

Gapsquare  
UN SSE  
Luxembourg SE  
January 2024



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# Evolution of Pay Equity

# Defining Equity

# Fundamentals of pay equity

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## pay transparency

the degree to which employers are open about what, why, how and how much employees are compensated – and to what degree they allow employees to share that information with others

## pay equity

the concept of compensating employees who have similar job functions with comparably equal pay, regardless of their gender, race, ethnicity, or other status/protected characteristics

## equal pay

the Equal Pay Act requires that men and women in the same workplace be given equal pay for equal work. The jobs need not be identical, but they must be substantially equal

### unadjusted pay gap

the raw difference in earnings between demographic  
i.e. for every \$1 a man makes, a woman makes 80¢

### adjusted pay gap

The difference in earnings after considering factors which may reasonably explain pay differences (location, performance, tenure, etc.)



# Gapsquare's State of Pay Transparency and Pay Equity (2023)

## 1 Misalignment between leaders and employees

**75%**  
of Senior Business Leaders agree that addressing pay equity is a priority at their company.

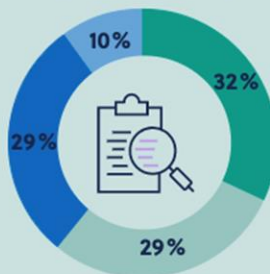
**47%**  
of employees agree.

## 3 Lack of, or ineffective, leader communication

**22%**  
of those surveyed say their managers don't ever have pay conversations with them.

## 4 Infrequent analysis, signaling a lack of priority

### Frequency of Pay Equity Analyses

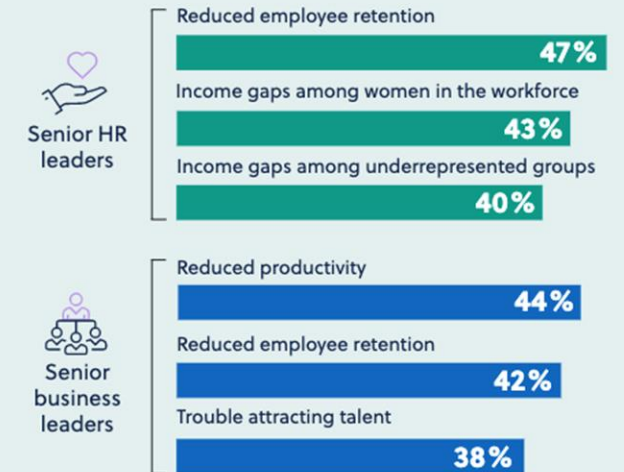


Of the 77% of organizations that do pay equity analysis, how often do they conduct pay equity analyses?

- Annually
- Semi-annually
- Quarterly
- Monthly

## 2 Ineffective, or no, strategies leading to poor talent and business results

### The downsides of inaction on pay inequities



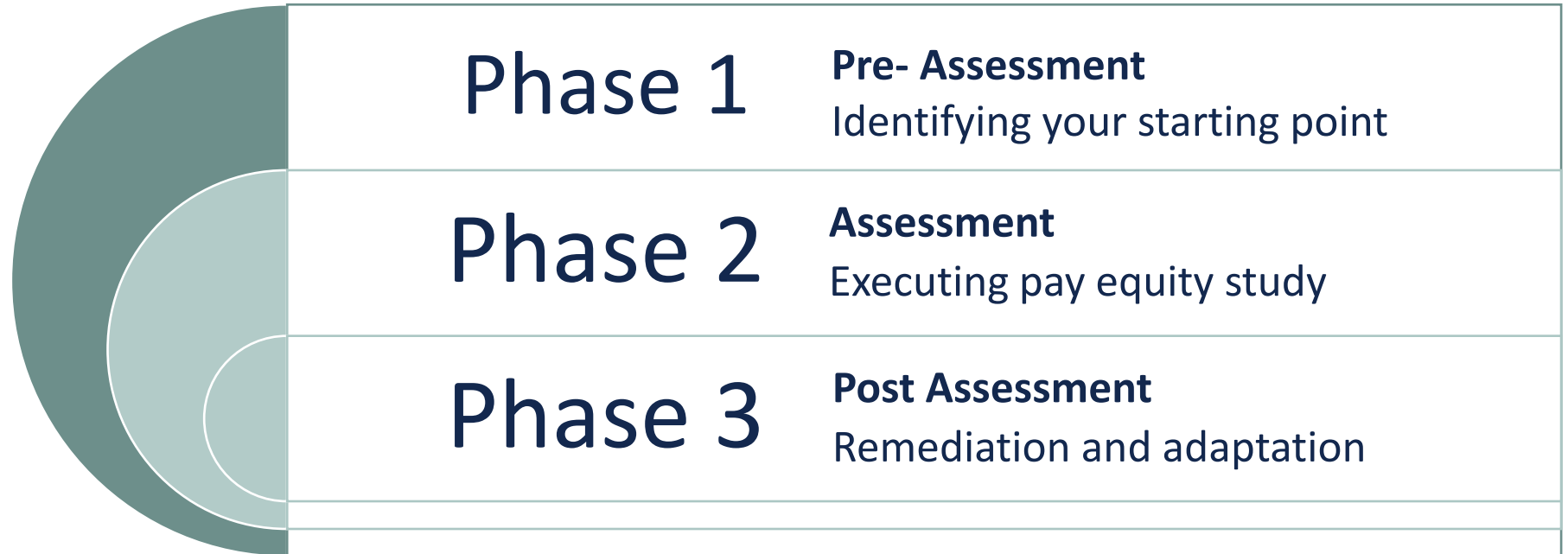
## 5 Use of manual analysis tools, which fail to inform where inequity exists and means to correct

**6 in 10**  
organizations still primarily use spreadsheets for pay equity audits

[Access the full report by Gapsquare by XpertHR](#)

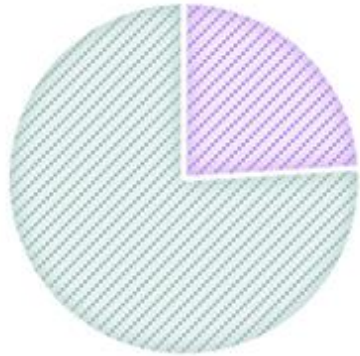
# Pay Equity In Practice

# Evaluate your starting point





# Phase 1: Pre-Assessment



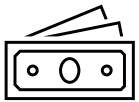
24%

*HR professionals report that their lack of a clear job architecture and job leveling frameworks was a factor holding back increased pay program communication*

2023 Pay Transparency Survey, Willis Towers Watson

## Metrics & KPIs

- Define timeline
- Ownership & accountability
- Ensuring compliance
- Budget & resources



### Pay philosophy:

- Data readiness
- Data ownership
- Type of analysis (e.g. gender)
- Pay elements (e.g. base salary)
- Levelling/job architecture



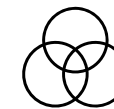
### Motivations & Objectives:

- Impact of regulation
- Business drivers
- Intended outcomes



### Stakeholder Alignment:

- Budget for remediation
- Determine privilege needs



### Comparator groups:

- Grouping employees who perform substantially similar work
- Differences across business units, departments, functions

# Phase 2: Assessment

**55%**  
*of business leaders cite complexities of pay equity analysis as their top barrier*



2023 Executive Networks and XpertHR Pay Equity and Transparency Study

## Metrics & KPIs

- Determine gap ranges & goals
- Remediation timeline
- Gap intervals for risk employees
- Compliance & reporting requirements



### Determine Methodology

- Observational Analysis
- Statistical Regression
- Assess Employee Outliers aka “Unicorns”



### Tools & Technology

- Identifying tools
- Engage active stakeholders



### Assessment

- Root cause analysis
- Reporting requirements
- Understand representation
- Scenario planning



### Prioritization

- Prioritize “at risk” employees
- Build strategies to close greatest pay and representation gaps

# Phase 3: Post-Assessment

20%

*Employees report only a third of managers (35%) have effective conversations with their teams and nearly a quarter (22%) do not have conversations with their teams at all and of those few that do, 20% of those discussions are ineffective or very ineffective.*

2023 Executive Networks and XpertHR Pay Equity and Transparency Study

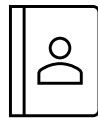
## Metrics & KPIs

- Immediate remediation needs
- Tracking efficacy of policy changes
- Address representation goals
- Track progress of closed gaps over time



### Remediate

- Remediation execution plan for immediate risk
- Engage legal council as needed



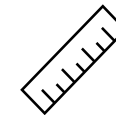
### Policies & Practices

- Modification of policies, programs, and practices to mitigate future risk
- Updating employee handbook



### Communication

- Communications plan for employees impacted
- Communication training for managers
- Change management



### Sustain & Scale

- Build a scalable, adjustment plan
- Determine cadence of review and regular remediation where needed



**Sabina Mehmood**

*Pay Equity Leader & Strategic Initiatives  
Gapsquare by XpertHR  
sabina.mehmood@xperthr.com*



[www.gapsquare.com](http://www.gapsquare.com)

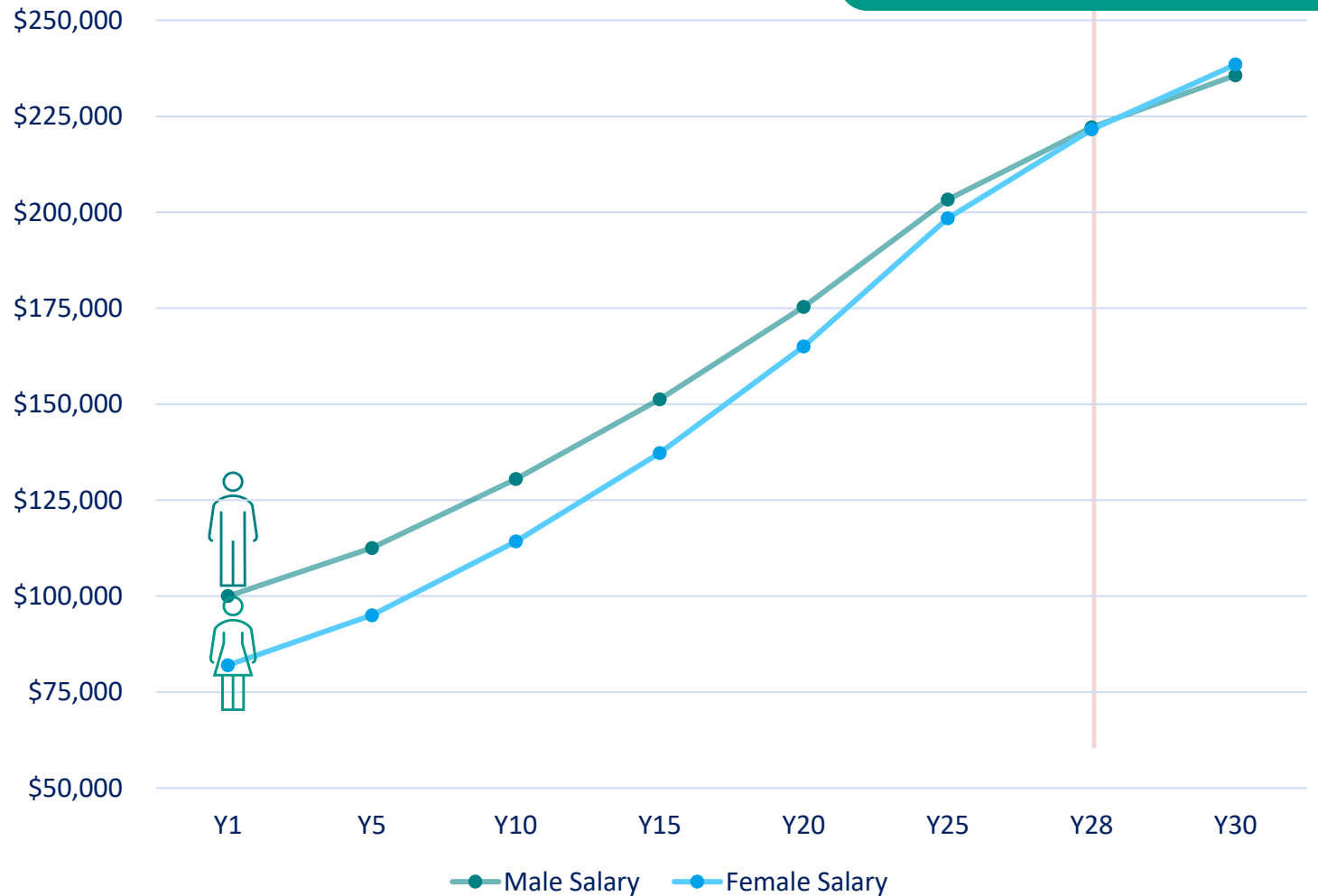
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# What does pay equity mean for my workforce?

27.5 years to reach pay parity

White Male Salary versus White Female Salary Gap

	Starting Salary*	Performance Rating	YoY Merit Increase
	\$100,000	3 of 5	3.00%
	\$82,000	5 of 5	3.75%



\*Pew Research Center: 2022 Gender Pay Gap is 82% (US)

# Still playing catch up...



Applying a lens of intersectionality, amplified by greater disparities globally

White woman:

**27.5**

Black man:

**48**

Black woman:

**65**

Latina woman:

**83**

# And it's impacting our business

**11.7% v 7.7%**

Leading-practice organizations reported seeing an average **11.7% gain in market share** compared to 7.7% growth among Laggard organizations.

**> 10%**

**36%** of leaders in Leading-Practice organizations compared to just 14% of leaders in Laggard organizations, report **beating their most current fiscal year revenue expectations by more than 10%**.

[A Mature Approach to Diversity, Equity, and Inclusion Delivers Real Results, 2022 Amazon Study](#)