

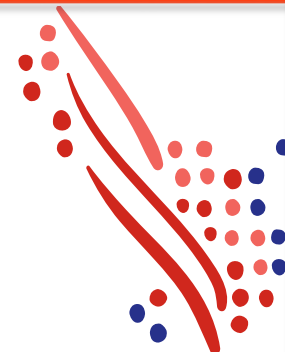


Legislative Changes Affecting Organizations

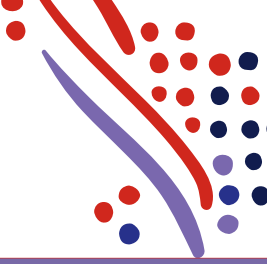
Big Data | Pay Equity

Joseph Iavaroni | September 2019

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ADP
Always Designing
for People™



Bring On The Noise !!!!!!!!!!!

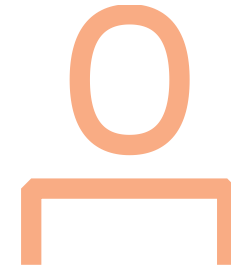
What The Heck Does This Mean!!!!!!



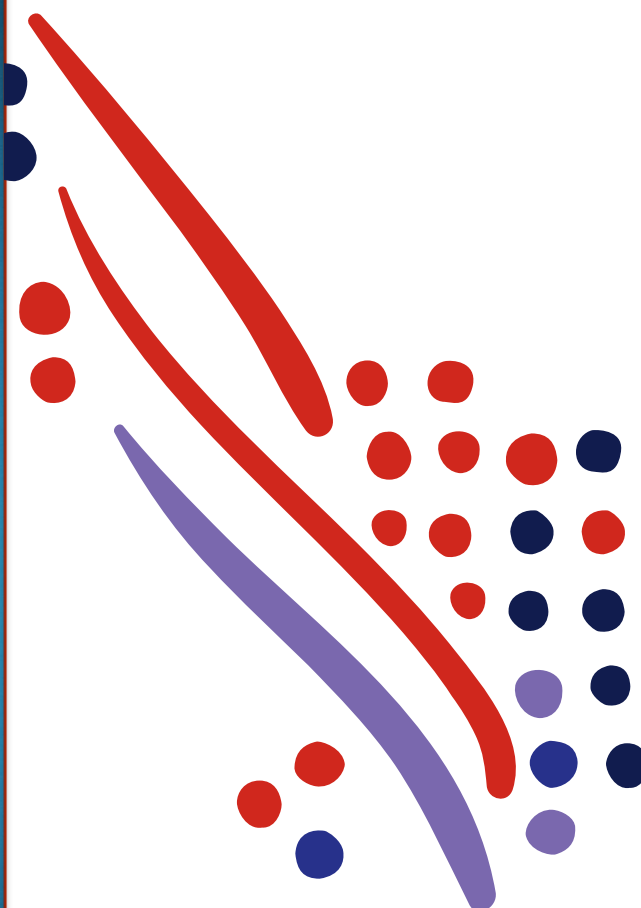
Pay Equity
Benchmark
Analytics



Mash Up
Pay Inequity
Big Data



Employee
Engagement
Talent Activation
Equal Pay / Equal
Work



ADP Big Data

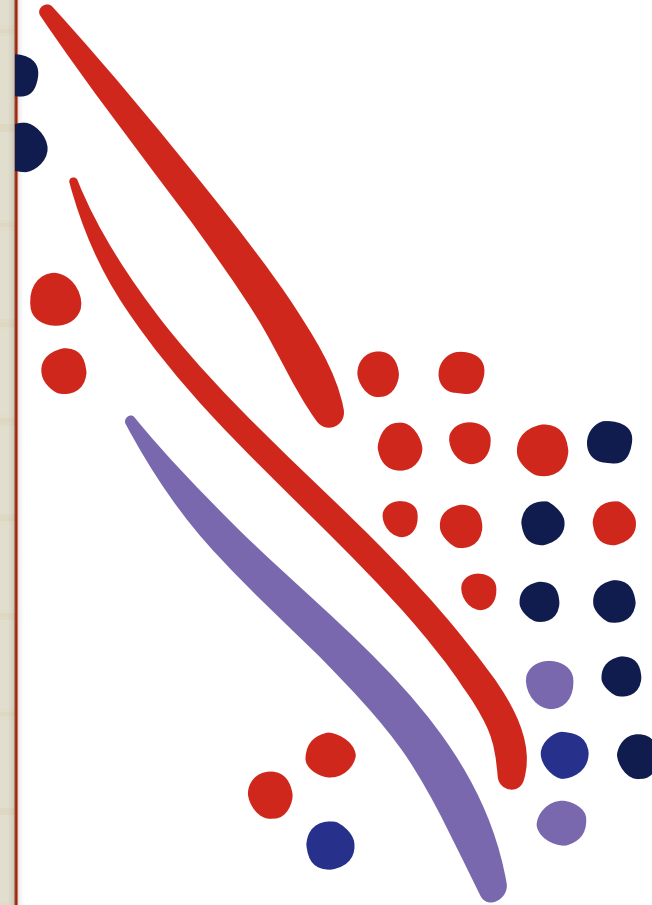
HR is Changing And Needs Payrolls Help



- Build out the strategic focus to compliment the operational focus
- HR must measure the impact of the people strategy to the bottom line
- HR requires payroll data to drive fact-based decisions and conversations

Dave Ulrich Model of HR Roles





What is People / HR Payroll Analytics?

People* Analytics

An “HR practice enabled by technology that uses *descriptive, visual, and statistical analyses* of data related to *HR processes, human capital, organizational performance, payroll data and external economic benchmarks* to establish *business impact* and enable *data-driven decision-making*” (Marler & Boudreau, 2017, p. 15).

Or more simply put...

... the application of quantitative analysis to make better people decisions that help drive positive outcomes for the business.

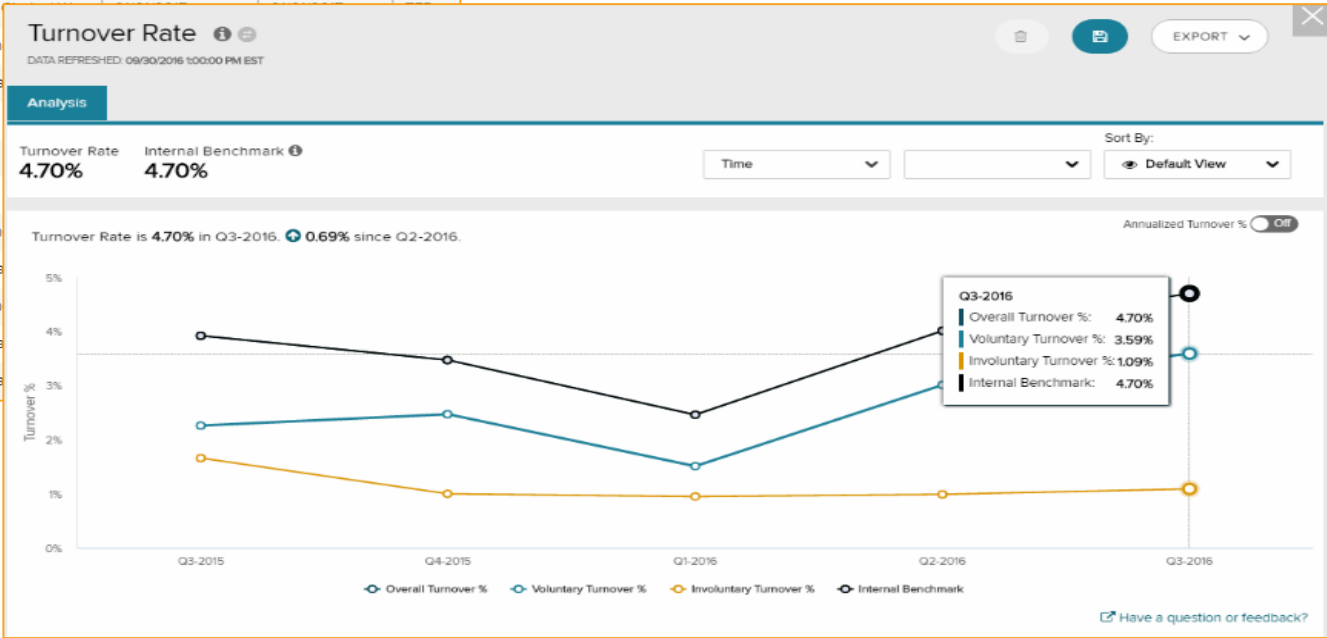
*HR/Workforce/Talent



Reporting vs. Analytics

EMPLOYEE ...	LAST NA...	FIRST NA...	GENDER	RACE	EEO-1 JOB GROU...	EEO-1 JOB GROU...	TERMINATION..	EFFECTIVE ..	ACTION
11783	Vo	Joshua	M	White	1	Officials And Managers	01/01/2017	01/01/2017	TER
11784	Mackenzie	Lyndsay	F	White	3	Professionals	01/01/2017	01/01/2017	TER
11785	Reilly	Jonathan	M	White	1	Officials And Managers	01/01/2017	01/01/2017	TER
11786	O'Neill	Christina	F	Black Or Af...	6	Office And			
11787	Utley	William	M	White	1	Officials An			
11788	Petit	Joanne	F	White	3	Professiona			
11789	Chatman	Elizabeth	F	Black Or Af...	N				
11790	Gaines	Patricia	F	White	N				
11794	Whipple	Jacob	M	White	N				
11795	Tijerina	Kathryn	F	Hispanic O...	2	Officials An			
11796	Lyon	James	M	White	3	Professiona			
11797	Swisher	Phillip	M	White	2	Officials An			
11798	Foust	Margaret	F	Black Or Af...	3	Professiona			
11799	Escobedo	Gerald	M	Hispanic O...	3	Professiona			

Forward leaning – Leading indicators



Backward looking – Lagging indicators



Questions Analytics Can Help With

KEY POINT: Metrics and analytics are only as good as the question(s) that generate them

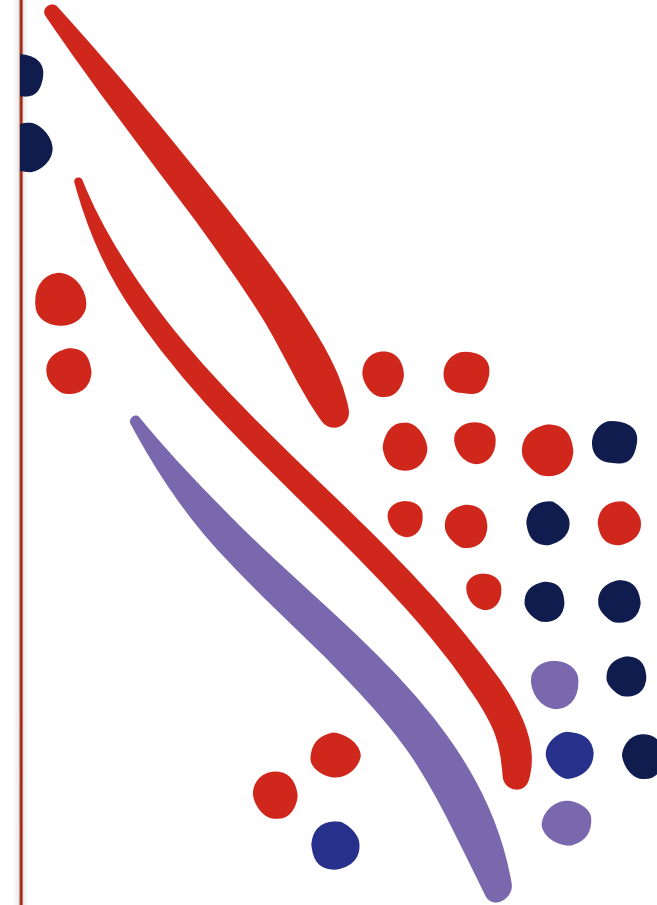
- Do happy employees translate to more productive employees?
- Can compensation growth be slowed without loss of performance growth?
- Do “better” managers make for higher employee engagement scores?
- What leading indicators best predict successful employees in our company?



Practical Application

- Staff demographics Same
- Management behaviors differ
- Employee attitudes better or worse





ADP Pay Equity

Who Does This Impact?



Employers of all sizes

- > Check applicable laws for specific thresholds
- > Employers interested in attracting and retaining top talent



- NY
- CA
- MD
- MA
- NJ
- OR

Locations:

- > Nationwide (U.S. federal law)
- > Many states and localities also have laws
- > Many countries have pay equity laws

Polling Question #1

Do you believe the media coverage about the Gender Pay Gap?

- Yes
- No, people always complain about their pay
- It's only a limited number, and it doesn't happen at my business
- Unsure



Focus on Equal Pay and Pay Equity



- > **Equal pay for equal work** is the concept that individuals in the same workplace performing the same or similar jobs should be given equal pay.
 - Mostly referred to in relation to a gender pay gap
 - Also applies to other races and ethnicities
- > **Pay Equity** compares the value and pay of different jobs.
 - Either men or women can complain that their work is undervalued.

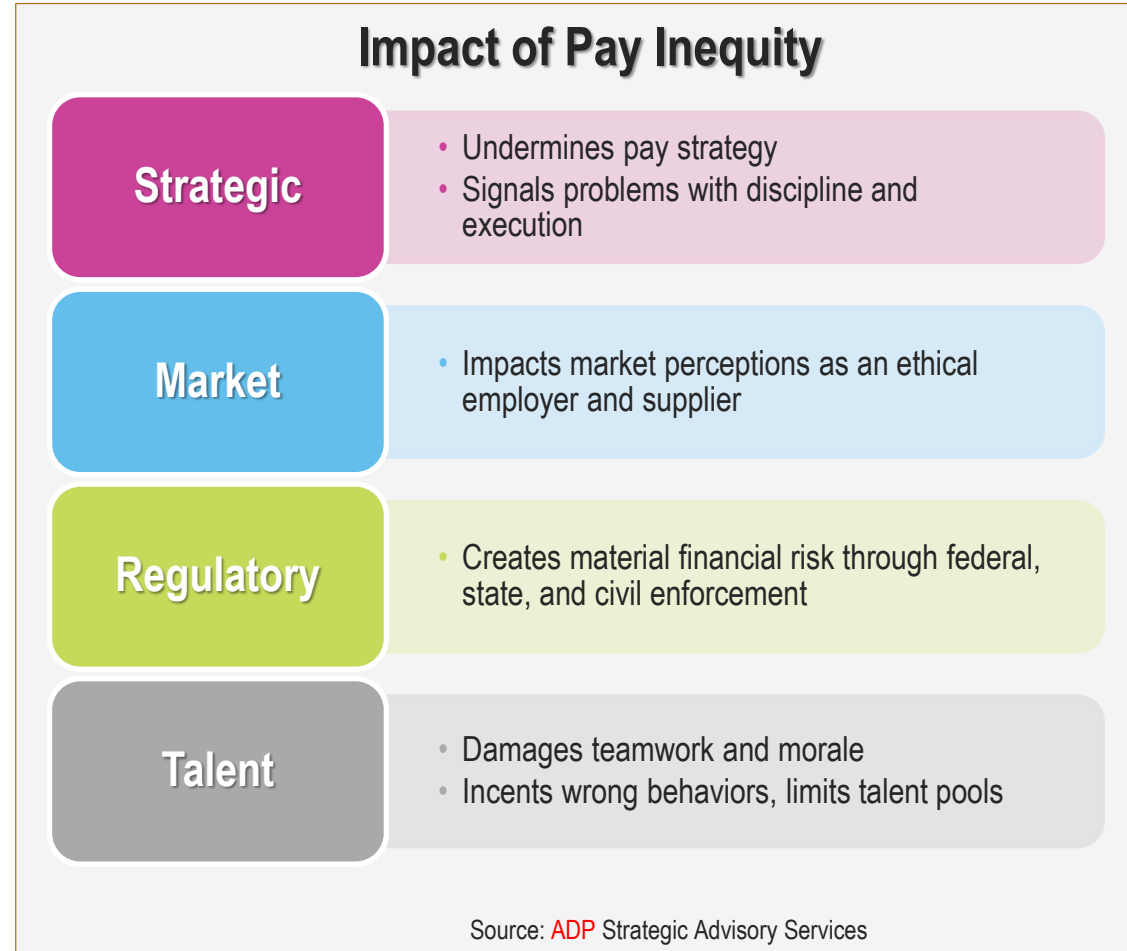


Equal pay and pay equity are sometimes used interchangeably. Both concepts require data.



Pay Equity is a Business Issue

- > Indicates **poor execution** of HR and Payroll strategy:
 - Recruiting
 - Workforce Planning
 - Performance and Learning
 - Alignment with corporate objectives
- > Variances in pay:
 - **Deliberate:** job, performance, strategy, and culture
 - **Random:** process noise
 - **Structural:** career path, industry, socio-demographics, business cycles
 - **Bias:** subjective preferences unrelated to job



Critical Trends: Pay Equity Compliance



Increased **transparency**

- > Social Media/Career sites
- > Legal protections for employee sharing of pay data.
- > Employer awards and recognition
- > Enforcement and policy development at both federal & state levels



Employer mitigation of risk through **self-assessment**

- > Proactive identification of underlying causes of pay disparity may reduce risk of adverse litigation
- > Employment policies consistent with pay philosophies establish intent



Shift from regular rate of pay to total compensation

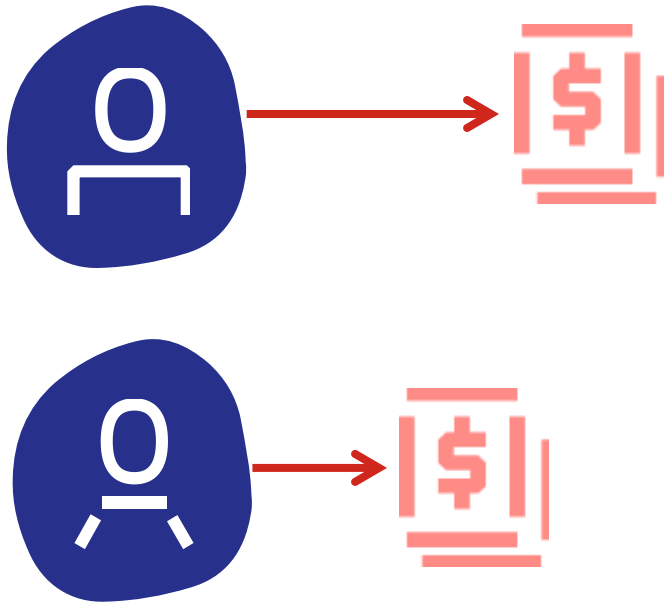
- > 69% of salaried workers receive some form of incentive compensation
- > Heightened awareness of incentive pay impact to pay equity.



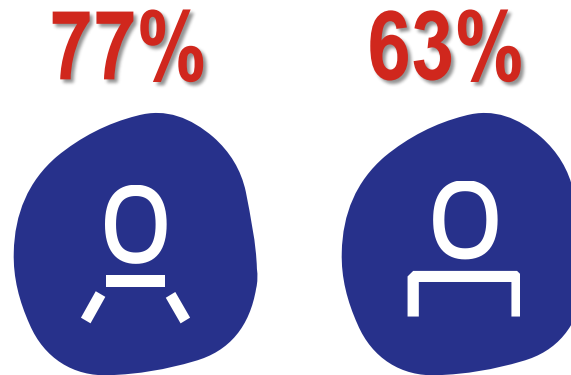
Pay equity laws generally require equal pay for work requiring **similar skill, effort, and responsibility**

Did you know...

On Average **men make 28% more** than women across all industries.



77% of women and 63% of men agree: This country needs to continue making changes to give men and women equality in the workplace.



When looking for new opportunities, **70% of job seekers** value compensation the most.



Pay Equity Today

Did you know... Disney faces a gender pay lawsuit, accused of paying women less than men.. April 3, 2019



Pay Equity Today

Did you know...

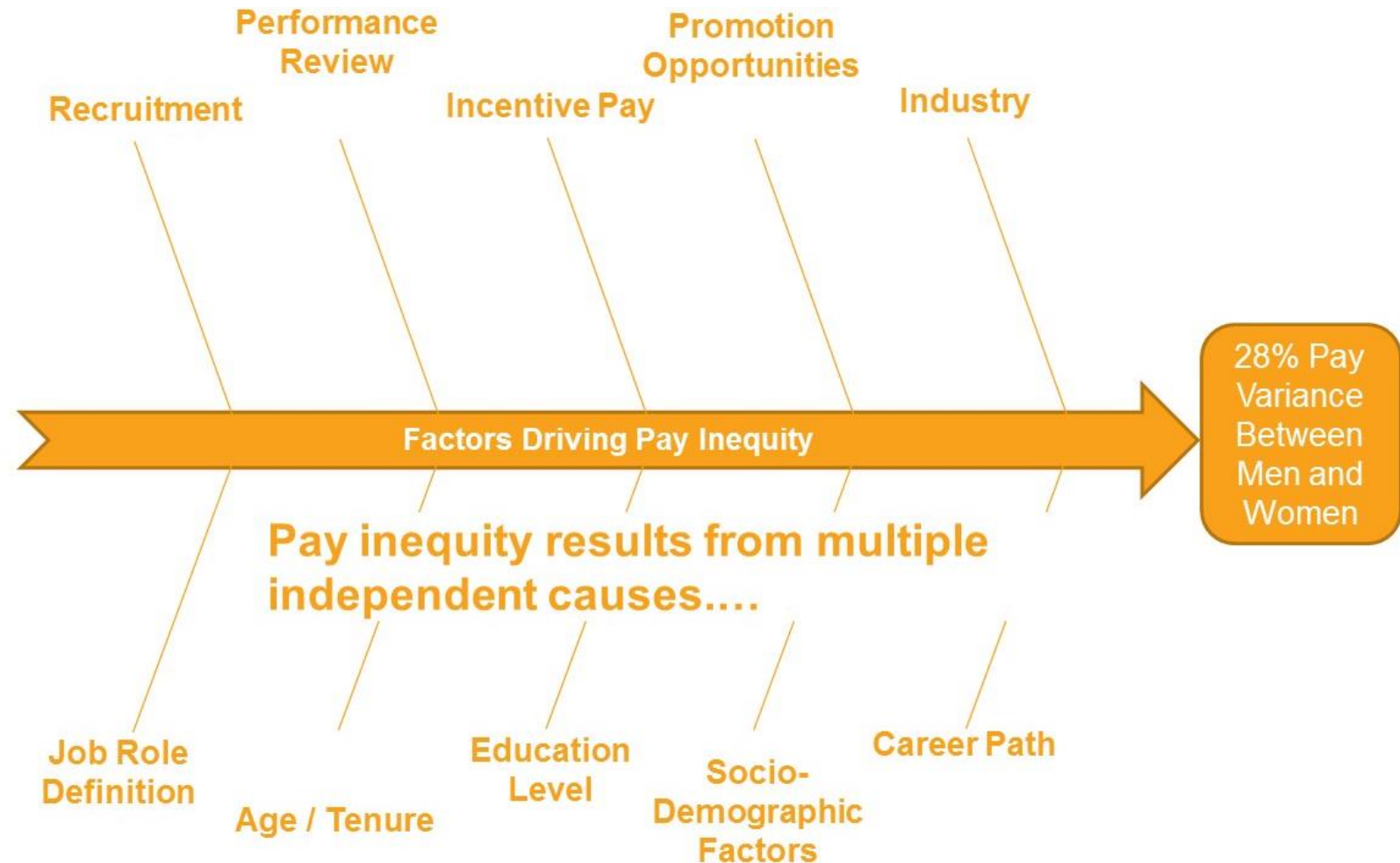
13 companies, including Apple, AT&T, Salesforce and Airbnb, signed up to participate in CA state initiative promoting equal pay, agreeing to a companywide gender pay analysis.

LA Times April 3 2019

Multiple Independent Causes



- 28% reflects a long sequence of independent events and causes
- The ability to isolate different impacts is difficult but critically important



Perceptions of “Fairness” and “Equity” Appear to be Universal Traits Across some Species



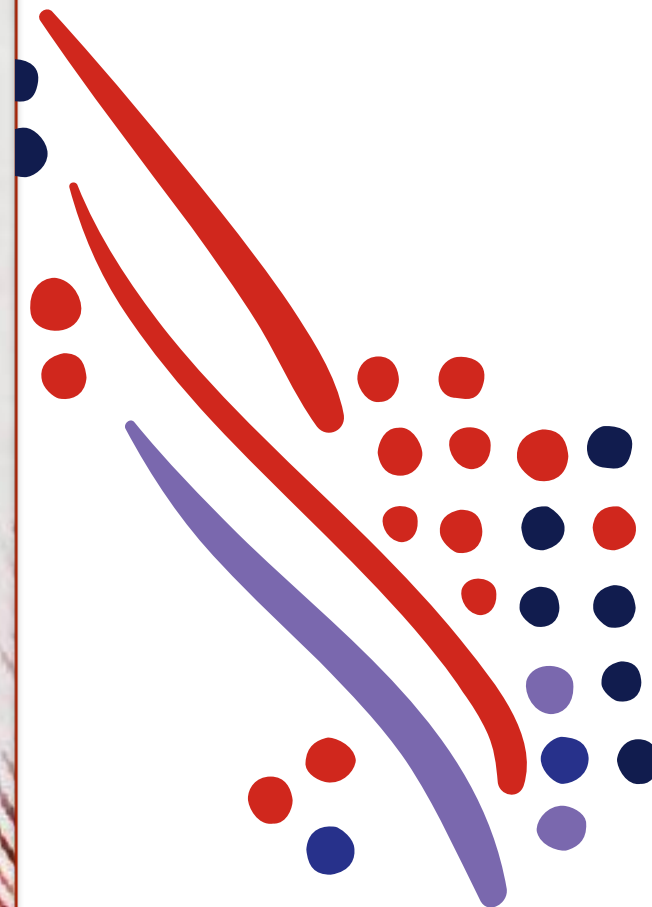
- > “Fairness” viewed as a critical development in the evolution of **cooperative social behavior**¹
 - Same rules and principles apply to **“everyone”**
 - Reward commensurate with contribution
 - Equal rewards for equal contribution
 - Major differences in rewards—even when justified—can break down cooperative social behavior

In species that exhibit cooperative social behavior, deception and cheating behaviors are also sometimes observed.

<https://www.youtube.com/watch?v=t6OsVUlp7Y0>

1. Monkeys reject unequal pay

Sarah F. Brosnan¹ & Frans B. M. de Waal
Living Links, Yerkes National Primate Research
Center,
Emory University, Atlanta, Georgia 30329, USA
Nature **425**, 297-299 (18 September 2003)



So What Can Employers Do?

Ban on Salary History Inquiries



Employers Cannot

- **Seek** salary history information about an applicant
- **Rely** on an applicant's salary history to determine job or salary offers



Employers Should

- **Remove** salary history questions from application forms, interview questions, hiring documents
- **Don't ask** for or provide salary history information during reference checks

Pay Equity

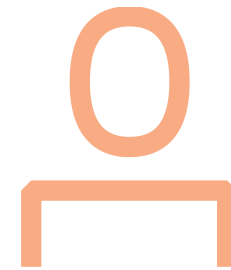
What can I ask a candidate during an interview regarding salary?



Avoid **asking**
about current or
former salary



Ask the candidate **what**
they would like to make
in a new role



Give the candidate
the pay range and
ask if it's acceptable



Thank You.



Joseph Iavaroni



One Penn Plaza, 23rd Floor, New York, NY 10119



Joseph.Iavaroni@ADP.com

