

Should the UK legalise salary transparency?

By Zara Chechi

A UK-based campaign aims to make it illegal for businesses to ask candidates about salary expectations during the job interview process, as well as make it a legal requirement to list salary details on job adverts.

If successful in its mission, The Great Salary Reset campaign could have far-reaching implications for businesses in the UK, so it's important for businesses to understand what's being proposed and what the impact could be. You may already be considering introducing similar measures for your own business.

In this article, we'll examine the pros and cons of pay transparency for businesses, the impact it's made in the places where it's been rolled out, and how to make the steps towards pay transparency for your business.

The Great Salary Reset campaign aims to follow in the footsteps of New York State, which recently enacted legislation for employers to display a salary on job postings. Founders of the [The Great Salary Reset](#) campaign noted that asking for a candidate's salary history could contribute to [upholding inequality](#) – especially for those who belong to minority groups and are typically underpaid.

There is certainly strong evidence to back this up.

According to the [World Economic Forum](#), international organization for public-private cooperation, it will take 132 years to reach gender pay parity. Examples of countries where pay transparency has been enforced suggest making salary transparency a legal requirement in the UK could significantly reduce this number. Following the introduction of pay transparency laws in Denmark in 2006, studies found that the gender pay gap closed by 13%.

There are other benefits employers and businesses should be aware of. For example, Liberty Hive, the tech led talent platform behind the campaign, shows that when salaries are displayed, the response time to job postings is 50% faster. Plus, job postings with salary transparency receive 67% more applications than posting without transparency, attracting better talent to your company. Candidates are attracted to companies that display salary transparency and you'll get a much better selection of potential employees.

We spoke to experienced brand consultant [Justin Donne](#), who explains that there are pros and cons to salary transparency, and who also issued a warning to businesses who are considering implementing it:

“ can create tension and reduce productivity among employees, particularly if there are significant differences in pay between individuals in similar positions.” Justin says. “It can also lead to a focus on salary rather than other important

factors, such as job satisfaction, opportunities for advancement, and work-life balance.”

These drawbacks are echoed by some employees. Jamie Irwin, who works in digital marketing says, *“Employees may feel uncomfortable or embarrassed about their salaries being shared with others, and it could lead to tension and resentment between colleagues. There is also the risk that employees may become overly fixated on salary and become less focused on other aspects of their job, such as their overall job satisfaction or personal growth.”*

The issue of salary transparency and the effects it can have on businesses is clearly not one-sided. Here are the pros and cons in a quick snapshot:

The pros and cons of salary transparency

Pros

- Closes wage gap

- Provides previously discriminated groups with better salary opportunities

- Attracts better talent as majority of people are more likely to apply for jobs that advertise salary range

Cons

- Can lead to tension between employees

- Awkward for those who aren't comfortable discussing salary

The generational gap

Employers and business owners should be aware of the fact that salary transparency legislation may not be embraced by everyone especially when, culturally, talking about money is fairly taboo. According to the Great Salary Reset campaign, 75% of candidates are more likely to apply for a job that advertises the salary range.

Adobe's Future Workforce Study, which surveyed recent Gen-Z graduates, found that 85% are less likely to apply for a job if the salary range is not disclosed in the job posting. Compared to previous workforce generations, Gen-Z employees value transparency and are more open to discussing salary.

For Gen Zers who are avid watchers of TikTok's #CareerTok, several trends have emerged over the last couple of years. Perhaps boosted by the boredom of the pandemic, employees share their career progress, discuss the benefits of job hopping, pro interview tips, and, recently, salary transparency.

This quickly caught on and many TikToker's openly discussed their previous and current salaries in an attempt to provide others with better insight into how much they can expect to be paid. While some may see social media trends as fleeting, these snippets also provide real insight into the mindsets and views of the workforce and are often means of communicating helpful career advice and information. The normalisation of salary transparency has taken off and it has

removed much of the stigma previously associated with discussing salary and finances.

Part of this is down to Gen-Z's commitment to a value-driven career, with only [1 in 5 Gen Zers](#) opting to work for an organisation that isn't aligned with their values. This will differ from person to person, but Gen-Z seems to be focusing more on flexibility and a work-life balance.

According to a [Deloitte](#) survey, a good work-life balance and learning and development opportunities are the top priorities for Gen Zers and millennials when choosing an employer.

What can we learn from the US when it comes to pay transparency?

Twenty one US states have introduced legislation preventing businesses from asking candidates about salary history. This has led to an average [8% salary increase for women and a 13% salary increase](#) for Black employees. While pay gaps have begun to close, turnover rates remained the same, showing that businesses can continue to hire at the same rate while being more transparent about salaries.

However, not everyone in the US sees it as a good thing. We spoke to Mark Joseph, founder of the St Louis-based [Parental Queries](#), who experienced salary transparency at a previous company.

Here's what he had to say about the negative side: *"When the salaries of all employees were made public, I noticed that despite my experience and results, I had been underpaid compared to many of my colleagues for the same role. This experience made me question why I was being paid less than others and opened my eyes to the potential problems salary transparency can have if managed incorrectly."*

"It has a potentially positive effect when done right, but risks are associated with it. It is essential for companies who implement salary transparency to ensure they are fair in their pay, or else they risk creating a situation of inequality, which can lead to disengagement, low morale, and even higher turnover."

It's clear that, while salary transparency is a step in the direction of pay equality, it can have negative consequences. This includes creating awkwardness between employees who are paid differently because of their experience or their strengths during salary negotiation. It can also lead to resentment if there is a huge pay gap between roles.

If salary transparency is introduced into UK legislation, it could also positively impact many groups of people in the workforce. However, businesses will need to think about their pay structures and review any unfair pay gaps.

How businesses can implement salary transparency:

If you want to get ahead of the curve and introduce salary transparency into your company, there are a number of ways you can go about this.

This about what pay transparency will look like for your business. Do you want to release salary ranges for each role, advertise a salary on job adverts, or provide exact figures? Each organisation is different and there may be pay structures, promotions, and other factors to consider, which means complete transparency may not be completely helpful.

Here are our top tips to make salary transparency a reality:

- **Think about how you will communicate this information** – take into account the potential cons to pay transparency, and try and mitigate this by carefully considering how this information will be communicated to your current employees. An anonymous survey can be a helpful and constructive way to gather the feedback of your employees
- **Review pay ranges** – with the cost of living crisis, you may struggle to hire talent if your pay ranges are too low to meet the living wage. Ensure your pay ranges are reviewed so you can offer fair and equitable compensation.
- **Educate your managers** – this information will most likely lead to conversations between managers and their direct reports. If your current company culture is fairly quiet on compensation, your managers may not

be prepared to deal with queries and concerns. Provide training to managers so they're equipped to deal with any uncomfortable questions.

- **Monitor your policy** – it's normal for adjustment to be made once your salary transparency policy has been released. You may need to think about adjustments in the form of pay structures, ranges, and communication. Monitor feedback from employees to ensure you're providing them with the most relevant information.

The question of whether or not salary transparency should be legalised is still being asked, but with potential candidates looking for transparency and the ability for it to close pay gaps, it's a welcome addition for many.