



Connect Event Insights: Pay Equity

Payscale data validates the top reported pay equity challenges facing mid-size companies with 100 to 749 employees

In April 2022, Payscale hosted a Connect Event with mid-size companies that have 100-749 employees to discuss the trends and challenges they are facing when it comes to pay equity. Participants of the session took a closer look at these hot topics along with findings from Payscale's annual **Compensation Best Practices Report**. According to the data, many other organizations of the same size reported similar compensation strategy and management challenges as these top tier organizations, validating the experiences of our Connect participants.

The shared perspectives and data among Connect Event attendees and Payscale team members have made these networking events possible. We are grateful for all the collaborative insights that our participants bring, and we hope you can join us at a future Connect Event!

Pay transparency laws

Across the U.S., states are putting pay transparency laws in place. This new legislation has encouraged organizations to spend some time evaluating and standardizing pay practices and philosophies. Not only is pay transparency becoming a legal requirement, but it also impacts employee engagement. If the salary range for an advertised role is much higher than a current employee makes in the same role, that can take a toll on employee morale. Similarly, if employers are only posting salaries in locations where laws require them to do so, that can feel exclusive and negatively impact organizational culture.

Companies with several hundred employees are starting to feel the impact that pay transparency laws have had on recruiting candidates nationally. Employers are aware that as they respond to the “Great Resignation,” including pay ranges in job postings is becoming more important to candidates. Additionally, adopting competitive salary ranges is necessary to attract top talent. In some cases, a candidate may choose to accept an offer from a competitor based on a salary posted at a higher rate. Mid-size organizations' top priorities right now are looking at their pay structures annually and putting band aids on specific states to meet new requirements. But they are also well aware that pay transparency will impact companies long-term, which is creating a need to realign their pay structures accordingly.

Top three reasons pay equity is a planned or current initiative for mid-size companies



**Legislative
compliance**



**Central to
company values**



**Part of proactive
talent strategy**

As states begin to pass legislation surrounding the publishing of salary ranges, companies need to be aware of these changes, and take steps to be compliant if they are affected. While there are only a few states that have these laws going into effect right now, we can anticipate that many more states will follow suit, and Payscale is here to help! In this [on-demand Payscale webcast](#) from the Pay Transparency Legislation Series, members of our pay equity, legal, and product teams discuss new legislation, what it means for organizations everywhere, and what HR and comp professionals can do to work towards fair pay now and in the future.

Where to start

Legislative compliance may be what's driving many companies to act; however, 72 percent of companies between 100-749 employees also state that pay equity is a planned initiative because it is central to company values or part of a proactive talent strategy. The attendees of the Connect Event confirmed that staying on top of *why* they're paying what they're paying is paramount at this time. This is true for them as well as their company leaders, who want access to data to validate the strategy they are taking when it comes to pay equity and transparency.

Compensation activities that will become more important for mid-size companies in the coming years

52%

Becoming more transparent about pay

61%

Identifying and addressing pay inequity

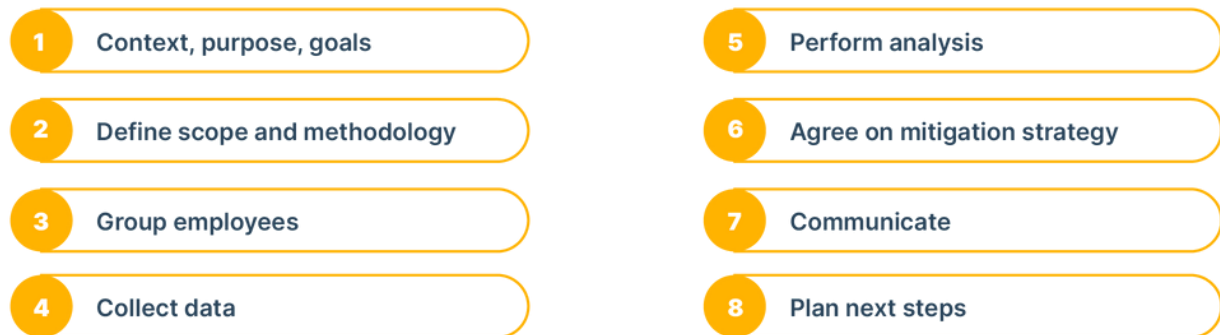
Questions to consider

Every organization has unique challenges and parameters which will influence how to address pay equity. Start by identifying the unique context, purpose, and goals for pay equity in your organization. Several questions can guide you in this step:

1. **What is your current pay equity position?** Find out if an analysis has been conducted by HR or legal in the past.
2. **What are your goals for pay equity?** Determine if you'll focus on controlled wage gaps or broader pay issues.
3. **Who are your stakeholders?** Often this group includes employees, investors, customers, managers, and leaders.
4. **Do you know the pay legislation in your localities?** Establish the legal context for your work, especially based on geography.
5. **Do you have the budget for pay remediation?** Identify budget parameters up front so your path to mitigating issues is clear.
6. **What timeframe is achievable?** Typically, a pay equity analysis ranges between 1-2 months, depending on each stage.

8-Step approach to pay equity analysis

Still, knowing where to start can be difficult for organizations who often do not have a way to identify and maintain their pay equity approach. In the [How to Prepare for a Pay Equity Analysis webcast](#), our expert panel shared an eight-step approach for pay equity analysis.



Keep in mind that while pay equity may start with an analysis that measures potential pay gaps between employees, that's just the beginning. Ideally, pay equity is part of an ongoing strategic approach to talent management, and as such, fair pay requires continuous monitoring.

Many businesses are unaware if they have a pay equity challenge or not, and those who have some sense of the issue rarely understand the extent of it. For a truly fair approach to pay equity, it's essential that such analysis and action become part of the business-as-usual processes. The best way to do this? Technology. Our **Pay Equity** solution is built to make it easy for organizations to build an ongoing approach to pay equity analysis. With one source to reliably store compensation data, you can align your processes to compliance risks while promoting fair treatment of employees.

Your commitment to pay equity contributes to a broader culture you can develop as a fair and inclusive workplace for all. Ultimately, that leads to greater employee motivation, better performance, and improved financial results. Beyond that, it even helps enhance reputation and protect your brand.

As the world of compensation becomes increasingly dynamic and complex and employees yearn for more transparency and understanding, having effective resources and opportunities to collaborate with peers is more important than ever. Learning how similar organizations are navigating change provides you with the tools to support you on your own compensation journey.

86%

of mid-size companies are concerned about rising inflation in 2021 eroding the value of pay increases.

67%

of midmarket companies said that a pay equity analysis is a planned or current initiative at their organization.

A perfect example of the community Payscale is creating is [Compensation Today](#), our expansive LinkedIn group where individuals from around the world come together to learn from each other and explore tangible solutions to manage pay.

Whether it's providing the appropriate data and services to support your compensation strategy, providing thought leadership and best practices, or creating environments where industry professionals can come together to share and gain knowledge, Payscale is invested in offering the right solutions to ensure the success of our customers.

About Payscale

As the industry leader in compensation management, Payscale is on a mission to help job seekers, employees and businesses get pay right, and make sustainable fair pay a reality. Empowering more than 53 percent of the Fortune 500 in 198 countries, Payscale provides a combination of data-driven insights, best-in-class services and innovative software to enable organizations such as Angel City Football Club, Perry Ellis International, United Healthcare, Vista and The Washington Post to make fair and appropriate pay decisions.

To learn more, visit www.payscale.com.

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