



# Equitable compensation in the workplace

This infosheet is part of a broader toolkit created by BC's Office of the Human Rights Commissioner (BCOHRC) to help employers learn how to improve employment equity within their businesses and organizations. It looks at equity in compensation and how it contributes to a fair and inclusive workplace. You will learn about:

- What makes compensation equitable
- Legal responsibilities around equitable compensation in B.C.
- How employers might perpetuate pay gaps
- Promising practices for equitable compensation



In 2022, BCOHRC conducted research on employment equity in B.C. through:

- Hosting focus groups on employment equity with employers from diverse sectors<sup>1</sup>
- Conducting a poll of a representative sample of over 1,000 employed adults in the province

Findings from this research help to inform our employment equity toolkit.

## What makes compensation equitable?

When we talk about compensation equity, it means we're looking at both:

**Pay** as one's  
take-home earnings  
(wages or salary)

**Compensation** as  
a whole including  
pay and other  
workplace benefits

Pay equity is recognized internationally as a human right.<sup>2</sup> Pay is equitable when people are paid fairly for their work. This means:

### Equal pay for equal work

“Equal work” refers to people performing the same or substantially similar job.

For example, a male and female nurse working at the same hospital or servers at a restaurant who were born in different countries.

### Equal pay for work of equal value

“Work of equal value” refers to a situation where two jobs are different but have equal value to an employer's operations.<sup>3</sup>

For example, hospitality staff and janitorial staff working for the same hotel or a software developer and project manager working for the same company.

Compensation is equitable when people receive a fair compensation package (pay and benefits) along with equal access to promotional opportunities. Benefits can include:

- Extended health coverage
- Bonuses
- Vacation and leave time
- Top-up policies that supplement employee income while on leave
- Overtime pay

In this document we talk about gaps in pay between various groups as pay gaps. In other literature, these are sometimes also referred to as wage gaps.

## Legal responsibilities around equitable compensation in B.C.

Employers in British Columbia have specific legal responsibilities when it comes to compensation. B.C.'s *Human Rights Code* requires employers to pay employees the same when performing similar or substantially similar work, regardless of sex.<sup>4</sup> The *Code* does not specify requirements for pay equity based on other personal identity characteristics or for matching pay between different jobs of equal value.

Existing requirements in B.C.'s *Human Rights Code* are not considered to be proactive pay equity policy. Instead, we have a **complaint-based system**. This means:

- There is no proactive and preventative system in place to ensure that employers pay groups of employees similarly
- To address pay discrimination, individuals are left to file a complaint with the Human Rights Tribunal

## Legislation related to pay and addressing pay gaps in Canada

Many provinces in Canada have had proactive pay equity legislation in place since the 1980s and early 1990s. These laws require employers to proactively address pay gaps between sexes. They can do this by introducing plans to evaluate and adjust differences in pay between jobs of equal value that are performed by predominantly men or women.

Some provinces also have pay transparency legislation, which requires businesses to publish certain compensation details, allowing people to evaluate pay gaps.

The B.C. government has committed to introducing pay transparency legislation in 2023.<sup>5</sup> However, this isn't the same as pay equity legislation. Transparency legislation **discloses** pay gaps, equity legislation **addresses** them.

While transparency legislation is important, there are concerns that without pay equity legislation in B.C., the pay gap between men and women (14% in 2021) will remain.

- ▶ Learn more about pay gaps and their causes, in our supplementary infosheet: [Pay gap types and causes](#).



\* Changes to the federal government's *Pay Equity Act* came into force on August 31, 2021. The Act introduces a new proactive pay equity regime but only applies to [federally regulated workplaces](#).

Source: [Ontario Pay Equity Coalition](#)

## How employers may keep pay gaps going

Barriers blocking people from receiving fair and equal pay can differ depending on their personal circumstances. Some workplace practices can worsen inequities, often without the employer realizing.

### Asking for salary or wage history during interviews

Some employers use salary history to compare applicants and set compensation levels.

If an employer is aware of a candidate's previous salary, they can choose to offer pay at a similar level without much of an increase. In this way, salary history can be used as rationale for paying people differently for equal work or for keeping pay low. Asking for an applicant's "salary expectations" can have similar negative effects. These can lead to:

- Marginalized workers being kept at a lower level of pay which may have initially been caused by past discrimination
- The perpetuation of structural barriers that may prevent certain groups (such as women or new immigrants) from valuing their work at levels equal to their peers
- Workers being at an inequitable disadvantage when negotiating for starting pay or pay raises

The impact of being evaluated according to one's salary history can echo through entire careers.

"Setting starting pay based on prior salary is not just a one-time decision: It affects a worker's subsequent raises, bonuses, promotions, and retirement savings, as well as any other factors that may be tied to their starting salary."<sup>6</sup>





## Reinforcing discrimination and barriers during negotiations

Starting negotiations at an applicant's past salary or devalued salary expectations and providing only a narrow band for increases similarly reinforces pay discrimination.

The negotiation process is highly susceptible to unconscious bias and the perpetuation of systemic discrimination.

Women and racialized people are less likely to negotiate a promotion or raise compared with their non-racialized and male peers. With less diversity in leadership and management roles to begin with, having to negotiate for advancement opportunities tends to maintain the status quo and can block more qualified candidates from reaching their full potential.<sup>7</sup>

## Not addressing barriers related to caregiving leave

Taking leaves of absence for caregiving purposes often leads to losses in income, especially if organizations lack policies and practices to accommodate for such leaves.

In some cases, people can access government benefits to help supplement their income while they are away from work for caregiving purposes. Benefits are available, for example, for parental leave, compassionate care leave and family responsibility leave. However, these benefits have time limitations and cover only a portion of lost earnings. Some people also don't have the required work history to qualify, including those who have had less formal work.

- ▶ Employers can help by providing accommodations options and top-up pay where possible for workers with caregiving demands. See our [Accommodations in the workplace](#) and [Accommodations for specific groups of workers](#) infosheets for more information.



## Who typically holds caregiving roles

Caregiving roles in Canada remain highly gendered. The following factors may contribute to this:

- Not having caregiving leave policies or support impacts women more than men
- Even if a caregiving accommodation policy is in place and applied equally to everyone, women are more likely to take a leave of absence to care for others<sup>8</sup>
- Simply having a policy isn't necessarily enough if it doesn't fully address the adverse impacts of caregiving leaves on things like performance measures or access to training opportunities—in such cases the discriminatory impact may persist

## Promising practices for equitable compensation

In addition to meeting your legal responsibilities, such as paying men and women in the same job equally, there are additional practices that can help organizations move towards employment equity. These have no or negligible costs.

The tips that follow are a starting point that may help employers work towards equitable compensation.

### Pay history and expectation ban policies

Employers can adopt a pay history ban policy to help protect against the emergence or continuation of pay gaps between their staff. This means that employers can avoid asking applicants or new hires about their previous salary or wages in order to set the person's new pay based on that information.

To determine pay for applicants, employers can turn to other methods that lessen the risk of biases and the impact of past discrimination coming into play. These include:

- Speaking to an applicant's references
- Looking at the applicant's demonstrated skills
- Assessing the value of the position to the organization
- Comparing the applicant to their competition
- Considering other legitimate business factors<sup>9</sup>

### Pay scales and reviews

Once an employer has determined the appropriate pay for certain positions they can:

- Set up pay ranges for each position
- Use a set, transparent pay scale to give all employees in a given position the same starting pay
- Establish set pay raise schedules and amounts to eliminate the need to negotiate
- Make sure everyone knows what the pay range is for all positions

To reward high performance and attract specialized workers, employers can use a hybrid approach combining:

- Bonuses based on standardized performance reviews
- Regular compensation audits to help ensure that competitive wages are and remain equitable<sup>10</sup>



BCOHRC's 2022 poll revealed that:

- 62% of participants were in favour of practices like set pay scales or predetermined pay raises so workers can avoid negotiating pay
- Some participants had concerns about pay scales not adequately rewarding exceptional performance or making it difficult to attract workers with highly specialized skillsets

## Work-life benefits

Work-life benefits are non-wage benefits, policies, or perks employers adopt to help their employees balance the sometimes-conflicting demands of work and personal life.

Such benefits are useful for employees with health challenges or caregiving responsibilities who can lose income due to accumulated time for work. These personal circumstances which workers may have no control over can create large pay gaps over the course of their careers. Work-life benefits such as those listed below can help offset this lost income and improve employee retention.<sup>11</sup>

### Alternative or flexible work arrangements

These can help employees work more efficiently and effectively and include:

- Flextime
- Teleworking
- Reduced or compressed work weeks

### Paid leave or leave top-ups

These help offset the income lost due to time spent caregiving or away from work while managing a health issue. Examples include:

- Providing different types of paid leave for caregiving or health challenges
- Offering a salary top-up in combination with existing public Employment Insurance (EI) leave such as parental leave, compassionate care leave or family responsibility leave



### Employer-provided services

Some organizations offer support services such as child or elder care. This lowers the chance of employees losing income due to caregiving responsibilities. Offering on-site childcare can also lead to more effective recruitment and retention, and increased worker productivity.

### Extended health benefits

These can add value to the total compensation package and help offset the costs of paying for health services. Such benefits:

- Are particularly helpful for employees with complex or chronic health issues or disabilities
- Can support a worker's recovery from illness or injury, allowing them to return to work sooner
- May help reduce the number of sick days taken by staff by serving as a means of accessing preventative healthcare

## Additional benefits

Other benefits employers can provide as part of a comprehensive compensation package include things like:

- Professional development training budgets
- Mentorship programs
- Short and long-term disability insurance
- Life insurance
- Stock options
- Tuition reimbursement or student loan relief
- Bonuses
- Relocation and housing benefits
- Commuter benefits
- Technology purchase credits
- Additional days of supplemental leave to support wellness, lifestyle, or culture
- Cultural leave for Indigenous employees<sup>12</sup>

For benefits and workplace supports to succeed in breaking down pay gaps, it's crucial that organizations create a workplace culture that encourages all employees to use them.

It is also important to recognize that advancing equity overall is a process that requires time, effort and resources from employers, governments and society more broadly.

### Additional resources

- ▶ The rest of our [employment equity toolkit](#) can help you take action in other areas including accommodations and workplace culture.
- ▶ See [Pay gap types and causes](#) to learn more about different types of pay gaps in Canada and their causes.

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Please note that this infosheet provides general information. It is not legal advice. We hope you find it useful but encourage you to seek legal advice about how to implement our guidance in your workplace, including how collective agreement terms or other legal obligations must inform your efforts.

There is no one size fits all approach to employment equity. As an employer, your organization's size, maturity, composition, challenges, and needs will inform the strategies that will help advance equity in your workplace.



# Notes

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<sup>1</sup> BCOHRC's focus groups consisted of employers from five sectors—construction, retail and wholesale, education, health and social services, and scientific, professional and technical services. Participants were senior leadership as well as human resources and employment equity focused staff. For each focus group we invited a mix of large and small organizations as well as employers from different parts of the province. We also tried to invite both leaders in employment equity as well as those at earlier stages of the employment equity journey.

<sup>2</sup> Canadian Human Rights Commission, "[What is Pay Equity](#)," CHRC, accessed December 2022.

<sup>3</sup> Ibid.; Ontario Pay Equity Office, "[Pay Equity v. Equal Pay for Equal Work, They're Not the Same](#)," Ontario Pay Equity Office, accessed December 2022.

<sup>4</sup> BC Human Rights Code, [Section 12](#).

<sup>5</sup> BC Ministry of Labour and BC Ministry of Finance, [Developing Pay Transparency Legislation](#), Discussion Paper, Government of British Columbia, June 2022.

<sup>6</sup> Robin Bleiweis, Rose Khattar, and Jocelyn Frye, "[Women of Color and the Wage Gap](#)," Center for American Progress, 2021.

<sup>7</sup> Ibid.

<sup>8</sup> Gaëlle Ferrant, Luca Maria Pesando and Keiko Nowacka, [Unpaid Care Work: The missing link in the analysis of gender gaps in labour outcomes](#), OECD Development Centre, 2014; Statistics Canada, [Family Matters: Parental Leaves in Canada](#), Statistics Canada, February 10, 2021.


<sup>9</sup> Bleiweis et al., "[Women of Color and the Wage Gap](#)."

<sup>10</sup> Ibid.

<sup>11</sup> Tony Fang et al., "The Effects of Work-Life Benefits on Employment Outcomes in Canada: A Multivariate Analysis," *Relations Industrielles* 74, no. 2 (Spring 2019): 323–52.

<sup>12</sup> Indigenous Corporate Training Inc., "[Aboriginal Retention Strategies and Cultural Leave](#)," Indigenous Corporate Training Inc., January 26, 2015.

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