

# **Beyond Compliance: Harnessing Pay Transparency to Build Trust and Increase Retention**

# Today's Presenters:



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# Today's Agenda


- Update of pay transparency legislation
  - US
  - Canada
  - EU
  - UK
- Pay Transparency: Looking beyond compliance
- Q&A



## Poll 1:

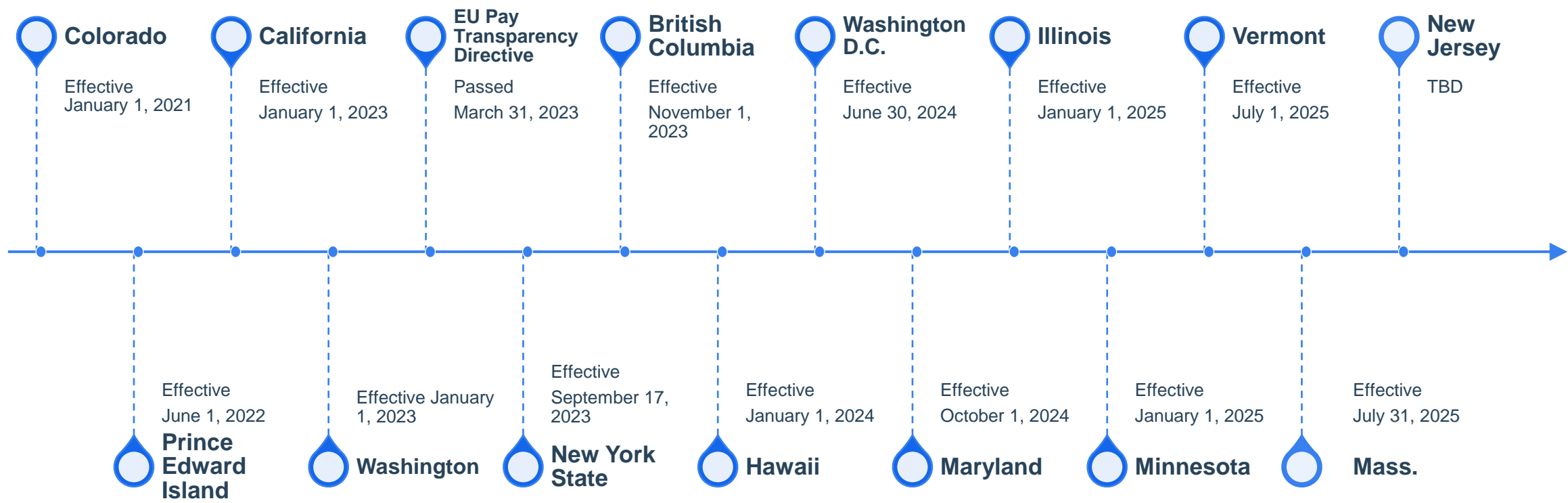
**What is your primary driver for adopting pay transparency?**

- Compliance with legislation
- To meet employee expectations and retain employees
- To demonstrate we value our employees and reinforce culture
- As a tactic in the competition for talent
- We are not adopting pay transparency at this stage
- None of the above

A blue-tinted photograph of the United States Capitol building, showing its iconic dome and neoclassical architecture. The building is partially obscured by trees on the left and right sides. Overlaid on the center of the image is the text "Q4 Legislative recap" in a large, white, sans-serif font.

# Q4 Legislative recap

# The pace of pay legislation is building and is a force for change



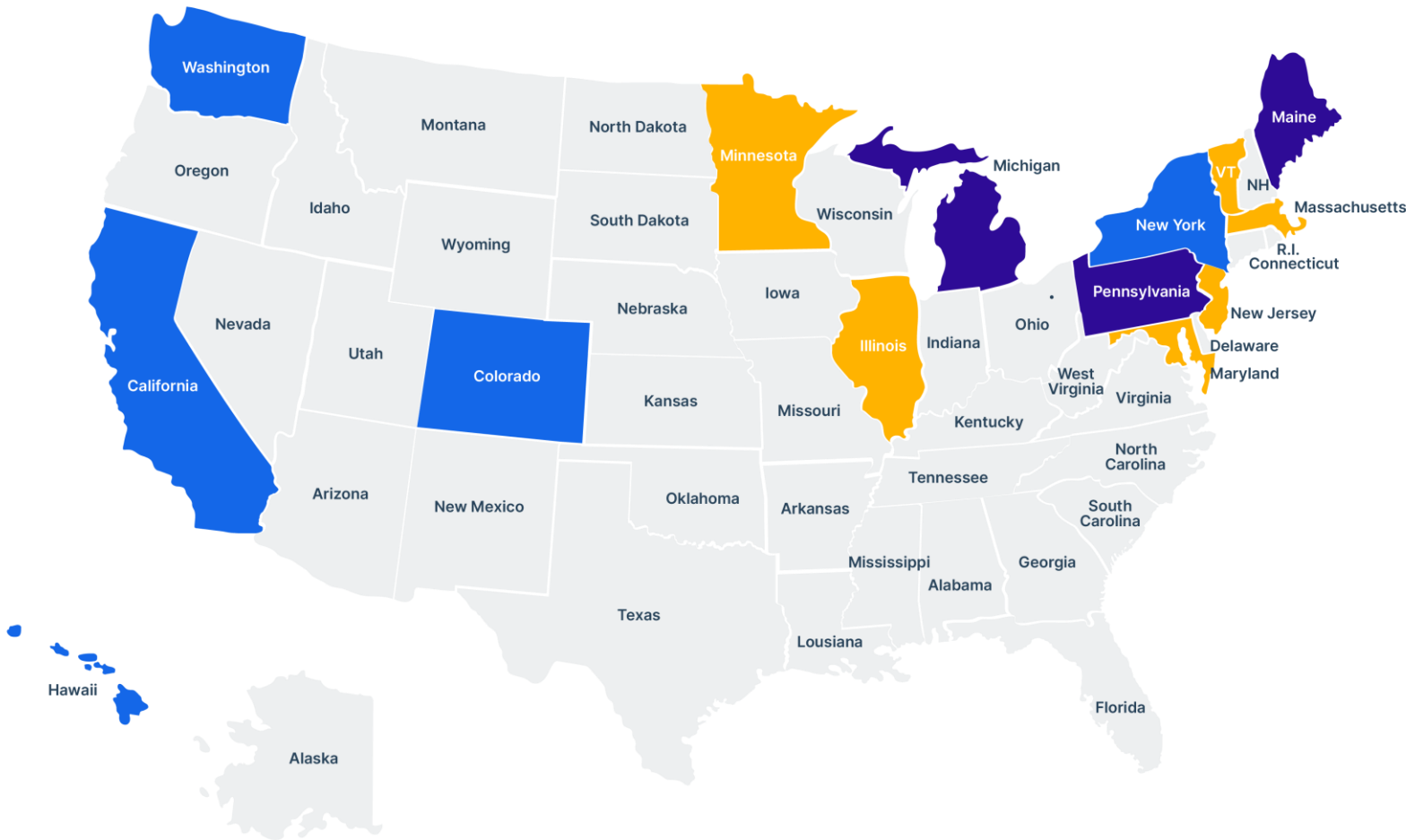
Keep up to date with legislation [here!](#)



A map of North America, including the United States, Canada, and Mexico, is shown in a dark blue, semi-transparent overlay. The map features various geographical labels such as 'Idaho Falls', 'Great Salt Lake', 'Salt Lake City', 'Cheyenne', 'Denver', 'Pikes Peak 14,110 ft', 'Colorado Springs', 'Las Vegas', 'Albuquerque', 'Phoenix', 'Tucson', 'El Paso', 'Fort Worth', 'Dallas', 'San Antonio', 'Austin', 'Ciudad Juárez', 'Hermosillo', 'Chihuahua', 'Ciudad Obregón', 'Nuevo Laredo', 'Laredo', 'Torreón', 'Monterrey', 'Culiacán', 'Guadalupe Island', 'Gulf of California', 'Baja California', 'Rio Grande', 'Wichita', 'Kansas', 'Oklahoma', 'Nebraska', 'Missouri', 'Illinois', 'Indiana', 'Ohio', 'Pennsylvania', 'New York', 'Connecticut', 'Rhode Island', 'Massachusetts', 'Vermont', 'New Hampshire', 'Maine', 'Nova Scotia', 'New Brunswick', 'Quebec', 'Ontario', 'Manitoba', 'Saskatchewan', 'Alberta', 'British Columbia', 'Yukon', 'Northwest Territories', ' Nunavut', 'Greenland', 'Iceland', 'United Kingdom', 'France', 'Germany', 'Italy', 'Spain', 'Portugal', 'Greece', 'Turkey', 'Russia', 'China', 'Japan', 'South Korea', 'Taiwan', 'Hong Kong', 'Macau', 'Singapore', 'Malaysia', 'Indonesia', 'Philippines', 'Vietnam', 'Laos', 'Cambodia', 'Thailand', 'Myanmar', 'Burma', 'India', 'Pakistan', 'Bangladesh', 'Sri Lanka', 'Nepal', 'Bhutan', 'Tibet', 'Mongolia', 'Kazakhstan', 'Kyrgyzstan', 'Uzbekistan', 'Turkmenistan', 'Azerbaijan', 'Georgia', 'Armenia', 'Yemen', 'Oman', 'UAE', 'Qatar', 'Kuwait', 'Saudi Arabia', 'Jordan', 'Iraq', 'Syria', 'Lebanon', 'Israel', 'Palestine', 'Cyprus', 'Greece', 'Turkey', 'Russia', 'China', 'Japan', 'South Korea', 'Taiwan', 'Hong Kong', 'Macau', 'Singapore', 'Malaysia', 'Indonesia', 'Philippines', 'Vietnam', 'Laos', 'Cambodia', 'Thailand', 'Myanmar', 'Burma', 'India', 'Pakistan', 'Bangladesh', 'Sri Lanka', 'Nepal', 'Bhutan', 'Tibet', 'Mongolia', 'Kazakhstan', 'Kyrgyzstan', 'Uzbekistan', 'Turkmenistan', 'Azerbaijan', 'Georgia', 'Armenia', 'Yemen', 'Oman', 'UAE', 'Qatar', 'Kuwait', 'Saudi Arabia', 'Jordan', 'Iraq', 'Syria', 'Lebanon', 'Israel', 'Palestine', 'Cyprus'. The text 'North America' is centered over the map in a large, white, sans-serif font.

# North America

# Pay Transparency US Legislative Landscape



● Active pay transparency laws currently on the books

Washington D.C. became effective on June 30, 2024

● Passed pay transparency laws but not yet active

● Proposed pay transparency laws that are working their way through legislation

The U.S Congress has proposed pay transparency laws that are working their way through legislation





# Illinois

Effective: January 1, 2025

- **Who:** employers with 15 or more employees, posting a job that will be physically performed, at least in part, in Illinois *or* will be physically performed outside Illinois but reports to a supervisor, office, or other worksite in Illinois.
- **What:** wage or salary *or* wage or salary range + general description of benefits and other compensation
  - E.g. bonuses, stock options, or other incentives
  - Range: look to any previously determined range for the role, the actual range of others in equivalent positions, or budgeted amount for role.
- **Proposed Penalties:** \$500 first offense, \$2,500 second offense, \$10,000 third or subsequent offense. Curing period/warning—14 days to remedy.
  - No cure period for 5 years after third offense.



# Minnesota

Effective: January 1, 2025

- **Who:** employers with 30 or more employees working in Minnesota
  - Silent on remote work
- **What:** good faith salary range + general description of benefits and other compensation
  - “Other Compensation”: not limited to any health or retirement benefits
- **Proposed Penalties:** Minnesota Dept of Labor and Industry and Minnesota AG have authority to investigate and enforce the law. No specific penalties outlined.



The U.S. Presidential Election is over,  
now what?





# Europe

A photograph of a European street scene, likely in a historic town. The street is paved with cobblestones and lined with traditional half-timbered houses. In the background, a church tower with a dome is visible. The image is overlaid with a dark blue filter. The word "Europe" is written in white, bold, sans-serif font across the center of the image.

# EU Pay Transparency Directive



## March 2021

Proposal on pay transparency introduced

## December 15, 2022

EU Commission and EU Parliament reach an agreement on directive with two key parts

- 1) Pay Transparency Measures
- 2) Better Access to Justice for Victims of Pay Discrimination

## March 31, 2023

EU Parliament Passes Directive on Pay Transparency aims to strengthen equal pay for equal work (or work of equal value) through pay transparency, gender pay reporting, and other enforcement measures.

## June 2026

The EU member states deadline to implement the requirements into local law with reporting commencing in 2027



# Fédération Wallonie-Bruxelles

- **January 1, 2025:** pay transparency measures begin
- **Throughout 2025:** employers should establish pay structures and recruitment practices
- **June 2026:** Annual Gender Pay Gap reporting and employee information rights begin.
- **Ongoing:** employers should ensure that employees have access to information about pay structures and wage levels for transparency.



# UK Employment Rights Bill

- The [Employment Rights Bill](#), introduced to Parliament on 10 October 2024.
- A comprehensive bill covering zero hours contracts, flexible working, unfair dismissal rights, statutory sick pay.
- The bill will be implemented in phases, with consultations and secondary legislation expected.
- It will strengthen gender pay gap reporting to cover outsourced workers and will require employers over 250 employees to produce equality action plans.
- A regulatory unit will be established to enforce Equal pay measures.



# UK (Race and Disability) Bill

- Expected to be published in 2025
- Will extend the legal requirement of equal pay for equal work to both ethnic minorities and disabled people (Beyond the current Equality Act 2010).
- Will also extend the current Gender Pay Gap Reporting regulations to include race and disability for organizations over 250 employees.
- To prepare ensure you are set up to collect ethnicity and disability data, in line with applicable legal safeguards, so you can analyze your equal pay risks and calculate pay gaps.
- Assess the quantity and quality of the ethnicity and disability data you have collected and disclosure rates.





## Poll 2:

**What are you doing to prepare for pay transparency?**

- We assessing our compensation strategy/philosophy
- We are improving our job architecture for alignment across the organization
- We are reviewing our pay structures and frameworks
- We are conducting pay equity analysis
- We are focusing on manager capability to communicate pay
- Other (let us know in the chat!)

# **Harnessing Pay Transparency to Build Trust and Increase Retention**



Pay transparency is a powerful lever  
to build trust, foster equity, and  
improve employee engagement.



# Employees Don't Know if They Are Paid Fairly

People who are actually paid **above market** believe they're paid:



People who are actually paid **at market** believe they're paid:



People who are actually paid **below market** believe they're paid:

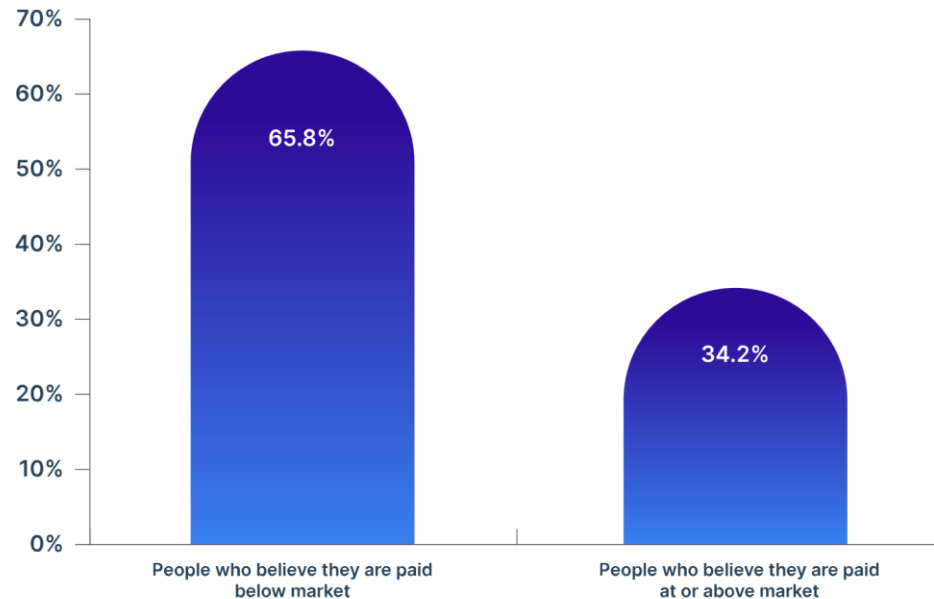


Below market    At market    Above market



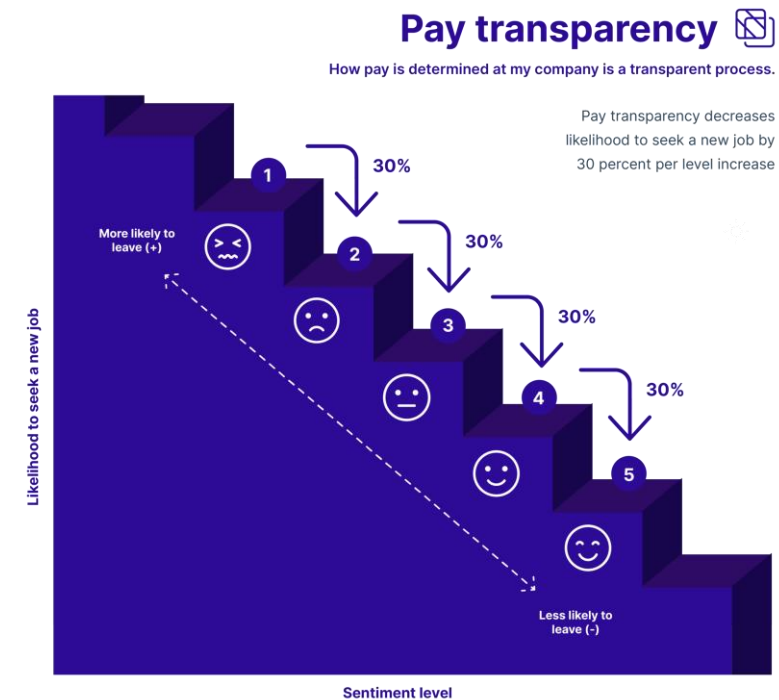
# The impact on retention

## Perception of fair pay impacts intent to leave



Source: Payscale Fair Pay Impact Research [2023](#)

## Pay transparency decreases likelihood to seek a new job by 30 percent (varies by generation)



Source: Payscale Retention Report [2023](#)



Pay transparency drives high  
performance





# 11 habits of top performing companies

## Compensation Maturity

- ✓ Are more likely to prioritize investment in HR, including compensation activities and modernizing HR software.
- ✓ Are more likely to have a formal compensation philosophy/strategy.

## Pay Transparency & Equity

- ✓ Are more likely to embrace pay transparency and share pay ranges even when not required by law.
- ✓ Are more likely to provide always-accessible information to employees about the “why” behind their pay.
- ✓ Are more likely to use total rewards modules within purpose-built compensation technology.
- ✓ Will line-item pay increases into distinct types when communicating pay raises to employees.
- ✓ Are more likely to address severely underpaid employees proactively.

## Data and Technology

- ✓ Top performers are more likely to use five or more sources of market data to price jobs.
- ✓ Top performers are also more likely to say it is important to them to invest beyond traditional salary surveys.
- ✓ Top performers are more likely to be using, purchasing, or evaluating compensation management software in 2024.
- ✓ Top performers are more likely to use AI to benchmark, price jobs, or predict pay ranges.

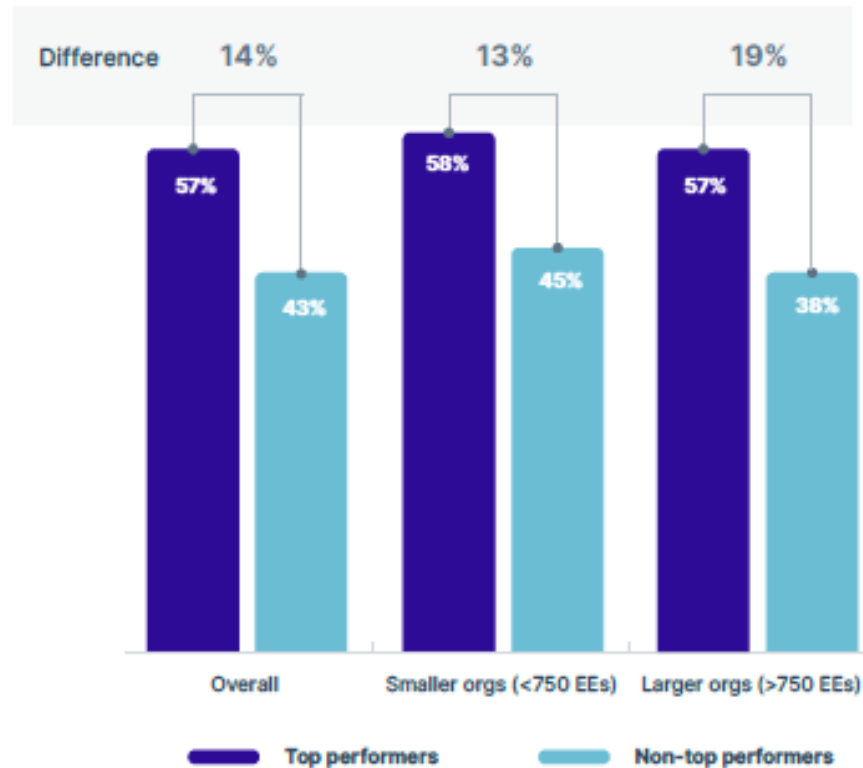




# Top performers are more likely to embrace pay transparency and share pay ranges even when not required by law.

Describe your organization's current position  
on the pay transparency spectrum

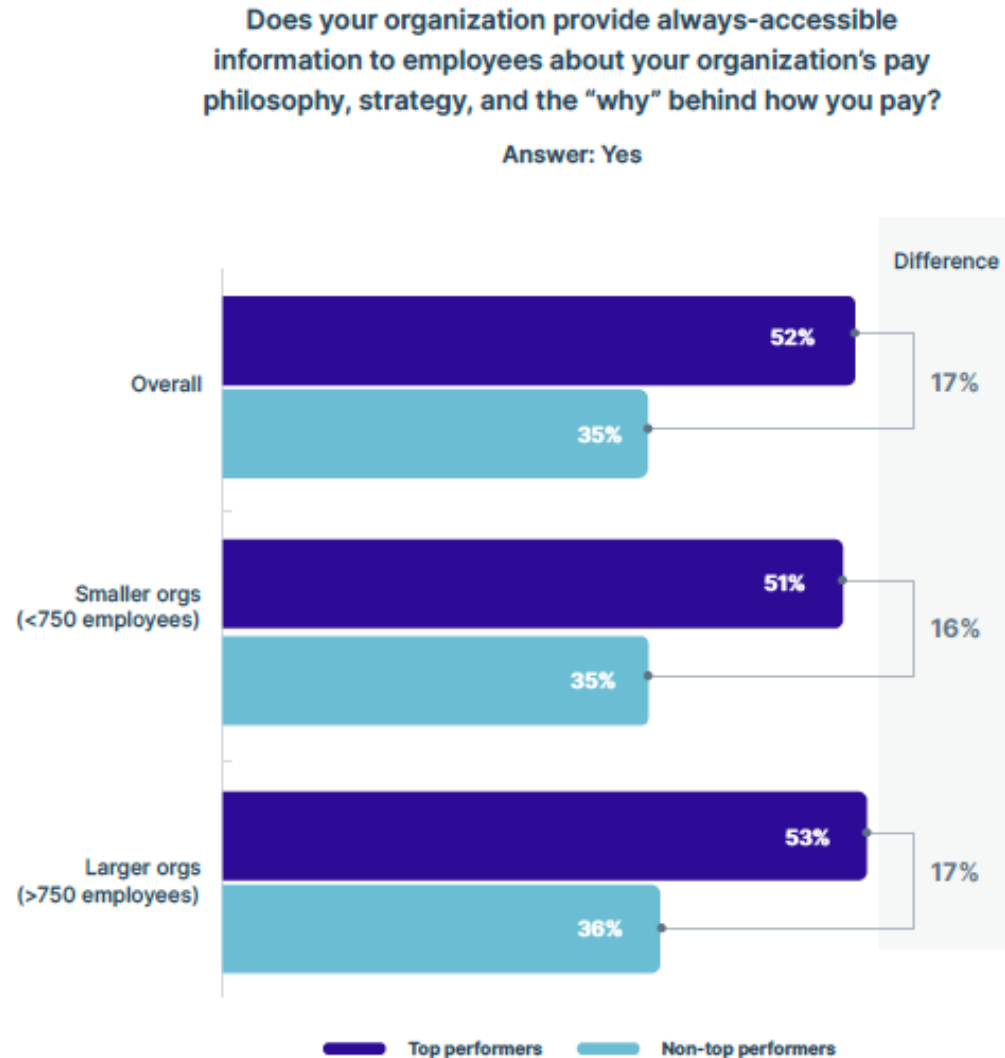
Answers: Individual through Public combined



**57 percent** sharing pay ranges with at least individual employees up through sharing all pay ranges publicly for all active, incumbent roles versus not sharing pay ranges or only doing so when required by law.

This is a **14 percent** difference compared to non-top performers overall, and a 19 percent difference for large organizations.

# Top performers are more likely to provide always-accessible information to employees about the “why” behind their pay.



One of the biggest differentiators in our study between top performers and non-top performers was that top performers provide **“always accessible” pay communications.**

# Your pay transparency playbook



Get buy in and commit to build **transparent and consistent pay practices** with a compensation philosophy that embeds fair pay



Create a road map factoring in **regulatory deadlines, requirements, your current state, and your change readiness for compliance**



**Understand the relevant factors that impact pay** in your organization and make sure this part of your compensation philosophy



Ensure you have the **job architecture and pay structures** that allow for appropriate comparisons between groups of employees



Conduct **proactive pay equity analysis** to understand the impact of wage gaps and biases



Train managers and other stakeholders to have **effective conversations** with employees about their pay



**Interested in a demo of how  
Payscale can help you in the  
wake of emerging pay  
transparency legislation?**

Let us know in the polling tab of  
your dashboard!

# Q&A

Feel free to ask any questions in the Q&A section!

