



Equal Pay: Get It Right.

Equal pay for equal work isn't just required by law – it's also a hot topic among top candidates. Recruit and retain a high-performing workforce by turning pay equity into a reality in your workplace.

Here, you'll learn:

- Statistics on the “state of pay equity” nationwide
- Key facts about the laws governing equal pay
- Risks that pay inequity causes your business and how to avoid them
- Where to start equalizing your pay
- How a staffing partner can help





Equal Pay By the Numbers

“79 cents to the dollar” is the most commonly heard statistic regarding pay inequity in the U.S. In fact, the problem is a lot more complex – and the other numbers matter.

For instance:

- In 1980, women in the same jobs as men earned, on average, **64.2%** of what their male colleagues earned, according to the Institute for Women’s Policy Research (IWPR).
- By 2016, that gap closed to **81.8%** – but only 2 percent of that growth happened between 2007 and 2016.
- African-American and Latina women fare worse, making **60 cents** and **55 cents** to the dollar, respectively.
- The gender wage gap in the U.S. is **2.5 times larger** than the gap in other countries.

What the Numbers Mean for Your Hiring

The state of (un)equal pay in the U.S. is currently having a strong impact on hiring and retention. For instance:

- **67 percent** of candidates won't even apply to a company with a reputation of unequal pay.
- Employees' perception of fairness in pay practices impacts their satisfaction **5.4 times more** than their actual pay rate, according to PayScale's Employment Engagement study.

Dissatisfied employees are more likely to leave – and the appearance of pay inequity can do even more damage than the reality.





FLSA 101: Understanding the Fair Labor Standards Act

Unequal pay practices don't just drive away talent. They also violate the law.

The Fair Labor Standards Act (FLSA) covers a wide range of employer activities related to compensation, overtime, recordkeeping and other requirements. It sets the minimum wage, provides rules for calculating overtime and more. These requirements are enforced by the U.S. Department of Labor's Wage and Hour Division.

The FLSA also addresses discrimination in employee pay, including sex discrimination, through the incorporation of the Equal Pay Act (EPA).

EPA 101: Understanding the Equal Pay Act

The Equal Pay Act (EPA) was passed in 1963. It's incorporated into the Fair Labor Standards Act (FLSA), and its enforcement is overseen by the Equal Employment Opportunity Commission (EEOC).

The EPA prohibits wage discrimination on the basis of sex when employees:

- work in the same establishment
- do jobs with substantially equal skill, effort and responsibility
- work under similar working conditions

While the popular shorthand for the EPA's requirements is "equal pay for equal work," it's important to remember that for the purposes of the law, "equal work" means "substantially similar" – not "identical in every respect."





Equal Pay in the States: Understanding State and Local Laws

As pay equity becomes a high-profile topic, many states and localities have begun passing their own equal pay laws and ordinances.

To find out which rules apply to your business and how to follow them, it's important to talk to a lawyer who is licensed to practice in your area.

It's also important to remember that the federal Equal Pay Act serves as a “floor,” not a “ceiling.” In other words, the EPA sets minimum requirements for equal pay, but cities and states are allowed to set more stringent rules.



Why You Need Equal Pay

It's essential to comply with the law. But with equal pay making headlines nationwide, it's even more important to ensure your company's pay practices maintain equity – and to make sure current and potential employees know it.

Here's why.

- **Pay equity claims drive away great employees.** Remember, employee satisfaction is driven by fairness in pay 5.4 times more than by actual pay. Employees who think your pay practices are unfair are more likely to leave even if they're being compensated well – and those who think practices are fair are more likely to stay even if payroll is tight.
- **Inequality causes culture problems.** Why should otherwise skilled, curious, creative and thoughtful employees engage fully with their work when pay inequality makes it obvious the company isn't engaging fully with them? It's a question employees ask themselves, and the answer can breed resentment and disengagement on teams as well as lower retention.
- **Employees and candidates already want pay equity.** A 2016 Glassdoor survey of 8,000 workers found that 93 percent of U.S. adults believe equal pay is right and fair.

Can the Pay Gap Be Solved?

While 93 percent of U.S. workers believe that workers should be paid equally for equal work regardless of their sex, as many as 40 percent believe it's not currently happening.

Fortunately, these doubters also believe that companies can address the problem. According to Glassdoor:

- **45 percent** believe pay inequality can be solved with improved company policies and procedures.
- **36 percent** believe clearer communication from company leadership can help solve the problem.
- **34 percent** believe that increased transparency about company pay policies can help ensure that pay remains equal.

All of these factors are within the control of company leadership – and all of them can help build a reputation for fair hiring that attracts top candidates, too.





Pay Equity Audit: A Quick How-To

To ensure you're offering equal pay, you'll first need to know where pay might be unequal within your organization. A pay audit can help your company spot disparities that can't be explained by legitimate, relevant factors and correct problems with pay policies that might cause or exacerbate these disparities.

To perform a more effective pay audit:

- **Compare apples to apples.** Don't rely on job titles to compare duties or work environments. Instead, compare actual tasks performed by staff.
- **List relevant factors for determining pay.** Seniority, pay grades, education, experience and performance are all reasons that pay may differ between two employees. Track these factors and their implementation to help ensure that sex-based biases don't factor in.
- **When disparities appear, question them.** What achievements are factored into pay? Is this a chronically tough-to-fill position? How do we enforce pay policies, and what effect might that have had here? Asking these questions can help you determine whether pay is fair.



When You Need Help With Pay Equity

Equal pay isn't a "set it and forget it" task: It requires monitoring and self-reflection. A staffing partner can provide valuable help, including:

- **An additional "screen" for non-discriminatory hiring.** Your recruiter can provide perspective that can help reduce the risk of bias damaging your recruiting or compensation processes.
- **A more diverse reach.** Staffing firms can help you improve diversity in your recruiting, ensuring you're reaching the best candidates regardless of their sex, race, religion or disability status.
- **Data on compensation.** Is your compensation competitive? What do top candidates care about most when it comes to pay and benefits? Your staffing partner knows the answers and can show you how to use them for more effective hiring and better retention.
- **Better branding.** If your company is proud of its proactive approach to equal pay, tell your recruiter! Your staffing firm will ensure your commitment to equality reaches top candidates' ears.

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