

What do employers think? The costs and benefits of complying with pay transparency in different sectors

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This paper proposes a sector-sensitive approach to the analysis of the devising and implementation of employers' strategies on making pay information more transparent. In the UK and further afield, national regulations have been introduced to make public information on pay and other pay-related elements (bonuses, professional profiles grouping, use of pay scales, etc.) more transparent. To date, in the UK at least, this strategy has had limited success in reducing the gender pay gap, with companies partially fulfilling the requirements or even submitting 'suspiciously-looking data' and with no legal requirements over the compilation of narratives or action plans (Topping et al., 2018). Outside of the UK, there have been varied national and regional efforts to regulate the circulation of pay information in general as a means to improve pay transparency, with the ultimate aim of more equal pay. For example, under an executive order in the US which came into effect in 2018, federal agencies and their contractors are required to make pay information on their employees publicly available. In June 2019, the European Parliament also passed a directive to make information of working conditions, pay included, more predictable to workers. Introducing binding pay transparency measures is also prioritised by the current president of the European Commission.

National variations in compliance regimes have been the focus of academic study, in addition to research that highlights the broader societal effects of pay transparency, especially in relation to their contribution to pay equality and the narrowing of pay gaps. More organisationally-focused research has emphasised the potential for employer benefits from divulging pay information (e.g. Colella et al., 2007; Greiner et al., 2011). Our focus will be on the often-neglected effect of sector characteristics (cf. Healy and Ahamed, 2019). We wish to explore the extent of sector-sensitive structures of incentives, impacting on how and why employers respond to requirements on pay transparency. Varying industry-specific dimensions, such as degrees of unionisation, market volatility, gender composition of the workforce and the extent of flexible working practices, can offer potentially interesting lenses for the analysis of how national regulations are translated into organisational practices.

Methodologically, we begin with the UK context in this paper, with the prospect of applying this approach for cross-national comparison in the future. We map and analyse managerial practices at the company level, focussing on the different (actual and perceived) costs and benefits of employers' compliance in different sectors. First, we conduct a review of secondary data available (surveys, statistics, reports from consultancy agencies and interest groups); in a second phase we complement our analysis with company-level case studies from selected sectors characterised by different socio-economic factors. By adopting such a focus, we offer insights into costs, organisational decision making, formal or informal practices of addressing pay transparency and the benefits of pay transparency for both employers and employees. We aim at identifying the extent to which sector-specific differences can shape the structure of incentives (cost-benefits) in reporting and addressing pay transparency.

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