

To share or not to share?

Compensation history

In August 2016, the state of Massachusetts introduced the Salary History Ban. Since then, nearly half of all of the 50 US States have passed this law or variations of it. This prohibits employers and recruiters from asking applicants about their current or past salaries, benefits, or other compensation. The intended purpose of this is to promote equal compensation among members of different protected classes for comparable work and avoid legacy disparity perpetuating through society.

I'm not here to debate the legal rights and wrongs of these laws though there has been suggestion that they violate employer's First Amendment right to free speech.

Besides some states in Canada, we have not seen other countries adopt this approach and some have actively chosen transparency and representation requiring employers in the UK for example, to publish data about the difference in average pay between men and women as an alternative method to achieve the same result.

So where does that leave executives in the UK working in an increasingly complex and global legal, professional and cultural environment? What if you're a US citizen working in the UK, or a US based business seeking to recruit here or even a local division or subsidiary of a US or perhaps Canadian firm looking to hire locally? Perhaps even more simply, a British citizen being considered by a local employer and just not knowing what, if anything they should say and what we as search practitioners or potential employers can ask.

Before answering, perhaps consider the pros and cons of not sharing compensation history (should it not be in the public domain) when asked.

The company may:

- Not be able to manage expectations and decline people appropriately and earlier on in the interview process, thus avoiding wasting executives time and shortening their time to hire.
- Find it more difficult, using compensation information as one of many data points, to determine whether an executive is the right fit or level for a position's pay range.
- Be disadvantaged when trying to benchmark a position in the market.
- Not be able or have enough time to manage internal expectations and try to address the available budget to meet a potential appointee's aspirations.
- Be more interested to know about the executive's interest and commitment to the opportunity than their financial motivations.

The executive may:

- Waste their time by finding out too late that the company does not have the budget to meet their expectations.
- Risk being perceived either too open and possibly mercenary or perhaps resistant or cagey, with the suggestion that they may have something to hide.
- Risk under or over-pricing themselves for the position too early on before understanding more about the opportunity.

- Have their compensation and financial motivations misunderstood with significant variations between companies, functions and individuals when it comes to the constituent parts of their package.
- Find that the potential employer will seek to take advantage of you and perpetuate any wage disparity in order to minimise costs.
- Be reluctant to share any such private and confidential information to anyone until a sense of trust has been achieved.

My personal opinion?

My advice to companies not legislated against doing so is that they should feel comfortable asking the question but at a time and in a way that makes sense, is palatable and understandable to the executive being asked. It should be done when the executive has a reasonable understanding of the opportunity, can see and has trust in the person and purpose for which they're being asked.

A well-timed question such as “Having now heard the details about the opportunity, what sort of compensation package would you be looking for to perform such a role” tends to open the discussion and build a bridge and logic to the next. “Can you tell me what you are currently paid, how it is constructed and how it may have changed over the last few years”. The timing and sequencing should yield an informative and constructive response.

My first piece of advice to an executive being asked, is to be open, honest and informative but only when you feel comfortable doing so. My second piece of advice to those who fear they are underpaid and perhaps more reluctant to share information when asked, is to focus on tackling the pay issue within the tenure of their current role and avoid relying/hoping that this will be addressed by making a move, thus putting the onus on a potential new employer.

A lot can be learned by a new employer’s approach to disparity in a hiring and offer negotiation process. I’ve seen some bold and well-intentioned approaches to proactively addressing the issue and offer significant increases to level the playing field, but it all starts with transparency.



Davidson Butler is a private and independently owned executive search firm.

I am the founder and Managing Director and am privileged to be able to share my own personal thoughts and opinions without fear of reprisal from bosses, owners or hopefully too many overtly influential or potentially offended clients.

I will be honest and do my best to be fair and reasonable. On occasion this might be controversial. I am open to feedback and reserve the right to change my mind. I aim to practice what I preach and welcome reminding when I don't.

My intention is to encourage reflection and consideration and influence key decision makers on the way in which we interact, assess and treat people as we go about looking to recruit or be recruited.