

Quick Guide to Pay Equity

What is pay equity?

Pay equity is equal pay for work of equal or comparable value. It requires comparing jobs typically done by women with different jobs typically done by men. Pay equity is not the same as equal pay for equal work.

Why do we need pay equity?

Women continue to earn less than their male counterparts, regardless of age, education, experience or occupation. These pay practices are inherited from a period when men's work contribution was more fully valued in the workplace and as a result are deeply rooted in our society.

Pay Equity vs. Wage gap

Pay equity is based on the principle of "equal pay for work of equal value". Pay inequity is caused by paying lower wages to women, regardless of whether men perform the same duties.

Wage gap refers to the difference between the average wages earned by men and the average wages earned by women. The wage gap is caused by outdated societal attitudes and beliefs about the place and value of women in the workplace.

How do I know if my workplace has pay equity?

To determine whether or not your organization has equitable compensation practices, answer the following questions:

1. Are positions paid according to their assessed value, based on the level of skill, effort, responsibility and working conditions?
2. Are employees paid using established pay scales?
3. Are the benefits included in your compensation package, equally available to both male and female employees?
4. Is there a job description for every type of position?
5. Does your workplace have an established job evaluation system?
6. Do you monitor the number and proportion of women and men in each job class?
7. If you have previously completed a pay equity program, have you maintained it?

If you've answered "No" to any of these questions, you may want to consider implementing pay equity within your workplace¹.

¹ See Appendix I

Benefits of addressing pay equity within an organization

- Knowledge of the work that is required
- Promotes fairness in a company's compensation system
- Strengthens employee relations and morale
- Increases recruitment and retention of employees because of a fair compensation package
- Improves productivity
- Enhances your competitiveness

Any unfairness or perceived unfairness can affect workplace productivity, employee engagement, morale, and access to talent and retention.

Steps for achieving Pay Equity in your Organization

Step 1: Determine the number of employees in your organization

Step 2: Determine the number of pay equity plans required

The basic rule is one organization = one pay equity plan.

If you have unions within your organization, you may opt for:

- one pay equity plan for each bargaining unit
- one pay equity plan for all non union employees

Step 3: Establish a pay equity committee

Set up a pay equity committee to encourage employee participation in the process for achieving pay equity.

If your organization is small, you may decide that a committee is not required because as the employer you know enough about the jobs to be able to conduct a comprehensive job evaluation and comparison for pay equity purposes. If this is the case, communicating the process to employees becomes that much more important.

Keeping the lines of communication open with your employees will:

- Help inform them about pay equity and their rights;
- Increase credibility for the pay equity process;
- Dispel rumours or false information; and
- Help create a plan that is useful in the workplace.

Communication to employees should happen at each step of the pay equity exercise such as: selection of a pay equity committee or individual responsible; the job classes identified to undergo the pay equity process; the job descriptions developed; the job evaluation system selected and the results.

A pay equity plan should be made available to employees once the whole process is completed.

Step 4: Identify the job classes and gender predominance

Job classes are groups of positions that have:

- Similar duties and responsibilities
- Similar qualifications (education and experience)
- Same remuneration (same maximum rate of pay)

If a position does not share the three characteristics described above with other positions, it constitutes a job class by itself. If you have doubts about the similarity of positions, it is preferable to establish distinct job classes.

Job classes are the basic building blocks of pay equity so be sure that each position in the organization is assigned to a job class.

Determine the gender predominance of each job classes.

Female job classes are jobs usually done by women, and male job classes are jobs usually done by men. Gender-neutral job classes are not involved in the pay equity process. An example of a gender-neutral job would be assembly line employee where more or less equal numbers of women and men have done the job in the past or are doing the job now, and there is no gender stereotyping for the job.

To determine female and male job classes, consider the following:

- **Gender percentage in each job class:** What percentage of employees in the job class are women or men? If 60% or more of the employees in the job class are women, it is a female job class. If 60% or more of the employees in the job class are men, it is a male job class.
- **Historical incumbency:** In the past, which gender has predominantly occupied this job class? For example, where a company hires a male to fill the only position of librarian a position always filled by a woman in this company then this position must be regarded as a female job class. The position of librarian is also generally seen to be a female job class.
- **Gender stereotyping:** Which jobs are held by women and which are held by men, according to what most people perceive/believe? For example, the job of nurse is generally seen to be a female job class; the job of truck driver a male job class.

Step 5: Choose the method and the tools to evaluate the job classes and develop an evaluation procedure

To implement pay equity, you must evaluate the four key factors of a job class: required qualifications, required effort, responsibilities, and working conditions under which the job is performed. To do this, employers and bargaining agents usually use a job evaluation system.

A job evaluation system is a measurement tool that will help determine the value of job classes. If your workplace has a union, the selection of a system should be negotiated between the employer and the bargaining agent. The system you chose must:

- compare job classes based on the total value of required qualifications, required effort (mental and physical), responsibilities and working conditions;
- be gender-neutral and gender-sensitive not biased toward jobs done by either women or men. It also has to be able to capture aspects of work done by women that may have been overlooked and undervalued in the past;
- fit the nature of your organization and match its services and/or products. For example, if dealing with customers is important, it should be valued;
- meet the goals of your organization. For example, if quality improvement is part of the mission statement, it should be valued;
- capture the full range of work performed² and be able to value fairly work done by both women and men. For example, if some female job classes require keyboarding skills that should be reflected in measuring required qualifications and physical effort;
- be flexible enough that it can easily be amended to fit your workplace; and
- be useful for the future when you will need to maintain pay equity and evaluate new or changed jobs.

Step 6: Post the results of the job class identification, selection of job evaluation system, tools and procedure

The results of the identification of predominantly female job classes and predominantly male job classes, the job evaluation system, the evaluation tools, and the procedure must be posted in prominent places easily accessible to the employees.

Step 7: Evaluate the job classes

Once the evaluation method and tools have been developed, it is possible to proceed to the evaluation of predominantly female job classes and predominantly male job classes and determine their value.

The job class evaluation must cover the characteristics of the job class and not those of the people who hold the jobs. The application of the evaluation system must be free of any gender discrimination.

Step 8: Assign Weights and determine the point value of each sub-factor

Weighting represents the importance given to each of the factors based on the organization's goals, objectives and mission. The total of the weights assigned to the four main factors must equal 100%. The total of the weights assigned to each sub-factor must equal the weight assigned to that factor. Be gender neutral when assigning weights.

² See Appendix II

<i>Factors & sub-factors</i>	<i>Weighting</i>
Required Qualifications 20 to 35 %	
Education	10 to 15 %
Experience	6 to 12 %
Dexterity and Coordination	4 to 8 %
Responsibilities 25 to 30 %	
Accountability/Decision Making	9 to 10 %
Communication/ Interpersonal Relations	9 to 10 %
Supervision	7 to 10 %
Required Efforts 20 to 40 %	
Intellectual Effort	8 to 14 %
Concentration and Sensory Attention	6 to 13 %
Physical Effort	6 to 13 %
Working Conditions 5 to 15 %	
Inconveniences and Inherent Risks	5 to 15 %

Once weights have been assigned, you can now determine their point value.

Step 9: Compare job value in relation to compensation and determine the terms and conditions of payment of compensation adjustments.

Compare the job value in relation to compensation of predominantly female job classes with that of predominantly male job classes. If male job classes are paid more than female job classes of equal or comparable value, pay adjustments must be made to the female job classes.

Some differences in compensation between a female job class and the male comparator job class are allowed if the differences are a result of:

- A formal seniority system that is not gender biased;
- A temporary training/development assignment that is equally available to female and male employees. For example, if the job rate of a certain male job class could be shown to include an additional pay component due to a temporary training assignment, that job class could have its job rate adjusted to the normal level for comparison purposes;
- A merit compensation plan based on formal performance ratings, which are known to the employees and which are gender neutral; or
- A skills shortage or market adjustment that is causing a temporary inflation in compensation.

It is the employer's responsibility to set out the terms and conditions of these pay adjustments.

Note: Only predominantly female job classes undergo adjustment in order to eliminate the difference in compensation observed. Pay equity cannot be achieved by reducing the remuneration of the employees of the organization.

Step 10: Post the results.

The pay equity committee, or in the absence of such a committee, the employer must post the results in prominent places easily accessible to the employees. Results should be outlined using a pay equity plan. The plan should describe how jobs were compared and how and when pay adjustments will occur in order to achieve pay equity.

This posting must also indicate: the employee's right to request additional information or make observations, in writing, on these results; and the period in which this right may be exercised.

Step 11: Maintain pay equity.

Pay equity is not meant to be a one time effort. Do not disband your committee until you have made plans to maintain pay equity. All employers should involve the bargaining agent, if one exists, in the maintenance process from the outset.

Pay equity can be maintained through good compensation management. This means your salary administration should be consistent, fair and applied in a gender-neutral and gender-sensitive way. One way is to add more structure to the way you pay your employees. This may add more formality to the system. Good pay practices can mean better control over costs - salaries and benefits are often the highest cost to a business.

Pay equity should be maintained, despite any changes that the organization may go through, especially the creation of new jobs, new job classes or changes in existing jobs or working conditions. Maintenance of pay equity must also be guaranteed when a collective agreement is being negotiated or renewed.

For more information about pay equity, feel free to contact us at: peb-bes@gnb.ca or by calling us toll free at: 1-877-253-0266.



Appendix I

Employer Pay Equity Self-Audit

The questionnaire below was developed to assist organizations analyze their compensation policies and establish consistent and fair pay practices for all.

1. Conduct a Recruitment Self-Audit	Yes	No
Does your hiring process seek diversity in the qualified applicant pool for positions?		
2. Evaluate Your Compensation System for Internal Equity		
Do you have a method to determine salaries and benefits?		
Do you write job descriptions, seek employee input and develop consensus for job descriptions?		
In unionized workplaces, do you involve union leaders?		
Do you have a consistent job evaluation system?		
Are jobs scored or assigned point values?		
Are jobs predominately occupied by women valued according to the same standards as jobs predominately occupied by men?		
3. Evaluate Your Compensation System for Industry Competitiveness		
Do you have a method to determine the market rate for any given job?		
Do you ensure that market rates are applied consistently to both women and men? (i.e.—Can you be confident that one gender is not being compensated at or above market rates while the other below?)		
Would your company benefit by implementing a system that updates job descriptions; assesses required qualifications, required effort, responsibilities and working conditions of various jobs; assigns values; and ensures consistent application of market rates and external competitiveness?		
4. Implement a New Job Evaluation System if Needed		
Do you have up-to-date job descriptions for all occupations?		
Do you establish criteria for assigning values to required qualifications, required effort, responsibilities and working conditions of jobs?		
Do you challenge basic assumptions about the value of skills before assigning values? (i.e.—Do you consider how caring for sick people, small muscle dexterity in typing, and other such skills may have been undervalued in jobs that have been traditionally held by women?)		
Do you ensure agreement among employee representatives and management on criteria to evaluate jobs?		
Do you assign values to jobs and allow employee input?		
Do you assign consistent compensation to jobs with similar values, and do you use market rates and other external competitiveness factors consistently?		

5. Examine Your Compensation System and Compare Job Values	Yes	No
How does pay compare for positions with similar values within your company?		
On average, are women paid similarly to men within the same values?		
Are there legitimate reasons for any disparities in pay between jobs with similar values?		
Can corrections be made to ensure consistency in assigning values?		
How long do women and men stay within job classes or levels before moving up?		
Do women / men move up faster?		
What are the reasons that some employees move up faster?		
Can you take action to ensure that all employees have equal opportunity for advancement?		
6. Review Data for Personnel Entering Your Company		
At what level or position do women and men typically enter your company?		
Within those levels and positions, are salaries consistent, or do women and men enter at different pay levels?		
How does negotiation affect entry-level salaries?		
Are men able to negotiate higher starting salaries than women?		
How do new hires compare in salary to those already working in the company in the same levels or positions?		
Do women and men entering the company get paid higher or lower than those who already hold the same positions or grades?		
Are there differences by gender?		
Are changes needed to ensure that new hires are treated consistently and incorporated into existing compensation systems on a compatible basis?		
7. Assess Opportunity for Employees to Win Commissions and Bonuses		
Are women and men assigned projects or clients with high commission potential on a consistent basis?		
Are women and men with similar levels of performance awarded bonuses on a consistent basis?		
Do they receive bonuses of similar monetary values?		
8. Assess How Merit Increases / Bonuses are Awarded		
Is there a consistent method of evaluating performance for all employees?		
Do women and men receive consistent raises based on similar performance standards? (i.e.— Are all employees with outstanding evaluations awarded the same percentage increases? If not, what are the reasons for the difference?)		

9. Evaluate Employee Training, Development and Promotion Opportunities	Yes	No
How are employees selected for participation in training opportunities or special projects that lead to advancement?		
Are there differences by gender?		
If so, what can be done to widen the pool to reflect equal opportunity?		
10. Implement Changes Where Needed, Maintain Equity and Share Your Success		
Have you made changes to ensure consistency in evaluation of jobs, assignment of values, advancement within the system, performance evaluation, compensation levels, raises, bonuses, commissions and training?		
Have you evaluated your compensation system periodically to ensure that it meets equal employment opportunity goals?		
Do you maintain openness about compensation with your workforce?		
Do you regularly post job openings and salary ranges within the workplace?		
Do you allow employees to discuss compensation issues on their own time?		
Are you reaping the rewards of a productive, loyal workforce, and using your success as a competitive tool to attract the best and brightest employees?		
Last step...review your answers above; some areas to consider include:		
How did you score on the audit?		
Were these issues you had considered before, or did you immediately think of a pay equity program already in place?		
Were there many questions you had not considered before?		

Your answers may be useful to begin work
on implementing pay equity within your
organization!

Appendix II

A key requirement of a gender-neutral and gender-sensitive evaluation of work for pay equity is to make work visible. One way of making women's and men's work more visible is to include features of work that are often forgotten or overlooked. Many of these features of work are associated with work traditionally done by women. This list may give you ideas for other aspects of work that have been overlooked or undervalued in your workplace.

REQUIRED QUALIFICATION

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| <ul style="list-style-type: none">• analytical reasoning• operating and maintaining several different types of office and manufacturing equipment• writing correspondence for others, proofreading and editing others' work• training and orienting new staff• establishing and maintaining manual and automated filing systems, records management and disposal• dispensing medication to patients• reading forms• providing personal services such as arranging vacations, handling household accounts• using a variety of computer software and database formats• creating documents | <ul style="list-style-type: none">• special body co-ordination or expert use of fingers and hands• manual dexterity required for giving injections, typing, graphic arts• communicating with upset, irate or irrational people• handling complaints• innovating - developing new procedures, solutions or products• coordinating a variety of responsibilities other than 'other staff or people'• developing or coordinating work schedules for others• deciding the content and format of reports and presentations |
|--|--|

REQUIRED EFFORT - Mental and Physical

- | | |
|---|--|
| <ul style="list-style-type: none">• adjusting to rapid changes in office or plant technology• concentrating for prolonged periods at computer terminals, lab benches and manufacturing equipment• performing complex sequences of hand-eye co-ordination• frequent lifting (e.g. office supplies, retail goods, lifting or turning sick or injured adults or children) | <ul style="list-style-type: none">• heavy lifting (e.g. packing goods for shipment)• frequent lifting and bending (e.g. child-care work)• long periods of travel and/or isolation• sitting for long periods of time at workstation, (e.g. while keyboarding)• irregular and/or multiple work demands• providing service to several people or departments, working under many simultaneous deadlines |
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RESPONSIBILITIES

- planning, problem solving, setting objectives and goals
- caring for patients, children, institutionalized people
- acting on behalf of absent supervisors
- representing the workplace through communications with clients and the public
- shouldering responsibility for consequences of error in the workplace
- handling new or unexpected situations
- protecting confidentiality
- supervising staff
- preventing possible damage to equipment or people
- managing petty cash
- training and orienting new employees
- keeping public areas such as waiting rooms and offices organized
- contacts with others - internally, externally

WORKING CONDITIONS

- stress from open office noise, crowded conditions
- exposure to disease and stress from caring for ill people; or physical or verbal abuse from irrational clients or patients
- exposure to communicable diseases
- exposure to and disposal of body fluids
- cleaning offices, stores, machinery, hospital wards
- exposure to dirt from office machines and supplies
- exposure to eye strain from computer terminals
- adjusting to a variety of working environments continuously

