Equalities & Wellbeing in Manufacturing Working Group

Recommendations Report

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Scottish Government
Riaghaltas na h-Alba
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Chair's Foreword

The short-life Equalities and Wellbeing in Manufacturing Working Group has been tasked with producing independent recommendations for the manufacturing sector. When I was asked to Chair it, I was absolutely delighted at the prospect, and was humbled to be asked to be a part of this initiative. Increasing workplace inclusivity, diversity and inclusion (including through an intersectional lens) to create fairer workplace cultures has long been a passion of mine, and working with representatives from industry, trade unions and academia who also believe in furthering equality and improving wellbeing in the manufacturing sector has been a thrilling and insightful experience.

Over the past six months, the Group has discussed how to encourage greater equality in the manufacturing sector, specifically focusing on three priority areas of Leadership, Mental Health & Wellbeing (MHW), and Flexible Working. We also heard from industry experts and those with lived experiences through a series of presentations, helping to further stimulate discussion which led to the development of recommendations to help – and challenge – employers to drive cultural change, and increase equality, inclusivity, and diversity.

The manufacturing sector is a crucial part of Scotland's economy, directly supporting 178,000 jobs and contributing £12.8 billion in GVA per year. The sector responded brilliantly to the challenges of the COVID-19 pandemic and will be vital to enabling Scotland's Net Zero ambitions.

However, research and evidence show that we have much work to do on inclusion and representation. The manufacturing sector workforce is predominantly white (98%), male (76.6%), and ageing (36.5%). There are also worrying reports of increased mental health issues amongst employees, with one in five UK engineers saying in 2019 they have lost a work colleague to suicide, and currently less than 15% of manufacturing organisations assess risks to mental health.

This wellbeing need is also well aligned to recruitment and retention. Key to creating a strong future manufacturing workforce is the ability to attract and retain talented people from diverse backgrounds but we are currently failing. For example, 5.4%[1] of the total Scottish working age population identify as ethnic minority (4.6% are in employment), but just 1.9% of workers in the manufacturing sector identify as an ethnic minority. Graduates from BAME backgrounds are between 5% and 15% less likely to become employed compared to graduates from other backgrounds. Specific barriers for graduates entering the manufacturing and engineering sector include stereotyping, a lack of role models and fewer opportunities of work experience.

[1] Annual Population Survey 2021

The recommendations in this report are intended to be used and adopted by manufacturers and other actors in the sector to create lasting change within their organisations. Following these will greatly increase the chances of creating an environment more likely to attract and retain staff, and ensure the relevant tools are in place to help employer's better support their employees. Each section of the report highlights the current state of play within the sector regarding Leadership, MHW and Flexible Working, why employers might want to adopt new practices in these areas, and what measures employers can adopt to encourage greater equality and wellbeing practices throughout the manufacturing sector.

It is not a lengthy report and is easily accessible to employers.

My love of working in the engineering sector also means recognising, identifying, and calling out the very real issues we have within the sector, and it is about time we begin to see more rapid and tangible change. The very nature of these sectors is built upon innovation and the need to keep up with a changing world, and only by recognising that productivity and inclusivity are complimentary can we deliver change for our most important asset. Our people.

Naziyah Mahmood
Astrophysicist and Aerospace Engineer

Leadership

Introduction

The ability of the manufacturing sector to lead is not in question. A sector that accounts for almost half of Scotland's business expenditure on R&D is no stranger to setting direction and taking measured risks. A sector that accounts for almost half of Scotland's exports is used to strong engagement and communication. Employing 178,000 skilled people in Scotland, the sector has consistently shown it recognises its greatest strength, investing in developing and upskilling its people.

The last two years has seen the sector illustrate all of these leadership capabilities. In the face of huge uncertainty, manufacturing kept operating, adjusting its operations to protect its people and, crucially, shifting production to enable wider society and the NHS to support and treat our communities. Indeed, Scotland's manufacturers quickly moved from producing none of the PPE used in Scotland to approximately 50%.

Manufacturers in Scotland are committed to continuous improvement in the knowledge that what they do can always be adapted or bettered. It is in this spirit of continuous improvement that this Equalities and Wellbeing in Manufacturing Working Group was established. And that is because, as bluntly demonstrated by the statistics set out in this report's introduction, the sector's record on equality and wellbeing issues is poor.

Lesley Laird, Director of Equate Scotland

"COVID-19 has fundamentally changed the world of work – and the manufacturing sector is no different. Manufacturing is such a key driver for our economy it's vital that we work and support leaders in the sector to understand their challenges and how best to respond to embracing more inclusive, diverse and flexible ways of working. Manufacturing is full of people innovating every day to improve their products, and this is just another dimension of innovation and I am sure they will succeed in evolving in our post-pandemic work environment."

Why Does This Matter?

Just as the sector has had to adapt and change in the face of uncertainty over the last two years, so has the workforce. People now have a renewed focus on equalities and wellbeing in the workplace, with an emphasis on their work/life balance. Strong leadership from industry, academia, trade unions, government and partner organisations is required to address labour shortages and the impending skills gap by changing the perception, and in many cases the reality, of employment in the sector, in order to attract and retain a strong, diverse future workforce, and secure the future of manufacturing in Scotland.

The manufacturing sector in Scotland does not reflect the society in which it operates. It is ageing, predominantly male and overwhelmingly white. There are significant societal and employment factors contributing to this pattern and improving these is a task to which the Scottish Government – and numerous other partners and organisations – are fully committed.

However, a more inclusive and diverse workforce is not an end in itself. The benefits to business from a more diverse and representative employee base and leadership team are well established[2]. While many in the manufacturing sector recognise that business for good is good for business, there is also difficulty in bringing about real cultural change, and the capacity of many in the manufacturing sector – dominated by SMEs in Scotland – has been stretched like never before in the last two years.

Encouragingly, the manufacturing sector's culture is one of proactivity and innovation – and with the right tools, and strong leadership – significant change can be achieved. The recommendations below are designed to encourage and facilitate leaders to achieve balance between challenging the sector to do more and ensuring the right support is in place.

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[2] 20 Benefits of Creating a Culturally Diverse Workforce | Indeed.com

How diversity, equity, and inclusion (DE&I) matter | McKinsey & delivering-through-diversity full-report.ashx (mckinsey.com)

The Front Lines of Manufacturing: How Diversity, Equity, and Inclusion Stand to Benefit This Pivotal Industry - The Diversity Movement

Fostering Diversity, Equity & Inclusion in the Manufacturing Workplace | Brightly (brightlysoftware.com)

Recommendations

L1 Recognising the high proportion of SMEs in the manufacturing sector and their relative lack of capacity, the Group recommends that the Scottish Government identify and work with appropriate stakeholders to determine the best means to support SMEs to develop their own inclusivity and Flexible Working policies. The delivery of that objective should have clearly defined stretch targets on the number of assisted SMEs.

L2 The Group recognises that significant progress on inclusivity needs to be taken to improve the diversity for the sector generally and, importantly, those in leadership positions. This will help improve business performance.
To that end the Group recommends:

L2(a) That the sector moves to adopt blind recruitment policies as a matter of course.

L2(b) That the Scottish Government works with the relevant authorities to explore how to improve data on drop off rates with the goal of better monitoring the protected characteristics of those who join and leave the sector.

L2(c) Following the review of the effectiveness of the Public Sector Equality Duty, that Scottish Government explore/consider how it can best support the sector in order to allow manufacturers to adopt agreed diversity KPIs; report on ethnicity pay gaps; report on inclusion and diversity statistics; and identify whether this reporting has the scope to become a mandatory requirement. That manufacturers should consider and implement dedicated support specifically for the nurturing of female and ethnic minority candidates in leadership positions to ensure staff retention and maximise impact.

L2(d) To ensure accountability and enforcement, that inclusivity form a standing item at Company Board meetings including the application, and compliance with, the above measures and that boards adopt a best practice approach where inclusivity, diversity and wellbeing forms part of their supply chain procurement process.

L3 The Group is aware of a large number of resources, guides and training support available and recommend that efforts be made to collate those of most relevance to the manufacturing sector. Efforts should be made to ensure this is manageable for those accessing the material and that the guidance or summaries uses the language of manufacturers and their employees. The Group also recommends that work be done with trade associations and other representative groups to ensure the widest possible dissemination of this material.

L4 That Scottish Government liaise with stakeholders and partners to ensure that this report reaches as wide as possible audience within the manufacturing sector, and those with an interest in the sector.

Mental Health and Wellbeing

Introduction

Statistics on mental health and wellbeing (MHW) in the manufacturing sector provide a sobering look at how employees have been feeling over the past few years, with one study highlighting 48% of UK manufacturing workers have claimed their mental health has suffered during the pandemic, and another highlighting that over a fifth of UK engineers have considered suicide or self-harm. Manufacturing is also ranked within the bottom 10% of UK industries for wellbeing, and we cannot ignore that workplace conditionality, culture and practice can all be factors that contribute to poor mental health at work.

The sector is predominantly made up of older, white male workers. This makes supporting those in the sector from minority backgrounds challenging as MHW support and guidance is normally tailored around the majority demographic - forgetting that MHW affects everyone differently, and factors such as gender, ethnicity, sexuality and disability contribute to deterioration in MHW and can prevent workers accessing MHW support. The lack of MHW support being offered has even led to one study claiming that 51% of manufacturing workers would seek a new job if their mental wellbeing was not being looked after.

Why Does This Matter?

Currently, the law says employers cannot discriminate against any employee with a mental health illness and must carry out a risk assessment for stress at work and act based on their findings. The law also states employers have a duty to ensure, so far as is reasonably practicable, the health, safety and welfare at work of all employees. The law therefore leaves significant degrees of digression for employers to support employee MHW, and also provides the manufacturing sector an opportunity to be an exemplar in this space, recognising that business for good is good business.

In adopting stronger measures to support MHW, the manufacturing sector can help attract and retain a more diverse pool of talent as 55% of workers have said a supportive MHW policy would increase their likelihood of joining a new company. Adopting robust MHW practices now also gives the sector the best chance to get ahead in supporting their employees through the coming change in working practices as a result of the increased adoption of automated processes – which it is anticipated will have some negative effects on workers' MHW[3].

While there is no legal requirement for businesses to adopt the recommendations below, doing so would demonstrate that the business is progressive and focused on improving the working lives for all of their employees, taking into account their backgrounds and how this affects their MHW.

[3] Fear of job loss to automation may harm worker health, study | 2018-04-11 | Safety+Health (safetyandhealthmagazine.com)
This is the hidden risk of automation that no one is talking about | World Economic Forum (weforum.org)
Automation, violence, and mental illness: The rise of the machines | Centre for Crime and Justice Studies
SSRN-id3438287.pdf

Recommendations

M1 The Group are of the opinion that MHW should be regarded as equally important as physical safety in the workplace and recommend that all manufacturers in Scotland include mandatory MHW training as a core element of workplace hazard training.

M2 As part of employment conditions, it is recommended by the Group that employers provide all employees with access to occupational health and counselling services. As best practice, employers should build links with local community MHW groups and MHW support services to enable employees to access services available in their locality.

M3 The Group recognises there are challenges for employers when trying to find the right support for their employees due to the overwhelming amount of MHW guidance, resources and training that is available. It is therefore recommended that the Scottish Government streamline and centralise MHW resources to ensure employers can find the right information at the right time to help support employees.

M4 The Group recommends that employers provide MHW and People Management training to everyone with Line Management responsibility, to help with identifying the early signs of deteriorating MHW and to give them the confidence to help support employees' effectively.

M5 The Group recognises that there is a lack of MHW Line Management training which makes specific provision for MHW for employees from minority groups. The Group recommends that:

M5(a) MHW training packages are inclusive, and make provision for the consideration of:

MHW barriers that minority communities may experience as a result of racism, inequality and cultural MHW stigma;

the impact of caring responsibilities on employee MHW;

M5(b) Employers:

set up employee working groups to get a better understanding of their MHW and issues faced by minority employees and carers;

remain alert to any MHW trends amongst employees with protected characteristics to ensure that training and support can be tailored to meet the specific demographics of the workforce.

M5(c) Scottish Government works to identify and signpost MHW training for Line Managers which makes provision for these above areas.

M6 The Group recommends the use of Mental Health First Aiders (MHFAs) as a part of employers' plans to promote the importance of good MHW practices and support employee MHW; and that the effectiveness of MHFAs in the workplace is regularly reviewed.

M7 The Group highlighted the potential for negative impacts on employee MHW due to the increased uptake of automation across the manufacturing sector. It is recommended that employers utilise training opportunities, such as the National Transition Training Programme, and working practices, like Flexible Working, as an opportunity for employees to move into new roles/projects in the company. As evidence suggests increased employee participation and control during change can have beneficial effects.

M8 The Group recommends the sector make use of best practice examples from other businesses (NMIS, Unilever, etc.) and industry awards (Healthy Working Lives Awards, Make UK Award, etc.) which can be used to pilot new working practices or MHW strategies to help support employees. It is further recommended that Scottish Government collect and centralise these best practice examples for employers to access.

Professor Jill MacBryde, Professor of Innovation and Operations Management at Strathclyde University

"I am delighted to be part of this working group. As Co-Director of the InterAct network, part of the Made Smarter Innovation challenge, I am very aware of the recruitment challenges facing manufacturers in the UK. Encouraging diversity and inclusion is so important at this time. I am delighted that Scotland is addressing this in such a proactive way and looking at issues such as flexible working, leadership and wellbeing."

Flexible Working

Introduction

Manufacturing is a sector which typically requires employees to be physically present in production areas, and, historically, most jobs have been attached to efficient, but rigid, operational schedules. However, more employers in the manufacturing sector are now agreeing that there are benefits to adopting more Flexible Working (FW) practices.

The profile of FW has risen as a result of the Covid-19 pandemic. Many manufacturers had to introduce more FW practices such as different shift patterns, split shifts and shorter working weeks to enable production to continue safely and enable workers with caring responsibilities to attend work. In contrast, many 'office-based' manufacturing workers were able to work from home during the peak of the pandemic are now embracing hybrid working as a new way of long term working.

Other sectors are also taking advantage of some of the types of FW available and its benefits. FW often means different things to different audiences, and what is achievable will be different for every sector and every company.

Manufacturing has always been a progressive sector, full of problem-solvers and those who can creatively find solutions to complex challenges. Now is the perfect time for the sector to tackle some of the bigger structural challenges that it faces in terms of its workforce, skills gap and the changing nature of the labour market.

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Dr Ollie Folayan CEng FIChemE, Chair, AFBE-UK Scotland

"The events of 2020, the pandemic and the heightened awareness of racism that followed the murder of George Floyd in the US have had a profound effect on the world of work. We have had more conversations around diversity and inclusion than at any time I can remember. There is however a risk that instead of creating truly inclusive workplaces that we simply become better at articulating the problems, a risk that we mistake the abundance of information for true progress. This is why the discussions we have been having in the Equalities and Wellbeing in Manufacturing Working Group and the recommendations that have crystallised from those discussions are so important. We hope employers in the manufacturing sector take the time to read this report and to implement its findings."

Why Does This Matter?

Young people have a strong [desire to work flexibly](#) these days with [flexibility at work becoming more important than salary](#). Around [40% of 16-21 year olds](#) say that time for family is an important aspect of any future occupation. Scottish manufacturing is at risk of falling behind other sectors who are embracing FW practices, and as such, are becoming more attractive to the talented young people that manufacturers are seeking to attract.

Manufacturing currently has a predominantly ageing male work-force and faces challenges in broadening that profile. Adopting FW practices could help address this and attract more diverse talent to the sector. Increased flexibility could help encourage more women - who are significantly under-represented in manufacturing (25.6%) – into the sector. Wide-spread remote working could increase the number of ethnic minority workers - who account for 1.9% of the total manufacturing workforce (vs. a national workforce average of 4.6%) – as they are more likely to have close familial and cultural ties to a geographical area which can be a barrier to taking up employment.

Some forms of FW, such as reduced or condensed number of working days, have the potential to facilitate an environment where staff are more tightly focused on meeting weekly targets, while reducing overheads and bringing down operation costs. There are also potential benefits to the environment with one less working day likely to reduce carbon emissions.

It is clear the sector faces challenges in relation to attracting new talent and diversifying its workforce, while also adjusting to potential effects of increased automation and decarbonisation. Adopting the FW recommendations below will help the sector meet these challenges, while also showing that the sector is progressive, focused on the future of work and cares about its employees' wellbeing.

Recommendations

F1 The Group recommends that the Scottish Government/Enterprise Agencies/academic institutions build a resource of real-world examples that manufacturers can draw upon and learn from. This should include manufacturing-specific case studies from those who have implemented flexible working policies, and provide clear signposting to external support available to companies considering implementation.

F2 The Group recommends that employers should consider a full range of Flexible Working options that could be implemented. This could include, but is not limited to: part-time working, job sharing, late start/early finish arrangements, a 4 day working week (or 9 day fortnight), change in shift patterns.

F3 The Group recommends that employers set up working groups with staff representatives to establish what FW means to both the company and staff. Conversations should be open and honest in order to establish common ground in terms of what is achievable, and union involvement should be sought wherever possible.

F4 The Group recommends employers ensure leaders are equipped with the skills to manage change, to consider the short-term impacts of change on staff – e.g. shift pattern changes – and ensure that the right support mechanisms are in place to support people through a period of significant change.

F5 The Group recommends that CEOs/Senior Leadership Teams are fully supportive and that appropriate corporate governance oversight is in place to ensure enhanced delivery.

F6 The Group recommends that employers should consider and quantify the environmental impact of FW changes, while also considering how best to assess this and to publicise their green credentials.

Aine Finlayson – Product Supply & Engineering Director, Aggreko

"It has been a very rewarding process to work with this group. It is an important and challenging subject. This process used data and workplace experience to reflect and think more creatively about the potential positive guidance that we can give our sector. I am hopeful that this can make a real impact to the overall balance to manufacturing in Scotland."

Equalities and Wellbeing Manufacturing Working Group Recommendations Report – Scottish Government Response

"The Scottish Government welcomes the Working Group's report and is grateful to them for their time and expertise. Members of the group were chosen because of their specific experience and achievements in industry, academia, research, equalities, diversity and inclusion.

As we focus on supporting people and business recover post-pandemic, we know a strong manufacturing sector can help drive Scotland's economic recovery and future prosperity, and play its part in creating a fairer, more equal country.

Key to creating a strong future manufacturing workforce, and mitigating the risk of a future skills shortage, is the ability to attract and retain talented people from diverse backgrounds to careers in manufacturing and engineering.

The Equalities and Wellbeing in Manufacturing Working Group was convened to shape, inform and deliver recommendations to support three priority areas. These were identified, as a result of a series of Equality Impact Assessments on our manufacturing support efforts, as being imperative to tackle inequalities that exist in the sector and foster inclusive, diverse and healthy workplaces. They are Leadership, Flexible Working and Mental Health.

The collective task for the sector and Government is to now implement those recommendations as fully as possible. We know that will be challenging. However, the increased adoption of more automated processes and the transition to low carbon manufacturing are just two trends that offer future opportunities for employers to introduce enhanced equality, diversity and mental wellbeing policies and practices.

The Scottish Government will now work with colleagues, partner organisations and industry to respond to the challenge set for us and support the sector. "