

Customer Success Stories

Reykjavík Energy

Reykjavik Energy is a key player in Iceland's utility market, providing electricity and water to about 70% of the nation's population. It is also a company with deeply held values, including gender equality and pay equity. Yet as of 2011 the company had a large gender pay gap of 8.4%. At the time this was relatively low in comparison with other companies in Iceland. This

unequal treatment of male and female employees however, was not only inconsistent with Reykjavik Energy's entire philosophy, but it risked lowering employee morale and making the company a less attractive workplace. The company was heavily hit by the financial crisis and its leadership decided to use this transition as an opportunity to close the pay gap for good.

This was a complex task: simply giving raises to every female employee would be very costly

and probably wouldn't fix the problem. To create a more targeted approach, the company gathered data from HR systems and managers about how they rated performance and measured employee contributions.

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Víðir Ragnarsson, Head of People Analytics, Reykjavík Energy

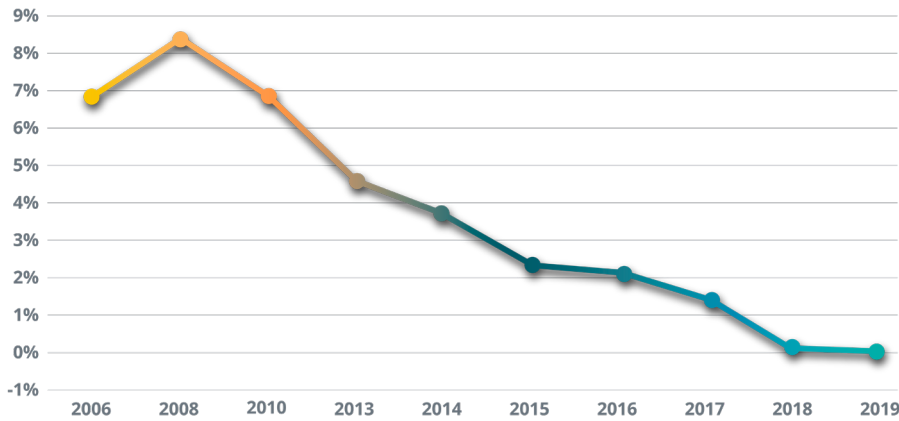
They identified the employee characteristics that matter the most to them, like job role, education, responsibilities, performance, and growth potential, then used this data to build a meritocratic compensation model that rewards talent, effort, and achievement.

The company applied this model to its gender pay gap analysis and took action where applicable. These actions brought the gender pay gap down to 2% in 2015. But then this hard-earned progress

hit a plateau, and the gap refused to budge any further. The HR and analytics team realized that they lacked a precise way of identifying which individual employees and job categories contributed most to the pay gap. Data freshness was also a big issue: like most compensation models, their model used historical pay data that quickly became outdated. As the company's head

of Human Resources put it, "We were always looking in the rearview mirror by analyzing old data. It was therefore unclear how we should address the lack of information when making critical salary decisions."

To get the information they needed in a form that was easy to use, Reykjavik Energy partnered with PayAnalytics and began using its integrated software solution. The software uses real-time data from the client's payroll system to provide an



The development of the gender paygap at Reykjavik Energy

interactive visual dashboard that shows the whole compensation structure at a glance. Using this straightforward display, Reykjavik Energy's leadership could see right away which employees were contributing to the gender pay gap and got suggestions on how their salaries could optimally be adjusted. As the companies

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Head of People Analytics, Víðir Ragnarsson put it "PayAnalytics takes care of the complex calculations and eliminates the guesswork involved in pay decisions and analysis, and the information was never outdated. Reykjavik Energy was able to move

forward confidently with salary adjustments, and the gender pay gap officially closed in 2017.

To make sure the gap never re-opens, the company now runs PayAnalytics every month to spot any salary outliers. They've found the software to be not only straightforward and easy

to integrate into their operations, but also versatile: it lets management summarize salary costs and view high-level HR performance indicators, and the drill-down options make it easy to see and compare detailed pay and performance

information at the individual and group level. Reykjavik Energy's management also runs PayAnalytics for all potential new hires and promotions, since it's a quick and easy way to visualize how these salary decisions would

affect the overall compensation structure and the gender pay gap. The company has also used the software to make sure it's paying employees fairly in relation to other demographic categories like national origin.

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Sólrún Kristjánsdóttir, Head of Human Resources, Reykjavik Energy

For Reykjavik Energy's leadership, closing the pay gap isn't an isolated goal. It's about upholding human rights and building a stronger society. And it's also about making sure that its pay structure is aligned with its business strategy and operational objectives. In other words, the company's leadership wants to make sure that they are paying for the employee characteristics that are valuable to them and the people who have the knowledge and abilities they need. As Reykjavik Energy's head of People Analytics has said, the company has been able to close the gap "in a way that is good for people and good for business, and we can in that way create fairer, equal, and better functioning workplaces."

PAYANALYTICS™

-Closing the Gender Pay Gap

