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

by

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Abstract

Pay transparency demands have existed at least since the 1960s, but major workplace changes due to the pandemic and from social changes has led to new demands for transparency adoption. From these social movements like BLM and Women’s Marches, I focused my research on how the nonprofit sector is being affected by these new demands for transparency. To accomplish this, voluminous amounts of peer-review journals, news articles, datasets, impact reports and survey data were reviewed to build an idea of what pay transparency is, how organizations go about its implementation, and what the outcomes could be from adoption.

One of the most basic forms of pay transparency is the posting of pay ranges with job postings; therefore, to gage how open nonprofits are with pay ranges, I conducted a data analysis of job postings by the Forbes top 100 nonprofits by size (25 largest) and largest universities by endowment (N=154). The results indicated few of these large nonprofits are posting pay data, indicating that smaller nonprofits may have even larger issues creating appropriate job postings. Furthermore, many posts lack full descriptions, leaving many potential employees not to understand benefit structures or full workloads. Along with this data, a survey was conducted to comprehend how ready employees are for pay transparency in their own organizations and the positives and negatives they believe could come from more transparency adoption (N=78). This data, combined with expert interviews, paints a picture of how ready many are to adopt these policies and how inevitable its adoption feels now. Research indicates an importance upon creating a “path” of pay transparency that begins with ranges on jobs and ends with full public disclosure of all salaries. The data gathered indicates what the future may hold for disclosure, but not what the general public or businesses are ready for. Future research needs to look at pay transparency effects, specifically on nonprofits, how much it helps create a culture of openness, and whether it will help with donations and retention.
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acknowledgments</td>
<td>2</td>
</tr>
<tr>
<td>Abstract</td>
<td>3</td>
</tr>
<tr>
<td>Introduction</td>
<td>5</td>
</tr>
<tr>
<td>What is Pay Transparency?</td>
<td>7</td>
</tr>
<tr>
<td>Sector Specific</td>
<td>8</td>
</tr>
<tr>
<td>Benefits and Drawbacks</td>
<td>9</td>
</tr>
<tr>
<td>Pressure to Change</td>
<td>9</td>
</tr>
<tr>
<td>Research Questions</td>
<td>10</td>
</tr>
<tr>
<td>Literature Review</td>
<td>12</td>
</tr>
<tr>
<td>Implementations of Pay Transparency</td>
<td>15</td>
</tr>
<tr>
<td>Wage Gap Reduction- Needed in Nonprofits</td>
<td>18</td>
</tr>
<tr>
<td>Low-pay for Nonprofit Employees (how pay transparency could help)</td>
<td>20</td>
</tr>
<tr>
<td>Why Pay Transparency is the Future</td>
<td>22</td>
</tr>
<tr>
<td>Cultural Hang-ups and Government Funding</td>
<td>24</td>
</tr>
<tr>
<td>Power Dynamics in Wage Posting</td>
<td>27</td>
</tr>
<tr>
<td>Problems with Pay Transparency</td>
<td>28</td>
</tr>
<tr>
<td>What the Future Holds</td>
<td>30</td>
</tr>
<tr>
<td>Methods</td>
<td>33</td>
</tr>
<tr>
<td>Sampling Selection</td>
<td>33</td>
</tr>
<tr>
<td>Collection</td>
<td>33</td>
</tr>
<tr>
<td>Coding for Analysis</td>
<td>34</td>
</tr>
<tr>
<td>Interviews</td>
<td>35</td>
</tr>
<tr>
<td>Results</td>
<td>37</td>
</tr>
<tr>
<td>Descriptive of Jobs Postings</td>
<td>37</td>
</tr>
<tr>
<td>Feelings About Pay Transparency</td>
<td>41</td>
</tr>
<tr>
<td>Summary</td>
<td>43</td>
</tr>
<tr>
<td>Implications</td>
<td>45</td>
</tr>
<tr>
<td>Nonprofit Sector Has it Easier</td>
<td>46</td>
</tr>
<tr>
<td>How Far Should We Go?</td>
<td>47</td>
</tr>
<tr>
<td>What Are the goals?</td>
<td>48</td>
</tr>
<tr>
<td>Limitations</td>
<td>49</td>
</tr>
<tr>
<td>Future Recommendations</td>
<td>50</td>
</tr>
<tr>
<td>Conclusions</td>
<td>52</td>
</tr>
<tr>
<td>Why shouldn’t employees know?</td>
<td>53</td>
</tr>
<tr>
<td>How to begin</td>
<td>54</td>
</tr>
<tr>
<td>What does the future hold?</td>
<td>55</td>
</tr>
<tr>
<td>References</td>
<td>56</td>
</tr>
<tr>
<td>Appendix</td>
<td>63</td>
</tr>
<tr>
<td>Authors Bio</td>
<td>66</td>
</tr>
</tbody>
</table>
List of Figures

1. Popularity of Pay Transparency over time (on Google)..........................13
2. Feelings About Pay Level........................................................................22
3. What Drives Employees to Switch Jobs................................................24
4. Worker Beliefs vs. Actual Pay Rates.....................................................25
5. Nonprofit Funding From Government..................................................26
6. Gaps in Wages........................................................................................39
7. Gaps in Wages by Industry.................................................................39
8. Pay Transparency journey......................................................................53
Introduction

In January 2022, a tweet was sent out from an HR professional regarding how much she underpaid a new employee. She sent this tweet out thinking it was inspirational, telling others to “advocate for themselves” especially those who are Black, like her (Booberella, 2022). However, this tweet encapsulates what is wrong with the current hiring and pay system. Indeed, the replies to this tweet are a microcosm of the reasons why this system needs to change. While the author of the tweet wanted to describe why and how to effectively advocate for oneself, an issue was left out: the applicant had no idea what was actually allocated for this position, nor what employees in similar positions were paid. All of the power in this negotiation was left to this HR professional. While the company changed the pay of the employee after public outcry, normally they would have appreciated this, as it would save them money on staffing costs (Neumann, 2022). Furthermore, these types of hiring decisions reinforce pay gaps throughout society and are not fair to other employees who cannot find out what fellow employees are being paid. Indeed, one has no idea how much pressure this individual was under to get a new job, what the ($40,000 gap explained by the tweet) left on the table could mean to them, and how much the going rate for this type of work was. Right now, this tweet shows how much “fog” employees operate in and how this fog leads to the negative outcomes we see throughout the US workforce. Examples like this reinforce many individuals’ feelings about wanting to change this system. Indeed, the proliferation of transparency success online in ending both racial and gender bias means that the future trajectory of transparency will hopefully only make it more common. Already transparency is embedded in public service through public shared salaries, so one must ask, “Why aren’t public charities held to the same standard?”
What is Pay Transparency?

To begin pay transparency implementation, one must have an understanding of what pay transparency is and what it means. Ramachandran and others define it along the lines of “the ability for employees (and the public) to find out what other employees in their workplace make” (2012). Heisler refines this definition more, wherein he illustrates it more as a “path” one must guide an organization down, with no one set way to implement it. This process begins with posting of pay and benefits on job descriptions, moves to aggregate data on pay levels, and, at the extreme end, posting exact pay of all employees for all to see (Heisler, 2021). This path-like manner means that everyone and every organization has different understandings of what pay transparency means. Many view its implementation from its more simple forms, with support for these more gentle forms being high, and majority of workers wanting (and using) this data (Beqom, 2021). These demands have only accelerated during the pandemic as discussion around pay openness has increased along with renewed focus on ending the pay gaps that still exist. This push is now at a tipping point, in which employers will have a tougher time attracting and keeping talent without publishing pay data (Meyer, 2022). As Heydari’s studies have found, when these systems are adopted, people do use them in their decision making (2022). It allows people who are looking for employment to filter out jobs they would not accept and creates a culture of openness that employees feel a part of (Heydari, 2022). Thus, advocates of pay transparency have positioned themselves as pushing for not only truth, but to help rewrite power structures that are in desperate need of change. Beyond this, there are continual calls for more scrutiny in the nonprofit sector, and with the sector’s high reliance on government funding, it remains to be seen if transparency on the level we see with government positions may be enforced.
Sector Specific

Nonprofits are not immune to these opacity issues, as they are just as likely to underpay employees to extract the maximum amount of labor and to boost their spending on “programs” over administration. As nonprofits are so reliant on under or unpaid labor, the effects of this secrecy can be even more devastating, as they reveal the starvation wages many of their employees live on, creating a two-fold issue that both hurts nonprofit workers from advocating for themselves (as they have no information) and nonprofits not understanding how low their pay rates truly are (Kenney, 2018). In the US, nonprofits are intertwined with the functioning of government, but they do not have the protections and openness many government job postings have. Indeed, many conservative politicians and business leaders believe that nonprofits should be the ones to make up for market gaps in society, rather than government (Gibelman, 1984). This historical precedent means that nonprofits still receive vast government money to essentially do the government's job. This plays out across the US, as housing the homeless, drug rehabilitation, food donations and utility support comes from nonprofits, rather than from the government, as they would in almost every other country. The pseudo-government status of these organizations means that they should be treated more like public servants and be willing to face the full scrutiny of public discourse on salaries, budget allocations and programs. Already much of this is done by development teams in 990 reports, however, all taxpayers in the US deserve more information about where and how their money is being used. While we should not place undue burden on reporting, we should demand, just like government officials, to see what everyone is making in an organization. Hopefully, individuals will see how little many employees make and know this needs to change. This information is something the public deserves to see, as we are all funding so much of the Nonprofit Sector.
Benefits and Drawbacks

While there is no standard way to remedy this issue, the popularity and increasing mandates on the part of pay transparency mean the impact and implementation will only increase in the future. While its impacts are only beginning to be understood, there are well documented reductions in pay gaps for women and minorities (Blundell, 2021). Additionally, there continues to be studies illustrating pay transparency effects on motivation, recruitment and retention. In lieu of massive cultural reckonings stemming from the BLM and other protests during the pandemic and workers' newfound power of negotiation, these policies are necessary for companies who want to remain committed to this systemic change (Burn, 2019). Indeed, nonprofits would seem to glean different benefits than the for-profit world. Much of this stems from funders and boards often having little understanding of full-costs of running programs. Nonprofit leaders themselves often run into issues understanding full costs, and pay transparency has the opportunity to support funding full cost needed in the sector.

While the benefits of these newly transparent policies are both easy to see and more subtle in their changes, there are issues both employers and employees have run into with implementation. High-end pay is seen as excessive, workers are pitting themselves against one another, there is more burdensome reporting and less power to change older pay rates or update new ones (Grasser, 2022). These are some of the issues nonprofits face. However, these issues are, from the employees’ side, greatly outweighed by the benefits as seen through INC. This INC story highlights how 2022 is the “year of transparency,” with Schneidermann noting how “one company's success in implementing leaves the other behind” (2021).

Pressure to Change

Throughout the volumes of journals read, interviews conducted, data gathered and surveys taken, one major aspect was seen, and this is, (at least in the most basic ways) pay
transparency is coming. Through data gathered about nonprofit job postings, it is apparent that there is still a long way to go, even on basic aspects of transparency such as having pay ranges included on job postings. With data pointing to employers’ ability to support needed change and creating more balanced information power between employers and employees, these policies are extremely popular with employees. Nonprofit leaders need to be ready for these changes. In the near future, 990s could be changed to include all salaries; however, this would be a major change and would be unlikely to happen without changes in the for-profit world first. Likely, in the near future pay transparency would give information internally first. After pay ranges are included on job descriptions all employees would better understand why each individual makes what they do, and how promotions are decided upon. Nonprofit leaders must be ready for these changes now, whether this be through training, creation of pay matrixes, or through the beginning stages of pay information releases. These are all procedures nonprofits need to invest in for these future changes that may remain governmentally unenforced. Along with leadership, HR may have changes in their role as they move from a holder of information to a disseminator of it.

Research Questions

I begin this research wanting to look into how nonprofits are contributing to the debates on this topic. As the pandemic and worker justice moments have pushed for new pay release laws in states such as Colorado and New York, I wanted to see how this was impacting the Nonprofit Sector. With this in mind, I looked at the research behind the successes and issues with pay transparency, how it is implemented and what are its unique effects on the nonprofit sector. All of this was done to try to create a “best practice” for nonprofits who are implementing these policies or at least, provide a starting point for nonprofits. My questions to investigate were:
RQ1: How does pay transparency help reduce perceived inequality in nonprofit pay?

RQ2: Does pay transparency increase or improve equality in actual employee pay?
   
   Do nonprofits become more honest about working conditions with pay transparency?

RQ3: What are the best practices for nonprofit leaders to go about increasing pay transparency?
   
   Does pay transparency help reduce the cultural stigma around discussing pay?
   
   Would the adoption of pay transparency by the Nonprofit Sector lead to its overall adoption across all sectors?
Literature Review

Discussions that involve increasing pay transparency have accelerated in the nonprofit sector over the last few years. These demands come as workers now require information from employers, support renegotiations of power dynamics and increasingly call to end all forms of pay discrepancies (Liu, 2022). This effort has reached a tipping point, demonstrated by employers witnessing issues attracting talent, without publishing pay data (Scheller, 2018). Employers such as Buffer (a social media management platform) experienced almost double the number of applicants once it added specific pay rates to the jobs they advertise (Meyer, 2022 Miettinen, 2014). Importantly, as these systems are adopted, people do utilize them and push for more even pay. Anis Heydari covers housing and economics for the CBC, who took varied research data to contextualize his overall research in how pay postings are used by employees. His work describes how people who are looking for employment filter out jobs whose salaries they would not accept, thus creating a culture of openness during the hiring process, which employees are able to identify (2022).

As with any movement, one can look to increasing media reporting and web searches for how relevant a topic is in the public discourse. From this, many news articles, interviews and discussions have taken place, but there are scarce few peer-reviewed studies detailing the positives and/or negatives organizations recognize from implementing these policies. Even without this metadata, laws are taking root in states like New York and Colorado mandating pay ranges posted in job descriptions to “support workers in making informed decisions” (Miettinen, D. 2022).

The general public focuses on individual successes that companies have when they adopt aspects of pay transparency. Google trends and Twitter interaction searches are prime indicators of internet traffic for transparency’s popularity. As one can see, both searches show a
general increase over time, with steady increases in interactions and searches after Colorado’s (1/1/2021) and New York City’s’ (1/15/2022) pay transparency laws went into effect (Google, 2022).

Table 1. Online Engagement for Pay Transparency (Google, 2022)

This discussion has not just been focused on large corporations, as many universities, hospitals and other large nonprofits have also been called to increase transparency in pay and benefits. As nonprofits tend to pay below market rates for many jobs, keeping employees in the dark about what overall pay rates actually are, keeps their employees’ pay low (Simon, 2022). Born from this opaqueness, many employees may not understand just how low pay rates at their current employer are. Even in the general workforce, 10% of jobs are not viable at current wages, and workers could just leave the lowest paying firms and move to ones paying more for the exact same job (Jager, 2022). Wages of management at nonprofits are, on average, $3.36 per hour less than those of their counterparts of for-profits, and with benefits added in, the difference in total compensation is $4.67 per hour (Schuman, 2017). Thus, nonprofits have a
need to fully comprehend the “starvation” wages they are paying, and they need to formulate a
push for needed wage changes by increasing the public's knowledge of what it really costs to
run programs.

Already, an amount of pay transparency is built into wider society through government
and union jobs. In the Nonprofit Sector, one can witness a nominal amount of public disclosure
in 990 filings for 501(c)(3) public nonprofits. Section seven of an organization's 990 covers
posting executive pay and “highest paid employees” (who make over $100,000). While beyond
this scant section, little is mandated. The popularization of pay information from sites like
Salary.com and Glassdoor.com are clear evidence that there is demand for this information
(Heisler, 2021). Indeed, nonprofits have a duty to be open and honest with their stakeholders,
and having a continuous flow of information needs to be intertwined with engagement to foster
understanding and trust. Having transparency is of great importance to this flow and helps
assure funders that their funds are being used to complete the mission. As seen throughout
research on this topic, places that become open can never go back, and once stakeholders are
able to see everything, they will inevitably ask “why not show everything, if you aren’t doing

Due to the large amounts of government funding for nonprofit services, transparency
issues become important to tax payers as they are benefiting from government money without
public disclosure. For example, one-quarter of California nonprofits relied on government
funding for 60 percent or more of their budgets, mirroring national trends (McKeever, 2015).
With such strong ties to the government for financing, problems with contract and grant
administration can be a source of intense pressure on nonprofits (McKeever, 2015). Owing to
this, some state courts have determined that nonprofits can become the functional equivalent of
government agencies due to the amount of public funds they receive and the essential
government functions they perform (Hale, 2021). In the past, Ohio declined to impose
government transparency standards on professional membership associations, but after
corruption allegations became exposed, the state has reversed course (Hale, 2013). Indeed, many state officials believe that nonprofit service providers that receive substantial revenue from public service contracts were not appropriately transparent unless they permitted public inspection of all financial records. For example, an Ohio based nonprofit filed Form 990, but its 990 alone was not sufficient to protect its relationships with stakeholders in the face of a crisis, or even in the face of public inquiry (Hale, 2013). Thus, nonprofits that receive significant public funding remain open to new regulation that would make them open to public inspection in the same manner as any other public agency (Hale, 2021).

Implementations of Pay Transparency

While in-depth scientific studies about pay transparency's effect on workers' wages remain elusive, there have been a few that unlock some understanding about what the future will hold for organizations who adopt these policies. Importantly, these have exposed the need for more investigation in the future, which would include more reporting data that is nonprofit exclusive. Closest to the Nonprofit Sector is data coming from Canadian universities, in which they described how the pay gap persists "due to its hidden nature" (Baker, 2019). Baker's study of this data collected over the past 5-10 years reveals that pay transparency did lower gender gaps with a 30% reduction in the pay gap between men and women (2019). While this study also noted that the pay gap was 2-4% (while still being statistically significant), the exposure of pay reduced overall salaries by 1-3% (Baker, 2019). While not explained in depth, this reduction seemed to come from employees whose pay was much above average and became reduced due to its exposure over the mean (Baker, 2019).

Other studies done by Cullen, Hale, Payscale, Bemmedsen, Rene, Kim and Blundell found much of the same effect: a reduction in gender pay gaps, coupled with a small reduction in overall pay. While these studies focused mostly on gender gaps, other gaps in pay (race,
age, location, etc.) were discussed, but were not the focus of these papers. All of these authors seem to agree that while wages overall are reduced, this reduction is from the curtailing of high salaries, rather than a reduction in overall pay.

Along with ending gender pay gaps, attracting talent is of utmost importance for nonprofit leaders. Evidence exists that women and minorities choose employers who have increased pay transparency policies as they view them as being more fair (Ramachandran, 2012). Employees have started to demand this at their places of work and even though full transparency will take years to achieve, beginning the transition now is important to prepare for the future. Even as this has been picking up steam since the mid-2000’s, ever increasing gaps in society from the pandemic and calls for racial justice from the Black Lives Matter movements have combined with new studies showing benefits to increase pressure on firms to provide this information (Payscale, 2021).

One of the first (and most basic) ways to begin pay transparency is to post salary data on job applications. In 2019 only 8% of job postings included this, and while this has increased to 12% in 2021, there will remain a protracted lack of information until this becomes a common practice (Kathryn, 2022). In general, the positives from these postings are understood, as they keep employees from wasting their and the firm’s time going through interview processes for jobs some people will not consider (Heydari, 2022). This also embarks new hires into a trusting culture, as they are more likely to feel more trust with their employers, while at the same time letting current employees comprehend if the current market rate is above what they are being paid (Kathryn, 2022). Furthermore, nonprofits need to understand and anticipate the going rates for new hires and how older employees fit into this range so employees are able to effectively advocate for pay increases for themselves.

Positives from nonprofits that have adopted pay transparency abound in voluminous news articles. Nonprofits like Hillel International, not only witnessed employees and staff making more informed choices, but saw increases in staff loyalty and understanding in why pay
differences existed (Schneiderman, 2021). Grasser et. al. proves this motivation and loyalty component in pay transparency by witnessing employee increases in motivation once pay gaps were exposed and remedied (2021). However, this data points to an interesting caveat in motivation; when employers posted pay and it showed little variance, or employees were overpaid, it had almost no effect on motivation (Grasser, 2021). This is seen again in Ramachandran’s study of UC Berkeley’s posting of public salaries. Those even with or above average salaries saw little change in motivation, but those underpaid employees had reduced satisfaction and had higher rates of leaving the organization (2012).

Apple and Activision Blizzard are examples of what could become a pervasive issue for employers in the US. Both of these companies had internal, employee-led data collection on employee salaries. These were shut down by both companies’ HR, but this is illegal under US federal law (Sheen, 2021). Furthermore, Activision Blizzard, after having many employee complaints filed, now faces a lawsuit from the California Department of Fair Employment and Housing (DFEH) over unfair pay practices (Sheen, 2021). While employers may have the power to restrict what they post, employees are fully within their rights to discuss pay, and in nonprofits, constant underpay means many are more willing to share salaries with one another to help one another advocate for themselves (Beqom, 2021). Future research will need to include a discussion of why and how firms would benefit from underpaying and how this may be driven internally by the firm even if employees are actively trying to fight against these gaps.

Thus, the discussions around pay transparency need to note that there are both positives and negatives to its adoption. Studies about its adoption point to the ability to drive needed changes in pay, motivation and talent acquisition for the Nonprofit Sector. While nonprofit leaders must support these needed changes, doing this slowly and creating matrices that allow HR managers to explain differences in pay will lessen the negatives while increasing the positives.
Wage Gap Reduction- Needed in Nonprofits

One of the most reported and well understood aspects of pay transparency is that it can reduce the gender pay gap. While the general public has been confused about what the pay gap really is (overall income by gender versus comparing similar roles internally), there is still a statistically significant gap of 2%-7% between what men and women earn (Kim, 2015). More than this, its use would be important to uncover and correct biases by hiring managers, while also reducing other gaps that exist by race, wealth, disability and attractiveness. These biases have been documented well, as Connley describes its impact on closing the gender gap, with more transparent organizations having less gender inequality in pay (2020). Furthermore, this research provides a backdrop of increased motivation and happiness among employees by them feeling their workplace is more transparent, even if policies had no effect on the gender pay gap (Connley, 2020). This fairness perception is important for retention, as men are more likely to believe their company pays fairly (Connley, 2020). This could stem from men having generally higher salaries and negotiating more aggressively as well as other factors, but this still leaves one with the conclusion that women feel less likely to be paid evenly, which leads to negative outcomes in motivation, retention and workplace culture.

While witnessing major reductions in the past few decades, wage gaps still exist throughout society. When looking at work sectors, the sectors in which women and minorities dominate, they tend to be paid less overall (Pay Scale, 2020). While the wage gap for men and women is now .98 to the dollar, this amount is still significant over time, and pay transparency has been shown as one of the most effective ways to make up this last difference as well as diminish other pay gaps (Pay Scale, 2020). Even now, nonprofit employees who feel that their employers have transparent policies generally do not have a statistically significant wage gap and see a reduction in other pay discrepancies over time (Pay scale, 2020). As women are graduating at higher rates from colleges and continue to make great strides in taking higher
positions at organizations, asking why the jobs these educated women are taking are paying less is vital to question (Blundell, 2021). Research into the “ask” is an important indicator, as men generally ask for more money than women do, but by having more information, this wage asking gap of 2.9% is reduced to -.3% (Nina, 2020). Nonprofit executives should be aware of this when negotiating salaries, and it is an important issue to understand why gaps may be continuing even if organizations are focusing on reducing pay gaps by reporting pay of all and creating matrices that help determine pay rates.

Kim’s work on investigating how much pay secrecy affects women’s wages finds statistical differences between those businesses who were open with pay and those that tried to ban discussion around pay (2015). Thus, the argument involving how increasing secrecy continues wage gaps based on gender is true, and nonprofit leaders need to understand that by continuing these systems, they are contributing to this gap. Ample other work has been done by Kim, and her combination of looking at power differentials, along with wages, has contributed much to the overall push by many feminists to increase pay transparency (2015). As new wage gaps come to the surface, one can look to cases like the one involving Lilly Ledbetter, who was underpaid for doing the same job as others for years (Time, 2019). She was only able to find out about being underpaid when a friend disclosed their pay to Ledbetter, signaling that this could be a major problem for companies who have similar issues (Time, 2019). We cannot know how pervasive this is, and new releases or upcoming mandates will force the hand of many employers to finally create fair pay ranges, reduce gaps in pay for similar conditions, and force clear communication on why pay differences exist. All of this will support the dismantling of gender wage gaps as well as many other types of wage gap issues.
Low-pay for Nonprofit Employees (how pay transparency could help)

Anderson’s paper discussing pay equity investigates the many factors into why nonprofits pay is lower and points to biases in how people feel nonprofit work to be (2020). Normally, lower pay is discussed in terms of funders wanting lower administrative costs, that employees work in “lower-paying” industries, that nonprofits do not produce as much value and that employees should be motivated by the mission, not money (Manzo, 2004). While these assertions have been proven weak (and in some cases false), there still remains grave imbalances between for-profit and nonprofit pay that is not well explained, but continues to exist (Kim & Charbonneau, 2020). One major factor that is understood as impacting pay for nonprofits is how large of a gender bias towards females is in the nonprofit sector (Anderson, 2020). As the field has become more professionalized, the need to pay adequality continues to plague nonprofits, but research has found that because nonprofits are seen as engaging in more “women’s work” there remains a stigma around paying higher salaries for positions predominantly held by women (Anderson, 2020). This is not just pervasive in nonprofit settings, but in wider society, where even the salaries for highly educated professions like teaching, child care and medical assistants are still lower paying positions for the value they bring to society (Anderson, 2020).

While this cultural and funder based stigma will not end quickly, being able to ascertain full costs for programs and acknowledging their value is a powerful argument for supporting increasing pay. This will allow funders to see what the real costs of doing business are and to encourage officers to plan fundraising, understanding the full costs to break out of the nonprofit underfunding cycle (Bell, 2005). With these in place, organizations will be able to make a stronger case for why new funding is needed and describe the importance of paying staff well to not only complete their mission, but to make sure the staff can live comfortably. Friedman adds
to this thinking, as many who contract on behalf of nonprofits and governments remain underpaid and their wages go unreported (2010). This makes up one-fifth of government employees and a large section of nonprofit workers, and these individuals would again benefit in many of the same ways from pay transparency (Friedman, 2010).

Motivation is always important to nonprofit leaders, and even while they have an easier time dealing with their more intrinsically-motivated employees, wage gaps can still cause morale issues. When pay rates have (or perceived to have) fallen behind wider society, these individuals will experience increased dissatisfaction (Burn, 2019). While not unexpected, Risher’s work investigating motivation illustrates how much larger this negative gap is than the positive feelings employees get from being overpaid (Risher, 2014). He adds that there was a significant amount of employees who also felt uncomfortable being overpaid in comparison to their peers (Risher, 2014). Along with this, nonprofits sometimes hire at low rates because of tight budgets, but when this is not explained to employees or funders, this underpayment is allowed to continue.

As nonprofits tend to pay below market rates for jobs, keeping employees in the dark about what the overall pay rates actually are gives an advantage to keeping employee pay low (Simon, 2022). Employees have a hard time understanding how their pay rates at their current employer match the rest of the market, but many generally understand if they are paid too low. Table 2 illustrates this phenomenon well, illustrating how underpaid employees understand that
they are underpaid while those above market rate have little understanding that they are being paid more.

Even in the general workforce, 10% of jobs are not viable at current wages, and workers could just leave the low paying firms and move to ones paying more (Jager, 2022). One could believe that this problem would be even worse among nonprofit workers and needs to be investigated further so individuals can ascertain how low the pay really is for nonprofit employees and how much pay transparency can help change these low wages.

Why Pay Transparency is the Future

Beqom’s survey across sectors and generations truly shows how much of a tipping point the general public is at when it comes to pay transparency. His data shows 72% of workers want to see pay gap figures, 46% said they would discuss salaries openly; with this rising to 56% of millennials and 61% of Gen Z (Beqom, 2021). When discussing pay with managers, over half felt like they could, or have done so, but many more men (62%) than women (44%) felt like they could discuss pay with their managers. Due to statistics such as these, progressive countries like New Zealand have already been mandating increasing pay transparency. This is
on top of their already mandated posting of pay for those receiving government funds (New Zealand, 2020). Importantly, authors like Beqom noted that almost half of employees begin to look for new jobs when they believe there are pay gaps for similar roles, whether or not it is true (Beqom, 2021).

Scheller and Harrison build on these surveys by partnering with salary disclosure websites; they have seen a noticeable uptick in both visits and wage postings (2018). Along with this increased traffic, they asked individuals about why they thought this data was needed, and a large majority mentioned justice as the reason why they wanted this data posted (Scheller, 2018). The impact of this negative motivation was tested by Grasser to comprehend how large of a benefit pay disclosure has on motivation. The work backs up much of the surveys taken earlier, illustrating how much of a drain on motivation even perceived inequity can be (Grasser, 2021).

Similarly, other studies done by Breza have found analogous motivation complications with high or even perceived to be high inequality in workplaces (2018). This research was included in an overarching study of why people leave jobs. When looking across sectors, counties, and gender, the top issue causing individuals to leave jobs was lack of pay satisfaction and perceived sense of inequality (Harvard Business Review, 2021). Even if they were being paid fairly, businesses being unable to make the case that pay is fair, is actively causing workers to leave. In this research they found individuals would take a 9.3% pay cut to be in evenly paid organizations, and perceived pay inequality caused all workers to face a drop in cohesion and productivity (Breza, 2018). Throughout his/her literature review, Breza found similar instances of this major reduction in productivity, discontent among employees, reductions in cooperation and reduction in output (Breza, 2018). Table 3 illustrates the importance pay transparency is, with it being the fourth most common reason for switching jobs for nonprofit employees.
Currently, websites such as Indeed.com are running ads asking people to disclose their pay, both to end the stigma around doing so and to help end pay inequities, a true display of how quickly this stigma is eroding. However, as noted in these studies, these are all self-reported, and there needs to be more data collected about if people are truly posting their actual salaries and if they believe their coworkers are as well. When these policies are created, their enforcement policies will determine how effective these policies are; as in Denmark when Act no. 562 was created to “promote visibility” but with little enforcement or active promotion of using data posted, few firms were inclined to change (Morten, 2020). A similar action was taken in Austria that had much of the same result, seeing a slight reduction in the gap, while having pay remain the same or slightly reduced (Rene, 2021). Similarly to the Denmark law, there was little enforcement behind this data, thus not fully representing the impact an enforced law would have, even though there was an increase in pay among newly hired women (Rene, 2021).

Cultural Hang-ups and Government Funding

As of 2022, employers conceal the knowledge of pay rates internally, keeping the power away from employees and giving employers a leg up in salary negotiations (Ramachandran,
Workers will need to get over their fear and cultural hang-ups of having their pay publicly posted to give themselves the knowledge needed to advocate for themselves effectively. Much like in wider society, workers do not often realize how unequal pay is in organizations. Studies done both in Europe and the US show that individuals have wrong opinions about general societies’ fairness and how fair pay is in their place of employment (Rylah, 2022). This misunderstanding can be seen in this graphic which compares employee beliefs on pay versus the actual objective pay they receive, thus, illustrating how even employees pay is thought to be, but how unequal pay really is in many organizations.

Table. 4 Worker Beliefs (Blue) Vs. Actual Pay Rates (Pink) (Jäger, 2021)

Unique to the nonprofit sector, 80 cents of every dollar of nonprofit revenue in the United States comes from government grants (or contracts) and fees for services (Hrywma, 2020). Universities and hospitals skew the numbers more as they account for much of the 49 percent of nonprofit revenue derived specifically from private fees for services (Hrywma, 2020). Only about 10 percent of overall nonprofit funding comes from individual donations and another 4 percent from foundations (Hrywma, 2020). Governments often hire nonprofits to provide
services to the public, accounting for 32 percent of nonprofit revenue, yet failing to pay the full costs of delivering those services. (Hrywma, 2020). Table 5 illustrates the depth of government spending on nonprofits in California and the nation. As one can see, only 28% of nonprofits are getting less than 10% of their budgets from the government, with the majority (51%) receiving 35% or more, thus illuminating the extent of government spending on nonprofit services.

Percent of Total Revenue from Government Sources

<table>
<thead>
<tr>
<th></th>
<th>&lt;10%</th>
<th>10%-34%</th>
<th>35%-60%</th>
<th>&gt;60%</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>28%</td>
<td>22%</td>
<td>26%</td>
<td>25%</td>
</tr>
<tr>
<td>National</td>
<td>25%</td>
<td>26%</td>
<td>22%</td>
<td>27%</td>
</tr>
</tbody>
</table>

Table 5 (Urban Institute, 2015)

The government and military already post wages for all to see, and for the most part, have the least amount of pay gaps between different groups in the US (Heisler, 2021). While nonprofit employees are already starting to break up the established power norms in society, this will be fully accomplished through similar open pay practices that the government has. This should be fairly easy to accomplish. As government funding is already such a large part of nonprofit funding, one could extend the same policies to the Nonprofit Sector.
Power Dynamics in Wage Posting

Cullens’ work focuses on the power dynamics that are in play when workers and employers negotiate pay. Her major focus on the “equilibrium effects” of pay transparency discusses the greater impact these policies will have on lower wage workers, as they have less of an opportunity to negotiate (2021). When firms are able to set wages without anyone else knowing what the wages are, they are able to set lower wages and workers lose a lot of their bargaining power. Transparency would also help increase lower wages by reigning in higher paid employees; those making above the average within their working group and using these funds to increase everyone’s pay (Cullen, 2021). Due to this, businesses often see a decline in salaries overall due to the overpay of employees being trimmed back, while having median wages slightly increase (Cullen, 2021). Cullen recognizes that the long-term effects of pay transparency are not well understood, as few organizations have been doing it for longer than 5 years, but her research proves the renegotiation of power is in the employees favor (2021).

Burns and Kelly also find this power dynamic one of the main reasons employers are reluctant to share salary information. They do not want workers to compare salaries and see inequality and then leave or push for higher pay (Burns, 2019). In this study, they found that with this knowledge, the gap between managers and lower-level employees is reduced, and they found a reduction in perceived inequality (Burns, 2019). Thus, she extrapolates this to how union organizations operate: by having a sense of collective power, employees, over time, should be able to get increased pay and benefits, while reducing wage gaps and feeling more confident in fairness. This is true beyond just low-level employers, as wage gaps continue up the chain when managers do not know what other managers are making (Burns, 2019).
While much new literature focuses on the gap between employees with similar roles, gaps between management and average employees remain relatively unexplored (Cullen, 2018). There remains little understanding of how these gaps affect motivation once they are discovered. Nonprofits, in general, have reduced differences between executives and the average employees in a percentage sense (Cullen, 2018). While this could be due to a variety of reasons, including how public ED pay will be, it postulates that nonprofits will have an easier time dealing with this transition than for-profits. Indeed, this push for salary posting has only increased in the past decade with 65% of nonprofit employees wanting more of this information and being willing to take some salary reductions to get this information (Heisler, 2021). It is important to note, though, that there still is a cultural pushback to full disclosure, with 74% not wanting full public pay posting (Cullen, 2018). Getting around this could be achieved by giving the information only to those who want higher positions (Cullen, 2018). In general, Cullens’ data proves pay transparency is beneficial to firms with a caveat that individuals have little appetite to change the larger gaps that exist between management and those under them (2018).

Problems with Pay Transparency

Studies done by Bennedsen, Baker, Blundell and the European Union are testaments to some of the effects society will see if pay transparency is adopted, even though none of these were specifically looking at nonprofits. The slight reduction in overall pay is a caveat one would be remiss not to mention. All of these authors believe this reduction would be caused by an elimination of vastly overpaid employees. Some employees' salaries are staggeringly higher than their coworkers, so HR is pressured to cut their pay and cannot hire at these inflated salaries (Bennedsen et al., 2019). When one compares these studies, this assortment does
seem probable. This reduction was seen in some studies which juxtaposed a raising of median wages, reducing salaries towards evenness and/or scything out salaries far above the mean.

Due to nonprofit reliance on lower wage labor, there could be a new shift in who is hired with increased pay transparency. As the pay law in Austria’s effect was to reduce the number of women who were hired, due to, as the author suggests from to higher initial wages (Rene, 2021). Some studies, such as Alexandre’s Mas’ investigation of pay suppression in government jobs from pay appearing excessive, could be a direct comparison to what could happen in the nonprofit sector (2017). This is a common thread throughout the sector as there remains a debate whether disclosing salaries would help increase salaries or would push them down, especially at the executive levels. This pay compression does seem real, though the tipping point was at about $200k, which would not affect many nonprofit employees (Mas, 2017). This research does illustrate how critical defending skilled management is and how important communicating its benefits is to stakeholders. This compression thread needs more investigation, but there does seem to be a difference when looking at lower versus high level jobs, as pay transparency helps those at the bottom, while reducing wages at the top, making it seem as though there was a pay reduction overall, even when it was concentrated at the top or by certain groups. Moreover, executives need to be wary of providing too much transparency too fast, as once it is communicated, it is impossible to go back (Heisler, 2021).

There is much room for study of how pay gaps actually affect organizations and the people in them. While there have been recent studies into how pay gaps affect the physiological impacts of the gap, these studies have only looked at “created” gaps and not ones created naturally (Cullen, 2021). An aspect that much of the research on pay transparency fails to look at is why organizations themselves have a reason to not want this information getting out. While Cullens’ review highlights both the benefits and negatives of transparency to individuals and organizations, there remains a gap in the literature about how both for-profits and nonprofits want to get the maximum value out of their employees (Cullen, 2021). For some organizations,
this entails paying them as little as possible while extracting the most value from each employee
to further profit or mission success (Cullen, 2021). While it is hard to remove oneself from this
fact, HR and executive directors need to know that extracting of value exists and it would be
helpful to see how this manifests itself into a continuation of the pay gap.

What the Future Holds

Colorado was the first state to mandate pay ranges in the US, but it is not the only state
doing so. New York recently passed transparency laws and many other states have new laws in
committee that could rapidly introduce mandated pay ranges for all employees. In California,
SB1162 would expand on aggregate data posting that is already mandated (DiFeliciantonio,
2022). This bill is already gaining traction and is a signal that the winds are shifting in the
government towards mandating pay range posting and more transparency. Salary history has
already been banned as a question during interviews in California and is an important example
of how government mandates have led directly to salary benefits for employees (Bessen, 2021).
Bans on questions like these are subtle ways of restructuring power and knowledge differences
between employees and employers. By revealing past history of pay, people and groups who
have been historically underpaid would only have this underpayment continue, or they may
alternately be forced into a position of lying in order to break this cycle (Bessen, 2021). Indeed,
banning questions that push a burden of payment to the employers improves, in the slightest of
ways, employees’ ability to negotiate. These new laws signal that changes are coming whether
employers like it or not. Nonprofit leaders would be remiss to not understand this changing
landscape, and they should push other executives and their boards towards the beginning steps
of pay transparency within their organizations; otherwise, they will suffer from lack of
preparation to implement these changes. Standardization is the name of the game, being able
to create a process for pay rates that remove as much bias as possible is the next step for nonprofit and business leaders (Heisler, 2021).

Some organizations are already taking steps to introduce and illustrate the success pay transparency can have; one such example is Buffet. It is an organization posting a radical amount of pay transparency, being fully open about pay for every employee. This group uses a framework that is able to explain all pay differences and make each decision easy for employees to understand (Nordli, 2022). This put them ahead of the curve, as when Colorado was the first state to mandate pay ranges they were prepared. From this openness they found they were able to attract a more diverse applicant as there is evidence women and minorities will choose open workplaces over those that are more secretive, even if they would get paid more at the opaque jobs (Ramachandran, 2012).

Some employers have gotten around this by not posting jobs for Colorado, but the future foretells that demands for ranges like this will only continue. New CA bill SB 1162 would include posting of all pay ranges, IRS reviews of who is getting paid what in organizations, would open the conversation about pay overall and who is making what. In other states, pay transparency is happening. New disclosure laws in Maryland, Ohio and Washington are adding to this mandated push. Furthermore, many states are also adding new laws about pay disclosure after new people are hired, with pay comparisons taking into account cost of living adjustments (Hendrickson, 2022). There are also trends for mandating pay transparency outside the US as well. The EU is starting to mandate this reporting in regards to position, audits help ensure equal pay and countries like Norway have additional information, by showing gender breakdown of gender pay and individuals, but this is kept within the organization (European Commission, 2017). Collective bargaining has also been affected by this impact and demands for breaking the secrecy culture are growing. Indeed as of now, compliance enforcement is hard, and laws are continuing to be created about how to mandate these postings while understanding that
employers are acting in “good faith” without necessarily having to be up to date on all data points when jobs are posted (Hendrickson, 2022).

Finally, one needs to understand the wage gap relationship with trust in the public sector. Right now, nonprofits have seen eroded trust since the early 2000s (Davenport, 2022). Much of this may be unfair, as high profile organizations that had major scandals reflect badly on the whole sector. As nonprofits are built on trust, it is vitally important to keep trust with funders, staff and stakeholders. Being able to pay fairly and show where money is going are two of the best ways nonprofits can illustrate the impact of their work. When looking at how trust is built in rural communities, trust and fair pay for work are important and this effect spills over into all communities nonprofits work in. Maintaining healthy relationships with the communities that are served, by not overpaying or underpaying for service is required to show that an organization is acting in good faith (Snavely, 2002). Without this, these nonprofits cannot function, as they are much more reliant on having a support community than their urban cohorts (Snavely, 2002). Even if they are able to receive government funds, the security in which many nonprofits operate with, throughout the US, reduces their impacts. Trust is the ultimate indicator for nonprofit successes, as stakeholders will see the impact and will want to invest their money to these causes.
Methods

The data collection for this project focused on how and what nonprofit organizations post in job descriptions. Its focus was on a content analysis of nonprofit job descriptions done through LinkedIn. The additional data collection was a survey analysis that looked at individuals’ readiness to accept pay transparency. Individuals were asked questions about pay transparency at their own place of work and what issues or positives could come out of a transparent pay policy adoption.

Sampling Selection

I chose LinkedIn over platforms such as Handshake and Indeed due to postings coming directly from nonprofit organizations, rather than just linking to internal job postings. LinkedIn also pulls data from job postings and displays them in the exact same format, allowing me to compare job postings without having to focus on how each organization chooses to create their internal postings. Along with this, LinkedIn was likely to display more information than internal postings due to partnerships with websites like Glassdoor. These partnerships help them provide estimates of pay ranges and they have simple to fill in spaces to list contacts and benefits for job postings.

Collection

To begin this research, I created a new “blank” LinkedIn account and searched for five jobs from the largest nonprofits by market cap (from the Forbes 100 list) and largest universities by largest endowments (N=154). I chose to focus on the largest nonprofits due to them having the most resources to dedicate to HR development and to the creation of job boards and postings. Therefore, these largest nonprofits should be the best at posting job descriptions, pay ranges and benefit packages. By looking at these large nonprofits, one can see the
inconsistency that still remains. Organizations also tend to use the same words and “style” of posts over and over again. Thus, one is unlikely to see a contact, pay range or a description of benefits if one posting does not show these things.

Along with the job data collection, I created a survey to see how people felt about pay transparency at their own organizations. The survey asked questions regarding how individuals felt about job postings, how they found out about pay and benefits, and how pay transparency could help or hurt their organizations. This was given to mostly people in the nonprofit sector, but was also shared on many social media sites, giving a wider range of people who answered my survey (N=74).

Coding for Analysis

The codebook for job postings was defined by looking at the type of organization (Healthcare, Higher Education, Social Services, Relief, Environmental) and location (West, Mid-West, Northeast/mid Atlantic, South, Southwest). I then broke down job postings by title/type. Entry-level was defined as low level with no mention of management and jobs with low level experience. Next was mid-level which was defined as middle management, with higher experience requirements and more specific qualifications to apply. Last was executive level. These were jobs running a nonprofit or section of it at the director level. These had high requirements and many responsibilities. (Note-many of these were defined by LinkedIn itself, as they had a space to put the job level on the job description.)

The next variables all looked at the range, looking if it was posted, if it was internally or externally sourced and if the range was estimated or actually reported. The size of the gap was the next variable, starting with 0 and going up by 5,000, until 40,000+ gaps, being the maximum range. The last two variables looked to see if there was a contact provided and if benefits were mentioned at all, casually or were in-depth about what the organization provides.
Interviews

I conducted four interviews, which were semi-structured to help me understand the landscape of pay transparency in the nonprofit sector and provide additional information and examples for my overall research. A semi-structured interview process was used (see Appendix) to keep some level of consistency and to help keep the focus on specific issues and successes they have seen from pay transparency.

- Vu Le is a writer, speaker, vegan, Pisces, and the former Executive Director of RVC, a nonprofit in Seattle that promotes social justice by developing leaders of color, strengthening organizations led by communities of color, and fostering collaboration between diverse communities. He also runs a blog named Nonprofit AF which covers many topics in the nonprofit sector, but has focused on how bad nonprofit job descriptions are and has pushed for “release the pay” which is a focus to get more nonprofit jobs to post salary ranges.

- Rachel Gould has a Master of Environmental Management from Yale and has a passion for pay transparency. In her studies Gould noticed many people coming to her about pay negotiations for their jobs after college. Due to this, she created a pay matrix that shows what pay rates are like and what jobs fellow students are getting. She currently works in investments at Hannon Armstrong

- Joyce Chiao runs a DEI fellowship focused on educating adults about topics relating to advocacy and personal advancement. She is particularly interested in seeing how others internalize topics and how individuals discuss difficult topics. She has a Master’s in
Public Administration from NYU Robert F. Wagner Graduate School of Public Service and serves on three different nonprofit boards.

- Emily Anderson has a Master’s degree from St. Catherine University and wrote her Theses on Advancing Pay Equity in Nonprofits through Feminist Leaders. She currently works as an HR manager for a nonprofit and has been heavily involved in creating matrixes for pay in her organization and pushing for more transparency on nonprofit pay rates within her organization. She also creates many job postings and supports a few other nonprofits in how to create effective job postings.

From these interviews I was able to glean new information that supported both my research, findings, discussion and areas for future research. All of these interviewees discussed the “inevitability” of pay transparency, believing it to be more of an idea to plan for, rather than something that nonprofits need to push to happen. Furthermore, many interviewees also shared the belief that job postings needed work and that nonprofits were bad at posting job descriptions and pay ranges as well as discussing the actual cost of overall work. While these full interviews have been integrated into other parts of my paper, one fact many of these professionals brought up was the “legacy” of pay, meaning that if someone was over (or under) paid when they were hired, it was very hard to correct the issue. Many interviewees discussed issues with employee pay being higher for new employees rather than those who were already in the organization before the pandemic. These are issues HR managers really need support through matrixes to fix, but it was also a power and access to information issue (something also heavily mentioned) that was the real reason why organizations do not want to release this information. Again, these statements were already backed up by the demands many of these individuals were seeing on nonprofit businesses, and even as they mentioned some issues, they all felt that overtime pay transparency will become standard practice in the nonprofit sector.
Results

The largest 25 nonprofits from Forbes 500 and the top ten largest universities by endowment still have many gaps in the way they post and how they display pay ranges. A majority (83 or 53.9%) had no posting. This sample was meant to look at the state of job postings within the nonprofit sector. Through the variables described above, we are able to make some observations about how these large nonprofits post pay and benefits data.

### Frequencies of Type of nonprofit Org

<table>
<thead>
<tr>
<th>Levels</th>
<th>Counts</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 healthcare</td>
<td>24</td>
<td>15.6%</td>
</tr>
<tr>
<td>2 higher edu</td>
<td>50</td>
<td>32.5%</td>
</tr>
<tr>
<td>3 social services</td>
<td>33</td>
<td>21.4%</td>
</tr>
<tr>
<td>4 relief</td>
<td>37</td>
<td>24.0%</td>
</tr>
<tr>
<td>5 environmental</td>
<td>10</td>
<td>6.5%</td>
</tr>
</tbody>
</table>

### Frequencies of Job Location

<table>
<thead>
<tr>
<th>Levels</th>
<th>Counts</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 online</td>
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<td>5.2%</td>
</tr>
<tr>
<td>1 west</td>
<td>14</td>
<td>9.1%</td>
</tr>
<tr>
<td>2 mid west</td>
<td>23</td>
<td>14.9%</td>
</tr>
<tr>
<td>3 north east</td>
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<td>39.6%</td>
</tr>
<tr>
<td>4 south</td>
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<tr>
<td>5 southwest</td>
<td>11</td>
<td>7.1%</td>
</tr>
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### Frequencies of Job Level

<table>
<thead>
<tr>
<th>Levels</th>
<th>Counts</th>
<th>% of Total</th>
</tr>
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<tbody>
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<td>1 entry level</td>
<td>63</td>
<td>40.9%</td>
</tr>
<tr>
<td>2 mid level</td>
<td>63</td>
<td>40.9%</td>
</tr>
<tr>
<td>3 upper/executive</td>
<td>28</td>
<td>18.2%</td>
</tr>
</tbody>
</table>

Descriptive of Jobs Postings

Beyond the 83 who posted, only 46 out of 154 job postings (or just under 30%) have pay ranges included. These ranges are even further muddled by the fact that of the 71 jobs posted, only 38 (53.5%) provided actual pay ranges rather than the 33 (46.5%) who just estimated what the pay ranges would be. Beyond pay, other aspects of job postings are even less common, with only 18.2% or 28 out of 154 of job postings providing a contact and 53.9% (83) not reporting anything about benefits. Even worse, only 37 (24%) had casual mentions of benefits, leaving just 22% (or 34) out of 154 giving somewhat detailed descriptions of benefits. All of this...
goes to show that even at the top, with budgets in the hundreds of millions, many large nonprofit employers are still lacking in having even basic details of job postings on LinkedIn.

A major aspect seen in the data was that jobs that posted ranges or benefits had the other aspect included as well. A Chi-Square test of a P value of less than .001 (df of 2, X2 of 22.8 N=154) shows that there is a significant difference in the ranges having benefits posted and vice versa than would be expected. For example, if employers posted a range, one would have expected about 38 of them to have no benefits mentioned, but only 24 actually did. Conversely, if ranges were not posted, we would have expected 45 to not have a mention of benefits, but 59 did not. This Chi-square test proves that job postings that had ranges posted did a better job at including benefits than ones that did not.

This idea that “good” posts were more likely to have more important aspects was seen again in the statically significant Chi-testing, if benefit mentions were affected by pay being posted internally or from an external source (P of 0.12, df of 2 and x2 of 8.77 N=71). Much like with the ranges and benefits, posts that had employer-provided ranges were significantly more likely to have at least some benefits mentioned. Similarly to posts with the range and benefits included, those descriptions that had employer-provided ranges had benefits mentioned more
in-depth than those without it. When looking at types of nonprofits overall, a Chi-Square test with a p-value of .001 (df-4, X2 of 17.9) shows that there are statistical differences in nonprofit sectors’ posting pay ranges. From this test, it shows that relief and social services are doing the best in providing pay ranges, whereas healthcare, education and environmental organizations are behind these groups.

Interestingly, the job levels had little effect on whether ranges were being posted or not. This may be due more from certain nonprofits having better or worse posts “overall” rather than by employee level. In many ways, it would not be hard for more nonprofits to just add what their general benefits package is to job posts and/or provide a contact without having to do much work. While pay ranges remain very inconsistent, there is work nonprofits must do on this front to have more specific and informative job posts.

From the multiple T-tests that were run, two were significant (with P values of .001 and <.001). These significant tests involved ascertaining if the pay range gap size was affected by both how the pay was reported (internal vs external) and if it was an estimated range or the actual reported range for the job. This means that the actual range was affected by how the range was posted (internally or externally) and if it was estimated or actually provided by the employer.

As seen in Table 6, both of these T-tests illustrate that when employers give the information themselves and take the time to show actual pay rates, it is much more useful for the employee. In both cases, actual ranges and those reported by employers themselves had much lower gaps over internal/actual pay rates. Thus, employers need to know that accurate posting is vital to convey necessary information as employees (especially at lower pay rates) do not get much information when gaps are so large. Both tables illustrate how different the gaps are when employers provide actual ranges. The mean gap is over $10,000 for how they are sourced and over $12,000 for actual ranges versus estimated ones.
Finally, I ran ANOVA (Analysis of Variance) tests. In doing so we had one, one-way ANOVA test that was significant (P. 004 df 62). This test looked at the pay range gap between sectors. This test allows one to see which sectors are doing the best (and the worst) at posting pay range data.

Table 7 ANOVA Test- Pay Range Gap and Organization Type

<table>
<thead>
<tr>
<th>Org Type</th>
<th>Healthcare Mean (SD)</th>
<th>Higher Edu Mean (SD)</th>
<th>Social Services Mean (SD)</th>
<th>Relief Mean (SD)</th>
<th>Environmental Mean (SD)</th>
<th>F-Stat (df1,df2)</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay range Gap</td>
<td>26000 (15790)</td>
<td>22579 (9924)</td>
<td>10962 (8128)</td>
<td>23040 (13101)</td>
<td>7001 (12124)</td>
<td>4.10 (4,62)</td>
<td>.004</td>
</tr>
</tbody>
</table>

When we found that there is a significant difference in how this gap exists between nonprofit sectors, we ran a Tukey test to see where there is a statistical difference. Through this test, we were able to see that the pay range gaps between the Social Service sector and the Relief and Higher Education sectors are causing this statistical difference. These have P-values of .048 and .024. Healthcare was also close, with a p-value of .052 being just under statistical
significance. What this data shows is that the Social Service sector is doing better than the other three at posting more accurate pay data. This is similar to what we saw in the chi-square tests, but proves that the Social Sector is the best overall in terms of having the smallest gaps in pay data posts, as well as having the lowest standard deviation in pay ranges.

Feelings About Pay Transparency

My survey was intended to look at individuals’ feelings about pay transparency overall and how people feel job postings do at giving accurate pay data. Seventy-four people took this survey with 61% (45) being between the ages of 21-30 and 18% (13) being between 31-40. Furthermore, 48 (65%) were female with 26 (35%) being male. Most were employed full-time with 80% (60) being so and 13% (10) being employed part time. Next, this study asked for yearly income before taxes and this was very evenly distributed with the lowest being 10% (20,001-40,000) and the highest being 20% of the study (40,001-60,000 and 60,001-80,000). Education was also asked and most (70+ percent) study respondents had a four-year degree or more.

We then questioned how people felt about job postings. Most felt job postings did not do a good job of describing pay and benefits (1 being bad and 7 being great) with a mean of 2.99 and a standard deviation of 1.21. Ninety-five percent of respondents answered between 1 and 5, thus most felt that employers are not doing well at posting information on benefits. Asked next, what was most important for people on job descriptions, the top three were salary range, benefits and location. This shows that salary and benefits are very important to applicants, and combined with the last question, illustrate that many are not seeing what is most important in job descriptions.
Asking how people found out about pay levels allows one to picture where people are getting their information about pay rates. This question was fairly evenly split with 30% (22) getting this information during the process of applying or negotiating during interviews. Still a large amount, 24% (20), found out after the process, leaving only 16% (11) finding out before applying. Thus, this gives us a clue that many are not getting this information before applying, meaning many job postings are still not providing this data to applicants.

The next question looked at how willing people would be to share their salaries with their coworkers. With 1 being unlikely and 7 being likely, we can see that there is a tilt towards being more open (mean of 4.71 SD of 2), but that many are still hesitant to fully reveal their salary. This leads into the next question, which asks if there was cultural pressure to not talk about income with others (1 being strongly disagree and 7 being strongly agree). This question had a large response in the affirmative with a mean of 5.47He and a standard deviation of 1.41. This puts most of the responses in the “somewhat agree” and above categories. This is to be expected, as culturally, in the US, this topic of sharing salary levels is still seen as taboo, and while its effect is reduced, this survey shows that it still has a strong presence in the minds of many. Without change, the previous question answers will have a hard time moving from its current distribution. This response was similar, but less strongly from the “I get nervous when people ask about my salary question.” Illustrating again, there is still some hesitancy to talk about pay openly.

Interestingly, the next question flies somewhat in the face of the last, asking if people would be likely to accept a job that posts wages for all to see. There were a large number of answers in the agree and strongly agree columns, with the median being the maximum acceptance of 7. This connects well with the questions discussing “you would demand more if people were making more than you in a similar role,” “pay scales will help with pay equity” and “wages will improve with pay transparency.” All of these had most answers with somewhat agreement and above, describing how people, while feeling there is cultural pressure not to
discuss pay, are more ready for pay transparency in their workplaces and think it will cause positive outcomes if adopted.

Importantly, people were divided on whether pay transparency would cause issues in their workplace. This question has little consistency, and with a mean of 4 and standard deviation of 1.6, this means that many do not have strong feelings for understanding its impact on their workplace. There was much more agreement on the question “employers undercut employees' pay when salaries are not discussed.” From this question, there was a strong agreement that survey respondents believed it did, and this again could lead into the strong affirmative response that making pay scales transparent will help with pay equity.

Summary

Overall, this data paints a picture of how far behind nonprofits are at creating detailed, informative and accurate job postings. The nonprofits where these jobs were posted by, have the deepest resources and largest budgets. Indeed, one could postulate that nonprofits with lower budgets will not even hit the modest amounts of pay data that these well-funded nonprofits are revealing in their job postings. With over half of these large nonprofits not having ranges, benefits or contacts in their job descriptions, one has to wonder what type of applicants would apply. Executive Directors and HR managers need to recognize the frustrations they and applicants have when information is not transparent. Directors and HR are wasting time interviewing applicants who aren’t interested in jobs that have low pay and poor benefits, and the applicants’ time is wasted as well. This data proves how much of an issue poorly written job descriptions are in the nonprofit sector and how much will need to be improved to attract the right type of applicants, moving towards being more open about pay and benefits and thus supporting overall pay equity. The survey results back up much of these findings, as many believe organizations are not doing a good job of posting pay data, even though employees
want to have more pay data. While there is still cultural pressure to not discuss pay, this survey illustrates that many comprehend at least some of the benefits that will come with pay transparency and are willing to work in places that have these policies. Both of these data sets prove that the nonprofit sector is behind where the American workforce is, and the nonprofit sector must be willing to listen to their employees (and potential employees) to change practices that are becoming less and less accepted by the American workforce.
Implications

While pay transparency has its place in both business and government, this paper's goal is to see how transparency affects nonprofits uniquely and what effect these policies have on issues such as retention, pay rates, organizational transparency, motivation and attracting the right applicants.

First, this research shows that even the largest nonprofits have issues creating and maintaining high-quality job postings. This problem is only worse with smaller nonprofits that have fewer resources to dedicate to these practices. As voters demand that more states adopt mandated pay ranges on job descriptions (along with other transparency-related details), nonprofit HR managers and leaders are already starting off behind. Being stretched thin and with constant demands for funding and expansion leaves many leaders wanting to fix these issues, but with little time to do so. The first step nonprofit leaders must take when implementing these policies is making time for them to be discussed, and the goals need to be well articulated. Once this is done, as Heisler and Anderson mention, matrix creation is of utmost importance and all stakeholders, including the board, need to be involved with this process in order to combat bias and to work on improvements overtime (2021, 2020).

Second, one does not need to look far to see how often this topic is in the news and is trending on social media. Indeed, there are many signals that the push for transparency will only accelerate, and my own findings illustrate the need for this cultural shift. Even as some issues are mentioned by employers, the benefits to employees are so vast, these small issues seem unable to change the tide of salary disclosure. Even as of the writing of this paper, more states are pushing for mandated pay range posting and for internal pay disclosure, and websites, like Indeed, are encouraging employers to publicly reveal their pay rates. If nonprofits are not prepared for this changing future, they will fall behind those who are posting pertinent information (Elmer, 2014) both in the applicants they get and how donors view their
organization. Third, transparency is an overused and misunderstood word, and every organization needs to define this for itself. This research did not look at specific nonprofits that have adopted these policies, other than to illustrate examples of success. One could imagine a future in which “transparency” and “pay transparency” are more well-defined in the Nonprofit Sector, thus making it easier for leadership to know what employees and funders expect.

Last, nonprofits need to be aware of how the secrecy around these topics reinforces stereotypes about nonprofit work and pay gaps throughout society. Secrecy can also widen power gaps that can cause issues in workplaces. While increasing pay transparency will not be a silver bullet, the overall positive effects it can have to improve society and the nonprofit sector are becoming more clear. Nonprofits can look to the government and military to see their successes in ending all types of gaps once transparent pay and public disclosure were mandated (Blundell, 2021). Furthermore, transparent organizations see higher satisfaction, less turnover, and more equality. Also, funders can get a full understanding of how their money is being used than they would with a more opaque nonprofit (Bell, 2005).

Thus, every nonprofit should begin the “path to transparency,” beginning with reworking job postings and creating matrices that allow HR managers to unbiasedly determine and explain pay rates for all employees. As this push seems inevitable, I have several key ideas that help explain what pay transparency is, how it can be achieved, and what the issues are that go along with its adoption.

Nonprofit Sector Has it Easier

While the news focuses on how this transparency affects for-profit businesses, in many ways nonprofits are already set up to have these discussions more openly. Much of this stems from their 990 filings, which allow nonprofit leaders to have more candid discussions about pay with both employees and funders. While the 990 is by no means perfect, its yearly posting and
updates overtime contribute to employee understanding of the financial outlook, and employees tend to be much more involved in securing funds for the organization than in for-profits. Moreover, nonprofit employees are more dedicated to the mission of their organizations rather than just working for a paycheck, making these types of conversations easier than in large disconnected corporations where employees are much more income driven (Grasser, 2022).

Beyond employee openness to these processes, nonprofits have an advantage and can more easily create standardized procedures for posting pay ranges and internal pay salaries for employees. Already this has happened in some states, as nonprofit job boards have created standardized posting requirements to have jobs listed online (Personal Interview Emily Anderson, 2022). Indeed, even at the state level, mandated metrics on pay gaps and bans on these types of questions mean that there is continual coalescing about how to report and implement these policies.

As the Nonprofit Sector already has some parts of full pay transparency built into the 990s, the sector should look to create standardized practices for how to implement pay transparency. This process should be based on organizations who have already gone through this process, to create both a top down and bottom up built system. Even without these policies in place, nonprofit leaders need to have these discussions and work with stakeholders to make their organizations as transparent as they possibly can be.

How Far Should We Go?

How open should we make all pay information? This is a question each nonprofit need to answer for themselves. With capacity being the determining factor in if they are able to add these policies throughout. While Heisler and Collens offer some idea of what this might look like, each organization needs to take the time to set up a system that works for them. There seems to be an advantage for implementation among smaller and medium-sized nonprofits, due to
smaller organization’s teams having a being more mission driven and being likely to understand what the organization’s financials are, but they may have less staff to dedicate to its implementation. However, throughout the research done for this paper, there seems to be many ways to go about at least starting down the path towards pay transparency. Immediately posting all pay, as shown in the survey data, can and will cause issues, but by building this over time with input from staff, nonprofits can achieve high levels of pay transparency. Nonprofits should be good at this. Because they build coalitions to achieve outcomes regularly, they should employ many of the same strategies in completing this goal. Thus, implementation begins with discussions and relatively popular forms of transparency in posting pay ranges and information on how pay structures are decided upon.

What Are the goals?

Nonprofit leaders need to know what their end goals are regarding pay transparency. Some may include the reduction in pay gaps and the renegotiation of power structures, but every organization needs to define this for themselves. Even as some of the literature debates its effectiveness and points out some possible issues with implementation, one only needs to look at the public discourse to see how popular pay transparency is. Examples of successful adoption drive home to many organizations why it needs to be implemented everywhere. My survey data also illustrates this well, and as the culture around pay secrecy changes, nonprofits will be forced to be pushed to implement more and more open policies that support workers’ noble desires for pay equity and better power balance. This topic is constantly evolving and is just beginning to take shape. Nonprofit leaders would be remiss not to at least consider what pay transparency looks like for their organization. They need to consider what their employees and stakeholders expect.
Limitations

As with all research, I was limited by the size and scope of my data collections. With an N of 154 and 79, my research data is not very generalizable to the whole sector. While I do believe a focus on the largest nonprofits shows the problems with job postings (even with large HR teams and budgets), looking at medium and smaller nonprofits more in depth could have helped reveal how pervasive this issue is. My belief is that smaller nonprofits would have more of these issues, but this is conjecture and issues with job postings could be concentrated among the largest nonprofits.

Furthermore, I only pulled five job postings from each nonprofit; this could mean that for each, I only pulled the best or worse (of said organization), as I opted to only go for the first five posted by LinkedIn. A full comparison would be able to aggregate all jobs from these nonprofits and compare them year after year to see if changes really are happening. Along with this, being able to see the changes in job postings after nonprofits commit to having full transparency would be of interest. How transparency is used to market jobs, to illustrate power differences and to fundraise would all be interesting to see in regards to the impacts on marketing. While transparency may be used in marketing for a time, I wonder if this marketing will fade, as more and more organizations adopt pay transparency.

Another issue when analyzing examples of pay transparency was that the only ones who were on the radical side of full transparency were reported on. While these are the most interesting and “newsworthy,” this may have tilted the organizations I looked at to ones who were on the far side of the spectrum rather than in the middle.

My survey had similar issues to my job collection data, as I was only able to collect for a short amount of time; it's hard to say how generalizable these opinions on pay transparency are. I also would have liked to have been able to see if there was any difference between how nonprofit, government, self-employed and for-profit employees felt about this topic. While social
media and news reports help see the wider conversations on this topic, getting more into how business/nonprofit leaders and HR management feel about this topic could reveal a lot about how close its adoption really is to being mandated.

Finally, I must mention my own bias on this topic. As I can recognize some of the issues which are present with pay transparency, I believe that these are heavily outweighed by the positives. While businesses obviously want to keep the power of information in their hands and to pay employees as little as they can, it was a constant struggle to keep myself unbiased. This could have tilted my results and literature review in the favor of seeing and reporting positives or negatives. While I tried to resolve this through a thorough amount of research, I would be remiss not to mention this bias.

Future Recommendations

There is room for large amounts of future research on this topic, especially when it comes to nonprofit specific studies. Case studies discussing its success in different nonprofits is a beginning point, but there needs to be much more research on its full impact on different sectors. From fundraising, trust, attracting talent, ending pay gaps, increasing pay and motivation, there remains huge amounts of unexplored territory of its effects both on businesses and nonprofits. While this data may not matter in the overall push for pay transparency (as it seems to be naturally increasing in popularity), this data could be helpful in determining which systems are most effective to support a more standardized approach to pay transparency. Being able to accurately define what pay transparency is, what its full impacts are, and how nonprofits should best go about its adoption will all need vast amounts of research to create.

Future research also needs to dive into the cultural changes pay transparency could represent. As America is a highly individualist and consumerist culture, there still are many
people whose lives revolve around their work and pay rate. However, there is a growing and historical precedent in the US against vast accumulations of wealth and unfair pay. This research should investigate this changing culture and report on how pay transparency affects society at large, rather than just in the business world.

Finally, more research needs to be collected on enforced pay transparency’s effects. As of now, little of this is demanded by law in the US (other than limited 990 reporting and pay ranges in some states). Case studies could look at the difference between businesses that choose to adopt more transparent policies with those who are forced to adopt them. This is something that limited many studies on pay transparency, as there is no punishment or benefit for those that adopt, meaning they could say they are, but are doing little to actually report this data. This opens up new areas of possible study and would be important in creating laws about mandated transparency and questioning how fast these policies could reasonably be adopted.
Conclusions

Pay transparency has been advocated for since salary negotiations have become common and has only accelerated since then (Hendrickson, 2022). While its effects are generally seen as positive for employees, there remains a strong business and cultural pressure to not release information. Indeed, even as there are strong pushes for publicizing pay ranges in the US, there is increased pay transparency overall in Europe. Although there are many organizations adopting these policies on their own, the business community generally does not want to lose its negotiating power over employees. There are many, including Vu, who expressed their belief in the “inevitability of increased pay transparency [from workers] wanting to end bias, increase negotiating power and reduce pay gaps” (V. Le, Personal Communication, March 17, 2022). It remains to be seen how much and how quickly businesses and nonprofits will be at adopting these policies. Accordingly, nonprofits will already have more transparency built in through 990 reporting, but they have much less time and resources to devote to these policies.

I believe nonprofits should come together to create a system of reporting, standards, and a path that will help them be ready to increase their own transparency over time. While I do think Heisler’s path has been created to help with this transition, nonprofits need to be willing to work together to create standards that they can all follow, before the government mandates this type of reporting (2021). Figure 8 illustrates how this nonprofit type of transparency may be started and adds onto the system created to support nonprofits in the implementation of these policies. While this will need to be expanded upon, successful adopters should note the policies that work in order to inform all nonprofit leaders on the best ways to move down the path to transparency.
Table 8 - Pay Transparency Journey

**Why shouldn’t employees know?**

As described in this paper, nonprofits receive major amounts of money from the government. Workers in nonprofits understand funding much more in-depth than in the for-profit world and generally work for missions rather than just for a paycheck. As we continue to see an erosion of trust among the general population, nonprofit leaders must ask themselves if they want their employees to be transparent about what they do, why should they not do the same? Studies prove there is increased productivity, increased happiness, and better negotiations and loyalty of employees in pay transparent workplaces, and nonprofit workplaces already have more dedicated and intrinsically motivated employees who should trust their employees enough to have these difficult conversations about pay with them (Breza, 2017). Nonprofit leaders need to create a culture of “openness” in their organizations, and to do this, leadership needs to trust
in their employees. Once leadership has built this trust and openness in their organization, the real positives of this culture can begin to take root.

How to begin

As noted both in my own research and those from others, having pay ranges on job postings and making unbiased matrices is the real beginning to pay transparency. As Anderson mentioned, “Pay legacies will last for a while [with over or underpaid employees] but it is the understanding of the system, overall needs to change which will cause its adoption” (E. Anderson, personal communication, March 18, 2022). Indeed, through the discussions about this paper, I am left with an understanding of how much transparency is valued beyond what benefits my own and other data collections show. I think this is where a real opportunity exists, as one does not need to prove pay transparency with data, mandates and case studies, but it can be shown to others by nonprofits pushing for this change. Even some who were hesitant at examples, like Buffer, were convinced, not just by data, but the real cultural shift they felt at work once these changes took place (Nordli, 2021). Cullens, Burns and Scheller’s work all connect into the reorganization idea that organizations truly change once those in power are willing to relinquish it to fix systemic issues. There may be issues with implementation, it may not always go smoothly, but over time the progression towards equality and openness will be good for all. Indeed, organizations should be ready for employees to question the systems used for determining pay and be ready to defend their decisions. By answering these questions, being willing to deal with issues taken to HR and supporting the understanding of all employees, nonprofit leaders can be confident that pay transparency will lead to positive outcomes in employee satisfaction and dedication.
What does the future hold?

As seen throughout the research-and increasingly in the news and advertising-involving pay transparency, there is a movement that will only increase over the next decade. While demands now are mostly focused on pay gap reduction, posting pay on job applications, as seen through reactions to tweets and new marketing campaigns, it remains to be seen whether some of the more extreme aspects of pay transparency will be adopted. Cultural pressure around some topics like discussing salaries remains strong, and it may take a long time for these cultural hang-ups to change. While I believe data will continue to show transparency benefits to many, disinformation from employers who want to keep their power and employees who want to keep their pay hidden will be the ones to push back against this change. However, a higher number of businesses and nonprofits having the conversation around these topics means transparency is likely to become more common. The Nonprofit Sector can no longer rely on its increasingly low trust to survive; it must make moves like adding more pay transparency to hopefully restore trust in not just their communities, but with their employees as well. As Heisler quotes from Cooper, “Transparency, once provided, cannot be reversed. There is no way to go back to secrecy—not even if things go wrong” (2021). Nonprofit leaders need to be ready to make transparency happen before they are forced to without preparation.
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Appendix

A. Code book for LinkedIn

Org type-
1. Healthcare
2. Higher edu
3. Social services
4. Relief
5. Environment

Job title-
1. Entry (low pay, usually mentioned entry level)
2. Mid
3. Executive

State Located in-
1. West,
2. Mid-West,
3. NorthEast/mid atlantic,
4. South,
5. Southwest

Salary Range Posted- Yes-1 No-2

If yes Range is Posted- internally sourced- 1 External source 2 N/A - 3

If yes is range- Actual reported pay range-1 estimate- 2 n/a-3

size of pay range
a. 0-5,000
b. 5,001-10,000
c. 10,001-15,000
d. 15,001-20,000
e. 20,001-25,000
f. 25,001-30,000
g. 30,001-35,000
h. 35,001-40,000
i. 40,001+

Is contact provided
Yes-1 No-2

Are benefits mentioned in job description
Not mentioned 1
Casually mentioned 2
Detailed mention 3
B. Semi-Structured Interviews
   a. What does pay transparency mean to you?
   b. When did this become important to you what benefits do you see coming from this increased transparency?
   c. Why do you think increasing pay transparency is important for the future of business?
   d. Thinking about the nonprofit sector, due to it having large amounts of government funding and already including some pay transparency do you think it would be easier to start in the sector?
   e. Do you think there is still large cultural pressure not to discuss pay with other fellow employees?
   f. When looking at pay transparency implications in Austria, Denmark and in Canada the pay gap dropped, but wages tended to drop. Why do you think this was?
   g. One area I feel is really important is in job posting having accurate data about pay levels and benefits, why wouldn’t HR directors want this data getting out?
   h. Have you discussed this with anyone else or have tried to have it implemented at your place of work?
   i. How do you think this should first be implemented?
   j. Do you think it could cause issues in the workplace? Moral? Issues with not understanding pay rates?
   k. Lilly Ledbetter, who famously sued her company for discrimination after a co-worker anonymously informed her that she made less than two male colleagues in the same job could we see more of this with pay transparency?
   l. What do you think the future holds in terms of this topic?
m. How can nonprofits stay ahead of the curve on this issue, posting, HR question—what would the benefits be internally and externally.
Authors Bio

Connor Daugherty is a current administrator and teaching assistant at Wharton San Francisco. Wharton is one of the top business schools in the world and in his role, he supports the day-to-day operations of the campus, website updates, events and manages student usage on campus. Beyond his current role, he also supports the Wharton diversity and equity team (WIDIT) to increase understanding and conversations around equity and inclusion. He volunteers for two Bay Area nonprofits, Each Green Corner as an operations coordinator and Cures of Colors on their development and finance committees. He is currently working to increase Wharton’s presence in the Bay and to make the campus run as efficiently as possible. Recognized multiple times through awards and an ever increasing amount of responsibilities, Connor has become a vital part of University of Pennsylvania’s presence in San Francisco.

Originally from Pennsylvania, Connor has witnessed many of the issues with education, poverty and the “rust belt” of Central Pennsylvania. His upbringing between his rural family farm and the urban school he went to illustrated to him how the issues that each group faces are similar. Owing to support from Wharton, Connor Daugherty enrolled into the MNA program at University of San Francisco. Through this program he has learned practical skills such as reporting laws, leadership ethics and people management that have supported him both with his current role and with the nonprofits he serves. He also earned a Herbst Scholarship, recognizing his achievements in the MNA program and with Bay Area nonprofits. His Bachelor’s of Arts in Anthropology from Gettysburg college has led him to appreciate the histories we all have and this passion still runs deep in the archeological and historical groups he supports.

In addition to his work and volunteer commitments, Connor has an extensive background in service. Beyond the many clubs and nonprofits he worked with in high school and college, he spent two years serving with both the PeaceCorps and the AmeriCorps, first in The Gambia and, later in Santa Rosa, California. In these roles, he supported a variety of education initiatives and learned how to work with different stakeholders and cultures.

Connor’s passion for change has led him to support many political campaigns and work for local changes in the neighborhood in which he lives. He hopes to continue to work in the nonprofit sector while leveraging new developments just as B-Corps and LL3 to support the sector far into the future.

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