

Diversity + Inclusion Benchmarking in Manufacturing

October 2021

Executive Insights

The research is clear: the United States continues to become more diverse, and embracing that diversity is only going to become more important to attracting talent and closing the skills gap in manufacturing.

A diverse workforce is more innovative and better at problem-solving. Research shows that a more inclusive workplace leads to increased hiring, higher retention rates, more engaged employees and an improved bottom line.

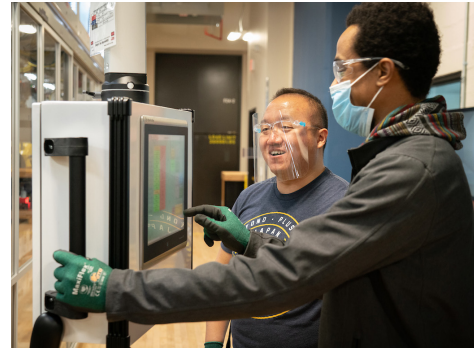
Manufacturing leaders recognize the importance of diversity and inclusion. They understand that it is critical to growing and sustaining their workforce and are committed to expanding the role of D&I in their organizational culture. The industry has moved past the idea that D&I is a box to be checked; manufacturers see it as a valuable journey of continuous improvement to close the gap between intent and execution of hiring and retention practices. Manufacturers are focused on recruiting racial and ethnic minorities, as well as women and other underrepresented minorities, such as second chance workers and neurodiverse talent. Companies are offering courageous conversations and training to combat unconscious bias and encouraging the creation of employee resource groups. Leading manufacturers are also embedding equity into business frameworks, including diversity metrics in organizational goals and supporting and developing diverse suppliers.

The Manufacturing Institute—the workforce development and education partner of the National Association of Manufacturers—is identifying and documenting manufacturing case studies to share proven solutions, amplify best practices and develop new resources and tools to deepen programming in training, culture and all workforce initiatives.

Together, we will build more diverse and inclusive workplaces to expand opportunity in the United States and strengthen our industry.



AJ Jorgenson
Vice President, Strategic Engagement
The Manufacturing Institute



Introduction

The U.S. manufacturing industry employs roughly 12.4 million people, yet today’s industry still has nearly 900,000 open jobs. In fact, by 2030, as many as 2.1 million jobs could go unfilled in manufacturing if current trends in hiring and retention continue. As the United States continues to become more diverse, expanding career opportunities for diverse populations is one of manufacturing’s best opportunities to develop a robust talent pipeline to close the skills gap.

As part of its commitment to support the building of diverse and equitable workplaces across the United States, the MI gathered data regarding current industry D&I policies. Manufacturers across the country were surveyed to create a baseline for current practices and attitudes around D&I topics, such as hiring, diversity-related reporting and employee resources.

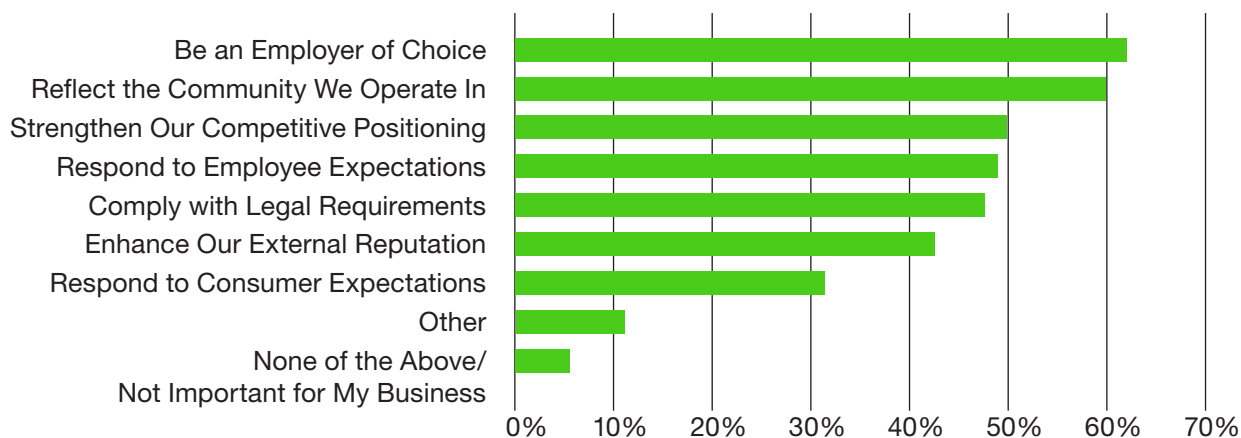
Respondents include more than 300 manufacturers from more than 15 industry sectors. Almost 40% of respondents come from small manufacturers (under 500 employees), 24% from medium-sized manufacturers and 36% from large manufacturers (more than 25,000 employees). The majority of respondents were in executive leadership positions, followed by persons with a human resources and/or D&I role.

Takeaway: Companies Know D&I is a Business Imperative

Respondents were surveyed on a variety of measures, including specific statements regarding their rationale for pursuing (or not pursuing) D&I initiatives (see Figure 1). The responses indicated that most companies pursued D&I initiatives to be an employer of choice (62%), to reflect the community they operate in (60%) or to strengthen their competitive positioning (50%). In addition, many respondents indicated that their pursuit of these initiatives lined up with their company’s values and/or that it was simply “the right thing to do.” Only 5% of companies reported that they either did not pursue D&I initiatives or that D&I was not an important consideration for their company.

Figure 1

Company Pursues D+I in Order To:



¹ Manufacturing Workforce Statistics, U.S. Bureau of Labor Statistics, www.bls.gov/iag/tgs/iag31-33.htm

² Creating Pathways for Tomorrow’s Workforce Today: Beyond Reskilling in Manufacturing, Deloitte and The Manufacturing Institute, www.themanufacturinginstitute.org/research/creating-pathways-for-tomorrows-workforce-today-beyond-reskilling-in-manufacturing/

Takeaway: Companies That Are More Invested in D&I Recognize More Work Needs to Be Done

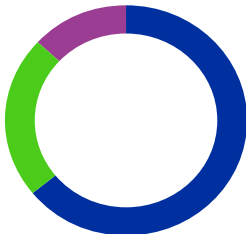
As illustrated in Figure 2 below, 64% of the companies surveyed agreed that D&I was a key focus for their company, while more than one-third (37%) reported struggling with D&I issues. Overall, larger companies (500 or more employees) were more likely to both prioritize and admit to struggles with D&I. Of those who listed D&I as a key focus, 57% were large companies, and of those who struggled with D&I, 63% were large companies. Smaller companies may have a more challenging time focusing on D&I because of smaller resource pools as well as smaller networks from which to pool diverse candidates.

Only 20% of respondents reporting a focus on D&I indicated that they do not believe their company struggled with D&I issues. Indeed, of the respondents reporting they do not struggle with D&I, only 37% viewed D&I as a key focus for their business. The correlation implies that companies that are more invested in D&I may be more critical of their own progress, and potentially unfairly so.

Figure 2

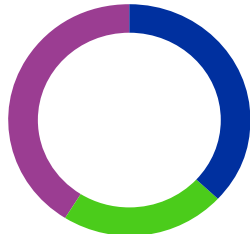
D+I as a Key Focus for Company

- Agree - 64%
- Neutral - 23%
- Disagree - 13%

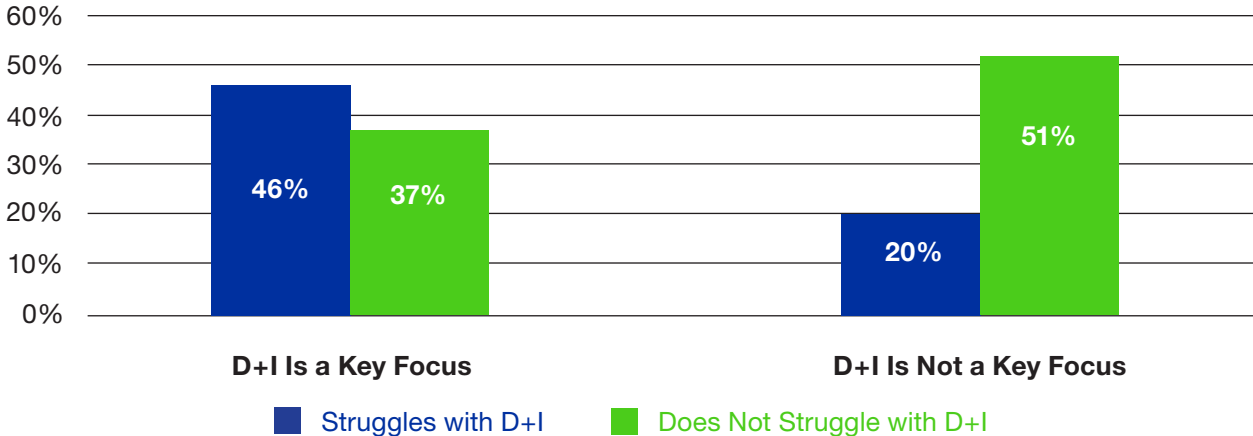


Company Struggles with D+I

- Agree - 37%
- Neutral - 22%
- Disagree - 41%



D+I as a Key Focus, Based on Whether Companies Report Struggles



Takeaway: Race Tops Diversity Focus, then Gender and Military

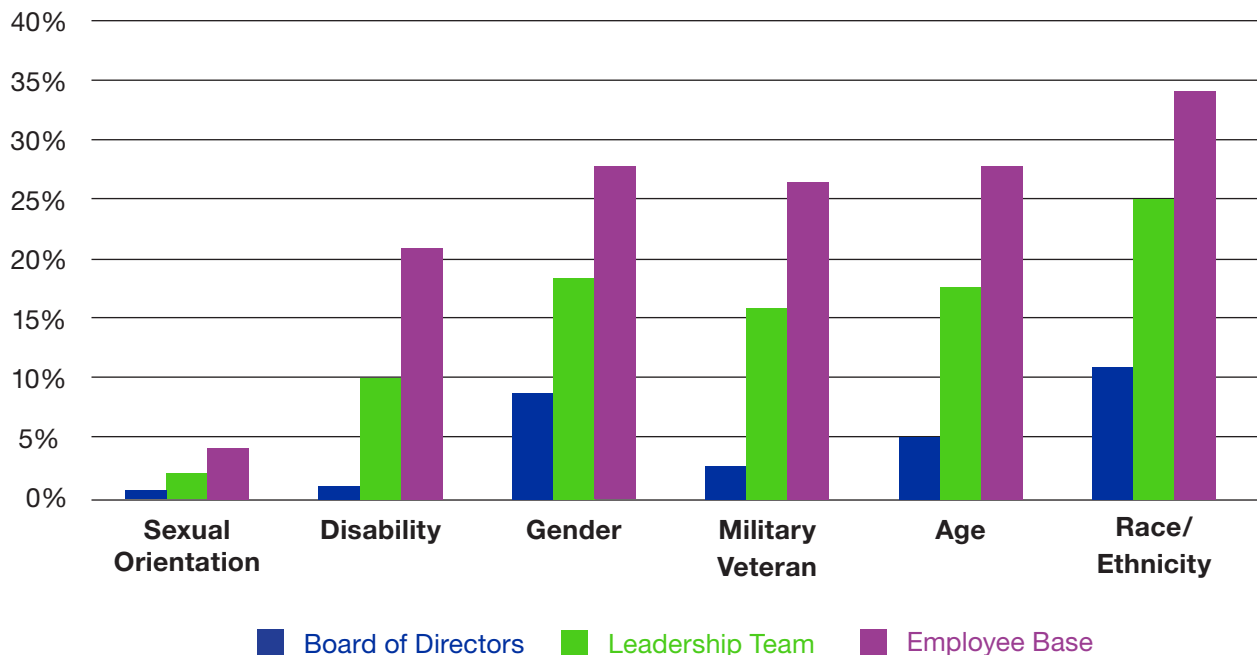
Companies were surveyed as to how they track the composition of their employees, leadership and board of directors across several different dimensions of diversity (see Figure 3 below). Across all populations, race and ethnicity data were the most tracked, whereas sexual orientation was tracked the least. However, the lack of widespread demographic tracking could be explained by personal privacy and data security concerns causing hesitation around collecting this data.

While gender is the industry's most significant talent opportunity, race and ethnicity are the most tracked diversity dimension; this may illustrate that some initiatives are reactive to the national conversation.



Figure 3

D+I Tracking by Population Among Different Parameters

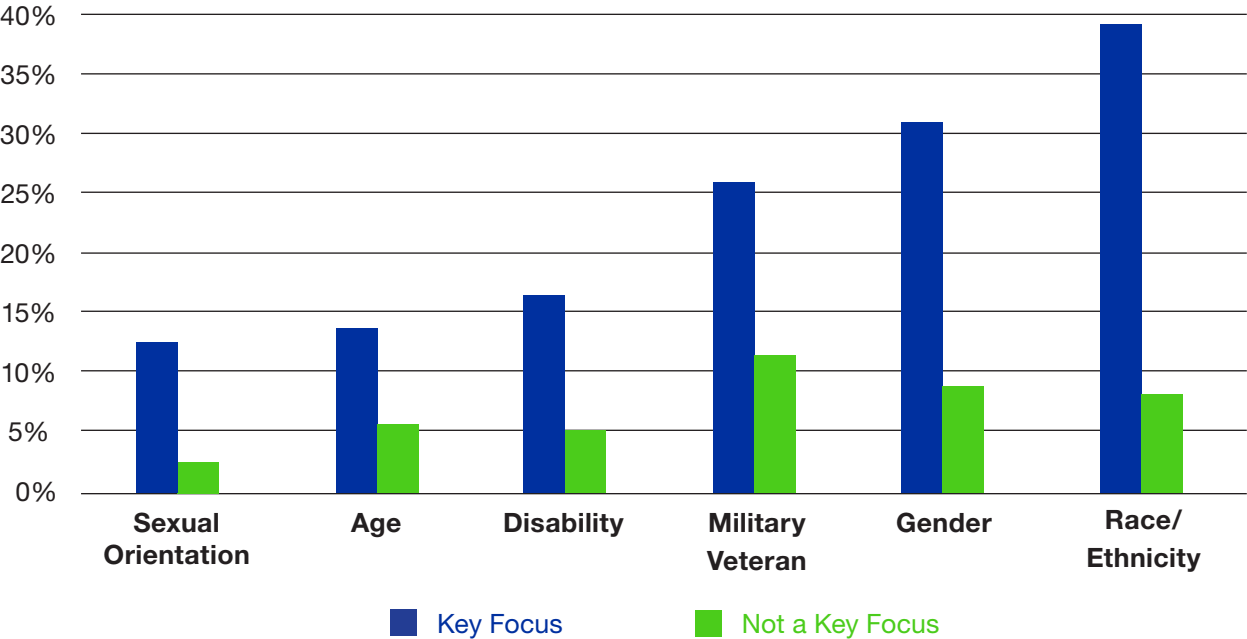


Takeaway: Race Tops Diversity Focus, then Gender and Military (Continued)

This focus on race/ethnicity and gender was consistent with the composition of identity-based resource groups made available to employees, as well as plans to increase the hiring of select minority groups over the next five years. While there is a clear difference in intent between companies that prioritize D&I and companies that do not, it is still worth noting that less than 50% of respondents in either group indicated they had hiring plans for any of these specific minority populations (see Figure 4). Responses followed a similar pattern regarding the distribution of employee retention and/or promotion programs targeted at specific minority groups, with less than 50% of respondents indicating they have such programs.

Figure 4

Plans to Increase Hiring Over the Next Five Years

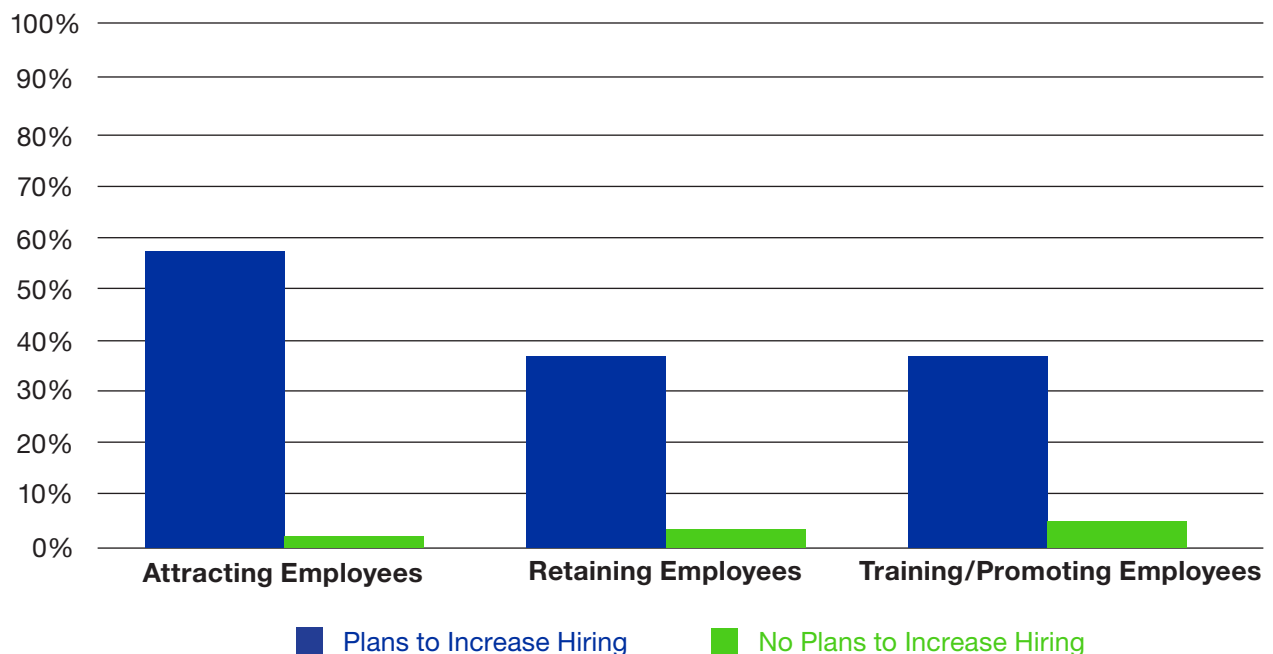


Takeaway: Companies Focus on Attraction, Less on Retention and Promotion

Figure 5 shows a further breakdown of the hiring programs companies have in place based on whether they have plans to increase the hiring of minority groups in the next five years. Nearly 60% of companies that wish to increase hiring of minority groups have programs to attract candidates, though far fewer have programs for retaining or training/promoting these employees, again suggesting a near-term focus on diversity efforts. It is also important to note that policies for attracting candidates do not provide information about actual rates of hiring. Among companies without plans to increase hiring along any dimension of diversity (about 62% of companies), less than 5% had programs to specifically retain or train/promote employees along those lines.

Figure 5

Hiring Programs Based on Future Plans*



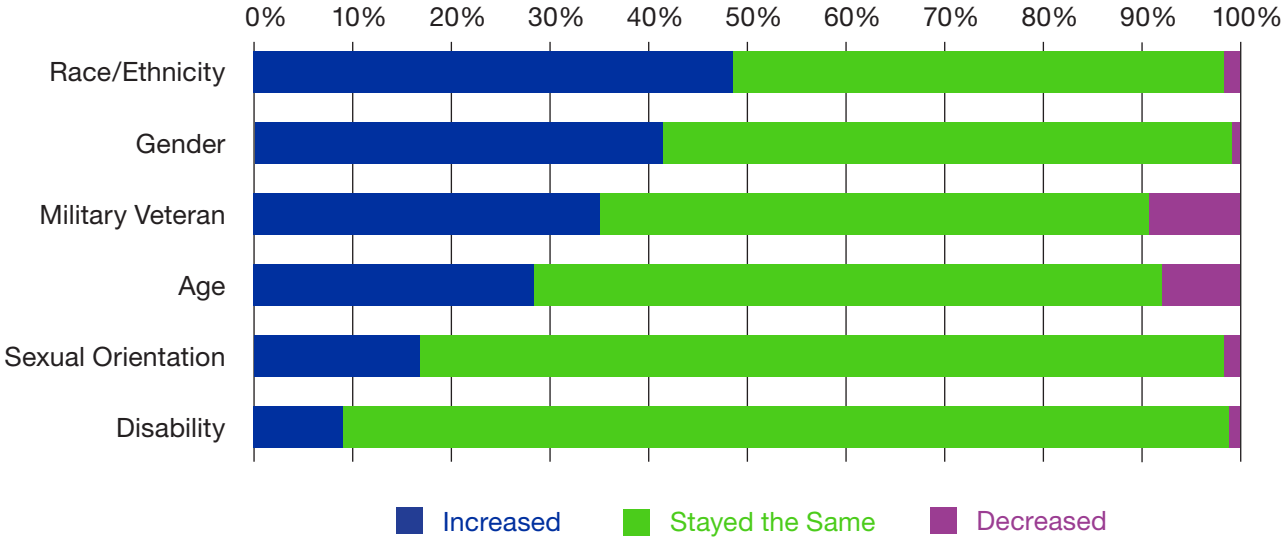
*Includes hiring programs across all six minority groups: if respondents had programs in place for any of these groups, they were included in the count.

Changes in company composition over the past five years further illustrate the focus on short-term hiring policies and prioritization of racial/ethnic minorities. Of the companies that had policies to attract diverse candidates, 56% reported an increase in at least one of the dimensions of diversity. Increases in racial/ethnic diversity accounted for about half of this number. As Figure 6 shows, many companies have not seen any change in representation at their company, particularly disabled or LGBTQ+ employees. Most increases were in representation of racial/ethnic and gender minorities, and most decreases were in the military veteran and age groups.

Takeaway: Companies Focus on Attraction, Less on Retention and Promotion (Continued)

Figure 6

Changes in Representation Over the Past Five Years



Conclusion

These survey results suggest that most companies acknowledge the value of a diverse and inclusive workforce and are working to close the gap between intent and execution of practices that would support such a workforce in the long term.

While most manufacturers have been geared more toward developing hiring plans to increase representation among people of color and women, we expect manufacturers to continue to prioritize D&I as a strategic and business imperative. In addition, efforts should expand beyond hiring to include training, pathways, culture and all workforce initiatives.