

Anti-Oppressive Pay: Beyond Pay Equity

by Rashmi Dixit and Kate Dixon | Apr 1, 2021 | Compensation

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Many organizations have been racing to implement (or update) “fair pay” and “pay equity” plans, fueled by #BlackLivesMatter and #MeToo social movements and backed by **federal** and **state** regulations.

While these efforts to address inequities in pay are commendable, they rarely address the systemic factors within compensation that contribute to differences in pay. In order to take on these greater, more systemic issues, organizations must think beyond pay equity and towards designing pay structures that hold the lens of systemic anti-oppression.

The idea of anti-oppressive pay is to challenge and dismantle systems inherent in organizations that create differences in pay for marginalized identities and thus deter their inclusion and engagement. Future-thinking organizations will center anti-oppression practices in their organizational designs which can create more connected and creative spaces.

There’s a clear difference between “anti-oppressive pay” and “pay equity.” Pay equity seeks to pay people equivalently *within existing systems, programs, and processes* (which can be inherently, if unintentionally, oppressive). On the other hand, anti-oppressive pay works to *dismantle those existing systems and factors that can negatively impact* non-dominant groups.

“Colonial, white supremacist organizational practices seem inevitable because they were so universally adopted over the next centuries, and they still govern the great majority of our institutions, but they were design choices. This means that other choices are available, even when they seem far-fetched. We know what organizations look like, feel like, and function like when they are inspired by the colonizers’ principles of separation, competition and exploitation. How would they be different if they were based on principles like integration and interdependence, reciprocity and relationship?”

— **Edgar Villanueva, “Decolonizing Wealth: Indigenous Wisdom to Heal Divides and Restore Balance”**

After a long career in corporate compensation, I realize that it may not be practical – or even desirable – for an organization to move to a completely anti-oppressive pay program. My hope is that bringing together a vision for futuristic organizations will provide not only food for thought but practical ideas for programmatic strategic shifts.

Anti-oppressive pay isn’t merely a theoretical exercise. Organizations are starting to put bold anti-oppressive pay practices into action, including Gravity Payments, famous for instituting a **\$70,000 minimum salary** and Unity Web Agency, which pays every person on staff the **same amount**, including the CEO. In addition, many employers are embracing other elements of anti-oppressive pay like employer-paid insurance premiums and automatic enrollment for 401k programs.

My consulting partner, **Rashmi Dixit**, and I have identified six factors of pay that can have systemically oppressive impacts, as well as recommendations for how organizations may wish to reduce those effects. As this discipline evolves, we will see additional solutions that organizations will adopt to address these concerns.

1. LEVELS

The system of job levels (and paying more for jobs at higher levels) provides progressive barriers to entry as levels increase. Many of the criteria used to level jobs provide obstacles that are less likely to be overcome by non-dominant groups (such as **formal education** and **job experience**), while assets that non-dominant groups *do* have (such as lived experiences) are rarely included in leveling criteria. To reduce the oppressive impact of levels, consider reducing the number of levels in your job evaluation system. Or to completely eliminate the effect, organizations can remove all pay differences due to levels.

2. FUNCTIONS

Most organizations pay differently for jobs at the same level in different functions; for example, administrative assistant roles tend to be paid less than manufacturing roles, and information technology jobs are typically paid more than those in purchasing. But when we look at the distribution of ethnicity and gender, white males are more represented in higher-paid functions than BIPOC and women.

Some of these differences are artifacts of historical white- **blue-** and pink-collar **pay practices**, and some reflects systemic biases in **college entrance exams**, **college major selections**, and **vocational training programs**. The result is that functions that are more populated by BIPOC employees and women tend to pay less.

In addition, non-dominant groups are **less likely to be represented** in white collar jobs (management and professional roles) **than white men**.

Systemic differences based on functions can be eliminated by removing functional pay differences. Reducing pay differences by function reduces oppression; using the same pay ranges for all functions within a level neutralizes this oppressive impact.

3. PERFORMANCE

It's important to note that we're referring to the impact of *individual* performance rather than team or organizational performance here.

Individual performance ratings have been shown to be impacted by race (negatively for BIPOC) (**reference 1**, **reference 2**, **reference 3**) and **gender** (negatively for women). We believe this effect occurs because organization norms for performance are based on the problem-solving and communication methods of its **dominant culture** (typically white and male).

While it can be oppressive to use individual performance in determining pay (merit pay, individual bonuses, etc.), a thoughtful and development-focused performance management program can be a valuable management tool as long as individual performance is decoupled from pay.

How can companies reduce the oppressive impact of individual performance? Switch out merit pay for cost of living increases or step increases. And convert incentive plans to minimize or eliminate individual performance factors in order to focus on group and/or organization performance.

4. TRANSPARENCY

The more transparency organizations can offer, the **less oppressive** pay tends to be. The three main factors contributing to transparency are program transparency, process transparency, and individual pay transparency.

Full program transparency includes giving employees visibility to the job structure (levels and functions) as well as the pay ranges associated with them. Process transparency includes the methods the company uses to determine pay programs as well as individual pay within those programs. Individual pay transparency allows employees to see how other employees are paid. Providing greater transparency to pay programs, processes, and even individual pay are great ways for organizations to reduce the oppressive impact of current pay systems.

An interesting aside: a **study of employee engagement** by PayScale showed that employees valued pay fairness even more than how they are actually paid. The takeaway here is that when we center anti-oppression in program and process transparency, organizations can experience additional benefits in increased employee engagement.

5. MARKET PAY

Many employers believe that market pay is completely unbiased and objective; however, market pay merely reflects the existing realities of pay in organizations, which are determined by predominant pay practices of levels, functions, individual performance, and transparency.

In order to move toward anti-oppression, organizations must embrace pay concepts that depart from an over-reliance on market pay.

6. REWARDS PRACTICES

Inclusive rewards practices can have anti-oppressive effects including:

- Higher organization minimum wage. Selecting a minimum wage that's above national and state minimums and indexing it instead on "living wage" or "housing wage" (or higher) can not only unburden employees from poverty, but can also **increase productivity and reduce turnover**.
- Company-paid benefit premiums. Eliminating employee-paid premiums for healthcare insurance removes barriers for employees to use healthcare, especially those with lower incomes.
- Inclusive benefits policies. To minimize oppressive effects, employers should select benefits coverages and policies that are inclusive, which are not limited to:

- No-cost preventive health services (annual physical exam, immunizations, breast exam, pelvic exam, prostate exam, other screenings)
- **Trans-sensitive healthcare**
- Coverage for domestic partnerships and same-sex partnerships
- Access to reproductive healthcare
- Adequate **medical leave** policies for all employees
- 401k practices. Auto-enrollment in 401k plans results in **higher plan participation** for employees, especially for lower-income and minority workers, which can generate significant **increases in retirement savings**. Removing vesting requirements for 401k matches can also have anti-oppression effects by enabling portability of savings.
- CEO pay multiple. Since 1978, **CEO compensation** has risen 85 times as fast as average workers, and their pay is now over 300 times that of the average worker. Decreasing the pay gap, through both raising pay for average workers and lowering it for CEOs can help companies positively impact marginalized workers.

Anti-oppressive pay is a co-creational design which attempts to create a more equitable work spaces, while taking into account the systems of oppression that are inherent. Edgar Villanueva in his book *Decolonizing Wealth* talks about using ‘wealth as a medicine,’ he shares, “we must adopt a culture of reciprocity—where mutual sharing and community are at the core of financing social change.” We encourage all organizations to reflect on the factors they use to determine pay, as well as their programs and practices, and how they may negatively impact employee groups. Making even small shifts can reduce oppressive effects, which in turn can have a big impact on how engaged employees are with their work as well as how they perceive their employer.

QUESTIONS & ANSWERS

How do you know your organization is ready to take on anti-oppressive pay?

- There are several factors that can help organizations take in and act on anti-oppressive pay concepts, including:
 - Demonstrated appreciation for and commitment to all levels of employees
 - Clear organization goals around positive social impact
 - Servant leadership orientation, especially at senior levels of the organization
 - Some level of understanding around how power, privilege, rank, race, culture, and climate can impact non-dominant groups

Why do you use the term “anti-oppressive” instead of “anti-racist”?

- “Anti-oppressive” recognizes that marginalization and “othering” can be present for any and all non-dominant groups (including race), as well as their intersectionalities. Anti-oppression seeks to recognize **power, privilege**, rank, race, culture, and climate and to minimize marginalization in systems, processes, and programs.

How does anti-oppressive pay fit into the ecosystem of human resources?

- The lens of anti-oppression can help clarify how an organization seeks to treat its employees throughout their tenure. Programs and processes for recruitment, pay, onboarding, assessment, development, organization design, talent and succession planning, and separation can all benefit from anti-oppressive design and management.

How will instituting anti-oppressive pay impact organizational profits and growth?

- Because anti-oppressive pay concepts are new, there aren't many examples. But if we look at Gravity Payment's experience, which is the most robust and longest-tenured case we know of, the impact has been impressively positive. Since implementing their \$70,000 minimum wage concept, Gravity has tripled its business and enjoyed reduced client attrition rates. Plus, they've benefited from positive employee outcomes, like higher happiness scores, increased 401K contributions, and reduced employee turnover rates.

Want to read more about anti-oppression topics?

- **Anti-oppressive design**
- “The Racial Contract,” by Charles W. Mills
- “Pedagogy of the Oppressed,” by Paulo Freire
- “Decolonizing Wealth: Indigenous Wisdom to Heal Divides and Restore Balance,” by Edgar Villanueva
- “White Privilege: Unpacking the Invisible Knapsack,” by Peggy Macintosh
- “The Culture of Power,” by Paul Kivel
- “The Souls of Black Folk,” by W.E.B. Du Bois
- “Riding the Waves of Culture: Understanding Diversity in Global Business,” by Fons Trompenaars and Charles Hampden-Turner

Rashmi Dixit has been bringing an anti-oppression lens to her OD and coaching work throughout her career.

Kate Dixon combines deep compensation knowledge and leadership development expertise with the perspective of social impact and anti-oppression.

If you'd like to talk more about how to bring anti-oppressive design into your total rewards programs or into other areas of human resources, please contact us at info@katedixon.org.