Gender equitable procurement and supply chains

Insight paper and guide

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Summary

This Workplace Gender Equality Agency (WGEA, Agency) insight paper and guide reviews Australian and international evidence and case studies with a view to understand how government and business procurement and supply chain processes impact gender equality.

The paper profiles the four most common models of gender equitable procurement and examines the range of societal, economic and organisational benefits resulting from gender-diverse supply chains.

The latter part of the paper sets out options to progress gender equitable procurement processes as well as actions to help employers develop strategies to improve gender equality in procurement and supply chain processes.

Throughout this paper, the term “procuring organisation” is used to refer to the organisation which is procuring services. “Supplier” is used to denote the tenderer or supply chain partner providing goods and services to the procuring organisation.

Key findings

- organisations use gender equitable procurement and supply chain strategies to procure goods and services in such a way as to support gender equality objectives in both the procuring organisation and the supplying organisation. They provide a range of important economic and commercial benefits to society, to procuring organisations, and to female-owned, -led and -staffed supplier organisations.

- There is relatively little research evidence on the use of gender equitable procurement processes, outside of studies of public procurement supplier diversity programs. However, the available evidence suggests that gender equitable procurement takes four main forms:
  - Procurement from women-owned businesses;
  - Procurement to support gender equality in supplier organisations;
  - Procurement designed to progress gender equality in the procuring organisation; and
  - Strategies to improve gender equality throughout industry ‘ecosystems’ (via investment decisions and charters aimed at channelling work to female professionals).

- The research literature identifies a range of practical and traceable actions that governments and procuring organisations have taken to increase procurement from women-owned businesses or to support gender equality in organisations in their supply chain.

Authorship:

About gender equitable procurement processes

Gender equitable procurement and supply chain strategies involve organisational procurement of goods and services, which are designed to improve gender equality objectives in either the procuring organisation or the supplying organisation. These strategies comprise of socially responsible purchasing initiatives, whereby organisations source goods and services from businesses to promote:

- the participation of historically disadvantaged groups (such as youth, women, people with disabilities, ethnic minorities), and
- other target groups such as Small to Medium Enterprises or local suppliers (Smallbone et al., 2008; Worthington et al., 2008).

Some organisations use the more specific label of “gender-smart procurement” to describe strategies that encourage procurement of goods and services from women-owned businesses (Harris Rimmer, 2017:2-3; International Finance Corporation, 2016).¹

There is relatively little academic research on gender equitable procurement and supply chain processes. The research that does exist, is usually found in the research literature on public procurement and corporate social responsibility (CSR). The latter encompasses a focus on people involved in processes of producing goods and services, including people employed in supply chains (Grosser, 2009; Worthington et al., 2008).

This report focuses on the two main forms of gender equitable procurement: (1) supplier diversity initiatives to support women-owned businesses (WOBs); and (2) CSR-led policies and practices designed to improve equality for women employed in supply chain organisations.

¹ This paper excludes discussion of foreign aid investment directed to empower women or organisational obligations under Modern Slavery regulations.
In many countries, government intervention, most commonly in the form of legislation, is the key driver of gender equitable procurement. In the United States, public policy and legislation have been critical factors in guiding the decisions of large American corporations and federal bodies to develop and implement supplier diversity programs. Such programs aim to procure a greater share of goods and services from women-owned and -led organisations (Worthington et al., 2008). Likewise, in the United Kingdom, public sector equality duties and the requirements of the Equality Standard for local government incorporate equality considerations into public procurement processes (Equality and Human Rights Commission, 2009).

In Australia, the Victorian State Government has a Social Procurement Framework for public procurement aimed at “ensuring that social and environmental outcomes are considered in every procurement activity as part of assessing value for money” (Victorian Government, 2018: 1). One of the objectives of the Framework is women’s equality and safety. The intended outcomes are the adoption of family violence leave by Victorian Government suppliers and promoting and improving gender equality within suppliers throughout the supply chain. The Framework aligns with the Victorian Gender Equality Act 2020, which aims to improve workplace gender equality across the Victorian public sector, universities and local councils and provides scope for the enactment of these goals via procurement policies and practices (Victorian Government, 2020).

At a federal level, there are two governmental level mechanisms administered by WGEA to promote gender equality by means of procurement. The first provides an incentive for employers to report organisational workplace gender data to WGEA by linking this to eligibility for public procurement opportunities (the Workplace Gender Equality Procurement Principles). To be considered for Australian Government procurement contracts valued at or above certain thresholds, private sector employers with 100 or more employees must be able to demonstrate that they are compliant with the Workplace Gender Equality Act 2012 (the Act), having submitted workplace gender data to the Agency. WGEA supplies an annual letter of compliance to all reporting organisations that are compliant with the Act (Department of the Prime Minister and Cabinet, 2013). The Act notes that non-compliant employers “may not be eligible to compete for contracts under the Commonwealth procurement framework and may not be eligible for Commonwealth grants or other financial assistance”. In 2018, WGEA wrote to Commonwealth Departmental Secretaries advising them of the list of non-compliant organisations current for that year. The letter requested that departments contact any non-compliant organisations with whom the department had a contract and advise them of their legal obligations under the Act. This prompted a number of organisations to become compliant (Workplace Gender Equality Agency, 2019a).
There is minimal evidence of widespread use or application of gender equitable procurement practices in Australian organisations. It is difficult to assess whether this is because: (1) few organisations are using procurement as a means of furthering gender equality or (2) gender equitable procurement is occurring, but is not publicised, due to procurement processes being commercial in confidence. There are however, some examples of Australian EOCGE citation holders or members of Male Champions of Change using such practices. These include:

- developing supplier diversity codes of practice;
- requiring suppliers to provide information about female representation in their organisations and teams working on contracts;
- using tender evaluation criteria weighted in favour of suppliers committed to gender diversity; and
- reporting annually on their supply chain diversity (Fitzsimmons, 2020; McSorley, 20).

Despite these measures, McSorley (2017) observes that, in Australia, there has been little public discussion on gender equality in the use of supply chains. The author notes the limitations of the Australian approach of ‘nudging’ business towards better gender outcomes using measures such as WGEA data reporting and the EOCGE citation. The author instead urges the introduction of stronger measures, such as targets and pre-qualification schemes.
Gender equitable procurement provides benefits for societies, economies and procuring organisations. At the societal level, boosting the role of women as suppliers to the state contributes to social and economic development and economic growth and creates a ‘diversity dividend’ through increased job creation (Inostroza and Erogbogbo, 2017). Businesses owned by women employ more women, which suggests a channel for increasing female labour force participation (Harris Rimmer, 2017). Importantly, gender equitable procurement offers an avenue to utilise government investment, particularly in male-dominated sectors. This enables governments to effect relatively rapid and targeted gender equality interventions, rather than having to wait for gender equality in labour markets to improve (Harris Rimmer, 2017). In addition, awarding procurement contracts to suppliers which are committed to employing women in traditionally male-dominated industries can reduce occupational gender segregation and in turn reduce gender aggregate pay inequality (Wright and Conley, 2018).

The research identifies a range of commercial or business benefits for procuring organisations, which engage in gender inclusive procurement. Prime among these is enhanced organisational reputation among internal and external stakeholders including employees, shareholders, consumers and the community. Women consumers are more likely to try a company’s products and develop brand loyalty when they know that the company supports women-owned businesses (International Finance Corporation, 2016). This has led to some companies (notably Walmart in the US) instituting special labels to highlight products that are sourced from businesses that are owned or led by women (International Finance Corporation, 2016). Finally, awarding contracts to gender equitable employers ensures that their diversity initiatives are formally recognised and valued and provides evidence of compliance that is advantageous in bidding for future contracts (Wright and Conley, 2018).

Procuring goods and services from women-led or -owned organisations promotes innovation and operational effectiveness through the entrance of new business opportunities and solutions. Widening the pool of bidders in the supply chain to include more women owned and led suppliers introduces greater competition in the supply chain and results in more creative and cost effective proposals. This adds value, increases innovation, and improves purchasing options, leading to superior cost economies (Equalities and Human Rights Commission, 2013; International Finance Corporation, 2016). Women-owned, -led and -staffed suppliers represent a diverse pool of talent:

- they bring diversity of thought to business problems;
- they have unique understanding of the women’s market; and
- they have experience selling to other women (International Finance Corporation, 2016; UN Women, 2017).

Lastly, gender-inclusive procurement improves financial performance and long-term business resilience. It ensures that the supply base (gender-diverse businesses) reflects the population base (women consumers). It can result in market growth and differentiation when the procuring organisation accesses new goods or services from diverse suppliers, or reaches new consumer segments as a result of supplier diversity (BSR, 2016; International Finance Corporation, 2016; UN Women, 2017; Worthington et al., 2008).
Models of gender equitable procurement

The literature provides examples of four primary models of gender equitable procurement. These are:

- Procurement from women-owned businesses;
- Procurement to support gender equality in supplier organisations;
- Procurement designed to process gender equality in the procuring organisation; and
- Strategies to improve gender equality throughout industry ‘ecosystems’ (via investment decisions and charters aimed at channelling work to female professionals).

Organisations which seek to engage in gender equitable procurement might select one of these models, dependent on their operating context or industry location. For example, procuring organisations in the retail sector may choose to support women-owned businesses in their supply chains, as this is where they can have the most impact. Conversely, procuring organisations operating in relatively male-dominated industries, such as construction, might make the most impact by supporting women as employees in their supply chains. For instance, they might buy services from organisations that put gender equality measures into practice (International Finance Corporation, 2016). Each of the four models of procurement strategy are described in this section.

1. Procurement from women owned businesses

Measures designed to increase the share of procurement of enterprises owned by women fall under the banner of “supplier diversity”. This is where organisations intentionally provide selling opportunities or award contracts to under-represented suppliers, such as female-owned entities, with the aim of improving their profitability and thus increasing the diversity of ownership (Worthington et al., 2008). Supplier diversity strategies are well advanced in the United States (McCrudden, 2004), where the International Finance Corporation (2016) reports that over 80 percent of U.S. multinational corporations are now requiring supplier diversity efforts from their Tier 1 (primary) and Tier 2 suppliers.

Walmart: Procurement from women-owned businesses and improving the gender equality within supplier firms

Walmart is the world’s largest bricks-and-mortar retailer. Between 2012 and 2017, their Women’s Economic Empowerment (WEE) initiative sourced more than $20 billion of products and services from women-owned businesses for its U.S. business. It also worked with organisations to train over one million women working in factories, on farms, and in retail across Walmart’s global supply chain in skills relevant for career advancement and market access. Walmart also sought to foster diversity and inclusion among major suppliers in its supply chain by asking them to report the diversity profile of their key account teams that service Walmart (Walmart, 2020).
The most common supplier diversity approach is that of “preferential procurement”. Preferential public procurement can allow the government to help businesses, most commonly small to medium enterprises, to build capacity and create reliable demand. It takes several forms (World Bank Group 2016), including procurement “set-asides”, where government procurement spending reserves a certain percentage for a targeted category of bidders that meet the preferential qualification criteria. A current Australian example of a set-aside scheme is the Government’s Indigenous Procurement Policy. The policy contains both a volume and value target. These are that: (1) three per cent of the number of eligible procurement opportunities be sourced from Indigenous businesses and (2) three per cent of the value of eligible procurements be sourced from Indigenous businesses from financial year 2027–28. Beginning in financial year 2019–20, the value target steadily increases by 0.25 per cent before reaching the maximum of three per cent in financial year 2027–28 (National Indigenous Australians Agency, 2020).

A range of countries have preferential public procurement policies specifically designed to increase the procurement share of enterprises owned by women. These include Botswana, India, Israel, Kenya, Namibia, South Africa, and Zambia (ter Wiel, 2017). Since 1994, the United States has had a preferential set-aside of federal agencies awarding five per cent of their contracts (by value) to women-owned small businesses (Bisceglie et al., 2017). In several German states, public procurement preferential award guidelines include social criteria such as the advancement of women and gender equality (UN Women, 2016). Likewise, in the United Kingdom, some public authorities ask current and potential suppliers to provide a method statement about the use of SMEs and diversity in their supply chain. An evaluation is then conducted as part of the wider scoring on potential suppliers (Worthington et al., 2008).

Other less common forms of preferential procurement policies include bid-price preferences and preference point schemes. Bid-price preferences are where a discounted bid from an eligible women-owned business is given, thus making it more competitive with bids from businesses that are not women-owned. Preference point schemes are where extra points are awarded to the bids of women-owned businesses.

Additional supplier diversity strategies include:

- Large purchasing organisations identifying particular entrepreneurs or suppliers in their supply chain and assisting them to grow their companies to competitive positions (Worthington et al., 2008).
- In the United States, legislated tax incentives to companies that procure from minority businesses and businesses owned by women, or where women control 51 percent of the firm’s operations (Femeconomy/30% Club, 2020).

**Advocacy groups promoting women-owned businesses**

The research literature highlights the critical role of coordinating bodies in helping women suppliers gain access to procurement contracts (Grosser, 2009). Examples include WEConnect International, a non-profit organisation, which certifies businesses that are at least 51 percent owned, managed, and controlled by one or more women. Multinational companies interested in collaborating with women-owned businesses can find potential leads through WEConnect (International Finance Corporation, 2016). In the United States, the Women’s Business Enterprise Council (WBENC) is the largest certifier of women-owned business in that country and is a leading advocate for women business owners. A second U.S. advocacy group, Women Impacting Public Policy (WIPP), trained more than 600,000 women business owners between 2010 and 2015 on how to qualify for, secure and manage federal procurement contracts awarded under the set-aside program (Bisceglie et al., 2017).
2. Procurement to support gender equality in supplier organisations

Organisations can employ a range of strategies using their procurement power to improve gender equality in supplier organisations. A study by McKinsey & Company, Business Council of Australia and the Workplace Gender Equality Agency describes such initiatives as a "supportive ecosystem", in which procuring organisations assist suppliers to improve diversity, while suppliers work with procuring entities to ensure that the client organisation is able to provide the supply conditions that foster gender diversity (McKinsey et al., 2017: 12). In many instances, this is a case of procuring organisations imparting their internal gender equality policies and practices to their suppliers and supply chain workers, thus effecting change throughout the industry (International Finance Corporation, 2016). This section profiles a range of these strategies.

Gender equality policies and practices as criteria for awarding contracts:

Some procuring organisations consider suppliers’ gender equality performance as part of the evaluation process when awarding or renewing procurement contracts. This puts pressure on suppliers to improve gender equality outcomes in order to win or retain contracts. The Workplace Gender Equality Procurement Principles are a variant of this model, whereby larger private sector employers are eligible to compete for Australian Government procurement opportunities having submitted workplace gender data, indicating compliance with the Workplace Gender Equality Act 2012 (Department of the Prime Minister and Cabinet, 2013).

Alternatively, procuring organisations might specify, as a key criterion when procuring professional services, that teams directly supplying services to the procuring organisation are gender-balanced (McKinsey & Company et al., 2017:11). Other criteria for awarding tenders might include:

- the gender balance of the total workforce at the supplying organisation;
- the female representation in leadership positions at the supplying organisation; or
- demonstration of the supplier’s commitment to gender equality.
However, this relationship is a two-way street. In fielding a diverse team, the chosen supplier (e.g., a law firm) may need to come to an agreement with the procuring (client) organisation to ensure that the client will accommodate a team member’s (of the law firm) flexible work arrangements, when managing deadlines and the availability of the team (see McKinsey & Company et al., 2017).

A related model is the use of procurement to address gender segregation in traditionally male-dominated industries (Davies, 2018). Wright and Conley (2018) detail how, in the United Kingdom, a range of Public Sector duties and regulations relating to public procurement resulted in more than double the percentage of female construction workers employed on the 2012 London Olympic Park site when compared to the construction industry average. This was due to the requirement for Tier 1 contractors to meet contractual employment and apprentice targets around gender and diversity and ensure that their sub-contractors met similar targets.

The Victorian Government has implemented a similar program. The program has contracted two suppliers to deliver the West Gate Tunnel project. The suppliers jointly launched a West Gate Women in Construction initiative in which they identified and implemented strategies to attract and retain women to project roles, including non-traditional roles, as well as providing a culture of support. In doing so, they set and met a target of over 400 women engaged in the delivery of the project (Victorian Government, 2018).

HESTA

In 2017, Industry Superannuation Fund HESTA undertook to improve gender diversity across its investment value chain, which comprises of internal investment operations, external “suppliers” of investment management services, and the companies in which it invests (HESTA, 2018a). Investment management is a highly male-dominated field (Oxenbridge et al., 2018). Aligned with research evidence that diverse teams make better investment decisions and deliver strong performance results, HESTA’s Supplier Code of Conduct specifies that suppliers “foster gender balance and greater diversity in the workforce”.

In 2018, HESTA surveyed gender diversity within teams of investment decision-makers (analysts and portfolio managers) in 70 external firms supplying them with investment management services. It found that women represented approximately 17 per cent of investment roles. HESTA used the data to create a baseline to track investment manager diversity year-on-year and assess initiatives that suppliers were undertaking to attract and retain female managers, along with sharing gender equality best practice with its investment management suppliers (Balch, 2018; Hesta, 2018b).
Use of procurement to address gender pay inequality: as part of procurement evaluation processes, procuring entities may require bidders to disclose information about their gender pay equity. In doing so, this may provide the impetus for suppliers to consider and improve their gender equality performance. This requirement is in force in public procurement processes in the city of Albuquerque in the US and in Switzerland (Harris Rimmer, 2017). The Swiss government requires its contractors to, first, assess their gender pay gaps using an assessment tool developed by the Swiss government, and second, rectify inequities in pay before bidding on government contracts (International Finance Corporation, 2016).

Supplier conditions, codes of conduct and gender equality policies: procuring organisations may expect suppliers to have in place, or adopt, principles or practices in relation to fostering a gender equitable workplace or require them to comply with the procuring organisation’s code of conduct. Such policies and practices may relate to (for example), zero tolerance toward harassment, equal pay and parental/carers’ leave (International Finance Corporation, 2016).

Assisting suppliers to improve gender equality: this entails that the procuring organisation provide assistance and advice to smaller suppliers (and potential suppliers with limited resources) on how to drive gender equality strategies to improve working conditions for female workers in the supply chain. This, in turn, increases these suppliers’ chances of winning contracts. For example, the HERproject’s multinational company partners provide funding for workplace training of female workers in their supply chains. Training topics include (among others) developing workplace gender equality policies, financial literacy and family planning and menstruation (HERproject, n.d.).

BHP

The procurement team at mining company BHP actively encourages its contract labour suppliers to support greater female workforce representation. In 2017, it set a Key Performance Indicator (KPI) that the workforce composition of all of its major labour hire suppliers across its Minerals Australia business be at least 40 per cent female. BHP monitors supply chain diversity in Australia via an online tool that collects and tracks Indigenous procurement and diversity metrics (including female employment) from its contracting partners. The data tracks against contract incentives and tender evaluation criteria, and helps to identify and reward supply partners who are meeting KPIs.

BHP supports contractors to achieve the 40 per cent target through ergonomic design and product development. It works with equipment manufacturers to make equipment such as diggers and trucks more accessible, safer to use and easier to maintain by women workers. This eliminates physical strength as a prerequisite for roles, enabling labour contractors to employ more women. It also works with group training providers to remove barriers to women workers and thus increase the number of female apprentices. Consequently, BHP has improved safety in accommodation areas, provided breastfeeding facilities and made improvements to the work wear available for women (BHP, 2020).
Public procurement may also act as a spur for innovative strategies to improve gender equality. Such strategies can be encouraged through the tender process and can focus on changing work practices that perpetuate gender inequality. For example, construction company Roberts Pizzarotti tendered for a NSW Health State Government-funded project but proposed two options in the tender: one based on a five-day working week with a possible extra ten weeks allowed to complete the job; the other, the usual six days worked by construction workers around Australia. The five-day model was based on evidence of the potential to reduce industry-standard high rates of fatigue, work-life conflict, mental ill health and suicide (Galea et al., 2018). Roberts Pizzarotti won the tender on the five-day week option. In letting the tender, NSW Health is also funding a study into the economic and social impacts of the initiative on staff. It is hoped that the shift to a five day working week will spread throughout the industry and lead to an increase in the number of women construction workers, attracted by more family-friendly work hours (Southward, 2020).

3. Organisations procuring goods and services to progress their gender equality measures

A third category of gender equitable procurement strategies includes building measures into the procurement of goods and services that assist the procuring organisation’s gender equality efforts. One example is BHP, whose procurement team works with its suppliers in the design and manufacture of personal protective equipment and work equipment that is fit-for-purpose for use by women, including pregnant women. Through a process of regular consultation with BHP’s workforce, its uniform supplier has made improvements to women’s work wear. The changes have ranged from the size of socks and female boots, to the size and weight of helmets, garments, trousers and headlamps. The rationale for BHP to undertake this work with suppliers was to foster job satisfaction and a sense of inclusivity among female workers, leading to improved female hiring and retention rates (BHP, 2020:17).

A second example is the setting of gender-based recruitment and candidate placement targets for recruitment search firms by procuring organisations. Manfredi et al. (2019) describes how UK equality regulations have led public sector organisations to set requirements for executive search firms to find and field higher proportions of female candidates for senior level appointments. This includes recruitment search firms meeting targets, which lead to greater female representation or gender balance in recruitment pools, longlists and shortlists.

4. Strategies for improving gender equality throughout industry ‘ecosystems’

Several other levers are available to improve gender equality in supplying organisations and more broadly across industry sectors. Below, two such measures are outlined.

The first is where equity-holders seek to improve gender diversity in downstream companies through investment, rather than procurement. This involves investors using their influence as owners of companies to improve gender equality outcomes. For example, private equity and venture capital companies may scrutinise gender equality in their investee companies or may actively appoint women to leadership roles at portfolio companies.

HESTA, for example, uses its influence as a large investor to encourage leaders at Australia’s 200 largest listed companies to increase the representation of women directors and senior executives. It also pledges to use its shareholder voting powers to take action against boards with no women. HESTA developed a baseline of companies’ level of diversity at Key Management Personnel (KMP) level and engaged with a number of companies to encourage them to incorporate diversity in their strategic plans and set targets to increase the number of women in decision-making roles. The intention of these measures is to set standards of best practice across the private sector (HESTA, 2018b).
A second strategy relates to the use of voluntary charters that commit procuring organisations to increasing the share of work given to women. An example of this in the legal services industry is the Equitable Briefing Policy developed by the Law Council of Australia. This policy is designed to increase the receipt and value of briefs given to women barristers. The intention of the policy is to drive cultural change within the legal profession, support the progression and retention of women barristers, and address the significant pay gap and underrepresentation of women in the superior courts. In adopting the policy, briefing entities (law firms, clients and barristers) commit to allocating a greater share of work (briefs) to women. The targets set include briefing women barristers in at least 30 per cent of all matters and paying women barristers at least 30 per cent of the value of all brief fees, by 2020 (Law Council of Australia, 2016).

Those adopting the policy commit to sharing data with the Law Council to track women barristers’ share of briefs against the targets. The Law Council highlights a number of benefits flowing to clients, briefing entities (law firms) and barristers who adopt the policy. These include:
- expanding the existing and prospective pool of talent of barristers who are available for court appearance and advice work;
- meeting client expectations with respect to genuine participation and inclusion of women; and
- giving effect to gender equity in supply chains for the provision of legal services (Law Council of Australia, 2016).

Conclusion
This overview of academic and practitioner-focused literature highlights the range of gender equitable procurement strategies used by organisations to support gender equality objectives across their supply chains. The research literature also identifies a variety of economic and commercial benefits of supply chain diversity for society, procuring organisations, and for female- owned, -led and -staffed supplier organisations. There is relatively little research evidence on the use of gender equitable procurement processes, outside of studies of public procurement supplier diversity programs and guides to enhancing supplier diversity. However, the available evidence suggests that gender equitable procurement takes four main forms:
- Procurement from women-owned businesses;
- Procurement to support gender equality in supplier organisations;
- Procurement designed to progress gender equality in the procuring organisation; and
- Strategies to improve gender equality throughout industry ‘ecosystems’ (via investment decisions and charters aimed at channelling work to female professionals).
Observations and options to progress gender equitable recruitment

The research literature reviewed in this paper highlights a number of actions that government and procuring organisations might consider to increase procurement from women-owned businesses (WOBs) and to support and improve supplier workforce gender equality. These are summarised in this section.

1. Government-directed reforms

Increasing procurement from women-owned businesses

Worthington et al. (2008) observe that, internationally, public procurement is a neglected policy instrument that could be used to improve the position of under-represented enterprises such as those owned by women. This infers that governments have scope to direct reforms of public procurement processes to make explicit the requirement that selecting female-owned businesses is a key objective. McSorley (2017) highlights three such levers for reform:

a. Mandating preferential public procurement policies for WOBs. A government might set targets or quotas for the percentage of procurement contracts that are awarded to WOBs. McSorley (2017) offers that the success of the Indigenous Procurement Policy in Australia could be instructive for a procurement scheme focused on gender equity.

b. Encouraging private companies to spend more of their procurement budgets with WOBs, for example, by mandating a target for a percentage of procurement spend and creating incentives (rewards and penalties) for compliance.

c. Driving equal representation of women and men as procurement professionals.

Women-owned businesses tend to be small and have less access to information relating to public procurement processes. As such, reforms should focus on redressing market barriers and reducing information asymmetries (Inostroza and Erogbogbo, 2017). In relation to public procurement, governments can assist smaller WOBs by minimising the administrative burden on them by, for example, streamlining online application processes and waiving application fees (World Bank, 2016).

A second means of assisting WOBs to increase their share of procurement as identified in the literature, relates to the establishment or funding of centralised coordinating and support organisations for WOBs, which provide the following functions:

- Certification of WOBs, for example, certifying that businesses are at least 51 percent owned, managed, and controlled by women, or have more than 50 percent female workforce (Bisceglie et al., 2017).
- Developing and administering searchable, public databases of WOBs. This allows organisations to search for certified WOBs. At the same time, it provides information on supplier opportunities, public procurement tenders, application processes and best practice examples for WOBs (Harris Rimmer, 2017; UN Women, 2017).
- Building capacity among WOBs by providing coaching, training and educational programmes for business-owners and staff to raise awareness of tendering opportunities, as well as developing procedures and strategies to compete successfully in procurement processes (Bisceglie et al., 2017; Inostroza and Erogbogbo, 2017; World Bank, 2016).
- Encouraging large procuring organisations to become supporting members of the WOB coordinating body; advocating to private and public sector contractors, and government, on behalf of WOBs; and publicly promoting the economic and social benefits of supporting female-owned businesses (International Finance Corporation, 2016; Worthington et al., 2008).
- Assisting WOBs to gain procurement opportunities by bringing them together with procuring organisations (including organisational members). This might include hosting dissemination and business networking events, organising opportunity fairs or ‘meet the buyer’ events where contractors engage with WOBs directly, or facilitating the inclusion of women business owners and leaders in trade delegations (Commonwealth Secretariat, 2015; Equality and Human Rights Commission, 2013; Smallbone et al., 2008).
**Procurement to support gender equality in supplier organisations**

The research evidence points to a range of policy settings adopted by governments that enable them to use procurement to influence gender equality outcomes in organisations. These range from soft regulation, supply-side measures through to enforceable penalties. The former includes the provision of government assistance to facilitate training and qualifications for women so that suppliers or subcontractors can meet targets relating to the proportion of women employed on a contract (Wright and Conley, 2018). The latter encompasses several regulatory levers, including:

- Mandating preferential treatment of suppliers that apply rigorous gender equality policies and report gender equality indicators. This might take the form of tender evaluation criteria that specifies a higher score for organisations employing a greater share of women or that have flexible work policies that are widely used (Inostroza and Erogbogbo, 2017; ter Wiel, 2017).
- Introducing a government requirement that all firms bidding for procurement contracts disclose workplace gender equality data. For suppliers bidding for Australian Government contracts below a certain threshold, the Workplace Gender Equality Procurement Principles do not apply. This has led, in some cases, to non-compliant organisations (who have failed to report gender equality data) providing goods or services to the Australian Government in cases where the contracted amount was below the threshold. In order to ensure that all government suppliers are compliant in reporting gender equality data, WGEA has recommended that the value of the thresholds be removed (Workplace Gender Equality Agency, 2019a).

- Including enforceable targets in contracts (such as the percentage of women employed on a project) with penalty clauses or sanctions for target non-compliance (for example, debarment from future public sector contracts as advocated by Heath, 2012; Wright and Conley, 2018). The large post-COVID 19 infrastructure projects announced by the Australian Federal Government provide an opportunity for the Government to pilot this approach. For instance, funding could be provided to Group Training Organisations that recruit, train and support female trades apprentices (detailed in Oxenbridge et al., 2019). In addition, project delivery models could allow for different work patterns that promote gender equality (for example, part time and share roles, five day per week schedules).

2. Actions for procuring organisations (in government and the private sector)

Along with these guides, procuring organisations in both the public and private sectors can draw upon the research profiled earlier that identifies other principles and strategies for effective implementation of gender equitable procurement programs. These are also summarised below.

**Building commitment to gender equitable procurement**

To fully incorporate gender equality into an organisation’s procurement processes, it is crucial that a commitment to gender equitable procurement and supply chain processes is embraced as part of the culture and ethos of the procuring organisation. This requires visible leadership commitment to gender equitable procurement, in order to get procurement staff enthused and engaged in turning the policies into everyday practice (Equalities and Human Rights Commission, 2009).

Larger organisations may signal the strategic importance of gender equitable procurement by appointing a dedicated Supplier Diversity Manager or Social Procurement and Inclusion Manager (Worthington et al., 2008; Victorian Government, 2018). Alternatively, to foster gender inclusion in supply chains and procurement processes, procuring organisations might consider training and employing more women in their procurement functions as procurement officers or contract managers, or appointing a female Chief Procurement Officer (International Finance Corporation, 2016).

**Building capability for gender equitable procurement**

It is equally important to ensure that procurement staff have the appropriate experience or knowledge required to manage gender equitable procurement processes. This might be facilitated by setting in place structures for diversity staff to support procurement staff.

The UK’s Equalities and Human Rights Commission (2009, 2013) highlights the importance of organisations establishing processes for joint working between their diversity and procurement staff, to:

- Build shared understanding of how gender equitable procurement will work;
- Position gender equality as a primary (rather than secondary) consideration in procurement decisions;
- Reduce the potential for resistance to change among procurement staff; and
- Work together to mainstream gender equality into every procurement and workplace delivery decision, for example, by communicating gender equality expectations in sourcing decisions to every manager with budget responsibility across an organisation.

Research finds that programs designed to increase female representation in male-dominated occupations via public procurement may not reach their potential due to two factors. These include, insufficient knowledge of gender equality issues among subcontractors at successive tiers of the supply chain and inadequate enforcement of contract compliance (Wright and Conley, 2018).

Wright and Conley (2018) and Smallbone et al (2008) suggest a need for procuring organisations to work closely with primary (Tier 1) contractors to ensure that gender equitable supplier obligations are well understood by subcontractors at each level down the supply chain. Contracts may include an obligation for primary contractors to provide education and training for subcontractors in gender equality matters, and to comply with mandated reporting, monitoring and enforcement of subcontractor obligations. In addition, the procuring organisation might set a requirement for primary contractors to select subcontractors based on their gender equality performance, and require these subcontractors to use the same criteria in awarding contracts to entities throughout the supply chain.
The second factor found to limit the effectiveness of procurement initiatives to reduce supplier gender segregation and improve gender equality outcomes is a lack of monitoring and enforcement. Procurement teams can improve effectiveness by making regular reporting of gender metrics by suppliers a requirement of contracts. Procuring organisations might also undertake annual auditing of their contract letting, including tracking the total and proportional value of contracts awarded to women-owned, women-led, and gender equitable suppliers (Male Champions of Change, 2015). Additionally, the setting of targets for the percentage of women-owned, -led and -staffed suppliers; quarterly reporting and monitoring of targets; and assessment of factors preventing achievement of targets, would all assist procuring organisations to meet their commitments to gender equitable supply chains (World Bank, 2016).

As a general observation, procurement processes in some sectors are often marked by informality and a lack of transparency. Women-owned or -led businesses may be subject to disadvantage where contracts are awarded via male networks due to a lack of female representation in procurement (Orser and Weeks, 2009; Lawrence et al., 2018), for example, in the context of close relationships forming between individuals in awarding and bidding teams. Just as organisations need to eliminate gender bias by codifying and increasing transparency of internal people management processes (Bohnet, 2016; Galea et al., 2018), procuring organisations might also:

- review and formalise procurement processes;
- ensure that suppliers have full access to this information; and
- institute accountability mechanisms along with sanctions or penalties for non-compliance with formalised procedures (Orser and Weeks, 2009).

**Increasing procurement from women-owned suppliers**

WOBs are often smaller in size and have less access to information relating to public procurement processes when compared to other business enterprises. These can act as a barrier to a successful tender from a WOB, and might be addressed in the following ways.

**To close the information gap,** procuring organisations can (Equalities and Human Rights Commission, 2013; UN Women, 2016):

- host or participate in supplier conferences or events designed to attract WOBs;
- publish their procurement policies and procedures;
- establish supplier pages on their websites;
- advertise tenders in a wider range of media likely to be read by WOBs;
- develop a database of women-owned potential suppliers; and
- advertise contract opportunities on centralised online tender portals.

To accommodate the **smaller size and cashflow capability of WOBs,** tendering organisations might (Femeconomy/30% Club, 2020; ter Wiel, 2016; World Bank, 2016):

- choose not to demand a very high annual turnover from suppliers to prove eligibility for a relatively small job;
- limit the size of contracts;
- streamline and simplify the application and contracting process;
- adjust the selection criteria to reduce emphasis on price; and
- revise standard payment terms to ensure prompt payment.
In addition, organisations might implement other strategies for **building supplier scale and capability** so that WOBs can compete for contracts. Such measures include encouraging, supporting and giving sufficient time for small suppliers to join or form consortia so that they can bid for larger contracts, meet prequalification requirements, and become more competitive by reducing their overheads (Smallbone et al., 2008; International Finance Corporation, 2016). Alternatively, procuring entities might include, in the contract specification, a requirement for the primary contractor to provide ongoing support to smaller WOBs in the supply chain (Wright and Conley, 2018).

**Procurement to support gender equality in supplier organisations**

Procuring organisations might consider including clauses in bid and tender documents stating gender diversity and equality requirements. If adopting a prequalification strategy, procuring entities should consider using a prequalification questionnaire or some other supplier selection process, such as a supplier portal, which provides a first opportunity to assess a potential suppliers’ status with regard to gender equality requirements (Equalities and Human Rights Commission, 2013). These can be used to assess a supplier’s “track record” on diversity and equal employment opportunities and might ask for supporting evidence such as copies of policies and procedures and evidence of compliance with relevant legislation. Organisations might also institute tender evaluation criteria that specifies a higher score for suppliers employing a greater share of women, or meeting other gender equality metrics (Inostroza and Erogbo, 2017).

Procuring organisations might additionally consider:

- Reviewing and reforming internal work practices that affect the ability of supply chain partners to progress workforce gender equality; for example, by working with suppliers to enable supplier team members’ access to flexible work arrangements (McKinsey & Company et al., 2017);
- Including a requirement that SME suppliers engage in activities to build their knowledge and application of gender equality policy and practice; for example, by joining diversity membership organisations or attending workshops on best practice in advancing gender equality delivered by the procuring organisation. Alternatively, the procuring organisation could consider providing grants to suppliers to educate and support them in their efforts to progress gender equality in their organisations (Callerstig, 2014); and
- Adopting EOCGE organisation leading practices, for example, by setting requirements for gender-balanced bid (supplier) teams and gender-balanced receiving (procuring organisation) teams (Fitzsimmons et al., 2020).
Further, procuring organisations can formalise gender equality requirements within procurement processes by:

- Building gender equality/diversity requirements and criteria into each point in the procurement process; for example, in Supplier Standards and Codes of Practice, in bid evaluation criteria, and upon renewal of contract (International Finance Corporation, 2016; Wright and Conley, 2018);
- Including a requirement in Request for Tender documents for evidence demonstrating that the supplier successfully implements gender equitable employment initiatives; for example, inclusion of the supplier’s gender equality policy, evidence of Tier 1 supplier efforts to assist downstream suppliers to improve gender equality outcomes, information relating to how the supplier aims to achieve its gender equality targets; and examples of where the supplier has met these targets in previous engagements (Wright and Conley, 2018);
- Including in Request for Tender documents an ‘Innovation in Inclusion’ section in which suppliers cost separately initiatives designed to deliver the project in new and innovative ways, with the effect of improving gender equality and enhancing productivity and overall cost effectiveness (Callerstig, 2014);
- Establishing mechanisms for monitoring gender equality performance, to hold suppliers accountable. This might include requiring suppliers to report regularly on the gender composition of teams and leaders working directly with the procuring organisation throughout the delivery of the contract (BHP, 2020; Wright and Conley, 2018). Such data might feed into regular audits conducted by the procuring organisation to assess gender equality throughout its supply chain, measuring, for example, access to and uptake of flexible work arrangements and parental leave in supplier organisations.

**Procuring recruitment services to progress organisational gender equality**

Organisations procuring recruitment search services might consider engaging suppliers who will work with them to reduce the recruitment and selection gender biases canvassed in Foley et al. (2019). Procuring organisations can make their expectations explicit by conducting workshops with staff of recruitment partner organisations to outline their expectations on gender equality (Male Champions of Change, 2013). They might also seek insights from recruiters on how they could alter the procuring organisation’s supply requirements to facilitate the recruitment and selection of female candidates (Manfredi et al., 2019).

When selecting a search firm, procuring organisations may choose to specify contractual obligations for suppliers to meet gender equality targets (for example, 50 per cent women in recruitment long lists). Manfredi et al. (2019) recommend that search firms work to reduce gender bias in the recruitment process by actively:

- challenging clients about the credentials or parameters of the search (the definition of talent);
- questioning notions of the ideal (male) leader; and
- providing reducing reliance on a candidate’s experience rather than potential.

Search firms can help client organisations “to be vigilant about gendered constructions of leadership, support them in unpicking gender stereotypes and challenging the inclusion of unnecessary criteria that could limit the pool of suitable applicants and indirectly disadvantage women” (Manfredi et al., 2019: 12).

Finally, Manfredi et al. (2019) suggest that procuring organisations consider giving greater weight in the evaluation process to search firms that commit to providing support to female candidates. This is achieved by:

- encouraging women to seek promotion and leadership positions;
- providing workshops on writing successful job applications; and
- providing female candidates with ongoing help throughout the recruitment process, from long list to final stage interview.
References


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