

Uber for Business

The importance of salary transparency



Introduction

In many cultures, talking about money has long been considered distasteful. Businesses have often followed suit, keeping compensation numbers private. That may seem savvy on the surface: negotiating a lower salary is easier when people don't know what their colleagues are making. Some businesses have gone so far as **discouraging or outright banning employees from discussing salaries**—even when **violating the law** in the process.

But the tides are changing on this issue. The job-listings website **Indeed** reports that pay transparency in job postings has more than doubled since 2020. As norms change, businesses of all industries and sizes can benefit from considering a shift toward salary transparency.



What is salary transparency?

Salary transparency is when a company implements policies and practices to share salary information openly with employees, job candidates, and, in some cases, the larger public. In practice, salary transparency often takes on a couple main forms:

Salary transparency in job postings

Listing a clear salary range in every job posting has become a common standard in recent years, and it's one that many candidates now expect.

Salary transparency with current employees

Some businesses have gone even further in their commitment to transparency by sharing current salary information for all positions with their employees, or even publishing salary numbers publicly.



6 reasons to embrace salary transparency

When a business is accustomed to doing things a particular way, accepting a big cultural shift can be a hard sell. But instituting salary transparency at your organization offers benefits that can make the initial discomfort of change worth it.

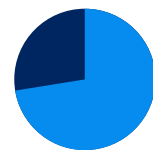


Improve employee morale and build trust

Salary transparency is a form of radical honesty that shows your employees you have nothing to hide. When people know their employer is honest with them, it promotes trust. [SHRM](#) found that 73% of people are more likely to trust a company that provides pay ranges in job ads.

More than that, when people know their employer has established policies for promoting fairness, it gives them confidence that doing good work will pay off. [Indeed](#) found that 82% of workers feel more engaged with and fulfilled by their work when they're paid fairly.

But there's one important caveat here: salary transparency will only encourage trust if your salaries are fair. If employees learn that pay levels in your organization don't align with responsibilities and experience, transparency could instead hurt morale and reduce trust.



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Support diversity, equity, and inclusion (DEI) efforts

Commitment to DE&I efforts is often a big driver in the decision to adopt pay transparency. Marginalized groups frequently make less than colleagues with similar responsibilities, skills, and experience. Data from the [Economic Policy Institute](#) clearly demonstrates this, finding that, on average:



- Women make **22.2% less than men**
- Black women **earn only 69.5%** of what white men earn
- Hispanic women **earn only 64.1%** of what white men earn

Pay inequity doesn't stop at the hiring process, it can follow marginalized employees well into their tenure with an organization. [Payscale research shows](#) that people of color are less likely to receive raises when they ask for them. That means that unfair wage discrepancies are more likely to grow over time than to be corrected, unless you take an intentional approach to fixing them.

Implementing salary transparency and creating a standardized policy for pay helps reduce the subconscious biases that drive these pay inequities. The trend toward pay transparency is new enough that data on its impact is limited, but [initial research suggests](#) it can narrow the gender gap.

Plus, it shows employees that you're prepared to go beyond just talking about DE&I; you're making a real financial investment in creating a more equitable environment. And employees do care. In a study published by [SHRM](#), 91% of employees at organizations with transparency trust that their organization pays equally for equal work regardless of gender, race, and ethnicity.



3. Improve brand reputation

People care about choosing brands that match their values—both as consumers and as employees. [Consumer Goods Technology](#) reports that 82% of shoppers want a brand's values to align with their own. Salary transparency is a good way to demonstrate your values as a business, which can help you win over values-driven customers.

Beyond that, salary transparency specifically helps you build a reputation as a good place to work, which in turn helps you attract the best talent. One software company started publishing salaries in 2013 and soon after saw a [notable increase in job applications](#). This transparency can also potentially double as a marketing tool. The same company published a “[where your money goes](#)” blog post and dashboard so their customers can feel good about their investment.





4. Help with recruitment

When you earn a reputation for being a fair and trustworthy employer, more people want to work for you. [Indeed](#) found that people are 60% more likely to apply at a company that posts transparent salary bands for all jobs, and 75% more likely to apply to companies with a reputation for paying fairly.

But even if you don't go as far as publishing all employee salaries, just including salary information in your job listings can improve your talent pool. In a recent [Resume Builder](#) survey, 85% of people said they're more likely to apply to a job that lists a salary range.

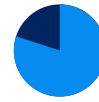
[Several states](#) have now made salary transparency in job listings a legal requirement. Including salary information by default is the easiest way to stay compliant if you hire across multiple states. Plus, it can save you money. [SHRM](#) reported on findings that job ads with the pay range in the title have a 35% lower cost per click (CPC) than those without.





5. Improve productivity and camaraderie

When workers know that their current pay is fair, they're more likely to feel invested in the work they do. An [Indeed](#) survey found that over 80% of workers feel fair pay makes them more productive. More than that, when employees know what their superiors make, it can provide an extra incentive to work harder to reach those salary levels themselves.



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Salary transparency can also remove possible resentment between employees and create a more harmonious work environment. People work together better when they feel like equals and trust that everyone's work will be valued according to merit. The [World Economic Forum](#) has reported on [research](#) that suggests collaborations tend to be deeper and more fruitful in organizations with pay transparency.



6. Help reduce employee turnover

Fair pay policies can help you keep the talent you have and reduce the costs and trouble associated with employee turnover. [Gartner](#) research revealed that employees who don't feel their pay is equitable have 15% lower intent of staying with the company and are 13% less engaged. And just over a third of employees reported thinking their pay is fair now.

If current salaries at your organization aren't equitable, avoiding transparency may not keep employees from finding out. According to [SHRM research](#), 42% of workers who learned that someone of a different race or gender at their company made more than them heard about it via gossip. And 74% of workers in an [Indeed survey](#) report doing salary research. If an employee's salary doesn't line up with industry norms, learning that from a source other than you is likely to break their trust.

Challenges of adopting salary transparency

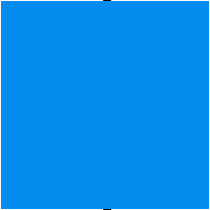
Salary transparency clearly has value, but you should be cautious when implementing such a change. There are a few challenges you should consider up front:

- **It could expose any inequities that exist.** Even organizations with good intentions may offer what they think an employee will accept, rather than what's most equitable. If salaries aren't fair to start, transparency can lead to resentment and disengagement.
- **Fixing inequities could be costly.** If many employees are underpaid now, bringing their salaries in line with their worth will have a price tag. You'll have to determine how to afford any required raises.
- **You may lose employees.** According to [Resume Builder](#), 1 in 20 workers would quit if it were revealed that their co-workers earn more money (and 63% would demand equal pay). And if you publish salaries, companies trying to poach your employees will know the number they have to beat when trying to lure workers away.

These challenges are important to account for when shifting to greater salary transparency.



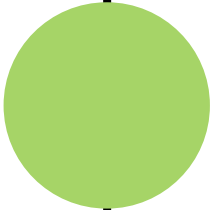
How to implement a new salary transparency policy



If you're introducing a culture of salary transparency for the first time, you'll need to establish the right policy and process to handle the transition well.

There are 4 important steps to consider as a part of your process:

1. Analyze current compensation levels for fairness

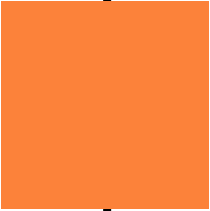
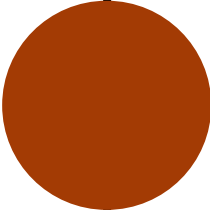


The benefits of salary transparency all depend on having fair pay practices in place. Before you take the step of going public with salary bands or specific salary numbers, you want to make sure current employees are getting the level of compensation they should be getting.



Consider conducting a pay equity audit to determine how fair (or unfair) salaries currently are in your organization. Analyze all the salary data you have based on factors like job titles, responsibilities, years of experience, and skill levels. Specifically look for discrepancies based on identity categories such as gender, race, religion, and disability. Identify any particular cases of pay inequity that exist in your workforce.

2. Develop a plan for addressing current equity issues



This may be the hardest part of embracing salary transparency—fixing any fairness problems you have now. If your audit revealed employees who deserve a raise based on the data, do the math to figure out how much you should be paying them. Then determine what internal changes the company needs to make to bring their pay in line with your new standards. That may require making some tough budgeting decisions and cutting costs in other areas. But if you want to demonstrate a commitment to fairness and transparency moving forward, it's an important step.



3. Create a clear salary transparency policy

Salary transparency isn't a one-time process. You want to develop a clear policy to ensure you consistently provide fair pay to employees moving forward. To start, consult with your legal department to make sure you understand and comply with all relevant laws. Next, define what salary transparency will mean at your company. You may not want to publish every employee's salary, although that is one option.

You can also accomplish transparency by sharing other salary data, such as details on how salary is determined, clear salary ranges for each role, and anonymized salary data. Once you've determined what pay transparency will mean at your organization, create documented guidelines for how HR should determine pay ranges for job listings, promotions, and raises.

4. Communicate your policy to employees

How you communicate your policy will impact how employees feel about the change. [Payscale research](#) found that employees' understanding of their organization's pay policy had a greater impact on their satisfaction levels than did their salary amounts. Payscale also revealed that 72% of employees who don't believe the rationale they're given for not getting a raise will start looking for a new job within 6 months.

In other words, communicating your new policy and reasoning clearly is crucial if you want employees to feel that it's fair. Create a plan for how you'll announce the new policy and provide all the information employees will most need and want. And make sure your communication plan goes both ways. Let employees know the best way to share their questions and concerns, and be prepared to address them.



Salary isn't all that matters

Achieving pay equity is an important goal, and salary is an undeniable factor in fairness and employee satisfaction—but benefits that impact quality of life play a big role, too. In a [PeopleKeep survey](#), 82% of respondents said an employer's benefits package is an important factor when they're deciding whether to accept a job. And 26% of people in a [Gallup poll](#) said they'd left a job for reasons related to well-being and work-life balance—versus only 19% that cited pay as a reason they'd left.

The right benefits can address well-being and work-life balance. Offering employees a benefit like subsidized rides can [simplify the commuting experience](#) and give employees back some of their time, and providing access to [meal delivery](#) can make their lives easier while also giving them a way to try more local restaurants. Both options are easy to add to your benefits package with Uber for Business.



Uber for Business is proud to be a partner to companies working to recruit, retain, and reward top talent. [Learn more about our offerings here →](#)