

The pay conversations keeping HR leaders up at night

Today's presenters



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Agenda

- Introduction to The Pay Confidence Report
- Discussion
- Q&A

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[Access Report](#)

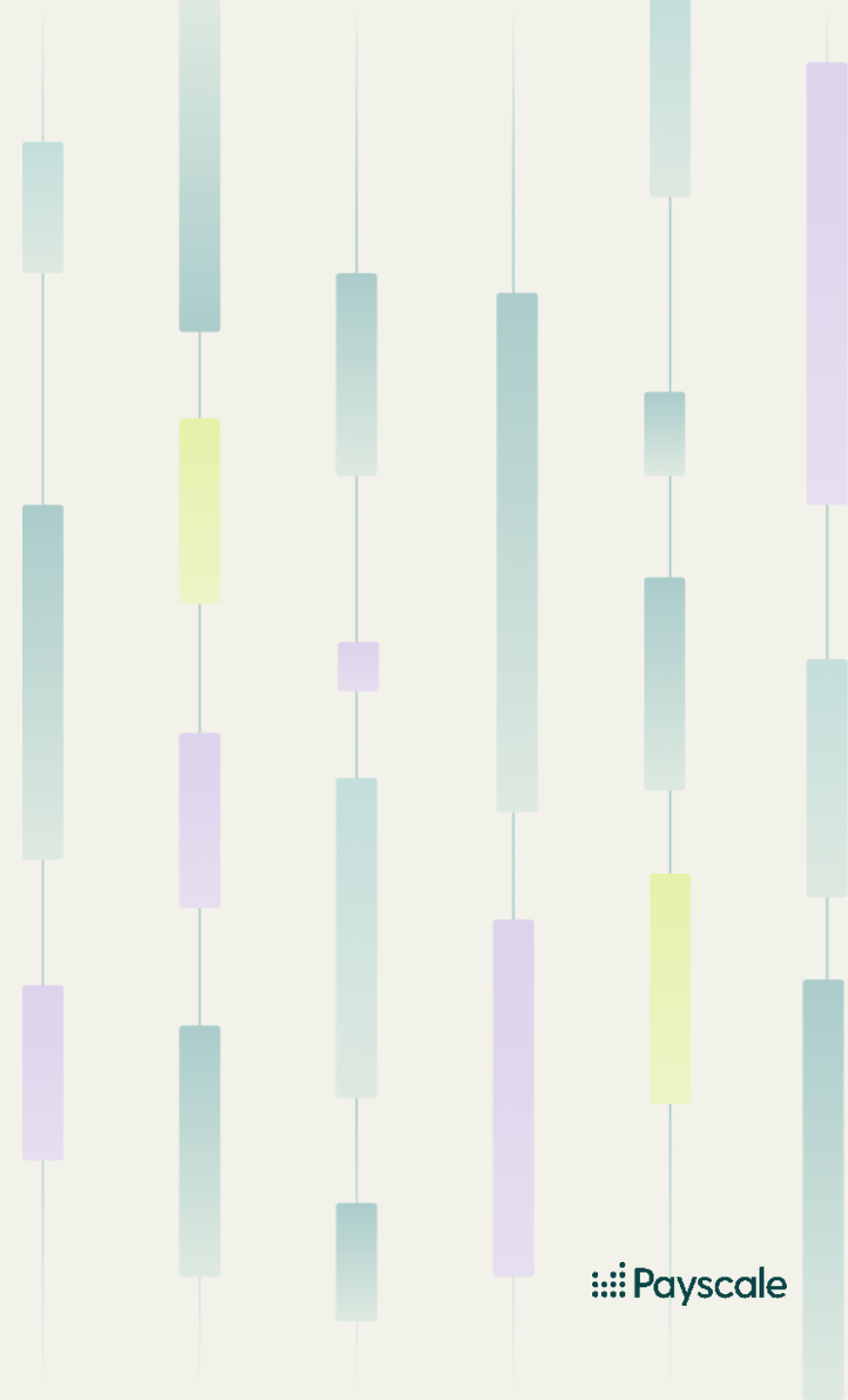
The pay confidence gap report

Payscale surveys both employers and employees and measures the gap in confidence when it comes to salary research, cost of living, rewarding performance, and more.



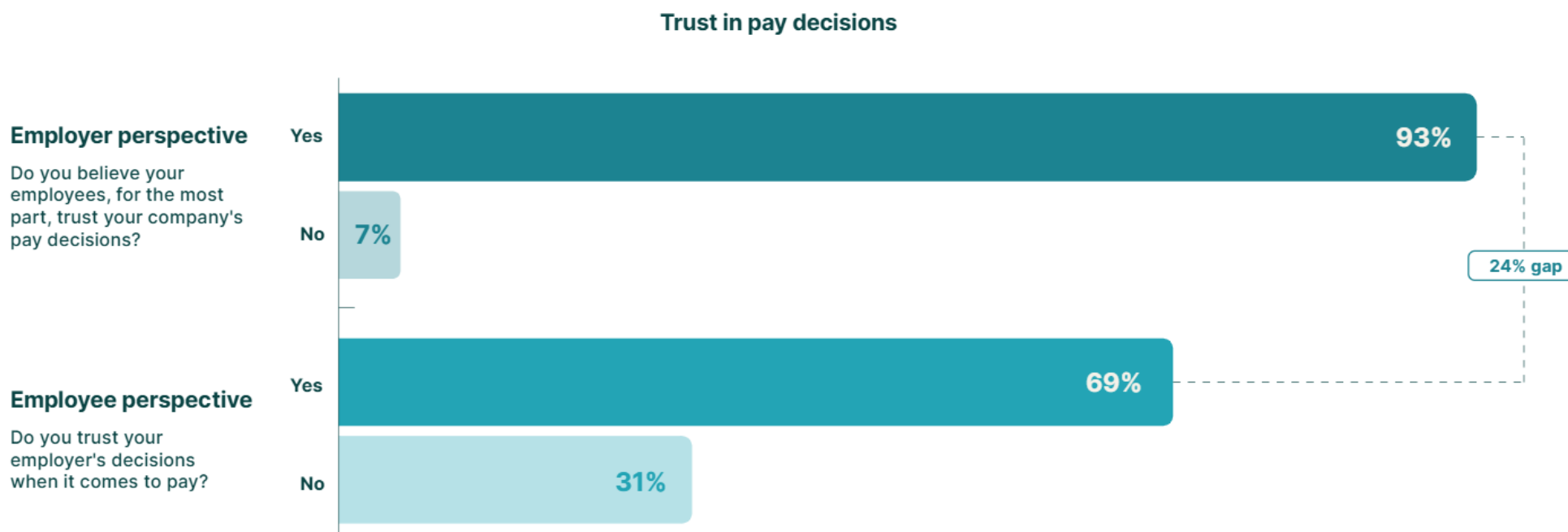
Poll: Do you believe your employees, for the most part, trust your company's pay decisions?

- A. Yes
- B. No
- C. Unsure



The Pay Confidence Gap

The report reveals that employers may be underestimating this pay confidence gap and falling short on effectively communicating pay decisions and strategies. **Employers overwhelmingly believe their employees trust their pay decisions (93%).** However, employees aren't so optimistic, with **only two thirds (69%) reporting they trust their employer's decisions on pay.**



**What factors are driving
the pay confidence gap
today?**

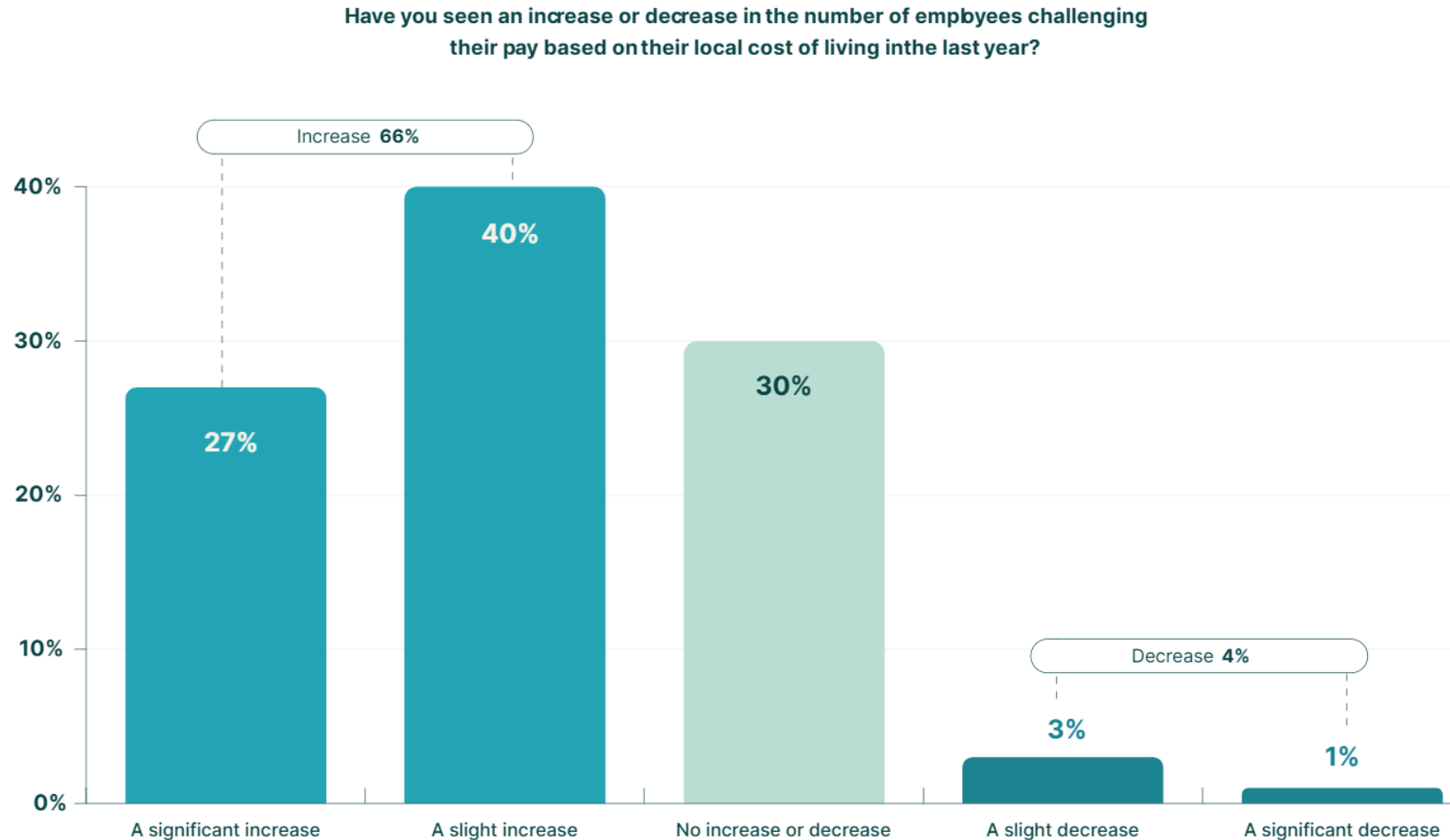
What happens when trust erodes?

Nearly half of employers (**48 percent**) report an increase in employee turnover due to salary-related conflicts over the past year. This increases for large organizations (**60 percent**) and mid-sized organizations (**52 percent**) and is reduced for small businesses (**30 percent**).



Understanding the impact of cost-of-living expectations

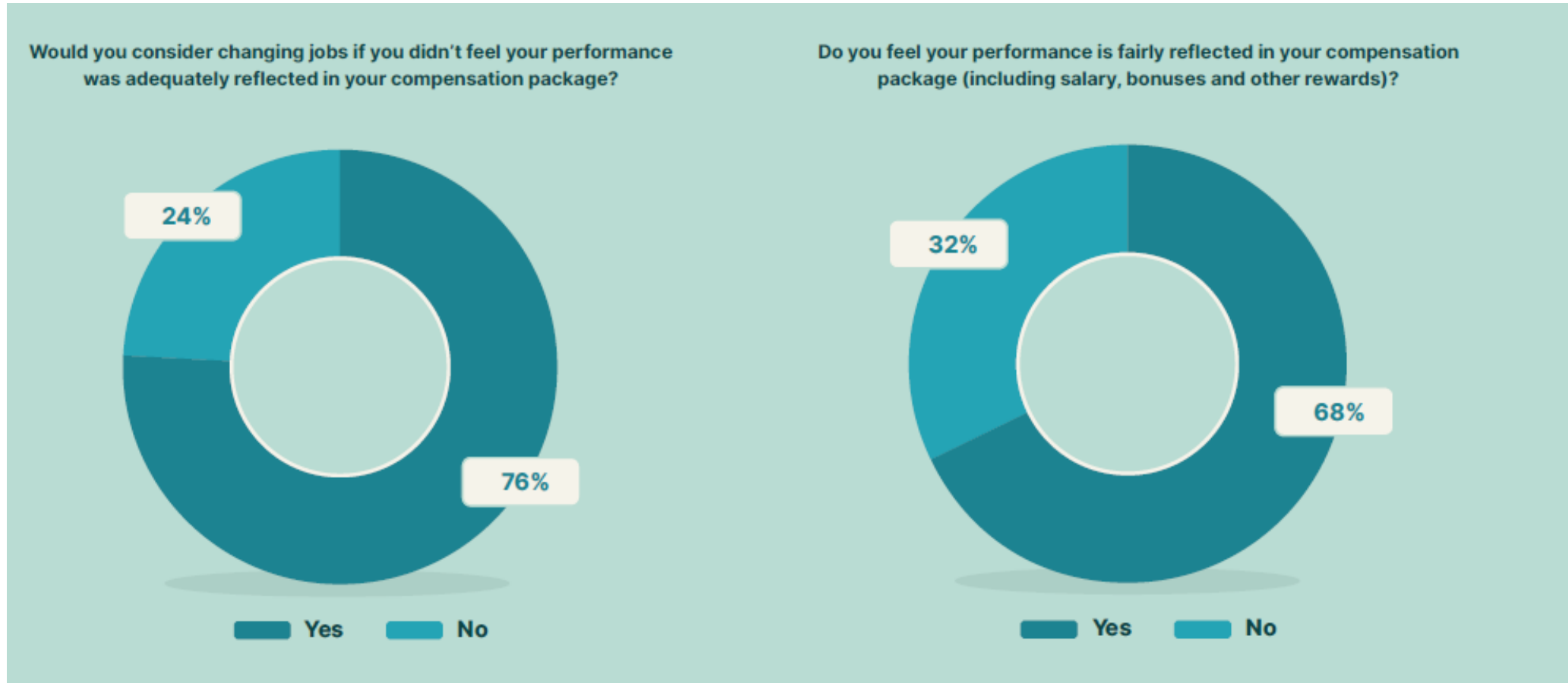
The rise in cost of living has been a top-of-mind issue since the COVID-19 pandemic and the Great Resignation when both inflation and wage growth spiked. Yet employers focus on cost of labor to drive pay budgets.



This is often one of those tough conversations, cost of living versus cost of labor. How would you address this?

Understanding the impact of merit-based pay

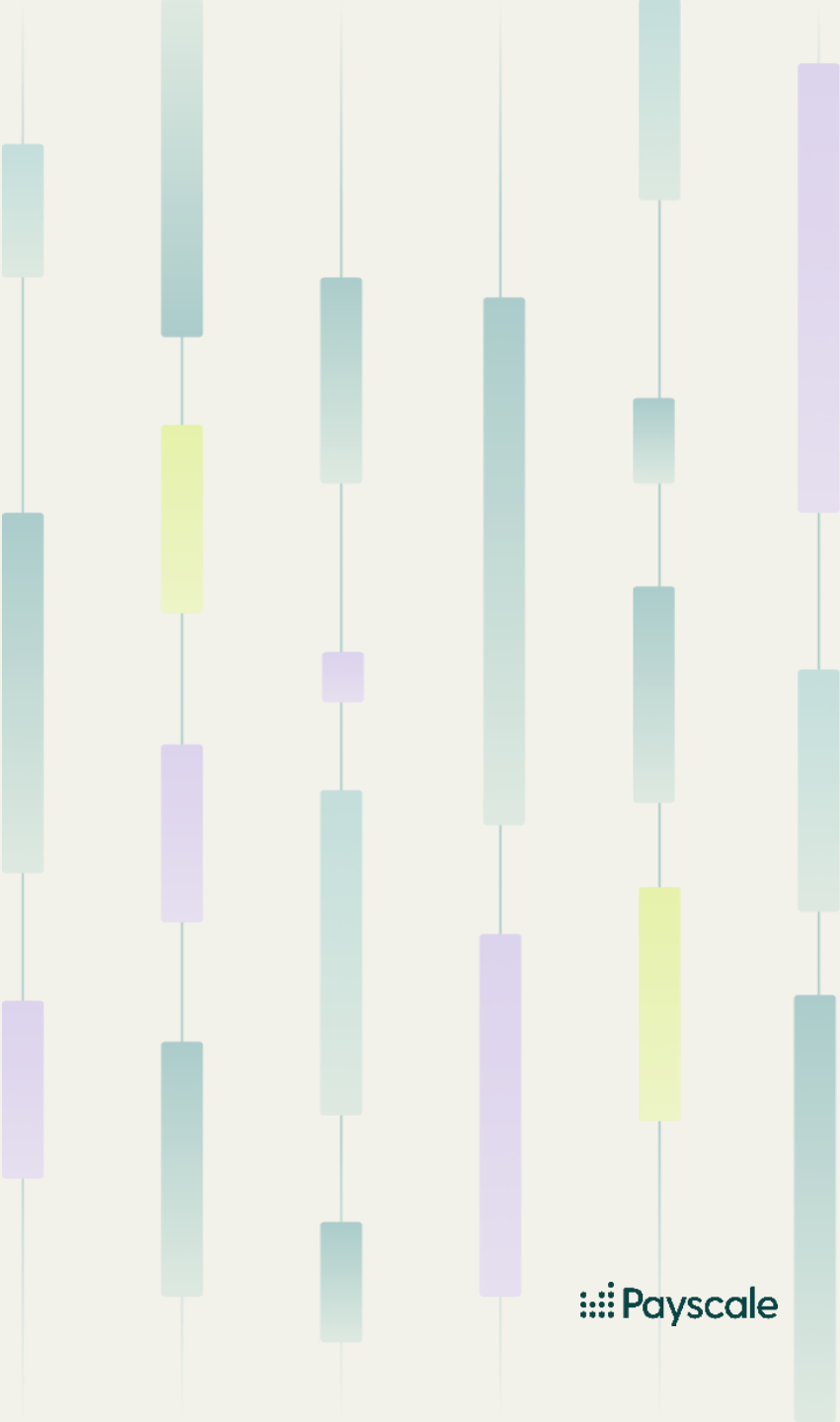
Employees reasonably expect to be rewarded for working harder or delivering more value and may disengage in their work or seek out other opportunities if rewards for more or better work are not forthcoming.



**How do you make merit
pay work and how does
performance assessment
impact this?**

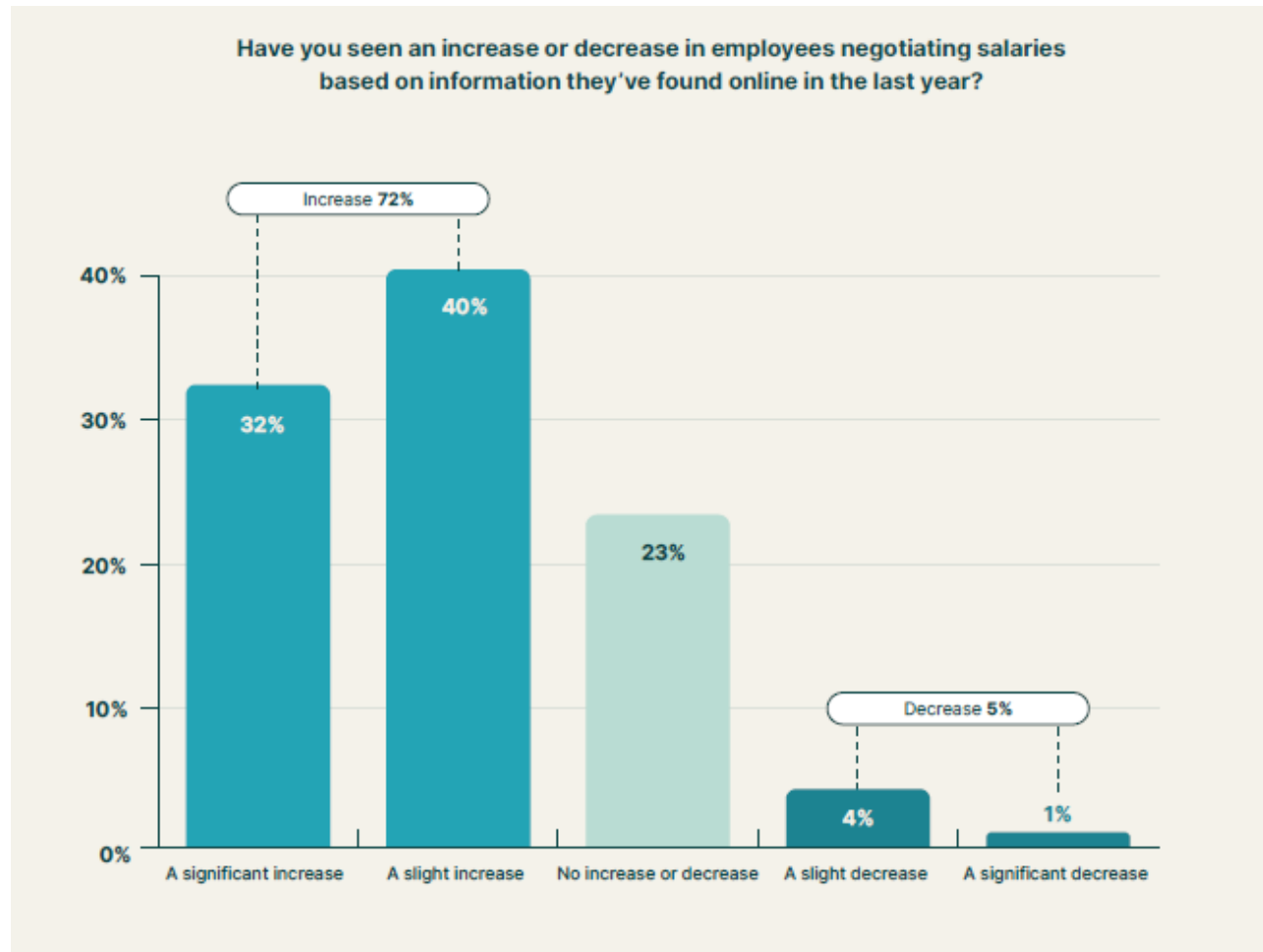
Poll: Have you seen an increase in employees negotiating salaries based on information they've found online in the past year?

- A. An increase
- B. A decrease
- C. No change
- D. Unsure



Does pay misinformation play a part?

When it comes to salary negotiation, employers and employees often have different expectations based on different sources of salary information of varying reliability. While employers typically rely on HR-reported salary data, individuals get their salary expectations ad-hoc from online searches, surveys, or by asking around, which is more prone to misinformation.



**How transparent should
you be about how pay is
determined and your data
sources?**

**How do we close the
pay confidence gap?**

Lexi's top tips for tough pay conversations



Be clear & data driven, not cold:

Say what needs to be said, bring data to the conversation but don't strip the heart out of it. If pay can't be increased, explain the why in plain terms—whether it's budget constraints, market alignment, or internal equity. People appreciate transparency, especially when it's shared with compassion. Use these conversations as an opportunity to bring data to the table.



Acknowledge emotion—yours and theirs:

Pay is personal. It's okay to name that. A simple “I know this might be disappointing” or “I can understand this is frustrating” can go a long way. You're not expected to fix the feeling, but naming it shows you care.



Communicate, educate, communicate (7x)

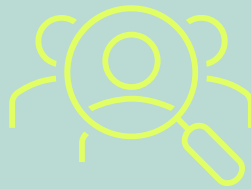
People need to hear something seven times (in different ways) before it really sticks. The key isn't just repetition, but variety—using different voices, formats, and moments to reinforce the message. It's not about being annoying—it's about being helpful. And if the message really matters, it's worth saying (and hearing) more than once. These conversations get easier when we're communicating more frequently.

Paul's top tips for tough pay conversations



Lead with Data and Empathy:

Ground your conversation in market benchmarks and performance insights, while sincerely considering the individual's perspective.



Prioritize Radical Transparency:

Clearly articulate the rationale behind compensation decisions and openly discuss both possibilities and limitations.



Foster Ongoing Trust and Dialogue:

Emphasize relationship-building by inviting open questions, actively listening, and outlining future growth paths.



**Interested in a demo of
Payscale's compensation
management solutions or data?**

Let us know in the poll currently
open in the polling tab and the team
will be in touch!

Q&A

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