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WorldatWork, in partnership with Korn Ferry, invited its broader membership and customer base to participate in an electronic survey on pay and workplace equity. Email invitations were sent directly to participants on 9/09/2020 and results were collected over a 22-day period.

A total of 964 responses were received, representing organizations of different sizes and across multiple industries. The survey has a 3% overall margin of error at a confidence level of 95%. Sample sizes vary by question.
Key Findings: Pay Equity

• Of all organizations surveyed, a majority (60%) are taking action on pay equity management.

• Most organizations engaged in pay equity management are primarily focused on pay equity analysis and pay equity adjustments, and ensuring quality in job evaluation; however, fewer are focused on communicating results internally and externally.

• Primary objectives of pay equity management processes are to be ethical, followed by limiting and removing bias between protected employee classes.

• Most organizations conduct pay equity analyses on an annual basis and have not delayed this analytic work due to the pandemic or economic downturn.

• Potential costs in addressing pay inequities is seen as the top challenge in this work followed by addressing underlying drivers of pay equity gaps and the use of manager discretion in making pay decisions.

• Use of basic descriptive statistics (e.g. averages, medians) is the most common analysis methodology utilized across most groups. Larger organizations favor use of multivariate regression analysis.

• Most organizations do not broadly communicate the intent and general findings of pay equity work to most employees.

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Key Findings: Diversity, Equity and Inclusion (DE&I)

• Of surveyed organizations, 70% are taking action on DE&I initiatives
• Organizations engaged in DE&I initiatives are primarily focused on defining strategy, policies and practices, providing unconscious bias training and developing processes to ensure diverse candidate pools for talent acquisition
• Primary objectives of DE&I initiatives are to build and maintain a culture of trust and removing bias between groups of employees
• There is a broad range of leadership involvement and impact on DE&I initiatives
  • About a third of organizations report limited leader involvement
  • Less than a third report that leaders are key DE&I change agents
• Most organizations report conducting DE&I audits annually; however, a high percentage do not have a formal audit cadence established
• There are several key challenges in executing DE&I initiatives including costs in resourcing, implementing and sustaining DE&I initiatives and lack of an overarching DE&I philosophy and strategy
• Half of organizations report that they do not have metrics in place to measure the effectiveness of DE&I initiatives. Of organizations with metrics in place, they are split between lagging and leading/predictive indicators of success.
Pay Equity
Most organizations are acting on pay equity

Which of the following statements reflects your organization’s focus on pay equity management?

- 60% We are taking action
- 33% On our radar but we are not taking any action yet
- 7% Not on our radar

*January 2019 (n=669)  September 2020 (n=781)*

- Larger organizations are more likely to be already taking action
Pay equity focus primarily in analysis and remediation

Please indicate your organization’s activity level for the following pay equity-related actions over the past 12 months.

### Percent Conducted or Ongoing

<table>
<thead>
<tr>
<th>Activity</th>
<th>January 2019 (n=335)</th>
<th>September 2020 (n=422)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay equity analysis</td>
<td>85%</td>
<td>93%</td>
</tr>
<tr>
<td>Review of job classification/job evaluation/grading processes*</td>
<td>75%</td>
<td>77%</td>
</tr>
<tr>
<td>Pay equity adjustments/remediation</td>
<td>75%</td>
<td>77%</td>
</tr>
<tr>
<td>Pay equity strategy, design and administration*</td>
<td>65%</td>
<td>65%</td>
</tr>
<tr>
<td>Pay equity drivers analysis*</td>
<td></td>
<td>54%</td>
</tr>
<tr>
<td>Internal communication</td>
<td>45%</td>
<td>44%</td>
</tr>
<tr>
<td>External communication</td>
<td>22%</td>
<td>24%</td>
</tr>
</tbody>
</table>

* New answer options added in September 2020
## Multiple objectives in undertaking pay equity – particularly ethical concerns

*How influential are each of the following on your organization’s decision to conduct pay equity analyses?*

<table>
<thead>
<tr>
<th>Objective</th>
<th>Not Influential</th>
<th>Somewhat Influential</th>
<th>Moderately Influential</th>
<th>Very Influential</th>
<th>Extremely Influential</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is the right thing to do ethically</td>
<td>2%</td>
<td>3%</td>
<td>11%</td>
<td>36%</td>
<td>48%</td>
</tr>
<tr>
<td>To remove bias against protected classes</td>
<td>4%</td>
<td>7%</td>
<td>16%</td>
<td>43%</td>
<td>30%</td>
</tr>
<tr>
<td>To build/maintain a culture of trust</td>
<td>1%</td>
<td>8%</td>
<td>15%</td>
<td>47%</td>
<td>29%</td>
</tr>
<tr>
<td>It makes economic/business sense</td>
<td>6%</td>
<td>9%</td>
<td>20%</td>
<td>40%</td>
<td>26%</td>
</tr>
<tr>
<td>To close the overall (raw) wage gaps by gender</td>
<td>8%</td>
<td>8%</td>
<td>21%</td>
<td>41%</td>
<td>23%</td>
</tr>
<tr>
<td>To close the overall (raw) wage gap by ethnicity</td>
<td>12%</td>
<td>9%</td>
<td>22%</td>
<td>36%</td>
<td>21%</td>
</tr>
<tr>
<td>To mitigate legal risk</td>
<td>9%</td>
<td>18%</td>
<td>22%</td>
<td>35%</td>
<td>16%</td>
</tr>
<tr>
<td>To align our actions with employee expectations</td>
<td>3%</td>
<td>11%</td>
<td>27%</td>
<td>44%</td>
<td>15%</td>
</tr>
</tbody>
</table>

n = 390
### Who from your organization is the primary group driving and owning pay equity initiatives?

<table>
<thead>
<tr>
<th>Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR leadership</td>
<td>45%</td>
</tr>
<tr>
<td>Reward/comp. leadership</td>
<td>33%</td>
</tr>
<tr>
<td>CEO/C-suite</td>
<td>15%</td>
</tr>
<tr>
<td>Board members</td>
<td>2%</td>
</tr>
<tr>
<td>Diversity, equity and inclusion leadership</td>
<td>2%</td>
</tr>
<tr>
<td>Legal</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
</tr>
</tbody>
</table>

*C-suite and HR leaders typically drive initiatives in smaller organizations; while Reward leaders typically drive initiatives in both large and publicly held organizations*

n = 334
Reward function typically assesses and manages pay equity work

Who from your organization is typically involved in assessing or managing pay equity activities? (Please select all that apply.)

<table>
<thead>
<tr>
<th>Role</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation function</td>
<td>82%</td>
</tr>
<tr>
<td>CEO/C-suite executive leadership</td>
<td>46%</td>
</tr>
<tr>
<td>Other (than compensation) HR function</td>
<td>35%</td>
</tr>
<tr>
<td>Legal</td>
<td>29%</td>
</tr>
<tr>
<td>Diversity, equity and inclusion</td>
<td>20%</td>
</tr>
<tr>
<td>External compensation consultant</td>
<td>15%</td>
</tr>
<tr>
<td>External legal counsel</td>
<td>12%</td>
</tr>
<tr>
<td>Board members</td>
<td>11%</td>
</tr>
<tr>
<td>Finance</td>
<td>11%</td>
</tr>
<tr>
<td>External statistician</td>
<td>7%</td>
</tr>
<tr>
<td>Change management</td>
<td>4%</td>
</tr>
<tr>
<td>Communications</td>
<td>3%</td>
</tr>
</tbody>
</table>

n = 336
Pay equity analyses are typically conducted annually

How often does your organization typically conduct compensation analysis for discrepancies in pay equity?

<table>
<thead>
<tr>
<th>Frequency</th>
<th>January 2019 (n=330)</th>
<th>September 2020 (n=334)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Once per year or more frequently</td>
<td>65%</td>
<td>73%</td>
</tr>
<tr>
<td>Once every two years</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>Once every three years or more</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td>As needed/requested</td>
<td>10%</td>
<td>13%</td>
</tr>
<tr>
<td>Not applicable/not sure</td>
<td>5%</td>
<td>2%</td>
</tr>
</tbody>
</table>
Recent events have not slowed analytic work

Due to recent events (e.g. pandemic, workforce changes, diversity and inclusion agenda, racial equity commitments) has your organization decided to delay or expedite when you would typically conduct compensation analysis for gaps in pay equity?

- **No**: 70%
- **Yes, delayed**: 18%
- **Yes, expedited**: 12%

n = 345
Potential costs in addressing pay inequities seen as the top concern by organizations

Please rank the following items in order of the level of difficulty they present at your organization when establishing pay equity.

- Potential cost to fix pay inequities 59%
- Addressing the underlying drivers of pay equity 34%
- Use of line management discretion in making pay decisions 28%
- Cost of conducting a pay equity analysis 25%

Order represents percentage of respondents ranking items in top 3 of importance.
Basic statistics and multivariate regression are primary analysis tools

What is the primary analysis methodology utilized for pay equity?

- Larger organizations are more likely to use regression analysis; while smaller organizations typically rely on basic statistics

- January 2019 (n=303)
  - Basic statistics: 56%
  - Multivariate regression analysis: 37%
  - Management discretion: 4%
  - Other*: 5%
  - Not sure: 3%

- September 2020 (n=338)
  - Basic statistics: 53%
  - Multivariate regression analysis: 34%
  - Management discretion: 3%
  - Other*: 6%
  - Not sure: 3%

*Answer option added in September 2020
Most organizations limit transparency in pay equity communications

When communicating pay equity initiatives, how much do you share with the broader employee workforce?

- Full transparency (e.g. pay equity and policies are shared, individual pay levels and increases are shared)
- High transparency (e.g. pay equity strategy and policies are shared, high-level pay equity analysis findings are shared, but not individual pay levels increases)
- Moderate transparency (e.g. pay equity strategy and policies are shared with employees)
- Some transparency (e.g. managers may be aware that a pay equity management process exists, but most employees are not)
- No transparency (e.g. most managers and employees are not aware of a pay equity management process)

Both large and publicly held organizations are generally less transparent than their counterparts

n = 335
**Most organizations give themselves reasonable marks for pay equity management**

*How equitable do you feel the current pay practices are at your organization?*

<table>
<thead>
<tr>
<th>Perception</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very equitable, very few pay discrepancies</td>
<td>31%</td>
</tr>
<tr>
<td>Mostly equitable, some pay discrepancies exist</td>
<td>56%</td>
</tr>
<tr>
<td>Somewhat equitable, a moderate number of pay discrepancies exist</td>
<td>12%</td>
</tr>
<tr>
<td>Not very equitable, a large amount of pay discrepancies exist</td>
<td>2%</td>
</tr>
</tbody>
</table>

n = 389
Diversity, Equity and Inclusion (DE&I)
Majority of organizations are acting on DE&I

Which of the following statements reflects your organization’s focus on diversity, equity and inclusion (DE&I) initiatives?

- 70%: We are taking action
- 23%: On our radar but we are not taking any action yet
- 7%: Not on our radar

- Larger organizations are more likely to be taking action
- Publicly held and not-for-profit organizations are more likely to be taking action than privately held organizations

n = 737
DE&I strategy development, unconscious bias training and diverse candidate pools cited as top actions

Indicate your organization’s activity level for the following DE&I actions over the past 12 months.

<table>
<thead>
<tr>
<th>Action</th>
<th>High activity</th>
<th>Moderate activity</th>
<th>Some activity</th>
<th>Considering activity</th>
<th>No current activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defining DE&amp;I strategy, policies and practices</td>
<td>40%</td>
<td>27%</td>
<td>22%</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>Unconscious bias training for managers and employees</td>
<td>33%</td>
<td>24%</td>
<td>18%</td>
<td>17%</td>
<td>7%</td>
</tr>
<tr>
<td>Employee Resource Group (ERG) support, resources and education</td>
<td>30%</td>
<td>18%</td>
<td>19%</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td>Employee engagement surveys that measure perceptions of inclusiveness</td>
<td>30%</td>
<td>21%</td>
<td>21%</td>
<td>16%</td>
<td>13%</td>
</tr>
<tr>
<td>Processes in place to ensure diverse talent pools of candidates for job openings</td>
<td>24%</td>
<td>34%</td>
<td>29%</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>Formal reporting of diversity mix across employee groups</td>
<td>23%</td>
<td>22%</td>
<td>23%</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>Creating equitable and transparent advancement and training opportunities</td>
<td>17%</td>
<td>31%</td>
<td>30%</td>
<td>15%</td>
<td>6%</td>
</tr>
<tr>
<td>DE&amp;I scorecard and metrics of effectiveness tied to manager performance objectives</td>
<td>12%</td>
<td>14%</td>
<td>20%</td>
<td>23%</td>
<td>31%</td>
</tr>
<tr>
<td>Formal mentor programs focused on under-represented employee groups</td>
<td>8%</td>
<td>16%</td>
<td>18%</td>
<td>29%</td>
<td>29%</td>
</tr>
</tbody>
</table>

n = 463
Most organizations cite more than one objective for DE&I initiatives

How influential are each of the following on your organization’s commitment to DE&I initiatives?

<table>
<thead>
<tr>
<th>Objective</th>
<th>Not Influential</th>
<th>Somewhat Influential</th>
<th>Moderately Influential</th>
<th>Very Influential</th>
<th>Extremely Influential</th>
</tr>
</thead>
<tbody>
<tr>
<td>To build/maintain a culture of trust</td>
<td>1%</td>
<td>5%</td>
<td>13%</td>
<td>34%</td>
<td>47%</td>
</tr>
<tr>
<td>To remove bias against protected classes</td>
<td>2%</td>
<td>6%</td>
<td>17%</td>
<td>33%</td>
<td>42%</td>
</tr>
<tr>
<td>To align our actions with employee expectations</td>
<td>2%</td>
<td>7%</td>
<td>23%</td>
<td>40%</td>
<td>29%</td>
</tr>
<tr>
<td>It makes economic/business sense</td>
<td>5%</td>
<td>10%</td>
<td>26%</td>
<td>33%</td>
<td>26%</td>
</tr>
<tr>
<td>To improve business performance</td>
<td>5%</td>
<td>10%</td>
<td>25%</td>
<td>34%</td>
<td>26%</td>
</tr>
<tr>
<td>To mitigate legal risk</td>
<td>9%</td>
<td>22%</td>
<td>33%</td>
<td>26%</td>
<td>11%</td>
</tr>
</tbody>
</table>

n = 432
No consistent level of leadership involvement in DE&I efforts

What is the level of leadership involvement in DE&I efforts?

- Limited leadership involvement or commitment: 32%
- Leaders have formal goals and responsibility for DE&I: 18%
- Leaders are held accountable for creating a diverse and inclusive environment: 23%
- Leaders are key DE&I change agents and collectively hold the organization accountable for results: 27%

• Larger organizations and publicly held companies are likely to have greater leader involvement

n = 442
Only 29% of respondents indicated their organization conducts a DE&I audit once per year or more often.

**Does your organization conduct a DE&I audit?**

- Yes: 59%
- Not applicable/not sure: 41%

**How often does your organization conduct a DE&I audit?**

- Once per year or more frequently: 49%
- Once every two years: 10%
- Once every three years or more: 5%
- As needed/requested: 37%

n = 442

n = 259

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Unlike pay equity, there are multiple barriers being cited at a high frequency

Please rank the following items in order of the level of difficulty they present at your organization when establishing DE&I initiatives.

- Cost to implement DE&I initiatives 53%
- Lack of an overarching DE&I strategy 53%
- Resourcing to sustain programs 51%
- Cost to sustain DE&I initiatives 44%
- Creating action plans for closing gaps 42%

Order represents percentage of respondents ranking items in top 3 of importance.
Many organizations do not yet have DE&I scorecard metrics in place

What type of metrics are in place to measure DE&I results?

- 50% There are no/limited metrics in place
- 28% Focus is on lagging indicators of success
- 17% Focus is on leading indicators of success
- 6% Focus is on predictive indicators of success

• Larger organizations and publicly held organizations are likely to have leading or predictive indicators of success

n = 442
DE&I resourcing is limited

What is the level of resourcing/staffing of DE&I efforts?

- No or few dedicated resources: 47%
- Dedicated central staff and budget: 40%
- Additional resources and budgets distributed throughout the business (functions, regions): 10%
- External DE&I advisory board: 3%

n = 442
Respondent Profile
Organization type

Your organization is:

- Private, privately-held: 39%
- Private, publicly traded: 31%
- Nonprofit/Not-for-profit: 20%
- Government/Public sector: 9%

n = 638
### Organization Industry and Size

#### Under which industry does your organization fall?

- Consulting/profession...: 14%
- Manufacturing: 13%
- Financial services: 11%
- Healthcare/pharma: 10%
- Energy: 7%
- Information technology: 5%
- Other: 28%

*Only industries with at least 5% of responding organizations are listed here.*

#### How many full-time equivalent (FTE) employees does your organization have?

- Fewer than 100 employees: 12%
- 100 to 999: 31%
- 1,000 to 9,999: 40%
- 10,000 to 39,999: 11%
- 40,000 or more employees: 5%

*n = 638*
Please choose the term that best describes your current level of responsibility (consultants please choose the Consultant category, regardless of your responsibility level within the organization).

- Mid-level rewards professional: 31%
- Top-level or second-level functional rewards leader: 31%
- C-suite HR function leader/CHRO: 16%
- Consultant/Academician: 7%
- C-suite business leader: 4%
- Emerging-level rewards professional: 4%
- C-suite other function leader: 1%
- Other: 7%

n = 638
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Tell us what you think of this report!

As researchers, we love gathering feedback and your opinions are extremely valuable for helping us provide the research you want to see. Please take a couple minutes to complete a short survey. Thank you in advance for participating!

Click here to begin.

Sincerely,

The WorldatWork Research Team