



# Unlocking opportunities to maximize the value of pay transparency

Pay transparency is an integral part of a fair pay philosophy. With two thirds of workers willing to switch jobs in favor of an organization that offers more transparent pay practices and U.S. pay transparency legislation forcing the hand of many organizations, it's clear that this is not a short-lived trend, but a significant step forward in the fight for fair pay.

According to Payscale's Compensation Best Practices survey, only 45 percent of organizations say they include pay ranges in job postings. Unfortunately, the same research found that 19 percent of organizations are posting pay ranges without confidence in how current employees will react. When asked what's driving the change to improve compensation practices, 48 percent of organizations say it's pay transparency legislation.

Ready or not, pay transparency legislation is coming to a state near you. It's not surprising that some HR and comp pros deemed 2022 as the year of pay transparency — and in just the first four months of 2023, over a dozen states have already proposed pay transparency bills. Depending on how many of those bills pass, it looks like 2023 may take over 2022 as the official "Year of Pay Transparency." Either way, it's clear that pay transparency is at the forefront of lawmakers' minds.

## According to CBPR 2024 respondents:

**60%**  
are including pay ranges in job postings

**19%**  
are posting pay ranges without confidence  
in how current employees will react

**48%**  
said that pay transparency legislation has  
driven their org to change or improve their  
compensation practices

## Pay transparency legislation in job postings

In January of 2021, Colorado was the first state to start requiring employers to include salary ranges in job postings. That bill has now created a wave of other states and cities following suit. At the time of this writing, there are nine pay transparency regulations in effect across the United States alone, with many more anticipated later this year. This legislation is accelerating the conversation around pay transparency.

Local governments are enacting the legislation; however, the effects are far-reaching. Many of the laws requiring employers to post ranges apply even if they have just a few employees in that state or city, or if they are hiring for remote workers who can perform the work anywhere in the U.S.



Rather than looking at this as a situation where laws are being imposed on them, business and HR leaders have to ask: How can these regulations support our strategies? As we explain in this ebook, regardless of the benefits — better employee engagement, building trust, competing for talent — pay transparency isn't just checking a box. It can help move your organization forward.

## Practitioner perspectives

### Responding to (and preparing for) pay transparency legislation

In response to this unprecedented wave of pay transparency legislation, organizations and HR professionals have had to swiftly and fundamentally change how they approach pay. In many cases, that has required improving pay data, pay structures, and the overall approach to pay equity.

“

#### Start with a philosophy

“What this legislation brings to light is that some companies don’t have a pay philosophy or a clear process when it comes to determining pay. In those cases, employers can’t just post pay ranges in job ads without any preparation. They need to go back a few steps. It requires thinking about the entire system — from using market data to understanding how to competitively price jobs to explaining the pay philosophy to candidates and current employees. If you start with pay transparency and don’t have a philosophy in place, other things are likely to pop up.”

**HR & Organizational Consultant**

*Washington State*

#### Prioritize internal equity

“For states where pay transparency laws aren’t in place yet, HR professionals can make use of this time. I suggest starting with internal pay. The very first thing you should do is understand what you need to do to create pay equity. A lot of it is using tools to get those baselines. Honestly, start with a spreadsheet. If you have to, print out everyone’s pay rate. Look at employees who have the same role or who sit at the same level and start to identify how people are aligned. Then give the pay bumps as needed to address inequity.

Once we’ve addressed internal equity, then we can start being really transparent. Then we can confidently post ranges that are realistic — not those salaries you see that range from \$50,000 to \$250,000. The second thing I tell people is, you should never post a job without sending it to your employees first.”

**Katrina Kibben**

*CEO and Founder of Three Ears Media*

“

**Enable managers to communicate**

"When these laws went into effect, I was working for an organization with offices in New York and California, so we had to look at the various regulations and what we needed to do to meet them. Involving leadership was key because it was a cultural change for everybody. Of course, we needed to follow these new laws. But we also looked at how to do so in a way that helped us maintain a competitive advantage and aligned with our business processes.

We knew managers would feel a lot of the impacts of pay transparency legislation; employees look to them for answers and see them as a resource. So, we conducted training about our comp philosophy and provided time to practice answering potential questions from candidates and employees about compensation ranges. Managers can always reach out to HR or compensation teams, but we wanted them to feel comfortable having these conversations, too."

**Imad Mahmood**

*Senior Compensation Analyst*

## Five compensation best practices to help you prepare for pay transparency

As organizations navigate how to implement compensation strategies that meet pay transparency requirements, it takes significant thought and effort to ensure a successful transition. Your strategies should build trust, enhance employee engagement, and be in alignment with your organizational values and business objectives. Here are five best practices to help you in the process.

**Ready to kickstart your journey?**

Request a demo →

1

### Use external market data to benchmark your roles.

Gather salary information from reputable sources such as industry surveys, employer-reported data, and HR-market reported data, and compare it to your current pay structure to make informed adjustments.

2

### Create a job-based pay range for the role.

For each role in the organization, create a range based on external market data and internal equity information. Use the market data, as well as factors such as experience, qualifications, and performance, to determine lower and upper limits that align with your budget and compensation philosophy.

3

### Use job leveling and market data to create pay structures.

Categorize roles based on factors such as job families, responsibilities, skills, and seniority, then assign appropriate salary bands to each level, ensuring internal equity and providing a clear progression path for employees.

4

### Consider your position on the pay transparency continuum and communicate pay ranges internally.

Pay transparency is a spectrum — from simply telling employees what they're paid to publishing salaries and ranges in postings to communicating openly with employees about your comp and total rewards strategy. Note that current enacted pay transparency laws only require employers to include salary ranges in job postings or during the interview process. However, in addition to meeting legal requirements, it's essential to determine how transparent you want to be about pay. That includes choosing what and how you'll communicate about it as well as training managers on how to have these conversations.

5

### Work towards sustainable fair pay.

At its core, the goal of pay transparency is to establish compensation practices that ensure employees are fairly compensated for their work while also maintaining the organization's financial viability and promoting long-term employee satisfaction and retention. At Payscale, our goal is to help organizations approach pay transparency with confidence. Whether you are just starting out on the path to pay transparency or you have been working to build transparent pay practices for a while, we want to help you establish a fair pay pathway that is unique to your organization and scalable to meet your changing needs.



## 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 to make sustainable fair pay a reality. Empowering more than 50% of the Fortune 500 in 198 countries, Payscale provides a combination of diverse and dynamic data sources, experienced compensation services, and scalable software to enable organizations such as Angel City Football Club, Target, Gainsight, and eBay to make fair and appropriate pay decisions.

**Pay is powerful™**

To learn more, visit [payscale.com](https://payscale.com).