The Equity Index Pilot

Public Equity Data Mapping

28 June 2021

THE EQUITY INDEX

AUTHORSHIP AND ACKNOWLEDGEMENTS

Contents

Click each title below to navigate to that section

PART 1: INTRODUCTION & METHODOLOGY

INTRODUCTION TO THE EQUITY INDEX

The Equity Index is a UK social enterprise (registered as a Community Interest Company limited by guarantee) advocating for greater equity across the international development sector. We will measure and track the multiple dimensions of equity in the internal and external workings of UK development organisations to influence meaningful change in their policies, practices, and partnerships. This includes racial and gender equity, equity in knowledge production, in funding, in collaborations and more.

We believe that measuring equity at the organisational level in an open and transparent way will raise awareness about the negative consequences of inequity, including the fact that development interventions are less likely to be effective and sustainable over the long-term. The idea is not to name and shame – becoming more equitable is a long journey, and The Equity Index aims to foster a race to the top, rather than a race to stay away from the bottom.

OVERVIEW OF THE EXERCISE

Overview: To complement the data collected directly from 4 sampled pilot organisations, this mapping provides a summary of publicly-available equity data from 36 consultancies operating in the UK development sector. In cases where an organisation has international presence, we have focused primarily on data from the UK branch/part of the company. We collected data across <u>six areas</u>:

1. Public statements on equity

2. Transparency and breakdown of Board and senior leadership composition

3. Recruitment targets for under-represented groups

4. Pay gap reporting

5. Inclusion in other indices or initiatives related to equity

6. Publishing of IATI disbursement data

Objective: The purpose of the mapping was to assess how much equity-related data currently exists in the public domain to feed into the development of the wider index post pilot.

DEFINITIONS

THE EQUITY INDEX

Mapping Areas	Definitions
Business size	We have used UK government classifications of business size based on number of employees. "Micro" refers to <10 employees; "Small" refers to 10 < x <50 employees; "Medium" refers to 50 < x <250 employees; "Large" refers to >250 employees.
Area 1: Public statement on internal equity	A public commitment to internal equity (for instance on issues related to diversity, equity and inclusion) on an organisation's website, or as part of an external report, for instance a UN Global Compact Communication on Progress.
Area 2: Board/senior leadership transparency & breakdown	Transparency refers to a list of Board/ senior leadership team members posted on the organisation's website, and breakdown refers to the provision of statistics around the breakdown of both board and senior leadership (for instance in terms of gender, race and ethnicity, and other characteristics as relevant to the organisation). A Board can include members of a Board of Directors, a supervisory Board, Non-Executive Directors, or alternative models.
Area 3: Recruitment targets for under-represented groups	Publicly available recruitment targets for under-represented groups.
Area 4: Pay gap reporting	Publishing of the gender pay gap on the organisation's website or as part of the UK government portal. Publishing of the ethnicity pay gap on the organisation's website.
Area 5: Inclusion in indices, charters, certification programmes or similar related to equity	A list of any equity-relevant indices the organisation has been included in, any equity-relevant charters it has signed up to, or any certification programmes or similar it has participated in over the last 5 years.
Area 6: Publishing IATI disbursement data	Prime organisations (i.e. direct contract holders and recipients of funding from the donor organisation) publishing disbursement data on IATI on at least one relevant projects (i.e. those where the prime has partners, sub-contractors or other types of suppliers).

METHODOLOGY – PART 1

THE EQUITY INDEX

1. **Framework design:** The first step of the mapping was designing a framework of equity-relevant areas to guide the data collected for each organisation. We used an iterative research process by refining and revising the data collection areas as information was gathered and collated.

2. **Population of consultancies**: We then collated a list of consultancies currently operating in the UK development sector, arranged according to business size using the below sources – we note that this list may not be comprehensive.

   - Sources: British Expertise, Better World, Department for International Development Annual Procurement Report

3. **Data collection:** Next, we collected data across our six identified areas from public sources including but not limited to:

   - Area 1: organisational websites, UN Global Compact Communication on Progress

   - Area 2: organisational websites

   - Area 3: organisational websites

   - Area 4: UK government portal, Department for International Development Annual Procurement Report

   - Area 5: indices and other sources including Gender and Health Index, Stonewall Workplace Equality Index, EDGE Certification, Race at Work Charter and more

   - Area 6: IATI data portal

4. **Data presentation:** We collated the data and sources for all organisations according to each area. We then produced individual mappings for each organisation.

5. **Contacting organisations:** After collating the data, we contacted each organisation with their mapping overview alongside definitions of the indicator areas. We asked organisations to review the information and provide any corrections, updates, or other relevant information they would like included in the publication of the mapping. Where organisations did not respond prior to the initial deadlines, we contacted each a further three times to confirm there were no revisions to be made. From the responses received, we confirmed the data provided and made all necessary revisions.

6. **Data review**: We completed a final review of all the data, returning to the original sources used. We also contacted a legal professional through a social enterprise-specific service to obtain advice on publishing data in cases where organisations did not respond to our requests for them to review our data.

7. **Analysis:** We completed an overall analysis of the final dataset, seeking to identify possible explanations for the variation in publicly-available equity data across organisations**.**

8. **Tabulation:** We engaged an external data visualisation specialist to create an interactive table recording the summary data (text-based and numerical data) using Google Data Studio. We then added annotations above the summary data with context-specific information for those organisations which provided additional details on their equity-related data. You can view these tables on our website: https://theequityindex.org/pilot-index.

9. **Recommendations:** Based on our analysis and examples of good practice that we identified, we formulated a list of eight recommendations for consultancies in the development sector seeking to improve their transparency on equity-related issues. These recommendations were also informed by other aspects of our pilot project, including consultations with individuals and companies across the sector, and our work with four pilot organisations.

METHODOLOGICAL LIMITATIONS

- **Partial data verification:** As highlighted in our methodology section, we contacted each organisation a total of three times before the mapping was published. We received confirmation from 18 of the 36 organisations included in the mapping as of 28 June 2021. We have relied exclusively on publicly available information for this mapping, therefore the data included is likely to be accurate. However, the limitations of having some organisations not review the data are: (a) the information on public sources may be outdated and (b) organisations may have additional relevant information to be included in the mapping, the purpose of which is to allow for the provision of additional context or to include information that is not publicly available. The Equity Index welcomes organisations to review provide any additional information.

- **Differing definitions of organisational size:** It was challenging to identify the size of companies, given the existence of two definitions: the European Union definition, which takes into account both number of employees and annual turnover, and the UK government definition, which is determined by number of employees. We ultimately opted for the latter. We initially relied on organisations confirming their own size, and in cases where we received no response we used information available on Companies House and cross referenced this with online business portals.

- **Challenge in identifying UK-specific data:** In cases where an organisation has international presence, we have primarily focused on data from the UK part of the company. However, we encountered some ambiguities in determining this classification. In some cases, the difference in the size of an organisation's UK-based and international entities may mean they are subject to different reporting requirements across different arms of their global organisation. In several cases, organisations with head offices outside of the UK told us that although a particular piece of data was published on a corporate website, it was relevant to the UK branch or part of the company as well. In these cases, we have included the data in our mapping. Area 5 presented a similar challenge – we have opted to include an organisation's participation in indices that may have covered only parts of the UK business for a more comprehensive mapping.
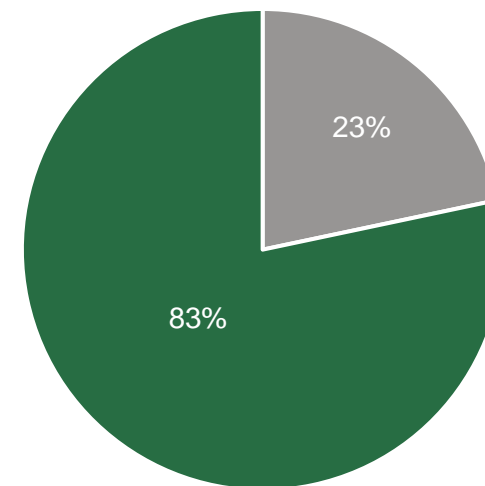
PART 2: OVERVIEW OF THE DATA

Organisations with a published statement on internal equity

75%

25%
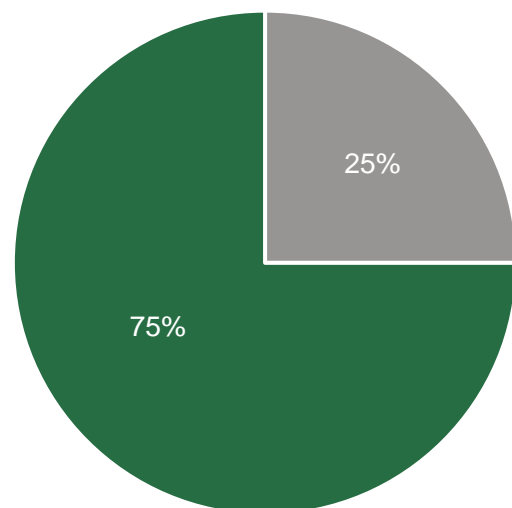
■ Not Published / Not Found   ■ Published on organisation website

Organisations publishing a list of senior management team members

83%

23%

■ No/ Not found   ■ Yes

Organisations that report their gender pay gap

MSMEs	19%	81%
Large	100%	

■ Published   ■ Not published/ Not found
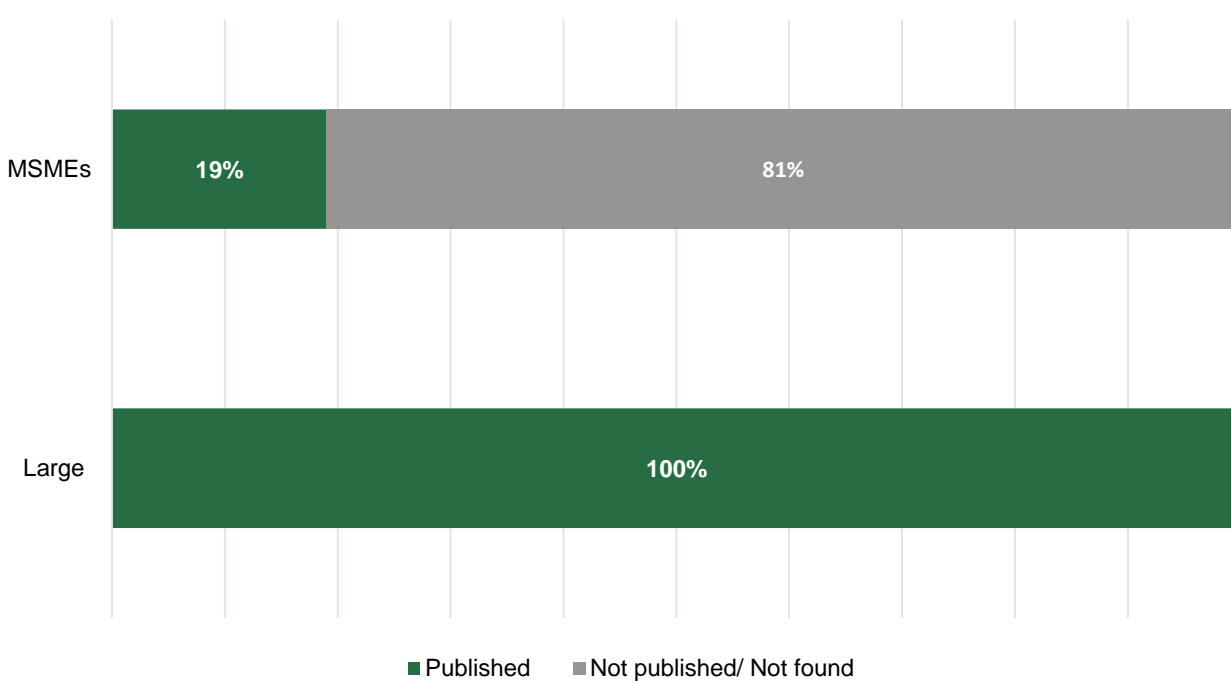
Organisations that report their ethnicity pay gap

MSMEs		100%
Large	40%	60%

■ Published   ■ Not published/ Not found
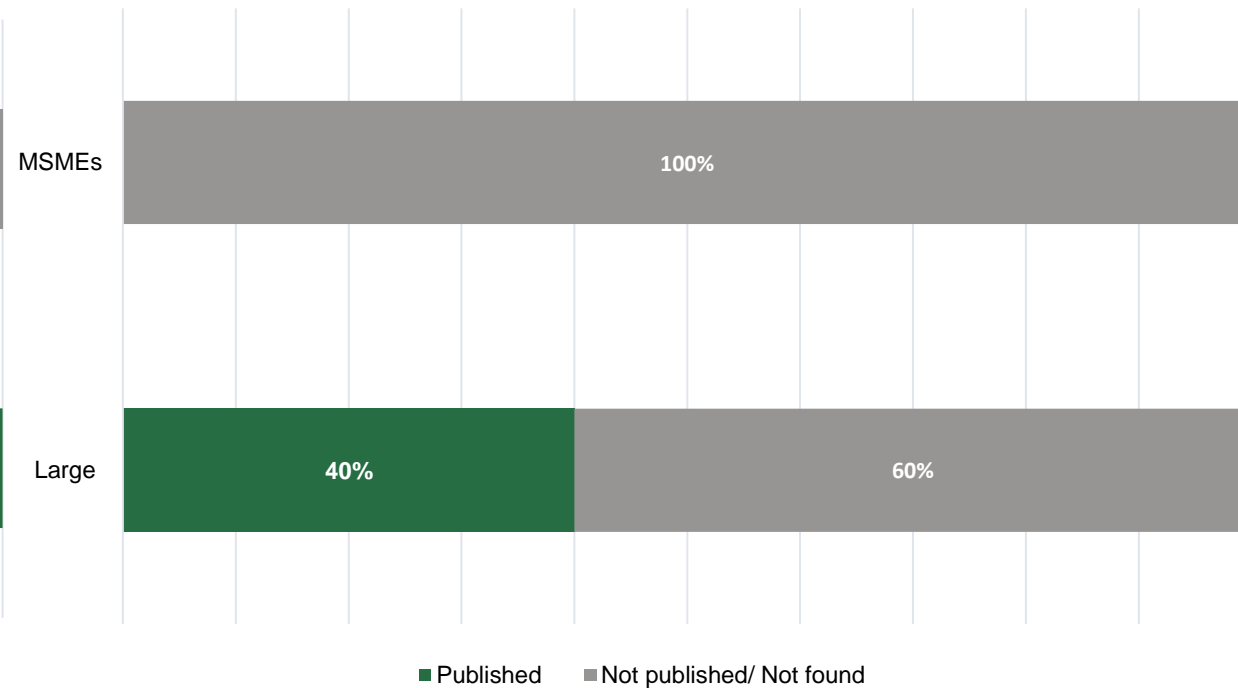
Organisations participating in equity-related indices, charters and certification programmes

MSMEs: Included 31% | Not Included / Not Found 69%

Large: Included 80% | Not Included / Not Found 20%

■ Included   ■ Not Included / Not Found
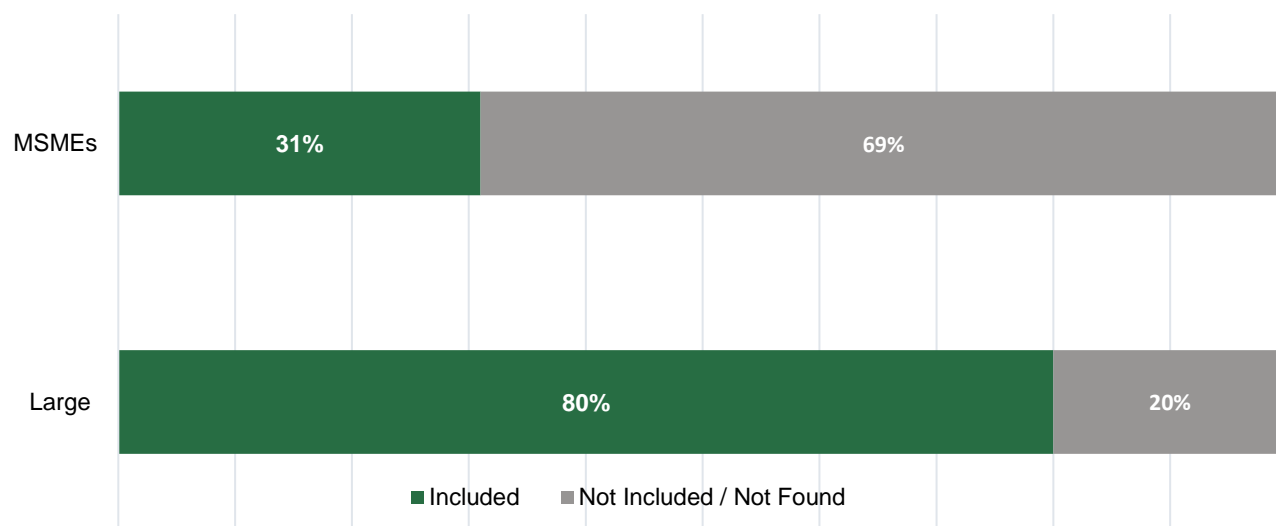
Organisations publishing disbursement data on IATI for at least 1 project
(amounts disbursed to subcontractors/other partners)

Published 50% | Not published / Not found / N/A 50%

■ Not pubished / Not found/ N/A   ■ Published

THE EQUITY INDEX
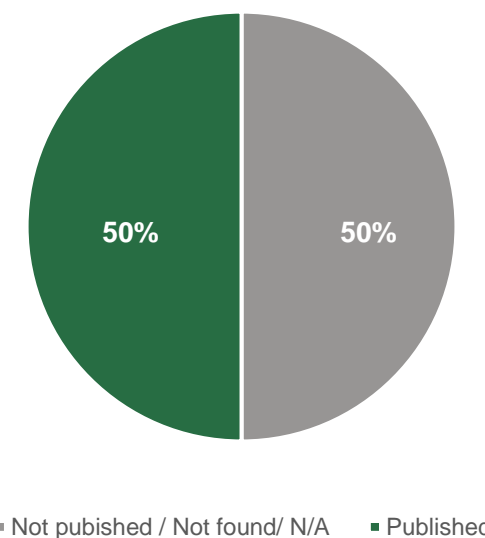
PART 3: ANALYSIS & KEY FINDINGS

Organisational size is a determinant of data transparency: We found that organisational size had a significant impact on the amount and type of publicly available equity-related data. This was particularly evident for Area 2 (board/senior leadership breakdown) and Area 4 (specifically gender pay gap data). On Area 2, four organisations noted that due to the small size of their board or leadership team, any data provided would be easily attributed to individuals, thus they were unable to provide a breakdown. On Area 4, organisations with fewer than 250 employees are not required by the UK government to report the gender pay gap within their organisation, and we noted that four small and medium organisations published this data regardless. A few micro and small organisations also cited concerns that reporting on gender pay gap would produce unreliable data due to their size, citing, among other issues, that smaller organisations are vulnerable to large fluctuations should there be any changes of staff.

The impact of size led us to present the mapping in two parts. One section consists of micro, small and medium organisations, the second of large organisations. This is to reflect the different reporting requirements and potential capacity or resource levels of organisations. However, we reflect that even where smaller organisations are not required to report certain data by law, it is still valuable for organisations to report as much equity-related data as possible, although future work may consider different standards of assessment depending on the size of the organisation.

Public emphasis on internal equity: We found greater levels of transparency on internal equity data compared to external equity data. For more information on how we define these terms, please see our definitions briefing note. The prevailing emphasis on internal equity has led us to reflect whether equity-focused initiatives in the development sector are primarily situated within a diversity and inclusion framework. The broader implication of this finding is that the public equity mapping is weighted towards internal equity practices (Areas 1-5) as opposed to external equity practices (Area 6). Although this resembles the higher prevalence of internal equity data currently available in the public domain, we encourage organisations to publish data related to various dimensions of external equity, particularly on their approaches to creating equitable partnerships.

Data on gender reported more than data on race and ethnicity: We found more publicly available data on gender-related equity areas compared to data on ethnicity-related areas. This effect was most apparent in Area 4 on the publication of pay gap data. Of the 13 organisations which reported their gender pay gap, only four also reported their ethnicity pay gap data. This skew is likely to be due to the fact that reporting of the gender (and not ethnicity) pay gap is mandatory for large organisations. A bias towards gender equity was also found to a degree in other areas not affected by varying reporting requirements. Regarding Area 1, some organisations' public statements on internal equity policies and practices referred to gender equity but made limited or no reference to race or ethnicity. To respond to this apparent bias towards gender equity, a number of our recommendations emphasise the importance of committing to equity in all of its aspects – which leads to the next finding.

Beyond race and gender: Although parts of the public equity mapping focused on gender and race/ethnicity, we felt it vital and beneficial to include all equity-related data sources. This decision was made in light of the founding purpose of The Equity Index, which is to draw attention to crucial issues related to racism, sexism, power, voice, access and opportunity within the development sector. This prompted us to include a wide range of indices, charters and certification programmes in Area 5. A number of organisations drew attention to different areas where they felt they had demonstrated good equity-related practice in areas beyond race and gender. Several organisations have participated in indices or programmes related to LGBTQIA equality and disability inclusion. Six organisations are certified as Living Wage Employers, and at least two organisations have achieved B Corporation certification for businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.

Impact of organisational focus: We found that organisations with operations beyond international development (for instance in accounting, infrastructure and engineering) had greater levels of transparency across multiple mapping areas when compared with organisations who specialise in development only. For example, corporate consultancy firms publish equity data for a greater number of mapping areas than development organisations of various sizes. This difference may be explained by the fact that firms which also operate in other sectors are subject to different regulations to those solely operating in the development space.

Inconsistency in IATI disbursement data: Regarding Area 6, there were a number of inconsistencies in the IATI disbursement data reported. These inconsistencies concerned (a) the number of projects reported and (b) recipients of funding. Regarding (a), some organisations report disbursement for all projects; others only report disbursement data for some projects. Regarding (b), some of the disbursement data reported includes reference to whether the receiver was private sector or public sector, international or national, yet this did not seem to be reported consistently across the IATI data (some classified the receiving organisations, others did not). As a result, we defined the scope of Area 6 relatively broadly to require that organisations had published disbursement data on one project only. We made no further specifications on which organisations (private, public, domestic or international) received disbursement funding. This lesser requirement reflects our aim with this exercise to produce a mapping of equity-related practices currently undertaken by organisations, rather than an index assessing organisations in relation to one another (this will be the job of the full, future index).

PART 4: RECOMMENDATIONS

RECOMMENDATIONS

Our analysis of the public equity mapping has prompted us to make the following recommendations:

Area 1:

#1 Organisations should clearly display a public commitment to internal (and external) equity on their website, tailored to their size and type of operations. Otherwise, in cases where a public commitment has also been made externally (such as part of a UN Global Compact Commitment on Progress) this should be clearly accessible on the organisation's website. This statement should focus on all equity-related areas in an intersectional way.

Area 2:

#2 Organisations should wherever possible provide a breakdown of at minimum the gender, racial and/or ethnic, and Global South nationals composition of their boards and senior leadership teams. In cases where this data would be harmfully identifiable to individuals (particularly the case for micro and small entities), organisations should ensure to secure consent from individuals concerned, or find alternative ways of presenting the data.

Area 3:

#3 Where relevant, organisations should consider following industry leaders in this area and explore the possibility (legal and otherwise) of establishing recruitment targets for underrepresented groups.

#4 Where possible and appropriate, organisations should publish annual data regarding the composition of staff recruited in order to show progress towards achieving their recruitment targets.

RECOMMENDATIONS

Area 4:

#5 The UK government should explore ways of extending mandatory gender pay gap reporting in a way that accurately captures the circumstances of organisations with fewer than 250 employees, and of introducing mandatory ethnicity pay gap reporting.

#6 Until reporting gender and ethnicity pay gap data becomes mandatory for all organisations, smaller organisations currently facing difficulties in reporting this data using existing government methodology should attempt to publish gender pay gap data using an alternative methodology.

Area 5:

#7 Organisations are encouraged to investigate and seek to implement the criteria required by other equity-related indices, charters and certification programmes, and gain formal certifications to display their commitment to equity (where feasible). In cases where resources prevent formal accreditation being achieved, organisations are encouraged where possible to replicate criteria required by other equity-related indices.

Area 6:

#8 Organisations should publish IATI disbursement data on all active projects for which they are the prime organisation.