



# PAY TRANSPARENCY: A CHRO'S GUIDE TO EXECUTIVE ALIGNMENT

Addressing Concerns Across Business,  
Finance, Legal, and Risk Functions

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EBOOK



# Pay Transparency: Aligning Leadership Around the Facts

Pay transparency is quickly becoming a global expectation. Governments, employees, and investors are demanding clearer explanations of how organizations determine pay—and whether those decisions are fair.

The EU Pay Transparency Directive is accelerating this shift, introducing new requirements around pay reporting, job evaluation, and employee disclosure across member states. As transparency expectations increase, many organizations are reassessing how they structure compensation, communicate pay decisions, and ensure consistency across roles.

## THE CHRO'S CHALLENGE: BUILDING CROSS-FUNCTIONAL ALIGNMENT

As a CHRO, you already know that pay transparency is more than just checking a regulatory box—it can be a real competitive advantage. But it can sometimes be a challenge to get your leadership team on board with that vision.

Leaders will likely agree to meet any basic legal requirements that apply in your region. But when it comes to investing in a more robust transparency strategy, you may hear pushback: “Too expensive,” “Too risky,” “Too complicated.”

This guide gives you the data and insights you'll need to make the case for a more strategic approach to pay transparency.

### **The U.S. Perspective**

*While Europe moves toward unified standards, the U.S. operates as a patchwork of regulations, with pay transparency laws enacted in 16 states and several major cities. Compliance remains a fast-moving target, making proactive planning essential.*



This guide is organized by the stakeholders who most often influence pay transparency decisions.

Use the sections below to quickly find the objections you're hearing—and how to address them.

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**After reading this guide, you'll be better equipped to:**

- Address common concerns about strategic pay transparency
- Build the case for going beyond basic compliance
- Secure buy-in from key leadership to accelerate decision-making
- See how Korn Ferry helps organizations implement pay transparency in ways that strengthen trust

# Answering Business Leaders' Questions About **Pay Transparency**

Including CEOs, COOs, business unit executive leaders, division leaders, and general C-suite members

## **Protecting Performance Through Trust**

For operational leaders, new pay transparency legislation may feel like a compliance headache with little commercial upside. They're focused on hitting targets, managing costs, and driving innovation. The last thing they want is a new administrative requirement to manage.

But here's the reality. Transparency—whether driven by legislation or employee expectations—means employees are asking more questions about how pay decisions are made. When managers can't explain those decisions clearly, conversations about pay can quickly erode trust.

That's why many organizations are going beyond basic compliance, treating pay transparency as a strategic leadership tool. When business leaders can confidently explain pay decisions, they can turn potential conflict into productive conversations. The result: stronger, more trusting teams that deliver better results.

## **The U.S. Perspective**

*In the U.S., transparency is now a recruiting imperative. 82% of U.S. workers are more likely to apply for a job if the pay range is listed, making transparency a critical recruiting filter.\**

\*SHRM

# Addressing Business Leaders' Hesitations

## THEIR CONCERN

“HR owns this—it’s not my responsibility.”

“There’s no commercial upside to going beyond compliance.”

“This will create ongoing disruption for my team.”

“Discussing pay disparities with employees is always uncomfortable and unproductive.”

## THE STRATEGIC RESPONSE

**Business leaders will still be expected to answer questions about pay.** While HR shapes the messaging, leaders lose credibility when they can’t explain the “why” behind the numbers.

**Pay transparency positively impacts hiring, retention, and innovation.** Research consistently finds that organizations with greater pay transparency tend to see higher job applicant interest and report stronger employee satisfaction and retention.

**Only if it’s poorly managed.** Once business leaders are equipped with clear messaging and established guardrails, they can more quickly minimize confusion and avoid repeated employee escalations.

**Pay gap discussions can be productive conversations.** Korn Ferry provides the training and tools to handle tough discussions confidently, helping business leaders avoid getting caught off guard or scrambling for answers.

# Answering Finance Leaders' Questions About **Pay Transparency**

Including CFOs

## **Turning Compliance into a Competitive Advantage**

For finance leaders, the conversation around pay transparency often starts and ends with numbers: potential cost increases and risk exposure. From that perspective, new requirements can look like a mandatory cost center with no return.

But meeting basic legal requirements is just the starting point. When finance leaders treat transparency as only a regulatory box to check, they may overlook real financial opportunities. For CHROs, the challenge is helping CFOs see how a more strategic approach can deliver measurable returns—from lower turnover to stronger talent retention.

Framed this way, transparency shifts from a compliance exercise to a tool for strengthening performance. Instead of reacting to issues as they arise, organizations can manage them more deliberately, supporting both talent outcomes and broader business goals.

## **The U.S. Perspective**

*Unlike the EU's regulator-led audits, U.S. enforcement is driven by class-action lawsuits. A defensible, factor-based job architecture can strengthen an organization's protection against litigation.*

# Addressing Finance Leaders' Hesitations

## THEIR CONCERN

## THE STRATEGIC RESPONSE

“There’s no financial upside to going beyond compliance.”

**Strategic pay transparency efforts create quantifiable ROI across multiple channels.** Research shows that companies with well-communicated pay equity are more likely to exceed financial targets. Lower attrition linked to transparent pay practices can also translate into significant savings per employee.

“We already have job architecture and compensation data, so we’re covered.”

**Many transparency regulations, including the EU directive, expand reporting beyond base pay to include variable and discretionary compensation.** This is where significant unexplained gaps can hide. Without total-pay visibility, an organization’s existing data may not survive an audit or court challenge.

“There’s no rush—we can focus on basic compliance now and worry about broader strategy later.”

**Delaying strategic planning increases both costs and complexity.** Organizations that postpone a comprehensive approach often face rushed adjustments, limited time for analysis, and fewer opportunities to address pay gaps gradually and cost-effectively.

“Hiring Korn Ferry is too expensive.”

**Single-vendor approaches typically cost less than fragmented solutions.** Relying on multiple vendors creates duplicated work, misalignment, and costly rework across different systems. Korn Ferry’s end-to-end model integrates data, architecture, training, and change management under one roof.

# Answering Legal Leaders' Questions about **Pay** **Transparency**

Including Chief Legal Officers,  
in-house counsel, and external  
legal advisors

## **Preventing Problems Before They Go to Court**

Legal leaders focus on risk management, which often makes them key partners in pay transparency efforts. However, they may approach it as a pure compliance exercise, when in fact it's an operational shift that reveals hidden risks across the entire organization.

While legal teams and external counsel can defend individual claims, they can't fix underlying issues: inconsistent job structures, fragmented pay data, or poorly defined pay policies. They also can't train managers to navigate tough pay conversations.

As pay transparency requirements take effect, unions and works councils will scrutinize every unexplained pay gap. Legal leaders can get ahead with clean data and defensible job architecture, transforming transparency from a legal minefield into a manageable business process.

## **The U.S. Perspective**

*83% of U.S. organizations that conduct pay equity reviews find disparities requiring financial adjustments.\*  
For global companies, inconsistent pay practices create legal vulnerabilities. What's defensible in Europe may not withstand U.S. litigation.*

*\*SHRM*

# Addressing Legal Leaders' Hesitations

## THEIR CONCERN

## THE STRATEGIC RESPONSE

**“We already work with external counsel, so we don’t need a consultant.”**

**Law firms only defend individual cases after lawsuits are filed.** They can’t fix the operational root causes that trigger lawsuits in the first place. Korn Ferry can establish the compliant job architecture and pay diagnostics to help avoid those issues altogether.

**“We can handle compliance internally.”**

**Getting pay transparency right requires going beyond legal requirements.** Communication and perception also contribute to an organization’s exposure. The right consultant partner can address both the strategic messaging and structural issues needed to manage risk.

**“Consultants can’t strengthen our legal defensibility.”**

**Korn Ferry’s frameworks are built to withstand regulatory scrutiny.** Korn Ferry Architect (KFA) uses objective factors to assign concrete value scores to every role. This points-based system creates clear, documented criteria for comparing jobs, strengthening organizations’ ability to demonstrate equal pay for equal work.

**“Korn Ferry is just a search firm without the expertise for regulatory compliance.”**

**We address what law firms can’t: the human side of compliance.** Through defensible job architecture, advanced pay equity analytics, and comprehensive change management, we deliver capabilities that extend well beyond executive search. This also enables us to equip managers to navigate the emotional pay parity conversations that determine culture.

**“This will trigger a barrage of individual grievances and lawsuits.”**

**Transparency itself doesn’t create grievances—unmanaged gaps and inconsistent messaging do.** Legal exposure increases when organizations aren’t ready to explain their data. The right consultant partner can help fix the structural and communication issues before disclosure, letting legal leaders control the narrative before issues arise.

# Answering Risk Leaders' Questions about Pay Transparency

Including CROs, CFOs, Heads of Internal Audit, and audit and risk committee members

## **Managing Exposure with Confidence**

For risk and corporate affairs leaders, pay transparency has evolved into a board-level issue. Their priority is transforming potential exposure into managed risk before it becomes a reputational crisis.

This extends beyond regulatory fines—it's about preventing data from being used against the organization by unions, works councils, or litigators. Mishandling transparency can

jeopardize an organization's social license to operate, while investors, regulators, and employees closely watch how leaders respond.

Effective risk management demands proactive governance and communication. Korn Ferry helps risk leaders map and mitigate these exposures, turning vulnerabilities into proof of responsible leadership.

# Addressing Risk Leaders' Hesitations

THEIR CONCERN	THE STRATEGIC RESPONSE
“Publishing pay data exposes reputational risk.”	<b>Reputational damage comes from surprise, not transparency.</b> Korn Ferry can help control the narrative through proactive disclosure and strategic messaging.
“We’ll be okay just managing PR if something comes up.”	<b>By the time an issue reaches the media or the unions, it’s already a reputational event.</b> The right consultant partner can help proactively mitigate risk, so risk leaders can control the narrative instead of managing a crisis.
“This is already being covered by HR or legal.”	<b>Pay transparency hits every category on the corporate risk register.</b> Spanning fiscal, legal, reputational, and workforce, it’s a governance issue affecting brand equity and employer credibility.
“We can just wait and see how this all plays out among EU member states.”	<b>Waiting increases risk unnecessarily.</b> With regulations like these, you often don’t get complete clarity until they’ve been tested in court. Putting off planning invites inefficient rollouts and missed opportunities for stronger business performance.
“This won’t affect business—it’s just more bureaucracy and paperwork.”	<b>Pay transparency increasingly influences employer reputation and workforce trust.</b> Poor transparency practices can affect talent attraction, customer perception, and eligibility for government contracts.
“It’s too early to quantify the risk.”	<b>Those risks can be modeled and quantified.</b> Korn Ferry provides advanced diagnostics to calculate the potential costs of back pay, fines, and remediation, giving risk leaders the quantifiable data they need for informed decision-making.

# Why Choose Korn Ferry for Pay Transparency Consulting?

## HELPING YOU NAVIGATE FROM TRANSPARENCY TO TRUST

Korn Ferry helps you leverage pay transparency as an organizational advantage, not just a compliance checkbox. We equip organizations to meet evolving regulations by building trust through an integrated approach that combines compliance expertise, DE&I knowledge, and global reach across 100+ offices.

## A SMARTER FRAMEWORK TO GUIDE YOU FORWARD

Our proprietary five-stage framework is designed to meet you wherever you are on your transparency journey and move you where you want to go.

This modular and adaptable system allows us to address specific challenges you're facing today, accelerate progress on existing initiatives, or help you embed transparency more deeply into your culture and operations.

And at every stage of the framework, we can create a tailored package of services to meet your current needs and prepare you for future requirements.

# Korn Ferry's 5-Stage Pay Transparency Framework

01

## REGULATORY READINESS

- Understand regulatory obligations
- Plan for compliance
- Communicate your strategy

02

## PAY EQUITY ASSESSMENT

- Identify structural issues
- Understand your pay competitiveness
- Uncover and address pay disparities

03

## JOB ARCHITECTURE

- Create role descriptions
- Establish compensation frameworks
- Determine jobs' internal value

04

## REWARD DESIGN

- Evaluate reward strategy effectiveness
- Improve communication strategies
- Ensure consistency of reward structure

05

## TRANSFORMATION & CHANGE MANAGEMENT

- Upskill managers and leaders
- Secure leadership buy-in
- Establish reporting and feedback mechanisms

# Start Building Your **Pay** **Transparency Plan**

Successful transparency directives demand aligned leadership and a proactive approach. By preparing now, you can transform compliance into an organizational advantage.

Let's discuss how our pay transparency consulting can help you move forward with confidence.





Korn Ferry is a global consulting firm that powers performance. We unlock the potential in your people and unleash transformation across your business—synchronizing strategy, operations, and talent to accelerate performance, fuel growth, and inspire a legacy of change. That’s why the world’s most forward-thinking companies across every major industry turn to us—for a shared commitment to lasting impact and the bold ambition to Be More Than.

As the Official Talent & Organizational Consulting Partner of LA28, Korn Ferry is powering the nearly 5,000 people who power the Olympics Games – bringing in the right talent, building strong leaders, and shaping the structure and culture that will deliver an unforgettable experience for the world.

**Business advisors.**

**Career makers.**