

Transparency in Compensation Discussion Notes from ICBA October 14, 2009 Meeting

There is very little transparency in compensation programs at most companies represented by discussion participants. Jobs are posted with entry to mid-level pay or with note that pay was contingent on qualifications. Pay levels are shared on a “need-to-know” basis. Another company indicated that employees could know their pay level and one level above. Companies indicated there hadn’t been complaints about compensation program not being transparent but there had been interest in knowing more.

Some indication that more transparency would be good. Concerns included:

- Information could get in the wrong hands, such as competitors
- Perception of how jobs compare to other jobs (average employee would see the “big picture”)
- Employees won’t understand
- Discontent caused by knowing where individual pay is in the range
- A more transparent program could require a cultural change
- Some compensation programs are complex

Compensation professionals would need to be confident in their methods and in their programs to “sell” to upper management a need for transparency and/or to make the program transparent.

The simpler the pay structure, the easier it is to have it transparent.

Sharing compensation information doesn’t mean understanding. May gain trust by sharing.

Education and good communication are very important if compensation programs are transparent.

Discussion on transparency in other comp related programs such as bonuses, incentives, other cash awards: information and/or updates are available to employees, but they usually don’t totally understand.

One example of a university (not in Utah) that made available performance reviews for all staff. Our consensus was we wouldn’t do or recommend that but seeing where you are performance-wise compared to others could let you know if the job and/or company was a proper fit.