Pay Equity:
Why it's Critical to Diversity and Inclusion Efforts

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Although many organizations profess to support diversity and inclusion (D&I) practices, not as many have stepped up to the E in DE&I: Equity. But what does equity in the workplace actually mean and why is pay equity, in particular, so important?

This is a tricky subject. There are many reasons that pay equity helps fight the social injustices of privilege and bias (read below). However, along with commitments to fair wages comes salary transparency, which is uncomfortable for everyone. Many of us feel self-conscious talking about salary information with fellow employees. Unless we're unionized or work for an organization with clear pay transparency policies already in place, we worry that we'll lose favor with our management if we share our salary. Why? If we share our salary, this information immediately becomes bargaining leverage with our employer for everyone else when seeking a raise.

This anxiety is not an idle threat. In fact, I was fired from my first job out of college for "looking at someone else's paycheck," while I was handing out salary envelopes. After the fact I came to believe that my boss (a sole proprietor) was just cash strapped and didn't want to tell me why he was letting me go, but at the time I was mortified and internalized the idea that sharing salary information was illegal. As I learned many years later, it's not illegal to share your salary, but the informal culture of every company I've ever worked for encouraged me to keep money issues to myself, hampering me and all my peers in negotiating for a fair wage.

A Brief History of Diversity, Equity and Inclusion

While diversity used to be a goal in and of itself a few decades ago, 'diversity' programs alone have not achieved the outcomes many originally hoped for, including expanding the number of blacks, people of color, women and people with disabilities in positions of leadership. Adding "inclusion" to program names within the last 10 years acknowledged that bringing diverse people into a company's hiring process wasn't the same as retaining them and promoting them. Companies discovered that simply hiring more diverse people, without also changing the culture to make them feel welcome, had little positive effect on creating diversity in leadership.

And while there have been recent efforts to create cultures where people feel they "belong," the more meaningful and potentially impactful work is in adding *equity* to an organization's aspirations. Equity goes a step farther than diversity, inclusion, and even belonging. It recognizes that "diversity" can be accomplished by looking at the external facts, such as a percentage of employees who are black or women, whereas "equity" offers a more sustainable form of cultural openness, where people of all stripes feel invested in the company's success, because they feel the organization truly values them. However, equity can only be accomplished when all employees have the felt experience of being treated fairly and equitably.

The Role of Privilege in Achieving Diversity, Equity and Inclusion

To accomplish equity, an organization must accept the fact that their employees all experience different disadvantages and advantages based on aspects of their lives they do not control, and to which most people are virtually always unaware because this is simply "the way things are." We all have these blind spots about the social and cultural norms within which we live and work. Pulitzer Prize-winning author Isabel Wilkerson likens these

cultural blind spots to the social practices that generate a caste system in every human society, including in the United States and Western Europe.

Individual blind spots aside, based on the luck of the draw, manifested in someone's skin color, gender, socio-economic background and many other factors, each person represents a unique blend of experience that bestows on them privileges, or a lack of privilege, in the eyes of their colleagues. An organization's efforts to achieve equity requires them to accept that not everyone has bootstraps to pull up. When a company accepts this truth, they put themselves in a unique position in our culture. Because employers pay people's wages, they are in an unusually powerful position to help right the wrongs of unjust cultural blindspots to the extent they treat people, and pay them, equitably. To do so, they must put in place policies, practices and cultural touchstone efforts that minimize the impact of disadvantages that a person can do nothing about individually.

It's important to note here that "equity" is important but it doesn't fully solve the diversity and inclusion problem. Just because people are paid fairly, doesn't mean they are hired into leadership positions or given advancement opportunities open to their more privileged peers. This is why the "E" of equity is important alongside the "D" of diversity and the "I" of inclusion.

Why is Pay Equity So Important to Employees?

While companies talk about strategies to achieve diversity, equity and inclusion, workers just want a fair shake. From an employee's point of view being treated fairly means that you have the same shot at success as the person next to you. It means that you don't have disadvantages that you can't control and can't make up for in the eyes of your employer. It means that your managers are less likely to purposefully (or unconsciously) limit

the opportunities you receive or how you are recognized and rewarded, due to their own blind spots or even conscious prejudices.

But how can we tell if people are being treated fairly? Any measuring stick for fairness is somewhat squishy and subjective, especially when you factor in the impact of unconscious bias, which makes everyone unaware of their prejudices and preferences. Within the workplace, there is one very measurable indicator of fairness, which employees, company leaders and external stakeholders can look at to evaluate fair treatment. It also happens to be something that matters deeply to everyone: a person's salary. Unfortunately, when salaries are compared across industries, there is very clear evidence that the gap in pay between genders and races indicates systemic oppression, baked into organizations' compensation practices.

So, clearly the answer should be straightforward. When organizations large and small implement salary and compensation strategies that include policies and procedures of pay transparency and fairness, equity will become more likely because it will become visible. Right? Well, in theory, yes. An employee working in such an organization can look at the published policies and see if their compensation fits within the proper salary bands.

It's important to note here that "equity" is important but it doesn't fully solve the diversity and inclusion problem. Just because people are paid fairly, doesn't mean their managers are free of unconscious bias, that they are hired into leadership positions or that they are given advancement opportunities open to their more privileged peers. However, pay equity would go a long way towards empowering employees to identify situations where they are being under-compensated and perhaps treated unfairly. This is why the "E" of equity is important alongside the "D" of diversity and the "I" of inclusion.

Why is Pay Equity so Hard?

As we see above knowledge is power and a fundamental element of pay equity is salary transparency. With knowledge about what others are paid, a worker has a basis on which to advocate for a higher salary, or feel fairly compensated. Many organizations claim that they work for pay equity behind closed doors, but given the fact that a lack of pay equity benefits the employer, most people don't really trust their motivations.

And there is ample evidence that without transparency pay equity can't be achieved when we look at the pay gap statistics, which haven't moved significantly in years. The lack of change in the pay gap indicates that organizations are in fact highly unmotivated to enforce fair pay policies, even if they exist on paper. There is a famous anecdote from Sheryl Sandberg who sat on a panel with a male CEO when she was promoting her book, *Lean In*, about white-collar working women and the challenges they face, including pay inequality. The male CEO joked to her that, "(If you tell women they're not making as much as men,) you're going to cost me a lot of money." Sandberg replied, "Well, I hope so, because that would mean the women working for you are getting paid fairly."

Through this lens, it's easy to see why organizations would find pay transparency problematic to their financial spreadsheets, and many of them informally encourage their employees not to share salary information for this reason. Because we're discouraged from sharing our salary information, many actually believe sharing salary information is illegal. However, it's very legal. Since 1935 the National Labor Relations Act has protected employee salary discussions to ensure competitive markets.

Perhaps, then, individuals should share salary information to change company policy? Sometimes they can, within a company or within an

industry. The recent #publishingpaidme campaign, begun by novelist L.L. McKinney, has shown the power of sharing such information very publicly on social media.

However, it's important to remember that it was exactly this issue that played a major part in the formation of labor unions in the last century, because without such coordinated and formal conversations, employers could—and did—pit employees against each other, and engage in other culturally punitive actions to discourage such salary sharing. This is why almost one hundred years later, regardless of legality, most of us are still uncomfortable taking the risk that our boss will be upset with us for sharing salary information.

Of course, there's also the general discomfort with comparing ourselves with other people. Knowing that you're paid more or less than [name the co-worker you're most insecure about] is information you can't forget once you know it. It can lead you to feel great, or terrible, about yourself for a long time. Individuals considering sharing their pay information will colleagues informally have to ask themselves, is it really worth the risks of angering our employer and feeling bad about ourselves?

The bottom line for many of us working in the private sector is that it's tough to consider sharing salary information with colleagues, and we find it hard to imagine a situation where we know what others make. However, millions of employees in the U.S. have exactly this kind of visibility. Government, military, nonprofit and public company executives all have their salary ranges publicly available for everyone to see, and there is evidence that this works to minimize the pay gap.

There's also the general truth that once information is in the light, it becomes more of a source of empowerment and less a force for injustice. A

friend of mine worked for a company preparing for acquisition that transitioned to published pay scales to bring salaries into line with some standard prior to the purchase. He reported that people were curious and uncomfortable for about a week and then went on with their business, feeling somewhat more protected from discriminatory pay practices. For this reason, some companies even think of pay transparency as a recruitment tool.

So the bottom line is that salary transparency and pay equity are a powerful tool in the fight against social injustice, unconscious bias and a lack of diversity in the workplace. Although it won't be simple for organizations or individuals to transition to a pay equity system, the outcomes are likely to be positive for both employees and employers. All we need is courage.