



2024: State of Pay Equity Report

Understanding Pay Equity to Improve Compensation Strategies.



More than 2 in 3 companies have conducted a pay equity analysis and uncovered

70%

68% in the US

72% in the UK

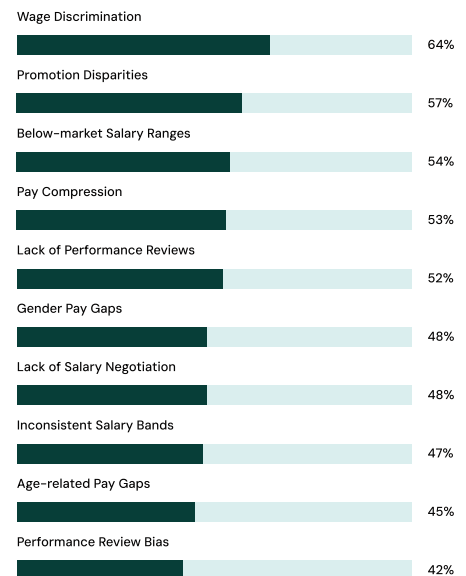


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Methodology

This survey was conducted by beqom in February and March 2024. The goal was to comprehensively examine pay equity through an online Pollfish survey directed to salary and compensation decision-makers across the U.S. and UK. The results reflect answers from 875 total respondents (U.S. = 597, UK = 278) working in the Automotive, Finance & Insurance, Healthcare, Hospitality/Food & Beverage, Retail, and Technology industries.

Application

As companies compete for talent, pay equity and transparency practices can be an important competitive differentiator. This survey can help HR leaders and compensation professionals benchmark their pay equity maturity level versus the market, and understand how other companies are approaching equal pay. This data can help to inform and support pay equity strategy decisions.

The Pay Equity Imperative & Compensation Opportunity



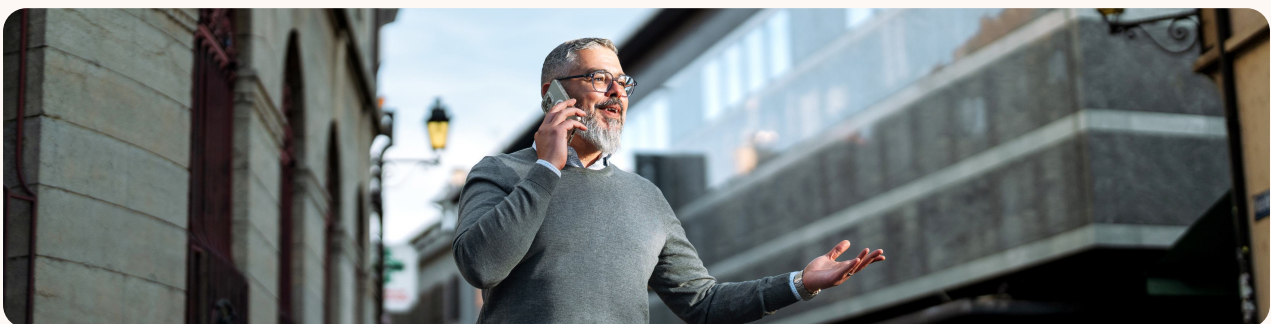
“Fair and equitable compensation is central to unlocking true business potential and remaining competitive in a global market. It has never been more important – and exciting – for organizations to strategically confront the challenges posed by wage gaps and build for the future.”

Tanya Jansen, co-founder and CMO of **beqom**

The drive for pay equity, also known as equal pay for equal work, has been with us since the early 20th century, when it emerged as a response to systemic discrimination in the workplace, primarily concerning a gender pay gap. Equal pay legislation appeared in the United States with the passing of the Equal Pay Act in 1963, while in Europe, significant developments occurred with the adoption of the European Community's Equal Pay Directive in 1975, mandating equal pay for equal work regardless of gender.

Prior to the COVID-19 pandemic, equal pay legislation had been steadily evolving, with various countries implementing measures to address wage disparities based on gender, race, and other factors.

In the United States, for example, there was a growing emphasis on pay transparency, with several states enacting laws to promote salary disclosure and strengthen protections against wage discrimination. In Europe, efforts were underway to enhance existing equal pay directives and regulations, with a focus on closing gender pay gaps and improving enforcement mechanisms. Overall, there was increasing recognition of the importance of pay equity in promoting fairness and equality in the workplace.



Then, in the wake of the COVID-19 pandemic and the mass departure of workers during the Great Resignation, many employers — now facing inflationary pressures and a tight labor market — resorted to shortsighted compensation decisions to swiftly attract talent and remain viable.

These compensation decisions often served to exacerbate pay inequities within companies.

As employers grapple with addressing wage discrepancies and promoting fair compensation, pay equity has become a global issue and an important focus for improving compensation strategies. This heightened concern is amplified by a wave of transparency laws and regulations that demand greater employer accountability.

In particular, organizations in the **United States** and the United Kingdom feel pressured to conform as legislative mandates and societal expectations intersect, and European companies are adapting to the **2023 EU Pay Transparency Directive**.



Companies today find themselves navigating a complex web of regulatory requirements and stakeholder demands.

Gender pay gap reporting has become a moral, legal, and competitive imperative, compelling organizations to disclose their compensation practices openly. Failure to do so not only risks reputational damage but also can invite substantial financial penalties. As a result, businesses are taking proactive steps to close existing gaps, foster transparency, and align with local and global guidelines.

This report offers insight into employers' actions to address pay equity and strengthen their compensation strategies, revealing their growing awareness and commitment to this area. The survey also provides a roadmap for compensation professionals to identify and address wage disparities, unlocking the potential of equitable pay practices.

The stakes have never been higher, and the urgency to address compensation discrepancies head-on is undeniable.

The opportunity to improve pay equity and evolve total compensation has never been more exciting.



The spotlight on pay equity is changing how organizations approach compensation processes. Incorporating pay equity seamlessly into daily compensation workflows, facilitates informed compensation decisions, whether in the context of job offers, merit increases, or promotions. Most importantly, by integrating fair pay into compensation processes, organizations can manage pay equity in real time, proactively ensuring fair treatment, which in turn drives employee engagement, morale, and performance.

Dr. Margrét Bjarnadóttir, Founder & Chairman of the board of **PAYANALYTICS**[®]
by beqom

To help employers realize the full potential of this opportunity, we surveyed 875 employers to understand:

- The current state of pay equity awareness, strategies, and practices in the U.S. and UK.
- Awareness of pay equity standards and strategies to comply.
- Steps organizations are taking toward achieving equitable compensation.
- How technology, including AI, is supporting pay equity efforts.
- Ways organizations are leveraging pay equity data to address compensation disparities.

The findings offer critical insights into the positive action employers are taking to address pay equity and strengthen compensation strategies. Despite persistent challenges, the data reveals employers' growing awareness and commitment to pay equity – a true testament to the meaningful progress companies have made toward creating more equitable compensation strategies.

Most importantly, this report creates a roadmap for improvement and offers insight into how companies can identify and address wage disparities to unlock the true potential of informed equitable compensation practices.



Businesses Feel Unprepared for Pay Equity



In 2024, just 3 in 5 (59%) will share their goals for closing pay gaps.



Communicating and sharing pay equity goals remains one of the lowest organizational communication priorities in 2024, next to sharing goals for environmental, social, and governance (ESG) programs (58%) and DEI efforts (64%).

At a time when fairness and equality have become central priorities for global organizations, this survey found that employers need more guidance to understand pay equity standards and how to implement compensation strategies that minimize compliance risk correctly, especially at the global level.

81%

of employers are aware of pay equity standards at local, regional and national levels.

41%

just 2 in 5 employers are aware of global pay equity standards.

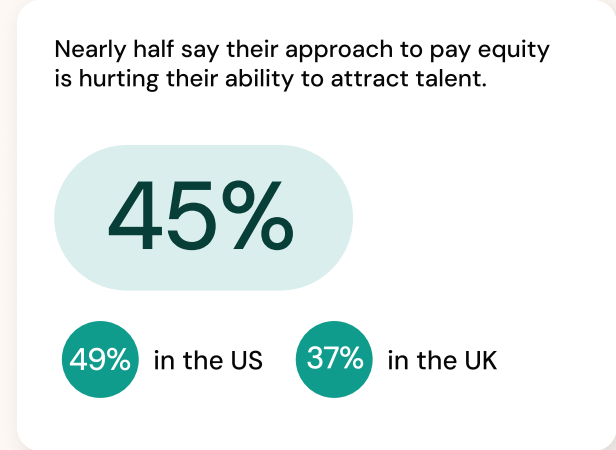
US - 36% | UK - 50%

54%

over half doubt their organization complies with global standards.



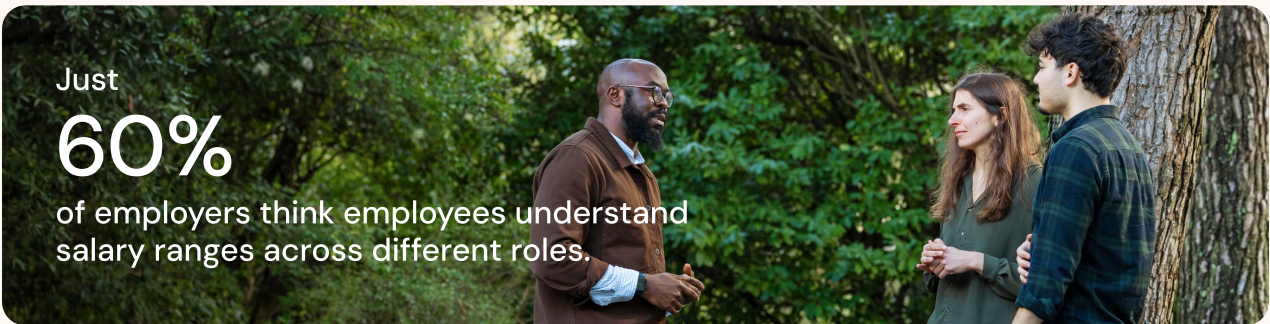
With more global support for pay equity standards, employers need guidance and tools that support greater awareness and enable *action*.



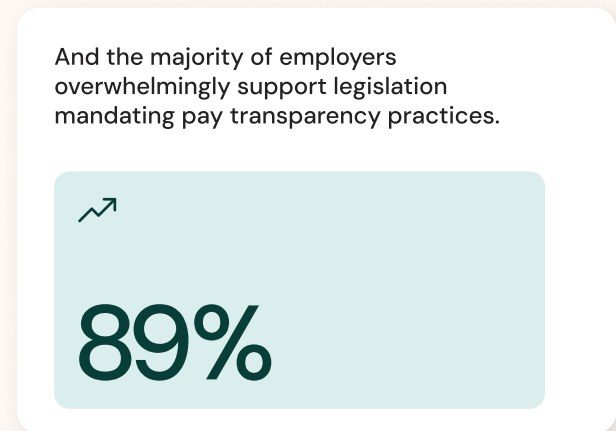
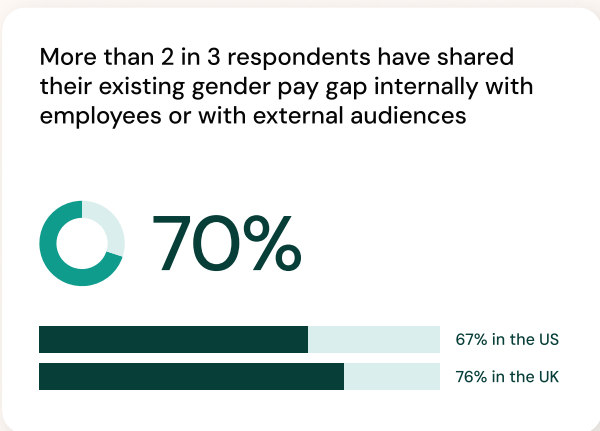
The progress toward action is positive with 64% confirming they have a pay equity strategy in place (64%). Although well-intended, the actions taken need to be re-examined as nearly half (45%; 49%=U.S., 37%=UK) say their approach to pay equity is hurting their ability to attract talent.

While any steps toward pay equity are admirable, this exposes an opportunity for employers to re-evaluate their approach to pay equity and make positive changes that improve overall compensation and talent strategy.

Positive Trends Toward Equitable Pay



The good news: positive pay equity practices are happening among organizations.





Employers believe that:

92% of employees understand their total compensation

But they say fewer employees understand the bigger picture:

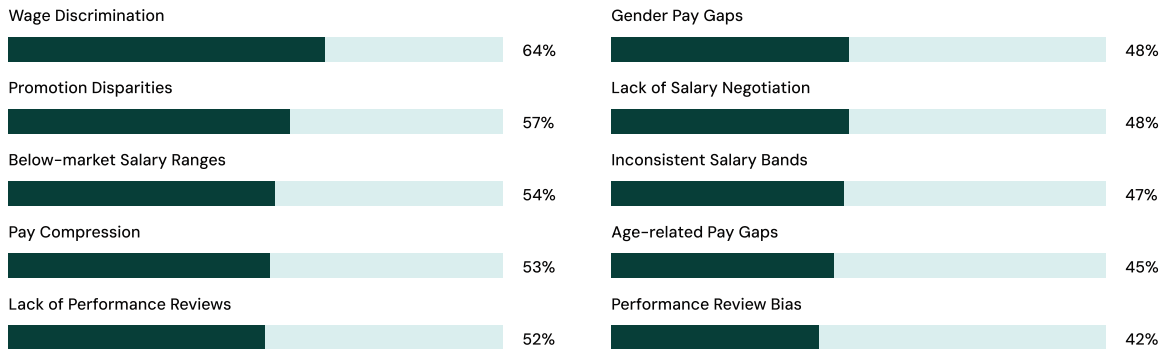
63% understand the company's pay equity history across age, race, gender, and other demographics

60% understand salary ranges across different roles

58% understand location-based salary variations

A majority of employers have conducted a pay equity analysis and uncovered wage discrimination and compression, promotion disparities, and below-market salary ranges.

70% of companies (68% US, 72% UK) have conducted a pay equity analysis and uncovered:



Identifying these issues is the first step toward improving pay equity, and over the last year, many employers took additional steps to proactively improve transparency and correct pay gaps, including:

- 81% Listing salary ranges within new job descriptions
- 68% Increasing salaries due to inflation and economic standard of living costs
- 67% Implementing a process for continuous feedback
- 65% Increasing pay to correct existing pay gaps and salary inconsistencies
- 65% Providing clear structure for bonuses and performance review processes

- 65% Increasing salaries based on performance
- 62% Implementing company-wide performance review processes
- 61% Offering more resources to help employees better understand their total compensation
- 47% Making executive pay visible/public knowledge
- 29% Disclosing the pay ratio for executive officers and median employees

Technology Can Improve Pay Equity Efforts



“Pay equity is a complex issue that requires careful analysis and data science to resolve, placing significant responsibility on HR and compensation leaders. They typically prefer to focus on managing and inspiring their teams rather than grappling with data science. Technology can simplify the data aspects of addressing pay equity, allowing these leaders to concentrate on fostering a positive work environment.”

Gudrun Thorgeirsdottir, Founder & CBDO of **PAYANALYTICS**
by beqom

Employers understand the urgency of solving pay equity issues and are taking the right steps to improve pay equity across their organizations. They’re also realizing that technology can help them anticipate, identify, and fix pay equity issues.

The increased adoption of HR technology and data analytics has become a key enabler for organizations looking to redress pay equity challenges. Nearly 9 in 10 (87%) employers use technology to manage compensation strategies yet only about 1 in 7 (15%) use a pay equity tool to manage compensation. Businesses clearly have an opportunity to leverage software solutions to help guide their pay equity efforts. With Pay Equity a moving target, embedding pay equity solutions into the various compensation processes can help companies achieve their pay equity targets faster and provide ongoing support to ensure they don’t reappear.

9 in 10 employers use technology to:

Conduct Performance Reviews	80%
Identify Performance Issues Among Staff	76%
Predict Future Salaries	75%
Provide Employee Feedback	73%

Boost Employee Engagement	72%
Identify Pay Gaps	63%
Ensure Gender Pay Equity	63%
Ensure Racial Pay Equity	55%

As in nearly every aspect of business, artificial intelligence (AI) is a game-changer for compensation with 3 in 4 (73%) agreeing that AI-informed pay strategies could increase compliance with pay equity laws.

In fact, more than a third (39%) have already used AI to inform compensation strategies, while even more report using AI to create predictive compensation models (61%), conduct root cause analysis of pay gaps (50%), and design competitive compensation packages to attract top talent (50%).

1 in 4 (28%)

who don’t currently use AI to inform compensation strategies are planning to use it in the near future.

What's Next for Employers?

The top reasons employers have or will enact pay equity policies:

- 1 Maintain compliance with pay regulations.
- 2 Avoid and prevent discrimination lawsuits.
- 3 Increase employee morale and improve engagement.
- 4 Increase retention and reduce turnover.
- 5 Attract new talent and use as a recruitment tool.

Employers understand the importance of pay equity and the tremendous power it has to transform compensation.

In the 2024 Pay Equity Survey, there is clear evidence of progress, effort, and enthusiasm around the integration of pay equity into compensation strategies. Yet according to the World Economic Forum, the pay gap is only 68% closed, so much work still needs to be done.

The good news is that pay equity offers promising competitive opportunities for the future. To maximize its potential, employers must:

1) Question current pay equity efforts.

While the majority of companies report having done some level of pay equity analysis, those analyses revealed widespread gaps in pay and opportunity. And, nearly half of companies admit that their current approach to pay equity is hindering their efforts to attract and retain talent. Employers need to re-evaluate the effectiveness of their current pay equity strategy and capabilities. Start by questioning:

1. Does my company have a pay equity strategy that will support efforts to recruit, retain, and develop the talent we need in today's market?
2. Does our pay equity strategy comply with current and emerging regulations and compliance reporting requirements in all of our operating regions globally?
3. Is my company equipped to efficiently and sustainably execute our pay equity strategy and remediate pay gaps?
4. Do we have the insight to interpret and understand the root causes of inequity?
5. Do our compensation decision-makers have the information they need on a daily basis to make data-driven pay decisions (job offers, merit increases, promotions, etc.) that align with our pay equity strategy?

2) Avoid shortsighted fixes.

Solving pay equity isn't about making current pay gaps go away, it's about creating a sustainable culture of pay equity that's embedded into every daily compensation process to support data-driven pay decisions.

3) Uncomplicate compensation.

Put technology and data science to work for the business and make it easy for HR and managers to make fair, data-driven pay decisions on a daily basis.

4) Create equity beyond pay.

Leverage pay equity insight to understand fairness and diversity in your organization. Pay equity data can show the true demographic diversity of your organization and spotlight issues, such as unequal access to opportunities, demographic differences in raises or promotions, hiring biases, attrition, and more.

About beqom

See all that comp can become.

Introducing CompComplete: A complete compensation suite that does everything you want it to do. Bringing clarity, equity, and motivation to your workforce.

beqom is a purpose-built compensation platform that intuitively gives employers the power to realize comp's full potential from end to end, every day.

We help the world's largest enterprises leverage their talent through complete, equitable, and transparent performance and rewards.

With unified data, complete pay management solutions, and AI-enabled pay intelligence, beqom enables better compensation decisions and business results.

We believe pay is more than a number. We equip you with the insights needed to root out inequalities by analyzing your workforce, closing your pay and representation gaps, and keeping the gaps closed.

With beqom's complete compensation platform, managing pay, employee performance, sales performance, pay equity, and recognition all in one place has never been easier.

As pay equity and transparency gain traction across the globe, the time to act is now. With ever-changing legislation and reporting requirements, as well as market pressures for fairness and transparency in the workplace, companies need solutions to remain competitive and compliant. beqom provides the expert team and complete solution to solve pay equity challenges, including built-in compliance reports to meet local requirements in jurisdictions around the world.



We are committed to **closing pay gaps** and bringing innovative **compensation solutions** to global organizations.

Part of a wider compensation-focused offering

CompComplete

Pay Management

Total compensation without compromise.

Pay Transparency

Clear reward, clear purpose. For every employee.

Pay Equity by PayAnalytics

Put fairness first: close pay gaps for good.

Pay Intelligence

Always pay the optimal amount.

Used in 75+ countries, ensuring fair pay for 1.5m+ employees, by companies of 20 to 300,000 employees

 Mercer

 wtw

 alvotech

 PUMA

Allianz 

 AXA

beqom: A complete compensation suite that does everything you want it to do. Bringing clarity, equity, and motivation to your workforce.

Visit www.beqom.com/contact-us to speak to our experts and learn about all that comp can become.

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