SET THE SATNAV FOR EQUALITY STREET

PROGRESS ON EARNINGS EQUALITY FLATLINED POST-FINANCIAL CRISIS, LEADING TO AN EARNINGS SQUEEZE ON AVERAGE PAY, ONLY RETURNING TO ITS PRE-CRISIS PEAK IN FEBRUARY 2020. CEOS OUT-EARNED AVERAGE WORKERS BY 117 TIMES[1], GENDER PAY PARITY PROGRESS WAS SNAIL-PACED - APRIL 2020 ONS[2] DATA SHOWED A 0.3 PERCENT REDUCTION FROM THE PRIOR YEAR - AND LEGISLATION TO ADDRESS ETHNICITY PAY EQUALITY STALLED.

ARTICLE BY RUTH THOMAS, SENIOR CONSULTANT - CURO COMPENSATION

Unquestionably, we can blame COVID-19 for a lot of things, but pay inequality is not one of them, it was already prevalent pre-pandemic. Low income workers have been significantly impacted with the IFS[3], indicating the lowest-earning ten percent of workers were seven times as likely - as the highest earners - to work in sectors that have closed. The spring-released *WEF 2021 Global Gender Gap* Report[4] found that the pandemic could extend the time it takes to bridge the gender gap by an entire generation. COVID-19 also had a profound impact on racial and ethnic minority communities, causing not only more deaths, but also greater impact on livelihoods, access to education and employment. We need to take action now because, to put it bluntly, the way pay is distributed is not fair and is failing both businesses and society. What is critical is that as we build new frameworks for managing human capital and we consider how all employees can share in success, building on that spirit of collectivism, which rose in the crisis, leading to a surge in employee engagement and productivity.

When introducing new working arrangements, it's important to look through the lens of equality and consider if every employee will benefit in the same way. For example, if you are embracing hybrid workforces, track who opts to take which package and whose pay is reduced. Audit and identify vulnerable moments in the talent lifecycle, where inequity occurs. Disaggregate data, to understand the nuances and outcomes for different groups and detect gaps between policy and practice. Only by analysing employee data can we move beyond anecdotal evidence and subjectivity, to truly measure inequality and take corrective actions. We also need to aim for even greater pay transparency, because the more complex and less transparent pay policies are, the more vulnerable they are to pay inequities. Where employers still feel uncomfortable about disclosing pay frameworks, the fact is, if processes are fair, there is nothing to hide and the right pay framework should be easy to explain. Ultimately, transparency breeds trust - not only in leadership - but in fair pay.

When reviewing reward schemes, consider including non-financial performance measures such as; indicators of diversity, equality and employee wellbeing, to increase accountability. Many organisations too are coming to the conclusion, that individual pay for performance schemes are short term and they are exploring the potential for collective schemes, where everyone shares in the success of the company. Beyond cash compensation, take a look at the benefits and wellbeing offerings that became highly-valued during the pandemic and take a call on the traditional benefits programmes that underserve groups with different needs and circumstances.

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