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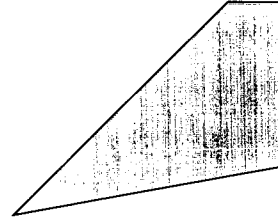
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ABSTRACT

This publication presents six primary tools employers can use to narrow or eliminate pay gaps in their workplaces. After each tool is a discussion of the problem and examples of "best practices" by employers that have won the Department of Labor's Opportunity 2000 and EVE (Exemplary Voluntary Efforts) awards. The report is divided into six tools: "Tool #1: Evaluate Your Compensation System--Are there wage gaps between women and men at your company that cannot be explained by legitimate nondiscriminatory factors?" Examples of best practices are Blue Cross Blue Shield of Delaware, Pacific Northwest National Laboratory (PNNL), and Eli Lilly and Company (Lilly); "Tool #2: Establish Effective Recruitment, Hiring, and Promotion Practices--How effective are you at recruiting, hiring, and promoting qualified women and minorities?" Examples of best practices are Hawaiian Electric Company, Inc., PNNL, and Lilly; "Tool #3: Address Diversity--Do you address diversity?" An example of best practice is Payne & Dolan, Inc; "Tool #4: Implement Mentoring Programs--Do you have a formal mentoring program?" An example of best practice is Lilly, "Tool #5: Have a System To Ensure Accountability--What tools do you have in place to monitor progress and hold people accountable for equal opportunity and equal pay in your workplace?" Do senior executives support their use? An example of best practice is Lilly; Tool #6 suggests four Web sites that offer information and technical assistance. (YLB)

Facts on Working Women



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U.S. Department of Labor
Women's Bureau
Irasema T. Garza, Director

A Voice for Working Women Since 1920

Tools for Employers

Making Equal Pay a Reality in Your Workplace

More women in the United States are in the labor force than ever before -- 65 million or 60 percent of the 108 million women aged 16 and over in the civilian noninstitutional population. Yet overall women are not paid as much as men for the work they do. In 1999, the Bureau of Labor Statistics (BLS) reported that the weekly earnings of women working full-time were only 76.5 percent of those of men working full-time.

Working women continue to say that pay is one of their biggest workplace concerns and that they are not fairly paid for their work. Not only are women's earnings important to their family income, but working women are entitled to equal employment opportunity on the job, including the right to equal pay for equal work and non-discriminatory compensation.

Is the wage gap smaller than in the past? Yes, but only somewhat. Will this wage gap continue to narrow over time? Maybe, but that process is slow. Employers can help by asking themselves, "What can we do? How can we contribute to closing the gap?"

What follows are five primary tools that employers can use to help narrow or eliminate pay gaps in their workplaces. After each "tool" we list examples of "best practices" by some employers that have won the U.S. Department of Labor's Opportunity 2000 and EVE (Exemplary Voluntary Efforts) awards. These awards honor Federal contractors for outstanding programs that have enhanced equal employment opportunity in the workplace. As part of the Department's Equal Pay Initiative, the 1999 EEO awards event shared the theme Equal Pay Matters. The companies identified as engaging in "best practices" have been recognized by the Department of Labor for past exemplary efforts. Their inclusion does not constitute Department of Labor endorsement of the companies or of their services or programs.

Tool #1: Evaluate Your Compensation System

"Are there wage gaps between women and men at your company that can't be explained by legitimate, non-discriminatory factors?"

Several Federal laws -- Executive Order 11246, as amended, the Equal Pay Act of 1963, and Title VII of the Civil Rights Act of 1964, as amended, prohibit wage discrimination. Under the Equal Pay Act, covered employers must provide equal pay to women and men who perform substantially equal work in the same establishment. Title VII prohibits employment discrimination based on sex, including wage discrimination, by employers of 15 or more employees.

Executive Order 11246 prohibits Federal contractors and Federally-assisted construction contractors and subcontractors who have Government contracts or subcontracts exceeding \$10,000 from discriminating in employment decisions on the basis of race, color, religion, sex, or national origin. This includes wage discrimination. In addition, under the Executive Order, each government contractor with 50 or more employees and \$50,000 or more in government contracts is required to develop a written affirmative action program (AAP) for each of its establishments. The Executive Order is enforced by the Office of Federal Contract Compliance Programs (OFCCP) of the U.S. Department of Labor. Title VII and the Equal Pay Act are enforced by the Equal Employment Opportunity Commission (EEOC).

OFCCP has stated that closing the wage gap is among the biggest challenges it faces in the 21st Century. Its principal enforcement mechanisms are compliance evaluations, including corporate management (glass ceiling) reviews. OFCCP also investigates discrimination complaints against Federal contractors. When the OFCCP reviews a company, among the many factors it examines are pay disparities. OFCCP will continue looking at companies' compensation practices to determine whether they apply fairly to women and minorities. The agency has urged companies to examine their own compensation practices and not wait for an OFCCP compliance evaluation.

Ask yourself if there are pay differences between women and men and/or between minorities and non-minorities in your company. Have you examined whether any of these differences are based on nondiscriminatory factors such as a seniority, merit, or incentive system, or on any other factor other than sex? Sometimes, historical inequities, based on outmoded assumptions, continue into the present. Also, are there differences between women and men in fringe benefits and perks? Are there similar differences between minorities and nonminorities? And don't neglect to look at your bonus structure to ensure that women and minorities are eligible for bonuses or other incentive compensation on the same basis as men and nonminorities.

Today, unemployment is low and the demand for workers is high, particularly for technology workers. Having fair compensation policies will enhance your ability to attract and retain qualified workers for such positions.

Examples of Best Practices:

Blue Cross Blue Shield of Delaware

- To ensure that all its employees are paid fairly, Blue Cross Blue Shield of Delaware, a health benefits organization, has set up a salary administration program that analyzes pay and benefit levels in all job classifications. Its compensation plan is designed to keep employees' pay current with the market and to compensate all employees according to their level of performance.
- Annual and ad hoc studies are done to prevent pay disparities between minority or female staff members and non-minority or male employees who work in the same classification and/or salary grade.
- Each year the Board of Directors is given a complete pay and benefits study that analyzes the pay levels of each employee category.

Pacific Northwest National Laboratory

- Pacific Northwest National Laboratory is an environmental science and technology establishment. Staff salaries are reviewed against external and internal data, and if inequities are found for women and minorities, pay adjustments are made.

Eli Lilly and Company

- Eli Lilly and Company, a global research-based pharmaceutical corporation, has developed and implemented a proprietary computer analysis used by personnel representatives during the performance evaluation process to alert them to any potential areas of concern before final decisions are made.
- The company performs compensation analyses after each cycle of merit pay delivery.

Tool #2: Establish Effective Recruitment, Hiring, and Promotion Practices

"How effective are you at recruiting, hiring, and promoting qualified women and minorities?"

We are experiencing the tightest labor market in memory, and there is a great deal of competition for talent. If you are not already doing so, be sure that your employment practices are inclusive in order to ensure the effective use of all talent in your applicant pool.

Are your recruitment efforts reaching the broadest possible audience? Do qualified women and minorities have an equal opportunity to be in your applicant pool? Make sure your job listings are sent to industry associations formed for women and minorities, such as the Association for Women in Science, Women in Cable & Telecommunications, the National Urban League, or Blacks in Government. It would also be beneficial for businesses who recruit at colleges to focus outreach efforts on associations for minority affairs or women's studies departments in addition to career departments.

Do your hiring and promotion practices ensure women and minorities an equal opportunity to be hired and to advance? If not, review them and revise them as necessary. The majority of human resource professionals think that women and minorities continue to face barriers to career advancement in today's workplaces, according to a 1999 survey.¹ The barriers faced include corporate cultures that favor men, stereotypes and preconceptions of women, exclusion from informal networks, and the perception by management that family responsibilities will interfere with work.

Train all employees involved in recruitment, interviewing, hiring, and promotion practices in effective techniques for reaching minorities and women and ensuring that they have an equal opportunity to be hired and promoted. Keep records of the entire selection process used by your company and periodically analyze them in order to monitor effectiveness, as well as make changes as needed.

Examples of Best Practices:

Hawaiian Electric Company, Inc. (HECO)

- Hawaiian Electric Company, Inc. (HECO), which, along with its subsidiaries, provides electricity to 95% of Hawaii's residents, made a good faith effort to expand its pool of applicants in trade, engineering and craft positions that historically were held by non-minority men.
- HECO increased the number of women in trade and craft positions through a partnership formed with the YWCA's NEW Program (Non-traditional Employment for Women). The program teaches carpentry, sheet metal, and electrical skills through training and apprenticeships.
- HECO also established agreements with many community organizations, rehabilitation centers, and Veterans' Affairs offices, soliciting referrals of women, minorities, veterans, and persons with disabilities.

Pacific Northwest National Laboratory

- Staff members are paid a \$1,000- \$3,000 bonus if they refer women and minority scientists, engineers and managers who are hired by the Lab.
- The Lab manages the Energy Department's undergraduate laboratory fellowships, and in 1998, 70% of the fellowship interns were women and minorities. The Lab also hires summer interns from 11 regional community colleges with highly diverse student bodies as part of an Energy Department initiative.

Eli Lilly and Company

- The company's succession management process identifies individuals with potential. One of the key drivers of the process is ensuring that women and minority group members are appropriately represented in the diverse talent pipelines.
- For each management job opening, the "next most ready" women and minority group members are identified. As a result, there are more than four times as many women identified in the talent pipeline today as in 1996 when the succession management process was formalized, and the number of minority group members in the talent pipeline has nearly doubled.

Tool #3: Address Diversity

"Do you address diversity, e.g. by having a diversity program or offering diversity training?"

The work force is becoming increasingly diverse. Between 1998 and 2008, the labor force participation rates of women in nearly all age groups are projected to increase; men's aggregate labor force participation is projected to continue to decline; the Asian and other labor force and the Hispanic labor force are projected to increase faster than other groups because of high net immigration and higher than average fertility; the growth rate of the Black labor force is expected to be twice as fast as the growth rate of the White labor force; and the labor force age 45-64 will grow faster than the labor force of any other age group as the baby-boom generation continues to age.²

Diversity can refer not only to differences in gender, race, and national origin, and the differences which flow from these characteristics, but also to differences in such things as personality, socioeconomic level, and work style.³

Managing diversity in today's environment is a business imperative. It can help you improve the quality of your work force and compete successfully for customers among an increasingly diverse customer base.⁴

Seventy-five percent of Fortune 500 companies and 36 percent of companies at-large have diversity programs that were developed more than five years ago, according to a survey of human resource professionals.⁵

Diversity training tries to ensure that employees appreciate the differences among workers, which can lead to improved working relationships. When organizations commit to an effective diversity training program, all employees will benefit from an atmosphere of "improved morale" and "high performance" work teams. The best companies in America place a great value on training and foster a culture of positive relationships among employees. Ninety-three percent of Fortune 500 companies with diversity programs include training as part of that program, as do 92 percent of companies at-large.⁶

Example of Best Practices:

Payne & Dolan, Inc.

- This highway construction company, which averages 600 employees per year, entered into a partnership with the Wisconsin Department of Transportation in 1993 to bring women and minorities into the highway construction industry. The resulting Transportation Alliance for New Solutions (TRANS) provides recruitment, screening, and industry awareness training to minorities and women. New employees are recruited through the YWCA, Esperanza Unida, the Milwaukee Area American Indian Manpower Council, and the Boys and Girls Club of Greater Milwaukee.
- Several years ago the company began an annual week-long, off-site training conference for its entire staff. Employees select from almost 100 classes on a variety of subjects, including workforce diversity.

Tool #4: Implement Mentoring Programs

"Do you have a formal mentoring program?"

In study after study, people who "make it" attribute their success to someone higher up who made it happen for them -- a mentor. In most companies, this kind of mentoring is very informal. We tend to mentor people in whom we see our own reflection. This is only natural, but it's not hard to see how women and minorities may get short-changed. It may be time to put in place a more formal mentoring program, which would benefit everybody. Successful programs are carefully constructed so that mentors and mentees are appropriately matched and that both are trained in the process. Mentoring is often the key to people's moving into higher positions. Women and men senior executives could, for example, actively mentor women and minorities in their companies who show potential. Mentoring can often help people better understand what it takes to succeed and how to make their contributions known and recognized. Mentoring of new hires or newly promoted employees helps companies better use their employees, which in turn is beneficial to their bottom line.

Example of Best Practices:

Eli Lilly and Company

- Eli Lilly and Company has an Executive Mentoring Program whose objectives include (1) facilitating short- and long-term business performance by developing the executive talent pool, with an emphasis on diversity, and (2) further developing the competencies of those being mentored, leading to understanding of organizational culture, personal development, job satisfaction, and new career opportunities. Key elements of the program include one to two meetings per month between those being mentored and their mentor and an orientation focused on understanding key issues in starting and maintaining mentoring relationships.

Tool #5: Have a System to Ensure Accountability

"What tools do you have in place to monitor progress and hold people accountable for equal opportunity and equal pay in your workplace? Do senior executives support use of these tools?"

If there are pay gaps and/or opportunity gaps between women and men and minorities and non-minorities at your company, it takes a concerted effort by all concerned to make a positive change. Leadership is key. If the leaders in your organization articulate the importance of equal pay, then others follow. For example, a task force dedicated to ensuring equal opportunities and equal pay could help this process. Your task force can collect data, set objectives, assign responsibility for actions and monitor your success. When senior management is actively involved the chances for success increase exponentially. Make sure that managers are accountable and rewarded for their initiatives in ensuring a level playing field. But just remember, whatever you do, the most important criterion for success is the attitude and determination of the leadership -- equal opportunity and equal pay will happen only when the leaders say it should.

Example of Best Practices:

Eli Lilly and Company

- **Key Result Areas** or KRAs are the foundation of Eli Lilly's performance management system. How employees are rewarded is directly related to how they perform in these KRAs. The People KRA, introduced in 1977, is one of the tools in place to hold management accountable for diversity.
- The People KRA applies to all employees who supervise others and is designed to help Lilly attract, retain, and develop a diverse work force by having supervisors model behaviors to ensure an environment where performance and results are valued and individuals are learning and growing.
- Prominent parts of the People KRA are: identifying women and minority candidates for future opportunities at the manager level and above; ensuring that succession planning focuses on accelerating the development of women and minority candidates; and getting to the bottom of specific organizations' women and minority retention issues and implementing solutions.

Tool #6: Websites That Offer Information and Technical Assistance

You may want other resources to use some of these suggested "tools for change" effectively. If so, visit the following United States government web sites.

The Bureau of Labor Statistics' Occupational Employment Statistics, which can be accessed through <http://www.dol.gov>, provides wage rates for 750 occupations in 4,000 geographic areas. To get there: 1. click on "DOL Agencies" in the left-hand column; 2. click on "Bureau of Labor Statistics" (BLS); 3. click on "Surveys and Programs"; 4. click on "Employment and Unemployment"; 5. click on "Occupational Employment Statistics"; 6. click on "View Occupational Employment and Wage Estimates"; 7. click on geographic area of interest, National, State or Metropolitan; 8. click on "occupational divisions" of interest; and 9. click on occupational code of interest.

The Office of Federal Contract Compliance Programs (OFCCP) website-- http://www.dol.gov/dol/esa/public/ofccp_org.htm--contains compensation information, regulations, and technical assistance which can be of help to Federal contractors and subcontractors.

The Women's Bureau website at <http://www.dol.gov/dol/wb/public/media/reports/main.htm> provides information on fair pay and other work force information relevant to women.

The EEOC website at <http://www.eeoc.gov> provides information for employers on their rights and responsibilities under Federal equal employment opportunity laws, including information about technical assistance and training programs, and in-depth information on laws, regulations, and policy guidance.

Endnotes

1. "Majority of HR Professionals See A Glass Ceiling in the Workplace," Society for Human Resources Management press release, 6/27/99.
2. "BLS Releases New 1998-2008 Employment Projections," Bureau of Labor Statistics press release, 11/30/99.
3. "How Should My Organization Define Diversity?" Workplace Diversity Initiative, Society for Human Resource Management, March 2000.
4. "What Is The 'Business Case' For Diversity?" Workplace Diversity Initiative, Society for Human Resource Management, 8/3/98.
5. "Fortune 500 Firms Outpace the Competition With Greater Commitment to Diversity," Society for Human Resource Management, 8/3/98.
6. Ibid.

RESOURCES

1. *Ten Steps to an Equal Pay Self-Audit for Employers*, U.S. Department of Labor, Women's Bureau.
2. *Best Compensation Practices*, U.S. Department of Labor, Office of Federal Contract Compliance Programs.
3. *A Technical Assistance Guide for Supply and Service Contractors*, U.S. Department of Labor, Office of Federal Contract Compliance Programs, 2000
4. *Equal Hiring Opportunity, Helping Banks Take Affirmative Action*, American Bankers Association, Washington, DC, 1998.

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1-800-827-5335

Internet Address

<http://www.dol.gov/dol/wb/>

Fair Pay Clearinghouse

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