



CWCF WOMEN'S LEADERSHIP LAB

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**COLORADO
WOMEN'S CHAMBER
FOUNDATION**
ADVANCING WOMEN IN WORK



**COLORADO WOMEN'S
CHAMBER OF COMMERCE**

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REPORT COMMISSIONED BY



**COLORADO WOMEN'S
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PREFACE

Though society has made great strides in the world of work in recent years, women still face historic hurdles.

As recent as 1980, women were still required to have a male cosigner on a business loan. Fast forward four decades later and half of the working population is still challenged to advance to the highest levels of leadership. Today, women make up only 19% of C-suite executives and remain underrepresented at every level.

At the height of the COVID-19 pandemic, the workforce lost two million women during “The Great Shecession.” It became painfully apparent that workplace policies were not equitably sufficient to sustain working women who tend to also be caregivers to others. Companies strained to stay afloat amid a health crisis and experts say these deficits will be felt for many years.

For employers to make up for decades of unequal treatment in the workplace and the entrepreneurial field, it’s necessary to evaluate the specific and often nuanced challenges that women and, in particular, women of color face in the workplace.

Diversity initiatives represented with a variety of weighty acronyms (DEI, DEIB, JEDI, IDEA) have been an intense focus of many organizations in recent years. However you spell it, evaluating diversity, equity, inclusion, belonging, and justice is not only the right thing to do to address generational inequities but it can also drive critical business outcomes. These outcomes include increased market share, increased revenue, and other competitive advantages in the market, which support talent recruitment and retention.

The Colorado business landscape has an opportunity to thrive with a renewed dedication to making business work for all. Now is the time to evaluate past inequities, enact new equitable policies, and promote diversity in a thoughtful, meaningful way to benefit individuals, businesses, and society.

The Colorado Women’s Chamber Foundation Women’s Leadership Lab 2022-2023 cohort of female leaders present these findings, which are the results of a year-long inquiry into six common issues facing women in work, and recommendations for action.



PAY EQUITY

2023 marks 60 years since Congress passed the Equal Pay Act, which protects individuals of all sexes against wage discrimination. Despite this legislation, the gender wage gap persists in every single state and has not narrowed in the past two decades, especially for salaried/exempt positions where women do similar work when compared to their male counterparts. The gender pay gap is present in workplaces ranging from Fortune 500 companies to major sports leagues. According to the World Economic Forum (March 2022), due to COVID-19 and other factors, global gender parity is at least 135.6 years from reality. Women in Colorado stand to achieve pay equity sooner than the global estimates but are still decades away from equal pay. Based on current trends, women in Colorado will not achieve pay equity until 2057 (Status of Women Data).



Critically, data shows that organizations with policies in place that narrow the gender wage gap fare significantly better than others considering public perception, revenue, talent retention, and talent attraction (Harvard Business Review). This study presents commonsense solutions to enable organizations to achieve pay equity quicker, and as a result, increase revenue and employee satisfaction.

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In 2022, women made about 82 cents for every dollar earned by a white non-Hispanic man, according to the National Women's Law Center. This disparity is even more stark for women of color. Compared to the per-dollar earnings of white non-Hispanic men, Black women make 62 cents, Native American women make 57 cents and Latina women make 54 cents for every dollar a white man earns. At this rate, \$964,000 will go unearned by Black women over the course of their careers. For Latina women, that figure tops out at \$1.2 million dollars.

Federal and state laws have been enacted to address this problem. In addition to the Equal Pay Act, states have taken steps to address persistent inequities in pay. Colorado is among the leaders in this effort. For example:

- Colorado became the first state to require employers to include in every job posting the actual hourly or salary compensation, or range of compensation, for the position, as well as the benefits available. [Colorado S.B. 19-085 (2019 Session), https://leg.colorado.gov/sites/default/files/2019a_085_signed.pdf].
- Colorado law prohibits employers from seeking job applicants' wage rate history or relying on their salary history to determine a job applicant's pay. [Colorado S.B. 19-085 (2019 Session), https://leg.colorado.gov/sites/default/files/2019a_085_signed.pdf].
- Colorado law protects the right of all employees to inquire about, disclose, compare, or discuss their pay. [Colorado S.B. 19-085 (2019 Session), https://leg.colorado.gov/sites/default/files/2019a_085_signed.pdf].

These efforts are critical to level the playing field for working women and to provide actions for recourse when employee rights are violated. Organizations need to take action to more fully address the gender wage gap and support Colorado women in achieving pay equity quicker.

Women in Colorado still face inequities that often prevent them from reaching their full potential and earning the same salary as their male counterparts. Since the Status of Women in the State was published in 2004, the gender wage gap in Colorado has narrowed (a higher percentage of women have bachelor's degrees); However, a larger share of women live in poverty. Colorado ranks in the top third of states in the nation for women's employment and earnings, and for poverty and opportunity. Even with the positive trends brought on by the new legislation, women in Colorado will still not achieve pay equity until 2057.

Colorado earned a B grade for women's employment and earnings, which has remained the same since the 2004 Status of Women in the States report. Colorado's B-grade for women's poverty and opportunity has dropped since 2004. Women in Colorado aged 16 and older who work full-time, year-round have median annual earnings of \$43,000, which is 86.0 cents on the dollar compared with non-Hispanic white men who work full-time, year-round. Hispanic women earn just 54 cents for every dollar earned by white men.

If employed women in Colorado were paid the same as men for comparable work, their poverty rate would be reduced by half, and poverty among employed single mothers would drop by more than two-fifths.



What causes contribute to the gender wage gap, and how can we accelerate narrowing the gap in Colorado? Research indicates two major organizational practices enable the wage gap to persist: pay transparency and hiring practices.

Pay Transparency

When employers are not transparent about pay, the gender wage gap widens. When women applicants are clearly informed about the compensation available for the role, they are better equipped to negotiate and obtain a salary commensurate with their male counterparts (National Women's Law Center). Research from Denmark suggests that when companies disclose how much they pay employees, the wage gap decreases by 7%, and multiple studies on pay transparency have demonstrated its positive effects on productivity, motivation, and general employee performance (Bloomberg).

Critically, it's not just women employees who benefit from pay transparency. According to Glassdoor, 63% of U.S. employees prefer to work at a company that discloses pay information, but only 19% of employees say their company discloses pay ranges internally among all employees. Organizations can become more attractive to job applicants and employees by disclosing pay ranges.

Cultivating a culture of openness and transparency when it comes to discussing compensation for employees will also help narrow the wage gap. "Discussing money continues to be taboo," says Glassdoor career trends expert Alison Sullivan. This could discourage women from gathering internal pay data and making the case for a raise. Though 45% of women say they feel comfortable sharing their pay with a coworker, only 29% have actually done so and 28% of employees overall say their company discourages them from discussing compensation with coworkers.

Hiring Practices in Gender Inequality

Even where a company works to reduce gender bias in its hiring practices, gender differences impact how people apply for jobs and negotiate salary, benefits and other considerations. Men tend to apply for and secure jobs they might not be qualified for, meeting only 30% of the qualifications. In contrast, women tend to self-select out of the applicant pool for jobs that they don't meet 80% or more of the qualifications. This phenomenon applies when women are new candidates and also when pre-existing employees seek a promotion.

Once women apply for a job, gender differences in negotiations can further compound the wage gap. Research shows that women are less assertive in negotiations, and tend to ask for less money than their male counterparts who are equally (or less) qualified (NPR). Women candidates worry that pushing for more money will damage their image and reputation with the company, and often don't negotiate salary at all. Women are right to be concerned in this manner as research shows - both male and female managers are less likely to want to work with women who negotiate during a job interview.

Methodology

This study engaged in two separate information-gathering efforts. First, we collected data through first-party interviews of human resource and talent leaders at Colorado companies. Second, we reviewed secondary-data from legislation around the United States and research published by a variety of organizations.

We then engaged in data analysis, focusing our review on successful efforts to address the wage gap, and used anecdotal evidence to present new proposals on solutions to do so in Colorado.

Results

Our research reveals three primary drivers of pay inequity that, if addressed, can become promote pay equity.

1

Gender differences in negotiation skills and self-evaluation

2

Hiring practices that lack transparency

3

Organizational culture surrounding compensation

Based on our research and interviews, we've identified the following recommendations that Colorado organizations can adopt to become more equitable and profitable workplaces.

Create a Culture and Practice of Pay Transparency

New compensation philosophies, analysis, and leveling across organizations

All companies must evaluate their approach to compensation. Current pay should not determine future pay and hiring managers should not base salary offers on a candidate's current pay, avoiding questions related to salary history questions. Instead, they should look at the salary range for skill sets required in a given role. Hiring managers should leverage salary comparison tools when determining pay ranges for positions.

Companies must publish salaries on HR platforms and encourage a culture of transparency. Posting salaries and total compensation packages (salary, bonus, stock options, time off, etc.) helps cultivate a workplace culture that encourages transparency and does not make it taboo for employees to know salary ranges at their company.

Companies should review salary range alignments on an annual basis. Data should be analyzed to ensure that salary ranges are consistent among comparable roles and adjusted if there are marked discrepancies. This will help level-set salary ranges and keep things consistent. This also helps narrow any gaps that were established prior to enacting newer hiring practices.

Share data and recognize and incentivize companies that have high pay equity score

Require companies in Colorado to publish wage gap data, similar to the U.K. Equal Pay Transparency Bill, which requires all companies with 250 or more employees to publish gender wage gap data. (Globalization Partners). If companies in Colorado meet certain metrics, they should qualify for incentives.

The Colorado Women's Chamber of Commerce and the State of Colorado should recognize companies that have a high pay equity score. We recommend that the Colorado Women's Chamber celebrate companies that are actively working to minimize the wage gap with an annual Equitable Workplace Award. The State of Colorado should offer tax and other economic incentives to companies that demonstrate a high pay equity score.



Invest in training and adjust hiring practices

It starts early - educating girls

Start educating girls early. Many girls grow up with the notion that negotiation is not a feminine trait and that they should be satisfied with what they are given. This mindset can lead to women accepting lower salaries and fewer opportunities for advancement. By teaching negotiation skills to young girls, we can empower them to advocate for themselves and increase their chances of success in the workplace.

This is why it is important to invest in a curriculum geared towards female empowerment as part of the Career Connected High Schools. Companies can also play a role by sponsoring female-focused education series, such as those offered by organizations like Girls, Inc. For example, elective courses in high school that teach students how to identify their strengths, articulate and quantify their value, advocate, and negotiate can go a long way in helping girls build confidence and a strong foundation for their future careers. Additionally, negotiation training specifically designed for women and girls could help them navigate the workforce with critical tools to advocate for themselves and achieve pay equity. By starting early and empowering girls with the skills they need to succeed, we can work towards a more equitable future for all.

Recruiting, Interviewing, and Hiring processes

From the moment your company begins recruiting for a position through the day an offer is extended, there are considerations to help level the playing field for women.

A great way to help attain wage equity is to remove negotiating from the hiring process altogether. Research shows that women are less assertive in negotiations, as women worry that pushing for more money will damage their image (NPR). By removing negotiation from the hiring (or promotion) process, your company can instead designate pay based on job title, responsibilities, and experience, rather than the fickle metric of who asked for more during the interview.

Finally, your company should train hiring managers on pay equity. The onus is on hiring managers to drive pay equity within teams. When new employees are on-boarded, they should be provided with education, training, and tools to help ensure equity in pay allocations.

Empower and listen to female employees

Companies should review and evaluate critical talent acquisition and management policies and processes that influence pay (EVERFI). To improve wage equity for pre-existing employees, managers should affirmatively encourage internal female applicants to apply for jobs that they might feel for which they are unqualified. Leadership should also promote a culture of sponsorship for female employees. Establish a mentorship program for all employees while encouraging women to participate. This programming may be established through Business Resource Groups (BRGs) or specified by the business based on employee needs.

Companies that have made such adjustments have increased profits. For example, Elevations Credit Union, based in Boulder, started setting salary levels based on title, so there is effectively no salary negotiation during hiring or promotion. Elevations says these adjustments helped with recruitment and retention, “[a]nd that loyalty then increases profits for our company.” Where “[t]he company’s more profitable, they can then give back more to their employees, and so it’s a symbiotic relationship.”

CONCLUSION

Narrowing the gender wage gap is a win-win for women employees and organizations alike. This is not just a women’s issue. By implementing one or more of the above recommendations, companies can help narrow the gender wage gap while simultaneously improving their public perception, increasing their revenue, strengthening their talent retention, and attracting top talent.

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