People, Place and Policy (2022): 16/2, pp. 140-145. DOI: 10.3351/ppp.2022.5954874746

Focus article

Manufacturing as a false panacea for regional income inequality

Ben Ledger-Jessop*
Sheffield Hallam University

Introduction

The UK Government's Levelling Up White Paper (HM Government, 2022) provides an analysis of the socioeconomic disparities across the UK. One of the four key prongs to their approach to reduce socioeconomic disparities is to boost productivity through the private sector, particularly in manufacturing. It acknowledges that better employment and higher incomes are necessary - particularly across the north of England due to lower performance in median pay - if the country is to find itself on better footing for a stable future in order to see 'the gap between the top performing and other areas closing' (p. ii). However, the narrow focus on improving productivity to achieve this through job creation and higher incomes is teleological, ignoring wider structural issues that lead to 'bad work' and further entrench inequalities. This article challenges the White Paper's claims of a clear and positive causal link between increased productivity in industries, particularly manufacturing, and increased pay and better jobs. This challenge is made with reference to other obstacles to improved jobs and better pay including a heavily deregulated labour market, poor and exploitative business practices and a lack of worker rights. This leads to a conclusion that productivity increases alone will not necessarily have a direct positive impact on job quality and pay without additional measures to tackle other causes of poor work and wage inequalities.

Manufacturing a better future for whom?

The White Paper maintains that investment in manufacturing is one of the key pillars to improving income levels in the north of England as a sector that can provide higher productivity jobs. While the claim that *'Manufacturing businesses provide high skilled, well paid jobs'* (HM Government, 2022: 167) is not entirely wrong, the omission that it also provides many low paid, low skilled jobs is an important one. The argument that certain sectors should be invested in because they provide higher productivity jobs does not necessarily equal better income levels for all workers in those industries.

It is true that manufacturing has the potential to provide many jobs, including high skilled and well-paid jobs although these can only be occupied by people with extensive training and experience in the industry. However, a national push to recruit more people to Science, Technology, Engineering, and Mathematics (STEM) degrees and other routes such as advanced and degree apprenticeships means the proportion of candidates for these positions is likely to rise sharply. Competition for these better compensated roles will become fiercer than now, where only two thirds of those studying for a STEM degree make it into a highly skilled role within the first six months after university (Smith and White, 2018). However, in concerning ourselves with the earning *potential* of some manufacturing roles, we ignore the vast majority of workers who make up the backbone of this industry: those who work entry level roles that are deskilled and do not require specialised training such as operator, fitter, assembler, worker, machine feeder and the like. These are the workers who will ensure that the sandwiches on the line are made ready to be sent to the supermarkets; the metal worker feeding the machine; a drill operator at the glass factory. The workers in these roles earn at worst minimum wage (£18,525 per year full time), and a mean average at £23,423.84 per year (Check-a-Salary, 2022) which falls short of the £25,500 needed to reach a 'minimum *acceptable* standard of living in April 2022' (Joseph Rowntree Foundation, 2022: 1). These jobs will be the bulk of any new jobs on sites.

To take an example, Sheffield sits in the heartlands of the north of England. It is a city that at one point in history was a flourishing nexus of manufacturing, internationally renowned due to its stainless steel production. Today, manufacturing is Sheffield's fifth most common sector of employment with 7.8 per cent of the city's population (20,000 workers) working in the industry (ONS, 2021). This places them joint 7th out of 333 local authorities in England alone for number of workers in the industry (ONS, 2021) with a median hourly wage for manufacturing jobs in Sheffield of £12.69 compared to a national average of £13.87, equivalent to annual full-time salaries of £24,745.50 and £27,046.50. Again, as discussed above, this is not representative of those entry level roles, where a cursory search on search engines for "manufacturing operative jobs in Sheffield" produces results between £9.50 - £11.00 an hour. The National Living Wage is £9.50 from April 2022 and the Real Living Wage is £9.90 (outside of London) so manufacturing produces many jobs that pay the bare minimum; thereby failing to offer an advantage over other industries as a panacea for overcoming income inequality across regions in the UK. Using the median belies the large discrepancy between those high and low paying jobs at either end of the scale. The White Paper's reasoning that an increase in productivity, achieved through industries like manufacturing, will alone lead to reduced inequalities begins to appear lacklustre on its own. Increased private sector-led growth does not necessarily mean more jobs or a better standard of pay for all, especially as manufacturing output has remained fairly consistent in the UK, but the volume of jobs has fallen due to technological change (Sandbu, 2020).

A job's a job. Until it's better!

More jobs through increased productivity is not the only claim that the White Paper makes. The other claim is the creation of 'good jobs' (p. xii; 172; 193; 417) through investment in industries like manufacturing. This leads us to two questions:

1. Are all these new jobs created by investment in industries like manufacturing to be good jobs?
2. What makes a good job?

The first question can be answered simply enough from the above section. If a good job is purely about pay, then only those high skilled jobs—those that require advanced training and are in the small minority— are good. By this metric alone, the majority of new jobs are not good jobs. This means that we need to consider what other metrics we can measure *good* work by.

Economists may sometimes reduce the difference between good and bad jobs to the financial reward for those roles (Adamson and Roper, 2019). Psychologists alternatively, may discuss good and bad work through the lens of how the individual perceives the work (ibid.). Yet it is more complex than this as '*multiple factors and forces operating at multiple levels influence job quality*' (Findlay et al., 2013: 441; see also Department of Health, 2010; Taylor et al., 2017).

There are several frameworks to consider what a *good job* would entail but the most influential and recognised is the International Labour Organisation's (ILO) framework for *decent work* that entails features along two distinct lines: those emanating from within the workplace, guaranteed by legislation; and wider social legislation (ILO, 2019). Factors in the former category include employment security, decent wages for *all* workers, working times that are not strenuous, and safety in the workplace. Wider social legislation includes social protections that would limit in-work poverty or provide a better work/life balance. All these protections are notably absent from the White Paper with the assumption that supporting private industry to increase productivity will alone solve issues of poor work. The White Paper then, advocates for the creation of *better* jobs (with pay as the metric for success) but has poor comprehension of what *good* jobs actually look like, how to tackle the causes of *bad* jobs and the policies that would be needed to ensure both.

Drivers of good jobs

So far it has been highlighted that high pay will not be feasible for all members of the manufacturing workforce in the way that is suggested by the Levelling Up White Paper, and as a result, will not lead to good jobs all round—even by the simplest metrics. The claim that supporting private businesses to increase productivity is *the* key solution to improving living standards in the north of England is teleological and ignorant of the wider structural factors involved. Raising productivity may increase profits but there is nothing automatic about that being translated into better jobs or increased wages (Froud et al., 2020). Productivity is not the only determinant of *good* work and the ILO's Decent Work framework, discussed above, is worth considering in the British context to attach some empirical evidence to show the complex picture that needs addressing at the same time.

Employment security, decent wages and hours, and safety in the workplace

Employment security in Britain ranks low in the OECD's Employment Protection Legislation index (Heyes and Hastings, 2017). Partially driven by deregulation, Britain has over the past 20 years made flexibility of businesses to shed and recruit staff as they need a priority (ibid.), alongside slashing in-work support for workers to fight unfair dismissals (Mustchin and Martínez Lucio, 2020). Similarly, the increased use of agency labour in factories has given these businesses access to labour with fewer rights due to their status as workers not employees, meaning that businesses are not required to train them properly on measures such as health and safety, thus placing their already precarious jobs at risk (Tombs and White, 2007).

"Unleashing the power of the private sector to unlock jobs" (HM Government, 2022: xii) is not enough to ensure decent wages and hours given recent trends in the UK labour market. Two fifths of UK workers earn less than £24,000 a year (Webber and O'Neill, 2022) which is an above average salary for manufacturing roles outside of specialist roles. Income inequality has risen to rates not seen since the 1980s (Guipponi and Machin, 2022), rising especially since the early 2010s. Britain also ranks second for the highest income inequality amongst all OECD countries, after the US (ibid.). Alongside this, Britain has undergone privatisation at speed during this same period which has been shown to have a positive correlation with income inequality (Peña-Miguel and Cuadrado-Ballestros, 2021). Further, British business groups have overwhelmingly negative views on the Working Time Directive as creating unnecessary costs thereby highlighting a need for a stronger work-life imbalance (Feldmann and Morgan, 2021). Private sector job creation or productivity improvements therefore needs to be supported by measures to stem rising income inequality and regulate private businesses. Sandbu (2020) argues, for example, that the minimum wage needs to be driven up to force companies to make productivity improvements. Productivity improvements can occur but without appropriate regulation there is no impetus on employers to increase wages and the UK's reliance on low skilled workers, who provide cheap labour, produces little incentive to invest in the workforce.

Workplace safety is also a key issue. Tombs and Whyte (2007) point out the large extent of injuries that occur within British workplaces; in manual roles, injuries are far more likely to occur, with process, plant and machine operatives 15 times more likely to incur a reportable injury than those in senior roles (ibid.: 48). Injuries at this scale cannot be attributed to the fault of the individual—often used as a first defence (Whyte, 2016)—but result instead from harmful employment practices. Further, there is a striking lack of regulation in place that allows the causes of, and responsibility for injuries, to be hidden, with a lack of repercussions limiting the likelihood of changes to prevent injuries happening again (Tombs and Whyte, 2020). The empowering of private business by *'unleashing the power of the private sector'* (HM Government, 2022: xii) and relying on it to pick up the issues with the market as it exists as proposed in the White Paper, alongside the 2021 EU/UK Trade and Co-operation Agreement, gives opportunity for businesses to further self-regulate health and safety in ways that may be detrimental to workers (Moretta et al., 2022).

The need for collaboration and regulation

What is evident from the above is the need to involve organisations that can highlight the business practices that drastically need to be changed if workers are to benefit from the planned levelling up agenda. The Trades Union Council (TUC) responded to the White Paper, highlighting many of the same issues addressed above (TUC, 2022) including fair pay deals for those in low pay industries and more consistent pay rises. They also released a report four months prior to the publication of the White Paper, outlining issues with quality of work and made proposals for better jobs and quality of life (TUC, 2021). These included in-work and out-of-work learning to ensure lifelong development of skills that involves collaboration between state institutions, businesses and other organisations that would address needs such as opportunities for high-quality apprenticeships expanded and a coordinated strategic direction between all parties on developing a 'clear strategic direction on skills' (ibid.). Vitally, this would be a solution that would work within a strategy for productivity. This stands in stark contrast to the White Paper's proposal of an *'In-work progression offer'* (p. xxiii, 199) that, in 297 pages, is given two sentences which fail to give any indication of what it would entail, other than briefly stating that those who are temporarily outside of the labour market *seeking* employment will receive training (something that is already a mandatory part of the unemployment system at current). This is clearly not enough as in-work learning and training is an important factor to prepare all those involved in the labour market for the future of work, not just those who sit outside the labour market, particularly as the government shut down the union learning fund in March 2021 (HM Government, 2020).

Finally, the White Paper fails to mention systemic inequalities in any sense other than *regional* inequalities. Despite anti-discrimination legislation, there is strong evidence to show that, time and time again, gender, race, and other protected characteristics all play major roles in labour market position (Heath and Di Stasio, 2019; Petrongolo and Ronchi, 2020). Even if the government were to address the issues described above, there will still be large disparities for these marginalised groups. It could be argued that the proposed extension of devolution in the White Paper so local authorities can *'provide leaders and businesses with the tools they need'* (HMSO, 2022: xix) needs to be supported through a strong national regulatory framework. There may be an important *'empirical correlation between the degree of decentralisation of decision-making and spatial disparities in economic performance'* (p. 100) but local action alone is insufficient as improving job quality also requires central government intervention, regulation and legislation to improve business practices and job quality.

Conclusion

There is no denying that Britain needs to reduce income inequalities by altering the job landscape, part of which is investing in industries such as manufacturing. However, it is important to be aware that planned efforts to increase productivity in industry will not necessarily solve the problems of low wage, poor quality, and insecure work. These need to be located within a far stronger national regulatory framework. Similarly, change requires the involvement of, and cooperation with, organisations such as trade unions and autonomous organisations like community organisations and charities who are better placed to understand the needs and issues facing workers. Failing to address the shortcomings in an already tempestuous labour market will not provide a better future for those workers who need support most to fix regional inequalities.

*Correspondence address: Ben Ledger-Jessop, Centre for Regional Economic and Social Research, Sheffield Hallam University. City Campus, Sheffield, S1 1WB, UK. Email: b.jessop@shu.ac.uk

Bibliography

Adamson, M., and Roper, I. (2019) 'Good' jobs and 'bad' jobs: Contemplating job quality in different contexts. *Work, Employment and Society*, 33, 4, 551-559.

Check-A-Salary (2022) *Manufacturing Salaries*. Available at: https://www.checkasalary.co.uk/salaries/manufacturing#sectors

Department of Health (2010) *Healthy lives, healthy people: Our strategy for public health in England* (Vol. 7985). The Stationary Office.

Feldmann, M. and Morgan, G. (2021) Brexit and British business elites: Business power and noisy politics. *Politics & Society*, 49, 1, 107-131.

Findlay, P., Kalleberg, A. L. and Warhurst, C. (2013) The challenge of job quality. *Human Relations*, 66, 4, 441-451.

Froud, J., Haslam, C., Johan, S. and Williams, K. (2020) (How) does productivity matter in the foundational economy? *Local Economy*, 35, 4, 316-336.

Guipponi, G. and Machin, S. (2022) *Labour market inequality.* London: Institute for Fiscal Studies.
Heath, A. F. and Di Stasio, V. (2019) Racial discrimination in Britain, 1969-2017: A meta-analysis of field experiments on racial discrimination in the British labour market. *The British Journal of Sociology*, 70, 5, 1774-1798.
Heyes, J. and Hastings, T. (2017) Economic and labour market change and policies: Before and beyond austerity in Europe. In: S. Marino, J. Roosblad and R. Penninx (eds.), *Trade unions and migrant workers: New contexts and challenges in Europe*. Geneva: ILO, pp. 23-42.
HM Government (2022) *Levelling Up the United Kingdom,* CP 604. London: *HMSO*.
HM Government (2020) *Future of the Union Learning Fund*. Report number: CDP-2020-0139. London: House of Commons Library.
ILO (International Labour Organization) (2019) *Work for a Brighter Future. Global commission on the future of work*. Geneva: International Labour Organisation.
Joseph Rowntree Foundation (2022) *A minimum income standard for the United Kingdom in 2022*. York: Joseph Rowntree Foundation.
Moretta, A., Tombs, S. and Whyte, D. (2022) The escalating crisis of health and safety law enforcement in Great Britain: What does Brexit mean? *International Journal of Environmental Research and Public Health*, 19, 5, 3134.
Mustchin, S. and Martínez Lucio, M. (2020) The evolving nature of labour inspection, enforcement of employment rights and the regulatory reach of the state in Britain. *Journal of Industrial Relations*, 62, 5, 735-757.
ONS (2021) *Labour Market Profile – Sheffield*. Available at: https://www.nomisweb.co.uk/reports/lmp/la/1946157123/report.aspx
Peña-Miguel, N. and Cuadrado-Ballesteros, B. (2021) Effects of privatisation on income inequality: a European analysis. *Empirica*, 48, 697-716.
Petrongolo, B. and Ronchi, M. (2020) Gender gaps and the structure of local labor markets. *Labour Economics*, 64, 101819.
Sandbu, M. (2020) *The economics of belonging: A radical plan to win back the left behind and achieve prosperity for all*. Princeton NJ: Princeton University Press.
Smith, E. and White, P. (2018) *The employment trajectories of Science Technology Engineering and Mathematics graduates.* Nuffield Foundation.
Taylor, M., Marsh, G., Nicol, D. and Broadbent, P. (2017) *Good work: The Taylor review of modern working practices*. London: Department for Business, Energy & Industrial Strategy.
Tombs, S. and Whyte, D. (2007) *Safety Crimes*. Cullompton: Willan Publishing.
Tombs, S. and Whyte, D. (2020) The shifting imaginaries of corporate crime. *Journal of White Collar and Corporate Crime*, 1, 1, 16-23.
TUC (2021) *Levelling up at work: Fixing work to level up across the UK*. London: Trades Union Congress.
TUC (2022) *TUC: This isn't a serious plan for levelling up at work*. London: Trades Union Congress. Available at: https://www.tuc.org.uk/news/tuc-isnt-serious-plan-levelling-work
Webber, D. and O'Neill, J. (2022) *Average household income, UK: Financial year ending 2021*. Newport: Office for National Statistics.
Whyte, D. (2016) It's common sense, stupid! Corporate crime and techniques of neutralization in the automobile industry. *Crime Law Soc Change*, 66, 165-181.