XpertHR®

2023 Pay Equity and Transparency Study

Actionable Insights for a
Fair Future of Work

executive
networks

From the Authors

H uman-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most employees, organizations can create more equitable and inclusive systems and cultures—leaving behind ineffective, outdated practices.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.

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Executive Summary

Pay equity and transparency[1] 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

#1 Leaders Think Pay Equity Matters, but Inequities Still Exist in Workforces	**50%** of all respondents say that pay inequities exist in their organizations.
#2 Leaders Say Pay Equity and Transparency Is a Business Priority, but Workers Don't See Organizations Making It Happen	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.
#3 Perceptions of Fair Pay Differ by Ethnic-Racial, Gender, and Age Groups	**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.
#4 Few Organizations Have the Capability to Effectively Assess and Act on Pay Equity Issues	**6 of 10** organizations still primarily use spreadsheets for pay equity audits.
#5 Pay Equity Progress Is Stalled by Inadequate Communication	**22%** of those surveyed say their managers don't have pay conversations with them.

[1]**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.