[The Salary Range Credibility Test]

A Canadian employer posts a manager role at $88,000 to $108,000. Within hours, an experienced manager who earns $82,000 sends the link to a colleague and asks a reasonable question. If this is what the company will pay someone new, why am I below the range after four years in the job?

The posting may satisfy the disclosure rule. The compensation system has still failed a credibility test. A public salary range is read by candidates, current employees, former employees, recruiters and competitors, and each group draws conclusions from the same numbers. HR therefore has to prepare for the internal conversation before the external advertisement goes live.

This is where pay transparency becomes a talent strategy. Employers that can explain their ranges, correct material problems and make consistent decisions can reduce wasted recruiting effort and give employees a clearer reason to build a career inside the organization. Employers that publish numbers without examining the system behind them may expose compression, arbitrary exceptions and promotion practices that employees no longer trust.

The legal requirement creates a wider business test

British Columbia’s Pay Transparency Act requires provincially regulated employers to include expected salary or wage information in public job advertisements. It also restricts pay history inquiries and protects employees who ask about or disclose their pay. In 2026, the annual reporting requirement applies to employers with 50 or more employees in B.C., with reports due by November 1.

Ontario’s rules for covered public job postings took effect on January 1, 2026. They require compensation information and regulate several other parts of recruitment. Requirements differ across Canada, and federally regulated employers operate within a separate legal framework. A multi-jurisdiction employer needs a legal map, but it also needs one compensation philosophy that managers can apply consistently.

The underlying pay issue hasn’t disappeared. Statistics Canada reported that women aged 25 to 54 earned an average of 88 cents for every dollar earned by men in 2024. That national measure doesn’t diagnose the cause of a gap inside one employer, but it explains why employees, regulators and candidates are asking harder questions about how pay is set.

Candidate expectations have moved as well. In a 2025 Indeed survey of 900 online panelists in British Columbia, Ontario and Quebec, 73 percent said they'd be more likely to apply when a posting includes a pay range. The same survey found that 41 percent were concerned about resentment if a new hire earned more than a more experienced employee, while 33 percent anticipated pressure to match market rates for current staff. Those concerns point directly to the internal credibility risk.

Transparency and pay equity solve different problems

HR teams sometimes use pay transparency, pay equity and equitable compensation as if they mean the same thing. They don't. Pay transparency determines what information is disclosed and which conversations are protected. Pay equity laws address defined forms of compensation inequality, including the federal requirement for equal pay for work of equal value in covered workplaces. Compensation governance is the employer's system for pricing jobs, positioning employees, approving exceptions and reviewing outcomes.

A compliant posting doesn't prove that pay is equitable. It shows what the employer says it expects to pay for one opening at one point in time. The range becomes credible only when the employer can connect it to job value, market evidence, internal relationships and a repeatable decision process.

The five parts of the credibility test

Before approving a public range, HR should be able to answer five questions. The table provides the quick test, and the sections that follow explain where the risk tends to appear.

Test	**Question for HR**	**Evidence to review**
Range reality	Would the employer genuinely hire anywhere within the published range	Approved budget market data and offer history
Incumbent alignment	Can current pay differences be explained using job related factors	Employee placement tenure performance and demographic patterns
Internal mobility	Does promotion still produce meaningful pay progression	Promotion increases and external hire premiums
Manager readiness	Can managers explain pay decisions clearly and consistently	Scripts training questions and escalation records
Exception control	Are deviations approved documented and reviewed for downstream effects	Exception log approver rationale and correction plan

Range reality

A range should describe a real hiring decision, not every amount the organization might conceivably pay. In B.C., the posted amount should reflect the employer's reasonable expectation at the time of posting. Ontario limits the spread of a covered range to $50,000 unless the expected compensation or upper end exceeds $200,000 annually. Those legal parameters still leave room for ranges that are technically valid and practically unhelpful.

Ask where a qualified candidate is likely to enter and what evidence would justify an offer near the top. If almost every successful candidate will be hired in a narrower zone, say so in plain language. An employer might explain that most new hires enter between the minimum and midpoint, while placement above the midpoint requires deeper experience, scarce expertise or responsibility beyond the usual role scope.

Wide ranges can preserve negotiating room, but they consume trust when the top number isn’t attainable. Indeed Hiring Lab found that the median difference between the low and high ends of Canadian postings with pay information rose from 10 percent in 2019 to 18 percent in early 2024. Among postings that used a range rather than an exact amount, the median spread reached 25 percent. A range can comply and still tell candidates very little.

Incumbent alignment

The first internal comparison should happen before publication. Match the proposed role to employees performing the same or substantially comparable work. Review who sits below the proposed minimum, who would be overtaken by a typical new hire and which employees have received added responsibility without corresponding pay movement.

Then test whether the differences are supported by legitimate factors such as sustained performance, relevant experience, geography, shift requirements, specialized credentials or a materially different scope. HR should also look for patterns across protected groups. A neutral explanation for one employee can still produce a troubling pattern across a workforce, so individual and group analysis both matter.

The review shouldn’t become an improvised promise that every employee will move to the advertised minimum. Job architecture may be wrong, the incumbent role may differ, or the proposed range may need revision. The purpose is to find issues while the organization still has choices, document the analysis and obtain legal advice when the data suggests a pay equity or human rights concern.

Internal mobility

A pay structure loses credibility when external movement pays better than internal growth. Compare the last 12 to 24 months of promotion increases with the premiums paid to external hires entering the same levels. If strong employees must leave to reset their market value, the organization is funding a turnover cycle instead of a career system.

Review title changes that brought little or no salary movement, employees who supervise people earning close to their own pay and long-serving specialists whose wages haven’t kept pace with hiring rates. These are common compression points. They can also weaken succession planning because employees see external recruitment as the only reliable route to a meaningful increase.

Manager readiness

Employees usually ask their manager first, even when HR owns the compensation framework. A manager who says, ‘I don’t know, HR set the range,’ turns a solvable question into evidence that pay decisions are detached from performance and leadership. Silence can be just as damaging because employees will fill the gap with their own explanation.

Managers don’t need access to everyone’s salary. They do need to understand the role’s range, the factors used to position employees, what they can discuss and when they must involve HR. A useful response acknowledges the question, explains the difference between a job range and an individual salary, describes the relevant factors, and gives a firm date for any follow-up.

A manager might say, ‘I understand why the posting raised a question. The range applies to the role, while individual placement reflects scope, experience, performance and other job-related factors. I’m going to review your situation with HR and come back to you by Friday.’ That answer doesn’t promise an increase, but it treats the concern as legitimate and creates accountability.

Exception control

Exceptions are sometimes necessary. A scarce skill, remote location, urgent business need or expanded role may justify a different offer. The risk grows when exceptions are approved through private negotiations and disappear into payroll without a record of the reason or their effect on comparable employees.

Maintain an exception log that records the role, amount, reason, approver, affected comparators and review date. Look at the log quarterly for repeat patterns. If the same role requires an exception every time, the published range, job level or market reference is probably wrong.

Fix the highest risk gaps first

Most employers won’t have the budget to correct every compression issue immediately. A defensible response separates urgent legal or employee-relations exposure from differences that can be monitored through the normal compensation cycle. HR, Finance and Legal should agree on the triage rules before individual cases create pressure for inconsistent decisions.

Priority	**Typical indicators**	**Practical response**
Immediate review	Pay below a required minimum unexplained patterns across protected groups or a material mismatch with substantially comparable work	Pause the posting or offer where necessary involve Legal and determine corrective action
Near term correction	Compression recurring external hire premiums weak promotion increases or several unexplained exceptions	Set a funded correction plan with owners dates and manager communication
Monitor and explain	Differences supported by scope performance geography credentials or other documented job related factors	Confirm documentation prepare the manager explanation and review during the next cycle

Consistency doesn’t mean equal increases for every employee. It means comparable cases are assessed using the same evidence and approval rules. The employer should also be candid about timing. If a valid issue can’t be corrected immediately, employees should know what will be reviewed, who owns the decision and when they’ll receive an answer.

Put a dollar value on credibility failure

A compensation correction appears as a visible budget line. The cost of leaving a credibility problem unresolved is spread across turnover, vacancies, overtime, recruiting, onboarding and manager time, so it’s easier to underestimate. HR can make the tradeoff visible with a simple calculation based on the employer’s own numbers.

Pay credibility exposure equals the cost of likely regrettable exits plus vacancy coverage plus recruiting and selection costs plus onboarding and ramp time plus the recurring cost of unresolved compression. The calculation doesn’t need to predict behaviour with certainty. It gives leaders a reasonable range for comparing action with delay.

Consider an illustrative employer that identifies six experienced employees who are each $4,000 below the organization’s intended range for their work. A targeted annual correction would cost $24,000 before payroll-related costs. Suppose two of those employees leave and the employer estimates $7,000 in recruiting expense, $12,000 in vacancy coverage and lost capacity, $4,000 in manager and HR time, and $10,000 in onboarding and ramp costs for each replacement. The two exits create an estimated $66,000 exposure before the value of lost knowledge or customer relationships is counted.

That example doesn’t prove that a salary adjustment is the right answer in every case. It shows why the comparison must include the cost of inaction. Replace each assumption with local data, test a low and high scenario, and show Finance which risks disappear after a correction and which costs would recur next year.

Use measures that reveal whether the system is improving

A compliance dashboard that counts postings with ranges won’t tell HR whether transparency is helping. Add measures that connect pay decisions with retention, mobility and recruiting outcomes. Review the data by job family, level, location and relevant demographic group where collection and use are lawful.

Measure	What it can reveal
Employees below range minimum	Potential architecture errors urgent compression and legal review needs
New hire premium	Whether external candidates routinely enter above comparable incumbents
Promotion increase compared with external offer	Whether internal movement remains financially credible
Offer exception rate	Whether approved ranges match the labour market and role design
Regrettable turnover by range position	Whether employees lower in the range leave at a higher rate
Pay question resolution time	Whether managers and HR close employee concerns promptly
Offer acceptance by range width	Whether vague or overly broad ranges are weakening recruiting results

Correlations need careful interpretation. An employee near the range minimum may be new to the role, and a high performer near the maximum may leave for reasons unrelated to pay. Use the measures to locate questions, then examine the records and speak with the people involved before drawing conclusions.

A practical 90 day plan

Days 1 to 30

Inventory every active range, posting template and approval path. Map employees to job architecture, identify people below proposed minimums, compare promotion and external hire data, and review the last year of compensation exceptions. Confirm which provincial, territorial and federal requirements apply to each posting.

Days 31 to 60

Create the triage rules and quantify the highest-risk gaps. Decide when a posting must pause, who can approve a range and when Legal or Finance must join the review. Prepare manager guidance using real questions employees have already asked, with approved language and escalation contacts.

Days 61 to 90

Correct priority issues, publish credible ranges and begin tracking the outcome measures. Give employees a clear route for pay questions and commit to response times. Report progress to the executive team in business terms, including risk reduced, likely turnover exposure avoided and improvements in internal movement or offer acceptance.

Make the range a promise the organization can explain

Pay transparency removes some of the distance between external hiring decisions and the employee experience. That can be uncomfortable because employees will see information that once remained inside HR and Finance. The organization earns credibility by strengthening the system until it can explain its choices with evidence, rather than relying on an unusually broad range or a defensive manager script.

The strongest talent advantage comes from credibility. Candidates can decide whether the opportunity fits, employees can understand how growth affects pay, and managers can answer questions without guessing. Compliance starts the conversation. Compensation governance determines whether the organization earns trust from it.