

What's Ahead: The California Pay Equity Task Force
Finding ways to evaluate and eliminate the gender wage gap
Summary of What California Companies Are Doing
By Tonya D. Lindsey, Ph.D.

Companies report auditing salaries. To promote gender equity in the workplace, companies such as Apple, Gap, Google, Intel, Salesforce, and SpaceX are evaluating employees' salaries to determine if there is a gender wage gap in what they pay employees. The evaluations often begin by internally auditing salary data, but some companies opt to hire a third-party to perform an evaluation.

Detailed methods and analyses are unavailable. Methods include statistical analyses to identify when women's' and men's' salaries for similar classifications or comparable roles are significantly different. To understand if companies are using comparable definitions, measures, and models as well as to identify best practices, the CCSWG's new Pay Equity Task Force would need more detailed information about methods and analyses.

Companies report paying people more when they find pay gaps. While companies do not release detailed information about their methods nor analyses, they do publish some results. For instance, Salesforce spent a reported 3 million dollars correcting salary inequities for 6 percent of its employees. Other companies, such as Gap and Apple, reported they have little to no gender wage gap.

Companies report working to eliminate gender wage gaps for new employees. By calculating pay targets for positions, companies can offer salaries to new employees based on the position rather than on previous salaries. Pay targets are calculated from industry-wide surveys about the market rate of a job/position. However, with no detailed methodological information about the surveys freely available, we have no way of knowing if the surveys reflect an aggregated industry-wide gender wage bias that depresses the calculated pay target for women and men.

Companies report having other workplace programs and policies aimed at sustaining pay equity. Monitoring promotion rates, training women for promotions, regularly publishing salary information, and implementing/improving parental leave programs are additional company strategies aimed at further eliminating the gender wage gap.

These Companies Are Eliminating Their Gender Pay Gaps

Elon Musk's SpaceX will follow Salesforce, Apple, Intel, and the Gap and perform an audit to ensure equal pay for women.

Elon Musk, CEO of aerospace tech company SpaceX, committed last month to eliminate the gender pay gap at the company, which has 4,000 employees.

"I was asked today if we'll audit pay," Musk said at an event about pay and gender co-hosted by enterprise software company Salesforce's CEO Marc Benioff in February. "We will do that."

A SpaceX spokesperson told BuzzFeed News that Musk "plans to talk with Gwynne Shotwell, President and COO of SpaceX, on this topic and will take it from there." Musk didn't comment on whether he would audit his electric car company Tesla as well, which employs about 10,000 people.

SpaceX is following Salesforce's lead in pledging to comb through salary data. On International Women's Day this week, Salesforce announced the results of its own internal pay audit for 17,000 global employees. The company spent \$3 million to make salary adjustments for approximately 6% of workers to eliminate discrepancies, according to Cindy Robbins, executive vice president of global employee success.

"Moving forward, Salesforce plans to monitor and review salaries on an ongoing basis — making equal pay a part of our company's DNA," Robbins wrote.

Salesforce has also invested in additional training for female employees, which resulted in a 33% increase in promotions for women at the company, according to Robbins.

And Salesforce and SpaceX are not alone in internally auditing pay for gender equity. Apple and Google have put resources towards ensuring equal pay, and Gap completed an internal audit last year. Computer chip manufacturer Intel announced it had found no meaningful discrepancies in pay after a review.

At Apple's shareholder meeting last month, Tim Cook said that a year-long, third-party audit for the company's 70,000 U.S. employees showed women made 99.6 cents for every dollar a man makes, and under-represented minorities make 99.7 cents per dollar. Cook said the company was working to eliminate the gap and would release results of the survey every year so employees know where they fall on the pay-scale.

At Google, a spokesperson said the company's "People Analytics team" constantly analyzes performance, compensation, and promotion to "ensure that there is no gender pay gap at Google."

"Further, since we set salaries based on the market rate of the job (rather than a person's pre-Google salary), we find that, on average, women get larger pay increases than men when they join Google," said the spokesperson.

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This strategy — paying based on the going market rate of a job, rather than an employee's previous salary — has been shown to help help reduce the gender pay gap, and some companies are looking into banning salary negotiations for that reason.

Still, even at Google, which uses market rates at hiring to avoid having to course-correct, salary transparency remains a taboo subject. Before leaving the company in 2015, Google engineer Erica Baker created a spreadsheet for workers to voluntarily share information about pay. She then ran into friction with a manager for collecting the data. Baker said on social media that some employees asked for and received more equitable pay based on the spreadsheet, which is still live at Google, run by a co-worker of Baker's.

A Google spokesperson said that the company doesn't comment on specific cases of current or former employees and that employees are free to share salary information. (This is the case everywhere, under U.S. labor law.)

Twenty percent of human resources managers have said men are paid more than women at their companies, according to a recent survey by Human Resources software company CareerBuilder. Nationally, the median woman who works full time makes 79 cents for every dollar the median man makes, according to the most recent U.S. Census data.

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https://www.buzzfeed.com/coralewis/companies-are-eliminating-their-gender-pay-gaps?utm_term=.mo4o3wMJep#.rfowRA27XW

Gap says audits show its workers get equal pay for the same work

Gap's employee base is 74% female, and 73% of store managers are women. At the senior leadership level, 77% are women. Above, a Gap store in Sherman Oaks. (Ricardo DeAratanha / Los Angeles Times)

Since the California Fair Pay Act was signed into law last month, companies have been scrambling to check their books, review their hiring statistics and get legal guidance to navigate what's being called the toughest equal wage statute in the country.

The new law is turning the spotlight on hundreds of companies where men and women are paid unequal wages despite having similar duties.

But one well-known San Francisco apparel firm is getting attention for its effort to help close the gender wage gap. Gap Inc. says its male and female employees are paid an equal wage for equal work.

"I think Gap is unique in having its leadership heavily led by women," said Noreen Farrell, executive director of civil rights organization Equal Rights Advocates, which co-sponsored the California Fair Pay Act. "I think that's very important in terms of the priority of the organization and its credibility come audit time."

The new law seeks to close loopholes in existing legislation and ensure that men and women workers doing "substantially similar" work — regardless of title differences or being at a different work site under the same employer — get paid an equal wage.

Employers are prohibited from retaliating against employees who ask about their pay or that of their co-workers, and must justify wage differences based on factors such as seniority, merit, education or training. The law goes into effect Jan. 1.

The legislation is consistent with Gap's own practices, the company says. Last year, the retailer performed internal and external audits to determine whether its more than 130,000 men and women employees were being paid equally for equal work. Both analyses found that they were, and the results were validated again this year.

The company has a long history of having women in senior leadership positions, starting with its co-founder, Doris Fisher. Fisher and her husband, Donald, started Gap in 1969. The couple formed the firm as a partnership, with each spouse putting in an equal amount of money, said Dan Henkle, Gap senior vice president of global sustainability and president of the Gap Foundation.

"If you have senior women at the table from the very beginning, you think about hiring decisions, promotion decisions, compensation decisions," he said. "It became a way of doing business."

It was the company's 45th anniversary preparations last year that sparked the idea of a wage audit. While reflecting on its history, Gap executives said they decided to look at their employees' wages and whether they were the same for men and women doing equal jobs. The results were so positive that they started to second-guess their work.

They brought in an outside expert — Exponential Talent, a consulting firm based in the San Francisco Bay Area city of Alameda that focuses on gender and diversity issues.

"I've never had a client say ... 'Here's all the work we had done, poke holes in it, rip it apart and tell us if we've made a mistake,'" said Beth Roberts, diversity and inclusion analytics leader at Exponential Talent, who worked on the Gap audit. "We found their work to be accurate, and the results were correct, but we thought there were other tests we could do."

Over the next few months, the consulting firm ran a number of statistical tests. They looked at full-time and part-time worker salaries by gender, adjusted for experience and also checked to make sure that one region's salaries weren't masking pay gaps in other areas.

"You would expect to find something," Roberts said. "There just wasn't a statistically significant difference."

Part of the company's success lies in its employee classification, Farrell said. Firms with an established system of job titles and pay grades that clearly define the work being done are easier to audit for potential wage gaps, she said.

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The retailer also eliminated traditional performance reviews last year, replacing them with an "evidence-based performance management system" that emphasizes performance metrics rather than more "subjective" evaluations, Henkle said.

Companies that have more women in leadership positions also tend to prioritize equality issues, Farrell said. Gap's employee base is 74% female, and 73% of store managers are women. At the senior leadership level, 77% are women.

"Obviously we think that paying women and men equally for equal work is the right thing to do," Henkle said. "But we also think it's a smart business decision."

There are limits to the audit — the compensation data only cover company employees, not supply chain workers.

"As you get into the supply chain, it's much more complicated because we work with a number of different suppliers," Henkle said.

Gap has been criticized for its treatment of supply chain workers, Farrell said. A March report from Human Rights Watch said workers at a small subcontractor factory in Cambodia that periodically produced clothes for Gap until at least December 2013 were repeatedly given short-term contracts without the benefits given to long-term workers. The report also said the factory allegedly discriminated against pregnant workers at the time of hiring.

"Equality in any segment in a company's workforce is laudable," Farrell said. "But overall, a company's reputation often hinges on a broader analysis, and I think being as committed to the economic security of its supply chain employees as the Gap is to equal pay for equal work will only improve the Gap's standing as a leader in the industry."

Gap spokeswoman Laura Wilkinson said the company conducts factory reviews of all branded apparel suppliers on an annual basis, which includes gender-related issues such as the treatment of pregnant workers. She also said Gap worked with the International Labour Organization to help found Better Factories Cambodia, which assesses factory conditions through monitoring and training for managers and workers.

The company requires all Gap vendors to pay the local legal minimum wage or the local industry standard, whichever is higher, and the code of vendor conduct prohibits any form of discrimination.

"We know there is more work to be done," Wilkinson said, "but we remain committed to helping ensure that the women and men who make our clothing are treated with dignity and respect."

Samantha Masunaga

<http://www.latimes.com/business/la-fi-gap-fair-pay-20151127-story.html>

Equality at Salesforce: The Equal Pay Assessment Update

Achieving equality for all is one of the greatest challenges that we will face in our lifetime. This is a battle that cannot be won by one company, one leader or any one community. It's a challenge that every CEO and every business leader must address.

And that's just what we are doing at Salesforce. We have made equality a core value for the company, and we are working to increase equality by focusing our efforts on equal pay, equal advancement, and equal opportunity.

Let's talk about equal pay. Last year we announced our commitment to doing a comprehensive analysis of the salaries of the more than 17,000 global employees we had as of August 1 to determine if men and women were paid equally for comparable work. We've completed the assessment, and we'd like to share how we did it and what we learned.

We put employees in comparable roles into groups and analyzed salaries of those groups to determine whether there were statistically significant wage differences between women and men. We based our analysis on objective factors that determine pay, such as job function, level and location. If there were unexplained differences, salary adjustments were made for both men and women as needed.

Our assessment showed that we needed to adjust some salaries—for both men and women. Approximately six percent of employees required a salary adjustment, and roughly the same number of women and men were impacted. Salesforce has spent nearly \$3 million dollars to eliminate statistically significant differences in pay.

To build a more diverse workforce, we've doubled down on our community outreach efforts to nonprofits and educational groups focused on diversity in tech, added more diverse schools to our recruiting efforts, and increased our support for STEM education initiatives that touch diverse populations.

We've also increased access to advancement opportunities through the High-Potential Leadership Program, which is designed to provide leadership skills to advance women in the workplace. The program has led to a 33 percent increase in the number of women who were promoted last year.

In the last year, Salesforce has increased parental leave to 12 weeks off at 80% of total pay, including base and bonuses. The company also introduced a new gradual return program which offers new parents the flexibility to work reduced hours for the first four consecutive weeks of returning to work, at full pay.

We are at the beginning of a long journey. We will continue to focus on equality, diversity and inclusion at all levels and in all employment processes. Moving forward, Salesforce plans to monitor and review salaries on an ongoing basis—making equal pay a part of our company's DNA. In addition to analyzing salaries regularly, Salesforce will continue to focus on equal opportunity and equal advancement by increasing access to growth opportunities for all and

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building and recruiting a more diverse pipeline. A diverse workforce gives us the unique perspectives that we need to build the most innovative products, engage with our diverse community of customers and partners, and attract and retain top talent.

Mar 08, 2016 By Cindy Robbins in News, Featured

<https://www.salesforce.com/blog/2016/03/equality-at-salesforce-equal-pay.html>

Google says it has closed the gender pay gap. Here's how. 'We can change the system'

Fairly compensating female employees starts with putting less stock in the question, "What's your current salary?" Laszlo Bock, SVP of people operations at **Google**, argues in an opinion piece for the *Washington Post*.

Numerous studies show that women are systematically paid less for the same work than their male peers. According to one study by researchers at **Cornell University**, women are paid 92 percent of what men are after controlling for job type, experience, and other factors.

As Bock notes, there are many reasons for the pay gap, such as women being less likely to ask for raises. But hiring and compensation practices also play a role.

A major issue, Bock says, is what cognitive scientists call anchoring bias: our brains let an initial number affect our thinking.

For instance, researchers at **Princeton University** asked people to estimate the percentage of African countries that were United Nations members. Before doing so, they had study participants spin a wheel to that would either land on the number 10 or 65. Those who spun a lower number consistently estimated a lower percentage. "They had unconsciously anchored on the initial number," Bock explains.

The same problem comes up in the hiring context: Firms, Bock says, "anchor too much on [an applicant's] current salary instead of what the job is worth."

For instance, if a male making \$58,000 and a female making \$50,000 are both hired for the same job that typically pays \$60,000, companies may think it's unfair to give the female candidate such a significant raise. But that is anchoring bias, Bock says, and it's part of what perpetuates pay inequality.

The better approach is to pay people based on the role, not based on their salary history, Bock argues. Each job at Google has a salary target set by human resources based on industry surveys. "If a candidate's current pay is below our target for that job, we simply ignore the prior salary and offer our target," Bock says.

According to Bock, companies should also establish systems to guard against bias, such as in promotion rates. Using such an approach, Bock says that controlling for factors such as experience, education, and job type, Google provides completely equal pay to men and women.

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"The systemic underpayment of women chips away at our society's values of fairness and equality—and has a real economic impact on our daughters, sisters, and mothers," Bock warns. "But we can change the system" (Bock, "On Leadership," *Washington Post*, 4/29).

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<https://www.advisory.com/daily-briefing/2016/05/10/weve-closed-the-gender-pay-gap>

How the “what’s your current salary?” question hurts the gender pay gap

In 2015 we added 8,214 employees to Google. And the women we hired, on average, received a 30 percent bigger salary increase upon joining the company, compared to men.

Does that sound fair to you?

Study after study demonstrates that women are paid less than men in the United States. Equal Pay Day, three weeks ago, marked the number of additional days women needed to work into 2016 to "catch up" with what men were paid in the prior year. Indeed, in a recent paper, Cornell professors Francine Blau and Lawrence Kahn found that women were paid 79 cents for each dollar a man was paid. Even after adjusting for type of job, industry, experience, location and education, the gap remained 92 cents for each dollar.

A number of factors contribute to that difference. Some are behavioral. For example, as many have noted, women are less likely than men to negotiate salaries or ask for a raise.

But the fundamental problem is hidden in the way we make pay decisions. Fixing it requires us to focus on paying people what a job is worth — and not basing a pay decision on someone’s current salary.

We are all susceptible to something called anchoring bias, where our brains get stuck on an initial number. One of the first studies conducted on anchoring, by professors Amos Tversky at Stanford University and Daniel Kahneman at Princeton, asked people to spin a wheel with numbers on it and then estimate how many African countries were United Nations members. But the scientists secretly controlled where the wheel landed, setting it to hit either 10 or 65. When the wheel came up 10, people guessed that 25 percent of African nations were in the U.N. When it landed on 65, they guessed 45 percent. They had unconsciously anchored on the initial number.

When it comes to making pay decisions, we anchor too much on someone’s current salary instead of what the job is worth. Imagine hiring two accountants. One (call her Eliza) currently makes \$50,000 and the other (Alexander) makes \$58,000. And let’s say the average accountant in your company makes \$60,000. It feels natural to offer Alexander a salary of \$60,000, just like everyone else gets. But for most managers, it feels wrong to give Eliza the same salary. After all, that’s a \$10,000 raise! Wouldn’t that be unfair to Alexander, who only got a \$2,000 raise? And why not save a few bucks by paying people based on their past salaries?

But that approach ignores the reality that women are consistently, and unjustly, paid less than men for the same work.

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There are many challenges when it comes to equality in the workforce. In the technology industry, we're working to grow female representation within both our engineering teams and leadership ranks by getting more women into the field and better supporting their advancement. But ensuring women and men are paid equally for equal work is something companies should and can fix today, with two straightforward steps.

First, avoid anchoring to someone's current salary. Instead, pay for what the job is worth by setting a pay target for each job when hiring and promoting. At Google, recruiters typically ask about salary as a data point, but neither they nor hiring managers make decisions about pay. Instead, offers are determined by our "people operations" team, which provides a bulwark of objectivity and fairness. If a candidate's current pay is below our target for that job, we simply ignore the prior salary and offer our target.

We calculate pay targets based on industry surveys, but you can simply use the average of what your current people make, or find decent estimates online. The further someone's current salary is from the target, the bigger raise she or he gets when they are hired. That's why we'd give Eliza a \$10,000 raise.

By paying for the role, not the person, you start with a clean slate and mitigate any bias embedded within Eliza's prior compensation. In other words, you correct the pay bias that exists in society.

Second, make sure your system continues to work as intended. Even if pay is fair upon hire or promotion, what if women are promoted more slowly than men? What if bias creeps into pay for people who aren't promoted? We watch for these issues, and correct them if they arise. We're making information available now about how organizations can run their own pay equity analyses.

Applying an approach similar to Blau and Kahn's — where we control for the type of job, education, experience, location, etc. — there is no difference between what women and men are paid at Google.

The systemic underpayment of women chips away at our society's values of fairness and equality — and has a real economic impact on our daughters, sisters and mothers. It also diminishes men if we stand by and allow this bias against women to persist.

But we can change the system. If, instead of falling prey to anchoring bias, we corrected women's wages with every hire and promotion, I believe we'd eliminate the gender wage gap within a decade. Let's begin.

By Laszlo Bock April 29

<https://www.washingtonpost.com/news/on-leadership/wp/2016/04/29/how-the-whats-your-current-salary-question-hurts-the-gender-pay-gap/>