SUPPORTING GREATER GENDER EQUITY IN CONSULTING ENGINEERING THROUGH PROCUREMENT

ONTARIO SOCIETY OF PROFESSIONAL ENGINEERS

PROJECT:

Leveraging Public Sector Procurement Policies to Expand Opportunities for Women in Engineering

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Women and Gender Equality Canada   Femmes et Égalité des genres Canada   Canada

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Supporting Greater Gender Equity in Consulting Engineering Through Procurement

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Introduction

The Ontario Society of Professional Engineers (OSPE) received funding from Women and Gender Equality Canada (WAGE) to explore the potential to use public procurement policy to advance diversity goals in the procurement of engineering services and, in particular, to support increased career opportunities for women in consulting engineering and in the engineering profession.

The engineering profession, through its national body – Engineers Canada – has endorsed the goal of achieving 30% representation of newly licensed women in the Engineering profession by 2030. The Association of Consulting Engineers of Canada is also committed to increasing the percentage of Professional Engineers who are women. Procurement policy can support greater gender equity in engineering and can do so without sacrificing quality or increasing costs. Indeed, properly understood, a commitment to gender equity will strengthen the overall capabilities of the consulting engineering sector and lead to improved service to clients.

One component of the project was OSPE subcontracting Prism Economics and Analysis to conduct interviews with stakeholders likely to be affected by, or knowledgeable of this initiative. These stakeholders included individuals and groups in both the private and public sectors.

Based on their insights, the following report has been compiled. It is broken down into two parts. Part 1 summarizes the most important insights discussed over the course of these interviews. Part 2 sets out recommendations that can be presented to public sector procurement authorities. It also provides rationale for these recommendations. Part 2 is intended to act as a standalone document that can be used when making representations.

Part 1: Results from Interviews

Prism Economics and Analysis conducted a total of 43 interviews with private and public sector stakeholders on the subject of increasing representation of women in the Engineering Consulting field through procurement policy. The most significant insights learned from these interviews are summarized below. A breakdown of the types of interviewees contacted for this project can be found in Table 1, below.

Table 1: Breakdown of Types of Interviewees

Stakeholder Group	Number of Interviewees
Private Sector Stakeholder	16
Subject Matter Expert	12
Public Sector Stakeholder	15
Total	43

1) In the public sector, stakeholders report that it is increasingly common for Requests for Proposals (RFPs) and tenders to request information on prospective supplier's Equity, Diversity, and Inclusion (EDI) policies.

A clear majority of public sector procurement professionals indicated that they were including EDI considerations in many of their procurements. It is important to note that considerations relating exclusively to women were rare among those interviewed. It was much more common for policies relating to women to be part of broader initiatives covering multiple EDI categories (e.g., race, Indigenous status, 2SLGBTQQIA+ status, etc.).

Among public sector entities, municipal governments were the most ambitious in applying EDI objectives in procurement. However, there was no universal approach for incorporating EDI objectives in procurement.

The most common methods of applying EDI considerations in procurement were some combination of the following:

- Information Gathering: Asking for information regarding a bidder's EDI policies and commitments
- Composition Comparisons: Examining the composition of the bidder's organization or team on the basis of EDI characteristics
- Direct Intervention: Inserting specific requirements into RFPs which compelled the bidder to take specific EDI related actions (e.g., setting quotas, identifying partner organizations, etc.)

It is notable that, among interviewees, there was a great deal of variation in the extent to which EDI considerations were included or implemented. Some municipalities reported only collecting composition or policy information but differed on whether they included it as a weighted criterion in the awarding of contracts. Others intervened more forcefully, going as far as setting quotas, prescribing specific organizations with which bidders would need to partner, and defining policies that would need to be implemented while completing the project.

"It's not just about what we're buying, but also the vendor's operations, and what they're doing in-house to align with our values."

Especially at the municipal level, some procurement authorities expressed concern about the possible constraints imposed on them by trade agreements, which some construe as limiting their ability to apply EDI objectives to procurement.

Among procurement authorities that were engaging in EDI procurement, it was noted that unweighted interventions were less effective than weighted interventions. Those procurement authorities that incorporated EDI as a weighted criterion generally assigned it a weight of 10% or less. Although the evidence is limited, it was suggested that the magnitude of the weighting was less important that the fact of the weighting.

Cities with robust EDI policies generally reported finding little to no increase in costs associated with implementation. This perception differs from those of some private sector interviewees, as will be discussed in subsequent sections. This may reflect an increase in costs that are being borne by suppliers, without being passed on to buyers. This may benefit bidders that are better able to spread costs across a larger organization. Further research may be needed.

2) EDI policies and programs are increasingly common in the consulting engineering sector, especially among larger firms.

Nearly all private sector respondents indicated their company had some form of EDI policy in place or were in the process of developing one. Additionally, most reported that they were in the process of expanding their EDI regime within their organization at the time of the interview. As in the public sector, policies tailored exclusively to women were less common among those interviewed. It was much more common for policies relating to women to be part of broader initiatives covering multiple EDI categories.

Several interviewees reported that the public sector's inclusion of EDI criteria in its procurement had influenced their decision to develop or expand their own EDI regimes. This confirms the positive impact that public sector procurement policy can have on advancing EDI objectives.

Among the most common EDI programs and policies were:

- Hiring dedicated EDI focused staff
- Identity focused working groups
- Awareness building events/programs
- Mentorship programs
- Community outreach initiatives
- Forming external partnerships

- Advanced recruitment initiatives
- Internal language reviews
- Parental leave
- Setting representation targets
- Diversity training

The nature of the policies implemented varied across firms. Different companies placed more focus on policies targeting specific groups as compared to others. There were also significant differences in the robustness of EDI policies based on firm size. Larger firms were more likely to report a wider breadth of policies than were small and medium sized firms.

No interviewees indicated that they were satisfied with their current EDI policies, or that they felt their policies were complete and no longer in need of development. All respondents indicated that they were "still learning". However, some interviewees felt that they were doing better than the broader industry.

Many private sector EDI policies extended to vendors and subcontractors beyond the organization itself. Some noted that they expected companies with which they partnered to also reflect their own EDI priorities. One interviewee stated that they had recently ended a business relationship with a previous partner over insufficient alignment with their EDI regime.

"It's our responsibility as a business to promote inclusiveness in our policies, practices, and relationships.

3) Numerous stakeholders drew comparisons between the introduction of EDI policies and the earlier prioritization of workplace health and safety.

Among the parallels cited between EDI policies and workplace health and safety, were the following:

- Both EDI and health and safety are fundamentally about workplace culture
- The purpose of the policies and programs is to reshape workplace culture
- As with health and safety, the successful introduction of EDI requires the commitment of senior management

- As with health and safety, successful introduction requires committing specialized resources
- Both EDI policies and health and safety require the active engagement of employees
- As with health and safety, there is a growing role for individuals who receive specialized training in the design and implementation of EDI policies
- As with health and safety, there is potentially an important role for external reviews of EDI policies and programs
- As with health and safety, public procurement policy can play an active, supporting role in fostering EDI policy at the firm level
- As with health and safety, a firm's commitment to EDI can be a competitive advantage to recruiting and retaining talent, as can a strong commitment to health and safety

"Why would anyone work for you if you didn't have [an EDI policy]?"

4) Small and mid-sized consulting firms expressed support for EDI, but also face distinct challenges in implementing EDI policies that differ from those of larger firms.

Interviewees representing small and medium sized enterprises (SMEs) generally spoke positively on EDI policies in concept. Several SMEs had already implemented or were in the early stages of implementing EDI programs or policies.

Some SMEs also indicated that they were concerned about the possibility that EDI policies in procurement could negatively affect their ability to compete for and win contracts, especially against larger firms.

The most common concern raised was that of inadequate resources. In contrast with larger consulting firms, SME consulting firms stated that they were often unable to dedicate resources to EDI policies and programs. The costs associated with meeting EDI targets in procurements were said to be potentially onerous or exclusionary for SMEs. Programs such as parental leave were noted as being expensive to implement, especially for smaller firms with fewer financial resources.

The recruitment of diverse talent was also raised by several interviewees as a resource intensive process in which large businesses were believed to have an advantage. It was argued that larger businesses would have greater access to diverse talent which could give them an advantage in qualifying for procurement contracts in which diversity was a consideration.

Larger businesses offered examples of policies to increase diversity such as scholarships and outreach to universities, high schools, and primary schools. Smaller businesses may find it difficult to replicate such efforts in increasing workforce diversity.

Larger businesses were also said to have more resources to be specifically allocated to meet diversity criteria. A small business representative noted that, to meet existing diversity requirements on projects, their female staff were often over assigned. Some SMEs believed larger firms with a larger pool of diverse talent would be better able to manage these issues.

"Firms need to budget for all these policies, maternity leave, managerial development, training on diversity, you're not getting innovation for the lowest price."

Smaller businesses, which were noted to often be extremely geographically bounded, were argued to be limited in their ability to increase their own diversity. It was said that being limited only to local recruitment raised the possibility that SMEs would be less able to recruit with an emphasis on some types of diversity when compared to businesses located in other areas or across multiple areas. This could disadvantage SMEs on the basis of their location as compared to their competitors.

Furthermore, some SME representatives noted that they had difficulty recruiting qualified engineers at all before diversity could even be considered.

The necessary resources to administer EDI policies, and to do so strategically, were seen by some as a limiting factor for SMEs as well. Those representing SMEs often stated that they lacked large or sophisticated human resource departments and felt that this may impede their ability to meet EDI targets if they were added to procurement contracts. One respondent noted that these issues could compound over time, as SMEs with less resources would be left unable to react strategically to new EDI policies and would fall further behind larger businesses.

Some interviewees representing larger businesses disputed some of these characterizations. It was argued that smaller businesses would have an easier time pivoting towards meeting EDI requirements than larger businesses, and that their small size would allow for larger relative gains in diversity while requiring smaller investments.

5) Two distinct approaches emerged in interviews for incorporating EDI into procurement processes. The first focused on the composition of the consulting firm or its assignment team. The second focused on the policies and programs of the firm.

There is a lack of consensus on the best approach to measure progress on the implementation of EDI in procurement processes. This reflects a lack of industry and definitional standardization. Although approaches vary considerably among procurement authorities, there are generally two aspects of diversity on which they tend to focus: Focus on Composition and Focus on Policy.

Focus on Composition
A focus on composition was the most popular approach among those interviewed. Procurement authorities that favour a focus on composition cite several benefits. Among the most important advantages of a focus on composition are its apparent objectivity, and the relative ease of measurement and comparison.

A focus on composition looks at progress and commitment as expressed by representation of people with the desired characteristic(s) (e.g., gender) on a team or within an organization. This is usually accomplished by looking at the percentage representation of identity groups on the team, within the organization, or as a portion of billable hours on the project. The percentage can then be compared to a metric deemed relevant by the procurement authority. The most common point of comparison is to the 'local' community, as defined by the procurement authority. The most commonly expressed goal is for the diversity of the assignment team to, as closely as possible, mirror the diversity of the locality. Most interviewees did not consider the existing professional population to be an adequate point of comparison. Comparisons to other firms were also uncommon.

"When bidding on projects it's good for companies to show that they have diverse representation and are representing the community where the work is."

Not all interviewees used the local community as a point of comparison. Some interviewees expressed a preference for maximizing diversity rather than matching it to a reference group, and thus enacted policies independent of a specific location's community. Another method involved comparisons across multiple localities. An interviewee operated with a national scope explained that, because their focus was on underrepresented groups, the focus of their policies varied between regions. A group which was underrepresented in one region but not in another could receive different amounts of focus and consideration depending on their relative representation within their given region.

There are also drawbacks to focusing on the composition of the assignment team. Stakeholders noted that these include, among others:
- The risk that some employees at the firm (e.g., women) will be over assigned to meet diversity criteria
- The risk that firms will change the composition of the assignment team from their initial proposal as the project progresses
- The risk that members of the assignment team will leave, changing its composition
    - E.g., changing jobs, taking parental leave, etc.

- Privacy concerns over the need for individuals to publicly self-identify as a member of a relevant group
- The distribution of diverse talent across professions in the labour market
    - E.g., a lack of female engineers in the market makes it harder to find female engineers to meet procurement criteria

- The variation of some types of diversity across different geographic areas
    - E.g., the number of diverse individuals in some regions may be less than in others, creating a potential structural disadvantage based on location

- Differing definitions of diversity groups across organizations and regions
- The growing prevalence of remote working making location-based comparisons more difficult

There is also the risk that, to meet diversity goals and qualification requirements, some firms may choose to overstaff their assignment teams, resulting in higher costs to clients.

Focus on Policy
A focus on policy was the most popular alternative to a focus on composition among interviewees.

A consensus was not found on objective criteria for evaluating the EDI policies and programs of individual firms among interviewees. Many interviewees expressed concern about comparing EDI policies and programs between individual firms.

However, interviewees were generally more open to being assessed on the extent to which they showed commitment to implementing EDI policies. One method of accomplishing this is by assessing them on the existence of policies and programs which promote EDI. Several of the interviewed municipalities were already engaged in this sort of assessment as part of their procurement processes.

- Some such policies may include:
- Parental leave
- Diversity focused employee resource
- groups
- Support and advocacy for EDI related firms/causes
- Public statements of commitment to
- EDI
- Mentorship programs

- EDI workforce development
- Supplier/sub contractor vetting
- Pay equity policies
- Community outreach
- Hiring EDI professionals
- Setting corporate objectives
- Publishing annual progress reports
- EDI focused recruitment efforts
- Internal/external language review

Policy measures benefit from allowing firms to experiment and compete on the basis of the policies that they implement. This is especially important at a time when clear standards have not yet emerged within the industry. Policy based metrics also have more potential to be sensitive to geographic and labour market constraints on diversity.

The largest weaknesses a focus on policy are the complexity and subjectivity of their application. Comparisons of different policies implemented across different companies invite many potential complications. Some interviewees raised concerns over the government evaluating and ranking such policies.

One possible compromise on this front, as will be discussed below, would be a pass/fail implementation of this approach.

This is somewhat analogous to health and safety criteria where many procuring authorities require a prospective supplier to set out their health and safety policy, but do not delve into the actual implementation of that policy.

"If you want more EDI and use in procurement process, you'd be asking 'do you have a policy?', 'Do you have a committee that addresses it?', 'Do you have programs?', 'Do you have clear goals and objectives?'."

6) Both private and public sector interviewees have expressed the belief that third parties have a role to play the EDI procurement space.

Third parties have begun to play a prominent role in the EDI procurement space. Interviewees representing both the public and private sectors indicated that they were open to third parties playing a larger role in EDI related procurement. Crucially, representatives of both groups indicated that they were already engaging third parties in some capacity.

The status of EDI as a relatively new aspect of procurement policy means that there is very little industry experience from which to draw. As a result, it is not yet definitively known which methods are best for achieving the desired outcomes, and it is therefore premature to be overly prescriptive.

However, there currently exists a sufficient body of knowledge in the EDI field to support its continued development. This development includes the continuing professionalization of EDI as expressed through third parties, and their growing prominence in the procurement space.

Private sector entities indicated that they are making use of third parties for several EDI related functions. The most commonly cited uses for third parties among private sector representatives were as consultants. Some of the most commonly cited services included:

- Diversity reviews
- Policy reviews
- Certification of EDI trained staff
- Certification of status as a diverse business

Many public sector entities currently entrust verifying the diversity of bidders to third parties. Some interviewees expressed concern over the lack of standardization among third parties being used for verification. Some public sector interviewees expressed a desire for a uniform, national or regional standard or registration portal. In the absence of such resources, the use of third parties for verification was said to be treated as somewhat informal. Apart from verification, third parties were also commonly used as consultants to develop or improve upon EDI related procurement practices.

"We require certification for diverse vendors, but in terms of whether or not [the certification]'s valid, we usually have no way of confirming it."

Interviews with third party service providers indicated that the development of EDI procurement policies remained in its relative infancy. At time of writing, there is no widely accepted standard for organizational EDI certification. One interviewee noted that the certification of organizations was not feasible at the time of the interview. This was said to be because, even within the industry, there was not yet agreement on how to accurately measure and certify EDI compliance. It was also said that the complexity of assessing EDI policies in an organizational context, including potential downstream impacts, makes organizational certification impractical. The continually evolving nature of the field was also cited as a barrier to current efforts to certify organizations. Some interviewees also expressed concern that certification would create the impression of an "end goal" rather than a continuous process, or could be seen as commodifying EDI, which these respondents considered to be undesirable.

Certification of individuals within organizations was the most widely accepted proxy for organizational EDI certification by third parties. Although there was also no widely agreed upon certification for EDI professional qualifications, multiple third parties that certify EDI practitioners were in operation and providing services at the time of the interviews. This was in keeping with comparisons to health and safety, in that it involves the certification of an individual to set and enforce standards on behalf of the employees and the firm. Following the trajectory of health and safety, the employment of an EDI certified professional could be set as a precondition for qualifying for a bidding process.

Formal audits may be a future method of judging organizational compliance, though there does not presently exist sufficient evidence on best practices to support their use. There is, however, sufficient understanding to support third party reviews of policies and practices. A 'review', it should be noted, differs from an 'audit' in that an audit connotes the confirmation of compliance, while a review refers to a process of examination and recommendation.

Part 2: Recommendation and Discussion

Recommendation

Requests for Proposal (RFPs) for consulting engineering services should ask prospective suppliers to describe their policies, programs, and initiatives to increase opportunities for women as Professional Engineers. Among others, these may include:

- Mentoring programs
- Outreach initiatives in hiring
- Income support during pregnancy and parental leave
- Work-from-home policies
- Training opportunities
- Hiring targets, etc.

Firms should have the autonomy to determine which policies and programs are best suited to their operations. Whenever practical, firms that can demonstrate that they have implemented such policies and programs should be given preference in the evaluation of prospective suppliers.

Discussion

Both consulting engineering firms and the engineering profession recognize the need to increase opportunities for women as Professional Engineers. Many public sector organizations are leveraging their procurement policies to support broader social objectives, including increased gender equity. We support this use of procurement policy.

Incorporating Equity Goals into the Procurement Process

Depending on the nature of an engineering assignment, there are various stages in the procurement process where gender equity considerations can be introduced.

In some cases, it may be appropriate to incorporate gender equity criteria when evaluating consulting engineering firms for vendor-of-record status. In other cases, gender equity may be included in the criteria for pre-qualification or the mandatory criteria when there is no pre- qualification process. Gender equity can also be included in the rated criteria that factors directly into the competitive evaluations of potential suppliers. Finally, gender equity can also be an unrated criterion where suppliers are asked to supply information but are not evaluated on the basis of that information.

Public sector organizations are best suited to determine at what stage and how to incorporate equity criteria into their evaluation process.

Alternative Approaches

There are two approaches to incorporating gender equity into procurement policy. The first focuses on the gender composition of the assignment team. The second focuses on firms' proactive policies, programs, and initiatives to achieve greater opportunities for women as Professional Engineers. There is merit in both approaches. However, we believe that focusing on policies, programs and initiatives is more likely to support the systemic change that is needed.

Focusing on the gender composition of a project team is attractive because it allows for objective measurement. However, there are drawbacks. For some firms, meeting gender targets may not align with putting forward the most qualified team. If this happens, the client's interests suffer. To meet gender targets, some firms may over-assign their qualified women engineers to the detriment of their work-life balance and the quality of the engineering work. Circumstances

may also evolve over the life of the assignment in ways that affect the project team's gender balance. It is also important to note that many firms and public sector organizations apply a broader conception of diversity which is not limited to gender balance. Focusing on head counts makes it difficult to compare firms that are stronger performers on some diversity criteria than on others. In some cases, the self-identification required by head-count measures may run counter to privacy obligations.

Focusing on a firm's policies and programs avoids the drawbacks associated with measuring the composition of an engineering team. Policies and programs are also the key to systemic change, which is the ultimate goal of diversity policies.

Public sector procurement has strengthened health and safety performance by requiring firms to document their health and safety policies. A similar emphasis by public sector authorities on policies and programs to promote gender equity will have a durable impact.

Larger vs Smaller Engineering Assignments
The potential impact of procurement policy on supporting increased opportunities for women as Professional Engineers is greatest on large projects. It is these projects that should be emphasized when incorporating gender equity goals into procurement policy. It may be appropriate, therefore, for public sector authorities to establish a threshold below which gender equity policies and programs would not be a rated factor in the awarding of the assignment.

The Industry's Commitment
Both the industry and the profession recognize that there is an urgent need to increase the opportunities for women to pursue careers as Professional Engineers in the consulting engineering sector. Both consulting engineering firms and the profession have introduced various policies and programs to improve gender equity. Public sector procurement policy can support increased gender equity in consulting engineering by encouraging firms to strengthen their policies and programs or to adopt policies and programs if they have not already done so.

The industry welcomes the opportunity to discuss with you how to advance gender equity through the strategic use of procurement policy.

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