



# ALASKA SHRM STATE COUNCIL



## EQUITABLE PAY AS AN ORGANIZATIONAL STRATEGY

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# Equitable Pay as an Organizational Strategy

January 29, 2021

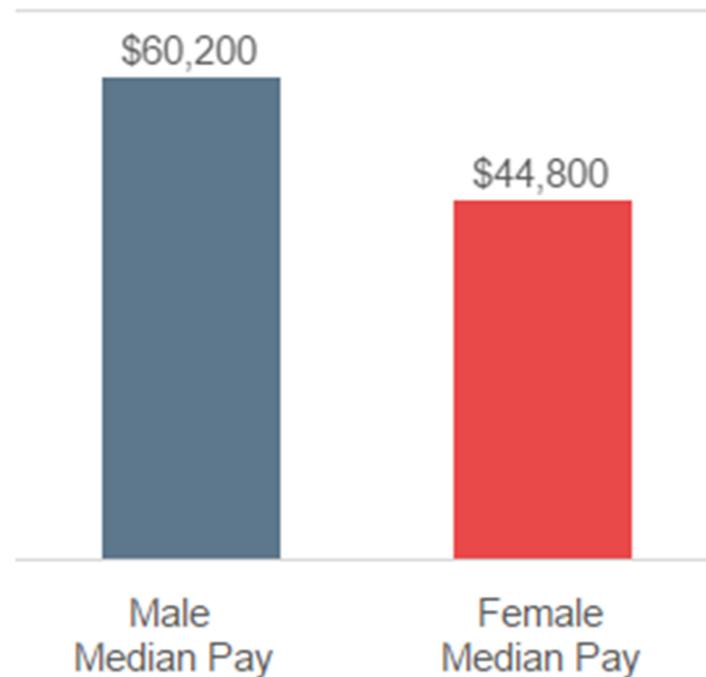
What about this topic interests you?

# What's the Issue?



# What's the Issue?

**Uncontrolled Gender Pay Gap**  
**Women earn 25.6% less than men**  
when we compare all men to all women.  
(That's 74 cents on the dollar.)



# What's the Issue?

Women earn less than men in 439 of 446 US major occupations.

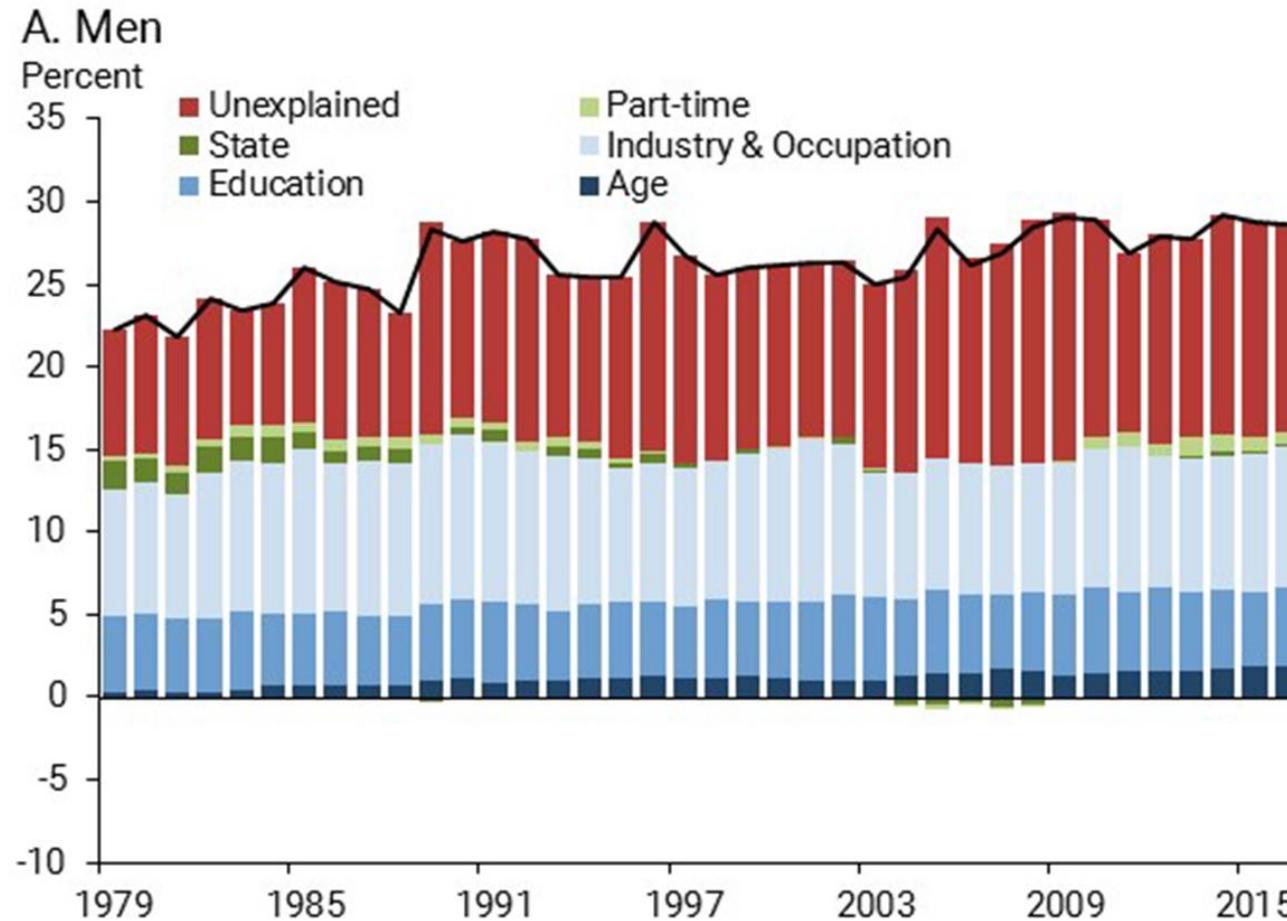
Job	Women's Pay as % of Men's
Physicians and Surgeons	64%
Financial Analyst	77%
Social/Community Services	81%
HR Managers	85%
Computer Programmers	92%
Food Prep	93%
Highway Maintenance	101%

# What's the Issue?

**Controlled Gender Pay Gap**  
**Women earn 2.7% less than men**  
when we control for compensable factors.  
(That's **97** cents on the dollar.)

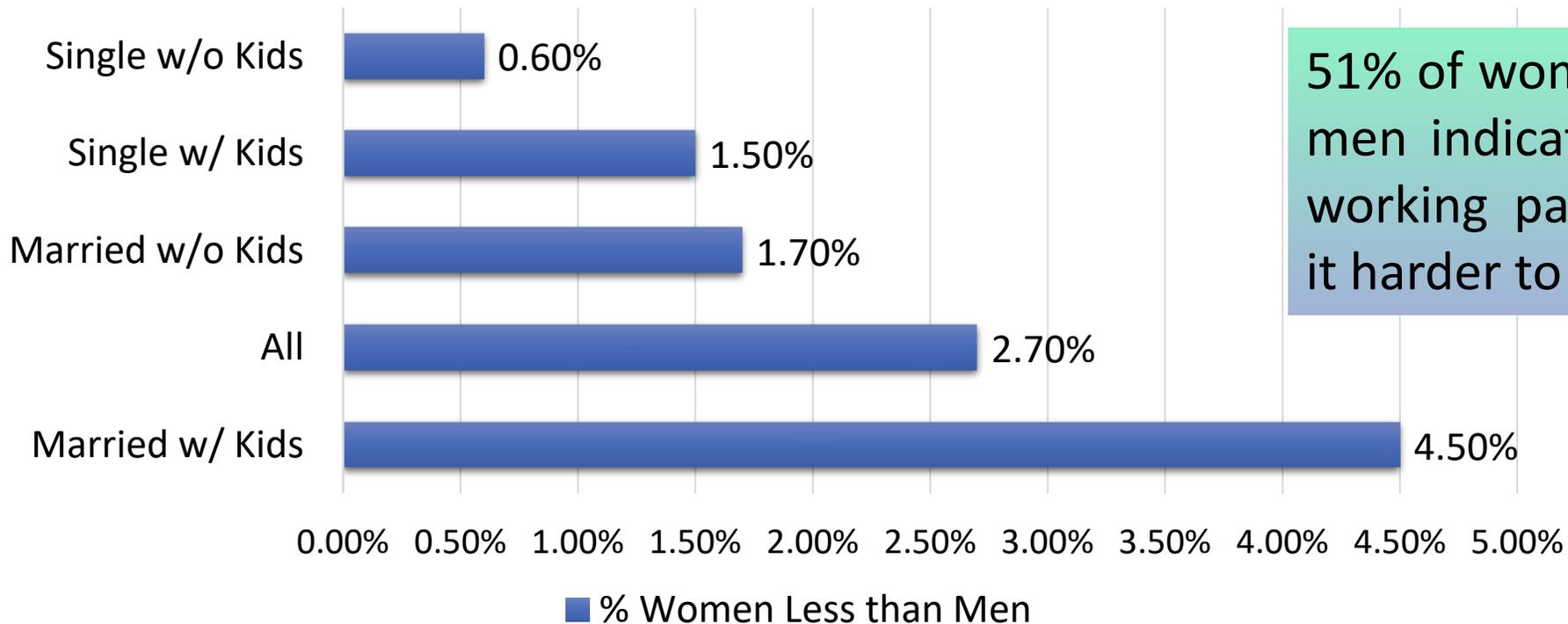


# What's the Issue?



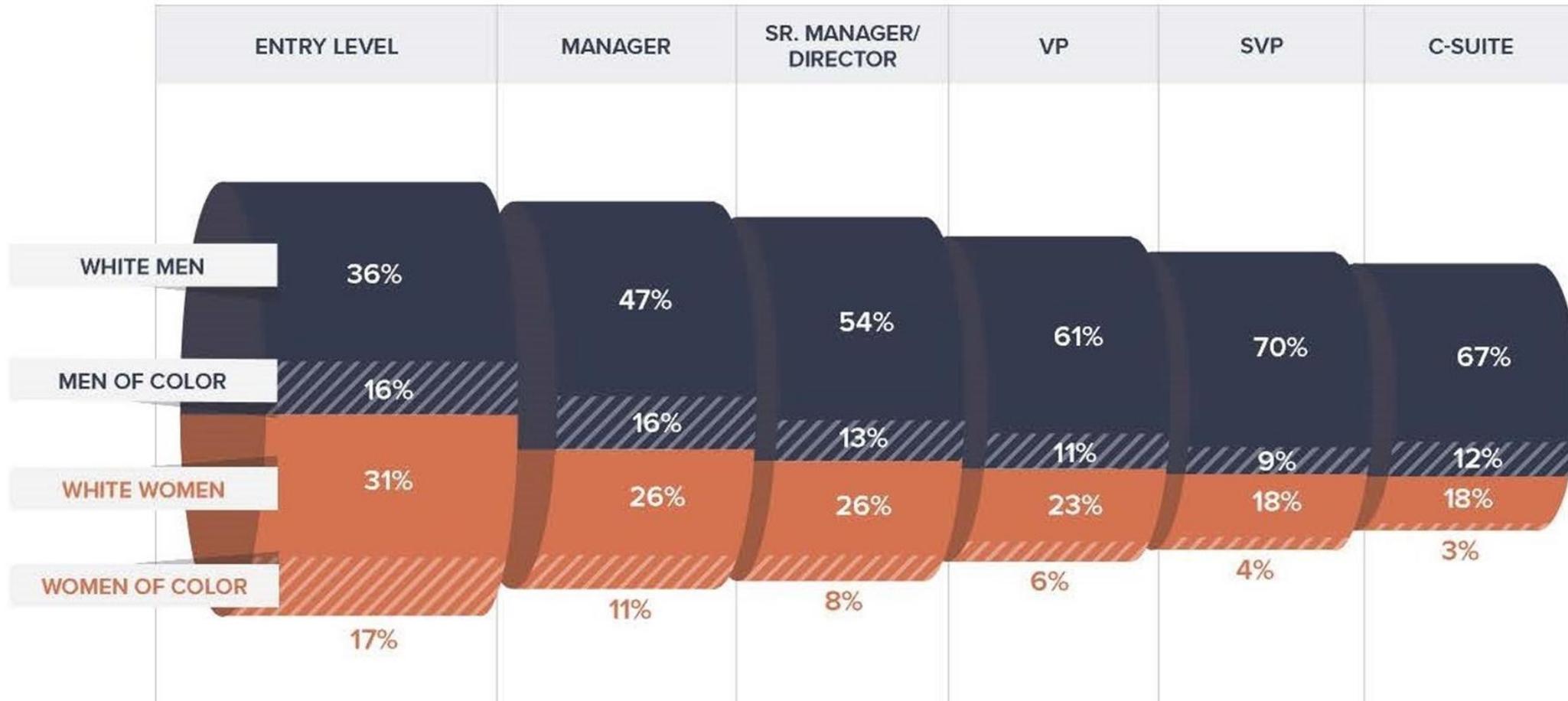
# What's the Issue?

## Difference in Pay – Women Less Than Men



51% of women and 16% of men indicate that being a working parent has made it harder to advance.

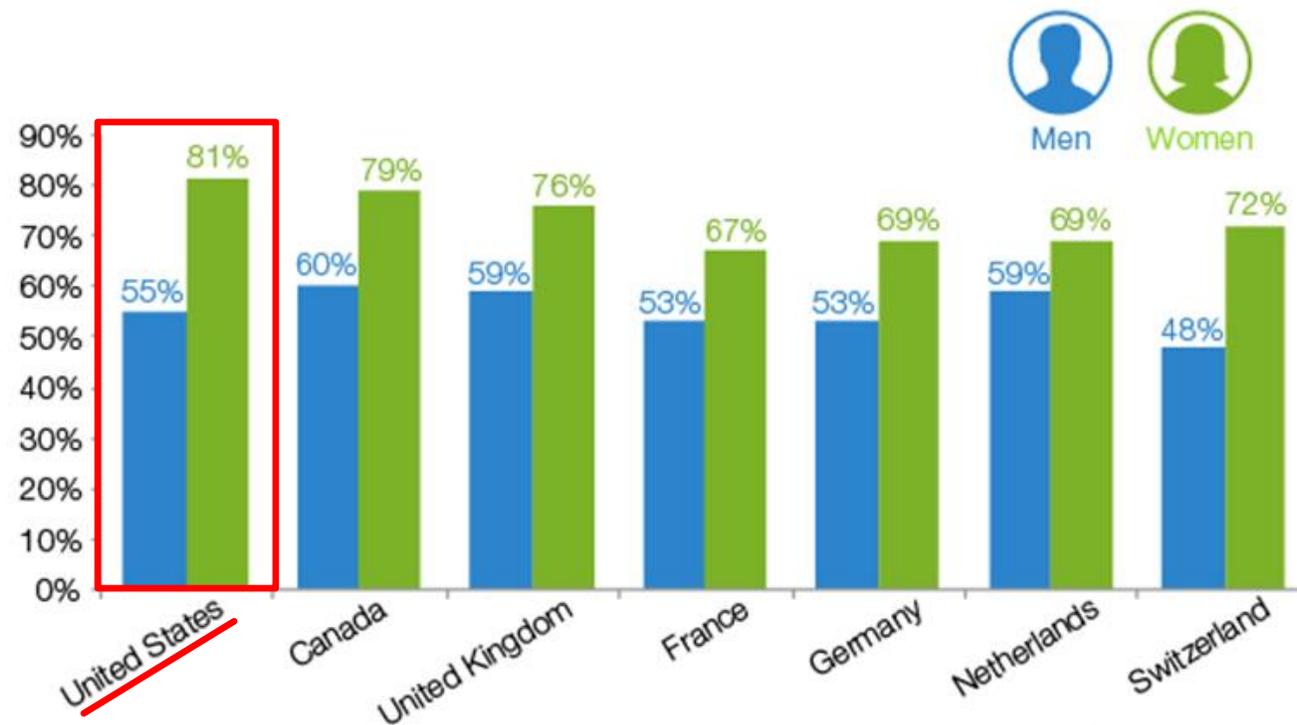
# What's the Issue?



# Why Does Pay Equity Matter?

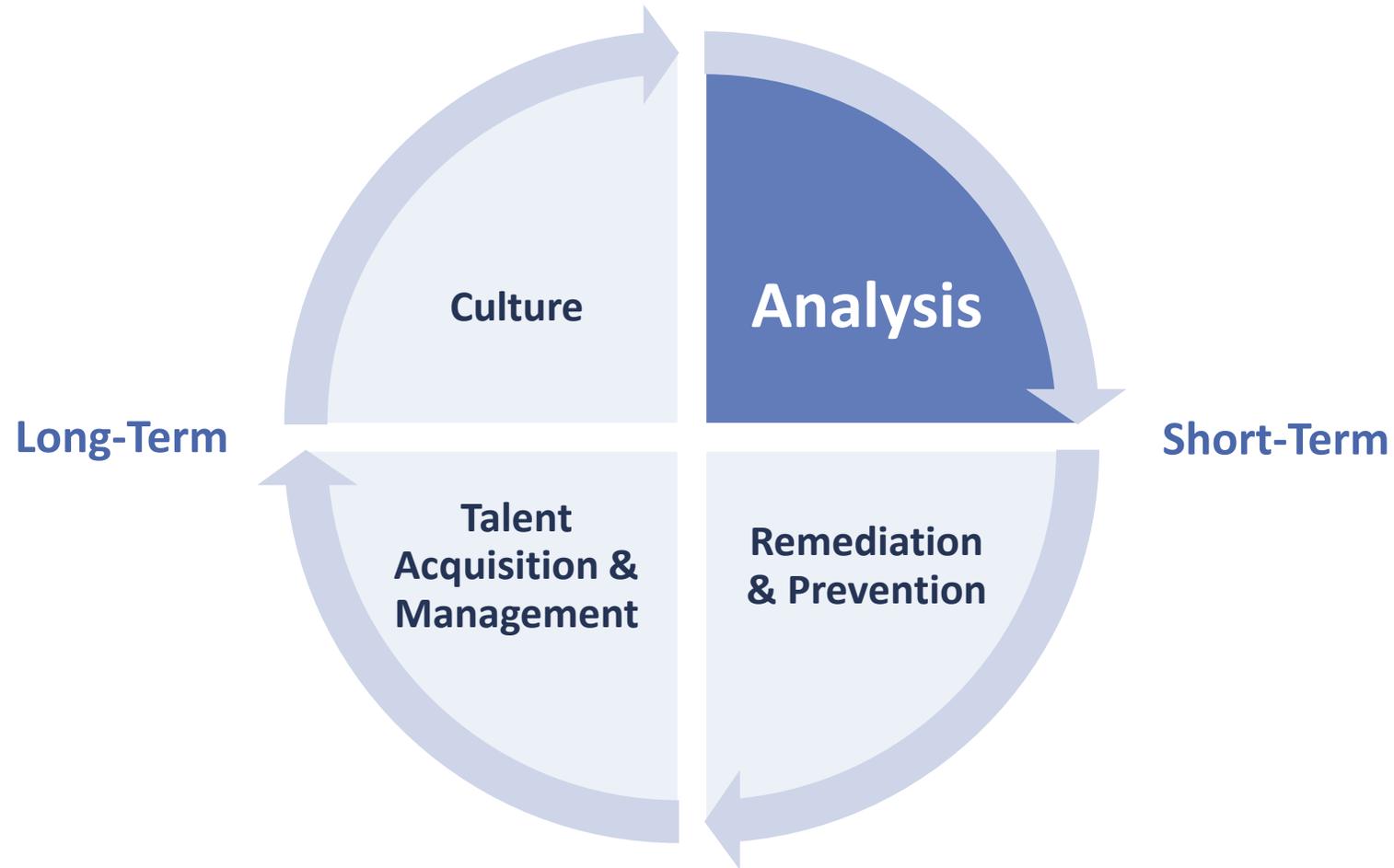
# Pay Gap is a Candidate Concern

% who would not apply for a job at an organization where pay gaps exist for similar work





# Pay Equity Strategy



# Designing a Pay Equity Analysis



# Legal Implications

Consider the implications before conducting the analysis

- What if you conduct the analysis but don't do anything with the results?
- Privilege
- Frequency of the analysis



# Compensation Equity Analysis

## Job Duties

Grouping employees by the type of work they do is a refinement in the analysis.

## Gender

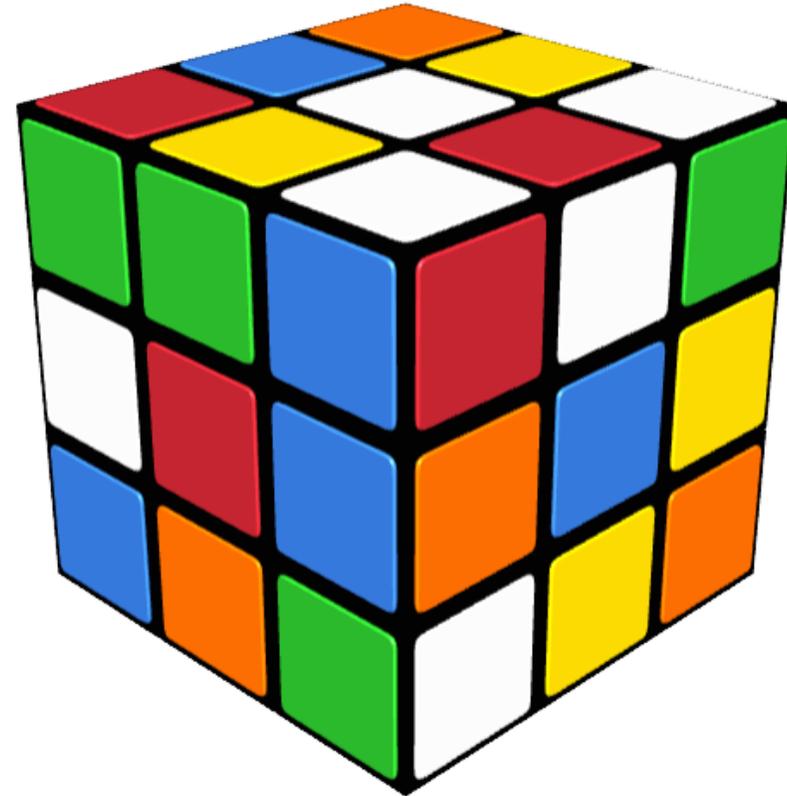
The analysis usually starts at a very high level, looking at gender pay differences.

## Race

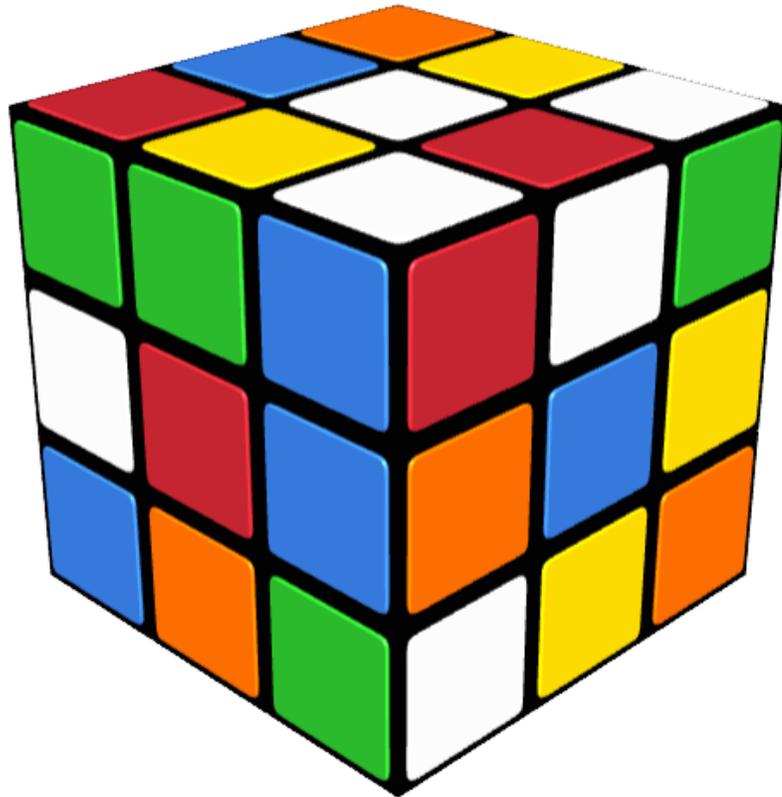
Race is also a likely place to start with analyzing pay differences.

## Job Duties

Analyzing pay, by gender, race and job by org. unit can reveal trends in pay equity.

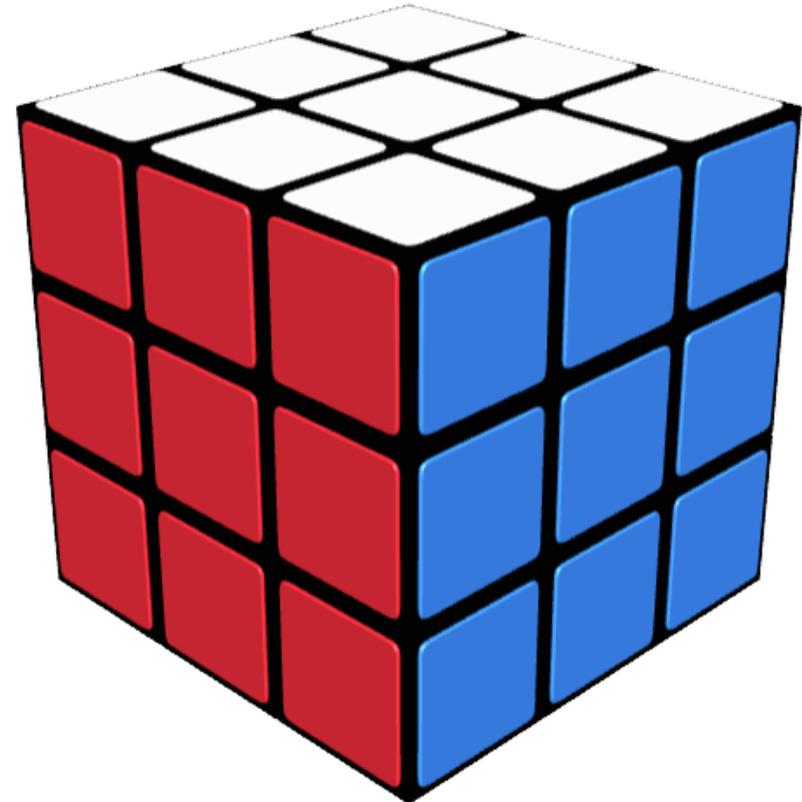


# Compensation Equity Analysis



From this...

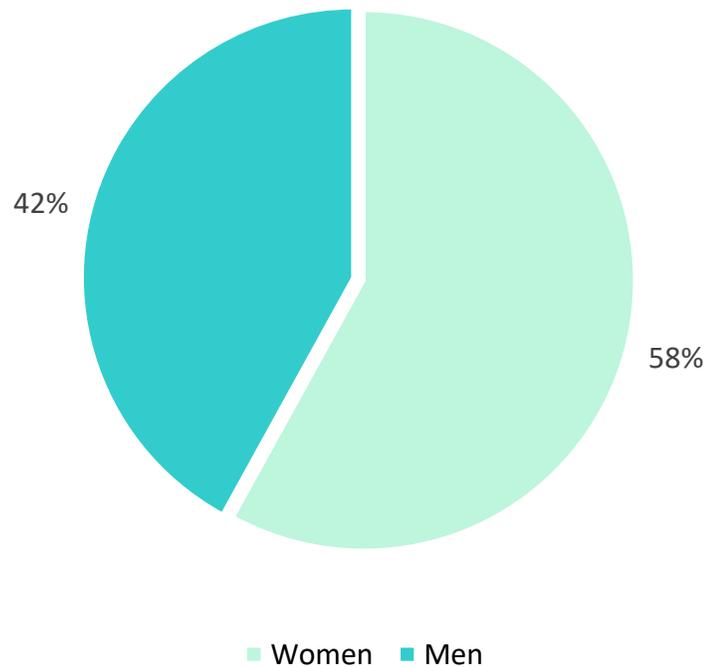
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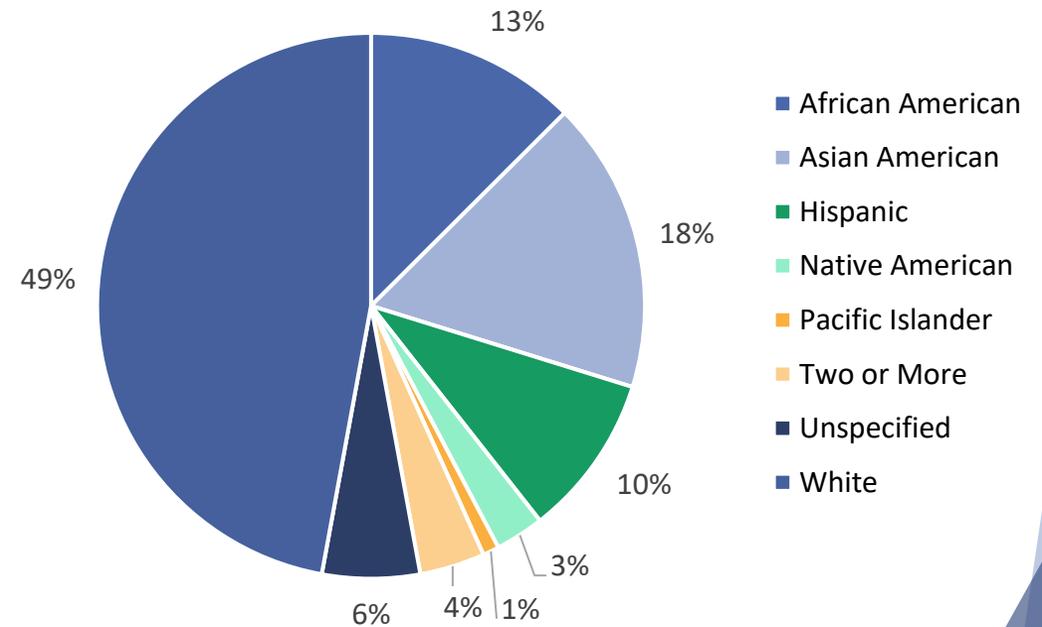
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# Population Snapshot

## Gender Snapshot – Organization



## Race Snapshot – Organization



# 'Uncontrolled' Pay Snapshot

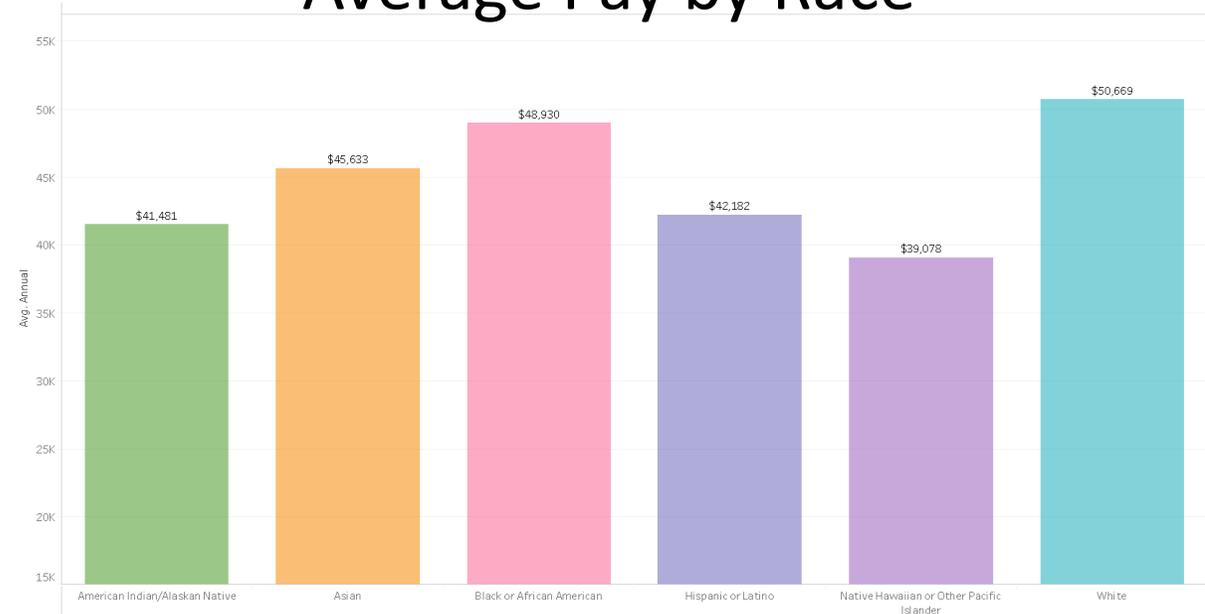
## Average Pay by Gender



### Gender

- Female
- Male

## Average Pay by Race

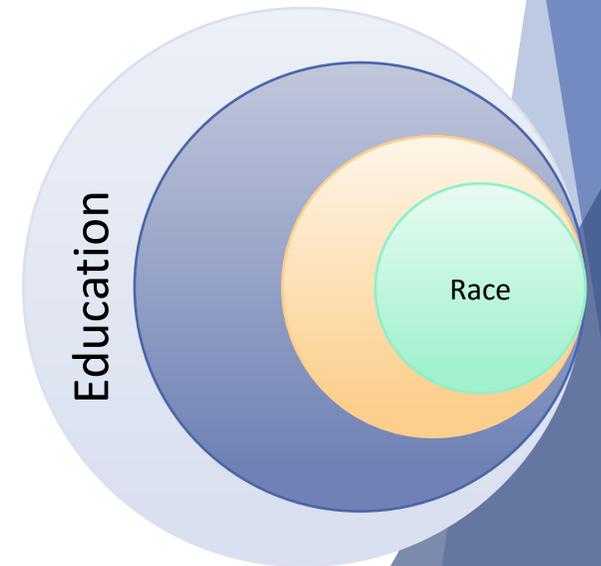
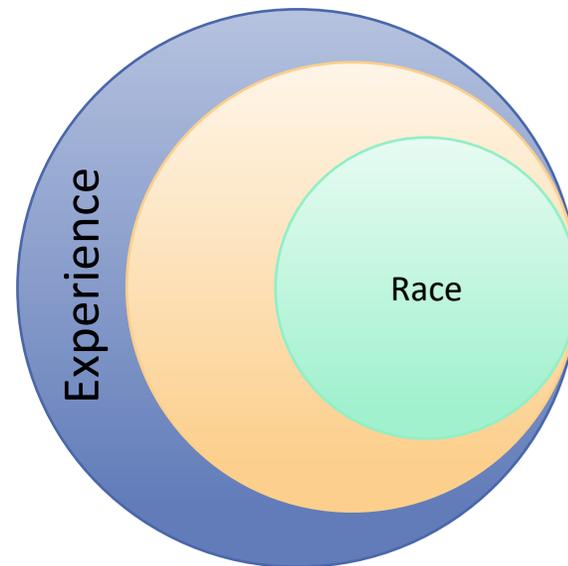
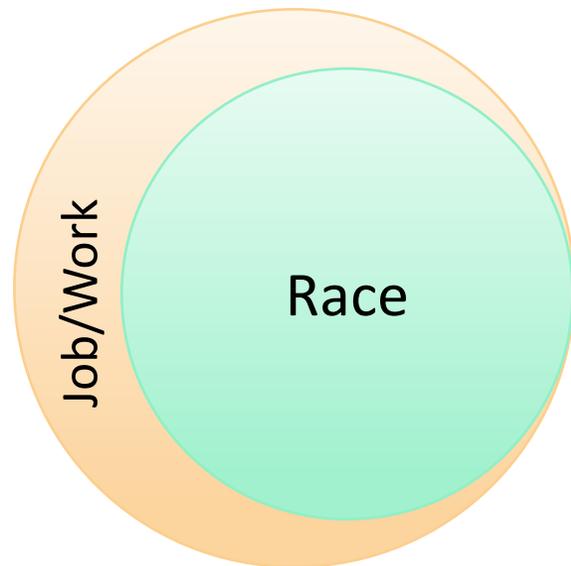
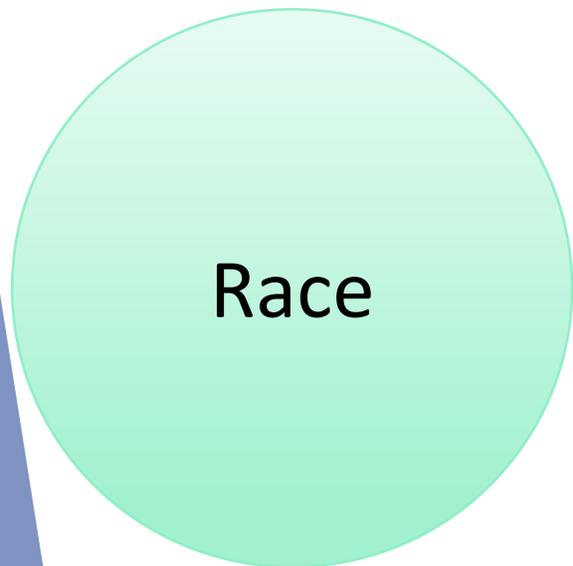


### Ethnicity

- American Indian/Alaskan Native
- Asian
- Black or African American
- Hispanic or Latino
- Native Hawaiian or Other Pacific Islander
- White

# Controlled Analysis

- Filter out differences attributable to legitimate factors
- Determine if any “unexplained” difference is significant and indicates further research



# Controlled Analysis Using Regression



# Controlled Analysis Using Regression

	Uncontrolled	Controlled
Male	10.10%	1.10%
Controls		
Job title	No	Yes
Experience	No	Yes
Education	No	Yes
Performance	No	Yes
Observations	1,000	1,000
R <sup>2</sup>	35.8%	79.7%

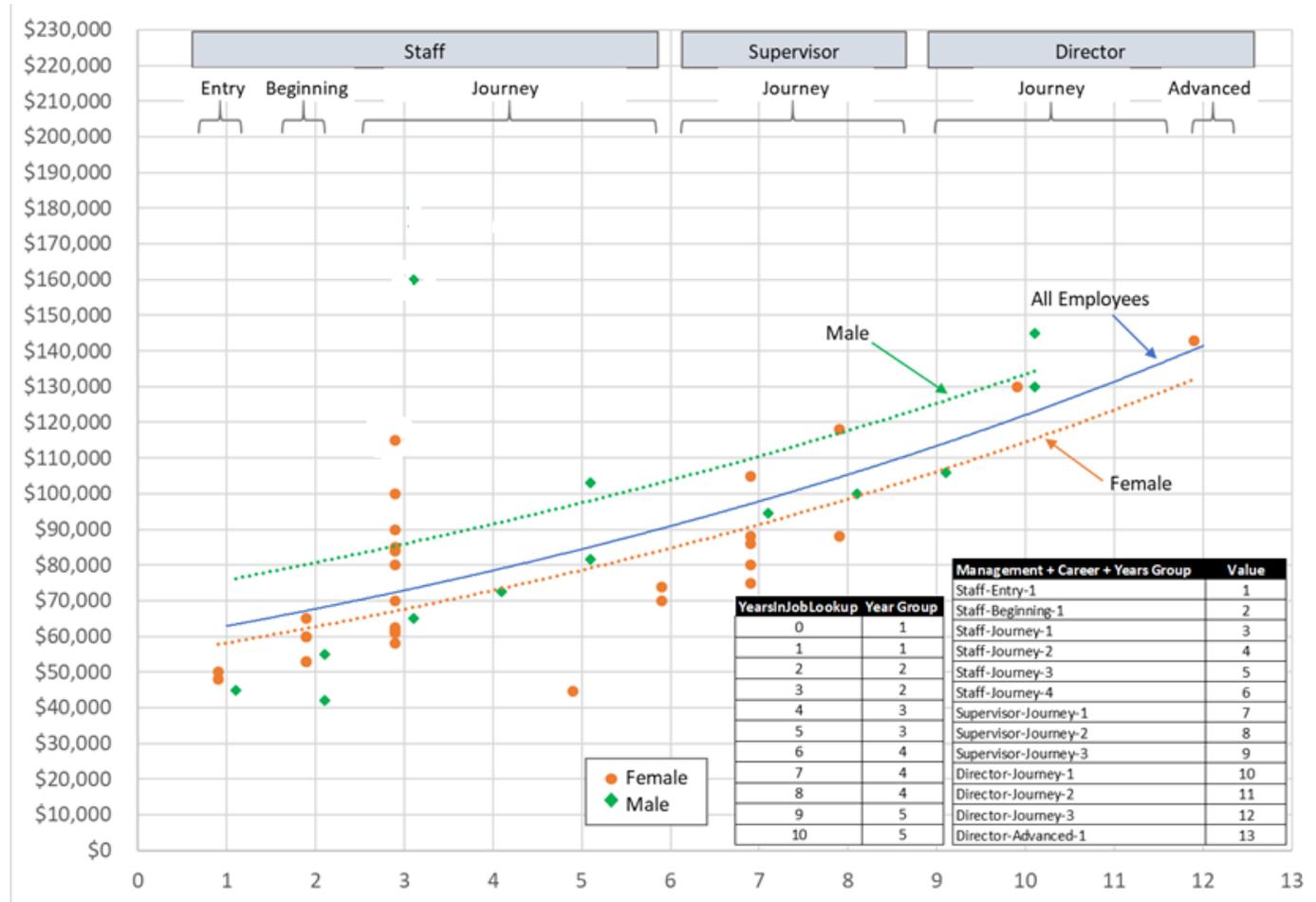
Difference in pay between genders



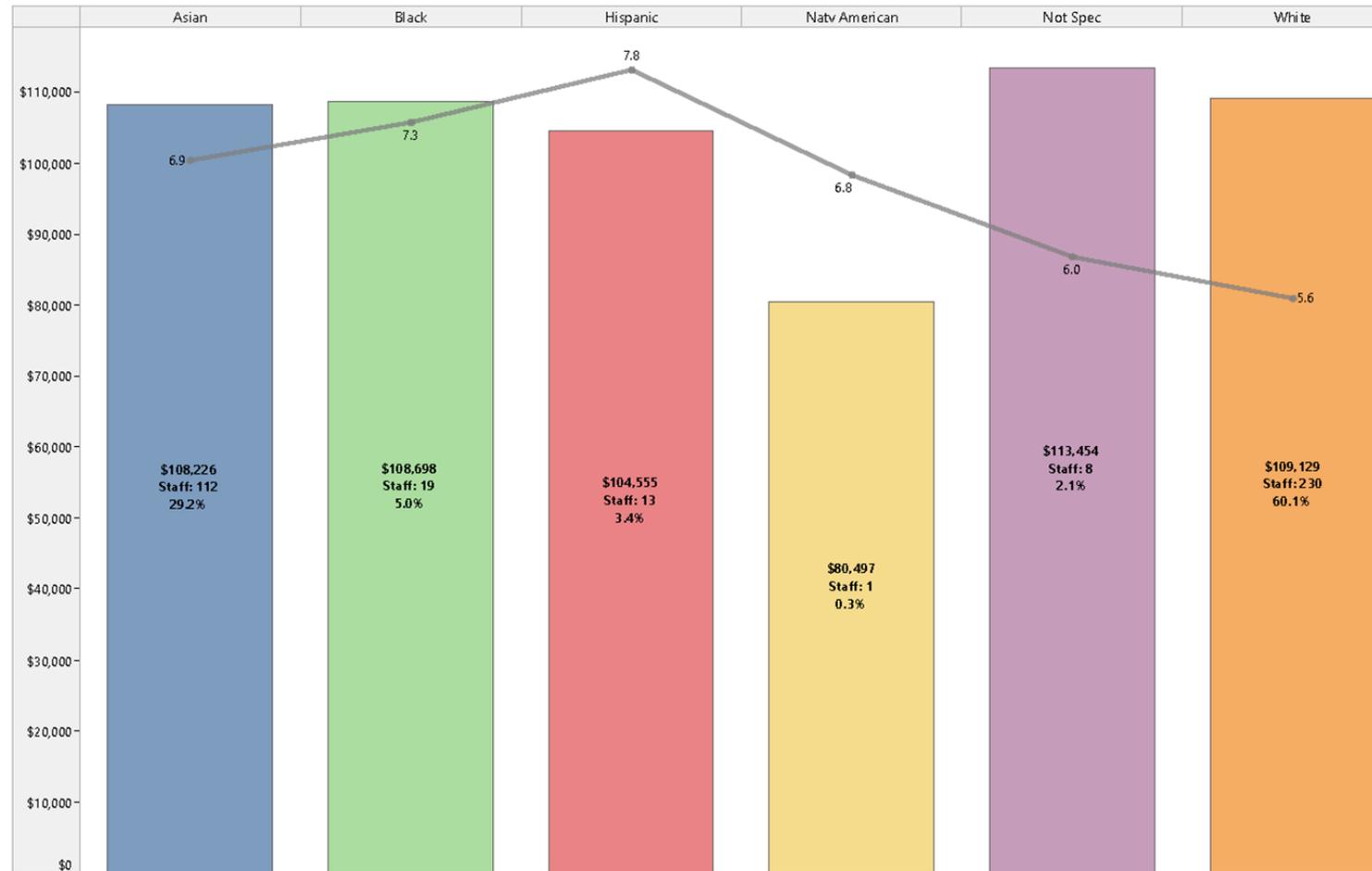
Look at all job groupings

Data for 1,000 employees  
Confidence that the controls  
account for the variation

# Controlled Analysis Using Regression



# Individual Analysis by Job



# Analysis by Job: Admin Assistant

Employee	Annual Pay	Gender	Ethnic Group	Education	Experience Bracket	Age Bracket
Employee A	\$46,821	Male	White	High School	10-14 years	40 & over
Employee B	\$46,322	Female	White	Unknown	< 5 years	40 & over
Employee C	\$47,133	Male	White	College	< 5 years	40 & over
Employee D	\$42,890	Male	Hispanic	College	< 5 years	40 & over
Employee E	\$44,304	Male	White	College	< 5 years	30-34
Employee F	\$43,056	Female	Asian	College	< 5 years	20-24

Average Pay	Whole Group ...	\$45,088
	< 5 Years .....	\$44,741
	Men .....	\$45,287
	Women .....	\$44,689

- What are the potential issues here?
- What other information would you like to know?

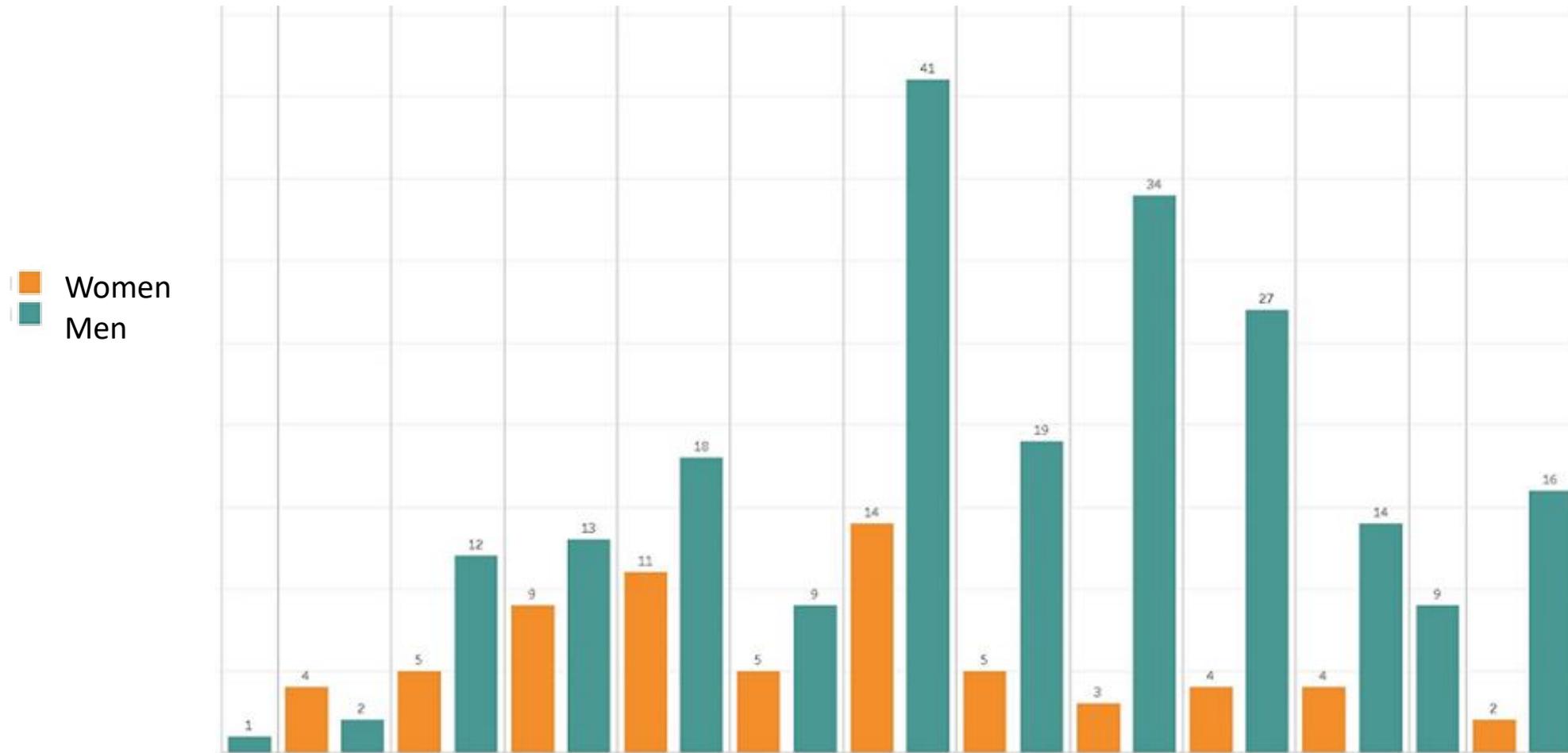
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# More Than Pay

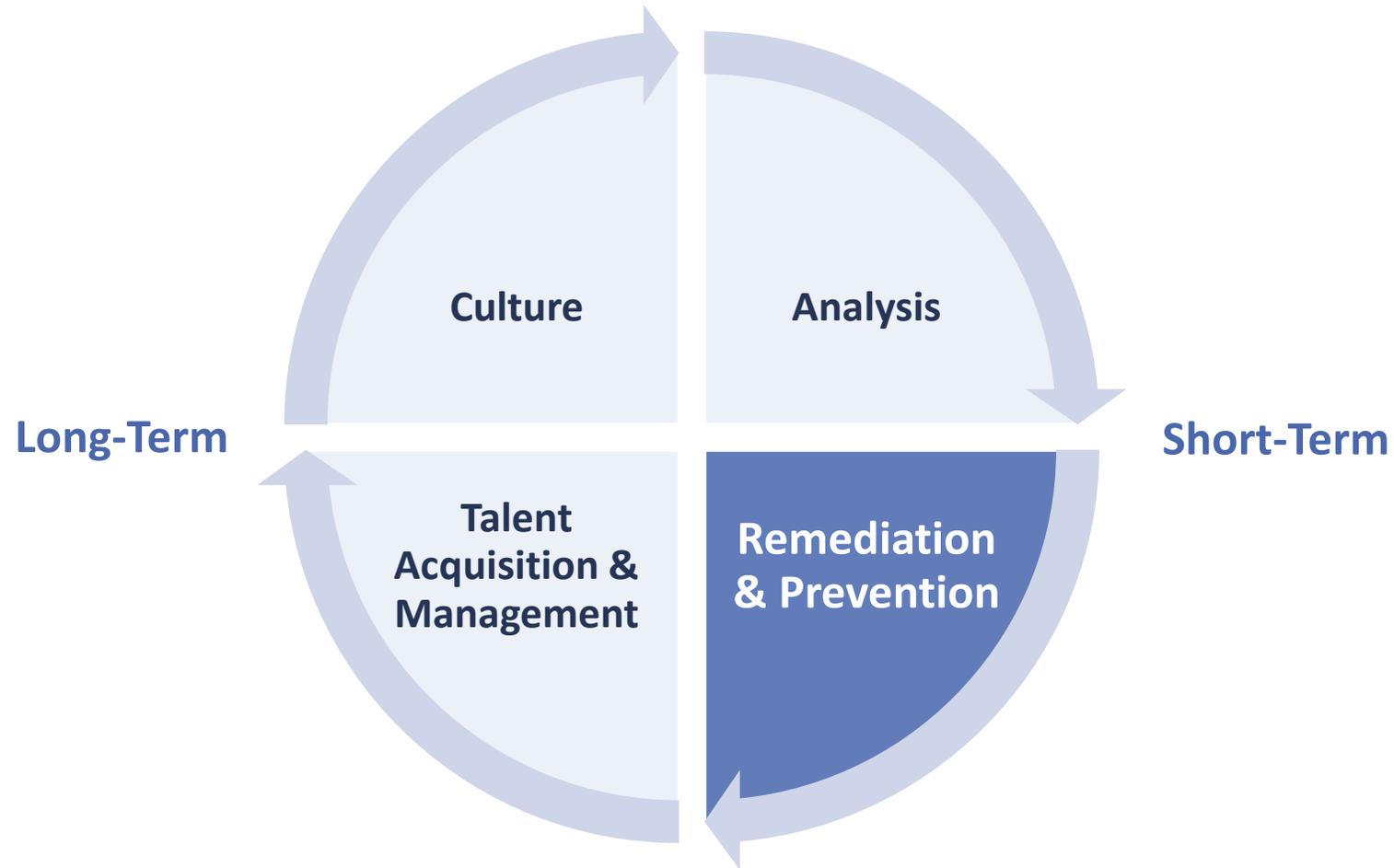


# Reasons For Misleading Results

- Inappropriate Pay Analysis Groups
- Current Employee and Pay Data
- Missing Data: Prior Work Experience, Education, etc.



# Pay Equity Strategy



# Establish Your Remediation Approach

- Consult An Attorney
- Consider What Your Organization Can Afford And Prioritize
- Adjust Pay For Those Identified As Outliers
  - Group analysis to determine individual pay based on similarly situated workers (less risk)
  - Statistical model paying no less than X% of average of similarly situated workers (more risk)

# Analysis by Job: Admin Assistant

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Average Pay	Whole Group ...	\$45,088
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- What approach would you take for remediation?
- Why?

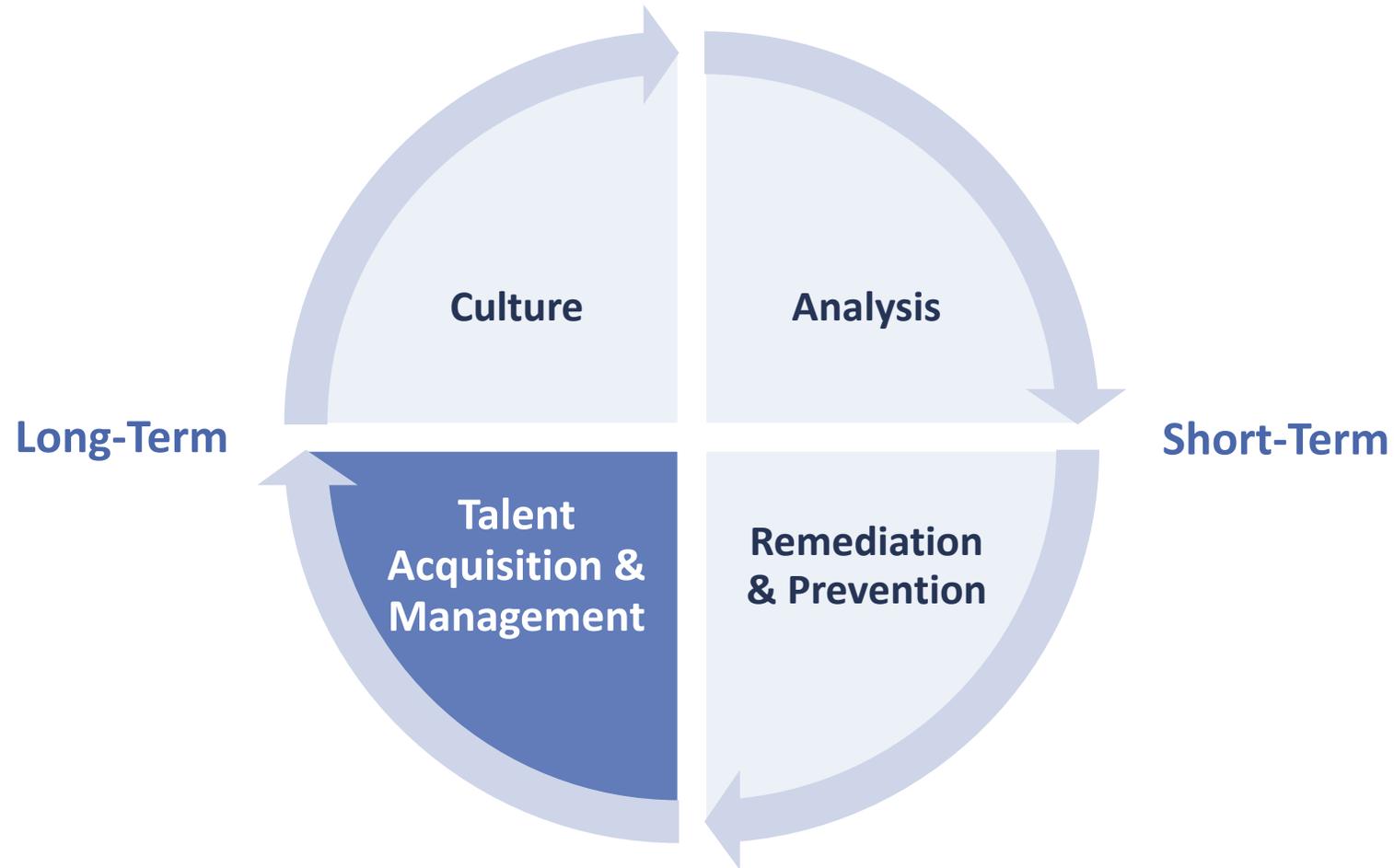
What do you think are common causes of pay inequities?

# Tactics for Preventing Pay Inequities

- Establish Pay Ranges
- Create Compensation Administration Guidelines, Educate Supervisors, and Hold Them Accountable For Decisions
- Limit Ad-hoc Or Non-routine Pay Adjustments



# Pay Equity Strategy



# Start With Your Data

Use your uncontrolled and controlled data as a starting point:

- How do our employee demographics compare to the local workforce demographics?
- Are some populations under-represented or missing in certain jobs or areas of the organization?
- What does our glass ceiling data indicate? Who holds positions of leadership within the organization?
- Who is in the leadership pipeline?

# Transparency Spectrum

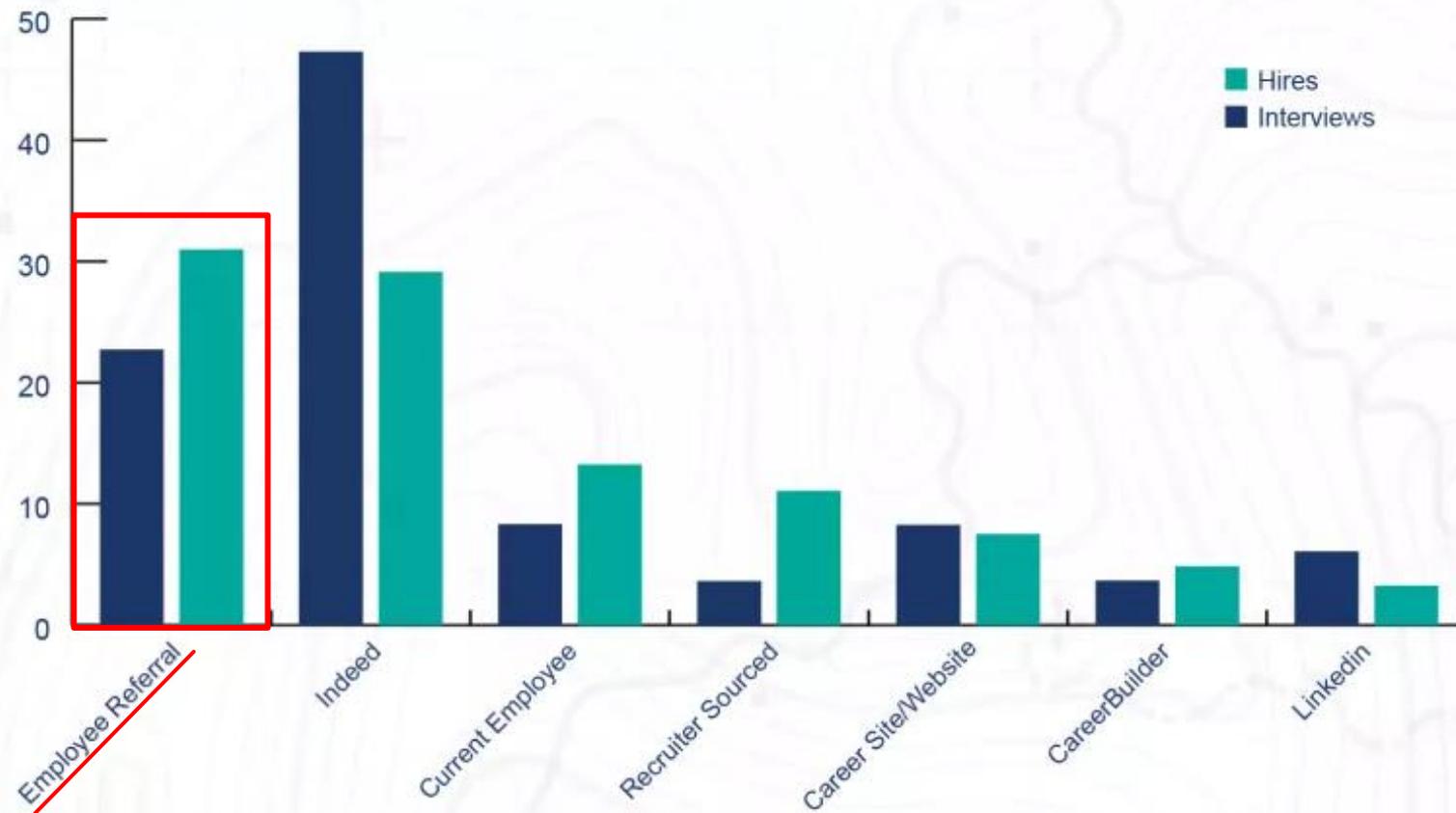


# Transparency Matrix

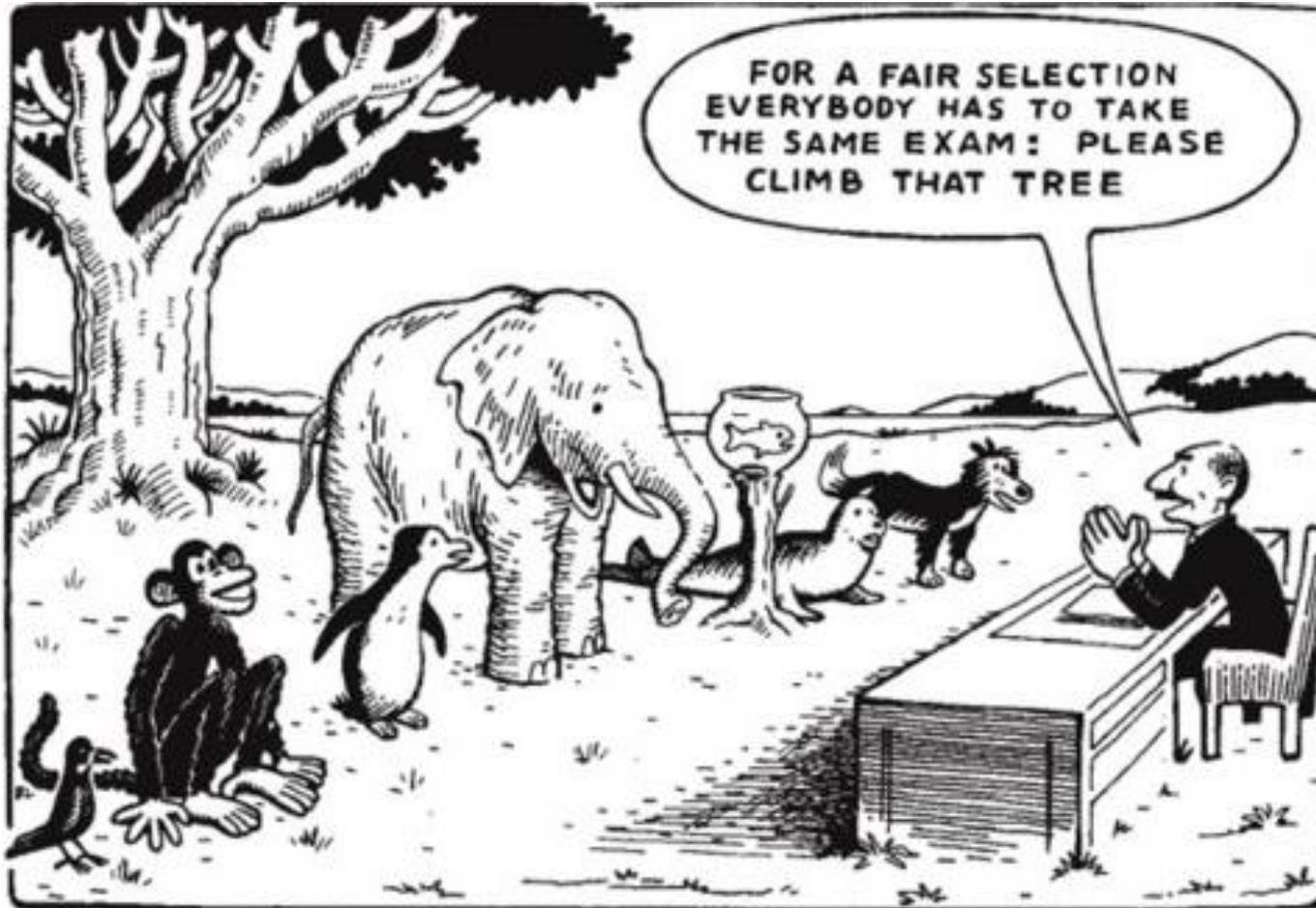
	Employee	Supervisor	Manager	C-Suite
<b>Compensation philosophy</b>	Yes	Yes	Yes	Yes
<b>Market pay data</b>	No	No	No	Yes
<b>Base pay determination process</b>	Yes	Yes	Yes	Yes
<b>Variable pay determination process</b>	Yes	Yes	Yes	Yes
<b>Pay ranges</b>	For self	For self and team	For self and team	All
<b>Merit matrix</b>	Yes	Yes	Yes	Yes
<b>Pay equity analysis results</b>	High level	High level	High level	All detail

# Hiring Sources

Percent of Total Hires and Interviews by Top Sources



# Review Required Job Qualifications



# Job Qualifications: Degree Inflation

Jobs That Used To Require A High School Diploma  
Now Require A Bachelor's Degree

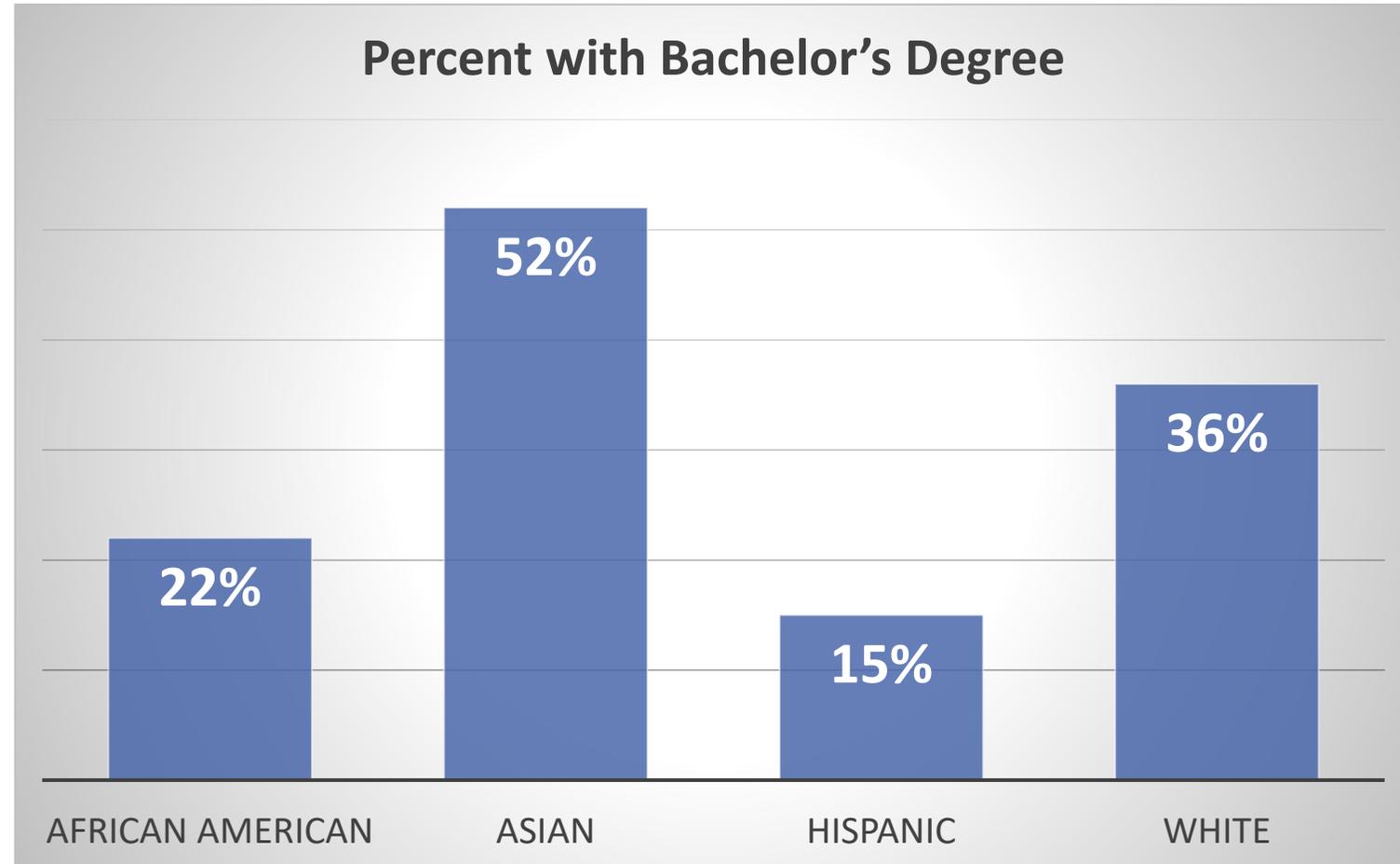
Result:

- 61% Of Employers Have Rejected Applicants With The Requisite Skills And Experience But No Degree
- College Graduates In “Middle-skill” Positions:
  - Cost more
  - Less engaged
  - Higher turnover

# Is A Degree Absolutely Necessary?

**33%**

US Population with Bachelor's Degree



# Examine Your Applicant Pipeline

- Analyze Job Postings For Gendered Or Racially Coded Language  
[gender-decoder.katmatfield.com](http://gender-decoder.katmatfield.com) or Textio
- Anonymous Recruitment – remove candidate name and other personal information before sharing with hiring manager
- Panel Or Multi-interview Process With A Diverse Group Of Interviewers



# New Hire Pay Placement Process

**Candidate Name:** \_\_\_\_\_ **Highest Education Level:** BS  
**Req #:** \_\_\_\_\_ **Relevant Experience:** 7 Years  
**Title:** Database Administrator  
**Job Type:** FT Exempt

Salary Grade	Grade Min	2nd Quartile	3rd Quartile	4th Quartile	Grade Max
Ex 12	\$72,000	\$83,000	\$94,000	\$105,000	\$116,000

Min Quals      Moderate Quals      Exceeds Quals      Far Exceeds Quals

## *Internal Equity Review - Other Database Administrators*

Employee	Last Hire Date	Date In Job	Years in Job	Prior Exp	Total Exp	Education	Salary
EE 1	01/26/2015	01/26/2015	3.69	1.00	<b>4.69</b>	BS	\$81,000
EE 2	10/18/2010	02/03/2014	4.67	0.33	<b>5.00</b>	AA	\$83,000
EE 3	03/30/2015	03/30/2015	3.52	4.00	<b>7.52</b>	BS	\$86,000
EE 4	12/07/2015	12/07/2015	2.83	8.00	<b>10.83</b>	BS	\$89,000
EE 5	10/02/2012	09/23/2013	5.03	4.00	<b>9.03</b>	BS	\$91,000
EE 6	10/31/2011	10/31/2011	6.93	10.00	<b>16.93</b>	AA	\$96,000
EE 7	01/03/2012	05/20/2013	5.38	2.83	<b>8.21</b>	MS	\$98,000

# Leadership Development / Mentorship Program

- Supported by senior leadership
- Formal program with mentors and role models
  - Access to visible, challenging assignments
  - Development of informal and formal networks
  - Ability to gain experience related to advancement



**77% Of Companies With Mentoring Programs Say  
They Improve Retention And Job Performance**

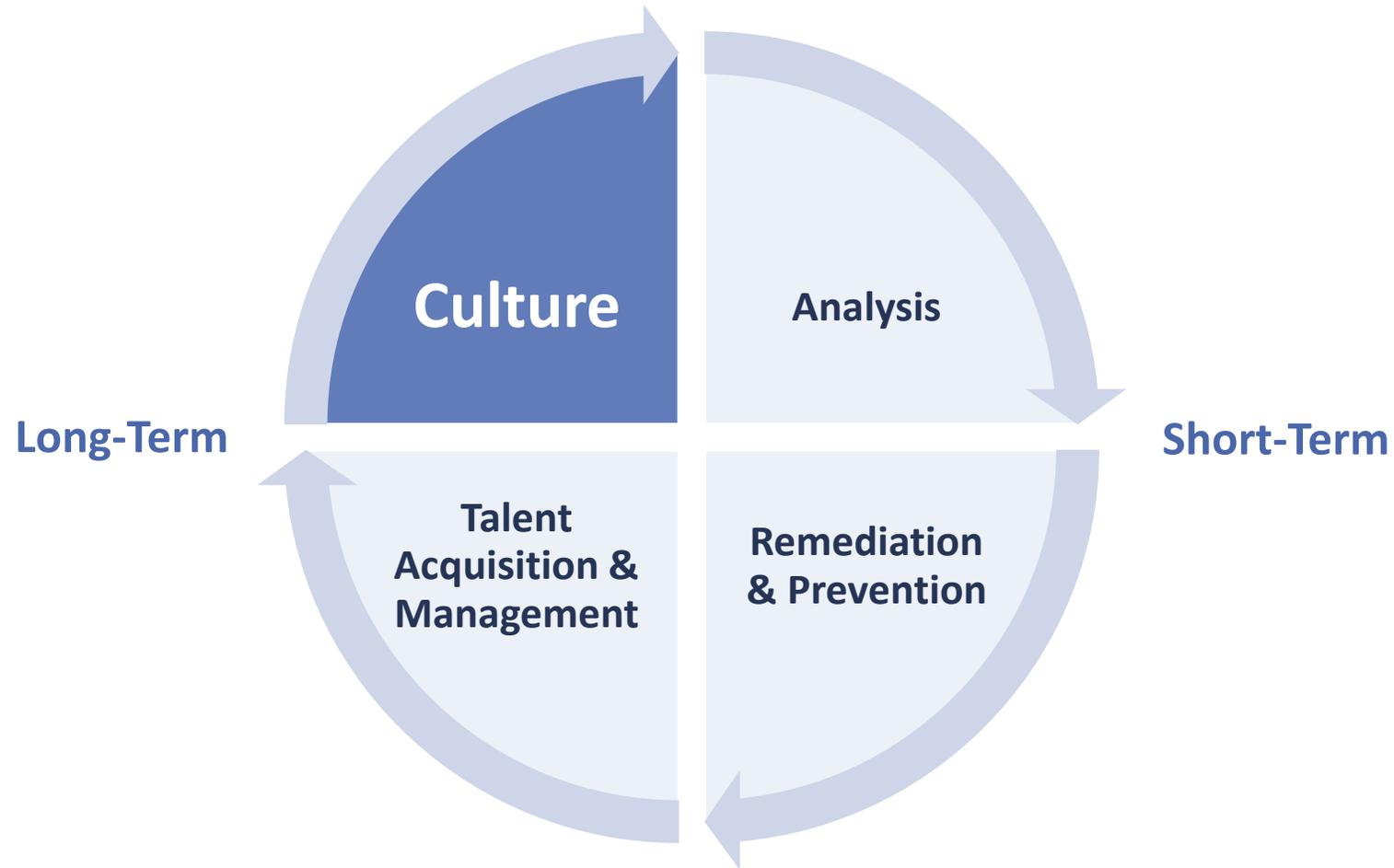
# Consider Non-Traditional Schedules

Flexible Working Benefits		2015	2016	2017	2018	2019
<b>Telecommuting</b>						
→	Telecommuting on an ad-hoc basis	56%	56%	59%	68%	69%
	Telecommuting on a part-time basis	36%	31%	35%	37%	42%
→	Telecommuting on a full-time basis	22%	20%	23%	23%	27%
<b>Flexible Scheduling</b>						
→	Flextime during core business hours	52%	51%	54%	55%	57%
	Flextime outside of core business hours	26%	28%	31%	27%	29%
	Mealtime flex	42%	43%	45%	41%	47%
	Break arrangements	37%	36%	36%	33%	37%
→	Compressed workweek	31%	29%	29%	27%	32%
	Shift flexibility	21%	24%	25%	22%	27%
	4-day workweek of 32 hours or less per week (applies to all employees for all or part of the	—	—	13%	12%	15%

# Education

Topics	Sr Leadership	Managers	Staff
Unconscious bias training	X	X	X
Race and social justice awareness training	X	X	X
Wage gap data (employer's info)	X		
Glass ceiling data (employer's info)	X		
Career advancement/mentoring	X	X	X
Pay progression conversations	X	X	X
Pay administration guidelines	X	X	
Hiring and implicit bias	X	X	
Total compensation statements	X	X	X

# Pay Equity Strategy



# Ask Some Tough Questions

- Which Group(s) Feel Most At Home In Our Workplace?
- Which Group(s) Feel Like (Unwanted) Guests?
- Whose Experiences, Norms, Values, And Perspectives Influence Our HR Policies, Programs, And Practices?
- What External And Internal Pressures Encourage Positive And Negative Changes To Our Programs And Practices? Why? How?
- What Is The Risk To Our Organization If We Keep This Policy, Program, or Practice?

# It's All Connected

- Think Long-term
- Holistic Approach
- View Everything Through An Equity Lens
- Engage Employees At All Levels To Help Deconstruct And Rebuild Systems



What Resonated With You?  
What Did You Find Challenging?  
What Ideas Will You Take Back To Work?



**THE TIME  
IS ALWAYS  
RIGHT  
TO DO  
WHAT  
IS RIGHT.**

**MARTIN LUTHER KING, JR.**

# SHRM Recertification Credit



Activity: 20-VUG7Q

Title: *Equitable Pay as an Organizational Strategy*

Date: January 29, 2021

Professional Development Credits:  
1.0



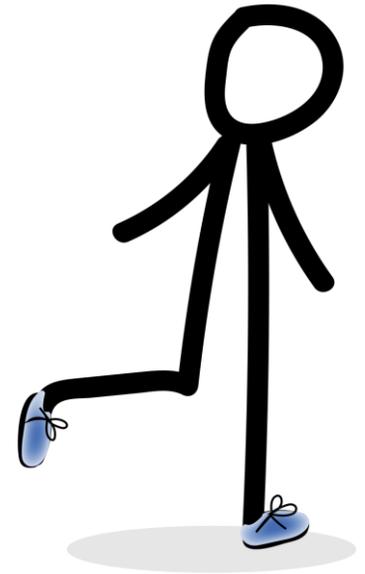
# Thank You!

Nancy Kasmar

[nancyk@compensationconnections.com](mailto:nancyk@compensationconnections.com)

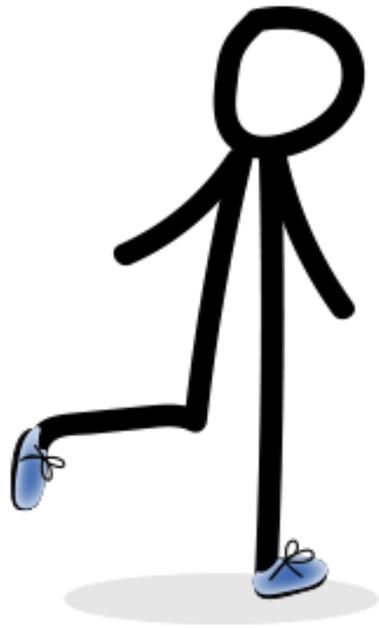
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# Nancy Kasmar, MS, SPHR, SHRM-SCP, CCP

## 30+ years Management / 14 years HR and Compensation



Nancy has worked with hundreds of organizations throughout North America as a compensation consultant. She speaks nationally on compensation, benefits, mentorship, and diversity.

Nancy was the 2018 Director for Washington State SHRM and past President of the Lake Washington Human Resources Association. She currently serves as the 2020 Certification Director for Washington State SHRM.



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