Microsoft will no longer ban staff from seeking roles at competitors and plans to disclose salaries on job ads

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Abstract

None available.

Full Text

- Microsoft employees are no longer restricted from seeking roles at firms like Amazon and Google.
- On Wednesday, Microsoft announced it won't enforce non-competition clauses, except for senior execs.
- The change comes amid a growing movement to clamp down on the use of NCCs in contracts.

Microsoft employees will be free to seek jobs at the likes of Google and Amazon after the internet giant announced it would no longer enforce non-compete clauses (NCCs) against the majority of its staff.

The change is one of four updates announced in a blog post on Wednesday, including plans to ditch non-disclosure agreements, conduct a civil rights audit of its existing work policies, and commit to providing salary ranges on all internal and external job descriptions.

NCCs are used by firms to stop employees moving to companies considered to be direct competitors. While there's more understanding when they're included in the contracts of c-suite and senior managers, their use against lower-level workers has been criticized as being too restrictive and holding people to unfair conditions.

Microsoft has enforced them in some employee contracts, but effective today, the company is removing clauses from employee agreements, and will not enforce existing clauses in the US, the company said.

"We have heard concerns that the non-competition clauses in some U.S. employee agreements, even when rarely and reasonably enforced, feel at odds with our talent principles," said the blog post, attributed to Amy Pannoni, Microsoft's deputy general counsel and Amy Coleman, Microsoft's corporate vice president for HR.

They will still be enforced against the company's most senior leaders — those who are partners and executives — but it means other employees are, in theory, no longer restricted from seeking employment at any company "considered to be" a Microsoft competitor.

Big Tech firms like Amazon, Google, and Salesforce are generally seen to be classed among its major rivals.

The change comes amid a growing move to clamp down on the use of NCCs.

NCCs are already limited in a handful of states, including Microsoft's home state Washington, where they're unenforceable against employees earning less than $100,000.

In July, President Biden issued an executive order urging the Federal Trade Commission to limit or ban the use of NCCs to encourage greater mobility in the labor market.

Microsoft, which has faced several allegations regarding its toxic culture in recent years, said the changes are aimed at "enhancing its workplace culture."

The company "is always evaluating our employees' experience and listening to determine what changes we need to make as a result of what employees need and care about," the blog post said.

Microsoft did not immediately reply to Insider's request for further comment on the changes.

Being more transparent about pay can help to reduce pay inequality

Microsoft also announced plans to improve pay transparency within its job adverts, and committed to publicly disclose salary ranges in all internal and external US job postings, beginning no later than January 2023.

Campaigners argue that keeping job seekers in the dark about how much they and their potential colleagues earn reinforces existing gender and ethnicity pay divides.

A study by the UK recruiter Reed found that withholding salary details and using words like "competitive" made people less likely to apply for roles. Providing women and people of color with more information enables them to negotiate higher pay and level the playing field.

Colorado, Nevada, Connecticut, California, Washington, and Maryland have all introduced some state pay transparency rules. Employers in New York City must provide salary information on job adverts, after new legislation came into effect last month.

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