



How to increase transparency of progression, pay and reward

5 steps for increasing transparency to
improve gender equality and representation

A guide for leaders of organisations,
HR and Diversity and Inclusion leads

This guide is part of the 'How to
improve gender equality' toolkit



THE
BEHAVIOURAL
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TEAM

The recommendations we provide are based on the best available evidence and the latest thinking from practitioners and experts in organisational behaviour and behavioural economics.

This guide is one of five in the 'How to improve gender equality' series:

- [How to set effective targets](#)
- [How to establish diversity leads and diversity task forces](#)
- [How to run structured interviews](#)
- [How to use skill-based assessment tasks](#)
- [How to increase transparency of progression, pay and reward processes](#)

To understand other approaches which are effective at improving equality, see our [summary of evidence-based actions for employers](#).

For more information see the sources listed in the bibliography or contact gabiprogramme@bi.team.

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Checklist

- 1 Identify the processes that could be made more transparent
- 2 Consult a wide range of employees
- 3 Ensure criteria and processes are clear
- 4 Increase accountability
- 5 Aim for external transparency

Transparency matters

Transparency in organisations is fundamentally about letting employees know the criteria and process for decision-making in areas such as progression, salary setting, and pay and performance reviews. Organisations that take transparency seriously reap the benefits of giving 100% of their employees the best chance and information they need to succeed. For this reason, transparency can have a positive effect on equality and diversity.

Transparency does not mean revealing, for example, all employees' pay and reward to everyone within the organisation – although some organisations do choose to do this, which is sometimes referred to as 'radical transparency'. In the case of this guidance, however, being transparent simply means being clear and open about how these decisions are made.

In organisations where transparency is low, employees often do not know what is required to get a promotion, a pay rise or a high-profile assignment, or how these decisions are made internally. According to research (see the sources in the bibliography), this lack of transparency is particularly damaging to women for several reasons:

- Women are less likely to put themselves forward if selection criteria are ambiguous.
- Women are less likely to have access to senior leaders and sponsors who can help them navigate the system in the absence of clear policies and processes.
- Women are also more concerned with the potential of backlash they will experience if they question a decision around pay or progression. This concern is backed up by research, which shows women are more likely to experience this backlash than men.
- Transparency creates accountability. Without transparency and accountability, bias is more likely to affect decision-making in ways that potentially disadvantage women or other under-represented groups.
- Finally, without transparency, disparities or biases in decision-making are harder to notice and to correct, allowing them to continue undetected.¹

Increasing transparency is a fundamental and necessary step towards genuine culture change. Ultimately, transparency benefits the whole organisation. Its positive impact goes beyond improving gender equality. Transparency, combined with employee consultation on and input into decision-making processes, results in a greater perception that decisions are just and fair. Transparency can also improve the acceptance of decisions by all employees, of all genders, because they understand the decision-making process.

This guide provides steps to increase transparency in your organisation.

“Without transparency and accountability, bias is more likely to affect decision-making in ways that potentially disadvantage women or other under-represented groups”

How to increase transparency of progression, pay and reward

Step 1: Identify the processes that could be made more transparent

Review your organisation's HR processes related to promotion, progression, and pay and reward to identify any which are currently not sufficiently clear and transparent. Consider:

- The promotion process, including whether internal openings are clearly advertised internally and made available for all employees to apply to.
- The process for salary reviews and raises.
- The process for bonuses or in-year rewards.

Also review non-HR processes that could be more transparent, such as:

- The process for allocating high-profile assignments such as flagship projects, key accounts or overseas assignments.
- The process for allocating development opportunities, such as being selected for a high-potential scheme, or attending external training.

Speak to staff. Find out if your employees are aware of these processes and if they understand them. You can do this by discussing it directly with them, or an anonymous staff survey will help to ensure people feel comfortable being honest and giving critical feedback about what they do and do not understand. Use this employee feedback to prioritise which processes to target.

If you have a diversity manager or task force, they can work with the reward and talent teams or wider HR colleagues to identify where to increase transparency. See the [How to establish diversity managers and diversity task forces guide](#) for more information about their role.

Step 2: Consult a wide range of employees

Once you have identified which processes you want to make more transparent, you may decide that you need to review the criteria and devise a new policy, or make improvements to current ones.

Involve a diverse group in the design of new processes. If your group is too small or not diverse enough, then it will not include a diverse range of perspectives. Groups whose perspectives are not included may end up disadvantaged by the new process. A new policy is also more likely to be accepted and perceived as fair if a wide range of employees has been consulted during its development.

“Involve a diverse group in the design of new processes”

Step 3: Ensure criteria and processes are clear

Make both the *eligibility criteria* and the *decision-making process* transparent in policies. Eligibility criteria explain who can apply for a particular role or promotion. The decision-making process is the process then used to decide which of the eligible applicants will be chosen for the role or promotion. For example, if the eligibility criteria for promotion are clear, but staff are not made aware of the opportunities for applying for promotions, or how the decision about whether to promote someone or not is made, the promotion policy as a whole will not be perceived as fair. Similarly, if the decision-making process for promotions is transparent, but the criteria for being considered in the first place are not, you will face the same issue.

If you are transparent about the criteria and processes for promotion and pay decisions, people are more likely to accept the *outcomes* of those decisions.

Remind staff of the criteria and process for decision-making both *before* time-specific processes (for instance, annual pay or performance reviews), and *after*, when making outcomes public (such as announcing promotions following a promotion round). Direct them to written versions of those criteria and processes.

Be clear about exactly how progression, pay and reward are linked to performance reviews. Your staff need to know exactly what is expected of them in terms of performance and how that relates to progression and pay.

Avoid using self-assessment scores in performance reviews as they can increase the potential for bias to enter a manager's decision-making process, resulting in poorer outcomes for women.

Examples of making criteria and processes clear include:

- Making salary ranges visible when advertising jobs, as well as mentioning whether salary is negotiable.
- Making what is negotiable transparent. Maybe salary is not negotiable, but annual leave allowance or leadership development opportunities are. This aims to place all candidates on an equal playing field in terms of the starting point and the limits of negotiation.²
- Making all internal promotion and transfer opportunities visible, as well as the criteria and the process for decision-making.³

“Your staff need to know exactly what is expected of them in terms of performance and how that relates to progression and pay”

Step 4: Increase accountability

Transparency makes outcomes fairer and more equal by increasing accountability. When someone making a decision knows they can be held accountable for ensuring their decision is fair, they consider their decisions more carefully. They also pay closer attention to the information they need to base the decision on, meaning there is less room for subjectivity and bias. This in turn can reduce the harmful effects of biases that could, for example, disadvantage women and minorities.⁴

Strengthen accountability by giving employees the opportunity to ask questions if they feel that a process has not been followed. Make clear who will be responsible for responding to the question.

Monitor the transparency of your processes regularly by surveying staff to get their opinions on what is working and what needs improvement.

Use internal reward and performance data to monitor for unequal outcomes, such as lower rewards being given to women and minorities even when their performance is as good as that of people who received higher rewards.

Hold managers accountable if they score low on transparency or if there are unequal outcomes in their teams. Holding them accountable can take different forms, including providing regular feedback on how they are doing, or tying transparency and equality of outcomes to unit or manager rewards.

Step 5: Aim for external transparency

Being transparent towards staff internally within your organisation is highly valuable. However, it may also be beneficial to increase how transparent you are towards those outside the organisation.

Being transparent about some elements of progression, pay and reward can help attract more candidates. This is because people prefer clarity over ambiguity. While you will probably not apply the same level of transparency externally as you do internally, you may wish to make public some overarching policies regarding progression and pay. For example, you could include pay bands on job adverts.

Consider publishing other policies such as family-friendly policies (including parental leave or flexible working policies) on your website to help attract and retain a diversity of high-performing staff.



Endnotes

What evidence have we used?

This guidance is based on the best available evidence currently. Where possible, we have used evidence based on randomised controlled trials that were conducted in the field and that measure objective outcomes.

It is important to acknowledge that high quality evidence on the issue of gender equality in the workplace is not as common as it is for many other issues. Researchers are endeavouring to generate high quality evidence of what works to improve equality.

The following list of sources informed this guide, though it is not exhaustive. The advice was also informed by practitioner and expert insight.

- 1 Castilla, E. J. (2015). Accounting for the gap: A firm study manipulating organizational accountability and transparency in pay decisions. *Organization Science*, 26(2), 311-333.
- 2 Leibbrandt, A., & List, J. A. (2014). Do women avoid salary negotiations? Evidence from a large-scale natural field experiment. *Management Science*, 61(9), 2016-2024
- 3 Dobbin, F., Schrage, D., & Kalev, A. (2015). Rage against the iron cage: The varied effects of bureaucratic personnel reforms on diversity. *American Sociological Review*, 80(5), 1014-1044.
- 4 Tetlock, P. E. (1983). Accountability and the perseverance of first impressions. *Social Psychology Quarterly*, 285-292.



Further reading

Gender & Behavioural Insights Programme
by The Behavioural Insights Team.

How to improve gender equality in the
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4 Matthew Parker Street
London SW1H 9NP

www.bi.team