

# FROM THEORY TO ACTION: GUIDE TO IMPLEMENTING FAIR PAY PRACTICES

## INTRODUCTION

The era of opaque, subjective pay is ending. Employees expect visibility. Governments require transparency. Stakeholders demand equity. Fair pay is no longer optional—it's a business imperative. And the risks of failing to deliver are real: regulatory penalties, reputational damage, and lost talent.

Yet most organizations aren't ready. Only 12% have a defined strategy in place, while 75% are still exploring their options. Leaders are feeling the pressure, but many don't know where to start or how to comply without compromising profitability.

This guide distills Korn Ferry's global insights and proven methodologies into clear, practical steps to help you move from reactive compliance to confident execution—building fair and transparent pay practices that work for your people and your business.

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## WHAT IS PAY TRANSPARENCY & WHY DOES IT MATTER NOW?

Pay transparency isn't just about including salary ranges in job postings. It's clarity about how compensation is determined, how it's communicated, and how fairness is upheld across the organization.

At its core, it's the practice of making compensation structures and processes more clear, consistent, and understandable to employees, candidates, and stakeholders. But as transparency increases, so does the pressure to ensure equity and consistency in how people are paid.

Several key factors are driving this shift.

- **Legislative action:** Laws mandating pay range disclosures and equity reporting are spreading fast, from U.S. states like California, Illinois, and New York to the EU's recently enacted Pay Transparency Directive.
- **Employee expectations:** Gen Z and millennial workers are increasingly demanding transparency as a baseline, not a nice-to-have, before they'll even consider a role—much more than their older counterparts did.
- **ESG and investor scrutiny:** Boards, investors, and ESG analysts want proof that pay practices are indeed fair and sustainable.
- **Social reputation:** Public audits, employee activism, social media, and viral job postings make opaque pay practices a risk to your brand and your company culture.



## GLOBAL TRENDS & REGULATORY LANDSCAPE

### THE RULES ARE CHANGING. ARE YOU READY?

Regulatory requirements around pay transparency and equity are changing the compensation landscape—especially for multinational organizations. Key laws to watch include:

#### European Union

Pay Transparency Directive (effective 2026) dictates that:

- Workers have the right to request pay information.
- Employers must conduct audits to discover and disclose pay gaps and to be able to justify any pay variances.

Failure to comply with these regulations opens organizations up to penalties, serious reputational damage, and lawsuits.

#### United States

Fourteen states, representing 37% of the American population (126 million people), have similar laws governing pay transparency. While specifics vary, these laws generally mandate:

- The inclusion of salary ranges in job postings.
- Additional required disclosures about compensation programs for employees.

Beyond this state-level legislation, the broader pay equity movement is also shaped by:

- Increasing calls from stakeholders for internal equity audits.
- New legal precedents that empower employees to take action against unfair pay.

#### Other Global Markets

Canada, the UK, and Australia are moving toward similar requirements, with momentum growing around corporate disclosures and gender-pay-gap reporting.

#### Why does it matter?





Even if your corporate headquarters aren't in an affected region, your workforce likely is. Global companies must prepare for:

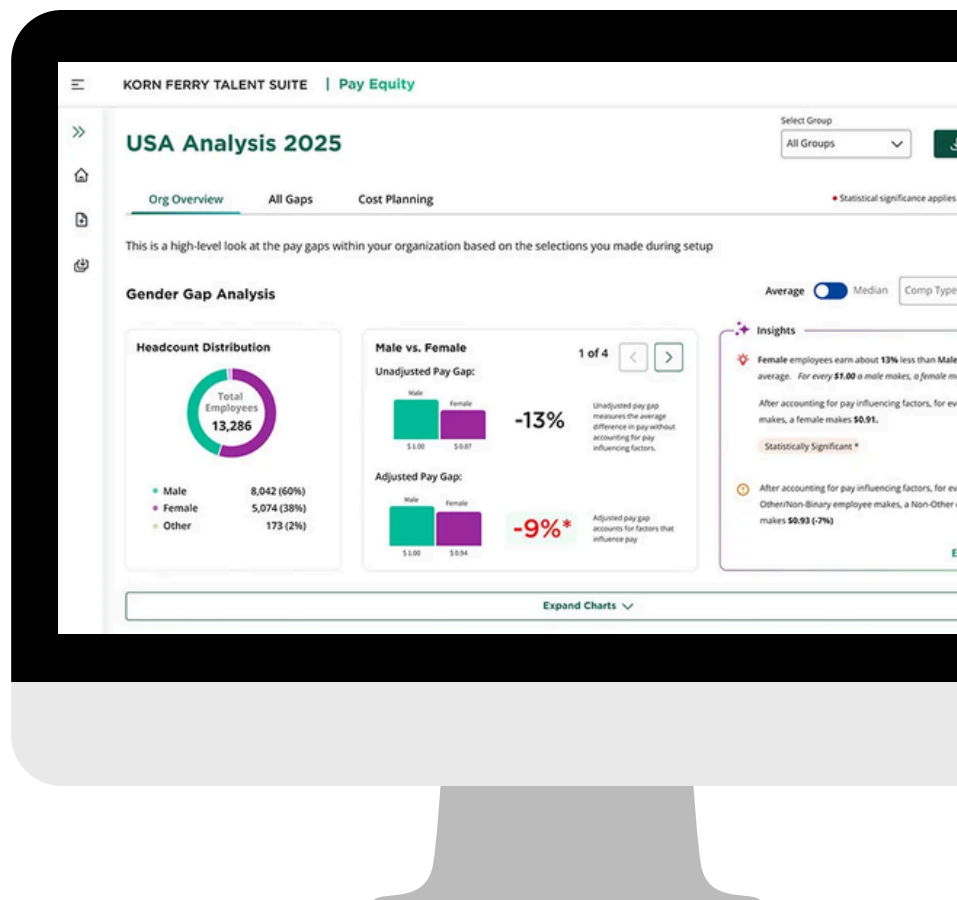
- Cross-jurisdictional complexity
- The need for a unified philosophy (with local adaptations)
- Your competitors becoming more transparent in their compensation frameworks
- Increasing stakeholder expectations of transparency and equity in pay.
- The risk of brand-tarnishing public missteps that can spread fast
- Competitive pressure

## BUSINESS IMPACTS BEYOND COMPLIANCE

### MORE THAN LEGAL COVERAGE, FAIR PAY IS A STRATEGIC ADVANTAGE

Pay transparency and equity are not just about risk mitigation—they offer measurable business benefits.

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**Boost Retention and Trust:** Transparent and fair pay practices are directly linked to employee engagement, motivation, and retention.
- 
**Improve performance and DEI outcomes:** Fairness builds credibility. Organizations that prioritize equity in compensation decisions are far more likely to achieve real DEI progress.
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**Enable strategic role clarity and pay consistency:** A clear job architecture doesn't just support compensation. It strengthens organizational clarity and improves worker performance.
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**Differentiate your employer brand:** In a competitive labor market, trust and transparency are brand assets. Candidates want to know, “Can I trust this company to treat me fairly?”



## 6-STEP GUIDE TO IMPLEMENTING FAIR PAY PRACTICES

Annual reviews and one-size-fits-all training are relics of the past. This section outlines a practical, phased approach to guide your organization through this transformative process.

### STEP 1: DEFINE YOUR PAY PHILOSOPHY

What does your organization believe about fairness, performance, and reward? A clear compensation philosophy is the foundation for every pay decision.

- Commit to pay equity and transparency as tools to attract and retain top talent.
- Define how performance is assessed and linked to rewards at individual, team, and enterprise levels.
- Integrate pay equity into your overall employee value proposition (EVP).

### STEP 2: DEFINE YOUR JOB ARCHITECTURE

Your job architecture provides the essential framework to put your philosophy into practice and maintain fair pay over time.

- Create consistent job families and levels across all business units.
- Ensure compensation differences are justified by objective factors like role scope, complexity, and impact.
- Align jobs to success profiles so that pay accurately reflects performance and potential.

### STEP 3: ASSESS YOUR CURRENT STATE

You can't fix what you can't see. Start by gathering and analyzing data from multiple sources to understand your baseline.

- Analyze internal equity by examining pay gaps across gender, race/ethnicity, and other key demographics.
- Benchmark compensation against external market data based on industry, function, and geography.
- Audit how pay policies are applied in practice, including decisions on starting salaries, promotions, and bonuses.

## STEP 4: BUILD A STRONG DATA FOUNDATION

Use integrated solutions that give you real-time visibility into your pay data, generate actionable insights, and ensure you are always audit-ready.

- Automate salary benchmarking and pay equity analysis to ensure continuous monitoring.
- Integrate compensation tools directly into your core HCM platforms (Workday, SAP, Oracle).
- Link every compensation decision to established Success Profiles, job architecture, and business goals.

## STEP 5: COMMUNICATE EARLY AND OFTEN

Transparency requires clear, proactive communication. Arm your managers with the knowledge and tools they need to explain pay decisions with confidence.

- Educate managers and employees on the purpose and design of your compensation philosophy.
- Train people leaders on how to explain pay decisions clearly and consistently using plain language.
- Build toolkits and talking points that help them answer tough questions from their teams.

## STEP 6: MONITOR, ADJUST, EVOLVE

Equity and transparency are not “set it and forget it” initiatives. They require ongoing stewardship to remain effective.

- Conduct regular pay equity audits (e.g., quarterly or annually) to measure progress and identify new gaps.
- Track emerging legislation and shifts in market dynamics and workforce demographics.
- Embed key pay equity metrics into your HR and executive-level dashboards for ongoing visibility.

## HOW KORN FERRY HELPS YOU LEAD ON FAIR PAY

Moving from reactive compliance to proactive leadership in fair pay requires the right data, tools, and strategy. Here's how we partner with you to make it happen.

### PRICE JOBS AND CLOSE GAPS WITH CONFIDENCE

Instead of guessing, you can know you're getting compensation right. [Korn Ferry Pay](#) helps you price jobs accurately and then ensure fairness for everyone.

- **Make competitive offers instantly**, backed by real-time salary benchmarks from over 28 million employees in 150+ countries.
- **Find and fix gaps fast**. Our tools let you model the financial impact of pay adjustments before you commit, so you can build a plan you can afford.
- **Bring trusted pay data into your existing HCM platforms** (like Workday, SAP, and Oracle).

### BUILD YOUR FOUNDATION ON CLEAR JOB ARCHITECTURE

Fair pay isn't possible without a clear and consistent job framework. Together, [Korn Ferry Architect](#) coupled with [Success Profiles](#) provides the structure you need to make every pay decision defensible and clear.

- **Create a single source of truth** for all roles, defining how jobs are structured, leveled, and valued across your entire organization.
- **Give your employees clear career paths** they can see and believe in, linking their role to the skills and competencies needed for growth.
- Ensure that every compensation decision, from a new hire's offer to a promotion, is based on a **consistent, equitable, and transparent foundation**.

### BUILD YOUR STRATEGY WITH WORLD-CLASS EXPERTISE

We partner with you to navigate the complexities of compensation and build a framework that makes fair pay possible. We help you:

- **Develop a clear and compelling pay philosophy** that anchors your culture and guides every decision.
- **Design fair and scalable compensation structures** that balance internal equity, external competitiveness, and your budget.
- **Align your rewards program** to what your business needs and your employees truly value.
- **Build the job framework that makes fair pay possible**, creating enterprise-wide clarity in compensation, performance, and career development.

With Korn Ferry, you can make bold, credible decisions with the clarity and confidence today's world demands.

## PAY EQUITY & TRANSPARENCY SOLVED

### IDENTIFY. FIX. COMPLY.

Designed for HR teams, Korn Ferry Pay Equity delivers actionable insights in minutes, without the complexity.

- **Launch in minutes, not months:** Our agile platform and guided onboarding help you uncover actionable insights right away.
- **See the cost of action:** Go beyond identifying pay gaps. Our remediation modeling shows you exactly what it will take to fix them—so you can plan adjustments that are fair and financially sound.
- **Continuous, proactive monitoring:** Spot new gaps as roles, markets, and regulations change—no more yearly surprises.
- **Proven track record:** Join the ranks of thousands of companies who have partnered with Korn Ferry over our 50-year history to attract and retain the best talent.

[LEARN MORE](#)

## ABOUT KORN FERRY

Korn Ferry is a global organizational consulting firm, bringing together strategy and talent to drive superior performance for our clients. We work with clients to design their organizational structures, roles, and responsibilities. We help them hire the right people and advise them on how to reward, develop and motivate their workforce. And we help professionals navigate and advance their careers.