"There is still a lot of shop floor 'banter'. ED&I must be embedded from Board room to the shop floor if we are to make a real difference."
Make UK member

"As the manufacturing industry, we need to plot where we want to go, then determine how we get there."
Make UK member

But what they all concluded was that by addressing these barriers and taking action, the manufacturing sector can create real opportunities. Indeed, manufacturers across the country agreed that there is a need for ED&I to be part of a wider cultural change within the sector, and a fundamental shift in how the public perceives the UK manufacturing sector.

EQUALITY, DIVERSITY & INCLUSION GUIDING PRINCIPLES FOR MANUFACTURERS

Manufacturers must start by committing to a more diverse and inclusive manufacturing workforce. We have below set out a set of guiding principles which manufacturers should all commit to. These are:

1. We commit to defining our ED&I ambition, and publishing this through an ED&I statement owned and championed by senior leaders in our business.

2. We commit to creating a truly inclusive culture by building a workforce reflective of the working population, and our local community.

3. We commit to sharing best practice with our peers and learning from those who have made positive change.

4. We commit to adapting and review our EDI work, by embedding a culture of learning throughout our business.

SUPPORTIVE GOVERNMENT POLICIES

For manufacturers to both embrace and adopt these principles, government can ensure that the right policy levers are in place. This includes:

1. Publishing accessible workforce data by locality to enable employers to assess their workforce diversity against their local area.

2. Providing further guidance on data collection so that it does not act as a barrier for business to collect, monitor and track diversity data and progress.

3. Continuing to promote greater pay transparency among larger businesses and providing best practice for small businesses to participate.

4. Committing to work with industry on policies around flexible working, returning to work and childcare to understand how these policies can encourage greater diversity in sectors such as manufacturing.

EQUALITY, DIVERSITY & INCLUSION BUSINESS ACTION PLAN

For those companies ready to act, we have detailed below how businesses themselves can overcome the challenges they have told us they face.

		Business challenges	Business action
	Defining ED&I goals and commitment	– Differentiating between the terms inclusivity, diversity, and equality. – Understanding what these terms practically mean in a manufacturing workplace. – Knowing what and how to take the first step to address these core issues.	– Define your company's core goals and values. – Review whether these goals and values align to reflecting diversity, inclusion, and quality. – Capture this commitment to align both in an ED&I statement followed by clear communication, top down, to all employees.
	Ownership and Commitment	– A lack of ownership and accountability within business leadership is one of the most cited barriers. – ED&I strategies are often seen as another HR policy and are not embedded across business practices. – Time constraints of leadership teams means ED&I issues are seen as secondary to profit-driven activity.	– The leadership team to mandate, champion, and measure the progress of an agreed ED&I action plan. E.g., ensure it is a standing agenda item at Board meetings. – Appoint an ED&I champion who is responsible for delivering against the ED&I action plan with the support of the relevant business units. – Ensure all employees are provided with regular updates from the Leadership team on the progress against the action plan.
	Obtaining and reviewing diversity data	– Obtaining data can be challenging as some employees are not willing to enclose all their information. – A lack of data can then make reviewing the data difficult, as companies are unable to have a clear view of state of play.	– Always ensure the data is collected in an appropriate manner, handling it with sensitivity, and in line with GDPR requirements. – Communicate clearly to employees why the information is being collected and how their data will be used.
	Culture change and creating place of belonging	– Employees may be reluctant to embrace the cultural change, feeling that it may threaten their job. – Employees may also feel that there is no safe space to share how they feel about the workplace.	– Take employees with you on the journey by conducing engagement surveys on a regular basis. – Review the results to understand what more could be done to foster inclusion in the workplace, engaging with employee resources groups or national staff forums. – Develop diagonal working groups to continue the conservations with employees as you being to implement cultural change through the business.
	Identification of any policy and diversity and inclusion training gaps	– A third of businesses having no ED&I strategy. – Lack of skills and training audits within businesses. – Training budgets strained with budgets often targeted at technical skills gaps.	– Carry out an audit of existing ED&I policies, review if they sufficient or require an update. – Refresh and renew ED&I knowledge of all employees, including Leadership teams. – Consider top-up sessions for Leadership teams and managers to ensure that people of responsibilities in businesses are role models of exemplar ED&I behaviours.
	Inclusion initiatives	– Applicants for jobs are often from the same background, race or even gender. – A alack of diverse talent is often exaggerated in areas of the country where diversity in terms of race and ethnicity are already below average.	– Ensure the recruitment process is as inclusive as possible. Review the language you use, use different recruitment agencies, and ensure the same process is applied for internal as well as eternal candidates. – Through the recruitment process ensure a there is a diverse interview / selection panel. – Build in EDI training into the on boarding process for inductions.

MAKEuk
The Manufacturers' Organisation

Make UK is backing manufacturing – helping our sector to engineer a digital, global and green future. From the First Industrial Revolution to the emergence of the Fourth, the manufacturing sector has been the UK's economic engine and the world's workshop. The 20,000 manufacturers we represent have created the new technologies of today and are designing the innovations of tomorrow. By investing in their people, they continue to compete on a global stage, providing the solutions to the world's biggest challenges. Together, manufacturing is changing, adapting and transforming to meet the future needs of the UK economy. A forward-thinking, bold and versatile sector, manufacturers are engineering their own future.

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