

Comparable Worth:

Is It Worth It?

Having been touted as *the* women's issue yet decried as economically disastrous, comparable-worth policies are up for what may be final debate. The vagueness that surrounds them, though, has left many business and HRD managers questioning their worth.

By DIANE L. CHARLES

The Chairman of the U.S. Civil Rights Commission, Clarence Pendleton, calls it the "looniest idea since looney tunes." A staff lawyer for the National Women's Law Center refers to it as "one of the most important issues facing women." President Reagan finds the idea "harebrained" and "nebulous at best."

Are they all referring to the same subject? Some say it could be the demise of the economy and others say it could be the opening door of opportunity for the entire work force. What is this controversial topic and what are its implications? The subject is comparable-worth and the questions are endless. What is comparable worth? What effect will it have on the work force and how will it affect training? What is its status and where is it headed?

Comparable worth means granting equal pay to employees who hold jobs of equivalent value. A company pays its employees the same wage for jobs the company values equally, regardless of market wage rates and other factors. In determining comparable worth policies, the presence of sex-based job segregation is determined by an examination of a company's organizational structure.

Comparable-worth policies mainly will require paying women and men equally for jobs that require the same level of skill, effort, and responsibility and working conditions. In effect, if comparable worth was mandated by law, companies would have to implement a pay structure based on a complete job-evaluation system that determined how much companies value individual jobs. By setting salaries accor-

ding to such value, it is assumed that only then would sex *not* be a basis for determining wages.

In discussing comparable worth, it is important to be aware of the terms used in the debate. Comparable *worth* and comparable *work* are often used interchangeably and hence inaccurately. While comparable worth refers to the type of job and the measurement of its worth to the employer, comparable work refers to different jobs held by men and women that are similar enough in their function and skills to justify equal wages. Also used interchangeably, yet much more accurately, are pay equity and comparable worth. Pay equity means exhibiting fairness in setting wages. It's a tool for establishing pay relationships among jobs in the same firm.

the issue. Maybe that's because "philosophically, for people in human resources, pay equity is the right place to go." At least that is the way David Jamieson, president of Jamieson Consulting Group, Los Angeles, perceives it. Jamieson thinks comparable worth needs to be an item of discussion and a new variable for the way companies determine employee value.

Training could become the solution for many inequities. With a job's value to the company emphasized, training imbalances would be highlighted and ultimately altered and improved. Consequently, more and better training would take place. On the other hand, if comparable worth adds costs to the company during budget-tightening periods, there is no guarantee that the training department would be

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Pay equity recently has become the more popular term used to mean providing equal pay for jobs of equal value.

A boost for training?

Comparable worth's impact on the work force could be far-reaching, yet no one is sure by just how much. Human resources and training would certainly be affected, but again, many questions are unanswered. What would comparable worth mean to trainers? Would the role of the human resource developer change?

Although people in personnel as a group oppose such a concept, trainers and HRD people have not taken a united stand on

unaffected. The U.S. Chamber of Commerce, which strongly opposes a policy of comparable worth, argues that it would simply raise the pay of the jobs currently held by women. Therefore, no extra training would be needed.

In actuality, the impact on training, large or small, could be the result of a chain reaction. Training departments would feel the effect of comparable-worth policies on career development. As the result of companies revaluing jobs, changes would take place in career paths and ladders.

Julie O'Mara, a Castro Valley, California, consultant, believes that comparable worth is the "tip of the iceberg in the very

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general view of the way we value jobs." O'Mara observes that with the changes comparable worth could bring to job choices and career ladders, development will receive a great deal of emphasis. How that filters down to effect training efforts is not clear. Current societal standards directly relate personal worth and education level. O'Mara would like to see that change; the better an employee performs, the more he or she is worth. With comparable worth, the focus may shift from the value of an employee to the value of the job; the more a particular job contributes to the organization, the greater its value.

Evolution of an idea

In order to understand any of its implications, it's essential to know the history and current status of comparable-worth proposals. From where did the idea of comparable worth emerge? The Equal Pay Act of 1963 requires that workers, regardless

there always be wage disparities between men and women?

Deeply rooted concerns

Certainly, many (on both sides) agree that comparable worth is due a fair debate. Many are calling it an issue for the 80s and beyond. And with the focus now diverted from ERA passage, this may well be *the* current women's issue. It is undeniably a very political issue—a major focus that cannot be ignored.

Not only a political issue, comparable-worth legislation affects deeply rooted social structures and practices, to which strong emotions are attached. Opponents of comparable worth see the cause of women's lower wages due in large part to the career choices women make. Many choose jobs with easy exit and reentry to the labor force to accommodate their responsibility for young children and family. The question arises whether comparable worth could have a social effect on the structure of the family and the practice of

women's skill, measured by education and experience over the last century, has not increased in relation to men's. The compensation gap has not narrowed, says the Rand study, because neither has the skills gap.

Proponents of comparable worth must not overlook the possible ill effects such a mandate could have. Realistically, women in some cases could lose. A comparable-worth policy may eliminate certain jobs that were held by women. Other jobs (possibly held by women) may experience decreases in salaries to balance mandated increases. A job evaluation, for example, may determine that some jobs held by women are overvalued. Compensation for these positions may then decrease. These and other negative scenarios are real possibilities.

In the political arena

Comparable-worth debates have arisen most notably on three fronts: the courts, the Congress and the states. The actions of each can be quite significant for the future of comparable worth. However, the real legal race may be between the U.S. Congress and the U.S. Supreme Court. Who will be the first to make *the* statement on comparable worth? There is no question that each one plays an important role in the debate. The states, alone, are taking various degrees of action; Congress is debating the issue; and the Supreme Court is relying on a past decision until they are approached with another acceptable case. No one institution or body is making a definitive statement, but each is preparing for a continued debate. In addition, individual companies and some states are struggling with their own job-evaluation studies, exercises whose efficacy is questionable. Adding to the speculation is whether any action will be taken as a result of these studies.

Although the theory of pay equity is not new, the Supreme Court laid down the foundation for litigation of these cases in 1981. That year, the Supreme Court ruling in *County of Washington v. Gunther* (1981)¹ stated that people had a right, under Title VII of the Civil Rights Act of 1964, to test the comparable-worth concept in federal court.

Two years later, in December of 1983, the U.S. District Court, in the case of *AFSCME v. State of Washington* (1978)² found that the state had discriminated against employees on the basis of sex. It was the first case in which a state or any employer was found liable under Title VII of the 1964 Civil Rights Act for failure to

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of sex, receive equal pay for equal work. This act as originally proposed under the Kennedy Administration, would have also prohibited sex-based disparity in wages for work that required comparable skills. Thus, as originally submitted, the Equal Pay Act would have legislated comparable worth. Instead of "equal pay for equal work," the law would have been "equal pay for work of comparable value." Since 1963, equal pay for equal work has been the traditional standard for determining pay discrimination in the work force. Since that time, it has become evident that the law hasn't remedied all sex-based workforce inequalities. Women today earn approximately 64 cents for every dollar earned by men. A Rand Corporation study conducted in 1984 predicted that by the year 2000, this will increase to 70 cents.

A step forward, but for many women, a wage disparity of that magnitude is still an unjustifiable inequity. Consequently, women have turned to comparable worth as a solution to the problem of sex discrimination and wage disparity in the work force. Two crucial questions must be addressed: Is this wage disparity due to sex discrimination? Can the employment market provide the needed redress or will

child rearing. Should women's jobs become more highly valued, women may want to stay in the work force longer when they typically would leave to raise a family. Consequently, family lifestyles could be altered. Dramatic changes, like those the traditional family has experienced over the last 20 years, could continue.

Women's economic necessity and the feminization of poverty are further reasons why comparable worth has become a serious topic of debate. With the growing number of single mothers and working widows, women need greater financial independence. Women in sex-segregated jobs often feel their jobs are under-valued. For them, comparable worth is a means of addressing this problem and, in turn, helping them gain a higher standard of living. For example, the nursing profession has been dominated by women, and nurses' salaries have remained consistently low. Clerical jobs, also female dominated, are usually located at the low end of the pay scale.

Can sex segregation in jobs be alleviated without government regulations or law? Organizations could take steps in training, developing and upgrading women. The Rand study, however, revealed that



pay employees on the basis of comparable worth. The state conducted a pay-equity study in 1974 that supported this ruling, yet no revision had ever been implemented. Consequently, the state was ordered to provide 15,500 employees with back pay and to carry out the full comparable-worth plan. As might have been expected, a majority of these employees were located in female job classes.

The State of Washington appealed the case in federal district court. It argued the high cost of correcting the sex-based wage discrimination as its defense. (The ruling's costs to the state are estimated in the range of \$500 million to \$1 billion, primarily back-pay costs.) The state also used the arguments of revenue shortage, prior revenue commitments and a constitutionally mandated balanced budget. The first court rejected each of these defenses. In September, however, the federal district court of appeals involved in the case reversed its decision on the Washington ruling on comparable worth. The appeals court decision states that "a study which indicates a particular wage structure might be more equitable should not categorically bind the employer who commissioned it." AFSCME has indicated that the un-

favorable verdict is sufficient to instigate taking the case to the Supreme Court. When that might happen is not quite clear, but if it does make its way to the Supreme Court, the justices, in making a decision, could determine, irrevocably, the future of comparable worth.

The political nature of the issue was demonstrated publicly during the 1984 Presidential campaign. The Democrats endorsed the concept of comparable worth as a means of correcting longstanding discrimination and included it in their platform. The Republicans tried to sidestep the issue by remaining silent on it during the campaign. Notwithstanding this fact, however, the Reagan Administration has vocalized opposition on the grounds that pay levels should be determined by the market, not lawmakers, courts or unions.

The hopes of comparable-worth proponents were further dashed by the government agencies having jurisdiction over discrimination issues. They've rejected comparable worth. Early in 1985, the U.S. Civil Rights Commission decided that men and women not receiving comparable pay for jobs of comparable value could not be a legal basis for sex discrimination and openly stated opposition to the

concept of comparable worth. In addition, the statement made by the commission's chairperson, Clarence Pendleton, linking comparable worth and looney tunes, was not a positive sign to comparable-worth advocates. To them, the remarks and his attitudes were more aggravating than the actual rejection. Comparable worth carries a great deal of symbolic importance, especially in light of the latest defeat of the ERA. Try telling 52 percent of the population that pay equity is a joke and that pay discrepancies between men and women are not even worthy of study or consideration. Pendleton's remarks clearly produced a negative attitude that likely filtered down to the public.

Another setback came in June 1985 when the Equal Employment Opportunity Commission, the federal agency primarily responsible for enforcing anti-discrimination employment laws, also rejected comparable worth as a theory of discrimination. It found that sole reliance on a comparison of the intrinsic value of dissimilar jobs does not prove a violation of Title VII of the Civil Rights Act of 1964. The decision by the EEOC was handed down in response to a specific case that found no evidence of intentional discrimination. The June ruling was the EEOC's initial

opinion on the subject of comparable worth. Although it did not receive the same amount of negative publicity, EEOC's chairperson, Clarence Thomas, argued strongly against the theory. He explained, "It would require the commission and courts to substitute their judgments regarding the worth of jobs for the non-discriminatory decisions of individual employees and employers expressed through the marketplace." The EEOC did allude to the fact that if two positions require the same amount of education and training, then there is a basis for discrimination.

The reception in the U.S. Congress has been a little more positive. Last year, during the 98th Congress, the House of Representatives passed the Federal Pay Equity and Management Improvement Act of 1984. This legislation, which passed 418 to 6, required conducting a study of the federal classification system to see if the system discriminates against women. During the same Congress, the Senate passed a different but very watered-down version of the bill. With differences in House and Senate versions, the bill required a conference committee; one was never formed. Thus, at the end of 1984, this particular piece of legislation was dead.

Congresswoman Mary Rose Oakar, D-Ohio, brought the legislation back to life this year by introducing a similar bill. The debate has already begun in the House of Representatives. The legislation specifies that the federal pay and classification system be examined to determine the extent to which gender is used as a factor in setting federal workers' pay rates. The legislation again is likely to pass in the House of Representatives, but its fate in the Senate is uncertain. Should the federal government pass such legislation, conduct a study and discover inequalities, implementation would have to be immediate or lawsuits, similar to the Washington case, would abound. Although little precedent exists, the back pay that may be required in federal comparable-worth cases may be enormous. That consideration scares many companies and states. Again, as the cases have been few, the outcomes are uncertain.

In June of 1984, the U.S. Conference of Mayors adopted a resolution urging cities and other governmental jurisdictions "to address any existing pay inequities" within them. In many instances, states have taken action on their own and it may well be that comparable worth will be satisfied at the state level. Currently, 25 to 30 states are conducting job-evaluation studies. Five

states have or are taking steps to implement the results of pay-equity studies.

Of all the states, Minnesota has enacted the most comprehensive legislation. In 1982, the Minnesota legislature, amending certain statutes, established a comparable-worth policy that outlines a procedure for making comparability adjustments on a biennial basis. It requires that job titles be brought up to appropriate salary levels. Minnesota's 4-year plan applies to 9,000 state workers at a projected cost of 4% of the state's annual payroll. In 1983, \$21.8 million was appropriated for comparable-worth wages alone.

In Minnesota and other states implementing pay equity, the back-pay costs (if any) have not been insurmountable. Thus far, costs in the Minnesota case have not been as high as anticipated. Other states are either monitoring pay-equity activities or taking no action. In those states not acting, labor organizations are undertaking pay-equity studies without state involvement.

The impact of state legislation on federal initiatives may be quite significant, just as that of federal legislation could be on the states. Because states have modeled their civil-service systems after the federal system, and if states are finding pay inequities in their systems, then the implication is that wage discrimination exists in the federal government as well.

For their city employees, Colorado Springs implemented an apparently satisfactory comparable-worth plan a few years ago. Robert Isaacs, mayor of this Republican city, insists that the plan has produced better morale, lower turnover and increased productivity.

Future prospects

Until more cities and states take such action, the facts are not adequately substantiated and it becomes an issue of projection, opinion and supposition. Removing all subjective input, however, would be impossible. A job-evaluation system cannot avoid the inclusion of someone's values—neither does the salary determined for those jobs. In this context, personnel offices within companies may become the focal point in dealing with pay-equity policies.

Training departments also may become more actively involved. Training may be acknowledged as a determinant of job worth. If people are paid higher salaries, they may be expected to perform more tasks and to become more interchangeable among positions. Cross training ultimately may allow substantive opportunities for in-

creased salaries. In addition, increased amounts of training may be necessary to equate skills. As a result, some informal training may become formalized.

Pay scales are based generally on skill, effort and training. The harder a job, the more training is needed and the fewer candidates are qualified. Thus, wages are driven up. Should job-evaluation systems go into effect, as competition for higher paying positions increases, so too will the number of training candidates.

While many believe large wage discrepancies between men and women are due mostly to sex discrimination, opponents insist that other factors are responsible. In some cases, the discrepancies may be due to the fact that women have yet to reach the senior positions which inevitably include higher pay. Opponents of comparable worth insist that wage levels must be set by market forces. By interrupting them, the economic system will be damaged.

Proponents, on the other hand, believe that wages are not set by market forces alone. They say that the comparison of skills and responsibilities in different jobs is already a part of wage determination. Although the costs of implementing pay equity are not known, proponents argue that the costs of sex-based wage discrimination that women and their families currently face are in themselves too high.

Comparable worth is likely to be around for quite awhile. Should the courts and the legislative branch reject the idea, it is not unlikely that states and individual companies will address the matter themselves. In each case, they may not call it comparable worth; however, women will find an equal place at work and wage disparities will be inexcusable. If jobs are worth something to an organization, salaries will have to reflect that. While it appears that comparable worth could be a very difficult law to enforce, there are those who believe that it would attract better workers of both sexes. At the same time, employers continue to question its cost. Proponents and their adversaries may never reach a shared ground on the issue. One thing is certain: A heated debate is on. At this point, when the issue is emotionally volatile, politically sensitive and public opinion easily swayed, it could just be the noisiest who wins.

References

1. 452 U.S. 161 (1981).
2. 578 F. Supp. 846 (W.D. Wash. 1983).