



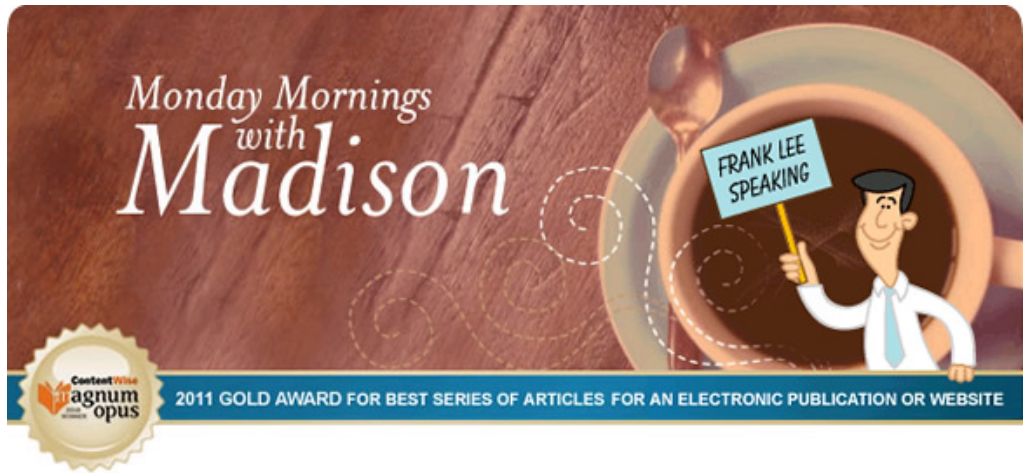
866.500.MADISON(6234)

- [Home](#)
- [About Us](#)
- [Our Companies](#)
- [Our Services](#)
- [Our Partnerships](#)
- [Madison Learning Center](#)
- [News](#)
- [Contact Us](#)
- [Trusted Advisor blog](#)
- [Monday Mornings blog](#)

SignUp»
For Madison's
Quarterly Newsletter

Learn »
At the Learning
Center Seminars

Subscribe»
To receive blog
updates by email



June 8, 2015

Equal, Fair and Equitable – Part 1

Issue #381

Currently, women outnumber men in U.S. college classrooms. Women also outpace men in college completion in the U.S. In fact, women now account for 60% of all Bachelor degree holders in the U.S. Women also continue to increase their participation in the labor force. This is great for businesses and even better for the nation's economy. However, while the Equal Pay Act of 1963 requires that men and women in the U.S. be given equal pay for equal work in the same establishment, it seems that neither the educational level nor quantity of women in the workforce has resulted in 'equal' pay and opportunities for women. The most common statistic cited is that women earn .78 cents for every dollar a man earns. That is certainly not equal. This disparity is pervasive from entry level positions all the way to the top. According to CNN Money, 14.2% of the top five leadership positions at S&P Fortune 500 companies are held by women. Of those 500 companies, just 24 have female CEOs (less than 5%). And of the top 200 best paid CEOs in America in 2014, 13 were women (6.5%). There weren't any females among the top 10 best-paid CEOs, and only two women (Marissa Mayer at Yahoo and Martine Rothblatt at United Therapeutics) were among the top 50 best-paid CEOs. Of those that did make it to the top spot, the average pay for the top female CEOs in the U.S. in 2014 was \$20 million, 11.5% less than the \$22.6 million for the overall average.

Based on those numbers, it appears that opportunities and compensation for women at every level is still not "equal" to men. But is it fair or equitable? Equal, fair and equitable do not mean the same thing. Sometimes, something that is not equal might be fair and equitable. Other times, something that is fair and equitable is not necessarily equal. What is the difference between equal, fair and equitable? The question of equal versus fair or equitable comes up often as businesses deal with issues of race, gender, age and other factors related to hiring, compensating and managing staff. What should forward-thinking companies shoot for when weighing who to hire, how much to pay, and what rules should govern the culture of a company in its treatment of employees of both genders at every level? Is equal the goal or is fairness the goal? If equitable is the bulls-eye, then who is the arbiter of what is or isn't fair and impartial?

Understanding the Difference between Equal, Fair and Equitable

To many, the terms equal and equitable are used interchangeably. But they aren't the same. Let's look the term equal. As an adjective, the term equal means being the same in quantity, size, degree, or value. So 'equal pay' would mean that two people doing the same work or holding the same position would be paid the same amount of money.

Subscribe

-  **Via Email**
-  **Via RSS feed**

Topics

- [Brand Management](#)
- [Business Development](#)
- [Customer Service](#)
- [Life Skills](#)
- [Online Marketing](#)
- [People skills](#)
- [Personal-Professional Well-Being](#)
- [Planning & Strategy](#)
- [Project Management](#)
- [Public Relations](#)
- [Sales](#)
- [Social Media](#)
- [Staff Management](#)
- [Time Management](#)
- [Traditional Marketing](#)
- [Uncategorized](#)

As a noun, however, equal means a person or thing that is considered to be the same as another in *status or quality*. By that definition, there is a certain amount of judgment that goes into determining if two things, or people (which is even more subjective), are really the same in status or quality. Thus begins the ambiguity in determining what is equal. The fact that a person has to make that judgment adds to the difficulty in comparing two things or people because what may be judged as 'equal' by one person may not be deemed as 'equal' by another. And that's just when we consider the term equal.

Then let's consider the terms fair and equitable. These two terms are also used interchangeably. But they aren't really the same either. Fair means that something is in accordance with the rules or standards. Fair is sometimes seen as a substitute for equal, but if an organization were to set rules or standards that were inherently fair, then something could be fair and yet be unequal.

Equitable goes a step beyond fair. Equitable means something is fair to all parties as dictated by reason and conscience. Equitable is more than just in accordance with the rules; it is also impartial. So something that is fair must also be impartial and just in order to be considered equitable. But it is also a term that is somewhat subjective since it requires a judgment as to whether something is not just according to the rules, but also impartial and without bias.

Equal, Fair and Equitable in Business

To understand the difference between equal, fair and equitable, it helps to consider an example. When an employer pays every salesperson in the company (different people doing the same job in the same place) the same exact amount of money, this would be considered equal. In that scenario, how long the person had been working for the company wouldn't matter. Nor would how much effort they had put into their work, what results they generated, what experience or education they had, or how reliable they had been. Every employee would be paid the exact same salary regardless. That is equal. And if that was the rule for how salespeople were paid at that company, it would also be fair. But would it be equitable?

Equitable takes into account what contributions employees made and what qualities they possess in order to determine their share of compensation. Employees who have been with the company longer might earn more. Employees who have an excellent rapport with customers and sold more of the company's products (or services) would also be better compensated. An employer might pay an employee who had a high rate of absenteeism less than the more reliable employees. The company might compensate the rainmaker better than the rookie. Equity seeks justice among the parties. In equity, the hardest workers and those who contribute the most are rewarded with extra recognition and compensation. Being equitable is being fair to all parties as dictated by reason and conscience. But it is also impartial, not based on favoritism, nepotism or a bias against a person because of race, gender, age or other variable over which they have no control.

A compensation system that is 'equal' is designed to guarantee everyone gets the same outcome. But there is no guarantee of 'equal' in the U.S. Constitution. However, there is a concept of 'equitable' in the Constitution. Everyone is guaranteed the same equitable opportunity to life, liberty and the pursuit of happiness. While everyone is guaranteed an equitable opportunity, none is guaranteed an equal outcome. The outcome is predicated on many things that vary by person. So equitable opportunities for all should be the goal for forward-thinking businesses.

However, the problem with equal, fair and equitable is that it relies on the judgment of some to determine what is fair and just. Impartiality is the challenge. That is why the gender pay gap continues to be a challenge. The Equal Pay Act of 1963 was meant to address this very issue. It indicates that employers may not pay unequal wages to men and women who perform jobs that require substantially equal skill, effort and responsibility, and that are performed under similar working conditions within the same establishment. However, pay differentials are permitted when they are based on seniority, merit, quantity or quality of production, or a factor other than gender, race, age, etc. Because there are so many variables involved, there is ample opportunity for bias to seep in and influence compensation and opportunities.

It is a problem with which U.S. businesses continue to grapple. Next week, we will look at the issues affecting equitable employment opportunities and outcomes for men and women. Stay tuned!

Quote of the Week

"The ideal is that everyone should have fair access and fair opportunity. This is not equality of result. It's equality of opportunity. There's a fundamental difference." **Robert Reich**

About the Author
Keren Peters-Atkinson »

Archives

- ▼ [2018 \(6\)](#)
 - ▼ [February \(1\)](#)
 - [Customer Service Is Everyone's Job](#)
 - ▶ [January \(5\)](#)
- ▶ [2017 \(49\)](#)
- ▶ [2016 \(46\)](#)
- ▶ [2015 \(48\)](#)
- ▶ [2014 \(49\)](#)
- ▶ [2013 \(49\)](#)
- ▶ [2012 \(50\)](#)
- ▶ [2011 \(52\)](#)
- ▶ [2010 \(52\)](#)
- ▶ [2009 \(52\)](#)
- ▶ [2008 \(52\)](#)
- ▶ [2007 \(4\)](#)

[Unsubscribe Blog](#)