2023 Pay Equity and Transparency Study

Actionable Insights for a Fair Future of Work
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Human-centric organizations with comprehensive pay equity and transparency strategies have an advantage. With attraction and retention of in-demand talent still a top challenge, employers that take account of pay equity and visibility will better attract and keep employees. It’s also the right thing to do.

Despite continued talk about the need to solve pay inequities and increase pay transparency, actual progress is slow.

- According to Pew Research, in 2022, Black women in the U.S. earned just 70% as much as White men, and Hispanic women earned only 65% as much.
- Research from the Economic Policy Institute found that Black workers are still paid 14.9% less than White workers.
- Salary transparency in the U.K. is at a six-year low, according to data from Adzuna, a popular job board.

Rather than treating equitable pay practices as a checkbox exercise for compliance or determining compensation through a cloaked process hidden from most employees, organizations can create more equitable and inclusive systems and cultures—leaving behind ineffective, outdated practices.

This is good for business. More sophisticated, transparent, and fair pay practices are a differentiator that will help attract and retain workers and build more committed, collaborative, and high-performing cultures.

**From the Authors**

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Sabina Mehmood, Pay Equity Leader, Gapsquare from XpertHR

Jeanne Meister, Executive Vice President, Executive Networks and Best-Selling Author

Jon Black, General Manager, Executive Networks
Executive Summary

Pay equity and transparency is a business differentiator, but few organizations are executing effectively. To help organizations better understand how they can achieve pay equity and pay transparency, we surveyed 1,011 global HR and business leaders in early 2023, along with employees from varied industries and demographic groups. The survey revealed strikingly different perspectives among respondents as well as several key hurdles to achieving parity. This report offers expert insights on the current state of pay equity and transparency and practical actions to move organizations toward a more fair future of work.

5 Key Findings

<table>
<thead>
<tr>
<th>#1</th>
<th>Leaders Think Pay Equity Matters, but Inequities Still Exist in Workforces</th>
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<tr>
<td></td>
<td>50% of all respondents say that pay inequities exist in their organizations.</td>
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<tr>
<th>#2</th>
<th>Leaders Say Pay Equity and Transparency Is a Business Priority, but Workers Don’t See Organizations Making It Happen</th>
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<tr>
<td></td>
<td>On average, 75% of HR Leaders say that addressing pay equity and transparency at their organization is a priority, but only 42% of employees agree.</td>
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<tr>
<th>#3</th>
<th>Perceptions of Fair Pay Differ by Ethnic-Racial, Gender, and Age Groups</th>
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<tr>
<td></td>
<td>62% of White respondents in the U.K. find their organizations effective in achieving pay equity, while only 1/3 of Black and 1/2 of Asian individuals surveyed said the same.</td>
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<th>#4</th>
<th>Few Organizations Have the Capability to Effectively Assess and Act on Pay Equity Issues</th>
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<td>6 of 10 organizations still primarily use spreadsheets for pay equity audits.</td>
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<th>#5</th>
<th>Pay Equity Progress Is Stalled by Inadequate Communication</th>
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<td></td>
<td>22% of those surveyed say their managers don’t have pay conversations with them.</td>
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Pay Equity: the concept of compensating employees who have similar job functions with comparably equal pay, regardless of their gender, race, ethnicity, or other status/protected characteristics.

Pay Transparency: the degree to which employers are open about what, why, and how much employees are compensated.
5 Actions to Take

#1
Align stakeholders on goals for pay equity and transparency as a strategic priority.

#2
Integrate a pay equity strategy as a critical business lever.

#3
Redefine traditional pay philosophies that are barriers to inclusion.

#4
Use data and technology to better understand and correct pay equity issues and scale progress.

#5
Coach leaders to communicate transparently, regularly, and realistically.
5 Key Findings
Leaders Think Pay Equity Matters, but Inequities Still Exist in Workforces

Our research shows that many employees still experience pay inequities. Who should own pay equity? Why does it matter? Alignment around the importance of this work is critical, and our study reveals some disconnects among senior leaders on these questions. As the current state of the economy leads companies to scale back non-critical business functions, making clear the long-range financial impact of pay equity and transparency is essential. Organizations can’t afford to short-change their pay equity strategy—or their people.

Pay Inequities Are Still a Reality at Many Organizations

Despite stated commitments to pay equity and transparency, the results don’t show the progress one would expect. Across all of those surveyed, 50% strongly agree or agree that pay inequities still exist at their companies. Less than one in three disagree.

FIGURE 1: ONE-HALF SAY PAY INEQUITIES EXIST AT THEIR ORGANIZATIONS

Across all of those surveyed, half strongly agree or agree that pay inequities exist at their companies.

EMPLOYEE PERSPECTIVE

“Graduates coming in now get paid higher than people who are doing more work and have been at the company longer. We don’t really know salaries, as they always alter them, which I think is cheeky and unfair.”
Leaders Are Looking to CEOs to Own Pay Equity, Signaling Its Importance

When it comes to ownership of pay equity initiatives, responses varied by role, but the top answer for who should lead it was the CEO—for both business and HR leaders. About a third of all senior leaders surveyed say the CEO currently has ownership, while another third say the Head of DEI, followed by the CHRO. Yet business leaders were far more likely to call out the CEO, while HR leaders were more evenly split across internal owners. These findings indicate that HR leaders may still think of pay equity more as a compliance requirement rather than a strategic business imperative.

“HR leaders need to think of ownership of pay equity as a business imperative, not an HR initiative.”

Jeanne Meister, EVP, Executive Networks

**FIGURE 2: NEARLY ONE-HALF OF BUSINESS LEADERS SAY THE CEO SHOULD OWN PAY EQUITY**

Senior HR and business leaders had different views on who should lead pay equity initiatives at their organization.

![Bar chart showing the percentage of HR and business leaders who believe the CEO should own pay equity.](chart.png)

**SOURCE:** Executive Networks and XpertHR Pay Equity and Transparency Study
HR and Business Leaders Recognize Several Consequences for Pay Inequities

Creating a more inclusive and equitable culture requires deep examination of where your organization is falling short and the implications of the inequities that exist. HR and business leaders generally agree on the consequences of inaction on pay equity, with employee retention being the biggest issue for HR leaders and reduced productivity most often cited by business leaders.

**FIGURE 3: THE DOWNSIDE OF INACTION ON PAY INEQUITIES**

We asked senior leaders what they see as the negative consequences of pay inequity.

<table>
<thead>
<tr>
<th>Senior Business Leaders</th>
<th>Senior HR Leaders</th>
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<tr>
<td>Reduced productivity</td>
<td>Reduced productivity</td>
</tr>
<tr>
<td>Reduced employee retention</td>
<td>Reduced employee retention</td>
</tr>
<tr>
<td>Trouble attracting talent</td>
<td>Trouble attracting talent</td>
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<tr>
<td>Poor internal corporate culture</td>
<td>Poor internal corporate culture</td>
</tr>
<tr>
<td>Potential litigation</td>
<td>Potential litigation</td>
</tr>
<tr>
<td>Income gaps among women in the workforce</td>
<td>Income gaps among women in the workforce</td>
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<tr>
<td>Income gaps among minority/underrepresented groups</td>
<td>Income gaps among minority/underrepresented groups</td>
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<tr>
<td>External brand reputation</td>
<td>External brand reputation</td>
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<table>
<thead>
<tr>
<th>Percentage</th>
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<tr>
<td>44%</td>
<td>34%</td>
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<tr>
<td>42%</td>
<td>47%</td>
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<td>38%</td>
<td>37%</td>
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<td>36%</td>
<td>32%</td>
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<td>35%</td>
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<tr>
<td>31%</td>
<td>43%</td>
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<td>31%</td>
<td>40%</td>
</tr>
<tr>
<td>24%</td>
<td>29%</td>
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</table>

**SOURCE:** Executive Networks and XpertHR Pay Equity and Transparency Study

**AUTHOR INSIGHT**

Achieving pay equity is not only the right thing to do—it is a business imperative. Leaders who continue to treat pay inequity as a one-off compliance issue and fail to prioritize fair pay practices as a mission-critical business priority can continue to expect high turnover, low productivity, poor brand reputation, and compromised financial performance.
Leaders Say Pay Equity and Transparency Is a Business Priority, but Workers Don’t See Organizations Making It Happen

Despite stated priorities around pay equity and transparency, employees, and in some cases, even senior leaders, are not seeing the evidence that it really matters at their organizations. From a lack of understanding about how pay is determined to limited visibility into how much pay inequity exists, it appears many organizations have not solved the inherent issues related to pay equality. Without clear systems and practices in place, it’s incredibly hard to make progress.

Employees Don’t Agree That Their Employers Prioritize Pay Equity and Transparency

When it comes to both pay equity and pay transparency, there is a disconnect between leaders and workers. Most senior leaders say that their companies prioritize these initiatives, but less than half of employees agree.

“Knowing there is a gap isn’t enough. For organizations to unlock the measurable benefits of pay parity, they need to first bring employee perceptions into alignment with leadership priorities. Leaders can show real commitment to fair pay practices by leveling pay and broadcasting salary ranges. This is what it will take for pay equity and transparency to make a difference to the business.”

Laci Loew, Senior Global Analyst, HR Strategy & Insights, XpertHR

**FIGURE 4: THE LEADER-EMPLOYEE GAP**

Is pay equity a priority at my organization?
3 out of 4 Senior Leaders but less than 1/2 of Employees agree

<table>
<thead>
<tr>
<th></th>
<th>Senior HR Leaders</th>
<th>Senior Business Leaders</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Is pay equity a priority at my organization?</strong></td>
<td>74%</td>
<td>75%</td>
<td>47%</td>
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</tbody>
</table>

Is pay transparency a priority at my company?
3 out of 4 Senior HR Leaders and nearly as many Senior Business Leaders agree, while only 38% of Employees do

<table>
<thead>
<tr>
<th></th>
<th>Senior HR Leaders</th>
<th>Senior Business Leaders</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Is pay transparency a priority at my company?</strong></td>
<td>76%</td>
<td>69%</td>
<td>38%</td>
</tr>
</tbody>
</table>

**SOURCE:** Executive Networks and XpertHR Pay Equity and Transparency Study
Even Leadership Sees Room for Improvement on Pay Transparency

Even though senior leaders acknowledge the importance of pay transparency to build an equitable and inclusive culture, roughly half of those same leaders say they desire a clearer understanding of fair compensation for their own role.

**FIGURE 5: UNDERSTANDING FAIR PAY FOR ALL**
Half of all those surveyed want to better understand fair pay for their own role at their organization.

- 52% of Senior HR Leaders
- 49% of Senior Business Leaders
- 49% of Employees

**SOURCE:** Executive Networks and XpertHR Pay Equity and Transparency Study

ESG Is a Pay Transparency Driver, Especially for Larger Organizations

Fair and nondiscriminatory compensation is an important factor within an ESG strategy. Many leaders from large organizations (69%), midsize organizations (71%), and small organizations (50%) agree that ESG/sustainability influences their organization’s pay transparency practices.

**NOTE:** ESG strategy refers to a company’s approach to environmental, social, and governance data reporting and values. Fair pay metrics are often tracked as part of the “S” component.
Employee Expectations, Not Compliance, Are Driving Pay Transparency Initiatives

HR and business leaders alike saw many reasons driving pay transparency. More than half (52%) said employee expectations and 41% said candidate expectations—ahead of legal (31%) or public reporting/ESG (30%) requirements.

Responses on drivers were similar across regions, even for legal requirements, where 33% in the U.S. and 29% in the U.K. said they were a top driver. The biggest difference was related to the urgency to act. In the U.S., 11% said pay transparency is not a priority right now, compared to 5% of those in the U.K. Notably, four in ten of all leaders said a key driver was the belief that it is the right thing to do.

**FIGURE 6: TOP DRIVERS FOR PAY TRANSPARENCY INITIATIVES**

<table>
<thead>
<tr>
<th>Driver</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee expectations</td>
<td>52%</td>
</tr>
<tr>
<td>Candidate expectations</td>
<td>41%</td>
</tr>
<tr>
<td>Belief that pay transparency is the right thing to do</td>
<td>41%</td>
</tr>
<tr>
<td>Legal requirements</td>
<td>31%</td>
</tr>
<tr>
<td>Public reporting/sustainability/ESG</td>
<td>30%</td>
</tr>
<tr>
<td>Executive pressure</td>
<td>28%</td>
</tr>
<tr>
<td>Pressure from the board</td>
<td>23%</td>
</tr>
<tr>
<td>Pay transparency is not a priority right now</td>
<td>8%</td>
</tr>
</tbody>
</table>

**SOURCE**: Executive Networks and XpertHR Pay Equity and Transparency Study

**AUTHOR INSIGHT**

There is a significant gap between what employees experience and how HR and business leaders rate themselves regarding the state of affairs of pay equity at their organizations. To create parity and close the perception gap, HR leaders need to thread fair pay practices into operations and culture, so employees experience them.
Perceptions of Fair Pay Differ by Ethnic-Racial, Gender, and Age Groups

Pay equity is the centerpiece of a fair and equal workplace. Building an inclusive culture is requisite to a positive employee experience, which drives attraction and retention of top talent, and ultimately organizational profit. Yet workforce pay practices still seem to marginalize select employee populations. Economic reports continue to show Black and Hispanic workers, in particular, being paid less than their White counterparts. A successful fair pay strategy must take these differences into account. Our research confirms employees’ experiences with compensation and how they perceive actions by their managers and their organizations around pay equity and transparency vary considerably depending on how they identify. One size does not fit all.
Black, Hispanic, and Asian Employees Rate Organizational Progress on Pay Equity Less Favorably than White Employees

Across several questions, our study found perceptions of progress and commitment to pay equity varied considerably by race and ethnicity. For example, 62% of White respondents in the U.K. find their organizations effective or very effective in achieving pay equity, while only 1/3 of Black and 1/2 of Asian individuals surveyed said the same. The picture is only slightly better in the U.S., with 65% of White employees saying their organizations are effective or very effective, compared with only 2/3 of Black (62%) and Hispanic (60%) respondents and 1/2 of Asian respondents.

FIGURE 7: GLOBALLY, NON-WHITE EMPLOYEES FIND THEIR ORGANIZATIONS LESS EFFECTIVE WITH PAY EQUITY THAN WHITE EMPLOYEES
Black, Asian, and Hispanic workers are less likely to say their organizations are effective with achieving pay equity than White workers.

SOURCE: Executive Networks and XpertHR Pay Equity and Transparency Study
The Gender Perception Gap on Pay Practices Mirrors Gender Pay Disparities

Making progress on pay equity requires knowledge of fair pay for job roles and the ability to have these conversations. Women earn less than men, and not surprisingly, our survey found that most men (77%) agree that they have a good understanding of how pay is determined at their organizations, while only 61% of women said the same. Relatively, one quarter of women say that their managers do not have pay transparency conversations with them.

77% of men say they have a good understanding of how pay is determined at their organizations

Only 61% of women say the same

The Younger the Worker, the More Pay Transparency Matters

The Gen Z employees we surveyed were by far the most likely to say, “better pay transparency across the company would increase my performance and productivity.” Notably, fewer Gen Z respondents (48%) agreed that they had a good understanding of how pay is determined at their organization than Gen X (69%) and Millennials (70%). This indicates greater transparency with employees could unlock higher performance.

FIGURE 8: THE LINK BETWEEN PAY TRANSPARENCY AND PERFORMANCE CLIMBS WITH YOUNGER GENERATIONS

Gen Z respondents are nearly twice as likely as Boomers to say better transparency would increase their performance.

AUTHOR INSIGHT

When organizations make blanket pay policies without a deeper assessment of the root causes of disparities, they don’t address the individual needs and values of specific employee groups. Better informed and objective pay policies can help break down systemic barriers and create more inclusive cultures.

SOURCE: Executive Networks and XpertHR Pay Equity and Transparency Study
Leaders know the importance of pay equity, but our survey shows organizations struggle to make it a reality. When it comes to a close examination of fair pay and the tools being applied to improve pay equity and transparency, many appear to be stalled. Establishing fair pay practices relies on a detailed analysis of data so organizations can accurately evaluate progress. What’s needed are more robust employee workforce data and pay analytics that enable leadership with actionable insights about how to close equity gaps across the entire workforce.

Many Organizations Still Aren’t Conducting Pay Equity Analyses

While 77% of senior business and HR leaders surveyed say their organizations are conducting pay equity analyses to ensure employee salaries are in line internally and with salary ranges for new hires, a significant number don’t do any analysis. Most who conduct pay equity reviews do it only once or twice a year. Driving meaningful change requires greater frequency, especially in this rapidly changing environment. Pay equity analysis can’t be a “one and done” exercise.

FIGURE 9: FREQUENCY OF PAY EQUITY ANALYSES

How often do organizations conduct pay equity analyses? Of the 77% of senior leaders who said their organization conducts analyses, here is what they told us about frequency.

SOURCE: Executive Networks and XpertHR Pay Equity and Transparency Study
HR and Business Leaders Report Challenges with Addressing Pay Equity

We know pay equity analyses are tough. Senior leaders called out complexities of pay analysis as the top challenge in addressing pay equity, ahead of complying with recent laws and regulations and making the business case to senior executives.

FIGURE 10: TOP CHALLENGES TO ADDRESSING PAY EQUITY

Here is how senior leaders surveyed ranked their organization’s top barriers to achieving pay equity.

- Complexities of pay equity analysis: 55%
- Complying with the most recent laws and regulations: 52%
- Distribution of workforce due to remote work: 50%
- Making the business case to persuade top level management: 50%
- Availability of employee data: 46%
- Addressing multiple geographies: 45%

SOURCE: Executive Networks and XpertHR Pay Equity and Transparency Study

HR Leaders Say Poor Data is a Barrier

Senior HR leaders we surveyed flagged these data gaps as a major challenge.

- 50% say they lack employee self-identification data
- 59% say they lack employee demographic data
- 35% say they lack pay data
There Is a Lack of Sophistication in How Pay Equity Analysis Is Done

All of these challenges are compounded by what appears to be labor-intensive, manually-driven approaches and limited capability of those responsible for pay equity to capture, analyze, and report on findings in a meaningful way. Our survey responses raise the question of whether organizations have the tools, skills, and capability to complete and interpret data analysis.

**FIGURE 11: LIMITED USE OF ADVANCED TOOLS FOR PAY EQUITY AUDITS**

By far, the most common tool used for pay equity audits is in-house spreadsheets.

- **59% in-house spreadsheets**
- **38% partially outsourced**
- **34% fully outsourced**
- **34% outside technology**

*SOURCE: Executive Networks and XpertHR Pay Equity and Transparency Study*

**AUTHOR INSIGHT**

While leaders called out several issues holding back progress, many of the complexities of pay equity analysis and creating true pay transparency could be solved by the application of technology. Yet most organizations have been slow to adopt these solutions. In many cases, we suspect there is limited technical capability to use tools and meaningfully interpret results. We also see cultural norms—such as discomfort talking about pay based on individual beliefs or for fear of negative consequences—as likely reasons for not addressing pay equity.
Pay Equity Progress Is Stalled by Inadequate Communication

When it comes to organizational pay equity and transparency, leaders simply cannot afford to keep employees in the dark. Our survey showed that employee expectations are the highest driver for pay transparency. Global employees, including Millennials and Gen Zs, need to believe that leaders are open to addressing fair pay and have strategies in place to establish fair pay practices.

Communication is arguably the most critical contributor to fostering an environment of trust. High-impact organizations share their vision and their path forward, from manager one-on-one conversations to strategic communications with external stakeholders.

“This topic has always been top-of-mind across the employee population and an underlying stressor for Total Rewards leaders as they navigate market data, compliance, employee engagement, and transparency. It will be an on-going process to navigate in a thoughtful and open manner.”

Jon Black, former VP of Total Rewards and HR Technology, and current GM, Executive Networks

EMPLOYEE PERSPECTIVE

“Pay is discussed freely between employees as well as from employer to employee. There’s nothing to hide.”
Internal and External Transparency of Pay Ranges for Roles Can Build Trust

Disclosing a focused pay range for posted jobs is one step organizations can take to communicate and demonstrate their commitment to transparency. Looking at the U.S. for example, pay transparency is now required by law in several states and municipalities. Many organizations are moving ahead to post ranges regardless of the regulation in a particular job location. Even so, many organizations still don’t post ranges or are posting ranges that are too broad.

Our survey found more than half (53%) post ranges for job roles internally, while nearly as many (49%) include pay ranges for jobs posted externally. Yet 40% of all those surveyed said posted pay ranges were too broad to be meaningful. Comments from employees spoke to the need for greater transparency bringing more clarity and engagement to their organizations.

**FIGURE 12: HALF OF SENIOR LEADERS SAY JOB PAY RANGES ARE POSTED, BUT NOT ALL POSTINGS PROVIDE TRUE TRANSPARENCY**

- 53% say their company includes pay ranges for job roles posted internally
- 49% say their company includes pay ranges for job roles posted externally
- 40% say posted job ranges are too broad to be meaningful

**SOURCE:** Executive Networks and XpertHR Pay Equity and Transparency Study

**EMPLOYEE PERSPECTIVE**

“My company is very hush-hush on what they pay everyone. You can be terminated for telling someone what you make. There is no process for wage increases. It’s very unfair and unprofessional.”
Lack of Leadership Capability Limits the Productive Conversations Pay Transparency Requires

Progress often stalls when it comes to individual manager-employee discussions. Conversations about pay equity can be uncomfortable and even emotionally charged, such as when an employee discovers she isn’t being paid fairly. Whatever the reason, our study showed few managers have consistent, effective conversations about pay.

**FIGURE 13: FEW MANAGERS HAVE EFFECTIVE CONVERSATIONS ABOUT PAY**

Only 12% of employees say managers at their organizations are very effective at facilitating conversations about pay transparency, and 22% say managers have no conversations with them.

![Bar chart showing effectiveness of pay transparency conversations](chart)

**SOURCE:** Executive Networks and XpertHR Pay Equity and Transparency Study
Open and productive conversations set the stage for more equitable and inclusive cultures where pay conversations become normalized and less fraught. The senior HR and business leaders we surveyed said 68% of managers have effective conversations with their teams and 6% neglect to have them at all. This shifts dramatically when you ask employees. Employees surveyed report only a third of managers (35%) have effective or very effective conversations with their teams and nearly a quarter (22%) do not have conversations with their teams at all.

Of the senior leaders we surveyed, two thirds (63%) say their organization trains managers on how to have conversations about pay with their teams. Training leaders and managers can help build comfort and capability around these potentially difficult conversations, but there also needs to be more accountability.

AUTHOR INSIGHT
Organizations can’t afford to put managers through training on pay transparency conversations and consider the topic solved. Creating a culture of true transparency means ensuring the effectiveness and frequency of one-to-one and team conversations, along with aligned messages from senior executives. The issues of pay equity are complex and often not easily solved. This is where HR can act as a strong support for business leaders, coaching them and providing them with data and benchmarks to have more productive conversations that strengthen relationships with employees and drive progress.
5 Actions to Advance Progress
5 Actions to Advance Progress

In driving action forward, it is critical to remind ourselves of the people behind the numbers. Data analysis allows us to set a foundation for equity in the organization, but considering individual voices is critical for a scalable plan for progress.

Fair pay practices and greater pay transparency are critical in shaping a human-centric organization. Putting people first helps enhance the employee experience, improves talent attraction and retention, and prepares the organization for long term sustainability. As organizations work to design and refine a pay equity strategy and create more accountability, the interconnectedness of the approach to pay equity and the overall people strategy should be considered.

**FIGURE 14: THE HUMAN-CENTRIC WORKPLACE**
Pay equity and transparency influence every pillar of the human-centric workplace.

![Diagram](source.png)
Align Stakeholders on Goals for Pay Equity and Transparency as a Strategic Priority

Setting the tone for fair pay and greater transparency at the top of the organization is imperative, but it is equally crucial this resonates with the entire workforce. We see a clear disconnect between HR and business leaders when it comes to perspectives on pay practices. The policies leadership puts in place should be clearly stated for all stakeholders, and include goals, objectives, and expected outcomes. All leaders, not just those in HR, are accountable for progress, underscoring the need for alignment across all business functions.

Winning Practices

• Help leadership teams understand and build consensus on the implications of pay inequity and lack of transparency on the employee experience.

• Use data to drive change. Empower key stakeholders with pay equity and transparency evidence and tools to make informed decisions and lead conversations about the organization’s pay philosophy and process.

• Ensure the pay equity strategy reflects the values of all within the organization, specifically addressing individualized needs prevalent across a diverse employee population.
Integrate a Pay Equity Strategy as a Critical Business Lever

Shortchanging the organization’s pay equity strategy or only making quick fixes—like a reactive shuffling of pay ranges or a one-time bonus to level the pay field between current employees and new hires—won’t work. Pay equity is not an equality program, it’s a business imperative. Treating it as such is perfunctory with temporary and short-term results. Instead, leadership must treat pay equity as a strategic initiative requisite to attraction and retention of top-talent and the long-term success of the business.

Winning Practices

• Move away from performative behaviors by executing on a clear business strategy for achieving and sustaining equity across the business.

• Like all business plans, incorporate metrics of success beyond compliance numbers and regulatory standards. Consider themes such as pay discrepancies, promotion rates, and pipeline development across intersectional groups. Set a regular cadence for pay review to combat complacency.

• Hold all managers accountable for fostering an inclusive workplace, and linking inclusion goals and team sentiment to performance metrics.
Redefine Traditional Pay Philosophies That Are Barriers to Inclusion

A company’s fundamental pay philosophy is a direct reflection of their commitment to employees. As such, companies must address systemic barriers that historically may have influenced pay disparities, and redefine their pay philosophy. This ensures bias, conscious or unconscious, is not perpetuated.

Needs, values, and priorities of the workforces have changed. Discard traditional performance management and pay practices that marginalize specific groups of employees. Understand, assess, and redefine pay determining characteristics in favor of a modern and equitable approach to pay, ensuring all are given an equal opportunity to succeed and thrive.

Winning Practices

• Understand the impact of pay inequity on employee attraction, engagement, and retention as well as the overall employee experience.

• Be realistic about where your organization is today. Being open and honest about historic shortcomings fosters authenticity and trust to move forward.

• Understand the needs of all employees. Introduce ongoing qualitative assessment of employee sentiment to truly understand the diverse needs of the organization.
Use Data and Technology to Better Understand and Correct Pay Equity Issues and Scale Progress

Limited access to pay and demographic data is holding up progress on advancing pay equity as a strategic business lever. A data-driven approach to pay equity requires organizational investment in resources and technology and a zero-tolerance culture for unfair pay practices. Transformation may take time, but it should not be overwhelming. Always-on technological solutions build efficiencies in data analysis, remediation planning, and process sustainability and scaling.

These efficiencies allow a shift in focus from data collection and cleansing to the people behind the numbers, addressing individualized needs in the organization’s pay philosophy.

Winning Practices

- Pilot data-driven technical solutions to identify root causes of pay inequities to inform where action needs to be taken to close pay gaps.

- Consider contributing factors, including both protected characteristics as well as legitimate job-related factors such as performance, tenure, and location. Understanding where barriers exist allows investigation of the opportunity gaps and a focus on solutions.

- Ensure measurable action drives authentic change by defining and ultimately executing remediation plans.
Coach Leaders to Communicate Transparently, Regularly, and Realistically

Once the senior team is aligned and clear on the strategic importance of pay equity and transparency for the business, communication must go mainstream. Studies show that transparent communication builds trust and credibility. Clear and consistent messaging to employees demonstrates leadership’s commitment and sets the stage for more open and honest conversations across the organization. It also creates the kind of human-centric culture that will attract and keep top talent.

Alongside communication from senior leaders, frontline managers are increasingly tasked with difficult conversations around pay with their direct reports. Organizations have a responsibility to prepare managers with the tools they need to lead authentic dialogue and eliminate discomfort around this historically sensitive topic.

Winning Practices

• Lead by listening. Coach and train managers to have difficult conversations about pay with empathy, while also providing space for diverse voices to be heard and empowered.

• Publish clear pay levels and associated expectations and behaviors for all roles, explaining what that means for employees.

• Ensure managers are fostering a safe environment where employees feel comfortable asking for clarity around their pay without fear of repercussion.
About the Authors

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As a trusted partner and 30-year principal-level HR analyst and member of the Forbes Human Resources Council, Laci brings together people data, metrics, and analytics to inform leading practices and define actionable insights for better business impact faster. Her commitment to unbiased information is quintessential for global senior HR leaders seeking to bring measurable value of the workforce to the business. Before joining XpertHR, Laci founded her own HR research services firm, consulting with C-suite clients on people strategies. She previously headed HR research practice areas for Bersin & Associates (now Bersin by Deloitte) and held global senior HR practitioner and leadership roles for United Airlines, Motorola, and Owens Corning.

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In her role with Gapsquare, Sabina is responsible for leading collaborative efforts to support pay equity, financial inclusion, and fairer workplaces globally. She brings extensive background in social data reporting (ESG), sustainability, and diversity, equity, and inclusion. As an expert on social data strategies and workplace inclusion, she leads corporate working groups in identifying opportunities for progress and supports organizations with data-driven, practical solutions to overcome workplace pay inequities. Sabina previously worked with Bloomberg LP on initiatives including the Bloomberg Gender-Equality Index.

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A workplace visionary and activist who drives organizations to think differently about work, the future workplace and workforce, Jeanne leads the Future Workplace Network for Executive Networks. She partners with innovative organizations to conduct global research on the future of work and learning and speaks on “next” practices on preparing for the future of work, employee experience, and talent management. She regularly contributes her writing to publications including the Financial Times, Fast Company, Forbes, Harvard Business Review, HR Executive, Journal of Business Strategy, SHRM, HRPS, TRAINING, and T&D Magazine, and has authored several best-selling books.

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Jon leads the portfolio of HR Technology Networks for the organization. Previously, Jon has held several positions as a senior HR executive with responsibility for Total Rewards and HR Systems and Compensation and Benefits, working with Republic Services and Hyatt Hotels Corporation. Across Jon’s career he developed compensation and benefits strategies to attract and retain employees, with a constant focus on the financial impact to the company and the individual employee. Jon created programs to align compensation with business outcomes and has built and led teams of HR analytics professionals to use HR data to drive insights to the organization.
About the Study

Executive Networks, with XpertHR, conducted an online survey of 1,011 HR leaders, business leaders, and employees from a mix of industries. The survey was conducted in January 2023, with half of the participants based in the United States and half in the United Kingdom. Respondents varied by age, gender, and ethnic-racial groups, including those identifying as mixed or multiple races.

### Generation
- **Boomer:** 57-75 years old (Born between 1947 and 1965)
- **Gen X:** 41-56 years old (Born between 1966 and 1981)
- **Millennial:** 25-40 years old (Born between 1982 and 1997)
- **Gen Z:** 18-24 years old (Born between 1998 and 2004)

### Gender Identity
- **Women:** 54%
- **Men:** 46%
- Non-binary or non-conforming (less than 1%)

### Ethnic-Racial Identity

#### United Kingdom
- **White:** 82%
- **Asian or Asian British:** 8%
- **Black, Black British, Caribbean, or African:** 6%
- **Mixed or multiple ethnic groups:** 4%
- **A race/ethnicity not listed here:** <1%

#### United States
- **White:** 75%
- **Black or African American:** 14%
- **Hispanic or Latino:** 12%
- **Asian or Pacific Islander:** 4%
- **Native American or Alaskan Native:** 2%
- **Multiracial or Biracial:** <1%

Respondents had the option to select all responses that applied to them.
About XpertHR®

Trusted by HR professionals across the globe, XpertHR® empowers organizations to reduce business risk, improve workforce decision making, and transform how they attract and retain the right, diverse talent with intelligent HR solutions. We provide a unique combination of comprehensive expert insight and powerful reward data analytics. XpertHR is proud to be part of the LexisNexis® Risk Solutions portfolio within RELX, a global provider of information-based analytics and decision tools for professional and business customers.

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About Executive Networks

Executive Networks is a senior HR peer community for global 1000 companies connecting HR leaders and providing trusted insights. Through exclusive access to research, learning programs, and concierge support, members bring shared knowledge and innovation into their organizations to achieve strategic business priorities.

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