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# HR Edge

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# The Impact of DEIB Programs

While many larger organizations may already pursue diversity, equity and inclusion (DEI) efforts, many smaller employers are new to formally exploring such initiatives. In recent years, savvy employers are also rethinking their strategies and adding a focus on belonging.

Belonging is rooted in feelings. Workers want and need to feel valued and celebrated for who they are and what they bring to their roles and the workplace.

## Potential Advantages of DEIB in the Workplace

Employers face many overlapping workplace challenges, including attraction and retention, workplace culture, employee productivity and more. Today, many employers are exploring diversity, equity, inclusion and belonging (DEIB) programs, which can play a vital role in these workplace factors. Employers often explore DEIB programs intending to seek the following benefits:

- Improved employee performance
- Boosted employee engagement
- Reduced employee absenteeism
- Decreased employee turnover
- Strengthened workplace culture
- Elevated employer branding

## Common DEIB Initiatives

DEIB programs are intended to meet employee desires and help solve business challenges. Employers explore these programs to create a workplace where

employees of all backgrounds can be included, feel they belong, be treated fairly and positively contribute to the organization. These programs can also help retain, attract and equip workers to feel at home and positively contribute on a day-to-day basis.

Here are some common examples of DEIB initiatives:

- Learning and development programs
- Employee resource groups (ERGs)
- Mentorship and sponsorship opportunities
- Reevaluating workplace policies
- DEIB training
- Attraction and retention strategies
- Corporate social responsibility (CSR)
- Environmental, social and governance (ESG)

**94%** of employees report it's somewhat or very important to them that their workplace be somewhere they feel they belong, according to the American Psychological Association's 2023 Work in America survey.

## Employer Takeaway

DEIB initiatives and programs implemented by one employer may be different from others. HR professionals and leaders may seek to immerse themselves in these topics to evaluate their potential impact on their own organizations. As with any workplace initiative, employers should consult local legal counsel before updating policies or programs.



**Diversity** represents the range of human demographic differences, such as race, religion, gender, sexual orientation, age, physical ability and neurodiversity.



**Equity** in the workplace refers to fair treatment in access, opportunity and advancement for all employees.



**Inclusion** refers to a cultural and environmental feeling of belonging; it's how welcome, comfortable and valued an employee feels at work.



**Belonging** is the experience of employees being wholly accepted and included by those around them.

Source: Gallup

# Pay Transparency and Its Impact on Employee Attraction and Retention

Companies today face a growing need to reimagine traditional workplace practices amid labor shortages and evolving employment regulations. As the workforce landscape evolves and expectations shift, organizations are discovering that maintaining a competitive edge goes beyond the usual perks and benefits.

Pay transparency has emerged as a powerful tool for fostering employee trust, engagement and long-term commitment. By removing any secrecy around compensation, organizations can cultivate a work environment that attracts top-tier talent and nurtures a sense of fairness and equality. In turn, this can increase employee loyalty and satisfaction. However, implementing pay transparency can be a significant change, creating unintended consequences if employers are not careful. As a growing number of states and localities embrace pay transparency, it's likely that more employers will be affected over the next few years.



More than **1 in 4 workers** are currently covered by pay transparency laws, according to the National Women's Law Center. That number is expected to rise with both Hawaii and Illinois expanding pay transparency legislation in 2024 and 2025, respectively.

## The Rise of Pay Transparency

Pay transparency is the practice of openly sharing pay-related information with current and potential employees. This information generally includes the pay scales or salary ranges for specific positions. Pay transparency aims to help ensure fairness and equity in the workplace by giving employees and applicants a better understanding of how they're compensated compared to other positions and individuals. Employees value pay transparency because it can help them avoid applying for positions they wouldn't accept due to low pay, negotiate for better salaries and build trust with their current employers.

Pay transparency is not just a passing trend. This practice has risen significantly in the past year, partly driven by more states and localities enacting pay transparency laws. As of October, eight states (including Colorado, Connecticut, Maryland, Nevada, Rhode Island, Illinois, California and Washington), five cities and one county have pay transparency laws in effect. Additional states continue to consider salary range transparency laws, and, most recently, some states' new laws will go into effect in the new year and beyond.

- **Hawaii** — The pay transparency law will require employers with 50 or more employees to include the hourly pay rate or salary range in job listings. It will become effective Jan. 1, 2024.
- **Illinois** — The pay transparency law will require employers with 15 or more employees and who make job postings to begin including pay scale and benefits disclosures on Jan. 1, 2025.

Furthermore, some states are expanding their legislation. **Colorado**, the first jurisdiction to enact pay transparency laws regarding job postings, will expand pay transparency with a new amendment taking effect on Jan. 1, 2024. This amendment clarifies how the state's pay transparency law applies to employers with only remote employees in Colorado. It also redefines job opportunities subject to the notice requirements and enacts additional requirements for job notices.



Nearly **44% of U.S. job postings** on Indeed now include employer-provided salary information — that's an increase of **137%** in the past three years.

Although more states and localities are enacting pay transparency laws, salary visibility is also increasing in areas without such pay disclosure requirements. Combine these factors, and it's easy to see that pay transparency is here to stay. As such, employers — whether impacted by laws or not — can work to understand the complexity of pay transparency and how it can align with the organization's goals and objectives.

## Attracting and Retaining Employees

Several aspects of pay transparency can benefit employee attraction and retention. First, pay transparency can help attract more talent since candidates

# Pay Transparency and Its Impact on Employee Attraction and Retention (Continued)

want to know their pay expectations are realistic within a role's pay ranges early in the interview process. Such transparency can also provide a better candidate experience, which keeps them engaged in the recruitment process and fares well for an employer brand. A potential drawback of pay transparency for attraction is that the candidate pool can actually be reduced if pay ranges are not competitive enough.

From a retention standpoint, pay transparency also has its benefits. Workers who don't believe an employer's rationale for denying a raise or aren't told a reason for the denial are likelier to quit. A survey by compensation software company Payscale found that 72% of workers who don't believe in their employers' rationale, and 71% who were given no reasoning plan for seeking new jobs outside their company in the next six months.

When workers perceive their pay as equitable, they are more likely to be satisfied with their employer and engaged in their work. Employers should also consider any downsides of pay transparency for their current employees, such as workforce envy or poaching. Employees may become jealous or resentful of their colleagues' salaries when that information is out in the open. Other companies may also try to price competitive job offers to poach employees once they know an organization's pay range.

## Employer Takeaways

Pay transparency is not a passing trend and is likely to increasingly impact employers and employees nationwide over the next few years. As a growing number of states and localities embrace pay transparency, it's likely that more employers will be affected over the next few years. Even if employers are currently unaffected by pay transparency mandates, they must begin developing strategies to address this issue since pay transparency likely already impacts them directly or indirectly as they compete for talent. Fortunately, pay transparency benefits employers and workers alike, and organizations may see those reflected in their employee attraction and retention efforts. There are pros and cons to any workplace strategy or policy, so it's important for employers to keep tabs on candidate and employee sentiments about pay transparency. Employers should also be cautious before making any significant organizational changes and be thoughtful about how they roll them out.



Most job seekers (85%) are more likely to apply for a job that lists a salary range, according to a ResumeBuilder.com survey.

# Understanding ERG Programs

Not all organizations use the term “ERG.”

Other common names include:

Affinity groups

Business resource groups

Employee networks

One of the most common DEIB programs is employee resource groups (ERGs), which are gaining popularity. ERGs are voluntary, employee-led groups that aim to foster an inclusive workplace. They are usually led by and participated in by employees who share a common interest, lifestyle, background or demographic factor (e.g., gender, race or ethnicity), although anyone is usually welcome to join. These groups focus on employee support and inclusivity and provide personal or career development resources.

## Types of ERGs

From a DEIB perspective, the following are common themes of workplace ERGs:

- Abilities (e.g., neurodivergence)
- Caregiving
- Culture or ethnicity
- Military experience
- Career (e.g., early career)
- Gender identity
- Sexual orientation
- Religious affiliation

Bentley University reports that 90% of Fortune 500 companies have ERGs. Even so, an increasing number of midsize and small companies are following suit. Regardless of company size, ERGs can demonstrate a dedicated commitment to inclusivity, support and mentorship to employees. Just as people have various backgrounds and unique attributes, the types of ERGs can also vary.

Every organization is different, so employers can start by assessing the makeup of their workforce, identifying goals and gauging employee interest in establishing ERGs.

## Common ERG Goals

As they gain popularity, ERGs are credited with building employee connections and providing a safe space for sharing their experiences. They are meant to be supportive rather than exclusive. Employers often explore ERG programs to pursue the following goals:

- Foster an inclusive workplace.
- Support employee psychological safety.
- Enhance employee experience.
- Promote awareness.
- Drive company innovation.

Common obstacles of ERGs include both organization and employee buy-in. Companywide support from leadership, employees and ERG members is generally necessary for the initiative to be successful. Organizations may also be challenged with a lack of funding and resources.

## Employer Takeaway

ERGs often start small, first with buy-in from leadership and then the appointment of employee champions or leaders to facilitate the program and grow membership. ERGs can help foster a sense of belonging for employees, bolster connections, inspire conversations, bring new perspectives and drive

innovation in the workplace. The goal is to create a safe space where employees can be themselves and engage in candid conversations about specific topics or issues.



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