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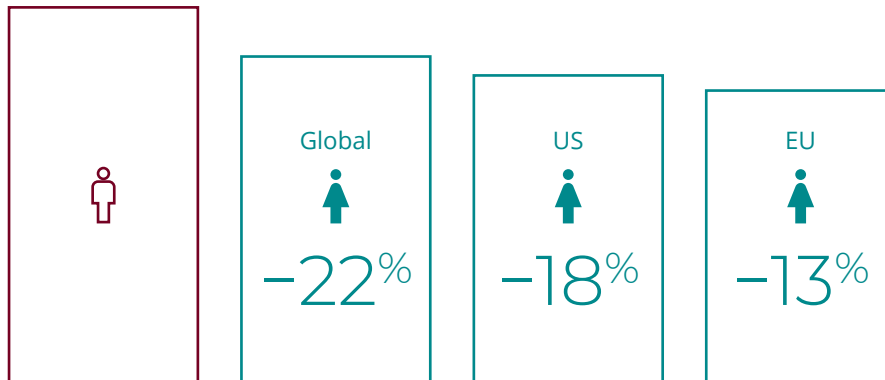
A 5-step guide to closing the gender pay gap



A wide persistent gap

The **gender pay gap** is the difference between men's and women's average pay.

Globally, it currently stands at 22% (source: OECD), at 13% in the EU (source: europa.eu), and 18% in the US (source: Pew Research Center).



While several objective factors contribute to the gap across different qualifications, jobs, and levels of responsibility in an organization, there might be a portion of this **pay gap that cannot be objectively explained by any other factors than gender** for employees doing the same work or work of equal value – called the **unexplained, or adjusted, gender pay gap**.

There are **five actions** that organizations can implement in combination to manage pay equity, eliminate pay disparities, and garner credible recognition from their internal and external stakeholders.

“ I think the lesson is that unless you're intentional, things usually don't change.”



Billie Jean King,
EDGE Certification Ambassador

5 steps to closing the gender pay gap



Implementation

Implement a policy on equal pay for equivalent work, recognizing that pay equity is one of the fundamental values on which the organization operates. The commitment must be authentic and viewed as the right thing to do rather than a compliance exercise driven exclusively by regulatory requirements.



Measurement

Measure the portion of the pay gap that can be explained by differences in personal characteristics (such as tenure) and job-related characteristics (such as level or responsibility), as well as the part which cannot be objectively explained by factors other than gender. The following are specific ways to measure.

- a. Conduct **yearly** gender pay gap assessments that **cover base salaries, bonuses, and other cash benefits by using regression analysis.**
- b. **Restrict the number of variables** in the analysis to what is necessary and sufficient. Stick to objective, universal drivers of pay such as age, tenure in the company, tenure in the role, level of responsibility, type of job, people management responsibility, department, and geographical location.
- c. If data is available, use an **intersectional approach** to understand how an employee's gender identity, race/ethnicity, disability status, LGBTQ+ identity, and nationality contribute to the unexplained portion of the pay gap, in addition to gender. For instance, in the US in 2022, Black women earned 70% as much as White men, Hispanic women earned 65% as much, and White women earned 83% as much as White men, which is about the same as the earnings gap overall. Asian women, on the other hand, were closer to parity with White men, making 93% as much (source Pew Research Center). An intersectional analysis will enable organizations to identify and

address any disparities or biases that may exist in their pay practices that disproportionately impact certain groups of employees. The intersectional approach has the added benefit of promoting greater equity and inclusivity in the workplace.



Remediation

Utilize a clear **remediation strategy and budget** so that there is shared clarity on why and how remediation takes place. Ensure that you have a remediation strategy in place not only for the portion of the gap which cannot be objectively explained by any other factors than gender but also for the ones which results from differences in career paths by building a gender-balanced talent pipeline across levels and functions.



Communication

Maintain **transparent communication both internally and externally** regarding proactive pay equity management. This includes disclosing the salary brackets for all existing and open positions. Be prepared to share the average pay levels by gender for employees doing equivalent work.



Empowerment

Empower and encourage conversations around pay equity between line managers and the members of their teams.

- a. **Educate line managers** on what pay equity means in your organization, what is being done to ensure it, and train them on how to facilitate constructive conversations on this topic.
- b. **Easy-to-follow process** whereby employees can ask for a pay equity review of their case if they express concerns about their pay so that potential individual inequalities can be investigated, identified and corrected promptly (if confirmed) on an ongoing basis.



Implement these five actions on a **regular basis**, and at least yearly, to establish your pay equity plan, help ensure that employees are paid fairly and equitably regardless of their gender or other protected characteristics, and address pay gaps that exist.

The management of pay equity must be an **ongoing business objective**, integrated within your organization's policies, processes and practices and kept under systematic, constant review.

Indeed, pay gaps can start to re-emerge as organizations experience employee turnover, reorganizations, changes in job duties, and subjective bias when making compensation decisions during the hiring and promotion process. Implementing **equal pay is not a 'one-off' exercise**: it must be an ongoing business objective, integrated within the policies, processes and risk management practices of an organization, and kept under constant review.

Today, employees' expectations on how pay is handled and communicated to them have risen. And **regulation on pay transparency has been tightened**. Effective and strategic leaders have implemented more transparent practices voluntarily and that is good for business and for employees.

More than **one-fourth of the US labour force is now covered by salary transparency legislation**, according to an estimate by the National Women's Law Center. Norms are shifting nationwide: at Indeed, a job search website, about 45% of all advertisements for work in the United States now carry a pay range disclosure, up from less than 20% before the pandemic (source: [The New York Times: A Job With a Fair Salary? What Pay Transparency Laws Are Revealing](#)).

Organizations preparing to become EDGE Certified will undertake a regression analysis of salary and pay to assess unexplained gender pay gaps.

In the EU, pay transparency has been strengthened in April 2023. Under the new requirement, organizations are required to be both transparent and accountable for ensuring a pay gap of less than 5%, which cannot be justified by objective, gender-neutral criteria. This will further raise employee expectations for pay transparency and equity around the world.

Organizations preparing to become EDGE Certified will undertake a **regression analysis of salary and pay to assess unexplained gender pay gaps**. This is conducted using standard variables with the option of adding variables specific to the organization. This methodology aligns with highest standards in terms of regulatory requirements world-wide.

**Real. World. Change.
Be part of it.**



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EDGE Certification, the leading independent third-party certification for workplace gender and intersectional equity, is partnering with sports icon and equality champion Billie Jean King to call for organizations to significantly accelerate their progress in diversity, equity and inclusion (DE&I).

This collaboration elevates awareness of the need for and benefits of moving beyond promises to taking meaningful and sustained action and towards accountability for results in advancing DE&I.

Combining EDGE's decades of global experience guiding organizations on their DE&I journey with King's established leadership for making change happen, the partnership is a dynamic catalyst for lasting change in workplace equity.

[Contact us](#) →

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