



Changing the Conversation on Pay Transparency

In the world of executive search, questions like “what is your current salary?” or “what are your salary expectations?” are commonplace. However, for certain candidates, these questions can be problematic. Leah McGillivray Palko shares her personal experience as a recruiter and provides insight on how we can change the conversation on pay transparency.

The importance of pay transparency was reinforced to me some time ago while interviewing a candidate. As an executive recruiter, I routinely inquired about a candidate’s compensation history to make sure it’s in line with what is being offered by our client. However, when I asked this candidate about her *past* compensation, I was met with a stern rebuke. Not only was it not relevant to her qualifications, she claimed, but she also told me it automatically put her at a disadvantage, since female candidates typically start from a position of being underpaid relative to their male counterparts. The fact is, she was right on both counts.

Despite legislation and public discourse on the subject, pay inequity has lingered, partly due to common recruitment practices. Historically, job seekers have had poor access to the salary ranges or were told by recruiters that pay is based on relevant experience. Unfortunately, if candidates share their compensation expectations and they’re below a range, they may not even know that they’re undervaluing themselves. Furthermore, once hired, many firms have insisted that their employees do not compare their compensation with each other, perpetuating the discrepancies.

Compensation gaps persist

Statistics clearly show that wage gaps persist. Canada has been ranked as having the eighth highest gender pay gap out of a list of 43 countries examined by the *Organization for Economic Co-operation and Development* (OECD), [based on 2016 data](#). And the issue is more complex than gender alone. It also impacts indigenous peoples, people of colour, those with disabilities, [and newcomers to Canada](#).

Furthermore, according to the [2012 Canadian Survey on Disability](#), women with a disability in Canada working full- and part-time earn approximately 54 per cent of what non-disabled men earn. The discrepancies exist across professions and income levels as well.

The Globe and Mail recently discussed significant pay differences between male and female equity partners at two of Canada's largest law firms. While the recent *Globe and Mail* [article](#) offered a bitter reminder, many of these concerns have been voiced for years by Canadian organizations that advocate for pay equity in the workplace. These communities routinely share their opinions, advice, and personal accounts of the issues they face.

Pay transparency legislation raises the bar

Pay transparency isn't just the right thing to do. It's also becoming the law. When fully implemented, Ontario's *Pay Transparency Act*, and the federal *Employment Equity Act* will prescribe new practices for employers, such as:

- full disclosure of pay rates and ranges to employees and candidates
- no inquiries to candidates about their past compensation
- no reprisals against employees who discuss their compensation with others
- for larger firms, filing of regular reports to government regarding salary ranges of employees, and the representation of designated groups in each range
- posting by employers of their pay transparency reports online or at the workplace

Implications for candidates, employees, and employers

Candidates and employees should get acquainted with their rights to know what they can do, what they don't have to disclose, and how to take advantage of the new information available to them. Employers, on the other hand, need to be proactive in:

- updating their policies and procedures regarding hiring, pay and promotion
- identifying compensation gaps and making any necessary adjustments
- reviewing workplace policies to remove any prohibition on employees sharing pay information

It's not just an issue for HR personnel. When managing or recruiting new employees, managers in all departments of the organization must be made aware of the obligations around disclosure of compensation matters, sharing of information among employees, and what they can and cannot ask candidates while interviewing and screening.

Changing the conversation

As an executive search professional, I decided to change the way I discuss compensation with candidates. First, I don't ask about historical or existing compensation anymore. Only expectations are relevant. In addition, when a candidate asks me about the target pay range for a particular position, I offer it without hesitation.

I also go further by coaching candidates. If they share their expectations with me and they're below the compensation range, I simply tell them what they should expect. Doing this shows them that I'm working on their behalf as well. I also help them frame their questions about compensation and how to answer compensation-related questions if they come up in an interview with the organization.

While this might seem hard to manage, it's not. When a candidate realizes that you want them to feel valued and happy, you build a much stronger relationship. Also, the employer is more likely to have an accepted offer in the end, from a fully informed employee, and a greater likelihood of retention.

It's a good outcome for everyone. Most importantly, it's equitable.

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Our Contributors

Leah McGillivray Palko is a Partner in the Executive Search & Interim Management business unit at B. Riley Farber and leader of its Financial Services practice group. She is known for her deep insight into the Canadian & Global financial services sector. Leah can be reached at lpalko@brileyfin.com or at 437.294.4634

Ian Brenner is a Senior Managing Director with the Executive Search & Interim Management practice at B. Riley Farber. With a human capital lens, Ian is focused on helping companies manage through the volatility and uncertainty inherent in both growth and distressed situations. Ian can be reached at ibrenner@brileyfin.com or at 647.408.6309
