Compensation

What this is:
A guide on how to maintain pay equity for your team.

Why it matters?
On average, white males earn more than women and ethnic minorities, even between similarly-qualified candidates in the same fields in the same jobs. At the pace clean energy industries are moving it will likely take decades to eliminate these pay disparities. This is why a more deliberate approach is needed.

Anytime a personnel decision is being made (whether to hire, what to pay, whether to promote) there is opportunity for bias to occur, especially if one person has unilateral control over the decision. Creating structure in your compensation process can help to reduce bias and therefore pay inequity.

Example:
Assess your performance review system to uncover any potential bias in managers, workflows or talent management processes. Common performance management biases:

Here are some of the specific steps you can take to remove pay disparities.

→ Perform a pay equity audit. This involves comparing the pay of employees doing “like for like” work in an organization and investigating the causes of pay differences that cannot be justified. It’s best to use an independent third party resource for this analysis. Compensation consultants and some employment attorneys can perform this service for you.
→ **Remediate** any salary discrepancies that arise in the audit.

→ **Investigate** the root cause of operational gaps that led to the salary discrepancies so that you can correct them.

→ **Do not ask for the candidate’s salary history.** Many states have already passed laws that do not allow employers to ask for salary history recognizing that it perpetuates wage disparities.

→ **When you are hiring an employee,** compare their starting offer to that of others in the same role with similar years of experience.

→ **Decide on your level of pay transparency.** Will you share salary band information with everyone or only with people who are in that role? Many companies do not provide pay transparency, but even those companies must be able to defend any pay discrepancies that are not related to skill level or performance.

→ **When making decisions** on pay adjustments related to merit increases or promotions, use the same rigor you use with a new hire. Also, use the principals in the “promotion guide” on the importance of incorporating feedback from multiple people in order to reduce rating bias.

→ **Run a disparate impact analysis** as part of any merit or promotion cycle (see link to SHRM article on adverse impact analysis in the resources section.)

### Links to other resources:

- [Avoiding Adverse Impact in Employment Practices](#) - SHRM
- [How HR leaders can eliminate workplace inequality](#)
- [Salary History Bans Reduce Racial and Gender Wage Gaps](#) – Forbes
- [How to Identify – and Fix – Pay Inequality at Your Company](#) – HBR
- [Avoiding Adverse Impact in Employment Practices](#) – SHRM