

The Gender Pay Gap – What’s Happening Two Years Later

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Over two years ago our nation witnessed the arrival of a new administration in Washington, DC, and among the first few issues receiving attention was the gender pay gap. Not long after President Obama took the oath of office, Congress passed the Lily Ledbetter Fair Pay Act, intending to restore basic protections against pay discrimination for women. Building on this momentum, several initiatives and proposed legislation followed with the intention to address, among other things, how pay practices impact women and families.

Halfway through President Obama’s term, the spotlight has dimmed on the gender pay gap issue as the nation has focused on health care and job growth. Nevertheless, the issue remains important and is gaining more attention as part of our economic recovery. Recent data from the U.S. Census Bureau show that women still earn \$.78 for every dollar earned by men. While this is nearly a \$.30 improvement since the 1970’s, the ratio has remained nearly flat since the 1990’s and has even slightly dropped from a few years ago. Today women make up a growing share of our workforce. In addition, they are becoming more often the head of household, especially since their rate of job loss has been lower than men during the recession. For these reasons, many forward-thinking business leaders and human resource professionals have recognized the long-term potential of equal pay for women and have focused the past couple of years on diversity programs and company pay practices and policies.

Recently, consumer products giant Johnson & Johnson launched a program to help women advance through their organization. The company brought together high-potential employees and their managers to talk about how to succeed in the corporate culture. The program targeted more exposure among senior executives, more networking among influential colleagues, and more high-visibility assignments. The women in the program didn’t need to be trained on business skills. Instead, the purpose of the program was to bring high-performing employees’ titles in line with their capabilities.

So far the program has been a success for Johnson & Johnson. The key component for any organization looking to do the same is to understand how to manage talent. Business leaders must make a deliberate effort to examine the knowledge and skills that a diverse workforce, including women, brings to their organization. With this information in hand, the company can then develop competencies to ensure a win-win situation – a successful company with equal opportunities for advancement among both women and men.

Human resource leaders have also examined pay practices and policies over the past year as a proactive measure to address the gender pay gap. The review includes not only compensation systems but also how jobs are created and valued. Some of the ideas and best practices seen recently include:

- Developing a consistent job evaluation system that ensures the company scores positions where women work according to the same standards as jobs where men work.
- Creating a compensation system that ensures consistent pay for people with similar experience and education who are working in jobs requiring similar skill, responsibility, and effort.
- Assigning values to skill, responsibility, and effort that challenges assumptions about the importance of positions traditionally held by women versus men. For example, an employee who provides key service to retain clients may be as valuable as an engineer who develops products.

- Assessing whether women are assigned projects or clients with equally high-visibility or high-commission potential.
- Evaluating performance standards and determining whether measures of success are valued equally among positions held by women as those held by men.
- Creating job training and executive development programs targeted specifically to the challenges facing women as business leaders. Statistics show that the gender pay gap *increases* significantly at higher education levels. Due to gender differences in pay, women with a college degree or higher lose \$713,000 over a 40-year period compared to \$392,000 for women with a high school diploma.

Lastly, any initiatives by an organization to close its gender pay gap must promote work/life balance. Caring for a child often takes its toll on women and their careers. Statistics have shown that women without children earn about 90% of their male counterparts' salaries, far higher than the 78% reported by the U.S. Census Bureau for all female workers. Additionally, women are often the caretakers for aging parents. Human resource leaders should be examining how these demands may be putting a strain on a career or leading to a loss of an employee. Flexible work policies and leave programs along with a supportive corporate culture should go hand-in-hand with re-tooled pay practices and career development programs. By doing so, companies can prevent employees from choosing between their jobs and meeting the needs of their families.

In the end, addressing the gender pay gap provides an important opportunity for the country's employers and their workers. Efforts to bring about equal pay between women and men can lead to better financial security for families and a higher quality of life, both socially and economically, for many Americans. At the same time, by acting proactively on pay discrimination, the business community can take charge of the momentum started two years ago but without the need for further legislation. The success of diversity programs and equal pay practices can demonstrate that companies are taking the lead on the issue and creating positive outcomes for the future of the American workforce.

Resources and Additional Information:

Institute for Women's Policy Research, The Gender Wage Gap: 2008, updated September 2009, www.iwpr.org.

Economic Research Institute, Distance Learning Center, Chapter 26: Discrimination in Pay, www.ericidlc.com.

White House Council on Women and Girls, www.whitehouse.gov/administration/eop/cwg.

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