

PAY EQUITY ANALYSIS

DISCIPLINED METHODS, DESIGNED FOR IMPACT

Mercer's pay equity consulting is a collaborative approach, based on statistical methods that conform to the highest standards; implemented by economists, psychologists and statisticians, working side-by-side with your compensation and legal experts; and designed for sustainable impact.

MERCER'S APPROACH TO PAY EQUITY

To meet a broadening set of demands—both internally and externally—organizations today are focused on achieving enterprise-level change over simply ensuring employee-level alignment with norms. Proactive analyses should afford decision makers the opportunity to test the impact of different actions on pay gaps, such that the greatest progress possible can be achieved.

1. DATA COLLECTION

Collect Employee-Level Data and Prepare Analysis Database

(representative items below)

Individual Attributes

- Compensation (base, bonus)
- Gender, race/ethnicity
- Experience (tenure)
- Prior experience (age)

Job / Organizational Factors

- Salary grade, career level
- Job title, family, function
- Incentive plan eligibility
- Organizational affiliation
- Recent mobility (promotion, lateral transfers, etc.)

Geographic Conditions

- Work city, state, and country
- Geographic differentials

2. MODEL CREATION

Create Initial Segmentations to Run "First-Pass" Models

Review Preliminary Models and Supplemental Testing

Primary Questions

Have we created the right model segments to reflect differences in pay practices?

Have we accounted for the right factors to adequately explain pay differences?

Finalize Segmentations and Models (Client-Validated)

3. RISK ASSESSMENT

Identify At-Risk Groups

(where are there systemic differences in pay by class?)

Identify Individual Outliers

(who is paid lower or higher relative to model expectation?)

Employee-Level Review

EEID	Negative Outlier?	In Risk Group?	Minimum Adj. (\$)
A123	✓	✓	\$500
B456	✗	✓	\$0
C789	✓	✗	\$0

Mercer's newly updated Pay Equity Calculator™ (PEC) is a unique web-based tool, delivered following our assessment and pre-loaded with your results, enabling teams to further investigate areas of risk, consider the impact of different adjustment scenarios, and track decisions when reviewing individual outliers.

WHAT'S NEW WITH PEC 2.0?

The new Calculator retains the best features of the original PEC, is securely hosted on Amazon Web Services (AWS), and provides expanded functionality to assess impact of actions in real-time.

1. DRILL-DOWN INTO PAY GAPS

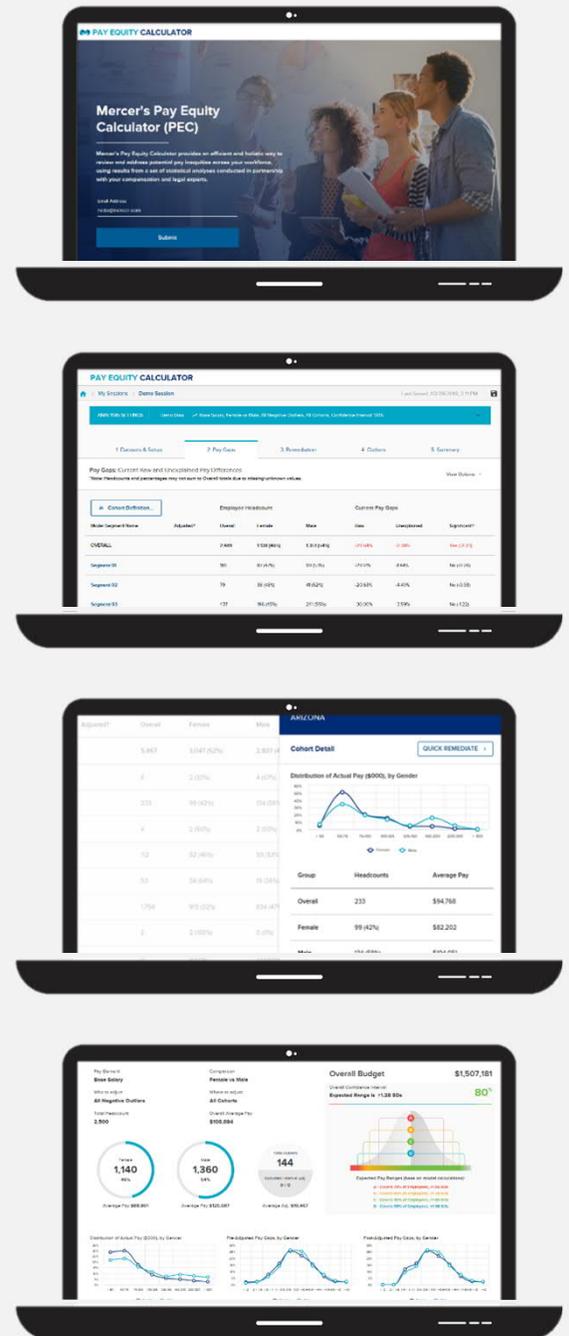
- Review pay gaps, by gender and race/ethnicity, for limitless number of cohort definitions
- Investigate actual and predicted pay distributions group-by-group

2. COMPARE REMEDIATION PLANS

- Experiment with different adjustment strategies: who, where, and how much to adjust
- Create custom strategies for specific groups

3. ASSESS IMPACT IN REAL-TIME

- Evaluate impact of actions on existing pay gaps and budgets, review individual-level records and outliers, and document any necessary exclusions



CONTACT US

Brian Levine
Partner, New York
brian.levine@mercer.com
+1 212 345 4194

Alex Grecu
Principal, New York
alex.grecu@mercer.com
+1 212 345 0166

Dan Lezotte
Principal, Chicago
dan.lezotte@mercer.com
+1 312 917 0767

Tauseef Rahman
Principal, San Francisco
tauseef.rahman@mercer.com
+1 415 743 8965

Brian Stucky
Principal, Los Angeles
brian.stucky@mercer.com
+1 213 320 9915

Matthew Stevenson
Partner, Washington DC
matthew.stevenson@mercer.com
+1 202 331 5291

Gail Greenfield
Principal, Washington DC
gail.greenfield@mercer.com
+1 202 263 5982

Casey North
Principal, San Francisco
casey.north@mercer.com
+1 415 743 8984

Ishita Sengupta
Principal, Washington DC
ishita.sengupta@mercer.com
+1 202 331 2652

For more information on our consulting solutions, please visit www.workforce-analytics.mercer.com