



# International Study on Compensation and Pay Transparency Practices

A background image showing a clear globe in the center, surrounded by several stacks of silver coins of different denominations. The globe is slightly blurred, creating a sense of depth. The coins are in sharp focus, particularly in the foreground and background.

**CENTER FOR HUMAN RESOURCE  
MANAGEMENT (CEHRM)  
UNIVERSITY OF LUCERNE  
SWITZERLAND**

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# 1 About the study

## Relevance

Growing concerns about societal income inequality and about persistent pay gaps between men and women are leading governments and work organizations around the world to turn their attention to workplace compensation practices. To go beyond the basic question: "Are there pay differences among people in organizations?" and to understand and correct unjustifiable and unfair pay differences, it is important to understand both how companies actually pay people and how they communicate about pay.

Different countries have introduced new regulations in 2018 that force organizations to disclose pay information. For example, under the new German Pay Transparency Act, employees in organizations with more than 200 employees have the right to request information about the pay of work colleagues and about the criteria and procedures used in determining pay. Similarly, organizations in the United Kingdom with more than 250 employees have to publish gender pay gap information that will potentially reveal pay inequalities between male and female employees. And going one step further, companies in Iceland are required to demonstrate that they pay female and male employees equally for equal work.

## Objective of the study

In this report we contribute in a unique and timely way to this conversation by providing evidence from over 1,500 respondents (mostly senior HR managers) from private, public and non-profit organizations in eight different countries (i.e., Croatia, Germany, Portugal, Slovakia, Switzerland, Turkey, USA and UK).

Our overall goal is to provide an overview of compensation and pay transparency practices and to highlight similarities and differences in these practices among private, public and non-profit-organizations in different countries.

We asked about the prevalence of actual pay practices in organizations (i.e., base pay, pay raise, variable pay and benefits), about the perceived effectiveness of pay systems, and whether organizations had conducted an equal pay analysis. In our surveys, we also collected data on pay transparency practices (i.e., pay process transparency, pay outcome transparency and pay communication transparency) and trends in such pay transparency practices over the last two years.

# 1 About the study

## Ethics approval and confidentiality

The presented study received ethics approval from the Institutional Review Board at Rutgers University (U.S.). All participating HR professionals and their organizations were assured confidentiality.

## Data collection

In 2017, the research team conducted surveys in eight countries (i.e. Croatia, Germany, Portugal, Slovakia, Switzerland, Turkey, United Kingdom and United States). Data collection methods differed across countries and are described in detail separately for each country, including the collaboration partner, sample size, response rate and time frame.

## Limitations

Sample size as well as the response rate differ across countries and influences the generalizability of the findings. Additionally, for the analysis, data from public, private, mixed, and non-profit organizations were merged and this may confound the results. Therefore, we decided to only display descriptive statistics and not directly compare results from different countries (see [Chapter 4](#)).

However, we merged the results from all countries to display the general prevalence of compensation and pay transparency practices, as well as differences in compensation and pay transparency practices among private, public and non-profit-organizations (see [Chapter 5](#)).

## Future research

The research team is involved in several research projects on pay transparency. Please contact us ([alexandra.arnold@unilu.ch](mailto:alexandra.arnold@unilu.ch)) if you would like more information or would be interested in participating.

## To cite this report

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# 2 Executive Summary

## Definition of pay transparency

- **Pay process transparency** refers to the extent of information that is disclosed to employees on how pay is determined.
- **Pay outcome transparency** refers to the extent of information about actual pay level that is disclosed to employees.
- **Pay communication transparency** refers to the extent to which employees are free to discuss pay (i.e., as opposed to restricting communication about pay).

## Pay transparency for different aspects

- Combined results from all countries show that **pay communication transparency is high**: About 60% of companies reported that employees are free to talk about pay-related issues regarding base pay, pay raises and variable pay while 80% said employees are free to talk about benefits.
- However, about one quarter of the organizations has **informal** and about 17% have **formal pay communication restriction policies** for base pay, pay increase and variable pay.
- Overall, combined results from all countries show that **pay process transparency is higher than pay outcome transparency**.

Organizations are more inclined to provide employees with information on how pay is determined ( $\approx 40\%$ ) than with actual levels of individual pay ( $\approx 30\%$ ).

## Pay transparency for different pay components

- In general, combined results from all countries show, that organizations **are most transparent when it comes to benefits**, followed by base pay, pay raises and team- or organization-level variable pay.
- Slightly **lower transparency** is observed for **individual-level variable pay**.

## Pay transparency for different types of organizations

- Overall, combined results from all countries show, that pay process, pay outcome and pay communication transparency are **highest in public sector organizations**, followed by non-profit organizations. All aspects of pay transparency are **lowest in private sector organizations**.
- **Pay process transparency for variable pay**, however, is **relatively similar** among public, private and non-profit organizations.

# 2 Executive Summary

## Pay transparency trends

- Combined results from all countries show that there is a slight **trend towards more pay process and outcome transparency** while pay communication transparency remained about the same over the last two years.
- More specifically, about 17% of the organizations increased (about 5% decreased) pay process transparency and about 13% increased (about 3% decreased) pay outcome transparency.

## Pay transparency trends for different types of organizations

- Combined results from all countries show, that within the last two years, **non-profit-organizations** were more likely to **increase transparency about how base pay is determined** (26%) than private and public sector organizations (15%).
- However, **private sector organizations** were more likely to **increase transparency about how variable pay is determined** ( $\approx$  20%) than public sector organizations ( $\approx$  12%) or non-profit-organizations ( $\approx$  13%) within the last two years.
- Moreover, within the last two years, **private sector** ( $\approx$ 13%) **and public sector organizations** ( $\approx$ 10%) were more likely to **increase transparency about variable pay outcomes** than non-profit-organizations ( $\approx$ 5%).

## Pay practices: Determination of base pay

- Combined results from all countries show that **skills, knowledge and competencies are the most important criteria to determine base pay levels**, followed by experience, value of the position determined by job evaluation, market pricing and ability to pay.
- More detailed analyses show that the **ability to pay** and the **market value of the position are less important base pay determination criteria in public sector organizations** compared to private sector and non-profit-organizations.

## Pay practices: Determination of pay raises

- Overall, to determine pay raises, **individual performance is the most important criterion**, followed by position in the pay range, skills, knowledge and competency acquisition, team- or organization-level performance, market value of the position, seniority, and general adjustments.
- Detailed analyses show that individual-, team- or organization-level **performance are more important pay raise determination criteria in private sector organizations** than in public sector and non-profit-organizations.

# 2 Executive Summary

## Pay practices: Use of variable pay and benefits

- Combined results from all countries show that **the majority of organizations offer some kind of individual-level variable pay** (86%) or **benefits** (88%) to their employees. However, only **about half** of the organizations **offer team- or organization-level variable pay** to their employees.
- On the individual level, **bonus** (51%), **merit pay raises** (50%) and **awards** (50%) are the most frequent variable pay forms while on the team level, **team bonus** (20%) is the most frequently used form of variable pay.
- In general, **private sector organizations** are more likely to offer individual-level **variable pay** (90%) and team- or organization-level pay (55%) than public sector organizations (ind.: 79%; team: 29%) and non-profit organizations (ind.: 73%; team: 25%).

## Pay mix

- Overall, **base pay** represents the **largest proportion of the overall pay package** for both management (77%) and other employees (86%).
- The **proportion of variable pay** in the overall pay package is twice the size for management (15%) compared to other employees (7%), while benefits represent about 7% of the overall pay package for management and other employees.

- More detailed analyses show that **variable pay represents a higher proportion in private sector organizations** (20% for management and 8% for other employees) compared to public sector (7% for management and 4% for other employees) and non-profit-organizations (5% for management and 3% for other employees).

## Pay effectiveness

- Combined results from all countries show that pay practices are perceived as **moderately effective**.
- More detailed analyses show that perceived pay effectiveness is **slightly higher in private sector organizations** than in public sector and non-profit-organizations.

## Gender equal pay analysis

- Overall, about **half of the organizations** did **not conduct a gender equal pay analysis** in the calendar year 2016
- However, 31% did conduct an internal self-evaluation and 6% had an external evaluation done.

# 3 About the study authors



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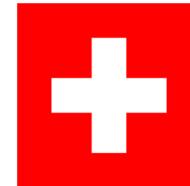


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# 4 Individual country results



4.1 Croatia



4.5 Switzerland



4.2 Germany



4.6 Turkey



4.3 Portugal



4.7 USA



4.4 Slovakia



4.8 UK

## 4.1 CROATIA





# CROATIA: SAMPLE

# HRcentar

Data collection	
Time frame	Sept – Oct 2017
Sample size	700 members of HRcentar
Total number of respondents	30
Response rate	4.3%

Position of participants	
Head HR	42%
Management	19%
Division Head / Team Leader	12%
Consultant	11%
General HR	8%
HR Business Partner	4%
Other	4%

Legal form	
Private sector organization	83%
Public sector organization	7%
Non-profit-organization	7%
Mixed organization (public and private sector)	3%

Size of organization	
Less than 10 employees	20%
10 - 249 employees	56%
250 - 999 employees	17%
1000 and more employees	7%



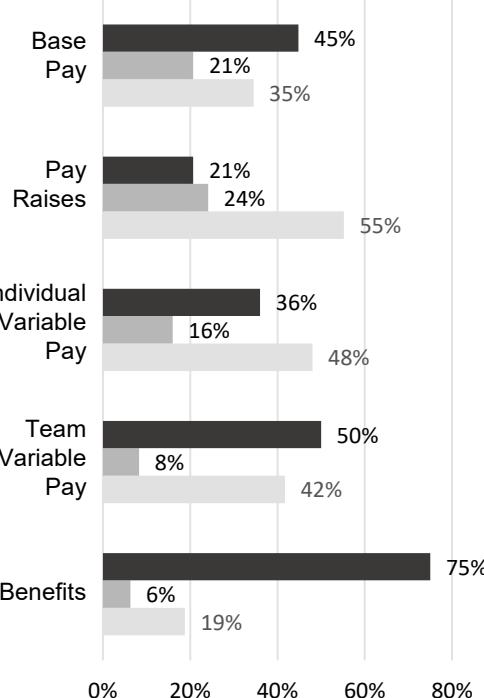
# RESULTS CROATIA

## Pay transparency

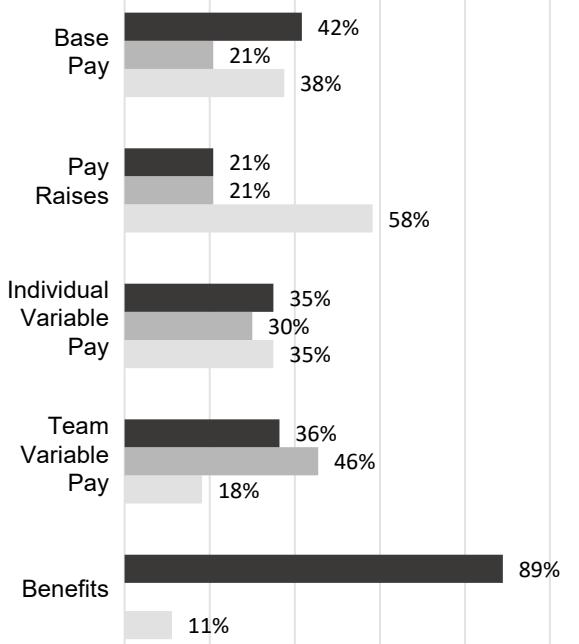
(% of respondents)

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LUZERN

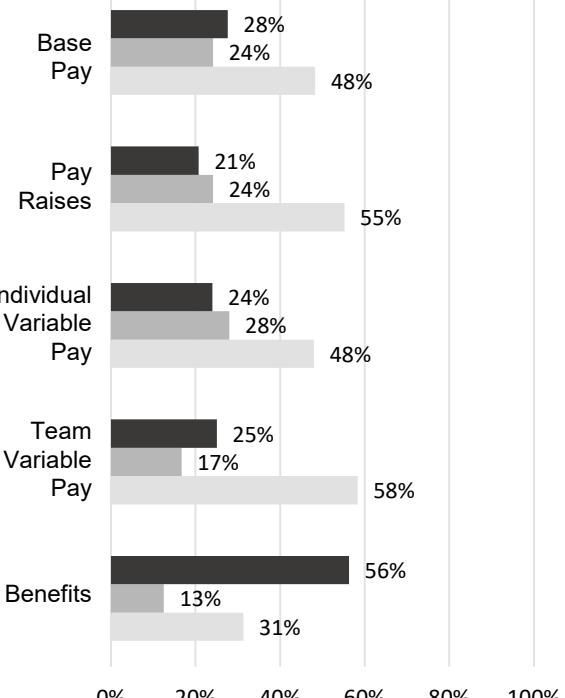
### Pay process transparency



### Pay outcome transparency



### Pay communication transparency



■ high process transparency  
■ medium process transparency  
■ Low process transparency

■ exact individual pay outcome information  
■ aggregated pay outcome information  
■ no or minimal pay outcome information

■ no communication restriction  
■ informal communication restriction  
■ formal communication restriction



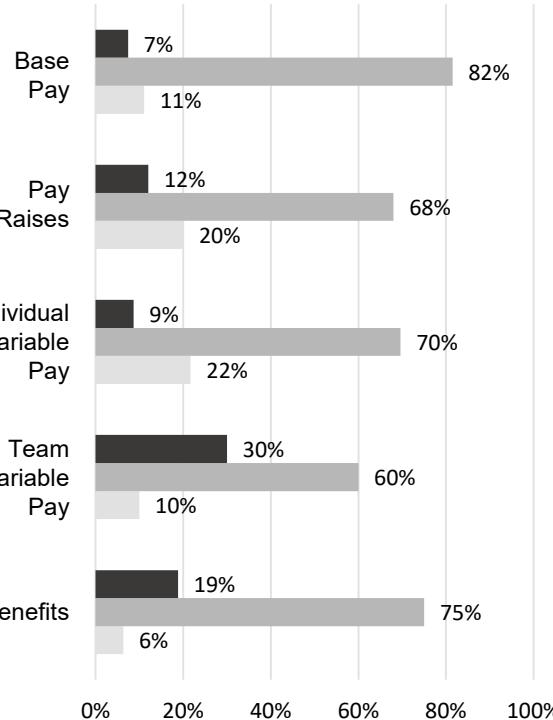
# RESULTS CROATIA

## Trend pay transparency

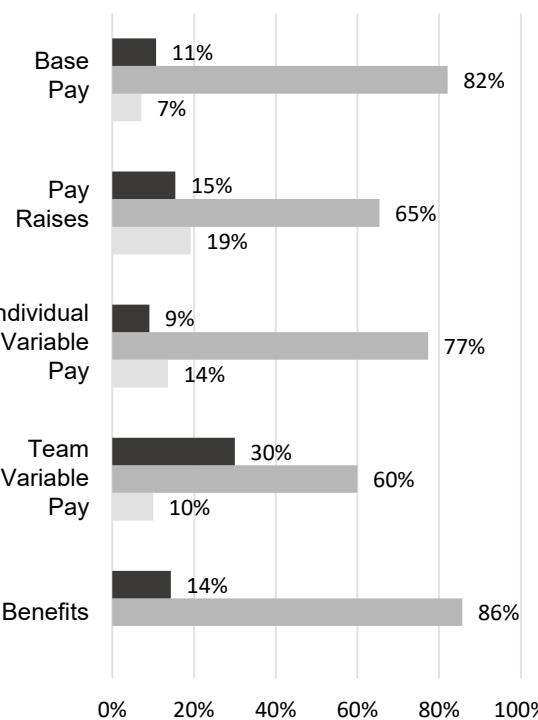
(% of respondents)

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LUZERN

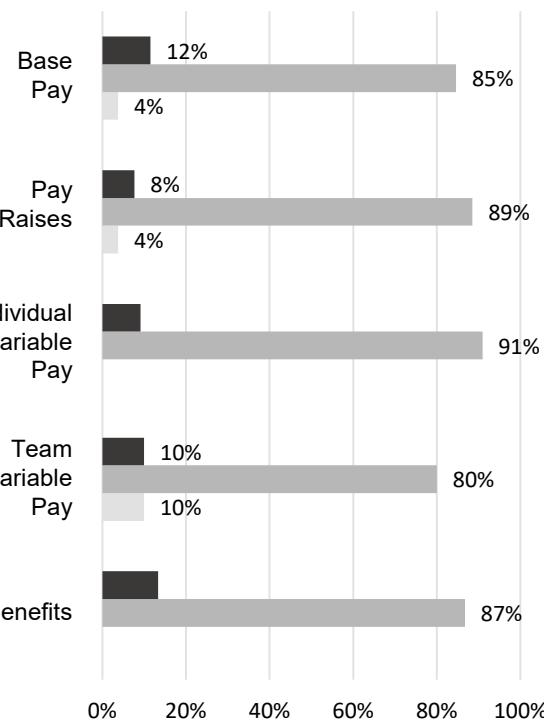
### Trend over the last two years: Pay process transparency



### Trend over the last two years: Pay outcome transparency



### Trend over the last two years: Pay communication transparency



- increased
- stayed the same
- decreased

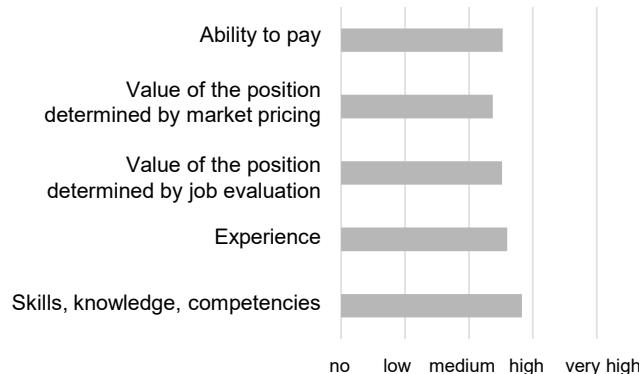
- increased
- stayed the same
- decreased

- increased
- stayed the same
- decreased

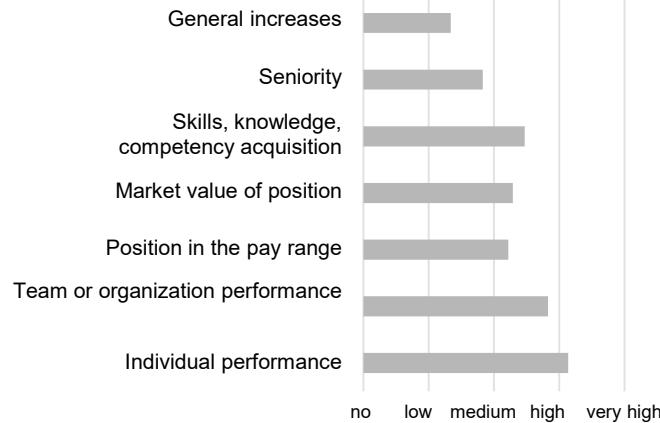
# RESULTS CROATIA

## Pay practices

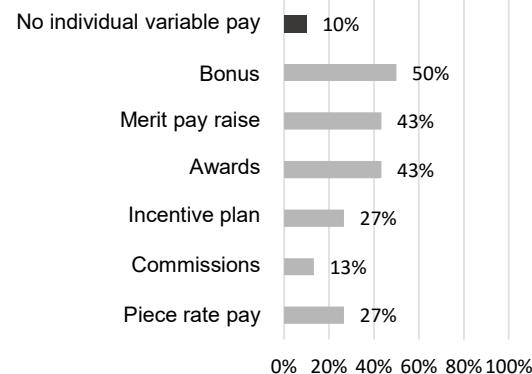
### Importance of different base pay determination criteria\*



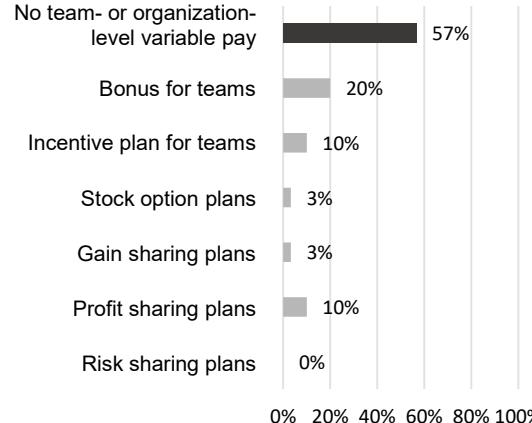
### Importance of different pay raise determination criteria\*



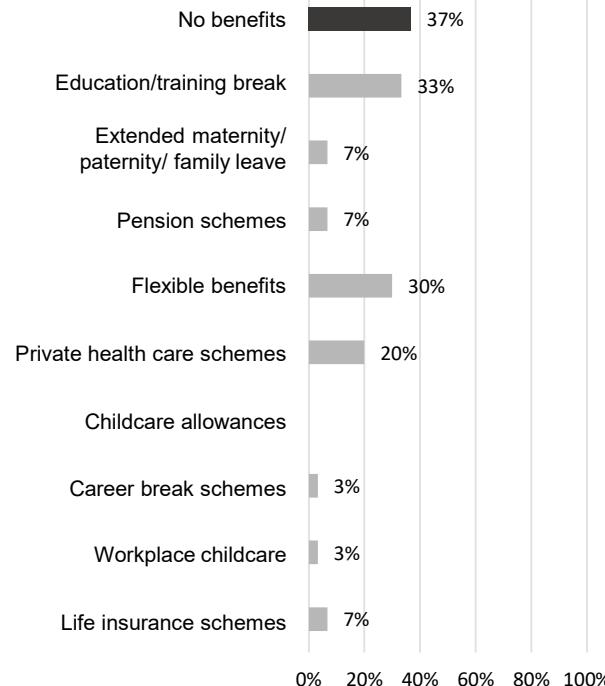
### Use of individual-level variable pay\*\* (multiple answers allowed)



### Use of team- or organization-level variable pay\*\* (multiple answers allowed)



### Use of benefits\*\* (multiple answers allowed)



\* arithmetic mean of responses

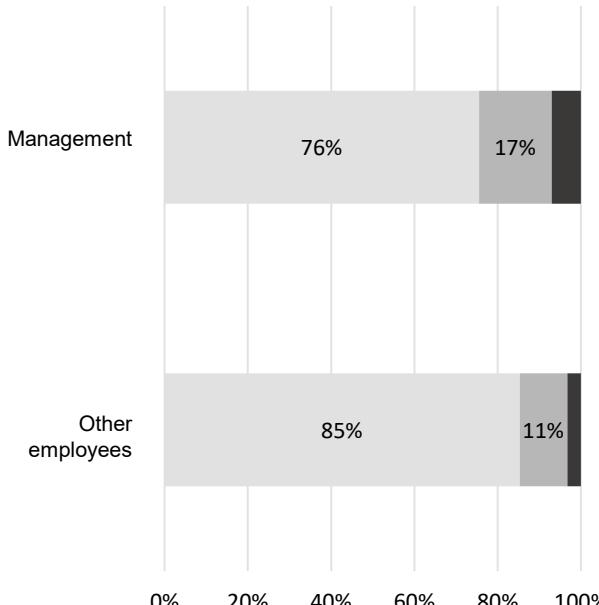
\*\* % of respondents



# RESULTS CROATIA

## Pay mix, pay effectiveness and gender equal pay analysis

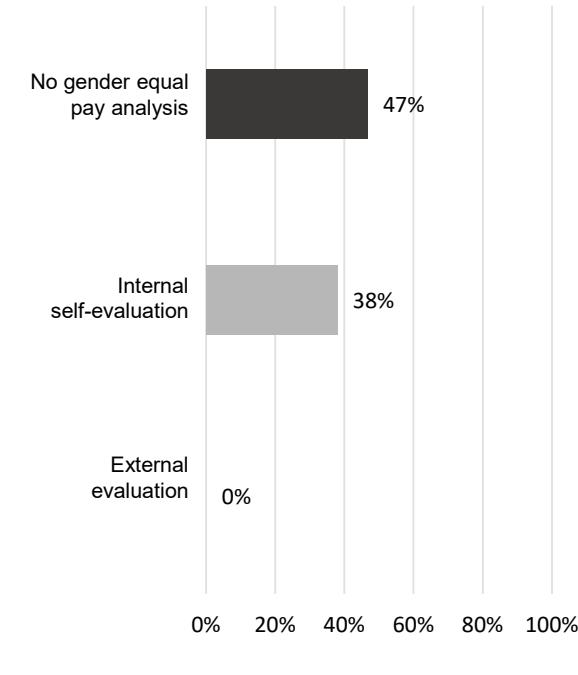
### Pay mix



### Pay effectiveness\*



### Gender equal pay analysis in calendar year 2016\*\* (multiple answers allowed)



Base pay

Variable pay

Benefits

\* arithmetic mean of responses

\*\* % of respondents

## 4.2 GERMANY





# GERMANY: SAMPLE



## Collaboration partner

German  
Association of  
Human Resource  
Management

## Position of participants

Head HR	38%
Compensation Specialist	38%
General HR	8%
HR Business Partner	8%
Management	4%
Division Head / Team Leader	4%

## Legal form

Private sector organization	97%
Public sector organization	3%
Non-profit-organization	---
Mixed organization (public and private sector)	---

## Data collection

Time frame	May - June 2017
Sample size	2500 members of DGFP
Total number of respondents	30
Response rate	1.2%

## Size of organization

Less than 10 employees	----
10 - 249 employees	3%
250 - 999 employees	23%
1000 and more employees	74%



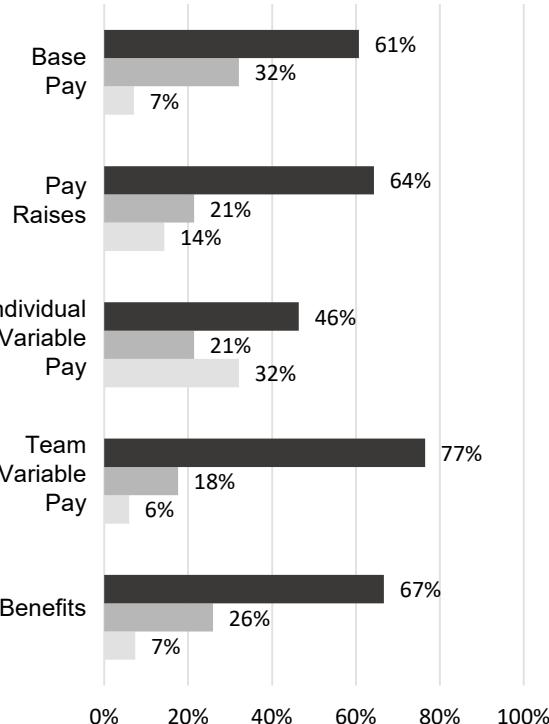
# RESULTS GERMANY

## Pay transparency

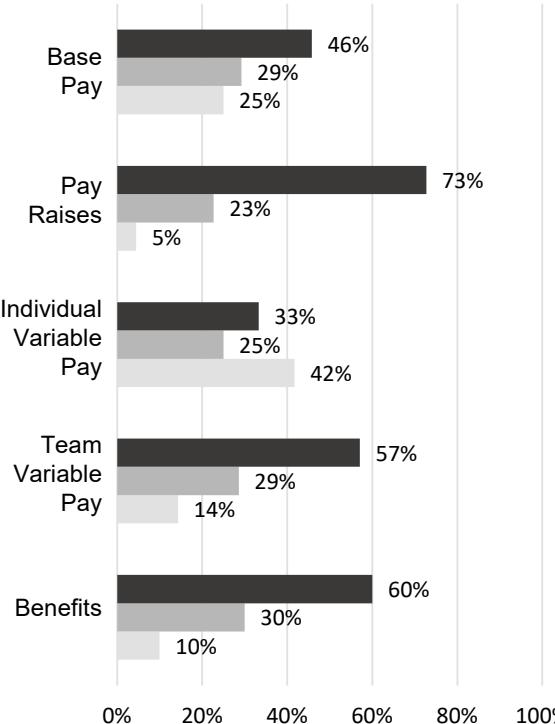
(% of respondents)

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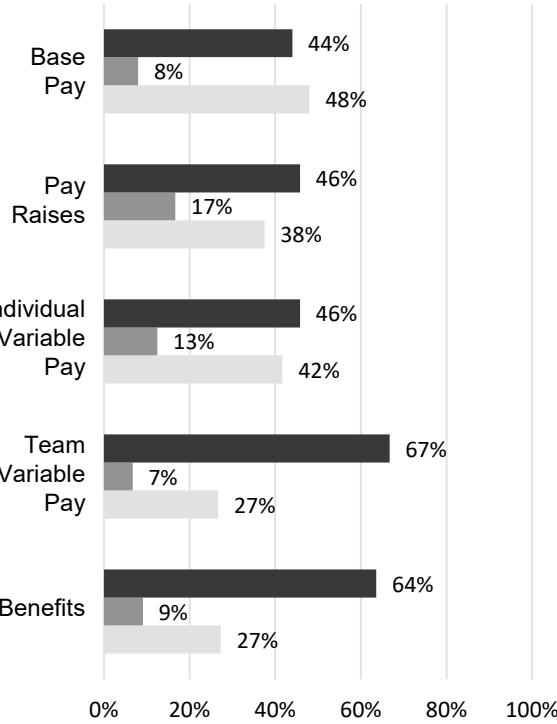
### Pay process transparency



### Pay outcome transparency



### Pay communication transparency



■ high process transparency  
■ medium process transparency  
■ Low process transparency

■ exact individual pay outcome information  
■ aggregated pay outcome information  
■ no or minimal pay outcome information

■ no communication restriction  
■ informal communication restriction  
■ formal communication restriction

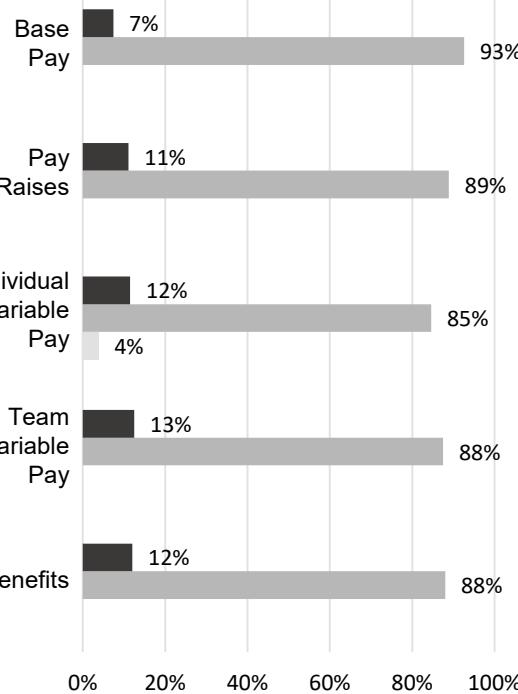


# RESULTS GERMANY

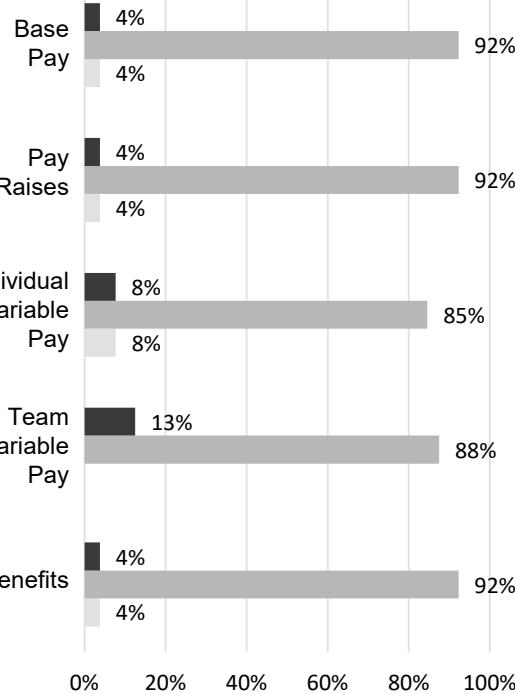
## Trend pay transparency (% of respondents)

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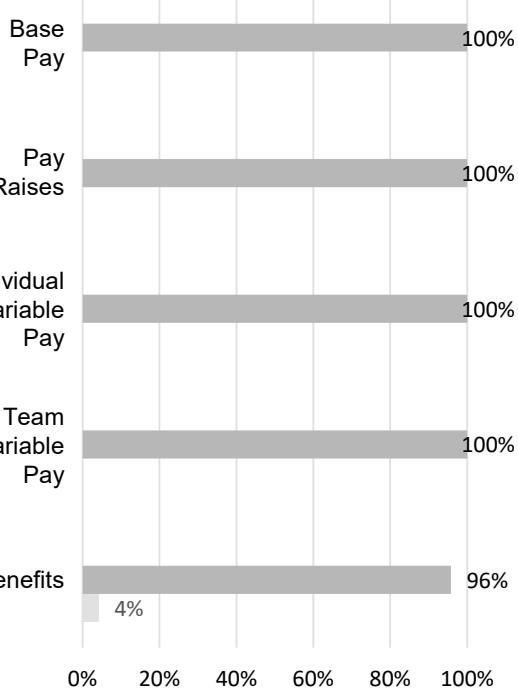
### Trend over last two years: Pay process transparency



### Trend over the last two years: Pay outcome transparency



### Trend over the last two years: Pay communication transparency



- increased
- stayed the same
- decreased

- increased
- stayed the same
- decreased

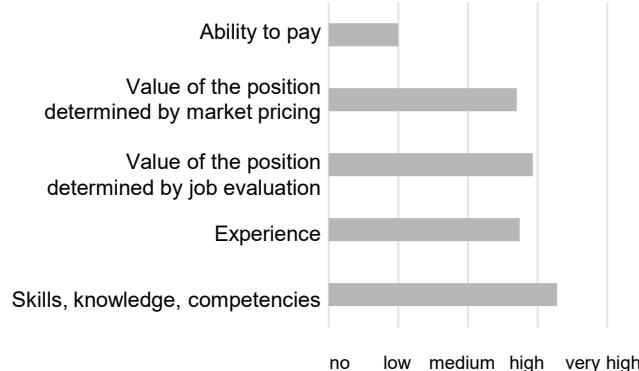
- increased
- stayed the same
- decreased



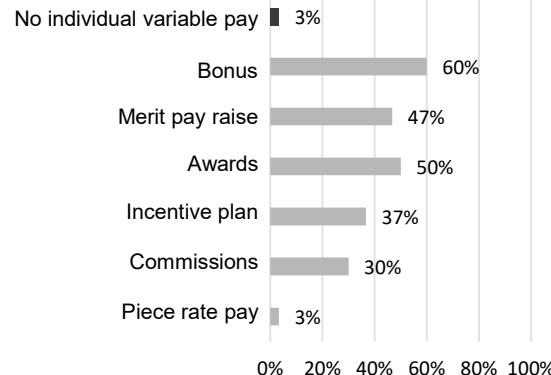
# RESULTS GERMANY

## Pay practices

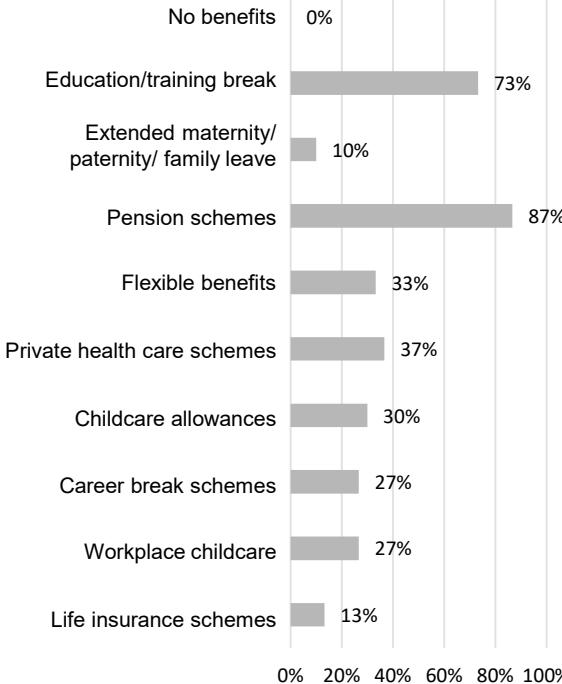
### Importance of different base pay determination criteria\*



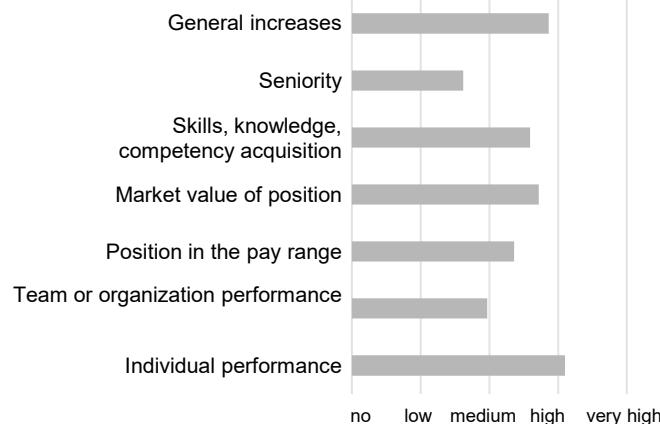
### Use of individual-level variable pay\*\* (multiple answers allowed)



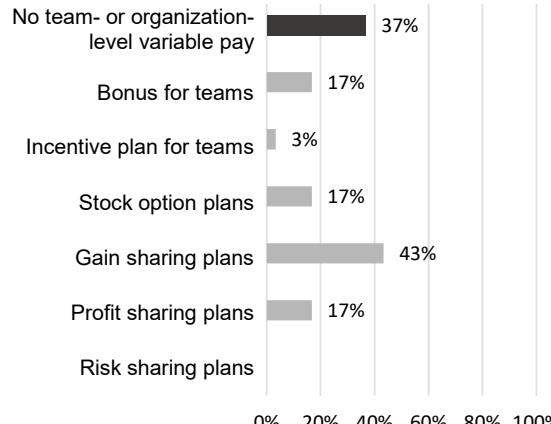
### Use of benefits\*\* (multiple answers allowed)



### Importance of different pay raise determination criteria\*



### Use of team- or organization-level variable pay\*\* (multiple answers allowed)



\* arithmetic mean of responses

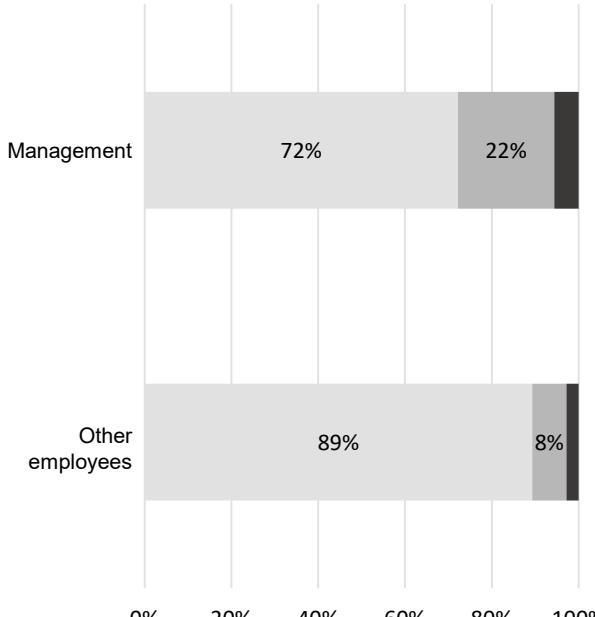
\*\* % of respondents



# RESULTS GERMANY

## Pay mix, pay effectiveness and gender equal pay analysis

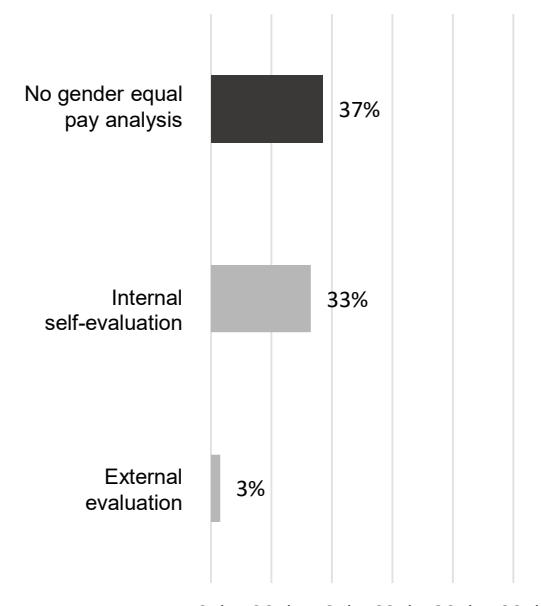
### Pay mix



### Pay effectiveness\*



### Gender equal pay analysis in calendar year 2016\*\* (multiple answers allowed)



- Base pay
- Variable pay
- Benefits

\* arithmetic mean of responses  
\*\* % of respondents

## 4.3 PORTUGAL





# PORTUGAL: SAMPLE

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LUZERN

## Collaboration partner



Portuguese  
Association of  
People  
Management

ASSOCIAÇÃO PORTUGUESA DE  
GESTÃO DAS PESSOAS

Data collection	
Time frame	Oct - Nov 2017
Sample Size	1000 APG Members
Total number of respondents	65
Response rate	6.5%

## Position of participants

Head HR	33%
General HR	17%
CEO/CFO/COO	12%
Management	12%
Division Head / Team Leader	10%
Other	7%
Compensation Specialist	3%
Consultant	3%
HR Business Partner	2%

## Legal form

Private Sector Organization	84%
Public Sector Organization	8%
Non-Profit-Organization	8%
Mixed organization (public and private sector)	---

## Size of organization

Less than 10 employees	17%
10 - 249 employees	51%
250 - 999 employees	14%
1000 and more employees	18%



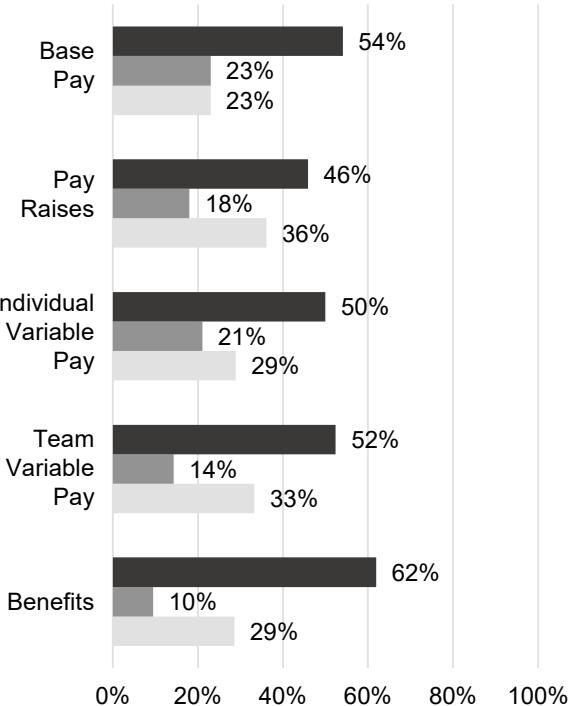
# RESULTS PORTUGAL

## Pay transparency

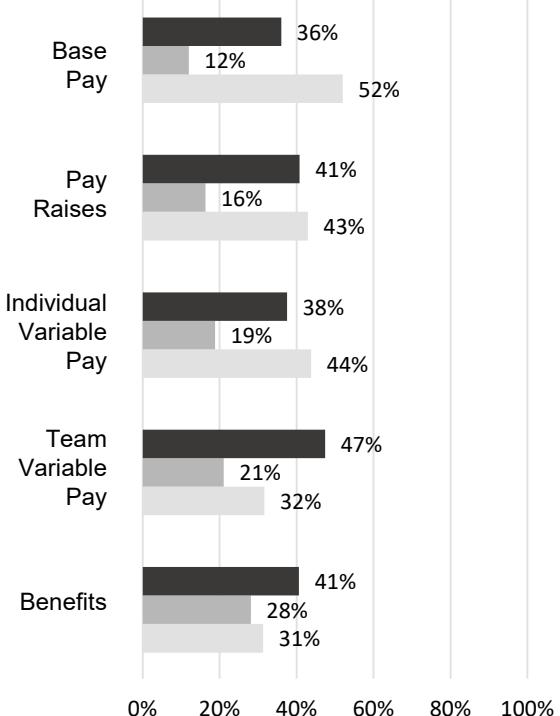
(% of respondents)

UNIVERSITÄT  
LUZERN

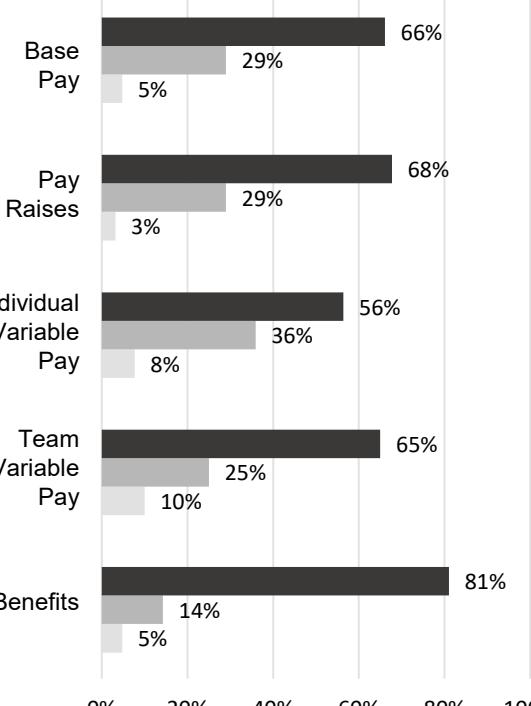
### Pay process transparency



### Pay outcome transparency



### Pay communication transparency



■ high process transparency  
■ medium process transparency  
■ Low process transparency

■ exact individual pay outcome information  
■ aggregated pay outcome information  
■ no or minimal pay outcome information

■ no communication restriction  
■ informal communication restriction  
■ formal communication restriction

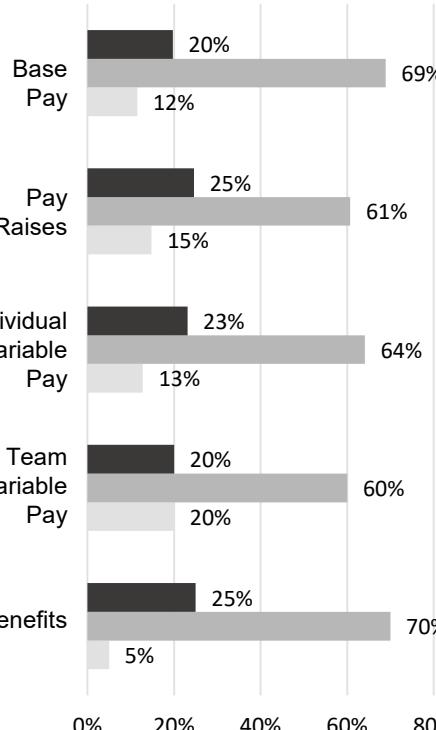


# RESULTS PORTUGAL

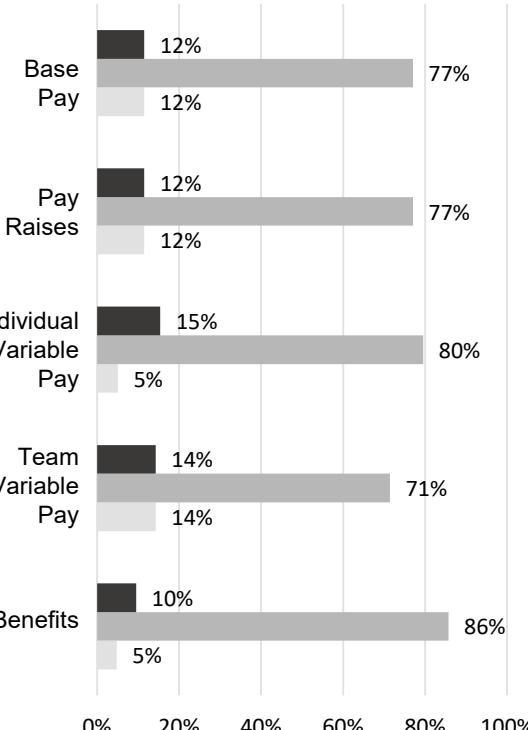
## Trend pay transparency

(% of respondents)

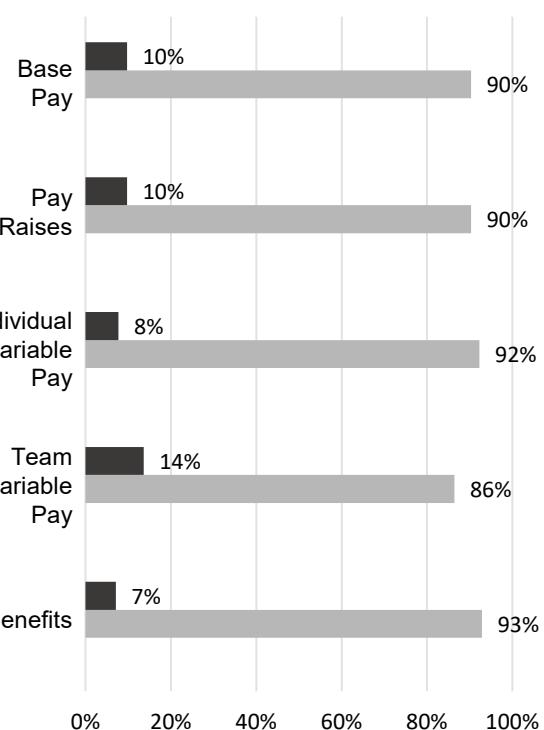
### Trend over last two years: Pay process transparency



### Trend over the last two years: Pay outcome transparency



### Trend over the last two years: Pay communication transparency



■ increased  
■ stayed the same  
■ decreased

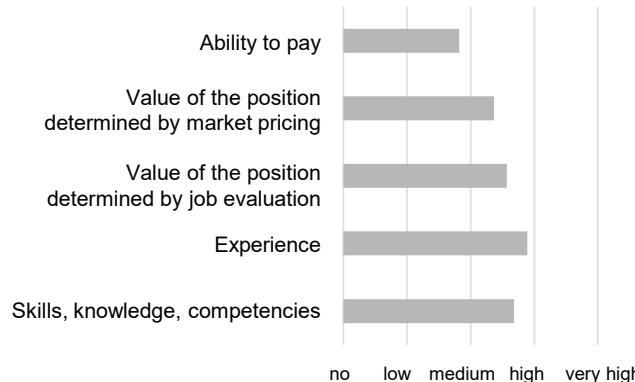
■ increased  
■ stayed the same  
■ decreased

■ increased  
■ stayed the same  
■ decreased

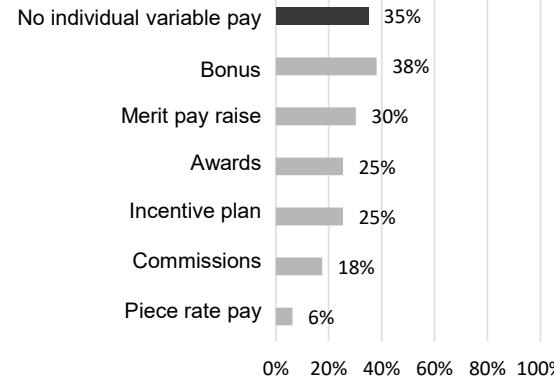
# RESULTS PORTUGAL

## Pay practices

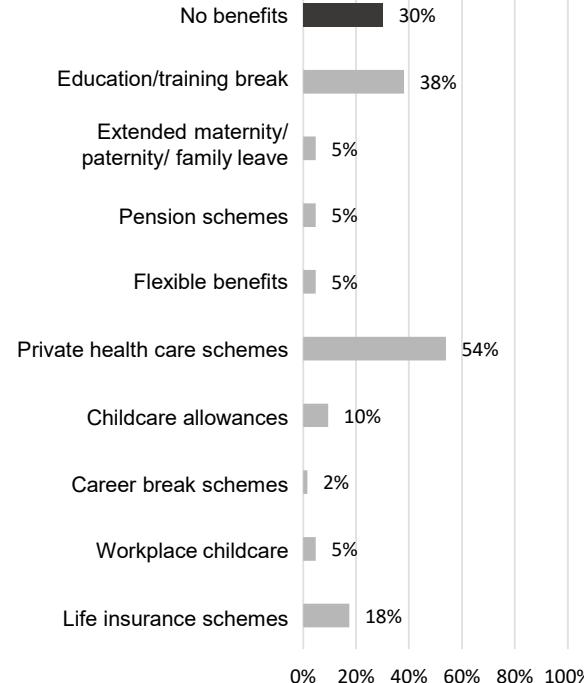
### Importance of different base pay determination criteria\*



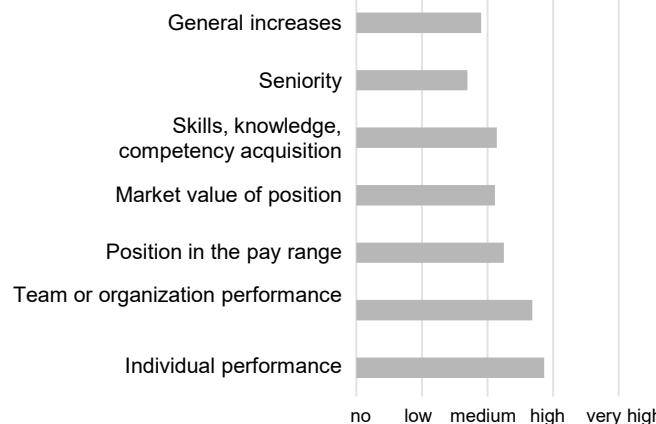
### Use of Individual-level variable pay\*\* (multiple answers allowed)



### Use of benefits\*\* (multiple answers allowed)



### Importance of different pay raise determination criteria\*



### Use of team- or organization-level variable pay\*\* (multiple answers allowed)



\* arithmetic mean of responses

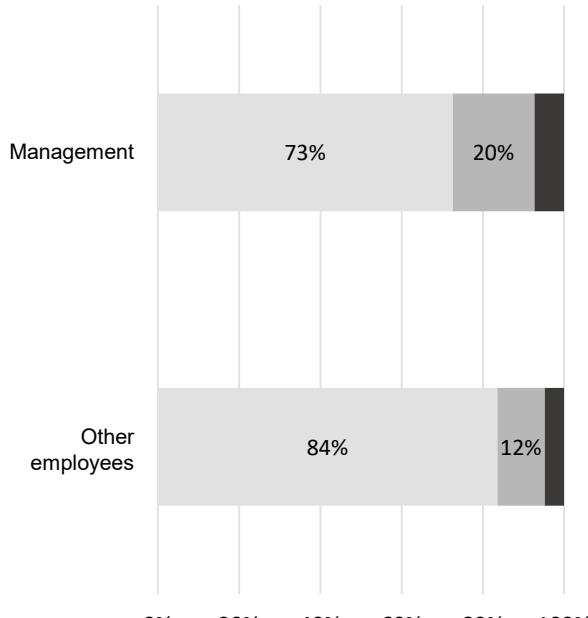
\*\* % of respondents



# RESULTS PORTUGAL

## Pay mix, pay effectiveness and gender equal pay analysis

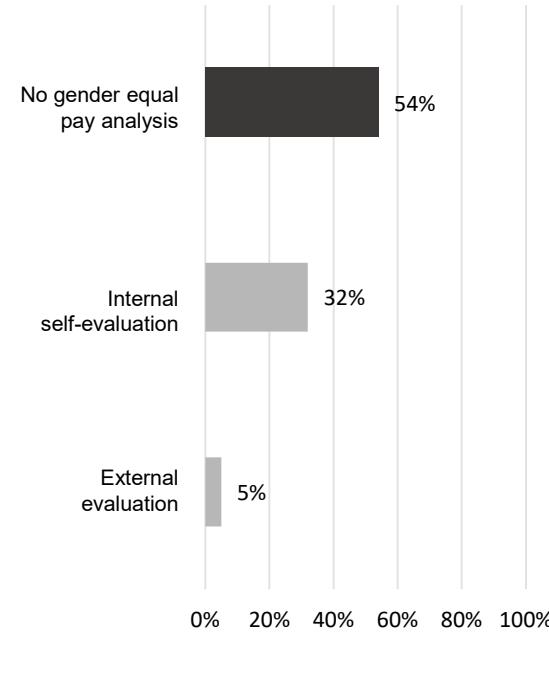
### Pay mix



### Pay effectiveness\*



### Gender equal pay analysis in calendar year 2016\*\* (multiple answers allowed)



Base pay

Variable pay

Benefits

\* arithmetic mean of responses

\*\* % of respondents

## 4.4 SLOVAKIA





# SLOVAKIA: SAMPLE

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LUZERN

## Collaboration partner



## Data collection

Time frame	Oct - Nov 2017
Sample Size	1400 HR Comm members
Total number of respondents	35
Response rate	2.5%

## Position of participants

Head HR	52%
Other	15%
General HR	9%
Compensation Specialist	9%
Management	6%
CEO / CFO / COO	6%
Division Head / Team Leader	3%

## Legal form

Private Sector Organization	74%
Public Sector Organization	18%
Non-Profit-Organization	---
Mixed organization (public and private sector)	9%

## Size of organization

Less than 10 employees	6%
10 - 249 employees	27%
250 - 999 employees	32%
1000 and more employees	35%



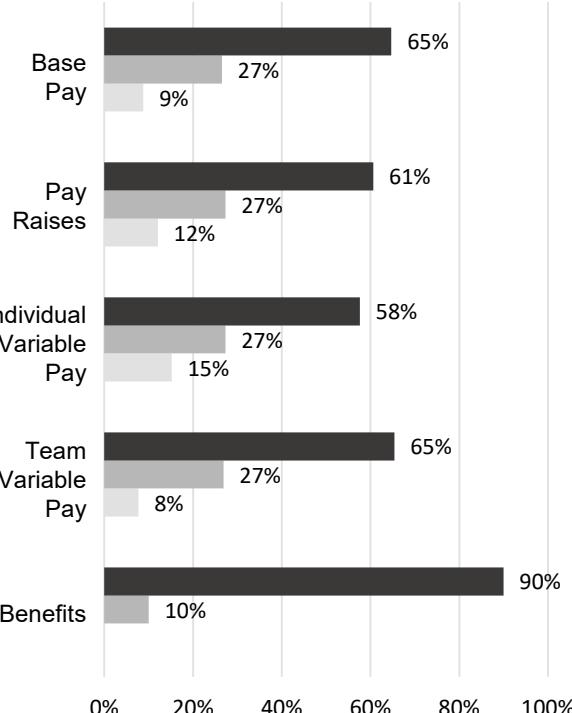
# RESULTS SLOVAKIA

## Pay transparency

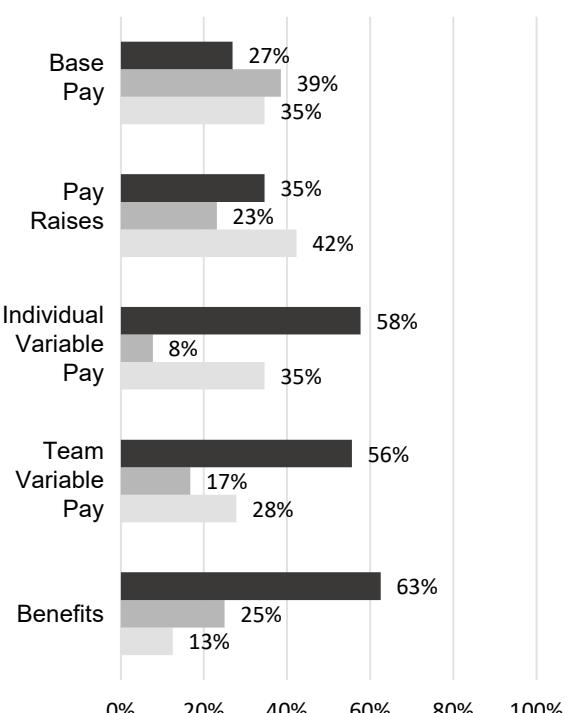
(% of respondents)

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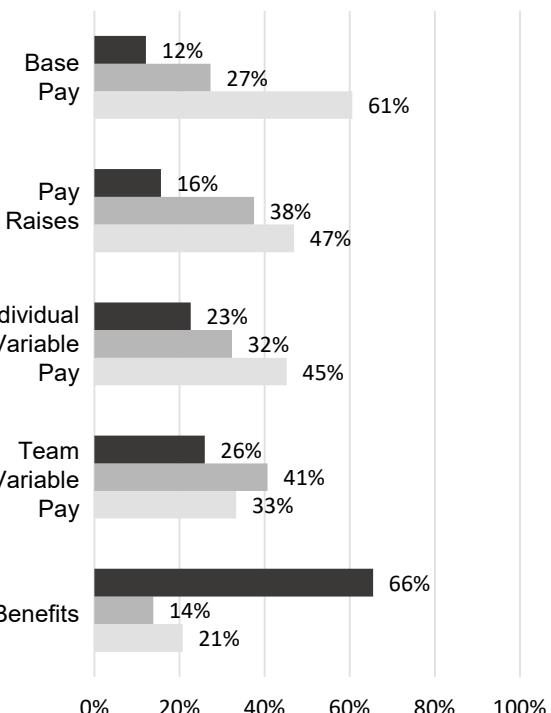
### Pay process transparency



### Pay outcome transparency



### Pay communication transparency



■ high process transparency  
■ medium process transparency  
■ Low process transparency

■ exact individual pay outcome information  
■ aggregated pay outcome information  
■ no or minimal pay outcome information

■ no communication restriction  
■ informal communication restriction  
■ formal communication restriction

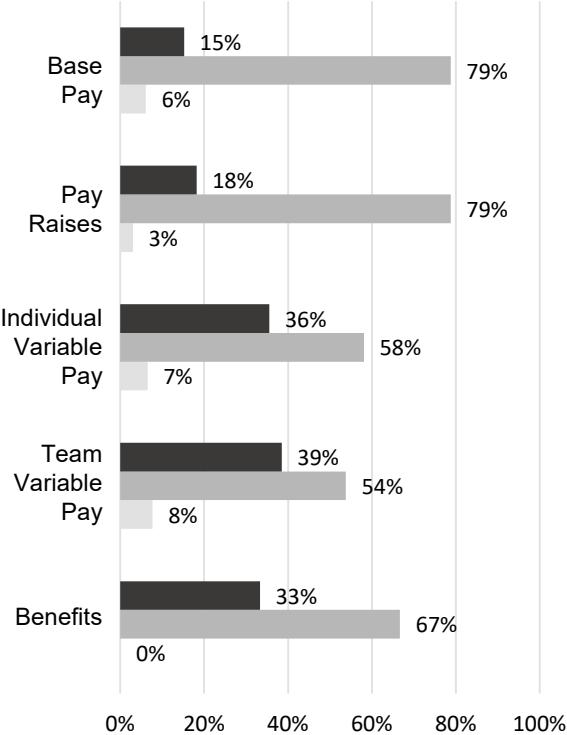


# RESULTS SLOVAKIA

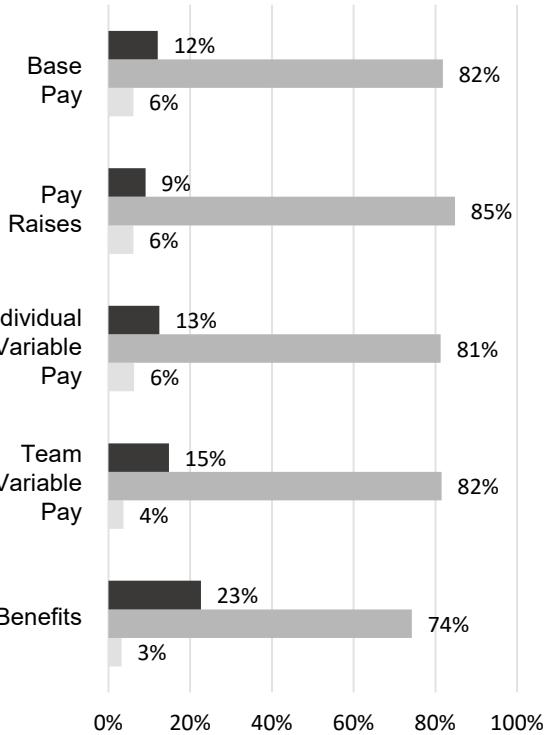
## Trend pay transparency (% of respondents)

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LUZERN

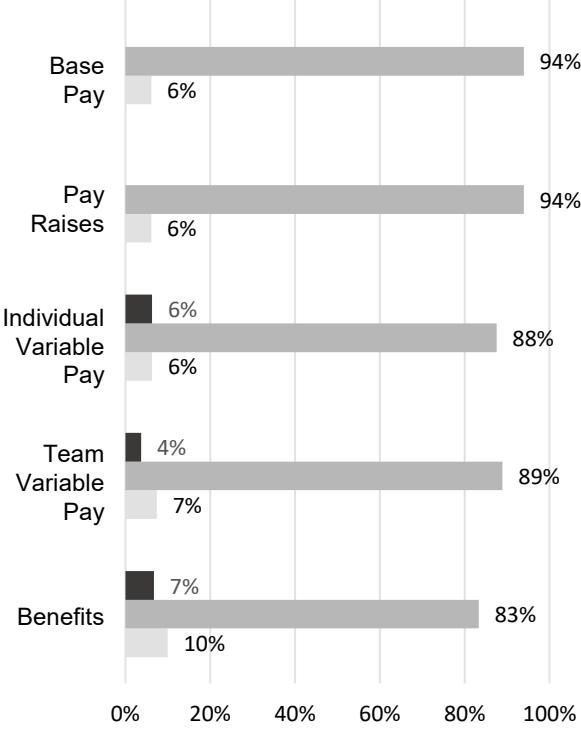
### Trend over the last two years: Pay process transparency



### Trend over the last two years: Pay outcome transparency



### Trend over the last two years: Pay communication transparency



■ increased  
■ stayed the same  
■ decreased

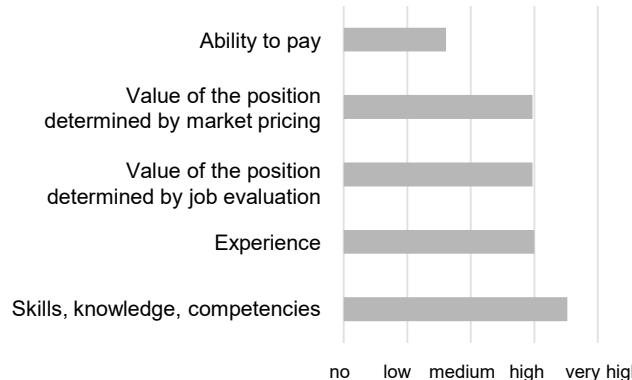
■ increased  
■ stayed the same  
■ decreased

■ increased  
■ stayed the same  
■ decreased

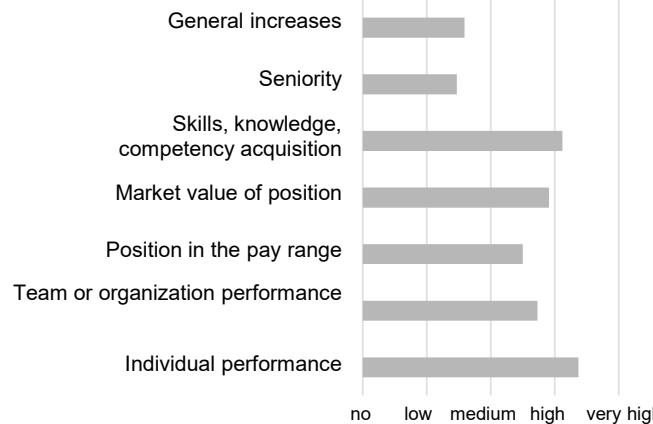
# RESULTS SLOVAKIA

## Pay practices

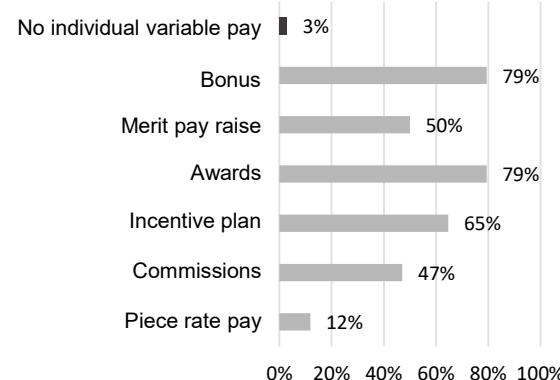
### Importance of different base pay determination criteria\*



### Importance of different pay raise determination criteria\*



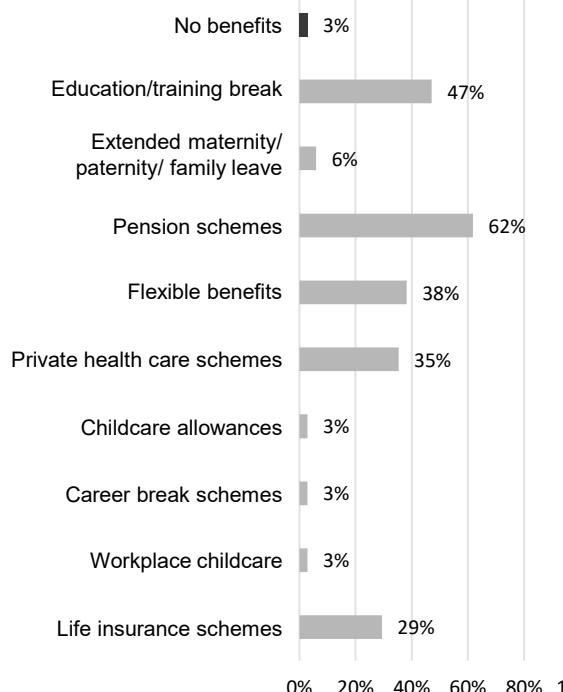
### Use of individual-level variable pay\*\* (multiple answers allowed)



### Use of team- or organization-level variable pay\*\* (multiple answers allowed)



### Use of benefits\*\* (multiple answers allowed)



\* arithmetic mean of responses

\*\* % of respondents

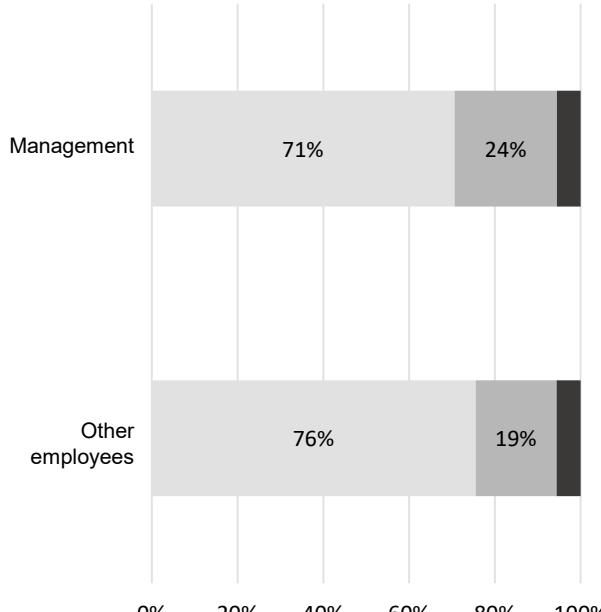


# RESULTS SLOVAKIA

## Pay mix, pay effectiveness and gender equal pay analysis

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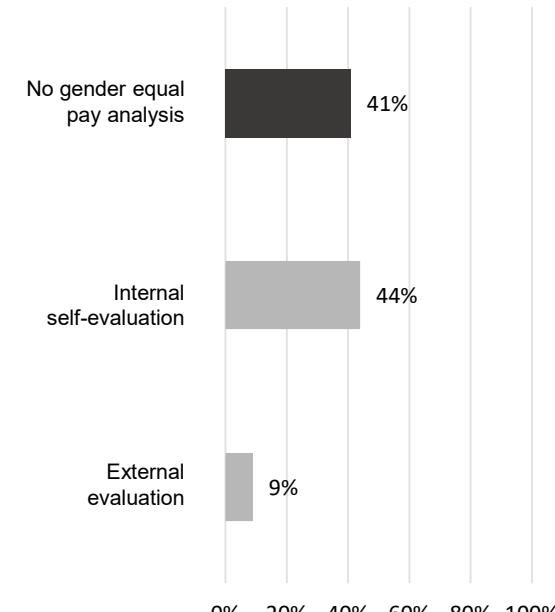
### Pay mix



### Pay effectiveness\*



### Gender equal pay analysis in calendar year 2016\*\* (multiple answers allowed)



Base pay

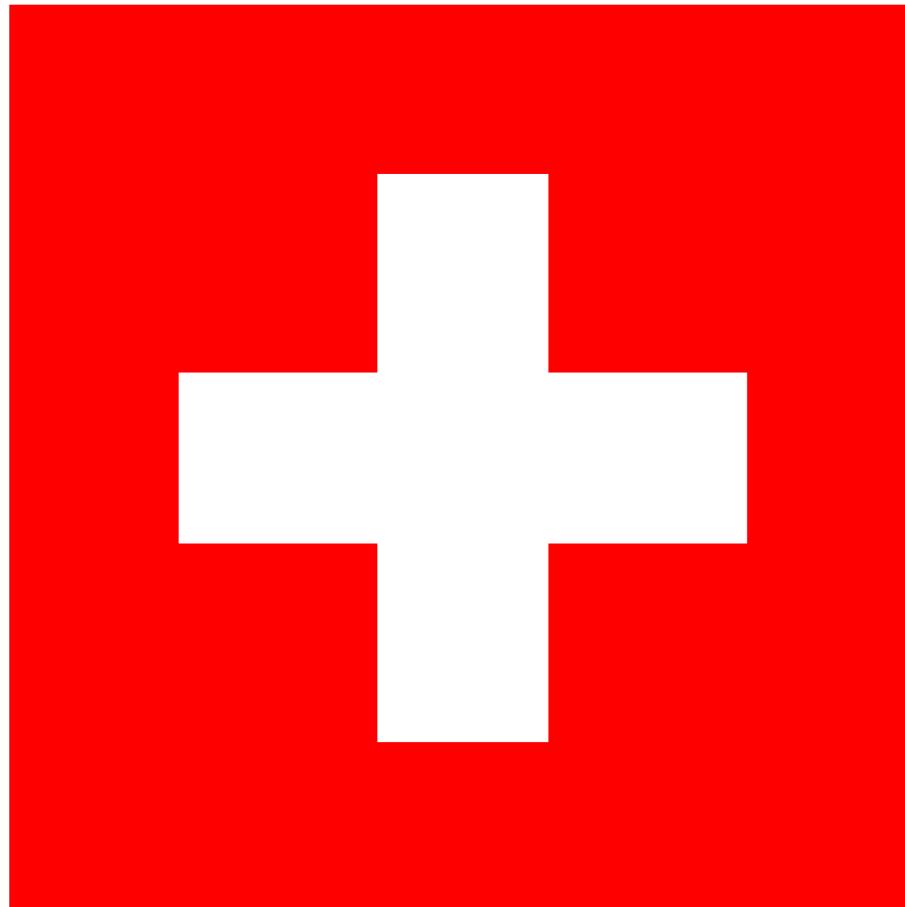
Variable pay

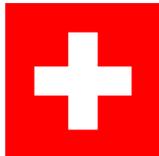
Benefits

\* arithmetic mean of responses

\*\* % of respondents

## 4.5 SWITZERLAND





# SWITZERLAND: SAMPLE

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## Collaboration Partner



## Data Collection

Time frame	May - August 2017
Sample Size	6648 HR Swiss members
Total number of respondents	524
Response rate	7.8%

## Position of Participants

Head HR	52%
General HR	10%
CEO/CFO/COO	9%
Management	7%
Compensation Specialist	6%
Division Head / Team Leader	5%
Other	4%
HR Business Partner	3%
Consultant	3%

## Legal Form

Private Sector Organization	66%
Public Sector Organization	17%
Non-Profit-Organization	9%
Mixed organization (public and private sector)	7%

## Size of Organization

Less than 10 employees	11%
10 - 249 employees	40%
250 - 999 employees	25%
1000 and more employees	24%



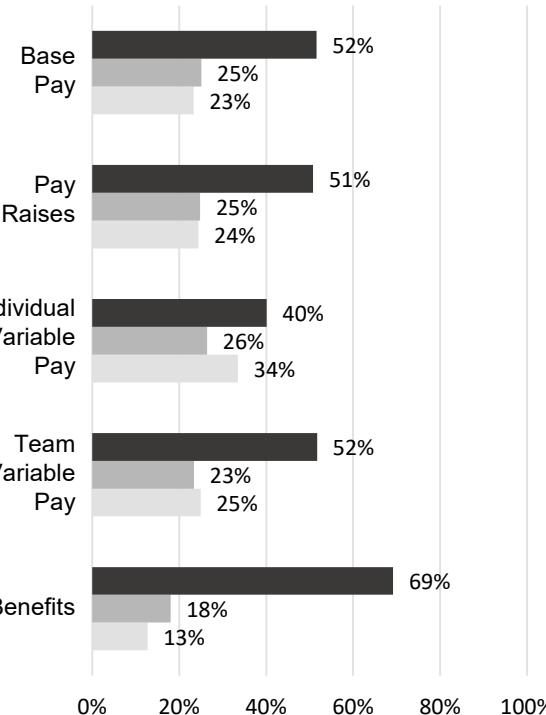
# RESULTS SWITZERLAND

## Pay transparency

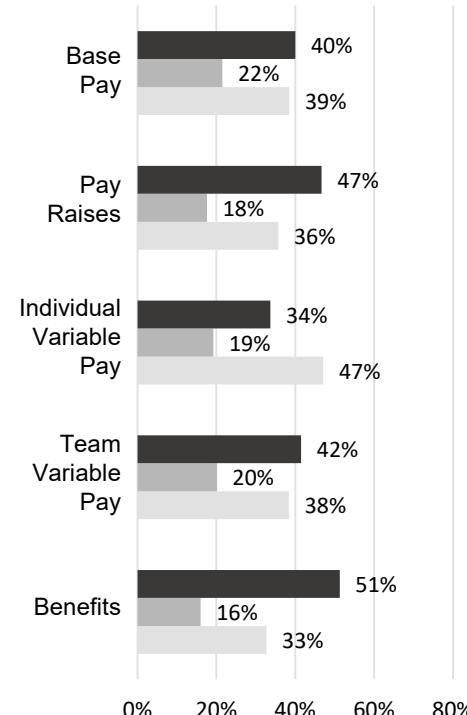
(% of respondents)

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LUZERN

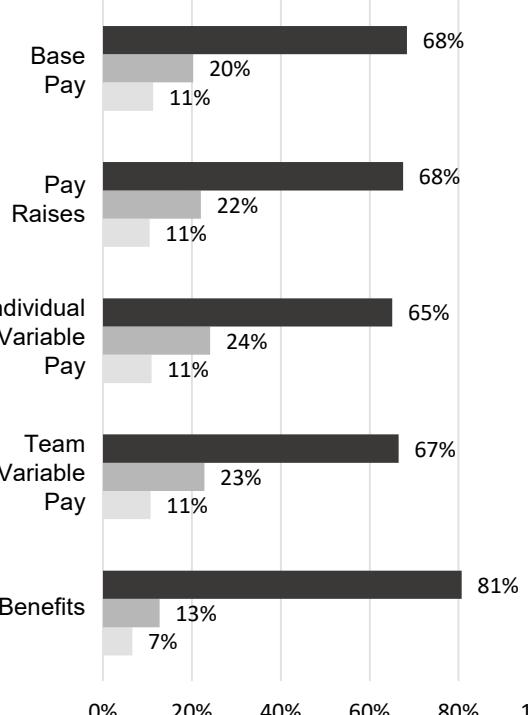
### Pay process transparency



### Pay outcome transparency



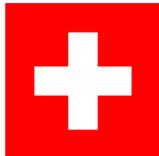
### Pay communication transparency



- high process transparency
- medium process transparency
- Low process transparency

- exact individual pay outcome information
- aggregated pay outcome information
- no or minimal pay outcome information

- no communication restriction
- Informal communication restriction
- formal communication restriction

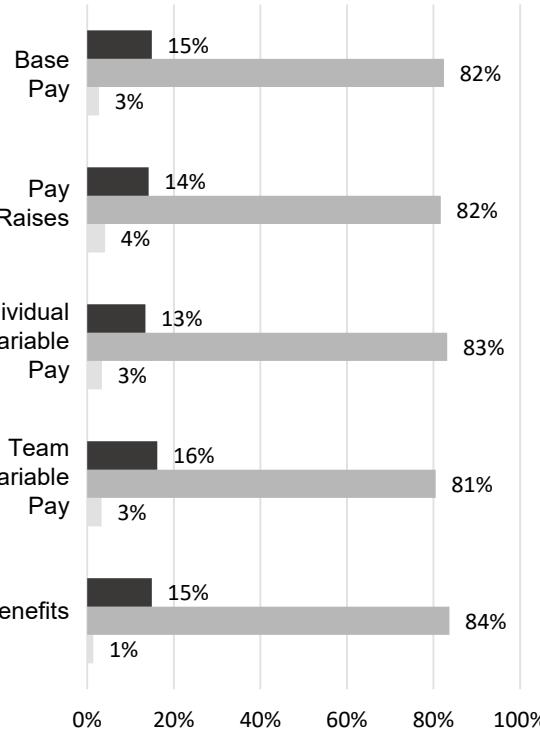


# RESULTS SWITZERLAND

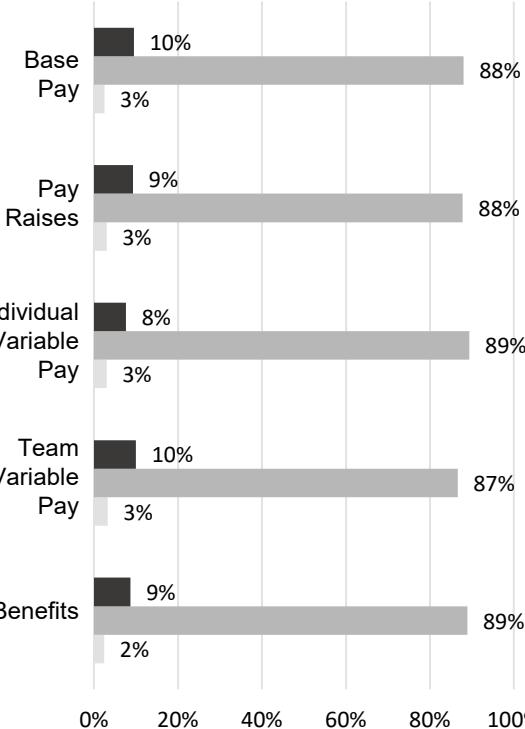
## Trend pay transparency (% of respondents)

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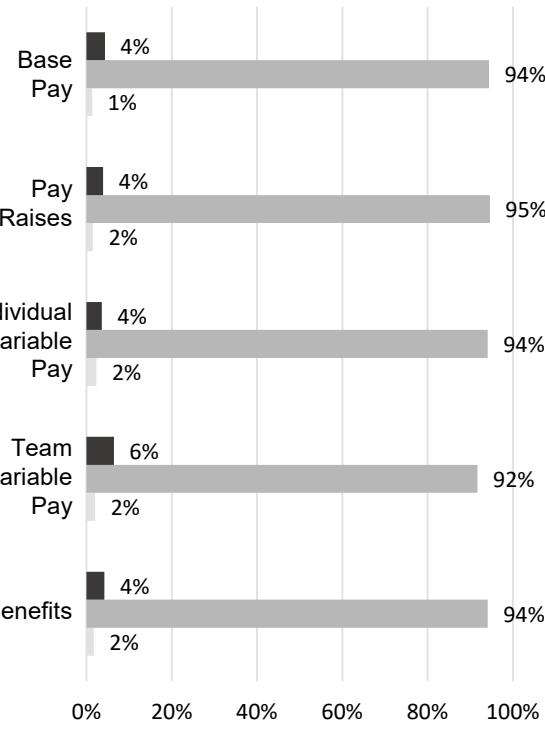
### Trend over the last two years: Pay process transparency



### Trend over the last two years: Pay outcome transparency



### Trend over the last two years: Pay communication transparency



■ increased  
■ stayed the same  
■ decreased

■ increased  
■ stayed the same  
■ decreased

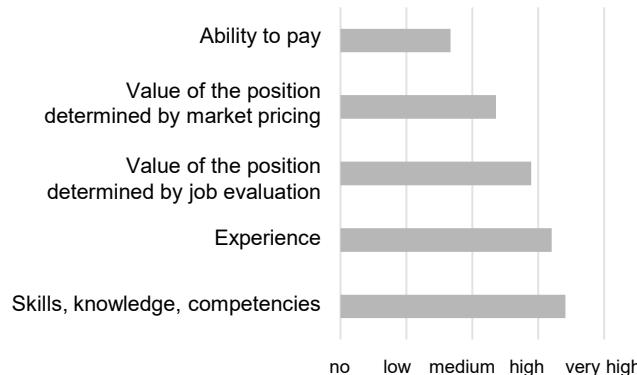
■ increased  
■ stayed the same  
■ decreased



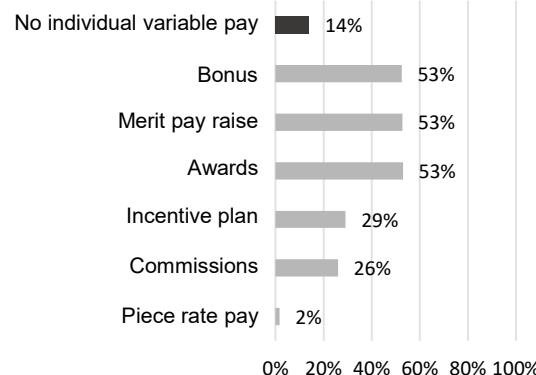
# RESULTS SWITZERLAND

## Pay practices

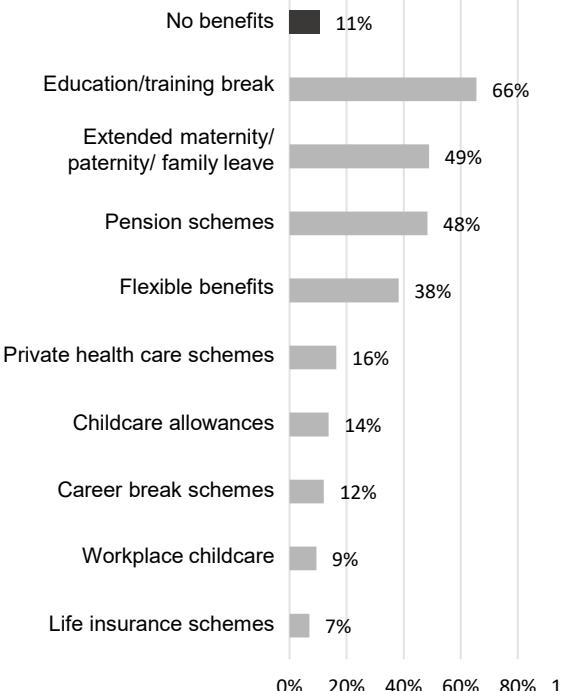
### Importance of different base pay determination criteria\*



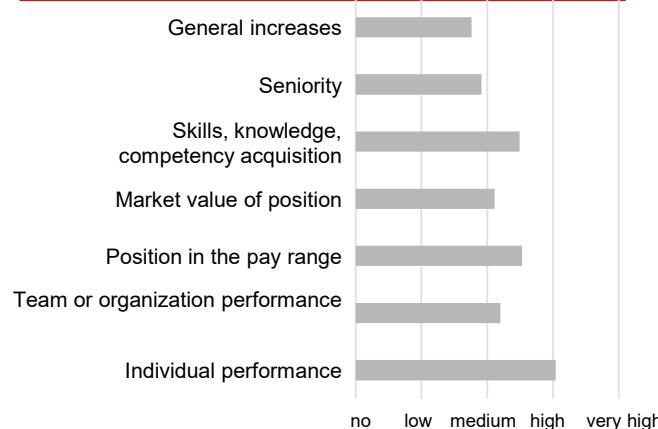
### Use of individual-level variable pay\*\* (multiple answers allowed)



### Use of benefits\*\* (multiple answers allowed)



### Importance of different pay raise determination criteria\*

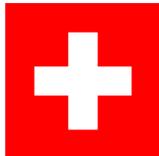


### Use of team- or organization-level variable pay\*\* (multiple answers allowed)



\* arithmetic mean of responses

\*\* % of respondents

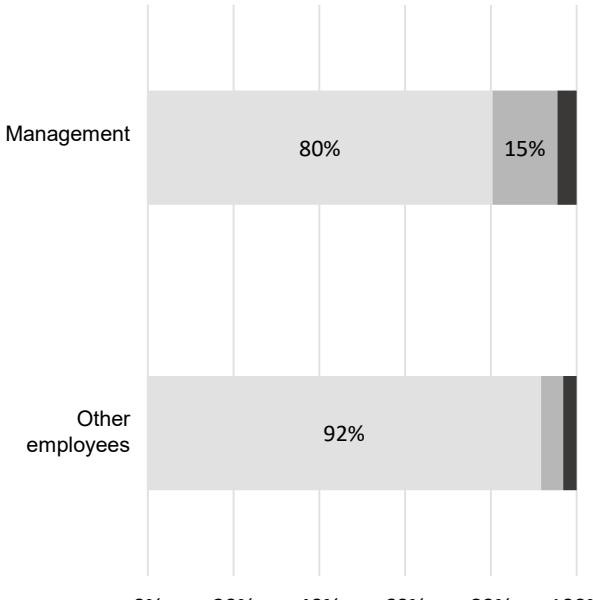


# RESULTS SWITZERLAND

## Pay mix, pay effectiveness and gender equal pay analysis

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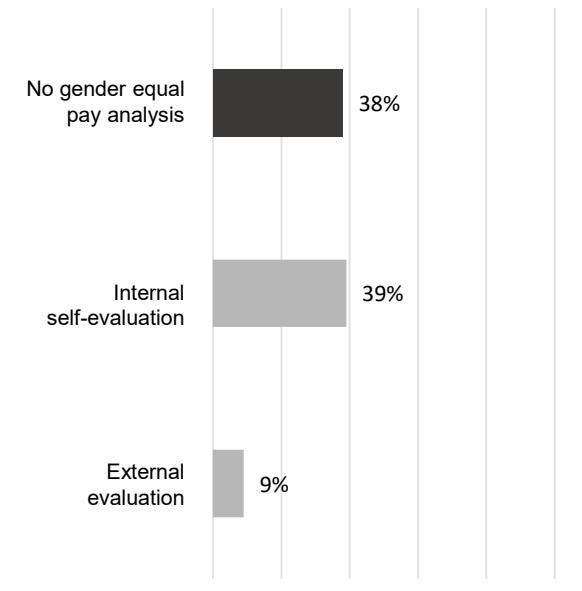
### Pay mix



### Pay effectiveness\*



### Gender equal pay analysis in calendar year 2016\*\* (multiple answers allowed)



Base pay

Variable pay

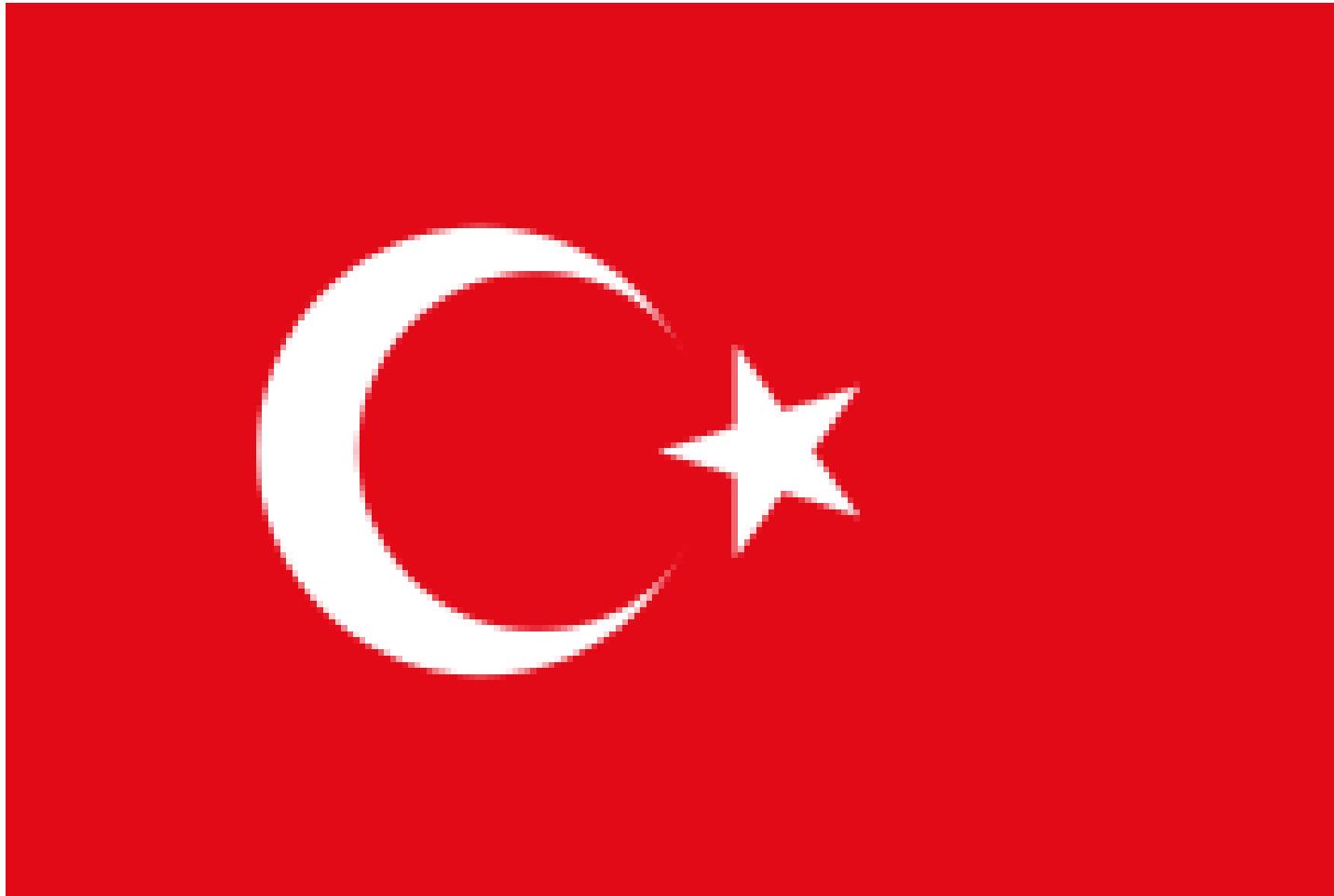
Benefits

\* arithmetic mean of responses

\*\* % of respondents

## 4.6 TURKEY

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# TURKEY: SAMPLE

## Collaboration Partner



## Data Collection

Time frame	Sept - Oct 2017
Sample Size	3000 PERYÖN members
Total number of respondents	31
Response rate	1.0%

## Position of Participants

Head HR	43%
Management	20%
Other	13%
General HR	7%
CEO / CFO / COO	7%
Consultant	7%
Division Head / Team Leader	3%

## Legal Form

Private Sector Organization	97%
Public Sector Organization	3%
Non-Profit-Organization	---
Mixed organization (public and private sector)	---

## Size of Organization

Less than 10 employees	10%
10 - 249 employees	42%
250 - 999 employees	29%
1000 and more employees	19%



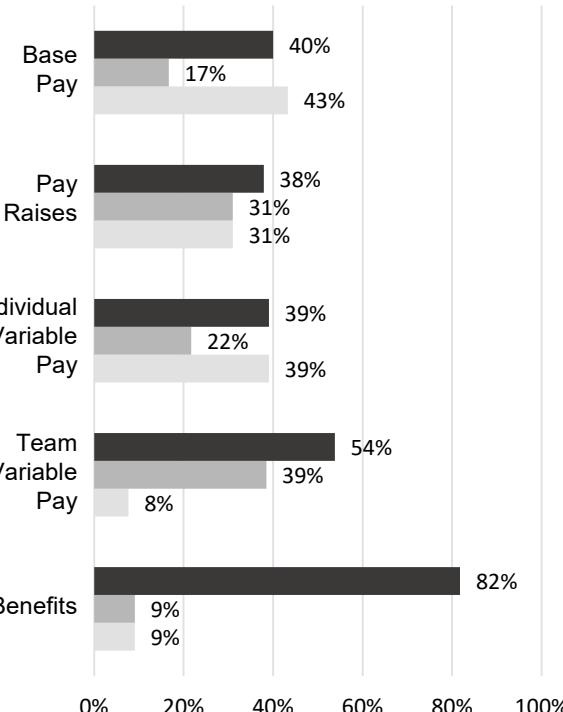
# RESULTS TURKEY

## Pay transparency

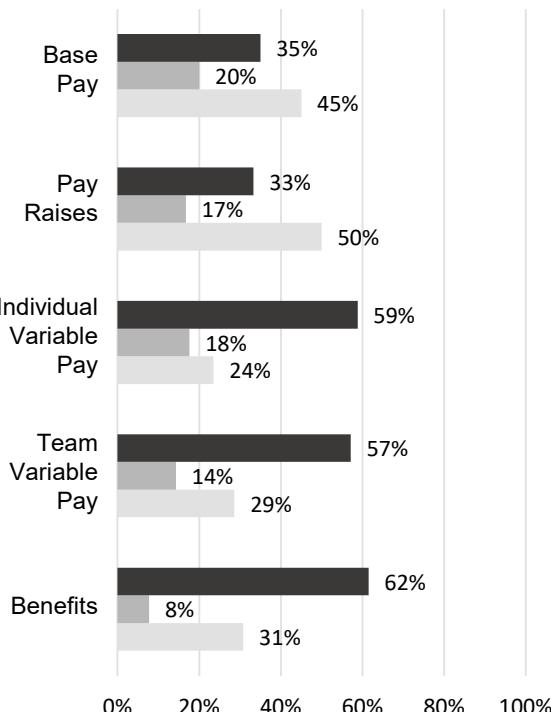
(% of respondents)

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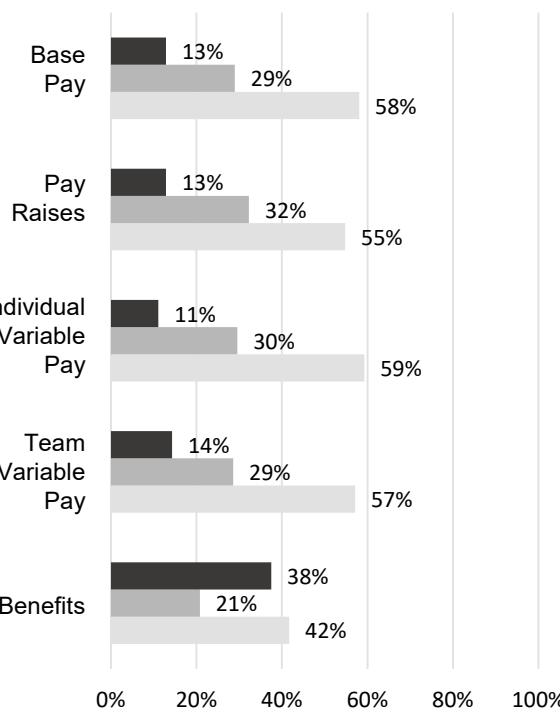
### Pay process transparency



### Pay outcome transparency



### Pay communication transparency



■ high process transparency  
■ medium process transparency  
■ Low process transparency

■ exact individual pay outcome information  
■ aggregated pay outcome information  
■ no or minimal pay outcome information

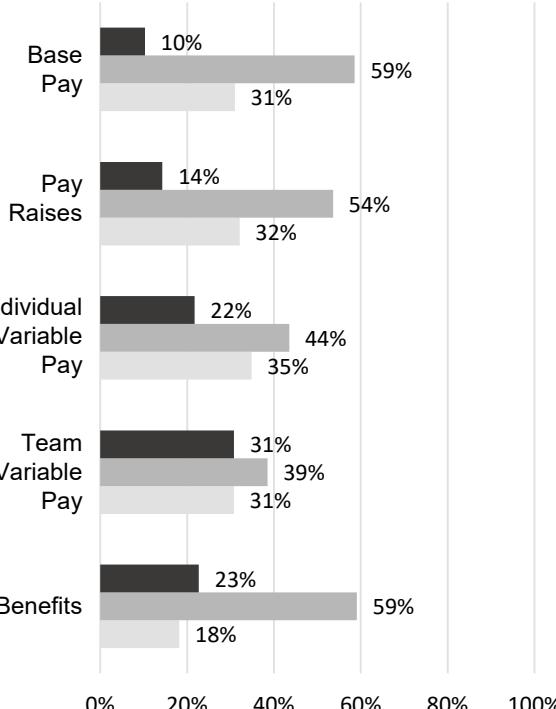
■ no communication restriction  
■ Informal communication restriction  
■ formal communication restriction



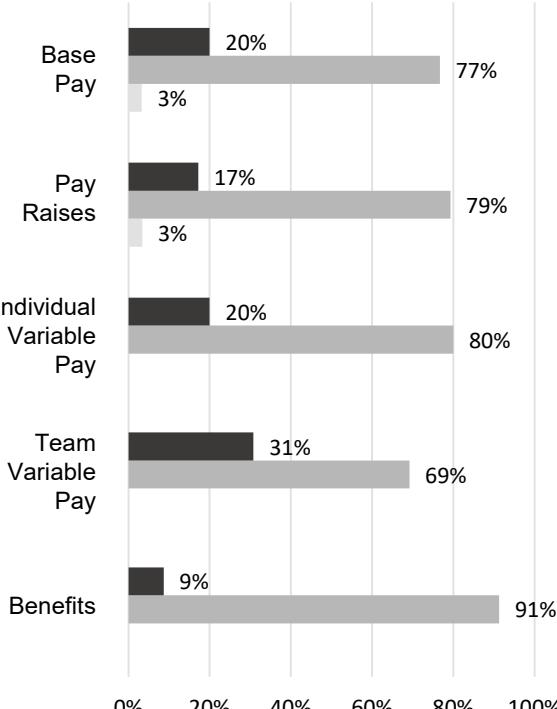
# RESULTS TURKEY

## Trend pay transparency (% of respondents)

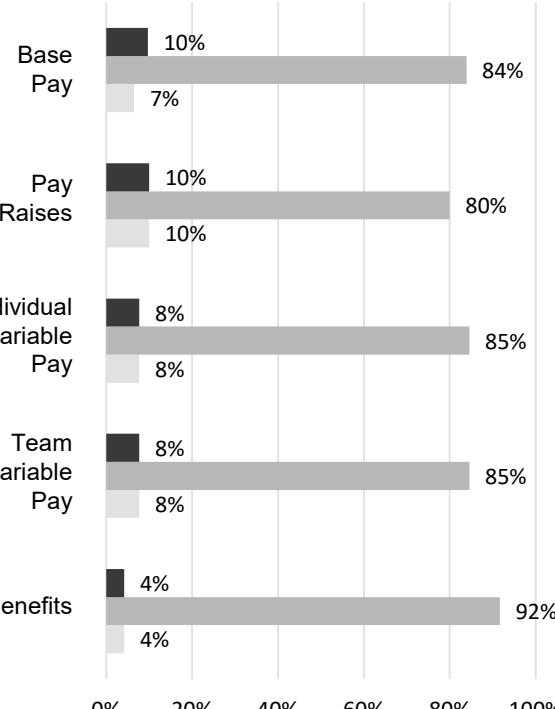
### Trend over the last two years: Pay process transparency



### Trend over the last two years: Pay outcome transparency



### Trend over the last two years: Pay communication transparency

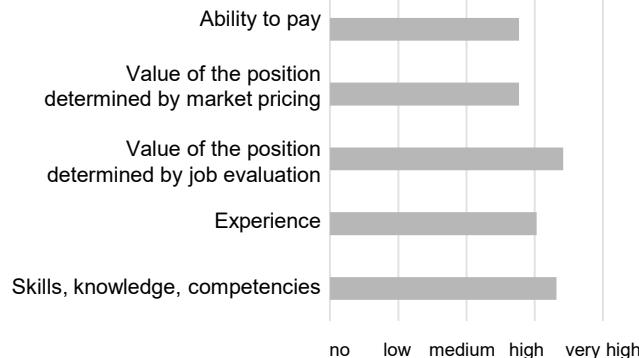


- increased
- stayed the same
- decreased

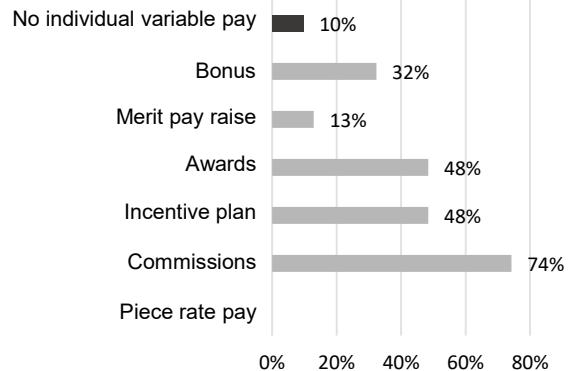
- increased
- stayed the same
- decreased

- increased
- stayed the same
- decreased

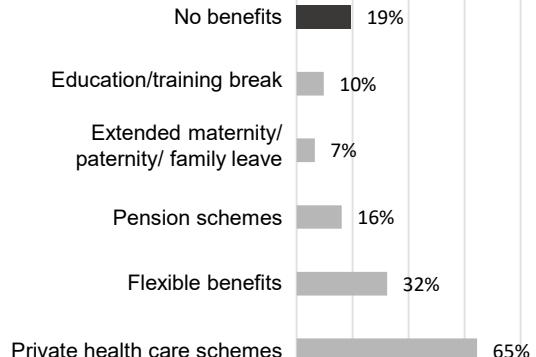
### Importance of different base pay determination criteria\*



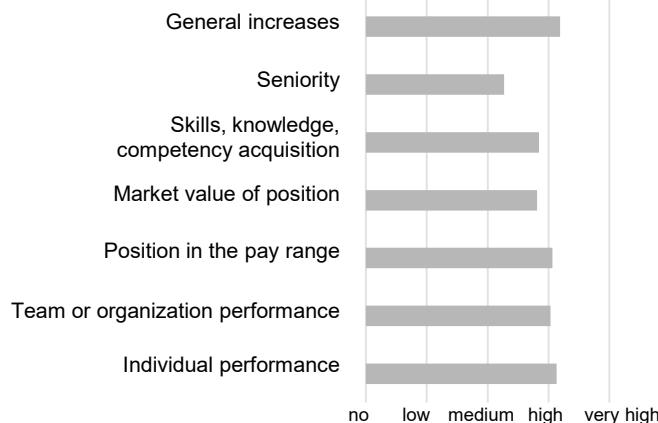
### Use of individual-level variable pay\*\* (multiple answers allowed)



### Use of benefits\*\* (multiple answers allowed)



### Importance of different pay raise determination criteria\*



### Use of team- or organization-level variable pay\*\* (multiple answers allowed)



\* arithmetic mean of responses

\*\* % of respondents

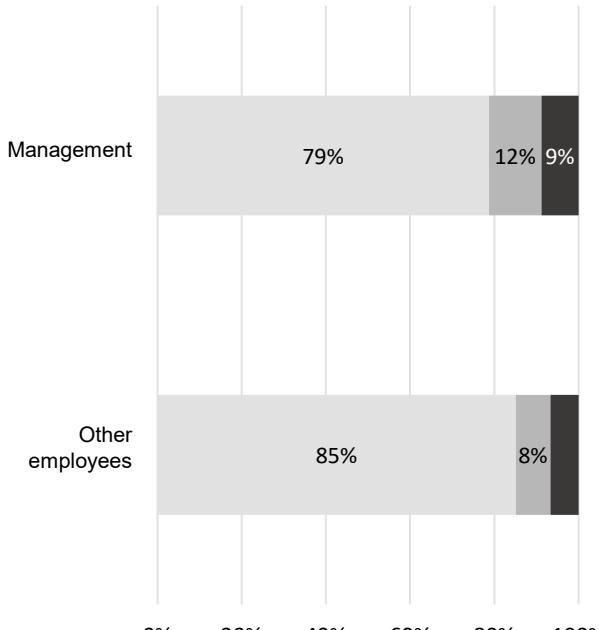


# RESULTS TURKEY

## Pay mix, pay effectiveness and gender equal pay analysis

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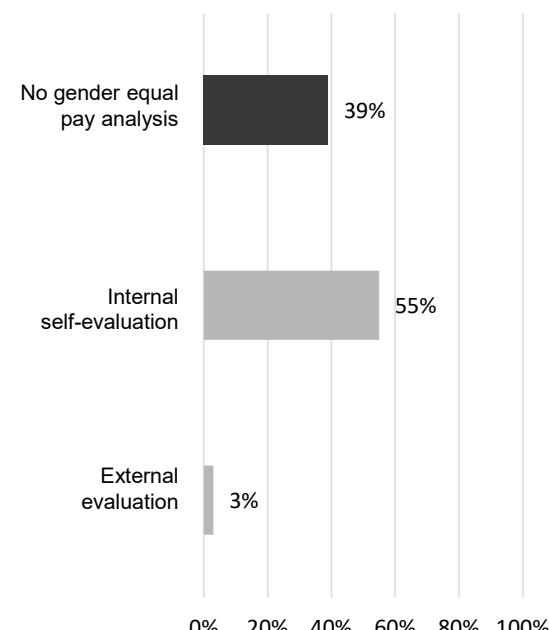
### Pay mix



### Pay effectiveness\*



### Gender equal pay analysis in calendar year 2016\*\* (multiple answers allowed)



Base pay

Variable pay

Benefits

\* arithmetic mean of responses

\*\* % of respondents

# 4.7 USA





# USA: SAMPLE

Data Collection	
Time frame	May - Sept 2017
Sample Size	10 900 email addresses from Leadership Directories
Total number of respondents	145
Response rate	1.3%

Position of Participants	
Head HR	43%
Compensation Specialist	23%
General HR	16%
CEO / CFO / COO	6%
Management	5%
Other	4%
Consultant	2%
Division Head / Team Leader	1%

Legal Form	
Private Sector Organization	21%
Public Sector Organization	49%
Non-Profit-Organization	27%
Mixed organization (public and private sector)	---

Size of Organization	
Less than 10 employees	1%
10 - 249 employees	23%
250 - 999 employees	19%
1000 and more employees	57%



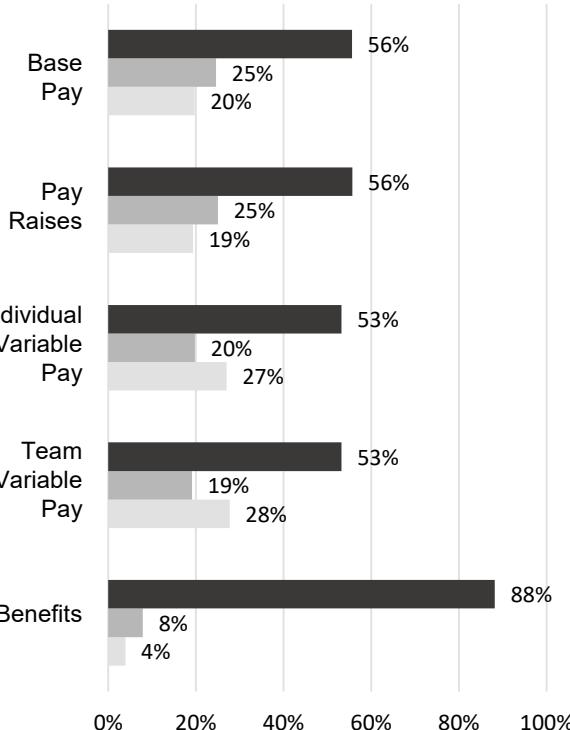
# RESULTS USA

## Pay transparency

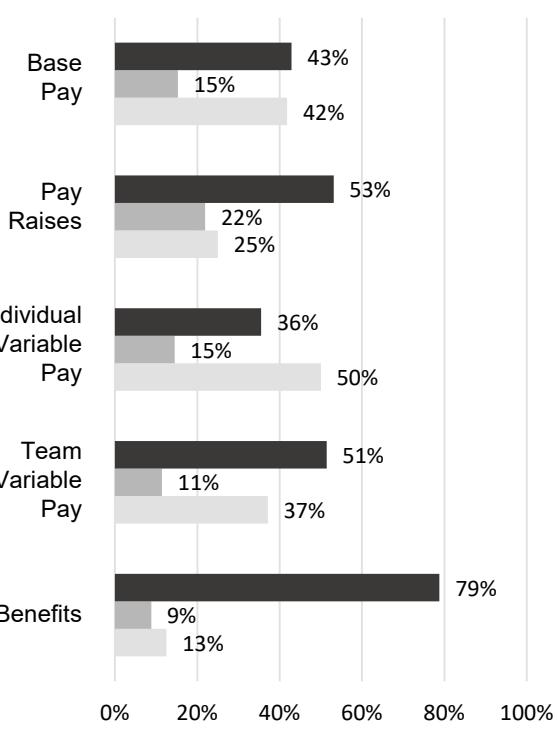
(% of respondents)

UNIVERSITÄT  
LUZERN

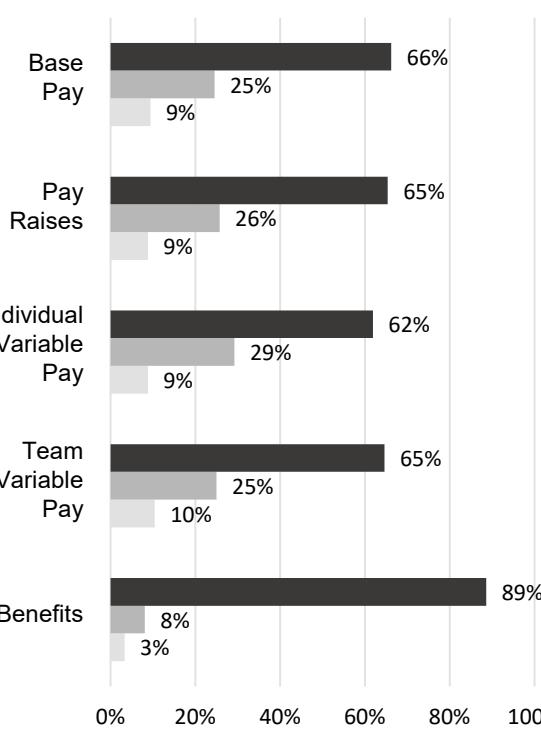
### Pay process transparency



### Pay outcome transparency



### Pay communication transparency



■ high process transparency  
■ medium process transparency  
■ Low process transparency

■ exact individual pay outcome information  
■ aggregated pay outcome information  
■ no or minimal pay outcome information

■ no communication restriction  
■ Informal communication restriction  
■ formal communication restriction

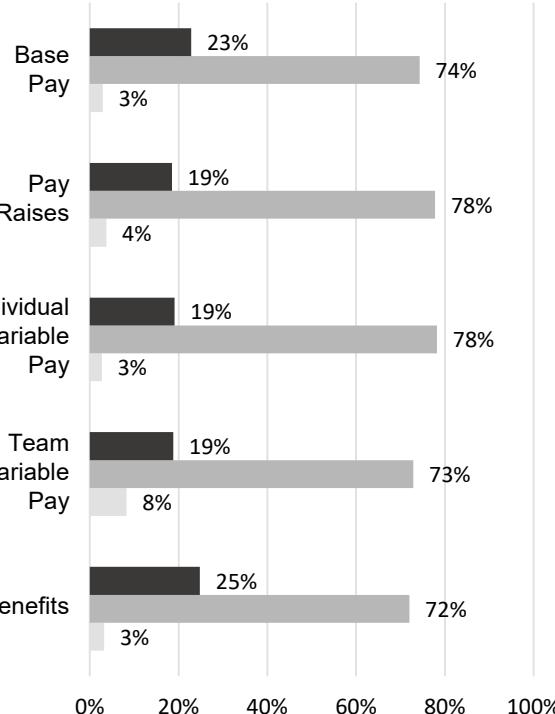


# RESULTS USA

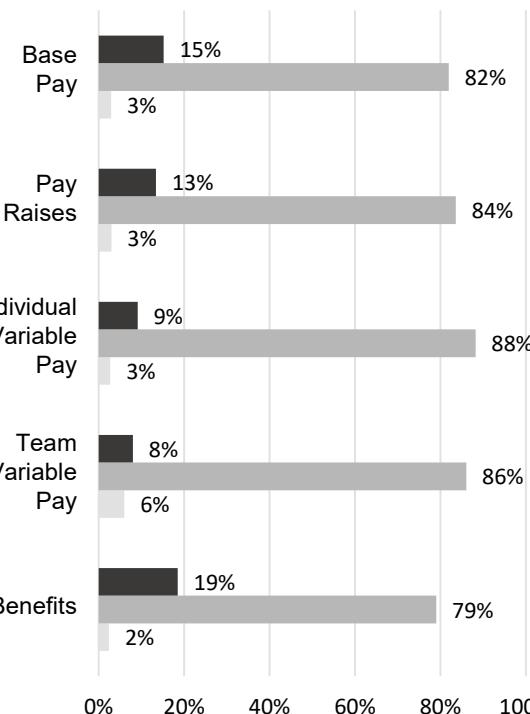
## Trend pay transparency (% of respondents)

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LUZERN

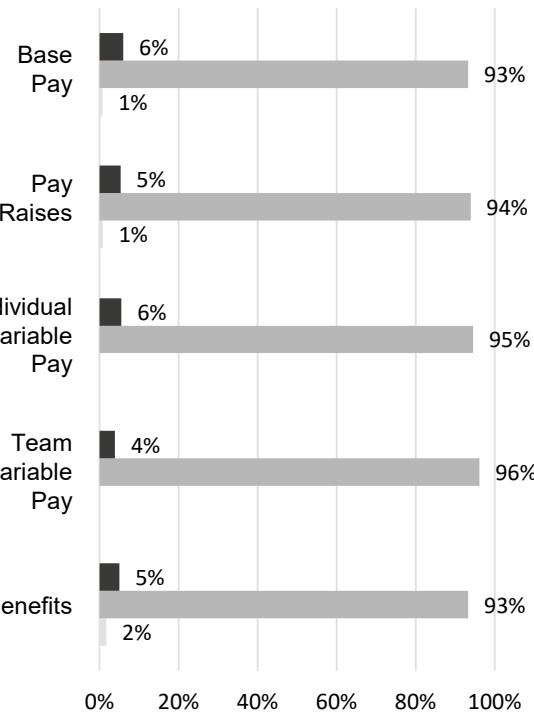
### Trend over the last two years: Pay process transparency



### Trend over the last two years: Pay outcome transparency



### Trend over the last two years: Pay communication transparency



- increased
- stayed the same
- decreased

- increased
- stayed the same
- decreased

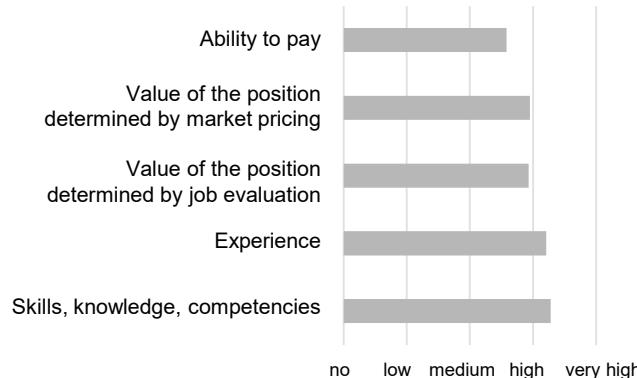
- increased
- stayed the same
- decreased



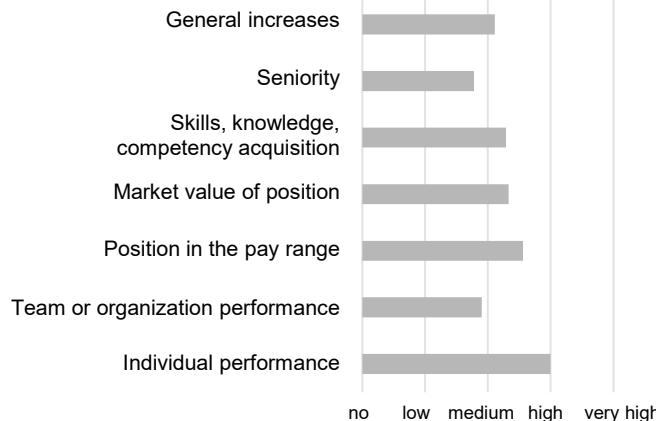
# RESULTS USA

## Pay practices

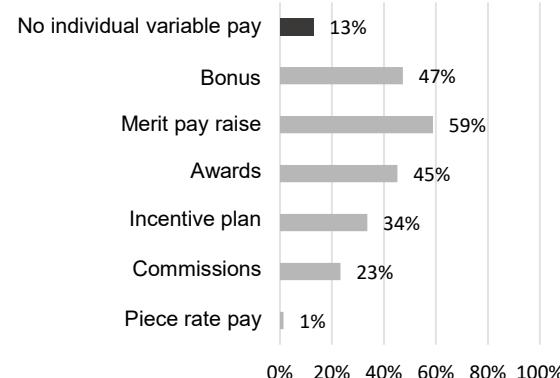
### Importance of different base pay determination criteria\*



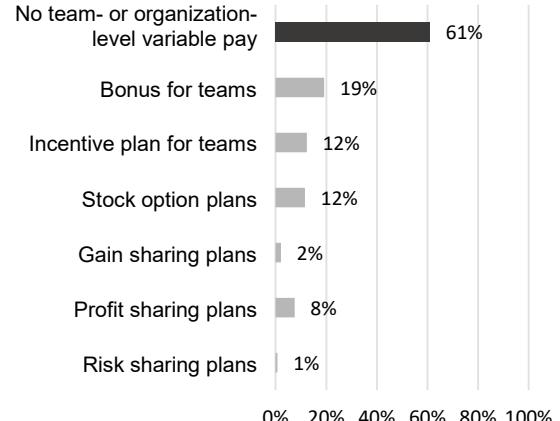
### Importance of different pay raise determination criteria\*



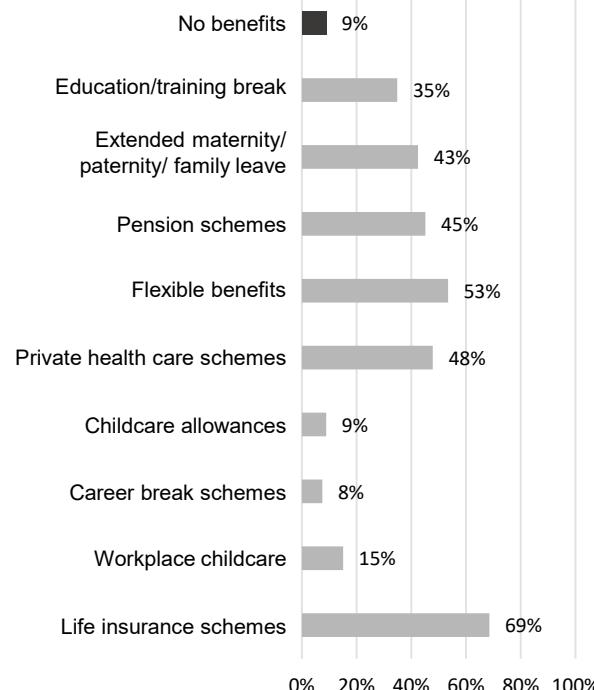
### Use of individual-level variable pay\*\* (multiple answers allowed)



### Use of team- or organization-level variable pay\*\* (multiple answers allowed)



### Use of benefits\*\* (multiple answers allowed)



\* arithmetic mean of responses

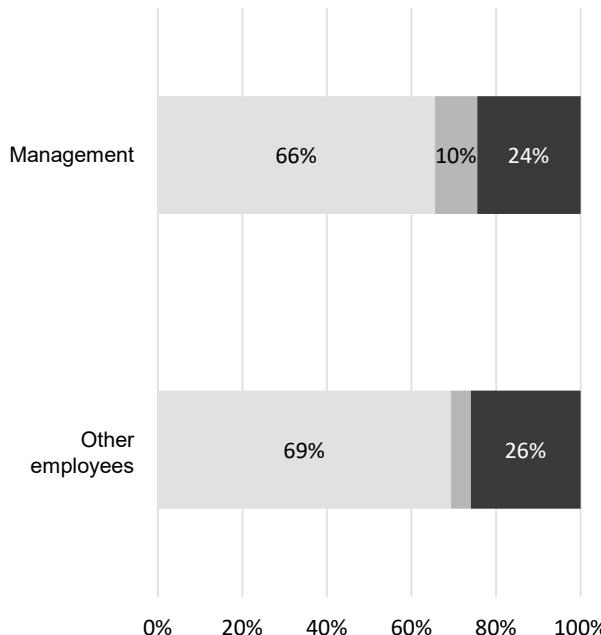
\*\* % of respondents



# RESULTS USA

## Pay mix, pay effectiveness and gender equal pay analysis

### Pay mix

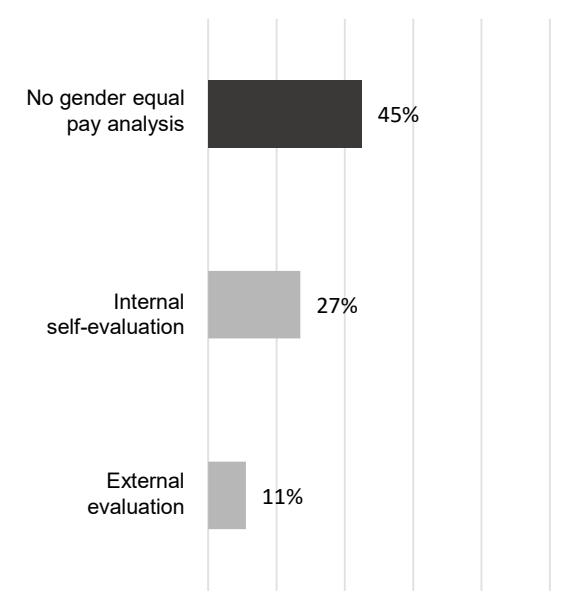


### Pay effectiveness\*



### Gender equal pay analysis in calendar year 2016\*\*

(multiple answers allowed)



Base pay

Variable pay

Benefits

\* arithmetic mean of responses

\*\* % of respondents

# 4.8 UK





# UK: SAMPLE

## Collaboration Partner

**CIPD**

## Remark

CIPD integrated the following questions in their already established compensation survey: pay process transparency, pay outcome transparency, trend pay outcome transparency and equal pay analysis. The other variables were not collected by CIPD and therefore are left blank in the following slides.

Data Collection	
Time frame	April – May 2017
Sample Size	34'928
Total number of respondents	715
Response rate	2.0%

Legal Form	
Private Sector Organization	67%
Public Sector Organization	19%
Non-Profit-Organization	14%
Mixed organization (public and private sector)	---

Size of Organization	
Less than 10 employees	6%
10 - 249 employees	55%
250 - 999 employees	18%
1000 and more employees	21%

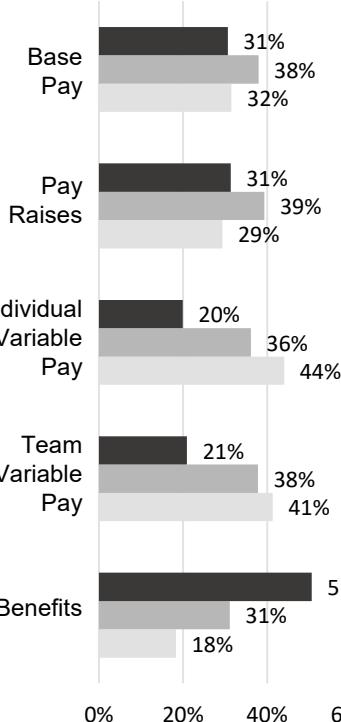


# RESULTS UK

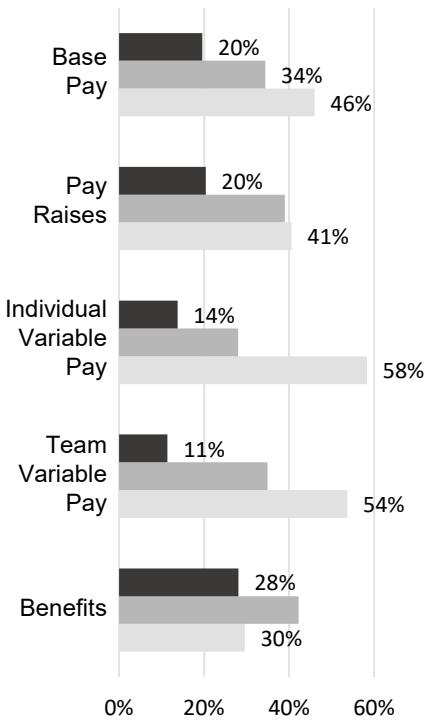
## Pay transparency

(% of respondents)

### Pay process transparency



### Pay outcome transparency



### Pay communication transparency

- high process transparency
- medium process transparency
- Low process transparency

- exact individual pay outcome information
- aggregated pay outcome information
- no or minimal pay outcome information



# RESULTS UK

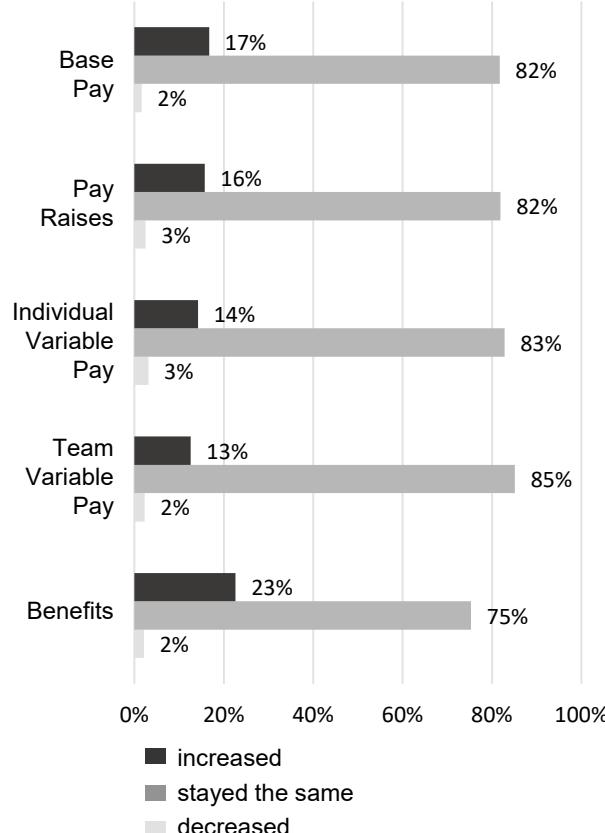
## Trend pay transparency (% of respondents)

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LUZERN

### Trend over the last two years: Pay process transparency

### Trend over the last two years: Pay outcome transparency

### Trend over the last two years: Pay communication transparency





# RESULTS UK

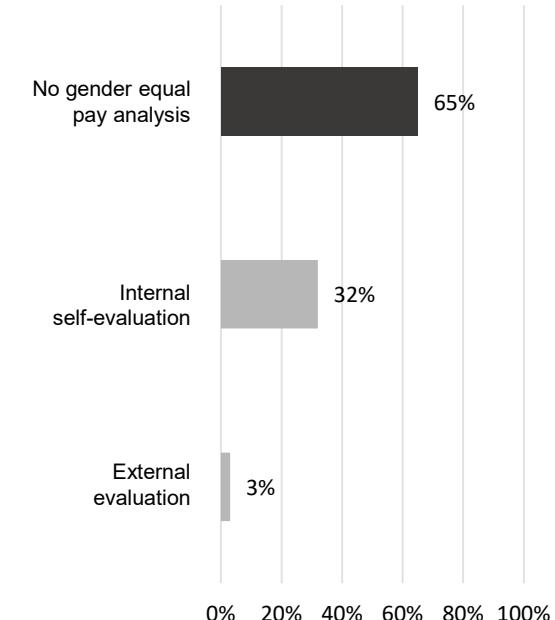
## Gender equal pay analysis

UNIVERSITÄT  
LUZERN

Pay mix

Pay effectiveness

Gender equal pay analysis  
in calendar year 2016\*\*  
(multiple answers allowed)



\* arithmetic mean of responses  
\*\* % of respondents

# 5 COMBINED RESULTS OF ALL COUNTRIES

5.1 Pay transparency

5.2 Pay transparency trends

5.3 Pay practices

5.4 Pay mix, pay effectiveness and  
gender equal pay analysis



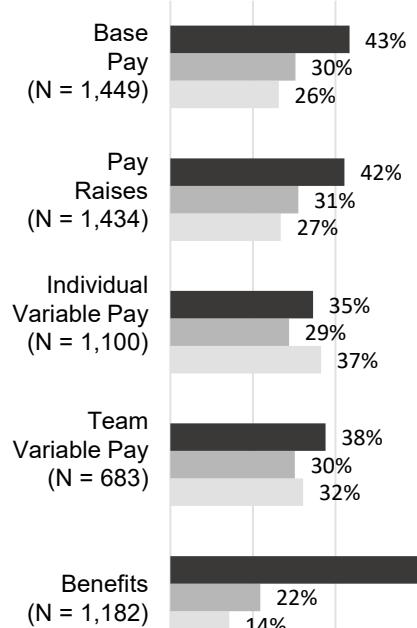


## 5.1 PAY TRANSPARENCY

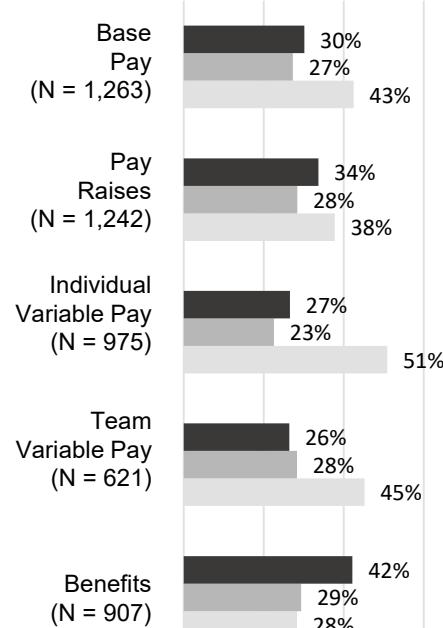
### Overall results by pay component (% of respondents)

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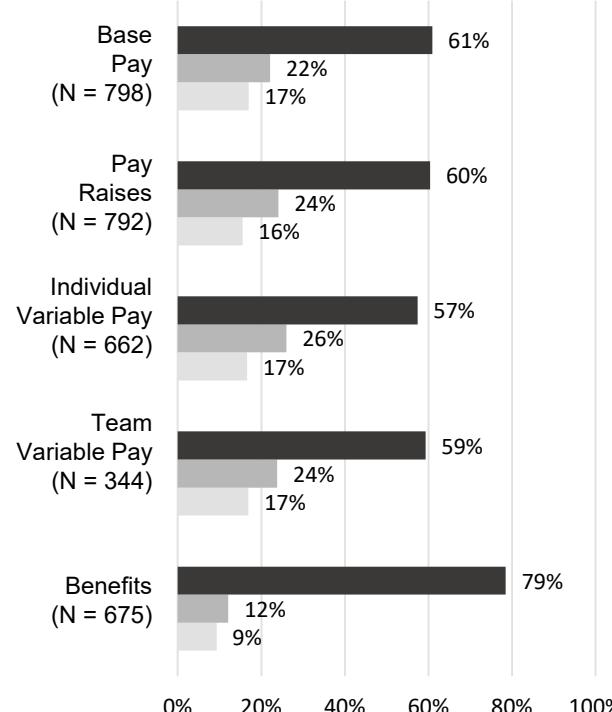
#### Pay process transparency (Includes data from all countries)



#### Pay outcome transparency (Includes data from all countries)



#### Pay communication transparency (Includes data from all countries except UK)



■ high process transparency  
■ medium process transparency  
■ Low process transparency

■ exact individual pay outcome information  
■ aggregated pay outcome information  
■ no or minimal pay outcome information

■ no communication restriction  
■ Informal communication restriction  
■ formal communication restriction



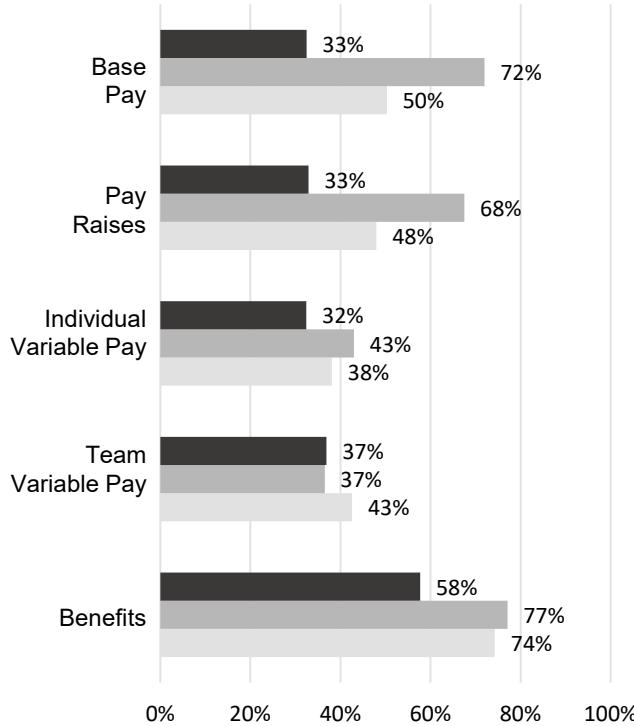
# 5.1 PAY TRANSPARENCY

## Who was most transparent?

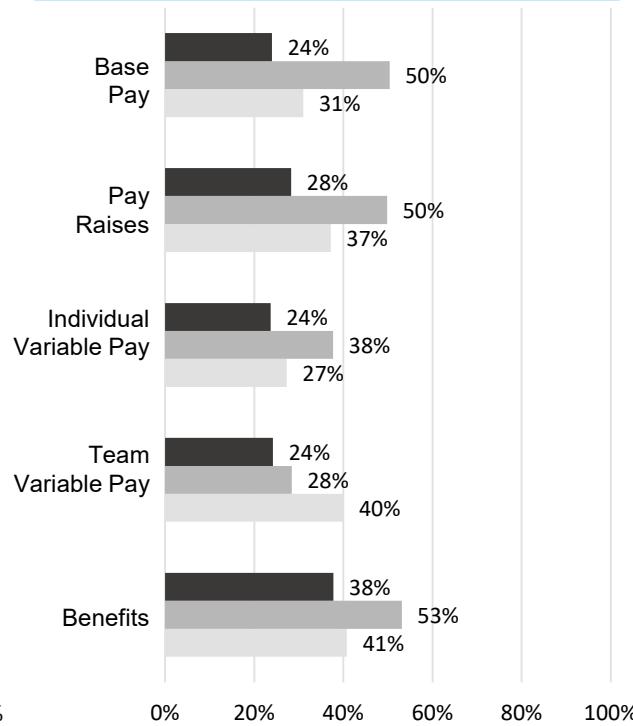
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### Results by pay component and organization type (% of respondents)

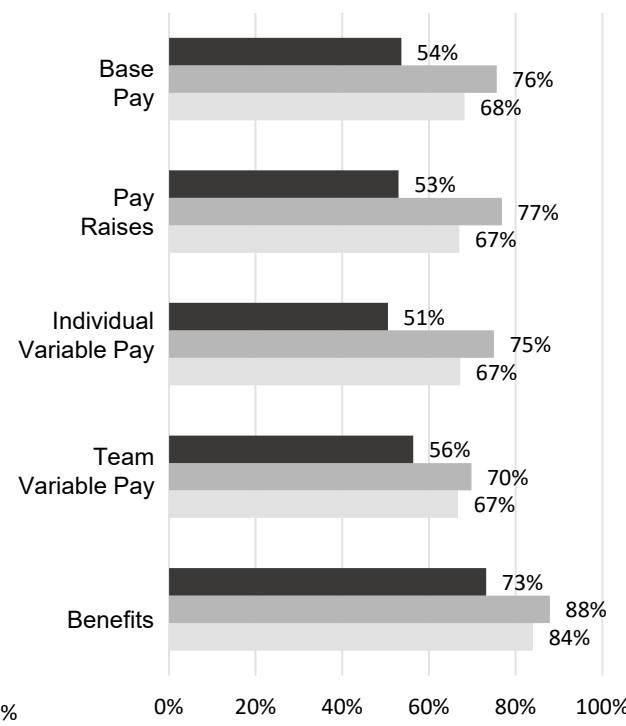
#### High pay process transparency (Includes data from all countries)



#### Full transparency about individual pay outcome (Includes data from all countries)



#### No pay communication restriction (Includes data from all countries except UK)



■ Private sector organization (N = 528 - 938)  
■ Public sector organization (N = 85 - 286)  
■ Non-profit-organization (N = 47 - 179)

■ Private sector organization (N = 484 - 847)  
■ Public sector organization (N = 74 - 224)  
■ Non-profit-organization (N = 55 - 156)

■ Private sector organization (N = 257 - 496)  
■ Public sector organization (N = 43 - 168)  
■ Non-profit-organization (N = 21 - 85)



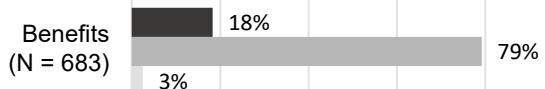
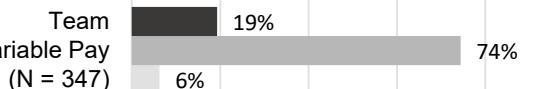
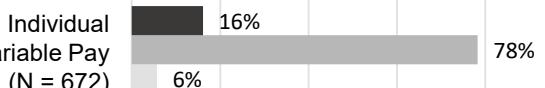
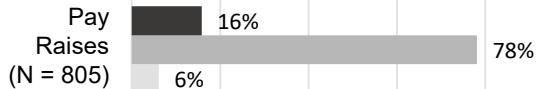
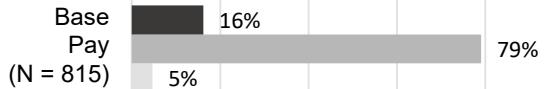
## 5.2 PAY TRANSPARENCY TRENDS

### Overall results by pay component (% of respondents)

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#### Trend over the last two years: Pay process transparency

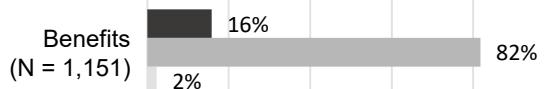
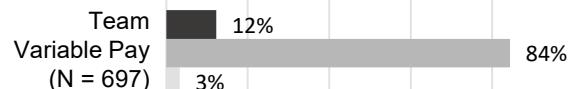
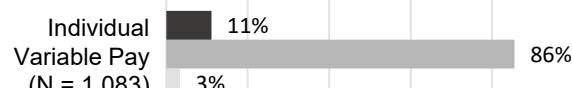
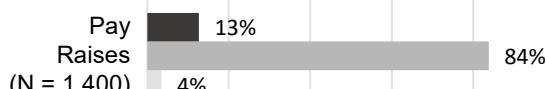
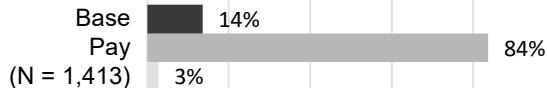
(Includes data from all countries except UK)



■ increased  
■ stayed the same  
■ decreased

#### Trend over the last two years: Pay outcome transparency

(Includes data from all countries)



■ increased  
■ stayed the same  
■ decreased

#### Trend over the last two years: Pay communication transparency

(Includes data from all countries except UK)



■ increased  
■ stayed the same  
■ decreased



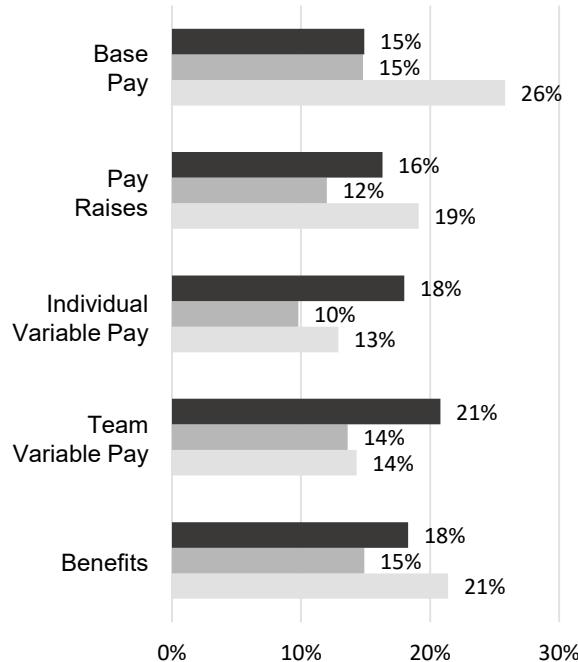
## 5.2 PAY TRANSPARENCY TRENDS

### Who became more transparent?

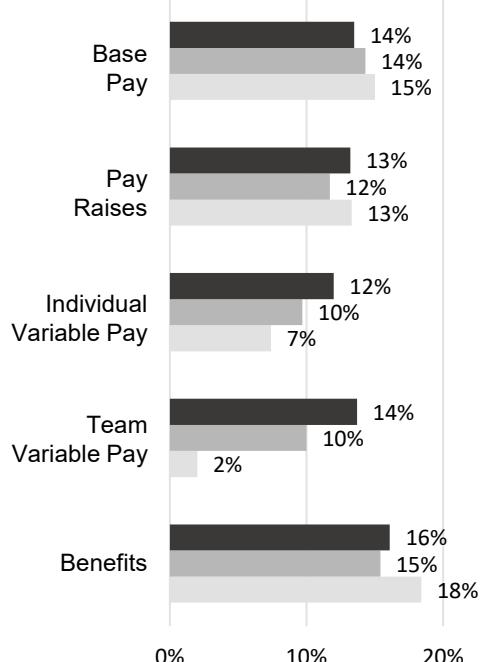
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### Results by pay component and organization type (% of respondents)

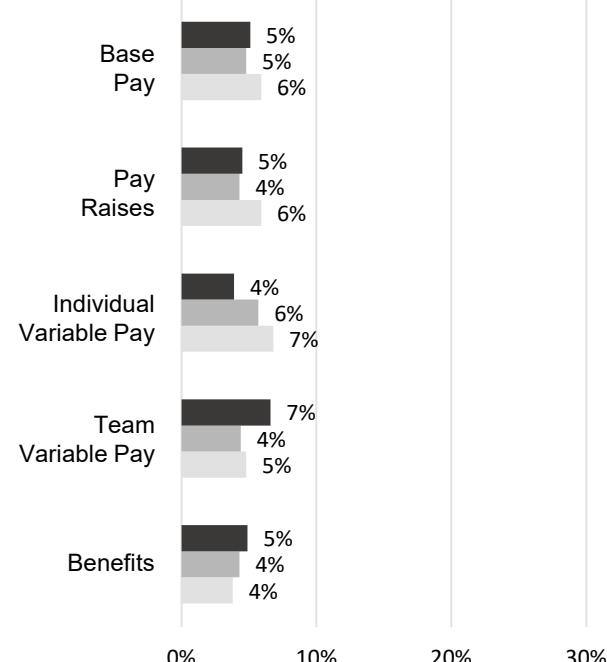
#### Increased pay process transparency over the last two years (Includes data from all countries except UK)



#### Increased pay outcome transparency over the last two years (Includes data from all countries)



#### Increased pay communication transparency over the last two years (Includes data from all countries except UK)



■ Private sector organization (N = 259 - 511)  
■ Public sector organization (N = 44 - 169)  
■ Non-profit-organization (N = 21 - 89)

■ Private sector organization (N = 534 - 914)  
■ Public sector organization (N = 90 - 280)  
■ Non-profit-organization (N = 50 - 173)

■ Private sector organization (N = 256 - 488)  
■ Public sector organization (N = 45 - 166)  
■ Non-profit-organization (N = 21 - 85)

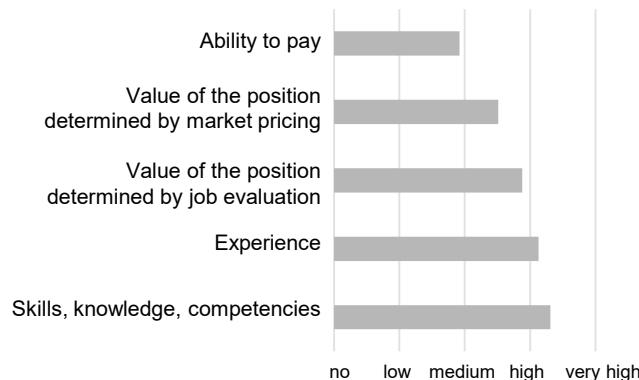


## 5.3 PAY PRACTICES

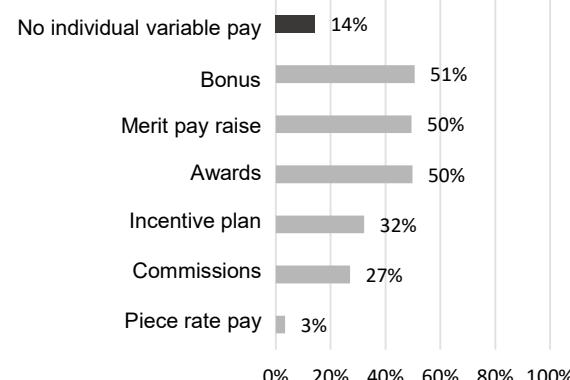
### Overall results

(includes data from all countries except UK)

#### Importance of different base pay determination criteria\* (N = 783 – 852)

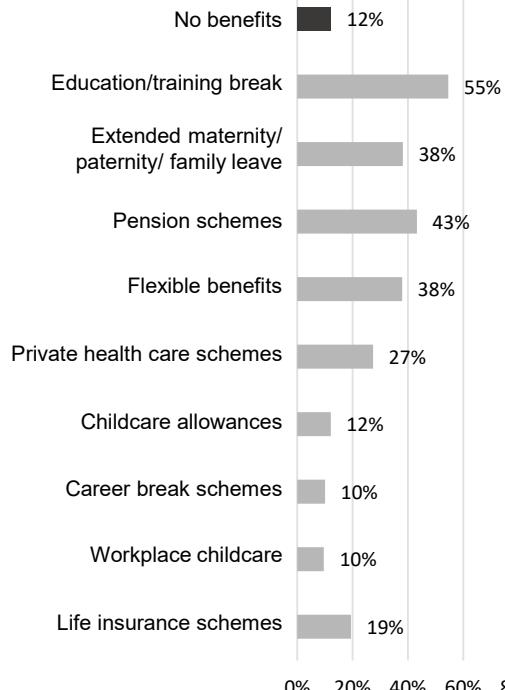


#### Use of individual-level variable pay\*\* (multiple answers allowed; N = 873)

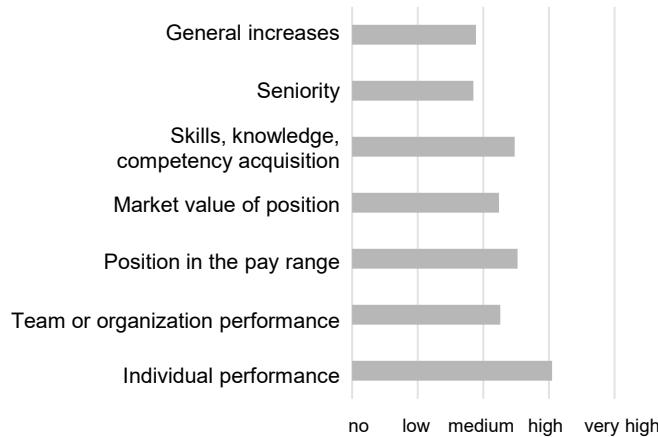


#### Use of benefits\*\*

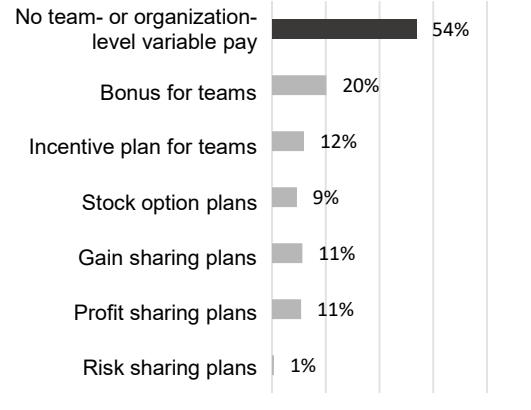
(multiple answers allowed; N = 871)



#### Importance of different pay raise determination criteria\* (N = 824 - 846)



#### Use of team- or organization-level variable pay\*\* (multiple answers allowed; N = 873)



\* arithmetic mean of responses

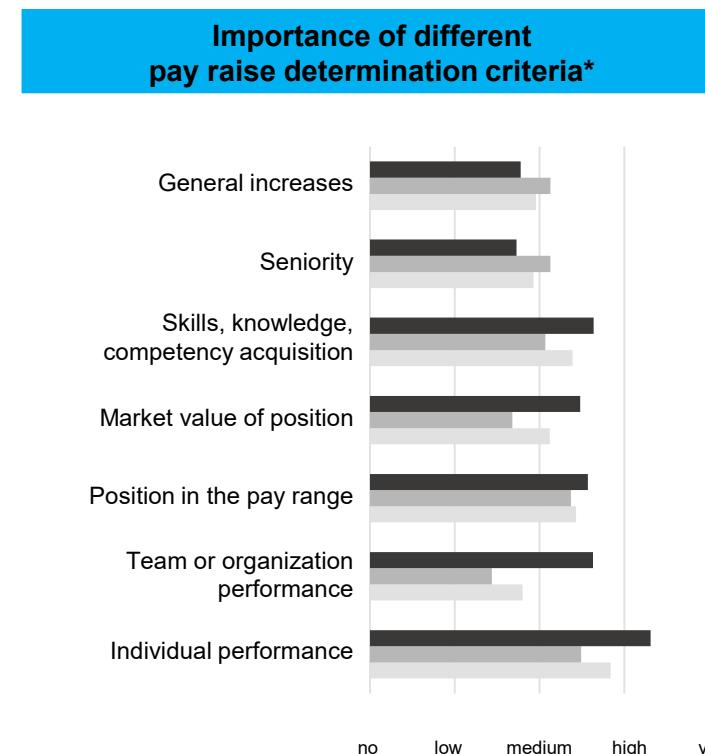
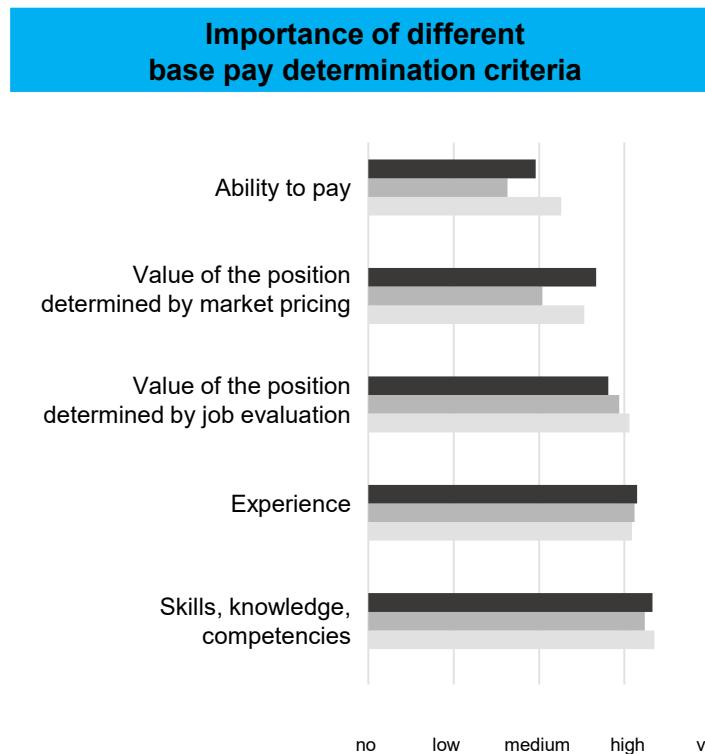
\*\* % of respondents



## 5.3 PAY PRACTICES

### Importance of base pay and pay raise determination criteria by organization type

(arithmetic mean of responses; includes all countries except UK)



- Private sector organization (N = 485 - 539)
- Public sector organization (N = 166 - 176)
- Non-profit-organization (N = 87 - 93)

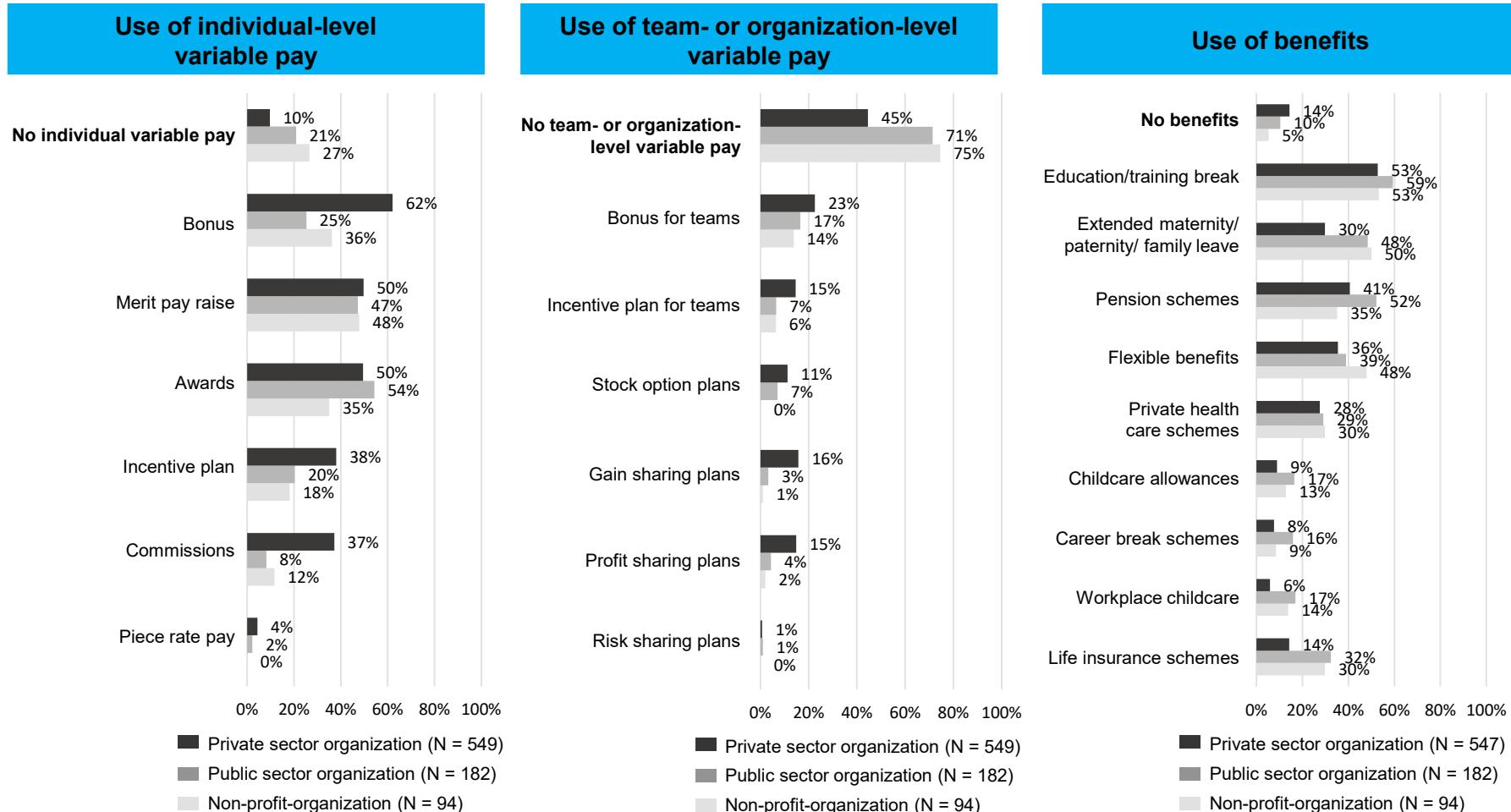
- Private sector organization (N = 521 - 539)
- Public sector organization (N = 169 - 173)
- Non-profit-organization (N = 88 - 91)



## 5.3 PAY PRACTICES

### Use of variable pay and benefits by organization type

(% of respondents and multiple answers allowed; includes data from all countries except UK)





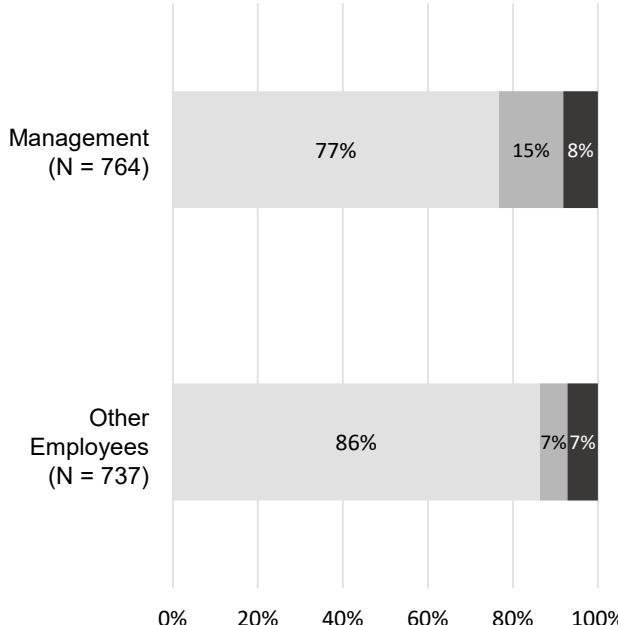
## 5.4 PAY MIX, PAY EFFECTIVENESS AND GENDER EQUAL PAY ANALYSIS

### Overall results

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#### Pay mix

(Includes data from all countries except UK)



#### Pay effectiveness\*

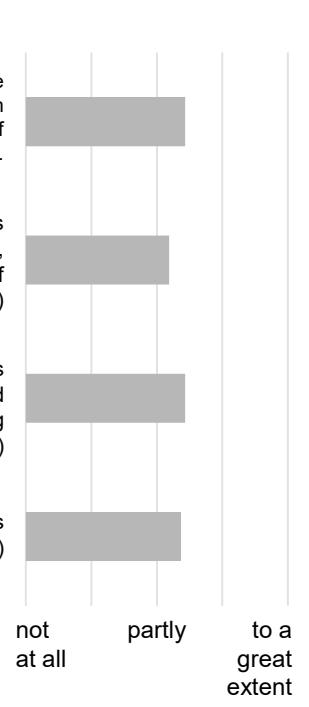
(Includes data from all countries except UK)

Management is very happy with the way the compensation system contributes to the achievement of overall organizational goals (N = 825).

Our pay policies and practices greatly contribute to attraction, retention and motivation of employees. (N = 855)

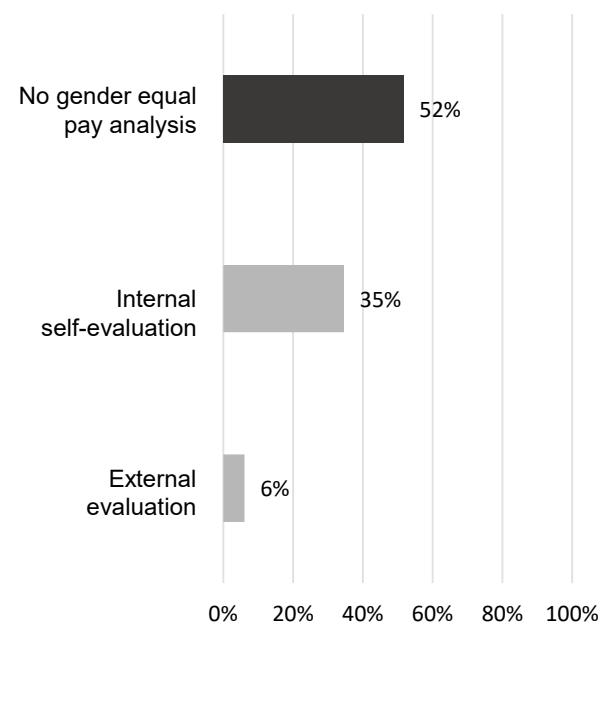
Our pay policies and practices appear to enjoy widespread acceptability among employees. (N = 856)

Our pay policies and practices are highly effective. (N = 853)



#### Gender equal pay analysis in calendar year 2016\*\*

(multiple answers allowed;  
includes data from all countries; N = 1,548)



- Base pay
- Variable pay
- Benefits

\* arithmetic mean of responses

\*\* % of respondents

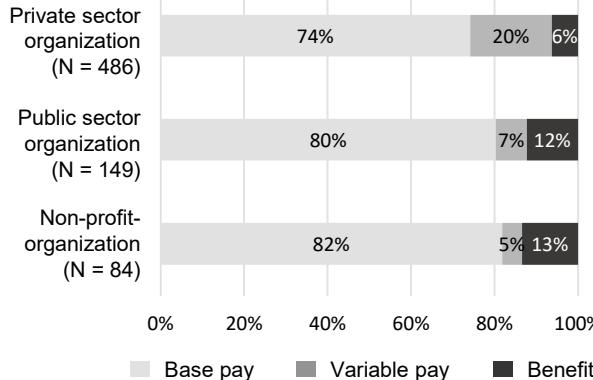


## 5.4 PAY MIX, PAY EFFECTIVENESS AND GENDER EQUAL PAY ANALYSIS

### Results by organization type

#### Pay mix - Management

(Includes data from all countries except UK)



#### Pay effectiveness\*

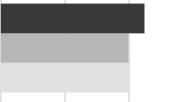
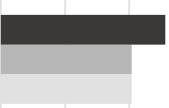
(Includes data from all countries except UK)

Management is very happy with the way the compensation system contributes to the achievement of overall organizational goals.

Our pay policies and practices greatly contribute to attraction, retention and motivation of employees.

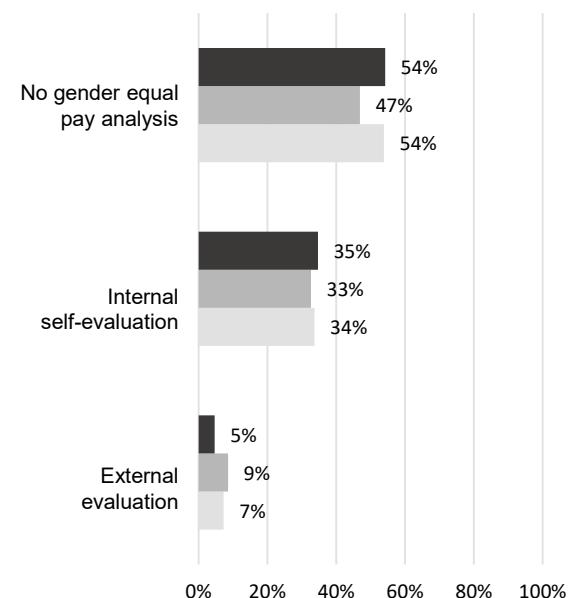
Our pay policies and practices appear to enjoy widespread acceptability among employees.

Our pay policies and practices are highly effective.



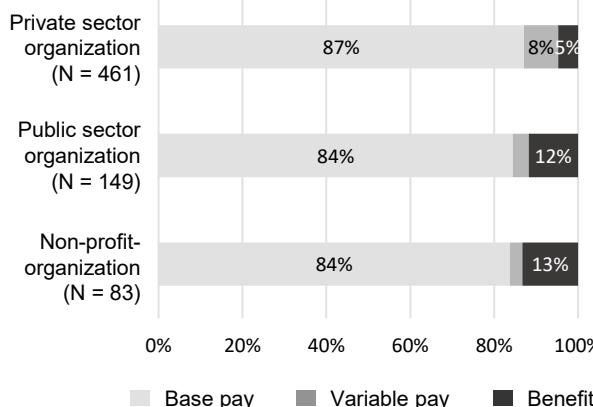
#### Gender equal pay analysis in calendar year 2016\*\*

(multiple answers allowed;  
includes data from all countries)



#### Pay mix - Other employees

(Includes data from all countries except UK)



■ Private sector organization (N = 517 - 539)

■ Public sector organization (N = 170 - 178)

■ Non-profit-organization (N = 92 - 94)

■ Private sector organization (N = 1,004)

■ Public sector organization (N = 303)

■ Non-profit-organization (N = 193)

\* arithmetic mean of responses

\*\* % of respondents

# 6 Appendix



# Questionnaire (1/4)

Topic	Question	Options
<b>Pay process transparency</b>	Please indicate how transparent your organization is towards its employees about the process by which the following pay components (base pay, pay raises, individual-level variable pay, team-level variable pay and benefits) are determined and managed.	(1) no transparency at all (2) low transparency (3) medium transparency (4) transparent (5) very transparent
<b>Pay outcome transparency</b>	Please indicate how much actual pay information your organization voluntarily discloses to employees for each of the following pay components (base pay, pay raises, individual-level variable pay, team-level variable pay and benefits).	(1) no or minimal information (2) aggregated information for reference group (3) aggregated information for all employees (4) exact individual information for reference group (5) exact individual information for all employees
<b>Pay communication transparency</b>	Please indicate to what extent your organization discourages employees from disclosing pay- related information to other employees inside the organization.	(1) formal obligation with punishment (2) formal obligation (3) formal discouragement (4) informal discouragement (several times) (5) informal discouragement (at beginning) (6) no restriction

# Questionnaire (2/4)

Topic	Question	Options
Trend pay process transparency	Please indicate for each of the following pay components (base pay, pay raises, individual-level variable pay, team-level variable pay and benefits) whether during <b>the last two years</b> the procedural pay transparency has decreased, stayed the same or has increased.	(1) strongly decreased (2) decreased (3) stayed the same (4) increased (5) strongly increased
Trend pay outcome transparency	Please indicate whether <b>during the last two years</b> the amount of actual pay information your organization disclosed to employees has decreased, stayed the same or increased for the following pay-related issues (base pay, pay raises, individual-level variable pay, team-level variable pay and benefits).	(1) strongly decreased (2) decreased (3) stayed the same (4) increased (5) strongly increased
Trend pay communication transparency	Please indicate whether <b>during the last two years</b> the communication restriction policies for the following pay-related issues (base pay, pay raises, individual-level variable pay, team-level variable pay and benefits) have decreased, stayed about the same or have increased	(1) strongly decreased (2) decreased (3) stayed the same (4) increased (5) strongly increased

# Questionnaire (3/4)

Topic	Question	Options
<b>Base pay determination criteria</b>	<p>Please indicate for each of the following components its importance in determining employees' base pay level:</p> <ol style="list-style-type: none"><li>1. Employees' skills, knowledge and competencies</li><li>2. Employees' experience</li><li>3. Value of the position determined by job evaluation</li><li>4. Value of the position determined by market pricing</li><li>5. Ability to pay</li></ol>	<ol style="list-style-type: none"><li>(1) no importance</li><li>(2) low importance</li><li>(3) medium importance</li><li>(4) high importance</li><li>(5) very high importance</li></ol>
<b>Pay raise determination criteria</b>	<p>Please indicate for each of the following components its importance in determining employees' base pay increase:</p> <ol style="list-style-type: none"><li>1. Individual performance</li><li>2. Team- or organization-level performance</li><li>3. Position in the pay range</li><li>4. Market value of the position</li><li>5. Skill, knowledge and/or competency acquisition</li><li>6. Seniority (years of service)</li><li>7. General increase (e.g., cost of living adjustment)</li></ol>	<ol style="list-style-type: none"><li>(1) no importance</li><li>(2) low importance</li><li>(3) medium importance</li><li>(4) high importance</li><li>(5) very high importance</li></ol>
<b>Individual-level variable pay</b>	<p>Which of the following forms of individual-based variable pay does your organization offer to at least some of the employees?</p>	<ol style="list-style-type: none"><li>(1) Incentive plan (predetermined objectives)</li><li>(2) Bonus</li><li>(3) Merit pay raise</li><li>(4) Awards for special achievement</li><li>(5) Commissions (e.g., sales, revenue)</li><li>(6) Piece rate pay</li><li>(7) Other, please specify:</li></ol>

# Questionnaire (4/4)

Topic	Question	Options
Team- or organization-level variable pay	Which of the following forms of team- or organization-based variable pay does your organization offer to at least some of the employees?	(1) Incentive plans for teams or small groups (2) Bonus for teams or small groups (3) Gain sharing plans (4) Profit sharing plans (5) Risk sharing plan (6) Stock option plans (7) Other, please specify
Benefits	Do you offer any of the following benefits <b>in excess of statutory requirements</b> to your employees?	(1) Workplace childcare (subsidized or not) (2) Childcare allowances (3) Career break schemes (4) Extended maternity, paternity and/or family leave (5) Pension schemes (6) Education/training break (7) Private health care schemes (8) Life insurance schemes (9) Flexible/cafeteria benefits (10) Others, please specify:
Pay mix	Please indicate the percentage of base pay, variable pay and benefits of the overall pay package for management and other employees.	Number between 0 and 100%
Gender equal pay analysis	Has your organization evaluated in the <b>calendar year 2016</b> whether female and male employees who do equal work get paid equally?	(1) No, we have not performed such an evaluation. (2) Yes, we did an internal self-evaluation. (3) Yes, we had an external evaluation done. (4) Other, please specify:

# Scale reduction procedure

To ensure comparability between different aspects of pay transparency, we reduced the original categorization of pay process transparency (5-point scale), pay outcome transparency (5-point scale), and pay communication transparency (6-point scale) to a 3-point scale. Also, we reduced the original categorization for all forms of pay transparency trend (5-point scale) to a 3-point scale. In the following table, the assignment from the original categorization to the new categorization is displayed.

Aspect of pay transparency	Original categorization	Assignment from original to new categorization	New categorization
Pay process transparency	(1) no transparency at all (2) low transparency (3) medium transparency (4) transparent (5) very transparent	(1) (2) → (1) (3) → (2) (4) (5) → (3)	(1) low pay process transparency (2) medium pay process transparency (3) high pay process transparency
Pay outcome transparency	(1) no or minimal information (2) aggregated information for reference group (3) aggregated information for all employees (4) exact individual information for reference group (5) exact individual information for all employees	(1) → (1) (2) (3) → (2) (4) (5) → (3)	(1) no or minimal information (2) aggregate information (3) exact individual information
Pay communication transparency	(1) formal obligation with punishment (2) formal obligation (3) formal discouragement (4) informal discouragement (several times) (5) informal discouragement (at beginning) (6) no restriction	(1) (2) (3) → (1) (4) (5) → (2) (6) → (3)	(1) formal communication restriction (2) informal communication restriction (3) no communication restriction
Trend pay transparency (all aspects)	(1) strongly decreased (2) decreased (3) stayed the same (4) increased (5) strongly increased	(1) (2) → (1) (3) → (2) (4) (5) → (3)	(1) decreased (2) stayed the same (3) increased

## 7 Final remarks

### Thank you

A big thank-you goes to all the participating HR Associations (Hrcentar in Croatia, DGFP in Germany, APG in Portugal, HR Comm in Slovakia, HR Swiss in Switzerland, PERYÖN in Turkey and CIPD in the United Kingdom) and to all the study participants.

### Further information

Further information on the Global Compensation and Pay Transparency Study and a detailed report on the Swiss and UK results can be found here: <http://www.cehrm.unilu.ch/>

### Contact information

If you have any questions on the report, please contact the Center for Human Resource Management at the University of Lucerne, Switzerland: [alexandra.arnold@unilu.ch](mailto:alexandra.arnold@unilu.ch)