

Achieving Pay Parity in Commercial Real Estate



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Transforming the commercial real estate industry
by advancing women globally.

ACKNOWLEDGMENTS

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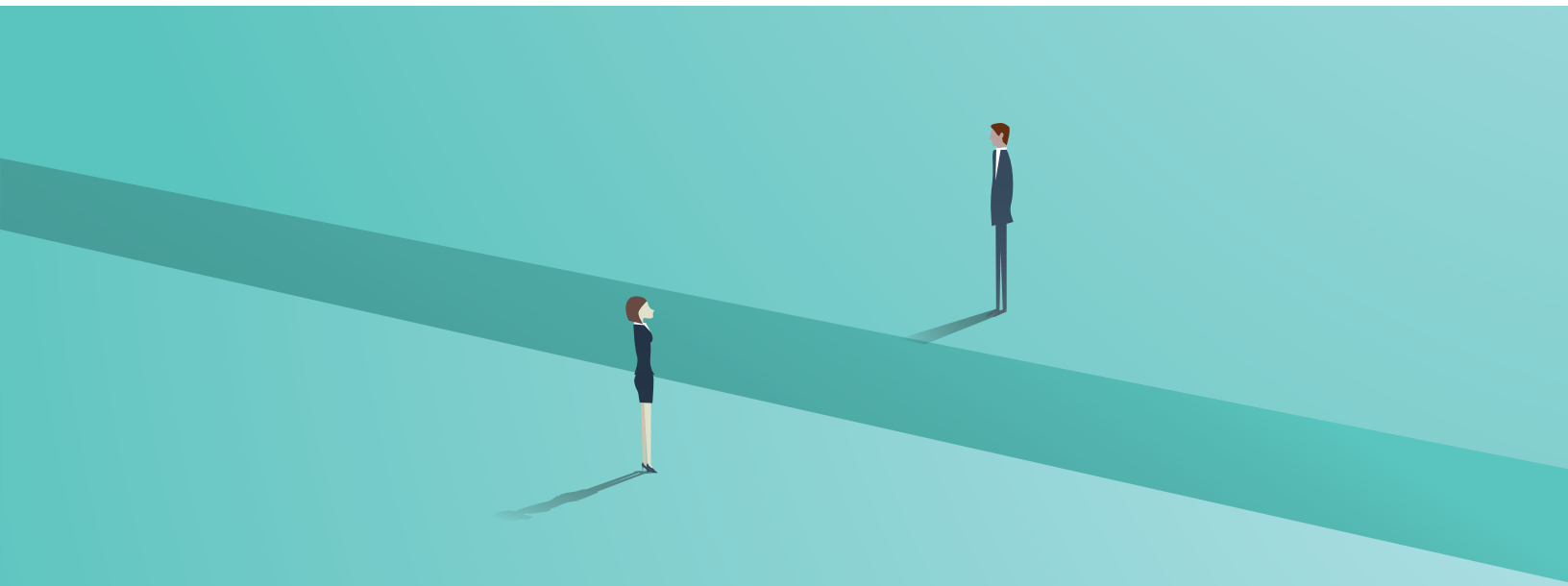
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Introduction

Commercial Real Estate Women (CREW) Network is the world's leading producer of research on women in commercial real estate. It develops white papers annually and publishes a benchmark study every five years to provide valuable industry insights and data. CREW Network is the premier business networking organization dedicated to transforming the commercial real estate industry by advancing women globally. CREW Network provides support to more than 11,000 members worldwide through business development, leadership development, industry research, and career outreach.

Addressing Pay Parity in Commercial Real Estate

Following the release of its 2015 *Benchmark Study Report: Women in Commercial Real Estate*,¹ CREW Network focused its research on barriers that continue to persist for women's advancement in commercial real estate. Released in 2016, the white paper, *Closing the Gap: Addressing Gender Bias and Other Barriers for Women in Commercial Real Estate*,² detailed statistical data and

personal accounts of both conscious and unconscious gender bias, compensation practices, mentoring and sponsoring, and the aspiration gap. Released in 2017, CREW Network's white paper, *Diversity, The Business Advantage: Best Practices for Gender Equity and Inclusion in Commercial Real Estate*,³ profiled 10 commercial real estate companies that have benefitted from greater gender equity and a more diverse workforce.

One key finding of the 2015 benchmark study was the significant gender wage gap between professionals in the industry. It revealed that the industry median annual compensation for women was \$115,000 USD compared to \$150,000 for men—an average income gap of 23.3%.

Overall, national statistics show a significant wage disparity within the three countries where CREW Network has chapters and affiliates:



United States

As of 2016, women working full-time in the U.S. were paid 20% less than men, according to the American Association of University Women (AAUW). At the rate of change between 1960

(1) CREW Network. (2015) *Benchmark Study Report: Women in Commercial Real Estate*. Retrieved from <https://crewnetwork.org/about/resources/industry-research/women-in-commercial-real-estate-2015>

(2) CREW Network. (2016) *Closing the Gap: Addressing Gender Bias and Other Barriers for Women in Commercial Real Estate*. Retrieved from <https://crewnetwork.org/about/resources/industry-research/closing-the-gap-addressing-gender-bias-and-other-barriers-for-women-in-commercial-real-estate>

(3) CREW Network. (2017) *Diversity, The Business Advantage: Best Practices for Gender Equity and Inclusion in Commercial Real Estate*. Retrieved from <https://crewnetwork.org/about/resources/industry-research/diversity-the-business-advantage>

and 2016, women were expected to reach pay equity with men in 2059—but progress has slowed in recent years. If the current level of growth continues, AAUW warns that women may not reach pay equity with men until 2119.⁴



Canada

Women working full-time in Canada fare worse than in the United States, earning 25% less than men, according to the Canadian Women's Foundation—and the gap widened further for people who are indigenous to the region (35%), minorities (33%) or a newcomer to the workforce (29%).⁵



United Kingdom

The United Kingdom had the smallest gap of the three countries, falling under 10%. The gender pay gap for full-time employees decreased to 9.1% in 2017 from 9.4% in 2016, the lowest since the UK's Office for National Statistics began its annual survey of hours and earnings in 1997, when the gender pay gap was 17.4%.⁶

Understanding Pay Equity and Pay Parity

Pay equity is paying employees fairly and consistently despite gender, race, or other protected categories—while taking into account factors such as education, work experience, and tenure. **Pay parity** is when employers can show there is no pay gap across the entire workforce between individuals when it comes to gender, race, and ethnicity.⁷

Consider the Merriam-Webster definition of *parity*: “the quality or state of being equal or equivalent.”⁸ Therefore, when we discuss gender and the workplace, focusing on pay equity is the means to ultimately achieve the goal of pay parity.⁹

Social Movements Spur Action Against Inequalities

In late 2017, groundswell social movements emerged from the highly visible entertainment industry regarding the difficulties and bias women face in their careers. Influential celebrities recounted experiences such as sexual harassment, assault, abuse, inequality, and pay disparity. These stories heightened public consciousness and society-wide awareness about negative treatment and experiences women face in our modern-day workplaces.

These recent social movements are affecting change. Global outplacement and executive coaching firm Challenger, Grey & Christmas recently conducted a survey of 150 human resources executives and found that nearly half were reviewing their compensation policies in light of the current social movements.¹⁰ ■



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- (4) Hill, Catherine et al. (2011, Rev. 2018) *The Simple Truth About the Gender Pay Gap*. American Association of University Women. Retrieved from https://www.aauw.org/aauw_check/pdf_download/show_pdf.php?file=The_Simple_Truth
- (5) Canadian Women's Foundation. (2018) *Fact Sheet: The Gender Wage Gap in Canada*. Retrieved from https://www.canadianwomen.org/wp-content/uploads/2018/08/Gender-Wage-Gap-Fact-Sheet_July-2018_FINAL.pdf
- (6) Office for National Statistics. (2017) *Annual Survey of Hours and Earnings: 2017 Provisional and 2016 Revised Results*. Retrieved from <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2017provisionaland2016revisedresults#gender-pay-differences>
- (7) Miller, Stephen. (March 19, 2018). “Why Pay Equity Keeps Getting More Complicated.” Society for Human Resource Management. Retrieved from <https://www.shrm.org/resourcesandtools/hr-topics/compensation/pages/pay-equity-gets-more-complicated.aspx>
- (8) Merriam-Webster. Retrieved from <https://www.merriam-webster.com/dictionary/parity>
- (9) Pipeline. (Feb. 5, 2018) “Gender Equity Vs. Gender Equality: What’s the Distinction?” Retrieved from <https://www.pipelineequity.com/voices-for-equity/gender-equity-vs-gender-equality/>
- (10) Challenger, Grey & Christmas Inc. (2018) “Pay Parity Survey: Half of Companies Reviewing Compensation Policies After #TimesUp.” Retrieved from <http://www.challengergray.com/press/press-releases/pay-parity-survey-half-companies-reviewing-compensation-policies-after-timesup>

THE COMMERCIAL REAL ESTATE PAY GAP

Facts and Findings

Like other industries, commercial real estate is now under greater pressure to address the pay gap as companies strive to meet diversity, equality, and inclusion goals. Though the gender pay gap has decreased since the initial release of CREW Network's benchmark study in 2005, it persists and is strongest for respondents earning less than \$100,000 and above \$250,000. According to the 2015 CREW Network benchmark study, the median total annual compensation—including bonuses, compensation, and profit sharing—was \$150,000 for men and \$115,000 for women, demonstrating a disparity of 23.3% between genders. The size of the gap varies by occupation, with the greatest difference in the study observed among commercial real estate brokers, at 33.8% (Fig. A).

While women's compensation increases moderately with education, men's compensation appears less related to years of education; men with no more than a high school education earn almost the same, on average, as men with postgraduate degrees. Compensation increases with age and years of experience. Although it is nearly equal between men and women at the entry level, the





gap widens mid-career, which we will discuss in further detail in the next section.

There is also a gap when it comes to commissioned positions such as brokerage, sales, and leasing. For men, the share of their compensation coming from commissions has not changed since 2010, sitting at 24%. Women reported 14% of their compensation coming from commission in 2015, down slightly from 2010 (16%).

On the bonus side, the 2015 benchmark study revealed that compensation from short-term bonuses as a share of total compensation have increased as the economy has continued to recover. However, there is still a disparity—bonuses only accounted for 14.7% of total compensation for women (\$29,413 annually) and 17.8% for men (\$46,260 annually). Long-term incentives represent 13% of total compensation for women (\$39,046 annually) and 14.5% for men (\$57,020 annually).

The benchmark study found that in addition to the pay gap, there continues to be an aspiration gap. Only 28% of women aspire to the C-suite versus 40% of men

(Fig. A) Commercial Real Estate Median and Mean Income (2015)*

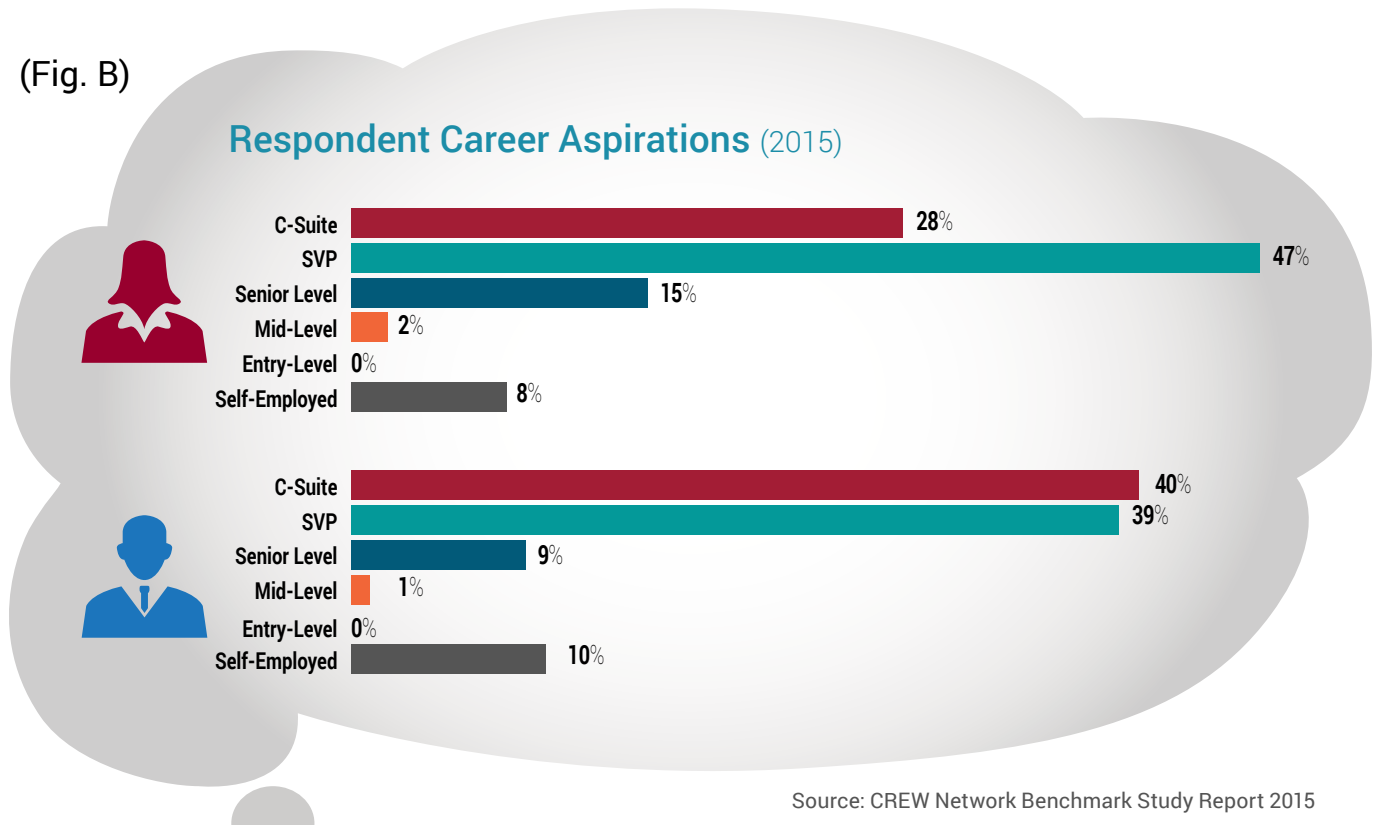
		ASSET MANAGERS	BROKERS	DEVELOPERS	FINANCE	TOTAL
MEDIAN		\$115,000	\$132,500	\$100,000	\$125,000	\$115,000
		\$141,000	\$200,000	\$135,000	\$150,000	\$150,000
	Gap	18.4%	33.8%	25.9%	16.7%	23.3%
MEAN		\$139,642	\$167,917	\$130,811	\$159,466	\$148,945
		\$165,956	\$255,478	\$178,588	\$195,682	\$197,421
	Gap	15.9%	34.3%	26.8%	18.5%	24.6%

* For people who reported income greater than \$10,000 and less than \$1 million (low-end errors and top 1% taken out as outliers)

Source: CREW Network Benchmark Study Report 2015¹¹

(11) CREW Network. (2015) *Benchmark Study Report: Women in Commercial Real Estate*. Retrieved from <https://crewnetwork.org/about/resources/industry-research/women-in-commercial-real-estate-2015>

(Fig. B)



Source: CREW Network Benchmark Study Report 2015

(Fig. B). The majority of women (47%) indicated their aspirations topped out at the senior vice president or partner level, and they consider the lack of a mentor or sponsor within their company as the number one barrier to success. Women in the industry are 54% less likely than men to have a sponsor who can provide career advice or help advance a career path.

The Career Breaker: How Women Are Unfairly Impacted by Unconscious Bias

Unconscious bias occurs when our brains rapidly categorize people instinctively by the most obvious and visible categories—including gender. This bias is influenced by our background, environment, and personal experience. In the workplace, biases can result in unfair treatment of women, impacting their ability to climb the corporate ladder or gain entry into the C-suite. Unless conscious action is taken to shift away from this default thinking, this bias looms unconsciously.

According to University of North Carolina Kenan-Flagler Business School program director Horace McCormick, there are five types of unconscious bias:

- **affinity bias**, the tendency to warm up to people like ourselves;

- **halo effect**, the tendency to think everything about a person is good because you like that person;
- **perception bias**, the tendency to form stereotypes and assumptions about certain groups that make it impossible to make an objective judgement about members of those groups;
- **confirmation bias**, the tendency for people to seek information that confirms pre-existing beliefs or assumptions; and
- **group think**, which occurs when people try too hard to fit into a particular group by mimicking others or holding back thoughts and opinions.¹²

Unconscious bias pervades the workplace and highest levels of leadership. Some examples, taken from CREW Network's 2016 white paper, *Closing the Gap: Addressing Gender Bias and Other Barriers for Women in Commercial Real Estate*¹³, include:

- In a meeting, the lone woman in the room (regardless of title or stature) is asked to take notes or to fetch coffee for the group.
- Not hiring a newly married woman because "she might be planning a family."

(12) McCormick, Horace. (2016) *The Real Effects of Unconscious Bias in the Workplace*. University of North Carolina Kenan-Flagler Business School. Retrieved from <https://www.kenan-flagler.unc.edu/~media/Files/documents/executive-development/unc-white-paper-the-real-effects-of-unconscious-bias-in-the-workplace-Final>

(13) CREW Network. (2016) *Closing the Gap: Addressing Gender Bias and Other Barriers for Women in Commercial Real Estate*. Retrieved from <https://crewnetwork.org/about/resources/industry-research/closing-the-gap-addressing-gender-bias-and-other-barriers-for-women-in-commercial-real-estate>

- Limiting projects with a significant technical aspect to younger, male staff.
- Assuming that staff with family responsibilities that take them away from the office are less committed to their work or careers.
- Not giving constructive criticism to a woman for fear she will react emotionally.

McCormick asserts that awareness training is the first

step for professionals to unravel unconscious bias, helping employees recognize that everyone possesses these biases and how to identify their own. “To combat it on a workplace-wide level, however, it is important to articulate what biases are liable to creep into the workplace,” he said. “Awareness training can also help create an organizational conversation about what biases are present in the company and what steps the organization as a whole can take to minimize them.” ■



A Note About Brokerage

While brokerage may have the largest gender pay gap (33.8%) among the commercial real estate specialties analyzed in the 2015 CREW Network benchmark study, it also had the highest income average—\$132,500 annually for women and \$200,000 for men. Many brokers earn their living from a compensation model that is 100% based on commission, and as is often the case, where there is high

risk, there is high reward. Brokerage is an area of unique opportunity and lucrative earnings potential for women interested in that career path.¹⁴

Commission-based positions such as brokerage can also offer greater career satisfaction and work-life balance. According to the 2015 CREW Network benchmark study, on average, women who earned a smaller percentage of their total compensation from a base salary and more from commission and profit sharing were more satisfied with their careers and work-life balance.

(14) CREW Network. (2015) *Benchmark Study Report: Women in Commercial Real Estate*. Retrieved from <https://crewnetwork.org/about/resources/industry-research/women-in-commercial-real-estate-2015>



EXPERTS WEIGH IN

Why Does a Gender Pay Gap Still Exist?

According to the Pew Research Center, much of the gender wage gap has been explained by measurable factors such as occupational segregation and work experience. The narrowing of the gap has been attributed to gains women have made in those areas. Other factors, which are more difficult to measure, may still contribute to the gap, including gender discrimination.¹⁵

A 2017 Pew survey showed four in 10 women in the U.S. have reported experiencing discrimination on the job, with 25% reporting earning less than a man doing the same job—versus only 5% of men reporting earning less than a woman. That number increased with educational level—20% of women with some college or less reported pay inequity, while 35% of women with postgraduate degrees experienced the same discrimination.¹⁶

Additionally, researchers Asaf Levanon and Paula England of Stanford University and Paul Allison of the University of Pennsylvania point out that occupations

with a greater share of females pay less than those with a lower share.¹⁷ “This association is explained by two dominant views: devaluation and queuing,” they explain. “The former views the pay offered in an occupation to affect its female proportion, due to employers’ preference for men—a gendered labor queue. The latter argues that the proportion of females in an occupation affects pay, owing to devaluation of work done by women.”

A Look at Commercial Real Estate

Commercial real estate recruitment and staffing firm RETS Associates’ *2018 Women in CRE Survey* found that 65% of respondents were made aware of being paid less than a male counterpart at some point in their career; of those, 75% noted it happened at least two times. Sixty-one percent felt they were bypassed for a job, assignment or listing at some point in their career based on gender. Of those, 82%

(15) Graf, Nikki, Anna Brown, and Eileen Patten. (April 9, 2018) “The Narrowing, But Persistent, Gender Gap In Pay.” Pew Research Center. Retrieved from <http://www.pewresearch.org/fact-tank/2018/04/09/gender-pay-gap-facts/>

(16) Parker, Kim and Cary Funk. (Dec. 14, 2017) “Gender Discrimination Comes In Many Forms For Today’s Working Women.” Pew Research Center. Retrieved from <http://www.pewresearch.org/fact-tank/2017/12/14/gender-discrimination-comes-in-many-forms-for-todays-working-women/>

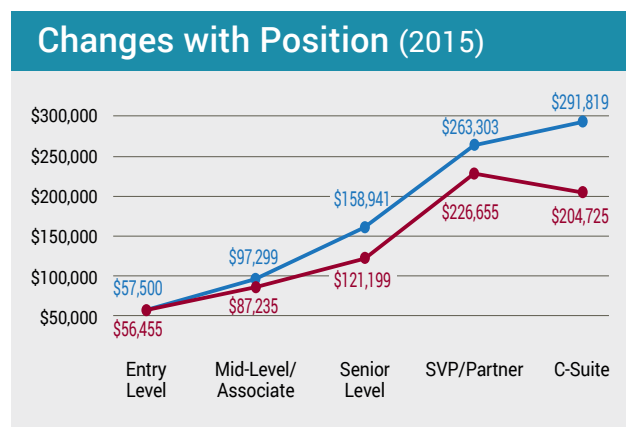
(17) Levanon, Asaf, Paula England, and Paul Allison. (2009) *Occupational Feminization and Pay: Assessing Causal Dynamics Using 1950-2000 U.S. Census Data*. Retrieved from <http://www.statisticalhorizons.com/wp-content/uploads/2012/01/88.2.levanon.pdf>

said it happened more than once, while 54% said it happened three or more times.¹⁸

RETS Associates pointed out that almost two-thirds of those women did not take action after being bypassed for a job, assignment or listing, citing fear of losing future career opportunities, fear of poor treatment from leadership, and fear of reputation damage. Of the those who did take action, 45% began to look for a new job; 28% had issues unresolved by human resources or management; 17% resigned; and 3% took legal action. Only 7% had the issue resolved to their satisfaction.

The Pay Gap and Salary Negotiation

As past CREW Network research has shown, the pay gap widens as women in commercial real estate move up in the ranks, with the gap widening mid-career. PayScale, a software company specializing in pay data, suggests one reason this happens is because women ask for raises less frequently than men, which has a cumulative effect as women progress in their careers.¹⁹



Source: CREW Network Benchmark Study Report 2015

A good example comes from the following anecdote in *The Muse* from Stanford Graduate School of Business professor Margaret A. Neale: Two people are offered a \$100,000 salary, and one person negotiates and gets \$107,000. The other does not. She points out that some people might say that \$7,000 is not worth risking their reputation over, but when you compound that \$7,000 over a 35-year career—with both people being offered

the same percentage raises and promotions—the one who did not negotiate will have to work eight more years to earn as much money as her colleague who did.²⁰

Despite this inequity starting mid-career, women and men on the executive level seem to both be negotiating their salaries equally, said Alison Harrigan, who works in executive search for global organizational consulting firm Korn Ferry. When it comes to recruiting top-level executives for the largest organizations, most candidates seem to have outside guidance on the offer process, such as an employment lawyer or mentor.

According to the 2015 CREW Network benchmark study, men in the commercial real estate C-suite earn 29.8% more than women at the same level. If executive level men and women are negotiating their salaries equally, this may indicate women are starting from lower offers and basing negotiations on salary history rather than their skills, abilities, and experience.

Outside of the C-suite, Harrigan finds that many women are open to sharing their compensation information with other women, especially when they're in similar positions or markets.

"Because pay parity is coming to the forefront, I see female executives sharing notes with each other more often," she said.

Harvard University researchers Hannah Riley Bowles, Linda Babcock and Lei Lai show that for women, sometimes it *does* hurt to ask. In a series of experiments, they found that evaluators penalized women more than men for initiating negotiations, and nervousness around male evaluators made females less inclined to negotiate compensation versus encountering a female evaluator.

Closing the pay gap could be determined by how employers react to women's increased and improved negotiations for compensation—and how transparent each employer's hiring practices are. Sixty-two percent of respondents to a 2016 CREW Network white paper survey believe that pay would be more equitable in commercial real estate if employers were required to share compensation information.

(18) RETS Associates. (June 27, 2018) "New Survey Reveals Equal Pay the Biggest Challenge Facing Women in Commercial Real Estate." Retrieved from <https://www.businesswire.com/news/home/20180627005436/en/New-Survey-Reveals-Equal-Pay-Biggest-Challenge>

(19) PayScale. (2018) The State of the Gender Pay Gap in 2018. Retrieved from <https://www.payscale.com/content/whitepaper/Gender-Pay-Gap.pdf>

(20) Slavina, Vicki. "Why Women Must Ask (The Right Way): Negotiation Advice From Stanford's Margaret A. Neale." *The Muse*. Retrieved from <https://www.themuse.com/advice/why-women-must-ask-the-right-way-negotiation-advice-from-stanford's-margaret-a-neale>

(21) Gender Budgeting: Fiscal Context and Current Outcomes, IMF Working Paper, Janet Stotsky, July 2016. <https://www.imf.org/external/pubs/ft/wp/2016/wp16149.pdf>

In January 2018, television writers started circulating an anonymous Google spreadsheet to share compensation data and where there might be gender and racial discrimination. *The Guardian* reported that contributors entered data points including their job title, gender, whether or not they are a person of color, and how much they were paid per episode.

“According to the spreadsheet, for example, a white male co-executive producer earned \$25,000 per episode on a show, while a non-white female co-executive producer working on a show produced by the same studio and airing on the same network earned \$10,000 per episode,” *The Guardian’s* Julia Carrie Wong wrote.

After the spreadsheet began circulating, *The Guardian* found spreadsheets sharing salaries of television actors, women in academia, and Google employees.²²



How Television Is Opening the Transparency Discussion

A survey conducted by Challenger, Grey & Christmas in 2014 showed that 55% of human resources executives thought companies should practice salary transparency in some form, either full or providing a range of compensation for a given position. But by its 2018 survey, it found that only 3% of companies actually execute transparency practices, while 7% will provide information on a need-to-know basis.²³

PayScale also noted in its report that when it comes to business referrals, women are much less likely to receive referrals than white male counterparts—12% less for white women and 35% for women of color. Its research also found that white men can expect a referral to lead to a \$8,200 salary increase for men, while women only receive a \$3,700 increase.²⁴

The Mid-Career Gap and Family Factors

The mid-career gender wage gap starts in a woman's late 20s to 30s, just when she is married and likely

to start a family, according to *The New York Times*. But even women who are unmarried with no children are impacted, because they're more likely to give up a job opportunity to either move or stay put for their spouse's job, take a less intensive job in preparation for starting a family or have an employer who doesn't give them more responsibilities because they assume the women will have babies and take time off.²⁵

College-educated women make about 90% as much as men at age 25 and about 55% as much at age 45, pointed out Sari Kerr, an economist at Wellesley College, who has published studies on the widening mid-career gap.

According to the Pew Research Center, women are much more likely to take time off from their careers to care for a family member, with 42% reducing their hours, 39% taking significant time off, 27% quitting jobs, and 13% being passed over for a promotion. On the other hand, only 28% of men reduced their hours,

(22) Wong, Julia C. (Jan. 25, 2018). “Tv Writers Circulate Anonymous Spreadsheet to Fight Gender Pay Gap.” *The Guardian*. Retrieved from <https://www.theguardian.com/tv-and-radio/2018/jan/24/tv-writers-women-men-pay-gap-anonymous-spreadsheet>

(23) Challenger, Grey & Christmas Inc. (2018) “Pay Parity Survey: Half of Companies Reviewing Compensation Policies After #TimesUp.” Retrieved from <http://www.challengergray.com/press/press-releases/pay-parity-survey-half-companies-reviewing-compensation-policies-after-timesup>

(24) PayScale. (2018) The State of the Gender Pay Gap in 2018. Retrieved from <https://www.payscale.com/content/whitepaper/Gender-Pay-Gap.pdf>

(25) Miller, Claire C. (May 13, 2015). “The Gender Pay Gap Is Largely Because of Motherhood.” *The New York Times*. Retrieved from <https://www.nytimes.com/2017/05/13/upshot/the-gender-pay-gap-is-largely-because-of-motherhood.html>

24% took significant time off, 10% have quit jobs; and 10% have been passed over for a promotion.²⁶

In its *State of the Gender Pay Gap in 2018* report²⁷, PayScale discovered that the longer the career disruption, the greater the penalty. On average, individuals who were unemployed at the time of receiving a job offer make 4% less than an individual without a career disruption. Individuals who were unemployed for less than three months made an average 3.4% less, while individuals who have been out of work for over a year make 7.3% less. And women are seven percentage points more likely to be out of the workforce for over a year, which increases to 10 percentage points during the ages of 30 to 44.

The pay gap is even steeper between mothers and fathers, according to a National Women's Law Center analysis, which discovered mothers are

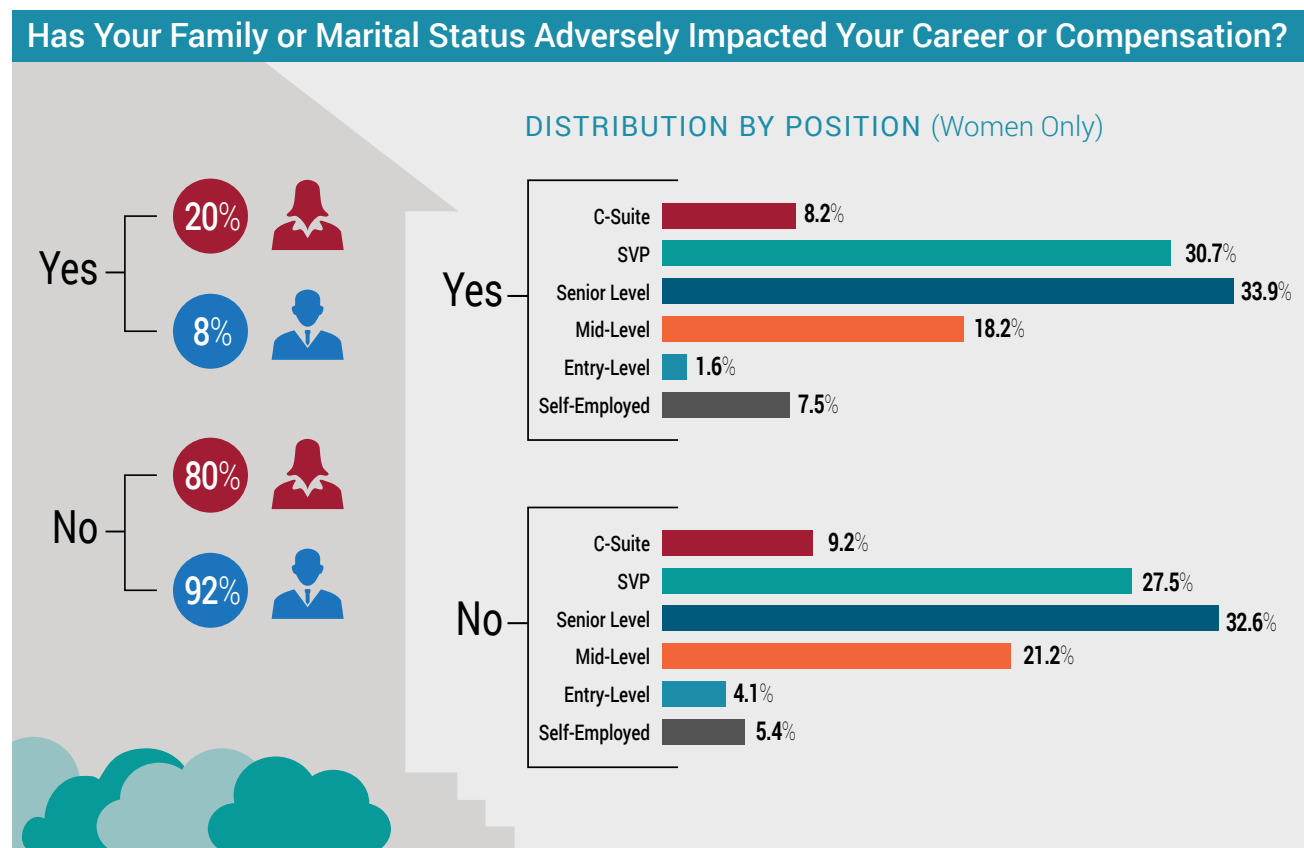
only paid 71 cents to every dollar paid to fathers—translating to a loss of \$16,000 annually.²⁸

In commercial real estate, one in five women say that family or marital status has adversely impacted their career or compensation (Fig. A).

How Does Your Compensation Stack Up?

Fig. B takes a look at compensation averages for some of the most common positions in commercial real estate, according to CEL Associates' annual National Real Estate Compensation & Benefits Survey. The survey takes a comprehensive look at over 190 positions, publishing average base salary ranges and bonuses as percentage of salary.²⁹ The full survey can be accessed at celassociates.com. ■

(Fig. A)



Source: CREW Network Benchmark Study Report 2015

(26) Graf, Nikki, Anna Brown, and Eileen Patten. (April 9, 2018) "The Narrowing, But Persistent, Gender Gap In Pay." Pew Research Center. Retrieved from <http://www.pewresearch.org/fact-tank/2018/04/09/gender-pay-gap-facts/>

(27) PayScale. (2018) The State of the Gender Pay Gap in 2018. Retrieved from <https://www.payscale.com/content/whitepaper/Gender-Pay-Gap.pdf>

(28) National Women's Law Center. (2017) Equal Pay for Mothers Is Critical for Families. Retrieved from <https://nwlc.org/resources/equal-pay-for-mothers-is-critical-for-families/>

(29) CEL Associates (2017). 2017 Real Estate Compensation Survey. Reprinted with permission. Full survey results available at <https://celassociates.com/>

(Fig. B)

2017 Real Estate Compensation Survey - Select Common Positions				
	BASE SALARY RANGE*			ACTUAL BONUS AS % OF SALARY
	LOW	MEDIUM	HIGH	AVERAGE
EXECUTIVE & CORPORATE POSITIONS				
Chairman	\$271,500	\$372,400	\$607,300	174.5%
CEO	\$367,300	\$619,300	\$820,600	173.9%
President	\$229,900	\$349,500	\$495,500	123.7%
COO	\$267,800	\$374,100	\$498,600	112.4%
CIO	\$275,900	\$355,900	\$454,000	111.4%
CFO	\$238,300	\$348,500	\$472,400	101.8%
OFFICE/INDUSTRIAL POSITIONS**				
Acquisitions Director	\$124,500	\$157,700	\$193,500	45.3%
Senior Asset Management Exec.	\$158,700	\$185,400	\$236,400	35.1%
VP of Property Management	\$143,400	\$177,800	\$227,700	25.4%
Senior Leasing Exec.	\$88,700	\$137,700	\$186,400	114.6%
VP of Development	\$173,500	\$200,700	\$237,400	41.6%
Construction Manager	\$102,900	\$125,000	\$155,300	21.7%

* High = 75th percentile, Median = 50th percentile, Low = 25th percentile. Survey Completed 2Q 2017.

** These positions may not be the highest ranking in this function

Please note that the compensation figures presented represent a composite of all companies participating in the 2017 CEL National Survey and are not stratified by ownership/type of company (public vs. private), company size, product specialization, regional geographic location, or metropolitan area. Further, factors such as tenure, experience, role and responsibility will impact compensation levels and benchmarks (percentiles) for the evaluation of any comparative situation, as will the financial situation of a company and its investment and business strategy.

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THE BUSINESS CASE FOR EQUAL PAY

When Women Benefit, Companies Benefit

Companies with gender diverse upper management outperform homogeneous companies in return on investment, and they carry less debt. Where women account for the majority of top management, businesses show superior sales growth and higher cash flow returns on investment.

A report by Grant Thornton global leader Francesca Lagerberg³⁰ found that diversity is key to business success. With a mixture of men and women at the helm, companies are better prepared for all eventualities. In the face of the potential for economic and political upheaval, it becomes clear that companies must be equipped with the best available thinkers and strategists.

International financial institute Credit Suisse studied 50% club companies—defined as organizations where women account for 50% or more of senior management—and found that these companies have outperformed less gender equal firms each year since

2009.³¹ Average sales growth was 8% per year versus an actual slowdown at other companies. These companies showed an average earnings per share growth of 11% over the past five years versus 4% for other companies, as well as an average debt load 28% less than other companies. These companies are clustered in consumer discretionary and financial sectors, and half of the financial companies are real estate companies.

Diversity also drives innovation, according to 2013 research published in the *Harvard Business Review* by Center for Talent Innovation's Sylvia Ann Hewlett, Melinda Marshall, and Laura Sherbin. The authors determined that companies that combine both **inherent diversity** (traits people are born with, such as gender, ethnicity, and sexual orientation) and **acquired diversity** (traits people acquire with experience), have what they coined as “two-dimensional diversity.”³²

Seven Reasons Pay Parity Benefits Business	Six Ways Lack of Focus Can Hurt Business
Benefits of Focus	Risks of Non-Focus
1 Enhances reputation among communities, customers, employees, and suppliers	1 Complaints and legal challenges
2 Improves employee engagement	2 Negative public relations
3 Attracts a wider pool of talent	3 Shareholder disapproval
4 Increases business activity and overall performance	4 High attrition rates
5 Fosters workplace diversity	5 Talent loss
6 Increases employee trust in leadership	6 Less employee trust in leadership
7 Decreases employee turnover	

Source: HRZone.com³³ and Korn Ferry³⁴

(30) Lagerberg, Francesca. (2015). *Women in Business: The Value of Diversity*. Grant Thornton. Retrieved from https://www.grantthornton.global/globalassets/wib_value_of_diversity.pdf

(31) Dawson, Julia, Richard Kersley, and Stefano Natella. (2016) *The CS Gender 3000: The Reward for Change*. Credit Suisse. Retrieved from <http://publications.credit-suisse.com/tasks/render/file/index.cfm?fileid=5A7755E1-EFDD-1973-A0B5C54AFF3FB0AE>

(32) Hewlett, Sylvia A., Melinda Marshall, and Laura Sherbin. (2013) “How Diversity Can Drive Innovation.” *Harvard Business Review* (December 2013 Issue). Retrieved from <https://hbr.org/2013/12/how-diversity-can-drive-innovation>

(33) Kellett, Tim. (Oct. 24, 2016) “Building a Business Case for Equal Pay.” *HRZone*. Retrieved from <https://www.hrzone.com/community/blogs/tim-kellett/building-a-business-case-for-equal-pay>

(34) McMullen, Tom. (Jan. 17, 2018). “New Numbers on Pay Equity.” Korn Ferry Institute. Retrieved from <https://www.kornferry.com/institute/pay-equity-leadership>

As a result, these companies out-innovate and outperform their competitors, the authors said. They are 45% more likely to report a growth in market share over the previous year and 70% more likely to report that the company had captured a new market.

Without diverse leadership, women, people of color, and LGBTQ individuals are less likely to win endorsement for their ideas, the authors argue. This costs companies without diverse leadership crucial market opportunities, “because inherently diverse contributors understand the unmet needs in under-leveraged markets.”

Gender diversity also aids in recruitment. In a global study, PwC found that more than half (56%) of women reported that they researched whether or not an organization had made progress in gender diversity when deciding where to work.³⁵ And 61% of them took note of the diversity of an employer’s leadership team as well. Considering that the majority of today’s college graduates are women, gender equity becomes an essential recruitment tool.

Businesses Not Only Benefit, But Society

“Gender inequality is not only a pressing social issue but also a critical economic challenge,” said the McKinsey Global Institute (MGI) in its September 2015 research report, *The Power of Parity: How Advancing Women’s Equality Can Add \$12 Trillion to Global Growth*. “If women—who account for half the world’s population—do not achieve their full economic potential, the global economy will suffer.”³⁶

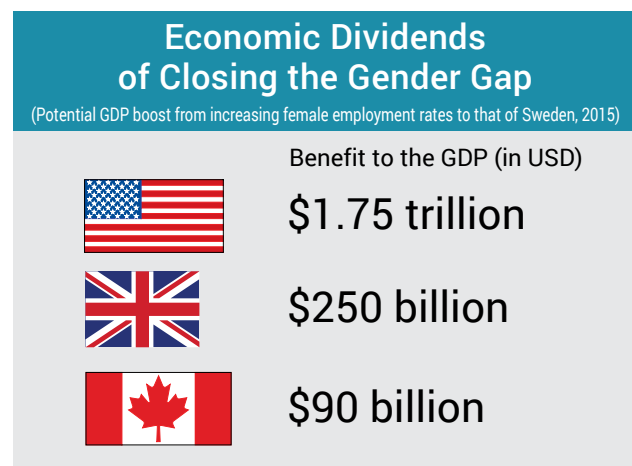
The economic case is simple, MGI says: In a “full-potential” scenario in which women participate in the economy identically to men, it could add up to \$28 trillion to the annual global GDP in 2025—approximately the size of the U.S. and Chinese economies today, combined.

Despite being paid less, women’s earnings are increasingly important to the economic stability of families, according to research from the Institute for Women’s Policy Research (IWPR). In the U.S., half of all households with children under 18 have a breadwinner

mother, it notes—and pay inequity means lower pay, less family income, and more children and families in poverty.³⁷

Among the benefits of pay equity, according to the IWPR:

- Nearly 60% of women would earn more if paid the same as men of the same age with similar education and hours of work; 65.9% of working single mothers would receive a pay increase.
- The poverty rate for all working women would be cut in half, from 8% to 3.8%; the poverty rate of working single mothers would fall from 28.9% to 14.5%; and the poverty rate for single women would decrease from 10.8% to 4.4%.
- Approximately 25.8 million children would feel the benefits of equal pay, with the number living in poverty decreasing from 5.6 million to 3.1 million.



Source: PwC³⁸

The Key to Parity: More Women in Leadership Positions

The World Economic Forum (WEF) reports women’s share among senior positions in both the public sector and in business is not trending toward equal representation; only 22% of individuals holding senior managerial positions are women, according to its *Global Gender Gap Report 2017*.³⁹ However, working

(35) Flood, Aoife. (2017) *Winning The Fight for Female Talent: How to Gain the Diversity Edge through Inclusive Recruitment*. PwC. Retrieved from <https://www.pwc.com/gx/en/about/diversity/iwd/iwd-female-talent-report-web.pdf>

(36) Woetzel, Jonathan et al. (2015) *The Power of Parity: How Advancing Women’s Equality Can Add \$12 Trillion to Global Growth*. McKinsey Global Institute. Retrieved from <https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>

(37) Milli, Jessica et al. (2017) *The Impact of Equal Pay on Poverty and the Economy*. Institute for Women’s Policy Research. Retrieved from <https://iwpr.org/publications/impact-equal-pay-poverty-economy/>

(38) Teow, Yong Jing and Shivangi Jain. (2017) *PwC Women in Work Index: Closing the Gender Pay Gap*. PwC. Retrieved from <https://www.pwc.co.uk/economic-services/WIWI-2017/pwc-women-in-work-2017-report-final.pdf>

(39) Leopold, Till A., Saadia Zahidi, and Vesselina Ratcheva. (2017) *The Global Gender Gap Report 2017*. World Economic Forum. Retrieved from http://www3.weforum.org/docs/WEF_GGGR_2017.pdf

with data from LinkedIn, it found that the legal, finance, and real estate industries have all increased the rate at which they hire women for leadership over the past decade.⁴⁰

The WEF said that when women are better represented in leadership roles, more women are hired across the board—individuals are more likely to hire people like themselves, and women are more likely to join companies with higher proportions of women leadership, perceiving them to have better opportunities for advancement or mentorship. Hiring women at all levels therefore positions more females at junior levels who will be promoted into leadership roles. Additionally, WEF research from 2015 shows that female CEOs pay their high-earning women more than male CEOs do, which may create a financial incentive to work for such companies.⁴¹

More women in leadership roles is not only good for hiring, but for productivity. The WEF discovered that sales per worker are 6% higher for every 10% increase in the share of women in the workforce, and the value added per worker increases by approximately 8%.⁴²

The Korn Ferry Gender Pay Index—an analysis of gender and pay for more than 1.3 million employees in 777 companies in the U.S.—discovered that even with an overall 17.6% gender gap in the U.S. that favors men, the gap reduced significantly when you look at men and women on the same level (7%), same level at the same company (2.6%), and same level at the same company with the same function (0.9%). Therefore, the pay gap issue can be remedied if organizations address pay parity across the organization and strive to increase the percentage of women in senior roles and functions.⁴³

“Companies, at large, have a focus on diverse candidates, because diversity of thought on the leadership team or in the boardroom is important,” said Alison Harrigan of Korn Ferry. “The commercial real estate industry is lagging behind—in relation to other industries, there are more boards with no women, and the companies to which that applies are interested in changing.”

While commercial real estate is lagging when it comes to female representation on boards, the 2015 CREW

Women Leaders of the *Fortune* 500

■ Only **24** *Fortune* 500 companies had women CEOs as of May 2018, declining 25% from 32 women CEOs the previous year^(a)

■ Overall, the *Fortune* 500 returned 15.1% annually over the past five years. **Twelve** *Fortune* 500 companies did not have any women on their boards as of March 2018; of these 12, most had negative or single-digit five year returns versus the *Fortune* 500^(c)

■ Only **two** are women of color: PG&E Corp.’s Geisha Williams and PepsiCo’s Indra Nooyi.^{(b)*}

■ More companies have females on their boards today; five years ago, there were **42** *Fortune* 500 companies without women directors; 10 years ago, there were 69^(c)

* Nooyi announced in August 2018 that she would be stepping down from PepsiCo as CEO on October 3 but would remain chairman. She is succeeded by Ramon Laguarta, a hispanic male.

Source: *Fortune*⁴⁴

(40) Duke, Sue (Nov. 2, 2017) “The Key To Closing The Gender Gap? Putting More Women In Charge” World Economic Forum. Retrieved from <https://www.weforum.org/agenda/2017/11/women-leaders-key-to-workplace-equality/>

(41) Flabbi, Luca. (April 27, 2015) “How Do Female CEOs Affect Their Company’s Gender Wage Gap?” World Economic Forum. Retrieved from <https://www.weforum.org/agenda/2015/04/how-do-female-ceos-affect-their-companys-gender-wage-gap/>

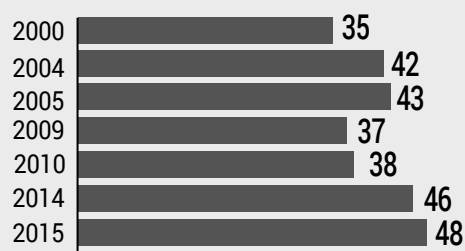
(42) Flabbi, Luca. (April 27, 2015) “How Do Female CEOs Affect Their Company’s Gender Wage Gap?” World Economic Forum. Retrieved from <https://www.weforum.org/agenda/2015/04/how-do-female-ceos-affect-their-companys-gender-wage-gap/>

(43) Korn Ferry. (2018) “As US ‘Equal Pay Day’ Approaches, Korn Ferry Issues Gender Pay Index, Analyzing Reasons Behind Inequalities in Male and Female Pay.” Retrieved from <https://www.kornferry.com/press/as-us-equal-pay-day-approaches-korn-ferry-issues-gender-pay-index-analyzing-reasons-behind-inequalities-in-male-and-female-pay>

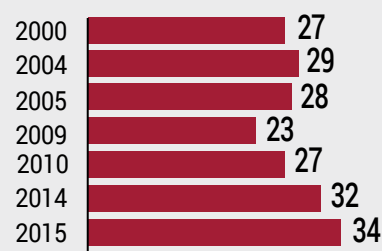
(44) (a) Zarya, Valentina. (May 21, 2018) “The Share of Female CEOs in the Fortune 500 Dropped by 25% in 2018.” *Fortune*. Retrieved from <http://fortune.com/2018/05/21/women-fortune-500-2018/>; (b) Fortune Editors. (June 7, 2017) “These Are the Women CEOs Leading Fortune 500 Companies.” *Fortune*. Retrieved from <http://fortune.com/2017/06/07/fortune-500-women-ceos/>; (c) Zillman, Claire. (May 22, 2018) “These Are the 12 Fortune 500 Companies With Zero Women on Their Boards.” *Fortune*. Retrieved from <http://fortune.com/2018/05/22/fortune-500-companies-women-boards/>

Positions Filled by Women: Senior Level (or higher)

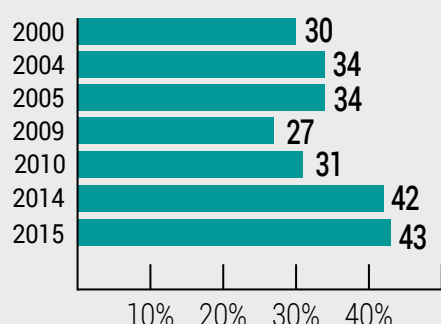
Asset/Property/Facilities Management



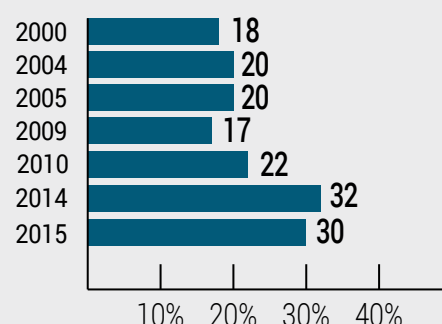
Development/Development Services



Financial/Professional Services



Brokerage/Sales/Leasing



Source: CREW Network Benchmark Study Report 2015

Network benchmark study revealed important gains made by women, including:

- Women's career satisfaction and feelings of success increased across all industry specializations. Women with higher commission-based pay reported the highest career satisfaction.
- More women fill senior vice president, managing director and partner positions than ever.
- The percentage of women with direct reports is now on par with their male counterparts.

When Korn Ferry brings candidates to the table for clients, diversity is something it prioritizes, Harrigan continued. "Presenting a homogenous slate of candidates in any direction—experience, background, gender, et cetera—is not an option."

Despite this, corporate leaders are failing to explain to employees why having women in leadership is good for a company's bottom line, according to a Phaidon International survey highlighted by *The Washington Post*. It discovered that six in 10 employees felt leadership

did not promote gender diversity as a benefit; seven in 10 said workplace gender diversity was presented as a human resources issue rather than an element of business success; and only one-third of respondents had attended any gender diversity training at work.⁴⁵

Will REITs Lead the Way?

As Harrigan mentioned, more commercial real estate companies are taking notice of the lack of women on their boards and are taking steps to rectify these glaring omissions. Real estate investment trusts (REITs) are leading the way. *The Wall Street Journal* reports that the sector named a record number of women to board positions in 2018, with 49 women filling the spots of 94 REIT directors. Women comprised 52% of this year's slate, compared to the 41% of newly elected women in 2017, according to statistics from Ferguson Partners. However, 32 of 192 REITs have no women on their boards, and only eight have female chief executives.⁴⁶ ■

(45) Moore, Miranda. (July 20, 2018) "Bosses are Failing to Explain Why Female Leaders Boost Profits. This Could Hurt Corporate Diversity Efforts." *The Washington Post*. Retrieved from https://www.washingtonpost.com/business/2018/07/20/bosses-are-failing-explain-why-female-leaders-boost-profits-this-could-hurt-corporate-diversity-efforts/?utm_term=.66725e859aea

(46) Fung, Esther. (June 26, 2018) "REIT Industry Hits Diversity Record With Female Board Appointees." *The Wall Street Journal*. Retrieved from <https://www.wsj.com/articles/reit-industry-hits-diversity-record-with-female-board-appointees-1530010800>



CASE STUDY

How Wells Fargo is Closing the Gap

Top commercial real estate lender and servicer⁴⁷ Wells Fargo has been focusing on pay parity for at least a decade, according to head of compensation Michael Branca.

Each year, the financial services company conducts a pay equity analysis of team members based in the U.S., who represent 93% of its total workforce.

This analysis, which is conducted in the fourth quarter of each year and syncs up with Wells Fargo's annual pay review cycle, compares the compensation of team members performing similar work to ensure they are paid fairly. Issues are immediately fixed as they are found, he said.

In February 2018, Wells Fargo disclosed its most recent pay equity results in gender and ethnic diversity, which showed that after accounting for various factors—including role, tenure, and geography—women in the U.S. make more than 99 cents on the dollar to their male counterparts.

Branca shared the five lessons Wells Fargo has learned from the process:

Lesson 1: Equality Starts from The Top

Pay equity starts at the top of the organization—and you have to have commitment from your leadership.

Especially notable is Chairwoman of Wells Fargo's Board of Directors, Elizabeth Duke, who assumed the position in January 2018. A former member of the Board of Governors for the Federal Reserve System, she is the first female chairwoman among the largest U.S. banks.⁴⁸

With Duke at the helm, 40% of Wells Fargo's Board is comprised of women.

Lesson 2: Cultivate and Nurture a Diverse Workforce

While there is still a small gap Wells Fargo seeks to fix, Branca said that the firm has had good pay equity results for many years because of its attention to hiring, developing, and retaining a diverse workforce. The

(47) Wells Fargo. (Accessed August 28, 2018) "Our Industry Rankings." Retrieved from <https://www.wellsfargo.com/com/financing/real-estate/>

(48) Glazer, Emily. (Aug. 15, 2017) "Wells Fargo Elevates Former Fed Governor Elizabeth Duke to Chairman Role." *The Wall Street Journal*. Retrieved from <https://www.wsj.com/articles/wells-fargo-elevates-former-fed-governor-elizabeth-duke-to-chairman-role-1502827329>

majority of its U.S. team members are women—57% in the overall company, 29% in the executive levels, and 50% in mid-level management. Forty-two percent of its overall team are people of color.

Wells Fargo has programs in place to ensure it is developing diverse talent, such as management skills programs that help team members move up in the organization, women's advocacy programs, and benefit programs that help support families.

Lesson 3: Pay Equity is an Ongoing Process

The bias for action and resolution must be embedded in your company's culture for the long-term, not as a one-time event.

One policy it has instituted across the company is not to ask new external hires their prior compensation level. "If there is an inequity in the market, doing so will perpetuate that inequity," Branca warned.

Lesson 4: Engage an Expert

"There are complexities in doing the analysis, and it must be objective," he said. "That expert can advise you along the way."

For instance, Wells Fargo engages Mercer, a human

resources consulting firm, to provide this objectivity and expertise as it conducts the pay equity analysis.

Lesson 5: Be Competitive

In 2016, Wells Fargo announced three programs designed to help team members balance their work and family life, including paid parental leave, paid critical caregiving leave, and paid backup adult care leave. The first program, in particular, is gender neutral and grants up to 16 weeks for the primary caregiver and four weeks for the non-primary caregiver to care for a new child following birth or adoption, and at 100% full pay.

Other significant changes Wells Fargo has recently made include increasing base pay for its lowest-paid team members by adjusting its minimum-wage rate to \$15/hour and granting restricted stock rights to 250,000 team members.

While the decisions were not a result of the pay equity analysis, the base pay increase is part of Wells Fargo's goal to provide market competitive pay for all team members. Branca said the company surveys the market at least annually and makes adjustments to pay levels as needed. The broad-based restricted stock award was a way to recognize team member contributions. ■





A LOOK AT OTHER INDUSTRIES

Pledging for Pay Parity

In 2016, the Obama administration launched the Equal Pay Pledge in the U.S., which over 100 companies and organizations signed to acknowledge the critical role businesses play in reducing the pay gap.⁴⁹ By signing the pledge, these companies committed to conducting annual company-wide pay analyses; reviewing hiring and promotion processes and procedures to reduce unconscious bias and structural barriers; embedding equal pay efforts into broader enterprise-wide equity initiatives; and identifying and promoting best practices that will close the national wage gap to ensure fundamental fairness for all workers. Many technology giants—including Adobe, Apple, Amazon, Cisco, eBay, Expedia, Intel, Microsoft, Salesforce, VMware, and Zillow—have made a public commitment to pay parity and have made their internal findings public as they investigated the gender wage gap within their own companies.⁵⁰

Achieving 100% parity is certainly a challenge, but a

handful of companies have achieved truly equal pay. Among them, Adobe, Starbucks and Salesforce have been very open about their efforts to achieve pay parity.

Adobe

In December 2017, Adobe announced it had achieved equal pay within its company, with women making \$1.00 for every dollar earned by male employees in the U.S., up from 99 cents the previous year. To achieve this, it undertook a review of its job structure and analyzed its compensation practices, making small adjustments based on the review.⁵¹ In January 2018, it achieved the same milestone in India, closing the gender pay gap in 80% of its overall employee base. It is now focused on the remaining 20% of its workforce.⁵²

Steps it is taking to assure pay parity continues:

- Disclosing pay parity results annually as part of its corporate responsibility report

(49) The White House. (Dec. 7, 2016) "White House Announces New Commitments to the Equal Pay Pledge." Retrieved from <https://obamawhitehouse.archives.gov/the-press-office/2016/12/07/fact-sheet-white-house-announces-new-commitments-equal-pay-pledge>

(50) Jackson, Amy Elisa (2018) "16 Companies Committed to Equal Pay & Hiring Now." Glassdoor. Retrieved from <https://www.glassdoor.com/blog/companies-equal-pay/>

(51) Adobe. (Dec. 7, 2017) "Adobe Achieves Pay Parity in U.S." Retrieved from <https://news.adobe.com/press-release/corporate/media-alert-adobe-achieves-pay-parity-us>

(52) Juran, Katie. (Jan. 30, 2018) "A Pay Parity Milestone." Adobe. Retrieved from <https://theblog.adobe.com/pay-parity-milestone/>

- Ensuring job descriptions use gender-neutral language
- Scoping requirements and responsibilities of each job to ensure roles are properly matched against the market, thus driving fair and competitive pay
- No longer asking job candidates for previous salaries

“Pay parity is never truly done—it’s an ongoing state of balance,” said Adobe vice president of global rewards Rosemary Arriada-Keiper in a company blog. “We are continuing to learn, especially as we embark on the global stage of our journey.”⁵³

Starbucks

In March 2018, Starbucks announced that it had reached 100% pay equity, culminating 10 years of efforts to make sure its workforce was compensated fairly.⁵⁴ It launched a company-wide compensation study in 2008—running regular checks on partner (employee) compensation to identify and address any gaps—and launched tools and best practices for preventing disparities, which it has made publicly available so other companies can follow its lead.

Among its best practices:

- Determining starting pay based on a candidate’s

skills, abilities, and experience rather than prior salary, removing caps on promotional increases, and providing a position’s pay range upon candidate request

- Using an offer standards calculator to determine starting pay range for all store managers and district managers
- Publishing its pay equity progress annually
- Conducting comprehensive compensation analyses to further the goal of equity for its partners, taking into account base pay, bonuses, stock, and other rewards

Salesforce

Salesforce was one of the first companies to take a public stance on pay parity, announcing in 2015 that it would review employee compensation on an annual basis to ensure everyone is paid equally for equal work and close any gaps. Since then, it has undergone two equal pay assessments, spending \$6 million to close the gap. In 2017, it discovered that 6% of its employees globally required adjustments; it spent \$2.7 million to address compensation differences between gender, race, and ethnicity. The 2017 percentage of affected employees was less than half the number who were affected the previous year, even with the company growing at 17% year-over-year.⁵⁵ ■



(53) Arriada-Keiper, Rosemary. (April 10, 2018) “Three Steps to Pay Parity.” Adobe. Retrieved from <https://theblog.adobe.com/three-steps-pay-parity/>

(54) Starbucks. (May 21, 2018) “Starbucks Announces 100 Percent Gender, Racial Pay Equity for U.S. Partners, Sets Global Commitment.” Retrieved from <https://news.starbucks.com/news/starbucks-pay-equity-for-partners>

(55) Robbins, Cindy. (April 17, 2018) “2018 Salesforce Equal Pay Assessment Update.” Salesforce. Retrieved from <https://www.salesforce.com/blog/2018/04/2018-salesforce-equal-pay-assessment-update.html>



WHAT'S ON THE HORIZON

Global Movements to Pay Parity

Pay parity is a global discussion. Korn Ferry notes that more than 80 countries have some form of equal-pay-for-equal-work legislation in effect, while approximately 24 have some sort of mandatory reporting requirement.⁵⁶

CREW Network has chapters and affiliate groups in three countries: the United States, Canada, and the United Kingdom. Here is how they stack up:



The United States

The gender pay gap exists in almost every congressional district, according to AAUW research, which suggests it can be remedied by passing a federal law to protect everyone in all states.

In April 2017, Sen. Patty Murray (D-WA) and Rep. Rosa L. DeLauro (D-CT) introduced the Paycheck Fairness Act (S.819⁵⁷ and H.R.1869⁵⁸) which would amend equal pay provisions of the Fair Labor Standards Act of 1938

to restrict the use of the bona fide factor defense to wage discrimination claims, enhance non-retaliation prohibitions, make it unlawful to require an employee to sign a contract or waiver prohibiting the employee from disclosing information about the employee's wages, and increase civil penalties for violations of equal pay provisions.

The bill also directs the U.S. Department of Labor to establish and carry out a grant program for negotiation skills training for girls and women, conduct studies to eliminate pay disparities between men and women, and make available information on wage discrimination to assist the public in understanding and addressing such discrimination.

Both bills have been referred to committees, but no further action had been taken as of August 2018. First Capitol Consulting noted that certain political and social events have transpired since the Act was last

(56) Korn Ferry. (2015) "Equal Pay for Equal Work: The Status Quo Is Not an Option." Retrieved from https://focus.kornferry.com/wp-content/uploads/2015/02/EqualPay_Factsheet_US.pdf

(57) U.S. Congress. (April 4, 2017). "S.819 - Paycheck Fairness Act: 115th Congress (2017-2018)." Retrieved from <https://www.congress.gov/bill/115th-congress/senate-bill/819>

(58) U.S. Congress. (April 4, 2017). "H.R.1869 - Paycheck Fairness Act: 115th Congress (2017-2018)." Retrieved from <https://www.congress.gov/bill/115th-congress/house-bill/1869>

introduced likely putting these bills on the back burner; in that same time, more state legislatures have taken action to strengthen their own equal pay laws.⁵⁹

“The fights [in the U.S.] for gender pay equity on the federal level have been a back and forth tug for over 60 years,” notes the Feminist Majority Foundation. It cites the Equal Pay Law signed by President John F. Kennedy in 1963, which made it illegal to pay women less money for doing the same job. Yet, a Supreme Court ruling later limited the time period in which a woman would be permitted to file a wage discrimination suit. Fortunately, President Barack Obama’s Lilly Ledbetter Fair Pay Act, passed in 2009, reversed the effect of that ruling.⁶⁰

The Trump Administration has made a point of rolling back many of the Obama-era rules, including an Equal Employment Opportunity Commission rule that required companies with 100 or more employees report how much they pay their workers by race, gender, and ethnicity. That change was followed by a lawsuit.⁶¹

In the meantime, each state operates under its own regulations—often with antiquated and piecemeal laws. The AAUW notes that out of the 50 states, only 10 have strong equal pay laws: California, Delaware, Illinois, Massachusetts, Maryland, Minnesota, New Jersey, Oregon, Vermont, and Washington. Two states—Alabama and Mississippi—have no equal pay protection whatsoever.⁶² However, many states and localities, including California, Delaware, Massachusetts, New York City, Oregon, Philadelphia, Pittsburgh and Puerto Rico, have compensation laws in place to stop employers from asking about previous salary history during the interview process.



Canada

Employment and Social Development Canada (ESDC), the governmental arm responsible for social programs and

the labor market, has a Pay Equity Program with the goal of eliminating gender-based wage discrimination in federally regulated sectors (i.e., banks, transportation, broadcasting, and telephone systems).⁶³ These labor rights and social obligations impact approximately 18,000 employers and 900,000 employees, or 6% of the Canadian labor force.⁶⁴

Employers outside of the federal realm are regulated by provincial or territorial governments. Of the 10 provinces and three territories, only six provinces have pay equity legislation and these include Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, Quebec and Ontario. For one, the Ontario government in 1987 passed the Pay Equity Act (PEA), which requires private sector employers with 10 or more employees, and all public sector employers, to value and compare jobs usually done by women to those usually done by men in an objective and consistent way using factors of skill, effort, responsibility, and working conditions. According to the Act, a female job class must receive compensation that is at least equal to the compensation that is paid to a male job class of equal or comparable value.⁶⁵

However, gaps still remain after 30 years of legislation in Ontario. In March 2018, the provincial government under the former Premier Kathleen Wynne proposed a women’s economic empowerment strategy that would increase pay transparency by requiring certain employers to track and publish information about compensation in their organizations.

In July 2018, Wynne’s legislation passed. As of January 1, 2019, Ontario will be the first province in Canada to require all publicly advertised job postings to include a salary rate or range; bar employers from asking a job candidate about past compensation; prohibit reprisals against employees who discuss or disclose compensation; and establish a framework to require larger employers to track and report compensation gaps based on gender and other diversity characteristics.

(59) Starkman, Nicholas. (April 8, 2018). “Can We Expect Passage of the Paycheck Fairness Act in 2018?” First Capitol Consulting, Inc. Retrieved from <https://firstcapitolconsulting.com/datadriven/can-we-expect-passage-of-the-paycheck-fairness-act-in-2018/>

(60) Feminist Majority Foundation (Aug. 30, 2017) “Trump Administration Shuts Down Initiative to Combat Gender-Race Wage Gap.” Retrieved from <https://feminist.org/blog/index.php/2017/08/30/trump-administration-shuts-down-initiative-to-combat-gender-race-wage-gap/>

(61) National Women’s Law Center. (Nov. 15, 2017) “Advocates Sue To Stop Illegal Trump Administration Rollback of Equal Pay Rule.” Retrieved from <https://nwlc.org/press-releases/advocates-sue-to-stop-illegal-trump-administration-rollback-of-equal-pay-rule/>

(62) AAUW. (Accessed August 28, 2018) “AAUW Policy Guide to Equal Pay in the States.” Retrieved from <https://www.aauw.org/resource/state-equal-pay-laws/>

(63) Government of Canada. (Accessed August 28, 2018) “Pay Equity.” Retrieved from <https://www.canada.ca/en/employment-social-development/programs/pay-equity.html>

(64) Government of Canada. (Accessed August 28, 2018) “Federally Regulated Businesses and Industries.” Retrieved from <https://www.canada.ca/en/employment-social-development/programs/employment-equity/regulated-industries.html>

(65) Ontario Government. (Accessed Aug. 28, 2018) “The Pay Equity Act.” Retrieved from http://www.payequity.gov.on.ca/en/AboutUs/Pages/the_act.aspx

Once fully implemented, employers would be required to publicly post the data in their own workplaces, as well as report them to the province.⁶⁶

Additionally, Ontario's strategy aims to advocate for further enhancements to parental benefit entitlements, expand and strengthen women's centers, reinforce measures to promote women in corporate leadership, increase women's access to training and mentorship opportunities, better support women entrepreneurs, and launch a social awareness campaign. The government estimates that improving gender equality in workplaces and society could add as much as CAD \$60 billion (USD \$46.1 billion) to Ontario's GDP over the next decade.



The United Kingdom

In April 2017, the United Kingdom's Equality and Human Rights Commission enacted a new regulation that requires employers with 250 employees

or more to publish their annual gender pay data.⁶⁷ Employers must then publish the data and a written statement on their public-facing websites and report the data to the government online. Organizations with fewer than 250 employees can publish and report voluntarily.

The following year, over 10,000 employers reported their data, but 1,500 missed the deadline, according to an analysis by the BBC. It discovered that more than three quarters of UK companies pay men more on average than women, with only 8% reporting that there is no gender gap. Real estate companies had an approximate 10% gap in its median hourly pay, slightly more than the median pay gap of 9.7%.⁶⁸ BBC Worldwide, the commercial arm of the public broadcaster the covered the pay gap analysis extensively, revealed that men earn 18.9% more than women across the organization.

"Officials in London hope the embarrassing revelations in the reports ... will shame companies into doing more to close the divide," said the *New York Times*.⁶⁹ ■



Will Iceland Be the First Country To Achieve Full Pay Parity?

Pay parity has been a discussion in Iceland for over 50 years, with the first legislation mandating equal pay for men and women passed in 1961, according to the Icelandic Women's Rights Association (IWRA). Despite additional provisions being passed in 1976 and 2008, men were still paid more than women.⁷⁰

However, the Icelandic government has passed even more stringent rules in 2018. The Equal Pay Standard now requires companies employing 25 or more workers, on an annual basis, to obtain equal pay certification of their pay system, which will enforce legislation prohibiting discriminatory practices based on gender and requiring that women and men working for the same employer shall be paid equal wages and enjoy equal terms of employment for the same jobs or jobs of equal value.⁷¹

It is the first country in the world to target companies with as few as 25 employees, and its hope is to eradicate the country's pay gap by 2022—making it the first country to achieve such a feat.

(66) Ontario Government. (March 6, 2018) "Women's Economic Empowerment Strategy a Canadian First: Ontario First Province in Canada to Introduce Pay Transparency Legislation." Retrieved from <https://news.ontario.ca/opo/en/2018/03/womens-economic-empowerment-strategy-a-canadian-first.html>

(67) U.K. Government Equalities Office. (Feb. 22, 2017, Rev. Dec. 1, 2017) "Gender Pay Gap Reporting: Overview." Retrieved from <https://www.gov.uk/guidance/gender-pay-gap-reporting-overview>

(68) Dahlgreen, Will et al. (April 5, 2018) "1,500 Companies Miss Gender Pay Deadline." *BBC*. Retrieved from <https://www.bbc.com/news/business-43651780>

(69) Alderman, Liz. (April 4, 2018) "Britain Aims to Close Gender Pay Gap with Transparency and Shame." *The New York Times*. Retrieved from <https://www.nytimes.com/2018/04/04/business/britain-gender-pay-gap.html>

(70) Icelandic Women's Rights Association. (April 1, 2018). "Looking for Information About Equal Pay in Iceland? All About the Equal Pay Standard." Retrieved from <http://kvenrettindafelag.is/2018/looking-for-information-about-equal-pay-in-iceland-all-about-the-equal-pay-standard/>

(71) Government Offices of Iceland. (Jan. 4, 2018) "New Icelandic Law on Equal Pay Certification Entered into Force on January 1, 2018." Retrieved from <https://www.government.is/news/article/?newsid=39d0a25d-f139-11e7-9423-005056bc530c>



ACHIEVING PAY PARITY

An Action Guide

Most companies that have achieved or are close to achieving pay parity agree: It's not a one-off event and must be evaluated annually and reviewed on an ongoing basis.

Pay equity goes beyond gender. According to Korn Ferry senior client partner Tom McMullen, location and job specialty may largely factor into compensation discrepancies. He noted, "After mergers, expansions into new markets or other corporate moves, an employee's pay may depend nearly as much on location and business unit as it does on experience and job responsibilities. Indeed, organizations that do an analysis of their pay practices often find that around 10% of their employees are so called outliers; they get paid very differently than their colleagues for doing the same job."⁷²

Korn Ferry recommends a five-step process it has

dubbed EQUAL for companies to identify if a pay gap exists and addressing its root cause:

- **Establish Parameters** by scoping the work, developing a plan, identifying data, and assessing perceptions
- **Quantify Gaps** by analyzing the data, building pay models, and identifying gaps
- **Understand Drivers** by reviewing the root cause and analyzing rewards programs, talent acquisition and management, and governance
- **Action Planning** by introducing pay remediation and strategy, design, and culture changes
- **Lead Change** by aligning leaders, communications, changing roadmap, equipping leaders, and keeping a sustained effort⁷³

(72) Korn Ferry. (2018) "Nike on Pay Equity: Just Pay It" Retrieved from <https://www.kornferry.com/institute/nike-pay-equity>

(73) Korn Ferry. (2015) "Equal Pay for Equal Work: The Status Quo Is Not an Option." Retrieved from https://focus.kornferry.com/wp-content/uploads/2015/02/EqualPay_Factsheet_US.pdf



What Can We Do?

Pay parity cannot be achieved without consistent, continuing efforts from company leadership, human resources, and women themselves. To close the pay gap in commercial real estate, the entire industry must continue to understand these issues, aim high, and take the following actions:

Company Leadership

- Top leaders should publicly state their commitment to pay parity, behave as role models, champion programs and policies that help advance women, and make gender equity a business priority
- Make pay equity studies an annual occurrence rather than a one-off event; utilize a resource such as Glassdoor's *How to Analyze Your Gender Pay Gap: An Employer's Guide*⁷⁴ to get started
- Partner with a pay equity study consultant that can provide objectivity and help you remediate found issues immediately
- Disclose pay equity results annually as part of your corporate responsibility reports
- Promote more women into corporate leadership and board positions
- Tie bonus incentives to the achievement of substantive gender equity goals

Human Resources

- Use gender-neutral language in job descriptions
- Scope requirements and responsibilities of each job to ensure roles are properly matched against the market in order to drive fair and competitive pay
- Discontinue asking job candidates for previous salaries—which can perpetuate previous inequities—if not already mandated by law
- Determine starting pay based on a candidate's skills, abilities, and experience
- Provide ranges of compensation for comparable positions, responsibilities, and education, including bonus- and performance-based compensation
- Provide resources that teach women how to assess the risk of performance-based compensation structures, and hedge against the risks inherent in such structures
- Provide clear paths, as well as a leadership tracks, for people in performance-based compensation positions to show employees the advantages of such positions
- Introduce programs to develop diverse talent in your company, including management skills and women's advocacy; if your training budget is limited, visit the career resource site The Muse for free online diversity and inclusion classes⁷⁵
- Develop a gender-neutral benefits packages that allows for paid parental and critical caregiving leave
- Closely evaluate family care leave policies to ensure fair practice; for example, treating maternity leave as a "long-term disability" may have disparate impact on women
- Develop training programs for all employees that focus on unconscious bias awareness
- Survey employees on a regular basis to determine how they feel about workplace equality and what you could do better

(74) Chamberlain, Andrew. (2018) "How to Analyze Your Gender Pay Gap: An Employer's Guide." Glassdoor. Retrieved from <https://library.glassdoor.com/c/employer-guide-analyzing-gender-pay-gap>

(75) Kalish, Alyse. "9 (Free!) Online Classes for Managers Who Care About Diversity and Inclusion." The Muse. Retrieved from <https://www.themuse.com/advice/9-free-online-classes-for-managers-diversity-inclusion>

Women

- Understand that how much you are paid should be based on meritocracy and driven by factors such as education, geography, and work experience
- Research how much someone in your desired role earns in compensation by consulting websites like Glassdoor and PayScale and talking to people who are in similar roles
- Engage in negotiation training and mentoring through professional memberships and associations like CREW Network
- Negotiate assertively for compensation commensurate to your skills and value
- Develop a strong professional network and leverage it
- Influence employers and legislators through activism and advocacy, holding leaders accountable for pay equity
- Be confident and remain positive
- If you hold stock in your company, speak up and vote on policies that impact equal pay
- Consider moving to a more forward-thinking company that is committed to closing the wage gap
- Prior to accepting a position with a company, understand its policies and practices regarding compensation, diversity, and inclusion
- Support other women in your workplace by:
 - Amplifying other women's voices
 - Mentoring, sponsoring and encouraging women's advancement
 - Celebrating their success and accomplishments

Research and analysis shows that we are making progress, but at the current pace, it will take 41 years to reach pay parity. Understanding and committing to best practices today will help us progress to parity. The time is now. ■



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