

CAHRS Virtual Working
Group:

Pay
Transparency -
Impact and
Approaches
April 19, 2023

Pay Transparency - Impact and Approaches Virtual Working Group April 19, 2023

During this CAHRS Virtual Working Group, members shared their experiences with adapting to new legislation around pay transparency. More specifically, the group discussed strategies related to choosing pay ranges, training managers on FAQs related to pay, balancing internal and external pay transparency, and communicating value added from total rewards to employees and job candidates. Professor Park also offered his thoughts on the possible gender wage gap ramifications of these pay transparency policies and shared new research about responses to different types of pay ranges.

Key Takeaways:

1. Investing in manager training to address pay concerns is critical as companies transition towards pay transparency.
2. When setting pay ranges rely on job type but also skill level; clearly stating this reasoning will help manage pay conversations and negotiations with both new and incumbent staff.
3. FAQ sheets can be a useful tool for managers as they weather the pay transparency transition.
4. Understanding and communicating the overall value of their total reward packages will help CAHRS companies recruit and retain staff. Equity and other non-salary offerings will be key as salary information becomes public knowledge.

Experience with Pay Transparency

CAHRS members shared their experience adapting to new legislation as well as other external pay transparency pressures. A key challenge for several CAHRS companies was communicating reasons for gaps between recruitment and incumbent wages. Published pay ranges also led to a considerable increase in negotiations for many. Both issues required pre-planning and considerable investment in manager training to address these new conversations with staff. Members who embraced cultures of transparency prior to the legislation saw easier transitions and one company had already adopted transparency in response to incorrect pay ranges posted by Indeed. As a result of state transparency policies, multiple members have begun to publish average pay ranges nationally.

Setting Pay Ranges

A popular discussion topic during the working group was on how to best set public pay ranges. Several companies emphasized the importance of a strong job architecture as the foundation of pay ranges. Some noted that focusing on internal job ranges may not reflect a realistic pay range for a position as individuals in that role may not have normally distributed skill levels. As a result, many CAHRS members used a combination of grouped jobs paired with skill bands to best capture the pay range they expect for specific workers.

21 attendees from
13 CAHRS partner
firms and 2 guest
companies:

Accenture
American Express
Bloomberg
Cigna
CNH Industrial
Corning
GE Healthcare
Hershey
Merck
PPG
Shell
Terex
Trane Technologies

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However, this technique often led to differences between internal pay ranges and those used in requirement, which again underlines the importance of communicating the reasons behind pay ranges. Other members opted for a purely market data approach, offering above or below a market rate dependent upon skill levels.

Training Managers/Communication

As noted, nearly every CAHRS member highlighted the importance of manager training and communication with their workforce as they adopt the changes required by pay transparency legislation. A common solution involved building FAQ sheets with key words to help navigate managers through challenging conversations. When members used different recruiting rates they brought in recruiters to help explain the differences to managers who might experience internal pressure from their staff. One member took a more radical approach and prepped their HR team to handle tough questions then allowed staff to ask questions during a live company-wide webcast to great success.

Total Rewards & Value Added

Finally, CAHRS members highlighted the importance of the total rewards system as they move towards what many expect will be just the beginning of pay transparency policies. As taboos around talking about salaries disappear, communicating equity offerings and other value added from benefits will be crucial for companies to differentiate themselves as they attract and retain talent. Member companies have already begun to work on ways to best communicate their total rewards both in job postings and directly to their employees. Tools that translate benefits into dollar values to clearly explain offerings to staff may be one solution. These tools can also be used to help explain differences between internal and external pay ranges.

This Summary Report was prepared by Tae-Youn Park and Reed Eaglesham for participants of the "Pay Transparency - Impact and Approaches" Virtual Working Group.

The Center for Advanced Human Resource Studies (CAHRS) is an international center serving corporate human resources leaders and their companies by providing critical tools for building and leading high performing HR organizations.

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