

# **Implementing Pay Equity in Small-to-Medium-Sized Enterprises**

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## Executive Summary

To provide a tool for the implementation of Quebec's *Pay Equity Act*, we developed and then applied a value determination process based on a structured questionnaire. At the outset, we decided that a pay equity-oriented value determination method should have these four characteristics:

- be adaptable to the specific situation in each enterprise
- allow for the valuation of very different jobs
- foster employee participation in job value determination
- be simple and thorough

In conducting this research, we sought to confirm the validity of our process and the features of our standard questionnaire, developed in cooperation with the Groupe de recherche et d'analyse en méthodologie en management de l'Université du Québec en Outaouais (GRAMM-UQO), in order to propose an improved model of our process. We also sought to identify the essential conditions for achieving pay equity in small-to-medium-sized enterprises in Quebec.

The research took the form of a comparative analysis of the equity process in 20 small-to-medium-sized Quebec enterprises in the manufacturing and service sectors. The purpose of this analysis was to identify variances in the use of our questionnaire and in the application of our process, in order to focus on the significant factors. In this way, a number of findings were made, in particular regarding the key role of a pay equity committee in a given enterprise, the importance of the job data-collection stage for pay equity purposes, and the measures to be taken to establish gender-neutral value determination processes in small-to-medium-sized enterprises.

This also led us to consider the legislative framework for pay equity. We noted that, although it has certain limitations, proactive legislation clearly has a number of advantages over a complaint-based pay equity system, particularly in small-to-medium-sized enterprises, most of which are non-unionized. To support the application of such legislation and ensure its effectiveness, the agency responsible for pay equity implementation and maintenance must nonetheless show leadership and take a proactive approach with enterprises.

**Comment [SR1]:** Page: 4  
See list of terms reflective of the Quebec *Pay Equity Act*.

**Comment [SR2]:** Page: 4  
The author makes a distinction in French between "constats" (findings) and "conclusions" (each has its own section in this paper).

## 1.0 Introduction

The purpose of Quebec's *Pay Equity Act*, which came into force in 1997, is to correct differences in compensation resulting from systemic gender-based discrimination. The obligations set out in the Act vary, depending on the number of employees. Thus, employers whose enterprise employs 10 or more employees are obligated, for equal work, to afford employees with jobs in predominantly female job classes the same pay as to those with jobs in predominantly male job classes. Employers whose enterprise employs between 50 and 99 employees must establish a pay equity plan with several specific components. Employers whose enterprise employs 100 or more employees must create a pay equity committee to oversee the pay equity plan.

For the purpose of applying the Quebec legislation, we developed and consolidated a value determination process that is both simple and thorough to support pay equity implementation. This process is based on a job measurement process in which incumbents participate. In all of our consultations with Quebec enterprises, we proposed a process based on a structured, pay equity-oriented value determination questionnaire adaptable to the specific situation in each enterprise.

Given the innovative nature of this process, we believe it would be useful to conduct a comparative analysis of its application as part of the revision of Canadian pay equity legislation, until now based on the filing of complaints. This analysis is intended to provide conceptual approaches and potential answers in response to the concerns of the Pay Equity Task Force regarding methodology and the application of the pay equity principle. Moreover, the analysis allows us to update the questionnaire and to identify the conditions for creating a gender-neutral value determination process in small-to-medium-sized enterprises. We also wish to demonstrate the flexibility and adaptability of our value determination method and tools.

The report submitted to the Pay Equity Task Force examines 20 small-to-medium-sized enterprises that requested our assistance in applying Quebec's proactive legislation. Given the different obligations of enterprises under the Act, according to the number of employees, we selected seven enterprises with between 10 and 49 employees (VSEs), seven enterprises with between 50 and 99 enterprises (SEs), and four enterprises with between 100 and 249 employees (SMEs). We also added two enterprises with between 250 and 500 employees (MLEs) to obtain a more complete picture of the situations at the enterprises with which we worked and to better identify the characteristics of small-to-medium-sized enterprises.

In addition to explaining the tool and the process we developed, our report focuses on the successive steps in a pay equity plan that reflects the components set out in Quebec's *Pay Equity Act*. The first section presents the characteristics of our value determination method and how it was created. The second section discusses the various steps in the value determination process, while the third deals more specifically with the activities associated with implementing pay equity, particularly determining pay adjustments and controlling gender bias. By identifying the differences and similarities in the completed steps and by taking into account the characteristics of each group of selected enterprises, we examine differences in how the tool was used and how the proposed process was applied, and then identify the significant elements of that analysis.

To give the reader an overview of how our process unfolds in an actual enterprise, the fourth section presents an example of a pay equity implementation report drafted after an enterprise had completed its implementation process. In the final section, we present a number of findings regarding key points of concern to the Pay Equity Task Force. We address in turn the determination of job classes, the creation and role of a pay equity committee, the effects of enterprise size on the choice of value determination methods and tools, data collection requirements in small-to-medium-sized enterprises, the conditions necessary to establish a gender-neutral value determination process, the definition of remuneration set out in Quebec's *Pay Equity Act* and, finally, pay equity maintenance.

To conclude, we offer a few thoughts on the advantages, where the provisions of the federal Canadian legislation are concerned, of a proactive pay equity system over a complaint-based one. We also emphasize the importance of offering small-to-medium-sized enterprises practical training in job value determination, a crucial step in the pay equity process.

Our research may be considered a participatory organizational survey. Data was collected directly in the workplace and, in many cases, employees and their supervisors participated in the process, thus contributing to the findings. However, it must be stressed that the data was collected in enterprises that had requested the support and assistance of a consulting firm. Care was taken with data processing and analysis, therefore, in order to maintain the confidentiality our practices require.

## 2.0 A Flexible Pay Equity-Oriented Value Determination Method

Quebec's *Pay Equity Act* acknowledges from the outset that enterprises may practice systemic discrimination in paying their employees. This discrimination is called "systemic" because it is an inherent part of an enterprise's management practices. Systemic discrimination means that jobs traditionally held by women are usually less well paid than jobs traditionally held by men, even if the value of these jobs is equal or comparable.

Under section 19 of Quebec's *Charter of Human Rights and Freedoms*, employees were already able to counter systemic discrimination by lodging complaints against employers. Since the proactive *Pay Equity Act* came into force in 1997, employers in Quebec have been required to prove that their enterprise's wage structure is fair.

Applying the Act means more than just paying men and women the same rate for the same job – that is, the concept of "equal pay for equal work." It also – and above all – means that the logic or factors on which wages are based in an enterprise must be the same for predominantly female and predominantly male jobs (the concept of "equal pay for work of equal value").

### 2.1 Pay Equity and Job Value Determination

Quebec's *Pay Equity Act* sets out four major components or steps for establishing a pay equity plan, which is mandatory for enterprises with 50 or more employees:

- the identification of predominantly female job classes and predominantly male job classes in the enterprise;
- the description of the method and tools selected to determine the value of job classes and the development of a value determination procedure;
- the determination of the value of the job classes, a comparison between them, the valuation of differences in compensation and the determination of the required adjustments;
- the terms and conditions of payment of the adjustments in compensation.

Note that, under Quebec's *Pay Equity Act*, the concept of "job class" refers to a job or a group of jobs that have similar duties or responsibilities, similar required qualifications, and the same remuneration (the same rate or scale of compensation).

In principle, the pay equity plan applies to the entire enterprise. However, at the request of a certified association that represents employees in the enterprise, several plans may be established in a given enterprise.

The Act does not require enterprises with fewer than 50 employees to establish a plan. Employers of these enterprises must determine the adjustments in compensation required to afford the same compensation, for work of equal value, to employees who hold jobs in

**Comment [SR3]:** Page: 7  
From section 50 of the Act.

**Comment [SR4]:** Page: 7  
From section 54 of the Act.

**Comment [SR5]:** Page: 7  
From section 34 of the Act.

predominantly female and predominantly male job classes. Employers must also ensure the process does not discriminate on the basis of gender.

**Comment [SR6]:** Page: 7  
From section 34 of the Act.

However, regardless of enterprise size, job value determination is central to the pay equity process. This technique allows for a systematic assessment of the relative value of jobs and for comparison of several jobs, whether their requirements are similar or completely different. The results of the value determination indicate the order in which the jobs should be classified. After value is determined, the value of each job can be compared with compensation for that job (compensation/value ratio).

In addition to being a useful instrument for maintaining a fair and consistent wage structure for all employees, job value determinations also allow employers to identify and correct discriminatory differences in compensation between predominantly female and predominantly male job classes in an enterprise.

There are several ways to conduct a value determination. The complexity of the process depends on enterprise size and the number of job classes. Quebec's *Pay Equity Act* stipulates the following obligations with respect to the method of determining value:

- the method must be gender-neutral;
- the method must allow predominantly female job classes to be compared with predominantly male job classes;
- the method must highlight the specific characteristics of predominantly female job classes and those of predominantly male job classes;
- the method must take the following factors into account in respect of each job class:
  - o required qualifications
  - o responsibilities
  - o effort required
  - o the conditions under which the work is performed.

**Comment [SR7]:** Page: 8  
From section 56 to 57 of the Act.

Quebec's legislation does not prescribe a specific value determination method – that is, how to more clearly identify the characteristics of predominantly female and predominantly male job classes and how to weigh the importance of each characteristic. According to the Commission de l'équité salariale, the body responsible for monitoring the application of the Act, the pay equity committee, or the employer where there is no committee, is responsible for selecting the method and tools best suited to the enterprise.

We were asked by a union<sup>1</sup> to develop a value determination method for pay equity. This exercise led us to examine closely existing value determination methods and tools, as well as available pay equity guidelines.<sup>2</sup>



## 2.2 Defining a Value Determination Method for Pay Equity

Over 50 years ago, well before any pay equity legislation had been adopted, value determination practices were developed in Canada in the industrial sector, the Public Service and the Canadian Forces. With respect to value determination, it is usually said that the choice of method depends primarily on sector and enterprise size. Thus, in small enterprises, the ranking method was often used (positions classified on the basis of overall requirements), whereas in larger industrial enterprises, the point method was usually applied (numeric value assigned to predefined criteria). Moreover, for a long time, the Public Service used the classification method (positions assigned to predefined classes).<sup>3</sup>

In the past few decades, the structured questionnaire method<sup>4</sup> was developed as a more modern approach to the point method. With this method, the questionnaire is central to the value determination process, since it serves as both the data collection tool and the value determination grid. Job descriptions are no longer required. The value determination tools also use electronic data processing and statistical methods.

Increasingly, compensation specialists who work with large enterprises (over 500 employees) use the structured questionnaire method. It is a very different story in smaller enterprises, where managers rarely know about the method and generally do not use job value determination methods to determine compensation because they are considered too costly.

The process we developed is based on the structured questionnaire method. However, it is designed for pay equity and can be adapted to the specific situation of any enterprise regardless of size. Accordingly, at the outset, we established a number of concerns or objectives for a value determination method that would be used to apply Quebec's *Pay Equity Act*:

- **The method must be adaptable to the specific situation in each enterprise**

In job value determination, particularly with point methods, a distinction is usually made between predetermined methods and customized methods.<sup>5</sup> Since the Act is applied in each enterprise, a customized method appeared to be the logical choice. However, there are limitations to a fully customized approach, due to the complexity of designing a structured questionnaire, both for large enterprises (several qualification levels and job types) and smaller enterprises (lack of formal remuneration procedures).

But we also wanted to make it easier for those in charge of implementing pay equity in enterprises. We therefore decided to design a predetermined (standardized) component and a customized (flexible, adaptable) component.

- **The method must allow very different jobs to be evaluated**

As mentioned earlier, Quebec's *Pay Equity Act* stipulates that an employer must establish a plan for all employees in the enterprise and that the value determination

method must identify the characteristics of predominantly female and predominantly male job classes and allow those classes to be compared.

This provision of the Act represents a break from conventional practices in job value determination. In fact, until now, value determination systems were generally created for a single group (or family) of jobs.<sup>6</sup> Such being the case, division based on occupational groups often includes classes of “types” (blue-collar workers, white-collar workers, production workers, office workers, etc.). Though implicit, such classes are nevertheless common. They are, in fact, the main reason why systemic discrimination of women in the labour market has persisted.<sup>7</sup>

Thus, we concluded that creating a value determination method applicable to all predominantly female and predominantly male job classes would take more than just tinkering with existing grids or systems. Instead, we would have to redesign the methodological tools.

- **The method must encourage employees to participate in evaluating their jobs**

Quebec’s *Pay Equity Act* stipulates that the employer must allow employees to participate in the establishment of a pay equity plan by creating a pay equity committee (in enterprises of 100 or more employees). It also contains a number of provisions with respect to the creation of the pay equity committee. However, the Act says nothing about employee participation at each step or about broader employee participation in the process.

The past few decades have seen more collaborative and participative management experiences, and employees are increasingly recognized as the main experts to be consulted when their work is being analysed or its value determined. In some workplaces, unions are also involved in job value determination.

From the outset, we were amenable to a participative approach – not just the official participation of a few people on a pay equity committee – but of all employees in the value determination process. In fact, we wished to develop a job measure that would allow the incumbents themselves to play an active role.

- **The method must be simple and thorough**

The concept of thoroughness refers to the degree of precision and validity (i.e., metric quality)<sup>8</sup> provided by the method and tools used to measure the relative value of jobs. It is therefore a crucial consideration in applying the *Pay Equity Act*, given the obligation to control gender bias and to valuate discriminatory differences in compensation. With the structured questionnaire method, the requirements for thoroughness mainly concern the questionnaire, which serves as both the job data collection tool and the value determination grid.

As Thériault (1991)<sup>9</sup> points out, the psychometric qualities of value determination methods were never a major concern for those in charge of job value determination processes. Thériault states that, in the few studies on this subject conducted prior to the 1980s, precision refers to the consistency or the stability of results obtained by different evaluators, while validity refers to the convergence of results from two different methods.<sup>10</sup> In his view, few compensation managers consider job value determination a strict measurement tool, and refer instead to the acceptability of results (or the legitimacy rate, or success rate) rather than validity due to the technique's imprecise nature. Job value determination is thus perceived not as an immutable measurement tool, but as a method used to rationalize a wage structure that has been agreed upon.<sup>11</sup>

Further, complexity is the main shortcoming of the more thorough job analysis and value determination tools. As the promoters of a questionnaire (the Common Metric Questionnaire)<sup>12</sup> explain, respondents usually need a university degree and at least two hours to answer the questions. If the objective is to involve as many employees as possible in the value determination process, this route was not an option. Our goal was instead to create a questionnaire that is both simple and thorough.

That is why a series of qualitative and quantitative analyses were undertaken by the Groupe de recherche et d'analyse en méthodologie en management de l'Université du Québec en Outaouais (GRAMM-UQO). These analyses focused on the precision and validity (metric quality) of the questionnaire that was being designed.<sup>13</sup>

### 2.3 Creating a Standard Questionnaire

Below we present the features of the questionnaire we developed in cooperation with the GRAMM. For each of the characteristics presented, we list the research and analyses conducted by the GRAMM.

- **The four factors set out in the Act served as a general frame of reference for the subfactors<sup>14</sup>**

Traditionally, in job value determinations, the term “factors” refers to job characteristics and requirements that confer value for compensation purposes. Characteristics are thus significant and measurable (e.g., training, experience, manual dexterity, mental effort, responsibility with respect to others).

In pay equity legislation, particularly in Quebec's *Pay Equity Act*, the term “subfactors” is used instead to refer to these characteristics or requirements, since the term “factors” refers to the four major aspects or components: required qualifications, responsibilities, effort required, and the conditions under which the work is performed. Under Quebec's *Pay Equity Act*, all four factors must be used for job value determination, regardless of the method selected.

It should be noted here that research conducted by the GRAMM has shown that these four factors are not independent of one another. In other words, the factors overlap and it cannot be proven that related subfactors measure only the factor indicated. The effort factor appears particularly problematic in this regard.<sup>15</sup>

These factors were therefore considered a general frame of reference indicating the obligation to reflect a series of job characteristics and requirements in the value determination process.<sup>16</sup> Moreover, we defined the subfactors and related statements as clearly as possible to prevent overlap<sup>17</sup> of the elements being measured.

- **The subfactors reflect the obligation to compare predominantly female and predominantly male job classes**

Pay equity involves first and foremost identifying the job requirements of positions traditionally held by women, then considering these in the same manner as the requirements of positions traditionally held by men.

In our process, subfactors were chosen and defined based on this essential condition of pay equity. To this end, we consulted guidelines published by, among others, the Pay Equity Commission of Ontario and the Canadian Human Rights Commission.

We also relied on our own experience, particularly the many position analyses conducted in workplaces for classification, work organization, or pay equity purposes.

- **The subfactors reflect the reality of work today**

In the past few decades, the computerization of work and the number of company restructurings has meant that tasks have been reconfigured and the content and requirements of many positions have been redefined.

The standard questionnaire reflects this transformation in work, which is now based on production and the exchange of information and knowledge. Information management requirements have, in particular, assumed greater importance (internal and external communications, human relations with clients).

- **The statements for each subfactor are clear and simple**

If the purpose is to foster employee participation in value determination and to ask all employees to answer the questionnaire, it must be kept as simple as possible. An effort was therefore made to draft the standard questionnaire in this manner.

Research conducted by the GRAMM highlighted the simplicity of the standard questionnaire's statements compared with other value determination questionnaires, while presenting a comparable level of accuracy.

To make the questionnaire as easy to read as possible, factors and subfactors are defined in a separate document. (See Appendix 1.)

- **The number of subfactors and statements is relatively high**

Value determination and comparison of predominantly female and predominantly male job classes necessarily require more subfactors, since “male” and “female” characteristics are often very different.

Also, with the structured questionnaire method, which aims to identify as many job characteristics as possible without having to create job descriptions, the number of subfactors is usually higher than with the traditional point method for value determination.<sup>18</sup>

Compared with other value determination questionnaires, there is a relatively high number of subfactors and statements (20 subfactors and over 90 statements). After testing, however, it appears the questionnaire can be completed more quickly than other structured questionnaires with fewer questions as respondents must read a series of statements (usually longer), then make a choice. In our questionnaire, the respondent makes one choice for every statement.

- **The scales (choice of answers) are consistent**

With many value determination methods, including the structured questionnaire method, the number of answer choices (scales) varies from one subfactor to the next. To keep the questionnaire simple and neutral, the scales must be consistent; that is, the same choice of answers must be given for every statement.

Given the obligation to compare jobs that are often very different in terms of content and requirements, it is important to use scales that allow the respondent to retain a consistent interpretation for all subfactors. Consistent scales also facilitate the processing and analysis of results (calculation and comparison of averages, weighting, etc.).

Moreover, predominantly female and predominantly male job classes must be given the same options. There is a risk of gender bias if the scales are not equal and particularly if the shorter scales primarily apply to the characteristics of predominantly female job classes. Thus, establishing consistent scales (a choice of answers 1 to 7 for every question) favours a fair distribution of ratings and provides a better assurance that the questionnaire is neutral.

- **Interval scales (1 to 7) were used**

In pay equity, the value determination process applies to a wide range of positions, since it concerns all the employees in an enterprise. The measurement tool must be sensitive enough to account for any existing variation (or variance). In this respect,

we chose interval scales (1 to 7). A scale of 1 to 5 provides for some variation, but is more limited and less accurate than a scale of 1 to 7. A smaller scale (1 to 3, for example) should not be used as it would not reflect differences between jobs. Interval scales allow for comparison of rating averages and any necessary statistical testing. This choice of scale allowed the GRAMM to conduct research on the questionnaire's precision and validity (metric quality).<sup>19</sup>

- **All the statements in the standard questionnaire require a single answer**

In job value determination, several methods of data collection are usually proposed: interviews, observation, or a questionnaire, which may entail open-ended or closed-ended questions, or a combination of both. Our process proposes a questionnaire with only closed-ended questions, that is, statements requiring a single choice of answer.

Open-ended questions ask employees to describe their tasks and requirements. Instead, closed-ended questions ask employees to choose among a number of predefined elements (job requirements or characteristics).

Open-ended questions are easier to write, but are often very difficult to process because of the differences not only in job requirements, but also in how respondents answer. Experience has shown that answers to open-ended questions provide information that is even more subjective and that focuses more on the incumbent's performance (or his or her writing skills) than on job requirements.

Open-ended questions are most useful for position analyses with a relatively small group of jobs – for example, a group of professionals – since they allow for the sometimes subtle differences between positions. But they must often be paired with an interview to confirm or validate the synopsis usually produced by an analyst.

By presenting a series of statements that require a single choice of answer without explanation (closed-ended questions), specific and measurable characteristics are ensured. With clear and simple statements, there is less likely to be any difficulty in interpreting the answers and less risk of bias in the value determination process.

However, closed-ended questions are much more difficult to write because every job element in the value determination must be properly covered and defined. In pay equity, the difficulty is even greater, given the need to establish a single grid for a series of requirements for predominantly female and predominantly male job classes. We created a standard questionnaire to facilitate the work of persons in charge of pay equity in enterprises.

As will be seen in the second part of this report, the questionnaire was designed to be adapted to the specific situation of each enterprise. We usually suggest that the relevance of each subfactor and statement, as written, be verified and that examples (as short as possible) be added, where necessary, to keep the questionnaire as simple and neutral as possible.

In our process, incumbents and first-line supervisors may complete the questionnaire. All the answers are verified by the pay equity committee or the persons responsible for implementing pay equity in the enterprise.

We recommend that open-ended questions not be added to allow respondents to add detail to certain subfactors. These types of questions increase the time required to answer the questionnaire and are often problematic in terms of processing and analysis. However, we recommend that employees consult their job description or establish a “listing” before filling out the questionnaire.

- **The questionnaire is gender-neutral and allows for control of gender bias in the value determination process**

As shown in the decision by the Pay Equity Hearings Tribunal of Ontario (1991) in *Haldimand-Norfolk v. Ontario Nurses Association*, the value determination method for pay equity must be gender-neutral.<sup>20</sup>

The tribunal’s decision states that gender bias may occur at different stages of the value determination process and, in this respect, the means or measures to prevent such bias must be present at every stage. Special care must be taken when choosing, defining and weighting subfactors, as well as during data collection.

Note that the closed-ended questions and consistent scales in our standard questionnaire ensure greater neutrality of the value determination tool. First, research conducted by the GRAMM established the questionnaire’s overall gender neutrality with respect to respondents. Second, the interval scales applied to all statements allow for identification of the “sex” (or gender) of the subfactors.

Since jobs held by men or by women usually differ in content and requirements, certain subfactors may favour predominantly female job classes (female subfactors) and others, predominantly male job classes (male subfactors). The interval scales allow for bias control with a comparison of the average rating for predominantly female and predominantly male job classes for each statement.

- **The standard questionnaire can be adapted to the specific situation of each enterprise**

The questionnaire was designed to be flexible and can be changed or adapted without having to modify the questionnaire’s structure for processing purposes.

## **2.4 A Process That Can Be Adapted to Every Enterprise**

With customized approaches based on the structured questionnaire method, designing a questionnaire can be challenging because questions must be adapted to the specific situation in each enterprise, the language of its employees, and so on. The process is even more complex in

pay equity because value determination tools must be neutral. That is why we created a standard questionnaire. In fact, so that it can be used in enterprises, the structured questionnaire cooperatively drafted with the GRAMM is presented as a pay equity-oriented framework that can be adapted to the specific situation in each enterprise.

The standard questionnaire is central to the process we propose to enterprises (see the revised standard questionnaire in Appendix 2). It is used in conjunction with a data manager and a reference manual. The data manager compiles and analyses the questionnaire answers. This tool (an Excel spreadsheet) is used to validate data, weight ratings, determine any necessary adjustments in compensation, and control gender bias. The tool also facilitates management of the value determination system after it is implemented to ensure that pay equity is maintained. Appendix 3 presents an example of how the data manager can be used.

The reference manual describes the steps and guidelines for achieving pay equity in an enterprise. It is used to train persons in charge of pay equity implementation (or members of the pay equity committee).

These three tools make up the implementation toolkit designed to help enterprises achieve pay equity as independently as possible in compliance with the terms and conditions of the Act. As mentioned earlier, the obligations of employers vary according to the number of employees. But apart from these distinctions, pay equity implementation must be seen as a process that involves a series of steps or successive sequences. However, the importance, duration or scope of the steps depends on the nature of the enterprise's obligations under the Act and directions taken when planning the pay equity process.

Below we present the steps in implementing pay equity in an enterprise:

- **Organizing the process and training the persons in charge**

Organizing the process is an important step, especially if a pay equity committee must be created. This involves preparing the meetings for appointing the members, holding training sessions for committee members, planning work, and establishing a schedule.

- **Identifying predominantly female and predominantly male job classes**

This is the first step in pay equity plan. Identifying predominantly female and predominantly male job classes is the basis of pay equity review and of the value determination process.

As mentioned earlier, in Quebec's *Pay Equity Act*, the concept of "job class" refers to a job or a group of jobs with similar duties or responsibilities, similar required qualifications, and the same remuneration (the same rate or scale of compensation).

To create a list of predominantly female and predominantly male job classes, the enterprise's employment and wage structures must be examined and care must be taken



to comply with the conditions set out in the Act. The reference manual includes specific guidelines in this regard.

- **First posting required under the Act**

Except for enterprises with between 10 and 49 employees, employers must post the list of job classes and a description of the value determination method and tools, as well as the value determination process (the first two steps in a pay equity plan). In our process, the first posting may occur at the same time as the examination of the questionnaire, since the choice of method and process has, for the most part, already been determined.

Note that we usually recommend that the enterprise issue a communiqué to employees at the outset of the implementation process.

- **Administering the questionnaire**

The objective is to obtain data for all predominantly female and predominantly male job classes. We emphasize the advantages of having as many employees as possible complete the questionnaire, since strong participation often fosters support for the entire process and for its results.<sup>21</sup>

We also recommend organizing one-hour group sessions during work hours so that employees can complete the questionnaire and receive the instructions they need to do it properly. Although job descriptions are not required, respondents must refer to the tasks they perform as part of their position in order to answer the questionnaire.<sup>22</sup>

However, it is up to the persons in charge of pay equity at the enterprise to choose how the questionnaire is administered.

- **Weighting the factors and subfactors**

Factors and subfactors are usually weighted differently because they refer to requirements that deserve to be remunerated in the enterprise. Establishing weighting is akin to determining the relative importance of predefined factors and subfactors.

To maintain maximum objectivity, we recommend defining the weighting coefficients (a 100% percentage) before reviewing the questionnaire answers. These coefficients are recorded in the data manager so they can be applied to the results. The persons in charge can change this weighting after examining the weighted results.

Every subfactor also has what is called an internal weighting, as some statements are equivalent while others represent a progression in requirements. This weighting is also recorded in the data manager.

- **Processing the questionnaire answers**

To give meaning to the data collected using the questionnaire, the answers are entered into the data manager. Separate results synopsis sheets are created for predominantly female and predominantly male job classes for each of the four factors: qualifications, effort, responsibilities and working conditions.

Each sheet lists the answers of employees in the first column, those of first-line supervisors in the second column, and leaves a space for the rating assigned by the committee.

- **Analysis and validation**

In the proposed process, the questionnaire answers that are compiled on the results synopsis sheets represent an initial value determination. That is why we refer to “validation.”

Based on the compilations and tables produced by the data manager, validation consists of examining the questionnaire answers and confirming or modifying the ratings assigned to each statement. In other words, the persons in charge (or the committee members) must check whether the ratings assigned are correct and appropriate, and then establish their own rating based on job requirements, not the incumbent’s performance.

To ensure consistency and uniformity in value determinations (to prevent bias, the halo effect, etc.),<sup>23</sup> we recommend proceeding with one subfactor at a time, rather than evaluating all the ratings assigned to a job class one after another. We also suggest identifying, for each statement, the position that should receive the highest rating.

- **Calculating the overall value of each job class**

The data manager automatically compiles the results, taking into account the weighting, and an overall rating (or average) is assigned to each job class evaluated. The overall rating ranges from 100 to 700 and corresponds to the interval scales (1 to 7). The data is then recorded on the synopsis sheet produced by the data manager.

- **Valuating differences and determining adjustments in compensation**

In Quebec’s *Pay Equity Act*, the maximum rate (or scale) of compensation must be referred to. Certain elements of compensation must also be considered (excluded or included). Once the rate is established, it is indicated on the synopsis sheet produced by the data manager.

To value differences in compensation, remuneration in predominantly female and predominantly male job classes of similar value is compared and any differences in compensation are identified. Under Quebec’s *Pay Equity Act*, either of the following

methods can be used for the valuation: the overall valuation method and individual valuation methods (job-to-job comparison or proportional value comparison).

The overall valuation method involves tracing a wage trend line for predominantly male job classes using statistical methods. With the individual valuation method, remuneration is compared for two job classes with the same number of points. Where there is a difference, remuneration in the predominantly female job class will be increased to the level of remuneration in the predominantly male job class. When several predominantly male job classes have the same value, the average remuneration in those classes is used for the comparison.

In our process, the data manager automatically traces the trend line. We prefer the overall valuation method because it provides better guarantees with respect to validity and consistency. It also allows for valuating differences between predominantly female and predominantly male job classes, even if no predominantly female job class obtains a number of points similar to that of a predominantly male job class.

However, it is the committee members or the persons in charge of the process in the enterprise who decide which method seems more appropriate, depending on the results obtained and potential comparisons for all predominantly female job classes.

- **Payment of adjustments in compensation**

Under the *Pay Equity Act*, adjustments in compensation may be made in a lump sum or be spread out over a maximum period of four years.

- **Second posting required under the Act**

A second posting is required under the Act once the process has ended. The posting must provide information on the entire process undertaken, in particular job value determination, job comparisons, the weighting of factors, the definition of differences, adjustments in compensation, and the terms and conditions of payment of the adjustments. In enterprises with fewer than 50 employees, the posting must also indicate possible recourses.

- **Pay equity report**

At the end of the process, we produce a pay equity report. This report is presented to the committee or to management and serves as a reference document, particularly when employees request information.

### **3.0 Applying a Flexible Pay Equity-Oriented Value Determination Process**

In this section, we describe how our pay equity-oriented value determination process is applied using a comparative analysis of our interventions with a number of enterprises. Our analysis will examine the steps of the process presented earlier.

Considering the concerns of the Pay Equity Task Force with respect to small-to-medium-sized enterprises and given the various obligations of enterprises under the Act, according to the number of employees, we selected seven enterprises of between 10 and 49 employees, seven other enterprises of between 50 and 99 employees, and four enterprises of between 100 and 249 employees. To enrich our analysis, we added two enterprises of between 250 and 500 employees and identified any similarities and differences with smaller enterprises.

In reference to the data from Statistics Canada and the classification used by Julien (1997),<sup>24</sup> the first group of enterprises is referred to as VSEs (very small enterprises), the second group as SEs (small enterprises), and the third as MEs (medium enterprises). Enterprises of between 250 and 500 employees are called MLEs (medium and large enterprises).

Table 1 presents the characteristics of the enterprises in our sample. It shows first and foremost that over half of the target enterprises are in the service industry. These enterprises (wholesalers, retailers, financial services and insurance enterprises, tourism and recreation enterprises, etc.) are more frequently smaller enterprises (VSEs and SEs), whereas manufacturing enterprises (manufacture of industrial and commercial goods or products) are more frequently medium enterprises (MEs).

Regardless of whether enterprises are in the manufacturing or service industry, 70 percent of the enterprises in our sample have a primarily male workforce and 25 percent have a primarily female workforce. Only one enterprise has as many predominantly female job classes as predominantly male job classes. However, 25 percent of the enterprises have “mixed” or “neutral” classes, that is, classes with about as many men as women.

Overall, most enterprises are non-unionized and do not have a human resources department. MLEs differ from the other groups of enterprises in this respect, as they are both unionized and structured in terms of human resource management.

**Table 1**  
**Characteristics of Enterprises Based on Defined Groups**

Characteristics	VSEs 10-49 Employees 7 Enterprises	SEs 50-99 Employees 7 Enterprises	MEs 100-249 Employees 4 Enterprises	MLEs 250-500 Employees 2 Enterprises	Total 20 Enterprises
Manufacturing industry	2	3	3	1	9
Service industry	5	4	1	1	11
Primarily male job classes	5	5	3	1	14
Primarily female job classes	1	2	1	1	5
Equal number of male and female job classes	1	0	0	0	1
Presence of a human resources department	1	2	2	2	7
Unionized	2	1	4	2	9

It should be noted here that the obligations under the Act with respect to the number of employees apply to the period from November 21, 1996, to November 21, 1997. We used this period to select our groups of enterprises. But since enterprises can often grow quickly, a number of them no longer belong to the same reference group based on the number of employees. This is the case, in particular, for one VSE and three SEs. However, the workforce of the MEs remained relatively stable from 1996 to 2001, whereas the workforce was slightly smaller for MLEs.

After defining the groups of enterprises and listing their respective characteristics, we identified four indicators (or factors) for the purposes of our analysis: contingency factors (pay equity committee, identification of job classes, control of bias), the measurement tool (adaptation of the questionnaire, weighting), the value determination process (data collection, validation, analysis of results), and the determination of adjustments in compensation (defining remuneration, valuating differences, calculating adjustments, identifying the terms and conditions of payment).

For every group of enterprises, we identified the similarities and differences among enterprises for each indicator. We repeated the exercise by comparing the four groups of enterprises. We attempted to determine, for example, whether enterprises that were different with respect to one indicator were similar with respect to another indicator, or whether enterprises that were similar in one area had certain characteristics in common. We also verified any potential similarities among enterprises in different groups (for example, among VSEs and SEs).

The purpose of this analysis is not to explain or justify a given process or result, but to identify significant elements that allow us to better understand the implementation of pay equity under various circumstances. The pay equity process is thus approached from an organizational and strategic perspective rather than from a technical and prescriptive perspective (obligation to comply with the provisions of the Act). In fact, the pay equity process – as with computerization or work restructuring projects – entails “managing uncertainty” with respect to the outcome of the process, although where remuneration is concerned, cost control is an overriding objective for many heads of enterprise.

### 3.1 Organizing the Process

#### Creating a Pay Equity Committee

To allow employees to participate in the establishment of a pay equity plan, Quebec's *Pay Equity Act* requires that enterprises of 100 or more employees create a pay equity committee. The committee must consist of at least three members and a maximum of 18. At least two thirds of committee members must represent employees and half must be women.

The Act states that the committee establishes its own rules of functioning but specifies that employee and employer representatives are each entitled to a single vote on the pay equity committee. The committee therefore operates on the basis of parity, as is often the case in labour relations.

In our process, we present the pay equity committee as being in charge of the process and as the place where information is shared and communication with staff takes place. We base this on the spirit of the Act and job value determination practices developed in the past few years, mainly in unionized workplaces. However, the Act makes no specific statement to this effect. Employee participation can therefore be defined in a very narrow and limited way.

Note that the Act does not require a pay equity committee to be created in enterprises with fewer than 100 employees. But a committee may be created when an agreement is reached between the union and enterprise management. The committee is then subject to the same provisions of the Act as for enterprises of 100 or more employees.

As shown in Table 2, whether or not a pay equity committee is created depends on the group of enterprises in question. Thus, all MEs and MLEs created a committee. Although the number of employees varies, each committee has at least six members. However, there are no committees in VSEs, and only one SE created a pay equity committee after an agreement was reached between management and unions in accordance with the provisions of the Act. A value determination committee made up of managers was also created in another manufacturing enterprise. This enterprise now has over 100 employees.

**Table 2**  
**Presence of a Pay Equity Committee Based on the Number of Employees**

	VSEs	SEs	MEs	MLEs
Pay equity committee	0	1 out of 7	4 out of 4	2 out of 2
Value determination committee	0	1 out of 7	0	0
No committee	7 out of 7	5 out of 7	0	0

This suggests that, where there is no clear obligation under the Act or no request by a union to do so, enterprises do not create pay equity committees. Many of the officers we met with appear to have a negative perception of parity committees and consider them mainly a source of problems. Although parity practices are common in unionized enterprises, at least in some areas, the idea of working cooperatively with employees on job value determination and the determination of adjustments in compensation worries most managers. This concern becomes apparent when members of the pay equity committee are appointed.

We also found that the employee and management representatives on the committees may have different concerns. Management representatives appear to be primarily concerned with the potential cost of implementing pay equity, although some are open to employee participation. Employee representatives, on the other hand, have different concerns depending on whether they represent predominantly female job classes or predominantly male job classes, or depending on which union organization they represent. Thus, in two enterprises, committee meetings were suspended due to tensions among employee representatives. Once the issue was resolved (outside the committee), the committee's work resumed in the normal fashion.

In three other enterprises where the representatives of female job classes were non-unionized, the committee dynamics changed in the course of the process. In the initial stages (defining job classes, adapting the questionnaire), discussions were characterized by cooperation and partnership: free and equal expression by all members for the purpose of reaching consensus. But as the process progressed and especially at the stage when adjustments in compensation were to be determined, committee meetings were suspended so that management could first conduct its own analysis of the value determination results (and the potential cost of achieving pay equity) without the presence of employee representatives.

The *Pay Equity Act* provides no specific guidelines on how the committee should function or on how decisions should be made. This lack of specifics may lead to management controlling the committee, particularly if the committee's members are exclusively non-unionized staff, or if the representatives of predominantly female job classes are office workers who are not necessarily used to sharing their views or opinions, or making decisions about such issues. Moreover, because they are usually closer to management than to other employees, they may be somewhat reluctant to state their convictions in the context of a parity committee.

### **Information and Training**

Most heads of enterprise at the selected enterprises did not express a desire to exceed the requirements of the *Pay Equity Act* regarding information and communication with staff, but preferred to simply comply with the obligation to post under the Act. However, there were a few exceptions, in particular one VSE. After an agreement had been reached by union representatives and management, the steps of the process were explained at a meeting convened by management and the questionnaire was presented before it was administered to employees. After the process ended, the results were also conveyed to employees.

With respect to training, the provisions of Quebec's *Pay Equity Act* primarily concern members of the pay equity committee. In smaller enterprises without a committee, training consisted of

giving the reference manual to the person in charge of the process. In enterprises that had a committee, the most important session took place at the outset of the implementation process (six hours). This first session gave members a better understanding of the objectives of pay equity and an overview of the process. Short training sessions were then given to committee members at the start of each step: adapting the questionnaire, collecting data on job classes, validation, valuating differences. Given how hard it can be to free up time during work hours and how complex committee work can be, many members expressed a preference for occasional short sessions (or “coaching”) instead of longer sessions over a full day.

We also found that the concept of pay equity, or the application of the principle of equal pay for work of equal value, is little understood compared with the concept of equal pay for equal work. Those who show a better understanding of the concept are human resources managers who already manage a value determination system, and unionized representatives of female job classes who were trained by their organization.

Without a pay equity committee, employee participation in value determination and the transparency of the process are in fact random, if they exist at all. But we also found that the existence of a pay equity committee does not necessarily guarantee a transparent process, since information is usually only conveyed to committee members, who are required to keep all information confidential.

### **3.2 Identifying Predominantly Female and Predominantly Male Job Classes**

Predominantly female and predominantly male job classes are identified to determine which job classes will be subject to value determination and comparison in order to correct discriminatory differences in compensation. The stakes are high. For example, if a class is considered “predominantly male” rather than “predominantly female,” its members will not be entitled to adjustments. In the reference manual we provide to enterprises, one point in particular addresses class identification, the first step of a pay equity plan.

Determining job classes entails a careful examination of the inventory of jobs, compensation, and any other information available regarding job content. This is necessary because Quebec’s *Pay Equity Act* defines “job class” as a job or a group of jobs with similar duties or responsibilities, similar required qualifications, and the same remuneration (the same rate or scale of compensation). All three criteria must be met for a class to exist.

In most selected enterprises, particularly in VSEs, the list of predominantly female and predominantly male job classes is the same as the inventory of jobs in the enterprise, with the exception of executive management positions.

Once job classes have been identified, criteria set out in the Act can be applied to distinguish predominantly female job classes from predominantly male job classes:

- at least 60 percent of employees in the class are of the same sex;



- the difference between the rate of representation of women or men in the job class and their rate of representation in the total workforce of the employer is considered significant (for example, women represent 50 percent of the employees in a class but account for only five percent of all employees in the enterprise);
- the historical incumbency of the job class indicates that it is a predominantly female or predominantly male job class (for example, a position of receptionist-telephone operator that is traditionally held by a woman but is now held by man should be considered a predominantly female job class);
- the job class is commonly associated with women or men in the labour market (for example, a maintenance worker or a secretary).

**Comment [SR8]:** Page: 26  
With the exception of text in parentheses, taken from section 55 of the Act.

Job classes that are neither predominantly female nor predominantly male are considered mixed or neutral and do not have to be included in the review. However, since neutral job classes are an exception in most enterprises, we recommended that those in charge include such classes in the value determination process. Value determination results for these job classes are not used in the pay equity comparison but may be useful for later job classification during a review of internal equity or to maintain pay equity.

Determining gender predominance was relatively simple. Production positions usually represent predominantly male job classes while office positions, particularly the positions of clerk, secretary, and receptionist-telephone operator, fall under predominantly female job classes. Predominance was sometimes harder to determine for technician and professional positions, where mixing of the sexes was more frequent, or for positions with a single incumbent who changes frequently. In these cases the criteria of the Act were analysed and the committee made a decision.

Thus, in one ME in the manufacturing industry, every laboratory technician position was determined to be a separate class, given the specificity of certain tasks based on the position. After value was determined and differences valuated, an adjustment in compensation was granted for the technician position held by a woman. If the positions had been grouped together in a single job class, no adjustment would have been made.

In every case, we had to intervene to explain in detail, using the manual, the procedure for defining job classes. In unionized enterprises, this step was handled jointly by management and the union at a committee meeting after a review of the positions and wage scales in the collective agreement. In non-unionized enterprises, we asked management to create an initial definition of job classes using the guidelines in the reference manual, and then we verified the list produced. In smaller enterprises (VSEs and SEs), it was sometimes hard to distinguish job classes for office positions and all members of management were usually considered to be executives,<sup>25</sup> who are excluded under the Act.

It was more difficult to create job classes than to determine predominance. First, the concept of “job class” is not necessarily the same concept that employers and unions generally use. Second, defining “similar responsibilities and qualifications” poses a problem. As certain committee members pointed out, to establish job classes under the Act, one must almost determine the value

of job requirements, whereas the value determination process should follow, rather than precede, job class identification.

### 3.3 Adapting the Questionnaire

In our process, the standard questionnaire is first submitted to the enterprise for adaptation. We proposed the same adaptation procedure in all enterprises with a pay equity committee: after an overview of the questionnaire is presented, committee members complete the questionnaire themselves to become familiar with it quickly and in a hands-on manner. Once the exercise is finished, we collect general comments regarding the questionnaire and review them carefully. The purpose of the examination is to verify whether the subfactors and statements suit the mission of the enterprise and the characteristics and requirements of the job classes targeted by the value determination process.

We inform the members that changes to the wording must respect the consistency of the scales (choice of answers 1 to 7), then ask them to answer a number of questions, including:

- Should all the statements be kept?
- Should the statements be kept as is, or should some of them be modified?
- Should any statements be removed or replaced by ones more relevant or better suited to the enterprise?
- Should any examples be added to certain statements in order to facilitate comprehension?

The nature of the discussions varied according to committee dynamics and the number of job classes.<sup>26</sup> In the two SEs with a committee, as well as in the MEs and the MLEs, adapting the questionnaire required an average of 15 hours of committee work with the help of the consultant. Pre-testing was then conducted to ensure the committee's adaptation reflected all the characteristics of the predominantly female and predominantly male job classes in the enterprise. Pre-testing also helped to identify problems with statement comprehension. After pre-testing, the adaptation of the questionnaire was finalized quickly.

#### Nature and Scope of Changes to the Standard Questionnaire

As pointed out earlier, the standard questionnaire has 20 subfactors and 94 statements. However, after training sessions with managers of small-to-medium-sized enterprises, we agreed to remove three subfactors (*innovation and creativity*, *human relations*, and *confidentiality*) in order to shorten the questionnaire for small enterprises in the service industry (VSEs). That adapted questionnaire has 17 subfactors and 83 statements.

The tables on the following pages deal with changes to the questionnaire. Table 3 indicates the number of enterprises, based on their size and their obligations under the Act, that modified the standard questionnaire. It also provides an indication of the nature and scope of the changes. The first element of interest is that the five VSEs that used the questionnaire with 17 subfactors made no other changes to it. Changes to the questionnaire with 20 subfactors mainly involved removing or rewording statements. Table 3 also shows that the vast majority of target enterprises (11 out of 15) kept all the subfactors, and only four enterprises added subfactors.

Table 4 presents the number of enterprises that made changes to the questionnaire for certain characteristics. Enterprises in the manufacturing industry with a majority of predominantly male job classes made changes to the questionnaire more often than enterprises in the service industry (removal and rewording of statements).

Table 5 presents the number of enterprises that made changes to each subfactor. Note that all the subfactors were modified. However, the nature and scope of the changes vary by subfactor.

**Table 3**  
**Number of Enterprises That Changed the Questionnaire Based on the Number of Employees**

	VSEs	SEs	MEs	MLEs
No change	5 out of 7	1 out of 7	--	--
Subfactors removed	0	3 out of 7	1 out of 4	0
Statements removed	2 out of 7	6 out of 7	4 out of 4	2 out of 2
Subfactors added	0	1 out of 7	1 out of 4	2 out of 2
Statements added	0	1 out of 7	3 out of 4	2 out of 2
Rewording	2 out of 7	4 out of 7	4 out of 4	2 out of 2

**Table 4**  
**Number of Enterprises That Changed the Questionnaire for Certain Characteristics**

	Manufacturing Industry	Service Industry	Primarily Male Job Classes	Primarily Female Job Classes	Neutral
No change	1 out of 9	5 out of 11	5 out of 14	0	1 out of 20
Subfactors removed	2 out of 9	2 out of 11	2 out of 14	2 out of 5	0
Statements removed	8 out of 9	6 out of 11	11 out of 14	3 out of 5	0
Subfactors added	2 out of 9	2 out of 11	3 out of 14	1 out of 5	0
Statements added	4 out of 9	2 out of 11	5 out of 14	1 out of 5	0
Rewording	8 out of 9	4 out of 11	10 out of 14	2 out of 5	0

### **Adding or Removing Subfactors**

The subfactors that were added are as follows: *teamwork* (one MLE and one ME), *knowledge of mathematics* (one MLE), *learning period* (one SE), *knowledge of specialized equipment* (one ME and one MLE). These subfactors are not listed in Table 5. The decision to add a subfactor followed a long committee discussion on the relevance of the addition based on the mission and culture of the organization, criteria for hiring, selection and access to positions, and work organization. Pre-testing confirmed the committee's decision.

As indicated in Table 5, several subfactors were removed by various groups of enterprises: *knowledge of other tasks* (one enterprise), *handling of objects* (one enterprise), *innovation and creativity* (one enterprise), *human relations with clients* (one enterprise), *confidentiality* (one enterprise), *inconvenience of physical environment* (two enterprises), *external communications* (one enterprise).

Subfactors were mainly removed by SEs and MEs. Of the four enterprises in question, two are unionized manufacturing enterprises. At one manufacturing enterprise (a unionized ME), the committee removed three subfactors: *human relations with clients*, *external communications*, and *confidentiality*. Because the pay equity plan applied only to production jobs (predominantly female and predominantly male job classes), these subfactors were deemed irrelevant for value determination purposes.

Also, in two service enterprises (non-unionized SEs), the subfactor *physical environment* was removed. One of the enterprises also removed the subfactor *knowledge of other tasks* because it considered that the requirement applied to most positions. That is also the reason why an enterprise in the manufacturing industry (a unionized SE) decided to remove the subfactor *innovation and creativity*.

**Table 5**  
**Number of Enterprises That Changed the Standard Questionnaire and**  
**Type of Changes to Subfactors**

Subfactor	Removal of Subfactors	Removal of Statements	Addition of Statements	Rewording
Education	0	0	0	5
Experience	0	0	0	5
Knowledge of languages used	0	2	2	1
Knowledge of other tasks	1	2	0	1
Computer software	0	7	3	7
Innovation and creativity	1 (+5*)	6	0	0
Physical coordination	0	6	1	2
Handling of objects	1	3	1	0
Work positions	0	9	0	0
Human relations / clients	1 (+5*)	8	1	0
Attention and vigilance	0	9	2	1
Reasoning and analysis	0	3	1	3
Internal communications	0	7	1	1
External communications	1	4	2	1
Confidentiality	1 (+5*)	9	0	0
Responsibility with respect to others	0	13	0	3
Autonomy (decisions)	0	4	0	7
Impact of work	0	1	2	0
Physical environment	2	4	3	0
Constraints and stress factors	0	9	3	0

\* This number refers to the five VSEs that used the adapted 17-question standard questionnaire.

### **Adding or Removing Statements**

As indicated in Table 5, almost all the enterprises (14 out of 15) that used the 20-subfactor standard questionnaire removed statements and six enterprises added one or more statements for most subfactors. Statements were removed under all the subfactors, though to a varying degree. The most frequently affected statements were: *knowledge of computer software*, *work positions*, *attention and vigilance*, *human relations with clients*, *internal communications*, *confidentiality*, *responsibility with respect to others*, *constraints* and *stress factors*.

### **Rewording Statements**

A total of 10 enterprises reworded statements. The subfactors most frequently reworded to adapt the statements to the context of the enterprise were: *autonomy*, *knowledge of computer software*, *reasoning and analysis*, and *responsibility with respect to others*. Several enterprises also reworded the *education* and *experience* subfactors. Moreover, we found it necessary to revise the *autonomy* and *reasoning and analysis* subfactors because of the many questions raised by the members of the pay equity committees and the participants in the pre-testing sessions.

In short, changes to the questionnaire mainly involved removing or adding statements and, to a lesser degree, removing or adding subfactors. None of the VSEs made any changes to the questionnaire. However, five of these enterprises were offered a modified standard questionnaire (17 subfactors).

Finally, enterprises interpreted certain subfactors differently with respect to the four major factors (qualifications, responsibilities, effort, and working conditions). The subfactors *innovation and creativity*, *manual dexterity*, *physical coordination*, and *human relations with clients* were sometimes considered to fall under *effort*, and sometimes under *qualifications*.

## **3.4 Administering the Questionnaire**

With the structured questionnaire method, the questionnaire serves as both the data collection tool and the value determination grid. We favour administering the questionnaire in group sessions and recommended that as many employees and first-line supervisors as possible complete it. We maintain that the greater the number of respondents, the better the chance of obtaining valid data that is adequate, accurate, and representative of the actual positions. We emphasize that strong participation fosters support for the entire process, whereas targeting a sample leads to a feeling of exclusion and creates resistance to the process and the results.

The questionnaire was administered differently from one enterprise to the next. As shown in Table 6, employees and first-line supervisors answered the questionnaire in all MEs and MLEs, in two SEs, and in one VSE. Except for the VSE, all the enterprises created a pay equity committee. However, in the vast majority of SEs and VSEs, employees did not participate in data collection because only management or first-line supervisors completed the questionnaire. When the process was presented, the heads of enterprise we met with indicated that it was impossible to free up work time and to mobilize their staff to complete the questionnaire, all the

more so since the Act did not require them to do so. However, most were favourable to the questionnaire and wished to use it, given its simplicity. We therefore agreed to that approach.

**Table 6  
How Data Was Collected**

	VSEs	SEs	MEs	MLEs
Questionnaire completed by employees/supervisors	1 out of 7	1 out of 7	4 out of 4	2 out of 2
Questionnaire completed by supervisors	0	1 out of 7	0	0
Questionnaire completed by management	6 out of 7	3 out of 7	0	0
Questionnaire completed by supervisors/job descriptions	0	1 out of 7	0	0
Questionnaire completed by employees/supervisors / job descriptions	0	1 out of 7	0	0
Pre-testing	0	2 out of 7	4 out of 4	2 out of 2

Table 6 also indicates that two of the target enterprises used job descriptions as part of the value determination process. The workforce of these two SEs has increased since the year 1996-97, the reference period stipulated in the Act for determining the number of employees and the resulting obligations. The enterprises have in fact become MEs as they now respectively employ 120 and 150 persons.

In one of these enterprises (manufacturing industry), it was agreed from the outset that job descriptions would be created, since management viewed achieving pay equity as an opportunity to structure all human resource management activities – identifying training requirements, implementing a performance appraisal plan, etc. The descriptions were prepared while the questionnaire was being adapted and were finalized after the questionnaire was administered. The questionnaire results served to validate the draft descriptions. In the other enterprise (service industry), job descriptions were drafted before the pay equity plan was implemented and staff were consulted at the time. The descriptions were thus used as a complement to the questionnaire, which was completed by first-line supervisors.

Further, committee members appear to have found it difficult to administer the questionnaire. In most cases, committee members assumed control of the process after the consultant provided instructions and training. We observed that the members of the pay equity committees found the task difficult despite their training. In several cases, organizing one-hour group sessions during work hours proved to be a problem because of limited employee availability, difficulty in replacing employees, scheduling issues, work overload, and so on. In addition, employees from predominantly male job classes were somewhat reluctant to complete the questionnaire, stating that they failed to see the usefulness of the process or that the questionnaire was too subjective or complicated to answer.

This stage went the most smoothly in those enterprises where committee members invested the time and energy needed to properly inform employees and organize group sessions, and where the following instructions were followed:

- To ensure consistency in data collection, give the same instructions and explanations to all respondents. If a number of groups are created, give the same information to every group.
- Present the questionnaire's objectives: classify positions, not individuals, in order to identify and correct any discriminatory differences in compensation.
- Present the content of the questionnaire: a series of questions or statements related to the four major factors (qualifications, responsibilities, effort and working conditions) and restate the objectives if necessary.
- Explain how the value determination process works: employees and first-line supervisors complete the questionnaire, the answers are compiled, the committee validates the answers, and so on.
- Read the presentation of the questionnaire out loud. This way, all the respondents will become familiar with it. It will also give respondents the chance to ask questions and the persons in charge of administering the questionnaire an opportunity to provide examples of how to answer the questionnaire. If necessary, provide more specific instructions on how to answer each statement.
- Invite questions or requests for clarification, even if the respondents have already begun to answer the questionnaire.
- Make sure all the questionnaires are collected and check the name of the respondent and the position title.

### **3.5 Weighting the Factors and Subfactors**

As a rule, the four factors set out in the Act – required qualifications, responsibilities, effort required, and the conditions under which the work is performed – are not all equally important. As Dussault (1987) rightly points out, weighting is proof positive that job value determination plans are based on value judgments.<sup>27</sup>

Establishing weighting is the final step in defining the value determination method. To be as objective as possible in doing so, we recommend that weighting coefficients be defined before a value is actually determined (analysis and validation of questionnaire answers). The coefficients are defined in reference to the enterprise's mission and work processes, then recorded in the data manager and applied to the various ratings (1 to 7) once the questionnaire answers are validated. The data manager automatically calculates weighting.

In MEs and MLEs, as indicated in Table 7, the pay equity committee determined the weighting with our assistance (prior training and leadership) as follows: after committee members agreed on the importance they wished to assign to each of the major factors set out in the Act, we asked them to individually assign a coefficient (a percentage of 100 percent) to each subfactor. The results were listed in a table and a discussion began in order to reach a consensus for every factor and subfactor. It should be noted that each subfactor also has an internal weighting, as some statements are equivalent while others represent a progression in requirements. This weighting was also discussed by the committee.

Committee members appear to have appreciated the procedure we proposed for defining the weighting. Employee representatives in particular were very apprehensive about the weighting stage, which many perceived as an opportunity for management to “set things right” in order to reproduce the existing compensation structure or to “introduce bias.” Weighting is indeed a strategic step for both parties (management and employees) since it is the point when the relationship between job requirements and their importance in terms of compensation is formally established.

By establishing weighting before the results are reviewed, gender bias can be prevented. The process allows committee members to concentrate on the enterprise’s mission and work processes rather than on the compensation of each job class.

**Table 7  
How Weighting Was Determined**

	VSEs	SEs	MEs	MLEs
Weighting defined before validation, by consultant and management	0	0	0	0
Weighting defined before validation, by committee and consultant	0	4 out of 7*	4 out of 4	2 out of 2
Weighting defined after validation, by consultant and management	2 out of 7	3 out of 7	0	0
Weighting defined during validation	5 out of 7	0	0	0

\* Note that in one of these enterprises, a management committee was created instead of a pay equity committee within the meaning of the Act.

Table 7 indicates that in most VSEs (five out of seven), weighting and validation of questionnaire answers occurred simultaneously. “Overall validation” is the term used in this case for these enterprises. When the questionnaire answers were entered into the data manager, a weighting hypothesis was recorded to allow enterprise management to view a synopsis of the (weighted) results before reviewing the questionnaire answers (completed by management).

Moreover, in two VSEs and three SEs, weighting was defined after a “detailed” validation. Note that, in these enterprises, a committee had not been created and, except for one VSE, the questionnaire was completed by first-line supervisors or management rather than by employees. However, most SEs (four out of seven) established weighting before validation at a meeting between management and the consultant.

Half the enterprises that defined weighting before validation made changes once the overall results were reviewed. The changes were minor and were made to rebalance the weighting coefficients, particularly among a number of subfactors that fell under *responsibilities* and others under *qualifications*. Many heads of enterprise also stated that they wished to “remunerate” qualifications and responsibilities more than effort and working conditions.



**Table 8**  
**Average Weighting Coefficients for Each Factor**

	VSEs %	SEs %	MEs %	MLEs %
Qualifications	30.6	31.0	31.0	33.5
Effort	21.7	23.6	24.5	24.5
Responsibilities	35.4	34.9	33.0	33.0
Working conditions	12.3	10.5	11.5	9.0
Total	100	100	100	100

Table 8 presents average weighting coefficients for the four major factors based on enterprise size. First and foremost, it can be observed that distribution of the weighting coefficients among the major factors is similar regardless of enterprise size. We also note that all enterprises gave *working conditions* the lowest coefficient, which is consistent with guidelines issued by the Commission de l'équité salariale and with recent job value determination practices. Overall, the *responsibilities* factor has the highest average, except with MLEs, where the average coefficients for *qualifications* and *responsibilities* are very close (33.5 and 33.0 percent). VSEs assigned the *effort* factor the lowest weighting coefficient, although it is weighted similarly in other groups.

**Comment [SR9]:** Page: 34  
Error in the French, refer to table.

Table 9 lists the weighting coefficients of subfactors for two SEs, one (Enterprise A) in the manufacturing industry (manufacture of industrial goods) and the other (Enterprise B) in the service industry (tourism and recreation). We realize that overall similarities (Table 8) cover fairly significant differences for individual enterprises. In particular, we observe that the highest coefficients do not concern the same subfactors. Thus, *education* and *experience* have a higher coefficient in Enterprise A than in Enterprise B. However, coefficients for *external communications* and *human relations* are higher in Enterprise B than in Enterprise A. The importance assigned to *inconvenience of physical work environment* and *stress factors* also varies.

**Table 9**  
**Comparison of Weighting Coefficients in Two Small Enterprises**

Weighting coefficients	Enterprise A	Enterprise B
	Manufacturing Industry %	Service Industry %
Education	9	5
Experience	9	6
Knowledge of languages used	3	6
Knowledge of other tasks	4	3
Knowledge of software	4	3
Innovation and creativity	5	3
Physical coordination	4	4
Object handling	4	4
Work positions	4	4
Human relations (clients)	3	5
Attention and vigilance	5	4
Reasoning and analysis	5	5
Internal communications	4	4
External communications	3	8
Confidentiality	3	3
Responsibility with respect to others	7	8
Autonomy	6	6
Impact of work	7	6
Inconvenience of physical environment	4	6
Constraints and stress factors	7	8
<b>TOTAL</b>	<b>100</b>	<b>100</b>

Table 10 lists average weighting by industry. This table reproduces, though less markedly, the differences found in Table 9. Thus, the *qualifications* factor is weighted slightly higher in the manufacturing industry, while the *responsibilities* factor is most important in the service industry. However, the coefficients assigned to *working conditions* are similar, whereas for the two SEs in Table 9, this factor was weighted higher by the service enterprise.

**Table 10**  
**Average Weighting Coefficients by Industry**

	Qualifications %	Effort %	Responsibilities %	Conditions %
Manufacturing industry	34.0	23.4	32.8	10.8
Service industry	30.4	23.8	35.4	10.4

### 3.6 Determining the Value of Job Classes

#### Computer Input of Questionnaire Answers

The data manager compiles questionnaire answers on results synopsis sheets that are predefined in an Excel file. Note that separate results synopsis sheets are prepared for pay equity purposes and to facilitate the comparison of results for predominantly female and predominantly male job classes.

Almost all enterprises (18 out of 20) entrusted the consultant with computer input of the answers. In the two enterprises that did not, management handled the task after completing a questionnaire for each predominantly female and predominantly male job class.

#### Validation

Based on all the compilations and tables created, validation consists of reviewing the questionnaire answers and confirming or modifying the ratings assigned to each statement. As shown in Table 11, this step was handled differently by various groups of enterprises.

**Table 11**  
**Method of Validation Based on the Number of Employees**

	VSEs	SEs	MEs	MLEs
Validation by committee and consultant	0	2 out of 7	4 out of 4	2 out of 2
Validation by management and consultant	7 out of 7	5 out of 7	0	0

In all VSEs and most SEs, questionnaire answers were validated by management (small committee of managers or a single management representative) with the consultant's assistance. Note that in all such enterprises, first-line supervisors or management answered the questionnaire (one questionnaire per class evaluated), except for one enterprise (VSE) where employees and first-line supervisors completed it.

However, in all MEs and MLEs and in two SEs, a committee validated the answers with our assistance. Note that these two SEs can be considered special cases with regard to the provisions of the Act. One enterprise created a management committee rather than a pay equity committee within the meaning of the Act and the other created a pay equity committee further to an agreement between the unions in question and enterprise management. The suggested validation procedure is as follows: after reviewing the definition of factors and subfactors and, where necessary, the tasks performed in the designated job class, we asked committee members to reach a consensus on the rating of each statement of the subfactors. Members are not asked to assign a rating individually, then discuss it as a committee, because each member's knowledge of the job classes in question must be considered.

All pay equity committees were given training when this step began. However, we were not present at all work sessions. With some committees, we began the process and the members continued the validation, with a few occasional consultations. With other committees, we participated in only some of the sessions. When the process wrapped up, however, a number of committee members emphasized that it was important for the pay equity committee to be led by a consultant to ensure that the members remained focused on the objective of the exercise and, particularly in the case job classes with a single incumbent, to ensure that the value was determined on the basis of job requirements rather than the individual's performance. We had to remind committees of this fact several times in the course of our participation in their work sessions.

The vast majority of persons who took part in the validation process emphasized how labour intensive it was. Every committee member must participate actively for work to progress smoothly and must sustain their attention for several hours at a time. The time required generally depends on the number of job classes, the quality of the data collected, and committee dynamics. In the enterprises selected, the pay equity committees needed at least 18 hours to complete validation.

Technical and strategic aspects are always an issue when a consensus must be reached, not only among employee and management representatives, but also among middle managers, professionals, technicians, and office workers. Moreover, some representatives are unionized, sometimes with different organizations, while others are not (middle managers in particular). Every participant has the dual role of judge (evaluator) and representative, either for management or for a group of employees who hold jobs in predominantly female or predominantly male job classes. We noted that persons who represent predominantly female job classes (usually women) were challenged more often, especially when ratings by the employee and the supervisor were high. In this regard, non-unionized women appeared to be more vulnerable to the pressures on them.

We also noted that, despite their limited experience as evaluators, some members of the pay equity committee seemed to consider their judgment more objective than that of the employees and the supervisors or sometimes tended to disregard ratings assigned by them. According to comments made by some members, this attitude may reflect an insecurity about having to determine the value of other employees' positions as well as their own.

### **Assigning an Overall Rating to Each Job Class**

Once the validation stage ended, the data manager was used to compile the ratings assigned by the committee in order to produce a single rating for each subfactor. The weighting coefficients established earlier were also applied, resulting in an overall rating for each predominantly female and predominantly male job class. Next the committee reviewed all the overall ratings on the "synopsis sheets." Where necessary, certain ratings were revised in order to correct inconsistencies or biases introduced during validation.

This is also the point at which the weighting coefficients for each subfactor can be revised. In all the enterprises selected, management representatives asked to see the results before the

committee convened for this purpose. Management also proposed changes to the weighting after an analysis of the various scenarios and of their impact on overall ratings. The proposed changes were then discussed by the committee. The averages for female and male job classes were also compared for each subfactor to ensure the weighting was as neutral as possible, considering the mission of the enterprise.

## 4.0 Pay Equity Implementation

In order to identify and correct discriminatory differences in compensation, it is not enough just to accurately determine job value. Another step is necessary, one that involves a systematic comparison of remuneration and the results of value determination for predominantly female and predominantly male job classes. In this section, we discuss the definition of remuneration, the choice of method for valuating differences in compensation, and the determination of adjustments in compensation. We then address the issue of controlling gender bias, which is inseparable from achieving and maintaining pay equity.

### 4.1 Definition of Remuneration

Under the Quebec *Pay Equity Act*, the remuneration of a job class is the maximum rate or scale of compensation. However, for the purposes of valuating differences in compensation, the Act states that flexible pay and benefits having pecuniary value must be included if such elements are not equally available to predominantly female and predominantly male job classes: indemnities and bonuses, retirement plans, non-salary benefits, etc. However, some differences (seniority, a shortage of skilled workers) are excluded as long as they are unrelated to gender-based discrimination.

**Comment [SR10]:** Page: 38  
Mostly from section 65 to 67 of the Act.

At this stage, difficulties mainly arise from the numerous details that must be considered, elements that must be included or excluded, calculations, and so on. In the case of unionized staff, this calculation is easier, since the elements of remuneration are already laid down in the collective agreement. However, for non-unionized staff and especially in non-unionized enterprises, this step is more complex and sensitive. In fact, bonuses were found to be paid more often in these enterprises, and mainly to incumbents in predominantly male job classes.

As illustrated in Table 12, at the time of pay equity implementation, the MLEs, the MEs, two SEs and two VSEs already had a well-established wage structure. Most of these enterprises have separate wage structures for unionized and non-unionized staff. Note that in all enterprises, middle managers are non-unionized and that, in half the enterprises, office workers (clerks, secretaries, etc.) are non-unionized.

**Table 12**  
**Existence of a Wage Structure Based on the Number of Employees**

	VSEs	SEs	MEs	MLEs
No formal wage structure	5 out of 7	5 out of 7	0	0
Separate wage structure for unionized and non-unionized staff	2 out of 7	1 out of 7	4 out of 4	2 out of 2
Wage structure for all staff (non-unionized)	0	1 out of 7	0	0

Further, most VSEs and SEs (five out of seven) had no formal wage structure when pay equity was implemented. Despite having more employees and more job classes, SEs do not appear to be more structured than VSEs with respect to remuneration. However, when pay equity was implemented, three SEs created a wage structure for their staff. The heads of enterprise at VSEs did not express a desire to do so, since they considered the classification resulting from the pay equity process to be satisfactory.

#### **4.2 Choice of Method for Valuating Differences in Compensation**

Valuating differences in compensation consists of comparing the remuneration in predominantly female and predominantly male job classes with their relative value, and of identifying any discriminatory differences for each predominantly female job class.

This is a strategic point for the employer because valuating the degree of differences in compensation means calculating the cost of achieving pay equity. This is also the moment when the issue of maintaining pay equity in relation with internal equity arises most concretely. It is understandable that employers should seek the least-cost outcome and hope to pay out as little as possible in adjustments. Beyond this concern, the choice of valuation method must consider the provisions of the Act, particularly that of using the same method for all predominantly female job classes.

As mentioned earlier, two valuation methods are permitted under the Act. The overall valuation method involves tracing a trend line for predominantly male job classes. With the individual valuation method, remuneration in a predominantly female job class is compared with remuneration in a predominantly male job class with the same number of points. Where there is a difference, remuneration in the predominantly female job class will be raised to the level of remuneration in the predominantly male job class. When several predominantly male job classes have the same value, the average remuneration in these classes is used for the comparison.

We prefer the overall valuation method as it offers better guarantees with respect to validity and consistency. It also allows for valuating the differences between predominantly female and predominantly male job classes, even if no predominantly female job class has the same number of points as a predominantly male job class. However, the decision is up to the person in charge of the process in the enterprise.

In our process, the data manager automatically traces the trend line as soon as the rates of compensation are available. In some enterprises, mainly unionized enterprises, committee members were given a graph<sup>28</sup> of the wage trend line for predominantly male job classes and the position of predominantly female job classes in reference to this line when they were reviewing the overall results of value determination after the validation stage. The graph is an early indicator of the scope of the adjustments needed to establish pay equity, regardless of the valuation method applied.

**Table 13**  
**Preferred Method of Valuating Differences**  
**Based on the Number of Employees**

	VSEs	SEs	MEs	MLEs
Individual valuation method: job-to-job comparison or proportional value comparison	3 out of 7	4 out of 7	2 out of 4	Nil
Overall valuation method: trend line	4 out of 7	3 out of 7	2 out of 4	2 out of 2

Table 13 shows that MEs are divided equally between the overall valuation method and individual valuation methods. One of the enterprises that chose the overall valuation method has few predominantly male job classes, which means the job-to-job comparison method would not allow for proper comparison of all predominantly female job classes. In the other enterprise, the job classes considered in the pay equity process were all for unionized production jobs subject to the same wage structure.

The two MEs and one of the SEs that chose the individual valuation method (job-to-job comparison) have several predominantly male job classes, and therefore experienced no problem with comparisons given the few predominantly female job classes (manufacturing industry, primarily male workforce). However, the wage structure for production jobs is hard to reconcile with the value determination results, since a single scale was applied to all plant jobs without regard to the sometimes very different job requirements. After analysis, it was agreed that job-to-job comparison would be used to prevent substantial distortions of internal equity. The three other SEs that used job-to-job comparison chose the method after an analysis of value determination results for predominantly female or predominantly male job classes and of potential comparisons.

Finally, VSEs are also divided between the two methods: four enterprises chose the overall valuation method and three enterprises the job-to-job comparison method. In the latter case, the enterprises were very small (fewer than 25 employees) with only three or four predominantly female and predominantly male job classes.

#### **4.3 Determination of Adjustments in Compensation**

Table 14 provides an overview of adjustments in compensation in target enterprises based on the method used to value differences in compensation. The first observation that can be made is that enterprises are divided equally with respect to their choice of method. However, more of the enterprises that chose the overall valuation method (trend line) made adjustments in compensation. In fact, only 25 percent of the enterprises that used the individual valuation method made such adjustments, whereas 45 percent of the enterprises that chose the overall valuation method did so.



**Table 14**  
**Adjustments in Compensation Based on the Valuation Method**

	<b>No Adjustments in Compensation %</b>	<b>Adjustments in Compensation %</b>
Individual valuation method	25	25
Overall valuation method	5	45

**Table 15**  
**Adjustments in Compensation Based on the Number of Employees**

	<b>VSEs</b>	<b>SEs</b>	<b>MEs</b>	<b>MLEs</b>
No adjustments in compensation	3 out of 7	3 out of 7	--	--
Adjustments in compensation	4 out of 7	4 out of 7	4 out of 4	2 out of 2

Table 15 shows adjustments in compensation based on enterprise size. Most selected enterprises made adjustments in compensation. Moreover, three of them (one VSE, one SE and one ME) made adjustments to all predominantly female job classes.

Close to 70 percent of adjustments in compensation were made for conventional office jobs (various clerk positions, mainly in accounting, various levels of secretarial positions, receptionist-telephone operator positions, and customer service positions). Professional, technician and administrative (coordination, supervision) positions represent 20 percent of adjustments paid. Adjustments for maintenance and production (products and services) positions represent 10 percent of those made.

Finally, Table 16 shows adjustments in compensation based on unionization. Over half of target enterprises are non-unionized (11 enterprises). Only six of these made adjustments in compensation for pay equity, whereas all unionized enterprises (nine enterprises) made such adjustments.

**Table 16**  
**Adjustments in Compensation and Unionization**

	<b>No Adjustments in Compensation</b>	<b>Adjustments in Compensation</b>
Non-unionized enterprise	5 out of 20	6 out of 20
Unionized enterprise	0	9 out of 20

#### 4.4 Control of Gender Bias

Control of gender bias is an integral part of any job value determination process in pay equity. Controlling gender bias means, to the greatest extent possible, taking the measures necessary to eliminate gender-based stereotypes and prejudices from value determination. This provision of Quebec's *Pay Equity Act* represents a constraint when defining tools and applying the value determination process. Enterprises must, in particular, be as neutral as possible and must ensure that the value of predominantly female and predominantly male jobs is determined in the same manner.

Two sections of the Act deal with control of gender bias. First, section 34 states, for enterprises with fewer than 50 employees, that the employer must ensure that its process does not discriminate on the basis of gender. Second, section 51 stipulates that the employer must ensure that every element of the pay equity plan, and the application of these elements, is free of gender-based discrimination. However, the Act does not indicate what specific means to use to ensure control of gender bias.

In our process, control measures are built into our tools. When we designed our questionnaire, we were careful to include the requirements of predominantly female job classes which are often overlooked in traditional value determination systems. Using interval scales for all subfactors is also a means to foster the neutrality of the process. When the questionnaire was being adapted to the specific situation of each enterprise, we emphasized the importance of maintaining these scales and asked committee members to explain why they removed or added any subfactors or statements for job characteristics and work organization.

Processing with the data manager also allows for control of bias with a comparison of the average ratings assigned by employees, first-line supervisors, and the committee. The same comparisons can be made for weighting coefficients to verify the balance between predominantly male and predominantly female job classes. These technical measures enabled us to take certain precautions and to make corrections in the course of the process, particularly during review of the overall value determination results. The measures also allowed us to apply certain restrictions to proposed changes to the weighting coefficients. But given the subjective nature of the job value determination process, the effect of these measures is somewhat uncertain. In fact, some heads of enterprise appeared to be surprised by such bias control measures. As one of them stated, it should be enough to systematically determine the value of jobs using a pay equity-oriented questionnaire.

In actual fact, bias control is not only a product of technical methods; it also results from a desire to respect pay equity and from an awareness of the necessity and advantages of properly recognizing, through compensation, the contribution of predominantly female job classes in an enterprise. In this respect, training pay equity committee members can certainly be considered a bias control measure, insofar as it helps members better understand the Act and how it can be applied to correct systemic discrimination. But there is no guarantee that the few hours of training given when a pay equity plan is established (often in a context where time is in short

supply) is always enough to foster better understanding of systemic discrimination issues and to eliminate deeply rooted prejudices concerning jobs traditionally held by women.

Nor does such training change the fact that some heads of enterprise have difficulty with recognizing, or are reluctant to recognize, the skills of the female workforce in terms of compensation. In fact, many heads of enterprise are more concerned with cost control than bias control. This is an issue in all enterprises. But in very small enterprises, the problem is compounded by the fact that little or no resources are spent on human resource management.

#### **4.5 Maintenance of Pay Equity**

Quebec's *Pay Equity Act* clearly states the employer's obligation to maintain pay equity. Certified associations are also held to this obligation when negotiating or renewing a collective agreement. While there are no provisions to this effect in the Act, this cannot be interpreted to mean that issues associated with this legal obligation and its effects on human resource management practices are negligible. On the contrary, enterprises come face to face with such issues when valuating differences in compensation. Some heads of enterprise in fact lamented the Act's failure to stipulate specific provisions in this respect.

The enterprises that applied our process already have the tools they need to maintain pay equity, as the questionnaire and data manager can be used to ensure follow-up on value determination. In other words, the value determination method used to establish the pay equity plan serves as a reference for maintaining pay equity in the enterprise.

In the selected enterprises, the obligation to maintain pay equity was framed in relation to the need to maintain internal equity throughout the enterprise. As mentioned earlier, in two MEs and one SE, the value determination exercise revealed that the rate of compensation for production jobs appeared not to have been determined based on the four major factors set out in the Act ("flat" wage structure). In these enterprises, the choice of valuation method for differences in compensation required much analysis and discussion by the committee both with respect to maintaining pay equity and to internal equity, as some members tended to blame the Act for inconsistencies in the wage structure.

In practice, pay equity can be considered a key parameter of internal equity.<sup>29</sup> That is why a number of employers decided to pair pay equity implementation with an internal equity review. Among the target enterprises, several (two SEs, one ME and one MLE) decided on this approach. Mixed or neutral classes (for example, classes in which neither gender accounted for 60 percent of the class) were included in the value determination exercise. However, these job classes were not included when predominantly female and predominantly male job classes were compared in order to determine adjustments in compensation.

## **5.0 Example of an Implementation Process**

### **Fictitious Case**

In 1996-1997, CBA, a door and window manufacturer, employed some 70 employees. The enterprise now has a little over a hundred employees, most of whom hold unionized production jobs. CBA also has a few unionized administrative positions and a few non-unionized middle management positions.

The pay equity process began in late summer 2000 after the two unions and the human resources manager reached an agreement. The agreement respects the various steps of a pay equity plan as set out in Quebec's *Pay Equity Act*. Pursuant to the Act, a first posting took place in fall 2000 and a second, at the end of the process, in fall 2001.

### **Creation of a Pay Equity Committee and Training of Committee Members**

A pay equity committee was created in late summer 2000, in accordance with the parameters of the Act. The committee members were as follows: the human resources manager and the operations manager, as management representatives; one carpenter and one maintenance worker, representing unionized production workers (predominantly male job classes); one purchasing clerk and one executive secretary, representing unionized office workers (predominantly female job classes); and the person in charge of customer service, representing non-unionized employees.

The consultant gave committee members their first training session in September 2000. The training was an opportunity for committee members to become familiar with the reference manual and gave them an overview of pay equity objectives and the pay equity process, following the method proposed in the manual. It also aimed to provide them with the knowledge and skills necessary to begin implementing a pay equity plan for all staff in the enterprise. At the end of the training session, committee members agreed to send employees a memo informing them that the implementation of a pay equity plan had begun and of the choice of method.

Further two-hour training sessions were given occasionally, in particular during the steps of questionnaire administration, definition of weighting, validation, and valuation of differences in compensation.

### **Identification of Predominantly Female and Predominantly Male Job Classes**

Based on the criteria set out in the *Pay Equity Act*, the committee identified 27 predominantly male job classes and eight predominantly female job classes. It was relatively easy to determine gender predominance in job classes, since all production jobs were held by men and most administrative positions (except middle management positions) were held by women. The criterion of 60 percent of employees in the class being the same sex was selected, except for the computer technician class. To establish gender predominance in that class, the history of the

position was examined, after which the class was determined to be predominantly male, even though the position had been held by a woman for the past few months.

### **Adaptation of the Value Determination Questionnaire and Weighting**

The pay equity committee met three times in fall 2000 for the purpose of adapting the questionnaire. No subfactor was added or removed. However, questions arose with respect to certain subfactors – for example, whether *education* and *experience* refer to an employee’s actual education or experience, or to required education and experience. All the statements under *knowledge of computer software* were reworded to reflect the enterprise’s specialized software. The statement “deal with persons in difficult situations” under *human relations* was removed because it did not apply to the enterprise’s specific situation. The statement “decide which confidential information to disclose” under *confidentiality* was also removed for the same reason.

After these meetings, some uncertainty remained with respect to the wording of statements. To avoid needlessly prolonging discussions, committee members agreed to conduct pre-testing with a small sample of employees representative of predominantly female and predominantly male job classes. Employees who participated in pre-testing answered the questionnaire in front of the pay equity committee, then discussed the subfactors. After pre-testing, committee members finalized the questionnaire based on the comments they gathered.

After adapting the questionnaire to the enterprise’s specific situation, committee members met again to determine the weighting coefficients for each factor and subfactor based on the mission of the enterprise.

### **Job Data Collection**

Committee members oversaw the administration of the questionnaire in January 2001. All the employees answered the questionnaire in group sessions organized by the human resources department and the pay equity committee. First-line supervisors also completed one questionnaire per position under their supervision. In total, some one hundred questionnaires were completed.

### **Value Determination**

The questionnaire answers were entered into the data manager in February 2001. After reviewing the results synopsis sheets provided by the consultant, committee members began the validation process – that is, examining the ratings assigned by employees and first-line supervisors for every statement on the questionnaire in order to determine the committee’s rating.

After a six-hour session, committee members decided to hold shorter work sessions. They found that after three or four hours, it was hard for them to maintain the concentration needed for the work, since they had to continuously keep in mind that they were determining the value of job requirements rather than the performance of incumbents. During the validation process, the

committee sometimes checked with incumbents and their supervisors before determining their rating.

Once the results were validated, the consultant used the data manager to automatically compile the committee’s ratings. The weighting coefficients defined prior to the validation process were also applied. The result was an overall rating for every job class and a results synopsis sheet.

The synopsis of value determination results was submitted to the members of the pay equity committee. After a number of inconsistencies were identified, committee members revised some of the results. A few changes were also made to the weighting in order to better reflect the mission of the enterprise, as recommended by the human resources manager. The committee made sure that no imbalance or bias was introduced, then agreed to increase the weighting for *impact of the work* and to reduce the weighting for *innovation and creativity*.

### Determination of Adjustments in Compensation

With value determination finished, committee members determined remuneration (the maximum hourly rate) for each job class. Using a list provided by the human resources manager, benefits having pecuniary value were compared for predominantly female and predominantly male job classes. After the benefits were analysed and discussed, committee members agreed not to include the benefits. Although there were differences in some respects, the committee determined that, overall, the benefits were equal.

After examining the classification of job classes and a graph of the wage trend line for all predominantly male job classes, differences in compensation were valued using the overall valuation method set out in the Act. Committee members found this approach to be the most logical and believed it would make it easier to maintain pay equity later on. Differences were therefore calculated using regression analysis. This formula calculates the points where the trend line may pass and allows for determining the pay equity rate for predominantly female job classes.

Below are the adjustments that had to be made at the fictions CBA to correct discriminatory differences in compensation for predominantly female job classes:

**Table 17  
An Example of Adjustments in Compensation  
(Fictitious Case)**

Class	Current Rate	Pay Equity Rate	Adjustment in Compensation \$
Accounting clerk	17.00	19.02	2.02
Customer service clerk	15.00	18.05	3.05
Human resources secretary	17.75	20.66	2.91
Executive secretary	18.25	20.35	2.10
Secretary	16.50	19.29	2.79

Adjustments for predominantly female job classes became effective on November 21, 2001. After discussion by the committee, management agreed that the adjustments would be paid in four equal yearly instalments.

## 6.0 A Few Findings

As mentioned in our introduction to this report, we wish to provide conceptual approaches and potential answers in response to the concerns of the Pay Equity Task Force regarding methodology and the application of the pay equity principle in small-to-medium-sized enterprises.

Using the analysis we had performed, we will now proceed with a more general evaluation of our process and formulate a number findings with respect to the determination of gender predominance in job classes, the creation and role of a pay equity committee, the effects of the value determination method, data collection requirements, a better method for achieving gender-neutral job value determination, the relevance of revising the definition of remuneration, and maintenance pay equity.

### 6.1 Determination of Job Classes

Under Quebec's *Pay Equity Act*, the first task of pay equity committee members (or the persons in charge of pay equity) is to determine which job classes are predominantly female and which are predominantly male – a two-step process. First, job classes are created based on criteria defined in the Act; second, the list is separated into predominantly female and predominantly male job classes based on the four criteria, the most significant of which is whether at least 60 percent of employees in the class are of the same sex.

Determining gender predominance posed few problems. Instead, the creation of job classes gave rise to the most questions. In labour relations and human resource management, the concept of job class usually refers to a family or a socio-professional group (professionals, technicians, administrative staff, manual support, etc.) rather than an occupation. "Occupation" generally means a series of positions with similar tasks and "position" refers to all the tasks a person performs.

In addition to maintaining the criteria (similar qualifications and responsibilities, the same rate of compensation) set out in Quebec's *Pay Equity Act*, why not use the concept of occupation rather than that of job class? In our view, this term more accurately reflects organizational reality and would prevent, at least in small-to-medium-sized enterprises, a trend toward grouping occupations together that we observed during our interventions.

Also, the concept of executives certainly needs to be defined formally, as the persons who hold such a position are not subject to the *Pay Equity Act*, while middle managers must be included in the review. VSEs include many family enterprises with a very simple organizational structure and virtually no hierarchy; in such businesses, the owner-manager holds most of the power and control and is often assisted by his spouse. They are in fact the only executives, but when it comes to making a distinction between executives and middle managers, we found that heads of enterprise tended to consider all management staff as executives.



## 6.2 Creation and Role of a Pay Equity Committee

Our analysis shows that the existence of a pay equity committee affects the process – and possibly the results – of pay equity implementation. As indicated in Table 16, the existence of a pay equity committee has a major impact on the process.

In fact, the table illustrates that, without a pay equity committee, employee participation is virtually non-existent, as employees were not asked to answer the questionnaire (with a single exception in one unionized VSE). Moreover, the value determination process, particularly weighting and validation, was handled solely by the heads of enterprise. Transparency was also lacking; the only information communicated was that in the posting (only one posting is required for VSEs at the end of the process). Similarly, the same applies to training, which was non-existent in enterprises without a pay equity committee. The persons in charge received only our reference manual and explanations.

**Table 18**  
**Implementation with or without a Pay Equity Committee**

	<b>Without a Pay Equity Committee Mainly VSEs and SEs</b>	<b>With a Pay Equity Committee All MEs and MLEs</b>
<b>Enterprise characteristics</b>	<ul style="list-style-type: none"> <li>No HR department</li> <li>No union</li> </ul>	<ul style="list-style-type: none"> <li>HR department</li> <li>Union(s)</li> </ul>
<b>Contingency factors</b>	<ul style="list-style-type: none"> <li>No pay equity committee</li> <li>No formal training, reference manual given to management</li> </ul>	<ul style="list-style-type: none"> <li>Creation of a pay equity committee</li> <li>Training and coaching sessions</li> </ul>
<b>The measurement tool: adaptation of the questionnaire</b>	<ul style="list-style-type: none"> <li>A few changes to the 20-subfactor standard questionnaire</li> <li>No pre-testing</li> </ul>	<ul style="list-style-type: none"> <li>Various changes to the standard questionnaire: removal or addition of subfactors and/or statements, rewording of statements</li> <li>Pre-testing before the questionnaire was administered</li> </ul>
<b>The measurement tool: weighting</b>	<ul style="list-style-type: none"> <li>Weighting defined during or after validation of results</li> </ul>	<ul style="list-style-type: none"> <li>Weighting defined by the committee before validation of results</li> <li>A few changes made after validation and review of results</li> </ul>
<b>Value determination process</b>	<ul style="list-style-type: none"> <li>Questionnaire completed by management / supervisors</li> <li>Validation (overall or detailed) by management and consultant</li> </ul>	<ul style="list-style-type: none"> <li>Questionnaire completed by employees and supervisors</li> <li>Detailed validation by the committee</li> </ul>
<b>Determination of adjustments in compensation</b>	<ul style="list-style-type: none"> <li>No formally defined wage structure</li> <li>Adjustments in compensation at a few enterprises</li> </ul>	<ul style="list-style-type: none"> <li>Wage structure already established</li> <li>Adjustments in compensation at all enterprises</li> </ul>

In this context, the essentially subjective nature of the value determination process is even clearer. Consequently, the results are less valid, due to a lack of exchange among the various evaluators in the enterprise. Note that the consultant may give her opinion, advice and suggestions based on her experience and her knowledge of work environments and occupations, but cannot take the place of committee members or management.

Given the central role of the committee in ensuring employee participation in the pay equity process, the creation of a pay equity committee should precede any process. We believe it is hard to impose such an obligation on VSEs due to the lack of resources at many of such enterprises. However, it is our view that the creation of a pay equity committee should be mandatory for SEs (enterprises with between 50 and 99 employees). First, these enterprises are already obligated to conduct a process similar to that of enterprises with 100 or more employees. Second, many SEs have as many job classes as MEs. Further, as mentioned earlier, some SEs became MEs (with over 100 employees) between the reference date stipulated in the Act (1996-1997) and the date of implementation.

The Act should also define the committee's mandate and the rules of functioning to ensure that employees participate in every step of pay equity implementation and that the committee is truly in charge of the implementation process. Unionized enterprises are already familiar with the parity practices that are in place. Note, however, that committee members are required to keep confidential any information they are party to in the context of committee work. However, in non-unionized enterprises, committee dynamics are closer to those of an advisory committee than a parity committee. On these committees, management generally seeks to unilaterally control the process.

Finally, the posting obligation should be made consistent. Despite fewer obligations with respect to the pay equity implementation process, two postings should be mandatory for enterprises of between 10 and 49 employees (VSEs). In our view, this requirement would foster greater transparency of the process and would allow employees in predominantly female job classes to file complaints before the work ends, if they believe they have been short-changed.

### **6.3 Effects of Enterprise Size on Choice of Method**

In value determination, the simplicity of a method is often associated with an overall approach, particularly the ranking method in which jobs are defined based on their overall requirements without reference to various factors. In pay equity, the purpose of which is to correct differences in compensation, it is undoubtedly necessary to abandon overall methods in favour of more analytical and quantitative methods. As Thériault and St-Onge<sup>30</sup> assert, if the ranking method is used, for example, jobs may be classified on the basis of incomplete or biased information because the criteria are neither clear nor accurate.

Under Quebec's *Pay Equity Act*, the obligation to take into account the four major factors (qualifications, responsibilities, effort, and working conditions) supposes the use of quantitative and analytical grids (point method), in particular the point method. This orientation is confirmed by the fact that Quebec's Commission de l'équité salariale proposed a simplified point method for enterprises with between 10 and 49 employees.<sup>31</sup>

For the purposes of pay equity, small enterprises need a value determination tool that can be applied easily to the four major factors set out in the Act. In addition to being thorough, the questionnaire we developed meets this need for simplicity. The questionnaire is easy to understand and can be answered quickly; it can also be used to establish relative job value based

on all job requirements, regardless of enterprise size. It should be noted that the simple organizational structure that characterizes small enterprises does not necessarily simplify or reduce the number of job requirements.

The use of our standard questionnaire by all selected enterprises in our study indicates that enterprise size does not have a significant impact on the choice of value determination method and tools. We also found that the need for simplicity in small enterprises does not mean that no specific guides or guidelines exist. On the contrary, these enterprises – often relatively unstructured in terms of human resource management – have an even greater need than large enterprises for accurate and systematic tools.

#### **6.4 Data Collection Requirements**

The main objective or challenge in pay equity is to fairly reflect all the characteristics of predominantly female and predominantly male work. That is why job data collection is so important. The methodology used must allow for the collection of consistent and accurate information regarding the requirements of predominantly female and predominantly male job classes.

In developing and applying our process, we took into account these methodology concerns. Thus, in order to collect better quality data, we recommended that the questionnaire be answered by employees and first-line supervisors, and then be validated by a pay equity committee. However, in the vast majority of VSEs and SEs selected as part of this research, employees did not complete the questionnaire. In most cases, a management representative completed one questionnaire for each predominantly female and predominantly male job class.

We understand that administering the questionnaire to an entire staff puts demands on the enterprise and on the persons in charge of pay equity (organizing group sessions, freeing up staff, providing respondents with consistent and complete instructions). It is therefore not surprising that, without a legal obligation, employers would choose this approach.

However, we found that it was indeed possible for employees to participate in the value determination process in small enterprises. In fact, two SEs created a pay equity committee and had employees and supervisors complete the questionnaire. Moreover, at one VSE, management organized an information session beforehand and asked all employees and supervisors to answer the questionnaire. Afterward, the results were communicated to employees. Note that the union had requested this process and that it resulted in adjustments in compensation for all predominantly female job classes.

Shouldn't laws provide for specific data collection mechanisms and set out certain recommendations with respect to employee participation? The bodies responsible for overseeing the application of the Act should also demonstrate to heads of small enterprises the benefits of collecting job data directly from incumbents: better understanding of the job's requirements, identification of problems in the configuration of certain positions, identification of inconsistencies in the distribution of responsibilities, and so on.

In our view, such provisions would improve the quality of the job data collected and would foster greater transparency in pay equity implementation.

## **6.5 Establishment of a Gender-Neutral Value Determination Process**

Quebec's Commission de l'équité salariale, which is responsible for establishing and maintaining the Act, has made a number of recommendations regarding control of gender bias.<sup>32</sup> In particular, it recommends that enterprises choose a value determination method that takes the four major factors into account. As well, enterprises should use tools that reflect the characteristics of predominantly female and predominantly male job classes (including often neglected aspects of predominantly female job classes), and establish a weighting which is based on the characteristics of the enterprise and the jobs but does not systematically favour predominantly male job classes. The Commission also recommends educating the persons in charge of the value determination about gender bias, collecting complete and up-to-date information on jobs based on the four major factors, applying tools objectively and consistently, and determining the value of jobs rather than of incumbents or their compensation.

Given the obligation to judge the value of work and jobs, technical measures alone cannot ensure a gender-neutral value determination process. As Gaucher points out,<sup>33</sup> a firm's will to succeed in doing so is essential, regardless of the method selected. In other words, persons in charge of pay equity must have a clear understanding of the characteristics of predominantly female job classes and must demonstrate an intention to take these characteristics into account. Gaucher adds that this must be supported by pressure from stakeholders.

No method can guarantee that the value determination process will be gender-neutral. Regardless of the approach selected, job value determination is not a neutral, objective or scientific instrument and does not have a magic formula. The introduction of proactive pay equity legislation does not automatically eliminate the prejudices that we all have and that influence, more or less subtly, how we judge the relative value of an occupation. At best, we can specify, as with organizational change processes or computerization projects, the terms and conditions that foster optimum control of gender bias at each step.

In the process which we developed and applied in small-to-medium-sized enterprises, we made sure that the value determination method and tools were pay equity-oriented and that bias control was built into our tools (questionnaire and data manager). However, it should be stressed that our objectives in designing the value determination method are a prerequisite for a gender-neutral process, in particular the thoroughness and simplicity of the value determination tool, the method's adaptability to the specific situation in each enterprise, and employee participation in the value determination of their position. Among these three prerequisites, employee participation remains problematic, as it appears to depend on the presence of a pay equity committee or a union.

In fact, that is why we have already suggested broadening the obligation to create a pay equity committee, providing for information mechanisms throughout the process in all enterprises, and favouring data collection from incumbents. The participation of representatives of

predominantly female job classes must also be strongly encouraged and favoured. Moreover, we found that pressure from stakeholders – especially unionized stakeholders – is an important means of controlling gender bias.

## **6.6 Definition of Remuneration**

When a pay equity plan is being implemented, remuneration is defined at the stage when differences in compensation are valued, once job value has been determined. The provisions on remuneration set out in Québec's *Pay Equity Act* posed no particular interpretation problems for the enterprises selected for our study.

However, most heads of enterprise were concerned about the obligation to formally define the components of remuneration. In smaller enterprises (particularly VSEs), the lack of a formal wage structure may certainly explain this worry. Heads of enterprise must not only identify informal and sometimes arbitrary remuneration practices, but must also systemize their practices. In larger enterprises, particularly unionized enterprises where rules governing remuneration are laid down in collective agreements, formal practices are instead a source of concern, especially when there are separate wage structures for production jobs and administrative jobs.

Without entering into the debate over the best approach (salary ranges or base salaries), we favour harmonizing the wage structures within an enterprise, since different compensation practices are the hallmark of a gender-based work organization. In our view, it is not a viable solution to establish separate plans at a union's request. First, the approach mainly applies to large unionized enterprises with several large occupational groups, since the obligation to compare predominantly female and predominantly male job classes remains. Second, the approach substantially restricts pay equity implementation, as it limits potential comparisons and any adjustments in compensation for those in a predominantly female job class.

Because there are fewer job classes in VSEs and SEs, harmonization does not present any particular difficulties. Instead, pay equity implementation is an opportunity to lay the foundation for an initial wage structure. In MEs and MLEs, situations are more diverse, and defining remuneration usually leads to discussions by the committee so that agreement can be reached on terms that respect both pay equity and the enterprise's existing remuneration practices.

Specific provisions for remuneration must be maintained because they favour more systematic applications in enterprises, particularly in smaller enterprises. However, it will certainly be necessary to define appropriate support measures for enterprises to help them develop fair and consistent remuneration practices.

## **6.7 Maintenance of Pay Equity**

The obligation to maintain pay equity is an integral part of pay equity implementation in an enterprise and this must be kept in mind from the outset of the implementation process when the value determination method and tools are selected.

Our process not only allows for implementing pay equity, but also makes pay equity easier to maintain. The data manager provided to enterprises can serve to monitor value determination over the years. Thus, when new positions are created or positions are reconfigured, questionnaires can be completed and the answers added to existing results synopsis sheets.

However, maintaining pay equity imposes constraints on enterprises in terms of human resource management (hiring, selection, etc.) and on unions when negotiating collective labour agreements. When making wage demands, union representatives for predominantly male job classes will have to consider the potential effects on maintenance of pay equity in the enterprise.

In addition to being useful for comparisons between predominantly female and predominantly male job classes, the results of value determination for pay equity reveal the consistency of the wage structure for predominantly male job classes. Where substantial inconsistencies are found, pay equity implementation may lead to a review of internal equity. Though not subject to legislative provisions, such a review must still comply with the *Pay Equity Act*. This is a new challenge in labour relations, and one that will likely entail changes in management and bargaining practices with respect to remuneration when an enterprise adopts a pay equity plan. Any support measures for enterprises in terms of remuneration will also have to reflect this new issue.

## 7.0 Conclusion

In this report, our objective was to provide potential answers in response to the concerns of the Pay Equity Task Force regarding the application of the pay equity principle. We also wished to share our understanding of the various steps of a pay equity implementation process, using a predetermined, standardized tool in a range of organizational situations.

Beyond producing the findings presented in the previous section, the analysis provided an opportunity to identify the difficulties or limitations associated with applying Quebec's *Pay Equity Act* in small-to-medium-sized enterprises. For example, we observed that it can be fairly difficult for heads of enterprise to identify predominantly female and predominantly male job classes and that the absence of an obligation to create a pay equity committee in enterprises with fewer than 100 employees substantially reduces the likelihood of a transparent and participative pay equity process. However, we also found that, in most of the selected enterprises, adjustments in compensation were made to various predominantly female job classes, mostly for traditional office positions.

In our view, these positive results are largely attributable to the proactive nature of Quebec's legislation. In a proactive pay equity system, employers must demonstrate that they afford equal pay for work of equal value, whereas in a system based on complaints, the "burden of proof" lies entirely on employees who suspect they are victims of gender-based wage discrimination. We know from experience that, without union support, filing a complaint is a complex process whose outcome appears uncertain and distant. Also, where the ruling is in favour of the complainants, adjustments in compensation apply only to those positions involved in the complaint, which may result in further wage inconsistencies or distortions.

In practice, the complaint system is ineffective for the mostly non-unionized women who work in small-to-medium-sized enterprises, and we believe proactive legislation should be considered a minimum basis for achieving pay equity in enterprises.

Moreover, an analysis of our interventions has led us to observe that proactive pay equity legislation calls into question the remuneration practices prevalent in small-to-medium-sized enterprises, few of which use formal procedures to analyse, value, and remunerate jobs. The tasks involved in achieving pay equity require considerable effort on the part of heads of enterprise. It is therefore not surprising that a number of employers react negatively to the obligations imposed upon them.

However, we do not believe it necessary to reduce the obligations of enterprises or to give enterprises greater flexibility and freedom in establishing pay equity. Rather, their obligations should be clearly defined and should include guidelines for their application. Effective mechanisms to support enterprises in their wage structuring process must also be developed.

In the context of proactive legislation, the body responsible for overseeing pay equity implementation and maintenance must therefore bear important responsibilities and must itself be proactive with respect to enterprises, particularly in terms of training. The training it offers

must address the problem of systemic discrimination and the scope of the Act as a measure for application of the principle of equal pay for work of equal value. However, the training must also address job value determination, the very foundation of the pay equity process.

Value determination training is particularly important because pay equity legislation provides little information or detail in this regard. Thus, in Quebec's *Pay Equity Act*, the provisions respecting job value determination are limited to asking enterprises to choose a value determination method that allows for comparison of predominantly female and predominantly male job classes and for their respective characteristics to be highlighted. The Act also asks that four major factors (qualifications, responsibilities, effort, and working conditions) be taken into account, but does not define them.

Given the essentially subjective nature of value determination and the little that heads of enterprise know about the process, especially in small-to-medium-sized enterprises, vague definitions or no definitions at all detract from the autonomy and freedom of enterprises and result in ambiguity and more bias in value determination. The bodies responsible for applying pay equity legislation must therefore provide more information and support regarding how to choose a value determination method, particularly the definition of factors and subfactors, as well as how to conduct a value determination process that complies with pay equity principles.



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## Endnotes

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- <sup>1</sup> The Confédération des syndicats nationaux (CSN). The CSN's goal was to provide its members with a value determination method and tools for achieving pay equity in enterprises.
- <sup>2</sup> In particular, documents from the Pay Equity Commission in Ontario and the Canadian Human Rights Commission (see Bibliography). We also took into account Gaucher's analyses (1994 and 1996).
- <sup>3</sup> For a detailed presentation of value determination methods, see Thériault (1991), Chapter 4, and Thériault and St-Onge (1999), Chapter 6. See also Gaucher (1994), pp. 118-126.
- <sup>4</sup> Research by McCormick, an American, and McCormick's team (Purdue Research Foundation, 1969), can be considered the precursor to the structured questionnaire method. See Thériault (1991), p. 137, and Lévy-Leboyer (1996).
- <sup>5</sup> With predetermined value determination grids, you establish factors, subfactors and weighting ahead of time, whereas with customized grids, you define factors, subfactors and weighting in accordance with enterprise characteristics and requirements. Examples of predetermined grids (or methods): the CWS (Co-operative Wage Study) method, co-created by American enterprises and unions in the 1940s for production and maintenance positions; the HAY method, which was created around the same time and was widely communicated and used for professional and management positions. See Thériault and St-Onge (1999), pp. 258-259.
- <sup>6</sup> For example, the HAY method applies more to management positions, even though the working conditions factor was added in the early 1980s. In fact, until now, most predetermined or customized methods were applied to a single group (or family) of jobs. The first value determination grids or methods were applied to production jobs (male classes). They were then adapted for office jobs (female classes).
- <sup>7</sup> The subject of this report is not gender division and discrimination. See Boivin (1990).
- <sup>8</sup> According to Gauthier and Rancourt (2000), there are three types of validity: 1) content validity (each item's degree of congruence with the object measured and representativeness of all the items of a measurement instrument with respect to that which is being measured); 2) construct validity (degree of assurance that the questionnaire effectively measures the theoretical constructs it was designed to measure); 3) criterion validity (predictive validity and congruence validity). Precision refers more to the reliability and the consistency or coherence of measurement tools.
- <sup>9</sup> See Thériault (1991), p. 166.

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- <sup>10</sup> Here Thériault refers to criterion validity, more specifically congruence validity (convergence of two methods).
- <sup>11</sup> See Milkovich and Newman (1998), pp. 110-111; Thériault and St-Onge (1999), p. 273.
- <sup>12</sup> See Harvey (1993), p. 1-3.
- <sup>13</sup> The GRAMM (Groupe de recherche et d'analyse en méthodologie en management ) is a group of professors and graduate students in management (administrative sciences department at the Université du Québec en Outaouais (UQO). The GRAMM team carries out various projects on the two components of management methodology. The first (or scholarly) component concerns research on the measurement and analysis of information in management. The second (or practical) approach is the very body of the research: it focuses on the methods used by organizational agents to manage day-to-day business.
- <sup>14</sup> With the structured questionnaire method, the term “question” is generally used instead of “subfactor.” However, the two terms are synonymous.
- <sup>15</sup> In fact, GRAMM’s principal component analysis revealed six, not four, major considerations (or components) for the positions, which resembles the *Position Analysis Questionnaire* developed by McCormick and discussed earlier (five distinct defined components).
- <sup>16</sup> As Gaucher (1996, p. 73) explains, although human resource management specialists are familiar with the four major factors, these have no scientific basis and their objectivity is but apparent. The criteria draw their origin from practice. After examining numerous American job value determination systems, Otis and Leukart (1962) concluded that all variables could be gathered into four qualification dimensions. See also Dadoy (1973).
- <sup>17</sup> “Overlap” means that two elements intersect and cover one another in part. The concept differs from that of correlation, which indicates an interrelation and a causal link between two elements.
- <sup>18</sup> Although job descriptions are not necessary, the definition of subfactors and statements and the assessment of relative job value must refer to tasks performed as part of the work.
- <sup>19</sup> “Precision” refers to the questionnaire’s coherence, and “validity” refers to the assurance that the questionnaire actually measures what it is supposed to measure. In other words, the answers must be reliable, credible, and representative of all the job characteristics or requirements considered.
- <sup>20</sup> See Ontario’s Pay Equity Hearings Tribunal (1991).
- <sup>21</sup> In our process, first-line supervisors are asked to complete a questionnaire separate from that completed by the incumbent, rather than review the incumbent’s answers, as is the case with other methods. There are thus two well-identified sources of information for every job class.

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- <sup>22</sup> We suggest that employees consult their job description or list their tasks before answering the questionnaire (a few days before).
- <sup>23</sup> The halo effect refers to a phenomenon where a general impression influences the appraisal of subfactors, or where the rating assigned to one subfactor influences the rating of another. For example: mental effort is rated low because the position requires little education.
- <sup>24</sup> See Julien (1997), p. 4; p. 462.
- <sup>25</sup> The concept of “executive” refers to senior management staff, or top management. According to the *Dictionnaire canadien des relations de travail*, a person who is considered to be an executive has been granted line authority and answers directly to a board of directors, the president, or the chief executive officer.
- <sup>26</sup> The number of classes may be considered a better indicator of the complexity of work processes than the number of employees. Note that in the target enterprises, the number of classes is sometimes higher in SEs than in MEs.
- <sup>27</sup> See Dussault (1987), pp. 56-57.
- <sup>28</sup> The graph is a scatter diagram created using the statistical method of regression analysis. This formula calculates the points where the trend line may pass and allows for determination of “pay equity rates.”
- <sup>29</sup> Pay equity focuses on the relative value of predominantly female and predominantly male job classes. Its objective is to correct any discriminatory differences in compensation. The purpose of internal equity is to review all classifications and wage structures based on job requirements and the relative value of the various positions.
- <sup>30</sup> See Thériault (1999), p. 233.
- <sup>31</sup> See Commission de l’équité salariale (2000).
- <sup>32</sup> See Commission de l’équité salariale (*Info-Équité*, May 2001).
- <sup>33</sup> See Gaucher (1994), p. 61.