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# MAKING GENDER PAY MANUFACTURERS' BUSINESS:

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**GENDER PAY GAP BENCHMARK FOR MANUFACTURING**



# WHAT IS IT AND WHAT DO EMPLOYERS HAVE TO REPORT?

## WHAT IS THE GENDER PAY GAP (GPG)?

The Gender Pay Gap is a means of measuring the differences in pay according to gender. In general, it measures the difference between the hourly average earnings of men and the hourly average earnings of women.

## HOW IS IT CALCULATED?

### GENDER PAY GAP

$$\frac{\text{Average hourly pay for men} - \text{Average hourly pay for women}}{\text{Average hourly pay for men}} \times 100$$



## WHAT IS MANDATORY GENDER PAY GAP REPORTING?



### WHEN WAS MANDATORY GENDER PAY GAP REPORTING INTRODUCED?

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 came into force on Thursday 6th April 2017. They require companies in scope to report on their Gender Pay Gap.

### WHO IS IN SCOPE?

Employers with 250 or more relevant employees are in scope of the Regulations. If a company is part of a group, then each legal entity with 250 or more employees has to report individually.





## WHAT DO COMPANIES HAVE TO REPORT?

There are 6 metrics that companies in scope must report on. These are:

- Overall gender pay gap based on mean hourly pay
- Overall gender pay gap based on median hourly pay
- Proportions of male and female employees in quartile pay bands
- Bonus gender pay gap based on mean bonus pay over 12 months
- Bonus gender pay gap based on median bonus pay over last 12 months
- Proportions of men and women who received a bonus over last 12 months

## WHEN DO THEY HAVE TO REPORT?

Employers had to publish their first gender pay gap report by 4th April 2018. Going forward, employers will need to report by 4th April each year.



## WHERE DO EMPLOYERS REPORT THEIR GENDER PAY GAPS?

Employers in scope must upload their gender pay gap reports on a government website as well as on their own websites. They must also hold the data on their own website for 3 years to track the trends.

<https://gender-pay-gap.service.gov.uk/>

## IS THERE GUIDANCE FOR EMPLOYERS ON HOW TO UNDERTAKE GENDER PAY GAP REPORTING?

Yes, there is guidance from the Government Equalities Office (GEO) and Acas that accompanies the Regulations. EEF offers a range of services to support companies to comply with the Regulations and close the gender pay gap.



# GENDER PAY GAP V EQUAL PAY

The law on Equal Pay provides that paying a woman less than a man (or vice versa) for “equal work” is unlawful under the Equality Act. Equal Pay law covers women and men doing work that is the same or broadly similar, is rated as equivalent under a job evaluation scheme, or is found to be of equal value.

The Gender Pay Gap is the difference between the average hourly earnings of men and women.

It is perfectly possible for an employer delivering Equal Pay to have a large Gender Pay Gap. In fact, that is the situation for the majority of companies. We look at why there is a Gender Pay Gap in the UK economy, and focus in on the Manufacturing Gender Pay Gap in the subsequent sections of this report.

Here’s another way of explaining the differences, in very simplistic terms:

## WHAT DO THE SYMBOLS MEAN?

In the following graphic, men and women symbols represent men and women along the earnings spectrum, working in unskilled roles through to senior roles. We assume that men and women at the same point on the spectrum are doing equal work.

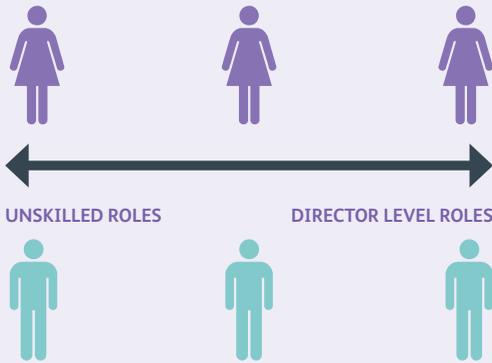
Where there is a woman above the line and a man below the line at the same point on the spectrum, this represents an equal number of men and women working at that level.

Where there is a woman both above and below the line, this means that women are dominating that particular level and, where a man is both above and below the line, this means that men are dominating that particular level.

Where there is a large man symbol, this represents men earning more than women working at that level.

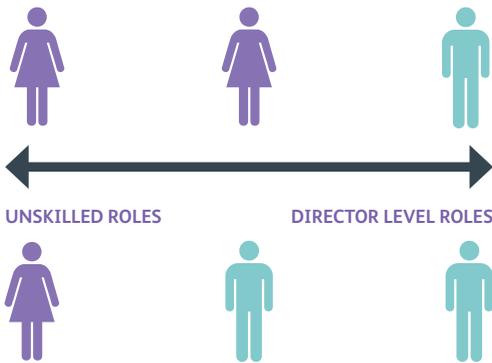


## NO GENDER PAY GAP AND NO EQUAL PAY PROBLEM



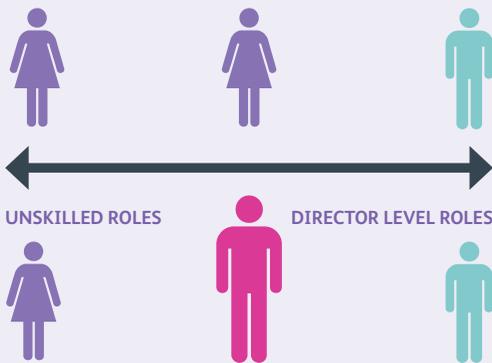
Here we have an even spread of men and women undertaking jobs at different levels and those at the same level are earning the same – represented by the symbols being the same size. Therefore there would be **no gender pay gap and no equal pay problem**.

## A GENDER PAY GAP BUT NO EQUAL PAY PROBLEM



Here we have women undertaking lower skilled/unskilled roles and men dominating more highly skilled/director level jobs. As men are dominating highly skilled posts and are on average getting paid a higher wage than women who are dominating lower skilled, and therefore lower paid, jobs, there is a **gender pay gap**. However, because men and women who are doing the same roles are getting paid the same there is **no equal pay problem**.

## A GENDER PAY GAP AND AN EQUAL PAY PROBLEM



Here we have more women undertaking unskilled jobs, and more men doing highly skilled/director level jobs. Therefore it is very likely there is a **gender pay gap**. In addition, the men occupying mid-level positions are being paid more than the women undertaking equivalent roles – this is represented by the larger male symbol – which suggests that there is an **equal pay problem**.

# BENCHMARKING DATA

## GENDER PAY GAP FOR MANUFACTURING: HOURLY PAY

- According to the latest data published on the gender pay gap service website, there is an average pay gap of 13.3% between women's and men's hourly rates of pay in manufacturing and a 10.2% median pay gap
- Manufacturing is performing slightly better than when we look at all companies in all sectors that are required to report their gender pay gap - where the mean gap is 14.3% and median is 11.8%



Source: GOV.UK - Gender Pay Gap Service (2018)

## GENDER PAY GAP FOR MANUFACTURING: BONUSSES

50.0% of female employees received a bonus payment in the April 2016 to April 2017 twelve-month window, compared with 52.3% of male employees.

The latest data for manufacturing shows a negative median bonus gender pay gap of -97.7%. The average bonus pay gap between male employees and female is 8.7%.

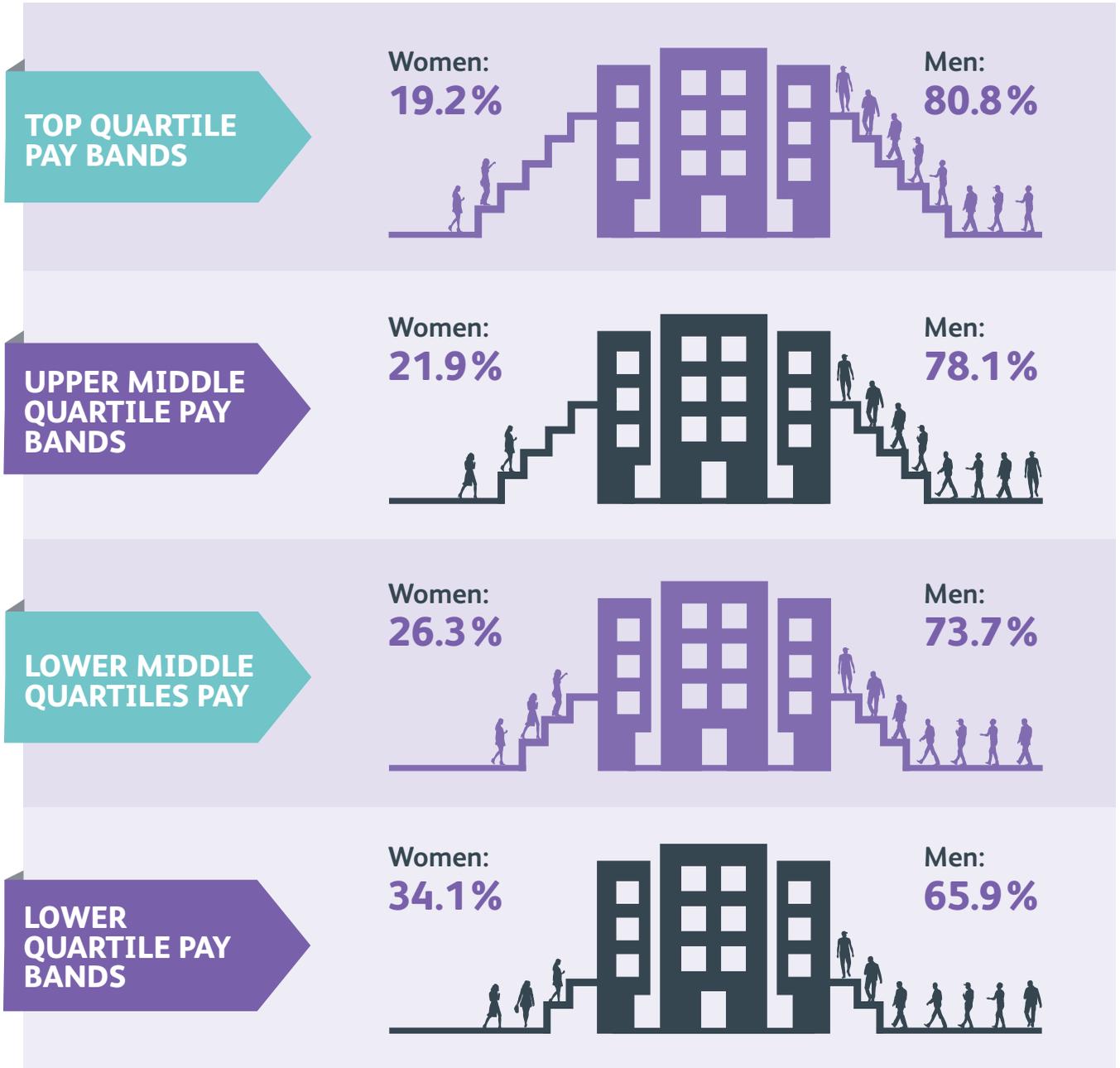


Source: GOV.UK - Gender Pay Gap Service (2018)

## GENDER PAY GAP FOR MANUFACTURING: PAY QUARTILES

Looking at the manufacturing companies who are in scope of the Regulations, each of the reported pay bands are mainly comprised of men. Furthermore the proportion of

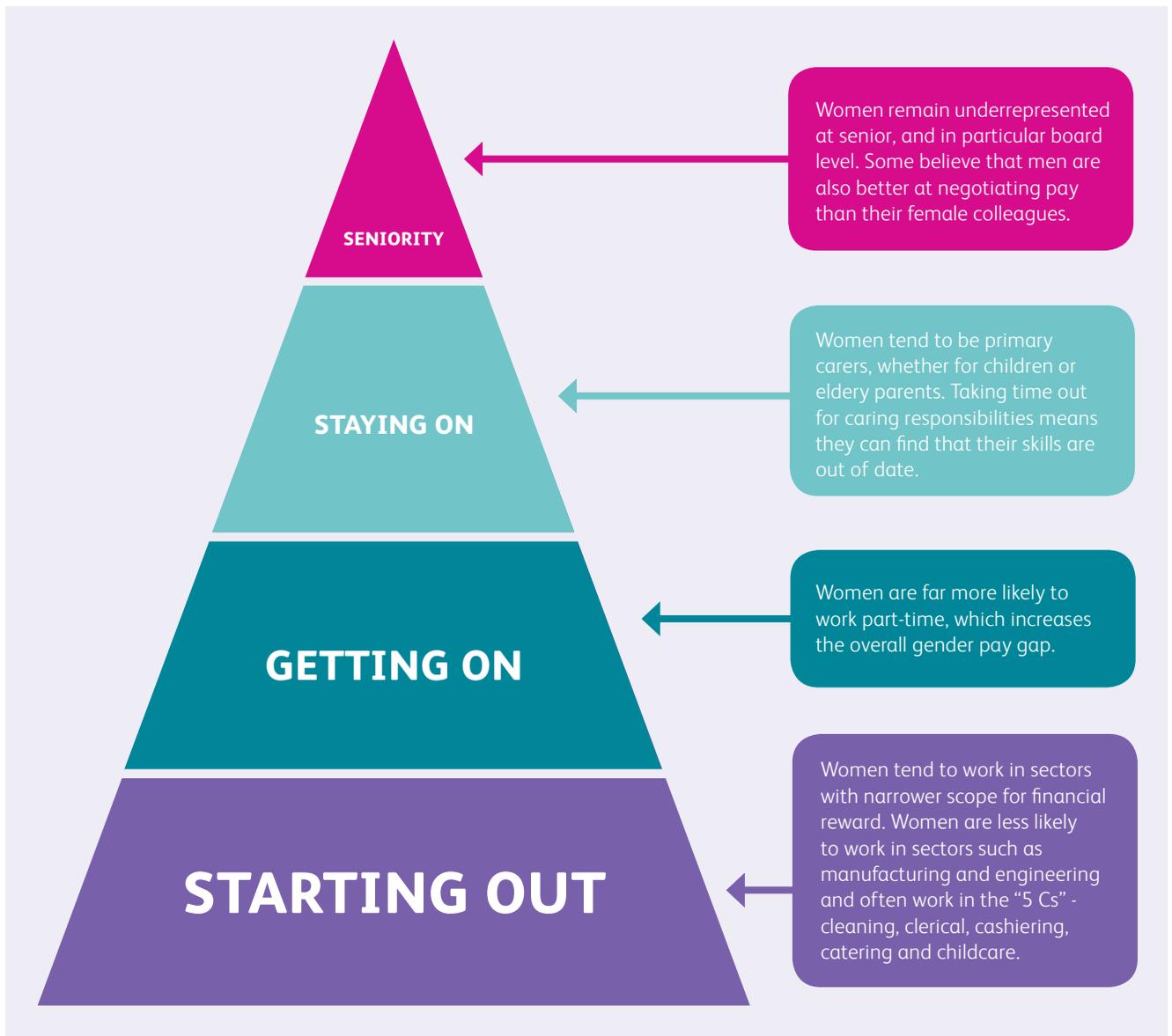
women declines as the pay bands increase. In the lower quartile pay band women make up 34.1% of the band, whereas in the top quartile they only make up 19.2%.



Source: GOV.UK - Gender Pay Gap Service (2018)

# THE FACTORS BEHIND THE GENDER PAY GAP

From the start of employment through to senior level roles, there are a myriad of reasons behind the overall gender pay gap.



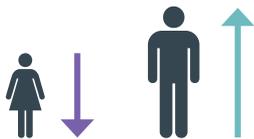
Source: Government Equalities Office

# THE FACTORS BEHIND THE MANUFACTURING PAY GAP

The manufacturing industry has historically been male-dominated. Indeed official statistics show that the manufacturing industry is composed of 76% men and 24% women. Manufacturers struggle to attract and retain women into the industry. Men tend to occupy higher skilled and higher paid engineering roles and

therefore there is a gender pay gap in the majority of manufacturing companies.

You only need to look at the STEM (science, technology, engineering and maths) pipeline to see how women are positioned in engineering and manufacturing.



**35% of girls** choose maths, physics, computing or a technical vocational qualification at aged 16, compared to **94% of boys**

Just **7%** of engineering apprentices are female



Just **9% of girls** go on to do a degree or Level 4 qualification in maths, physics, computer science or engineering, compared to **29% of boys**



Only **15%** of engineering graduates are female

**686 females** sat an engineering GCSE in 2017 compared to **6325 males**



Women account for just **5.2%** of registered engineers or technicians

# PROACTIVE STEPS TAKEN BY MANUFACTURERS

**Elfab manufactures pressure relief products which provide protection for people, plant, processes and the environment.**

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## DIVERSITY STRATEGY AT ELFAB DRIVES INNOVATION AND COMPETITIVENESS



Attracting and retaining women into a manufacturing business has historically been challenging for a variety of different reasons including perceptions about the dirty, unskilled nature of the

work, the lack of flexibility and the male dominated environment.

At Elfab, we are focussing on overcoming these challenges and diversity is key to our growth strategy as we believe a diverse workforce and building teams of people with different perspectives makes us more innovative and contributes to a competitive advantage for the business.

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## ADAPTING RECRUITMENT PROCESSES



We have done this through adapting our recruitment process, advertising vacancies on websites such as Where Women Work and WISE (Campaign for gender balance in science, technology and engineering) and ensuring that the language we use is inclusive. And with this focus comes the potential of accessing a talent pool which helps our business tap into a wide range of skills.

But it doesn't stop there as retaining the women we recruit is also vitally important. By providing opportunities to women, at Elfab we demonstrate that career progression in a manufacturing environment is possible and we're proud that 3 out of 6 members of our Senior Management Team are female. This includes Anika Ephraim, Elfab's Managing Director who, as a member of Powerful Women, an organisation which seeks to advance the professional growth and leadership of women across the UK's energy sector, is herself passionate about encouraging women into engineering.

Key to our diversity programme is attracting female employees and over the past year we have successfully started to move the needle in our organisation with women currently making up 25% of our headcount.

## FLEXIBLE TRAINING PLANS ENSURE ELFAB IS A GREAT PLACE FOR WOMEN TO BUILD CAREERS

It's not just at management level that we have boosted our female employees; on the shop floor we are attracting a high proportion of female candidates and once they join us they stay with us as their perception of a manufacturing environment is turned on its head by our welcoming, friendly culture and clean, state of the art factory. And we have introduced initiatives

throughout the business to make Elfab a great place for women to build their career including flexible training plans and regular monitoring of salaries to ensure that we are paying according to the role and experience of the person and not based on their gender.



**Lush make and sell handmade, fresh cosmetics, both here in the UK and in sites across the world.**

## THERE'S NO GLASS CEILING FOR LUSH



As can be seen from our Gender Pay gap report, there is no shortage of females at the top of Lush. Our top quartiles have a balance of women and men and show there is no glass ceiling. The issue that seems to drive our pay gap is

not a lack of women at the top, but is instead due to the fact that there are more women doing the part time jobs in our company. This means that in the lower pay scale there are more women present than men. The only way to close this type of gap is to try to understand

the reasons why women take part time jobs and build solutions that help them.

This is not just a business conundrum, this is something that the whole of society needs to grapple with. The question needs to be asked about whether women should be expected to be the ones who put careers on hold in order to take the lion's share of responsibility for wider family commitments, and if women are to continue to in this role, how can jobs and work be restructured in order to allow career progress and wage parity with men who are mostly free to follow full time career paths without interruption.

## SUPPORTING WOMEN IN THE WORKPLACE



In order to support those doing part time and entry level jobs in our company, we ensure we pay these staff a

minimum of the Real Living Wage Foundation rate of pay. We also introduced extra parental leave and childcare support, beyond the statutory minimum, to encourage and support staff back into the business after having had children.

We have a really positive attitude to internal promotion and try to provide as much training and development as possible to allow staff to achieve fulfilling careers here, whether male or female.

## FLEXIBILITY TO SUPPORT WITH CARING RESPONSIBILITIES



We understand that often what is holding women back is the reality that they are still the majority of care-givers within families and therefore need to find work with low hours to fit, which then has a double whammy impact

of part time roles being more junior or unskilled jobs. So we continue to look for ways to offer higher roles and management progression to those who are only able to work part time.

We also feel that fostering a culture that supports fathers to be able to be free to finish work in time for school runs, to have parental leave and to be valued as equally responsible within the family unit is essential if we are to build a society where freedoms and responsibilities are shared equally between the sexes bringing earning potential onto a level playing field.

**MBDA designs and produces missiles and missile systems to meet the whole range of current and future needs of the three armed forces.**

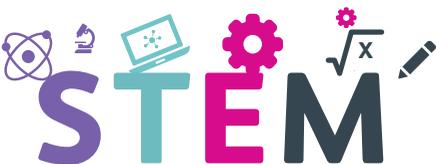


## DIVERSITY, EQUALITY AND INCLUSION ARE ESSENTIAL TO SUCCESS

At MBDA we recognise that diversity, equality and inclusion are essential to our success and strengthen the Company. We are committed to attracting,

retaining and developing talent from different backgrounds and cultures and strive to provide an inclusive working environment and culture. Our Space2B women's network, encourages our female employees to focus on their personal development and growth.

## SUPPORTING STEM INITIATIVES AND FLEXIBLE WORKING



Our award winning early careers programmes have attracted an increasing number of females over recent years. Our STEM Outreach network promotes Science, Technology, Engineering & Maths (STEM) in schools and inspiring the next generation. Like-minded STEM enthusiasts meet regularly to share ideas, support one

another, work on current and future events and learn from guest speakers. MBDA supports the WISE campaign and we are in the process of signing up to support the TechSheCan initiative.

We offer a number of benefits and initiatives that help women within our business to enjoy fulfilling and rewarding careers including training, career development and flexible working opportunities. We understand that balancing work and home life can be challenging. We have a number initiatives which enable our employees to work flexibly in a number of ways, including our flexi-time scheme, part-time working and home working. We also offer generous enhanced parental leave policies, for maternity, adoption, shared parental and paternity leave.

# 3 STEPS TOWARDS CLOSING THE GENDER PAY GAP

1



**Evaluate – having undertaken your gender pay gap report take the time to go through your findings and begin to ask some questions on why your company’s gender pay gap is what it is:**

1. Do your policies and procedures attract and retain women?
2. What is the take-up of flexible working arrangements by gender and level within the organisation?
3. What is the proportion of men and women who return to their original job after a period of maternity or other parental leave?
4. What is the proportion of men and women still in post a year on from a return to work after a period of maternity or other parental leave?
5. Is there any evidence in your reporting of bias in your Pay and Bonus policies?
6. Consider your recruitment processes where there is poor representation of women in certain areas - what can you do differently?

2



**Educate – it’s clear there are challenges in getting more females into manufacturing and we need to boost the pipeline of talent into the industry, so consider getting the message out there to girls that manufacturing is not just for boys:**

1. What steps is your company taking to get the message out there that manufacturing is a career for young women as well as men?
2. Have you considered launching a school-partnering pilot scheme to raise young people’s awareness of the different career opportunities available within the sector, and to help dispel any misperceptions and stereotypes?
3. There are hundreds of STEM-based initiatives that you can get involved in that help to broker the relationship between industry and local schools – have you signed up to any?

3



**Create – a diverse and inclusive culture. As well as attracting women into the industry we need to retain them. As a company show what you have to offer and consider steps to create the right culture for women to work in:**

1. How is your company supporting parents? Have you developed guidelines for managers on supporting employees prior to, during and on return from maternity and other parental leave? Could this be followed up with training for all line managers and senior managers?
2. How is your company supporting with the cost of childcare? Do you offer childcare vouchers? Have you investigated affordable childcare options with local providers in the vicinity of your sites?
3. To what extent do you fully deploy flexible working? Have you made it clear that employees in all areas and levels of the organisation can be considered for flexible working? Do your job descriptions clearly state you'd be happy to offer flexible working arrangements?
4. Have you reviewed your recruitment process recently? Are there measures you can adopt to improve the gender balance?
5. What is your company's strategic focus on diversity and inclusion? Have you considered appointing a diversity champion?





Make UK champions and celebrates British manufacturing and manufacturers. We are a powerful voice at local, national and international level for small and medium sized businesses and corporates in the manufacturing and engineering sectors.

We're determined to create the most supportive environment for UK manufacturing growth and success. And we present the issues that are most important to our members, working hard to ensure UK manufacturing remains in the government and media spotlight.

**Together, we build a platform for the evolution of UK manufacturing.**

**makeuk.org**  
**enquiries@makeuk.org**

## HOW WE CAN HELP:

Our HR team can help lift the burden of the reporting process, from initial preparation and analysis to practical recommendations on how to reduce your Gender Pay Gap. Typically our consultants deliver bespoke workshops to equip you and your senior team with the knowledge and skills you need to stay compliant.

**To find out more speak to your MaekeUK advisor today, contact us on 0808 168 5874 or email enquiries@makeuk.org**

## TO FIND OUT MORE ABOUT THIS REPORT, CONTACT:

Head of Education  
& Skills Policy  
**enquiries@makeuk.org**

Head of Information  
& Research  
**enquiries@makeuk.org**

For more information on how MakeUK can support your business contact:  
**0808 168 5874**  
**makeuk.org**

### Background notes on the gender pay gap data:

The gender pay gap figures have been sourced from the Government's portal for reporting gender pay gap: GOV.UK - Gender Pay Gap Service.

Data was downloaded on 6 June 2018 at 09:59.

Manufacturing data has been filtered out based on SIC code. All companies that reported that one or more of their SIC codes were in the range of codes starting 10-33 inclusive have been included.

All data shown in this report is as reported.



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Together, we build a platform for  
the evolution of UK manufacturing.

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