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Information Item No. 1
Executive Standing Committee
May 31, 2021

TO: Chair and Members of Executive Standing Committee

SUBMITTED BY: [REDACTED] (original signed)

Caroline Blair-Smith, Executive Director, Human Resources

[REDACTED] (original signed)

Jacques Dubé, Chief Administrative Officer

DATE: May 4, 2021

SUBJECT: Analysis of Pay Impact on Gender Parity

INFORMATION REPORT

ORIGIN

On February 4, 2019, Regional Council passed the following motion:

THAT the CAO review our hiring practices and policies and make recommendations to the Executive Standing Committee on what means could be initiated to achieve a better balance in relation to gender parity.

In the ensuing discussion it was suggested that in the report, staff draw comparisons from across the country regarding what other governments have done to address this issue.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, subsection 34(1), as follows:

Council and Chief Administrative Officer Relationship

34 (1) The Chief Administrative Officer is the head of the administrative branch of the government of the Municipality and is responsible to the Council for the proper administration of the affairs of the Municipality in accordance with the by-laws of the Municipality and the policies adopted by the Council.

BACKGROUND

As part of the ongoing efforts to achieve better balance in relation to gender parity, HR undertook a project to determine if there were barriers inherent in our pay structures that would interfere with our ability to attract and retain female employees. Specifically, do HRM's pay structures create pay inequity between female dominated jobs and male dominated jobs and/or pay gaps between female and male employees doing the same or similar work?

DISCUSSION

Summary

The review of the pay structures at HRM has determined that they do not create pay inequity based upon gender and, therefore, are not a barrier to achieving gender parity in the HRM employee population.

For the purposes of our review, we divided our analysis into two components as follows:

Part 1: Review HRM's current "pay equity" position, which for our analysis refers to the payment of equal wages to males and females performing work that is determined to be of equal value. This is a more traditional pay equity analysis and requires the evaluation of all work using a common tool and then comparing the pay of predominantly female occupied jobs to predominantly male occupied jobs to see if there is a difference (e.g. such as comparing a female clerical job with a male janitor, or female lab technician job with a male carpenter).

Part 2: Review actual employee pay to determine if there is a gender "pay gap". For our analysis, we utilized the concept of equal pay for the same or similar work. This analysis was done using 'regression' formulas which allow data sets to be reviewed by controlling for known variables to determine if any given variable has a material impact on the data.

Pay Equity Review

In order to conduct this review, HR acquired access to a web-based job evaluation (JE) system in order to evaluate all work at HRM utilizing the same tool. The selected JE system is validated as being gender neutral and is one of the most commonly used systems used in Canada for this kind of analysis. This point factor JE system enabled HR to establish a relative value for all work done at HRM in order to then compare the pay of work of equal value.

Once this hierarchy of work values was established, the next step in the analysis is to identify jobs which are predominantly male or female. For purposes of this analysis, female predominance was identified if 60% or more of the employees in the job were female and male predominance was identified if 70% or more of the employees in the job were male. A subsequent analysis was also conducted using male predominance of 60% or more which did not change the results.

In the final stage of the analysis, the pay structures for predominantly female jobs were compared against the pay structure of predominantly male jobs of equal value as established through the JE process. This comparison will identify if there is pay inequity between predominantly female and predominantly male jobs of the same value.

The results of our analysis determined that there were no pay equity issues and that at HRM predominantly female jobs have the same pay as predominantly male jobs of equal worth.

Pay Gap Review

For most Unionized roles at HRM, there is a single pay rate for each position which means that there is no pay gap between male and female employees doing the same work. However, for Non-Union roles, each

job is placed in a pay band with other jobs which are deemed to be of a similar value as determined by job evaluation. Each pay band has a minimum and maximum and individual pay can be set to any point on the pay band based upon the individual's experience and performance. New Non-Union employees are placed within the pay band for their position based upon their job-related experience. Non-Union employee's pay progresses through the pay band based upon an annual pay for performance system (Individual Salary Adjustment or ISA process).

The pay band system allows for employees in the same pay band and same job to have different pay based upon experience and performance. However, where the pay of a female employee is less than the pay of a male employee in the same job or a job of similar value, it is important to determine if the differential is attributable to individual's gender.

In order to determine if Non-Union pay differentials are caused by gender, HR partnered with an external consulting firm, Mercer Canada, which has experience in pay equity and pay gap analysis. The consulting partner assisted HR in constructing an analysis model to isolate the impact of gender on the pay of Non-Union employees. The attachment included provides more information on the International Position Evaluation (IPE) methodology used in the analysis.

Using regression modelling, HR plotted the position in the pay band of 648 Non-Union employees. The analysis then controlled for each employee's age, years of service with HRM, years in current position, 4 years performance ratings and pay level for their position. By testing the model controlled for these variables, HR was able to determine that there was little to no statistical significance in the relationship between a Non-Union employee's gender and their position in the pay band. The most statistically significant relationship found was between an employee's performance and their position in the pay band.

This analysis provides HRM with the assurance that, where there are differences between the pay of female and male Non-Union employees in the same or similar positions, these differences are not due to gender, but rather, most likely, due to experience and/or performance.

As a result of the partnership established to conduct this analysis, HR staff have developed the skills to repeat this same analysis in the future. This analysis will be done periodically to ensure that gender is not a factor in differences in pay for Non-Union employees.

It is important to note that this analysis focussed on pay structures and not the gender population of Non-Union employees in each pay band. This analysis supports the goals of improving the gender balance in all Non-Union pay levels by validating that HRM's Non-Union pay structures are not a barrier to attracting and retaining female employees.

FINANCIAL IMPLICATIONS

No financial implications at this time.

COMMUNITY ENGAGEMENT

No community engagement was required.

ATTACHMENTS

Attachment 1 – Mercer IPE

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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Attachment 1

Mercer IPE Methodology

- Mercer's proprietary International Position Evaluation (IPE) methodology is a consistent process for measuring the value a job creates within the context of the organization's unique operations.
 - IPE **emphasizes a job's relative contribution to overall results**, rather than inputs, and measures the value created at each level
 - **Recognizes differences in business size and complexity**
 - Provides a **responsibility-based view** of the organization which aligns with today's business environment
 - Provides foundation for **job grading, career paths** and a framework for **promotion and succession planning**
 - Supports the establishment/ confirmation of **program eligibility**
 - Provides an objective reference for solving **job titling** issues
 - Provides a **link to external market data** through Mercer market survey reports

Mercer IPE Methodology

Process at a Glance

DEFINE
THE BUSINESS



PRODUCTS

OR



SERVICES

OR



FINANCIAL SERVICES

SIZE THE
ORGANIZATION



HEADCOUNT



ECONOMIC VOLUME



ECONOMIC VALUE CHAIN

3

EVALUATE
THE JOB



IMPACT



COMMUNICATION



INNOVATION



KNOWLEDGE



RISK

4

GOVERN
THE PROCESS

Centralized vs. Decentralized



GOVERNANCE MODEL



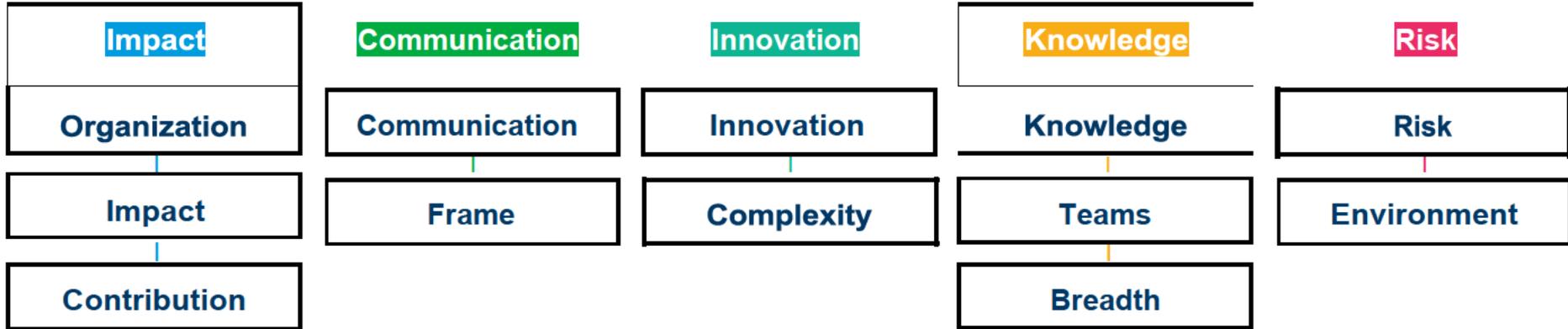
REQUIRED RESOURCES



PROCESS

Mercer IPE Methodology

Factors and Dimensions



The nature of a position's impact which is modified by the level of its contribution and the nature and size of the organization.

The communication skills required by the position based on its responsibility for communications both within and outside the organization.

The level of innovation that the position requires (i.e., the need to identify, develop and make improvements to new ideas, techniques, procedures, services, or products) and the level of complexity of the innovation.

The nature of knowledge required in job (acquired through formal education and/or work experience) to accomplish objectives and create value. Also considers team orientation and geographic context in which knowledge is applied.

The nature of risk within the context of exposure. It relates to the level of mental and physical risk that the position is subject to under normal working conditions.

