KORN FERRY

# PUTTING PAY TRANSPARENCY **INTO ACTION**

Here's how to implement your strategy in a way that strengthens trust across your organization.

EBOOK






Openly sharing employee compensation information isn't the norm for most companies—yet. But as expectations for equity and clarity grow, as well as evolving legislation, pay transparency is becoming a vital way for organizations to build trust with their people.

The approach to transparency varies across organizations and regions. It might involve disclosing salary ranges for specific roles, clarifying the criteria for pay decisions, or reporting pay gap differences.

But the result tends to be the same:

- a greater sense of fairness among employees
- a reduction in pay gaps based on things like race or gender
- increased trust within the organization
- improved brand respect in the industry and among talent candidates.

Like any major shift, how leaders approach implementing pay transparency will have both immediate and long-term effects on employee morale, **company culture**, and the organization's reputation. This is a real opportunity for leaders to show respect for their people and build a stronger, more open workforce.

# Why are some organizations beginning to plan for and implement pay transparency?

## SOCIETAL SHIFTS

Growing demand for equity and fairness from talent and consumers is driving more and more organizations to proactively **embrace pay transparency policies.**

## NEW LAWS

A growing number of countries and regions are adopting pay transparency legislation.

## Show Me the Money:

# Compensation

is the **no. 1 priority** for today's global employees

## ORGANIZATIONS THAT EXPECT PAY TRANSPARENCY TO CAUSE THE BIGGEST CHANGES TO THEIR REWARDS STRATEGY IN THE NEXT TWO YEARS




Source: Korn Ferry 2025 Global Total Rewards Pulse Survey

# Beyond Compliance

To give your company the edge with talent and the public, go beyond the bare minimum.

Even where pay transparency is required by law, forward-thinking leaders know that it isn't just a question of compliance—it's a trust-building opportunity.

By proactively embracing transparency, organizations can position themselves as desirable employers with a real commitment to equity and fairness.

The bonus? Employees who trust their employer stay longer, perform better, and strengthen the company's reputation. This leads to a stronger brand image and sharpened competitive edge in the marketplace.

But between achieving legal compliance, fostering a culture of openness and trust, and looking after the company's financial sustainability, adopting pay transparency is a balancing act that requires clarity of purpose.

There are some key considerations leaders need to keep in mind to ensure responsible change management and effective implementation.



# Stick the Landing

The final steps of pay transparency implementation revolve around three key building blocks.


01 **LEADER AND MANAGER ALIGNMENT**

Lead with purpose and the business case to ensure leaders and managers are on board with new policies and are prepared to execute them to help foster trust in the process.

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02 **HRBP AND MANAGER CAPABILITY BUILDING**

Equip HR business partners (HRBP) and managers with the tools, training, and support they need to manage the shift with confidence.

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03 **COMMUNICATIONS, CONTENT, AND PROCESS**

Develop clear, consistent messaging that's rooted in respect and fairness, tailored for different stakeholders, and shared frequently to reinforce clarity and trust.

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# 01 Leader & Manager Alignment

## How to create leadership consensus for lasting change.

Attempts to implement pay transparency are too often derailed by a lack of understanding and engagement within an organization's leadership.

When leaders and managers aren't fully invested in their goals and their rationale behind pay transparency, the initiative can be mistakenly perceived as merely a technical or administrative task. But when leaders lean in with openness and a clear purpose, they set the tone for building genuine trust and fairness across the organization.

In reality, the transition to pay transparency requires a significant cultural change, grounded in openness and trust.



## IT TAKES A MINDSET SHIFT

In many corporate climates, merely discussing compensation with coworkers is taboo. Pay transparency is turning that idea on its head.

Leadership roles are also subject to the pay transparency movement, meaning their own compensation will be open to scrutiny. Leaders' willingness to embrace openness and model fairness will set the tone for the rest of the organization.

> **"Without leadership mindset shifts, you'll end up with the same thought and behavior patterns as before, and you won't move the needle on the issue."**

**Serkan Sener,**
Korn Ferry Senior Client Partner

## FOCUS ON PURPOSE TO GET BUY-IN FROM LEADERS AND MANAGERS

As a senior leader, how can you bring other leaders and managers on board with your plans for pay transparency? Start by understanding the purpose and objectives of the transition yourself.

How will you modify your strategy and practices to build trust and fairness in this new era of pay transparency? Clearly communicate this vision to the rest of the leadership team, emphasizing how it aligns with the organization's broader goals.

Articulate not just the "what" of the strategy and practices, but also the "why." This will make the value and impact of the change, beyond compliance, clear to everyone.

By fostering a shared understanding and commitment, you can build a unified approach that drives successful implementation.



# “Why Are We Doing This?”

## AS A LEADER CHAMPIONING PAY TRANSPARENCY, HERE’S YOUR ANSWER CHEAT SHEET.

### TO BECOME A DESTINATION FOR TOP TALENT

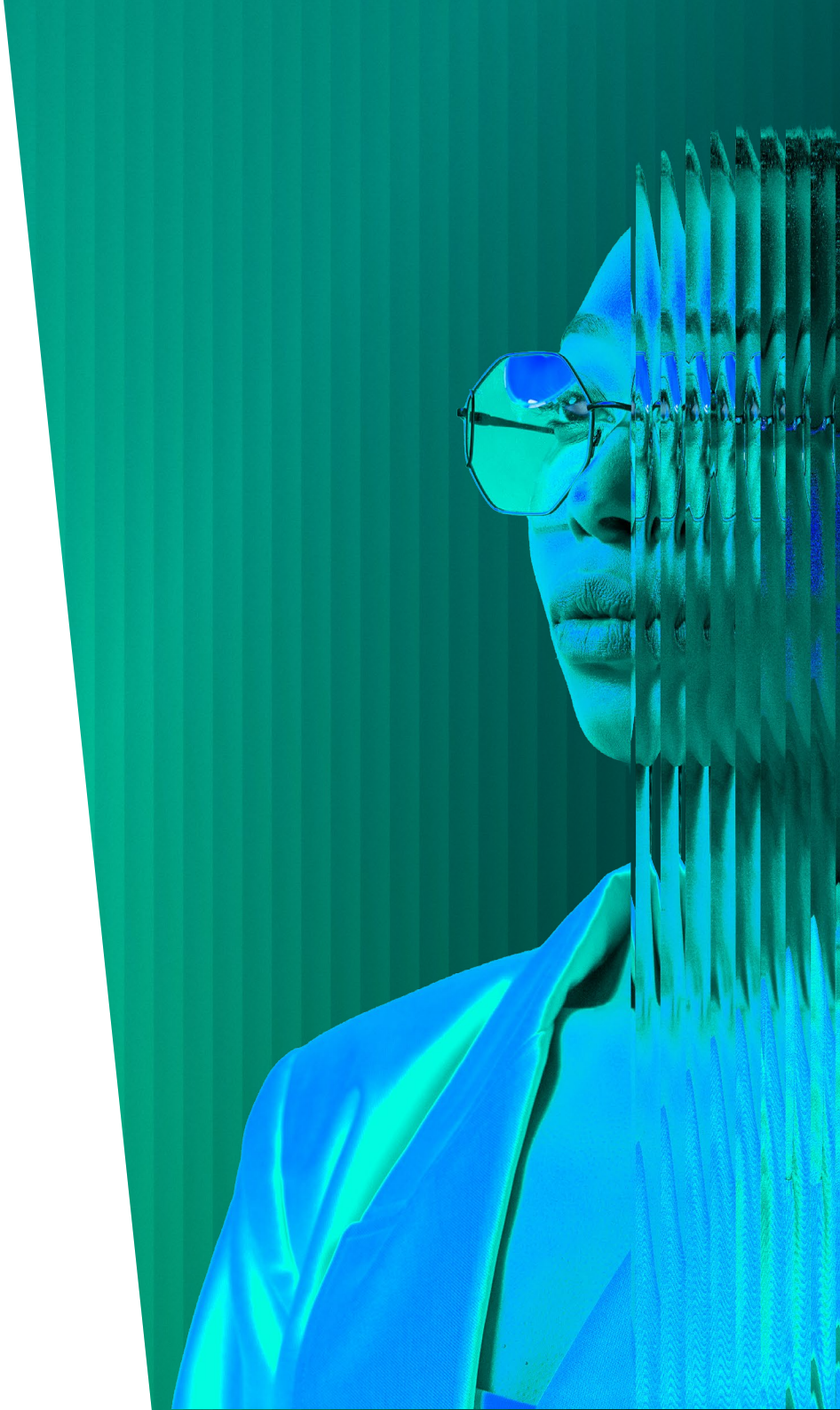
- Engaging in pay transparency sends a clear message that an organization is committed to equity and inclusion. Even in a tricky job market, top talent will always look for environments where their contributions are appropriately recognized and rewarded.

### TO ENHANCE BRAND REPUTATION

- Consumers and clients are increasingly drawn to companies that prioritize ethical practices. By committing to transparent and fair compensation, and going beyond legal compliance, companies build credibility and trust both internally and externally. It also helps them differentiate themselves in the marketplace.

### TO BUILD TEAMS THAT DRIVE INNOVATION

- If you create a culture where everyone, regardless of their identity or background, knows that compensation is based on objective criteria rather than management’s discretion, trust deepens, and it becomes that much easier to build strong, diverse teams. Diverse perspectives drive an organization’s internal innovation engine.



02

# HRBP and Manager Capability Building

How to boost confidence in your pay transparency practices.

HRBPs and managers will be on the frontlines of executing the transition to pay transparency. They need to be equipped with the right skills, mindsets, and tools to have open, trust-building conversations about pay to drive change effectively.



## EQUIP MANAGERS TO MANAGE DIFFICULT CONVERSATIONS

Managers play a key role in shaping organizational culture, but they may feel anxious about having to explain pay differences to employees.

Provide managers with the necessary training and support to lead respectful, constructive conversations about pay that reinforce trust with employees.

This includes providing things like training, message tracks, and simulation experiences, as well as developing their skills in areas like empathy and active listening.

## EMPOWER HRBPs AS CHANGE AGENTS

HRBPs should have the authority and resources to challenge the status quo and drive the necessary cultural transformation to support pay equity and transparency.

By positioning them as leaders in this initiative, rather than simply those involved in implementing it, organizations can leverage their ability to influence managers and employees, helping spread respect and trust at all levels.

To successfully implement pay transparency, HRBPs need three key skills.



### TECHNICAL KNOWLEDGE

They need to fully understand the organization's reward strategy, compensation structures, legal frameworks, and the technical aspects of pay transparency to ensure legal compliance and to communicate changes across the organization.



### BEHAVIORAL KNOWLEDGE

They should understand the importance of empathy when dealing with emotional responses to new practices. They should also possess the ability to influence, as some senior leaders might need to be persuaded to adopt change.



### ABILITY TO BE ASTUTE AND RESOLUTE

HRBPs should be able to evaluate current pay practices critically and be open to challenging established norms.

## AUDIT HR PROCESSES TO SPOT BIASES

The more equitable an organization's reward strategy and structure, the smoother a transition to pay transparency will be. A lot of different factors can play a role in inequitable compensation—management discretion, unconscious bias, unwritten rules, power dynamics —and a thorough pay equity audit will unearth the root causes.

# Mind the Gap

What to do if you identify pay gaps.

## 01 DEVELOP A STRATEGIC PLAN TO CLOSE THEM

Based on the findings of a pay equity audit, create a detailed plan to address the identified gaps, including:

- Targets
- Timelines
- Resource allocation
- Short-term fixes to quickly address pay differences
- Longer-term strategies to prevent future inequities

## 02 IMPLEMENT ONGOING MONITORING AND ADJUSTMENT

- Establish regular reviews and audits to monitor the organization's progress in closing pay gaps and maintaining equity.
- Be prepared to make further adjustments as needed.
- Seek feedback from employees and incorporate their input into the ongoing refinement of pay structures and processes.

## 03 DEVELOP AN EXPERT GROUP TO DRIVE ORGANIZATIONAL CHANGE

Consultants, subject matter experts, and even employee resource groups can provide an objective perspective and specialized knowledge that may be lacking internally.

This input can help build trust in the process, accelerate the learning curve, and ensure the organization is adopting leading practices. In the middle of a controversial change, engaging external expertise can also take some of the pressure off managers and the HR function.



# 03 Communications, Content, and Process

## How to craft a cohesive and compelling case for change.

An effective communications strategy is grounded in the same core principles as the pay transparency framework itself—purpose.

Just as the framework aims to foster fairness, trust, and clarity regarding compensation, the communications strategy must align with these goals by clearly conveying:

- Why the organization is implementing pay transparency
- What it seeks to achieve
- How it will benefit both employees and the company as a whole

## YOU CAN'T COMMUNICATE TOO MUCH OR TOO OFTEN

When it comes to a major shift like pay transparency, communication is more than a tactical step—it's an act of respect. It's best to err on the side of over-communication.

By providing clear, consistent updates in regular, consumable pieces, you allow employees to take in information incrementally and help them feel valued, included, and informed. This also affords multiple opportunities for leaders to address concerns, clear up misconceptions, and keep the conversation flowing as new questions come up.

## INCLUDE ALL CHANNELS AND STAKEHOLDERS

In communicating a pay transparency initiative, ignoring employee resource groups, unions, and other stakeholders is a risky move.

To show respect, foster open dialogue and identify potential concerns, it's crucial to engage every communication channel available and include every stakeholder who might be impacted by the change.

Restricting communication limits your opportunity to build trust and connections with potential allies. As long as there's a strong purpose and strategy in place, a more transparent rollout will minimize resistance and confusion.

## COMMUNICATE WITH EMPATHY AND RESPECT

The people in your organization will have varying emotional reactions to pay transparency and the pay gaps they might show.

Communicating with empathy and understanding will foster trust and is key to easing any anxiety around the issue.

In addition to adjusting the tone of your company-wide communications, you could consider addressing employee concerns with Q&A sessions or one-to-one meetings with key talent.

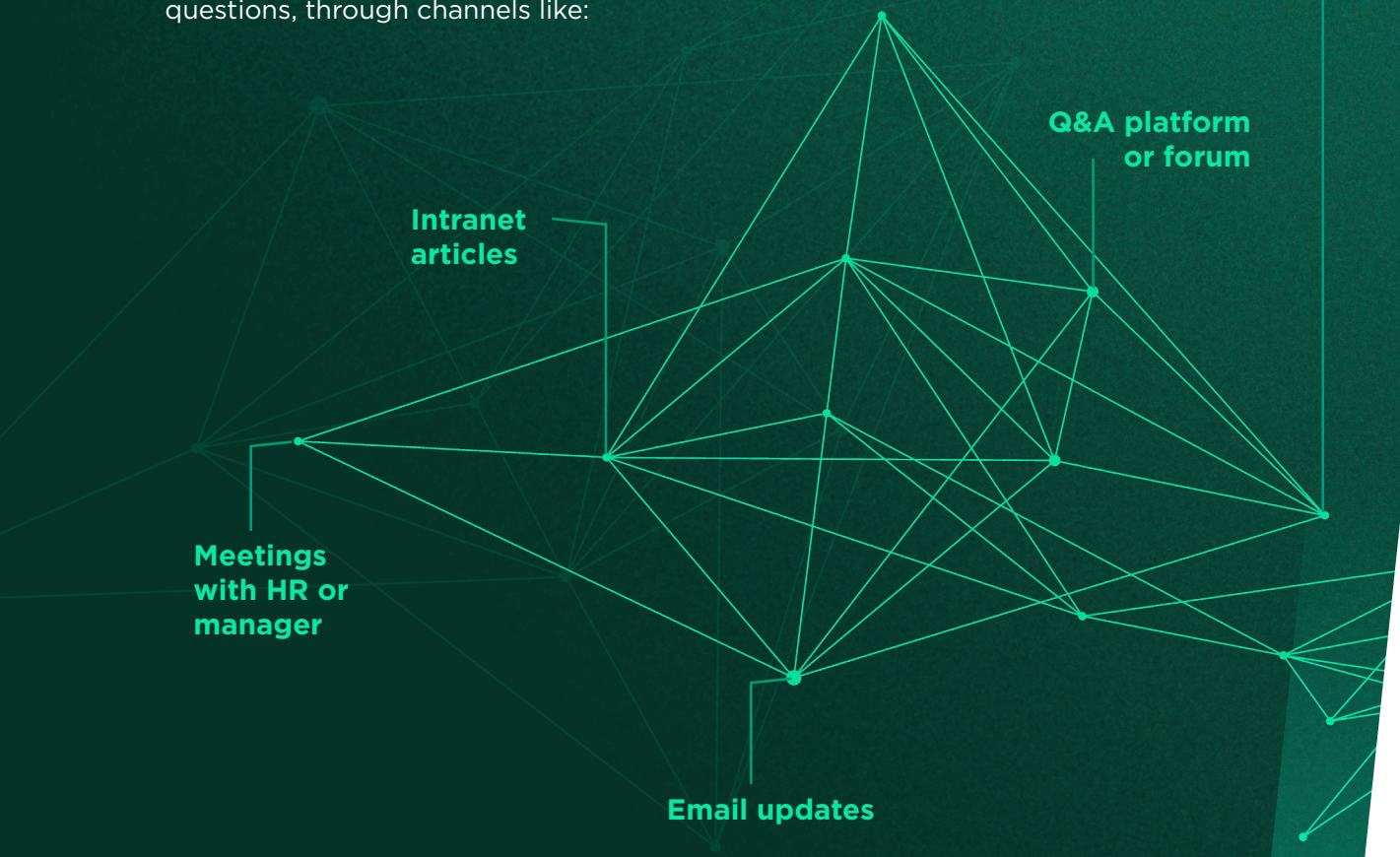


**"Pay transparency is just the tip of the iceberg. Since disclosing pay also reveals broader details about an organization's job architecture and compensation philosophy, this will naturally lead employees to ask how they can progress and achieve higher rewards, which will have downstream effects on company culture."**

**Yanina Koliren,**
Korn Ferry Senior Client Partner

# Spread the Word

Consistent and frequent communication can build trust and ease the anxiety that accompanies big changes. Employees need the chance to learn and ask questions, through channels like:




> **"If you don't communicate enough, someone will come along and fill in the gaps for you. Then you're stuck dealing with rumors instead of focusing on your purpose."**

**Tom McMullen,**
Senior Client Partner, Korn Ferry

# Explore our Proven Pay Transparency Approach

As you navigate the intricacies of pay transparency, having a robust, multi-stage framework can make all the difference in achieving sustainable results.

For a comprehensive look at how leaders can guide their organizations through each stage of this journey, read our next ebook.




**READ THE 5-STAGE PAY TRANSPARENCY FRAMEWORK**

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