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Project Insights Report

# Best Practices for Advancing Equity, Diversity and Inclusion in Manufacturing



## PARTNERS

Diversity Institute

Next Generation Manufacturing Canada



## LOCATIONS

Across Canada



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## Executive Summary

The manufacturing sector is a cornerstone of Canada's economy, making up about 10% to the country's GDP and providing jobs for over 1.7 million people. It includes 21 sub-sectors, such as food and beverage manufacturing and aerospace and machinery production.

New or advanced manufacturing technologies, such as artificial intelligence, robotics and 3D printing, are being used more, especially in industries like automotive and aerospace. However, the manufacturing sector faces many strategic challenges, including not having enough workers, a trade deficit in manufactured goods, and a growing need for a highly skilled workforce. Increasing representation in the sector through equity, diversity and inclusion (EDI) policies could help address these challenges, especially given the current underrepresentation of women and other equity-deserving groups in the sector.

This demand is driven by the need to meet the requirements of a diverse talent pool, enhance employee satisfaction, address the preferences of diverse consumers and investors, and reduce legal and reputational risks.

While research underscores the challenges in the manufacturing sector, considerable gaps exist in our understanding of the representation and barriers women and other equity-deserving groups face. This report draws upon Statistics Canada data, surveys, industry reports and publicly available resources to provide an overview of the current state and strategic challenges, and their intersection with EDI issues. The report also leverages a database of over 1,200 leading organizational programs, policies and practices from Canada and abroad.

The results highlight that, despite the prioritization of EDI in manufacturing, the sector lags in this area compared to other sectors. Even the scarce data that exist strongly suggest that women and other equity-deserving groups face significant barriers. For example, women represent only 29.1% of the manufacturing workforce and 13% of board positions. Only 15.4% of advanced manufacturing small and midsize enterprises (SMEs) and only 9.5% of manufacturing SMEs are majority women-owned. Women also often encounter men-centric cultures, lack of flexibility and limited advancement opportunities. Indigenous Peoples and racialized individuals are also underrepresented and face higher unemployment rates and educational disparities.

Strategic planning, investment and continual upskilling are necessary to address disparities and challenges and maintain competitiveness and leadership in the global market. Further, EDI initiatives can help mitigate legal and reputational risks, foster innovation and ensure compliance with evolving international standards. This report provides a comprehensive list of evidence-based strategies, programs and policies to help advance EDI in the sector.

#### KEY INSIGHTS

- 1** While women comprise roughly half of Canada's labour force, they represented only 29.1% of the manufacturing workforce in 2023.
- 2** Approximately 40,000 manufacturing workers are expected to retire between 2024 and 2031. In 2023, 26.9% of workers were 55 and over, and only 8.3% were between 15 and 24 years of age.
- 3** SMEs in the manufacturing sector are lagging in their EDI practices, often lacking the resources and expertise needed to develop and implement effective EDI strategies.

## The Issue

The manufacturing sector is diverse in activities, with organizations engaging in the chemical, mechanical or physical transformation of materials into new products. It employs over 1.7 million people in Canada, representing 8.3% of the labour force. The sector, while competitive, has faced challenges, such as labour shortages, trade deficit in manufactured goods, and a need for skilled workers with specialized knowledge in machine learning, artificial intelligence and cybersecurity.

The sector also lags in the representation of women and other equity-deserving groups and is known for reinforcing a “chilly” workplace culture. Unlike federally regulated sectors and those dominated by federal contractors, such as financial services, communications, transportation and information technology, most manufacturing sub-sectors are not subject to employment equity legislation in Canada. Some research highlights barriers for women and other equity-deserving groups in the sector. For example, between 2018 and 2023, women were drastically underrepresented, with men consistently being employed at twice the rate of women. However, intersectional data and large-scale studies on the experiences of equity-deserving groups in Canada's manufacturing sector are missing, limiting our ability to fully understand the barriers of women and other equity-deserving groups.



## What We Investigated

To understand the relationship between EDI and the challenges in Canada's manufacturing sector, this report provides an overview of the current state of Canada's manufacturing sector by examining sectoral challenges and their intersection with EDI issues. To address these challenges, this report also highlights leading organizational programs, policies and practices from Canada and abroad that can advance EDI in the sector.

The following research questions guide this report:

- How is EDI related to the current issues facing the manufacturing sector?
- What is the current state of EDI in Canada's manufacturing sector?
- What promising best practices are currently used in the manufacturing sector to drive EDI?

To answer these questions, the latest available data from Statistics Canada, surveys and industry reports were leveraged to provide an overview of the current state of manufacturing, highlighting the challenges faced by women, racialized people, Indigenous Peoples, persons with disabilities, and other equity-deserving groups. Subsequently, this report draws upon a database of 1,200 evidence-based practices, case studies and guidelines across various sectors to provide manufacturers with best practices in governance, leadership and strategy; human resource practices; values and culture; measurement and tracking of EDI; diversity across the value chain; and outreach and expansion of the pool.

## What We're Learning

Implementing EDI strategies, policies and practices offers a promising solution to the talent and labour crisis in Canada's manufacturing sector. By adopting best practices, manufacturers can set clear diversity goals, provide relevant training, create support networks and ensure transparent recruitment and promotion processes that drive sustainable growth and innovation.

**The sector continues to undergo challenges.** Manufacturers have faced a trade deficit in manufactured goods, which hit a record high of \$197.8 billion in 2022. However, specific sub-sectors like aerospace and food manufacturing have shown robust performance. The aerospace sector, for instance, contributes significantly to research and development and maintains a strong global presence.

**Canada's manufacturing sector lags behind other sectors in EDI.** Women and other equity-deserving groups are underrepresented in the manufacturing sector and continue to face barriers in the workplace. For example, roughly half of Canada's labour force consists of women, yet women represented only 29.1% of workers in the sector in 2023. Women encounter several barriers in manufacturing workplaces, including "chilly" or even hostile work environments; sexism and discrimination; and a lack of flexibility, childcare and role models. Indigenous Peoples are also underrepresented in the sector—in 2023, of the 750,400 Indigenous persons aged 15 and over employed across sectors, only 26,100 were in manufacturing. Some of this is likely due to the underrepresentation of Indigenous Peoples in disciplines such as trades and engineering. This is further compounded by the fact that manufacturing facilities are often located far from their communities. While research on barriers faced by women and other equity-deserving groups in Canada's manufacturing sector is available, it is limited in scope, which limits our understanding of these groups' barriers and challenges.

**EDI can drive change in Canada's manufacturing sector.** Research consistently underscores the importance of EDI in the workplace. EDI helps attract and retain top talent from a more diverse pool, creates inclusive organizational cultures, and increases profitability and innovation. Workplaces that prioritize diversity are more likely to implement inclusive design, as diverse teams bring a broader range of perspectives and insights. Inclusive design is key for the manufacturing sector and entails creating products, processes and services that are accessible, usable and effective for a diverse range of people. It allows manufacturers to expand their market by catering to a broader audience, including people with disabilities, elderly users and other marginalized groups.

**Manufacturers across Canada have embedded EDI into their corporate strategies, but gaps exist.** Our review of EDI best practices in the manufacturing industry highlights evidence-based practices used by manufacturers across Canada but also underscores the gaps. In addition, it reveals, as in other sectors, that large corporations are more likely to have formal strategies and resources devoted to EDI than small and midsize enterprises.

## **Why It Matters**

Research consistently underscores the benefits of EDI in the workplace. Inclusive workplaces attract and retain top talent from a more diverse talent pool, allowing for untapped, diverse perspectives that lead to creativity, innovation and improved business outcomes. Employees who feel valued and respected show higher levels of belonging, which reduces turnover. Diverse leadership is also important, with research showing that diversity in leadership increases profitability, promotes innovation, boosts employee engagement and provides role models for diverse employees. The manufacturing sector faces several EDI challenges—for example, women and other equity-deserving groups in Canada are underrepresented, and qualified talent is not treated equitably, leading to talent loss. EDI strategies, policies and practices provide a solution to the talent and labour crisis in Canada’s manufacturing sector, and this report offers several evidence-based strategies to advance EDI. At the societal level, government agencies, educational institutions, infrastructure departments, funding bodies, legislative bodies, corporate leaders, NGOs, community organizations and media groups can implement and promote policies, investments and practices to advance EDI. At the organizational level, manufacturers can adopt comprehensive EDI strategies to address skills gaps and tap into untapped talent pools, ensuring inclusivity and diversity are integrated into every aspect of their strategy for overall effectiveness and growth. Comprehensive strategies feature six key dimensions: governance and leadership, recruitment, selection and promotion, values and culture, measurement and tracking of EDI, diversity across the value chain, and outreach and expansion of the pool. At the individual level, building capacity and investing in education to support the entry and advancement of equity-deserving groups is crucial.

## ► What’s Next

This research provided important context to understand the challenges in this important sector. While we were able to identify practices, there was limited evidence of their specific impacts. More research is needed to understand the relationship, for example, between stated strategies and data on representation and workplace experiences.



### **State of Skills: Innovation in Training, Recruitment and Upskilling for Skilled Trades**

Canada needs to address long standing shortages of skilled tradespeople to advance policy priorities around decarbonization, affordable housing and transforming industry to add more value to what we produce.

[Read Thematic Report](#)

Have questions about our work? Do you need access to a report in English or French? Please contact [communications@fsc-ccf.ca](mailto:communications@fsc-ccf.ca).

### **How to Cite This Report**

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