

Why *diversity trends* in logistics are *important* for your *business*



IMHXTM 2022
THE LOGISTICS SOLUTIONS SHOW

SHD LOGISTICS



SETTING THE SCENE

*In a three-part series, **Kirsten Tisdale**, principal of Aricia Limited, provides a comprehensive overview of the gender pay gap in logistics, and identifies the specific job roles which require addressing.*

Logistics is a great sector to work in, but it also has some real issues right now. Everyone has heard about the HGV driver shortage, but you will be aware that there are very large numbers of logistics jobs vacancies across the board in 2021 – about 3x the level at the same time in 2019. Logistics is also not a very profitable sector, with the top 100 companies in the UK only making c2% pre-tax profit.

And, a statistic that readers will be less familiar with, logistics is not viewed as inclusive by the people who actually work in the industry - a Michael Page survey put logistics second to last out of 19 sectors, and the related sector of supply chain & procurement as absolutely last. Clare Bottle, CEO of UKWA, talked at IMHX Connect about the importance of an inclusive workplace as one where diversity can thrive... avoiding the revolving door syndrome.

THE GENDER PAY GAP IN LOGISTICS

There is a gender pay gap in logistics, and in 2018-19 more than three-quarters of logistics companies paid their average man more than their average women, with the mean average hourly rate being in favour of men to the order of about 9.7% - that is, on average, men were paid 9.7% more than women across the logistics sector, although with some huge pay gaps in individual companies. This is actually better than the UK as a whole, where nearly 9 out of 10 companies pay men more, averaging out at 14.2% more.



ABOUT THE AUTHOR

***Kirsten Tisdale** is principal of Aricia Limited, the logistics consulting company she established in 2001, specialising in strategic projects needing analysis and research.*

Kirsten is a Fellow of the Chartered Institute of Logistics & Transport and has a track record helping companies with logistics decisions.

Because logistics has a large proportion of operational staff, where the rate is for a particular job role, the main cause of pay gaps is down to the tendency for the most senior roles to be held by men and, as we'll see shortly, the most well-paid operational roles also tend to have a much larger proportion of men.

Before we leave pay gaps, there are wider issues than just gender. There are many other pay gaps including, as just one important instance, ethnicity. The Resolution Foundation reported in 2018 that in the UK a black man could expect to earn 19% less than a white man.

PERCENTAGES

Women represent just over 50% of the population, 47-48% of employees across the UK, and over 46% of car licence holders. So, broadly, women represent half of the population, of employees and of car drivers. But that 'normality' changes as soon as we look at logistics.

Although companies don't report this data as such, it's easy to calculate the proportion of women in a company from the gender pay gap data that the organisation submits. Looking at different types of larger logistics companies (250+ employees) gives different proportions. Companies which categorise themselves as Storage only have about 26% women, Road Transport only companies have about 16% women, and companies which say they do both have 20% - so 1 in 5.

From a different source, Nomis, which is a service provided by the Office for National Statistics (ONS) to give access to UK labour market statistics, it's possible to get an average across all UK companies (not just the larger ones) for various occupations. The ONS doesn't always use the same sorts of words to describe job roles as we do in the industry, so it doesn't have 'Pickers' for example, but it does have 'Elementary Storage Occupations', which has just under 16% women, so about 1 in 6. Van Drivers is less at 7% - about 1 in 14 are women.

And we can also look at the better paid roles in both areas – less than 1 in 40 Forklift Truck Drivers are female, and just over 1 in 100 Large Goods Vehicle Drivers. I'll say that again, only 1 in 100 HGV drivers is a woman. Women do now represent a slightly increased percentage of HGV drivers, moving from 1.1% to 1.4%, but that is no cause for celebration, as the

number of women drivers has actually reduced ...while the number of men drivers has reduced even faster!

Now, if you're thinking that being an HGV driver is tough work, then you need to start thinking about how to change that: how to make it easier to unload (why not use warehouse staff to unload heavy rollcages and poorly built pallets using powered handling equipment instead of making the driver struggle with a manual pump truck), easier to change trailers (think access and ease of using suzies, winding legs etc, and replacing with automatic coupling), and easier to access the load (things like pulling back curtains).

Women might not be as strong as men in general, but the average age of the male driving workforce is getting older and they will also benefit from improved job ergonomics.

Women represent:

	UK Wide	Storage	Storage AND road transport	Road Transport
% in UK/GB	Population 50.6%			Car licences 46.4%
% Employed - est average in cos of 250+ and % in all cos	Emp in cos of 250+ 47.3% Employed in all cos 47.8%	Emp in cos of 250+ 25.8%	Emp in cos of 250+ 20.0%	Emp in cos of 250+ 16.1%
% in general operational roles		Elementary storage occupations 15.8%		Van drivers 7.1%
% in higher paid operational roles		FLT drivers 2.4%		HGV drivers 1.1%

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates/latest> | <https://data.gov.uk/dataset/d0be1ed2-9907-4ec4-b552-c048f6aec16a/gb-driving-licence-data> | <https://gender-pay-gap.service.gov.uk/viewing/download> | <https://www.nomisweb.co.uk/>

WHAT ABOUT MANAGERS?

Again, this an area where women are under-represented - in transport & storage, only 1 in 4 managers or directors is a woman – worse than the UK in general, where the figure is more than 36%. And the really scary thing is that half of all of those managers and directors in our sector are due to retire in the next 6 years according to LMI for All:

<https://www.lmiforall.org.uk/>

In addition, only 1 in 6 of those in the top quartile of larger logistics companies are women, so the proportion of women as managers could get worse rather than better! NB The top quartile is established by putting everyone, men and women, in a row according to what they earn, and then dividing the line into four quarters – those in the quarter which earns the most is called the top quartile.

DIVERSITY

So, the average woman is paid less than the average man in both logistics and the UK generally, but the area where logistics is really out of step, and in the wrong direction, is in the proportion of women employed.

DIVERSITY – NOT JUST BECAUSE IT'S NICE OR FAIR

In the second part in a series of articles focussing on diversity in the industry, Kirsten explains how gender equality is better for business.

Everyone who knows me knows that I'm a 'facts & figures' person and it's no exception when considering diversity. In my previous article I showed how desperate the logistics sector is for people to come and join it, how low margin the industry is, and how it's not perceived as inclusive by the people who already work in it.

None of this is intended to be anti-men, it's about what's good for business – it's certainly not intended to be a lecture when the whole industry is under duress, but it is about why looking outside the traditional channels will be part of the

solution. What we also saw in the previous article was just how few women there are in the industry at all levels – nothing like the proportion employed across the rest of UK plc.

BETTER FOR BUSINESS

It's not just about whether it's nice or fair, although plainly that's important, but diversity is provably good for business. I think we can all see that diversity is good for innovation – if you have a group of people with different backgrounds, upbringing, ages and life experiences, they are going to come up with more varied ideas. But it also helps to avoid groupthink – it's not good to be surrounded by clones, people who look and think just like you.

A US neurologist, Dr David Rock, has written about how diverse groups make better decisions. If the person you are with is not quite like you, you spend longer justifying your position to them. Diverse groups look at more evidence when making decisions and examine that evidence more thoroughly. And better decisions result in better outcomes for businesses. Better corporate governance through better risk assessment feeding through to better company reputation and attractiveness to investors. The asset



management company BlackRock, which invests trillions of dollars, votes against men-only boards and here is quoted by Reuters: "Board diversity, particularly in terms of gender, is important from a sustainable investment perspective, given that diverse groups have been demonstrated to make better decisions".

Author	Size of study	Area of study	Benefits
Catalyst	524 companies (Fortune 500 = world's largest)	≥3 women board directors in 4 out of 5 years (versus zero women directors)	Return on sales +84% Return on Invested Capital +60% Return on Equity +46%
Gallup	>800 business units in two US companies	Gender-diverse business units (versus mainly one gender)	Higher average comparable revenue Retail +14% Hospitality +19%
McKinsey	>1000 companies in 12 countries	Companies in top quartile for ethnic/cultural diversity in executive teams	+33% more likely to have industry-leading profitability

BUT WHAT ABOUT THE HARD CASH?

The example I will use is a slightly older study from Gallup. It examined 800 outlets in two companies in the US and showed that the gender-diverse business units made more money than those which were predominantly a single gender. In the retail company this resulted in an average of +14% comparable revenue, and in the hospitality company an additional 19%. Another example from McKinsey, looking at wider diversity, shows that companies in top quartile for ethnic/cultural diversity in executive teams were 33% more likely to have industry-leading profitability. The other study, again of many companies, was from Catalyst – companies with three or more women board directors in four out of the previous five years had better return on sales (+84%), better return on capital and better return on equity when compared with companies with no women directors. I like the Gallup study best because it is comparing like with like, comparing business units within the same companies – no room for any arguments about, perhaps, successful companies employing more women or people of different ethnicities. And it's important to note that it's the diversity that's important, not the number of women per se – it just happens that for historical reasons, many senior positions in companies in the West are held by white men.

SO, DOES IT ALL MATTER AND WHAT CAN WE DO?

I hope I've showed you that this does all matter. Logistics has staff shortages right now, and 50% of its key managers are due to retire over the next 6 years. We're a very low margin sector. We employ way less than the normal proportion of women. There are proven benefits from having diverse teams. To me the answer is obvious, but with logistics not even perceived as inclusive by the people who already work in it, how can we move forward?



HOW DO WE ADDRESS THE STAFFING CRISIS IN LOGISTICS?

In the final part of the series, Kirsten describes the steps that can be taken to diversify and strengthen the logistics workforce, particularly at senior level.

Nearly half of all managers and directors working in transport and storage are due to retire over the next six years. I realised our sector had a problem but hadn't realised just how stark the situation was until listening to Bethany

Windsor, Operations Manager of NOVUS, speaking at IMHX Connect recently. So, although in talking about staffing, everyone tends to focus on the immediate need for HGV drivers, I'm going to concentrate on the more senior roles in this piece.

I hope that in the two previous articles, I've shown that there are proven benefits from having diverse teams ...and in logistics we employ way less than the normal proportion of women. So what can we do? I take no credit for the points below - they are all elements of advice that I've read about, or seen in practice, and taken on board.



GETTING NEW STAFF

Attraction – having said that I’m going to concentrate on more senior roles, this one is applicable to all positions. Think about where and how you advertise, and who you’re trying to appeal to. If you want fit people, why not ask if you can put up a poster beside the mirror in the changing rooms at the local gym. When I worked for M&S, the company was good at understanding the communities it was part of, and that putting an advert for staff on the noticeboard at the local mosque as well as outside the church hall could help to improve diversity. Dave Patten, MD of Abbey Logistics mentioned in a CILT presentation he gave in September, that using a real company driver – in this case a 70-year-old man – was producing much better results than an airbrushed stock photo.

Recruitment - go for ‘culture add’ rather than ‘culture fit’ – here I’m returning to a theme in my previous article about diversity, avoiding clones and, in turn, groupthink – you don’t need someone who is just like you... you already have you! And recruit for competence rather than confidence. According to Dr Tomas Chamorro-Premuzic, who is Chief Innovation Officer at ManpowerGroup and Professor of Business Psychology at Columbia University & UCL, women are in a lose-lose situation. Women are often perceived as less confident than men (even when they feel confident in themselves), but if they display confidence, that can grate because of gender stereotypes! If you use only job interviews to evaluate external candidates, you will be very likely to end up with a confident candidate, which does not necessarily correlate with competence and working as part of a team.

EXISTING STAFF – FOUR THOUGHTS

The first is pay – be open where possible and make sure it’s equal for equal contribution, particularly where there’s a salary range or discretionary bonus. My second point is

actually two separate ones around promotion. a) Leadership roles should not be a reward (think showing off the new Jag at the golf course). But also, b) when considering promotion, make sure that you’re objective, men tend to be judged for future potential, but women on past performance – yes, there is research to support this, which means that women have to come up with even more evidence of competence to be considered for the same role!

Third, if you don’t know what you’d do without key staff (I’m thinking of Mavis, the traffic clerk, or Chelsea, the MD’s PA), review their roles and make sure positions and pay reflect their contribution. And retention – we’ve seen that there are proven benefits from more diversity at senior levels, which means retaining female staff when they need flexibility - think part-time, working from home/blended, flexible hours, job shares, day-care... and similarly for male colleagues. My husband’s comment on this one is that you mustn’t let diversity get in the way of diversity!

WOMEN ON THE BOARD

If you’re recruiting at board level, remember the rule of three – three women on a board is generally accepted as the point at which there is real impact. And also remember that ‘if you can’t see it, you can’t be it’ – make sure you have women in operational and commercial roles, and not only in HR, support and non-exec roles.

CHANGE MINDSETS

Have a daughter or niece? Tell her she’s clever and brilliant rather than pretty... and encourage her to pursue Science, Technology, Engineering, Maths etc – STEM-careers often pay more, and with the move to automation we need more engineers. ■