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Pay transparency and fairness perceptions in South African organisations: A qualitative study of employee attraction and retention

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Orientation: Pay transparency has gained prominence as organisations seek to enhance fairness, trust, and talent retention. While international research demonstrates that transparent pay practices shape employee attitudes and behaviours, limited research has examined how transparency is experienced in contexts marked by historical inequality, such as in South Africa.

Research purpose: This study explores how pay transparency influences employee attraction and retention in South African organisations by examining employees' and human resource professionals' lived experiences of transparency practices.

Motivation for the study: Despite legislative efforts to promote equitable remuneration, wage inequality and distrust surrounding pay decisions persist in South Africa, which is shaped by apartheid-era labour legacies. Qualitative research examining how transparency is interpreted within this socio-historical context, and how these interpretations shape fairness perceptions and retention decisions, remains limited.

Research approach/design and method: An interpretivist qualitative approach was adopted. Semi-structured interviews were conducted with 21 participants across multiple industries. Data were analysed using reflexive thematic analysis to identify patterns and shared meanings.

Main findings: Five themes emerged: perceived fairness and trust; clarity in reward decision-making; preferred transparency principles; career growth and development; and managing internal pay equity. Pay transparency influenced attraction and retention primarily through procedural and informational justice, rather than distributive justice alone. Participants valued structured openness regarding pay principles, criteria, and salary ranges, without necessarily disclosing individual salaries.

Practical/managerial implications: Organisations should adopt structured transparency models and strengthen explanatory communication to enhance trust and retention outcomes.

Contribution/value-add: The study provides context-specific evidence from South Africa, demonstrating the centrality of procedural and informational justice in shaping employee responses to pay transparency.

Keywords: pay transparency; organisational justice; employee attraction; employee retention; fairness perceptions; South Africa.

Introduction

In contemporary workplaces, employees increasingly expect openness regarding how remuneration is determined (Rodrigue & Cox, 2024). This growing demand has reshaped traditional pay practices and challenged long-standing norms of pay secrecy (Axelborn & Svedberg, 2025). Historically, organisations defended confidentiality to avoid conflict and preserve competitive advantage (Skiba, 2024). More recently, shifts in employee expectations have positioned pay transparency as a central issue in employment relations rather than a peripheral ethical concern. Yet, legislative reforms, equity-driven social movements and digital salary-sharing platforms have advanced a global culture of transparency (Liu, 2024; SimanTov-Nachlieli & Bamberger, 2022). Pay transparency has thus evolved from an ethical aspiration into a strategic instrument for building fairness, trust and accountability in organisations (Kuusisto, 2024).

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Pay transparency broadly refers to how openly organisations communicate pay-related information to employees and external stakeholders. It encompasses process, outcome and communication transparency (Arnold et al., 2024; Kuusisto, 2024), dimensions explored in greater depth in the literature review. Transparent pay systems are increasingly linked with higher employee trust, fairness perceptions and organisational commitment (Alterman & Bamberger, 2021; Stofberg et al., 2022). However, the literature also cautions that transparency can produce negative reactions when pay differences are perceived as unjustified or poorly explained, highlighting the importance of how transparency is enacted rather than whether it exists.

What is currently well established in the international literature is that pay transparency influences employee attitudes and behaviours through fairness and justice perceptions. What remains underexplored is how employees and job seekers subjectively experience pay transparency within specific institutional and socio-economic contexts. However, poorly managed disclosure may fuel resentment or privacy concerns if disparities appear unjustified (Anodi et al., 2025). Achieving an effective balance between openness and confidentiality remains a critical challenge for human resource (HR) leaders.

This gap is particularly salient in South Africa, where wage inequality remains pronounced despite an extensive legislative framework promoting equitable remuneration (Kararach, 2024; Kieviet & Scholtz, 2025; Mabaso & Mdluli, 2025). While instruments such as the *Employment Equity Act* (*No. 55 of 1998*) and the *Basic Conditions of Employment Act* (*No. 75 of 1997*) establish formal requirements for fairness, employees' lived experiences of pay transparency within organisations remain largely unexplored. Specifically, little is known about how transparency practices shape perceptions of attraction and retention in contexts marked by historical inequity, power asymmetries and limited pay mobility.

Given these gaps, qualitative inquiry is required to capture how pay transparency is experienced, interpreted and negotiated by employees and job seekers in South African organisations. Qualitative approaches allow for deeper exploration of meaning-making processes, tensions and contextual factors that are not readily observable through survey-based designs.

To interpret these dynamics, the study is informed by Equity Theory (Adams, 1965), Social Exchange Theory (SET) (Blau, 1964) and Organisational Justice Theory (Colquitt, 2001). Collectively, these frameworks explain how fairness evaluations, reciprocal expectations and procedural legitimacy shape employee responses to transparency initiatives. Accordingly, this study addresses the identified gap by exploring how pay transparency is experienced in South African organisations and how these experiences influence perceptions of fairness, employee attraction and retention. Specifically, it examines: (1) how employees and job seekers perceive organisational pay transparency practices, (2) how these perceptions shape fairness, satisfaction and commitment and (3) the organisational challenges and opportunities associated with implementing transparent pay systems.

Literature review

Theoretical foundations: An integrated justice-based framework

Building on the growing importance of pay transparency in human resource management (HRM), this section reviews key theoretical frameworks explaining how transparency shapes attraction and retention outcomes. Rather than treating SET, Equity Theory and Organisational Justice Theory as parallel explanations, this study integrates them into a single conceptual logic centred on justice perceptions as the primary mechanism through which pay transparency influences employee attraction and retention.

Social Exchange Theory explains how employees form reciprocal relationships with organisations based on perceived fairness and trust (Cropanzano & Mitchell, 2005; Kazmi & Bagram, 2025). Within this study, SET is not treated as an independent explanation but as a behavioural outcome framework: when organisations enact transparent and fair pay practices, employees interpret these actions as signals of organisational integrity and benevolence, prompting reciprocal responses such as commitment, attraction and retention (Cheshire et al., 2025; Kragl et al., 2025).

Equity Theory (Adams, 1965) complements this logic by explaining how employees cognitively evaluate fairness, comparing their inputs (skills, effort, experience) to outcomes (pay, benefits) relative to others (Asemota, 2024; Shinde, 2025). Pay transparency enables these comparisons by making pay outcomes and rationales visible, thereby intensifying fairness evaluations. Where disparities are perceived as unjustified, transparency may heighten dissatisfaction; where explanations are perceived as reasonable, transparency can mitigate inequity perceptions and strengthen legitimacy (Kuusisto, 2024).

Organisational Justice Theory (Colquitt, 2001) provides the integrative lens that connects transparency practices to both cognitive evaluations (Equity Theory) and behavioural responses (SET). Justice theory distinguishes between distributive justice (fairness of pay outcomes), procedural justice (fairness of pay-setting processes) and informational justice (adequacy and clarity of explanations). In this study, justice perceptions are conceptualised as the central mediating mechanism through which pay transparency shapes attraction and retention outcomes. Empirical research consistently demonstrates that procedural and informational justice, in particular, predict trust, acceptance of outcomes and commitment, even when pay levels are unfavourable (Lee & Mitson, 2025; Pérez-Arechaederra et al., 2025).

Pay transparency practices shape justice perceptions (organisational justice), justice perceptions inform fairness evaluations (equity) and these evaluations drive reciprocal attitudes and behaviours (social exchange), including attraction to and retention within the organisation.

Conceptualisation of pay transparency

For conceptual consistency, this study adopts a single, consolidated operational definition of pay transparency and applies it consistently throughout the analysis. Pay transparency is defined as the extent to which organisations openly communicate pay outcomes, pay-setting processes and the rationale underpinning compensation decisions to employees (Stofberg et al., 2022).

Consistent with prior literature, pay transparency is conceptualised as comprising three interrelated dimensions:

- *Pay-outcome transparency*: the visibility of salary ranges, pay levels or reward distributions.
- *Pay-process transparency*: openness regarding criteria, job evaluation systems, performance metrics and benchmarking practices.
- *Pay-communication transparency*: the quality, clarity and accessibility of explanations and opportunities to discuss pay decisions (Daitz, 2023).

Notably, these dimensions are not treated as abstract constructs but are explicitly linked to the qualitative findings. Interview themes relating to fairness and trust primarily reflected outcome transparency; themes concerning legitimacy and consistency aligned with process transparency and themes associated with understanding, acceptance and voice reflected communication transparency. This dimensional alignment enhances analytical coherence between theory and empirical findings.

Global and South African evidence: A comparative justice perspective

Instead of treating global and South African literature as separate descriptive sections, this study consolidates both into a comparative framework that highlights contextual variation in justice salience. International research demonstrates that pay transparency can enhance fairness perceptions, trust, engagement and organisational reputation (Alterman & Bamberger, 2021; O'Reilly & Robinson, 2021). Transparent pay practices have also been linked to narrowing gender and racial pay gaps, particularly when combined with clear explanatory mechanisms (Fulmer et al., 2023).

However, global evidence also cautions that transparency can provoke resentment, envy or conflict when communication is poor or when disparities lack legitimacy (Cullen, 2024). As a result, scholars increasingly advocate 'structured openness', the disclosure of pay principles, ranges and decision rules while preserving individual privacy (Gutierrez et al., 2025; Mabaso & Mdluli, 2025).

In the South African context, procedural and informational justice are especially salient. While early work by Bussin (2012) highlighted the persistence of pay inequality, more recent developments emphasise governance, disclosure and ethical reward management in response to heightened regulatory and social scrutiny (Mabaso & Manuel, 2024; Mabaso & Mdluli, 2025). Legislative instruments such as the *Employment Equity Act* (*1998*) and *Labour Relations Act* (*1995*) mandate fairness but do not prescribe how transparency should be operationalised within organisations. This gap places greater importance on internal processes, communication quality and leadership credibility.

Moreover, the *Protection of Personal Information Act* (*POPIA*, *2013*) constrains full disclosure, requiring organisations to balance transparency with privacy. This regulatory tension makes South Africa a theoretically rich context in which procedural and informational justice may exert stronger influence than distributive outcomes alone. Despite these dynamics, empirical evidence remains limited on how employees subjectively experience pay transparency locally, particularly in relation to attraction and retention.

Employee attraction and retention as justice-driven outcomes

Rather than defining attraction and retention as stand-alone constructs, this study embeds them directly within the integrated theoretical framework. From a justice-based perspective, attraction reflects how prospective employees interpret transparency signals regarding fairness, opportunity and organisational values, while retention reflects how existing employees respond to ongoing justice evaluations within employment relationships.

Pay transparency influences attraction by signalling honesty, fairness and legitimacy to job seekers, particularly when salary ranges and decision criteria are communicated clearly (Linebaugh & Knutson, 2022). Qualitative exploration is especially valuable here, as attraction judgements are often based on perceived intent and organisational character rather than objective pay levels alone.

Similarly, retention is shaped by employees' ongoing evaluations of distributive, procedural and informational justice. Transparent pay systems enhance acceptance of outcomes, reinforce trust and strengthen psychological contracts, reducing turnover intentions (Alterman & Bamberger, 2021; Khan et al., 2025). Conversely, opaque or inconsistently applied transparency practices can intensify perceptions of injustice, accelerating disengagement and exit.

In South Africa, these dynamics carry additional weight given historical exclusion and persistent wage disparities. Transparent and procedurally fair pay practices may therefore function not only as HR mechanisms but as signals of organisational redress and inclusion, reinforcing both moral legitimacy and strategic retention.

Research design

Research paradigm and approach

This study is positioned within an interpretivist qualitative paradigm, recognising that meanings attached to pay transparency are socially constructed and contextually embedded. Rather than providing extended philosophical exposition, the study adopts a pragmatic interpretivist stance, focusing on how employees and HR practitioners make sense of transparency practices in relation to fairness, attraction and retention (Saunders et al., 2019).

The research does not pursue phenomenology in a strict philosophical sense. Instead, it employs an interpretive, reflexive thematic approach aligned with Braun and Clarke's (2022) methodology. The analytical focus is therefore on identifying patterned meanings across participants' accounts rather than attempting to distil an essential or universal lived experience. This positioning ensures conceptual coherence among the research questions, the analytic strategy and the reported findings.

Research design and strategy

A qualitative, exploratory research design was adopted to examine how pay transparency is experienced and interpreted within South African organisations. An inductive logic guided the analysis, allowing themes to emerge from participants' narratives rather than imposing predefined categories. This approach is particularly appropriate given the limited contextualised evidence on pay transparency in South Africa and the need to capture nuanced perceptions shaped by historical inequality, organisational culture and regulatory constraints. Reflexive thematic analysis was selected as it enables theoretically informed interpretation while remaining sensitive to participants' meaning-making processes. The approach supports analytic depth without requiring adherence to phenomenological reduction or bracketing, which was not the intent of this study.

Study sample and recruitment

The study included 21 participants comprising HR professionals and employees from diverse industries, including state-owned entities, food manufacturing, logistics, telecommunications, healthcare and consulting. Participants were selected using a combination of purposive and convenience sampling to ensure they had relevant experience with pay transparency policies. The selection aimed to capture diverse perspectives on organisational practices, historical inequities and regulatory compliance. Recruitment involved email invitations explaining the study purpose and procedures, with reminders issued until sufficient participation was secured. Interviews continued until data saturation was reached.

Data collection

Data were collected via semi-structured interviews conducted face to face and through Microsoft Teams, lasting 30–60 min. Interviews were recorded with participants' informed consent and transcribed verbatim, ensuring anonymity through pseudonyms. The interview guide was designed to explore perceptions of pay-outcome, pay-process and pay-communication transparency and included questions such as:

- 'How important is it for you to understand how pay decisions are made within a company?'
- 'Would transparency about pay practices make a company more attractive to you? Why or why not?'
- 'If you found out that peers earned significantly more, how would that affect your loyalty and commitment?'

These questions were also informed by SET (Blau, 1964) and Organisational Justice Theory (Colquitt, 2001), exploring how perceptions of fairness and reciprocity shape trust, commitment and retention.

Data analysis

Data were analysed using reflexive thematic analysis as articulated by Braun and Clarke (2021, 2022, 2023). Analysis followed six phases: familiarisation with the data, initial coding, theme development, theme review, refinement and reporting. Coding was conducted as an interpretive, reflexive process rather than a reliability exercise. While multiple researchers engaged with the data during early analytic discussions, the study does not rely on intercoder agreement or statistical reliability. Instead, analytic rigour was achieved through reflexive engagement, repeated interrogation of interpretations and transparent documentation of analytic decisions. Themes were actively constructed by the researcher through interaction with the data, theoretical lenses and contextual knowledge of South African employment relations.

Reflexivity and analytic transparency

Reflexivity was central to the analytic process. The researcher maintained reflexive memos throughout analysis to document assumptions, evolving interpretations and points of analytic tension. Given the sensitivity of pay-related discussions and the researcher's familiarity with HRM and employment relations, ongoing reflexive questioning was used to avoid normalising managerial or policy-driven perspectives. Analytic decisions such as theme boundaries, naming and theoretical alignment were revisited iteratively and justified in relation to both the data and the integrated justice-based framework guiding the study.

Trustworthiness

Rigour was enhanced through multiple strategies (Connelly, 2016; Polit & Beck, 2014):

- Credibility: Verbatim transcription, clear question framing and participant review of responses (Tobin & Begley, 2004).
- Transferability: Detailed descriptions of organisational contexts and participant demographics (Otto, 2022).

- Dependability: Maintenance of an audit trail documenting all research activities (Enosh & Ben-Ari, 2016).
- Confirmability: Findings grounded in data, with raw data backups and field notes available for verification (Tobin & Begley, 2004).

These measures ensured that findings authentically reflected participants' experiences while supporting methodological rigour and practical relevance.

Ethical considerations

Ethical clearance to conduct this study was obtained from the University of Johannesburg Ethics Committee (Ref. No. IPPM-2025-989[H]). Participants received detailed information sheets explaining the study purpose, voluntary participation and the right to withdraw. Written informed consent was obtained. Given the sensitivity of pay-related discussions, anonymity and confidentiality were prioritised; data were securely stored on password-protected devices. Interviews were conducted empathetically to ensure participants felt heard, supported and respected.

Results

The coding phase identified five aggregate themes derived from recurring patterns in participants' accounts. To enhance analytic clarity and reduce repetition, the presentation below prioritises interpretive insight over descriptive accumulation, with verbatim excerpts limited to two per theme. The themes explain how pay transparency shapes employee attraction and retention through fairness perceptions, decision clarity and organisational responses to inequity. Table 1 summarises the coding structure from first-order codes to aggregate themes.

Theme 1: Perceived fairness and trust

Participants consistently linked pay transparency to perceptions of fairness, which in turn shaped trust, engagement and intentions to remain with the organisation. Transparency functioned as a symbolic signal of organisational respect and legitimacy rather than merely an informational practice. Employees described feeling valued when compensation principles and decisions were openly communicated, reinforcing reciprocal commitment. One participant explained:

> 'When management trusts us to manage our tasks, it really motivates me to perform at my best.' (T7, Female, Employee, 10 years)

From a managerial perspective, transparency was viewed as preventative, reducing dissatisfaction and formal grievances by addressing uncertainty before it escalated:

> 'Rewards and recognition are transparent … that will prevent those employee dissatisfactions.' (T1, Female, Manager, 18 years)

Analytically, these findings suggest that pay transparency enhances trust by equalising access to information, allowing employees to evaluate fairness independently. However, participants cautioned that transparency without justification could undermine trust, indicating that fairness perceptions depend on both disclosure and explanation. In historically unequal contexts, transparent practices were seen as particularly important for restoring confidence in organisational systems and supporting retention.

Theme 2: Clarity on reward decisions

Participants emphasised that fairness was closely tied to understanding *how* and *why* pay decisions were made. Clarity around criteria, benchmarks and processes reduced ambiguity and enabled employees to make sense of pay differences, even when outcomes were unfavourable.

As one employee noted:

> 'Fairness comes from having a written explanation for any pay discrepancies, so you know exactly why differences exist.' (T8, Female, Employee, 24 years)

Human Resource professionals highlighted that such clarity strengthened their ability to manage expectations and engage in constructive conversations about remuneration:

TABLE 1: The coding processes.

First-order codes	Second-order category	Aggregate theme	Participant references (*n* = 21)
'When management trusts us to manage our tasks, it really motivates me to perform at my best'.	Trust-building through managerial support	1. Perceived fairness and trust	T1, T3, T5, T7, T10, T12, T14, T15, T16, T18
Multiple participants describing transparency as signalling integrity and fairness.	Organisational integrity signals	1. Perceived fairness and trust	T2, T3, T5, T6, T7, T9, T13, T14, T17
'Fairness comes from having a written explanation for any pay discrepancies, so you know exactly why differences exist'.	Clear documentation of pay decisions	2. Clarity on reward decisions	T4, T5, T8, T10, T12, T14, T19
'As an HR professional, it's easier to know what went into the decision to pay... then it is to have conversations with the person who's going to occupy the role'.	Understanding pay determination processes	2. Clarity on reward decisions	T1, T7, T8, T12, T14, T16
Participants suggesting '8' on transparency scale with emphasis on principles over individual salaries.	Structured communication of pay principles	3. Ideal transparency practices	T4, T7, T8, T10, T13, T14, T15
'I don't think it's that important because I believe that in your career, what matters more is gaining experience'.	Pay transparency supporting career insight	4. Career growth and development	T3, T5, T10, T12, T14, T17
'We don't have to back pay the employee; it is not a debt owed to them, but I would rectify going on'.	Corrective actions for internal equity	5. Managing internal pay equity	T5, T8, T9, T14, T16, T18

HR, human resource.

> 'It's easier to know what went into the decision to pay… then it is to have conversations with the person who's going to occupy the role.' (T5, Male, Manager, 12 years)

Interpretively, transparency here operated as an enabling mechanism rather than a guarantee of satisfaction. Participants accepted pay differentials more readily when decision logic was visible and consistent, suggesting that procedural clarity plays a central role in sustaining trust and commitment.

Theme 3: Ideal pay transparency and principles

Participants largely rejected full disclosure of individual salaries, instead favouring structured openness focused on pay principles, ranges and decision criteria. Transparency was viewed as most effective when it balanced openness with privacy and legal considerations.

One manager explained:

> 'I believe in transparency about the principles and criteria that inform pay decisions, but full disclosure of individual salaries may demotivate employees.' (T4, Female, Manager, 9 years)

Similarly, employees indicated that understanding the process was sufficient to foster trust:

> 'Knowing the process and criteria helps me trust that the organisation is fair, even if I don't know what everyone else earns.' (T10, Female, Employee, 6 years)

These findings indicate that employees prioritise informational and procedural transparency over absolute disclosure. Trust was built through insight into decision-making logic rather than through access to others' pay figures, reinforcing the value of principled transparency models.

Theme 4: Career growth and development

Several participants indicated that career progression and development opportunities outweighed pay transparency as drivers of retention. Transparency was valued primarily when it was linked to visible pathways for advancement rather than treated as an isolated practice.

One participant stated:

> 'I don't think it's that important because I believe that in your career, what matters more is gaining experience.' (T3, Female, Employee, 12 years)

Another emphasised the importance of actionable progression:

> 'Knowing what pay scales are important, but more important than just knowing them is knowing how to achieve them.' (T6, Female, Manager, 21 years)

Analytically, these findings suggest that pay transparency is most effective when embedded within broader talent management and career development systems. Transparency without progression opportunities was perceived as insufficient for long-term retention.

Theme 5: Managing internal pay equity

Participants agreed that identifying pay inequities without corrective action undermined trust and morale. The credibility of transparency depended on visible organisational responses to disparities. While views differed on whether back pay was required, there was consensus that unresolved inequities signalled organisational indifference.

One employee argued:

> 'If a pay disparity is discovered, the organisation should rectify it by increasing the affected employee's salary.' (T7, Female, Employee, 10 years)

In contrast, a manager noted:

> 'We don't have to back pay the employee … but I would rectify going on.' (T11, Female, Manager, 15 years)

These findings highlight that transparency creates an implicit accountability obligation. Organisations that failed to act on disclosed inequities risked increased turnover intentions, whereas proactive and transparent remediation reinforced perceptions of fairness and organisational integrity.

Discussion

This study examined how pay transparency influences employee attraction and retention in South African organisations, with particular attention to fairness, trust and organisational legitimacy. Rather than being experienced as a single HR practice, pay transparency emerged as a multidimensional organisational signal that shapes how employees interpret fairness, intent and credibility. Participants consistently described transparent communication about pay decisions as strengthening their sense of belonging and commitment, while inconsistent or poorly explained disclosure was associated with declining morale and heightened turnover intentions. These patterns align with SET (Blau, 1964), which suggests that employees reciprocate fair and respectful treatment with higher levels of engagement and loyalty. When organisations communicate openly about pay in ways that are perceived as principled and consistent, employees interpret this openness as an investment in trust, which they respond to with commitment (Cropanzano & Mitchell, 2005; Kragl et al., 2025).

Perceptions of fairness and trust emerged as central to how transparency was evaluated. Participants did not equate transparency with mere access to pay information; instead, they understood it as a signal of organisational integrity and respect. This finding is consistent with prior research showing that transparency strengthens trust and commitment when it is applied consistently and perceived as fair (Alterman & Bamberger, 2021; Stofberg et al., 2022). Within the South African context, where historical and structural inequalities continue to shape pay outcomes, transparency appeared to carry heightened moral and symbolic significance. Participants described transparent practices as indications that organisations were willing to confront past inequities and act more ethically in the present, reinforcing arguments

that fairness practices contribute to organisational legitimacy in unequal societies (Mabaso & Mdluli, 2025). Rather than extending SET, these findings illustrate how reciprocal trust processes are intensified in contexts where fairness has broader social meaning.

Clarity around reward decisions further shaped employees' responses to pay transparency. Participants emphasised the importance of understanding how pay is determined, including the criteria, benchmarks and processes involved. This resonates with Equity Theory (Adams, 1965), which holds that employees assess fairness by comparing their inputs and outcomes with those of others. When pay processes were clearly explained, participants were more willing to accept pay differentials, even where outcomes were not personally favourable. This finding aligns with research suggesting that clarity and justification reduce ambiguity and strengthen perceptions of procedural justice (Asemota, 2024; Shinde, 2025). At the same time, participants cautioned that transparency without adequate explanation could be counterproductive, particularly when disparities were revealed without a credible rationale. Similar risks have been identified in previous studies, which caution that poorly managed transparency may heighten dissatisfaction and resentment (Kim et al., 2022). The findings therefore underscore that transparency must be accompanied by explanatory communication if it is to sustain, rather than undermine, fairness perceptions.

Participants also expressed a clear preference for a balanced approach to transparency that prioritises disclosure of pay principles, ranges and decision-making criteria rather than full disclosure of individual salaries. This preference reflects a desire for fairness and understanding while maintaining privacy and social cohesion. Such structured openness is consistent with recommendations that partial disclosure can foster fairness without triggering negative interpersonal comparisons (Kuusisto, 2024; Mabaso & Mdluli, 2025). Employees indicated that knowing how salaries were determined was sufficient to trust the system, even if they did not know what colleagues earned. This finding supports the informational and procedural dimensions of Organisational Justice Theory, which emphasise transparent communication and consistency in policy application (Colquitt, 2001). In the South African setting, this approach also aligns with legislative frameworks such as the *Employment Equity Act (1998)* and the *Protection of Personal Information Act (2013)*, which promote fairness while safeguarding individual privacy. Transparency was therefore experienced as legitimate when it explained the 'how' and 'why' of pay decisions without violating personal boundaries.

Career growth and development further shaped how participants evaluated pay transparency. Many employees viewed transparency as valuable primarily because it helped them understand progression pathways and the requirements for advancing to higher pay levels. Transparency was thus interpreted as meaningful when it was linked to opportunity rather than treated as an end in itself. This finding reflects broader evidence that career development, skill acquisition and meaningful work are often stronger predictors of retention than pay alone (Bamberger, 2023; Oxford Research Encyclopedia, 2024). Participants did not dismiss the importance of pay transparency but positioned it within a wider organisational system that links fairness to opportunity. This perspective is particularly relevant for younger employees, who tend to prioritise growth, authenticity and development over purely financial rewards (Khan et al., 2025). Pay transparency therefore appears most effective when embedded within career development structures rather than implemented as an isolated HR policy.

Finally, the findings highlight that transparency creates expectations of organisational accountability. Participants expected organisations to act on inequities revealed through transparent practices, whether through salary adjustments, corrective action or forward-looking changes. Organisational responses to identified disparities played a decisive role in shaping trust and retention intentions. This reinforces the importance of corrective justice within Organisational Justice Theory, which emphasises that fairness is demonstrated not only through disclosure but also through remedial action (Colquitt, 2001). Consistent with previous research, organisations that institutionalise equity audits and transparent remediation processes are more likely to sustain employee commitment and reduce turnover intentions (Pérez-Arechaederra et al., 2025; Santero-Sánchez & Núñez, 2025). In the South African context, where race- and gender-based pay gaps remain salient, corrective action also signals regulatory compliance and strengthens organisational legitimacy.

The discussion suggests that procedural and informational justice exert a stronger influence on trust and retention than distributive outcomes alone. This supports Colquitt's (2001) argument that employees are more willing to accept unfavourable outcomes when processes are perceived as transparent, consistent and fair. Participants' emphasis on clarity, communication and follow-through also indicates that transparency without context can be counterproductive. Effective pay transparency therefore involves structured openness: communicating pay philosophies, ranges and criteria in ways that are accessible and credible while ensuring that inequities are addressed in practice. Such an approach helps mitigate the risks of envy and resentment identified in earlier work (Cullen & Pakzad-Hurson, 2023; Kim et al., 2022).

Overall, the findings show that in South Africa, pay transparency is closely intertwined with broader concerns about trust, fairness and organisational legitimacy. Unlike contexts where transparency is primarily framed as a competitiveness or engagement tool (Alterman & Bamberger, 2021; O'Reilly & Robinson, 2021), participants in this study viewed it as a mechanism for rebuilding confidence and addressing historical inequalities. When implemented with clarity, sensitivity and corrective intent, pay transparency can

strengthen attraction and retention by reinforcing employees' belief that their organisation is fair, ethical and worthy of long-term commitment.

Practical implications for organisations

Firstly, the findings of this study offer focused implications for managers and human resource professionals seeking to implement pay transparency in ways that support fairness, trust and retention. Rather than adopting maximal disclosure, the findings indicate that organisations benefit most from a structured openness approach, in which pay structures, grading systems and decision-making principles are communicated clearly without revealing individual salaries. This recommendation follows directly from participants' preference for transparency, which explains *how* pay decisions are made while respecting privacy. Such an approach supports perceptions of fairness and organisational legitimacy while reducing the risk of resentment and demotivation identified in the findings.

Secondly, the implication relates to the central role of informational and procedural justice, which emerged as stronger drivers of trust and retention than pay outcomes alone. The findings show that transparency is only effective when accompanied by clear, accessible explanations of the criteria, benchmarks and processes used to determine pay. Employees' acceptance of pay differences depended on their ability to understand job evaluation methods, performance measures and market positioning. Consistent and well-communicated explanations reduce ambiguity, strengthen legitimacy and limit perceptions of bias, particularly in environments where unexplained disparities were shown to erode trust.

Thirdly, the findings highlight that transparency creates expectations of accountability, making equity monitoring and corrective action a strategic rather than optional practice. Participants indicated that trust was sustained only when organisations acted on inequities revealed through transparency initiatives. This implies that organisations should institutionalise regular equity reviews and respond decisively to identified gaps through salary adjustments and clearly communicated remediation processes. Failure to address disparities was directly linked to disengagement and turnover intentions, while visible corrective action reinforced perceptions of fairness and organisational integrity.

Fourthly, the study shows that pay transparency is most effective when embedded within broader career development and talent management systems. Participants valued transparency primarily when it helped them understand progression pathways and the requirements for advancing to higher pay levels. This finding suggests that transparency should be integrated with development opportunities, skill-building initiatives and clearly articulated growth pathways, rather than implemented as a stand-alone policy. When transparency is linked to opportunity and progression, it strengthens motivation, engagement and long-term retention.

The practical implications suggest that pay transparency should be approached as a relational and system-level practice rather than a purely informational intervention. By combining structured openness, clear explanation, corrective action and career development alignment, organisations can translate transparency into sustained trust, fairness and employee commitment.

Theoretical contributions

This study makes several theory-oriented contributions that refine and contextualise existing understandings of pay transparency, rather than proposing wholesale theoretical extensions. Its primary conceptual contribution is the articulation of *structured openness* as a distinct transparency construct. Structured openness refers to the deliberate and selective disclosure of pay philosophies, structures, ranges and decision-making criteria, combined with clear justification and corrective mechanisms, without full disclosure of individual salaries. Conceptually, this construct captures transparency as a *designed organisational practice* that balances fairness, legitimacy and privacy, rather than as a binary choice between secrecy and full disclosure.

From a contextual refinement perspective, the study shows how established theories operate differently within South Africa's historically unequal labour market. Rather than extending SET, the findings refine its application by demonstrating that reciprocal exchanges are intensified in contexts marked by historical inequality and moral sensitivity to fairness. When organisations enact transparency and equity under such conditions, employees interpret these practices not only as fair treatment but also as signals of ethical intent and social redress. This contextual amplification of reciprocity highlights how SET processes are shaped by socio-historical conditions, which are often implicit rather than explicit in dominant formulations of the theory (Cropanzano & Mitchell, 2005).

The study also offers a practice-informed refinement of Equity Theory. The findings show that transparency does not automatically enhance perceptions of equity; instead, its effects depend on how transparency is enacted, explained and followed through. Pay disclosure that lacks justification or remediation was perceived as destabilising rather than fair. This insight reframes equity judgements as process-dependent rather than outcome-driven, situating input–output comparisons within broader informational and procedural contexts. In doing so, the study clarifies how transparency can simultaneously function as a fairness enabler or an inequity trigger, depending on its design and communication.

In relation to Organisational Justice Theory, the findings strengthen and contextualise existing justice hierarchies rather than challenging them outright. Employees consistently prioritised procedural and informational justice over distributive justice in transparency settings, placing greater value on understanding *how* and *why* pay decisions

were made than on knowing exact pay outcomes. This reinforces the centrality of justice processes while offering empirical nuance to debates that equate fairness with full disclosure. In contrast to claims that comprehensive pay disclosure is necessary for fairness (Cullen & Pakzad-Hurson, 2023), the findings suggest that structured openness provides a more context-sensitive pathway to justice perceptions, particularly in diverse and unequal environments.

Finally, the study contributes through contextual theorisation, showing how transparency practices are shaped by South Africa's socio-economic history, regulatory frameworks and cultural diversity. Transparency emerges not only as a strategic HR mechanism but also as a legitimacy-building practice with moral significance. By grounding transparency in lived experiences shaped by inequality and regulation, the study moves beyond decontextualised international models and offers insights relevant to emerging economies and highly diverse labour markets. In such contexts, transparency must simultaneously address efficiency, fairness and ethical accountability, positioning structured openness as a concept that bridges theory and practice.

Conclusion

This study examined how pay transparency influences employee attraction and retention in South African organisations. The value of the study lies not in the novelty of pay transparency as a topic, but in its theoretical refinement and contextual explanation of how transparency is experienced, interpreted and enacted in a historically unequal labour market. Using qualitative insights grounded in SET, Equity Theory and Organisational Justice Theory, the study shows that transparency shapes employee outcomes through fairness perceptions, trust and organisational legitimacy rather than through disclosure alone.

The study distinguishes itself in four key ways. Firstly, it contextualises pay transparency within South Africa's socio-economic and historical realities, demonstrating how legacies of inequality, regulation and diversity shape transparency experiences and expectations. Secondly, it shifts the conceptual focus from transparency as disclosure to transparency as *structured openness*, emphasising the selective and principled communication of pay structures, criteria and ranges rather than full individual salary disclosure. Thirdly, the findings demonstrate empirically that procedural and informational justice matter more for trust and retention than distributive outcomes alone, with employees prioritising understanding the 'how' and 'why' of pay decisions over knowing exact pay figures. Fourthly, the study provides qualitative insight into how transparency initiatives may unintentionally backfire. The findings indicate that when disclosure is poorly explained or left unremedied, it can erode trust, provoke resentment, and heighten employees' intentions to leave the organisation.

For South African organisations, the findings underscore that pay transparency is most effective when implemented with contextual sensitivity and accountability. Structured openness, alignment with career development pathways and visible corrective action on inequities emerged as critical conditions for sustaining trust and retention. Transparency initiatives that ignore historical disadvantage, privacy concerns or follow-through risk eroding the very fairness they seek to promote, while those that balance openness with explanation and remediation are more likely to strengthen organisational legitimacy and employee commitment.

Future research could build on this study by examining how structured openness operates across different sectors or through longitudinal designs, enabling a deeper understanding of how transparency practices evolve over time and how employee perceptions respond to sustained implementation. Such work would further clarify the long-term consequences of transparency in contexts marked by inequality and transformation.

In closing, this study shows that pay transparency in South Africa is not simply about revealing pay information, but about building fair, credible and trustworthy employment relationships. When designed as structured openness and embedded within justice-oriented systems, transparency can support attraction, retention and legitimacy in workplaces navigating ongoing social and economic change.

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CRediT authorship contribution

Calvin Mabaso: Conceptualisation, Formal analysis, Methodology, Resources, Supervision, Visualisation, Writing – review & editing, Writing–original draft. The author confirms that this work is entirely their own, has reviewed the article, approved the final version for submission and publication and takes full responsibility for the integrity of its findings.

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Data availability

The data that support the findings of this study are available from the corresponding author, Calvin Mabaso, upon reasonable request.

Disclaimer

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