



## **Employer Pay Equity Self-Audit**

In a time when women make up nearly half the workforce, many think that the issue of equal pay no longer exists. However according to 2008 US Census Bureau statistics women working, full-time, year round make, on average, 78 cents for every dollar a male earns. For minority women this statistic worsens as African American women make 69 cents and Latinas make 59 cents. Given the current rate of change, it will be another 50 years before women achieve equal pay.

Business and Professional Women's Foundation is creating successful workplaces by focusing on issues that impact women, families and employers. *Successful Workplaces* are those that embrace and practice diversity, equity and work life balance. Through its groundbreaking research and unique role as a neutral convener of employers and employees, BPW Foundation strives to redefine today's workplace. The work of BPW Foundation supports workforce development programs and workplace policies that recognize the diverse needs of working women, communities and businesses.

Gender discrimination is not only a women's issue but a business issue. Employers play a major role in helping to end the wage gap and to treat women fairly in the workplace. Employers will suffer from pay discrimination because of expensive law suits and women having less money to spend and invest.

BPW Foundation believes in the three pronged approach to addressing the issue of pay equity. We believe that legislation should be passed to enact tougher laws; businesses should be held accountable for their unfair pay practices and mindful of what they pay their employees; and women should be given the knowledge and tools to empower themselves to achieve pay equity at work.

To help employers be more mindful about their pay scales, BPW Foundation encourages employers to recognize and reward the skills and contributions of working women. The Employer Pay Equity Self-Audit was developed to assist employers in analyzing their own wage-setting policies and establishing consistent and fair pay practices for all. BPW Foundation encourages employers to answer all of the questions in the audit and examine how they are doing regarding paying and promoting their female employees fairly.

For more information about BPW Foundation please go to [www.bpwfoundation.org](http://www.bpwfoundation.org).

### **Employer Pay Equity Self-Audit**

#### **1. Recruitment**

- 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 position descriptions, seek employee input and develop consensus for position descriptions? In unionized workplaces, do you involve union leaders?
- Do you have a consistent job evaluation system? Are jobs scored or assigned grades? Are positions where women and minorities work scored or graded according to the same standards as jobs where men or non-minorities work?
- Could a method be used for ensuring consistent pay for people with substantially similar levels or experience and education who hold jobs calling for substantially similar degrees of skill, effort, responsibility and working conditions, even though job titles may be different?

## 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? (i.e.—Can you be confident that men are not being compensated *at or above* market rates while women are compensated *at or below* market rates? Can you be confident that non-minority workers are not compensated *at or above* market rates while minority workers' compensation is *at or below* the market rates?)
- Would your company benefit from a fresh approach that updates position descriptions; assesses skill, effort, responsibility and working conditions of various jobs; assigns grades or scores; and ensures consistent application of market rates and external competitiveness?

## 4. Conduct a New Job Evaluation System if Needed

- Do you have up-to-date position descriptions for all occupations?
- Do you establish criteria for assigning values to skill, effort, responsibility and working conditions of jobs? Do you challenge basic assumptions about the value of skills before assigning points or grades? (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 worker representatives and management on criteria to evaluate jobs?
- Do you assign scores or grades to jobs and allow worker input?
- Do you compare your system with market rates and other external competitiveness factors? Do you consider whether the market has undercompensated certain occupations or professions before making adjustments?
- Do you assign consistent compensation to jobs within similar grades or scores, and do you use market rates and other external competitiveness factors consistently?



## **5. Examine Your Compensation System and Compare Job Grades/Scores**

- How does pay compare for positions with similar grades or scores within your company? On average, are women and minorities paid similarly to men and non-minorities within the same grade or job score? Are there legitimate reasons for any disparities in pay between jobs with similar grades or scores? Can corrections be made to ensure consistency in assigning grades or scores?
- How long do men, women and minorities stay within job grades or scores before moving up? Do men or non-minority workers move up faster? What are the reasons that some workers move up faster? Can you take action to ensure that all workers have equal opportunity for advancement?

## **6. Review Data for Personnel Entering Your Company**

- At what grades or positions do men, women and minorities typically enter your company? Within those grades and positions, are salaries consistent, or do men, women and minorities enter at different pay levels?
- How does negotiation affect entry-level salaries? Are men able to negotiate higher starting salaries than women or minorities?
- How do new hires compare in salary to those already working in the company in the same grades or positions? Do men, women and minorities entering the company get paid higher or lower than those who already hold the same positions or grades? Are there differences by gender or race?
- 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 men, women and minorities assigned projects or clients with high commission potential on a consistent basis?
- Are men, women and minorities with similar levels of performance awarded bonuses on a consistent basis? Do they receive bonuses of similar monetary values?

## **8. Assess How Raises are Awarded**

- Is there a consistent method of evaluating performance for all workers? Do men, women and minorities receive consistent raises based on similar performance standards? (i.e.—Are all workers with outstanding evaluations awarded the same percentage increases? If not, what are the reasons for the difference?)



- Are men, women and minorities with similar levels of performance awarded bonuses on a consistent basis? Do they receive bonuses of similar monetary values?

#### **9. Evaluate Employee Training, Development and Promotion Opportunities**

- How are workers selected for participation in training opportunities or special projects that lead to advancement? Are there differences by race or 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 grades or scores, 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 workers?

*Information for this employer self-audit was derived from a 1996 document created by the U.S. Department of Labor Women's Bureau.*