2025 WORKPLACE EQUITY TRENDS REPORT

# Taking Action on Pay Transparency

Pay transparency is here and requirements are growing. Are leaders ready?

SYNDIO

INTRODUCTION

# Pay transparency: the pressure's growing

Pay transparency demands have steadily grown over the last several years. **But leaders feel new urgency as they head into 2025.** They're facing more complex and interrelated requirements, more questions about pay, and looming deadlines for the EU Pay Transparency Directive.

As pay transparency upends how companies deliver and talk about compensation, HR and Total Rewards leaders must rethink their approach. Whatever your starting point, now is the time to act and prepare for what's coming.

Syndio's 2025 Workplace Equity Trends Report brings together survey results, new research from our partners, and insights from over 400 HR and Total Rewards leaders around the world to help you prepare for new transparency requirements.

**Dive in for data and advice on how to make progress, no matter where you are today.**

## 2025 Trends


01 The EU Pay Transparency Directive is keeping leaders up at night 03

02 Most organizations are not prepared for the full scope of pay and career transparency 05

03 Companies are investing in more robust pay equity strategies to get ahead of complex transparency requirements 09

04 Despite DEI headwinds, companies are holding steady on workplace equity — but "holding steady" doesn't tell the whole story 11


## Next Steps


Start where you are 13

TREND 01

# The EU Pay Transparency Directive is keeping leaders up at night

Companies are being asked to do more than ever as a result of growing pay transparency requirements. Legislation varies by jurisdiction and spans interconnected obligations across **pay equity**, **pay reporting**, and **pay transparency**.

The EU Pay Transparency Directive in particular spans all three categories and sets a new standard for pay transparency requirements. It's the largest piece of pay equity legislation that's passed in 50 years — and with reporting deadlines looming, leaders are concerned.

**47%**

of companies with major operations in Europe are extremely or moderately **concerned about the impact of the EU Pay Transparency Directive** on their organizations.

The percentage of leaders who are concerned is quickly growing as they realize the urgency of accelerating their efforts to comply with the Directive. While the first pay reporting deadline is in 2027, the report will be based on payroll data from 2026. That means **the 2025 annual compensation cycle is the last chance to make adjustments**.


**EU Pay Transparency Directive timeline**

**Looking for guidance on how to prepare?** Download Syndio's How to Comply with the EU Pay Transparency Directive playbook.

The EU Pay Transparency Directive is the most significant piece of pay equity legislation anywhere in the world in the last 50 years. **Based on hundreds of conversations and over a dozen roundtables with large employers across Europe, it's clear that these leaders understand how the Directive will upend how they manage and explain pay.**
As one leader put it: 'we've moved from pay reporting being a compliance exercise to a broad Human Resources-wide strategic mandate.'

But I fear there are too many leaders, including some U.S.-based employers with a footprint in the EU, who have not yet digested what a massive change management exercise this will be. They're going to be held accountable to the same requirements and need to act now to meet the deadlines.

**Christine Hendrickson**, VP of Strategic Initiatives

SYNDIO

TREND 02

# Most organizations are not prepared for the full scope of pay and career transparency

As transparency requirements have exploded in recent years, companies are now being asked to explain how they pay and advance employees, and prove that it's fair and consistent. This requires that leaders prepare for two distinct components of transparency: **pay transparency** (how and why employees are compensated what they are) and **career transparency** (how and why employees progress through the organization).

Most companies — even the most forward-looking — report not being fully prepared for the full scope of pay and career transparency.

### Only one in eight (12%) of organizations say they are fully prepared for both pay and career transparency.


## Why are so many companies unprepared?

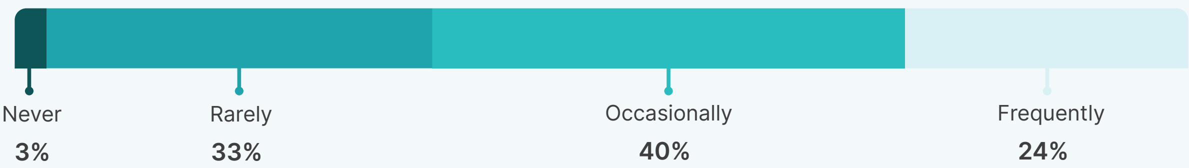
Based on our experience partnering with the world's leading companies, and supported by this year's survey data, lack of preparation stems from two core reasons:

1. **Pay decisions are inconsistent**. Managers and Talent Acquisition teams making pay decisions are deviating from stated pay and career policies — not intentionally, but because they don't have the training and real-time guidance they need.
2. **The 'set it and forget it' approach to compensation is broken.** The merit matrix isn't responsive enough to ongoing organizational and market changes that impact pay.

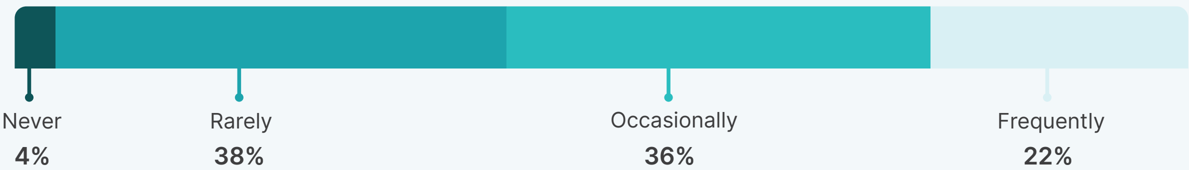
These issues lead to both newly hired and tenured employees being paid too little or too much. And challenges compound: as small inequities accrue over time, companies end up paying similar employees different amounts without any justifiable reason — often resulting in unlawful pay gaps.

## Organizations frequently deviate from compensation and career progression decisions.

How often orgs deviate from **pay decisions**



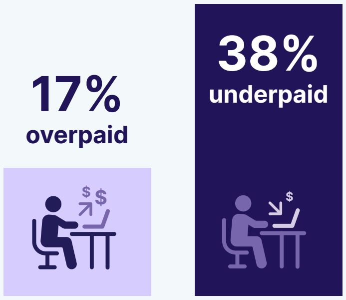

How often orgs deviate from **career decisions**




When making pay decisions, 24% of managers, business leaders, and Talent Acquisition teams regularly deviate from policies. For career decisions, 22% regularly deviate from policies.

## The impact? Some employees are overpaid, but many are underpaid.

Misaligned decision making and static compensation programs lead to inconsistencies in pay. On average, practitioners believe that **17% of employees would earn less** and **38% would earn more** if they were hired today.




> Leaders are influenced by their past experience and opinions, and make judgment calls that may be unintentionally misaligned with our pay philosophy. **This leads to inconsistency and inequity.**

Director of Total Rewards

## Transparency Leaders* get pay right

Transparency Leaders face fewer issues around overpaying or underpaying employees. They more consistently base pay on company policy and ensure employees understand why they're paid what they're paid and what it takes to get promoted. As a result, employers who lead in transparency are better able to retain employees and more efficiently allocate their compensation spend.

*See page 5 for definitions of Transparency Leaders and Laggards.

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**Transparency Leaders** are roughly 3x more likely than Laggards to provide the right direction around **pay and career decisions**.

**3x**

**Transparency Leaders** are roughly 5x more likely than Laggards to believe employees understand what their **pay range** is and what it would take to get a **promotion**.

**5x**

> People managers are hungry for information and guardrails about pay and career decisions. **There can be flexibility within frameworks.**

Director of Total Rewards, Financial Services

> **We put line leaders in situations where they are not fully equipped to make informed, consistent, appropriate pay decisions.** While it's only a small percentage of the total number of pay actions taken at an enterprise level, it is enough that they can create adverse outcomes and experiences.

Vice President of Total Rewards, Retail

TREND 03

# Companies are investing in more robust pay equity strategies to get ahead of complex transparency requirements

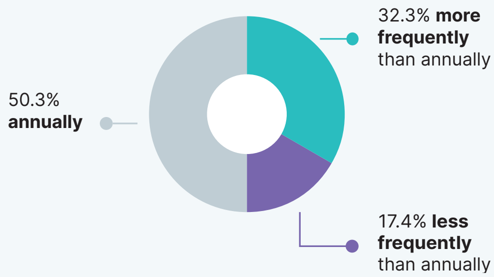
One major hurdle for transparency preparedness is the prevalence of pay inconsistencies (as discussed in the previous trend). Organizations will need to improve how they make pay decisions and build a more responsive compensation program in order to efficiently meet the scope of transparency requirements.

At the same time, survey data shows that organizations are making strides in pay equity. In the U.S., pay equity means paying equally for "equal work." The EU Pay Transparency Directive adds additional complexity by defining pay equity as equal pay for "work of comparable value." These might seem like nuances of language, but they require different methodologies. **The Directive also requires companies to pay to close gaps they cannot explain**. In the U.S., this is only done voluntarily to mitigate legal risk.

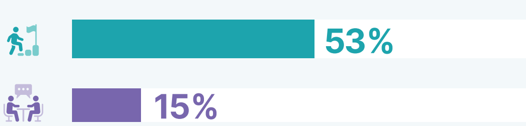
## To get ahead of transparency requirements, leading companies are upleveling their approach to pay equity in **four key ways**.

### INSIGHT #1

**Most organizations still conduct pay equity analyses annually.**



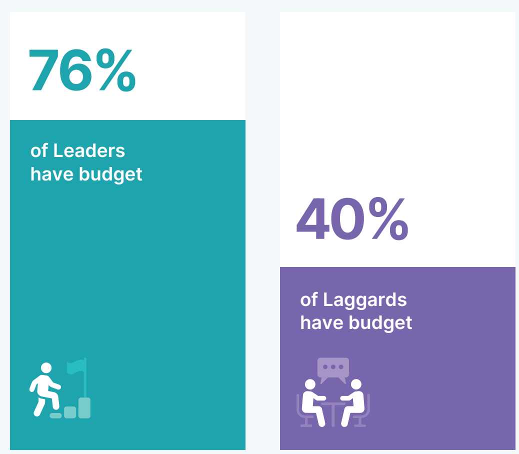

**53% of Leaders** analyze pay equity more frequently than annually, compared to only **15% of Laggards**.




Unlike the 'set-it-and-forget-it' approach, frequent analyses help organizations be more responsive and ultimately prevent pay disparities, which is crucial as requirements continue to expand.

### INSIGHT #2

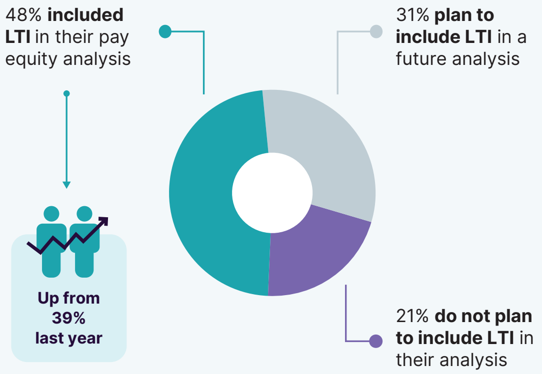
**Transparency Leaders are more likely to have budget to address pay equity issues.**




Transparency Leaders are much more likely to have a budget set aside to address unlawful pay gaps and ensure consistency. This allows them to immediately respond to disparities as they uncover them, which not only helps with compliance, but also makes it easier to retain top talent who may be underpaid.

## INSIGHT #3

### More organizations are including LTI in their pay equity analysis.




As identified in our 2024 trends report, organizations have started to include long-term incentives (LTI) such as stock options as part of their pay equity analysis. Survey data shows this trend is continuing, with a nine percentage point increase of companies analyzing LTI as part of their pay equity program.

As legislation advances, it's good that companies are getting ahead. The EU Pay Transparency Directive requires that you analyze every component of compensation: e.g. base pay, bonuses (STI), equity (LTI), plus things like overtime, shift differentials, allowances like a car allowance, and even benefits.

Beyond the requirements, companies are realizing that while long-term incentives can drive retention and performance, they can also be delivered in a way that's inequitable or inconsistent.

## INSIGHT #4

### Adoption of pay equity technology is increasing, according to Novo Insights.

Running comprehensive, frequent, and varied pay analyses is a tall order for spreadsheets and manual data crunching. To better manage the workload, companies are adopting pay equity technology that makes analysis faster, easier, and more repeatable.

NOVO INSIGHTS

**Three insights from Novo Insights' 2024 Compensation Technology Market Insight Survey**

**Pay equity software is becoming an even more essential component of companies' compensation strategies.** Compared to other categories of technology, pay equity software showed the largest increase in importance — which, according to respondents' comments, is driven by increasing regulatory focus on pay equity and changing talent expectations.

**Those organizations using pay equity technology cited the biggest gains in effectiveness and ROI**. According to the Novo Insights report, those using pay equity technology instead of manual processes (spreadsheets) report a 41% increase in overall ROI / effectiveness, a 37% gain in business process workflow, and a 48% gain in methods and insights.

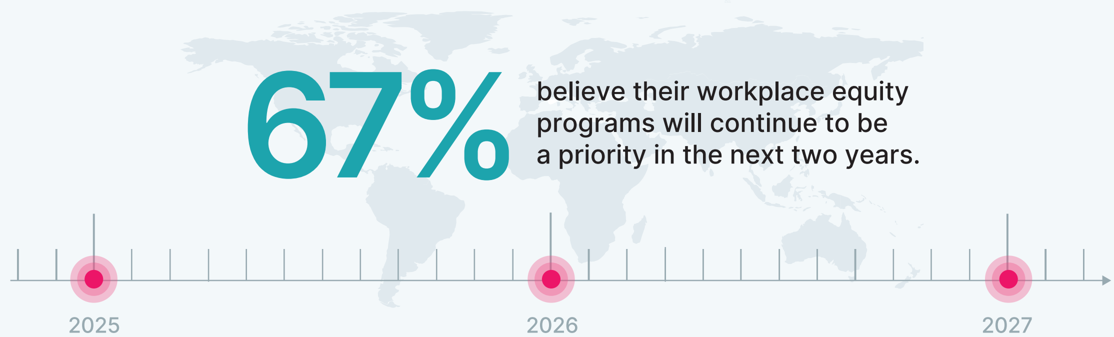
**Those not using technology say they're going to explore using it.** Nearly half (45%) of those not currently using pay equity software say they will likely consider adopting the technology.

> **One of the most impactful and forward-thinking components of a compensation program is the implementation of real-time pay equity audits combined with proactive remediation.** This involves continuously monitoring comp data to identify and address pay disparities as they arise, rather than relying solely on periodic reviews.
>
> HR Manager, Retail

TREND 04

# Despite DEI headwinds, companies are holding steady on workplace equity — but "holding steady" doesn't tell the whole story

Despite the recent discourse challenging DEI programs, HR leaders remain steadfast in prioritizing workplace equity. Over two thirds (67%) believe their workplace equity programs will continue to be a priority moving forward. This is consistent with our 2024 survey, indicating external debates have not significantly influenced internal priorities.



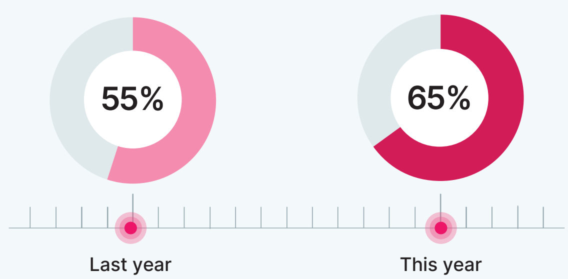

But that's only part of the story. While organizations remain committed to workplace equity, **their journey has evolved — from focusing on representation goals without clear action plans to addressing root cause issues that drive disparities in pay and advancement.** This shift not only reduces gender and racial pay gaps, but ensures consistent and explainable pay and advancement for all employees.

## This year's survey revealed how strategies are evolving to improve fairness and consistency, while closing pay gaps.

INSIGHT #1

**More organizations are analyzing performance ratings.**

The trend identified in our 2024 report continues. Companies are moving upstream — to decisions around performance reviews, potential ratings, and succession plans — to determine where there may be inconsistent decisions driving gaps and disparities.




% of orgs analyzing performance ratings on a regular basis

**25%**

collect
LGBTQIA+ data

**32%**

collect nonbinary
gender data

... but only half use this data to analyze
pay and career progression equity.

## INSIGHT #2

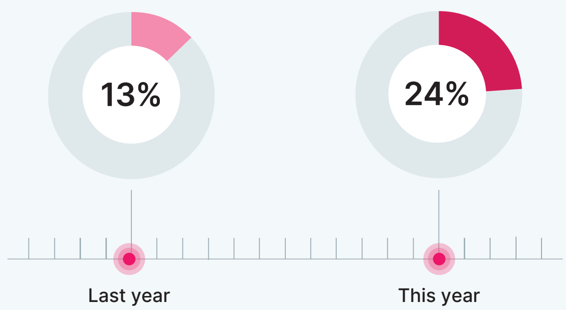
**Companies continue to collect and analyze data beyond race and the gender binary.**

Virtually all companies collect and analyze race and gender data. The next most collected variables are government-required characteristics such as veteran status (70%) and disability (65%), followed by nonbinary gender options (32%) and LGBTQIA+ (25%).

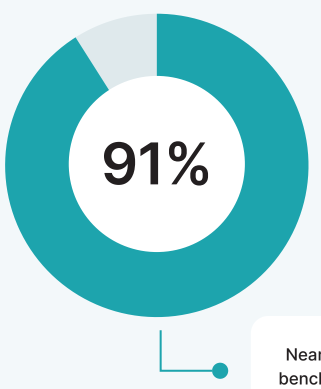
## INSIGHT #3

**Demographic data is getting shared more deeply in the organization.**

This year, the percentage of organizations sharing representation information down to the director level nearly doubled. The change comes from organizations that previously shared representation data only with the C-suite or vice presidents, signaling a move to create more accountability and transparency as they take steps to close the pay gap.




% of orgs sharing representation data with
directors and above nearly doubled




Nearly all orgs now use
benchmarking to provide
more context for data.

## INSIGHT #4

**Benchmarking provides useful context for demographic data.**

Most commonly, organizations benchmark against themselves, such as tracking changing demographics throughout the career ladder at their organization. Roughly one-third benchmark against U.S. government sources and/or publicly available peer data.

NEXT STEPS

# Start where you are

Transparency is a journey. Every company will prioritize in varying ways based on their industry, size, and unique pressures from legislation, investors, customers, and employees.

No matter where you're starting from, the key is to take steps to build a more proactive, centralized strategy — so you can be as efficient as possible as requirements get more complex.

**Looking for guidance on next steps?** Check out Syndio's **How to Win in the Transparency Era**, which includes a pay transparency maturity map and strategic guidance based on our work with hundreds of customers around the world.

**Syndio's fourth annual survey gauges trends, priorities, and sentiment around workplace equity and pay transparency initiatives.**

Syndio surveyed over 400 professionals and leaders primarily in HR and Total Rewards (with some respondents in DE&I, People Analytics, and company leadership). Respondents worked for companies primarily in North America, Europe, and/or Asia across a wide variety of industries. Fifty-four percent of respondents are with organizations with more than 5,000 employees and 85% are multinational, with operations in multiple countries. Some participant quotes have been lightly edited for clarity.

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Syndio is the industry pioneer in global pay transparency solutions, helping organizations achieve pay equity, streamline reporting, and make smart pay decisions at scale. Through its enterprise-grade solutions and embedded expertise, Syndio empowers companies — who collectively represent over 10 million employees — to stay on top of compulsory requirements, develop custom strategies, and deliver results faster and more cost effectively. Join the more than 300 companies, including 30% of Fortune's Most Admired Companies, who've chosen Syndio as their trusted pay transparency partner.

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