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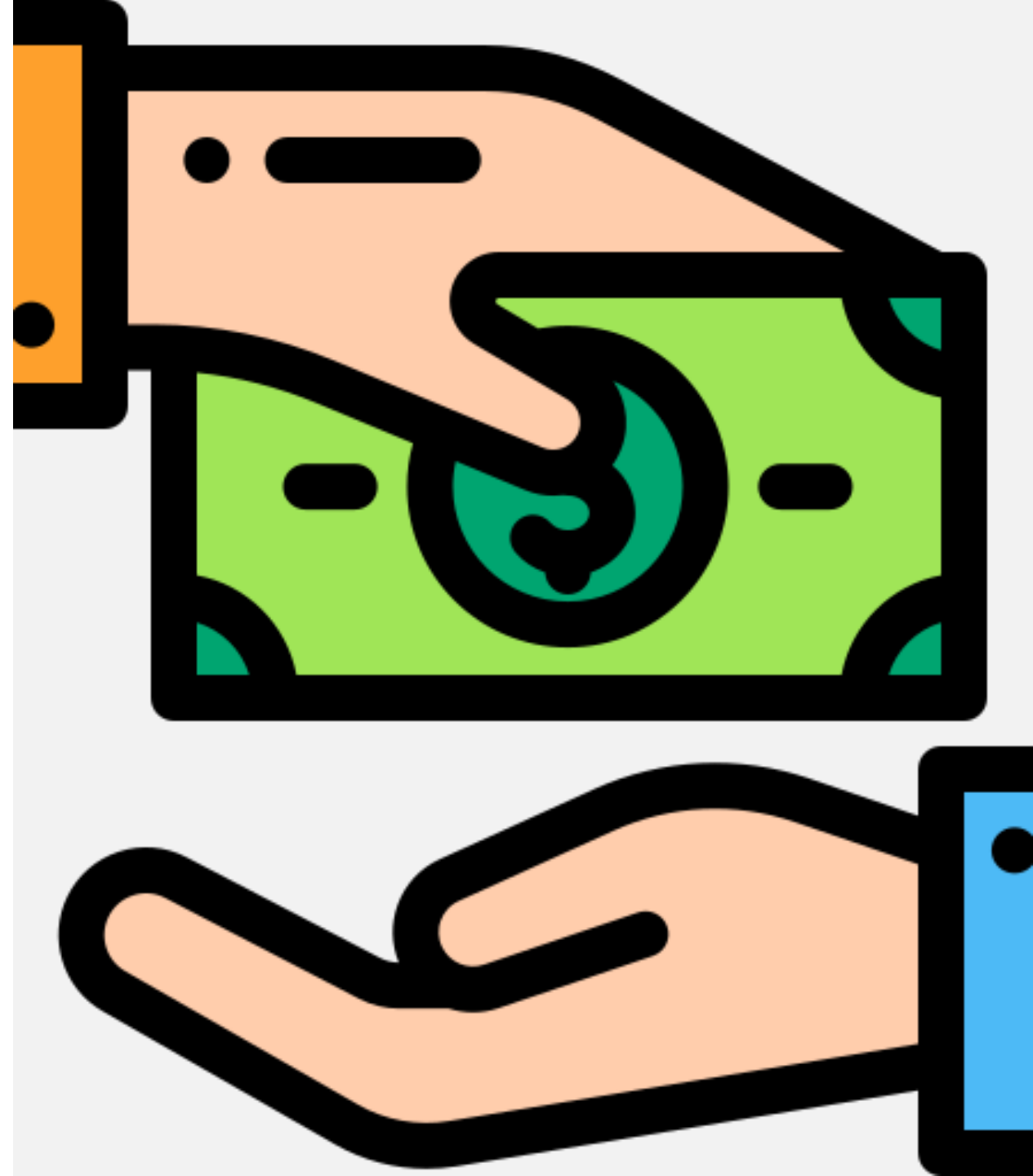
Human
Capital
Institute

How Pay Transparency can Improve your Pipeline

PRESENTED BY

Angela Cheng-Cimini

November 15, 2023



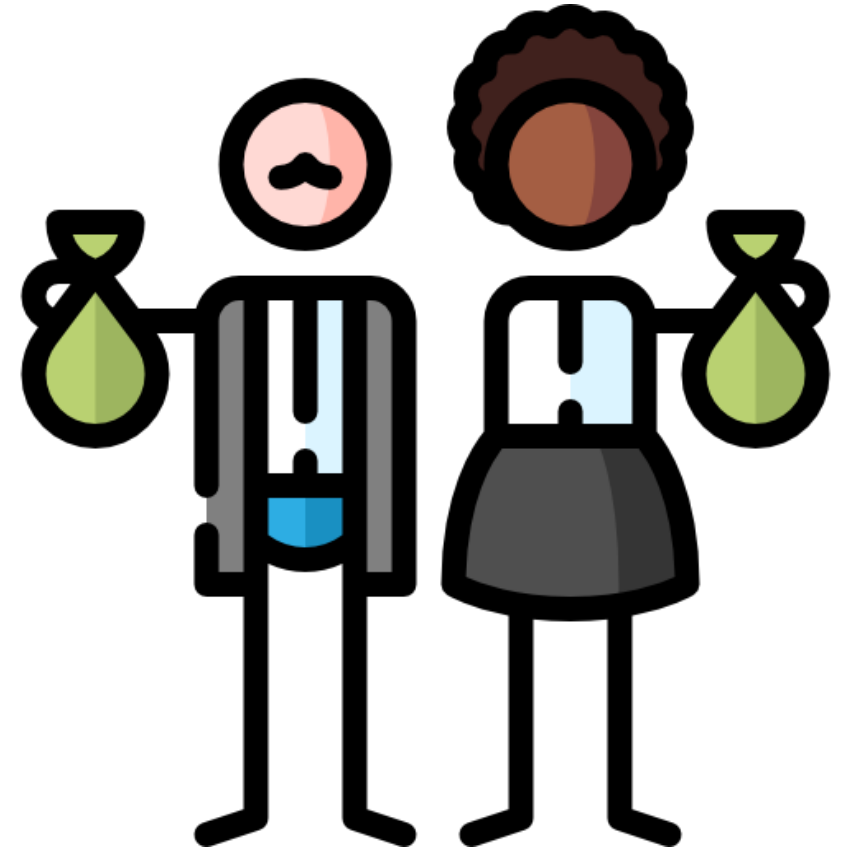
AGENDA

- **Its beginnings**
- **On the books**
- **On the horizon**
- **What we've learned**
- **Get on the bandwagon**
- **What's next**



1963 Equal Pay Act

- First proposed in 1945
- Amendment to FLSA
- Enacted to end gender-based disparity
- Followed by the failed Paycheck Fairness Act 1997





Eight states to date

Maryland

October 2020

Upon request

Colorado

January 2021

In job postings

Connecticut

Upon request

Nevada

After interview

October 2021

Rhode Island

Upon request

Washington

In job postings

California

In job postings

January 2023

New York

In job postings

September 2023



- VT, NJ & eight others
- D.C., CT and MD strengthening

What we've learned about Pay Transparency

World at Work 2020 Pay Transparency Study



Trust

**Increases by 10% with compensation
philosophy education,
drives greater retention and productivity**

What we've learned about Pay Transparency



Pay Equity

**Still too soon to say in US
but research shows gaps close by 20-40%**

Watchouts of Pay Transparency

Pay Equity, Pt II

**May result in curbing of wages
for higher paid employees**



Watchouts of Pay Transparency

HBR, February 2023, The Research on the Complicated Effects of Pay Transparency



Pay Equity, Part III

May lower overall wages,
even as it lifts the underpaid

What we've learned about Pay Transparency

September 2022, Wilson Towers Watson Pay Clarity survey



Talent Acquisition

Increased quantity of applicants
improved quality of applicants,
improved competitive position

What we've learned about Pay Transparency

September 2022, Wilson Towers Watson Pay Clarity survey



**Talent
Acquisition**

Reduces cost-per-click

Watchouts of Pay Transparency

September 2022, Wilson Towers Watson Pay Clarity survey

**Talent
Acquisition**

Stay true to your posted ranges



What we've learned about Pay Transparency

HBR, August 2022: The Unintended Consequences of Pay Transparency



**Comp
Creep**

**36% reported an increase
in salary improvement requests**

Watchouts of Pay Transparency

HBR, August 2022: The Unintended Consequences of Pay Transparency



**Comp
Compression**

**Can cause “alike-ness”
in pay to reduce pay differences**

Watchouts of Pay Transparency

HBR, February 2023, The Research on the Complicated Effects of Pay Transparency



**Productivity
Impact**

**Pay compression may weaken link between
pay and performance**

What we've learned about Pay Transparency

HBR, February 2023, The Research on the Complicated Effects of Pay Transparency



Productivity Impact, Pt II

**If transparency revealed consistency,
productivity improved**

What we've learned about Pay Transparency

HBR, February 2023, The Research on the Complicated Effects of Pay Transparency



Productivity Impact, Pt III

If transparency revealed inequitable
overpayment,
productivity improved

Watchouts of Pay Transparency

HBR, February 2023, The Research on the Complicated Effects of Pay Transparency



**Productivity
Impact, Pt IV**

“What gets measured, gets done”

Watchouts of Pay Transparency

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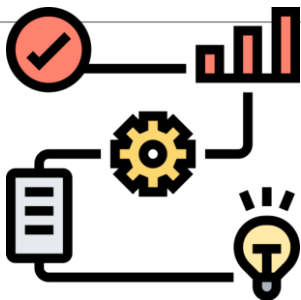


**Individual
concessions**

**Employees seek non-monetary means to
remediate perceived inequities**

How to transition to Pay Transparency

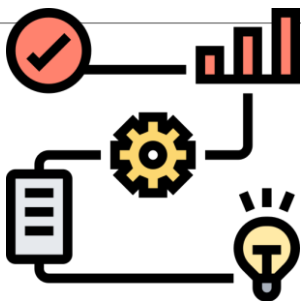
Mercer, 2020 The Case for Pay Transparency



Audience	Priority	Communication objectives	Channels	Metrics
Candidates	“Do I want to apply?”	Attraction	Career platform	Pool size & diversity

How to transition to Pay Transparency

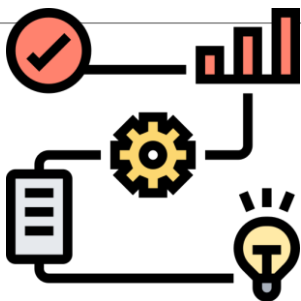
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How to transition to Pay Transparency

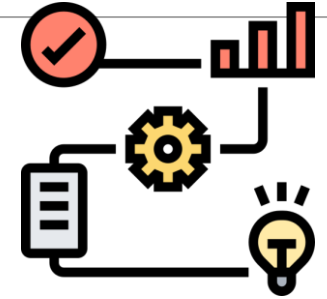
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How to transition to Pay Transparency

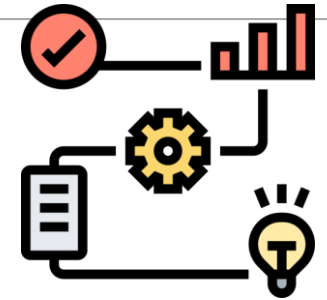
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How to transition to Pay Transparency

Mercer, 2020 The Case for Pay Transparency



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Managers	"How do I discuss pay?"	Empowerment	HR	Adjustment requests

Five-step Roadmap to Pay Transparency



Philosophy

**What are your objectives?
Where do you want to be positioned?**

Five-step Roadmap to Pay Transparency



Audit

**Identify gaps:
Internal and external equity,
new hires and incumbents,
along demographic distinctions
(Consider legal oversight)**

Five-step Roadmap to Pay Transparency



Remediate

**Prioritize what you can fix now,
plan for what you will fix in the future**

Five-step Roadmap to Pay Transparency



Educate

Prepare your managers for the conversation

Five-step Roadmap to Pay Transparency

HBR, November 2022: Managers, Are you Prepared to Answer Questions about Pay Equity?



Educate

- How is my pay determined?
- Why don't I make as much as my colleagues?
- Why are recent hires making more than me?
- What is a salary range and how does the organization decide where my pay fits?
- How does the company determine whether my pay is competitive? What does it do when it is not?

Five-step Roadmap to Pay Transparency



Share

Review your job postings and launch



Are you ready for
**Radical pay
transparency?**

Are you ready for the **EU Pay Transparency Directive?**





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Thank you!

Angela Cheng-Cimini

