



Pay Equity Decoded: 41 Key Terms and Definitions

Key Term	Definition
Adjusted Analysis	A process for estimating the pay gap once all other factors have been taken into account.
Adjusted Pay Gap	The pay gap once all other factors have been taken into account and is closer to an analysis of whether there is 'equal pay' in the organization.
Baseline	The chosen sub-group against which all other sub-groups within a dimension will be compared.
Characteristic Gap	The difference in pay that can be attributed to protected characteristics. CURO Pay Equity runs the regression analysis twice, once with and once without the protected characteristics. The difference is the characteristic gap.
Cohort Analysis	The analysis of pay within a cohort of employees to determine whether there is pay equity.
Comparable Work	Work of similar worth and responsibility, and requiring similar training, skill and effort. Also known as: Substantially Similar Work
Comparator Group	A dimension chosen to be analyzed as a protected characteristic (gender, race, ethnicity, age, etc.). Also known as: Protected Characteristic
Declaration Rate	The percentage of employees who have declared a value when asked their identity in regard to a protected characteristic.
Estimate	The change from the baseline, assuming all other variables remain constant, found in the CURO Pay Equity adjusted analysis results table.
Ethnicity Pay Gap	The difference between what non-white employees typically earn in an organization compared to what white employees earn.
Factors	Any reason for paying employees differently in an organization. Also known as: Controls, Variables, Dimensions



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Gendered Role	A role that is overrepresented by one gender.
Gender Pay Gap	The difference between what women typically earn in an organization compared to what men earn.
Mean Pay Gap	The pay gap with the average calculated as the mean.
Median Pay Gap	The pay gap with the average calculated as the median.
Mitigation Strategy	Actions taken to address pay inequality in an organization.
Modelled Pay	The value that regression analysis has assigned to each employee that represents what their pay 'should' be if the amount was only due to permitted factors.
Occupational Segregation	The situation where a demographic group is overrepresented or underrepresented in one type of work or job.
Outlier	An employee who is potentially further away from the expected pay than acceptable to the organization.
Pay Analysis Group	A group of employees doing work of equal or comparable value. Also known as: Substantially Similar Group, Cohort
Pay Equality	The opportunity to earn the same without barriers to entry or progression.
Pay Equity	Pay that is free from any discrimination on the basis of a protected characteristic.
Pay Equity Audit	An analysis of pay within a group to determine whether there is equity. Also known as: PEA, Equal Pay Audit
Pay Gap	The difference between the average pay of a non-baseline group to the average pay of the baseline group. This gives an overall position on equity but is often unrelated to pay. Instead, it is related to structural issues within the organization and can be a reflection of the society from which the employees stem from. The long-term aim is for equity at the raw pay gap level. Also known as: Raw Pay Gap, Unadjusted Pay Gap
Pay Parity	A term used to signify the lack of a pay gap, organizations declaring pay parity will define what they mean with this term. Generally, the goal is equal pay for work of equal or comparable value.
Pay Remediation	A pay adjustment to correct for pay inequity. Also known as: Pay Equity Adjustment



Key Term	Definition
Pay Variance	The difference in pay between individuals in a group.
Permitted Factor	A factor that can explain a difference in pay between two employees, which is allowed by law. Also known as: Compensable Factor, Control, Permitted Variable, Permitted Dimension
Protected Characteristic	A specific aspect of a person's identity that is protected by law. These differ around the world but often include gender, race, ethnicity, disability, sexual orientation, religion and age. Also known as: Protected Class
Purchasing Power Parity	The measurement of the value of a basket of goods in each country, to enable a conversion between countries related to cost of living so that global comparisons of pay can be made. Also known as: PPP
P-Value	Measures the probability that an estimate could be as a result of chance. Found in the CURO Pay Equity adjusted analysis results table, the lower the p-value, the greater the significance.
Regression Analysis	A statistical process for estimating how much impact a variable has on another. In pay equity, this is how much impact variables have on pay.
Root Cause	An underlying reason for pay inequity in organizational processes, regulations and in wider society.
Salary History Ban	The prohibition of asking prospective employees their current or previous pay. This is to prevent the perpetuation of inequity.
Similarly Situated Employees	Employees who perform similar work that have similar worth to the organization. Also known as: Cohort
Standard Deviation	The number of standard deviations is a measure of how far away one value is from another.
Standard Error	The accuracy of an estimate. Found in the CURO Pay Equity adjusted analysis results table, the larger the number, the greater the variance in the observed results.
Statistical Analysis	A statistical test to evaluate whether observed pay gaps between protected characteristic groups are significant.



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Statistical Significance	Refers to whether a difference in pay between two sub-groups (for example, men and women) is likely to occur by chance. A difference is generally referred to as 'statistically significant' if it would be expected to occur by chance only 5% of the time or less. The lower the percentage, the more highly significant the results are. If the difference is any greater than 5%, then it is seen as not statistically significant.
T-Value	Measures the size of the difference relative to the variation in the data. Found in the CURO Pay Equity adjusted analysis results table, the larger the t-value, the greater the significance.
Vertical Segregation	Describes the clustering of a demographic group at the top or bottom of an occupational hierarchy.