



### Ensuring gender is not a factor in setting starting salaries

#### PURPOSE

This guidance gives advice on how to make sure that gender is not a factor in setting starting salaries.

The processes recommended here will ensure starting salaries are justifiable, reasonable and consistent, in line with an agency's gender-neutral appointment and starting salary criteria.

Ensuring gender does not influence starting salaries is important because decisions at this point that are not in line with gender-neutral appointment and salary-setting criteria lead to ongoing salary discrepancies.

This guidance is the first of a suite of guidance on recruitment and appointment processes to support achievement of key milestones in the [Gender Pay Gap Action Plan](#). Following the recommendations in this guide will also help agencies give effect to the [Gender Pay Principles](#).

#### APPLICATION

Human Resource managers and managers involved in appointing new staff are advised to use this guide when developing salary-setting policies.

It recommends actions to strengthen future decision-making around starting salaries. Past decisions on starting salaries may have contributed to unjustified gender pay gaps within the same roles or pay bands, but this will be addressed as part of agencies' work to identify and close these gaps over the next two years.

#### SUMMARY OF RECOMMENDED ACTION

We recommend agencies implement the following practices, if these are not already in place:

- [monitor starting salaries](#) for gender differences;
- [inform decision making](#) by providing decision makers with advance information on recent starting salaries for the relevant roles or pay bands;
- [make decisions collaboratively](#);
- [make salary information available](#);
- [reduce risks](#) associated with salary negotiation and with benchmarking starting salaries to a candidate's previous salary.

#### Definition of Starting Salary

In this guidance 'starting salary' means the salary set when any candidate (whether external or internal) is appointed to a new role. It includes salaries set for existing employees who are promoted into higher salary bands.

## LEVEL OF ACTION REQUIRED

Agencies may not need to take all of the recommended actions, depending on:

- their existing practices in setting starting salaries;
- any action/s they have already taken to identify whether gender is, or has been, a factor in starting salaries;
- whether or not they are already confident that gender is not a factor in setting starting salaries.

### HOW TO BE CONFIDENT THAT GENDER IS NOT A FACTOR IN SETTING STARTING SALARIES

Agencies can be confident that gender is not a factor in setting starting salaries if:

- they operate systems where there is no, or highly constrained, managerial discretion in setting starting salaries,

OR

- they have already reviewed starting salaries and found no unjustified differences in starting salaries.

Such a review is likely to involve:

- analysis of starting salary data to identify any differences in the average starting salaries of men and women within the same roles or within the same pay bands (depending on how agencies categorise positions)

AND if the pay data analysis above reveals gender differences:

- review of individual cases to test whether starting salary decisions are justified by an agency's gender-neutral appointment and starting salary criteria and consistent with starting salaries for these roles or pay bands across the agency.

The following scenarios will help agencies decide what level of action they should take.

#### Scenario 1

Agencies are confident that gender is not a factor in setting starting salaries, because there is a highly constrained process for setting starting salaries. This might be the case if agencies have a:

- limited number of starting salary options and clearly specified criteria for selecting from these options; or
- system of fixed salaries for entry and progression.

**Action:** No further action is required. However, we recommend that if agencies have not already done so, they check their starting salary data to be completely satisfied that no gender pay gaps exist.

#### Scenario 2:

Agencies are confident that gender is not a factor in setting starting salaries because they:

- already have practices in place that are consistent with this guide; or
- have reviewed their starting salaries and found that gender is not a factor.

**Action:** If they do not already do so, we recommend agencies [monitor](#) their starting salaries to ensure gender gaps do not open in the future.

#### Scenario 3:

All other cases:

**Action:** We recommend that agencies:

- implement [informed](#) and [collaborative](#) decision-making processes;
- [monitor starting salaries](#) to ensure gaps do not open in the future;
- [make salary information available](#), and
- [reduce risks](#)

OR

- establish a limited number of starting salary options for positions on pay bands and clearly specify gender-neutral criteria for selecting from these options; or implement a system of fixed salaries for entry and progression.

## ACTIONS IN DETAIL

### Monitoring starting salaries

Monitoring gender differences in starting salaries sends a clear message that this is an important issue to the agency.

Where there are too few people in a role or pay band to calculate a gender pay gap we recommend:

- aggregating starting salaries across a number of roles, groups, or the whole agency, aiming for a group or groups of at least 20 men and 20 women; and
- focusing on monitoring trends over time rather than on results at a single point in time as gender pay gaps within small groups can vary substantially every time a new staff member is appointed. For instance, an agency might aim to achieve an average of no gender pay gap in starting salaries over a one-year period.

If monitoring shows a gender pay gap, agencies should review individual cases to ensure that starting salaries are:

- justifiable against the agency's formal and gender-neutral appointment and starting salary criteria<sup>1</sup>; and
- consistent with starting salaries for these roles being set across the agency.

If individual salaries meet these criteria, then agencies need only continue monitoring starting salaries to ensure gender pay gaps do not open in future.

Agencies with fewer than 20 women and 20 men in total will not be able to monitor salary statistics but should review starting salary decisions regularly to ensure decisions remain in line with this guidance.

#### Te Puni Kōkiri case study

Te Puni Kōkiri has implemented a process of monitoring and reporting on the average starting salaries of new or promoted employees, by position and grade. This action resulted in an increased awareness of potential bias among recruiting managers and more robust discussions on appropriate starting salaries.

In Te Puni Kōkiri's case, the combination of monitoring and reporting was enough to ensure that gender has not been a factor in the starting salaries set since January 2018, and no further action has been needed to date.

### Informed decision-making

Giving managers and appointment panels advance information about recent starting salaries for the role being filled helps them make a salary proposal that is in line with common practice across the organisation.

Agencies should focus on collecting information on starting salaries for the same roles over the last one or two years. The aim is to have examples of starting salaries that fairly reflect current salary and market conditions.

Some agencies have developed an online tool that provides managers with the current median and range of salaries for specific pay bands within a work area.

If agencies cannot access information on starting salaries by role or pay band over the last one or two years, we recommend starting to collect this information to build up a data-base to use for future appointments.

### Collaborative decision-making

A collaborative process should aim to ensure that salary proposals are justifiable and reasonable in line with the agency's gender-neutral appointment and starting salary criteria.

Agencies may establish their own process to meet this aim, such as:

- using existing moderation processes;
- having appointment panels recommend starting salaries, alongside their appointment recommendations;
- establishing a process where appointing managers recommend starting salaries to two or three other managers (including one from another part of the organisation).

In all cases we recommend salary proposals are supported by the evidence that led to them and are then reviewed by HR to check that they are:

- justifiable and reasonable in line with the agency's formal gender-neutral appointment and starting salary criteria;
- consistent with starting salaries for these roles or pay bands across the agency.

<sup>1</sup>Agencies that do not have formal gender-neutral criteria for setting starting salaries should develop these. Guidance on removing bias and discrimination from the full recruitment process is due for release in May 2019.

## Availability of salary information

Increasing salary transparency is consistent with the Gender Pay Principles and with the Government Expectations on Employment Relations in the State Sector. We recommend that agencies increase the availability of salary information for positions, if this is not already provided. To achieve this, agencies might consider including the following in advertisements for positions:

- the salary range or scale for the job; or
- a statement that the salary range or scale is available on request.

Employees who are concerned that gender may have affected their starting salary may raise their concerns at any time. We suggest that agencies ensure that new appointees are aware of its salary review processes as part of the appointment or induction process.

## Reducing risks

### Salary negotiation

If negotiation is part of the salary setting process, candidates who do not negotiate or have lower salary expectations may be disadvantaged.

Research shows that women are less likely than men to negotiate their salaries and when they do their salary outcomes are poorer. In addition, women who negotiate run the risk of being viewed negatively.

If negotiation is part of an agency's salary-setting process this risk can be reduced by:

- ensuring that appointing managers know the existing midpoint and range of salaries for this role, as recommended above, so they have an objective benchmark for recommending salaries;
- informing candidates in advance that negotiation is expected or welcomed, so candidates can prepare their negotiation position in advance; and
- providing candidates with the salary range for the job and the criteria that will be used, so candidates understand the salary parameters within which they can negotiate.

### Benchmarking starting salaries to previous salary

If decision-makers are influenced by the previous salary of a candidate when they set starting salaries, they risk perpetuating the gender pay gaps candidates have experienced in the past.

Agencies can reduce this risk by:

- providing appointing managers with the existing midpoint and range of salaries for this role, as recommended above, so they have an objective benchmark for decision-making;
- setting an expectation that current or previous salary information will not be requested from candidates;
- making appointing managers aware that they should focus on what the current role is worth and the skills/competencies of a candidate to do this role, not on the pay a candidate received in a previous role.

### Department of Corrections case study

More than 80 percent of the Department of Corrections workforce is employed on collective agreements with transparent pay scales and set criteria for progression. Starting salaries for most of these roles are the same and staff progress according to a structured competency system and/or qualification. This has been the main contributor to a zero gender pay gap within this segment of the workforce. There is, however, a gender pay gap within the remaining 20 percent of the Corrections workforce and the below actions are targeted to this group.

The Department of Corrections took the following actions for all appointments made to positions on salary bands:

- created a guide on starting salaries, which provides hiring managers with a description against each percentile of the salary ranges based on their appointment criteria e.g. relevant experience, internal relativity, institutional knowledge;
- created an online tool for hiring managers and panels, that shows the average and range of current salaries for the role being appointed to, accounting for length of service of existing employees. It provides these measures for both the relevant group and the whole agency. It also provides information on the impact a proposed starting salary would have on the gender pay gap;
- asks appointment panels to recommend a starting salary for new appointments;
- gets HR to test proposed starting salaries for any adverse effects on equal pay before proposals are signed off; and
- monitors starting salaries at regular intervals throughout the year to detect any change in gender pay gap by grade, or gender gap in starting salaries.

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