

EQUITY TOOLKIT

Practical Programs to
Create More Equitable
Organizations



EQUITY IN THE WORKPLACE

Today's top HR leaders and managers are seeking ways to answer the call for greater equity among their workforce.

PayNorthwest is committed to assisting in this effort and has developed practical, implementable solutions for leaders to leverage.

PayNorthwest's Equity Toolkit includes programs to address pay equity, recruiting equity and promotion and talent development equity.

PAY EQUITY PROGRAM



Maintaining equitable pay across your organization can seem like a daunting task. Differences across departments and sectors can drive different compensation packages and drilling down to individual employees' records to account for pay increases based on merit and seniority can be an intimidating undertaking. However, proactively identifying and addressing gaps in pay equity protects your organization from potential litigation and engages your employees by displaying your commitment to equitable compensation.

With the help of your organization's PayNorthwest human capital management (HCM) solution and the Equal Employment Opportunity Commission's framework, the task of identifying potential pay gaps in your organization is simplified, and visualizations of your organization's pay data across EEO classifications allow for actionable insights.

Key Benefits

- **PROACTIVELY IDENTIFY** potential areas of pay inequity
- **VISUALIZE PAYROLL DATA** for actionable insights
- **ENGAGE EMPLOYEES** by demonstrating commitment to equitable compensation
- **AUDIT INTERNALLY** to improve company practices

What You'll Need

To complete the Pay Equity Program, you will need admin-level access to the HR and payroll modules of PayNorthwest's workforce management system. Contact us today to have a conversation about adding our Human Resources module if your organization does not already utilize it.



Pay Equity Program

STEP 1: SET UP YOUR SYSTEM & GATHER YOUR DATA

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION REPORTS

Employers with more than 100 employees have already filled out their EEO reports so a lot of this data and the framework for collecting it already exists! Any new hires since an employer went through their EEO reporting process may have to be assigned an EEO category if they do not already have one.

For employers with fewer than 100 employees, we recommend going through the EEO reporting process in order to gather your data for the Pay Equity Program. This includes populating demographic data, pay information, and EEO classification for all employees. The good news is, even if your organization is under 100 employees, with PayNorthwest's HR module, you have full access to EEO classification and reporting capabilities.

[EEO-1 Components 1&2 Instructions at PayNorthwest.com](#)

OPTIONAL – CREATE PAY GRADES

A feature of our HR module, Pay Grades can be assigned to the different positions in your organization. An analysis can then be conducted that compares an individual's compensation against the pay grade for their position. For example, an employee earning \$40,000 per year for a position that has a pay grade of \$42,000 is earning .95 of their position's pay grade. If this is something of interest, a PayNorthwest HR Implementation Specialist will be happy to assist you in setting this up.

EMPLOYEE SENIORITY DATA

Length of employment, hire date, and number of days employed are tracked in our payroll module and will be included in the analysis step.

Consider also creating Base Compensation Reason Codes if you do not already utilize this feature. Base compensation reason codes allow managers to indicate the reason for a compensation increase from a pre-defined list, often with

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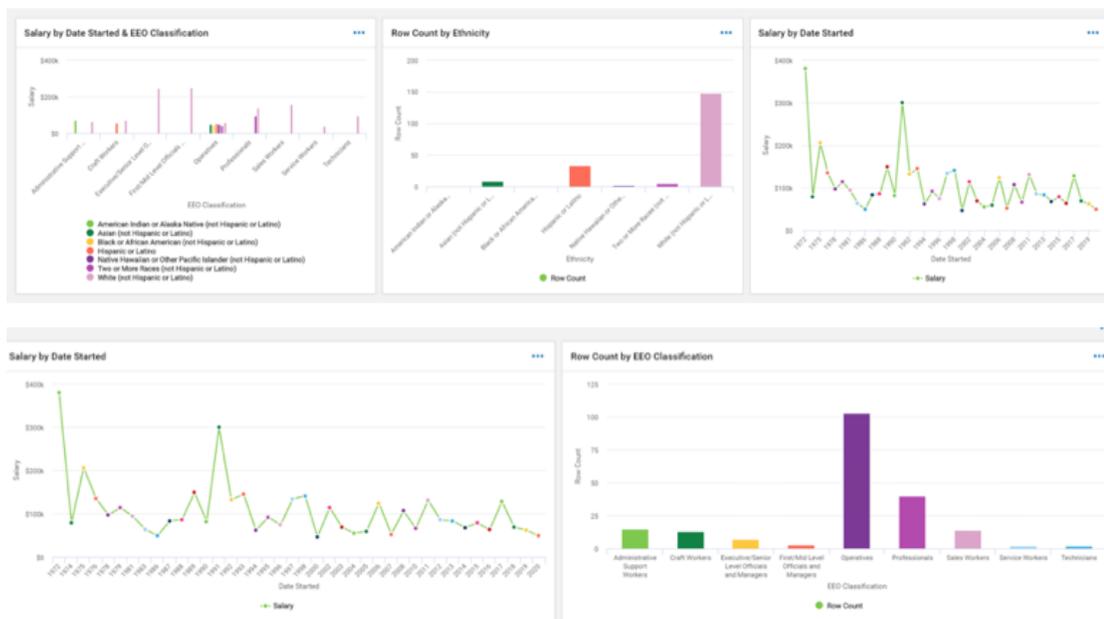
choices like seniority, COLA, merit and step increase. Collecting this data allows for deeper and more accurate analysis in the future. Again, we are happy to assist you in configuring and deploying this in your company set up.

STEP 2: ANALYSIS

Navigate to the reports section of your HCM system. Create a new report that pulls in:

- Average salary by EEO classification and ethnicity
- Average salary by year started (useful to show a trendline)
- Row count by EEO classification and ethnicity (useful to show data labels)

SAMPLE VISUALIZATIONS OF YOUR DATA



Using the charts you've created above, isolate two of the largest populations by EEO classification. **PRO TIP:** Consider the common paths to promotion between EEO categories!

For your identified largest EEO classification populations, create reports for:

- Average salary by EEO classification and ethnicity

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- Average salary by year (useful to show a trendline)
- Average salary by year started and EEO classification

STEP 3: RECOMMENDATIONS & INSIGHTS

Using the reports generated in Step 2, you now have visibility and insights into patterns of pay in your organization, including possible pay disparity among different classifications or groups. Depending on what you see, you may end up with the following next courses of action:

- **You're doing great!** Celebrate this and continue to monitor on a regular basis
- **Some gaps exist but the pattern is inconclusive.** Monitor the pay gaps that do exist and give extra consideration when discretionary raises happen. What metrics are managers using to distribute discretionary wage increases?
- **A clear pattern of pay inequity in your organization exists.** Immediate action is recommended to address it. Bring the existence of pay inequity to the attention of management, develop recommendations for immediate adjustments to pay to rectify as well as recommendations for changes to your ongoing compensation setting processes. Continue to bring visibility to the issue through regular reporting of the data.



Contact Us Today to
Get Started

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