

Evaluating pay equity in the community care sector

TRAINING HANDBOOK



Adaptation of the training handbook "L'équité salariale et les travailleuses non syndiquées : Comprendre pour mieux agir", originally produced by the Conseil d'intervention pour l'accès des femmes au travail (CIAFT).

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Introduction

The present handbook is primarily intended for employees and employers of the community care sector. This being said, it can also prove useful to those with an interest in pay equity.

Everybody wants fair wages. But female-dominated jobs are often undervalued and underpaid compared to male-dominated jobs.

That's what a pay equity exercise is meant to correct. There is pay equity when workers in female-dominated jobs get equal pay for work of equal value.

Pay equity is a fundamental right that has been recognized by the International Labour Organization since 1951, but without a law it is hard to enforce. New Brunswick has passed pay equity legislation but it only applies to public sector employees. So, businesses and non profit organizations that offer community care services in our province are not covered by that law.

But even if there is no law, it is possible to do a pay equity exercise. Since organizations in the care sector are mostly funded in varying proportion by clients and/or government, it is up to employers and government to make the necessary adjustments to achieve pay equity.

In that context, the New Brunswick Coalition for Pay Equity has developed the project “Valuing Care-Giving Work”. The Coalition is a group of individuals and organizations that promotes pay equity for all workers in the public and private sectors.

The project “Valuing Care-Giving Work” has two goals:

- To demonstrate the value of work done by community care employees;
- To call on the government to provide funds for better wages, better working conditions and pay equity in the community care sector.

The project is divided in three parts:

- Pay equity awareness;
- Job evaluation in the community care sector;
- Advocacy.

This training handbook covers the “job evaluation in the community care sector” component. It explains steps needed to do job evaluations so you can fully understand and carry out the evaluations.

In the first section, you will learn more about wages: how they are set, the wage gap between men and women and wage discrimination.

In the second section, you will learn what pay equity is all about and where New Brunswick stands on the issue.

In the third one, you will see how to do a pay equity exercise (job evaluation) step by step.

In the fourth one, you will learn about different aspects of wages — refer to Appendix 1.

We hope our training handbook will help you work towards pay equity.

Section 1

1 WAGES AND WAGE DISCRIMINATION

Wages are important. They determine our buying power. But they also show how our jobs are valued. In this section, we will look at:

- How wages are set;
- Why there is a difference between women's and men's wages and;
- How prejudices against women's work affect their wages.

1.1 How are wages set?

Many things affect wages:

- Demands of the job;
- A business's revenue;
- Labour laws (for example, minimum wage);
- Whether or not the workers are unionized;
- Market price;
- Etc.

There is also the **principle of supply and demand**: the more a profession is in demand, the more its price rises.

Market price is the price (wages) offered for a given job. It depends on the industry and where the job is. Some economists and many employers think that changing market prices hurts a business's competitiveness. They believe the market sets the right wages for a job.

For other economists the market tends to confine certain groups of people to jobs which don't pay well based on gender, race or recent immigration. That's what is called **job segregation**. So, women, racialized people and new immigrants are often concentrated in poorly paid jobs such as personal services, desk jobs, private care, early childhood education and certain manufacturing jobs.

In addition, the market has **prejudices** or **sexist bias** against jobs done mostly by women. Those jobs, where 60% or more of workers are women, are called **female-dominated jobs**. The market tends to undervalue and underpay them. That's what's called **wage discrimination**.

To sum up, market price doesn't depend only on supply and demand; job segregation and prejudices affect wages too. That's wage discrimination and it's not fair!

1.2 Wage gap between women and men

In 2016, **women 15 years or older who worked full time in New Brunswick only earned on average 79% of what men earned**¹ (\$41 058 a year compared to \$52 010 for men). That's what's called the **wage gap**.

Let's look more closely at the main reasons why there is a wage gap between men and women:

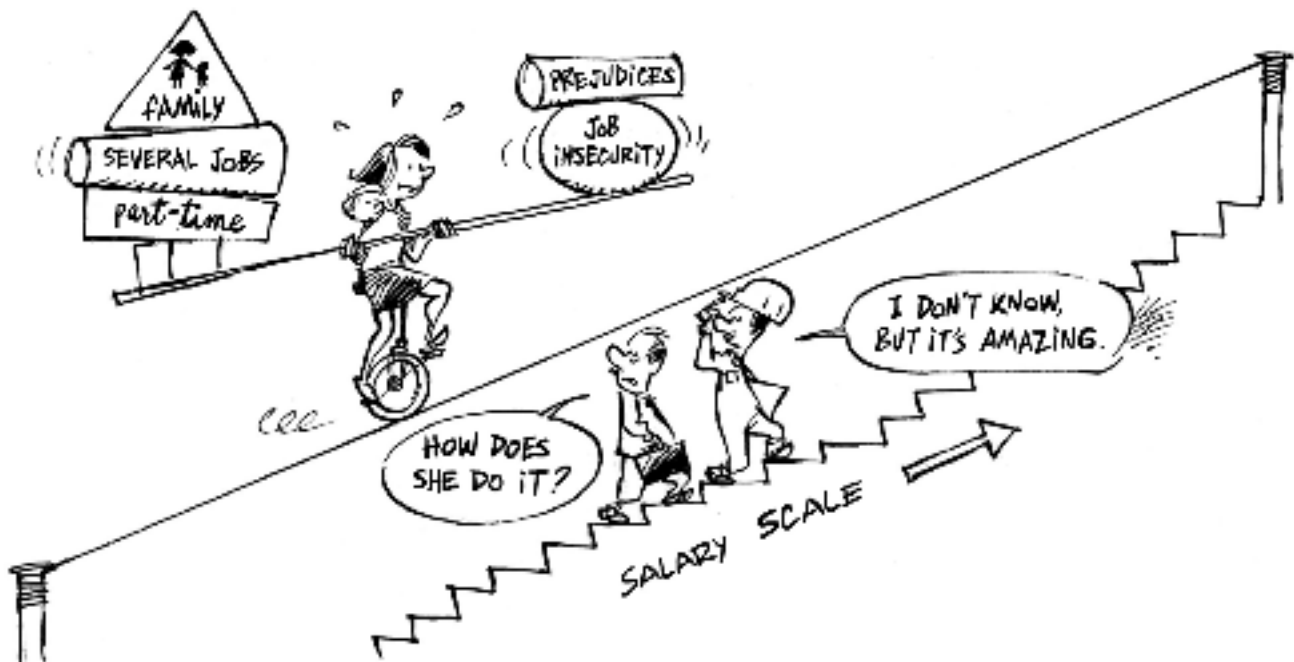
- Number of hours worked and family responsibilities;
- Job segregation;
- Undervaluing of female-dominated jobs.

¹ Statistics Canada, 2016 Census, full-time annual salary — <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/search-recherche/rd-dc/index-eng.cfm?GeographyReferenceID=2016A000213&PID=1>.

Number of hours worked and family responsibilities

Women in New Brunswick work fewer hours than men do. In 2018, they worked on average 33.8 hours per week compared to 40.2 hours for men.² In addition, more women than men work part-time. In 2015, 21% of women holding a job worked part-time compared to 10% for men.³

Why do women work fewer hours? About 30% of women and men who work part-time say they do so because they can't find a full-time job or because of a poor economy. But 13% of women say they work part-time because of family responsibilities (childcare or other). Since so few men give this reason for working part-time, Statistics Canada doesn't even publish their numbers in order to protect their privacy⁴.



² Statistics Canada — https://www150.statcan.gc.ca/t1/tb1/en/tv.action?pid=1410003701&request_locale=en

³ Women's Branch. Equality Profile 2016, p. 70.

⁴ Women's Branch. Equality Profile 2016, p. 72.

Job segregation

Job segregation is at the root of wage discrimination: the majority of women workers are concentrated in a few jobs while men hold a much wider variety of jobs in the labour market.

What's more, women do not obtain supervisory or decision-making jobs as often. Yet those jobs are better paid.

Since their influx in the labour market at the end of the 1960's, women have held the same type of jobs. Table 1 shows where women and men are employed in New Brunswick.

TABLE 1. DISTRIBUTION OF EMPLOYED WORKERS⁵

Occupation Group	Females (as % of total occupation group)		Men (as% of total occupation group)	
	2015	1995	2015	1995
Health	83%	82%	18%	18%
Business, finance and administration (includes clerical jobs)	71%	73%	29%	27%
Education, law and social, community and government services	72%	66%	28%	34%
Sales and service	61%	61%	39%	39%
Arts, culture, recreation and sport	56%	54%	45%	46%
Management	37%	35%	63%	66%
Manufacturing and utilities	26%	29%	75%	71%
Natural resources, agriculture and related production	13%	89%	88%	11%
Trades, transport and equipment operators and related occupations	5%	3%	95%	97%

Source: Statistics Canada, Labour Force Survey, CANSIM table 282-0142.

Nota: CANSIM table 282-0010, which was referenced in previous editions of the Equality Profile, has been terminated. Comparisons with data in previous reports should be made with caution.

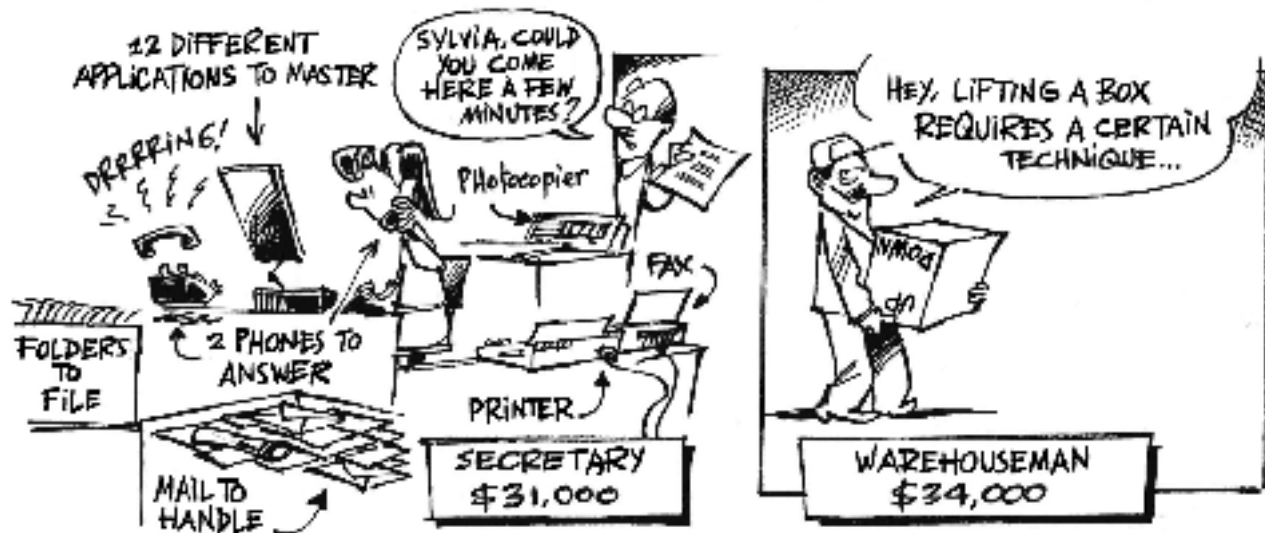
Persons working part-time and full-time, including the self-employed.

Occupation estimates are based on the 2011 National Occupational Classification (NOC).

⁵ As published by the Government of New Brunswick in Equality Profile 2016

Underestimating female-dominated jobs

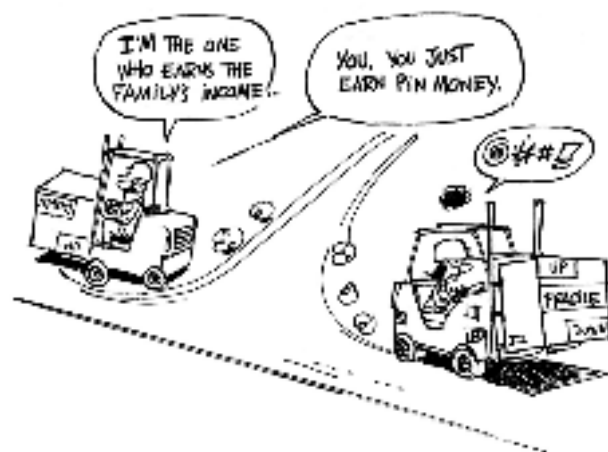
Generally female-dominated jobs do not pay as well as male-dominated jobs of equal value. Because of prejudices against what's considered typical female work, employers — and sometimes women themselves — tend to under value these jobs. It can be said that women are victims of wage discrimination.



1.3 Wage discrimination

There are deep-seated prejudices against women's work. Here are some of them:

- Women don't deserve a higher salary. Their work requires skills that all women naturally have. For example:
 - Interpersonal skills: listening, tact, empathy, confidentiality;
 - Patience;
 - Versatility;
 - Attention to detail.
- Their working conditions are easier because they don't often work as hard physically as a lot of men do;
- They work comfortably indoors;
- They don't have a high level of responsibility;
- Their wages are not as important because the husband is the breadwinner in the family.



When setting pay scales many aspects of women's work are not recognized or taken into consideration because of **prejudices and sexist biases**.

Here are some examples of women's work that are not always recognized:

- Switching quickly back and forth between several tasks;
- Regularly moving many lightweight things;
- Dealing with confidential or sensitive information;
- Multitasking and performing extra tasks given without warning, which cause stress;
- Dealing with difficult clients.

Not knowing certain hidden aspects of women's jobs may lead employers to undervalue female-dominated jobs and to underpay the women who hold those jobs. The women themselves may underestimate their work and accept lower wages.⁶

Sexist prejudices against women's jobs are deep-rooted in our beliefs, our way of doing things, our institutions and the labour market. They are everywhere in our systems and have a negative impact on women. We often aren't even aware of it. That's why it's known as **systemic discrimination**.

Table 2 compares tasks, working conditions, requirements and level of responsibility for three jobs:

- Cashier — Linda (female-dominated job);
- Grocery clerk — Robert (first male-dominated job);
- Warehouseman — Paul (second male-dominated job).

Clearly, the female-dominated job (cashier) is underpaid compared to the male-dominated jobs.

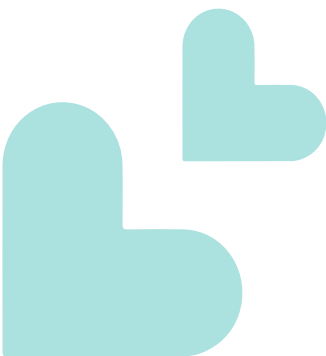
TABLE 2. EXAMPLE OF THREE JOBS AT «AUX DÉLICIES DES SAISONS» GROCERY STORE

Linda	Robert	Paul
She has been a cashier for three years, often working evenings and weekends.	He has been working as a grocery clerk for two months, mostly during the day.	He has been working at the grocery store's warehouse for three years, mostly during the day.
She has to greet clients and answer their questions politely. She continually lifts products bought by clients (different weights). She stands all day long. She is also responsible for different tasks associated with accounting.	He has to pack clients' groceries, put prices on products, stock shelves and fill phone and online orders. He may also move heavy things, but mostly using a cart.	He handles, moves, loads and unloads materials by himself or with different handling equipment.
Female-dominated job.	Male-dominated job	Male-dominated job
She earns \$12.20 an hour.	He earns \$13.25 an hour.	He earns \$15 an hour.

⁶ Commission de l'équité salariale. 2005. « Le salaire a-t-il encore un sexe? ». Province de Québec

1.4 To sum up...

Many factors affect wages: laws, unions, supply and demand, market price, etc. In New Brunswick, women earn 79% of men's wages. There are several reasons for the wage gap between women and men. First, because women often have more family responsibilities, on average they work fewer hours than men do, even when they work full-time. The second reason has to do with job segregation: women are encouraged to work in certain jobs and discouraged from working in others. The third reason is long-held prejudices that lead to underestimating female-dominated jobs.



Section 2

2 PAY EQUITY

2.1 What is pay equity?

Pay equity means equal wages for work of equal value. **The goal of pay equity is to eliminate wage discrimination due to job segregation.**

To achieve **pay equity** the value of female-dominated jobs must be compared to the value of male-dominated jobs. A female-dominated job is one where women account for 60% or more of the workers doing that job.

Pay equity must not be confused with **wage parity**, which means equal wages for equal work. For example, the wages for a female cook and a male cook.

Four factors help compare female-dominated jobs with male-dominated ones:

- Responsibilities;
- Skills
- Workings conditions;
- Effort.

In a hotel, a maid's job (female-dominated job) can have the same value as a doorman's job (male-dominated job).

In a municipality, an administrative assistant's job (female-dominated job) can have the same value as a mechanic's job (male-dominated job).

In a grocery store, a cashier's job (female-dominated job) can have the same value as a warehouseman's job (male-dominated job).

2.2 Pay equity in Nouveau-Brunswick

Towards pay equity

Since the 1980's New Brunswick citizens, organizations and unions have been calling for a provincial pay equity law for the public and private sectors. In 1989, the first Pay Equity Act was passed but it only applied to staff working in government departments.

Ten years later, the movement for pay equity resurfaced in the province: the Fédération des Dames d'Acadie established the Union des femmes pour l'équité salariale in 1998; and the New Brunswick committee for World March of Women 2000 made pay equity legislation one of its priorities. The two groups joined forces in 2001 and founded the New Brunswick Coalition for Pay Equity.

Pay Equity Act, 2009

The Coalition's work resulted in the Pay Equity Act, 2009. The law applies to government departments, schools, hospitals and crown corporations like NB Power and WorkSafeNB. Its purpose is to **eliminate systemic discrimination** for workers who hold female-dominated jobs.

It is a **proactive law**, which means employers must prove there is no discrimination. It requires them to evaluate female-dominated job classifications and male-dominated ones. If wages for female job classifications are lower than wages for male job classifications of comparable value, the employer must adjust wages.

What about the private sector?

There is still no law for private sector workers, municipal employees, university staff or workers in the community care sector. Yet, 65% to 70% of women in the labour market in New Brunswick work in the private sector. So there is still lots of work to be done by the Coalition!

Section 3

3 ACHIEVING PAY EQUITY



A pay equity exercise usually entails the following nine steps:

1. Identify job classes
2. Choose an evaluation tool
3. Develop job descriptions
4. Compare the value of job classes
5. Calculate fair pay
6. Determine when and how wage adjustment payments will be made
7. Publish results
8. Pay wage adjustments
9. Maintain pay equity

Since there is no pay equity legislation for the private sector and the Coalition for Pay Equity does not employ staff in the community care field nor does it fund these agencies, it can only coordinate the first five steps:

1. Identify job classes
2. Choose an evaluation tool
3. Develop job descriptions
4. Compare the value of job classes
5. Calculate fair pay

The next subsections will guide you through the five steps and explain the evaluation tool. An Excel spreadsheet is available to help you through the process. Even though we are not in a position to complete the next steps (6-9), sub-section 3.6 will explain them for future reference.

3.1 Step 1: Identify job classes

Grouping jobs by classes

The first step in a pay equity exercise is identifying female-dominated and male-dominated job classes. But what is a job class?

A **job class** refers to a grouping of jobs that have three common elements:

- Their duties and responsibilities are similar;
- They require similar qualifications and skills; and
- The salary or pay scale for these jobs is the same.

Smaller groupings are better because bigger ones may not recognize key aspects of certain jobs. If a job does not share these three elements with other jobs, it is considered a separate job class.

In smaller organizations or agencies, a job often corresponds to a job class. Here are a few examples of job classes: secretary-receptionist, coordinator, front-line worker, program officer, etc. If after completing the exercise two classes are found to have the same value, they can either be grouped into one job class or the pay scale can be adjusted so the jobs pay the same wages.

Female-dominated and male-dominated jobs and job classes

Once identified, job classes are sorted as female-dominated, male-dominated or mixed jobs. This is done to establish which jobs should be compared to eliminate wage gaps.

There are different definitions for female-dominated or male-dominated job classes. According to the definition given in the *Pay Equity Act, 2009*:

A job class can be considered female-dominated or male-dominated in any of the following cases:

- It is commonly associated with women or men because of occupational stereotypes;
- At least 60% of the workers holding these jobs are of the same sex;
- Historically, the number of women or men in that job class shows it is a female-dominated or a male-dominated class in the organization.

Pay equity exercises do not include mixed job classes, where men and women represent between 40% and 60% of workers holding these jobs.

Workplaces where there are no male comparators

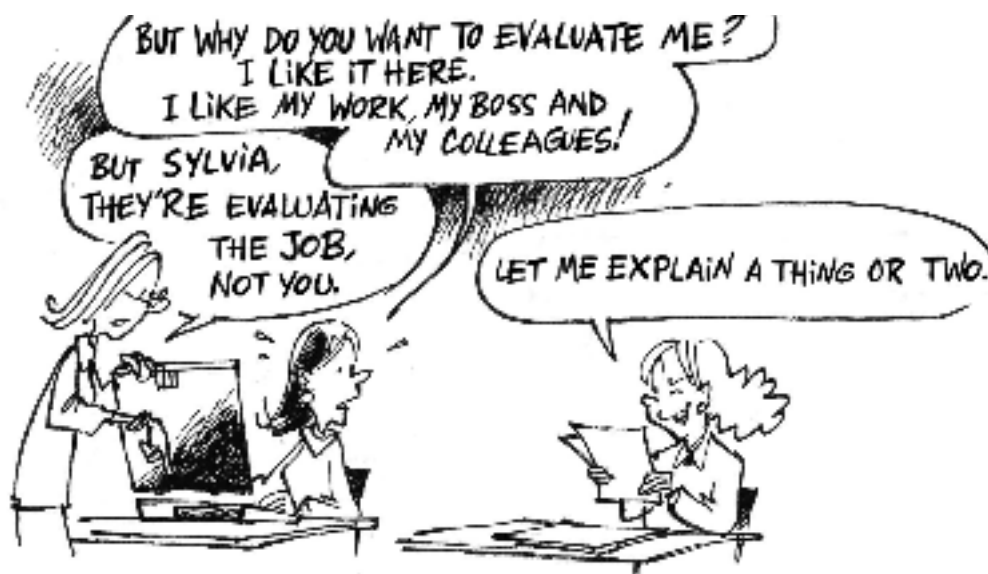
In community care agencies, there are generally no male-dominated jobs. It does not mean the wages are fair. Quite the opposite! Completely female-dominated fields are even more undervalued. But this must be proven.

To do so, jobs in community care agencies have to be compared with male-dominated jobs in the labour market. Let's call these male-dominated jobs "**comparators**".

We have chosen the process used in Québec and will therefore use these two outside comparators: "**foreman**" and "**maintenance worker**".⁷ This allows us to compare female jobs with two male-dominated jobs which can be found in almost any workplace.

We must determine the value and hourly wages of the comparators. After extensive research in the labour market, Québec set the maintenance worker's wages at 60% of the foreman's. In 2014, an economist, Ruth Rose analyzed the labour market in our province and concluded the gap between the foreman's and the maintenance worker's wages also apply here.⁸

We will evaluate whether female-dominated jobs in the care-giving sector have the **same** value, **more** value or **less** value than the maintenance man's job and the foreman's. More than likely, the value of the female-dominated job in the community care sector will fall somewhere between the two.



It really is about evaluating the job and not the people who do the job!

⁷ Québec also uses other names for these male jobs: team leader, coordinator, manager, supervisor/janitor, handyman, labourer.

⁸ Ruth Rose. 2014. Pay Equity in Care-Giving services in New Brunswick. Report prepared for the New Brunswick Coalition for Pay Equity — http://equite-equity.com/userfiles/file/2015-10-18_REPORT_Ruth%20Rose.pdf

3.2 Step 2: Choose an evaluation tool

To compare jobs, you must first evaluate them. Only then can you determine if wages are fair. There are different tools to evaluate a job, but it is important to use one that is non-sexist.

Four factors are used no matter which job evaluation method is used:

- Qualifications
- Responsibilities
- Required effort
- Working conditions

Sub-factors must be added for greater accuracy. For the purpose of this exercise, we suggest using a simple table with 10 sub-factors that has been adapted to the community care sector.

The sub-factors must give as much visibility to the requirements of female-dominated jobs as they do to those of male-dominated jobs.

TABLE 3. JOB EVALUATION GRID WITH 10 SUB-FACTORS

Qualifications	Responsibilities	Required effort	Working conditions
Education	Accountability / decision making	Intellectual effort	Unpleasant or hazardous environ- mental conditions
Experience	Communication / interpersonal relations	Concentration and sensory attention	
Dexterity and coordination	Supervision	Physical effort	

3.3 Step 3: Develop job descriptions

To evaluate a job, you need a good job description.

A job description gives the following information:

1. Job identification
2. Main functions
3. Duties
4. Required qualifications
5. Required skills and abilities
6. Working conditions

The staff must review existing job descriptions that exist and modify them if changes occurred. Their immediate supervisor must approve the reviewed job descriptions.

In some workplaces there are no job descriptions or existing ones are incomplete. In that case, a **job analysis questionnaire** should be prepared. This detailed questionnaire will help gather information on the responsibilities and working conditions associated with the evaluated jobs. The staff will fill it in and their respective supervisors will validate it.

The goal is to establish the value of jobs in order to compare them to each other and to determine fair wages. The questionnaire should therefore be rigorous! **It also must focus on the work itself, and not on the worker doing that work.**

To make sense out of all the data gathered, the answers must be compiled and developed into job descriptions.



A questionnaire for all workers

- If many workers do the same job, they don't all have to complete the questionnaire. You only need a few. However, the greater the number of responses, the more accurate the information will be.
- You must explain to people completing the questionnaire why you are asking them to do so.

Don't forget that women tend to minimize the work they do!

3.4 Step 4: Compare job classification values

The concept of job evaluation

To evaluate something is to **estimate its relative value in relation to another**. Job evaluations are based on value judgments. It is a process used to classify jobs and determine if wages for those jobs should be the same or not.

You must evaluate jobs, not workers!

Evaluating

After all the information on job classes and job descriptions has been approved, it's time to evaluate the job descriptions. You should follow these steps:

1. Read each sub-factor's definition.
2. Read the job descriptions.
3. Read the level descriptions for a sub-factor.
4. Determine which level is applicable to the job.
5. Write the level on the evaluation sheet and give the reasons behind the decision.
6. Repeat these steps for each sub-factor in the job evaluation tool.

To get a clearer picture, it is important to evaluate all job classes by one and the same sub criterion before moving on to the next one. We recommend you first do the evaluation on paper. Afterward, you can designate a person to enter the results in the Excel spreadsheet provided which will calculate fair wages.

Weighting

To complete the evaluation, you must weight each factor and sub-factor according to its relative importance to the service being evaluated. The Excel spreadsheet we use gives points for each sub-factor and converts them into a percentage (out of 100%).

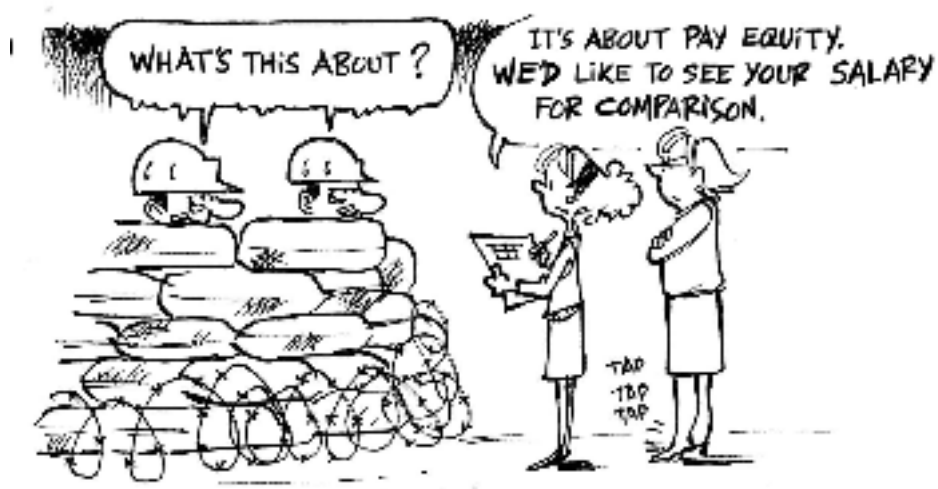
Table 4 shows the usual range for weighting each factor and sub-factor. The Committee has to determine the exact percentage it wants to attribute to each within that range.

The Excel spreadsheet will then calculate each job classes' value by creating a summary table grouping together the levels assigned. If the results are unsatisfactory or make no sense, you can review the levels or the weighting, ensuring the changes you make do not create a sexist bias.

Although measures are taken to make sure the evaluation process is thorough, keep in mind results of the exercise are influenced by our judgements. In fact, clearly defining evaluation criteria and ensuring they are as fair as possible is precisely the role of the pay equity committees.

TABLE 4. WEIGHTING FOR EACH FACTOR AND SUBFACTOR

Factor	Sub-factor	Weighting
Qualifications 20 to 35%	Education	10 to 15%
	Experience	6 to 12%
	Dexterity and coordination	4 to 8%
Responsibilities 25 to 30%	Accountability/decision making	9 to 10%
	Communication/ interpersonal relations	9 to 10%
	Supervision	7 to 10%
Required effort 25 to 30%	Intellectual effort	8 to 14%
	Concentration and sensory attention	6 to 13%
	Physical effort	6 to 13%
Working conditions 5 to 15%	Unpleasant or hazardous environmental conditions	5 to 15%
Total		100%



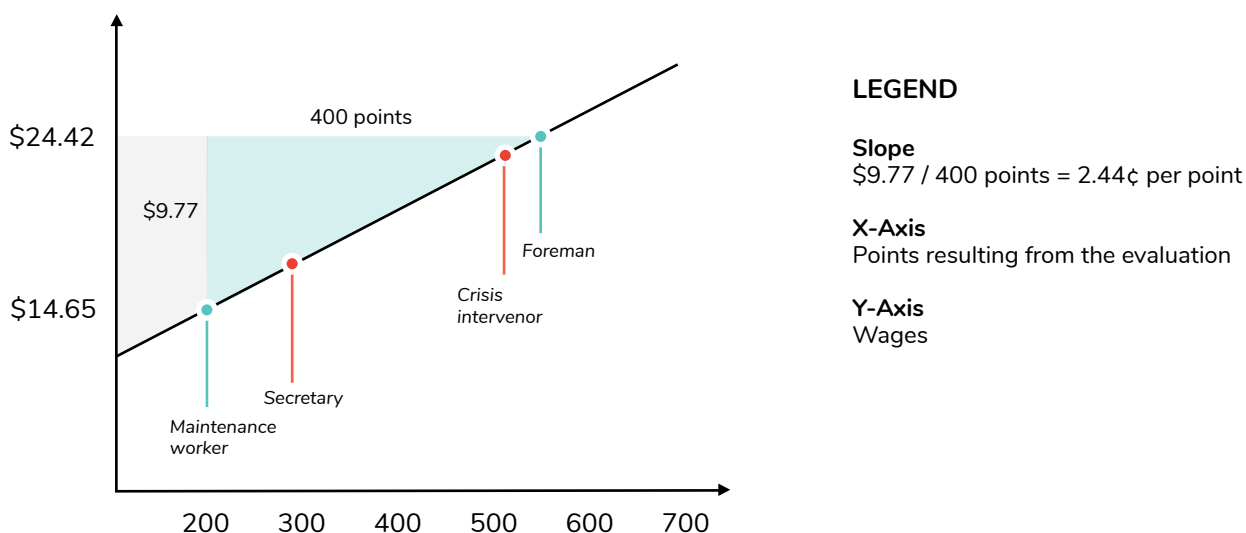
3.5 Step 5: Calculate fair pay

Calculating fair wages

“Fair” does not necessarily mean “equal”. There are several ways to calculate the fair wages. In this case, we suggest using the job-to-line method (also called the global method), with the help of the Excel spreadsheet. We trace a trend line linking the two male-dominated

job classes, based on their value and their wages, as illustrated in Figure 1. Wages for female-dominated jobs must then be adjusted along that line. Employers cannot lower wages for jobs at the top of the line, but they can freeze them until the line catches up.

FIGURE 1. COMPARING VALUE AND WAGES



⁹ If there are more than two job classifications, a regression line can be drawn (tell Excel to add a trend line, but only for the male-dominated job classifications).

Here are more details on how to determine fair wages in work places without male comparators.

Maintenance worker's wages

First, you must determine the maintenance worker's wages, based on market or statistical research. In the example illustrated in Figure 1, the maintenance worker earns \$14.65 per hour.

Foreman's wages

The maintenance worker must earn 60% of the foreman's wages. You calculate the foreman's wages by using the maintenance worker's wages as follows:

$$\$14.65 \times 100 / 60 = \$24.42$$

The points' monetary value

Table 5 shows that the difference between the maintenance worker's wages and the foreman's is \$9.77 and the difference in points is 400. To obtain the slope, you have to divide the difference in wages by the difference in points. The result is 2.44¢ per point:

$$\$9.77/400 = 2.44\text{¢ per point}$$

So each evaluation point is worth **2.44¢**.

TABLE 5. POINTS, ORIGINAL WAGES AND FAIR WAGES FOR FOUR JOBS

Jobs	Points	Original Wages	Fair Wages
Maintenance worker	200	\$14.65	\$14.65
Foreman	600	\$24.42	\$24.42
Secretary	310	\$13.00	\$17.33
Front-line worker	570	\$17.00	\$23.68

Based on this information, you can calculate the fair wages for the secretary and the front-line worker. Here is how:

Calculation of the fair pay for the secretary

The secretary received 310 points and the maintenance worker 200.

She received 110 more points than the maintenance worker.

$110 \text{ (points)} \times 2.44\text{¢ (value of each point)} = \2.68

The secretary should earn \$2.68/hr more than the maintenance worker.

$\$14.65 \text{ (maintenance worker's wages)} + \$2.68 = \$17.33/\text{hr (fair pay)}$

Therefore, fair pay for the secretary is \$17.33/hr.

Calculation of the fair pay for the crisis intervenor

The crisis intervenor received 570 points and the maintenance man 200.

She received 370 more points than the maintenance worker.

$370 \text{ (points)} \times 2.44\text{¢ (value of each point)} = \$9.03.$

The front-line worker should earn \$9.03/hr more than the maintenance worker.

$\$14.65 \text{ (maintenance worker's wages)} + \$9.03 = \$23.68/\text{hr (fair pay)}$

Therefore, fair pay for the front-line worker is \$23.68/hr.

The Excel spreadsheet will calculate this for you. At this stage, if results are unsatisfactory or don't make sense, you can review the levels or the weighting.

All components of compensation must be considered

When measuring fair wages, all components of compensation must be considered: the total value of all employment revenues, employee benefits, monetary benefits and flexible compensation (based on skills, performance or incentives related to the organization's performance). Appendix 1 provides more details.

If employee benefits or monetary benefits offered to the two job classes being compared are different, they must either be standardized across all job classes or compensation must be given to those who don't receive the benefits.

Do not forget you are determining wages for female-dominated jobs, not for individual workers. So, **men in female-dominated jobs will benefit from wage adjustments as much as women will.**

3.6 Next steps

The Coalition for pay equity does not employ staff in the community care sector nor does it fund these agencies. Thus, it cannot adjust staff wages.

But the Coalition will use pay equity exercise results to show the value of work done by community care workers and advocate for public investments to achieve pay equity and improve working conditions in the caregiving sector.

The Coalition will also call for the amendment of the Pay Equity Act, 2009 to cover the private sector. Thus, it would be useful to explain the next steps in the process:

6. Determine when and how wage adjustment payments will be made
7. Publish results
8. Pay wage adjustments
9. Maintain equity

Step 6: Determine when and how wage adjustments will be paid

A law would determine the way pay equity adjustments would be made:

- As a lump sum payment vs as payments spread over a certain number of years;
- The starting date when pay equity adjustment payments should begin;
- The rules for retroactivity when the process is late - in other words, how delayed payments should be made.

Step 7: Publish the results

Under a pay equity law, employers have to keep the staff informed. For example, pay equity exercise results should be posted in the workplace. The information could include:

- A summary of the process used;
- The list of female-dominated job classes in the organization;
- The list of male-dominated job classes used for comparison;
- The percentage of increase or pay equity adjustment amounts to be paid, and how and when they are to be paid, for each female-dominated job classification.

Step 8: Pay wage adjustments

Under a pay equity law, employers would have to pay the necessary wage adjustments to achieve pay equity. In the community care sector, it could involve negotiations with the main funds provider, which is the provincial government.

Step 9: Maintain pay equity

Under a pay equity law, employers would have to maintain pay equity by carrying out an evaluation at least every five years. This is necessary because jobs and wages change and new job classes may be created. These changes could reintroduce a sexist bias in the compensation structure, i.e. in the way wages are organized in the workplace.

It is better to have a joint committee (equal number of employer and employee representatives) evaluate pay equity maintenance, using the evaluation process used in the initial exercise.

This is why employers should keep data that was used to determine pay equity. They should also keep wage files for all staff in case there are complaints or audits.



Section 4

4 PAY STRUCTURE IN THE COMMUNITY CARE SECTOR

As was mentioned earlier, a pay equity exercise helps define criteria used in setting wages. **It's also an opportunity to look at the organization's or the business's entire pay structure and improve it.** In most small businesses and community organizations, the pay structure was established without taking equity criteria into consideration.

There are different ways to structure wages:

- Offering the same pay rate for everyone;
- Using the same pay scale for everyone;
- Giving each job or job classification its own wage rate; and
- Using different pay scale for each job or job classification.

We will explain two options you have when establishing a wage structure. You can:

- Use the same wages (or same pay scale) for all staff members **or** different wages (or pay scales) for each job classification; or
- Use unique pay rates **or** pay scales

We will also cover internal equity so overall wages make sense. Finally, we will discuss wage indexation so staff members can maintain a standard of living during their career.

4.1 Same wages for everyone?

Employers have to decide if they're going to offer the same wages to all employees or if wages will be different and based on job classifications.

In some community organizations, all employed workers are treated equally and have a say in decision-making. So these organizations choose the same hourly rate or the same pay scale for all their employees. When they use the same pay scale for everyone, workers' wages move up the pay scale based on experience and seniority. In some cases, employers recognize additional years of education as equivalent to years of experience, so workers with more qualifications start at a higher pay grade than those who have fewer qualifications.

Paying same wages or using one pay scale for all personnel is entirely legitimate, but it brings with it some problems. We live in a society where people are rewarded differently based a job's requirements. Employers whose wage structures don't recognize qualifications, responsibilities, effort and working conditions associated with different jobs could have problems recruiting and keeping qualified employees.

That's why most employers set different wage rates or pay scales for each job classification based on job requirements and qualifications.

Reasons for using one wage rate or one pay scale for all workers

- Equality among all employees
- No hierarchy
- Employee participation in decision making

Reasons for using different wage rates or different pay scales based on job classifications

- Recognition of qualifications, responsibilities, efforts and working conditions associated with the jobs
- Good tool for recruiting and keeping employees

4.2 Wages vs pay scale ?

Employers also have to decide whether or not they're going to use a pay scale. In the community care sector some employers offer fixed wages for each job classification, while others offer slightly higher wages to employees who have been trained and have experience. There are few real pay scales.

In all workplaces, however, new workers must occasionally be hired. Generally, employees who have worked there for a while must teach newcomers the organization's philosophy, practices to follow, particularities of the workplace, etc. As new employees gain experience, they usually develop better skills and take on more responsibilities.

Employers must also consider that people with previous training have useful knowledge when they are hired and generally require less training on the job.

With a pay scale, employers can recognize all skills and responsibilities acquired during an employee's previous jobs as well as their training. Pay hikes are given automatically according to a pay scale. It's a tool that eliminates the need to continually negotiate pay hikes (sometimes unevenly) based on the organizations's financial situation of the moment, the hiring person's mood or the new employee's personality.

When a pay scale is used, the number of pay grades and the difference in wages for each grade (in percentage or in dollars) must be determined. It is not simple.

On the one hand, the maximum wage offered in the pay scale must represent the job's estimated value determined by the pay equity exercise. On the other hand, the starting wage (the first pay grade in the

scale) must be high enough to recruit employees, considering what is being offered to newcomers on the labour market, and must be a fair and decent wage for people who are starting the job.

After that, employers can set the number of pay grades and the percentage of wage increases based on their principles and objectives. But increases must be perceived as satisfactory considering one of the goals is to recognize experience.

Reasons for using one pay rate for each job classification

- It is simple
- Wage considered to be equitable from the first day of employment
- Job and wages are adapted to each employee's qualifications

Reasons for using pay scales for each job classification

- Previous experience and training are recognized
- Employees feel they are advancing in their careers
- It is a good employee retention tool
- Decisions whether to set or increase wages are more predictable and fairer

4.3 Internal equity

In principle, top management are excluded from a pay equity exercise. In practice, management and coordination jobs can be evaluated at the same time as other jobs. A separate pay scale can then be set or a bonus can be added to a related job classification pay scale in order to take additional responsibilities into account.

After finishing a pay equity exercise, some employers decide to evaluate **all** jobs based on qualifications, responsibilities, effort and working conditions. That's what's called **internal equity**. As is the case for pay equity, wages determined after a pay equity exercise correspond to the highest pay grade on the pay scale.

4.4 Wage indexation

Since the cost of living rises every year, not indexing staff wages is the same as reducing their wages. Employers should index wages of all pay grades on the pay scale each year and include these costs in their budgets.

- **Goal:** To maintain pay scales' buying power.
- **Principle:** To index all wages and pay scales once a year to New Brunswick's or Canada's Consumer Price Index (CPI)

To set indexation percentages, it is best to use the Consumer Price Index (CPI) for all elements.

Since wages are indexed once a year, you will want to determine the inflation rate over a full year but must remember that data is only available a few months after it is compiled. For example, if wages are indexed January 1, 2021, you can use the price hike from September 2019 to September 2020. The important thing is to index wages at the same time each year, to use the same CPI for all pay grades and to measure the price hike starting from the same month the previous year.

In addition to indexing wages for inflation, you can also give general wage increases, especially if pay scales aren't used. General wage increases are equivalent to the hike of all wages during a given period. The ones for New Brunswick can be found in Statistics Canada's Table 14-10-0066-01.

Conclusion

And that's it! Achieving pay equity is the goal of a fair and egalitarian society. It is a human right. But a law is needed for that right to become a reality in the entire New Brunswick labour market.

Having no law on pay equity is not an excuse for inaction though. Once jobs have been evaluated and wages which would result in pay equity in the community care sector in New Brunswick have been determined, the Coalition will make its voice heard loud and clear across all public forums. And with the sector's help, it will call on the government to invest public funds in wages so community care workers can finally feel they are valued and paid fairly.

Don't forget that pay equity is also an important human resources tool for management. It helps to set a comprehensive wage structure while making recruiting and keeping employees easier. To end up with a good pay structure, employers must consider wage increases and cost of living indexation.

Together, we can make it happen!



APPENDIX 1 – WHAT IS COMPENSATION?

A pay equity exercise must ensure all components of a compensation package are fair. In other words, if some employee benefits (pension plan, group insurance, etc.) are not offered for certain job classifications (part-time or casual jobs, for example), the salary for these jobs must be increased to compensate for this difference.

Some components of a compensation plan:

1 – Salary

- Basic salary
- Overtime rate
- Premium for night shift, weekend shift, split shift, etc.
- Premium for additional tasks
- Piecework wage
- Hourly rate vs weekly or annual salary — impact on time management

2 – Insurance

- Health insurance (prescription drugs and other health care services)
- Short-term and long-term disability insurance
- Life insurance

3 – Private pension plans are fair.

- Employer contributions to an individual RRSP — whether the employee contributes to it or not
- Group RRSP — Individual RRSPs are administered together.
- Defined Benefit Pension Plan — The employer guarantees a specified pension payment (for example: 1.8% of salary during last years of service or \$1500 per year of service).
- Defined Contribution Pension Plan — The plan is comparable to a group RRSP.

4 – Any other benefit above the minimum required by the Employment Standards Act.

- Vacation
- Statutory holidays
- Sick leave, parental leave, leave for personal or family reasons, etc.
- Other benefits such as free parking, meal allowance, free uniforms, etc.



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