

BRIDGING THE PAY GAP: WHY PAY EQUITY PAYS OFF

EXECUTIVE SUMMARY

Pay equity is not a revolutionary concept, yet in 2021, the data still shows that not all workers are receiving equal pay for equal work. For example, research indicates that women with the same job and qualifications still earn only \$0.98 for every \$1.00 earned by men.¹ Further, a similar pattern exists for people of color, with Black women earning \$0.97 and Black men earning \$0.99 for every \$1.00 earned by white men.² While a few cents may seem trivial, it could mean the difference between thousands to hundreds of thousands of dollars lost over workers' careers.

Knowing that these inequities persist in the workplace, SHRM surveyed HR professionals, people managers and individual contributors to better understand the current state of pay equity in the United States and the opportunities and challenges organizations face on their pay equity journeys.

The good news is that SHRM found that many organizations are already stepping up to create equitable workplaces—**nearly 3 in 5 (58%)** organizations voluntarily conduct pay equity reviews to identify possible pay differences between employees performing similar work that cannot be explained by job-related factors.

What's more, the research underscores that it pays off to do so. For example, when compared to HR professionals whose organizations don't conduct pay equity reviews, HR professionals whose organizations do conduct such reviews are **nearly twice** as likely to agree they're confident their employee data records and/or documentation are detailed enough to explain a pay difference if one was detected during an audit.

However, there is still progress to be made to ensure that workers receive equal pay for equal work, and organizations have a critical role to play. In particular, the research reveals that organizations that fail to look beyond quick, surface-level fixes are likely to encounter a number of costly pay equity pitfalls.

¹ The State of the Gender Pay Gap in 2021, PayScale.
² Ibid

By prioritizing pay equity, organizations do more than just rectify existing pay differences—they also create more equitable and transparent pay practices that serve as a foundation for lasting and positive change. At the same time, they are better equipped to source and retain top talent and provide workplaces where all workers can thrive.

Key Findings

- 1** **91%** of employees who feel their organization is transparent about how pay decisions are made also say they trust that their organization pays people equally for equal work regardless of gender, race and ethnicity. Conversely, only **49%** of those who feel their organization lacks transparency when it comes to pay decisions trust that employees are being paid equally for equal work.
- 2** **Less than half (47%)** of HR professionals say their organization is transparent with employees about how pay decisions are made. But **more than 9 in 10 (94%)** think it is important for organizations to do so.
- 3** Of HR professionals who say their organization doesn't conduct pay equity reviews, **nearly half (47%)** say it's because conducting pay equity reviews isn't a priority for their senior leadership.
- 4** **Only 35%** of organizations that conduct pay equity reviews also provide training on how to properly document pay decisions. That number decreases to **12%** for organizations that don't conduct pay equity reviews.
- 5** Women tend to be less ambitious than men when asked about their pay expectations during the hiring process. Women are more likely than men to say they asked for only 1-10% more than their current pay (**50% versus 34%**) whereas men were more likely than women to say they asked for 11% or more (**34% versus 20%**).
- 6** **Around 1 in 4** workers have been in a situation where they found out someone of a different gender (**23%**) or race/ethnicity (**19%**) at their organization was paid more than them even though they performed the same job and had the same level of experience.
- 7** Of workers who have found out someone of a different gender or race at their organization was being paid more than them, **more than 2 in 5 (42%)** said they found out through workplace gossip.
- 8** **About 1 in 5 (19%)** workers who found out they were being paid less than a colleague of a different gender or race said they talked to other employees about the pay difference; **more than 1 in 4 (27%)** started looking for a new job.