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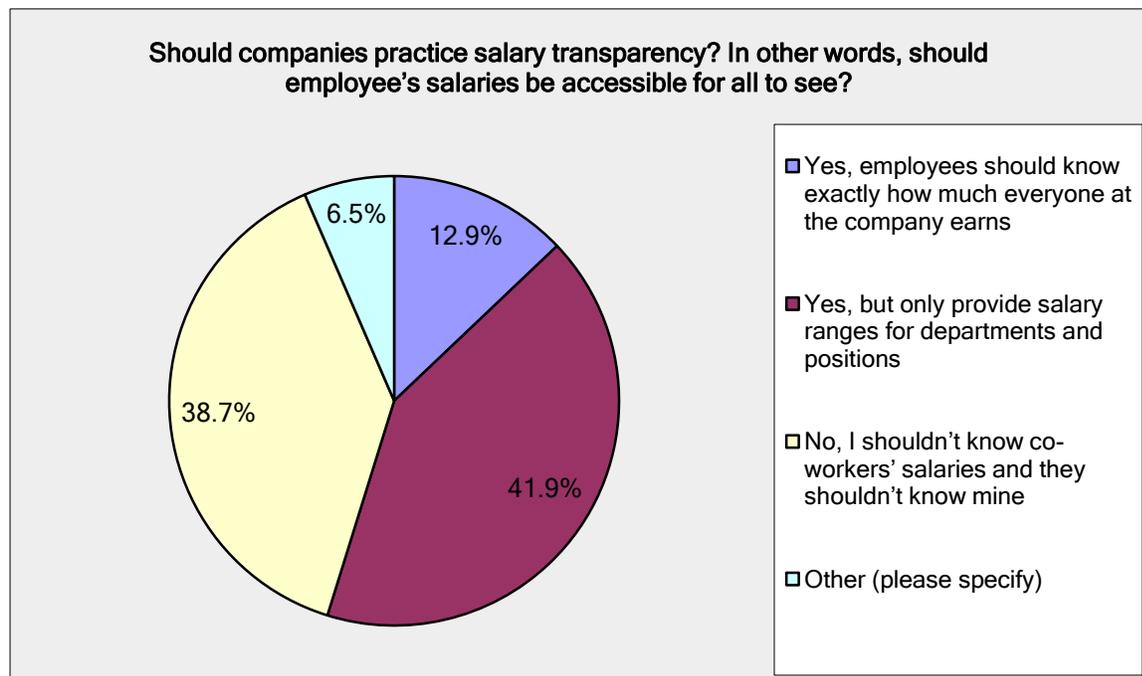
## “LET ME SEE YOUR SALARY!”

### 55 PERCENT OF HR EXECS WANT SALARY TRANSPARENCY

**CHICAGO** - With more attention being paid to issues of pay – i.e., CEO salaries, minimum wages, and the ever-widening income gap – one workplace policy is likely to become an increasingly hot topic in the latter half of this decade: salary transparency.

While salary transparency is still far from widespread, the idea of instituting an open-book policy on what every employee earns is starting to gain traction. In fact, one new survey shows that more than half of human resources executives would welcome policies shedding light on salaries.

In the survey conducted by global outplacement firm Challenger, Gray & Christmas, Inc., 55 percent said that companies should practice some form of salary transparency. Meanwhile, 39 percent of those surveyed were opposed to opening the books on salaries.



The survey was conducted by Challenger in November among approximately 100 human resources professionals. Blind responses were submitted from a pool representing a variety of industries, regions and company sizes.

“There are countless pitfalls related to practicing salary transparency, chief among them the fact that even minor discrepancies between co-workers’ salaries can lead to resentment and conflicts over who earns what,” said John A. Challenger, chief executive officer of Challenger, Gray & Christmas.

“Of course, there could be a number of reasons two individuals in the same position earn different salaries. The person with the higher salary may possess a unique or in-demand skill or it may have taken a higher salary offer to lure the worker from his or her previous employer. It simply may be that the higher earner was a better negotiator.

“Even if companies share the reason for a particular worker’s higher salary, it may not quell the dissatisfaction among those earning less. The resulting acrimony could sap a department’s morale and productivity and lead to increased turnover,” said Challenger.

Some companies have found a way around this potential source of conflict by not sharing individuals’ salaries, but instead sharing information about the range of salaries at each position, along with information about what employees can do to move toward the higher end of that scale.

North Shore-LIH Health System in New York, which was featured in a recent [HR Magazine article](#) on the issue of salary transparency, maintains varying levels of transparency depending on category of worker. For example, its union workers’ salaries are fully public under collective bargaining. Meanwhile, nonunion workers only know the salary range for each position.

In the Challenger survey, 42 percent of respondents preferred a policy that provides information on salary ranges for departments and/or job categories.

About 13 percent said employees should know exactly how much everyone at the company earns. That is the policy practiced by New York-based business analytics firm SumAll, also cited by *HR Magazine*.

“Many believe that sunshine is the best disinfectant and that providing full exposure to everyone’s salary will not only provide employees with information that will help them determine their value to the company, but will also force employers to really think about salaries and possibly fix inequities that have become part of the system,” said Challenger.

Ultimately, the decision of whether to institute a policy of salary transparency, the level of transparency, and the success of that policy, is likely to be determined by the culture of the company, according to Challenger.

“Organizations need to take a long and honest look at the culture they have created. If you have a company where there is a long history of distrust, animosity, perceptions of favoritism, etc., simply

opening up the books on salaries is not going to undo all of that. In fact, it will probably just make matters worse.

“However, if you have a highly collaborative workforce, engaged workers, open-door policies, and a bottom-up management style, then salary transparency is simply a natural extension of the culture already in place,” Challenger noted.

“It’s not that companies can’t change their culture to be more conducive with salary transparency. However, that type of deep-rooted change takes time and it certainly cannot start with divulging everyone’s salary.”

Clearly, with more than half of the surveyed human resources executives in favor of salary transparency, it is an idea that is gaining popularity. More companies are likely to explore, experiment with and implement such policies over the next five years. This will, in turn, help establish models to follow as well as best practices.

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