

# Pay Equity Vs. Pay Equality There Is A Significant Difference



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Efforts at employment DEI—diversity, equity and inclusion—have experienced some backlash in the last year or so. As a result, many employers are pulling back on their DEI education and training. Nevertheless, companies are continuing to make strides, even if not so obviously. One aspect of DEI is the issue of pay *equity* versus pay *equality*. There is a difference. Pay equity is much easier to understand and reconcile. Studies show that male and female engineers with approximately the same credentials and experience will indeed receive the same pay in most companies. That is pay equity, which doesn't seem to be the primary issue keeping women and others from higher paying positions in corporate America.

More insidious, and less obvious, is pay *equality*, which focuses on the barriers women (and others) face in upward mobility to higher-paying positions.

Illustrative of the issue is a study by an MIT professor who followed new management-track employees at a large retailer. Women made up about half of that entry-level workforce. At the next level, the percentage of women dropped significantly. As these workers moved into more senior management positions, women were a dramatically smaller percentage of that workforce.

One fascinating aspect of the study was that on average the women graded higher than men on their annual reviews at all levels. Nevertheless, they graded lower on their “prospects” for higher-level management in the future. There was no basis for this lower grade and, in fact, it ran counter to the results of the annual reviews. The study also showed that the company made a stronger effort to retain higher-graded men than the similarly (or higher) graded women. This suggested clear hidden bias against the women employees. This was true regardless of whether the reviewing manager was a man or a woman.

Employers must be mindful of this subliminal pay inequality—i.e., barriers to advancement—and not simply tout the fact that they have pay equity because their men and women employees in the same or similar jobs earn essentially the same amount. Clearly, barriers still exist for women to move into higher-level positions and companies must address built-in biases to truly offer pay equality.

All of this applies equally to people of color, members of the LGBTQ+ community, and likely other categories such as those workers with disabilities. DEI has received some negative press in the last year or so, but companies still should be addressing these issues, even if not under the DEI heading that seems so distasteful to so many in power or those who aspire to power.