



Closing the gender pay gap

Data analytics in automotive

Data analytics has become the brain power of Formula 1 racing, with hundreds of sensors delivering millions of data points. This data has transformed racing and has often been the key factor in achieving victory.

So how can the automotive sector utilise data analytics to reduce pay gaps and accelerate diversity within the workplace?





Automotive gender pay gap statistics

The Office of National Statistics (ONS) data reports a 9.2% median gender pay in the motor manufacturing industry. Benchmarked against a 15.4% median gender pay gap of all employees across all industries in the UK in 2021, this is perhaps surprisingly low. However, the gender pay gap across the automotive industry is wide ranging, according to both the sector - OEMs, franchised dealer networks, independents and fleet agency operators - and between individual organisations.

Source: 2021/22 pay gap reporting data for top Original Equipment Manufacturers (OEMs) that report in the UK. Where a negative pay gap exists, this is reflective of women's earnings being higher than men's.

Gender pay gap data is publicly available via [the Government's gender pay gap service](#) and will be accessed by investors, suppliers, competitors and talent. There can be significant divergence between pay gaps reported by individual organisations and without a good understanding of the reasons for this – which should be outlined in the accompanying narrative – third parties can draw their own conclusions.

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The difficulty with gender pay gap, or any other pay gap, reporting is that the calculations do not tell you why there is a pay gap. As an organisation, if you have a 9.2% median pay gap how do you know from this figure alone what the root causes are and what action would be most effective to reduce this pay gap?

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Using data analytics to tackle pay gaps

How can data analytics be used to turbo charge diversity and reduce the gender pay gap?

It starts with a deeper analysis of your pay and HR data to identify the outlying groups with the widest pay gaps. This can then enable the below:

- More efficient and focused action planning
- Narrative that is data-led and therefore more compelling
- An accelerated closure of the pay gap



Case study one: impact of subjective performance measures

For this organisation we compared the pay distribution curve of men against women, for the organisation as a whole, which illustrated their pay gap.

Deeper segmentation revealed that the pay gap was significantly narrower in their sales teams, indicating that where performance was less measurable and more subjective in their non-sales teams, woman experienced a higher pay gap.

This organisation can now focus their attention on performance and remuneration review practices and fairness.

Case study two: women being blocked to reach next pay grade

In this organisation we identified that the highest pay gap occurred in their pay grade 3. Moreover, we also identified that the number of women dropped significantly by 64% when looking at pay grade 4. Whilst you would expect reducing numbers as roles become more senior, this was out of kilter with the male data.

This organisation could now conduct an employee listening project to understand any barriers preventing women from advancing in their career, together with potentially widening the job description criteria for grade 4 roles and reviewing flexibility and feasibility to conduct these roles on a reduced hours basis. Unconscious bias training and a review of promotion processes could also be helpful. Levelling up their female : male ratio in pay grade 4 will help reduce the pay gap for their organisation as a whole.

Case study three: segmenting pay data by cost centre

Having segmented the pay gap data by cost centre, we were able to identify for another organisation which of their cost centres were outliers, with higher gender pay gaps than other centres. We were also able to segment the organisational level below this as well.

This provided the organisation with a clear focal point for resource and initiatives, and the organisation decided to devolve responsibility for the pay gap to the cost centres that were driving the gap, in order for them to lead in resolving this issue.



Case study four: auditing pay gap calculations

We recently worked with an organisation who had reported their pay gap, but were not confident that their methodology was correct. They were not confident they had conducted the calculations correctly. This organisation did not have the expertise in-house and realised that this was exposing them to reputational damage, particularly if they were reporting a higher pay gap than was the case.

We were able to recalculate their pay gap calculations and provide learning around points, such as evenly distributing men and women earning the same hourly pay on either side of a pay quartile band for fairer representation and the methodology to adopt for different types of pension scheme.

For this organisation it will be more cost effective and accurate to outsource their pay gap calculations and they also benefit from the additional data insights that we provide via our pay gap dashboard, at no additional cost.

Case study five: utilising gender pay gap data for CEO pay ratio reporting

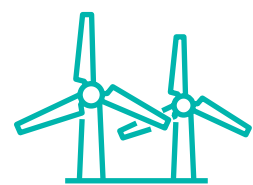
This organisation utilised the gender pay gap quartile calculations we had conducted for them, in order to complete their CEO pay ratio reporting which we also assisted with. This “Option B methodology” was more efficient than recalculating percentile earnings.



Why diversity matters in the automotive sector



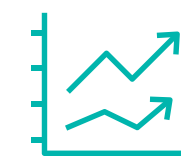
Talent - As automotive transitions at speed from a focus on manufacturing towards a greener future, we anticipate an explosion of new Electric Vehicle (EV) products and exciting new technology. A key challenge for the industry is to secure fresh and diverse talent, with the changing technical skill sets that are needed for a more digitised generation. Resetting culture and ensuring fairness alongside this will be critical in the war for talent.



ESG - These targets are biting. Gender pay gaps, reflective of a lack of diversity – particularly in senior decision-making roles – could well impact ESG scores. This could limit access to ESG funding and tendering opportunities, especially for suppliers, where requirements can change overnight. Read our [blog](#) for more information.



Performance - It's not just about target hitting. There is now substantial depth of research, from McKinsey and others, that demonstrates how diverse organisations outperform their peers.



Buyer demographics - As women's earning potential increases, supported by the focus on gender pay gap analysis, we may also see women becoming more significant decision makers in car purchases. Diversity of thought in car design may become more critical.

Even today, in my own car, it's an awkward backward angle to reach the coffee mug holder. If my seat was further back and I had an average leg length of a man, it would be just right. The seatbelt also often cuts across my neck, despite adjusting the seat height. Next time I buy a car I will be looking for more thoughtful and gender focused design. How might future technologies support women?



'Group think' and risk - There is an obvious perception risk of running a pay gap. However, the benefits of diversity of thought and reduction of 'group think' are becoming more widely recognised, at every level of an organisation.



It is clear that attracting more female employees will offer competitive advantage. Making real progress in closing the pay gap and supporting equal career progression is fundamental to achieving this.

In her book, [Invisible Women: Exposing Data Bias in a World Designed for Men](#), Caroline Criado-Perez cites that crash test dummies were based on the male body for decades, resulting in women having a 30-40% risk of being killed or seriously injured, substantially higher than men. If more women had been in design teams, would diversity of thought have led to safer vehicles for all?

The winning edge

Over-laying your pay gap data with employee insight will enable you to back up any claims of fair progression, identify blockers in women's careers and identify best practice that can be shared. This will set you apart as a leader.

We take an analytically led consultative approach to our work with clients, helping organisations thrive rather than to survive. We call this [Employer DNA](#).

Widening the lens to assess the impact of your pay gap on your employee's pension or wellbeing gap takes you on a cause-and-effect journey. Particularly interesting is assessing how the pay gap could impact take-up of health based employee benefits, followed by predictive analytics on cost of absence.

Read our pension gap [briefing](#) to find out more.



Final word: it's not all about gender

Of course, diversity is not just about gender. CEO pay ratio reporting is also regulatory and increasing numbers of organisations are voluntarily reporting ethnicity and disability pay gap analysis in a more holistic diversity report.

Using data analytics will help an organisation get to where it wants to be, more quickly and efficiently.

Stay up to date

If you would like to know more about how data analytics can transform your gender pay gap reporting from legislative reporting to delivering valuable insight, or if you are seeking guidance on other pay gaps (e.g. ethnicity, CEO pay ratio) please contact either [Melissa Blissett](#), who leads our pay gap proposition, or Richard Williams, Head of Automotive. Even if you would just like to stay connected with our briefings and other resource, drop us a line.

For further information about our pay gap solutions, take a look at our online resources [web page](#).



Please contact your Barnett Waddingham consultant if you would like to discuss any of the above topics in more detail. Alternatively get in touch via the following:



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