

Commentary: Back off, EEOC; smart companies are fixing the pay gap



The Equal Employment Opportunity Commission should back off and let companies fix pay equity issues. (Handout, TNS)

By **Joanne Cleaver**

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A new idea is blooming among American employers: They win when they fix their own pay gaps.

Suddenly, it's cool for corporate chieftains to brag about how energetic they are about detecting and correcting gender pay inequities. Some are spending time, energy and clout to find out if their organizations pay women the same as men for comparable work. And a few, such as Salesforce and Intel, are going further, by using their moment in the pay equity spotlight to commit to deeper changes that open more ways for women to advance.

Finally! The market is rising to the challenge of pay equity. It took heaps of statistics, endless evidence and scoldings from movie stars, but the dam has broken. Every day, more leading employers see that it is in their best interest to compete to be the best at pay equity.

And now the federal Equal Employment Opportunity Commission is going to pour vinegar on this long-overdue enlightenment.

In a classic case of too little, too late, the EEOC is poised to require organizations with 100 or more employees to collect and report certain pay data, including ethnic, racial and gender breakdowns, across 12 broad categories. The proposed rules would take effect in September 2017, and a 60-day public comment period ends Friday.

The requirement's goal is to track down pay gaps and take corrective action. But the move — President Barack Obama has directed the EEOC to ratchet up pressure on employers — comes right when healthy competition is accomplishing the same goals.

You'd think the EEOC has its hands full running down the pay discrepancy complaints it already gets. By its own admission, the agency has enforced legitimate claims of unequal pay to the tune of \$85 million in "monetary relief" since 2010, when the White House created the Equal Pay Task Force.

The additional data the EEOC wants to collect is defined so broadly — grouped into 12 categories — that the resulting comparisons won't yield much insight. Besides, reams of incisive data and analysis are already being produced by research and advocacy nonprofits, such as the Institute for Women's Policy Research and Chicago's own Women Employed.

Obama's and the EEOC's heavy-handed tactics will push employers back on the defensive, just as employers are finally catching on to the strategic advantages of pay equity innovations to attract talent, build trust and boost reputation.

Pay equity is not a quick fix. Topping off a few women's salaries is a start. Genuine equity that holds up to annual audits requires deep changes; employers must remove barriers so women can be promoted to higher-paying, higher-level positions. That means addressing how jobs are designed, how work is accomplished and how managers are rewarded for cultivating female talent.

The payoff is bigger than keeping the EEOC at bay. Proven pay equity is fundamental to sound management. Arjuna Capital, a Boston-based, socially minded investment firm, is using its stock ownership to get major tech companies to examine their pay practices. After all, tech companies that ignore potential pay gaps not only invite legal risk, but also are not returning maximum shareholder return on talent. So far, Apple, Expedia and Amazon have responded to Arjuna's challenge by examining and reporting their pay patterns.

Outstanding pay equity practices retain women. Chicago-based CPA firm Baker Tilly closely monitors compensation levels for female professionals in part-time positions to make sure they don't fall behind market rates. That's fair in the short run, and also means that the firm doesn't have to play paycheck catch-up when those women merge back into full-time schedules.

Let's let this newfound appreciation for the power of pay equity play out. The EEOC should hold off on its reporting requirements for a year, maybe two, to let more employers pile onto this rapidly expanding bandwagon. More investors need to wield their power to require companies to show how they use truly fair pay as a mode of delivering return on investments in talent and people. And employers — you're always asking government to let the market work. Here's your chance to prove that the market can change the workplace for women better than any law ever could.

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