Speaker 1: You're listening to the HR Bartender Show, a casual place to talk about all things work. Here's where you get practical advice about how to be a better employee, manager and leader in today's workplace. Grab your favorite beverage, pull up a stool, and join us in the conversation. The bar is always open. Now here's your host, Sharlyn Lauby.

Speaker 2: Hi everyone. Thanks for being here. I'm your host, Sharlyn Lauby, author of the blog HR Bartender. Before we get started today, I want to take a moment to thank our founding sponsor, Ultimate Kronos Group, also known as UKG.

Speaker 3: To be a powerfully productive business, you need powerfully happy people. Two leaders in workforce management and HR have joined forces to become UKG, Ultimate Kronos Group. With comprehensive HR solutions, they'll help you create more meaningful connections within your workforce that will make your people smile. UKG, our purpose is people.

Speaker 2: We have a bonus episode for you today of the HR Bartender Show. As you know, season two has been focused on change and I am super thrilled to be speaking with today's guest. Brian Reeves is Executive Vice President and Chief Belonging Diversity and Equity Officer at UKG. In this role, he leads the company's initiatives to strengthen a culture built on trust, fairness, and equality so all the people can thrive in their careers. A software engineer by trade, Brian brings an engineering mindset to UKG along with more than 30 years of advancing diversity, equity, and inclusion within the technology industry.

He most recently served as Senior Vice President and Chief Diversity and Inclusion Officer at Dell Technologies, overseeing the company's global diversity, equity and inclusion strategies, tactics and programs as business imperatives with a focus on driving innovation and sustainable business success. Prior to Dell, he spent eight years at SAP, serving as Head of Diversity and Inclusion for the office of the CEO. And as Global Head of Products and Innovation for the SAP d.studio Next Generation Technology team. Brian has held senior executive software development management roles across industries and in tech sectors such as cloud computing, finance, healthcare, supply chain, utilities, and telecommunications. He began his career as a software developer for the Xerox Corporation. Welcome, Brian. I am so excited to have this conversation today.

Speaker 4: Thanks, Sharlyn. I am just as excited as you are to have it.

Speaker 2: Let's go ahead and get started. Now I have to say I've asked every guest in season two this question, so I'm going to ask it of you. Tell me about a good change that you've experienced.

Speaker 4: I love the question and I love starting this conversation that way. I'd have to say that I've been able to be part of a recent great change, not just good, great change within UKG. In specific, back in July, Chris Todd was named CEO of UKG and I've had the great privilege to travel with them around the world on what we call the UKG Connect Live tour, where we've enjoyed meeting UKrewers, which we call our team members, alive

for the first time in a while, as you well know. Not only have we visited UKrewers in the US, Connect Live has taken us to wonderful places like Australia and India with Madrid and Mexico happening in the next couple of months. It's been a true pleasure engaging with the global UKrewer family in person.

Speaker 2:   That sounds fantastic. And as you're talking about meeting with UKrewers all over the world, it sets up our conversation today. UKG recently partnered with Harvard Business Review on a report called Making Pay Equity Work for All. And I'll be sure to include a link in the show notes so that everyone can access the report. But tell listeners what is pay equity and give us some interesting statistics from the study.

Speaker 4:   Absolutely. Simply put, pay equity is the concept of compensating employees who have similar job functions with comparable pay regardless of their gender, race, ethnicity, or any other intersectional status. That's where the simplicity ends, Sharlyn, because before I get into sharing some of the interesting statistics, I want to share that UKGs survey and study with the Harvard Business Review Analytical Services team confirmed my belief and UKGs belief that the topic of pay equity is extremely complex and involves more than just tactical pay equity issues. It involves something we at UKG refer to as the ecosystem of equity, which includes equity of compensation, which is pay, obviously, equity of representation, equity of opportunity and equity of wellbeing. And we believe that you have to address all of the equities in any type of strategy for pay equity. Some of that complexity did show up in some of the statistics within the study, and I'll give you a couple.

One example of the complexity can be found in a statistic that showed while 74% of executives considered pay equity and moderate or high priority, nearly half of them, that's about 49%, report that they do not have a pay equity plan in place. It's important, but I don't have a plan. And then while 71% of the employees agree that pay equity is an important priority for their organization, they agree that it's important, less than half, somewhere around 41% of those employees believe that their employers don't have a successful strategy with regards to pay equity. And that number for employees is even less for employees of color. That whole idea that it's important, but not everyone is doing it. And that was an interesting disconnect.

Speaker 2:   I know that one of the sections in the report talked about the differences and perceptions of ownership in the C-suite and pay equity. Can you elaborate a little bit on the disparities and maybe talk a little bit about UKGs point of view on the ownership of pay equity?

Speaker 4:   Yeah, absolutely. The stats pertaining to the ownership of pay equity were very, very enlightening and surprising to me as well. 47% of the executives believe that CHROs have the primary responsibility for pay equity initiatives. With CEOs being second in their mind of the responsible parties. That was around 39%. Now, this is where it gets really interesting, Sharlyn, only 6% of employees believe that the CHRO should have primary responsibility for pay equity initiatives. They believe, at the tune of 37%, that it should be the CEO. And second in their mind would be the senior executive team at 30%.

What that should tell us and what we're saying is that employees know that if pay equity is not a business imperative to the CEO, it will not get done. And if it is, it will get done. CEOs need to lean in. And to your question, yes, we believe that too at UKG, that the CEOs not only must be leaning in and take an important role, a leadership role in the topic, but they should also communicate HRs ownership of this work with a strong partnership from organizations like mine, diversity, equity, inclusion, and belonging organizations to ensure pay equity is achieved across all of the diversity intersections.

Speaker 2:   I find this conversation about who should own equity to be really fascinating because earlier this year I went to SHRM's Talent Conference and one of the conversations that was happening there is that pay inequity often starts at extending the offer. If you bring someone in and they're not being paid equitably at the very beginning, there's a very good chance that they never catch up. And in some organizations, and it's embarrassingly to say, but some organizations reward recruiters and hiring managers for getting a candidate to say yes to a lower salary. And that could be perpetuating this conversation about pay equity. And it starts HR, it starts in the offer. How do we change this mindset? How do we reward the right behaviors?

Speaker 4:   First of all, with all due respect to other organizations, I don't want to cast aspersions, but neither I, nor UKG share that perspective that you should reward people for getting away with getting someone to accept a lower salary. And the reason is, why would any person or company celebrate taking advantage of their most valuable asset within the company? The asset is not the intellectual property. People create the intellectual property. What we've seen and what we believe is the best companies operate with high trust cultures and doing something like that does not breed or build trust. And if you don't have trust, you're not going to have retention.

As my grandmother, God bless, who I lovingly call big mama would say, "That's being penny-wise and pound-foolish." That's what that was. And I personally believe that pay is a strong proxy for how a company values its employees. Total compensation, there are other things, but that's a way that they show value. Pay equity needs to be seen as a business imperative at the same level of diligence and measurement as any other initiative of import within the company, which will drive greater business outcomes for those companies.

Speaker 2:   I'm going to be the contrarian for just a second. We're all reading the same headlines right now. Organizations are very focused on their fiscal responsibilities, they're watching their budget, they're watching their resources. Some people are going to push back and say, "Got to watch the money, got to watch the p-note, got to watch the bottom line." How can HR pros convince the organization that fixing pay inequities, which means spending money, is good for the bottom line?

Speaker 4:   When we talk about pay equity, we're not saying pay ridiculousness, meaning everybody gets paid a ridiculous amount of money. You have to have fiscal responsibility within the constraints of how a company is doing. But I believe the business case for pay equity speaks for itself and the case points to multiple benefits to the organization that are good for the bottom line as well. And that was confirmed in the study as well,

including the fact that pay equity encourages and increases workforce diversity. And we know that workforce diversity in turn drives greater innovation, employee engagement and employee retention. Pay equity also builds a strong company culture. All of those topics drive better top and bottom line financial performance, which is the point anyway. Having fiscal responsibility fully agree, but if you don't make the investments and again the most important asset in your company, you risk not being able to derive the very results that you're trying to derive, which is strong top and bottom line financial performance.

Speaker 2: It's a great point. Our last question, so far we've been talking about the organization, what the organization can do, things that the organization needs to think about. If I'm an employee and I don't have pay equity, I know I'm being underpaid, what can I do to start a conversation with my manager?

Speaker 4: A couple of things, and this is where a little bit of the complexity comes in because in any important topic before having a conversation, let's say with their manager, I would first encourage employees to get really educated on the complexities of the topic. Because if you approach anyone, let alone your manager, with more emotion without the facts, there's a great chance that conversation won't go like you hope it would go. That's why I would encourage anybody to read the UKG study because that's a great starting point. A lot of statistics, which I'll share in a second. I'm a true believer of self-advocacy is super important. But in understanding that there really are a number of factors that it's not just that one thing, the fact that my pay is X and someone else's is Y, but there are a number of factors that lead to what employees view as a pay disparity.

And a number of those factors are related to equity of opportunity. I talked about those earlier equities across race and genders, for example. And this are numbers that come from the study. 35% of black employees attribute discrimination in opportunities for advance as a major factor in the pay inequities that they see. And versus 25% of Hispanic Latinx employees and 20% of Asian American employees, while only 18% of individuals who identify as white attribute discrimination as a major factor underlying pay and equity. Companies need to lean in to your second question to the fact that is there some bias or discrimination in the way that they evaluate employees? Certainly when you start to see those different intersections being paid differently. Similarly, 32% of black employees, 26% of Asian and Asian-American employees and 25% of Hispanic Latinx employees cite discrimination in salaries or hourly wages as a major factor that contributes to pay and equity.

As you probably know in America, a number of the roles that would be non-exempt or hourly, those roles are held by people of color, whereas only 19% of white employees cite discrimination and salaries or hourly wages as a factor. Again, that's a race and ethnicity point. But finally, women are typically the most targeted group for pay equity efforts. That's because typically in most organizations, that's how people identify that they're able to measure numbers there. There are hopefully substantial numbers within a company from a diversity intersection point of view. However, most organizations I think are missing the mark stopping at just women or people identify as such. A true commitment to our lane to pay equity, necessitates directing the equity efforts, pay

equity efforts to other groups that have been historically marginalized, like people who identify as part of the LGBTQIA+ community, individuals with disabilities.

These efforts are complicated and sometimes you don't have great data to back it, but I would encourage companies to really start to, number one, be transparent about, "Hey, this is complex. We're not perfect, but we humbly are leaning in." And then engage with employees on a path that'll hopefully give the employees some belief that their companies have a plan, they're working on it, and they'll navigate that plan towards success and benefit for the entire organization.

Speaker 2:   Step one of addressing pay equity is organizations need to have a plan?

Speaker 4:   Yes.

Speaker 2:   And it sounds like both organizations and employees need to get a little bit more educated or a lot more educated about how the principles of compensation. I have to say, one of my things that we don't do in organizations is we don't tell employees about pay. We just say, "This is how much you're going to get paid and how often you're going to get paid." But we don't explain the principles of compensation. Employees don't understand, for example, right now there's this big conversation about explaining the range for a position. In some places you need to disclose the range for a position, but employees sometimes don't realize that you don't want to get paid at the top of the range.

Speaker 4:   Exactly. You're absolutely right, Sharlyn.

Speaker 2:   What happens is when you offer an employee a job and you say, "This is the pay," and maybe you're in the first quartile, employees take that. I've had employees come to me and say, "I don't understand. I thought that I was valued more." And you're valued a lot and you're exactly where you need to be. Because if I do that, I'm hurting your future opportunities. And I love your comments about making sure that people are educated about pay, so that we can have good conversations about pay. Because if you don't, there's just so much confusion and people get their feelings hurt along the way because they don't think that they're valued.

Speaker 4:   Exactly.

Speaker 2:   And that's where some of the breakdown starts.

Speaker 4:   It absolutely is. And even, Sharlyn, in the conversation of people say, "It's equality or equity." It's equity which could lead to equality if that is the case. But people need to understand that there are going to be differences. The reason why the range is there are differences in experience, there is difference in performance. Those are natural things that if you had a bell shaped curve, not everyone is performing at the same level. Not everyone has the same experience, but the goal is if the company is investing in you for wherever you start, if they're able to articulate to you what does that path look like? That's why here are your goals. If you achieve, you overachieve these goals, then these

are the steps within this range. And then the hope is you're going to get promoted to the next role, which has a different range and so on and so forth. But those conversations are critical.

And I don't think, and I know quite honestly they're not happening as much as they need to within companies so that employees... Because people, as long as you are intellectual honesty, people can understand what you're doing. But if you're silent, they don't presume it was positive. The conversation needs to happen. And I think once we get on that and understand the complexity and actually read the study and other studies to see what you need to address systemically with this topic, then everybody will move forward.

Speaker 2:   Now, I promise this will really be the last question.

Speaker 4:   Sure.

Speaker 2:   You mentioned in your last comment about how organizations should spend more time talking about this. Is there a natural place in the business cycle that maybe we can start to raise conversations about pay equity?

Speaker 4:   Absolutely. First of all, the first time that you'll raise it with the new employees when they're entering the organization, I think when we have onboarding and there's a lot of thing that happens in onboarding and people tease me because I'm waiting until I can get my laptop because I'm ready to go from day one. Compensation, all that, I think there are natural places. People talk about benefit, they talk about total compensation. That's a great place to articulate your pay philosophy. Then every year, what do we do? We do performance. We actually do calibration. You have goals. We assess your performance against those goals. I think that's another great opportunity to reinforce where someone is and when you're thinking about what merit they're going to get and what bonus if you are in a company that pays them to have those conversations.

Because that's a natural place where you're talking about money and you should be talking about opportunity for growth as well as opportunities to close gaps that will enable you to have an upward trajectory in your career. Do it at the start. And then we have a natural place every year when most companies, I think the vast majority of companies probably have a performance cycle where you're assessing one against the goals and speaking about what the future should look like with that employee.

Speaker 2:   I really appreciate you taking the time to talk about the report. Again, we'll make sure that everybody gets a copy of that and how businesses and individuals can start to have more conversations about pay equity. Listeners, let's give a big thanks and cheers to Brian for sharing his knowledge with us. If you want to connect with him, we'll be sure to put his contact information in the show notes and please don't leave just yet. I'm looking forward to sharing with you my takeaways from our conversation after a quick break.

Speaker 3:   To be a powerfully productive business, you need powerfully happy people. Two leaders in workforce management in HR have joined forces to become UKG, Ultimate Kronos Group. UKG creates comprehensive HR solutions designed to make employees happier and build more meaningful connections within your workforce. They've even done that for themselves, being recognized as one of the top places to work. And UKGs 12,000 employees help thousands of businesses build better cultures every day. When you're ready to make your people happier, UKG is ready to work for you. UKG, our purpose is people.

Speaker 2:   Thank you again, everyone for listening in on this bonus episode of the HR Bartender Show. I really enjoyed talking with Brian regarding pay equity. And again, I'll be sure to link to the UKG most recent report where they partnered with Harvard Business Review on a pay equity in the show notes. There were two big takeaways that I gathered from the conversation with Brian. The first one was, I loved his comments where he was talking about the equity of the whole job. And when we think about jobs, especially in human resources, I always like to think of my role as being the architect of work. When we're talking about creating jobs, we have to think about the equity of the job. Not just the equity of pay, but the equity of titles. The equity of responsibilities. We've talked in the past, on HR Bartender, about the employee value proposition and that being this thing that employees get for working at the company.

               And it's not just pay and benefits, it's the work, it's the training, it's the quality of the management team, it's the work environment. It's all of those factors. And when we're talking about equity, it's not just pay. It's the package. And I think that's a really important distinction that as we think about equity moving forward, it might be important to think about the equity of the job, not just pay equity. But getting to the topic of pay equity because Brian was talking about the report. One of the other big takeaways, I've said this many, many times, but I feel compelled to say it again. We really need to do a good job of educating the organization at every level about how pay works, how pay grades are established, where you're supposed to bring somebody in from a compensation standpoint, why you do not want people maxing out on the range.

               We, HR, need to do a better job of educating the organization about how pay works so that people don't misinterpret pay. Because I do think that when people feel they're not being paid equitably, again, Brian mentioned trust. It breaks down trust, it creates barriers, it impacts performance, and it hurts working relationships. What we can do is create opportunities to educate people about basic compensation, and that exists at every level in the organization. Maybe I'm just thinking out loud here for a second. Maybe put together a little internal podcast or a webcast that says, "We want you to learn more about how pay works." And you can talk about the total package and everything that's being considered, but demystify pay and let employees know that you're committed to pay and paying equitably. Hopefully that transparency will lead to more conversations. Brian mentioned more conversations being open about what's going on, and that's what organizations can do and that can create better conversations with employees that can address equity in the organization. Thank you again for listening in to the HR Bartender Show. Thank you for supporting. Until next season, have a great day and cheers.

Speaker 1:   Thanks for listening to the HR Bartender Show. To make sure you don't miss a single episode, subscribe on Apple Podcast, Spotify, Stitcher, or wherever you go for the very best podcast productions. While you're there, we'd love it if you would rate the show and leave us a review. The HR Bartender Show is an ITM Group presentation. Produced by HR Bartender and your host, Sharlyn Lauby. Remember people, work responsibly.