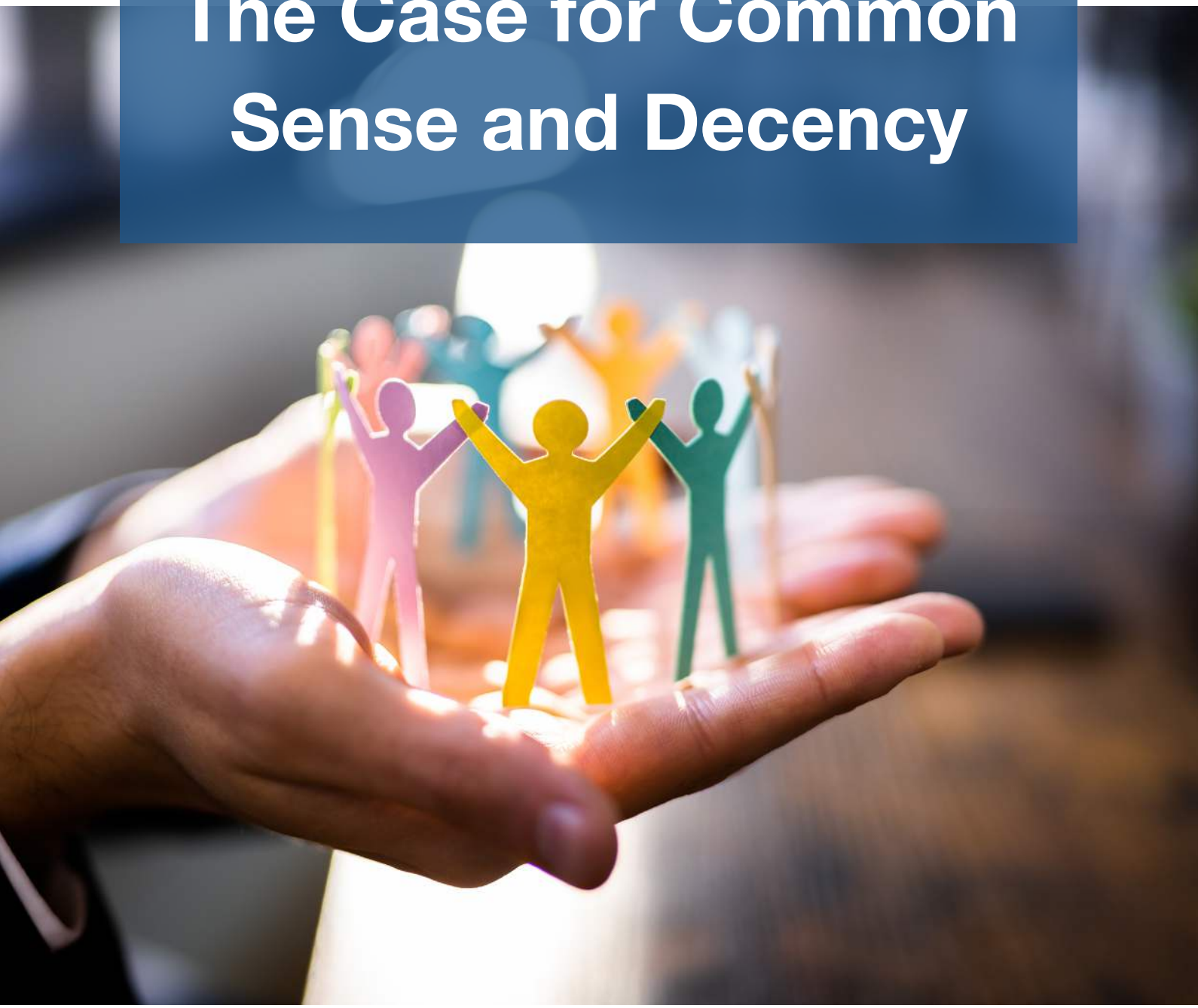
The Case for Common Sense and Decency



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The Fair Co. and NORTH Link

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Networking for Economic Development

Introduction - Victorian Manufacturing and the Business Case for Inclusive Workforces

Inclusive workforces have become fundamental pillars for businesses aiming to cultivate fair, innovative, and productive workplaces. Research consistently shows that organisations with strongly inclusive cultures attract, progress and retain top talent, expand their pool of skilled individuals, and enhance their employer branding.

Embracing inclusivity brings different perspectives, improves decision-making processes, and mitigates the risk of groupthink, all of which contribute to more effective business operations. Boston Consulting Group, for example, has noted that companies with above-average diversity in their management team have experienced a 19% higher positive impact on innovation than organisations with below-average leadership diversity[1].

A culture of inclusivity enables organisations to better understand their customers, meet inclusive market needs, and expand their reach. Implementing inclusive practices aligns with legal and ethical standards (e.g. anti-discrimination laws) while addressing unconscious biases and fostering inclusive environments.

Ultimately, to be successful, inclusivity must be based on a business case. Businesses must see a benefit and return on investment. Measuring inclusive impact through metrics and employee feedback helps companies refine and strengthen their initiatives and underpin the business case approach.

Manufacturing is a sector that has experienced both skill and labour shortages.

In combating this, recruiting from a diverse talent pool is one valuable strategy available to manufacturing firms.

Nearly two decades ago, the paramount leaders in another male-dominated sector, mining, decided to diversify their talent pool and developed a business case to do this.

BHP Chief Executive Mike Henry says hiring more women has made the business safer, more productive, and better performing.

The mining giant recently hit the 40 per cent female employee milestone across its global operations, up from 23 per cent in 2016.

In Australia, BHP is sitting at 35.4 per cent and trying to boost the number of women in its male-dominated iron ore, coal and copper operations.

“The efforts that have underpinned this have made BHP a safer, more productive, and better performing business,” Mr Henry said[2].

Miners have had similar success with Indigenous employment. At BHP, the target was to achieve eight per cent Indigenous employment across all of the Australian operations by the end of FY2025 – this was achieved in 2022[3].

Award-winning manufacturer Viva Energy Australia has “witnessed a substantial increase in diversity at the Geelong refinery. Female representation in operator roles has gone from 9% to 25% over the past five years, and the overall refinery female representation has gone from 16% to 27% over the past four years… Building a strong culture and proactive initiatives to increase gender diversity is clearly working.”[4]

This has been achieved by targeted recruiting, job sharing, safety measures and improved processes around heavy lifting and other measures, all backed at the corporate level. It has also been supported by strong leadership and management at the site level[5].

These successes can be a signpost to the broader manufacturing sector, noting, of course, that these changes can be more difficult for less well-resourced SMEs. To ensure the success of inclusivity measures, key strategies include leadership commitment, inclusive recruitment, ongoing training, regular evaluations and adaptation of approaches to individual business circumstances.

In December 2024, the Victorian Government released Making It Equal: Victoria's Women in Manufacturing Strategy[6]. The Minister for Women, Hon. Natalie Hutchins MP, emphasised the need to break outdated gender norms and provide equitable pathways for women in the manufacturing sector, ensuring that workplaces are safe, accessible, and offer equal opportunities for all genders. This initiative is especially important given the current gender imbalances within the sector.

Victoria's Manufacturing Landscape

The manufacturing industry contributes significantly to Victoria's economy, with the following statistics (FY 2022-2023):

- **Gross Value Added: $33.5 billion**
- **Employment: 260,000 people**
- **Businesses: 23,600 businesses**
- **Gross State Product Contribution: 6.26%**
- **Research and Development Expenditure: $1.79 billion**
- **Exports: $23.9 billion**[7]

Added to this are manufacturing's long supply chains, with many more people employed in related companies.

Despite its positive economic impact, the manufacturing industry faces challenges regarding gender representation, with significant gender segregation within roles.

Women make up 32.8% of all workers in the Victorian manufacturing workforce[8].

However, despite making up one-third of the workforce, women are 65.8% of all part-time workers in the Victorian manufacturing sector[9].

In the Australian manufacturing industry, 69% of women are clerical and administrative workers, 26% are managers, 15% are machinery operators and drivers and only 11% are technicians and trade workers[10].

As reported in the Victorian Government's Making it Equal report, gender composition of governing bodies in Australia, 10% of manufacturing board chairs are women, 22% of board members are women and 24% of employers have a formal policy for gender equality in their organisations[11].

In parallel with this, many community members with a CALD background have trouble finding appropriate employment in manufacturing, with lack of English, lack of networks and lack of transport a key factor.

At the same time, the manufacturing sector experiences skills shortages in key areas. Traditional trades and operator skills remain in high demand, including welding, machine operation and electrical skills. Even semi-skilled roles such as experienced warehouse operators are reported by manufacturers as difficult to recruit.

Over time, however, the human capital requirements for manufacturing are changing. Local manufacturers in Melbourne's North report difficulties in finding workers with relevant Industry 4.0 skills, which are required for Victorian manufacturers to keep up with overseas competitors and their technological advances which lead to greater efficiency. The Manufacturing Industry Skills Alliance in Australia estimates that the skills profiles needed for up to 40% of jobs will shift to advanced technologies by 2030[12].

Productivity and risk management benefits around the uptake of Industry 4.0 include access to data from machinery, labour efficiencies, asset utilisation and uptime, maintenance by design, energy use optimisation, supply chain sequencing and production planning, more efficient inventory management, line of sight through value chain, virtual design and testing and OHS benefits from a reduction in manual work[13].

Manufacturers currently have no shortage of unskilled entry-level job applicants but most entry-level applicants lack the right skills to operate complex Industry 4.0-enabled machinery. It is difficult to find skilled applicants in the operator, trades and technician categories.

This is reflected in Jobs and Skills Australia data that indicates Australia-wide skills shortages were most pronounced in the Technicians and Trades Workers category, with 50% of these occupations assessed as being in shortage (102 out of 205 occupations assessed) and Machinery Operators and Drivers (34%)[14]. These are the two ANZSIC occupation families that have the most human-machine interface in manufacturing.

A familiarity with digitised manufacturing and Industry 4.0 techniques will also be necessary to achieve other goals such as sustainability – for example, operators to be able to minimise waste via sophisticated circular economy processes.

There is a strong business case to be made for inclusive hiring when skills shortages are reported by manufacturers in the skilled trades and operator cohort. A larger pool of possible candidates for these roles will logically improve the chances of overcoming skills gaps. A strategy of recruiting more widely has been successfully employed by key companies in some sectors such as mining – for example multinational miner Anglo American put forward a business case for diversity which sought "to grow the resourcing pool rather than fishing it dry"[15].

BHP's Mike Henry observed after successful implementation of gender diversity targets that "We have a distinctive competitive advantage in responding to labour and skills shortages across our sector[16].

For this to be possible, roles in manufacturing need to be attractive to underrepresented groups and manufacturers themselves need to be open to creating the preconditions for attracting, recruiting and retaining these cohorts.

The Context of the Report

This report examines this issue at a regional level and presents an overview of inclusive practices within a representative range of manufacturing companies, focusing on key aspects such as workforce composition, workplace policies, recruitment practices, and challenges faced. The manufacturing companies in question span various industries, including food manufacturing, metal fabrication, pharmaceuticals, commercial joinery and advanced manufacturing, with varying ownership structures and geographical footprints. A face-to-face survey was undertaken and questions were centred around employee numbers and the percentage of males to females, hiring, promotion and learning and development practices, board and management composition.

The survey was undertaken at a difficult time for manufacturing – in the post-COVID environment, cost increases have been in the order of roughly 30 per cent across the board over the past two years, chiefly across materials and ingredients, labour, energy and State and Commonwealth taxes and charges.

A number of respondents cited difficult business conditions for SMEs – one stated that they are “just trying to survive in this economic climate”.

The challenge will be to present and gain acceptance for the medium-term business case for diversity, as we navigate the current difficult economic climate.

Company Ownership and Industry Sectors

The companies represented in this report range from international family-owned businesses, Australian family-owned companies, private organisations listed on the ASX and those with overseas (Chinese and Italian) ownership.

Twelve companies responded to the survey, which was conducted face-to-face and online.

Manufacturing subsectors included:

- Food
- Automotive (Caravans)
- Metal Fabrication
- Componentry
- Health Products and Pharmaceuticals
- Tools
- Commercial Joinery

Employee numbers also vary widely, with some companies having as few as 30 employees and others employing several thousand individuals. The diversity in company size and industry offers a broad spectrum of insights into inclusive practices.

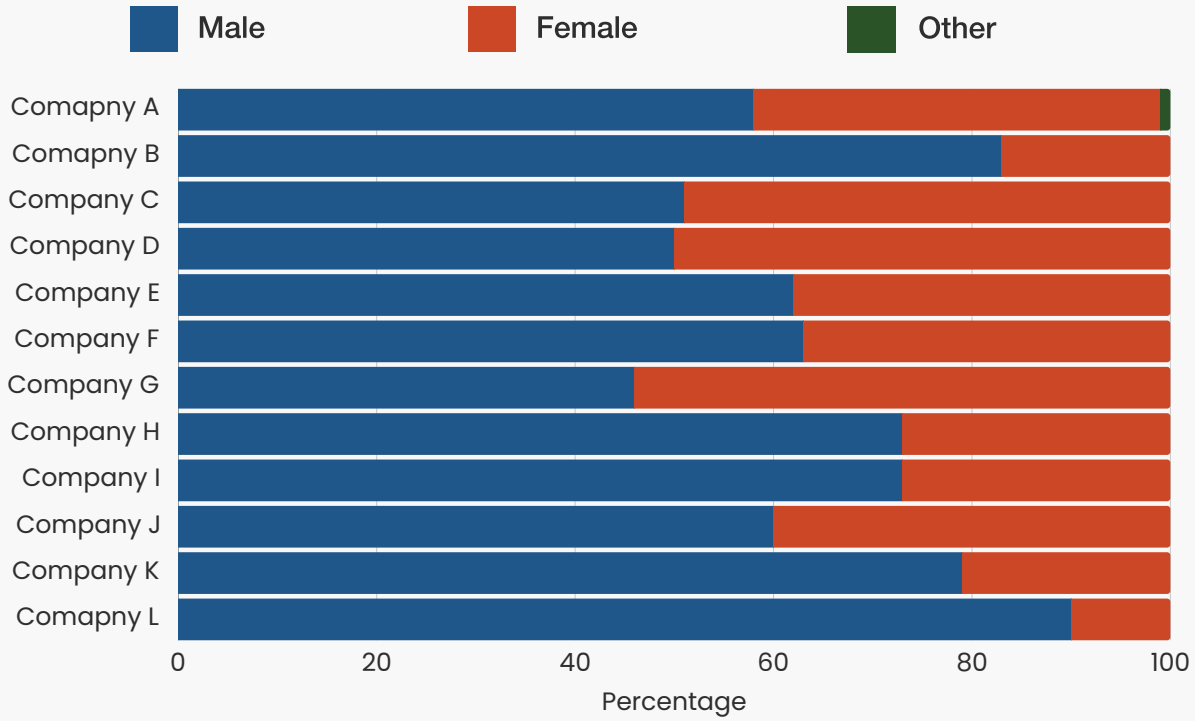
Workforce Composition and Gender Representation

Our Sample

Gender representation within the companies varies considerably, with two of the twelve organisations reporting 50 per cent or more of their workforce comprising female employees. In summary:

- Company A, an organisation in the food manufacturing industry, has 44 males and 31 females out of 75 employees.
- Company B, a metal fabricator, has 30 males and 6 females out of 36 employees.
- Company C, a large pharmaceutical company, employs 3,064 people, with women making up approximately 49% of the workforce.
- Company D, a manufacturer of hospital products, has 30 employees, with 15 women.
- Company E, a plastics manufacturer, employs 32 people, 50% of whom are female.
- Company F, an organisation classified as an Advanced Manufacturer, employs 25 people, with women making up 37% of the workforce.
- Company G, a food manufacturer, employs 50 people through a labour hire company, and 54% of their workforce are women.
- Company H, a food manufacturer, employs 82 people, with 27% of the workforce being female.
- Company I, a caravan manufacturer, employs 220 people, with 27% of the workforce being female.
- Company J, a food manufacturer, employs 99 people, with 40% of the workforce being female.
- Company K, an organisation in the tool manufacturing industry, employs 292 people – 21% are females.
- Company L is a commercial joinery and employs 99 people, with 10% being female.

Gender Diversity Ratio



The representation of women in senior leadership roles varies, with majority of companies making deliberate efforts to increase gender diversity at the executive level, while others still face challenges.

For example, Company A has a gender-balanced executive team, while others like Company J and Company K have few or no female executives. Company A & L were the only employers who surveyed their employees over a range of factors, including cultural background and the need for additional suppor,t and were also active in their attempts to increase female participation in non-traditional areas:

• 7 out of the 12 companies have formal inclusivity policies. A couple of SMEs that don't have formal policies and processes have strong leaders who are moving the dial on inclusivity
• Women made up 25 of the 65 Executive positions across the companies – 38 per cent, as opposed to the Australian average of 26 per cent
• In a promising sign, a number of companies reported strong female representation in the blue-collar workforce
• Some companies asserted females have outperformed the males in terms of their performance in management, sales, trades and warehouse work and indicated a desire to hire more females.

Common Themes – Constraints and Opportunities

Companies with inclusivity and a resource dedicated to inclusive practices or having inclusivity form part of their role in general (but not always) had a higher percentage of female employees, with one reaching 54% female workforce participation.

• Larger firms who have dedicated people resources tend to have more scope for formal inclusivity approaches because they have dedicated HR personnel with the time and background to implement the policies and practical initiatives. Company A, F, I, J, K & L all have an inclusivity policy, with responsibility managed by a specific officer or HR, the company owners or another senior manager. Company C has an inclusivity policy and a dedicated Chief People Officer responsible for inclusion efforts and sets targets which are reviewed on an annual basis. By and large (but not always) this has led to better inclusion outcomes.

• Many manufacturers cited difficult business conditions for SMEs in particular – “just trying to survive in this economic climate”

• Some cited the difficulty in obtaining reliable, skilled staff given the competition from the Big Build and the effect it had on salaries whilst one organisation stated how lucrative financially the Big Build had been for them – it is a “double-edged sword”

• Some cited production imperatives or EBAs as obstacles to cultural celebrations or cultural holiday observations

• Some respondents rely on labour hire rather than building a permanent workforce. Their reasoning for this decision was “risk management” built on a concern for the perceived ever-changing industrial relations landscape and complex Award system. They also had concerns about paying employees incorrectly due to complex payroll legislation and unfair dismissal claims. These businesses have a stable workforce, low turnover and considered their workforce to be “family”. The trade-off for outsourcing the workforce, however, is a lack of direct control in shaping a inclusive workplace appropriate to tackle the challenges of the modern economy.

• Some were opposed to formal inclusion approaches for philosophical reasons, but nevertheless wanted to implement inclusive workforces in their own way – there was a tendency to cite individual merit, which is “best person for the job”, rather than group approaches, resulting from strong philosophical beliefs.

• Some respondents indicated an intention or perceived need to invest more in inclusivity policies and training or HR functions, especially if existing policies were off the shelf and not tailored to meet the organisation’s requirements. The desire to invest in this space is driven by a mixture of philosophical belief in providing a “fair go”, a view that their workforce is like family, as well as “business case’ and the need to tailor any policies and training to meet the needs of the specific business.

• Allied with this, there have been a number of individual acts by business owners and managers to adjust workplace practices and facilities to make working life easier for inclusive workforces e.g. owners gave up his office to allow a female employee returning from parental leave the use of his office to bring in her child as she was struggling to find childcare. This continued for approximately 12 months.

• Others understood that Cross-Cultural Training would be beneficial, but did not have the time or resources to complete it

• Some indicated a desire to hire more females, especially in the trades and management areas, and stated they felt females take more care with their work. For example, Company F would recruit female tradespeople over males if they could locate them and work with a trade college to allow female students to work at their company during school holidays and on weekends to earn money and gain experience.

• Nine of the twelve companies mentioned challenges in attracting women, particularly those in male-dominated industries where physical requirements might involve heavy lifting. One organisation is taking the approach of making the work as easy and safe as it can to attract more women and those with barriers into the workplace via the use of technology. Others have changed their recruitment processes to attract more females to these roles.

• One company indicated a desire to hire more Indigenous or CALD staff to better reflect their community.

• Some companies are invested in their future workforce. Company B invests considerable time presenting to school students about the various jobs found in the industry and holds tours of their premises in a bid to entice these students to the industry when they are thinking about commencing their work life. Their female director devotes a large percentage of time into advocating for the industry and in demonstrating its appeal for those wishing to make it a long-term career. Company F makes a point of bringing on board interns across a range of discipline areas in partnerships with NORTH Link, universities and TAFEs, often keeping them on if they are the best fit. Quite a number of these interns are female.

• Attracting women to traditionally male-dominated roles (e.g., manufacturing, carpentry) can be difficult – skilled trades are consistently reported as the most difficult area in terms of attracting women.

• Perceptions of manufacturing as undesirable or dirty, particularly among women

• The ageing workforce and loss of knowledge are issues. Company K is struggling with an ageing workforce, which presents several issues. One is the amount of knowledge and experience that the organisation loses when these employees decide to retire or leave, and the second is the ability to replace them with younger employees who see a long-term career in the manufacturing industry. Again, there is a need to change the perception of manufacturing being dirty and having limited career opportunities.

Workplace Policies and Practices – Flexibility and Cultural Inclusion

Workplace policies play a significant role in fostering an inclusive environment. Most companies surveyed have policies in place, covering areas such as flexible working, anti-discrimination, and health and safety.

- Company B offers a flexible work schedule to accommodate carer responsibilities.
- Company C has a policy to substitute public holidays to accommodate cultural differences.
- Company K recently reviewed its remuneration structure to ensure pay equity, though it faces resistance from some employees regarding salary expectations.

Cross-cultural training and workplace policies aimed at supporting different employee groups (e.g., those from multi-cultural backgrounds and people with disabilities) has been a key focus for some employers, including some who have had issues in their workplace. For example, Company I has customised workstations for employees with disabilities, demonstrating a commitment to inclusivity. Hiring a person with a disability has ensured the workplace has improved its safety standards, which has been beneficial across the entire organisation from a safety and cultural perspective.

Cross-cultural training has been a planned event in some organisations; however, in two of the organisations surveyed, it occurred due to an issue or misunderstanding about other employees' cultural practices that resulted in workplace issues and subsequent cross-cultural training. Regardless of whether the training was planned or occurred due to an issue, it had the desired effect in educating the employees to accept, respect and embrace other cultures and their differences, resulting in higher retention rates and improved wellbeing scores.

Many of the companies place a strong emphasis on cultural inclusion and supporting their local communities.

- The majority of organisations celebrated cultural events, and for those who don't, it is generally due to production areas not being able to stop.
- Company C allows flexibility around substituting public holidays to accommodate different cultural practices and beliefs, and Company A and J will consider implementing a policy to allow this in the future.
- Company B has created a vegetable garden for employees to take fresh produce home, addressing the rising cost of living and engages in various community and social projects.
- Company C has introduced unconscious bias training and set targets for Indigenous employment.
- Companies like Company K contribute to their local communities through charitable donations, provide volunteering leave, and support local sports clubs, recognising the importance of community engagement and social responsibility.

Findings

This report highlights the spread of inclusive workforce policies and practices across industries and companies in the manufacturing sector, predominantly across Melbourne's North. While progress has been made, challenges remain, particularly in traditionally male-dominated companies in manufacturing.

Key Findings:

• There is a need for companies to look at the challenges ahead in terms of changing consumer trends, digitisation and Industry 4.0 and the requirement to be more sustainable and shape their workforce to suit. This includes embracing the business case for inclusive hiring as part of the challenge to build a "fit for purpose" workforce.

• The research has shown that companies with inclusivity functions and targets tend to do better in terms of female and CALD inclusion, largely because you can better manage what you can measure. In the absence of these formal policies and processes, a determined leader or leadership team in an SME can expedite progress.

• Strategies such as leadership commitment, inclusive recruitment, ongoing training, and regular evaluation are key to successful implementation. Measuring the impact of inclusion through metrics and employee feedback allows companies to refine their initiatives.

• Diversity of culture also leads to a better understanding of customers and markets, catering to inclusive needs and expanding market reach. Implementing inclusivity practices not only aligns with legal and ethical considerations but also helps overcome challenges such as unconscious biases and the creation of a more inclusive culture. This is particularly so in a culturally diverse region such as Melbourne's north.

• Business case is paramount when looking at inclusivity. Any inclusive hiring policies must be tailored to the organisation's broader human resources and recruitment policies and overall strategic business planning and direction

Recommendations

Promotion of Manufacturing Careers and Pathways

- Highlight and promote the variety of job roles within the manufacturing industry and its career opportunities for women and CALD groups, including the possibilities of international trade and travel. As the manufacturing industry is broad in its coverage, opportunities are varied and vast
- Showcase the digital and tech aspect of advanced manufacturing to counter stereotypes of manufacturing being "dirty' and basic.
- Engage role models within the industry should work together to promote the industry and dispel stereotypes.
- Train those responsible for recruitment and promotion need to be aware of their own biases to ensure they do not adversely influence outcomes
- Encourage hiring those with barriers to employment and leveraging this experience to build a safer and more inclusive workplace
- Partner with organisations that can assist with the recruitment of hard-to-fill roles, such as industry associations, TAFEs, Apprenticeship Centres and Jobs and Skills Councils
- Senior Management to emphasise the business case for inclusive hiring - link the need for a more inclusive workforce as a solution to the evident skills shortage across key trades and operator roles

Inclusive Education and Training

- Run inclusivity training for all employees to develop awareness of what diversity looks like and how it creates a supportive environment
- Offer opportunities for current employees to upskill or re-train, and ensure these opportunities are attractive to women and those from disadvantaged backgrounds
- Adapt how education and training are carried out – there may not be a one-size-fits-all program
- Ensure the environment is inclusive for women - are there adequate facilities for women, and are working times appropriate?
- Review your selection criteria for training and promotion. Someone may be good technically, but that does not necessarily make them a good leader
- Collaborate with organisations/providers who exist to increase female and culturally inclusive participation in the manufacturing workspace; some examples are Empowered Women In Trades (EWIT), Sheforce, Tradeswomen Australia and SisterWorks
- Engage with schools or attend job expos, take the opportunity to talk to students and parents about the possibilities within the manufacturing sector

Support for Leadership Inclusion

- Work with partners to create more inclusive workplaces underpinned by inclusive policies, particularly for those in non-traditional roles or with disabilities
- Promote gender and cultural diversity, especially in leadership and senior roles, by making opportunities available to all to apply
- Review organisational statistics and set targets to ensure diversity in leadership areas

Accountability & Tracking

- Ensure boards and leadership teams understand the value of boosting female and CALD participation at all levels of the organisation
- Set inclusive targets and monitor progress regularly
- Enhance workplace culture by conducting workforce engagement surveys and tracking improvements consistently

In short, there are strong “business case” reasons for inclusive hiring as a means to overcome both everyday business challenges as well as longer-term megatrends around digitisation and the requirement for more sustainable operations. The business case needs to be spelled out and well understood by Boards and management teams, and aligned with broader business strategy for it to succeed.

Endnotes

1. ‘A Study Finds That Diverse Companies Produce 19% More Revenue’, Forbes Magazine, 27 June 2018

2. ‘BHP chief Mike Henry says hiring more women has given miner a distinctive competitive advantage’, The Australian, 17 April 2025

3. ‘Indigenous employment target reached ahead of schedule’, BHP website, 12 April 2022

4. The Australian, op. cit.

5. ‘Viva Energy: A progressive focus on increasing diversity’, National Association of Women in Operations website case study

6. Ibid.

7. ‘Making It Equal: Victoria's Women in Manufacturing Strategy’, Victorian Government, p.16

8. Ibid. p.20

9. Ibid. p.20

10. Ibid. p.20

11. Ibid. p.20

12. Initial Workforce Plan, Manufacturing Industry Skills Alliance, p.7

13. Australian Industry Group, 2022

14. Towards a National Jobs and Skills Roadmap - Summary, Jobs and Skills Australia, 2023

15. MCA Workforce Gender Diversity Review – White Paper – It’s Not Just a Program, Minerals Council of Australia, 2013, p.4

16. The Australian, op. cit.

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