Transparency in Pay: How Nonprofit Organizations and Leaders can Support Employees Through a Culture of Openness

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What is Pay Transparency?

• “The ability for employees (and the public) to find out what other employees in their workplace make”

• The Path of Transparency

• Basic Beginnings

• New Mandates
Nonprofits and Pay Transparency

- Over $100,000?
- Few Studies on impact
- Government funding
- Issues with donors/full cost
- Structure Understood
- Pay Gap Reductions
Objectives and Values

Pay Transparency can change nonprofits’ culture into one of openness, that supports employees and ends wage gaps.

Purpose Statement: To see how nonprofit organizations are implementing pay transparency and how this is changing the sector

Research Questions:
1. How does pay transparency help reduce perceived inequality in nonprofit pay?
2. Does pay transparency increase or improve equality in actual employee pay?
3. What are the best practices for nonprofit leaders to go about increasing pay transparency?
Methods

This research adopted content analysis as the main method to collect quantitative job posting data from LinkedIn. The secondary method was a survey to collect quantitative data on employee opinions about pay transparency's adoption. Finally, semi-structured interviews were conducted to add qualitative data to support key findings.

Sample Selection

- Top 30 largest nonprofits and universities from forbs 500 list
- Surveys collected from USF groups and social shares online

Data Collection

Samples collected through a blank LinkedIn account with a search for pay range, location, job level and other data that shows this nonprofits pay transparency
Data Analysis

Pay, Range and Contact Data

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Posted Pay?</td>
<td>71</td>
<td>83</td>
</tr>
<tr>
<td>Actual Range?</td>
<td>38</td>
<td>32</td>
</tr>
<tr>
<td>Contact Provided?</td>
<td>28</td>
<td>126</td>
</tr>
</tbody>
</table>

Job posting range gaps

Histogram (Frequency Diagram)
Data Analysis LinkedIn Data

1. Good posts statically significant to have more data overall
   True for Pay ranges as well (P<.001)
2. No Significance by job level
3. Social Service Organizations doing the best (most government funding?)
4. Starting off behind
5. Worse for small nonprofits?
Survey Data Analysis

- Individuals not happy with job postings
- Pay rates found throughout the job process
- Cultural Pressure
- Interviews confirmation
- “Inevitably of Pay Transparency”
Implications

• Well set up to have these discussions
• Standardization- add on to 990s
• Plan to build on- look to success stories
• Have set goals (openness, talent, even pay?)
• Full impact needs to be well understood
• Pay compression, less flexibility
• Losing applicant's late stage
### The Pay Transparency Journey

<table>
<thead>
<tr>
<th>Prepare for the journey</th>
<th>Meet legal requirements</th>
<th>Share job pay range</th>
<th>Share all jobs’ pay range</th>
<th>Share pay positioning</th>
<th>Achieve full transparency</th>
</tr>
</thead>
<tbody>
<tr>
<td>We don’t have pay ranges for all of our jobs but are working on it</td>
<td>We share information about pay ranges only when and where required.</td>
<td>Employees are told the pay ranges for their job</td>
<td>Employees are told the pay ranges for all jobs</td>
<td>Employees are told about the distribution of employee pay across ranges, but not the actual salaries</td>
<td>We openly share who gets paid what salary, across the organization</td>
</tr>
<tr>
<td>Create pay matrices, collect data, discuss implementation, decide on goals</td>
<td>Be prepared for changes work with others to find common standards</td>
<td>Be ready to defend decisions back up changes with data</td>
<td>Bring others into conversations, see if goals are being achieved</td>
<td>Share pay with stakeholders, show full costs</td>
<td>Leverage your openness in marketing and job descriptions</td>
</tr>
</tbody>
</table>

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Leverage your openness in marketing and job descriptions.

Share pay with stakeholders, show full costs.

Bring others into conversations, see if goals are being achieved.

We openly share who gets paid what salary, across the organization.

Meet legal requirements.

Create pay matrices, collect data, discuss implementation, decide on goals.

Prepare for the journey.

We don’t have pay ranges for all of our jobs but are working on it.

Share job pay range.

Employees are told the pay ranges for their job.

Share all jobs’ pay range.

Employees are told the pay ranges for all jobs.

Share pay positioning.

Employees are told about the distribution of employee pay across ranges, but not the actual salaries.

Achieve full transparency.

We openly share who gets paid what salary, across the organization.
Recommendations

• Why shouldn’t employees know?
• Beginning needs buy-in
• Prepare now for the future
• Get employees to feel change
• Be ready for questions
The Future

- “Year of transparency”
- New demands on organizations
- Changing Cultures
- New ways to build trust
References


Overview of the Project

The Case for Pay Transparency in Nonprofits

Pay transparency continues to be a debated issue throughout society, and nonprofits are not insulated from this debate. As more states start to implement pay transparency laws through mandated pay range posting, increased benefit description, and more IRS disclosures, nonprofit leaders need to be aware of current and future changes that are inevitable from worker demands. This project looks at how developed pay transparency policies are, its effects on pay, job descriptions, motivation, power balance, cultural pressures and overall pay rates. While in the near future many changes are likely, some guidance is offered to nonprofit leaders on how to begin this implementation.

By looking at the largest nonprofit implementation of early stages of pay transparency, combined with a survey to poll general employees on this topic, we are able to see how far behind many nonprofit organizations are from having even basic levels of pay transparency. While already mandated in some sense by 990 filings and donor demands, there is much left uncovered by these basic policies. Combining this early data with investigations into the reasons why, and why not to have pay transparency, leaves us with a good understanding of how to begin implementing and advocating for pay transparency in their nonprofits.

Objectives and Values - Goals

The goal of this project is to demonstrate the importance of transparency, how ready the sector is for this change and how institutions can go about achieving transparency.

The objective of the research is to demonstrate how organizations and individuals can:
1) Understand how pay transparency can be begun
2) Advocate for increasing pay transparency
3) Understanding its impacts both positive and negative
4) Communicate positive impacts to others

Project outputs:
1) Model for implementing the basics of pay transparency
2) Review of job descriptions and how they need to be improved
3) New areas of research for pay transparency that are nonprofit specific

Methods and Approaches

To achieve the broader objectives of this project, the following methods were employed:

- Literature review: An in-depth review of 60+ relevant articles and reports illustrating the impact pay transparency has and how different organizations have implemented these policies.
- Primary data collection: As data about pay transparency comes from the free-for-use sections of the collection came from primary sources.
  - Data collection from LinkedIn job postings from large nonprofit organizations- looking to see how job postings displayed information for employees.
  - A survey was given to see employee attitudes towards pay transparency and what they think the benefits and negatives are. Used to back up polls and ideas found in the literature review.
- Four interviews were conducted to bring expert opinions and ideas about the future of pay transparency and how it functions in nonprofit organizations.
- Data analysis: The primary data had statistical tests run to show themes and explanations.

References


Data Results & Analysis

The results below reflect those large nonprofits are posting pay ranges, how large the range they are giving is and if they mentioned benefits.

Data Structures & Analysis

The "Path" of Pay Transparency

KEY ASPECTS OF THE PATH / RECOMMENDATIONS
1) Leadership needs to be aware of the impact of transparency in the organization
2) Engage employees with information that will help end-blinds
3) Future demands will necessitate planning for pay transparency

FOR FURTHER RESEARCH

Organization - level
1) Need to evaluate impacts of pay transparency on specifically nonprofit organizations
2) Need to gauge how enforcement policies will look for not achieving pay transparency
3) Need to define what transparency is both organizationally and sector-wide

1) Need to assess how to build best practices for implementation
2) Need to understand speed of adoption as well as cultural push-back

CONCLUSION: Nonprofits need to be ready to adopt these policies not just for future compliance, but to end inequality, support a culture of openness and advocate for a more just society. While unique impacts to the nonprofit sector are not well known, impacts on motivation, feelings of fairness and employee retention and attraction make these policies worthwhile to begin planning for or implementing.