

EQUALITY VS. EQUITY?

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The theme of International Women's Day 2023 is Embracing Equity. But what is equity, how does it differ from equality and why are we talking about it now? The concepts of equality and equity both promote fairness, but there is an important difference. Equality is the goal of everyone receiving equal treatment, having equal access to opportunities and a fair share of the wealth being created in the economy. However, equity directly addresses the unique needs of each individual and treats each person differently according to those needs. But, somewhat ironically, the uneven treatment described by equity may be a prerequisite for achieving equality. Martina Hoffard, Head of Marketing explores the topic.

Equity isn't about taking anything away from those that already have it, it means giving a leg-up to those who need it.

There is a well-worn, but nevertheless accurate saying, which sums up a major source of resistance to the idea of levelling the playing field: "when you're accustomed to privilege, equality feels like oppression". It can be incredibly hard to disabuse someone of the notion that they are being treated inequitably by active efforts towards creating a more balanced society. And, in one respect, they are right, equity does mean that some people receive more help than others.

Before we get into the weeds of the rights or wrongs of this approach, let's briefly recap the motivations driving it. Because, I believe, this will help us uncover the moral and practical reasons that embracing equity is the right thing to do.

As I discussed in a recent article¹, women make up a disproportionately small number of borrowers and savers, with unbanked women outnumbering unbanked men². Regardless of their contribution to the economy, women are more likely to suffer poverty than men and are more likely to work in insecure, low-paid jobs³. Women are badly served by the very basic functions of the banking sector, so it should come as no surprise that they are underrepresented in the banking workforce, too⁴. And the more senior the role in the banking industry, the more acute the disparity⁵.

Why should this be? We are way past the point of arguing that women are less capable of dealing with money and business decisions than men, in fact, the opposite appears to be the case⁶. Neither are excuses about traditional gender roles in the workplace remotely acceptable in 2023. All societies change over time, workplaces and gender roles change with them, and any change that creates a fairer, more equal society should be welcomed. I would go further and say that anyone claiming to be merely interested in 'preserving traditional gender roles' is being disingenuous (let's be frank again, it's absurd that we're still having this discussion in 2023). It is easy to find examples of jobs that were once considered 'feminine' in Western societies acquiring an association with hypermasculinity in later eras⁷. Appeals to 'tradition' are always subjective, based on picking and choosing which traditions to conserve and which to conveniently forget.

There are still those who stubbornly refuse to accept that equality is a desirable end in its own right, there are some who argue that inequality somehow drives creativity and competitiveness. So, let me counter from a similarly ontological ethical standpoint: it is well established that more equal societies produce better outcomes for everyone, not just those being given an extra helping hand. Wealthy countries that share their wealth and opportunities in a more even way experience higher educational attainment and enjoy more cohesive communities with lower levels of ill health, imprisonment, poverty and violent crime, compared to those that share wealth and opportunities unevenly⁸.

So, equality is good, whether we regard it as a noble end in its own right or if we regard it in the strictest utilitarian terms. But how do we make the financial industry more equal? Blanket statements and one-size-fits-all approaches are of very limited use when inequality is encountered in different ways by entry-level service users, aspiring board members and everyone in between at every level of the industry. And this gets to the crux of why we should talk about equity as well as equality. Equity requires that we seek different solutions for different issues. It means taking a humane approach that treats people as individuals with unique abilities and needs, unique backgrounds and aspirations. Women being underbanked is a different, albeit interrelated, problem to that of women being underrepresented in C-suite positions. Equity means implementing the appropriate interventions for each of these issues. Yes, it's far more complex than simply 'treating everyone equally'. Yes, it sounds difficult. No, that's not an excuse not to do a better job.

Events such as International Women's Day, and initiatives like the 30% Club⁹ (which featured in my previous article on this topic) do a great amount to inspire action as an industry and as people within that industry on the terms that we're discussing. But let's not let the people who make the rules off the hook. Many will argue that it's not the place of government to intervene in our lives to the granular degree that equity requires. But I would counter that that is exactly the role of regulation. Regulations exist to protect us in every area of life, the cars we drive, the food we eat and, not least, how our financial systems operate. Given the proven benefits of equality for all of society, and accepting that equity is necessary to achieve equality, any responsible government acting in the best interests of its citizens should be regulating to encourage and enable equity.

It is vital, in order to know where to direct our efforts towards greater equity, that hiring practices are made transparent and openness around the gender pay gap is increased. As discussed in my previous article¹, organisations with fair remuneration and hiring practices are more likely to attract high-quality job candidates from all backgrounds. However, where firms fail to see or care about the importance of representation and diversity in the workforce, the enforcement of more transparent remuneration and hiring practices should be considered¹⁰: after all, it has been demonstrated that the enforcement of stronger employment protection laws leads to rising labour force participation and lower unemployment¹¹. Both of which are positives for the whole of society.

So, now we're ready to tackle the perennial objection to equity: it is a doctrine that, while claiming to be about making people equal, actively promotes solutions that treat people unequally. This objection is based not on the practicalities or outcomes of equity, but on a perceived contradiction in its underlying logic. So, I will defend the ethics of equity on those terms. Equity, in which people are treated fairly and supported as individuals, stems from the understanding that the generalised maxim¹² 'people should all be treated equally' is insufficient for actually achieving equality: because talk of 'equal treatment' doesn't necessarily account for the pre-existing conditions of those parties. It is too easy for someone who enjoys entrenched privilege to outcompete a better qualified, more talented individual from a less privileged background, when both are given straightforwardly equal treatment. However, the generalised maxim 'we should improve access to opportunities to those who lack such opportunities' is more likely to lead to greater equality. Therefore, it is not a contradiction to claim that equity, when defined as the provision of different levels of support according to needs and abilities of the individual, will result in greater equality.

I'd like to conclude on a conciliatory note, because if it really is true that "when you're accustomed to privilege, equality feels like oppression", progress cannot be made without addressing this perception. Research shows that those who enjoy a position of privilege tend to find it harder to empathise with those who don't¹³. Furthermore, it seems that we have an instinctive impulse to rationalise our own successes as being a result of superior acumen, even if to an outside observer it is clear that we are the beneficiaries of privilege¹⁴. But if we can practice empathy, it becomes easier to see that equity will benefit us all, and that if embracing equity entails the relinquishing of privilege by some, it doesn't mean relinquishing the benefits that follow for all.

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¹² "Maxim" is used here in the Kantian sense of one which could rationally be "willed to become a universal law". Kant, Immanuel, Groundwork on the Metaphysics of Morals (1785).

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