

Analytic Services Webinar | Recorded November 15, 2022

# Making Pay Equity Work for All

Featuring Brian K. Reaves, Pat Wadors,  
and Alex Clemente

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# Making Pay Equity Work for All

**PRESENTER:**

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**MODERATOR:**

**Todd Pruzan, Senior Editor, Research and Special Projects, *Harvard Business Review***

## Overview

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Equal opportunity for all people is central to success, yet pay inequity continues to endure in many workplaces. Although executives recognize the importance of addressing this inequity, not enough is being done and only a small portion of companies have successful programs around pay equity.

One key is understanding that pay equity is just the output that reflects an entire ecosystem of equity of opportunity throughout and across an organization, from hiring to promotions to the assignments that are given and more. Intersectionality further compounds these decision points.

To successfully address pay equity, company leaders need to make achieving pay equity a strategic initiative for the organization and then hold the whole organization accountable through rigorous and regular examination of data.

## Research Summary

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Alex Clemente presented research findings of two surveys conducted by HBR-AS in the first half of 2022. One survey was conducted with 450 North American managers and a complementary survey was conducted with 3,000 staff-level employees.

The research objectives included understanding whether organizations are prioritizing pay equity and are having any success achieving it, and are identifying the benefits of pay equity and the extent to which pay equity has been achieved across different employee groups. The surveys also looked at steps that employers are taking to promote pay equity, the barriers they face, and the pay equity programs in place at successful organizations.

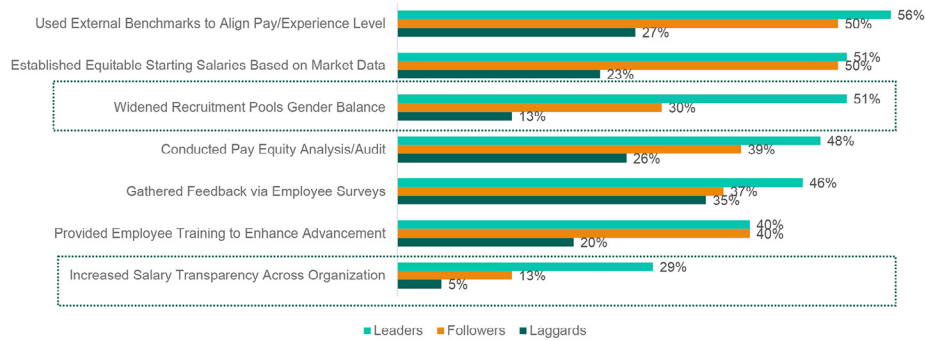
## Key Survey Findings

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### **1. Pay equity is a priority, but too few companies are putting programs behind it.**

Nearly one-half of organizations place a high priority on pay equity, but only one-third are achieving it. And half do not even have a pay equity program.

Only one-fifth of respondents' organizations have well-established pay equity programs and are very successful in achieving pay equity. These organizations are experiencing more benefits of pay equity and are less encumbered by the barriers. Also, these organizations are focused on strategic initiatives to achieve greater pay equity and promote accountability via annual pay audits.

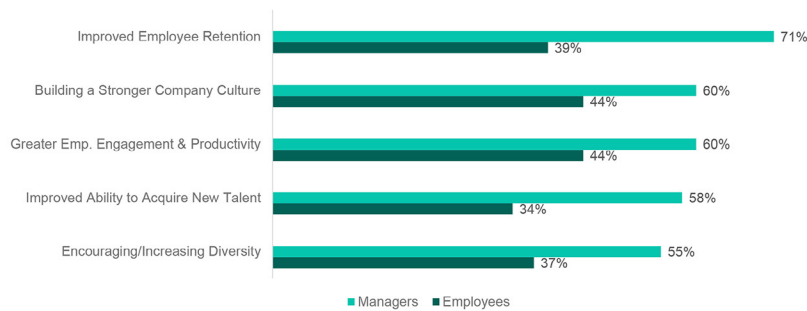


Q. Which of the following strategies, if any, has your organization used in the past to promote pay equity? Select all that apply.

Figure 1. Strategies implemented to promote pay equity

## 2. The top benefits of pay equity are core business objectives such as culture and employee engagement.

These benefits include improved employee retention, stronger culture, and higher employee engagement and productivity.



OQ. Employers: What benefits do you believe your organization is most likely to realize by achieving pay equity for its employees?  
EQ. Employees: What benefits do you believe your organization is most likely to realize by achieving pay equity for its employees?

Figure 2. Top benefits of pay equity

## 3. Leaders and employees have different perspectives on the key challenges of achieving pay equity.

Managers cite the complexity of implementing pay equity and a lack of transparency as the greatest challenges. While employees mostly agree, they are more likely to cite concerns like lack of executive commitment, perceived cost, and company culture.



Q. Which of the following represent the greatest barriers to improving pay equity for employees in your organization? Select up to 5.  
 Q. Which of the following represent the greatest barriers to improving pay equity for the organization's executive officers? Select up to 5.

Figure 3. Pay equity barriers: views of executives and employees

#### 4. Employees report stark differences in pay equity based on race and gender.

Executives point to lack of transparency, differences in negotiating skills, unwillingness to change the status quo around compensation, and lack of an equitable compensation strategy as the top factors behind organizational pay disparities.

Employees tell a different story—not in contrast to the executives but among employees themselves, with pronounced differences between racial and ethnic groups. While Black employees see discrimination in opportunities for advancement as the biggest factor, white employees are more likely to attribute pay disparity to differences in negotiating skill. Similar patterns emerge when employees are asked if their organization has been successful in achieving pay equity. Many white males tend to feel that their organization has been successful in achieving pay equity while Black, Hispanic, and Asian women are more likely to believe their organization has not achieved pay equity.

## 5. Key recommendations.

Based on these survey results, Clemente offered the following strategies for success in achieving pay equity:

- Get executive leadership support and have clear communication from the top
- Build a culture of transparency
- Identify groups that experience pay inequity
- Craft a mindful pay equity plan
- Ensure that HR can advocate for underrepresented employees in need
- Conduct workforce surveys
- Conduct pay equity audits (work with a professional services firm that can handle the collection, analysis, and interpretation of the data)
- Use robust technology to ensure effective, equitable change

## Discussion: Key Takeaways

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Pat Wadors and Brian K. Reaves of UKG shared insights into how to achieve pay equity by addressing the entire network of decisions that infuse equity throughout the organization, and the roles everyone can play in accomplishing this goal.

### **Pay equity is a key element of employers' values that employees consider in choosing where to work.**

The current process known as the “great resignation” is actually a great reevaluation by talented workers when discerning the best employment fit for them. Pay equity is one part of their assessment of company values and respect for workers. Reaching pay equity requires company action because legislation such as the Equal Pay Act from 1963 has been insufficient to drive the market. One sign of progress, however, is the increased visibility and awareness around issues of equity.

## **Pay equity is the output of an entire ecosystem of fairness.**

Pay equity or inequity is just one element; it is the outcome of an overall ecosystem. The multiple decision points that lead to pay fairness include fairness of opportunity, promotion, and projects; hiring decisions, starting pay and how pay is increased; the role of individual managers' implicit biases, and more.

Each step that lacks fairness can be compounded. The entire ecosystem needs to look to reduce bias and offer a fair and equitable opportunity throughout, which can lead to fair pay as an outcome. In addition, the many variables going into equity are constantly changing. Constant vigilance is required to ensure equity—there is no “end state.”

*Pay equity is the outcome. The focus should be on the equity of opportunity, that ecosystem. To fix the ecosystem, stop plugging the holes in the wall; just fix the system, and you will have better outcomes.*

— Pat Wadors, UKG

## **Intersectionality further exacerbates gaps and requires additional intention across the ecosystem.**

Intersectionality is a reflection of the ecosystem's complexity. An ecosystem of equity includes compensation, representation, opportunity, and well-being—at each point intersectionality presents additional challenges. The gap in pay between those who identify as men and women widens significantly for Black women, trans women, and immigrant women. Transparency is vital to preventing bias or adverse impact at each decision point; without intentional action, these differences will only be exacerbated.

**Individuals can use their annual review to pursue equity.**

It can be challenging for an individual employee to shape their company's pay equity policy. But individuals can make it part of the conversation during their annual reviews (and more if those conversations happen frequently) by raising the things they need to be successful. At least once a year, there is an opening to speak about the opportunities needed for development and advancement, which is the foundation of pay.

**Equity of opportunity comes from the leadership but everyone has a role.**

Everyone in a leadership role—board, CEO, C-suite, individual managers—plays a part in the decision making that creates equity of opportunity and leads to pay equity.

Leaders set the tone and must hold up a mirror to assess how the ecosystem is performing and question whether individual leaders are working to check their biases. Dynamic dashboards are necessary at the team level that show diversity of hiring and pay level; these are vital to keeping teams and job families healthy on the front end before problems can get compounded by every review, promotion, or job assignment.

*“It’s everybody’s responsibility. The CEO needs to hold us all accountable as senior leaders by making pay equity a priority, having transparency, and getting the job done.”*

— Brian K. Reaves, UKG

Organizations need to examine the data regularly because, with the complexity throughout the ecosystem, each decision can move the overall progress to equity off course. Ongoing integrity checks reflect



the priority and emphasis from leadership. The CEO sets the tone and puts it on the strategic agenda of the organization, holding everyone accountable for their part.

*“It’s like shooting a rocket to the moon. If you don’t measure it along the way, you can be one degree off, and you will miss your mark.”*  
— Pat Wadors, UKG

As an organization, it is important to be clear on the stories you tell, and the stories your people tell. This is how you convey what you stand for and make values central to the organization. Given that the cost of talent is 80% of the operational expenses at most companies, attracting the best talent in a fair and equitable way to demonstrate business value. Ultimately pay equity is a strategic initiative, part of diversity, equity, inclusion, and belonging, and core to the company’s identity.

*This webinar was originally presented online on November 15, 2022.*



**Brian K. Reaves** serves as chief belonging, diversity, and equity officer of UKG. In his role, Reaves leads the company’s global belonging, diversity, and equity program, expanding existing initiatives while working to strengthen a culture built on trust, fairness, and equality, so every U Krewer can thrive in every stage of their career. Prior to UKG, Reaves served as senior vice president and chief diversity and inclusion officer at Dell Technologies. Earlier in his career, Reaves was head of diversity and inclusion at SAP, and served as global head of products and innovation for the SAP d.Studio next-generation technology team. Reaves has held senior executive software development and management roles across industries and in tech sectors such as cloud computing, finance, healthcare, supply chain, utilities, and telecommunications. He began his career as a software developer at the Xerox Corporation.



**Pat Wadors** serves as chief people officer (CPO) of UKG. In this role, Wadors' day to day responsibilities are driven by her deep commitment to the entire employee experience—starting from a job candidate's first touch with UKG to building a strong alumni network of brand and culture ambassadors—and all the moments that matter in between. Wadors oversees the critical HR functions that bring this experience to life, including talent acquisition and development, compensation and benefits, employee listening and people analytics, employee communications, HR technology, HR business consultants and shared services, and components of workplaces services and physical security. Her personal mission is to ensure that U Krewers around the world are better people for having worked at UKG.

Known for transformational and strategic HR leadership, Wadors believes that organizations thrive when they have a blend of people with differing backgrounds and ways of thinking, and who feel they belong as a contributor to the company's success. As a multiple recipient of the National Diversity Council's Top 50 Most Powerful Women in Technology, Wadors is a frequent speaker on HCM, diversity, and inclusion issues, and has served on the board of several prominent technology companies. Prior to UKG, Wadors served as CPO of Procore Technologies, and has held multiple leadership roles at ServiceNow, LinkedIn, Plantronics, Inc., and Yahoo!



**Alex Clemente** is the founding managing director of Harvard Business Review Analytic Services, an independent research unit within Harvard Business Review Group, that conducts research and comparative analysis on management challenges and emerging business opportunities for corporate sponsors. Clemente is a senior global publishing executive, with 30+ years-experience in digital and print content sponsorship and advertising markets worldwide, having developed business content for sponsors on six continents. He was previously the associate publisher of *Harvard Business Review* in charge of global commercial operations and sales, and prior to that, senior VP of sales and marketing for *CFO Magazine*/The Economist Group based in New York, and senior director of international advertising for *USA Today*, also based in New York. He is a member of the Harvard Analytics Staff Consortium, a former board member of the International Advertising Association of New York and the Newspaper Advertising Sales Association of New York.



**Todd Pruzan** has spent his career on both sides of the editorial-advertising aisle and now plants one foot in each. A longtime digital and magazine editor and writer, he has covered business, design, media, and culture at publications including *Condé Nast Portfolio*, *Print*, and *Advertising Age*. He was an editorial director at Ogilvy, where he helped establish and led IBM's Brand Newsroom, and other agencies, supporting agency clients including BlackRock, Ally Bank, Aetna, and American Express. Prior to joining Harvard Business Publishing, he was VP of marketing and communications at the American Association of Advertising Agencies (4A's).