

Challenges and Barriers Subcommittee Members:

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Changing Employer Culture:

Pay disparities in the workplace amongst men and women, or different races or ethnicities, can be the result of direct and indirect bias. Examples of indirect bias include assuming women perform certain jobs or duties instead of men; presuming women are not interested in advancement or promotions; making subjective pay determinations that are not based upon job-related factors; or basing an individual's compensation solely on prior wage or salary history. There are several ways an employer can positively impact the workplace culture regarding pay equity, including:

1. **Increase Diversity of Applicant Pool:** Employers should develop tools to increase the diversity of its candidate pool, particularly in jobs that are majority male. Achieving at least 25% women candidates in an applicant pool has been shown to reduce the likelihood of unconscious gender bias and stereotyping, thus increasing the likelihood that more female candidates are hired.
2. **Remove Bias from Hiring Process:** Employers should consider increasing the representation of women who make hiring decisions and participate in applicant interviews. Although not required by law, employers should also consider whether to make the initial pre-employment screening blind to the candidate's gender, race or ethnicity (e.g., no name initially provided, just initials). Employees involved in hiring decisions should receive training on implicit bias.
3. **Train Supervisors or Managers:** Although not mandated by law, an employer should train any supervisor or manager who has input regarding employee's compensation about unconscious bias and the law's pay equity requirements, under both federal and state law. These supervisors and managers should be trained on how to make valid compensation decisions or recommendations that are based on objective, job-related factors and not on an employee's gender, race or ethnicity.
4. **Encourage Employee Communication:** Employers should encourage employees to communicate with one another regarding compensation without the fear of retaliation. Employees should also be encouraged to ask the employer questions about their compensation without any concern of retaliation or an adverse employment action. Similarly, employers should encourage managers and supervisors who are communicating compensation decisions to employees to explain the basis for any compensation changes.
5. **Job Classifications and Descriptions:** Employers should review job classifications and job descriptions on a regular basis to make sure the classifications and descriptions accurately reflect the work being performed.
6. **New Hire Evaluations:** Employers should base any offer of compensation to a new hire according to the objective, job-related factors and not on the applicant's gender, race, or ethnicity. Additionally, although employers may consider an applicant's prior compensation information, employers should not base any offer of compensation solely on the applicant's prior salary or compensation. Employers may consider excluding prior salary from the hiring process to eliminate any risk of perpetuating any pay disparity to women and minorities who may have been underpaid in a prior role. Employers should focus on paying applicants what a job is worth and not basing a pay decision on the candidate's current salary. Employers should review market data to determine the median wage for similar positions in the same geographical area as well as the compensation of other existing employees who are performing the same or substantially similar responsibilities.
7. **Consider Removing Negotiation from the Hiring Process/Lockstep Salary Bands:** Employers should consider either empowering women to negotiate, or consider removing negotiation from the hiring process. Consider making this policy public, e.g., Ellen Pao for Reddit: "We provide offers at the high end and they are non-negotiable." If using salary bands, employers should limit how high within a range new hires can be paid and require an objection justification

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for any difference between an incumbent and the new hire (e.g. years of experience, relevant industry experience, etc.)

8. **Review/Adjust Incumbent Pay:** Employers should require a review of incumbent compensation if new hires are brought in at higher salaries than their current workforce. Employers should consider adjusting their current workforce upwards to match higher compensation offered to a new candidate unless there are objective factors that justify any pay disparity.
9. **Compensation Reviews:** Employers should regularly review employee compensation to evaluate any noticeable disparities amongst employees performing the same or substantially similar jobs. Employers should also review such compensation to make sure the wages provided adequately compensate the employee for the job being performed.
10. **Increase diversity at senior levels and in the compensation department:** Employers should provide structural supports to move women and minorities up the talent pipeline, e.g. leadership training for top female and minority managers. Employers should also consider requiring that all important meetings include 30-50% women/minorities (e.g. Salesforce: Women Surge). Employers should also consider increasing the representation of women/minorities who make compensation decisions for their workforce. A study of senior executive compensation at public companies revealed that women executives were better compensated when the compensation committee included women. There was a substantial gap in compensation when the committees included either no women or just one woman. See, e.g., <http://www.businessinsider.com/salesforce-ceo-explains-women-surge-2015-3>.
11. **Limit Discretion in Pay Decisions:** For larger employers with a separate compensation department, employers should require that manager compensation requests/recommendations be reviewed and approved by the Company's compensation department.
12. **Promote Wage Transparency/Standardize Compensation:** Although not required by law, employers may consider publishing salary ranges by level. Employers should also standardize their discretionary compensation such as bonuses and equity and remove discretion in compensation decisions from individual managers. In industries where there was high compensation "ambiguity" — meaning limited knowledge of the negotiating range and appropriate standards of compensation — recent women MBAs received salaries that were 10% lower than male classmates with the same skills and experience. In industries where salary ranges and standards were clear, male and female MBAs earned the same. See Boston, Closing the Wage Gap (2013), at https://www.cityofboston.gov/images_documents/Boston_Closing%20the%20Wage%20Gap_Interventions%20Report_tcm3-41353.pdf.
13. **Design Fair Performance Evaluations:** Employers should review performance evaluations to ensure fairness in the performance criteria. Employers should also publish and gain commitment for employee performance criteria.
14. **Offer Training and Other Accommodations:** Employers can offer management training, skills training, or other learning opportunities to all employees so that both women and men have the same opportunities for promotions. Employers should also be encouraged to support training programs for women in the trades. Pre-apprenticeships programs help strip away some of the barriers that preclude women from participating in apprentice training.
15. **Improve Workplace Flexibility/Change Subtle Drivers of Discrimination:** To the extent possible, employers should offer flexible work arrangements. Employers should train managers to manage a flexible workforce and reorient workplace culture to emphasize results. Employers should also consider offering subsidized child care or back up child care.

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16. **Offer Paid Parental/Family Leave for both Women and Men:** Larger employers should consider offering paid parental/family leave for both women and men and actively encourage both men and women to use it. Smaller employers, who may not have the capacity to provide paid parental/family leave, should consider accommodating employee requests for family leave when feasible.

17. **Create a Culture of Equality:** Employers should embrace the pay equity issue as an issue that impacts men as much as it impacts women and acknowledge their role in closing the wage gap.

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Discussion Draft