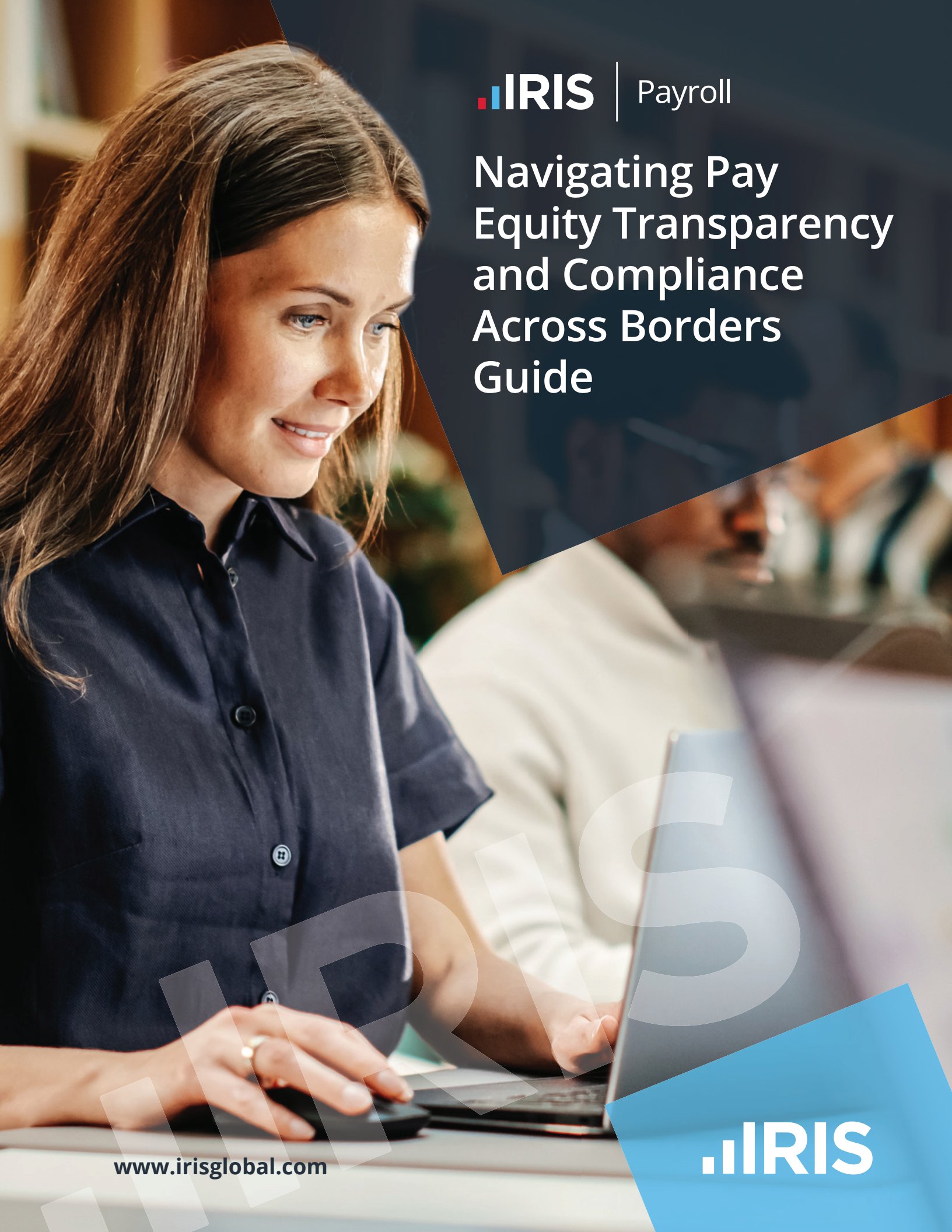




IRIS | Payroll

Navigating Pay Equity Transparency and Compliance Across Borders Guide

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The Global Equity Imperative

For payroll, HR and DEI professionals everywhere, particularly those who work with multinational organizations, the push for fair, transparent, and equitable compensation has become more than a regulatory checkbox. It's now a business-critical imperative tied directly to employee trust, brand reputation, and the ability to attract and retain top talent. But while nearly 90% of payroll teams claim to be compliant with current laws, only 6% operate at a truly strategic level. That gap leaves companies vulnerable not only to compliance risk but to missed opportunities in advancing diversity, equity, and inclusion (DEI) through fair pay.

As global pay regulations continue to evolve rapidly, the days of managing compensation region by region without a centralized strategy focused on transformative, rather than transactional function are fading fast. Companies that fail to modernize their approach risk falling behind both legally and competitively. And for those whose jobs are central to payroll, much is at stake.

"Too many payroll managers, overly focused on eliminating inefficiencies, fail to recognize the need to pivot to imagining payroll as a more strategic function," Brent Skinner, Executive Community Leader of the Future of Payroll and Workforce Management at HR.com, said in the company's recent report, HR.com's Future of Payroll 2025. "Absent a new mindset as they optimize operations, they run the risk of engineering themselves out of existence rather than recasting themselves as trusted advisors to organizational leadership."

From Europe's Pay Transparency Directive to various U.S. state-level laws, the mandate is clear: pay equity, transparency and compliance

aren't just lofty goals; they are expectations. Strategic payroll functions can support DEI by applying consistent, data-informed practices across geographies. In fact, transformative payroll teams are more than twice as likely to address salary disparities and proactively hire from diverse applicant pools compared to their transactional counterparts. For organizations looking to future-proof their workforce strategy, the time to elevate payroll from operational afterthought to strategic advantage is now.

Why Pay Transparency Is Rising—and Why It's Not Enough

Governments across Europe, Asia, and North America are introducing sweeping legislation that requires salary disclosures in job postings, public reporting of pay gaps, and clear frameworks for compensation practices. Employees, too, are demanding more clarity and fairness around how pay is determined.

Yet, many organizations remain unprepared. According to Aon's 2025 Global Pay Transparency Study, only 12% of companies have fully implemented a pay transparency



strategy, and just 26% feel ready to comply with emerging regulations. At the same time, 35% acknowledge that transparency is becoming increasingly vital due to rising employee expectations and legal pressures.

It's no longer enough to publish salary ranges. The real test lies in aligning compensation strategies with broader organizational values like inclusion, fairness, and trust. Transparency must be rooted in consistent, equitable frameworks that can withstand scrutiny. Without reliable data and integrated systems, even well-meaning efforts can expose inconsistencies and erode morale.

Research from HR.com shows that companies embracing pay transparency are more likely to attract diverse talent and see improvements in employee satisfaction. For example, Buffer, a San Francisco-based tech firm, publicly released its compensation formula and salary data—a move that led to a surge in job applications and a 90%+ employee retention rate. Globally, companies like SumAll, Whole Foods, and firms across Japan and Canada have adopted similar practices with strong internal and public support.

In Europe, the EU Pay Transparency Directive is prompting sweeping changes across member states, with countries like Poland and France implementing national legislation to require salary range disclosures and pay audits. In Canada, studies show that transparency laws have helped narrow the gender pay gap by up to 40%. And in Asia, countries like India and Japan are now requiring corporate disclosures on gender pay equity and workforce composition.

But compliance alone doesn't ensure equity. To succeed, organizations must build infrastructure that supports real-time pay insights, clear policies, and leadership accountability. Forward-thinking companies are using transparency not just to satisfy regulators, but to drive cultural change. When pay decisions are consistently communicated and grounded in equitable logic, employees feel a greater sense of trust and belonging. In turn, this strengthens engagement, improves retention, and bolsters the employer brand.

Pay transparency is no longer optional. It's a strategic imperative. But the real endgame isn't just compliance. It's achieving sustainable, bias-free pay equity that empowers employees and positions organizations for long-term success.

Top Challenges Facing Global Organizations

Despite growing awareness, 38% of organizations cite managing pay equity and transparency as one of their top challenges. That's true across the board, from small businesses to major corporations. One prime example is playing out on the basketball courts right in the U.S. now.

The WNBA's ongoing push for equitable compensation underscores the broader movement toward pay equity and transparency



in professional sports. As the league experiences significant growth in viewership and revenue, players are advocating for a fair share of the financial success they help generate. “We’re not asking to get paid what the men get paid,” said Las Vegas Aces guard Kelsey Plum. “We’re asking to get paid the same percentage of revenue shared.” Her stance highlights the demand for proportional revenue sharing akin to the NBA’s model and a collective bargaining agreement that reflects the WNBA’s current financial landscape and ensures fair compensation for its athletes.

For many businesses, the obstacles are both technical and cultural: outdated payroll systems, regional inconsistencies, lack of automation, and insufficient access to accurate, real-time compensation data.

According to HR.com’s 2025 report, only 25% of organizations operate at the “Optimized” or “Strategic” levels of payroll maturity, marked by highly automated, AI-capable systems that boast predictive insight and workforce planning capabilities. Meanwhile 23% remain in the “Ad-hoc” or “Reactive” stages that still rely heavily on manual or minimally automated processes. The result? Limited scalability, greater compliance risk, and diminished ability to address pay inequity across borders.

On the global stage, the disparity is even more glaring. A recent World Bank analysis showed that women have access to only 64% of the legal protections afforded to men in 190 economies. And while many organizations say they’re committed to equity, just 26% conducted a pay equity analysis in the past 18 months, according to Affirmity.

Another key challenge is managing the complexity of multi-country compliance. Different countries, and even states or provinces, have different requirements around pay

transparency, minimum wage, salary history bans, and audit readiness. Without a cohesive strategy, HR and payroll teams can quickly become overwhelmed by the sheer volume of legal requirements.

To navigate these complexities, businesses need integrated systems that can consolidate local pay data into a global view. They also need skilled payroll professionals who understand the intersection of compensation, compliance, and DEI. Without this strategic foundation, organizations risk losing talent, damaging their reputation, and falling behind regulatory expectations.

How Transformative Payroll Teams Are Responding

Leading organizations are redefining payroll as a strategic function. These transformative payroll teams leverage automation, analytics, and integrated systems to go far beyond processing paychecks. According to HR.com, they are:

- Fifteen times more likely to have highly automated payroll systems
- Three times more likely to control unnecessary costs
- Two times more likely to address underpaid employees and hire from diverse applicant pools



They are also significantly more likely to update their payroll strategies regularly, with 74% having done so in the past two years.

Automation plays a key role. By minimizing manual processes and integrating payroll with HR and finance systems, organizations free up capacity to focus on strategy. Tools that offer real-time analytics and dashboards empower leaders to monitor pay equity, flag discrepancies, and adjust proactively.

These teams also embed equity into their culture, not just through technology, but through transparency, training, and executive sponsorship. Rather than viewing compliance as the finish line, they see it as the foundation for broader DEI transformation.

Transformative payroll teams also collaborate cross-functionally with DEI leaders, finance departments, and legal teams to ensure pay practices align with evolving workforce expectations. They participate in strategic planning and are seen as value creators, not just processors. Their influence helps drive a fairer, more inclusive workplace from the inside out.

“The top three goals of payroll strategy mirror the main objectives of the best CEOs: attracting and retaining top talent, mitigating risk, and maximizing revenue under any condition,” Skinner says. “This alone should alert and inspire any transactional payroll function to embrace a transformative attitude.”



Building an Equitable Payroll Strategy: Best Practices and Next Steps

To move from reactive to strategic, transactional to transformative, global payroll leaders can follow a clear roadmap:

Best Practices:

- **Conduct annual pay equity audits** using standardized methodologies across regions
- **Integrate payroll and HRIS systems** to ensure consistent, clean data
- **Use compensation analytics** to guide decisions and uncover pay gaps
- **Educate leadership** on the strategic importance of pay equity and transparency
- **Hire and train payroll professionals** in compliance, DEI, and data interpretation
- **Leverage technology** such as AI and machine learning to flag anomalies and improve accuracies
- **Regularly benchmark pay** against market standards using global compensation data sources

Checklist: Is Your Strategy Built for Equity?

- Annual pay equity analysis
- Real-time pay data access
- Strategic payroll system integrations
- Global consistency with local compliance
- Clear accountability for DEI outcomes
- Use of advanced analytics and automation
- Transparent communication of compensation philosophy



From Reactive to Strategic

Outdated, inconsistent pay practices simply won't cut it in today's global economy. As expectations around equity and transparency grow, so does the need for payroll to evolve. The most forward-thinking organizations aren't just avoiding fines—they're building equitable, inclusive workforces that deliver better results.

Whether you're navigating regulatory changes or trying to attract and retain diverse talent, the path forward starts with transforming your

payroll function. Organizations that embrace this shift are better positioned to lead, not just comply.

By investing in strategic payroll capabilities, businesses can turn pay equity into a competitive advantage. And as technology and data become more accessible, there's no excuse for falling behind.

See how your payroll strategy stacks up—book a strategy session with [our global payroll experts](#).

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