

Practical steps towards equal pay

November 2017



Pay Gap Alerts – what to listen out for

Not us



“We don’t have a pay gap - we wouldn’t let that happen... but we haven’t done a review”

Checked but not scrutinised



“We have spot ‘checked’ our pay and we don’t have a gap”

Too expensive



“I am paying her more than she got in her last role”

Banding = okay



“We don’t have a pay gap because we have salary bands”

Incentives = no bias



“Our performance pay is structured so there is no bias”

Negotiation styles



“It’s not our fault men and women have different negotiation styles”.

Too complex



“It’s impossible to compare ‘apples with apples’

Its all explainable



“We have a pay gap, but its all explainable

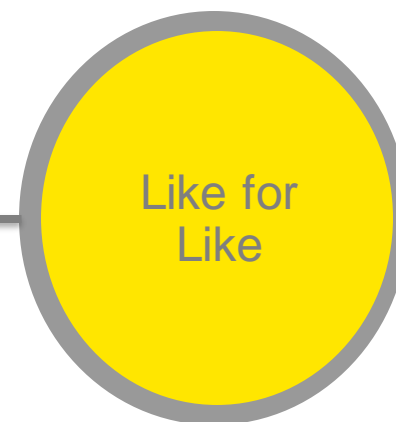
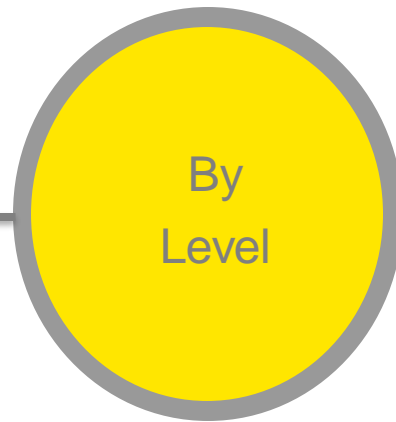
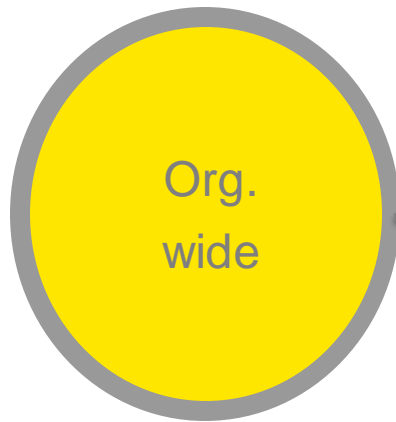
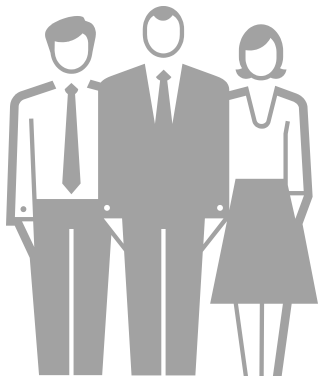


Know your data and equip decision makers



“The lack of visibility of critical information by decision makers is a major contributor to perpetuating the pay gap”.

3 views of the pay gap in organisations



Actions to take to close the pay gap



- ✓ Set targets to recruit and promote females into higher skilled and higher paid jobs
- ✓ Remove bias from people processes (recruitment, selection, promotions, salary reviews)
- ✓ Allocate budget to fixing pay issues
- ✓ Set equitable starting pay rates (avoid negotiation bias)
- ✓ Moderate performance outcomes with a gender lens
- ✓ Consider occupational segregation - re-think how some roles are valued
- ✓ Educate, communicate and illuminate
- ✓ Analyse and report progress to the Board.

Four step process of pay equity analysis

Type	Why it is important	Methodology
Organisation- wide	<p>Compares the average pay of women and men across an organisation.</p> <p>A pay gap may indicate:</p> <ul style="list-style-type: none"> ▶ There are more men at higher levels and more women at lower levels ▶ Women are in occupations that are typically paid less (e.g. administration) than those dominated by men (e.g. client or revenue-facing roles) ▶ There may be gender inequality in promotion rates of men and women 	<ol style="list-style-type: none"> 1. Calculate average FTE adjusted pay of female employees 2. Calculate average FTE adjusted pay of male employees 3. Express female pay relative to male pay: Subtract average male pay from average female pay and divide result by average male pay to identify the organisation-based gender pay gap
Level-by-level	<p>Compares the average pay of women and men at the same organisational level (e.g., manager level).</p> <p>A pay gap may indicate:</p> <ul style="list-style-type: none"> ▶ Women's pay fell behind when they took career breaks (for example, parental leave) and missed out on salary reviews and increments ▶ There are more men at higher levels and more women at lower levels ▶ Women are in occupations that are typically paid less (e.g. administration) than those occupations dominated by men (e.g. client or revenue-facing roles) ▶ Women may have worked for a shorter time in the organisation or role 	<ol style="list-style-type: none"> 1. Calculate average FTE adjusted pay of female employees for a specific organisational level 2. Calculate average FTE adjusted pay of male employees for a specific organisational level 3. Express female pay relative to male pay: Subtract average male pay from average female pay and divide result by average male pay to identify the level-based pay gap 4. Level-based organisation average: Add pay gaps together and divide by the number of levels
Like-for-like or similar-to-similar	<p>Compares the average pay of women and men undertaking the same work or work of comparative value.</p> <p>A pay gap may indicate:</p> <ul style="list-style-type: none"> ▶ There is inequality in starting salaries and out-of-cycle salary changes ▶ There is bias in performance ratings (if linked to pay) ▶ Women's pay fell behind when they took career breaks (for example, parental leave) and missed out on salary reviews and increments ▶ Women working flexibly are falling behind ▶ Women have worked for a shorter time in the organisation or role 	<ol style="list-style-type: none"> 1. Determine appropriate role matches (i.e., which roles are like-for-like or similar-to-similar) across the organisation 2. Calculate average FTE adjusted pay of female employees for a specific role match 3. Calculate average FTE adjusted pay of male employees for a specific role match 4. Express female pay relative to male pay: Subtract average male pay from average female pay and divide result by average male pay to identify the role-based gender pay gap
External market-based	<p>Compares pay of women and men to the market rate for their roles.</p> <p>A pay gap may indicate:</p> <ul style="list-style-type: none"> ▶ Systemic issues in pay management ▶ Tenure, negotiation and/or service gaps ▶ Analysis possible for smaller sample sizes <p>Analysis will not indicate if there are occupational segmentation or representation issues</p>	<ol style="list-style-type: none"> 1. Match roles and choose market reference point 2. Calculate FTE adjusted pay for each female and each male and the compa-ratio using the external market data point 3. Calculate the average female and male compa-ratio for the organisation 4. Express female pay relative to male pay: Subtract average male compa-ratio from average female compa-ratio and divide result by average male compa-ratio to identify the market-based pay gap

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