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## News release

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# Age is a defining factor when it comes to ideas around fair pay

*Younger generation want to protect the less well-off but Baby Boomers put faith in market outcomes*

There is a significant inter-generational difference of opinion when it comes to fair pay and what constitutes ethical behaviour around pay, with the younger population wanting stronger protection for the less well-off, compared to the older generation who are more likely to put faith in the effectiveness of market outcomes to create a fairer society.

That's according to PwC's latest survey and report, *The ethics of pay in a fair society: what do executives think?*

PwC's analysis, completed in partnership with the London School of Economics, includes a survey of 1,123 executives around the world. It shows that the data is remarkably consistent across a range of demographic factors such as gender, territory and earnings level.

However, age was the one significant differentiator, with those under 40 who were surveyed far more likely to believe that distribution of wealth should lead to moral outcomes, with all members of society receiving an income that is sufficient for them to lead a dignified life.

By contrast, the over 50s believe talented people deserve to receive income in line with their contribution and that market efficiency is important in determining how income should be allocated.

Commenting on the report and its findings, Scott Olsen, PwC partner and Global Rewards Leader, said:

“Fairness is a morally and politically loaded term and means different things to different people. But questions about fairness, and the role companies have to play in this, are not going away any time soon. Demographic factors generally do not predict attitudes to fairness. But the major exception to this is age, with our survey revealing almost 50% of over-65s identified themselves most strongly with pro-market principles, while less than a third of under 35s did the same.

“The findings demonstrate that there is no single catch-all principle. Views of distributive justice are multidimensional and complex. There is much more to fairness than equality. Companies must therefore develop a much fuller narrative on what they mean by fairness and how they are delivering on that for employees, or risk the debate being hijacked by a one-dimensional view of fairness based on pay ratios.”



Those surveyed also did not subscribe to the view that the role of companies is to make money and of the state to redistribute it.

Instead, they thought that companies have a broadly equal responsibility in providing a fair pay structure among their employees. Companies are seen not to live outside of, but to be very much a part of, society and are expected to act justly.

But companies, as well as societies, are not always living up to people's hopes of them. Typically a quarter to a third of people surveyed feel that companies are not delivering principles of fairness that they deem to be important.

For example, the principle around equal opportunity, where market competition is seen as fair game, so long as there is a level playing field, was the principle where there was the biggest gap between aspiration and reality. 40% of respondents consider equal opportunity to be important but they did not consider the principle to be implemented in their society.

Tom Gosling, PwC Rewards Partner, added:

“There is a tricky balance to strike. Markets matter and companies that ignore the pay rates set by the market risk becoming uncompetitive in terms of cost or quality of talent. But at the same time, how companies operate across the developed world is being challenged, and will become more so as automation takes its course.

“Fair pay and the ethics behind it, is an important part of rebuilding trust in business. But there is also an opportunity to create a more engaged workforce with benefits for long-term value and productivity. Companies should therefore consider their perspectives on this debate and look to figure out exactly what fairness means for them.”

### **Notes to Editors**

1. Download a copy of the report at <https://www.pwc.com/ethicsofpay>
2. PwC, along with the London School of Economics commissioned a survey of 1,123 executives around the world including 458 in Western Europe, 205 in North America, 121 in South & Central America, 170 in Asia Pacific, 89 in Middle East & Africa and 80 in Central & Eastern Europe
3. To find out more about PwC's People and Organisation expertise go to [www.pwc.com/people](http://www.pwc.com/people)

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