

Gender pay gap underappreciated

Employee perceptions don't always match reality: Survey

BY LIZ BERNIER

WHILE research has been pretty clear in showing there is a measurable pay gap between the genders, employee perceptions may be less clear.

About seven in 10 workers in a global survey said they believe men and women are paid equally at their place of work (77 per cent in Canada), according to a Glassdoor survey of 8,254 people.

That may suggest a lack of awareness about the issues, said Scott Dobroski, associate director of corporate communications at company ratings site Glassdoor in San Francisco.

"There is a large disconnect due to lack of awareness and lack of information when it comes to this notion of salary transparency and more information around pay," he said.

While some of the research varies, it pretty consistently identifies a significant gender pay gap, said Dobroski.

"Here in the U.S., for instance, (reports say it's about) 77 cents for a woman for every dollar a man earns, and then you have some reports that say it's closer — about 95 cents for a woman compared to every dollar for a man," he said.

"Either way, though, all of these reports, no matter where you look online or who says what, they do show there is a gender pay gap. And this is in multiple countries around the world."

The pay gap in Canada has been measured in various ways but the most common way is to look at full-time, full-year wages, according to Ontario's Pay Equity Commission. Women in Canada earn about 74

cents for every dollar a man earns, according to 2011 Statistics Canada data.

What's interesting is employee perceptions do not match that reality, said Dob.

"And that's a problem," he said. "The disconnect likely exists because of lack of awareness and education around pay information and the benefits of sharing pay information and knowing that it's out there."

Awareness, transparency

For anything to change, people need to be aware that it's happening — and not just be aware in a broad, hypothetical sense, according to Katie Donovan, founder of Equal Pay Negotiations in Boston.

"When I do my workshops or speak with clients or talk about this at all, more often than not, I'm talking to a woman who loves her manager, loves her company, loves what she's doing, and that issue needs to be fixed — the 'poor other people' (syndrome)," she said.

There is still this idea that all these problems people read about are external and they won't happen — and aren't happening — to them, she said.

"They say, 'Those poor other people, thank god that isn't happening to me.' And then I ask the followup question — 'Well, how do you know that?'"

Even if employees are paid fairly relative to their organization's pay structure, they may not be paid fairly relative to their sector or industry, she said.

"You may be paid absolutely appropriately at your company, but are

you working at the company that pays the least out of all companies in the industry?"

The disconnect is when managers are managing people, their goal is to help their team and make them successful — but not so when it comes to pay, said Donovan.

"When they're negotiating your pay or deciding what your pay is, their absolute fiduciary responsibility to their employer is to get the best talent at the least amount of money."

Reputational risk

There's also the impact a pay gap can have on recruiting and retaining the best talent, found the Glassdoor survey. Three in five workers said they are not likely to apply for a job at a company where they believe a gender pay gap exists.

In Canada, 69 per cent of respondents said they would not apply to an employer at a company where a pay gap exists, said Dobroski. That breaks down to 79 per cent of women compared to 60 per cent of men.

"What's really interesting as well is, especially in Canada, if you look at that younger demographic, 18- to 24-year-olds in Canada — 91 per cent say they would not apply to a job where a pay gap exists. So that's going to be an increasing trend," he said.

"That is a wakeup call for employers that if they can look at their pay practices and let employees and prospective talent know that they're committed to equal pay for equal work, they'll have a recruiting advantage."

That's why transparency is key, said Dobroski.

"When it comes to pay information being out there online — on sites like Glassdoor and social forums and people tweeting about it — the genie is out of the bottle now, and people have to understand that salary transparency and workplace transparency is here, and there's really no turning back. In fact, if anything, it's only going to increase," he said.

"Employers who do not embrace this notion of being upfront about their pay and embracing salary transparency will be at a recruiting disadvantage."

There is absolutely the potential for reputational damage if employers are not seen to pay fairly, said Mary Turan, senior consultant at Gallagher McDowall Associates in Toronto.

"Employers today can't afford to not pay attention to this because women represent such a significant talent pool," she said.

"Paying attention to and closing the gender wage gap sends a message to all your stakeholders about valuing the work done by women."

Not only will it pay off for an organization by being able to attract and retain motivated staff but, ultimately, it will affect its competitiveness and performance, said Turan.

"Not only will you be recruiting the best out there, which of course includes women, but, at the end of the day, we also need to remember that your employees are also consumers — so it's a circle," she said.

"We need to recognize that this is not a women's issue, it's not a men's issue... this is really a societal issue."

So I think organizations need to seize this as an opportunity.”

Now, transparency is not a one-size-fits-all model — there are different levels for different employers, said Dobroski.

Some employers might want to be totally open about it; some may want to take another approach and take a good look at pay and revamp how it's communicated to the workforce, how it's determined, he said.

“But what employers should be doing is, number one, revealing how total compensation is determined and then making the appropriate changes for their workforce, and then clearly communicating that

not only for their current employees but also for prospective talent who (are) researching the company as a place to work,” he said. “If (employers) don't do this, they will be at a recruiting disadvantage.”

Closing the gap

So, what are some potential solutions? Government legislation is favoured by 38 per cent of Canadian respondents, followed by 32 per cent who favour corporate policy solutions. Twenty-seven per cent believe transparency will help close the gap while 26 per cent like clearer communication, found Glassdoor.

Whatever the solution, it has to

come from the top, according to Turan.

“This, to me, all starts with governance,” she said.

“There are some basic elements of governance, the first of which is legislation or compliance. For any board or company, they need to look at that and say, ‘OK, there is legislation out there.’”

Organizations also need to address the underlying causes behind employee pay equity in order to truly affect change, said Donovan.

“There's a lot of unintended biases throughout the hiring process. Study over study over study continuously shows that you can have

the exact same candidate, whether it's on a resumé or application, and if his name's John, he looks perfect. But if the name goes to Jane or in one of the studies it switched to Jennifer, and suddenly (it's) not so impressive. And then you change it to an ethnic-sounding name... and (they are) 70 per cent less likely to get an interview,” she said.

“We are people with all kinds of weird biases and, unfortunately, they continually hurt women and people of colour.

“There's no industry, there's no country, there's no age, there's no years of experience, there's no level of job without a gender pay gap.”