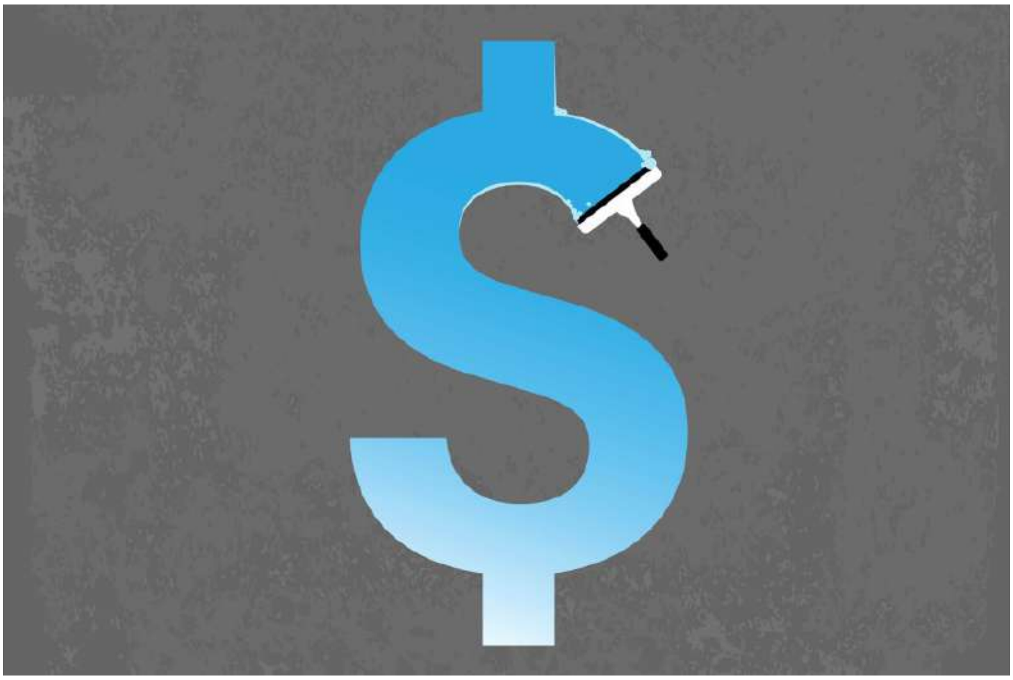
BEST PRACTICES

Implementing Pay Transparency

Practitioners share tips on salary transparency, which can serve as a tool to boost equity, achieve pay parity, and build trust among employees.

By JEFF LINK



Salary transparency is gaining ground as a tool to boost equity, achieve pay parity, and build trust among employees. Here, architects and an organizational management researcher share advice on instituting a system for pay transparency.

Know the Law

The National Labor Relations Act of 1935 and laws in at least 10 states—including California, New York, and Colorado—ban employers from penalizing employees for discussing their salaries with co-workers or inquiring about their colleagues' wages. These regulations are intended to support fair and equitable labor practices and reduce discrimination, as well as provide a legal framework for greater salary transparency.

Additionally, many emerging and prominent architects are promoting equity for women and other marginalized groups within their practices. "The notion of hiding that information is changing as the younger generation is gaining more leadership positions," says Juliet Chun, AIA, co-founder of the Girl Uninterrupted Project, a Boston-based research initiative that seeks to bridge the cultural gap between emerging and established designers in the profession. "The younger generation is more open to sharing inform and it's less taboo. They're understanding that this information is not meant to hurt people or be kept secret because you're being competitive, but to help people advocate for each other."

the Organizational Behavior Department at Tel Aviv University, says pay secrecy can adversely affect individual work performance, particularly when performance appraisals are subjective and pit employees against their peers. “[The employees] underestimate how worthwhile it is for them to put in extra effort,” Bamberger says. Results also indicated that high performers were most sensitive to perceive inequity, a finding that suggests that pay secrecy could jeopardize a practice’s ability to retain top talent.

Bamberger says firms should be mindful that many approaches to pay transparency exist. Some firms may choose to disclose pay range by title and experience level, the percentage of employees at different levels, and how bonuses are calculated. This approach, he explains, may be well suited to a studio where collaboration is valued, as it minimizes salary envy and, in turn, increases willingness among employees to assist their colleagues. Other firms might opt to outright disclose earnings by name. The key, Bamberger says, is to implement a system that clarifies how people are getting paid. “[For] companies that place a strong emphasis on collaboration and pay at similar rates, I don't think there is a benefit to disclosing the names," he says. "Everybody knows who the star is.”

Organize the Numbers

Mel Price and Thom White, co-founders of the 10-person Norfolk, Va.–based firm Work Program Architects, have utilized an open-book model of pay transparency since WPA’s 2010 inception. At any time, employees can view an internal spreadsheet that includes salary, bonus, and benefit information listed beside an individual’s name, along with monthly financial reports, invoices, credit card charges, and a profit-and-loss statement for the firm at large. The information is shown to prospective job candidates who are asked to use it to propose a salary during their interview. “It develops trust and financial literacy,” Price says.

Manit Rastogi, co-founder of the 200-person India-based firm Morphogenesis, credits the practice’s 2.05-percent gender pay gap—in favor of women—to salary transparency, which he says also helps employees more clearly envision their career paths. Morphogenesis' system is highly formalized: 50 percent of firm revenue is assigned to employee salaries and bonuses, and a nine-person compensation committee, which changes every three years, apportions these earnings to staff. Pay ranges are determined by market standards at five levels—architect, senior architect, associate, senior associate, and director—and are consistent across offices in Delhi, Mumbai, and Bengaluru. "Because there were no standards in this part of the world, we laid down our own,” Rastogi says. “Anyone who comes to Morphogenesis knows exactly what they will earn [across] their career path.”

At the 170-person Ayers Saint Gross, the board of directors developed a white paper to articulate a compensation philosophy, says president Luanne Greene, FAIA. While individual salaries and discretionary compensation information remain privileged to select staff, the factors upon which they are based —survey data from the AIA Compensation Report, earnings reports, continuing education credits, performance assessments, cost of living adjustments for the firm’s Baltimore, Washington, D.C., and Tempe, Ariz., offices—are included in a compensation and promotions guide distributed to staff.

“We want people to be happy, productive, and doing great work," Greene says. "Increasing the transparency of the process increased everyone’s confidence and comfort.”

Be Proactive

Anecdotal evidence suggests pay transparency is not widely practiced among architecture firms. “Firm owners have never been totally on board,” says Peggy Deamer, an architecture professor at Yale University who co-founded Just Design, an organization that recognizes architecture firms with ethical and equitable labor practices.[They believe offering] pay transparency would mean [promoting] the expectation that everyone would go up to the highest salary, and that would increase wages. They’d lose money. Period.”

But partners and owners may face increasing pressure to adopt salary transparency as websites like Glassdoor, PayScale, and Archinect’s Architecture Salary Poll make it easier for employees to share salary information publicly with little risk of social repercussions or professional censure.

Deamer considers this a blessing. “[T]here is a lot of wasted mental energy among employees about whether they are getting paid equal to what others are getting. A quick realization will come over the workplace once that becomes concrete. You remove the anxiety and paranoia.”