Visier Insights™ Brief: Insights for Equal Pay Day

With movements like #MeToo, #Mentorher, and #TimesUp, the topic of gender equity has never been more in the spotlight than today. Yet, how are large US employers performing?

In 2016 Visier released its seminal research report, Visier Insights: Gender Equity, which uncovered the Manager Divide, a key new finding that is critical to understanding how employers can work towards achieving gender equity. In this research brief, we compare gender data from 2015, 2016, and 2017 to see how US employers are doing.
The gender pay gap is not improving.

Employers are not making collective progress towards achieving gender pay equity.

In 2017 the gender pay gap for workers under age 40 increased when compared to 2016. In 2015 women under age 40 earned on average 81 cents for each dollar earned by men. In 2016 this wage gap improved slightly to 82 cents. However, in 2017 this gender wage gap for younger women increased, with women under age 40 earning an average of 79 cents for each dollar earned by men. At the same time, the gender wage gap for workers over age 40 did not experience any meaningful improvement. See Figure 1.

Figure 1: The gender wage gap increased in 2017 for workers under age 40. The shown pay ratio is the average salary of female employees divided by the average salary of male employees.
Women are increasingly outperforming their male colleagues

When comparing the performance ratings of men and women in 2015, 2016, and 2017, women are increasingly achieving top performer status more frequently than men. In 2017 women were 21 percent more likely to achieve top performer status than men, compared to 12 percent more likely in 2015. For managers, the growth in the gender performance gap was even greater, with female managers 22 percent more likely than male managers to be rated as top performers in 2017, up from 7 percent in 2015. See Figure 2.

Figure 2: Women are increasingly ranked as top performers, compared to men. The shown gender performance ratio is the proportion of female employees in the high performance group divided by the proportion of male employees in the high performance group.
Age plays a role in promotions

Despite women being more likely to achieve top performer ratings, under age 40 men receive more promotions than women, with women achieving 9 promotions to every 10 achieved by men. Over age 40, however, this trend inverts, with women receiving more promotions than men. See Figure 3.

Additionally, despite the higher likelihood of women being top performers, there is a considerable gap between the proportion of men who are managers and women who are managers. In 2017, 18 percent of men held manager positions compared to only 12 percent of women. Given managers on average earn two times the salaries of non-managers, this gap contributes significantly to the overall gender wage gap. See figure 4.

Figure 3: Under age 40 men receive more promotions than women. Over age 40, women receive more promotions than men.

Figure 4: Women are 33 percent less likely to hold manager positions than men.

1. The Manager Divide. The Visier Insights: Gender Equity research report found that when the proportion of women who are managers is compared to proportion of men who are managers, women are underrepresented in manager positions from the age of 32 onwards—the same age point at which the wage gap between men and women widens. Because managers earn on average 2x the salary of non-managers, the Manager Divide is a key driver in gender pay inequity.
Summary

Despite much media attention, US enterprises are not making collective progress towards closing the gender pay gap. Although female workers are increasingly outperforming their male counterparts, and although female managers are 22 percent more likely to be high performers than male managers, access to manager positions remains biased towards men. At the same time, while some might assume the Millennial generation will overcome this bias, the opposite is true, with promotions for workers under age 40 being biased towards men.

Leading management consultant Peter Drucker is famously credited with saying, “If you can’t measure it, you can’t improve it.” This is certainly true with gender equity: despite being an issue of incredible focus and debate for employers and lawmakers, employers still struggle to understand how to achieve gender equity and, therefore, make little progress.

Here are some actions business leaders can take to promote and ensure gender equity:

- Begin by gaining a high-level understanding of the state of gender equity within your organization. Start with simple metrics like “female ratio” (looking at the percent of total headcount that are female) by department, role, and/or location, and in your hiring pipelines.

- Dig deeper by comparing pay for men and women. Compa-ratio is a classic compensation calculation that indicates how close a person’s base pay is the pay level midpoint for the role they perform. If women have a lower than average compa-ratio, then it is likely that pay decisions are not being made equitably.

- Measure performance ratings by gender and compare them to promotions actioned rates to identify areas of bias.

- Measure not only promotions by gender, but also the nature of the promotions: by role, department, or location, find out if the percent of women promoted to or holding manager positions is lower than the percent of men promoted to or holding manager positions. If there is a problem, implement the Rooney Rule: for every manager position you have open to fill, consider “at least one woman and one underrepresented minority” in your slate of candidates.

- Take steps to correct gender inequity, starting with your processes for hiring. Consider blind screening of resumes (removing names or other gender identifiers from resumes) when selecting applicants for interviews and identify where you should focus your efforts to improve gender balance in your hiring pipelines.
Methodology

At the core of Visier Insights reports is Visier’s unique database of anonymized, standardized workforce data. For this Gender Equity Update we targeted large US-based employers, leveraging a subset of Visier’s customer database, which included over 60 companies representing 1.5 Million US-based employees. See figure 5.

Companies included in this report represent a wide range of industries, including Healthcare, Technology, Financial Services and Insurance, Energy, and Manufacturing. For each of the included companies, Visier ensured a high degree of confidence in both data availability and quality for the topics and time period being covered by the report.

In performing our data analysis, for each question we asked (for example, what is the salary for women at different ages?), the answers came from an anonymized and aggregated view across all customers included in this survey. We then ensured that, for each of the presented data points, no single company was overrepresented and could skew the final value. As well, we validated the confidence in our data results by analyzing results from our dataset compared to publicly available measures, such as those from the US Bureau of Labor Statistics (BLS) and the US Equal Opportunity Commission (EEOC).

Data security and privacy

Data security and privacy is Visier’s top priority – learn more at trust.visier.com. Visier customers have agreed to have their data aggregated and used anonymously for this purpose.

When using customer data, Visier aggregates employee data across customers, restricting the data collected in such a way that the data is anonymous. At no time is personal identifying information for employees in the databases included – Visier’s security technology prevents this data from being queried.

Figure 5: Breakdown of organizations included in this report by company size.
About Visier

Our curiosity, the desire to understand, is inseparable from what it means to be human. But, in the hype of big data analytics, we’ve forgotten that data does not equal knowledge.

Visier was founded to focus on what matters: answering the right business questions, even the ones you might not know to ask. Questions that shape business strategy, provide the impetus for taking action, and drive better business results.

Visier is dedicated to transforming business analytics, to providing leaders with clear answers to critical business questions—out-of-the-box, without the hassle and cost of data management, statements of work, and development projects.

Visier lets companies say goodbye to data headaches, to complexity, to costly tools, to endless service fees, and to guesswork. A business strategy platform designed by domain experts for business leaders, Visier lets leaders say hello to clarity, to confidence, to meaningful answers—and to better business performance.

For more information, visit www.visier.com.