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Companies Need to Be More Upfront About Their Pay Practices, Employees Say

Of the 2,000 U.S. employees surveyed by Lattice, 67% want more pay transparency from their organizations.

Jason Bramwell • Sep. 19, 2022



Nearly seven out of 10 employees in the United States want more transparency from their bosses about pay practices—and many of those same workers want their employer to disclose how much everyone in the office gets paid, according to a [recent survey](#) from human resources software provider Lattice.

As [17 states](#) in the U.S. have already begun rolling out pay transparency laws, this could signify a broader shift toward more openness around pay bands across industries; however, it could also bring increased complexity for companies that have not embraced the practice in the past.

Of the more than 2,000 U.S.-based employees surveyed by Lattice, 67% said they want more pay transparency from their employers, and more than half (51%) said companies should share how much all employees within the organization are paid. That number increases to 58% for millennial employees.

When it comes to individual compensation decisions, more than 30% of all employees said they did not have a clear understanding of how their own pay was adjusted around promotions and raises. Men were over 10% more likely to say they had a clear understanding of how their own salaries were determined than women; men were also more likely than women to report that they were satisfied with the level of pay transparency at their organization.

The survey also reveals that Gen Z employees think differently about their compensation than their older peers:

Gen Z workers are over twice as likely (compared to peers ages 45 and above) to cite stipends as a crucial part of their pay. During the pandemic, some companies offered stipends for broadband service, home office supplies, and even groceries. Demand for these, coupled with hybrid and remote work's lasting presence, could make stipends a permanent fixture.

Younger workers also have a different perspective on what should be prioritized by employers when deciding pay. In the US, while an overwhelming majority (83%) of boomers considered work performance one of the most important factors, Gen Z were almost as likely to weigh things like cost of living changes, specialized skills, and education as key considerations.

Another key finding from the survey: Employees believe bias plays a role in pay decisions, and that organizations are not taking action:

Much has been written about pay inequities facing women and non-white workers—partly why transparency is a priority today. Our respondents readily acknowledged that these disadvantages were real: Over half (51%) of U.S. employees either agreed or strongly agreed that bias influences pay decisions. Only a quarter of employees believed bias didn't play a role.

External surveys have found that companies are at least aware of the problem. [Payscale](#), a compensation benchmarking provider, reported that two-thirds (66%) of organizations had plans to address pay inequities through a third-party audit, benchmarking analysis, or similar initiative.

But employees don't necessarily see it that way. Nearly a third (31%) of U.S. workers said their organizations weren't taking adequate steps to eliminate biases from the compensation review process. Over 60% of respondents said they didn't believe that (or weren't unaware of) their HR team leveraging technology to identify and track pay disparities.

Despite the current economic conditions in the U.S., employee expectations around pay cycles are high for the next 12 months. More than 30% of employees expect to be considered for compensation increases every three to six months if they are meeting or exceeding expectations in their current role; 58% of all employees surveyed are looking for potential compensation increases more frequently than once a year, according to Lattice.

Assuming performance is meeting or exceeding expectations, 32% of employees said they would look for a 4% to 5% increase in compensation from their employees in order to feel that their work was being valued adequately, with 23% looking for a 6% to 10% increase.

According to a recent survey from Salary.com, [48% of U.S. employers are planning higher year-over-year salary increase budgets for 2023](#), and a quarter of employers plan to give increases in the range of 5% to 7% in 2023.

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