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Compensation and Payroll

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MH Connect Activities #4

1. Distinguish between access discrimination and valuation discrimination.
2. What are the definitions of skill, effort, responsibility, and working conditions according to the Department of Labor? What are the conditions that must be met for an employer to support a claim of unequal work?
3. Compare and contrast disparate treatment and disparate impact.
4. What are the four basic steps in establishing a comparable-worth plan?
5. What are the sources of earnings gaps?

1) The law recognizes two types of discrimination: access discrimination and valuation discrimination. The charges of discrimination and reverse discrimination that most often make the news involve access discrimination: the denial of particular jobs, promotions, or training opportunities to qualified women or minorities. A second legally recognized interpretation of discrimination is valuation discrimination, which looks at the pay women and minorities receive for the jobs they perform [CITATION Bar \l 1033].

2) Skill: Experience, training, education, and ability as measured by the performance requirements of a particular job.

Effort: Mental or physical – the degree of effort (not type of effort) actually expended in the performance of a job

Responsibility: The degree of accountability required in the performance of a job.

Working Conditions: The physical surroundings and hazards of a job, including dimensions such as inside versus outside work, heat, cold, and poor ventilation.

For an employer to support a claim of unequal work, the following conditions must be met:

- The effort/skill/responsibility must be substantially greater in one of the jobs compared
- The tasks involving the extra effort/skill/responsibility must consume a significant amount of time for all employees whose additional wages are in question.
- The extra effort/skill/responsibility must have a value commensurate with the questioned pay differential (as determined by the employer's own evaluation) [CITATION Bar \l 1033].

3) Disparate treatment is the discrimination theory that outlaws the application of different standards to different classes of employees unless the standards can be shown to be business related. Disparate Impact is the discrimination theory that outlaws the application of pay practices that may appear to be neutral but have a negative effect on females or minorities unless those practices can be shown to be business related [CITATION Bar \l 1033].

4) The four basic steps are as follows:

- Adopt a single “gender neutral” point job evaluation plan for all jobs within a unit
- All jobs with equal job evaluation results should be paid the same
- Identify the percentages of male and female employees in each job group
- The wage to job evaluation point ratio should be based on the wages paid for male dominated jobs [CITATION Bar \l 1033]

5) Sources of earnings gaps:

- Work/occupation differences
- Qualifications differences
- Work related behavior differences
- Union Differences
- Discrimination
- Labor market differences
- Firm/industry differences [CITATION Bar \l 1033]

References

Barry A. Gerhart, Jerry M. Newman, George T. Milkovich. *Compensation*. New York: McGraw Hill Education, 2020.