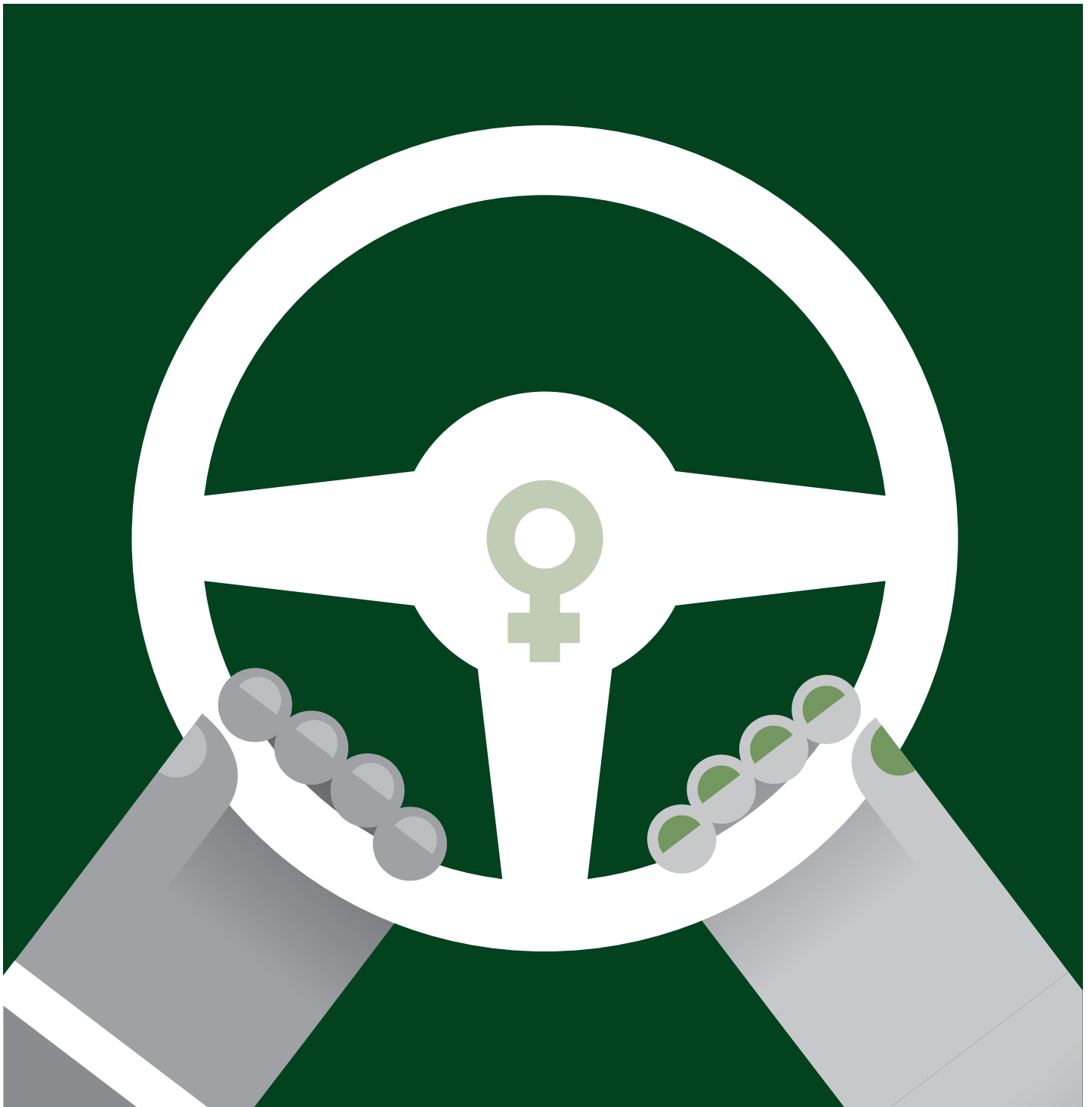


Driving diversity, equity & inclusion in the UK automotive industry

SEPTEMBER 2022

Addressing gender balance to support UK automotive competitiveness –
first report and recommendations to tackle the under-representation
of women in the sector



About this report

This is the Automotive Council's first report into diversity, equity and inclusion (DE&I) in the UK automotive industry, developed by the UK Competitiveness, Business and Environment Group's DE&I Workstream. DE&I is an issue of competitiveness and a vital matter for a sector with critical skills gaps that is reliant upon attracting talent, often in competition with other sectors, globally. Given the broad DE&I remit, this initial report focuses on women in the industry, understanding that within this workforce there are many diversity strands such as age, disability, ethnicity, neurodiversity, race, social mobility and sexual orientation. It is the aim of the DE&I Working Group to address the under-representation of all minority groups in future reports.



Contents

03	Executive summary
04	The business case for diversity, equity and inclusion
06	Diversity in the manufacturing sector across Europe
08	Attitudes to diversity in the UK automotive sector
10	Covid-19: how it accelerated change and supported a focus on the DE&I agenda
12	Issues to be addressed
13	Suggested actions
15	Automotive Council recommendations

Executive Summary



Women are currently under-represented within the automotive sector, at all levels, in operational and retail functions. Change is needed”

There are clear business benefits to increasing gender diversity among the workforce – in particular positive impacts on productivity, profitability and value creation. Women are currently under-represented within the automotive sector, at all levels, in operational and retail functions. Change is needed.

While various important initiatives to address this under-representation are already underway within the automotive sector, a number of authoritative surveys have shown that significant further action is required to improve the recruitment, retention and progression of women. This needs to be supported by clear leadership within the industry and a collective commitment to change culture and support greater diversity.

This report identifies five key priority areas and suggests ways to address them. It also recommends that Automotive Council members:



Commit to actions against each of the five priority problem statements:

- 1. Recruitment**
- 2. Retention**
- 3. Progression**
- 4. Culture**
- 5. Leadership**



Publicly commit – as an industry – to addressing issues around gender diversity

01

The business case for diversity and inclusion

There is a clear link between gender diversity and both profitability and value creation (McKinsey, 2018). Independent studies also show that organisations that implement equal opportunities policies increase productivity in the workplace (Perotin & Robinson, 2000).



There are many benefits to an organisation when following a structured approach to diversity, equity and inclusion. Two obvious examples are the ability of the business to attract and retain the best talent, and the creation of a workforce which better represents the diversity of its customer base. Both elements directly impact employee satisfaction, motivation and engagement, and all are inextricably linked to commercial performance.

Automotive and mobility executive search specialists Ennis and Co have tracked the industry's attitudes and expectations towards diversity, equity and inclusion (DE&I) over the past decade. Their surveys of manufacturers, retailers and suppliers, presented in partnership with *Auto Trader*, reveal three recurring themes, and a positive upswing of intent and activity to make positive change.



Independent studies show that organisations that implement equal opportunities policies increase productivity in the workplace”

A study by Cox & Blake in 1991 highlighted five key benefits from having greater workforce diversity:

01

Commercial Benefit

In 2021, among the leaders surveyed, the primary purpose for DE&I was to deliver a positive impact on business results, closely followed by attracting and retaining the best talent. This was a significant change from just two years earlier when finding talent was on top, followed by the appetite to serve a diverse customer base and business success only seen as a distant third. This change in approach is driven by the delivery of commercial benefits and sends a clear and powerful message to sustain the momentum.

02

Selective Focus

Over the past 10 years there has been a sustained effort across the sector to address gender diversity and in 2021, nearly 78% of organisations surveyed identified it as the biggest focus for their DE&I activity. One of the recurring takeaways from the research is to avoid over-dependence on KPIs as a measure of DE&I success, which can drive unintended outcomes. Instead, it is better to focus on a change of culture which benefits everyone equally.

03

Brand Engagement

The challenge here is 'walking the talk'. The automotive sector sets a global benchmark for product marketing and brand management but struggles to apply the same standards and values with internal stakeholders, creating a mismatch between expectation and reality for staff. The research reveals that in 2021 60% of organisations had DE&I education and training programmes in place and just 47% had a mentoring or coaching programme for minority or under-represented employees. The leading organisations have recognised the need to be authentic in programmes of activity, with leaders and other role models visible and consistent in their approach.

A recent study from *Women at the Wheel* by Deloitte found that 40% of women working in automotive would choose a different industry if they were starting their career again, citing a bias towards men in leadership, poor work-life balance and poor organisation culture as top reasons.



02 Diversity in the manufacturing sector across Europe

The UK lags behind its European counterparts in terms of gender diversity in manufacturing, with women representing 12% of the workforce compared with a European average of 24.7% (Eurostat).





The proportion of women working in manufacturing in the UK decreased by 4% during the period 2011-2019.”

The only countries performing at the same, or lower, level (based on 2019 data) were Belgium, Turkey and the Netherlands. At the other end of the scale, North Macedonia had more women than men working in the manufacturing sector (with a 57% share) and Bulgaria had a nearly equal split with 48% women. It is also worth noting that the proportion of women working in manufacturing in the UK decreased by 4% during the period 2011-2019.

The UK fares relatively well compared with its European counterparts in terms of gender diversity in the aftermarket sector, with women representing 16% of the workforce.²

Turkey had the lowest proportion of women working in aftermarket in 2019 (6%) with Luxembourg reporting the highest (at 25%). The proportion of women working in the UK aftermarket sector also increased by 1% from 2011 to 2019.

But when it is considered that women make up 47% of the workforce in the UK as a whole – it is apparent that both the manufacturing and aftermarket sections of the automotive industry are well below the UK benchmark (with an average of 14%). In the Deloitte *Women at the Wheel* study in 2021, more than 90% of respondents felt women were under-represented in automotive leadership teams in the UK.

In 2019, 9.31 million women were working full-time in the UK, with 6.3 million working part-time. Some 40% of women in employment were working part-time, compared with 13% of men. The most common sectors of employment for women in the UK were health and social work (accounting for 21% of all jobs held by women at September 2019), the wholesale and retail trade (14%) and education (12%). 79% of jobs in the health and social work sector and 70% of jobs in education were held by women.³

There is a lack of data on other under-represented groups within the automotive workforce. We know, anecdotally, that the predominant employee across the industry is a white male but diversity data is not consistently recorded so a full picture of the demographics is unavailable. However, it is likely that the automotive sector has under-representation from a range of diverse groups.

Although we are dealing with women as one group within this report, we are mindful that within the female workforce there are many diversity strands such as age, disability, ethnicity, neurodiversity, race, social mobility and sexual orientation, and more barriers are likely to exist for minority segments within gender groups. By committing to the suggested actions in this report, we hope to break down these barriers so that eventually all women will be represented within the UK automotive sector.

¹ European gender split – Manufacture of motor vehicles, trailers and semi-trailers. Source: Eurostat (statistical office of European Union).

² Wholesale and retail trade and repair of motor vehicles and motorcycles. Source: Eurostat (statistical office of European Union).

³ Source Women and the Economy briefing paper – http://allcatsgrey.org.uk/wp/download/public_health/SN06838.pdf

03 Attitudes to diversity in the UK automotive sector

All UK OEMs have made headline commitments to improve DE&I and many have policies and schemes in place to secure change. As evidenced by the Autocar Great Women in the British Car Industry initiative, which has seen impressive growth in the number of entries since its inception in 2016, this is resulting in an increase in female representation in leadership roles and senior positions across all disciplines, from vehicle development and manufacturing to operations, purchasing, sales, marketing and aftersales.

These commitments are encouraging and demonstrate that the largest players within the automotive sector recognise the scale of the challenge – it is also welcomed that the sector, and its associated supplier networks, are making conscious steps towards the enhancement of their DE&I strategies.



However, these initiatives have yet to make an impact at the scale needed. The Auto Express Brit List, for example, showcases some of the very best automotive talent in the world - but even in 2022 only eight women were featured out of 50 and no one from a minority background.

Mike Hawes, chief executive of the Society of Motor Manufacturers and Traders (SMMT), has recognised the issue:

“The shortage of women, people of colour and other minority groups in this list is probably reflective of the wider British automotive workforce and reflects the scale of the challenge facing the sector. While most companies have programmes that are beginning to help, there is a huge amount still to be done to boost diversity, from production lines to boardrooms. The scale and pace of innovation in this sector require a rich diversity of skills, perspectives and experience, and the industry’s future success hinges on our ability to attract the best and brightest talent irrespective of backgrounds, races, genders or abilities. We need them all if we are to help shape the future of mobility in the UK and, indeed, globally.”

The statistics that are available show that progress is being made far too slowly; technical roles remain predominantly male, whereby female employees usually select non-technical/non-manufacturing roles; there are also more female employees working part-time than male.

There is also little evidence to suggest that companies are proactively dealing with unconscious bias - and more details are required around what strategies exist to reduce this.

HR teams have a key role to play at different stages of an employee’s journey (eg recruitment, retention, promotion, appraisals) to support this agenda. But many companies lack detailed structures and plans that set out the specific measures they are undertaking to deliver on their commitments (or are not publicly available).

Common ways to measure, track and govern DE&I activities within organisations need to be established. Knowledge, benchmarking and best practice sharing must be encouraged.

The automotive sector needs to take more responsibility to drive the agenda of DE&I forward with a sense of urgency, focusing on and committing to the acceleration of policies and strategies that are effective.

The automotive sector needs to take more responsibility to drive the agenda of DE&I forward. This should include:



Greater diversity within the Automotive Council should be encouraged and the Council needs to consider what steps it can take to support this agenda



An enhanced emphasis from the Society of Motor Manufacturers and Traders to champion DE&I and support its members with guidance in this area.



Common ways to measure, track and govern DE&I activities within organisations need to be established”

04

Covid-19: how it accelerated change and supported a focus on the DE&I agenda



From an executive search perspective, there have been significant changes within the arena of DE&I over the last two years. This may have been accelerated by a global pandemic, yet by reassessing data originally collated and putting diversity and inclusion 'under the microscope', it is quite clear that a great deal of the change now underway has been in the offing for some time.

Some senior leaders have stated that their DE&I strategy has been accelerated by Covid-19. The impact of the pandemic has been to completely re-evaluate business working processes that were previously unaltered for decades.

Below, we have outlined our views on what we have seen in the industry in terms of attitudes to diversity – predominantly, over the last year.



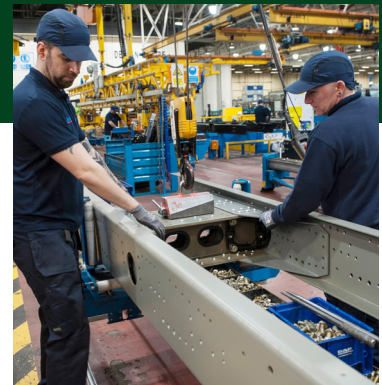
Reassessing skills

It comes as a pleasant surprise that the market is as buoyant as it has been, from an executive search perspective. It would seem that a lot of remodelling and reassessing of requirements for the future is continuing to improve matters, where senior leaders are looking closely at the skills that they really need for their organisation, as well as how to employ those skills and, importantly, what ultimately this is going to look like.



The evolution of 'ways of working'

The pandemic caused many senior leaders to take a 'bird's-eye view' of their organisations, and this has opened conversations surrounding how people work. From a DE&I perspective, this is transforming policies to adapt to new ways of working. Within this, there is a strong feeling of change and the momentum this brings is phenomenal – and fast. People policies are being adapted to the world we are now living in, rather than the rigid, structured HR policies of before. This brings flexibility to the forefront – which opens the diversity and inclusion piece substantially – thus attracting diverse talent to organisations.



Behaviour is key

Organisations are considering how they look after their people – and many automotive organisations are 'stepping up' to ensure leaders are making decisions that keep their employees at the forefront. Some have evaluated working hours and offered incredibly flexible working for those home schooling, for example, and internal communication has improved significantly. Practices are also changing at a rapid pace, with decisions made to ensure the happiness and comfort of employees, showing them they are being heard, and promoting mental wellbeing.

05 Issues to be addressed

The Automotive Council DE&I working group has identified five key areas that should be addressed collectively by the automotive sector:

01

Recruitment

The automotive sector is failing to attract sufficient women into all areas, from engineering and manufacturing to sales

02

Retention

The automotive sector is not retaining women, particularly in mid-career or around maternity

03

Progression

Too few women are reaching senior and C-suite roles within the automotive sector

04

Culture

Too often the culture of the automotive sector inhibits women to aspire to senior roles because of the perceived sacrifice required to progress

05

Leadership

The automotive sector is failing to see diversity as business-critical and so is not demonstrating commitment from its senior leadership



06 Suggested actions

There is no 'one solution fits all' when it comes to DE&I. Having considered what automotive businesses are doing today, as well as other industries that are more successful in this area, we have outlined some of the potential actions that businesses can take:

Recruitment

- a. Anonymise application forms; review job descriptions to ensure that they are more skills-based rather than experience-based
- b. Target recruitment activity; promote flexible working arrangements/policies; refine language in advertising; communicate roles across different channels such as social media; practice proactive recruitment
- c. Track recruitment statistics by logging applicant gender identity

Retention

- a. Encourage collaboration across SMEs to set up diversity networks to share experience and support
- b. Create a more flexible working environment for all employees such as working from home, job share, reduced hours, focus on delivery of a role rather than hours worked. We have recently seen working from home become the norm and, while not practical for all parts of the sector, it is essential to keep working from home practices in place. It has helped to shift the culture within different types of businesses and normalised something which used to be seen as the exception

Progression

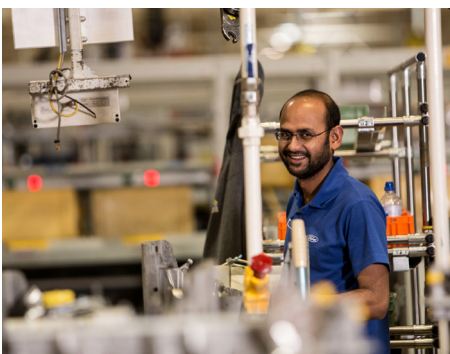
- a. Establish mentoring and sponsorship programmes internally
- b. Encourage automotive-wide mentoring and sponsorship programmes to share experience across the sector

Culture

- a. Lead change from the top
- b. Ensure brand awareness and communications reflect the diversity and inclusion values of the company
- c. Implement DE&I training for senior management and communicate DE&I policies to the workforce

Leadership

- a. Appoint a Board-level DE&I champion – this does not have to be HR
- b. Demonstrate commitment at senior levels to DE&I through consistent communications





“

The scale and pace of innovation in the automotive sector require a rich diversity of skills, perspectives and experience, and the industry's future success hinges on our ability to attract the best and brightest talent irrespective of backgrounds, races, genders or abilities. We need them all if we are to help shape the future of mobility in the UK and, indeed, globally.”

In 2021

60%

of organisations had DE&I education and training programmes in place

47%

had a mentoring or coaching programme for minority or under-represented employees

07

Automotive Council recommendations

We are fully aware that many companies are undertaking successful activities in this area. The intention of this report is not to set out a specific set of actions for individual companies to take, but to commit – as an industry – to undertake action, facilitate change, collate data and monitor our progress.



It is recommended that Automotive Council members

- Identify and commit to actions against each of the five priority problem statements: Recruitment, Retention, Progression, Culture, Leadership
- Publicly commit as an industry to address issues around gender diversity by signing up to a UK Automotive Industry Diversity, Equity & Inclusion Charter
- Collect and report DE&I data to the Automotive Council DE&I Working Group annually



It is recommended that the DE&I Working Group

- Monitors implementation of these actions, with progress to be reported back to the Automotive Council annually
- Considers all under-represented groups within the sector and reports to the Automotive Council on actions to consider



Email:
**enquiries@
automotivecouncil.co.uk**

Automotive Council UK
71 Great Peter Street
London SW1P 2BN

Disclaimer

This publication contains general information and, although the Automotive Council endeavours to ensure that the content is accurate and up-to-date at the date of publication, no representation or warranty, express or implied, is made as to its accuracy or completeness and therefore the information in this publication should not be relied upon. Readers should always seek appropriate advice from a suitably qualified expert before taking, or refraining from taking, any action. The contents of this publication should not be construed as advice or guidance and the Automotive Council disclaims liability for any loss, howsoever caused, arising directly or indirectly from reliance on the information in this publication.