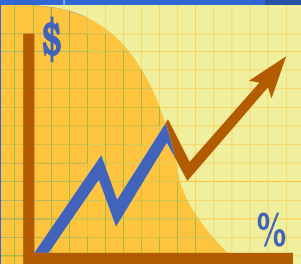


Diversity: Workforce & Reward Planning Implications

GTA Rewards Association Lunch 'n' Learn
March 31, 2011



McDowall Associates
Human Resource Consultants Ltd.



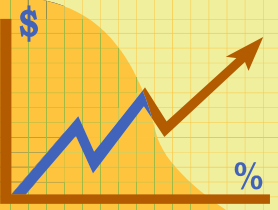
About McDowall Associates

McDowall Associates was first established over 20 years ago. We are a privately owned Canadian mid-sized compensation consulting firm. Our team has 14 associates and is growing.

Our services include:

- Executive Compensation Consulting
- Board Advisory Services
- Job Evaluation and Leveling
- Pay Equity Audits and Plans
- Compensation and JE Outsourcing
- Custom Surveys & Market Reviews
- Performance Management
- Sales Compensation

Our approach to compensation consulting is to have **views on issues** and offer **practical and innovative solutions and processes** in helping clients with compensation matters.



Why is Diversity Important?

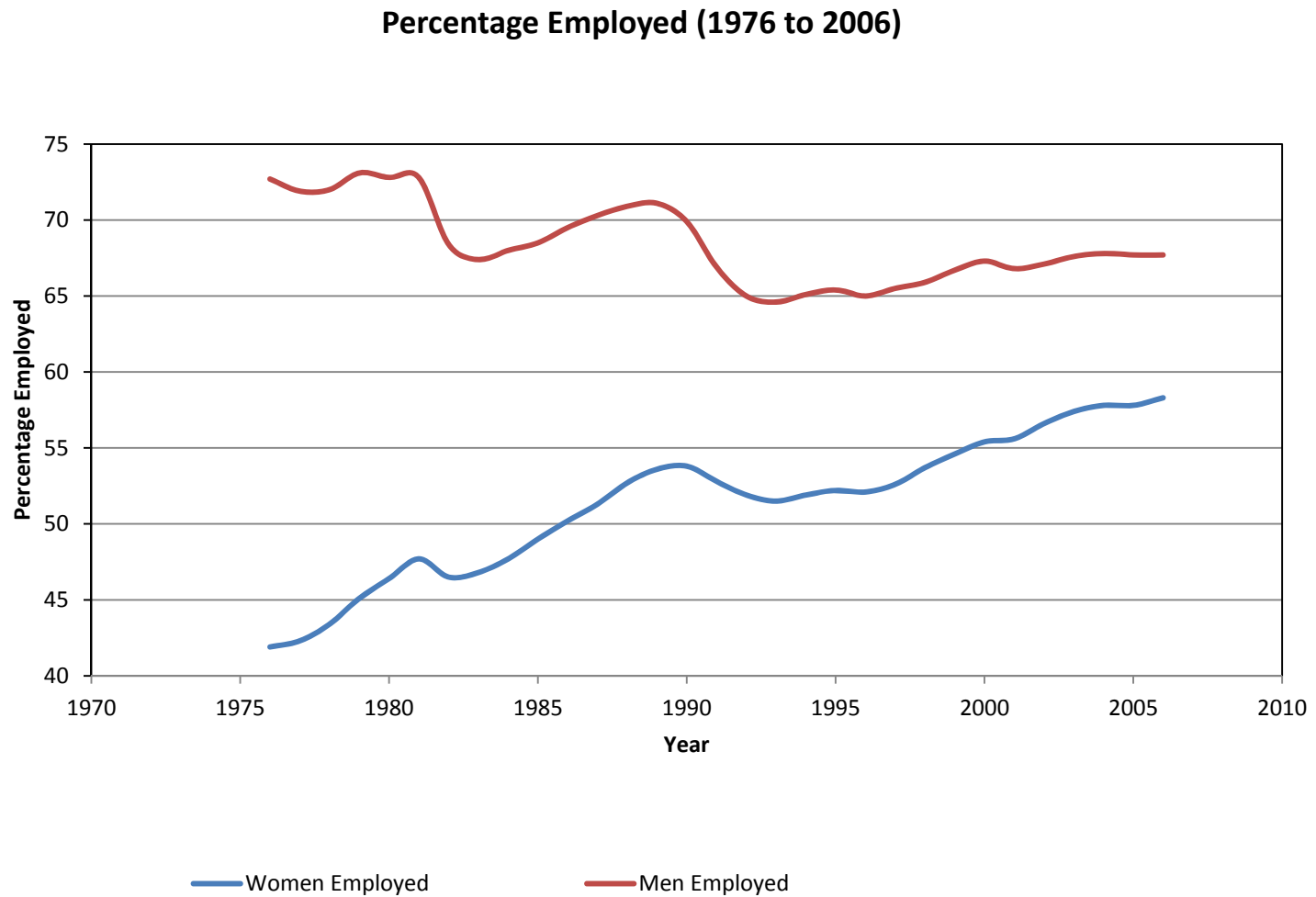
- With the aging of the Canadian population during the next 20 years as the baby boom generation retires, we will need to fully engage all Canadians of working age in the workforce.
- In the face of potential labour shortages, employers will miss out on opportunities for growth unless they recognize the potential of all groups in Canadian society.
- The cost of failure to fully realize the potential of immigrants and women in the workplace is significant. It reflects untapped economic opportunities that quickly tally **up to billions in lost wages, productivity and output.**



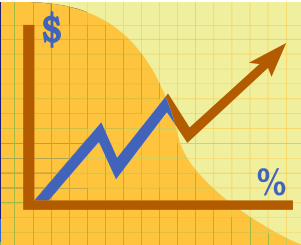
Changing Demographics

- Canada ranks highly in terms of female workplace participation rate.
- The past several decades have witnessed dramatic growth in the share of women who are part of the paid workforce.
- In 2006, 58% of all women aged 15 and over had jobs, up from 42% in 1976.
- In contrast, the proportion of men who were employed in 2006 (68%) was below the figure recorded in 1976 (73%).
- (Source StatCanada)

Changing Demographics



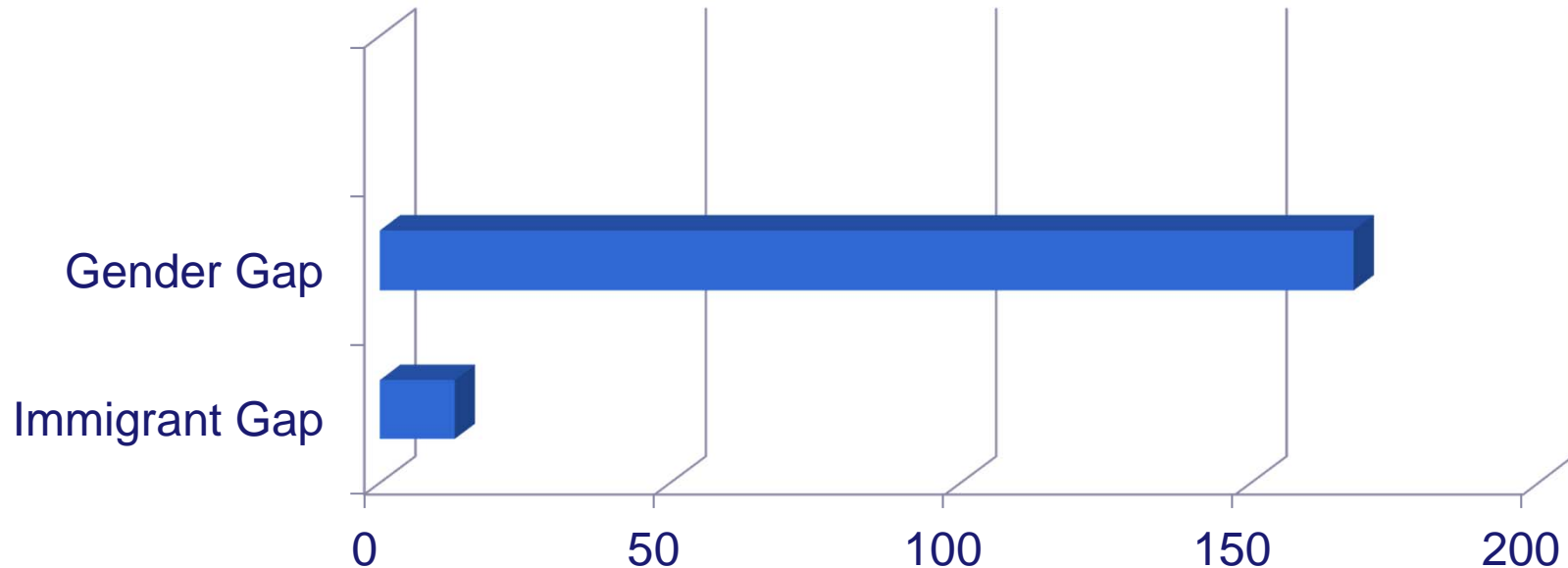
❖ Source StatCanada



Why is Diversity important?

Sources of the cost of doing nothing on today's diversity shortfalls

Foregone annual personal income gap due to unequal labour force participation, employment rates, and average incomes compared to male non-immigrants





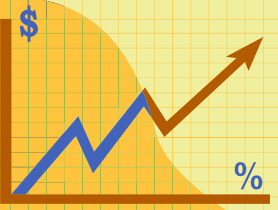
What is Corporate Canada doing??





How does PE fit into Diversity?





Why will PE become more urgent?

Here is the Bottom Line:

Governance

- In line with any Corporate Board's strong emphasis on governance to ensure all HR programs are aligned with socially acceptable business practices.
- Mitigates risk and penalties (both in reputational and hard legal costs)

Talent Management

- Diversity is fundamental to achieving superior business results
- Women represent an important and growing segment from both a market and talent perspective
- Can strengthen Employee Relations & Engagement, Recruitment and Retention Strategies
- Job Measurement can provide a clear understanding of organization and role design including creating awareness of internal equity.

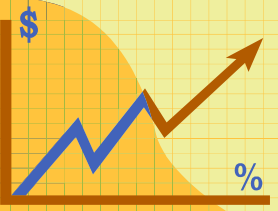


Food for thought.....

“Change doesn’t just happen. Everyone has a role to play in leveling the field for women and advancing top talent. When our economy (and your firm) can reap the benefits of our nation’s diverse talent, everyone wins – men, women and business”

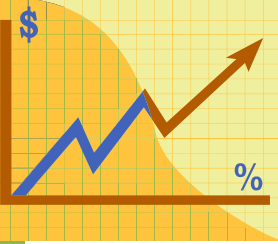
Deborah Gillis – NA VP, Catalyst

Ultimately, Employment Equity and Pay Equity are important to both Canada and Corporate Canada’s Bottom line and the more proactive in adopting this commitment, the more organizations will benefit .



What is Pay Equity Legislation?

- Pay Equity is “**equal pay for work of equal or comparable value**”.
- The actual jobs may be totally different. The aim of Pay Equity is to address the systemic discrimination that contributes to the compensation gap between jobs that have traditionally or historically been dominated by female workers and may have been undervalued and therefore underpaid
- Pay Equity legislation (primarily applicable in *Ontario, Quebec* and Federally Regulated industries)



The Pay Equity Process

- You need a job evaluation system to examine each job in the organization with regard to four categories:
 - **Skill:** the amount and type of Skill required to perform the job competently
 - **Responsibility:** how much responsibility the job has
 - **Effort:** how much effort (physical and sensory) is required in performing job task, and
 - **Working Conditions:** the conditions under which the job is performed.



Gauging Market Not Enough!

- **A job leveling process based on salary market data alone would not be considered to be Pay Equity compliant.**
- Since the perception is that gender bias is systemic in the marketplace, a job evaluation system and salary administration program based solely on salary market data would be seen as reinforcing historical gender bias.



Ontario: Job Classes defined

- Female job class – 60% or more
 - Male job class – 70% or more
- ✓ Also consider historical and stereotypical incumbency.

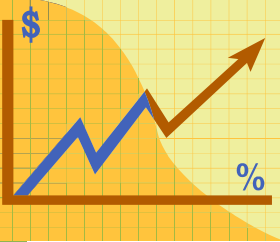




Ontario: Adjust Rate of Female Job

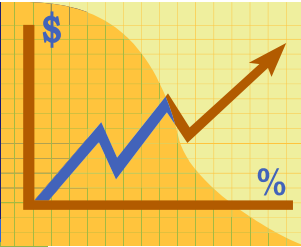
Compare pay for Female Job Class to Male Job Class of Similar Value based on:

- Lowest paid Male Job Class of similar value, or
- Highest paid Male Job Class of lower value, or
- Proportional Value Comparison (Male Trend Line)

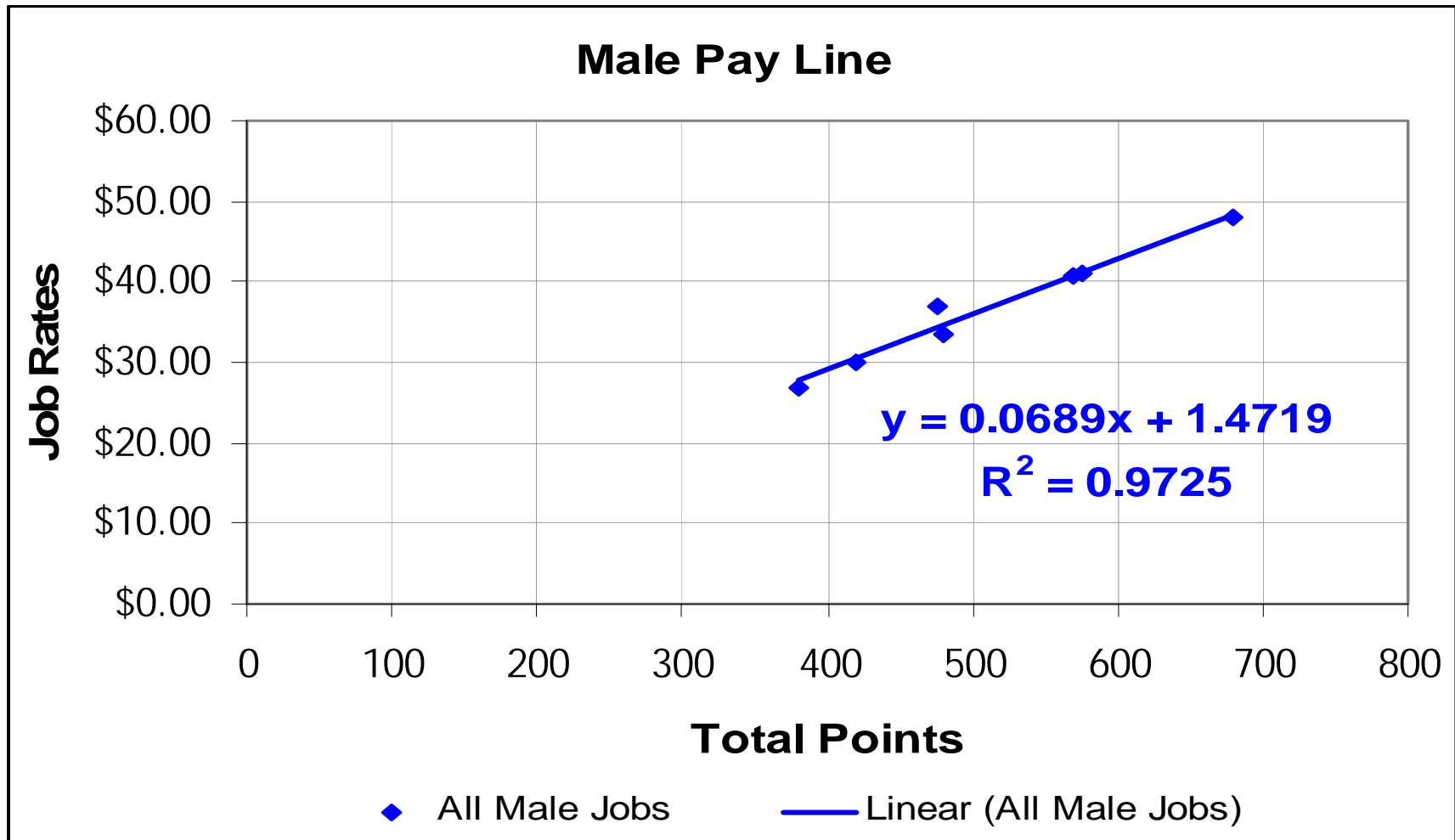


Sample Pay Equity Impact Chart

Similar Value Group	Job Title	Total Points (value)	Job Class Gender	Job Rate (\$/Annum)	P.V. Rate (at M.P.)	Pay Equity Adjustment (\$/Annum)
600 – 649	A	640	F	42,000		2,000
	B	635	M*	42,000		
	C	620	F	40,000		
550 – 599	D	590	M	36,000		500
	E	580	F	36,000		
	F	565	M*	34,500		
	G	550	F	34,000		
500 – 549	H	530	F	32,500		---
	I	510	M	32,000		
450 - 499	J	480	F	28,900	30,708	1,808
	K	480	F	29,000	30,708	1,708
	L	455	F	31,000	30,708	
	M	455	F	30,700	30,708	8



Male Pay Line





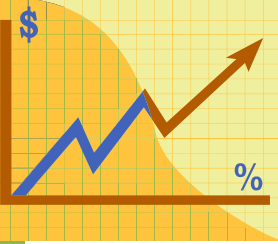
How to Develop New Pay Equity Plan

- Gather job class information:
Performance of incumbents is not to be considered
- Conduct evaluations – prepare documentation
- “Ladder Chart” finalized
- Commitment to outputs and process by
Committee and Senior Management



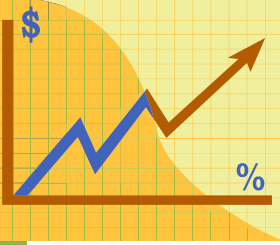
How To Develop New Pay Equity Plan

- Determine Pay Equity impact:
- Correct determination of job class gender
- Proper “Job Rate” used
- Benefit costs must be included (if different)
- “Cross-comparisons” must be considered
- Avoid moving Male Job Class comparators arbitrarily



Benefits of Pay Equity

- Reinforces the commitment to Diversity
- A positive human resource process and tool
- Reduces systemic discrimination in pay
- Lessens employee discontent about pay
- Process can be developed to produce full internal equity
- Results in increased productivity, reduced turnover, absenteeism all of which helps to create a positive image with the customer



Checklist for Diversity led Total Rewards

- As a baseline – ensure PE compliance
- Review Benefits to test/encourage socially responsible behaviour
- Work/Life Balance Strategy and Initiatives
- Career Development with an emphasis on the advancement of women
- Mentorship as part of a Succession Planning Strategy
- Encourage flexibility – work arrangements, benefit coverages, retention programs etc. This will be attractive to all demographic segments including women!
- Listen to/recognize your employees – they want to feel empowered (Time and Work) and recognize their contribution!



Questions?????

Call 416 644 6584 and ask for
Larry Moate or Liz Wright

✓ Thank you for your time