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COMMENTARY

Minding employee pay equality policy perceptions

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In a comprehensive discussion of the legal implications of job analysis and job classifications, Strah et al. (2021) argued that organizations must proactively address pay inequality through improved policies. In doing so, the authors highlighted that the pay-relevant decisions made by organizations contribute to employee perceptions of pay inequality. Notably, these perceptions have implications for job-related outcomes. One area overlooked by the authors pertains to the multilevel factors that contribute to misalignments between well-intentioned pay equality policies and employee perceptions of those policies. Therefore, the purpose of this commentary is to elaborate on Strah et al.'s comments about proactive policies and employee perceptions by unifying these ideas within a single human resource management (HRM) framework—the intended–implemented gap in HRM (Piening et al., 2014).

This framework acknowledges the fact that human resources (HR) policies and practices are not always carried out as intended by decision makers, and it offers solutions for aligning HR policies and practices with employee perceptions. Going beyond Strah et al.'s (2021) focal article, I focus on how to ensure a compensation policy with pay equality features has its intended effect. Furthermore, I emphasize the importance of employee perceptions as a means for gaining feedback about the HRM system—which is critical for reducing and avoiding gender discrimination litigation.

The intended–implemented gap in HRM

The HRM literature has conceptualized HR policy and practice perceptions into a multilevel system that helps clarify why *intended* HR practices misalign with peoples' perceptions of those practices: researchers call this the intended–implemented gap in HRM (Piening et al., 2014). At the highest level of an HRM system, *intended* HR policies and practices pertain to the objective policies written by organizational decision makers. The middle level delineates the degree to which resources are allocated and the extent that HR policies and practices are *implemented* by management. The lowest level primarily corresponds to the employees, who *perceive* the HR policies and practices.

Problems (or gaps) arise when HR policies and practices are not carried out as designed by the decision makers. The major reasons for misalignment can be due to a variety of factors at the *intended* and *implemented* levels of an organization. For example, organizations with successful HRM systems will have intents that are clear and have agreement from stakeholders when writing the policy, and they will have a plan for resource allocation during the implementation phase (Piening et al., 2014). Organizations tend to have asynchronous levels of clarity, agreement, and resources (Piening et al., 2014), leaving vulnerabilities in HR systems that would undermine employee influence. Employee perceptions, however, have the capacity to play a remedial role in

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the HRM system because HR perceptions are primarily informed by the higher levels of the system.

For these reasons, among others, employees' perceptions of policies and their resulting influence on attitudes and behaviors are important considerations for the HRM system (Beijer et al., 2019). In what follows, I detail what the intended–implemented gap means for a compensation policy with pay equality features and why employee perceptions of pay equality policies and practices are informative.

The importance of employee pay equality perceptions from an HRM perspective

Strah et al. (2021) called for organizations to proactively implement compensation policies geared toward pay equality in order to better explain pay differences, and job analysis using employee ratings is one method for determining job equivalence and improving pay structures. The intended–implemented HRM framework suggests that the application of an improved compensation policy (using job analysis) will vary by employer; therefore, organizations should benefit from continuously monitoring employee perceptions of pay (in)equality once the policy is implemented.

Specifically, the employee perceptions to monitor regarding pay equality are (a) whether the employees are aware that the pay equality initiative exists, (b) whether employees believe the equal pay policy is consistently applied, and (c) whether employees feel the pay policy itself is fair. If employees are unaware of a pay equality scheme, believe it is inconsistently applied, or believe it is inherently unfair, this should signal to the respective organization that there may be problems with their compensation policy at the *intended* or *implemented* levels (Piening et al., 2014). Stated differently, employee perceptions may confirm or challenge whether the equal pay aspect of a compensation policy is being implemented as intended within an organization.

At the *intention* level of the HRM system, areas to explore would revolve around the clarity of the element of a compensation policy concerned with pay equality. Moreover, there should be an evaluation as to whether the HR decision makers have the same mental model of the pay equality scheme (Piening et al., 2014)—if those who created the policy are misaligned, it may serve as evidence that other departments or units within the organization are likely suffering from the same ambiguity. Also, negative pay equality perceptions may signal that the organization needs to improve their communication of the policy or align employee expectations with the job equivalence criteria in their written policy (Piening et al., 2014). At the *implemented* level, negative employee pay equality perceptions may indicate that there are inconsistencies among midlevel (line) managers who are tasked with advocating for subordinate pay increases and ensuring subordinates are compensated fairly for their work. Other, broader contradictions within the organization (e.g., culture/climate deficiencies) may make a practice that targets equality difficult to employ without rectifying superordinate issues (Piening et al., 2014).

Overall, monitoring employee pay (in)equality perceptions creates a mechanism for obtaining feedback on the pay policy aspect of an HRM system, which inherently allows organizations to identify potential problems before they progress toward costly litigation.

Legal defensibility and pay perceptions: Drawing inferences from performance appraisal litigation

An organization may have stronger legal defensibility if an improved compensation policy using job analysis also accounts for employee perceptions of the policy—particularly because it presents a body of evidence surrounding the organization's efforts to be fair. This idea is supported by the performance appraisal due process literature, which draws parallels to discussions on pay equality

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because litigation on performance appraisal practices has historically dealt with issues surrounding transparency, fairness, and discrimination (Werner & Bolino, 1997).

In general, courts have ruled in favor of organizations that have performance appraisal practices rooted in job analysis (Werner & Bolino, 1997), suggesting that compensation policies informed by job analysis are likely to be viewed positively in pay equality lawsuits. Likewise, organizations emphasizing fairness and transparency in their performance appraisal systems through seeking employee feedback during the appraisal process are also viewed favorably in courts (Werner & Bolino, 1997). This suggests that evaluating employee perspectives of their pay model should hold favor in courts if organizations use this information to increase employee satisfaction. At a minimum, positive perceptions of fairness in pay should reduce the propensity of employees to seek litigation.

One well-known U.S. Supreme Court case is *Wal-Mart v. Dukes* (2011), where nearly 1.5 million women attempted to sue Wal-Mart Stores, Inc. for gender discrimination in promotion and pay. Based on technicalities (e.g., the degree that the women's circumstances were alike), the Supreme Court ultimately ruled that the women could not form a class of plaintiffs; therefore, the case did not proceed as a class action lawsuit. Nevertheless, the women can still file individual claims because the Supreme Court *did not* rule in favor of Wal-Mart Stores, Inc. (*Wal-Mart v. Dukes*, 2011), which means that Wal-Mart Stores, Inc. may still be embroiled in gender discrimination legal battles to this day.

It can be argued that, at the very least, the nearly 1.5 million female plaintiffs could have been reduced if Wal-Mart Stores, Inc. had monitored the pay equality perceptions of their employees regardless of the corporate policies on pay. Moreover, the aforementioned discussion on the intended–implemented gap suggests that Wal-Mart Stores, Inc. could have used pay equality perception feedback to reduce incongruences in their HRM systems over time.

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