



Working conditions

**Measures to promote gender pay  
transparency in companies:  
How much do they cost and what  
are their benefits and opportunities?**

**Pay transparency in Europe:  
First experiences with gender pay reports and  
audits in four Member States**

**Author:** Christine Aumayr-Pintar, Eurofound

**Research Manager:** Christine Aumayr-Pintar

**Peer reviewer:** Tina Weber, Eurofound

**Contributors:** Bernadette Allinger (Forba, Austria); Miet Lamberts, Dries van Herreweghe, Sem Vanderkerckhove (HIVA, KU Leuven, Belgium); Tobias Bühring, Amanda Thor Anderson (Oxford Research, Denmark); Ingel Kadarik (Praxis, Estonia); Rasmus Firon, Amanda Kinnunen (Oxford Research, Finland); Frederic Turlan (IR Share, France); Birgit Krämer (WSI, Germany); Feliciano Iudicone, Silvia Sansonetti (Fondazione Giacomo Brodolini, Italy); Inga Blaziene (Lithuanian Social Research Center, Lithuania); Gaetan de Lanchy, Carole Blonde-Hanten, Nathalie Lorentz, Franz Clement (LISER, Luxembourg); Heloísa Perista and Paula Carrilho (CESIS, Portugal); Alejandro Godino (Autonomous University of Barcelona, Spain); Sirin Celik, Pheraya Pengboon (Oxford Research, Sweden); Claire Evans (University of Warwick, UK).

**Eurofound reference number:** WPEF20021

© European Foundation for the Improvement of Living and Working Conditions (Eurofound), 2020  
Reproduction is authorised provided the source is acknowledged.

For any use or reproduction of photos or other material that is not under the Eurofound copyright, permission must be sought directly from the copyright holders.

Any queries on copyright must be addressed in writing to: [copyright@eurofound.europa.eu](mailto:copyright@eurofound.europa.eu)

*Research carried out prior to the UK's withdrawal from the European Union on 31 January 2020, and published subsequently, may include data relating to the 28 EU Member States. Following this date, research only takes into account the 27 EU Member States (EU28 minus the UK), unless specified otherwise.*

*This report presents the results of research conducted largely prior to the outbreak of COVID-19 in Europe in February 2020. For this reason, the results do not fully take account of the outbreak.*

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.

**European Foundation for the Improvement of Living and Working Conditions**

**Telephone:** (+353 1) 204 31 00

**Email:** [information@eurofound.europa.eu](mailto:information@eurofound.europa.eu)

**Web:** [www.eurofound.europa.eu](http://www.eurofound.europa.eu)

## Contents

<b>Key findings</b> .....	<b>1</b>
<b>Introduction</b> .....	<b>4</b>
<b>1 - Methodology</b> .....	<b>6</b>
<b>2 – Overview of the measures</b> .....	<b>8</b>
National pay transparency measures.....	11
Share of employees and companies covered by the legislation .....	42
Role of the social partners.....	49
Summary of pay transparency measures .....	52
<b>3 – Costs</b> .....	<b>54</b>
Basic costs for implementing the measures .....	54
Role of software, standardisation and centralisation .....	84
Costs for support measures.....	86
Summary of cost estimates .....	96
<b>4 – Implementation, impacts and benefits</b> .....	<b>100</b>
National evaluation research.....	100
Involvement of social partners in the reporting or auditing process .....	112
Benefits .....	115
Action taken by companies .....	128
<b>5 – Conclusion and policy pointers</b> .....	<b>132</b>
<b>References</b> .....	<b>136</b>
General.....	136
National references.....	137
<b>Annex 1</b> .....	<b>146</b>
<b>Annex 2 - Detailed description of the measures</b> .....	<b>147</b>
Right to obtain information.....	147
Pay reports .....	151
Pay audits .....	164

## Key findings

This study investigated three types of gender pay transparency measures that 13 EU Member States and the United Kingdom have put in place to ensure the right to equal pay for men and women: the right to obtain information, gender pay reports and gender pay audits. Based on national research and 124 interview-based observations with management and employee representatives, it aimed to assess the costs of these instruments and whether and what kind of benefits the interviewed actors associated with them.

### The instruments

- The instruments are very varied across the countries in terms of their richness and detail of data provided, the process by which they are compiled, their degree of transparency and social partner involvement, and the extent of coverage of companies and employees.
- The simpler pay reports tend to cover less than half of the employees in many of those countries which have them put in place. The more complex pay audits are typically obligatory in larger companies only, hence covering fewer employees. Few countries have made gender pay transparency obligations compulsory for the public sector as well.
- Transparency is most commonly related to sharing information with employee representatives within the companies internally. Only Belgium (for the social balance sheet), Estonia (for the public sector pay report), France (for the Gender Equality Index) and the United Kingdom have obligations to make report or audit results publicly available. Some of the largest companies in Germany are also required to publish pay reports – but without concrete figures.
- Employee involvement in the reporting or auditing could be improved: while the provision of information on the results of the measures was shared in most cases without problems, most commonly, employee representatives interviewed in this study were not involved in the initial design or contents of the report; some, but not all, were involved in a phase of analysis or discussion, and few participated in follow-up actions.

### Costs

- According to national ex-ante estimates, for the different variants of pay reports, the estimated costs for companies per report range from zero in Estonia to DKK 524 (€70) in Denmark (where the compilation is carried out centrally and the compilation costs are borne by other actors) to €844 in Germany (equivalent to €169-281 annual costs), which is somewhat higher than the Austrian estimate of €132 per year. The highest annually recurring costs were estimated by the UK government, at £483 (€564), next to a one-off cost for familiarisation of £243 (€564). The requirements for pay audits were estimated to be slightly more time consuming and costly, but still overall rather low.
- According to interviews with management in this research, in some countries, the ex-ante cost estimates might have been too modest, particularly in those where the measures had just recently been introduced. The first-round familiarisation costs rise in those cases where companies have difficulties in understanding the legal requirements, where decisions on what to include have to be taken and companies involve many staff to discuss the issue, and where investments in software customisation have to be made. The interviews carried out, however, suggest that many companies incurred or expect lower costs after the first year and that the costs were not regarded as particularly high or prohibitive by most interviewed companies. This

was also supported by perceptions from employee representatives, most of whom said that the cost element as such was not stressed as a recurring theme by management.

- Standardised and automated approaches (for instance in Belgium and Denmark) can make the costs associated with pay reporting requirements very low. But also for the right to obtain information, digital tools can make the process efficient, as the example of a German car manufacturers' internal wage dashboard shows.

#### **Perceived benefits by company-level actors**

- Half of the respondents interviewed in this study said that they found the pay transparency measures to be beneficial, and most of them also mentioned some of these benefits or opportunities. A quarter of the respondents said that the benefits were limited, or that the instruments would be more useful if certain changes were made, either to the instrument itself or the company practice in applying it. In a minority of cases (one-fifth), the respondents expressed a negative perception and did not see any benefits.
- Apart from creating awareness, the most commonly associated benefits reported by management concern the 'establishment of facts' and the promotion of trust and reassurance that pay has been set in a fair way. Managers also reported benefits in getting deeper insights into pay structures – beyond equal pay – which informed future pay setting or negotiations. Some also use these tools for recruiting and promotion purposes.
- Employee representatives – while overall demonstrating a more positive attitude towards the benefits of the instruments – largely agree with management on both the types of benefits as well as the limitations of the instruments.
- Pay audits were more often regarded as beneficial (66%) than pay reports (44%) by the respondents interviewed in this study.
- Many respondents from both sides of industry were critical of the limitations of the simpler pay reports and suggested that they should go further in terms of analysis, for instance by including additional breakdowns (e.g. seniority or tasks), by carrying them out separately for different units or by including a longitudinal perspective.
- The criticism from those respondents that don't see any benefits at all was either strongly related to specific elements of the national legislation, which were regarded as ineffective, or that the company already applied its own (and better) tools to ensure pay equality.

#### **Impacts of the measures at company level**

- On average, three out of ten respondents said that pay increases were given to 'at least some' of the employees following the application of the measure. Those conducting pay audits were slightly more likely to report an increase had been given. In some cases, the instrument itself did not have a direct effect but was indirectly related to pay increases, for instance through collective bargaining or in individual negotiations with employees.
- Around one quarter of respondents said that the company had taken further action based on the pay transparency measures and beyond the legal requirement. Whether the pay transparency measures were indeed the (only) cause for the action was not always clear and put in perspective by many respondents for whom the transparency measure is one of several pay setting or gender equality instruments at their disposal. But the gender pay transparency measures seemed to trigger further action in some cases – beyond gender, such as investigating other forms of pay discrimination – and led to adaptations and improvements of the remuneration system, and new hiring and retention policies, as well as actions to promote the reduction of occupational segregation and to promote women managers.



## Introduction

Equal pay for women and men has been a founding principle of the European Union since the Treaty of Rome in 1957. In 2006, a number of existing directives on gender equality in the field of employment were ‘recast’ and consolidated into a single directive (2006/54), incorporating case law of the Court of Justice of the European Union. That directive was complemented in 2014 by a Commission Recommendation on Pay Transparency ([2014/124/EU](#)) (‘Pay transparency recommendation’ or ‘the recommendation’).

Despite the legislation, its effective implementation and enforcement remains a big challenge, reflected in the persistence and magnitude of the gender pay gap, which was still 16 % for the EU28 in 2017. In its Action Plan for 2017-2019, the Commission announced it would assess the possibility of targeted amendments to the directive, with the aim, in particular, of improving pay transparency (European Commission, 2017: COM/2017/0678 final). A similar commitment was included in the REFIT Scoreboard under the ‘Equal pay for women and men’ section<sup>1</sup>.

In 2017, the European Commission undertook an evaluation of the state of the implementation of the recommendation (Veldmann, 2017). At that time, fewer than half of the Member States had implemented actions linked to the recommendation. In the meantime, a few more countries have taken action (i.e. Estonia and Spain) or further advanced their implementation plans (Ireland), but there were also failed attempts to finalise mature plans (i.e., in Italy and Netherlands). A further, more wide-ranging evaluation covering the implementation of the principle of equal pay for work of equal value, its enforcement, the protection of victims of pay discrimination and the implementation of the pay transparency recommendation was initiated in 2018 in the context of the evaluation of Directive 206/54/EC foreseen in the REFIT Roadmap.

Most recently, in her political guidelines, the President of the European Commission, Ursula von der Leyen (2019), announced as one of the **flagship initiatives of the first 100 days** of the new Commission mandate that she would ‘[...] **table measures to introduce binding pay transparency measures**’.

In this context, the European Commission, DG JUST, Gender Equality unit, have asked Eurofound to compile information on the ‘costs of pay transparency measures’.

The scope of the request focuses predominantly on those EU countries which have already implemented any of the following three pay transparency measures affecting the company level:

- the right of employees to obtain information on pay levels
- reporting on pay (‘pay reports’ or ‘company pay reports’)
- pay audits

Pay transparency measures addressing collective bargaining, as well as other horizontal or support measures to reduce the gender pay gap, were not included in the scope of the study, or rather only to the extent to which they directly support the implementation of the three company-level pay transparency measures.

---

<sup>1</sup> <http://publications.europa.eu/webpub/com/refit-scoreboard/en/priority/7/7-20.html>

In addition, some general information on envisaged measures, likely to be implemented soon, was added from Estonia and Spain, including some ex-ante cost estimates.

This report is mainly based on contributions from the Network of Eurofound Correspondents (NEC) in ten Member States. It focuses on those countries which have already implemented any of the three measures addressing pay transparency at company level – or are at an advanced stage of doing so.<sup>2</sup> Based on a common reporting template, the correspondents presented the national legislation and reported findings from studies which estimated costs for national administrations and companies associated with the implementation of the basic requirements of the measures. In addition, they reported on support measures taken by governmental actors or social partners to facilitate an efficient implementation. Where available, correspondents were also asked to report on benefits. In addition to the desk research, interviews with national actors engaged in rolling out the transparency measures were encouraged, and correspondents also conducted short interviews with company representatives regarding their assessment of the costs and benefits of the measures and how they were implemented.

The report is structured as follows:

Chapter 1 briefly introduces the applied methodology.

Chapter 2 provides an overview of the legal requirements concerning the three transparency measures affecting the company level: how they have developed over time and been implemented, how they compare across the Member States, how many companies and employees are covered by the legislation, and what role social partners play in their implementation.

Chapter 3 provides a closer look into the costs associated with these measures. It presents cost estimates from national governments that were typically compiled prior to the introduction or the amendment of the regulations or as part of first evaluations. It distinguishes between costs for national administrations, other actors and companies, and separates those that are directly related to the implementation from those that are associated with additional support measures. The estimates are complemented by and contrasted with the answers received in the interviews carried out for this research.

Chapter 4 summarises evaluation research on compliance and possible benefits of the pay transparency legislation, as obtained from national research studies, complemented again by the findings of the interviews conducted in this research. The latter focused on whether companies see any benefits in the application of pay transparency measures.

Chapter 5 summarises the findings and provides conclusions and policy pointers.

Finally, it is important to stress that this report is not intended to be a fully fledged cost-benefit analysis. Rather, its aim is to compile some of the required information to feed into the European Commission's impact assessment of 2019/2020, as part of the announced proposal for legislation.

---

<sup>2</sup> This country selection provides a nearly complete picture of gender pay transparency in Europe. Not included in this selection were Ireland, the Netherlands, Lithuania and Belgium; in the first two cases because the legislation on gender pay reporting has not been passed to date (November 2019) and no ex-ante cost assessments had been identified. In Lithuania, which had recently implemented reporting, the correspondent doubted whether research evidence was available and could not locate any ex-ante cost estimates. Belgium has not been included for practical reasons: unavailability of the correspondent to carry out the research in a very limited period of time.



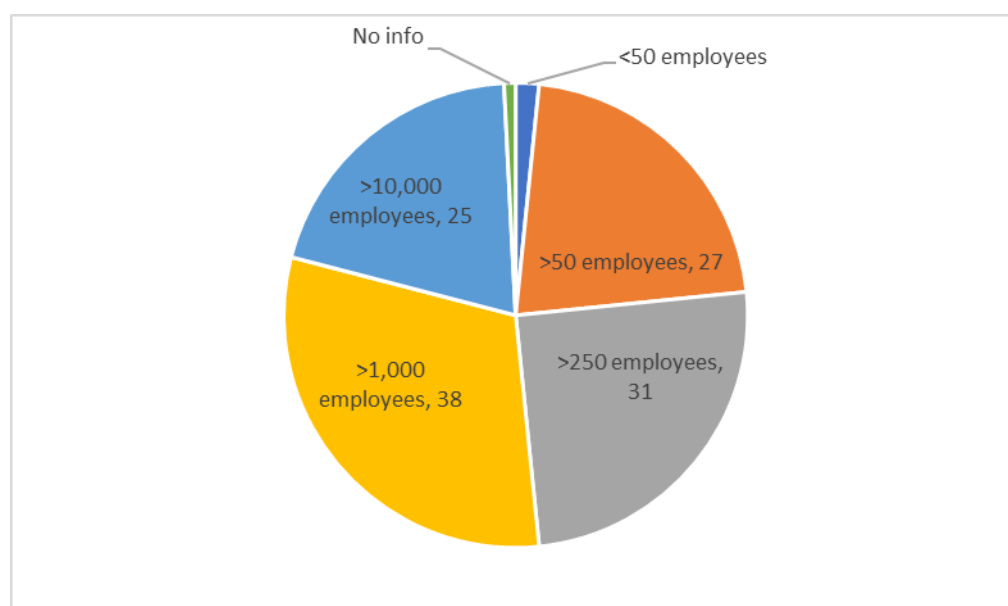
# 1 - Methodology

For the purpose of this research, Eurofound’s correspondents were asked:

1. to complete a common questionnaire, mapping the legal regulations and any research around the costs and benefits of pay transparency. This was done based on desk research.
2. to retrieve additional information on the costs of support measures – on a good-to-have basis – which also required contact with national authorities and social partners.
3. to conduct interviews with companies<sup>3</sup> (either by telephone or by email), with the objective to find out more about the actual costs involved in meeting the legal obligations on pay transparency and on potential benefits.

In total, 124 observations based on interviews were obtained. Almost half of them (47%) covered pay reports, another 40% related to pay audits and 14% concerned the right to obtain information. The majority of observations relate to private sector entities (86%), the remainder are from public sector entities or not-for-profit organisations. Companies were relatively evenly spread across the size categories, the largest category relating to companies between 1,000 and 10,000 employees. The sectoral spread across the different activities in the economy was very good, with most NACE 2 sectors covered (see Table 35 in Annex 1).

**Table 1: Sample of interviews, by unit size**



*Note: Size of the company or unit for which the pay transparency measure was carried out.*

*Source: Interviews, total observations, 124, August 2020*

The majority of respondents were management representatives, either from HR or accounting departments, who had been involved in the preparation of the pay transparency measures or were overall responsible for HR or accounting matters, including pay transparency.

<sup>3</sup> Estonia, Portugal and Spain, in which the law has not been implemented yet, were not included in this task.

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

**Table 2: Observations based on interviews with management and employee representatives, by country and pay transparency instrument**

	Management (MM)			MM total	Employee representatives (ER)			ER total	Total
	Right to obtain info	Reports	Audits		Right to obtain info	Reports	Audits		
<b>Austria</b>		10		10		1		1	11
<b>Belgium</b>		5	5	10		8	6	14	24
<b>Denmark</b>		8		8		1		1	9
<b>Finland</b>	2		7	9	1		2	3	12
<b>France</b>			13	13			5	5	18
<b>Germany</b>	12	4	2	18	2			2	20
<b>Italy</b>		6		6		4		4	10
<b>Lithuania</b>		4		4		2		2	6
<b>Luxembourg</b>		2		2		1		1	3
<b>Sweden</b>			6	6			3	3	9
<b>United Kingdom</b>		2		2					2
<b>Total</b>	14	41	33	88	3	17	16	36	124

*Note: The total number of interviews is lower, as some respondents were interviewed in relation to different instruments. In a few cases, more than one interview was held with different respondents from the same company.*

*Source: Interviews with companies*

## 2 – Overview of the measures

The 2014 pay transparency recommendation listed three transparency measures directly affecting companies, next to the recommendation that Member States promote any collective bargaining on equal pay and further horizontal and additional provisions supporting the enforcement. Box 1 summarises the key parts of the recommendation of relevance to this study.

### **Box 1: The recommended measures for pay transparency**

According to the 2014 recommendation on pay transparency ([2014/124/EU](#)):

Member States should encourage public and private employers and social partners to adopt transparency policies on wage composition and structures. They should put in place specific measures to promote wage transparency. In particular, these measures should include one or more of the [following] actions (...) in an approach tailor-made to the specific domestic situation.

#### **1. Right of employees to obtain information on pay levels**

Member States should put in place appropriate and proportionate measures to ensure that employees can request information on pay levels, broken down by gender, for categories of employees doing the same work or work of equal value. This information should include complementary or variable components beyond the fixed basic salary, such as payments in kind and bonuses.

#### **2. Reporting on pay**

Member States should put in place measures that ensure that employers in undertakings and organisations with at least 50 employees regularly inform employees, workers' representatives and social partners of the average remuneration by category of employee or position, broken down by gender.

#### **3. Pay audits**

Member States should take appropriate measures to ensure that pay audits are conducted in undertakings and organisations with at least 250 employees. These audits should include an analysis of the proportion of women and men in each category of employee or position, an analysis of the job evaluation and classification system used, and detailed information on pay and pay differentials on grounds of gender. These audits should be made available to workers' representatives and social partners on request.

#### **Additional and horizontal provisions**

The recommendation also envisages **collective bargaining**: 'Without prejudice to the autonomy of social partners and in accordance with national law and practice, Member States should ensure that the issue of equal pay, including pay audits, is discussed at the appropriate level of collective bargaining.'

Next to the above-mentioned pay transparency measures, the recommendation includes **additional points** that Member States should further improve the availability of up-to-date

gender pay gap data by providing Eurostat with statistics annually and in a timely manner; the request to clarify the concept of ‘**work of equal value**’ in their legislation; and promoting the development and use of gender-neutral **job evaluation and classification systems**.

**Horizontal provisions** – concerning equality bodies, monitoring and enforcement, and awareness-raising activities – are mentioned in addition.

The measures implemented by countries included in the study are listed in Table 3.

**Table 3: Overview of national pay transparency instruments included in this study**

Measures	Countries	Legal basis
Right to obtain information	Germany	Pay Transparency Act (Entgelttransparenzgesetz, EntgTranspG), section 2
	Finland	Act on Equality between Women and Men (1986/609), section 10 Public sector: Nimikirjalaki (1989/1010), section 7
Reporting on pay	Austria	Income reports (Einkommensberichte) Private sector: Equal Treatment Act Public sector: Federal Equal Treatment Act, section 6a
	Belgium	Social balance sheet, social data broken down by gender since the 2012 Gender Pay Gap Act
	Denmark	Equal Pay Act, section 5a, since 2006. Revised in 2014 and adopted in 2016
	Estonia	Changes to Gender Equality Act – not passed yet
	Germany	Pay Transparency Act, section 4
	Italy	Article 46 of Code of Equal Opportunities (Legislative Decree no. 198 of 11 April 2006), previously Article 9 of Law no. 125 of 10 April 1991
	Lithuania	Labour Code of the Republic of Lithuania (LC), approved by Law No XII-2603 of 14 September 2016 of the Republic of Lithuania (Art. 23, par. 2, part 1)
	Luxembourg	Chapter V of the law of 15 December 2016, Articles L. 243-1 – L. 243-5 on equal pay for men and women and the obligations of the company Chapter VI of the law of 15 December, Article L. 414-1, L. 414-2(3) and L. 414-4(2) on the attributes of staff representative. A reporting duty on pay for employers was adopted on 23 July 2015 by the Law on the reform of the social dialogue within companies. Article L. 414-15 states that the Equality Delegate has the task of defending equal treatment within the meaning of Title IV of Book II as regards access to employment, vocational training and promotion, as well as pay and working conditions.
	Portugal	Resolution of Council of Ministers 18/2014 adopting measures to promote equal pay for women and men in state-owned companies
	Spain	Remuneration register as per amended Article 28.2 of the Workers' Statute
United Kingdom	Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (private and not-for-profit sectors)	

## Measures to promote gender pay transparency in companies

		Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 (public sector)
<b>Pay audits</b>	Belgium	Gender Pay Gap Act 2012: analytical company pay reports
	Germany	Pay Transparency Act, section 3, Pay evaluation; non-mandatory
	Finland	Act on Equality between Women and Men (1986/609)
	France	Agreement or action plan on professional equality between women and men including wages  Since 2016, publication of data in the Economic and Social Database (Base de données économiques et sociales, BDES) (Labour Code, art. R. 2312-8).  New law on Gender Equality Index 2018: Loi n° 2018-771 du 5 septembre 2018
	Portugal	Resolution of Council of Ministers 18/2014, non-mandatory measures to promote equal pay for women and men  <a href="#">Law 60/2018</a> , in force since February 2019; for private companies
	Spain	New general decree on pay reporting/auditing for private sector companies – not yet rolled out.  Real Decreto-ley 6/2019, de 1 de marzo, de medidas urgentes para garantía de la igualdad de trato y de oportunidades entre mujeres y hombres en el empleo y la ocupación.  Law 11/2018 amending the Commercial Code, the consolidated text of the Capital Firms Law approved by Royal Legislative Decree 1/2010 and Law 22/2015 on Accounts audits, regarding non-financial information and diversity  <a href="#">Real Decreto 902/2020</a> , de 13 de octubre, de igualdad retributiva entre mujeres y hombres.
Sweden	Swedish Discrimination Act (2008:567), Chapter 3, sections 8-10	

In addition, implementation of pay reporting measures is under consideration in Ireland<sup>4</sup> and the Netherlands, but not included in this study. The Danish law also foresees the option to replace annual pay reports with pay audits every year, covering a period of one to three years. This option is, however, very rarely used and therefore not discussed in more detail in the study. The Lithuanian Labour Code obliges employers with more than 50 employees to adopt and publish ‘measures for the implementation of the principles for the supervision of the implementation and enforcement of equal opportunities policies’ but is not prescriptive in terms of instruments. A recommendation by the Equal Opportunities Ombudsperson on such measures suggests that companies include pay gap audits, pay gap reduction policies, and measures for better transparency in wage systems.

<sup>4</sup> [Gender Pay Gap Information Bill 2019](#) [No. 30 of 2019].

## National pay transparency measures

This section summarises the main features of the national instruments which are captured in this report. The section below starts with an overview of the genesis of the different measures and provides some comparative information on the three measures separately across countries. A more detailed description of the legal requirements in each country can be found in Annex 1.

In this context, it is worth stressing that the boundary between ‘pay reports’ and ‘pay audits’ can be sometimes blurred, as can what is subsumed under one or the other category, or the two instruments might be integrated for a set of companies. Spain, for instance, uses the term *audito*, but the legislation (still to be passed) includes elements of the other transparency instruments as well. Employees have the right to access (via their representatives) a register of wage data<sup>5</sup> and these data must be presented to the works council (essentially a pay report), together with data on the proportion of women and men at the different professional levels and the measures taken, as a starting point for an internal analysis. Or, in the absence of an official employee representation, individual employees have the right to obtain information from this register on the differences in the average salaries of men and women.

Gender pay audits do not need to involve external ‘inspections’ or checks, as the Belgian, French, Finnish and Swedish examples show. They are carried out by the companies themselves and with the involvement of employee representatives (to various extents). Other countries now foresee a stronger external inspection element in their auditing, provided the first stage checks point to some (larger) gaps. This is foreseen in the (not yet passed or implemented) legislation from Estonia, Portugal and Spain (should the internal audits suggest the presence of a pay gap).

In France, the requirements for establishing the self-assessment for the Gender Equality Index, as well as the pay information which has to be provided to the BDES database, go well-beyond ‘an average remuneration by category of employee or position, broken down by gender’ as the pay reporting requirements are defined in the 2014 recommendation. The BDES, and specifically for companies with 300 employees and more, goes beyond the provision on pay audit required in the recommendation.

Belgium has two transparency instruments in place: the social balance sheet, which is published and provides a simple breakdown of wages by gender and can therefore be clearly classified as a pay report. The other instrument – the biannual analytical company pay report – has been classified elsewhere as a pay report as well<sup>6</sup>, but in this study it has been decided to group these reports under auditing instruments. One reason is that they are a rich version of pay reports, but more importantly, the distinguishing characteristics for pay auditing – the ‘analysis of job evaluation and classification schemes’ – while not being explicitly part of the requirements, are already implicitly embedded in the Belgium system of wage setting and would have been carried out by social partners at the sectoral or higher level. The analytical company pay reports are then the last step in an embedded system, not carrying all the weight but contributing to it like a spoke to a wheel. If pay gaps are detected at the company level, the wheel can start turning and there may be repercussions on higher-level (sectoral or branch) wage negotiations, as the instrument foresees a clear role for

---

<sup>5</sup> including average values of the salaries, salary complements and additional allowances, disaggregated by sex and distributed by professional groups, professional categories or jobs of equal or equal value.

<sup>6</sup> Veldmann, (2017).

trade unions and a follow-up process. In fact, the 2012 Gender Pay Gap Act also included a revision of sectoral wage classifications to check for gender neutrality.

In Denmark and Estonia, the distinction is clearer. In Denmark, annual pay reports are simple wage statistics, whereas pay audits include action-oriented initiatives. In Estonia, for the public sector, the 'reporting part' will be carried out automatically, as the labour authority will run automated checks based on wage data. If these checks point to potential discrimination, a more in-depth 'audit' is required.

In Germany and Portugal (until 2019), pay audits may be conducted on a voluntary basis, whereas in other countries they are mandatory or must be carried out only where pay gaps are detected in the pay reporting.

## Developments in gender pay transparency in the EU

While the remaining parts of the report are structured by measures, it is worth applying a chronological view here, to show how gender pay transparency measures have evolved over time across Europe. The early pioneers – dating back to the two decades around the turn of the millennium – were the Scandinavian EU Member States, for which gender equality issues already very early featured prominently on the agenda. Other countries started to follow these approaches later, but it was particularly after 2014 – the year in which the EU recommended the introduction of at least one such measure – that further countries first started to consider their adoption. The overview also shows that the instruments in the Scandinavian Member States have been subject to several revisions – with a view to improving one aspect or another.

### The early years of pay transparency

Gender pay transparency measures were first introduced in the Scandinavian countries more than two decades ago. The **Finnish** 'right to obtain information' dates to 1989. **Sweden** is the Member State with the hitherto longest experience in pay auditing and the country which – judged based on their changes to equality-related legislation – has exerted the strongest focus on equal pay and the role of transparency. In 1994 the requirement to conduct annual pay audits was introduced for the first time and subsequently several changes to equality legislation were made – see the box below – which also affected pay auditing. **Italy** was also among the first movers, with a pay reporting obligation in place for larger companies since 1991 and the obligation to submit a report since 1996. **Finland** followed the Swedish example in 2005 by introducing mandatory pay audits, and **Denmark** introduced the Equal Pay Act one year later in 2006. As part of the Act, the mandatory compilation of either an annual pay report or an audit was introduced.

### **A short history of gender pay transparency in Sweden**

1994: The requirement of annual pay audits is introduced.

1998: The law is amended so that the employer is obliged to investigate and stop sexual harassment.

2001: The unions gain greater influence and achieve greater transparency in the pay auditing process.

2003: The Anti-Discrimination Act is introduced.

2005: Gender becomes a statutory basis for discrimination. Sexual harassment is equated with wage discrimination.

2009: The Discrimination Act replaces the Equality Act. The Discrimination Ombudsman (DO) is set up.

*Source: Lundberg (2010)*

#### Some changes to the legislation and first spill-overs

Subsequently, some changes were made by the early adopters and the measures inspired some others, most importantly the European Commission.

In 2009, **Sweden** relaxed the auditing requirement to every third year<sup>7</sup>. In 2011, **Austria** started to roll out its gender pay reporting to the public sector and to the largest companies in the private sector and gradually introduced smaller companies to it, while in **Germany**, a proposal for pay transparency legislation by the Social Democrats was blocked in 2012 by government. In 2014, the **European Commission** published the recommendation on pay transparency ([2014/124/EU](#)). This triggered some action in several Member States, but not to the extent that one might have anticipated. In the same year, **Finland** amended its pay auditing requirements by clarifying and strengthening the role of employee representatives, who, following the amendment, were granted sufficient opportunities to participate and influence the preparation of the plan. It also established that the employer has to inform employees about the pay audit.

Equally in 2014, a **Danish** left-wing coalition envisaged widening the scope of the law by lowering the company size thresholds subject to compulsory reporting. This was, however, never implemented and rolled back by a new liberal government in 2015/2016. **France** also introduced several reporting requirements for companies around gender equality since 2012 – with several changes until 2017. Since 2014 companies have been required to compile a report (including pay data by gender) and negotiate a company-level agreement or provide an action plan on gender equality (for more information see Annex 2<sup>8</sup>). **Portugal** obliged state-owned companies in 2014 by law to compile pay reports and recommended pay audits to companies in the private sector. **Belgium** with the Gender Pay Gap Act 2012 introduced gender pay reporting requirements from 2015 onwards, and some other Member States – the Netherlands, Ireland, Italy, Germany and Lithuania, – and the United Kingdom started to draw up proposals for new legislation. Not all of them were adopted – as originally envisaged, until now or at all. In **Lithuania** and the **United Kingdom**, the pay reporting requirements were rolled out in 2017, as planned. The **German** case was particularly controversial. Employers argued against the legislation, saying it would impose severe bureaucratic burdens while not contributing to the reduction of the gender pay gap. Trade unions and others called for regulations addressing wage setting practices and the gender pay gap at company level. Finally, a compromise by the grand coalition government was passed following several revisions of the original proposal. In particular, voluntary pay auditing was included in the Act. The final provisions

---

<sup>7</sup> The reasons as to why the law was relaxed is unknown. There was no change of government at the time.

<sup>8</sup> As of 2019, companies in France are required to establish a self-reported Gender Equality Index. Pay is one of the sections covered in the index. Pay data by gender still have to be published in a database, the BDES.



are therefore a result of a compromise, failing to meet the precise goals and requirements of either side.

The **Dutch** proposal for legislation on pay transparency was put on hold in the 2018 parliamentary debate and a new proposal for an Act on Equal Pay of Women and Men was submitted in March 2019 by four opposition parties<sup>9</sup>. More advanced to date is the **Irish** Gender Pay Gap Information Bill 2019, though it is still in the parliamentary procedures. The **Italian** ‘mature plan’ of 2015, in contrast, did not pass parliament, but in 2016, the Ministry of Labour and Social Policies introduced an online platform centralising the submission and collection of reports. The online platform was reorganised in 2018.

#### Evaluation of the recommendation and few further adopters

In 2017, the European Commission undertook an evaluation of the recommendation of 2014, which showed that very few Member States had implemented at least one of the four pay transparency measures that were recommended (Veldmann, 2017). Among the new adopters were Luxembourg in 2016, followed by Germany, Lithuania and the United Kingdom in 2017. Most new Member States (that joined the EU in 2005 or afterwards), in contrast, had not acted. The first experiences also showed that the roll-out of the measures turned out to be difficult and compliance with (and/or impact of) the measures was low in most countries (Eurofound, 2018, 2018a, 2019). Following the evaluation, the European Commission published an action plan for 2017-2019 on tackling the gender pay gap, in which it announced it would ‘assess the possibility of targeted amendments to the Gender Equality Recast Directive by looking at the need for and possibility of making some or all of the measures on pay transparency [...] binding’.

**Portugal** passed new legislation in 2018 which built upon an existing social reporting requirement (*Relatório Único*) and obliges companies to implement transparent pay policies, and strengthens the authorities’ powers to request further pay audits followed by pay reports should they detect any unjustified pay gaps. Its implementation is still pending and had to be further postponed due to the COVID-19 pandemic. As of 2019, four more countries – Ireland, the Netherlands, Estonia and Spain – have more or less advanced legal proposals to introduce pay transparency measures. Also in 2019, a binding EU-level measure received further impetus and political support from the EU level, with Mrs von der Leyen’s announcement of a proposed legal instrument.

Most recently, on 30 July 2020, the Spanish government signed an agreement with the two most representative trade unions<sup>10</sup> on the contents of the Regulation of Equality Plans and the Regulation on Equal Remuneration between women and men, in which the parties commit themselves to support the two draft regulatory texts and the principles guiding the forthcoming regulation. Employer organisations, while they have been invited to the social dialogue, did not sign the agreement.

---

<sup>9</sup> This proposal focuses on employers with more than 50 employees and includes gender pay reporting duties next to the right of employees to obtain anonymised information about the salary of colleagues doing the same work or work of (almost) equal value (European Commission, 2019).

<sup>10</sup> The General Union of Workers (UGT) and the Workers’ Commission (CC.OO).

## Comparative overview of gender pay transparency in the EU

The following tables provide a short comparative overview of the three pay transparency measures, detailing, among other things, the following: which companies are covered by the regulation, information about the process of answering requests or preparing reports and audits, the contents of such reports and analysis, the extent to which employee representatives have to be involved, and internal and external publication requirements.

The information here should be read in conjunction with the more detailed description in Annex 1.

### Right to obtain pay information

**Table 4: Overview of main features of right to obtain pay information by country**

	Finland	Germany
<b>In place since...</b>	1989	6 January 2018
<b>Who is covered by the legislation?</b>		
<b>Company size or size of the entity for which the measure has to be applied.</b>	No limitation	Any employee working in establishments (not companies) or in any public sector entities with a minimum of 200 employees. Employees working in smaller establishments or public sector entities are also covered if the employer provides the right voluntarily.
<b>Public sector</b>	Yes	Yes
<b>Private sector</b>	Yes	Yes
<b>Who can request the information?</b>	<ol style="list-style-type: none"> <li>1. Employees can request information concerning their own pay.</li> <li>2. Trade unions can request information if an individual suspects pay discrimination.</li> </ol>	Employees, either directly or through the works council, if this exists.
<b>Do comparators have to be chosen and how are they defined?</b>	<ol style="list-style-type: none"> <li>1. No.</li> <li>2. Trade union representatives may include one or more comparators. There are no official criteria for choosing them.</li> </ol>	<p>At least six comparators working with the same employer in the same establishment and covered by the same regional remuneration provision.</p> <p>If the worker is covered by a collective agreement or a statutory remuneration: at least six comparators of the other sex who are classified in the same remuneration or pay bracket as the employee requesting information. In all other cases: at least six comparators of the other sex who carry out the reference activity enquired after or an activity that, in the opinion of either the employer or</p>

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

		the works council, is equal or of equal value.
<b>Do comparators have to be informed and provide consent?</b>	<ol style="list-style-type: none"> <li>1. The information provided is not based on comparators.</li> <li>2. If comparators are chosen, permission of the individual is required.</li> </ol>	No, in both cases.
<b>Contents of the pay information/employers' reply to the request</b>	A written report on the grounds for their pay and any other information that is necessary to assess whether the prohibition of wage discrimination has been complied with. There are no other formal requirements.	<p>Information on the remuneration of a task of equal or comparable value performed by workers of the opposite gender/sex employed by the same employer in the same establishment in the same region.</p> <p>Information on the monthly gross salary and on a maximum of two salary components of any kind (monetary and/or non-monetary) can be asked for.</p> <p>The reply refers to the median of the monthly gross salary and of two components of six comparators or to the collective agreement.</p> <p>Information on the criteria and practices used for establishing the remuneration.</p>

Source: National legislation, more details in Annex 1.

## Pay reporting

Table 5: Overview of main features of pay reporting instruments by country, I

	Austria	Belgium (social balance sheet)	Denmark	Estonia	Germany
<b>Regulation in place since</b>	2011, fully rolled out since 2014	Social balance sheet, social data broken down by gender since the 2012 Gender Pay Gap Act	2006, revised in 2014 and 2015	Not passed yet	6 July 2017
<b>Company size in terms of employees or size of the entity for which the measure has to be applied</b>	150 or more	Companies with more than 20 FTE employees. There are two different standard forms, depending on company size. For companies with fewer than 100 employees (95%), pay differences are not split by gender.	More than 35 and at least 10 employees of each sex within same job category. Reports have to be compiled only for this subset of employees.	All state institutions, including local government institutions and state-owned companies and organisations.	Private corporations with 500 employees or more employees.
<b>Public sector</b>	Yes	No	Yes	Yes	No
<b>Private sector</b>	Yes	Yes	Yes	No, but private companies may voluntarily request and obtain the checks from the labour inspectorate.	Only stock corporations and limited liability companies which are required to publish annual management reports, according to the Commercial Code Book. Subsidiaries do not have

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

	<b>Austria</b>	<b>Belgium (social balance sheet)</b>	<b>Denmark</b>	<b>Estonia</b>	<b>Germany</b>
					to compile reports if the mother company does.
<b>Frequency of reporting and/or publication requirement</b>	Biannual for private sector Annual for public sector	Annual	Annual	Annual	Every 3-5 years
<b>Is the report part of any other kind of report (e.g. a gender equality plan) or standalone?</b>	Standalone report	The social balance sheet is a part of an organisation's annual account that needs to be filed at the National Bank of Belgium (NBB).	Standalone report	Standalone report by the labour inspectorate	Annexed to the management report, but not part of it
<b>What kind of pay data are included in the report?</b>	Average or median earnings by gender (public sector: only median earnings). All parts of pay together, no differentiation between different components of pay.	The social balance sheet should show data on the number of employees, the hours worked, personnel costs and the total amount of bonuses paid.  Following the 2012 Gender Pay Gap Act, the social data indicated must now be broken down by gender. The law requires that the information, which includes data about the	Not prescriptive, but 'estimated in such detail that it is possible to compare wages between men and women meaningfully'.	Data to be checked and taken into account: gender, classification of occupation, usual pay, other work-related benefits paid, working time (full-time, part-time or other).  The result of the automatic check based on registry data is the average pay difference between males and females who perform same or equal value work in the company. Equal value work is not	Non-pay data. A description of company measures to promote equality between women and men and the impact of the former, as well as a description of the measures to create equal pay for women and men. In case no measures are provided, the report has to give the reasons for this.

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

	<b>Austria</b>	<b>Belgium (social balance sheet)</b>	<b>Denmark</b>	<b>Estonia</b>	<b>Germany</b>
		workforce numbers, working hours and training opportunities, is gender-disaggregated.		defined in the draft legislation (guiding material will be developed later)	
<b>Information on distribution of employees across pay scale</b>	Number of men and women per job category	Neither instrument requires full transparency on pay scales. In some sectors, pay scales are collectively determined in collective agreements and can be consulted through the website of the ministry of labour. In other sectors, no knowledge about pay scales is used. There is no administrative information on the distribution of employees across pay scales.	Not prescriptive, but 'estimated in such detail that it is possible to compare wages between men and women meaningfully'.	Not specified whether or how it will be taken into account (or overall, how the data will be analysed during the automatic checks).	No. Only requirement is to include the average number of men and women working full- or part-time.
<b>Breakdowns of gender-segregated data into different groups</b>	Job categories as per collective agreement or company classification; number of years within	The report is based on aggregate data: FTE employment and total wage costs, split out by gender. Bonuses are	Job categories according to six-digit ISCO	Not specified yet	Not applicable

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

	<b>Austria</b>	<b>Belgium (social balance sheet)</b>	<b>Denmark</b>	<b>Estonia</b>	<b>Germany</b>
	job category, if available.	separated by gender in the complete report.			
<b>Equivalisation: How do the reports take into account that some people work fewer hours or a shorter time than others?</b>	Full-time and part-time, workers employed for less than one year included on a pro-rata basis.	Both the gross pay gap and the FTE pay gap can be computed, but not at the individual level, so variation is averaged out.	Statistics Denmark and the employer organisations use an hourly pay concept. If companies compile statistics themselves, they can choose how to measure pay.	Not specified yet	Not applicable
<b>Involvement of employee representation</b>	Report has to be provided to chair of the works council if such an employee representation exists. There is no other obligation to involve them further.	Belgium has implemented obligatory negotiating duties for the social partners on (the separate issue of) equal pay, to which the social balance sheet contributes.	There is an obligatory requirement to present the statistics to the 'collaboration committee' or another employee representation body, if in place.	No	Works council has to be consulted. It is not obligatory to do this in a face-to-face meeting.
<b>Compulsory follow up action?</b>	No	No	No	If the labour inspectorate detects potential cases of discrimination, it asks employers for an explanation. Organisations with more than 10 employees have to do a pay audit. If audit results do not explain the	No

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

	Austria	Belgium (social balance sheet)	Denmark	Estonia	Germany
				gender pay gap, an action plan is required.	
<b>Internal publication obligation: Is there an obligation to share the results within the company and with whom?</b>	Has to be shared with the works council or made accessible to employees if no works council exists.	It is publicly available.	Companies are required to inform and present the pay report to their employees (can be through a collaboration committee or a staff representative). The employees have the right to get the information about which six-digit ISCO code their function is included in. Furthermore, the employees should have the chance to present their point of view to the management of the company.	Yes, the report must be published on the website of the company.	Yes, but without pay data.
<b>External publication obligation: Are companies obliged to make the reports publicly available?</b>	No. It is explicitly forbidden to share the information of the reports outside the company.  In the public sector, the pay reports are	This record is not confidential and is publicly available, but some values can be censored if the number of workers on which it is	Not of the individual reports.	Yes, the reports must be published on the website of the company.	Yes, but without pay data, on <a href="http://www.bundesanzeiger.de">www.bundesanzeiger.de</a>

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.



Measures to promote gender pay transparency in companies

	<b>Austria</b>	<b>Belgium (social balance sheet)</b>	<b>Denmark</b>	<b>Estonia</b>	<b>Germany</b>
	published on the website.	based is below three FTEs.			
<b>Compliance with the legislation. Are sanctions foreseen if companies do not comply with their reporting obligation, or if pay discrimination is detected?</b>	Not for companies, only for employees if they disseminate information outside the company. Employee representatives can request to receive them and could follow this up with legal instruments.	Penal fine of €300-€3,000 or an administrative fine of €150-1,500.	The Equal Pay Act, section 6b foresees penalties, though this has not been enforced since 2006.	In case of identified discrimination and non-cooperation with the labour inspectorate, penalties up to €9,600. This does not apply to the central public administration.	None

Source: National legislation, more details in Annex 1.

**Table 6: Overview of main features of pay reporting instruments by country, II**

	Italy	Lithuania	Luxembourg	Portugal I (public sector)	Spain (remuneration register)	United Kingdom
<b>Regulation in place since</b>	10 April 1991	1 July 2017	15 December 2016	7 March 2014	1 March 2019	April 2017; companies had until the 2018 deadline to report by.
<b>Company size in terms of employees or size of the entity for which the measure must be applied</b>	All companies with more than 100 employees	All companies with more than 20 employees on average	All companies with more than 15 employees <sup>11</sup>	All state-owned companies, irrespective of size	All private companies with more than 50 employees	All companies or organisations with 250 or more employees
<b>Public sector</b>	Yes	Yes	Yes	Yes	No	Yes
<b>Private sector</b>	Yes	Yes	Yes	No	Yes	Yes
<b>Frequency of the reporting and/or publication requirement</b>	Every two years, generally by 30 April	Annual, but only upon request of employee representative	Each semester	Triannual	Annual	Annual
<b>Is the report part of any other kind of report (e.g. a gender equality plan) or a standalone?</b>	Information on pay is included in a wider report about the company's personnel, including, for instance, information on teleworkers,	Standalone report. Possibly can be presented together with any kind of other information (for instance, concerning part-time work, telework, etc),	The report may be issued alone. The law only provides for the need to make a report on recruitment, promotion, transfer, dismissal,	Standalone report. However, public sector organisations must include the necessary gender pay equality measures in their	A standalone report based on a database. It can serve as basis for the pay audit/part of the equality plans.	Standalone

<sup>11</sup> In smaller companies, with less than 15 employees, staff delegates are not mandatory. The legislation does not oblige smaller companies to communicate on pay transparency. This distinction stems from the legislation on staff delegation and a pragmatic approach by companies, which are aware of the difficulty of setting up such tools in smaller companies. Nevertheless, pay transparency is still strongly encouraged in all companies.

Measures to promote gender pay transparency in companies

	<b>Italy</b>	<b>Lithuania</b>	<b>Luxembourg</b>	<b>Portugal I (public sector)</b>	<b>Spain (remuneration register)</b>	<b>United Kingdom</b>
	promotions, hirings and leave.	depending on the request.	remuneration and training of the undertaking's employees by sex.	gender equality plans (to which they are bound by law).		
<b>What kind of pay data are included in the report?</b>	Aggregated gross remuneration, including all remuneration elements (gross of taxes and social security including those paid by the employees).	Anonymised data on the aggregate average remuneration of all employees, except for employees holding managerial positions by and gender.	Gross salaries, without including premiums, bonuses and other benefits granted to employees. Reporting is done in aggregate form (salaries cannot be reported individually).	Not specified	Mean and median values of salaries, salary supplements and extra pay. All data need to be disaggregated into these three components.	Mean and median gender pay gap, mean and median gender bonus gap.
<b>Information on distribution of employees across pay scale</b>	Income brackets in quartiles	Not applicable	The law does not specify the various strata of information. Usually, the pay scale is structured according to occupations and ranks. These grids are either defined within the framework of an agreement or	Not specified	Not specified	Proportion of men and women in each quartile of the organisation's pay structure. Proportion of men and women receiving bonuses.

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

	Italy	Lithuania	Luxembourg	Portugal I (public sector)	Spain (remuneration register)	United Kingdom
			determined by companies.			
<b>Breakdowns of gender-segregated data into different groups</b>	Categories of workers: managers, middle-managers, white-collar workers, blue-collar workers, apprentices, and workers with disabilities and special categories, as well as according to pay scale levels adopted by sectoral collective agreement. Number of men and women per pay bracket.	Occupational groups	Companies define their own classification considering occupation, seniority, gender by reporting pay in FTE. However, there is no obligation to report on the average remuneration by category of employee or position (Article L. 414-15 Labour Code).	Not specified	Professional group, professional category, level, position or any other system in use. Companies which also have to compile a pay audit/equality plan must, in addition, provide a breakdown of the data by groups of jobs of equal value in the company – even if they belong to different sections of the professional classification.	Four pay quartiles within companies. No further breakdowns required.
<b>Equivalisation: How do the reports consider that some people work fewer hours or a shorter time than others?</b>	The report does not address this aspect. Information on the share of part-time workers by gender is	The days or hours during which the employee did not actually work for the undertaking, and	Not specified in law, but the tools put in place report the comparison in FTEs.	Not specified	Specific formulas on how to equivalise part-time and correct for shorter time are included in	Only ‘full pay relevant’ <sup>13</sup> employees are considered, which obtain their ‘usual pay’ on the cut-off

<sup>13</sup> ‘Full-pay relevant’ are all employees who were paid their usual full pay in their pay period that included the snapshot date. This excludes, for instance, employees who were on unpaid leave or receiving statutory sick or maternity pay during the reference period.

Measures to promote gender pay transparency in companies

	Italy	Lithuania	Luxembourg	Portugal I (public sector)	Spain (remuneration register)	United Kingdom
	available, but there is no equivalisation on data concerning pay.	cash amounts paid for those days or hours, are excluded for the purpose of calculating the average wage <sup>12</sup> .			protocols developed by the Women's Institute.	date. Their earnings are converted into hourly earnings.
<b>Involvement of employee representation</b>	The report must be sent to the works council ( <i>rappresentanze sindacali aziendali</i> , RSA). Beyond this requirement, there is no further involvement.	The employee representation (company trade union or works council) requests the report but has no further involvement.	The report must be shared with the Staff Delegation and the Equality Delegate.	Not specified	The legal representation of workers must be consulted at least ten days in advance, prior to the preparation of the register. Likewise, and with the same notice, it must be consulted when the registry is modified.	Not required
<b>Compulsory follow-up action?</b>	No	No	No	Not specified	If the average gap between men and women is 25% or more, a justification must be provided (Article 28.3 of the Workers' Statute).	Employers must publish a written statement confirming the accuracy of their figures. There is no requirement for

<sup>12</sup> Paragraph 5.8 of the Procedure for Calculating the Average Wage, as approved by Resolution No. 496 of the Government of the Republic of Lithuania of 21 June 2017 On the Implementation of the Labour Code of the Republic of Lithuania.

Measures to promote gender pay transparency in companies

	Italy	Lithuania	Luxembourg	Portugal I (public sector)	Spain (remuneration register)	United Kingdom
						explanatory narrative or any action plan.
<b>Internal publication obligation: Is there an obligation to share the results within the company and with whom?</b>	Reports must be submitted to the company works councils. It does not have to be shared with employees.	No	Report shared with the Staff Delegation and the Equality Delegate. Internal document that cannot be distributed. Employees can be informed by the Equality Delegate and/or the Staff Delegation.	The reports must be shared within the company.	Official employee representatives must be consulted and they have full access to the data. In the absence of an official employee representation, individual employees have the right to obtain information on the average gap in the company.	No, but they must be published externally.
<b>External publication obligation: Are companies obliged to make the reports publicly available?</b>	The reports are not published, but some Regional Equality Councillors develop aggregate statistics and publish results.	No	No, the information is internal and confidential.	The report must be published on the website of the company.	No	Yes, both on a government website ( <a href="https://gender-pay-gap.service.gov.uk/">https://gender-pay-gap.service.gov.uk/</a> ) and on their own company website.
<b>Compliance with the legislation. Are sanctions foreseen if companies do not comply with their reporting obligation, or if</b>	In case of failure to submit the report, companies are subject to a fine of between €515 and	If the employer does not implement or incorrectly implements the duty set forth in Article	Concerning the delivery of reports, the law provides no penalties.	No sanctions are foreseen.	Not available	Equalities and Human Rights Commission (EHRC) may seek a court order to enforce compliance against

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

	Italy	Lithuania	Luxembourg	Portugal I (public sector)	Spain (remuneration register)	United Kingdom
pay discrimination is detected?	€2,580, and, in case of repetition, to the suspension of social security rebates for one year.	23(2)(1) of the LC, a collective labour dispute on rights may be initiated. Violations can be fined up to €3,000.  If pay discrimination is detected, this is an administrative offence, and fines of €40–560 and €560–1,200 on repetition can be issued.	The Equality Delegate contacts the labour inspectorate in case of violation by the employer. If the inspectorate confirms the violation, it can initiate legal proceedings.  But companies can be fined if a difference in pay cannot be justified by objective reasons and is based on gender considerations; the fine ranges between €251 and €25,000.			those committing unlawful acts under that Act and impose unlimited fines. But doubts exist whether this can be enforced.

Source: National legislation, more details in Annex 1.

Measures to promote gender pay transparency in companies

Pay audits

Table 7: Overview of main features of pay auditing instruments by country, I

	Belgium (analytical company report)	Denmark	Finland	France BDES	France Gender Equality Index
<b>In place since</b>	2012, rolled out in 2013-2015	2006, revised in 2014 and 2015, adopted in 2016	2005	2016	2018
<b>Nature</b>	Mandatory	Voluntary, instead of annual wage statistics, based on agreement with employees	Mandatory, linked to equality plan	Mandatory	Mandatory
<b>Company size in terms of employees or size of the entity for which the measure has to be applied</b>	Companies with 50 or more employees. If it usually employs at least an average of 100 staff, the company has to fill in a complete report; if the average number of employees is usually between 50 and 99, a concise model form must be submitted.	More than 35 and at least 10 employees of each sex within same job category. Reports have to be compiled only for this subset of employees.	Companies in all sectors with at least 30 employees.	Companies with 50 employees and more. More detailed information is asked for companies over 300 employees.	Companies with 50 employees and more (Transition period: the index had to be calculated in companies with 1,000 employees and more for March 2019; with 250 employees and more for September 2019; and with at least 50 employees for March 2020).
<b>Public sector</b>	No	Yes	Yes	No	No (but a type of equality index in process)
<b>Private sector</b>	Yes	Yes	Yes	Yes	Yes

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.



Measures to promote gender pay transparency in companies

	<b>Belgium (analytical company report)</b>	<b>Denmark</b>	<b>Finland</b>	<b>France BDES</b>	<b>France Gender Equality Index</b>
<b>Frequency</b>	Biannual	Every third year	Every second or third year	Every year (up to every four years in case of a majority collective agreement)	Every year
<b>Contents of the audit</b>	<p>Gender-segregated average or median basic pay and allowances per employee category, job level, job evaluation class (if applied), seniority and education level. For part-time employees, data are expressed in FTEs.</p> <p>In the summary version, gross wages and extra-legal benefits are given. The full report also includes the employer's premiums for extra-legal insurances. Average pay levels have to be presented according to job classification class if such a system is applied. The general use of job evaluation is, however,</p>	<p>A description of the conditions that affect gender-based pay gaps.</p> <p>A description of the concrete action-based initiatives.</p> <p>A description of the initiatives' follow-up actions.</p>	<p>It should classify jobs based on duties and compare wages between women and men based on these classifications. The employer must go through these classifications and positions held by women and men together with an employee representative. The pay audit must cover all personnel and the categories must be based on tasks and level of seniority. The Act does not further regulate what type of breakdowns are to be included in the classification of jobs. If pay consists of multiple</p>	<p>In companies with 50 to 299 employees:</p> <ol style="list-style-type: none"> <li>1. Analysis of the respective situation of women and men by professional category in terms of recruitment, training, professional promotion, qualifications, classification, working conditions, health and safety at work, actual remuneration and the link between professional activity and personal life;</li> <li>2. Analysis of wage and career development gaps according to age, qualification and seniority;</li> </ol>	<p>This index is based on five criteria, each with a value expressed in points:</p> <ol style="list-style-type: none"> <li>1. The elimination of wage gaps between women and men in comparable positions and of comparable age (40 points);</li> <li>2. Gender equality with respect to salary increases (20 points);</li> <li>3. Gender equality with respect to promotion (15 points);</li> <li>4. Female employees receive any increases awarded in their absence upon return from maternity leave (15 points);</li> </ol>

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

	<b>Belgium (analytical company report)</b>	<b>Denmark</b>	<b>Finland</b>	<b>France BDES</b>	<b>France Gender Equality Index</b>
	intermediate in the private sector.		components, the central components are inspected in order to clarify differences between wages.	<p>3. Changes in the respective promotion rates of women and men by occupation in the company;</p> <p>4. Measures taken over the past year to ensure professional equality;</p> <p>5. Progress objectives for the coming year and related indicators.</p> <p>In companies with 300 employees and more, employers must provide much more detailed data.</p>	5. At least four women and at least four men in the 10 highest paying positions (10 points)
<b>Involvement of employee representation – is it obligatory and how?</b>	The biannual report must be forwarded to the members of the works council or, in the absence of a works council, to the representatives of the trade unions.	The pay audit is voluntary, but if a company chooses to do it, this must be agreed with the employees.	In cooperation with a local trade union representative, elected representative, occupational safety and health representative, or other representatives appointed by the employees.	The BDES, which contains all the compulsory information that has to be provided to employee representatives (works council) in companies with 50 employees and more, includes a section on professional equality with the information on	The employer must evaluate its performance and forward this to employee representatives.

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

	Belgium (analytical company report)	Denmark	Finland	France BDES	France Gender Equality Index
				and results of the audit. Therefore, works council members have permanent access to these data. Data are reviewed every year by the management during a works' council meeting.	
<b>Follow-up actions if differences in pay between men and women are detected</b>	<p>Based on the biannual report, members of the works council or members of the trade union delegation consult with the employer and decide together whether it is appropriate to establish an action plan for the implementation of a gender-neutral pay structure in the company.</p> <p>An action plan needs to contain clear targets, tools necessary to attain those targets, the time period for completion and</p>	<p>The pay audit should include a description of concrete action-oriented initiatives to prevent or reduce wage differences between genders. Furthermore, the audit should include a description about how the companies will follow up on these initiatives.</p>	<p>Analysis of reasons. If there is no justification, 'appropriate' measures are to be taken.</p>	<p>The BDES must provide progress objectives for the coming year and related indicators.</p> <p>Based on the indicators, the employer has to draft a strategy with following items:</p> <ol style="list-style-type: none"> <li>1. Measures taken over the past year to ensure professional equality;</li> <li>2. Review of the actions of the past year and, if applicable, the previous year;</li> <li>3. Evaluation of the level of achievement of the objectives on the basis</li> </ol>	<p>If the score is less than 75 points, corrective measures must be implemented.</p> <p>Companies that have not achieved satisfactory results by 1 March 2022 (or 1 March 2023 for companies with 50 to 250 employees) will risk a penalty of up to 1% of the payroll.</p>

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

	<b>Belgium (analytical company report)</b>	<b>Denmark</b>	<b>Finland</b>	<b>France BDES</b>	<b>France Gender Equality Index</b>
	<p>a method to check progress.</p> <p>Subsequent biannual reports need to include a progress report with regard to the implementation of a gender-neutral pay structure.</p>			<p>of the selected indicators;</p> <p>4. Explanations on planned actions not carried out;</p> <p>5. Progress objectives for the coming year and related indicators;</p> <p>6. Qualitative and quantitative definitions of the measures to achieve them.</p> <p>7. Evaluation of their cost.</p> <p>8. Timetable for the planned measures.</p>	
<b>Internal publication requirements: Who has to be informed and how?</b>	<p>Reports must be presented to the employee representatives at company level: the works council or (in its absence) union delegation.</p> <p>Reports are confidential. The handing of reports</p>	<p>Companies are required to present the pay audit to their employees (can be to a collaboration committee or a staff representative). Employees have the right to obtain information about which</p>	<p>There is no publication requirement but in accordance with section 6 of the Act on Equality between Women and Men, the employer has a responsibility to inform and update the personnel about the equality plan (which the</p>	<p>All works' council members.</p>	<p>The employer must evaluate its performance according to the criteria and forward this to the employee representatives.</p>

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

	Belgium (analytical company report)	Denmark	Finland	France BDES	France Gender Equality Index
	to individual employees by employers or by employee representatives is barred because of confidentiality.	six-digit ISCO code their function is included in.	pay audit is an integral part of).		
<b>External publication requirements</b>	Reports are confidential <sup>14</sup> .	No requirement	No requirement	No	Yes: the score on the index has to be published on the company website.
<b>Compliance and enforcement</b>	If the employer does not submit an analysis report on the pay structure, the employer, their agent or their representative can be punished with a legal fine of €300 to €3,000, or an administrative fine of €150 to €1,500. In practice, this provision has never been applied, but it is used by the trade unions as leverage to put the issue on the	There is no legal enforcement or follow-up actions.	In practice, trade unions may take those cases to court where unjustified differences are not rectified.	If the information is not provided, the employee representatives may go to court to force the employer to provide the data, who may be exposed to penal sanctions ( <i>délit d'entrave</i> ).  Otherwise, since 1 January 2012, all companies with at least 50 employees must be covered by an	Companies that have not achieved satisfactory results by 1 March 2022 (or 1 March 2023 for companies with 50 to 250 employees) will risk a penalty of up to 1% of the payroll.

<sup>14</sup> The Belgian Equality Body regrets that reports cannot contribute to general statistics or national policy plans. (According to the annual report for 2015 of the Institute for Equality of Women and Men ('equality body' as envisaged by Directive 2006/54/EC), there is no formal encouragement to discuss wage reports within the works council, see <http://igvmiefh.belgium.be/nl>.)

Measures to promote gender pay transparency in companies

	<b>Belgium (analytical company report)</b>	<b>Denmark</b>	<b>Finland</b>	<b>France BDES</b>	<b>France Gender Equality Index</b>
	agenda. This illustrates the dominant form of social dialogue in Belgium, which is characterised by 'commitment', based on negotiation between social partners without strong legal enforcement (Vandekerckhove, 2019c).			agreement or action plan on professional equality between women and men, setting objectives for progress and measures to achieve them in a number of policy areas, which must include actual wages. Companies that do not comply with this obligation may be subject to a financial penalty of up to 1% of their payroll (Labour Code, art. L. 2242-8 and R. 2242-2).	

Source: National legislation, more details in Annex 1.

**Table 8: Overview of main features of pay auditing instruments by country, II**

	Germany	Portugal II	Spain	Sweden
<b>In place since</b>	6 July 2017	Published on 21 August 2018; in force since 22 February 2019.  Application by companies of pay audits followed by pay reports will probably start during the second half of 2020.	Regulation passed in 2019 (modifying 2018 law, compulsory only for 250+ companies). To be implemented as of 2020.	Originally in place since 1994 but modified several times. The most recent regulation is in place since 2017.
<b>Nature</b>	Voluntary, recommended	Mandatory for the private sector based on data recorded in the Relatório Único <sup>15</sup> .	Mandatory, linked to equality plan	Mandatory
<b>Company size in terms of employees or size of the entity for which the measure has to be applied.</b>	More than 500 employees	The measure is being rolled out in stages: in the first two years of validity of the law, it applies to companies with 250 employees or more; from the third year onwards, it applies to companies with 50 employees or more.	Newly extended to companies with more than 50 employees.	All companies, all sectors. Workplaces with more than 10 employees must document it.
<b>Public sector</b>	Yes (public administration)	No	No	Yes
<b>Private sector</b>	Yes	Yes	Yes	Yes

<sup>15</sup> The Relatório Único, established in 2009, is a database that employers have to populate on an annual basis. Individual wage data (including information on gender) are available in the Quadros de Pessoal, as part of the Relatório Único. These data contain information on basic monthly pay, including other components such as overtime or bonuses. The data can be broken down by full-time/part-time, seniority, education level, qualification level, occupation, etc. Employers are obliged to share the reports – with anonymised data with the trade unions and employers’ organisations upon their request, as well as with the works councils and health and safety workers’ representative; and they are obliged to share them with the ACT, Order 55/10.

Measures to promote gender pay transparency in companies

	Germany	Portugal II	Spain	Sweden
<b>Frequency</b>	Not prescribed	Annual - if required by the labour inspectorate (ACT).	Every 1-3 years, depending on company size, the equality plans must be renewed and pay audits published.	Annual since 2017. In 2009 the original annual auditing frequency of 1994 was reduced to every third year.
<b>Contents of the audit</b>	Companies are free to choose the pay evaluation tools they want to use and what precisely they want to analyse: the total remuneration scheme, particular remuneration components or practices. Internal company evaluation procedures consist of a fact-gathering procedure, an analysis and a report of findings.	Not prescriptive, but if required by the ACT, the employer must present and implement an evaluation plan of the wage differences, built on the evaluation of job tasks on the basis of objective criteria, in order to exclude any possibility of discrimination on the grounds of sex.	<p>The average of wages, additional salary elements (salary bonuses, etc.) and extra-salary incomes (e.g. allowances) in relation to professional groups and jobs of equal value – as per remuneration register (see table on pay reports).</p> <p>An evaluation of job positions in relation to the pay system and the promotion system, strictly linked to the work activity.</p> <p>The relevance of other causes of the pay gap, as well as possible gaps that could arise from reconciliation measures or the difficulties that workers may encounter in their professional or economic promotion derived from other factors such as discretionary business actions in matters of mobility or</p>	<p>Principles and practice regarding salaries and other terms of employment applied by the employer.</p> <p>Survey and analysis of pay differences between men and women who perform work that is equal or of equal value.</p> <p>Pay differences between groups of employees whose work is (or used to be) considered as female-dominated and another group of workers performing work of equal value (but that is not female-dominated).</p>



Measures to promote gender pay transparency in companies

	Germany	Portugal II	Spain	Sweden
			<p>unjustified availability requirements.</p> <p>The ministry of labour recommends the use of gender pay gap auto-diagnosis tool developed by the Women's Institute.</p>	
<b>Involvement of employee representation – is it obligatory and how?</b>	<p>According to the Works Constitution, the works council is to be involved in the process and to be informed of the results.</p>	<p>The ACT may, whenever necessary, request information from the employee representatives.</p> <p>The union representatives have the right to ask the Commission for Equality in Labour and in Employment (CITE) - a tripartite body – to issue a binding opinion on alleged gender pay discriminatory practices for equal work or work with equal value in the company.</p>	<p>The negotiating commission of the equality plan of each company, composed of representatives of workers and management in the company, must prepare the pay audits.</p>	<p>Representatives from the local trade union have the possibility to participate if the employer detects differences in pay.</p>
<b>Follow-up actions if differences in pay between men and women are detected</b>	<p>If wage differences on grounds of gender are detected, the employer has to take measures to eliminate them.</p>	<p>Follow-up is ensured by the CITE. The workers and union representatives have the right to ask the CITE to issue a binding opinion on alleged gender pay discriminatory</p>	<p>If the pay report according to the wage register detects pay gaps exceeding 25%, an explanation as to why this is not discriminatory has to be</p>	<p>Yes, for those that document the analysis, action on pay adjustments and other actions to prevent pay gaps have to be shown.</p>

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

	Germany	Portugal II	Spain	Sweden
		practices for equal work or work with equal value inside the company. If the CITE concludes that pay discrimination on the ground of sex is in place, the employer is compelled to eradicate it and may be subjected to a fine.	provided to the public authority.  For the correction of pay gaps, an action plan needs to be devised, determining objectives, specific actions, schedule and person(s) responsible for implementation and monitoring. The action plan must contain a system for monitoring and implementing improvements based on the results obtained.	
<b>Internal publication requirements: Who has to be informed and how?</b>	The works council and the workers have to be informed of the results.	The employer should make this information available to the workers and send it to the trade unions and employer organisations upon their request, as well as to the works council and health and safety representatives.	Once the gender pay audit is complete, all workers can access the information by requesting it from the company's worker representatives.	There are no requirements for internal publication.
<b>External publication requirements</b>	No requirements	The Strategy and Planning Office of the Ministry of Labour, Solidarity and Social Security (GEP/MTSSS) will keep the aggregated statistical information on the pay gap between men and women at the general and sectoral level	No requirements. However, the forthcoming workers' data protection law will address this issue in order to protect workers' privacy rights.	No requirements

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

	Germany	Portugal II	Spain	Sweden
		available and updated on its <a href="#">website</a> ; and the assessment of the pay differences between men and women per company, occupation and qualification level, ensuring the protection of personal data. The information collected and analysed is sent by the GEP/MTSSS to the ACT.		
<b>Compliance and enforcement</b>	Not applicable, as the measure is voluntary	If the ACT requires an employer to present and implement an evaluation plan of the pay differences and if the employer fails to do so, or fails to communicate the results to the ACT, demonstrating the justified pay differences and the correction of those with no objective justification, it is a serious infringement, sanctioned by a (not legally specified) fine.	Unless there is justified cause, the lack of a remuneration record or remuneration audit, or the preparation of a remuneration record or remuneration audit without following the provisions of these regulations, could be an indication of remuneration discrimination. Penalties may be established if discriminatory pay gaps are detected. (To be further clarified in additional legislation).  In case equality plans are not approved, penalties between €6,251 and €187,515 are foreseen, together with revocation of active labour	No enforcement mechanisms, but the Equality Ombudsman can set penalties if the audit has not been carried out.

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

---

Measures to promote gender pay transparency in companies

---

	<b>Germany</b>	<b>Portugal II</b>	<b>Spain</b>	<b>Sweden</b>
			market policy support instruments.	

*Source: National legislation, more details in Annex 1.*

## Share of employees and companies covered by the legislation

The following tables provide an overview of the estimated number of companies and employees covered by the three pay transparency measures.

### Estimated coverage of right to pay information

**Table 9: Estimated number of companies and employees covered by national laws on pay transparency**

Country	Sector	Companies or establishments covered	% of companies or establishments covered	Employees covered	% of employees covered	Source of data/Comments
Finland	Public sector	No data available	100%	672,000	100%	Statistics Finland (2017), Structural Business and Financial Statement Statistics. The potential reach of this instrument is all employers and employees in both the public and private sectors. The number of public sector employers is not available.
	Private sector	364,514	100%	1,527,000	100%	
	Total economy	Not available.	100%	2,199,000	100%	Statistics Finland (2018), Labour Force Survey. Total number of employees in the public and private sectors in Finland, according to the Labour Force Survey.
Germany	Public sector	No data available	No data available	1,685,150*	39%*	*Source: Pay Transparency Bill (Bundestagsdrucksache, 18/11133)
	Private sector	Approx. 2.9 million**	0.7%** *No data available <sup>16</sup>	11,435,824 **– 14,055,000*	32% <sup>17</sup> **–45%*	**Source: IAB Establishment Panel (Betriebs-Historik-Panel), according to Frodermann Schmucker and Müller (2018).  German legislation on the right to the disclosure of pay information refers to establishments not to companies. The figures from the first source (*) are a government (BMFSFJ) estimate based on the number of staff in the Federal Statistical Office's Public Sector Staff Register (Personalstandsstatistik) and an estimate that at federal level 55%, at Laender level 45% and at municipal level 25% of all employees work in administrations with more than 200 employees. The figure includes civil servants, military staff, non-standard and standard workers.
	Total economy	No data available	No data available	14,990,130– 15,740,150*	No data available	The figures related to the second source (**) are from the Institute for Employment Research (IAB). This source covers establishments with at least one standard or non-standard worker. Civil servants and temporary agency workers are not included.

Note: National pay transparency laws, as indicated in Table 3 above.

<sup>16</sup> The government proposal is based on data from the Federal Statistical Office's Company Register. Figures on establishments with more than 200 employees and with more than 500 employees are available through a special data service only, which charges a fee for its service. The respective data is not given in the legislative proposal.

<sup>17</sup> An interesting finding of the analysis by Frodermann et al (2018), p. 18, is that somewhat more men (35%) have the right to obtain pay information than women (29%), as women tend to be overrepresented in smaller companies, which are not covered by the law.

## Estimated coverage of pay reports

Table 10: Estimated number of companies and employees covered by national laws on pay transparency

Country	Sector	Companies or establishments covered		Employees covered		Source of data/Comments
		Number	% within sector	Number	% within sector	
Austria	Public sector	No data available.	No data available	>255,000 <sup>18</sup>	>50%	Public sector: Bundes-Gleichbehandlungsgesetz (B-GIBG); Austrian Federal Ministry for the Civil Service and Sport (2019); Stadt Wien (2019); Amt der Salzburger Landesregierung (2016); Austrian Federal Ministry for Civil Service and Sport (2019), Basiskennndaten <sup>19</sup> .  Private sector: <a href="#">938 der Beilagen XXIV. GP – Regierungsvorlage – Erläuterungen</a> , average number of companies from 2014 onwards.
	Private sector	2,800	<2%	~1,000,000	41%	
	Total economy	No data available	No data available	~1,255,000	40-50%	
Belgium (social balance sheet)	Public sector	Not covered	0%	Not covered	0%	NBB, National Bank of Belgium (data provided for this report). For 2017 and 2018, there were approximately 163,000 companies with a completed social balance sheet out of a total of 440,000 organisations filing annual accounts (and other documents). About 15,000 of them have a gender breakdown of their personnel costs. Since 2012, there has been a gender breakdown of personnel costs only for the full social balance sheet (5% of total); in the shorter form, which applies to smaller organisations (95% of total), pay differences are not distinguished by gender.  * Estimates made by the correspondent.
	Private sector	15,000	5%	No data available	No data available	
	Total economy	15,000	No data available	~2,300,000*	73%*	
Denmark	Public sector	532	43% (2009)	837,281 (2014)	43% (2009)	Data for 2009: Holt and Larsson (2011), based on register data from Statistics Denmark, 2009, workers covered by the regulations, as per the ISCO code definition.
	Private sector	1,965 (2009)	11% (2009)	928,820 (2014)	34% (2009)	

<sup>18</sup> All federal government employees and regional government employees in two out of nine regional states (Vienna and Salzburg) are covered. The municipal level is not covered. [161,134 federal government employees (approx. 51,000 regional government employees in the regional state of Vienna (2018), over 14,000 in the regional state of Salzburg (2015)].

<sup>19</sup> 20% was added to the FTE numbers for regional and communal employees – a number taken from the difference among federal employees (161,000 federal employees and 352,000 FTEs).

## Measures to promote gender pay transparency in companies

Country	Sector	Companies or establishments covered		Employees covered		Source of data/Comments
		Number	% within sector	Number	% within sector	
		<3,800 (2018)				Data for 2014: Danish Ministry of Employment (2015), based on register data from Statistics Denmark.
	<b>Total economy</b>	2,496 (2009)	13% (2009)	1,766,101 (2014)	38% (2009)	Data for 2018: In 2018, Statistics Denmark sent the gender-segregated wage statistics to 3,800 private companies, not all of which are actually be subject to the law <sup>20</sup> .
Estonia	<b>Public sector</b>	1,663	100%	132,225	100%	Explanatory note of the draft Act (registry data). Number of public sector organisations/companies with 10 or more employees in 2016. Public sector annual report 2018 (registry data). Number of public sector employees, FTE (including organisations/companies with fewer than 10 employees) in 2018.
	<b>Private sector</b>	Not covered	0%	Not covered	0%	
	<b>Total economy</b>	1,663	1.3%	132,225	20%	
Germany	<b>Public sector</b>	Not covered	Not applicable	Not applicable	Not applicable	Pay Transparency Bill (Bundestagsdrucksache 18/11133). Only companies with more than 500 employees covered by section 264 and section 289 of the Commercial Code Book with an obligation to publish a management report (Lagebericht) are covered. Subsidiaries are excluded.  According to the IAB Establishment History Panel (Frodermann, Schmucker and Mueller, 2018), all companies with 500 and more employees employ 19% of all workers. The total coverage must be therefore below 19%.
	<b>Private sector</b>	3,950 listed companies	0.001%	Not available	Not available	
	<b>Total economy</b>	3,950	Not available	Not available	<19%	
Italy	<b>Total business activities</b>	11,999	0.2%	4,810,959	40%	Own elaboration based on data collected directly from the National Institute of Statistics (Istat) ASIA Register (2017), as the information required is not published. Publicly available data from Istat does not distinguish between public and private companies. Publicly controlled or publicly owned companies are included in the overall statistics. Public institutions are not, as they are not enterprises and are therefore excluded both by the scope of the ASIA Register and by the

<sup>20</sup> Statistics Denmark will send the wage statistics to all companies that on a yearly basis have 35 employees and at least 10 men and 10 women in the same job category. This means that companies that have a huge turnover of employees over a year will get the wage statistics even though they don't meet the requirements to be included.

Measures to promote gender pay transparency in companies

Country	Sector	Companies or establishments covered		Employees covered		Source of data/Comments
		Number	% within sector	Number	% within sector	
						legal obligation to produce the report. For these reasons, the total figure refers to the total employment in business activities, and not to employment in the total economy. As public institutions would need to be added, the true coverage is higher than 40%.
Lithuania	Public sector	2,798	81%	298,381	98%	Lithuanian Statistics department, Economic entities statistics, Number of economic entities in operation at the beginning of the year – only establishments with 20+ employees are included. Figures are only approximate, based on author's calculations.
	Private sector	7,873	8%	664,993	67%	
	Total economy	10,671	10%	963,374	74%	
Luxembourg	Public sector	165*	100%	29,320*	100%	* Ministère de la Fonction Publique (2020) & Mémorial A
	Private sector	5,490**	15%	45,600***	13%	** Estimation based on STATEC data, 2019
	Total	5,655	14%	74,920	17%	*** <a href="https://www.justarrived.lu/travailler-luxembourg/marche-emploi/">https://www.justarrived.lu/travailler-luxembourg/marche-emploi/</a>
Portugal	Public sector	2017: 560 2018*: 500	Not available	2017: 160,720 2018*: 165,270	Not available	Pordata, 2019, <a href="#">Companies, Employees</a> * provisional figures
	Private sector	Companies with 50 and more employees**: 7,859  Companies with 250 and more employees**: 1,043	17%  2.2%	1,566.024  903,376	68%  39%	GEP/MTSSS, <a href="#">Balança Social, 2018</a>  ** These are the size thresholds foreseen in the staged implementation of the new law of 2018. In the first two years of implementation, only companies with more than 250 employees are required to comply. In the third year, companies with 50 and more employees will be added. The data here do not include data on companies with 25 workers or more, for which the Resolution of Council of Ministers 18/2014 recommended the development of pay audits. Therefore, the actual number of companies to whom the recommendation applies is higher.
	Public sector	Not covered	0%	Not covered	0%	

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.



Measures to promote gender pay transparency in companies

Country	Sector	Companies or establishments covered		Employees covered		Source of data/Comments
		Number	% within sector	Number	% within sector	
Spain (remuneration register)	Private sector	~25,790	1%	~6,105,409	37%	Estadística de empresas inscritas en la seguridad social, 2019 (Statistics on companies registered in the social security system) and Encuesta de Población Activa, 2019 (Labour Force Survey).
	Total economy	~25,790	Not available.	~6,105,409	31%	
United Kingdom	Public sector	1,626 (2019)	Not available	3,800,000 (2016)	Not available	2019 data: UK Government Equalities Office (2019). The figures show the number of organisations within the scope of the regulations for the 2018/2019 reporting period. And * Rhodes (2019).
	Private sector	8,713 (2019)	0.1%	11,000,000 (2019)*	~40% (2019)*	
	Total economy	10,339 (2019)	Not available	14,800,000 (2016) 16,450,000 (2018)	~56% (2018)	2016 data: UK Government Equalities Office (2016), estimates prior to introduction. 2018 data: House of Commons BEIS Committee (2018), based on McGuinness and Pyper (2018).

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

## Estimated coverage of pay audits

Table 11: Estimated number of companies and employees covered by national laws on pay transparency: Pay audits

Country	Sector	Companies or establishments covered		Employees covered		Source of data/Comments
		Number	% within sector	Number	% within sector	
Belgium (analytical company reports)	Public sector	Not covered	0%	Not covered	0%	Veldmann, (2017), for the number of companies  * Estimate by the correspondent.
	Private sector	7,000	No data available	No data available	No data available	
	Total economy	No data available	No data available	~2,000,000*	64%*	
Finland	Public sector	No data available	No data available	No data available	No data available	2013 data for companies: This is an estimate given by the Government of Finland (2014) in a proposal to parliament regarding amending the Act of Equality between Women and Men. It amounts to 2% of all companies in Finland (Finnish Government, 2014, p. 43). There is no information on which statistics the data are based on.  2017 data for employees: Statistics Finland does not publish figures broken down by companies with at least 30 employees. The latest data from the Structural Business and Financial Statement Statistics indicates that the number of private sector companies with at least 20 (50) employees was 9,436 (3,457) in 2017.
	Private sector	5,853 (2013)	<3% (2013)	<950,000 (2017)	Between 53-65% (2017)	
	Total economy	No data available	No data available	No data available	No data available	
France (BDES)	Public sector	Not covered <sup>21</sup>	Not covered	Not covered	Not covered	ACOSS (2019)
	Private sector	319,052 (2019) <sup>22</sup>	17%	14,311,508	77%	
	Total economy	No data available	No data available	No data available	n.a.	
	Public sector	Not covered	0%	Not covered	0%	ACOSS (2019)

<sup>21</sup> Public employers with over 20,000 employees have to compile an 'action plan'.

<sup>22</sup> The data cover companies with 10 employees and more, but a Comité sociale et économique (CSE) has to be implemented in companies with 11 employees and more, therefore these data are slightly higher.

Measures to promote gender pay transparency in companies

Country	Sector	Companies or establishments covered		Employees covered		Source of data/Comments	
		Number	% within sector	Number	% within sector		
France (Gender Equality Index)	Private sector	61,476	3.3%	9,030,836	49%	Estadística de empresas inscritas en la seguridad social 2019 (Statistics on companies registered in the social security system) and Encuesta de Población Activa 2019 (Labour Force Survey).	
	Total economy	61,476	No data available	9,030,836	30%		
Spain	Public sector	Not covered	0%	Not covered	0%		
	Private sector	~25,790	1%	~6,105,409	37%		
	Total economy	~25,790	Not available	~6,105,409	31%		
Sweden	Public sector	3,479	100%	1,581,803	100%		Swedish Association of Local Authorities and Regions, SKL (2019) for the number of municipalities and regions in Sweden. The Swedish Agency for Public Management, Statskontoret (2019) for the number of authorities and agencies in Sweden. Statistics Sweden (2017) for statistics on publicly owned companies (by the state, the municipalities and the regions). Swedish Agency for Economic and Regional Growth, Tillväxtverket (2019) for the number of people employed in the private sector.
	Private sector	1,200,000 <sup>23</sup>	100%	3,333,090	100%		
	Total economy	1,203,479	100%	4,914,893	100%		

Note: National pay transparency laws, as indicated in Table 3 above.

<sup>23</sup> Out of the 1.2 million private sector companies, 96% have fewer than 10 employees and do not have to document the analysis.

## Role of the social partners

The role of the social partners and other actors, and the nature of their involvement in pay transparency measures, varies across the Member States, but they have some form of involvement nearly everywhere.

In **Austria**, the results of the reports must be sent to the chair of the works council, where such a works council is present. But there is no further legislative requirement for them to get involved. However, trade unions within the Austrian Confederation of Trade Unions (ÖGB) and the Chamber of Labour (AK) have taken an active approach to inform and train works council members on how to compile and interpret the reports.

In **Belgium**, the typical pattern for either of the instruments is that the trade union is informed about the reports in the works council. Most, if not all, of the work is outsourced to the social bureau. The trade union may insist on further actions and use the legal obligation as leverage to do so. If there is any issue with this, it generally relates to a pre-existing conflict and lack of trust between employers and trade unions, not to a disagreement on the need for gender equality. Because the gender pay discrepancies in Belgium are comparatively small (see Vandekerckhove, 2019a), according to the assessment of the correspondent, the social partners may tend to overlook micro-discriminations that take place.

The law stems from longstanding concerns of the social partners on wage inequalities, notably but not limited to inequalities between men and women (Vandekerckhove and Knipprath, 2016). However, in only very few cases is there a 'social partnership' at the company level or sectoral level with the goal of tackling the gender pay gap. In the banking sector<sup>24</sup>, the Febelfin employers' federation actively supports companies in engaging in a broader process of gender mainstreaming and diversity management.

According to interviews with trade unions<sup>25</sup>, there is a tendency to pay more attention to the possibilities offered by the social balance sheet data to conduct negotiations at company level. This will be addressed more intensively from 2021 onwards. The trade unions support their delegates in the analysis of financial and economic data. There is specific expertise in developing gender-neutral job classifications using the data collected in the reports. But the experience is that when it comes to wage negotiations, it is very difficult to convince employers to be completely transparent. Certainly at management level, where wages often are the result of individual negotiations, it remains difficult to gain insight into this. The trade union ABVV puts a strong emphasis on increased enforcement of the measures, referring to a recent and ongoing discussion within the National Labour Council on the monitoring of gender pay gap reporting.

Other instruments in the law do not receive much attention: the synthesis report by the central economic report provides a broad overview that was also largely already provided by the gender pay gap report of the Ministry of Labour, and the 'gender mediator' at the workplace is not promoted, as there is no social protection similar to that covering union delegates.

---

<sup>24</sup> For this study, interviews with two sectoral employer federations were held: Agoria (manufacturing, digital and telecom sectors) and with Febelfin (banking).

<sup>25</sup> ACV in Belgium (specialist on wage and function classification, training service, department responsible for gender issues) and with a representative from ABVV.

**Denmark** is the only country where employer organisations themselves play an active role in compiling the wage statistics (pay reports) for their members<sup>26</sup>. The role of Danish trade unions is limited to the requirement that the employer must present and discuss the results of pay reports in the local collaboration committee, which includes trade union representatives.

In **Finland**, local trade union or other representatives are involved in the design of the equality plan, which the pay audit is a part of. The type and degree of involvement, though, is not prescribed. In addition, employer organisations and trade unions may support their members (companies or local trade union representatives) with the pay audit. All peak-level social partner representatives also stressed that they are actively involved in policy- and law-drafting processes related to equal pay and pay transparency.

In **France**, since the 2017 ordinances adopted within the framework of a wide-ranging labour law reform, company-level social partners can have an important role in the organisation, architecture and content of the economic and social database (BDES), as well as its operating procedures, in particular access rights, the level of implementation of the database in companies with separate establishments, and its consultation and use procedures<sup>27</sup>. All these aspects can be defined within a company-level ‘majority’ agreement signed by trade unions<sup>28</sup>, or, in the absence of a trade union delegate, an agreement with the Social and Economic Committee<sup>29</sup> (CSE) which is adopted by a majority of the members. As before, the BDES must include the theme of professional equality between women and men within the company. However, by agreement, the periodicity of delivering some information on gender equality may be increased. In the absence of an agreement, the BDES must include (in companies with less than 300 employees) information relating to the analysis of figures and the action plan for equality between women and men within the company<sup>30</sup>.

In **Germany**, the social partners ‘indirectly’ have a strong role in pay transparency, as the regulation concerning the right to obtain pay information includes different procedures for those companies that apply collective agreements and those that don’t. Collective agreements are assumed to be non-discriminatory and can therefore be taken as a reference when providing pay information. This puts companies covered by collective agreements into a more privileged position. The German Pay Transparency Act also gives a strong role to the works council, which under the Works Constitution has the right to inspect payrolls, with the goal of protecting the workers’ interests. If a works council is in place, an employee may turn to either the works council or management for pay information, and either one can release the reply. The two actors must inform each other of the results. In some companies, they conclude works agreements on the design of the process. Typically, the employee consults the works council before and after the pay request. If the works council or the employer

---

<sup>26</sup> According to section 5a of the Equal Pay Act, the two main employer associations in the private sector are responsible for making providing the gender-segregated wage statistics to their member companies, who submit wage statistics. The Confederation of Danish Employers (DA) and the Danish Employers’ Association for the Financial Sector (FA), the two main Danish employer organisations, both contribute to the company pay reports. For non-affiliated companies, Statistics Denmark is the main provider.

<sup>27</sup> Labour Code, art. L. 2312-21 and L. 2312-36

<sup>28</sup> Which represent at least 50% of the votes at the last professional election (‘majority agreement’).

<sup>29</sup> This is a new employee representation body, replacing three former information and consultation bodies (employees’ delegate/délégués du personnel; works’ council/comité d’entreprise; health and safety committee/Comité d’hygiène, de sécurité et de condition de travail).

<sup>30</sup> Labour Code, Art. R. 2312-8.

needs support, they may turn to either one of the collective bargaining parties for support and a final decision with regard to pay information.

In **Italy**, the role of social partners in the design and implementation of the reports is limited. Although the submission of the report to the works councils (RSA) is envisaged by law, according to interviews with Regional Equality Councillors conducted for this study, this does not take place regularly. Some companies submit the report to local branches of unions rather than to the RSA. Others go beyond the legal requirement, discussing the results in meetings with unions, but this is left to the individual initiative of employers of 'good will' as the law leaves room for formal fulfilment only. Often, the presentation of the report is just a formal action. The law also entitles the RSA to inform inspectorates about cases of non-compliance for sanction purposes.

The **Lithuanian** variant of gender pay reports includes a direct role for company-level employee representatives (trade unions or works councils), as they must request and thereby initiate the reporting. Beyond the initiation, they have no further role as regards compilation of the reports as per legislation, but they can be involved further if that has been stipulated in collective agreements. The gender pay reporting requirement can only be effective in practice if the employee representatives are active in the company, exercise this right, and only if they take appropriate measures, such as negotiating with the employer. From interviews with trade unions and local employee representatives, the correspondent concludes that in general the gender pay gap is not seen by the social partners as a significant problem. They pay more attention to the overall level of wages and salaries and to the introduction and application of the comprehensive remuneration scheme or system in the company (aimed at decent evaluation of employees' competences, qualifications, time worked, etc.). Pay reports are requested by employee representatives, but this is treated more like a small piece of the whole system of cooperation (including remuneration issues) among the social partners at the company.

In **Luxembourg**, the social partners were involved in drawing up the legislative framework in partnership with the government. In the context of wage transparency, the social partners are not involved in the drafting of the reports but can intervene as employee representatives from the moment they are approached by an employee or a representative of the staff delegation, or the equality delegate. Outside this field, the social partners may provide technical and legal support to employees or their representatives. If an action must be taken with legal repercussions, only the employee or their representative can initiate it.

In **Portugal**, the social partners were consulted in the Standing Committee for Social Concertation and had the opportunity to issue their opinions on the draft Law 60/2018, which requires private companies to undertake pay audits. If required by the labour inspectorate (ACT), the employer must present and implement an evaluation plan of the wage differences, built on the evaluation of job tasks on the basis of objective criteria, in order to exclude any possibility of discrimination on the ground of sex. The ACT may, whenever necessary, request information from the employee representatives. The union representatives have the right to ask the Commission for Equality in Labour and in Employment (CITE) – a tripartite body – to issue a binding opinion on alleged gender pay discriminatory practices for equal work or work with equal value in the company. This request to CITE can only be made six months after the Law entered into force. These reports form the basis for the detection of gender pay gaps by the ACT and, if required and requested, the subsequent gender pay auditing. Employers are also obliged to share the reports on the company's social activity

(*Relatório Único*) with the trade unions and employer organisations upon their request, as well as with the works councils and health and safety workers' representatives.

In **Spain**, company-level official employee representatives have a key role in the implementation of pay audits, and they are also consulted on and have access to the full content of the remuneration register. The negotiating commissions of equality plans of each company (composed of worker representatives and management) must carry out the preparation of the pay audits. For that purpose, the company's management must provide all the data and information necessary for its preparation. After its development, works councils are responsible of providing pay audit results to workers requesting them.

In **Sweden**, there are no legal requirements for the social partners per se to work with pay audits. However, representatives interviewed for this study – from both sides of industry – all emphasise pay audits as an important aspect for achieving equal pay, and hence see it as a natural part of their regular ongoing business.

For the **UK**, both sides of industry contributed to the original consultations; the employers' side (CBI) had a stronger formative role. Both have subsequently produced guidance on what the regulations entail. However, the pay reporting regulation does not foresee any specific role for the social partners at any level.

There is also no explicit role for social partners foreseen in the regulation in **Estonia**.

## Summary of pay transparency measures

Figure 1 below is an attempt to graphically summarise the national variants of two company-level transparency measures (reports and audits), according to their complexity and richness of data as well as their coverage in terms of employees (within a country) and their degree of transparency.

Regarding the first dimension, '**complexity or richness**', the implicit understanding is that measures which foresee a more detailed and wide-ranging dataset allow for better detection of pay discrimination – viz a viz 'explainable' gaps – and the causes of gaps than those with more limited information<sup>31</sup>. Pay audits, which by definition are to provide 'more detailed' information on pay and pay differentials, also analyse the job evaluation and classification system used, next to an analysis of proportion of women and men in each category of employee or position; most of them also consider 'work of equal value'. These go a much longer way in identifying gender discrimination in pay setting. Too simple wage statistics will fall short of detecting unjustified gaps.

The second criterion – '**coverage**' – is based on the estimated figures reported in Table 10 and Table 11. It is the estimated number of employees covered by the legislation in relation to the total number of employees in the whole economy. A wider coverage is obviously preferable, as more employees can potentially benefit from the instrument.

The third criterion, '**transparency**', captures the degree to which the results of the reports or audits become common knowledge. Most transparent are those obliged to publish the actual figures

---

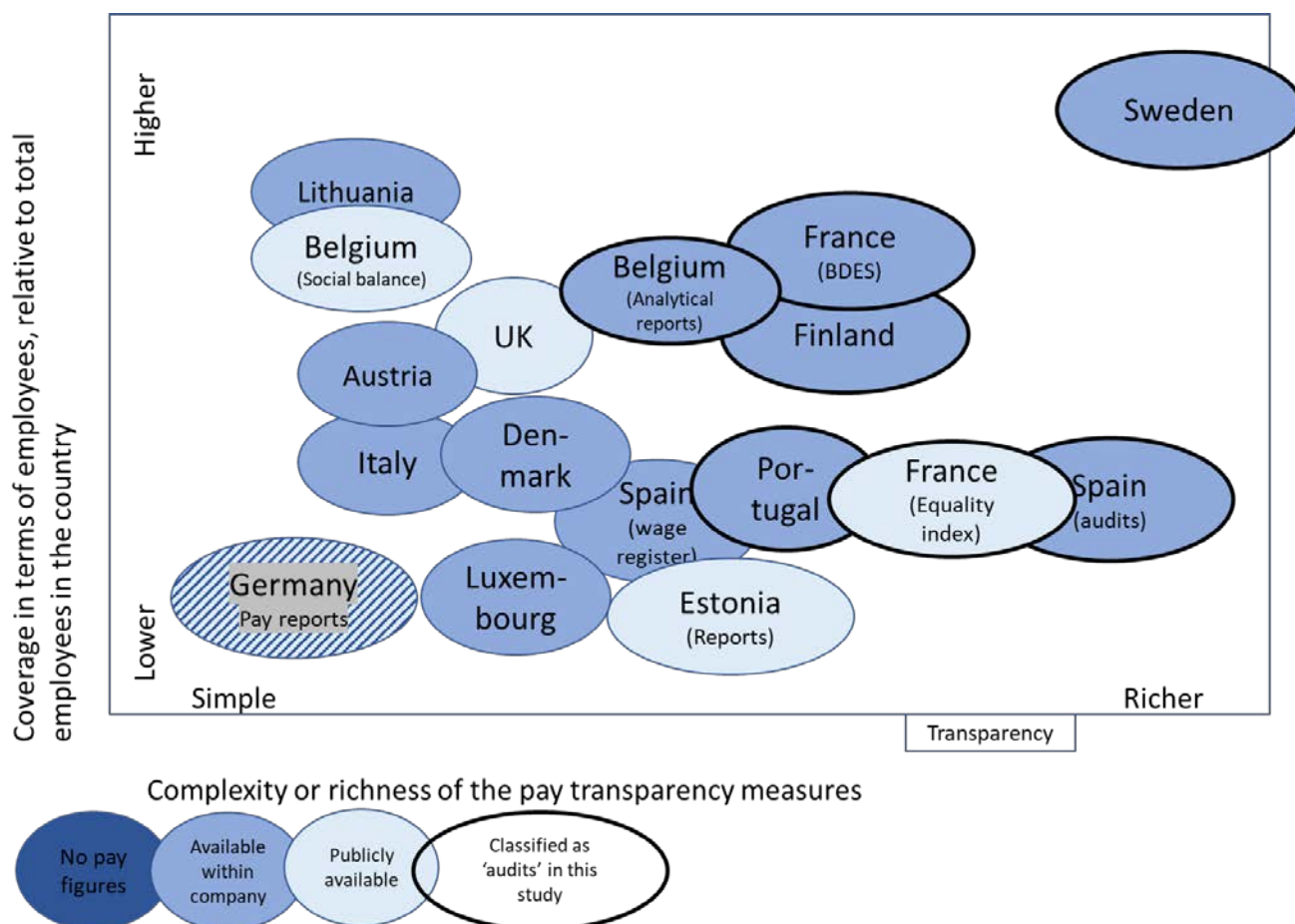
<sup>31</sup> For instance, a gender pay report with total remuneration, including all pay components, disaggregated solely by type of job and gender, will be less likely to detect or explain potential gaps than one which additionally includes seniority or disentangles total remuneration into its different components.

externally, less transparent are those which are shared only within the company, and least transparent are reports without actual figures.

Sweden, for instance, was assessed to have the most complex auditing requirements and – as every workplace is in principle obliged to conduct one – the highest overall coverage. As the audits are available within the company – not publicly – they are not fully transparent<sup>32</sup>. On the other side of the spectrum is the German variant of pay reporting, which can be regarded as the simplest instrument of all, but not containing any pay figures. It covers only a fraction of listed larger companies.

Most other pay reporting requirements were relatively similar in terms of their complexity (or richness) and coverage, differing mainly in terms of their transparency.

**Figure 1: Pay reports and mandatory audits according to their complexity, coverage and transparency**



Source: Own compilation, based on data estimates provided in Tables 9 to 11 and national legislation as presented in Tables 5 to 8.

<sup>32</sup> But it should be added here that Swedish individual earnings are fully transparent.



## 3 – Costs

### Basic costs for implementing the measures

Most countries carried out impact assessments prior to the implementation of the regulations<sup>33</sup> or ahead of making substantial changes,<sup>34</sup> or they carried out evaluations after the implementation of the measures<sup>35</sup>. For Lithuania, Luxembourg, Portugal and France, no such studies or evaluations were identified, and the Spanish government is currently working on cost estimates. These studies typically (but not always) include both estimated or budgeted costs for national administrations as well as estimated costs expected to be incurred by businesses, individually per company and sometimes also collectively for all affected companies.

This chapter is structured as follows. It starts with a review of estimated or budgeted costs for national administrations and costs for other actors and companies that are directly required for the implementation of the legal requirements. For the costs incurred by companies additionally, the answers from the qualitative interviews with companies conducted within this research are added. Furthermore, the chapter presents ‘additional support measures’ which have been implemented by various actors to support the efficient implementation of pay transparency<sup>36</sup>.

### Costs for national administrations

Not all impact assessments included the cost estimates for national administrations associated with the implementation of pay transparency measures, as they were either perceived to be rather small or the focus of the studies was on the cost for businesses. This is the case for Austria, Denmark (when introducing the first version of the law in 2006), Finland, Germany and Sweden.

#### Austria

The Austrian national administration did not anticipate any cost for government in their ex-ante assessment. In contrast to some other countries, government is not involved in the process, as the reports remain within the companies. Some financial implications, such as those relating to a first ex-post evaluation, are listed in the section ‘Costs for support measures’.

#### Belgium

Detailed estimations by the National Bank of Belgium (NBB), obtained on request for the purpose of this study, calculate the total costs for the initial development to be around 40 working days for an expert profile. This is because the basic structure (the social balance sheet) was already in place. After development, there was also an additional, unbudgeted cost for support and verification during the implementation phase. Analytical tools were also already in existence.

Concerning the social balance sheets, these were integrated into the annual account filing application of the Central Balance Sheet Office (BA) at the NBB via the internet with xbrl taxonomy

---

<sup>33</sup> Austria: [BMASK \(2010\)](#), Estonia: [Ministry of Social Affairs \(2018\)](#), Germany: [Bundesregierung \(2017\)](#), UK: [Government Equalities Office \(2015\)](#).

<sup>34</sup> Denmark: [The Office of the Folketing Hansard \(2013\)](#) and [The Office of the Folketing Hansard \(2015\)](#).

<sup>35</sup> Austria: [AFMEW \(2015\)](#); Finland: [Finnish Ministry of Social Affairs and Health \(2018\)](#), Germany: [Bundesministerium \(2019\)](#); Sweden: [The Swedish Agency for Public Management \(2011\)](#), the [Swedish National Audit Office \(NAO/RIR\) \(2019\)](#); UK: [House of Commons BEIS Committee \(2018\)](#).

<sup>36</sup> Cost estimates for the latter where part of the research, but mainly unknown to the respondents or not in the public domain.

(a structured data format) or in PDF format, and there is an internet application for the creation of annual accounts and other documents (social balance sheet included). The social balance sheet is part of the annual account consultation module on the internet and accessible via an internet application called [CONSULT](#).

After the Gender Pay Gap Act in 2012, there were some teething problems, therefore the decree and first draft of the pay gap report was reviewed and relaunched in 2013-2014. During this period, three members of staff of the Federal Public Service Employment, Labour and Social Dialogue (FOD WASO) administration worked a limited amount of days on the preparation of the decrees and on the standard form.

A Royal Decree and a Ministerial Decree were written and published on what the pay gap report should look like. A standard form was developed and made available for free. The administration is available for questions by telephone, but the number of questions received is considered low. Only in the beginning, in 2014-2015, were queries higher in number, but responding to them was considered part of the standard activities of the department.

The pay gap report is an internal instrument, the main purpose of which is to put the gender pay gap on the internal social dialogue agenda in the company. Therefore, there is no cost attached to the further follow-up of the report.

#### Denmark

Denmark is an interesting case, as the thresholds for reporting requirements were changed twice (in 2014) and reverted to the previous regulation in 2015. For both changes, estimates of the costs to the national administrations – in particular the costs for Statistics Denmark – were published.

**Table 12: Estimated costs for national administration of pay reporting, Denmark**

Country	Instrument	Costs	Source
Denmark	Pay reports – according to the 2014 version of the law, with a lower size threshold	One-off: DKK 1.4 million (€188,000) for implementation (in 2014-2015)  Regular: DKK 1.7 million (€227,000) annually	Office of the Folketing Hansard (Folketingstidende A), Folketinget 2013-2013. Lovforslag nr. L 155. ' <a href="#">Forslag til Lov om ændring af lo om lige løn til mænd og kvinder</a> ', p. 8.
Denmark	Pay reports – according to the 2015 version of the law, returning to the previous size threshold	The one-off cost of changing the target group for Statistics Denmark was DKK 187,000 (€25,000) in the first year (2016).  Regular annual cost of producing the wage statistics for Statistics Denmark: reduced to DKK 900,000 (€120,000) per annum	Office of the Folketing Hansard (Folketingstidende A), Folketinget 2015-2016. Lovforslag nr. L 89. ' <a href="#">Forslag til Lov om ændring af lo om lige løn til mænd og kvinder</a> ', p. 7.

### Estonia

Estonia, which has not passed the law yet, has foreseen additional costs of €1.097 million, to be spent over a four-year period. The main part of this sum is expected to be spent on developing an Equal Pay Competence Centre under the responsibility of the labour inspectorate. This implies new tasks and competencies for the inspectorate and new technologies, and increases the direct costs for the Ministry of Social Affairs, the labour inspectorate, and the Health and Welfare Infosystems Centre (responsible for technological developments in the public sector in health, social protection and employment).

The estimated costs foreseen by cost group and year in euro are listed in Table 13.

**Table 13: Planned budget for pay transparency measures, Estonia 2019–2022**

	2019	2020	2021	2022
<b>Developing Equal Pay Competence Centre (under the labour inspectorate)</b>	-	€256,000	€193,000	€193,000
<b>IT investments and administration costs</b>	€200,000	€30,000	€30,000	€30,000
<b>Information, communication and other support activities</b>	€15,000	€150,000	-	-
<b>TOTAL</b>	€215,000	€436,000	€223,000	€223,000

*Source: Explanatory note of the draft Act of changes to the Estonian Gender Equality Act*

### Germany

According to German practice, since 2011 any proposal for new legislation needs to be accompanied by an estimate of compliance costs. The proposal from the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (Bundesministerium für Familien, Senioren, Frauen, und Jugend, BMFSFJ) on pay transparency legislation (Bundestagsdrucksache 18/11133) follows this guideline and gives estimated figures of the number of employees, on the potential number of cases, and of the working time required to answer employees' requests to obtain information on pay transparency.

For national administrations, the ministry only identified costs to public administrations associated with answering requests for pay information – in their function as public employers. These are reported further down.

### Sweden

No studies or documents were identified that summarised the costs incurred by Sweden's national administration. However, the Swedish National Auditing Office – a part of parliamentary control that ensures that the Swedish Parliament (Riksdagen) receives a coordinated and independent audit of state finances – recently published a study that investigates pay audits as an instrument to prevent pay differences between men and women. The study was based on statistical analysis, survey questions and interviews with 21 employee and employer organisations. It found that there are costs incurred for national administrations when conducting pay audits, but that the exact number is uncertain, as government's activity in relation to pay audits is mostly covered within the general approach to equality measures.

Furthermore, the report also described that the government increased the budget of the Equality Ombudsman in 2015 by SEK 10 million (€1 million) to carry out inspections with regard to pay audits<sup>37</sup>. This budget was increased in 2017 by an additional SEK 10 million, not specifically linked to pay auditing, but for the Ombudsman’s general work on investigations (*tillsyn*). (Swedish Government, 2017; Swedish National Audit Office (NAO/RIR), 2019).

#### United Kingdom

The UK government expected the following costs to be incurred by the national administration to ensure compliance with and enforcement of the regulation adopted in 2017: in the first year, £335,073 (€389,683) and from the second year onwards, £135,073 (€157,087) annually.

**Table 14: Estimated compliance and enforcement cost for national administrations, United Kingdom**

	Total costs estimated
<b>Building a compliance database website (one-off costs, 2016/2017)</b>	£250,000 (€290,745)
<b>Management of website (one full-time HEO officer) (regular annual costs, starting in year 1)</b>	£42,537 (€49,469)
<b>Maintenance of website (regular annual costs, starting in year 2)</b>	£50,000 (€58,149)
<b>Enforcement via the EHRC (regular annual costs, middle manager or junior lawyer starting in year 1, part of existing allocation)</b>	£42,537(€49,469)

Source: UK Government Equalities Office (2015), pp. 30-31.

<sup>37</sup> Their entire budget for ‘promotion and supervision’ 2015 was in total SEK 103,541,000 (€103,541), in 2014 SEK 105,933,000 (€105,933) and in 2013 SEK 101,035,000 (€101,035) (Equality Ombudsman’s financial statement from 2015, p. 13)

## Costs for other actors

### Employer organisations in Denmark

Danish companies that are affiliated to an employer organisation provide their individual payroll data to them<sup>38</sup>. According to the Danish Equal Pay Act, section 5a, Danish employer organisations that receive pay statistics from their member companies are responsible for compiling, notifying and sending the gender-segregated wage statistics to their members on an annual basis. In addition, they provide guidance for their members on the interpretation of the reports (see below 'support measures'). In practice, these are the two largest organisations: the Confederation of Danish Employers (DA) and the Danish Employers' Association for the Financial Sector (FA). In 2018, they compiled gender-segregated wage statistics for 1,555 companies (although not all of these companies will actually be subject to the law). The employer organisations and Statistics Denmark send the wage statistics to the management of all companies that on a *yearly basis* have 35 employees and at least 10 men and 10 women in the same job category.

According to a consultant from DA, the work with the wage statistics takes up a lot of time, especially because the 6-digit ISCO code (the categories of work functions) does not match private firms' different work functions<sup>39</sup>. However, the time required has diminished over the years. Within DA, two employees work on the wage statistics, but as DA is a confederation, around 20 employees at the sectoral employers' association also work on the gender-segregated wage statistics. This includes, for instance, guiding companies and preparing guidance material and reports about gender-segregated wage statistics. DA is responsible for around half of all the private companies in Denmark (and the remaining half are covered by the other employer associations and by Statistics Denmark).

The consultant from DA could not give an estimate of the cost of producing the wage statistics or the other tasks related to producing gender-segregated wage statistics. According to the consultant, they spent more time in the first years after the implementation of the law in 2006, to inform and guide their members. The consultant estimated how many resources the private companies require to fulfil the requirements of the law using the method called AMVAP<sup>40</sup>. According to this method, private companies in Denmark spend around DKK 470 million (€63 million) on producing gender-segregated wage statistics. These numbers are not confirmed by any other data source.

According to a consultant from FA, three employees are assigned to the work with gender-segregated wage statistics annually. Every year, a statistics consultant at FA spends around one full week validating the wage statistics that they receive from their members. Furthermore, they produce 'structure-statistics' for their companies, which are needed to make the gender-segregated wage statistics. The work with the structure-statistics also takes around one full working week (five days) for one employee. The completion of the gender-segregated wage statistics takes around

---

<sup>38</sup> Companies with more than five employees are obliged to do this by law.

<sup>39</sup> While the ISCO 6-digit codes are already very specific and all working functions are covered, these codes can be too broad and cover more than one function. This is particularly the case for new work functions within the IT and technology professions.

<sup>40</sup> 'Activity-based measurement of the administrative burdens of companies'. The method is usually used for ex-ante measurements on expected costs and is applied to investigate new legal requirements and amendments in detail, to find all new requirements that companies need to follow. The method will then calculate the expected cost of all new requirements, the number of companies subject to the requirements and the frequency of the requirements to get one cumulative number of the expected cost on a societal level.

seven full days for one employee, who will use some of these days to provide guidance and answer questions from members. According to the economic consultant from FA, the work with gender-segregated wage statistics takes up around 3-4 weeks of work for one employee every year. The time and resources required to prepare gender-segregated wage statistics has declined over the years, as the employees at both DA and FA and the member companies have increased their knowledge about the wage statistics. Especially the time used on ISCO codes has been eliminated, but ISCO codes can still cause problems, for example when new positions are created.

No scientific research is available on the cost of gender-segregated wage statistics for employer associations.

## Costs for companies

This section reports on the estimated costs for companies to implement the gender pay transparency measures, stemming from two sources:

- the cost estimates included in the above-quoted ex-ante studies, as well as other research
- interviews with companies – mainly HR professionals, such as HR managers, labour lawyers, payroll managers or accounting staff, engaged in the pay transparency process – and their estimates based on own experience

Regarding the **costs**, the respondents were asked to

1. provide estimates for the costs incurred (monetary and timewise) to conduct the required stages of the process<sup>41</sup>
2. provide an overall estimate of how much time and how many financial resources the whole process took when it was carried out for the first time
3. estimate the time and financial resources the process takes on repetition

Employee representatives were also asked whether, according to their experience, the costs were a recurring issue that management mentioned repeatedly. The results are presented by country, as the instruments and related processes are country specific.

### Austria – pay reports

The following cost estimate by the Austrian Federal Ministry of Labour, Social Affairs and Consumer Protection (Bundesministerium für Arbeit, Soziales und Konsumentenschutz, BMASK, 2010) was carried out as part of the legal procedure prior to passing the legislation on pay reporting in 2011.

**Table 15: Example of ex-ante cost estimate for company reports: Austria**

	Required time (in minutes)	Function group in company	Hourly costs	Total costs
Gathering information	90	Office workers and commercial clerks	€36	€54
Calculation (analysis, research, assessment)	180	Office workers and commercial clerks	€36	€108

<sup>41</sup> Correspondents had been asked in the first place to map the stages of the process as per legislation and to present the interviewees with these stages separately. They were also instructed to probe further if other steps were required. In practice, there is no one standardised blueprint event for the same country and instrument, and interviewees recalled the stages of the process as they had gone through them.

## Measures to promote gender pay transparency in companies

<b>Preparation of report, including explanations</b>	120	Technicians or equivalent non-technical staff	€45	€90
<b>Sending the report to the works council or making it accessible for all employees</b>	20	Office workers and commercial clerks	€36	€12
<b>Total time and costs for the preparation of one report</b>	410			€264

<b>Total administrative costs for all affected companies, per annum</b>	Number of companies affected	2,800
	Frequency of preparation per annum	0.5
	Total costs for all covered companies per annum	€369,600

*Source: Own compilation, based on BMASK (2010), pp. 14-15*

### Findings from the interviews

The company case examples show quite large variations in the costs incurred, ranging from €110 to €14,000 for both the first-time preparation as well as for repetition. Higher costs were encountered especially in larger companies, which said they had put a focus on gender issues prior to the legislation, and whose reports – partly – go far beyond what is required by law. This included, for instance, continuous exchanges with the works council, elaboration of measures targeted at increasing gender equality as well as the implementation of programmes/measures to increase gender equality and the involvement of a large number of management staff in these discussions.

The median estimates based on replies of the ten Austrian companies stand at €3,000 for the first-time compilation of the report, which in some cases included one-off costs for the technical preparation of the report and/or external consultant costs. Most interviewed companies did not invest additionally in the technical preparation of the report but use their regular payroll software.

The reported estimated median costs fell to €1,320 for the repetition of the exercise, but in three cases the amount included costs related to the discussion with the works council and for elaborating further measures. The ex-ante estimates of the Austrian ministry do not include these two points, as per legislation companies are only required to ‘send’ the reports to the chair of the works council or make them available to employees.

If adhering to the minimum requirements, which seven out of the ten interviewed companies did, the median cost is less than €400. The €264 for the compilation of a company pay report, as estimated by the Austrian government in 2010, might not be sufficient after a decade, but the median reported cost estimate for the compilation of the report of less than €400 per case is still in this range.

---

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

**Table 16: Reported estimates by Austrian companies concerning costs of pay reports**

Company ID	Unit size	1. Technical preparation of the report	2. Compilation of the report	3. Meeting with employee representation to discuss the report	4. Elaboration of further measures, based on the results of the company pay report	Total first-time compilation	Total on repetition
AT1	>1,000	-	-	€7,000	€7,000	€14,000	€14,000
AT2	>50	-	€200	-	-	€200	€200
AT3	>50	-	€1,000	€100	€500	€5,000	€1,500
AT4	>1,000	-	-	-	-	€3,000	€1,500
AT5	>10,000	€9,000	€400	-	-	€9,400	€400
AT6	>250	-	€110	-	-	€110	€110
AT7	>250	-	€300-400	-	-	€2,000	€300- 400
AT8	>250	€12,000	€2,000	-	-	€14,000	€2,000
AT9	>250	-	€630	€210	€420	€1,260	€1,260
AT10	>250	-	€1,800	-	-	€1,800	€1,200
<b>Median</b>		-	<b>Less than €400</b>	-	-	<b>€3,000</b>	<b>€1,320</b>

Note: N=10 interviews

Source: Own compilation, based on management replies to interviews held for this study

This finding was also mirrored by the workers' representative interviewed:

*When the report was compiled for the first time, the administrative burden for the company involved 'a couple of days'; the data had to be prepared in a way to be used with the company's payroll software. Upon repetition, the administrative burden was much smaller (Austria, former chair of works council).*



## Belgium – pay reports and audits

For Belgium no ex-ante studies were obtained.

### Findings from the interviews

The pay reporting (social balance sheet) is seemingly uncomplicated but is often considered a mere formality and handled by an external accountant or by the social bureau (social secretariats responsible (among other activities) for payroll administration, outsourced by the organisation). Major issues arise when the workforce is very variable, multinational or small in specific categories. There are two contrasting approaches that are typically encountered: either it is a very easy job for companies with a decent payroll management system, or the breakdowns are fabricated based on the total wage cost, uniformly divided over all categories and both genders.

The biannual analytical report on the gender pay gap is generally handled by the social bureau. Some companies decide to keep a routine and have annual reporting. Most social bureaus offer standard templates for companies with 50-99 employees and 100+ employees. In general, the follow-up depends on the interest of the trade union. If there is a works council (required in companies of over 100 employees), it is more likely that the report will be drafted and discussed. In other companies, despite being mandatory and sanctioned, it may be treated as a formality. There have been no fines issued, to the correspondent's knowledge.

**Table 17: Type of costs incurred in the Belgium gender pay reporting and auditing**

Description of stage	Which actors are involved?	Type of costs	Costs borne by
<b>Social balance sheet</b>			
<b>Technical set up of the reporting</b>	HR manager, social bureau, accountant	Part of regular contract, companies pay a small monthly fee per employee (€10-20) for the payroll administration and support. Added costs may be charged, but basic services include regular tasks like this.  Accountants typically charge around €80 per hour, but they have to complete the annual account and the social balance sheet anyway. All hours are counted and charged.	Employer
<b>Determining the scope of the report</b>	Social bureau, accountant	A one-off cost: the development of a template that is used for all companies covered by the social bureau. Marginal cost is negligible.	Social bureau, employer
<b>Running the company report</b>	Social bureau, accountant	Regular, but negligible added cost	Social bureau, employer
<b>Publish the results; meeting to discuss the results; devising an action plan</b>	Company management and employee representatives (compulsory)	Annual at a works council, no added cost as presence is required and frequency is generally monthly.  This is the most important meeting of the year, called the EFI (Economic and Financial Information).	Employer
<b>Follow-up actions /monitoring</b>	Company management	Ad hoc, support of trade union secretary or experts is generally called upon.	Employer, trade union

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

## Measures to promote gender pay transparency in companies

	and/or employee representatives (not compulsory)		
<b>Biannual analytical company pay reporting</b>			
<b>Technical set up of the reporting</b>	HR manager, social bureau	Part of regular contact, companies pay a small monthly fee per employee (€10-20) for the payroll administration and support.	Employer
<b>Determining the scope of the audit</b>	Social bureau	A one-off cost: the development of a template that is used for all companies covered by the social bureau. Marginal cost is negligible.	Social bureau
<b>Running the company audit</b>	Social bureau	Regular, but negligible added cost	Social bureau
<b>Publish the results; meeting to discuss the results; devising an action plan</b>	Company management and employee representatives (compulsory)	Annual or biannual at a works council, no added cost as presence is required and frequency is generally monthly.	Employer
<b>Follow-up actions /monitoring</b>	Company management and/or employee representatives (not compulsory)	Ad hoc, support of trade union secretary or experts can be called upon	Employer, trade union

**Table 18: Resource estimates based on interviews with Belgian managers**

Case IDs	Estimates for social balance	Estimates for analytical pay reports
<b>BE1 and BE2</b>	About four hours of work for one person a year.	About a day of work per year for one person.
<b>BE3 and BE4</b>	Outsourced to social bureau, no added costs.	Outsourced to social bureau, no added costs.
<b>BE5 and BE6</b>	Costs are not considered substantial. The social bureau takes on the duty. There are no additional costs over the regular fees.	The drafting of each report is outsourced to the social bureau, there are no additional cost involved. The results are presented in the works council, there are no additional cost involved.
<b>BE7 and BE8</b>	One employee to provide information to the social secretariat. Social balance sheet is drawn up by social secretariat. Cost is estimated to be relatively low. All information is in the system and generated automatically.	One employee to provide information to social the secretariat. Analysis report is drawn up by social secretariat. Cost is estimated to be relatively low. All information is in the system and generated automatically.
<b>BE23 and BE24</b>	Outsourced to social bureau, quasi automatically, 0 working days for both the technical set-up and the determination of the scope of the report. One working day (€400) for running the report. Presenting the report before the OSH committee, union delegation: one working day (€800). Input to board of directors for follow-up action/monitoring: 0.5 working days (€400). Total: €1,600	The analytical report is initiated by the payroll manager, one of the four staff members working in HR, who is in touch with the HR director and the social bureau for compiling the report: 1.5 working days x one staff member (€600). The payroll manager downloads the files from the social bureau and rearranges the output: 0.5 working days (€200). Presenting the report before the OSH committee, union delegation: one working day (€800). Input to the board of directors, proposal to reweight functions. After agreement, all stakeholders are consulted, and a definitive plan is presented to the board of directors. This could take a full quarter and imply larger costs that cannot be directly budgeted. The reweighting of functions is a lengthy and costly operation, budgeted at around €1,000-2,000 per function, totalling around €40,000 for 30 functions.  Total for compilation and adhering to the legal requirements: €1,600.  However, the follow-up actions are expensive (€40,000), but they are not fully recurring. This is mainly for external advice including a full revision of the wage scheme.

Source: Four interviews with management.

Several interviewed Belgium employee representatives also speak of a ‘low administrative burden’: *Not much, the social bureau does the compiling and the works council takes place anyway.* One highlighted the distinction between the set-up phase and the regular reporting:

*Initially it involved some work to extract data from the software platform, but together with the social bureau this was resolved and today there is no further administrative burden. Low. If companies would say otherwise, they have an outdated payroll administration (Belgium, trade union delegate to works council).*

Others acknowledged that the application of the instruments might be resource intensive, such as when errors are detected, or that the employer stresses the burden, or implies one when the reports create a costly backlash on wages.

*In 2016, the union found that the reported figures were unlikely, and the work had to be redone. A few months later the corrected figures were reported. This incurred some extra work. Costs are reasonable but apparently error-prone.*

*The management signals that this burden is substantial, but there is a suspicion that this is an excuse to keep control over personnel affairs, and that the burden in fact is not important.*

In another company, the pay review process is a permanent process:

*It is a continuous consistent process during the year as the company has a salary expert position and the person is constantly involved in solving any issues preventively. It requires a lot of analytical and preventive job as salaries are constantly changing.*

#### Denmark – pay reports

A study was carried out by the Danish Business Authority in 2005 before the Equal Pay Act was first adopted in Denmark in 2006. The Danish Business Authority is one of the ministries working mainly to improve the conditions for companies in Denmark. The study was based on the AMVAP (Activity-based measurement of the administrative burdens of companies) method.

**Table 19: Example of ex-ante cost estimate for company reports – wage statistics, 2005: Denmark**

	<b>All companies (1,211 in total)</b>	<b>Per company</b>	<b>Assumptions</b>
<b>Requesting the wage statistics information from Statistics Denmark</b>	DKK 31,748 (€4,248)	DKK 26 (€3.5)	5 minutes required to request the statistics, either by phone, email or on paper. One administrative employee involved.  Extra shipping costs for companies requesting it by paper: DKK 5.5 (€0.70)
<b>Consultation/briefing of the employees in the cooperation committee</b>	DKK 603,000 (€80,692)	DKK 498 (€67)	HR staff manager requires 30 minutes on average to prepare briefing for the committee (DKK 480 per hour (€64)). On average 5 members per committee. One common rate applied for employee representatives (of administrative employee): DKK 308 (€41).  Two different types of companies: <ul style="list-style-type: none"> <li>those with a collective agreement: 10 minutes discussion time in committee = 50 minutes</li> </ul>

## Measures to promote gender pay transparency in companies

			<ul style="list-style-type: none"> <li>those without a collective agreement: 30 minutes discussion time = 150 minutes</li> </ul>
<b>Total costs</b>	DKK 634,748 (€84.940)	DKK 524 (€70)	

*Note: The companies were also asked to assess the expected time consumption if they chose to prepare the statement on equal pay themselves. However, the companies had difficulty assessing the time consumption. Nevertheless, four of the companies tried to assess time spent, and there is a spread in their responses. Two companies thought that the report could be prepared in one to two hours; one thought it would take between four and six hours; and the last estimated it would take about eight hours.*

*Source: Own compilation, based on The Danish Business Authority (2005).*

### Findings from interviews

The respondents from Denmark found it very difficult to put an estimated figure on the costs associated with the review of the wage statistics, but all agreed that a limited amount of time was needed to meet these requirements. From their point of view, the compilation of data – either via Statistics Denmark or via their employer organisation – is free of charge. Little time is required to retrieve, review and interpret the data. Not all the interviewees had a collaboration committee to which they have to present the data. But those that did have such a committee did not stress that the presentation was overly time-intensive. The following interviewee quotes illustrate this.

*We don't spend that much time on gender-segregated wage statistics independently, and we don't see it as a problem or workload.*

*Around one hour of work for me and one hour for the employee representative. I don't know how much time we spent back in 2006 – maybe a bit more than now?.*

*I can't say since it is over ten years ago. But, as it does with all laws, it is costly to implement new measures, and there was a lot of questions from the employees' representatives from the start. Maybe around five hours of work? However, the time spent and the cost has fallen steadily every year, and now we almost don't spend any time on it.*

*The first year we had to understand and go through the DISCO codes, so that they would fit. Also, we had to understand the report. I think we used around five hours on that the first and second year. Now it's a part of our structure and I don't really see it as an extra cost. But we use around one hour in total annually.*

Another company (membership organisation) reported that it takes the report from DA and customises it to fit their own job classification. This takes about 2.5 days of work for one or two HR employees, plus an hour for the management and 15 minutes for all employees annually, when they are being informed about the results.

The same was reported by a HR manager in a large retail company with about 6,000 employees. This individual spends one additional day of work on the technical setup of the statistics they receive from DA through the Chamber of Commerce, as these statistics are too rough, and they disaggregate them for every store. Concerning the time spent on the interpretation of the report, less effort is made:

*To be honest we do not really spend time on the interpretation. Some of the statistics show that the women earn more and some that the men do, but it has often nothing to do with that but*

*with experience and seniority in the company. We do not work in depth with the interpretation of the pay reports. (...) three full days of work I think annually in total. If we actually used it more, it would take a lot of time, but we only do what we have to according to the law.*

A diametrically different approach was presented from a HR manager of a company in the financial services sector with 400 employees. He judges the statistics from DA as 'quite good and easy to use', so the company does not spend more time on the technical setup of the report but invests more time in the interpretation of the report:

*Every year we put together a working group consisting of two employees from HR and two employees (often an employee representative). The working group will interpret and discuss the report. We will often choose a new area to focus on and discuss potential inequalities. Often, we figure out that the problems are in the DISCO codes used to categorise the employees or that the wage differences are due to experience or so on. We choose to go beyond the law and find some relevant topics to discuss, for example the choice of carrier and the fact that we are missing female leaders in the financial sector.*

The HR manager estimates that this takes around one working week for four employees but stresses that this is not required to fulfil the law but is the company's choice.

#### Finland – Right to obtain information and pay audits

For Finland, no cost estimates concerning the implementation of the right to obtain information or gender pay auditing were identified. The only estimate is for the gender equality plan, which is estimated to stand at €1,390 annual costs for the whole plan, including the pay audit, when carried out every three years (Finnish Government, 2014).

#### Findings from interviews

Regarding the right to obtain information on one's pay, only three interviews were completed in Finland. Each of the interviewed companies had received one such request in the past but do not expect further requests in the next year.

One interviewee in a smaller company estimated the required time to answer to this request as one hour for one HR employee and time spent by management (approx. €50) in this case. The respondent, however, argues that if the employee had not been pleased with the results of the assessment conducted by the HR manager and had the matter had been taken further, the costs would have increased significantly.

One interviewee said that the costs are very minor when compared to the overall budget and that this process is such a basic part of their duties that they do not follow up the costs.

Concerning the pay auditing, throughout the stages of the process, the Finnish employer is responsible for conducting the audit and bears the costs. However, it is also possible that local trade union representatives or other employee representatives are involved. The stages at which they have to be involved are not prescribed, though, and practices may vary.

According to respondents, the costs of a pay audit vary between €700 and €10,000 when they are repeated. See Table 20 below for an overview.

One HR respondent represented an NGO with a workforce consisting mainly of experts, with significant variation in tasks and rapid changes. The company therefore conducts two variants of pay audits:

- an extensive version, where they go through their employees and create categories based on their title, job description etc. and conduct the pay audit. This extensive version is done every 3-4 years.
- a narrow version, where they go through tasks of each employee and use the existing categories for comparison. This is done every year, apart from those years in which they conduct the more extensive version.

The estimated time spent on these vary between 10 and 15 working days for the narrow variant and 15 and 20 working days for the extensive variant. In addition, €5,000 to €10,000 are spent on an external consultant. It is, however, important to point out that this cost is highly dependent on the result of the audit. If the audit suggests the presence of unexplained pay gaps, the subsequent analysis and rectification may turn out to be costlier.

**Table 20: Overview of cost estimates for pay auditing in Finnish companies**

Company ID	Company size	External costs	Overall costs – when doing it for the first time	Overall costs – on repetition
F13	>10,000	€1,000	Unknown	Unknown
F14	>50	-	€1,500	€700 (2 working days for the respondent, unknown for others)
F15	>1,000	-	€800	€800 (5 working days)
F16	>1,000	-	No estimates possible, but overall 'very minimal in comparison to the HR department's overall budget'.	
F17	100	€5,000 to €10,000	Unknown	Minimum of 10 working days
F18	>1,000	-	€12,000 (about 8 working days, rough estimate)	€6,000 (5 working days). Two employees from the HR unit compile the audit. The committee that discusses the results has 20 members.
F19	>1,000	-	Max. €10,000 (about 10 working days)	'No significant costs involved'

Source: Interviews with Finnish management representatives

One employee representative who was interviewed finds it difficult to estimate the costs but says they are minimal for the size of the company. Since the company uses a pay system that makes it possible to create different categories (e.g. based on gender or title), downloading information that can be used to compile the audit does not take a long time. As a result of this, the administrative burden is very small.



### France – pay audits

For France, no ex-ante studies of cost estimates or other evaluation studies were identified. The interviews below were almost exclusively carried out in very large organisations.

#### Findings from interviews

The interviews with the French companies showed that none of them regularly monitors the costs incurred (monetary or time) to provide the information contained in the Base de données économiques et sociales (BDES), as pay gaps are only one part of the required information. The same applies to the Gender Equality Index. In addition, companies also prepare for the annual collective wage bargaining within this process, the time for which can't be easily distinguished from the gender pay auditing. Furthermore, in groups of companies, such measures are applied at the establishment level, meaning that there is no real visibility on how they are dealt with and how much time or resources the establishments need to provide the information.

The estimated data obtained via interviews with management (several interviewees did not provide any data) in relation to the update of the BDES and Gender Equality Index are higher than for pay audits in other countries, ranging from an estimated €1,500 to €16,000 for the first-time BDES gender pay data inclusion and between €4,200 and €19,000 for the first-time calculation of the Gender Equality Index. Both figures decrease upon repetition: one company estimates that the regular update of the BDES with gender pay data only costs €200, others estimate €6,300 to €19,000 costs for updating. Concerning the Gender Equality Index, the range of estimates for the regular update is from €1,550 to €15,640.

These higher figures result from the fact that the French interviewees considered not only the amount of time required to produce the statistics to be published in the BDES, but most of them also factored in some time for analysis, time to prepare for the presentation of the figures to the employee representatives, or time to conduct preparatory work to include the gender equality dimension in annual collective bargaining on wages and propose measures to correct the observed wage gaps.

*A few hours per year, as the HR system software is updated. However, the employee representative may ask for expertise on the social data of the BDES which includes gender equality information. Then, the cost will rise to €15,000 to €30,000 per year per expertise (expertise can be asked from several units within the group).*

*Beforehand, in 2017, we reviewed the entire HR and payroll management computer system, which resulted in time savings starting in fiscal year 2018. We invested in two full-time employees for five months. Given the share of professional equality data in the BDES, it can be estimated that 30% of their working time was devoted to the subject of professional equality (large pharmaceutical company).*

One manager estimated that the update of the BDEs requires about €1,500 to €3,000 (2-5 working days of a HR manager's time), without taking into account the cost related to update the HR software. Once the update was made, extraction of data to fill the BDES seems to be quick. However, the manager also stressed that the information introduced in the BDES is probably not as detailed as it should be according to the Labour Code (large leisure industry company).



**Table 21: Overview of cost estimates for completing the (gender pay audit data in the) BDES in French companies**

Company ID	Company size	Estimates	On repetition
FR2	>1,000	€1,500 to €3,000	A few hours per year, because the HR system software is updated
FR3	>250	€10,000	€7,000
FR6	>250	€16,500	About €200 (€1,550 for the whole information to provide in the BDES)
FR8	>1,000	-	€15,000-18,000
FR10	>1,000	-	€6,300

Source: Interviews with management representatives.

**Table 22: Overview of cost estimates for compiling the Gender Equality Index in French companies**

		First time compilation	Total estimate, upon repetition
FR4	>10,000	€15,000	€10,000
FR6	>250	€17,000	€1,550
FR7	>10,000	€5,000	€4,000
FR8	>1,000	-	€12,000
FR9	>10,000	€19,000	€15,640
FR10	>1,000	€4,200	€2,100

Source: Interviews with management representatives.

Three interviewed employee representatives considered the administrative costs rather low, but mainly in relation to the fact that they didn't consider the provided information as meaningful: 'The burden is quite low because of the limited information obtained' and 'According to the weak data provided, there is no real burden to deliver them.' Only one said that he acknowledges that the management incurred an administrative cost, as it had delivered a well-done and voluminous report.

#### **France: Elaboration of an action plan or company-level agreement**

The law requires French companies to assess the cost of the measures provided for in action plans or agreements on gender equality (Labour Code, art. R. 2323-12). However, according to a DARES (2019) study on agreements or action plans drawn up in 2014 and 2015, only 57 texts out of 186, or 30%, comply with this legal obligation.

A majority of texts do not make any assessment of the cost of the envisaged measures. Where it exists, compliance with the legal obligation is often only partial, with only some of the measures envisaged being budgeted for. Out of 186 agreements or action plans analysed, only 46 texts

present a budget, but not quantified, and 17 a budget quantified in euros. ‘This recurrent lack of precise evaluation of the cost of measures reveals a real uncertainty about the resources allocated to the implementation of equality policies in companies’, notes DARES. ‘While some texts mention, as part of the costs involved, time allocated to the implementation of equality policies by their managers, their HR department or their managers, the financial implications of this internal mobilisation on gender equality issues do not seem easy to estimate,’ DARES further notes. Equality objectives remain poorly ‘associated with clear and autonomous budgets. Many of the measures seem to be preferred because of their zero cost, the public support they provide or the possibility of implementing them with constant resources’.

### Germany – all measures

The German ex-ante assessment includes all three aspects of the Pay Transparency Act and estimated costs.

**Table 23: Social costs for the implementation of the Pay Transparency Act for companies, Germany, 2017**

	Public administrations as employers		Private sector businesses
	Federal level	Lander and Communal level	
<b>One off</b>	± €0		± €115,523
<b>Recurring annual costs</b>	€110,315		+ €2,972,264
<b>Personnel</b>	€20,823	€63,311	-
<b>Non-personnel-costs</b>	€6,613	€19,568	-
<b>Thereof related to...</b>			
<b>... the right to obtain information (sections 14 and 15)</b>	€110,315		€1,431,857
<b>... pay auditing (Prüfverfahren, sections 17, 18, 20)</b>	-	-	€823,609
<b>... the pay report sections 21 and 22)</b>	-	-	€716,798
<b>Assumptions on the right to obtain pay information:</b>			
<b>Number of cases per year</b>	1,346	3,981	70,996
<b>Average hourly pay</b>	€35.70	€36.70	-
<b>Time required to respond to one case</b>	26 minutes		Dependent on channel through which the request is made. See table below.

*Note: Assumptions: These estimates are based on a mapping of the time and investment requirements for 10 tasks for companies implied by the Act in its originally proposed form. For each task, a detailed breakdown into subtasks is available.*

*Regarding the right to obtain pay information, it was assumed that 1% of employees covered by the Act (75,600) will exercise that right every second year. One such request requires 70 minutes of an employee's time.*

*Source: Pay Transparency Bill, Bundestagsdrucksache 18/11133*

#### Right to obtain information

For the German right to obtain information, the assumption in the ex-ante assessment was that following the completion of pay audits, the total costs for all companies depend on three types of cases:

1. cases where the employee requests information via an employee in the works council (€878,000)
2. cases where the information is provided via social partners (€115,000)
3. cases in which the employer is directly responsible for providing the information (€405,000)

In the first and the third cases, it is ultimately the employer that bears the costs. In both cases, however, there are again two scenarios with implications for the costs: companies covered by a collective agreement need to exert fewer efforts to retrieve information than companies without (assumption: 14-26 minutes per request for a company with a collective agreement, 41-55 minutes for a company without). The highest costs per case were expected for the case where an employee requests information via the social partners, as this creates more need to liaise and coordinate. On average, the estimates suggest that the costs associated with answering one case stand at €20. Throughout the study it had been assumed that 1% of employees avail of this right every second year.

**Table 24: Example of ex-ante cost estimate for the right to obtain information, 2017, Germany**

Employee requests information via	Total labour costs	Number of cases per annum	Costs per case
Works council	€877,856	40,478	€22
Social partners	€115,040	986	€117
Employer, directly	€404,977	29,532	€14
<b>Total per annum, average</b>	<b>€1,397,873</b>	<b>70,996</b>	<b>€20</b>

*Source: Pay Transparency Bill, Bundestagsdrucksache 18/11133*

The Ifo Institut Munich surveyed 1,000 HR managers two months before the Pay Transparency Act came into force on 1 January 2018 and eleven months after (November 2018). Fears that the requests might cause extensive bureaucratic burdens had decreased over time: only 1% of the HR managers indicated that the new Act caused an administrative burden; 90% said that the administrative burden was limited (Schricker, 2018).

A non-representative online survey among 104 companies carried out shortly before the Act came into force in January 2018 showed that mainly large companies, with 5,400 employees on average, started preparation for the Act early and that they spent an average of 15 person days on

preparation time (Kienbaum 2018a). Another online survey (103 companies, about 49% of these with more than 500 employees), conducted five months after the Act came into force, found that on average companies said they spent one person-day per request (Kienbaum, 2018b). In 2019, the first official evaluation on behalf of national government (Kienbaum, 2019, p.86) found that in particular the large companies complain about the time spent for preparation. Analysing the new regulations and transposing them to the remuneration schemes of the company are said to be the most time-consuming tasks.

A study on behalf of the Foundation for Family Businesses (Stiftung Familienunternehmen, 2018) analysed the compliance costs of the Act based on interviews with employer organisations and companies. Five company case studies show that many working hours were spent on clarifying the terminology of the legislation and on applying the legislation to bonuses and non-cash benefits (for instance, company cars and subsidies for kindergarten or rents<sup>42</sup>). The application of the legislation was typically discussed in several team meetings; these meetings were more costly than the technical setup of the accounting system. None of these companies actually received a request and so they were unable to say how much answering a request cost. A large manufacturing company reported it spent 7.5 person days and an additional 135 working hours – in total about €20,000 – on preparing for the right for pay requests; a financial institution said that preparing for the right for disclosure of pay information cost 156 person days; and a chemical company indicated that 10 to 15 person days were spent on the issue. The authors of the study conclude that fragmented large companies with various subsidies and plants but with a centralised accounting system have the biggest implementation problems. The lack of clarity and absence of definitions in the legislation were reported to affect the implementation negatively. The study found that the Bill did not sufficiently take account of the implementation costs for preparing the reply to the information request.

These difficulties in the roll-out phase and likely underestimation of required costs – at least for the first-time setup phase – triggered strong reactions from the employers' side. The German Confederation of Employer Associations (Bundesvereinigung der Arbeitgeverbände, BDA) criticised the government's assessment of the implementation costs and argued – with reference to the study by Stiftung Familienunternehmen (2018) – that the costs were underestimated. In its reaction to the first official evaluation<sup>43</sup>, the BDA argued strongly against any further modification of the law – as had been proposed by the evaluators – as this would entail further costs. In particular, it opposed the proposed introduction of mandatory auditing.

### Company pay reports

The German ex-ante cost estimates for the preparation of the company pay reports are somewhat higher per report than in other countries, at €844 (about 3.5 working days for a medium qualified employee). This estimate is based on the assumption that the required data are already available in the company. German companies covered by this law are either required to compile such a report every 5 or every 3 years – depending on whether they apply (or orient themselves on) a collective agreement or not. The expected annual costs at these frequencies are estimated to range between

---

<sup>42</sup> Subsidies to kindergartens or to rents are typically paid to attract high-skilled workers earning more than the rates set in collective agreements.

<sup>43</sup> See Bundesministerium (2019), part V. [Reactions of social partners, p.177].

€169 and €281 for a company with more than 500 employees. The majority of companies covered (93%) are believed to fall into the 5-year reporting requirement.

**Table 25: Example of ex-ante cost estimate for company reports, Germany**

Tasks	Time
Preparation of company pay report	3 working days
Quality control	4 hours
Publication online at Bundesanzeiger	3 minutes
	1.638 minutes in total per company report
Labour costs for an employee with medium qualification level	€30.90
<b>Total costs for preparation of one company report</b>	<b>€844</b>
Estimated number of companies required to prepare the report every 5 years	3,674
Estimated number of companies required to prepare the report every 3 years	276
<b>Total annual costs for all companies</b>	<b>€716,798</b>

*Source: Own compilation, based on Pay Transparency Bill, Bundestagsdrucksache 18/11133, p. 42.*

#### Findings from interviews

The German interviews need to be interpreted in the context of the implementation of the law being very recent. The interviewed companies had just recently gone through a planning and first implementation process, while some of the smaller companies hadn't received any request to date.

The interviews conducted for the purpose of this research partially confirm what has been found in relation to the higher-than-anticipated costs (for setup). But they suggest a more diverse picture, depending on whether companies are covered by a collective agreement and on the fragmentation of the remuneration schemes applied.

Preparing for the request for pay information is the most costly step, because the indicators have to be identified, and pay rolls or the accounting software have to be updated and configured to be able to find comparators and to calculate the remuneration of various components according to gender. The setup can be costly for companies which have not conducted a pay audit beforehand, in particular for groups and large companies with establishments with and without collective agreements, a high share of flexible and performance-related pay schemes, or jobs without predefined job descriptions. In these cases, developing an individualised IT accounting application is time-consuming.

There were lesser concerns on the right to request pay information voiced by smaller or public sector entities in Germany – who had either not received any requests to date and/or were covered by collective agreements, so overall were confident that the process to deal with them would be rather straightforward.

But other respondents reported that preparing for the pay requests took a reasonable amount of time due to their remuneration schemes and to the fact that they had to build upon their existing database and accounting software. Accounting software supporting the process would be appreciated. Most employers applying collective agreements did not have problems replying to request or did not expect to have any.

**Example of a large German IT company, accounting manager.**

The company decided to develop its own database tool on gross monthly pay, performance-related pay, allowances and supplements. It decided not to use an existing one because of its special internal, complex pay scheme. The company does not apply collective agreements. The pay scheme is set up to respond to the market of skills and to the company's product market and business performance. A standardised tool would not work, the company says.

'Internal IT experts spent about a year developing and implementing a special tool for responding to individual requests.' But the costs and resources involved cannot be quantified. The respondent complained about the working time spent on updating the tool – particularly so in the first months after the law came into force (January to April), for communicating with the works council in this regard and for communicating with the person who made the request. The working time spent cannot be easily quantified.

Since the tool has been in place, the process of analysing the data has been automated, and communication with the works council and responding to the employees have been made more efficient by bundling individual cases and answering several requests.

On the other hand, the preparation for pay requests is quick and easy in establishments and companies covered by collective wage agreements or pay schemes with regulated forms of remuneration and employment contracts with job descriptions, particularly in public administration.

For all others, awareness of the issue and terminologies and the available accounting software were decisive factors influencing the costs and the working time for preparing for the pay requests.

**Company practice examples of German companies adhering to the new pay transparency law**

**Example 1: Finance sector company, interview with a works council employee representative**

The company has more than 500 employees, and the interviewee is closely involved in forwarding and discussing requests.

The time spent on gathering information on pay data from comparable employees takes about one to two hours maximum because comparators are identified based on an internal classification system agreed upon by the HR department and the works council already before and independent from the enactment of the law.

The job classification scheme identifies 'job families' which gather jobs requiring comparable educational qualifications, ranges of responsibility and individual (soft) skill levels. The incurred costs cannot be precisely estimated but are said to be low because before the law came into force, the works council and the HR department agreed the process of responding to information requests and

the use of the job classification scheme. Answering the requests is said to be a routine procedure with rather low working time and costs involved. When the law came into force, both the HR department and the works council informed the workforce via the company intranet about the legislation. Concerning the time required to answer to an individual request, the respondent estimates about one to two hours. Furthermore, time is needed to discuss the results, as staff may question gaps. This is the more time-consuming part but meets the intention of the law.

**Example 2: Large German retailer, based on interview with HR manager**

The company differs from others in at least two aspects. First, finding comparators is particularly difficult because a substantial number of jobs have no job description but are seen as tasks leaving room for individual development. Second, the company applies an income scheme (*Einkommensordnung*) based on a collective agreement of the retail sector, but the classification and measuring of individual performance is self-assessed and debated in teams of up to ten workers in annual income circles (*Einkommensrunden*).

To prepare for the law, a team of three employees (from HR, IT and labour law department) decided that comparators would be identified either via the company's accounting software (in the case of jobs with job descriptions) or manually and based on the insights of the teams (in the case of jobs without job classifications). Preparing for the law took the team about three days.

The low number of requests is attributed to the company's culture of transparency and to the peculiarity of team-based income circles. The circles have the final say in raising the individual's remuneration.

**Example 3: Large German bank**

The concept of a database was developed inhouse based on the existing 'job profile clusters' previously developed by the HR department with a view to career and wage issues arising. The interviewee remarked, 'The job profile clusters are fundamental for our concept; it is the way how we can organisationally manage the data provision because in the clusters we already have the data we need'.

Costs and working time for writing the – typically very short – gender equality and pay report are low if companies are clear about the content of the Pay Transparency Act and on their strategies. Answers from interviewees regarding the time and costs associated with preparing the report for the first time showed a wide range of experiences. Three respondents found the process very quick and effortless; 'not much', according to two interviewees, because the text is similar to what is written in the annual social report. 'Approximately one hour', according to a third.

One further HR management respondent, however, said the compilation took her 'very long' and occupied her over several months (meetings with HR staff from other large corporations and with HR staff of the company) because definitions and requirements were perceived as unclear and first needed clarification. The Act, she said, was 'poorly made' and 'not precise enough'. The respondent invested much time and effort into the measure because she wanted to avoid any risk of misinterpretation and non-compliance. On repetition, however, she expects to spend considerably less time and effort.

Overall, as the pay reports typically have a length of 500 to 600 words, effort and time put into writing these reports can be estimated as low.

For a limited number of companies, the (voluntary) implementation of pay evaluation tools was subsidised by the national authorities (based on the European Social Fund (ESF)), which paid for external consultation and awarded employers with a certificate. Apart from that, employers may choose between a growing number of pay evaluation instruments. The costs and working time involved for the employer depend on the preparation and the conditions on the part of the company. In the interviews, it was said that, on the one hand, the meetings were needed for clarifying the terminology and the process but, on the other hand, time-consuming.

Most German respondents said that they had not conducted a (voluntary) pay audit or were not aware of this possibility or of any available tools to support the process.

Two interviews were held with works council members concerning the right to obtain information. According to one interviewee, there are no relevant costs because either the works council members or HR management respond by providing information according to the public sector agreement. According to the other respondent, the incurred costs cannot be precisely estimated but are low because before the law came into force, the works council and the HR department agreed the process of responding to information requests and the use of the job classification scheme. Answering the requests is a routine procedure, with rather low time demands and costs. When the law came into force, both the HR department and the works council informed the workforce via Intranet about the legislation.

#### Italy – pay reports

For Italy, no ex-ante studies including estimated costs of the measure were identified.

#### Findings from interviews

Most Italian management respondents could provide concrete cost estimates. These range from €760 to €9,000 for the first-time compilation and from €380 to €9,500 on repetition. The costs relate to the preparation of the full reports, which go beyond pay issues.

**Table 26: Reported estimates by Italian companies concerning costs of pay reports**

	Size	Answer	Total first-time compilation	Total on repetition
IT1	>250	2 working days for two employees (4 working days in total) at an average gross hourly salary of €23.70. Total estimate: €760. This includes 1. collecting information (which is an automatic process); 2. data check by an external consultant (1 hour of work); 3. salary analysis (half a day of work); 4. compiling the form and submitting the documentation.	4 days working days: €760	2 working days: €380
IT2	>10,000	'30 working days for employee every two years; so, on average, a person takes 2.5 days a month to complete all the tables required. About €9,000 in terms of economic resources.'	30 working days: €9,000	30 working days: €9,500
IT3	>1,000	The report is compiled by five employees belonging to HR function. Three weeks of work. About 8 hours of work per person. 'It's very difficult to disaggregate costs and hours of work for each of the	€2,690	€2,690



## Measures to promote gender pay transparency in companies

		stages.' Estimate of €538 per each of the five employees. On repetition: five employees. From 6 to 8 hours per employee, 3-4 weeks.		
<b>IT4</b>	>50	24 hours: €720; 16 hours: €480; 8 hours: €240	€1,440	-
<b>IT5</b>	>10,000	'We receive an official request. Then, we conduct analyses, collect data, and respond to the survey. We send it to the Adviser on Gender and Social Equity for feedback. I cannot estimate how much it costs, and how long it takes to fill it in.'	-	-
<b>IT10</b>	>1,000	One employee supported by trainees to collect specific data. 72 hours for the first compilation, 36 hours upon repetition.	€1,426	€713, 3 hours only for salaries (€60)

*Note: The scope of the Italian reports is broader and includes other areas beyond pay. The costs shown relate to the entire reports, if not indicated otherwise.*

*Source: Interviews with six Italian management representatives*

The interviewed Italian employee representatives, while not so closely involved in the process of compilation, were also asked about costs and whether management complained about administration costs on a recurring basis.

*It's not my field of competence, but I know it's all digitalised. The process seems pretty easy. Our department is excellent.*

*Two or three days working days because there is no involvement of the social partners, neither on discussion of the results, nor in designing and implementing corrective measures.*

*Do not know! I am not involved in the activity, so it is really difficult for me to answer. As far as I can tell, it takes up very little time. It's a click.*

*Very little, because it is an automatic process.*

### Lithuania – pay reports

For Lithuania no ex-ante studies including estimated costs of the measure were identified. As the pay reporting requirement is relatively new, the interviewed companies had carried out the pay reports three times at most.

#### Findings from interviews

In the four Lithuanian cases based on management interviews, all companies were large, had invested in pay schemes before the gender pay reporting obligation came into force and are carrying out regular analysis or monitoring of their pay schemes. None of them could provide estimates on the costs of the gender pay reporting.

One HR specialist of a large insurance sector company, who is responsible for the pay scheme, stressed that the company had implemented a pay scheme since 2004, which it had improved on an ongoing basis. Every year, external consultants are hired at an annual cost of €4,000 to carry out a pay market analysis. As the scheme had already been introduced, the actual cost associated with generating the gender pay transparency report was 'zero'. Another large company operating in the banking sector applies a pay scheme and policy of their (foreign) parent company and reviews and improves the policy on a permanent basis. Three times per year the company performs a 'gap analysis', which could be regarded as pay audit. The third management representative, from a company in the IT and telecommunications sector, could also not put a figure on estimated costs, but said the company is constantly improving its pay reporting system to make technical analysis of wages easier so that this takes less time. The company has agreed with unions in a collective agreement that anonymised data on the average remuneration of employees by occupational group and gender is provided and updated at least once per year. The company is fulfilling this obligation proactively.

More concrete figures were obtained from the fourth company (a large manufacturing sector company), which carries out a wage audit every year to assess the salaries of male and female employees performing the same or similar jobs. This audit is based on a comparison and analysis of salary information. Data is obtained from a specially designed global database, and additional reports can be ordered if required. The analysis requires about 2-3 days. Based on the analysis, a presentation is prepared for the team of company managers, where, if necessary, appropriate corrective actions are planned, which requires approximately two hours. The results of the audit and the agreed actions are communicated to the organisation. This communication takes approximately one hour.

The first employee representative interviewed estimated that the company needs approximately four hours per year for the compilation of the report. She spends approximately one hour per year on analysing the report. If needed, but not less than once per year, the partners meet to discuss pay-related issues. The employee representative of the second company reported that the review of pay was a continuous and consistent process throughout the year, as the company has a salary expert position, and this staff member is constantly involved in solving issues. This requires a lot of analytical work and preventive action, as salaries are constantly changing.

### Luxembourg – pay reports

In Luxembourg, no ex-ante cost estimates were made ahead of the legislation and no ex-post evaluation is available. Only three companies that had produced a pay report were identified and interviewed for this study. Among the other six companies contacted, none had compiled a pay report: some were not aware of the law on gender pay reporting, while others referred to the existence of pay grids or stated that their salary policy was anyway based on transparency, so they believed the reporting was not necessary.

*It is impossible for small companies to set up a semi-annual report about salaries, training and promotion by gender (CEO, investment company, >50 employees).*

While the sample in this study is very small and by no means a representative survey of the prevalence of such reports, the difficulty faced by the correspondent in locating companies which had compiled a gender pay report and informed the staff delegation (and which were willing to be interviewed) is at least indicative that there might be a certain degree of non-compliance. In addition, the Ministry of Gender Equality, which was contacted for this study, did not have any figures on compliance with the law. Two further interviews with peak-level trade union representatives (who in principle have no role in the matter but can intervene at the request of employees or their representatives), suggest that compliance may be limited: '[The reports are] not applied in some companies. That is often impossible due to the time necessary and the cost' and they are 'too much work for small companies'.

Among the three companies that compiled reports, one management representative was able to estimate the resource requirements, which were largely in line with those obtained from countries with similar reporting requirements. He estimated an average of 16 hours 'to make a good report', at €2,000 for the first-time compilation and half of the time upon repetition (8 hours, €1,000). In this company, four members of staff are involved in the compilation. In the second company, 11 members of staff - including heads of department, the accounts department and HR management - are involved in doing a company audit, salary assessment, and drafting a salary report and proposal and a positive action plan. The interviewee from the third company was a gender equality representative who – while not being involved in the compilation of the report herself - estimated that 'it should not be such a burden as the data are all there and should be easy to analyse' and that the costs associated with the compilation were not a recurring issue for management.

### Sweden – pay audits

The Swedish government commissioned a study from the Swedish Agency for Public Management in 2011 on the 2009 principles for active measures in the Swedish Discrimination Act. The survey included 220 employers and 17 educational coordinators. The aim was to both investigate whether these principles impacted employers' and educational coordinators' equality work and to investigate the costs the active measures generated. The results showed that the estimated costs for employers to operate 'active measures'<sup>44</sup> was SEK 800 (€80) per year and per employee. Estimates vary widely and are not definitive. According to the employers in the study, it cost SEK 17 (€ 1.60) annually to conduct a pay audit per employee (section 10).

#### Findings from interviews

Swedish respondents equally found it difficult to make quantitative estimates on the costs associated with the gender pay auditing. Also, their first experiences with pay auditing date back some time. Two respondents, however, remembered that initially it took them a considerable amount of time ('about 8 months', 'a couple of months') to understand the requirements.

For the annual repetition of the audit, there was a range of replies. On the one hand, there was 'since the process is digitalised, it only takes a second' and the process is 'very smooth and takes about half a day to finish'. On the other, two other respondents reported that the process overall takes longer: 'about one week for each of the two HR persons, from start to finish' and 'between two to three months from start to finish.' But there was no reference to the actual working time required.

Two other respondents (representing companies with 450 and 45 employees, respectively) estimated the process to take about five working days in total on repetition. The respondent from the smaller company considered this 'inexpensive' and said that it does not entail a lot of work once a standard for how to compile the audit has been set. When compiling the audit for the first time, the costs were significantly higher, but this seems to be related to administrative factors, as the company is new (founded in 2011), and when the pay audit was compiled for the first time, administrative issues (such as the lack of employment contracts in the case of some employees) contributed to the workload. The larger company in contrast had hired a consultant when compiling the first audit, at a cost of about €4,400 to do the extensive groundwork on constructing the employment categories according to detailed characteristics. This was considered as beneficial, to ensure that the employees belonged to a similar category based on objective grounds.

The largest estimated cost requirement was reported by a salary administrator working for a retail company with around 600 employees. According to her, the compilation of the audit for the first time involved salary expenses for 200 working hours, as it took much time to reach consensus with the union representatives on how the pay audit should be compiled. The salary administrator spent a whole month on constructing the framework for the pay audit. On repetition, salary expenses for 10 working days annually are recorded.

---

<sup>44</sup> The largest expenditure item among the active measures was equality training, in accordance with Chapter 3, section 8 of the Discrimination Act, which is estimated to cost about SEK 170 (€17) per employee annually. Other large expenditure items were: preventing harassment (section 6), enabling cooperation between trade unions and employer organisation (section 1), and employers endeavouring to enable employees combine work and parenting (section 5), which cost almost as much as equality training. Other costs associated with the requirements in Chapter 3 of the Discrimination Act were estimated to annually amount to about SEK 130 (€12.20).

The Swedish employee representatives interviewed were mixed in their assessment of the cost or administrative burden. One local trade unionist described the process as ‘quick’, because a standard template was used. Another employee representative said that while no cost estimate is available, the pay audit requires a lot of work. This company’s HR department has needed to recruit a consultant to deal with the basic features of the pay audit. The respondent argues that this company is financially stable, but smaller and less stable companies could find it tougher to deal with the costs associated with the pay audits.

Equally, three local union representatives in a group interview suggested that consultant costs may be expensive in the start-up phase. However, when the company has learnt how to conduct the audits, the administrative burden is likely to be low. When asked about whether the administrative costs associated with the audit was a recurring issue for management, they said that the company has proudly invested in consultants to establish the internal pay audit system. However, the employee representative body believes that the company administration is anxious about increased costs if it needs to act upon cases of unequal pay that potentially might be revealed in future pay audits. This is, according to the employee representation, a reason why the company administration does not want the pay audit process to be completely transparent.

#### United Kingdom – pay reports

The UK government carried out an impact assessment prior to the introduction of the legal reporting requirement (UK Government Equalities Office, 2015). The assessment was done on the basis of in-depth interviews with 25 employers, detailed written consultation responses (700 in the first consultation and 150 in the second), follow-up interviews with responding organisations and roundtable discussions with relevant stakeholders (e.g. HR personnel, gender pay gap experts, think tanks, academics, trade unions, women’s equality charities, payroll organisations).

**Table 27: Example of ex-ante cost estimate for company reports: United Kingdom**

	Required time (in minutes)	Function group in company	Hourly costs*	Total costs
<b>One-off familiarisation costs – understanding the legal requirements and how it impacts the organisation. What information they are required to publish, the frequency of publication, deadlines and where to publish. Estimated familiarisation time ...</b>				
... to produce mean and median gender pay gap figures	120	Two HR professionals, one hour each	£30.43 (€36)	£60.90 (€72)
... to produce gender bonus gap figures	90	Two HR professionals, 45 minutes each	£30.43 (€36)	£45.60 (€54)
... to produce a table with the breakdowns into quartiles	30	Two HR professionals, 15 minutes each	£30.43 (€36)	£15.20 (€18)
<b>Total familiarisation costs per company</b>				<b>£121.70 (€144)</b>
<b>Training costs</b>				
... to produce gender bonus gap figures**	240	Two HR professionals, two hours each	£30.43 (€36)	<b>£121.70 (€144)</b>

## Measures to promote gender pay transparency in companies

**Software costs: 0.** This is based on the observation that 99% of companies use payroll software. The required calculations can be done in a spreadsheet, such as MS Excel, freely available Google spreadsheets or an EU funded online software is also available free of charge.

Annual recalculation of figures				
Compilation of data, calculation of figures and quality control	660	Two HR professionals, 5.5 hours each (2.25 hours for GPG and GBG respectively, 1 hour for quartile breakdowns).	£30.43 (€36)	<b>£334.73 (€396)</b>
Publication costs				
Prepare the data in suitable format for publication, liaise with senior member for sign-off	180	One HR professional	£30.43 (€36)	£91.30 (€108)
Sign-off by chief executive, including discussion	60	Chief executive	£50.88 (€60)	£50.88 (€60)
Publish results on own website	15	IT and telecommunication professional	£26.60 (€31)	£6.65 (€8)
<b>Total annually recurring costs (recalculation and publication)</b>				
Annual costs per company				<b>£484 (€573)</b>
Total annual costs for all employers in the scope of the regulation		7,960 private and voluntary sector employers		<b>£3,849,404 (€4.55 million)</b>

*\*Hourly costs are based on the pay figures from the ASHE survey, uplifted in each case by 30% to account for total labour costs incurred by the employer.*

*\*\*Production of the gender pay gap figures and of the table with breakdowns into quartiles is assumed to require no further training, as this was included already in the familiarisation time.*

*Source: Own compilation, based on UK Government Equalities Office (2015), pp. 21-22.*

### Findings from interviews

For the UK, only two interviews could be sourced. In both cases, the costs exceeded the ex-ante estimate. In the case of the first entity, approximately £3,210 (€3,770 approx.) of direct costs and two to three weeks were spent when preparing the report for the first time. The institution took the compilation very seriously: nearly half of the direct costs (£1,500, or €1,760 approx.) were associated with attending conferences, and £420 (€490 approx.) were spent on the outsourced compilation of the report. A large number of staff from different areas were involved, including a dedicated 'pay action group' with 12 members. Reportedly, they went beyond the legal requirements and also implemented wider gender equality measures. Upon repetition, the institution expects that costs will go down significantly: £420 (€490 approx.) for the outsourced design of the report and 10 working days in total.

The second company reported that two HR personnel each spent one full week on the task. For the first reporting, an employment lawyer was enlisted to help analysing the outstanding cases. The cost was £500 (€590 approx.).

From the interview, however, the cost was never regarded as an issue. It was calculated when prompted to quantify the time and resources dedicated to the tasks but would otherwise be considered part of the usual annual pay review. Generating the data was not problematic either. What was perhaps more time consuming was the analysis of those data. Seniority, age, timing and frequencies of promotions and staff qualifications were amongst the variables checked during the analysis of the data. In the case of the private sector organisation interviewed, what is referred in government estimates as 'training', coincided with the costs of consultancy with their employment lawyer about how to report the data and how to justify possible gaps.

## Role of software, standardisation and centralisation

The role of software as an important factor to implement the measures in a cost-efficient way was mentioned in several interviews with companies or other actors.

In some countries, governments or other actors sought to provide standard tools, for example by liaising with payroll providers (France, attempts in Germany), by developing templates (Belgium, Luxembourg) or by even centralising the data generation process (Denmark by Statistics Denmark and the two main employer organisations, but also envisaged in Estonia by the labour inspectorate). The Italian government has supported the submission and analysis of the reports by establishing an online database into which companies are required to upload their reports.

In many other cases, the companies themselves adapted their payroll software, either with the help of external consultants (or software providers), or inhouse with support from IT departments. A good example of a company initiative was reported by a large German car manufacturer, which devised an internal dashboard that all employees can access to compare their pay to the median of others (see box below).

In Estonia, the consensus is that any new obligations on employers should increase their administrative burden as little as possible. During the initial consultations regarding the new system, the main issue for employers was that this reporting obligation would increase the administrative burden. Therefore, it was decided that as the state already collects a lot of information from companies, it would be reasonable to use the data stored in registries. For example, as of 2014, all workers must be registered in the national employment register, which includes information about gender, position and workload. Other registries provide information about wages. This allows the labour inspectorate to perform automated initial checks and discover potential discrimination cases and save companies from additional administrative tasks.

A French manager interviewed in this study stressed that the work to establish the required information on wage equality and to prepare the Gender Equality Index are highly dependent on the quality of the pay and human resources information systems. If the software is updated and works well, then the process is 'not a big deal'. However, in companies where it is not updated or is weak, the tasks will be very time consuming and costly.

On the German market, there is currently no standardised software supporting employers in responding to a request. There might have been expectations that SAP, as a leading provider of

accounting software, would develop an accounting application for gender-balanced accounting. But in an interview conducted in the context of this research, SAP indicated that the company will not do so because solutions would need to be highly individualised and that SAP, together with other listed corporations, is in strong opposition to the pay transparency legislation. In contrast, Klör (2018) and Nielinger (2018) argue that software solutions supporting employers in responding to pay requests can be developed relatively easily based on a HR standard solution developed and provided by them together with German company Noventum. The HR solution was piloted in a corporation with 50,000 employees.

The German government (BMFSFJ) funded a guide for finding tools and consultants in support of the Act - run by the Hamburg-based Fair Pay Innovation Lab - which identified the Icelandic company PayAnalytics as a provider of IT software supporting employers in answering pay requests and conducting pay audits. PayAnalytics was approached in the context of this research and said that it does not yet operate on the German market.

In Italy, prior to 2016, the 'personnel report' was submitted on paper. At that time, Regional Equality Councillors were obliged to hire external consultants for data processing and data analysis, as the complexity of the data format did not allow an immediate interpretation of information. But not all Equality Councillors had the required resources to conduct the analysis and in many cases data remained unused. In other cases, wide variations in the quality of reports were found. In 2016, to make the results from the reports consultable and comparable, the ability to upload information to a web platform was implemented, but the first tool implemented was too complicated. It was improved in 2018 by the Ministry of Labour and Social Policies. The tool content was revised by adapting the format to developments in the area of work contracts (they were changed by the Jobs Act in 2013). The IT platform, which is managed by the ministry at national level, gives companies direct access for data entry and was made available for direct access also to Regional Equality Councillors to collect and process data. In addition to receiving corporate data, the platform is integrated with data that the administration already has (e.g. mandatory communications) and requires internal consistency between the data entered.

**Box: Company example from a large German car manufacturer – An internal dashboard to respond to the right to request information**

The company's concept is based on an online information dashboard which allows comparison of individual remuneration (including bonuses) with the mean remuneration of a peer group of the opposite sex (based on the collectively agreed pay levels and additional information). Employees do not submit a request but look up the information themselves. The data is updated on an annual basis. The procedure is regulated under a works agreement concluded with the company works council.

*When we knew we were facing the new pay transparency legislation we (compensation department, labour law expert, IT Service) first met with external consultant agencies for debating how to react. But these consultant agencies also did not know precisely what to do and told us to wait and see what precisely comes out of the legislation. Also, other companies did not know how to react. So, at some point we thought: Oh, this legislation will really cause us a lot of efforts and costs, so we better do it ourselves and get going without the consultants. We ourselves came up with the idea of the dashboard. We have more than 100,000 employees, how could we ever manage to respond to*

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.



*individual requests? But we can provide information the employees can look up themselves. The works council did not play a role in the concept development process. Overall, the whole process of debating the legislation and developing the concept was a lot of effort. I would say we worked on the concept for about six to nine months but for the sake of a running system that does not cause us any problems.*

The interviewee believes that the dashboard is well received and will continue to be used in future.

*Source: Interview with the Head of the Compensation department*

## Costs of support measures

Next to the costs associated with the actual implementation of the pay transparency instruments, there are the additional costs of support measures, which are not strictly required in the sense of the regulation, but which aim at supporting the process and ultimately benefit its implementation.

These measures are devised by governments, governmental institutions (e.g. Ombudsman, equality offices) or they are offered by the social partners to their members. The measures typically include guides or information webpages and the organisation of seminars for the actors involved in the various steps of the pay transparency process, most commonly HR personnel or trade union representatives.

Correspondents were asked to obtain information from governments, social partners and other relevant bodies on which measures they had implemented and how much these had cost in monetary terms and human resources. While most correspondents could relatively easily identify the main type of measures (there are likely to be more), it was almost impossible for them to find information on the associated resource requirements. Several explanations for the lack of such information were provided in the interviews:

- The pay transparency measures are part of a wider set of equality measures. There might be budgets related to equality issues, but if they exist, they are not broken down to the pay equality level.
- Equality issues including pay transparency are part of the core business of the organisations anyway (with varying degrees of importance) – alongside other work-related tasks. Working time and associated budgets are not monitored so closely, or it would have been very difficult for the organisations to retrospectively search for and provide such figures.
- Where the support measures relate to individual cases (e.g. seeking advice from social partners), there are usually no separate statistics kept on how many cases this concerns.
- The interviews took place mainly with peak-level social partners. There might be further activities of sectoral organisations.
- Respondents were not in a position to share internal data on costs externally.
- Retrieving such information for the purpose of this study would have been too cumbersome – respondents are under time pressure.

Table 28: Overview of support measures

Country	Measure	Measure implemented/costs borne by
Austria	A <b>practical guide</b> was developed as guidance for companies to support them with the compilation of the company pay reports, but also for works council representatives (it was also used in works council training sessions). According to the ministry representative interviewed, the fact that the guide is prepared for and used by both the management and works council is extraordinary by international standards.	Austrian government, in cooperation with the ÖGB and AK.
	In 2011/12, <b>seminars</b> were held to support companies with the preparation of the company pay reports.	Government (one-off)
	<b>Training</b> for works council representatives	ÖGB
	<b>Online survey</b> of works council representatives. Costs unknown, no specific additional budget allocated. Free survey software was used, and the analysis was carried out in-house.	ÖGB and AK
	<b>Evaluation study 2014/15 (one-off)</b> . A further evaluation was planned in the last federal government's programme, but not conducted due to the premature dissolution of the coalition. Costs: €102.000	Government (one-off)
	<b>Toolbox company pay reports 2017 (AFMHW 2017)</b> . This interactive PDF was developed with partners within the project entitled 'Fair Wage ('Fairer Lohn', <a href="http://www.fairer-lohn.gv.at/">http://www.fairer-lohn.gv.at/</a> ), which ran for about one year (December 2016 - October 2017). Only personnel costs of participating organisations, which brought in their expertise.	Government, in cooperation with the ÖGB Women's Department, the AK and the Ombud for Equal Treatment (Gleichbehandlungsanwaltschaft)
Belgium	<b>Included in general training and development of employee representatives on economic and financial topics</b> Trade union representatives receive information on this matter (the different instruments, dates, possible actions, etc.) but this information is embedded in the general training programmes given to new activists (economic and financial aspects). Follow up-training is also provided for experienced workers' representatives, in which these aspects are elements of the topics discussed.	Organisational cost born by the trade union, wage cost by the company
	<b>Tool for trade union representatives to analyse social balance sheet data</b>	Trade union ACV

Measures to promote gender pay transparency in companies

Country	Measure	Measure implemented/costs borne by
	Four years ago, the ACV developed a separate tool for representatives in which they could enter the social balance sheet data and in which the wage gap was subsequently calculated. This tool is felt to be a very useful tool for consultation at company level.	
Denmark	<b>Online guide</b> A detailed guide describing the requirements for public and private companies. The guide was published in 2007, just after the law was first adopted. The guide is an additional measure to support the effective implementation of the law and is available online at the homepage of the Ministry of Employment.	Ministry of Employment
	<b>Free guidance and support for companies concerning the equal pay reports</b> Employers: every year, around 1-4 days of work for 20-30 employees.	Ministry of Employment. Private sector employer organisations: DA and FA for their members.
	<b>Automatic retrieval of data for companies</b> See chapter on 'basic costs', section on costs for national administrations and costs for other actors	Statistics Denmark,; DA and FA for their members.
Finland	<b>Training of local trade union representatives</b>	Sectoral trade unions
	<b>Training the trade unions' trainers</b> At least one peak-level organisation, STTK, offers courses that focus on pay transparency issues once per year. According to STTK, they also discuss these issues 3-4 times per year when trade unions' trainers gather.	The peak-level organisations often have a responsibility for supporting the sectoral trade unions.
	<b>Legal support for local trade union representatives and members on issues related to the right to pay information</b> In many cases, individual members of trade unions who decide to take a pay discrimination issue to court can receive legal assistance during the process. These members can use services provided by the trade union lawyers, either free of charge or for a discounted price. In some cases, the trade union pays also for other legal expenses.	Sector-specific unions predominantly. However, in particularly complicated cases or important cases of suspected pay discrimination, the peak-level organisations can step in and help the sectoral trade unions. But it is usually lawyers of sector-specific trade unions that provide legal help on issues related to the right to pay information.
	<b>Joint 'checklist' for pay auditing in 2015, updated in 2018</b>	Peak-level organisations on both sides of industry.

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

Country	Measure	Measure implemented/costs borne by
	<p>This is a guide for both employers and trade union representatives/other employee representatives that illustrates which aspects should be taken into consideration when creating an equality plan and conducting a pay audit.</p>	
	<p><b>Legal support for employers accused of pay discrimination</b></p> <p>When a pay discrimination issue is taken to court, employers can receive legal assistance during the process. This enables them to use services provided by employer organisation lawyers, either free of charge or for a discounted price.</p>	<p><b>Employer organisations</b></p>
<p><b>France</b></p>	<p><b>Online simulator for Gender Equality Index</b></p> <p>The online simulator allows companies to quickly and easily calculate their index. They have to enter the data relating to employees, promotions and remuneration to automatically obtain the result of each of the indicators and the global index. The online simulator, <a href="http://Index-egapro.travail.gouv.fr">Index-egapro.travail.gouv.fr</a>, is visited about 600 times per day.</p>	<p>Ministry of Labour</p>
	<p><b>Memo with questions and answers</b> to answer employers' questions on how to solve possible application difficulties (in <a href="#">PDF form</a>).</p>	<p>Ministry of Labour</p>
	<p><b>Equal Pay for Women and Men representatives</b> in all regions or departments (<a href="#">more than 120 in total</a>) have been appointed to assist companies in the event of difficulties in calculating the Gender Equality Index or in defining corrective measures in the event of an index below 75 points.</p>	<p>Ministry of Labour</p>
	<p><b>Cooperation with payroll publishers</b> has been initiated to integrate the calculation of the index into their products and software.</p>	<p>Ministry of Labour</p>
	<p><b>Specific measures for SMEs</b></p> <p>Support measures for the around 29,000 companies with 50 to 249 employees that have to calculate and publish their Gender Equality Index on 1 March 2020:</p> <ol style="list-style-type: none"> <li>1. Some 20 heads of SMEs are appointed 'ambassadors for professional equality' to promote professional equality to their peers throughout France and to disseminate good practices.</li> </ol>	<p>Ministry of Labour</p>

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

Country	Measure	Measure implemented/costs borne by
	<p>2. Advisory support was set up, in the form of collective workshops on the calculation of the index and on the implementation of corrective measures (November 2019).</p> <p>3. A telephone hotline has been opened to help companies that encounter difficulties in their calculation (January 2020).</p>	
France	<p><b>Leaflet on wage equality and leaflet on the Gender Equality Index</b></p> <p>4,000 issues each, published in 2018; €2,200 (wage equality); € 2,200 (Gender Equality Index)</p>	Trade union confederation Force Ouvrière
	<p><b>Handbook on gender equality and handbook on the new Gender Index Equality</b></p> <p>5,000 handbooks each, published in 2018/2019; €6,500 per handbook</p>	Trade union confederation Force Ouvrière
	<p><b>Annual training on gender equality</b></p> <p>No information on costs. The training is free of charge for the trade union and organised by the institute which receives funding from the Ministry of Labour for that purpose.</p>	Trade union institute of the University of Strasbourg for trade unionists of the Trade union confederation Force Ouvrière.
	<p><b>Meeting of the Gender Equality Referents</b></p> <p>Trade unionists specialised on this issue (on a departmental and local level), organised by the confederation Force Ouvrière twice a year at the headquarters in Paris. No detailed budget, but about 50 trade unionists participate in the meeting in Paris (budget is around €300 per participant; €15,000 in total).</p>	Trade union confederation Force Ouvrière
	<p><b>Training/action in the region Rhône Alpes to increase the number of negotiations on equal pay at company level</b></p> <p>€70,000</p>	The trade union confederation Force Ouvrière. This programme is partially funded by the ESF.
Germany	<p><b>Guidelines, brochures and flyers</b> on pay equality and on the Pay Transparency Act and its implementation for workers and for employers, on the ministry's website.</p> <p>Government prepared various guidelines for companies and employee representatives, as listed in the references: Bundesministerium für Familie, Senioren, Frauen und Jugend (2017a, 2017b, 2017c, 2018, 2019)</p> <p>Publishing information is a ministry task; costs are covered by the ministry's budget; no extraordinary costs.</p>	BMFSFJ

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

Country	Measure	Measure implemented/costs borne by
	<p><b>Promotion of pay evaluation tools since 2010</b></p> <p>Logib-D (since 2010)</p> <p>Eg-check (since 2013)</p> <p>Monitor Entgelttransparenz (since 2018)</p>	BMFSFJ
	<p><b>Development of Monitor Entgelttransparenz based on Logib-D, subcontracted</b></p>	BMFSSJ
	<p><b>Financial support to a selected number of companies implementing Logib-D or eg-check, certification of these companies</b></p>	Federal Anti-Discrimination Agency; ESF involved
	<p><b>Developing an online guide to aid companies find tools and consultant agencies to support them in implementing pay transparency measures, subcontracted</b></p>	BMFSSJ
	<p><b>Promoting the Pay Transparency Act to their members and training worker representatives on the Act</b></p> <p>Typical measures have been the provision of flyers (downloadable), of information material and – in particular - workshops for worker representatives. Because of the works council’s strong role in responding requests for pay information, this issue has been at the centre of trade unions’ activities. For example, IG Metall conducted at least 20 seminars on the issue and published guidelines.</p>	German Confederation of Trade Unions (Deutscher Gewerkschaftsbund, DGB) as well as its affiliates (based on information from IG Metall, verdi, IG BCE)
	<p><b>Promotion or provision of tools for pay auditing</b></p> <p>DGB affiliates promote use of the tool ‘eg-check’ for evaluating the remuneration schemes (through online information and in seminars for worker representatives); IG Metall also developed an evaluation tool</p>	Trade unions affiliated to DGB
<b>Italy</b>	<p><b>Online database for submitting the reports</b></p> <p>Before 2016, the personnel report was submitted on paper. In order to facilitate the analysis of the reports and increase the comparability, the option of uploading information to a web platform was implemented in 2016 and further adapted in 2018. Companies have direct access for data entry, and Regional Equality Councillors have been given direct access to collect and process data.</p>	The system is hosted by the Ministry of Labour and Social Policies. Regional Equality Councillors have access to the system. During 2018, meetings between Regional Councillors and the ministry were organised by the National Equality Councillor to facilitate implementation of the system.

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

Country	Measure	Measure implemented/costs borne by
Lithuania	<p><b>Online portal and guide for employers</b></p> <p>A portal aimed to encourage companies and organisations to commit to equal opportunities in the work environment: <a href="http://www.lygybesplanai.lt/darbo-uzmokestis/">http://www.lygybesplanai.lt/darbo-uzmokestis/</a></p>	The Equal Opportunities Ombudsperson together with NGOs
	<p><b>Action Plan 2018-2021 for the Implementation of the National Programme on Equal Opportunities for Women and Men 2015–2021</b></p> <p>The actions plan includes the following measures (among many others) related to equal pay and pay transparency:</p> <ol style="list-style-type: none"> <li>1. To carry out surveys on the income gap between women and men and disseminate the outcome of their results;</li> <li>2. To prepare presentations on the wage system to the social partners in the regions;</li> <li>3. To organise information seminars for target groups (social partners, media, policymakers) on gender pay, income and pension inequalities and their causes;</li> <li>5. To organise an information campaign on the gender pay gap (Equal Pay Day events, videos);</li> <li>6. To prepare and present a practical guide to gender equality planning in enterprises and institutions for the heads of private and public enterprises;</li> <li>7. To organise training on the implementation of gender equality planning measures in the workplace for the heads of private and/or public enterprises;</li> <li>8. To carry out annual thematic inspections, including pay audits, taking into account the Commission recommendation of 2014 on strengthening the principle of equal pay between men and women through transparency, and to present the results to the Tripartite Council of the Republic of Lithuania and the Commission;</li> </ol>	Approved by Order No A1-331 of the Minister for Social Security and Labour of the Republic of Lithuania of 27 June 2018.

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

Country	Measure	Measure implemented/costs borne by
	<p>9. To include in the seminars held by the labour inspectorate units in the field of labour relations issues related to the application of the Law on Equal Opportunities provisions on equal opportunities for women and men at work, in particular on equal pay for equal work or work of equal value.</p> <p><b>Project aimed at reducing the gender pay gap</b></p> <p>The project is aimed at informing the public about the impact of differences in pay and pensions between women and men on their daily life. It aims to promote the use of the Practical Guidelines of Reduction of the Difference in Income; to include gender pay disparities and the insufficient application of the principle of equal pay on the political agenda; and to promote the good practices of the project and its results at EU level.</p> <p><b>Promoting corporate social responsibility</b> since 2004, which includes 'fair salary, transparency, sustainability, equality, diversity'. Each year the IF awards the title Most Responsible Company of the Year. According to IF, their employees 'attend training on equality at work and share the know-how with the companies of association' Also, IF collaborates with various institutions and initiatives, e.g. the Diversity Charter, Equal Opportunity Wings.</p>	<p>The Ministry of Social Security and Labour of the Republic of Lithuania, the Mykolas Romeris University and Association of Women's Information Centres. The project is co-funded by the European Commission and the Lithuanian Government.</p> <p>Investors' Forum (IF)</p>
<p><b>Luxembourg</b></p>	<p><b>Positive Actions Programme to support gender equality at work</b></p> <p>Within this framework, the ministry supports companies and certifies their voluntary steps to ensure real equality. The action programme is based on three priority themes:</p> <ol style="list-style-type: none"> <li>1. Equal treatment (recruitment; training and qualification; remuneration; corporate culture; harassment)</li> <li>2. Equality in decision-making (vocational training and promotion; equal participation in decision-making)</li> <li>3. Equality in the reconciliation of professional and private life (work organisation; professional reintegration; reconciliation of a managerial function and private life).</li> </ol> <p>These actions are accompanied by communication and support measures for private companies, but also for the public sector.</p>	<p>Ministry for Equal Opportunities (formerly Ministry of Gender Equality)</p>
	<p><b>Online tool Logib-Lux56</b></p>	<p>Ministry of Equal Opportunities</p>

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.



Measures to promote gender pay transparency in companies

Country	Measure	Measure implemented/costs borne by
	An online tool for companies which want to analyse their situation regarding equal pay. The Logib-Lux56 is a calculator based on Excel, which allows identification of the causes of disparities in the remuneration of men and women in a company.	
Portugal	<b>Increasing the intervention capacity</b> An increased state budget provides for an improvement in the capacity of the ACT and the CITE to intervene, which will boost support from national administrations.	Government
	<b>Equal Pay Management system</b> The project Equality Platform and Standard includes, among its aims, the drafting of the Portuguese reference document for an equal pay management system. This document will draw on the Icelandic <i>Norm ÍST 85:2012 - Equal wage management system - Requirements and guidance</i> . This project is led by the CITE, in partnership with GEP/MTSSS, IPQ (Instituto Português da Qualidade), LDO (the Equality and Anti-discrimination Ombud, and Directorate of Equality (in Icelandic Jafnrettisstofa). It has been in operation since 15 October 2019.	EEA Grants 2014-2021
Sweden	<b>Educational support for elected representatives in office</b>	Trade unions
	<b>Digital support</b>	Trade unions
	<b>Individual consulting</b> , which the social partners do if they have received a request from a member.	Trade unions and employer organisations, individually for their respective members
	<b>Joint trade union/employer cooperation</b> A joint group of trade unions and employer organisations has published a report with the aim of gathering information, routines and other kinds of guidance to enable employers and local trade union representatives to promote equality at the workplace. The report is therefore an instrument for employers and local trade unions to use in fulfilling the government's requirement for employers to work on active measures (Akademikerna SSR, 2019).	<b>Trade unions and employers</b> Employer organisation Almega Trade union Unionen Akademikerförbunden, a trade union association which consist of 14 affiliated SACO trade unions (SACO is the Swedish Confederation of Professional Associations and has affiliated trade unions)

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

Measures to promote gender pay transparency in companies

Country	Measure	Measure implemented/costs borne by
	<p><b>Seminars and workshops</b> Irregular, based upon demand</p>	Employer organisations
United Kingdom	<p><b>Gender Pay Gap reporting guide</b> A guide for employee representatives/trade union activists on the regulations. This provides an overview of the gender pay gap, its causes, what the regulations require and how the calculations are performed, as well as bargaining advice as to how the gap may be reduced.</p>	Trade Union Congress, TUC (2017)
	<p><b>Webinar</b> In April 2018, the TUC ran a webinar on the subject of the gender pay gap and the regulations</p>	TUC (2017)
	<p><b>Guidance for members on how to reduce their gender pay gap</b></p>	Confederation of British Industry, CBI (2018)

## Summary of cost estimates

Overall, **the estimated ex-ante costs** for companies related to the implementation of the three measures are considered to be rather **low** – both in terms of the total costs for employers as well as estimates per individual company.

For instance, the German ministry estimated the **total annual costs** for German businesses covered by the pay transparency legislation to be around €2.9 million (Bundestagsdrucksache 18/11133, p. 32). This figure included estimated annual costs of:

- around €1.4 million for employees' right to obtain pay information
- around €824,000 associated with the (voluntary) pay auditing
- around €717,000 for the compilation of pay reports

The Austrian ministry (BMASK, 2010) estimated the total annual costs for all Austrian businesses covered by the pay reporting legislation to be €369,600. The Danish Business Authority (2005) estimated the cost of the reporting obligation borne by all business to be DKK 634,748 (€85,000), while the UK Equality Office (2017) estimated a total of £3,849,404 (€4.5 million) annually in recurring costs for UK businesses and organisations.

Broken down to costs per case (i.e. per request, per compilation of report or per audit) the estimated figures are as follows:

Concerning the **right to obtain information**, only estimates from Germany were available, which suggest that the costs of responding to one such request amounts to €20 per employee. This was, however, based on the assumption that companies would have already conducted a pay audit beforehand.

For the different variants of **pay reports**, the estimated costs for companies **per report**<sup>45</sup> range from zero in Estonia and DKK 524 (€70) in Denmark (where the compilation is carried out centrally and the compilation costs are born by other actors) to €844 in Germany. As German companies have to provide the report every three or five years, the annual costs are estimated to lie between €169 and €281, which is somewhat higher than the Austrian estimate of €132 per year. The highest annually recurring costs were estimated by the UK government, at £483 (€564), next to a one-off cost for familiarisation of £243 (€564).

The requirements for **pay audits** were estimated to be slightly more time-consuming and costly, but still overall rather low. For Estonia, a pay audit has to be conducted when the reports show a gap of more than 25%. The assumption is that this takes one working day on average<sup>46</sup> at an hourly rate of €10.99, so €88 per case in total. For Finland, no cost estimates for pay audits specifically are in place, as they are part of a larger gender equality plan. The estimated annual figures for the compilation of such a plan are €1,390. Sweden, finally, has some estimates<sup>47</sup> available for pay audits: SEK 55 on average every third year per employee or SEK 18 (€1.70) per year and employee. And the figures for action plans following the gender pay audit are estimated at SEK 20 (€1.90) per employee per plan

---

<sup>45</sup> All conversions into euro in this section are based on the exchange rate of November 2019. No conversion of older estimates into prices of 2019 was made.

<sup>46</sup> The costs depend on the size of the organisation, the pay system, the accounting programme, the skills and capacity of the employer to carry out the analysis.

<sup>47</sup> These estimates are based on the replies received from 29 companies.

or SEK 7 per employee per year (€0.66). The study does not distinguish between larger and smaller companies though – for the latter, some higher costs per employee on average are expected.

Table 29 summarises the main findings of these studies and sources. Further information on the underlying assumptions of these estimates can be found in the remaining part of this section.

**Table 29: Overview of main findings of ex-ante cost estimates for companies**

Country	Measure	Cost estimate	Assumptions	Source
<b>Right to obtain information</b>				
<b>Germany</b>	Pay Transparency Act (sections 14 and 15), right to obtain information	€20 per case Cost for all private employers that receive a request for pay information, per year: €33,984 for informing workers of the process €404,977 for reply on pay information by employer €877,856 for reply by works council	Estimated working time per case depends on the channel through which the info is requested and on whether the company adheres to a collective agreement. Labour costs per hour of €47.30. See Table 24. Estimate of total costs for private employers based on the assumption that in establishments with more than 200 workers, 1% of all employees will submit a request per year and that pay audits have been conducted at establishment level <sup>48</sup> .	Pay Transparency Bill (Bundestagsdrucksache 18/11133, p. 32 and pp. 36-40)
<b>Pay reports</b>				
<b>Austria</b>	Pay report, biannually	€264 per company per report €132 per year.	Less than one working day, different categories of employees involved. See Table 15.	BMASK, 2010
<b>Denmark</b>	Pay reports, annual wage statistics to be compiled by Statistics Denmark (or the employer organisations)	DKK 0 for the company for compilation. DKK 524 (€70) per company and report for the whole process.	See Table 19.	Danish Business Authority (2005)

<sup>48</sup> The assessment was made as part of the draft legislative proposal. It was based on the assumption that employers conduct the pay audit and that against this background giving pay information will be rather straightforward. As originally envisaged in the proposal, it was assumed that employers prepare for the right for pay information and that the pay audits are mandatory. Both turned out not to be the case.

Measures to promote gender pay transparency in companies

Country	Measure	Cost estimate	Assumptions	Source
<b>Estonia</b>	Public sector pay reports, requested from the labour inspectorate.	€0 for obtaining the statistics.	No additional costs for businesses, as they already have to deliver the data.	Estonian Ministry of Social Affairs (2018)
<b>Germany</b>	Pay report, according to section 21 and section 22/2 and 3 of the Pay Transparency Act	€844 per report (every 3 or 5 years). €169-281 annual costs, depending on frequency	3.5 working days for employees with medium level of qualification. Average hourly labour costs of €30.90	Pay Transparency Bill (Bundestagsdrucksache 18/11133, p. 42)
<b>United Kingdom</b>	Pay reports, annually	One-off costs for familiarisation and training: £243 (€282) Annually recurring costs: £483 (€562)	See Table 27.	UK Government Equalities Office (2015)
<b>Pay audits</b>				
<b>Estonia</b>	Pay audit	In case potential pay discrimination is detected: €88	Average hourly labour costs of €10.99	Estonian Ministry of Social Affairs (2018)
<b>Finland</b>	Gender equality plan, including a pay audit. The equality plan should be done either annually or biannually and, depending on this, the pay audit can be done either biannually or every three years.	€1,390 annual costs for the whole gender equality plan, when carried out every three years.	One month ('0.1 man years') at an annual salary of €50,000. Higher costs expected when done for the first time; lower costs when the equality plan is part of a wider report.	Finnish Government (2014)
<b>Sweden</b>	Pay audit (paragraph 10)	SEK 55 every third year per employee (SEK 18 per year and employee)	Based on replies from 29 companies who estimated the costs involved in the whole process.  In this scenario, the plan is carried out every third year, which was the	Swedish Agency for Public Management (2011).
	Action plan following the gender pay audit	SEK 7 per employee per year/ SEK 20 per employee per plan		

## Measures to promote gender pay transparency in companies

Country	Measure	Cost estimate	Assumptions	Source
			previous legal requirement.	

*Source: See table and reference section*

The findings from the interviews concerning costs have to be regarded as illustrations, rather than hard quantitative data, as they are based on a rather small number of cases within each country and rough estimations of a sometimes complex process, sometimes by professionals with a partial picture, who in some cases did not base these estimates on actual time-recordings. Nevertheless, the obtained figures suggest that while these estimates are in some cases higher than the average calculated in ex-ante studies suggest, they also tend to be close to what was suggested ahead of the legislation, and most respondents agree that they decrease over time.

Moreover, the interviews showed that the costs and resource requirements associated with the compilation of the reports or audits are (with exceptions) not regarded as too high or prohibitive. Some countries (Belgium, Denmark) and companies have managed to keep them very low or even negligible, due to centralised, automated or outsourced approaches.

Governments and social partners have also invested in promoting and supporting the implementation of gender pay transparency measures. In most of the cases, no figures on the costs of these support instruments were obtained, mainly because they are regarded as part of the 'daily business' of the organisations or they form part of a larger equality budget.

## 4 – Implementation, impacts and benefits

This chapter summarises national research evidence on the implementation of gender pay transparency measures. It complements this with findings from the interviews in relation to the perceptions of companies and employee representatives on whether they find these measures beneficial or useful or see opportunities in them and whether the instruments detected any pay gaps and further action was taken.

### National evaluation research

Benefits, impacts or action taken were identified in various national research studies, which several Member States had commissioned at different stages following the implementation of the measures. Some of these studies have already been reported in Eurofound (2018). This chapter provides a brief overview of the main findings of such studies – focusing more on the most recent additions. It recalls information on the degree of implementation or compliance with the legal requirements and complements this with views from employers, employees and their representatives. Where available, information on impacts – the detection and rectification of gender pay gaps - is added. This information, however, is rather scarce.

### Evidence on compliance and action taken

#### Right to request information

In a report by the **Finnish** parliament (2005), an equality committee gave its opinion on amendments to the Act on Equality between Women and Men (609/1986). In this report, the committee takes a rather critical stance on the Finnish model for the right to pay information and argues that the indirect right to pay information can be bureaucratic and rather unclear from an employees' standpoint and therefore reduces the likelihood of using this right. There is a risk that, due to this high threshold, employees suspecting pay discrimination do not take the matter further. Figures on how many actors have requested such information and in how many cases this was taken further to the courts are not available.

The **German** government has already carried out a first evaluation of the Act (Bundesministerium, 2019). According to the survey findings included in the evaluation (Kienbaum, 2019), 2% of all interviewed employees, and 4% of interviewed employees working in establishments with more than 200 employees (i.e. those in fact covered by the law), have requested pay information<sup>49</sup>. Among the surveyed companies covered by the law, 7% of establishments in the public sector and 14% of those in the private sector had received at least one such request.

When presenting the first evaluation of the Pay Transparency Act to parliament in July 2019, the German federal government summarised that the Act has an 'ambivalent impact' and that the uptake of the right for pay information has been low, whereas companies have an interest in evaluating their pay schemes. Government attributes this result to the lack of awareness on both sides.

---

<sup>49</sup> Note that this is significantly higher than the assumed figure of 1%, which was used as basis for the cost calculation. It is to be seen whether the figures remain at this level or decline and approach the expected level.

**Disclaimer:** This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.

The evaluation showed that only one establishment adjusted wages as a result of a request for information (Kienbaum, 2019). One interviewee responding to the question posed in this research, furthermore, highlighted that wage adjustment is a rather rare form of reaction compared to non-monetary forms of adjustments such as changes of tasks or job descriptions.

One limitation of the German right to obtain information is its relatively low coverage in the private sector: only around a third of private sector employees work in establishments with more than 200 employees and have therefore a right to obtain information. At the same time, women are overrepresented among the smaller establishments, and therefore have a lower likelihood than men of being covered by the transparency right; the unadjusted gender pay gap, however, is bigger among the larger companies (Frodermann, Schmucker and Müller, 2018).

Similar results were obtained by a survey among 2,288 employee representatives (*Betriebsrat*) in companies with more than 20 employees, conducted by the German institute WSI. When asked in 2018 whether their company had already set any activities to implement any of the three measures of the new Pay Transparency Act<sup>50</sup>, the following were the results:

- Overall, only 12% of employee representatives answered ‘yes’ and 67% said ‘no’. The remaining 20% claimed that their company was not covered by the Act.
- Among the larger companies with more than 200 employees, around 18-19% replied ‘yes’.
- The highest share of employee representatives reporting that their management had started to implement any action was found in the information and communication/financial services and insurance industry (at 28%), followed by the transport and storage/hospitality sector (19%) – both significantly ahead of all other industries, for which the proportion of those having taken action varied between 8% (other sectors) and 13% (business services).

In addition, the research showed that those companies that were said to have acted were also more likely to be larger, to have company agreements (*Betriebsvereinbarung*) on equality and family-friendliness, to look for further personnel or focus on their retention, to have a well-function co-determination (*Mitbestimmung*), to have a board-level employee representation, to have a good relationship with the employee representative and to be doing relatively well in economic terms.

The employee representatives – who, according to the Germany legislation, may also be approached by the employee instead of the employer – were more likely to have been approached:

- in larger companies
- in companies that do not adhere to collective agreements
- in companies with a higher share of employees with a tertiary education
- in companies where the employee representative reports ‘often’ being barred from doing his work (i.e. in companies where social dialogue is under strain).

(Baumann, Klenner and Schmidt, 2019)

### Pay reporting

In **Austria**, no data on the number of pay reports is compiled nor on whether and what kind of action was taken – primarily because there is no legal obligation to act on the results of the company pay reports. It can be assumed, however, that an adjustment of wages only rarely takes place (in the

---

<sup>50</sup> At the time of fieldwork, the new Act had been in place between 7-10 months.



company examples below, none of the companies have adjusted wages following the compilation of a pay report).

According to a non-representative online survey among works council representatives, conducted by the ÖGB and the AK in 2014 (AK and ÖGB 2014), that sent questionnaires to all works council members in companies with more than 150 employees, the employers by and large showed positive reactions to the pay reports (multiple answers were possible):

- 23% of all employers were said to have dealt with the issue or addressed the pay gap
- 21% of all employers on average showed their readiness to take concrete measures:
  - 19%: readiness to implement training;
  - 17%: readiness to take measures for a better reconciliation of work and private life;
  - 16%: readiness to devise plans to promote women;
  - 14%: readiness to undertake changes in the appointment of new positions;
  - 14%: readiness to support fathers when taking parental leave;
  - 13%: readiness to support career planning;
  - 10%: readiness to enter into wage negotiations.

However, it must be emphasised that this is not based on actions actually implemented, but on the possible (and possibly theoretical) readiness to take the above-mentioned actions, including the readiness to enter into wage negotiations.

Taking into account only those employers where the report showed pay gaps in both the gender distribution across different wage categories and within wage categories, the readiness to take any measures increased to 80% of the employers. If gender pay gaps in only one of the two areas were detected, the readiness to take any measures was 15% (gender distribution in different wage categories) and 21% (gender distribution within wage categories), respectively.

For **Belgium**, no quantitative studies on compliance and action taken were found. In general, the correspondent deemed that it is unlikely that a single initiative would overturn the stable pay structure in Belgium, but the entire wage setting system does promote egalitarianism, including between women and men (Kampelmann & Rycx, 2016; Vandekerckhove, 2019b). The measures aim at two effects: first, they want to take stock of discrimination; and, secondly, they want to raise the issue and open the debate on gender inequality at company level. In the majority of cases, they fall short on both aims, as has been argued before (Vandekerckhove and Knipprath, 2016). The information is often scattered, incomplete or even incorrect, and essential information on the distribution across pay scales is lacking. With respect to the social dialogue aspect, most work is outsourced and, only in a few cases, upon demand by the trade union, a work-plan is developed.

Nevertheless, according to the correspondent's assessment, it would be wrong to dismiss the instruments: they are not complex, they can largely be automated and easily improved by registering the wage scheme of workers by the social security administration, and one should take into account that due to the importance of collectively agreed wages in Belgium, wage inequality at the same functional level, within sectors, is very small. The reports are considered to be useful as an alert should this change or for problematic cases, and all actors are in favour of them, as the collective bargaining system is widely supported.

In **Denmark**, there are also no data available on exactly how many firms have adjusted wages following the implementation of gender-segregated wage statistics. Before 2014, companies were

responsible for sending the relevant information to Statistics Denmark and to actively ask for the compilation of the pay reports. An earlier evaluation of 2011 showed that compliance with the instrument then was rather low: only around one third of companies had complied (Holt and Larson, 2011)<sup>51</sup>. In 2014, however, the law was changed, and companies receive the report ‘automatically’. This is believed to have increased the level of compliance.

However, Bennedsen et al. (2018) assessed the effects of the law on gender pay reports and found that the gender pay gap between men and women in companies that were subject to the law fell by 7% from the period before the implementation of the law (2003-2005) to the period after the implementation (2006-2008). The study used regression analysis based on data from the companies’ applied wage statistics. By comparing the wage gaps in companies with 24-34 employees (not subject to the law) and companies with 35-50 employees (not necessarily with 10 men and 10 women in the same job position, but most likely following the law’s requirements), the study shows that the gender gap in treated companies was 1.4 percentage points lower compared to the control companies, or 7 percentage points relative to the pre-regulation wage gap measured among the same size category of companies. The study does however not distinguish between companies that have more than 10 men and 10 women in the same job function and companies that do not, or between companies that were in compliance with the law and between companies that weren’t, as this information was not available in the dataset.

The **United Kingdom’s** legislative requirement also applies only to the compiling and reporting of gender pay gap data. Employers are not legally bound to take action to change their pay gap or even publish an explanatory narrative (although the latter is encouraged). The UK Government Equalities Office (2019) reported that as of June 2019, **52%** of in-scope employers had **published an action plan** outlining how they intend to tackle their gender pay gap. Overall, compliance with the regulation was very high: by the deadline of July 2019, 96% of employers had reported.

UK government data from 2019, set out in Table 30, show that the great majority of companies continue to have an (unadjusted) overall pay gap in favour of men, both in terms of median or mean pay.

**Table 30: Reported pay gaps and bonus gaps by gender, United Kingdom**

Measure	In favour of men	Zero	In favour of women
Median pay	77.8%	8.6%	13.6%
Mean pay	87.9%	0.8%	11.4%
Median bonus	62.1%	20.5%	17.4%
Mean bonus	75.0%	9.5%	15.5%

Source: UK Government Equalities Office (2019), p.4.

In terms of developments, the comparison of reports from 2017/18 with those from 2018/19 showed that there was a slightly higher proportion of companies which had narrowed their gender pay gap than the proportion of companies in which the gap had widened (see Table 31). There is no specific data on the number of companies that have actually adjusted wages, assuming that the

<sup>51</sup> More detailed information on the findings of this evaluation is presented in Eurofound (2018).

gender pay gap can be influenced by changes in other practices, such as recruitment etc. Given the limitations of the reporting requirements, inasmuch as no explanatory narrative or action plan is actually required, it is not clear what actions in-scope employers have taken, if any.

**Table 31: Changes in reported gender pay gaps between 2017/2018 and 2018/2019, United Kingdom**

Change	Median pay gap	Mean pay gap
Narrowed	48.1%	52.8%
No change	7.9%	3.0%
Widened	44.0%	44.2%

Source: UK Government Equalities Office (2019)

A report by the EHRC in 2018 looked at published accompanying narrative reports and action plans (which are only encouraged, rather than required, under the UK regulations). The EHRC undertook this activity so as to encourage such practice and make practical recommendations to employers. It found that

- Around half of its sample of 280 employers covered by the regulations had produced an accompanying narrative report alongside their pay gap figures.
- A number of these were high level and contained very little detail or clear commitments to future action.
- Employers with fewer than 499 staff were less likely than larger employers to publish a narrative report as part of their gender pay gap reporting.
- Moreover, around one in five employers in the EHRC sample had produced an identifiable action plan that was time-bound and included target-driven activities.
- Only 11% had set themselves targets that would enable them to measure the progress of their plans year-on-year. Larger employers were more likely than smaller ones to set themselves targets.

A study commissioned by the UK Department of Education (Murray et al, 2017) found that the reporting legislation was already having a positive impact on both awareness of gender pay gaps and plans and actions needed to address them *prior to the statutory date for first reporting*. The researchers surveyed 900 employers in 2017 and found 98% of respondents were aware of gender pay gaps, a third of the sample having measured theirs in the previous 12 months (in anticipation of the legislative requirement), with almost two-thirds communicating their gaps to their senior management. Thirty-eight percent were using the information to inform or revise their HR practices, and a quarter (26%) were developing plans or actions to address gender issues.

Another report by CIPD (2019), a professional body for HR and people development aimed to investigate gender pay gap reporting from the perspective of HR professionals, so as to understand their views and to find out whether or not HR practitioners were ready to realise its potential. The CIPD thus conducted a cross-sectional survey of mid-level and senior HR professionals in February 2019. In total, 731 UK-based employees working for organisations of over 250 employees responded to the survey, which was administered by YouGov through their panels of participants. Respondents

were asked, amongst other questions, what, if any, action their organisation had taken – such as implementing new policies, interventions, processes or putting new systems in place.

- Three in ten (29%) said their organisation had not yet made any changes to pay because of gender pay gap reporting and did not intend to do so.
- Just 8% of respondents had made changes as a result of the new reporting requirements;
- However, a fifth (21%) of respondents said they would have done so regardless of the new requirement to report this information.

The survey also found that a surprisingly low number of organisations stated that they had a gender pay gap action plan: just 124 organisations (17%). Of these 124 organisations, the most common commitments to action were:

- To promote and/or implement flexible working practices for both male and female employees (42%);
- Reviewing recruitment policies, practices and procedures to ensure equality and remove bias (41%);
- Reviewing career development and leadership development programmes such as targeted mentoring, coaching and training for females (40%)
- Actively monitoring recruitment with gender or other protected characteristics in mind (40%).

No information on the implementation of the pay reporting requirements were available from Belgium, France, Italy, Lithuania, Portugal and Luxembourg.

### Pay auditing

In **Finland**, in 2018, all peak-level social partners (STTK, SAK, AKAVA, KiT, EK and KT) conducted a survey regarding the efficiency of pay audits (AKAVA et al, 2018). The questionnaire was sent to companies and organisations that are obliged to conduct a pay audit. In total, 1,071 employers and 1,654 employees replied to this survey. The respondents from the employees' side were either local trade union representatives or other employee representatives. CEOs or HR managers replied to the employer survey.

- According to employees, a pay audit had been conducted in 40% of companies. Almost 30% of employees did not know whether a pay audit had been conducted or not.
- 80% of employers answered that they have conducted a pay audit.
- Many employees and employers who replied that no such survey had been conducted argued that they are planning to conduct a pay audit soon<sup>52</sup>.
- According to employers, in 10% of workplaces, the pay audit revealed unjustified differences in pays. A slightly higher share of employees (17%) estimated that the audits revealed unjustified differences in pays. Almost 30% of the employees did not know whether pay audit had revealed unjustified differences in pay.

---

<sup>52</sup> It is important to emphasize that according to section 6 of the Act of Equality between Women and Men (609/1986) the employer has an obligation to inform employees about the pay audit. Furthermore, according to the amendment that entered into force in 2015, local trade union representatives or other employee representatives should be included in the pay auditing process.

- There are also significant differences between employers and employees in terms actions taken. According to all employers, unjustified differences in pay had been removed, while only 30% of employees agreed that this had been done.

In sum, this survey illustrates that there are significant differences in terms of how employees and employers perceive pay audits and their efficiency. According to all representatives of the Finnish peak-level social partners<sup>53</sup>, there is a need to inform both employers and local trade union representatives or other representatives about pay audits and encourage actors to use them as a tool of equal pay at workplaces.

In **Germany**, where pay auditing is voluntary (but companies have to inform their employees and works councils of the results of such audit), the first official evaluation<sup>54</sup> (Kienbaum, 2019) showed that 45% of companies with more than 500 employees and 43% of companies with 200-500 employees had conducted a pay audit since the Pay Transparency Act was rolled out, and further 7% of companies planned to do so. In addition, 25% of public sector employers – who are not covered by this law – had carried out an audit. The vast majority (71%) of respondents said that the law had not been the primary motivation for conducting the audit, and in the majority of cases (61%), employees were not informed of the results, but at the same time, the employee representative was involved in most cases (78%). Where a pay audit had been conducted, in 11% of cases it was reported that pay gaps had been detected and a need for action had been identified. In 9% of cases, no results were available, leaving 80% of respondents declaring that no need to take action was identified.

Among those respondents that had not carried out an audit, the reason most often given was that ‘there was no need’, followed by lack of personnel and financial resources, and lack of will on the management side (compare Table 32).

**Table 32: Which factors hinder companies or institutions from carrying out pay audits?**

	Private sector companies	Public sector
There is no need	68%	51%
Lack of personnel and financial resources	50%	26%
Lack of will on the side of company management or leadership	38%	9%
Lack of information and clarity of existing pay auditing schemes	37%	18%
Lack of know-how among the responsible persons	30%	13%
There is no legal requirement to do so	25%	7%
Number of respondents	303	91

Source: Bundesministerium (2019), p. 97, based on Kienbaum survey

Among those German companies that had not conducted an audit, a large majority of private sector respondents (68%) claimed that ‘there was no need’, 50% said they lacked personnel and financial resources, 38% said there was a lack of will on the side of the company (management).

<sup>53</sup> based on several interviews held in the context of this study by the Finnish correspondent.

<sup>54</sup> These figures are based on 491 interviews with employers.

The survey by WSI among employee representatives (Baumann, Klenner and Schmidt 2019), which was carried out soon after the implementation of the law, found that 35% of companies had reviewed their pay structures in the two years preceding the interview<sup>55</sup>. Similar to the results obtained in relation to the right to obtain information, the likelihood that companies have conducted an audit is associated with some positive perceptions from the employee representatives side: notably that ‘employees like to work in this place’, the company seeks ‘to organise work in a humane way’, where the social dialogue climate is good and where company agreements on equality and family-friendliness are in place.

In **Sweden**, Unionen – the largest trade union in the private sector and the largest white-collar trade union worldwide – presented a report in 2018 on pay auditing (Unionen, 2018). Seven out of ten of Unionen’s local branches participated, and interviews with representatives from 1,000 out of 3,000 trade union clubs were conducted. According to the study,

- six out of every ten clubs claimed that their employers had implemented or planned to implement pay audits
- a third of those who had answered that their employers had implemented pay audits also wrote that they had seen significant positive differences between men and women’s salaries after the auditing
- two-thirds of the participating companies had adjusted their criteria for pay-setting following the pay auditing process and offered training in pay auditing

The adjustment of wages following pay audits varied among the companies/trade union clubs participating in the study. The study showed that employers tend to adjust women’s wages more often than those of men when differences are noticed.

---

<sup>55</sup> So this could have also been done prior to the introduction of the Act.

## Views on pay transparency measures

### Right to obtain information

The evaluation of the Pay Transparency Act by the German government (Bundesministerium, 2019) contains survey results by consultant agency Kienbaum (2019); the results are based on four different surveys and qualitative interviews with HR managers.

- According to an online survey of HR managers: 31% of HR managers in private companies agree or tend to agree with the statement that the Act improves transparency in the organisation. Only 18% of HR managers in public administration agree with this statement.
- Worker representatives are even more critical: only 23% tend to agree or agree with the statement, while the remainder do not see such an impact (Kienbaum, 2019, p. 112).

Employees are more positive:

- 31% agree or tend to agree with the statement that since the enactment of the Pay Transparency Act, pay equality is more of a topic at the workplace than before (57% see no change at all);
- 30% say that remuneration is more openly talked about at the workplace than before;
- 59% find the Act will promote fairer pay schemes and
- 67% say the Act strengthens the individual right to equal pay or work of equal value and
- 55% say that the Act encourages them to request their right for equal pay.

(Kienbaum, 2019, p. 110)

The WSI survey among German employee representatives showed that while 76% thought that the promotion of equal pay for equal work or work of equal value was part of their work, only 15% of them had chosen the theme for one of their meetings with employees (*Betriebsversammlung*). This is more likely to happen in those cases where the relationship with management is under strain.

### Pay reporting

The **Austrian** Federal Ministry for Education and Women commissioned an evaluation of the impact of the introduction of the company pay reports via (1) a focus group and 15 semi-structured interviews with HR representatives, (2) a focus group with employees and quantitative interviews with 966 employees (representative survey), and (3) nine semi-structured interviews with works council representatives (AFMEW, 2015).

According to the findings of the focus group and interviews with HR managers (1), the report is mostly seen as a 'compulsory exercise'. Occasionally, the reports are taken as an information base during the year, for instance, when additional budgets have to be distributed on a 'fair basis'. There is awareness that a more differentiated analysis and the readiness to further work with the results would be needed in order to obtain sustainable changes. A further (intensive) usage of the pay report is dependent on available resources and the company's sensitivity to gender-related pay differences. Awareness of the existence of the company pay reports within the company is limited. The results are, according to the interviewed HR managers, not proactively communicated as this is considered likely to lead to requests for explanations from employers. The intended impact of the company pay reports, namely to increase income transparency and - as a consequence - the reduction of income inequalities, is dependent on whether the company works further with the results or not. The duty of confidentiality is appreciated; however, this hinders communication within companies and thus works against increasing transparency.

It was argued that it is possible to comply with the legislation without increasing pay transparency and reducing gender-related income differences.

*It's a matter of attitude: If pay transparency is not a concern for the company, the report will be compiled to end up in a drawer. If a company does not wish to have gender equal pay structures, the pay report will not exert any impact* (HR – manager, quoted in AFMEW, 2014, p. 45).

According to the employees in the focus group (2), income is a topic which is not readily discussed with colleagues. The lack of income transparency is explained by the societal norm (in Austria) not to talk about one's income. However, there was consensus on the preference for receiving information on the pay report; a well-structured internal communication, as well as the subsequent implementation of measures appear to be essential to achieve a sustainable effect. Over three-quarters of the interviewed employees (76%) stated that their company either did not compile a pay report, or that they had no knowledge of its existence. Of the remaining 24%, the majority (61%) believed the information was (very) useful for wage negotiations.

Works councils in Austria have the right to have access to individual pay data. The study (3) shows that the pay report often confirms the works council's impression of wages in the company, which is derived from their insight into wages at the individual level. The reports were not perceived as having a great effect. The compilation of wages in each department seems to be more informative than that done according to the classification groups in collective agreements. In case of significant wage differences, discussions with the HR department were reported to be held. The awareness of equal treatment has increased, and thus has the pressure on HR managers and the works council. The question for works council representatives is how a pay report can be elaborated in a meaningful way, what happens with the results and who is working with them. The highest leverage effect is attributed to the management's response to the results; management has to take an active role in the elimination of unexplainable wage differences over time. Employees only rarely ask the works council members for the results of the report. This information is not pushed by companies, because increased transparency would lead to unrest and internal dispute. Thus, it was argued that discussions on pay are often 'easier' without using concrete numbers. The obligation of confidentiality was perceived as an aggravating factor by works council representatives, because it is not entirely clear who it applies to.

In 2005, the **Danish** Business Authority (2005) published a report on 'Corporate recommendations and positions on the bill'. According to this report, companies' attitudes to the bill was roughly divided into two equal groups. One group felt that regular focus on the issue made sense. The second group of companies found that the bill was irrelevant and a waste of time. However, none of the (10) interviewees believed that wage statistics would have concrete consequences for equal pay in their companies. At the same time, none of the companies were able to propose rules simplifying proposals on how businesses could satisfy the regulatory requirements as set out in the bill. Holt and Larsen (2011) conducted a survey with companies that were subject to the law in 2009. 630 out of 2,497 companies participated in the survey, including answers from 513 management representatives and 490 employees (including staff representatives):

- When asked if the pay report provided new information, 86% of managers and 84% of employees answered 'No'.
- When asked about the main effect of the gender-segregated wage statistics:



- 32% of managers and 41% of employees answered 'It creates attention to the question about gender pay gaps',
- while 29% of managers and 17% of employees answered 'something else', which mainly was 'there is no effect'.
- According to the evaluation, the companies suggested that other areas of gender equality were more urgent, for example, increasing the number of female managers, encouraging men to take paternity leave, and pay gaps between different groups of workers with the same level of education.

Several **Lithuanian** sectorial trade unions and representatives of work councils were contacted for this study in relation to the gender pay reporting requirement, and they claimed that no gaps exist between staff in similar positions or doing the same job, or that such gaps as exist can be explained by other individual factors such as experience, performance and education (but not gender). Similar results were obtained from the employers interviewed during the research on gender equality; most employers indicated that they do not see the gender pay gap as an issue. It was also indicated that employers often collect information on gender differences, including pay gaps, but do not share it with employees and do not know what to do with this information. As interviews were conducted at a time when the amendments to the Labour Code were not yet in place, the majority of employers reacted positively to the obligation to share pay-related info with employees, but some of them noted that they do not have sufficient resources 'to spend time on this additional issue'.

### Pay auditing

In 2011, the **Swedish** Agency for Public Management conducted a study on the costs and effectiveness of different 'active' equality measures. Pay audits and action plans were among these measures (see also the section on costs above). The study - based on interviews with a total of 220 companies - compared the costs of different efforts and in relation to how effective employers felt the contributions were.

The largest expenditure item was equality training (Chapter 3, section 8 of the Discrimination Act, annually SEK 170 (€17) per employee). However, only 44% of employers believed that this measure had contributed to reduced discrimination in pay. Other large expenditure items were preventing harassment (section 6), enabling cooperation between trade unions and employer organisations (section 1), and employers working to enable employees to combine work and parenting (section 5). Similar to equality training, these activities were reported to have had little positive effect, even though the costs were relatively high.

The **most cost effective expenditure** item associated with the requirements in Chapter 3 of the Discrimination Act appeared to be the **drawing up of an action plan for equal pay** (section 11).

- More than half (59%) of the 29 employers who answered the question 'Cost per employee for active measures during the period 2008-2010' considered this measure to be effective and to result in reduced discrimination with regards to pay, either to a large or a very large extent. At the same time, the annual cost of the action plan was estimated at approximately SEK 7 per employee (€0.70).

- Similarly, 57% of the 29 employers believed pay auditing to be effective in reducing discrimination with regards to pay, either to a large or a very large extent, the annual cost being estimated at SEK 18 (€1.80).

Another report on pay audits in 2015 was presented by the Swedish Union for Professionals. By studying and collecting employers' and trade unions' views on pay audits as stated in the Discrimination Act, the study aimed to gain insights into employers' opinions, work processes, values and experiences with pay audits. The report included interviews with representatives from nine selected companies along with trade union representatives in the companies. The report concluded that some employers had established routines for salary determination when hiring new staff. One employer had an action plan where unjustified pay differences were registered to be dealt with. Furthermore, **most employers** considered wage determination processes to be satisfactory and a majority used the pay audits and work evaluations actively in these processes (Akademikerförbundet SSR, 2015).

The Swedish National Audit Office recently published a report regarding pay audits as an instrument to prevent gender discrimination at workplaces. The general study was based on interviews and a survey addressed to 21 employer and trade union organisations. Their rather pessimistic and critical findings state that pay audits:

1. have small effects on preventing pay differences between men and women
2. are difficult to practically implement at workplaces
3. the documentation requirement has had a small or no effect on gender pay differences

Furthermore, their findings also suggest that differences in pay between men and women have decreased in Sweden over time. Gender pay audits as a tool to decrease the gap in pay between men and women may thus be redundant ([Swedish National Audit Office \(NAO/RIR\)](#), 2019).

## Involvement of social partners in the reporting or auditing process

As part of this study, the interviewed employee representatives were asked if and at what stages they are involved in the pay auditing or reporting process, distinguishing between:

- the initial design phase and compilation of the reports or audits
- the phase of information
- the analysis phase
- the follow-up phase.

Most commonly, in more than three-quarters of the cases, the employee representatives are **not part of the initial design of the contents** of the report or audit. Either because this is already determined by law or because it is regarded as the company's task and duty. In some cases, employee representatives reported that they were able to request changes to the report or audits within the meetings, or to make recommendations for future updates. Strong involvement of the employee representatives in this initial phase was found to be an exception rather than the rule (see box with good practice examples below).

**Information about the results of the reports** is typically - in seven out of ten reported cases - provided without any problems. Few employee representatives reported that they had to ask or 'push' for this information to be given. Only three (French) respondents said they only received partial information, 'a pdf instead of a database' (BDES) or that the BDES had been 'empty for three years'. The interviewed Luxembourgish gender equality (employee) representative was 'informed about the reports in regular meetings with HR representatives' but did not have any information on the results of the reports, whether any unexplained gaps were detected or whether there were any actions taken.

The practices of involving employee representatives in the **analysis phase**, in which results are interpreted and discussed, was more mixed. In about one third of cases, there was no involvement. In other cases, it was unclear whether there was some analysis done or how extensive it was, but there were discussions within the works council (or similar bodies). In some cases, the findings of the reports or audits were discussed alongside other issues. One respondent from Belgium said, for example: 'There is not much time for discussion'. In fewer cases, there was a dedicated meeting to deal solely with the results of the reports or audits. Some local trade union delegates from Belgium and Sweden reported that they had 'outsourced' either the analysis or follow-up actions vis a vis the employer to the trade union federations.

Concerning the **follow-up action**, most employee representatives said they hadn't been involved – around half of them, because no pay gaps had been found. In two (exceptional) cases the employee representatives requested follow-up action, but management did not respond.

*There are no follow-up actions as the management believes that there is no gender pay gap in the company (Belgium).*

### **Box: Three good-practice examples of involving employee representatives**

#### **Regular involvement of a shop steward in a related pay review process in the company**

The interviewee is not directly involved in the process of gender auditing. However, she is part of the process of evaluating pay levels of employees, which provides the basis for the auditing. This group uses a point system to make sure that employees with similar titles or job descriptions earn the same. Furthermore, she has been a shop steward at the company for over 20 years and has therefore in-depth knowledge about the process of gender pay auditing. According to the interviewee, HR is responsible for compiling the pay audit, but the ER body is part of a group that analyses the results. This group consists of representatives of the employer and shop stewards from each employee group (blue-collar and white-collar workers). They do this in a separate meeting. As part of this meeting, the shop stewards have also made requests to HR in relation to the content of the pay audit. Based on their requests, HR has kept adding new elements to the pay audit (for example, years of experience). According to the interviewee, the company has not taken follow-up action and therefore there is no information regarding how the ER body could be involved in the follow-up actions.

*(Finland, shop steward in large food-manufacturing company, more than 1,000 employees)*

#### **Strong involvement of the works council in the design phase of the report led to increased cooperation instead of conflict**

Usually the works council invites HR representative into its meetings, including when HR is drafting the pay transparency report. The works council provides its proposals twice during the drafting process: in December and January, and in addition once a year when HR presents its reviews of salary ranges and other related changes in wages.

The works council provides many remarks on the report to make it more clear, transparent and informative, especially during the process of the first report drafting. HR takes account of the remarks of the works council and presents an amended report after one month to the works council. There was one individual case in which the works council analysed a claim by an employee of gender discrimination regarding their wages, but discrimination was not proven, as there were objective justified reasons for the different wages. In this case, the works council performed a role of moderator between the employee and HR.

*(Lithuania, Chair of works council, banking sector, more than 1,000 employees)*

#### **A medium-sized company with strong ER involvement in the analysis phase**

The pay audit process begins with a kick-off meeting between the HR department, the ER body and a consultant who is hired to conduct the groundwork of the audit. These parties together agree upon the framework and activity plan of the pay audit. The company uses a commercial digital tool for conducting the pay audit. However, the HR and the ER departments collaborate around comparing the work tasks and responsibilities connected to different employment categories. Each employment category is awarded a score, based on the skills, experiences, education, social and physical capacity that employees must have to perform their tasks. The employees' formal roles – not individuals and their personal attributes – are in focus. The employee representatives are invited to comment on whether they think that the construction of the employment categories

needs to be adjusted from the previous year, etc. If any pay differences are detected through the audit, a union representative (not employed by the company) participates in the negotiations with the managers concerned. The employee representatives at the company are not interested in leading or participating in such negotiations but have more neutral roles, focused on transmitting information between the company administration, the union and the employees.

*(Sweden, employee representative without negotiating mandate, Manufacture of medical and dental instruments and supplies, more than 50 employees)*

## Benefits

In the context of this study, interviewees were also asked in an open question, whether they saw any benefits or opportunities in the process. Among the whole sample of observations, about half of the respondents answered in the affirmative, and most of them also mentioned some of the benefits. A quarter of the respondents said that the benefits were limited, or that the instruments would be more useful if certain changes were made to the instrument (or the company practice). In a minority of case (one fifth), the respondents had a negative perception and did not see any benefits.

Employee representatives' answers showed that they are somewhat more in favour of the transparency measures than management, as none of them entirely dismissed the instruments. However, they agreed broadly with management in terms of the reported limitations (or room for improvement), as regards the three types of instruments (more details below).

Overall, the answers received from the respondents showed that pay audits particularly were regarded as somewhat more beneficial, followed by the right to obtain information. Most critically viewed were the pay reports, often because they were regarded as not going far enough.

Again, the figures, as reported in Table 33, are illustrative and should be interpreted with caution, due to the small sample size<sup>56</sup>.

**Table 33: Benefits by instrument and company size**

		Yes – some benefits were mentioned	Limited benefits, conditional on other factors*	No benefits	No answer	Total
<b>Management</b>	Right to obtain information	50%	21%	29%	0%	100%
	Report	37%	22%	37%	5%	100%
	Pay audit	64%	12%	21%	3%	100%
	<b>Total</b>	<b>49%</b>	<b>18%</b>	<b>30%</b>	<b>3%</b>	<b>100%</b>
<b>Employee representatives</b>	Right to obtain information	67%	33%	0%	67%	100%
	Report	53%	41%	6%	53%	100%
	Pay audit	63%	31%	6%	63%	100%
	<b>Total</b>	<b>58%</b>	<b>36%</b>	<b>6%</b>	<b>58%</b>	<b>100%</b>
<b>All respondents</b>	Right to obtain information	53%	24%	24%	0%	100%
	Report	41%	28%	26%	5%	100%
	Pay audit	63%	18%	14%	4%	100%
	<b>Total</b>	<b>52%</b>	<b>23%</b>	<b>21%</b>	<b>4%</b>	<b>100%</b>

<sup>56</sup> According to the chi-square tests applied, the distinction between the disaggregated categories as presented above are not statistically significant.

## Measures to promote gender pay transparency in companies

Size of the company/unit	<50	50%	50%	0%	0%	100%
	>50	35%	23%	35%	8%	100%
>250	78%	11%	4%	7%	100%	
>1,000	61%	26%	13%	0%	100%	
>10,000	32%	28%	36%	4%	100%	
No information	0%	100%	0%	0%	100%	
<b>Total</b>		<b>52%</b>	<b>24%</b>	<b>20%</b>	<b>4%</b>	<b>100%</b>

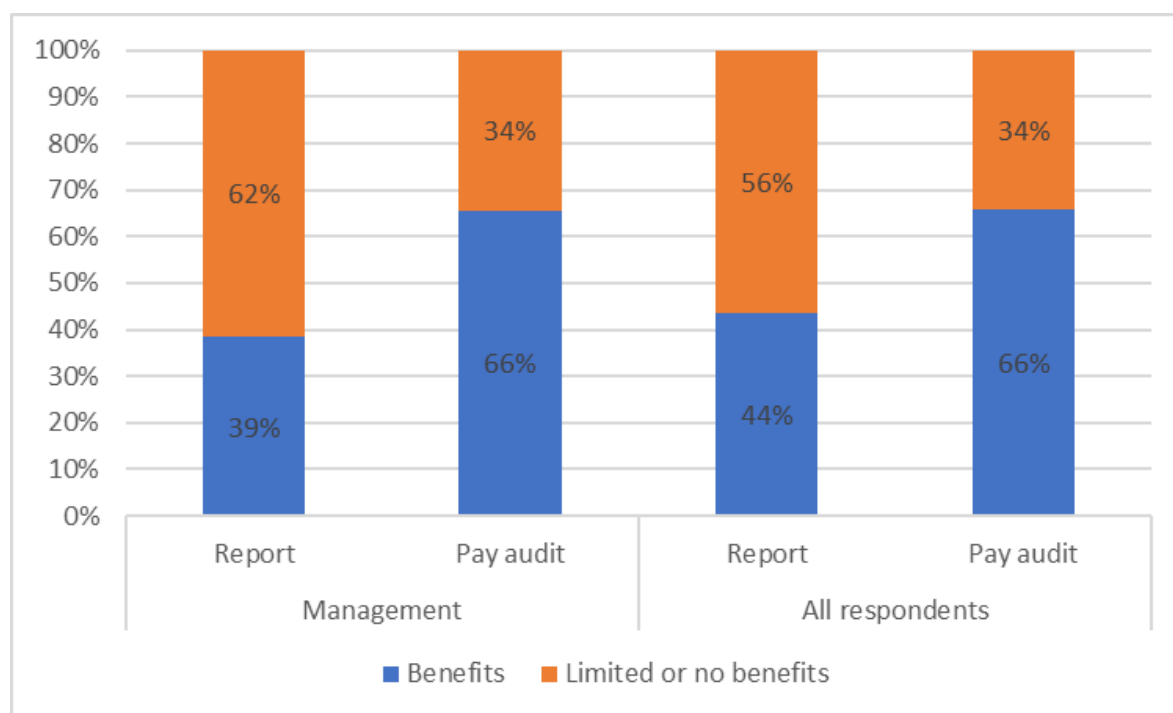
Note: N= 124 observations, 27 August 2020

\* This category was also coded if some general benefits were mentioned, but the respondent also highlighted shortcomings or provided proposals on how the instruments could be improved.

Source: Interviews, coded

One statistically significant<sup>57</sup> finding was that pay audits as compared to pay reports are more often regarded as being beneficial than having limited or no benefits at all (across all respondents, but also if only management replies are considered), see Figure 2.

**Figure 2: Reported benefits for pay audits and reports**



Notes: Management responses: N = 71 valid observations. All respondents: N= 102 valid observations.

<sup>57</sup> Pearson Chi-Square: 0.023 for management respondents and 0.024 for all respondents respectively.

Source: Interviews, coded

These findings are best illustrated by the reply of one Belgian HR manager who applies both instruments regularly:

*There is no debate about applying the law. However, the pay report is 'boring' and allows 'demonstrating everything and nothing'. The analytical report is more useful than the pay report. It has a sensibilisation effect, and the personnel should be convinced that wages are set in a fair, transparent manner (e.g. respecting actual seniority, no different pay levels for employees with the same background). This prevents tensions and improves employee retention. A transparent wage scheme also allows a straightforward justification of costs in case of a financial audit. Budgetary and sectoral constraints need to be taken into account. It is not perceived as hindering if the frequency is not increased over the current biannual pace (Belgium, HR director, employment services, more than 250 employees).*

## Management perspective

### Companies that see benefits and opportunities

Around half of the management interviewees found the pay transparency measures to be at least somewhat beneficial – most of them quoting at least one of the following reasons<sup>58</sup>:

- They increase the awareness for the existence of gender pay inequalities
- They establish facts
- They promote trust between management and employees and offer reassurance that pay setting has been done with equality considerations in mind and in a non-discriminatory way
- They offer deeper insights into equal pay issues, but also into pay structures more generally and thus inform the future pay setting or negotiations
- They can make those companies act on (or at least reflect on) gender pay equality that wouldn't have done so in the absence of a law
- When published openly, they can help in recruitment and in attracting new applicants, provided that the result is good,<sup>59</sup> and in promoting a good corporate image.

---

<sup>58</sup> One respondent stated, he had never thought about benefits, as it was such a 'basic right'.

<sup>59</sup> Employers seeking to use the tool to present themselves as attractive in the labour market is also supported by the German survey among more than 2,000 employee representatives. Companies that had set a greater number of initiatives to find or retain personnel were more likely to have also acted on the pay transparency requirement (Baumann, Klenner and Schmidt, 2019).



## **Benefits of pay transparency measures beyond raising awareness**

### **‘Do you see any benefits in the process?’**

#### **Promoting trust, reassuring employees that their pay has been set in a fair way**

*Yes, but only if the employees know about the pay audit and the results. Individual employees may feel that they are not being paid enough but compiling a pay audit is a way to show that the employer is objective and that at least at the larger scale there is a system for making sure that everyone’s pay is correct. (Finland, HR manager of a private sector company)*

*Well, overall speaking I find that the pay transparency legislation is less useful for companies which apply collective agreements because we have no such problems as pay inequality. But I understand that it may be of relevance for companies which do not apply collective agreements. As regards benefits for us, I see that there is a benefit from the dashboard. The employees like it and use it; they appreciate that they have the possibility to compare their wages and to check them. It is a matter of transparency. We demonstrate to our workers that we want to be transparent in what we do and that we can afford to do so because we are trustworthy.*

*Interviewer: Would you say the dashboard and the process is trust-building? Interviewee: Yes, you can term it that way. It is appreciated in that way. (Germany, right to obtain information, large car manufacturer with more than 10,000 employees)*

#### **Deeper insights, informing pay setting**

*Yes, the pay reports make existing inequality transparent and provide fact-based starting points for improvement. (Austria, business consulting company, more than 250 employees)*

*‘Yes, it provides a good opportunity to review the salary levels at the company. Also, it provides an opportunity to compare the salary levels of the company’s employees with those with similar tasks working for competitors. The groundwork for the pay audit provides good ground for deciding what salaries and tasks newly recruited employees should have. It is also beneficial because it provides the employees in the company, who are informed about the pay audit procedure, with a feeling that the company administration actively works to prevent salary discrimination. (Sweden, HR specialist, manufacturer of basic metals, more than 250 employees)*

*Yes. Pay audits give a valuable insight to the pay-setting structure. Working with this instrument provides a better understanding for pay and gender. Pay audits generate positive effects in the longer term, since they enable companies to think twice before setting pay. (Sweden, employee in IT company who has worked with pay audits, 500 employees in unit for which the audit is conducted)*

*The reporting has provided us with a stark metric which has served as a real call to action. It’s had the effect of accelerating action that would otherwise have taken longer. There is an issue about understanding what gender pay is about and the impact of vertical labour market segmentation (it’s the confusion between gender pay and equal pay). (UK, university provost and chair of pay action group, more than 1,000 employees, carrying out the reporting for the first time)*

### **Making companies act**

*Yes, to force companies to check where the pay gaps are. (France, Director of Employee Relations Development, more than 10,000 employees, transport sector, referring to the Gender Equality Index)*

*'Yes, it forces the company to check several sources of potential pay gaps. However, the impact is limited. Employee representatives don't use the BDES. The gender gap is not an issue for them. (France, labour lawyer, recreation industry company, 5,000 employees)*

### **Positive impact on attracting new applicants and retaining talent**

*Of course, there is an element of justice [in trying to achieve better gender equality], but for me it is more the positive impact that a good result of the analysis can bring in terms of recruiting and attracting new applicants. (UK, HR manager, automotive manufacturing, more than 50 employees)*

*A transparent, clear, constantly updated remuneration system and annual analysis of remuneration data ensures equal opportunities for both sexes, which guarantees opportunities to attract and retain the best talents, increase employee motivation and involvement, and achieve better performance. (Lithuania, HR professional, fast-moving consumer goods company, more than 250 employees)*

*[The gender equality index] is a tool that goes in the right direction and is quite pragmatic. Presenting an indicator on 100 points is interesting in terms of communication. The index reinforced our compensation policy with a score that rose from 89 points in 2019 to 94 points in 2020. (France, HR and CSR manager in automotive production)*

### **Establish facts and assist in cases of alleged pay discrimination**

One Finnish interviewee said that the most significant benefit is having a clear report that states that there is no gender pay discrimination in the company. As a result of this, nobody has to rely on their 'gut feeling'; there is an audit that clearly shows whether there are pay gaps or not.

Another one highlighted that it is easier for the NGO to respond to individual employee requests for salary increases when they know how the salary of the employee in question compares to the salaries of other employees but also in comparison to other companies.

### **Some groups of employees appear more interested than others**

A few respondents stated that the value of or interest in pay transparency was higher for some groups of workers than for others:

One Austrian HR manager said that for blue-collar workers (both low qualified and skilled ones), the topic is of lower interest due to smaller (or non-existent) gender pay gaps, whereas:

*The income reports have a monumental benefit, especially for higher qualified employees, where gaps may be wider. (Austria, HR manager, Food service industry, more than 250 employees)*

A German bank which is covered by a collective wage agreement but pays mainly above the wage tariff has received more than 1,000 requests to obtain information on pay:

*My impression is that male employees in higher positions like to use this right for gaining information on their individual position in the company. (Germany, specialist in compensation and benefits in a financial institution with more than 25,000 employees)*

### **The importance of a clear tool and framework as push factor**

*The process offers a good opportunity to review the salary levels at the company. The regulatory framework has implied a push factor to set a good structure for review of salaries. The process is inexpensive and does not imply a lot of work once a standard for how to compile the audit has been set. (Sweden, real estate business with fewer than 50 employees)*

A French director of a compensation department believes the Gender Equality Index helps a lot:

*This tool reinforces a long fight for more equal pay and the promotion of women. This is especially important in an industrial activity. We have 30% women, and they are concentrated in human resources and financial services. We only have 10% women among engineers. In this context, the Equality Index helps to raise awareness of this issue among top management. It takes work, but it is positive, provided that we go beyond a simple calculation tool. The index is also highlighted by the recruitment teams as one of the factors that can encourage women to apply for positions within the Group. This is part of the best employee value proposition.*

### **Change of mentality**

*The in-depth work carried out in the framework of the professional equality agreement, with the implementation of [our] program for women in 2015, led by a full-time person, have made it possible to reduce certain wage gaps, even if overall there are no major differences, and have clearly made it possible to change mentalities. We need a real tool to change mentalities in a company where women represent 22% of the workforce. (France, HR manager in large transport company)*

### **Companies which report more limited benefits**

There were also respondents who considered the process to be beneficial but claimed it would benefit from some changes.

A respondent from Finland (HR manager from a small NGO) said that pay audits increase trust between the employer and employees since decisions made by the employer in terms of pay are more transparent. However, sometimes employees disagree with the results or pay levels, and in these cases, pay audits can even make the situation worse.

Another respondent from Denmark, who acknowledges that the reports raise awareness, said that as they are only a small company, only 40 out of their 300 employees are included in the report, and he does not consider this too relevant (Head of HR, financial services company).

A French HR director from a very large company stresses that the process for the compilation of the entire Gender Equality Index was complex, but he acknowledged that it forces organisations to make changes to the HR policy that would probably not be done without compulsory measures. But he considers it important to simplify the instrument as much as possible.

Some other respondents stated they did not see any or only more limited benefits in the pay transparency measures for a number of reasons:

- The company would have addressed the topic without any legal requirements (Austria, steel manufacturing company), or they are required to provide a similar report for other purposes and regard this as duplication (Austria, research).
- The measure is not (really) discussed with employee representatives or shared with employees (Lithuania, France).
- The standardised reports do not go far enough to address the topic properly, or other pay inequalities would be also of interest (see box below).

The latter point was also a conclusion by the British parliament, which carried out a study on the adequacy and effectiveness of the pay reporting requirements:

*The new reporting regime is a step forward, but its full potential has not yet been realised. We are calling for the government to be more ambitious, by requiring more detailed statistics to be provided to aid analysis and, crucially, by requiring organisations to explain what they are doing to tackle their gender pay gaps.* (House of Commons BEIS Committee, 2018, p. 35)

### **Where benefits of pay reports are perceived as limited, and more meaningful measures would have to go further**

*It is an OK tool and it brings attention to the questions about equal pay, but the statistics themselves do not provide any relevant information. The focus should be on the underlying variables like professions, education level, workload and assignments.* (Denmark, Head of HR of a municipality with 10,000 employees)

*The pre-defined company pay report is not well applicable because there are development, production and support units within the company, which all have their different wage systems (e.g. shift work with supplements). The company pay report refers to the whole company, so that the reports have only very small informative value. We have our own, customised reporting on gender pay.* (Austria, large electronics company)

*The reports are used for analysis and comparisons in a biannual rhythm (whenever the reports are published). They are useful for the discussion with the works council. However, due to the high degree of anonymisation, no concrete measures can be derived from the reports.* (Austria, large transport sector company)

*Hard to say. It seems that all these instruments are applied in order to be in line with the 'modern company' image, but the practical value for employees is minor. Especially as there are no further debates with employees or their representatives.* (Lithuania, HR specialist in large insurance company with more than 1,000 employees)

*'No, not anymore. I think the focus should be a different one, for example the pay gaps between professions. We are spending time on making an alternative report every third to fourth year instead, which shows wage differences between professions over time, but it does not include genders* (Denmark, special consultant in a regional administration, 30,000 employees.)

*The pay reports show if there are any inequalities, but they require that you examine the numbers more in depth to understand if there actually are differences. For us, it means that the talk about gender pay transparency is in the calendar every year, so that is a good thing. However, the pay*

*reports can both show and hide inequalities and you should be aware of this when working with them. If a company just uses the one obtained from DA or Statistics Denmark, it is very often misleading. (Denmark, HR Manager, Financial sector, more than 250 employees)*

Others highlighted related gender equality issues, which the pay transparency instruments cannot address on their own, including the lower number of women in (better-paid) technical professions and the necessity to keep gender equality on the agenda and to convince top-management about the importance of doing so:

*The effect of the index on equal pay is not very visible, for exogenous reasons: 1. Many women who enter engineering schools do not go into production engineering, but rather into consultancy or finance. 2. Project manager professions are becoming more feminine, but they do not yet represent the majority. 3. The promotion of a lighter organisation is reducing the number of management positions. Finally, the management provide a lot of efforts for disappointing result: the number of females is still around 30%.*

The two French instruments (the BDES and the Gender Equality Index) are only *useful in support of certain speeches to raise the awareness of managers, but globally for them, it is a question of applying a legal requirement. (...) The issue of professional equality in these technical professions, which employ 70% men, is a problem that goes right over their heads* (France, large company in space and defence).

*If you only use the legal tools, you can see that there is a wage gap and say that it is not satisfactory. But it doesn't reduce the gaps. You need an additional dynamic. Therefore, it is important to have someone to ensure that the reduction of wage gaps and equal treatment remain a permanent concern and to have a programme around this theme to continue to 'make noise' through awareness campaigns, training, posters ...* (France, large transport sector company).

#### Companies which don't see any benefits

Among the companies which said they don't see any benefits, the following types of reasons were provided by some respondents:

- The companies are already sensitive to the topic and/or are applying their own tools or measures, which they regard as sufficient or better;
- The tools have become a mere formality (Belgium);
- Time is too limited to do follow-up actions, much less than required for the compilation of the two auditing instruments (France);
- The national legislation is (for various reasons) not perceived as useful (for the worker or company) (Denmark, Germany).

Some companies which reported that they see no benefits to the instruments said that they are carrying out similar (or more tailored and far-reaching) pay monitoring or auditing exercises already, and therefore perceive the exercise as additional burden:

*No particular benefit as we already have an internal monitoring system (both from a demographic and economic point of view, as well as a set of measures implemented and to be implemented).* (Italy, energy and gas company, more than 10,000 employees)

Others perceived the reporting or auditing as a mere formality, with little or limited impact, due to the non-existence of gender pay gaps in their company:

*At the beginning, something like this can work, but once it has been done, it remains in place indefinitely. In practice people do nothing with it anymore after a certain period of time and it becomes a mere formality. There are no real questions or problems within the company with regards to gender pay gaps, the proportions are quite good.* (Belgium, HR professional, more than 50 employees)

In another French company, where pay gaps had been detected and rectified, the instruments were nonetheless deemed as not very beneficial, due to the lack of time to act further and because of the low share of women in the company:

*Not really. In fact, the different exercises (BDES, Equality Index, preparation of the annual wage collective bargaining) take time for the HR services. There is a lot of work to describe the situation, but at the end, less time to launch concrete actions. Otherwise, as the share of females is about 25% of the workforce, any positive action done to try to reduce wage gap (as to recruit more female employees) have only a small visible impact on the global result.* (France, chemical sector, two HR professional respondents, more than 1,000 employees)

Other respondents were rather critical in relation to their specific **national legislation**, which was regarded as not working as intended, either because of the design of the reports (Denmark), or because the information provided to the employee is not considered useful for them (Germany).

### **Companies criticising the national legislation**

*We are supporting equal pay between genders and pay transparency, but we do not support the law. The reason is that the law is not working, the intentions of the law are not fulfilled.* (Denmark, consultant for an employer organisation, more than 250 employees)

*Well, the talk about the gender segregated pay reports can be good as they attract attention to the problems with gender inequalities. However, the law in itself does not work for us. The reports are too complicated, and it would be a big load of work to make our own pay reports. The pay report just confirmed that we do not have problems with gender inequalities. Only in the IT department, there were some inequalities and they were due to experience.* (Denmark, HR manager in retail, more than 1,000 employees)

*No, I see no benefit in this process. The information we provide is of no use for the worker and consequently they are not interested in this information. To us, it was time-consuming and caused a lot of effort in the start phase when we did not know where the legislation was going and when we did not even understand what individual words were supposed to mean. ... But it was the same story as other stories of the same kind: we expect an ultimate-MCA and then, in reality, not much happens. Now the process is running without too much effort, particularly because we don't have requests. For the company, I don't see a benefit.* (Germany, Labour lawyer in HR, large railway company, more than 10,000 employees)

The most critical were some of the respondents from **Germany**, all of whom had gone through the various transparency procedures for the first time. The **right to pay information** raised the most criticism from larger companies, while the voluntary implementation of pay evaluation schemes and pay reports were considered a side issue.

The most critical view was voiced by an HR professional and head of accounting from a large German software firm, who regarded the Pay Transparency Act as a ‘bureaucratic burden without any benefit for the company’. She acknowledges that the legislation has raised awareness of gender inequality and fair wages but claims that the company follows these values anyway.

Another HR manager and head of accounting from a large chemical company stated that the company applies collective agreements and wants to comply with the anti-discrimination legislation anyway and therefore sees no need for the Act. The respondent was not rejecting the Act entirely, because ‘it may be of benefit for employees in other companies’ but claims that the Act should have been drafted by consulting large companies.

In both of these companies<sup>60</sup>, the process of complying with the new legislation for the first time, of setting up the software required for the right to obtain information and understanding the requirements of the law concerning pay reporting were perceived as cumbersome. The software company, which is not covered by a collective agreement and applies various performance-related remuneration schemes, thus had to go through the comparative process, was presented with a large number of individual requests (1,000 in 2018, 300 in 2019), and required some time to internally develop the software to respond efficiently to such requests. Following automation, the company now can bundle several requests and deal with them more efficiently.

Most interviewees say that the law may be useful for others, as they will raise the awareness of the issue. They themselves are typically described as being well aware of the problem.

In the German case, the obligation to publish **pay reports** is limited to a small number of large companies. Two out of three interviewees said that writing the report took them ‘about an hour’. The interviewees do not see a benefit in writing them. In the correspondent’s view, it is unclear whether anybody is reading them. They are not published on the websites of the companies but in the *Bundesanzeiger*. They are also excluded from the *Lageberichte* (obligatory management reports), which makes them – from a legal and corporate social responsibility perspective – irrelevant.

### Employee representatives’ perspective

The employee representatives’ perception in relation to the benefits or ‘usefulness’ of the instruments, while being more positive, are nevertheless very closely aligned with those expressed by management, in particular as regards criticisms and proposals for improvement. Next to a more general appreciation of the instruments and their role in raising awareness of the gender pay gap and gender inequalities more generally and promoting overall transparency, the employee representatives suggested that the instruments:

- are important as preventive measures
- may increase motivation and trust among employees
- help establish objective facts
- are useful for employees in (individual) pay negotiations

---

<sup>60</sup> Interviewees from both companies also mentioned that they are in contact with other large corporations on the issue, which all share the same view on the pointlessness of the requirements, as anti-discrimination legislation is in place and because they do not act in a discriminatory way. Both companies are among those who back the political opposition to the legislation on the part of the political parties CDU and FDP.



### **Benefits reported by employee representatives**

*Yes, any transparency is welcomed, as the company discourages wage comparisons of workers. Yet they do so amongst themselves, but without finding unfair treatment. However, it should be monitored that there is no negative evolution in the future. (Belgium, employee representative)*

*Absolutely yes; knowing employees' conditions is the way to make them work well. There is no absenteeism. People feel understood and listened to. This helps to solve problems. (Italy, delegate of the company RSA)*

*Some employees use the data to compare how well they fare in comparison to others, and this would provide them with the notion of either 'being satisfied with their wage' or asking for a wage increase in their annual employee development talks with management. (Austria, former chair of the works council)*

A German worker representative sees the benefit in the right for pay information in the fact that workers can draw on the results in their annual interview with management (*Mitarbeitergespräche*) and that pay equality is an issue that can now be talked about at the workplace. According to the chairwoman of a Lithuanian works council, the reports detect gender pay gaps if they exist. Transparency is a good instrument for identifying shortcomings in the existing remuneration system and a solid base for more efficient negotiations.

Several respondents said they were beneficial, as they did or could detect gender pay gaps, and some reported that their use had triggered action. Other respondents suggested that the reports and audits not only revealed pay gaps in relation to gender, but were also able to pinpoint other inequalities, stemming, for instance, from different contracts or from some workers not being covered by a collective agreement:

*The analytical report provides a view on potential inequalities that may arise in the group of workers that is exempt from the negotiated payment schemes. The gender pay gap is instrumental in improving objective payment schemes and preventing favouritism. (Belgium, union delegate to the works council)*

(See section 'Action taken by companies'.)

Two respondents stressed that it takes some time until they reach their full potential, while highlighting, in line with others, the need to closely involve representatives as a precondition for making them (more) beneficial:

*The current pay audit process of the company is so detailed and presented in a way that it would indicate unexplained pay gaps between genders if there were any. Therefore, it is a useful instrument. However, getting to the point where enough details are included in the audit has taken several years. Similarly, finding a way to compile the pay audit in a way that it clearly shows the possible pay gaps has been a long process. This process of improving the pay audit is a process that has involved both the ER body and HR. (Finland, shop steward)*

Respondents in a group interview in Sweden believed that the audits can be a very useful instrument for detecting potential gender pay gaps. However, it might require some time and financial resources for companies to get familiarised with the pay audit process.



In line with management, several employee representatives, while agreeing that the instruments were in principle useful, made proposals on increasing the richness of the reports or audits to render them more beneficial. Among these proposals were:

- to include further in-depth indicators, in particular all components of pay, including variable remuneration;
- to include comparisons and benchmarks of wage inequalities with other sectors;
- to use more function groups in addition to the prescribed ones;
- to offer more interpretation and information on the figures and make them understandable for workers;
- to provide a longitudinal perspective and in-depth analysis of differences in workers' careers and the impact of time-outs;
- to make follow-up action mandatory;

**Box: Employee representatives proposing an extension of the reports and audits contents or process**

**Include more pay components**

*The gender pay reporting should include all kind of wages, especially in financial sector companies where the gross salary is completed by important variable remuneration and bonuses. If the BDES or Equality Index ignore this kind of remuneration, audits are not useful. On the contrary, it will focus on real wage gaps and employee representatives would be able to act to reduce them. (France, trade union delegate).*

**Provide a longitudinal perspective**

*Transparent pay reporting and further analysis is demanded by the union. However, the gender pay gap does not appear to be problematic in the company. The analytical report could/should allow for more in-depth analyses of differences in workers' careers and the impact of time-outs for both women and men on their wage progression. The longitudinal perspective is currently absent in the data as such. (Belgium, trade union delegate to works council)*

**Making the report more understandable for workers**

*The gender pay gap is an important subject among members and the fulfilment of the law as well. The problem is interpretation and understanding of the pay reports. While some of the pay reports maybe are understandable for HR employees, they will not be for employees working, for example, in the construction sector. This is actually a huge problem as employee representatives play a crucial role in supporting cases about wage discrimination, but they will be challenged by this. We actually had a case about a huge Danish company that every year published such a bad pay reports that even our economist could not understand it. The companies have an interest in hiding the actual problems, as they can be expensive for them. We therefore often experience that if one employee complains, he/she will be paid off. One time we took a case into the board for equal pay and we ended up winning and increasing the wages for a whole department of a company. This is very expensive, so we do not see lots of cases, as it is too difficult for employees and employee representatives to move on with such cases. (Denmark, trade union representative, answering from the perspective of members)*

*'Useful, yet for lay(wo)men, it is not easy to interpret the raw data. Some automatic benchmarking statistics would be welcome. There is a need to better understand what is behind the wage cost figures (gross wages, taxes on labour, bonuses, variable pay, fringe benefits, etc.). (Belgium, member of OSH committee and works council)*

**Make actions compulsory**

*The report surely represents a way to detect gender pay (and contractual) gaps; however, if it is not followed by further actions (and related sanctions), the instrument does not encourage companies to take concrete measures. (Italy, employees' company representative and SE Works Council Europe representative)*

Some other respondents highlighted the inadequacy of existing pay reports for detecting or proving individual pay discrimination:

*If the employees see some inequalities in the pay reports, they can bring a case against the company easier. Normally the employee will have to show that the company is guilty of wage discrimination, but in this case the company has to prove its innocence. However, the law is too broad. There are no standards on how to make the pay reports which leaves too much room for the companies.*

(Denmark, trade union representative)

*The report is a good measure for an internal wage analysis within the company, as the reported wages need to include (often hidden) items like pay supplements or overtime compensation.*

*However, the principal question of a possibly wrongful (i.e. discriminatory) classification within the wage system is not answered with these reports. (Austria, former chair of works council)*

## Action taken by companies

This section is based on the interviews obtained in the context of this study. Interviewees from companies that had compiled pay reports or audits were asked whether some employees received pay increases as a consequence of what the reports or audits showed and whether they had taken any further action beyond the legal requirement.

### Pay increases for some employees

When asked whether ‘at least some’ employees had obtained pay increases following the implementation of the pay transparency instruments, the majority of respondents reported that no pay increases had been granted. On average, three out of ten respondents said that such increases took place, and if so, the increases usually related to a small number of employees. Those that had implemented pay audits were slightly more likely to report that an increase had been given. Employee representatives did not differ significantly in their answers from management on this point. In some cases, the instrument itself did not have a direct effect, but was indirectly related to pay increases, for instance through collective bargaining or in individual negotiations with employees.

**Table 34: Have at least some employees received pay increases?**

	Yes	No	No information	
<b>Right to obtain information</b>	6%	41%	53%	100%
<b>Pay report</b>	19%	74%	7%	100%
<b>Pay audit</b>	49%	45%	6%	100%
<b>Total</b>	<b>29%</b>	<b>58%</b>	<b>13%</b>	<b>100%</b>

Source: Interviews with management and employee representatives, 124 observations

Among the ‘No’ answers, some German respondents [referring to pay reports] stated that this was not intended by the legislation.

Other respondents highlighted that the focus on reducing the gender pay gap had been present for a long time:

*The work to reduce wage gaps has been underway for a long time and there are very few wage gaps. This has affected some women returning from maternity leave with an average gap of 2% being addressed. The agreement on professional equality provides for a procedure for employees who notice a pay gap with a colleague, but it has not been used.* (France, HR manager, urban public transport, more than 10,000 employees)

*We had in place a process for equality adjustments to pay before we started the pay gap reporting.* (United Kingdom, university provost, > 1,000 employees)

Several interviewees referred to ‘indirect’ or partial action taken or gave rather general answers:

*Not directly, but it shaped negotiations regarding increasing the pay of those whose pay was lower than the average during the following years.* (Finland, HR manager, large municipality)

Several French interviewees referred to the French framework for collective bargaining on wages (NAO) and the fact that there is a specific budget dedicated to reducing wage gaps. For example, in one IT company with around 450 employees, about 10% of female employees within the holding company and about 5% of employees within the business units were reported to have obtained a compensation from this budget. Another company holds 0.1% of its payroll for compensation when pay gaps are detected.

A similar practice was also reported by a large Lithuanian bank, which, after a routine review and analysis of the remuneration policy in the company in 2017, decided to create a special fund aimed at reducing the pay gap. As a result, the salaries of women were increased.

Several French companies found out by calculating the Gender Equality Index score that their score in relation to women returning to work after maternity leave was not as good as expected and subsequently acted on it.

#### **Impact of the French Gender Equality Index in a pharmaceutical company**

The Gender Equality Index has changed the company's practice in relation to avoiding the emergence of a pay gap for women who are returning from maternity leave. By law, an employee coming back from maternity leave must receive her former salary and the average wage increase received by employees of the same category during her maternity leave. One of the criteria of the Gender Equality Index focuses on this issue (which counts for 15 out of 100 points in the final score).

Before the introduction of the index, this legal commitment was managed by the HR management of each unit, and due to different practices or interpretation of the law, some gaps occurred when women returned from maternity leave. To ensure the company obtained 15 points, the interviewed manager decided to centralise the management of return from maternity leave. Her service now contacts each HR manager of an employee coming back to work, to inform them about the minimum wage increase the company immediately has to apply on their return to work.

Several companies that detected gaps said that this was due to a misclassification of employees:

*Yes, in one case a pay increase was made, because the income report showed a mistake (underpayment or, rather, wrong classification) of one employee. (Austria, manager of the HR and legal department, food service industry, more than 250 employees)*

*One employee; it was detected that a job task profile had changed and that the worker should gain a higher wage. (Germany, labour lawyer, railway company with more than 10,000 employees)*

One Italian employee representative reported that as a result of the pay report, female executives were promoted. *'10 years ago, this would not have happened.'* (RSU delegate, chemical and plastics, more than 1,000 employees)

Most cases of pay adjustments were reported from Finnish and Swedish (pay auditing) companies, including for example:

An operations manager in a Swedish renting and real estate company (with less than 50 employees) reported that every pay audit that has been compiled has revealed some need for change. The pay increases were given to both individuals and groups of employees.

While no big defaults were found during the audit in a Swedish manufacturing company (with more than 250 employees), a couple of unjustified salary differences between employees were detected. For dealing with these, the respondent HR specialist and the salary administrator had meetings with the managers of the concerned employees. The managers agreed to increase their salaries.

Another Swedish company (a small manufacturer with more than 50 employees), which had conducted an audit for the third time since 2017, reported that the audit detected gaps. The first year that a pay audit was made, the company undertook comprehensive work to construct and compare the employment categories, and several cases of unequal pay were detected. When the pay differences were not justified, the company administration listened to the employee representatives' comments and was willing to adjust the pay for employees subject to pay discrimination. In 2018, it turned out that a whole department comprising of 12 employees was subject to pay discrimination. In 2019, only one person was subject to pay discrimination, according to the audit.

One interviewee from a company in the United Kingdom stated that three female employees had their salary reviewed and approved for an increase and realignment following the pay reporting.

A Swedish energy sector company also detected only one case of unjustified salary difference. It concerned a female employee who earned approximately €1,800 per month less than her male colleagues who performed similar tasks. The company administration decided that an individual development plan, stretching over five years, would be developed for the concerned employee. However, no direct measures were taken, and the employee did not get an increased salary. Soon after the audit, the employee left her job at the company. (Case reported by employee representative)

### Further action beyond the legal requirement

Around one quarter of respondents said that the company had taken further action based on the pay transparency measures and beyond the legal requirement:

*We have published more data than we need, and we are developing a range of interventions to address pay gap issues – for gender and beyond. I think we would have done these things anyhow, but the reporting exercise has really highlighted the issue and has accelerated interventions.* (United Kingdom, university provost with more than 1,000 employees)

Whether the pay transparency measures were indeed the (only) cause for the action was not always clear, and the matter was put in perspective by many respondents for whom the transparency measure is one of several pay setting or gender equality instruments at their disposal,

Among the reported follow-up actions were the following:

- Published more data than required.
- Compared salaries to external employees doing similar work.
- Checked also for other sorts of pay discrimination, beyond gender.
- The remuneration system has been adapted and improved (see box).
- Implemented hiring and retention policies regarding diversity and inclusion based on the report results.
- Actively shared and discussed the results with managers to raise awareness.

- Took action to promote the reduction of occupational segregation or to promote women managers (see box).

#### **Additional review of remuneration practices, triggered by the audits or reports**

In the case of a Belgian company, the union noticed via the analytical company pay report that there was a substantial wage difference between men and women (18%), and that there were four times more men in higher managerial positions compared to women. The union took action by devoting a newsletter to gender inequality in wages and promotion chances and comparing the company within the sector and with other sectors.

The management followed up on the newsletter and screened all recruitments in the preceding six months to check for unequal treatment of men and women, which it did not find. However, the management took the issue to heart and intended to close the wage gap at managerial level as well, following the example of a competitor. (Belgium, trade union delegate, insurance company, more than 1,000 employees)

A Lithuanian company decided to review the salaries of employees on maternity or paternity leave annually, despite the fact that they do not have a performance appraisal result (which determines the size of the salary increase). This is to avoid a pay gap when the employee returns to work. (Lithuania, HR professional, fast-moving consumer goods sector, more than 250 employees)

Individual annual bonuses have been replaced by the non-performance-related collective bonus system. (Belgium, employee representative)

#### **Promoting women in male-dominated areas and women managers**

According to the interviewed managers of a French company, the strict application of the compulsory measures such as the Gender Equality Index and information on gender equality provided in the BDES is useful, but not enough to ensure a reduction of the wage gap. In addition, the company took other action in the framework of a company-level agreement which provides for other measures and indicators with a follow-up committee. Potential wage gaps are checked every month. This follow-up represents a quarter of an FTE per year. The company also developed a programme to provide training and information campaigns to invite female employees to take over traditionally male-dominated and often better-paid positions. Promotions to such positions are expected to reduce the wage gap in the company. (France, transport company, more than 10,000 employees)

In an Austrian higher education company, in the HR department's personnel planning, the development of women (especially for management roles) is dealt with separately. Management positions are also advertised with the possibility of part-time employment. For all technical positions, women are specifically invited to apply and specific channels to reach them are used (women's networks). (Austria, higher education, more than 250 employees)

## 5 – Conclusion and policy pointers

EU countries are at different stages of implementing pay transparency instruments as recommended by the European Commission in 2014 ([2014/124/EU](#)). Many have not even started yet; most of these are located in central, eastern and southern Europe. The actual impacts or benefits that can be expected from introducing transparency measures will depend on what kind of instrument is implemented.

### Despite potential underestimation, costs are low

In this study, cost estimates for the three company-level pay transparency measures (the right to obtain pay information, pay reporting and pay audits) were compiled from national ex-ante assessments and other research. The findings suggest - with exceptions - that such measures tend to be inexpensive, particularly as they usually apply to medium- to larger-sized companies only.

Concerning the **right to obtain information**, ex-ante estimates were available from Germany only, which suggested that the costs for responding to one such request would amount to €20 per employee<sup>61</sup>. For the different variants of **pay reports**, the estimated costs for companies **per report**<sup>62</sup> ranged from zero in Estonia and DKK 524 (around €70) in Denmark (where the compilation is carried out centrally and the compilation costs are born by other actors) to €844 in Germany (i.e. between €169 and €281 per annum). The highest annually recurring costs were estimated by the UK government, at £483 (around €570) next to a one-off cost for familiarisation of £243 (around €286). The requirements for **pay audits** were estimated to be more time consuming and costly, but still low overall: ranging from €88 per case in Estonia to 25 SEK (around €2.40) per employee and year in Sweden to €1,390 on an annual basis for the compilation of a full gender equality plan including a pay audit in Finland.

Evidence based on interviews with management in this research shows that in some countries, the ex-ante cost estimates might have been too modest, particularly in those where the measures had just recently been introduced. The first-round familiarisation costs rise in those cases where companies have difficulties in understanding the legal requirements, where decisions on what to include have to be taken and companies involve many staff to discuss the issue, and where investments into software customisation has to be made. The interviews carried out, however, suggest that many companies incurred or expected lower costs after the first year and that the costs were not regarded as particularly high or prohibitive by most interviewed companies. This was also supported by perceptions from employee representatives, most of whom said that the cost element as such was not stressed as recurring theme by management.

### Standardisation and automation can reduce some costs

The report showed some examples of countries that have opted for more centralised approaches in the preparation of gender pay reports (Belgium, Denmark and Estonia) and of governments encouraging the use of developed and validated tools for pay auditing (Germany and France) or

---

<sup>61</sup> This was, however, based on the assumption that companies would have already conducted a pay audit beforehand.

<sup>62</sup> Note: All conversions into Euro in this section are based on the current exchange rate of November 2019. No conversion of older estimates into prices of 2019 was made.

reporting (Austria, Italy and Luxembourg). Peak-level and sectoral social partners can also play an important role in this regard. The availability of readymade measures or off-the-shelf software was found to reduce the costs for companies and to enable them to re-focus their resources on the more important parts: the interpretation of the findings, the further analysis, the discussion with employees and their representatives, and the generation of action plans – beyond the adaptation of pay. There is, of course, the question of how much standardisation is feasible or desirable. From the experiences captured in this report, governments (and other national actors) considering the introduction of such transparency requirements could reflect on introducing more centralised approaches. These could possibly be linked to standard quality management procedures. At the same time, several company respondents highlighted the need for the reports or audits to be adaptable to the company structures and the specificities of payroll reporting.

The European Commission in its 2014 recommendation did not opt for an EU-wide approach, but expressly referred the design of the transparency measures to the Member States ‘in an approach tailor-made to the specific domestic situation’. This is reasonable, as the pay setting and the role of social partners is so varied. But as the instruments mature and more experiences are gathered, the development and promotion of one or more EU-wide good-practice tools, notably for pay auditing and reporting, could be envisaged.

### **Management and employee representative respondents by and large agree on benefits and shortcomings of the instruments**

Half of the respondents who were interviewed in this study said that they found the pay transparency measures to be beneficial, and most of them also mentioned some of these benefits or opportunities. A quarter of the respondents said that the benefits were limited or that the instruments would be more useful if certain changes, either to the instrument itself or the company practice in applying it, were made. In a minority of cases (one-fifth), the respondents demonstrated a negative perception and did not see any benefits.

Employee representatives were found to be somewhat more positive than management in relation to the perceived benefits, opportunities or usefulness of the instruments. There were no employee representatives who saw no benefits at all. But the difference from management is not very large, in particular regarding the perceived benefits and reported limitations: on both sides, respondents made similar proposals as to how the usefulness of the reports or audits could be improved. This included enriching them in terms of indicators captured (i.e. pay components, seniority, tailored function groups), adding a longitudinal or comparative element, involving employees more closely and making them more useful and accessible to employees, or devoting more time on the analysis and follow-up actions.

Pay audits were more often regarded as beneficial (66%) than pay reports (44%) by the respondents interviewed in this study.



## From simple yet limited reports to richer and more meaningful analysis

It is good to start simple, easy and cheap. Pay reporting overall has been found to be cheap and relatively easy to implement. It is likely that teething problems will be faced by countries when rolling out the measures. Clarity in the regulations, with simple rules on who is required to adhere to the process, and a simple yet precise description of what needs to be reported (analysed and compared) will help most and reduce the number of support measures required. But after a while, it might be worthwhile to consider advancing from simple gender pay reporting to more meaningful pay audits with extended information on other variables, analysis and required action plans.

Interviews with companies in Austria, Belgium, Denmark, Italy, Lithuania and Germany suggest that the rather simple pay reporting instruments applied there – while creating awareness – are not perceived as particularly beneficial for companies or workers (any more, or even from scratch) because they are insufficient or perceived as yet just another bureaucratic reporting obligation.

If organised and supported well, even the more complex and richer instruments – pay audits – do not seem to pose major problems for companies, and can be carried out in a cost-efficient way – based on the evidence gathered from Belgium, Finland and Sweden.

One further conclusion from this research – particularly derived from the German, but also the Austrian, Belgian, Italian and Danish experiences – is that approaches that are too limited and have vague requirements run the risk of not being very beneficial beyond raising awareness. Some ambition is required so that companies can see real benefits and buy in. In particular, moderate requirements for the pay reporting – including no external publication of reports, no figures in published reports, no requirements to share them with employees (or even prohibitions on doing so), very broadly aggregated pay figures, no action plans – which may have been set in response to employers' voices not to add additional red tape, may have paradoxically increased the likelihood that they are regarded as red-tape only, as their potential impacts and benefits are low.

In contrast, the deeper the analysis goes and the longer it has been applied and tailored further to the company's needs, the more beneficial it is regarded. Company and employee representatives alike were more likely to report that they see benefits to pay audits than to the other instruments. A Swedish study from 2011 investigated the cost and benefits of several gender equality measures and found that the least costly and most highly appreciated, thus most cost-efficient measure, were the equal pay action plans.

## Can pay transparency help to reduce the gender pay gap?

The benefits of the instruments are not yet well researched in quantitative terms. First, they are just one tool among many others that seek to address the gender pay gap and gender equality. There are many other factors influencing the gender pay gap (horizontal segregation, female participation in the labour market, childcare division and penalties and so on), and such other factors need to be controlled for, to isolate the impact of pay transparency measures. To date, we are not aware of any research which tried to do this across countries.

The interviews conducted for this study showed that in less than every third case, the respondent said that the wages of at least one employee had changed following the application of the pay transparency measure. Most often, this was linked to the respondent reporting that no pay gaps had been detected. Again, pay audits were more often found to have detected gaps and subsequently more often led to pay increases: in half of the cases. Noteworthy in this regard is the French Gender

Equality Index (classified as pay audit in this study), which contains a separate score for addressing the maternity leave penalty. This has triggered an increased focus, and several French respondents reported that such gaps were now receiving more attention.

One hypothesis is that pay transparency instruments will not fix issues immediately but will require some time to unfold their potential. Another possibility, however, is that they have the largest impact upon introduction (possibly even before, when the transparency ‘threat’ is looming), while their effectiveness either fades afterwards, or, as suggested by some employee representatives in this study, they start to act as preventive instrument. One very interesting national research project in this regard is from Denmark (Bennedsson et al, 2018), which found that the gender pay gap between men and women in companies that are subject to the law fell by 7% from before the implementation of the law (2003-2005) to after the implementation (2006-2008). This was despite a high level of non-compliance with the instrument and the researchers’ inability to directly observe which companies actually complied. Nevertheless, their findings show that the mere presence of such a legal obligation seemed to contribute to the intended outcome.

### **Are voluntary measures an alternative?**

Some interviewees in this research mentioned that they have or would have carried out reports or audits even in the absence of mandatory requirements. However, there is ground to believe that this may be part of a selection bias: such practitioners of good practice are probably more likely to have responded to Eurofound’s correspondents requests for interviews. This is supported by a larger German study based on interviews with employee representatives. This found that companies were much more likely to have carried out the voluntary pay auditing if they were performing well economically and/or had a human-focused approach with a stronger recruitment and retention focus, already had equality measures and a good social dialogue (Baumann, Klenner and Schmidt, 2019). It is questionable whether any voluntary measures would therefore reach those companies that are not convinced (by themselves) that gender pay equality is an issue. On the contrary, the existing degree of non-compliance reported in various studies and for most countries, shows that statutory regulations will not reach ‘all’.

## References

All Eurofound publications are available at [www.eurofound.europa.eu](http://www.eurofound.europa.eu)

### General

Eurofound (2018a), [Pay transparency in Europe: First experiences with gender pay reports and audits in four Member States](#).

Eurofound (2018), [Ten points about pay transparency in Europe's companies](#), Blog.

Eurofound (2019), [Slow start for gender pay transparency in Germany](#), Blog, Christine Aumayr-Pintar.

European Commission (2019), *Law proposal to introduce measures to reduce the gender pay gap*, Flash report 18 March 2019, by M. Vegter, Netherlands.

European Commission (2017), Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee EU Action Plan 2017-2019 Tackling the gender pay gap, COM/2017/0678 final.

The EU Mutual Learning Programme in Gender Equality Equal Pay - Iceland - 27-28 May 2019:

[Country reports](#).

The EU Mutual Learning Programme in gender equality seminar - Tackling the gender pay-gap, October 2016, Belgium. [Country reports](#).

EU Network Gender Wage Watchers: <https://genderpaygap.eu/>

Foubert, P. (2017), [The enforcement of the principle of equal pay for equal work or work of equal value](#), Study for the European Commission, DG JUST.

European Equality Law Network: Country: <https://www.equalitylaw.eu/country>

[Report on the implementation of Commission Recommendation on strengthening the principle of equal pay between men and women through transparency](#), Report from the Commission to the European Parliament and the Council.

European network of legal experts in gender equality and non-discrimination (2017), [The enforcement of the principle of equal pay for equal work or work of equal value](#).

Veldmann, A. (2017), [Pay transparency in the EU – A legal analysis of the situation in the EU Member States, Iceland, Liechtenstein and Norway, European network of legal experts in gender equality and non-discrimination](#), Report for European Commission, Directorate-General for Justice and Consumers, Brussels.

Von der Leyen (2019), [A Union that strives for more. My agenda for Europe](#), Political Guidelines for the next European Commission 2019-2024.

## National references

### Austria

- AK and ÖGB (2014), [Einkommensberichte – Erfahrungen aus Sicht der BetriebsrätInnen. Ergebnisse einer AK/ÖGB-Online-Umfrage](#). [Income reports – Experiences based on the views of works council members. Results of an online survey of AK and ÖGB], Vienna.
- Austrian Federal Ministry for Education and Women (AFMEW) (2014), [Der Einkommensbericht. Ein Praxis-Ratgeber](#). [The company pay report. A practical guide], Vienna.
- Austrian Federal Ministry for Civil service and Sport (2019), [Einkommensbericht 2019 gemäß § 6a Bundes-Gleichbehandlungsgesetz](#) [Income report following 6a, Federal Equality law], Vienna, 2019.
- Austrian Federal Ministry for Education and Women (AFMEW) (2015), [Einkommenstransparenz - Gleiches Entgelt für gleiche und gleichwertige Arbeit. Gehaltsangaben in Stelleninseraten und Erstellung von Einkommensberichten: Evaluierung der Umsetzung und Wirkung der Bestimmungen](#) [Pay transparency - Equal pay for equal work and work of equal value. Pay information in job advertisements and compilation of company pay reports: Evaluation of the implementation and impact of the provisions], Vienna.
- Austrian Federal Ministry for Health and Women (AFMHW) (2017), [Toolbox Einkommensberichte](#). Erstellen, analysieren und verwenden [Tool box Company pay reports. Compilation, analysis and usage], Vienna.
- Austrian Federal Ministry for Employment, Social Affairs and Consumer Protection (BMASK), (2010), [938 der Beilagen XXIV. GP - Regierungsvorlage – Erläuterungen](#).
- Stadt Wien [City of Vienna] (2019), [Bericht zur Einkommenstransparenz 2018 gem. § 43a W-GBG](#).
- Amt der Salzburger Landesregierung [Municipal government of Salzburg] (2016), [Einkommensbericht 2015](#),

### Belgium

- Kampelmann, S., Rycx, F. (2016), Wage discrimination against immigrants: Measurement with firm-level productivity data (Working Paper Nr. 8; IPSWICH, p. 61). KU Leuven - HIVA Research Institute for Work and Society.
- Vandekerckhove, S., Knipprath, H. (2016), The Gender Pay Gap Law in Belgium. Discussion paper for the EU Mutual Learning Programme in Gender Equality. Presented at the Tackling the gender pay gap Belgium, KU Leuven - HIVA Research Institute for Work and Society, Brussels, p. 13.
- Vandekerckhove, S., 2019a. The Gender Pay Gap in Belgium: policy beyond the rules of law. Presented at the The EU Mutual Learning Programme in Gender Equality on Equal Pay in Iceland, European Commission, Reykjavik, IS, p. 10.

Vandekerckhove, S. (2019b), The institutional pull towards intersectoral wage convergence. Presented at the Work and well-being in the 21st century, International Labour Office, Geneva, p. 35.

Vandekerckhove, S. (2019c), Minimum wages through collective bargaining - reason or rigidity? Presented at the EU Mutual Learning Program - Peer Review on "Minimum wages – extending coverage in an effective manner," European Commission, Larnaca, CY, p. 24.

## Denmark

Bennedsen, M., Simintzi, E., Tsoutsoura, M. and Wolfenzon, D. (2018), [Do firms respond to gender pay gap disclosure?](#), October 2018.

Danish Ministry of Employment, Beskæftigelsesministeriet, (2006), [Lov om ændring af lov om lige løn til mænd og kvinder](#).

Danish Ministry of Employment, Beskæftigelsesministeriet (2007), [Vejledning til virksomheder om kønsopdelt lønstatistik](#).

Danish Ministry of Employment, Beskæftigelsesministeriet (2015b), [Ligestillingsudvalget 2015-16 LIU Alm.del endeligt svar på spørgsmål 22 Offentligt](#).

Danish Ministry of Employment, Beskæftigelsesministeriet, (2016), [Beskæftigelses- og ligestillingsministerens ligelønsredegørelse](#).

The Danish Business Authority (Erhvervsstyrelsen) (2005), [Forslag til lov om ændring af lov om lige løn til mænd og kvinder \(Kønsopdelt lønstatistik og redegørelser om lige løn\)](#).

The Office of the Folketing Hansard (Folketingstidende A), Folketinget 2013-2013. [Lovforslag nr. L 155. "Forslag til Lov om ændring af lo om lige løn til mænd og kvinder"](#). Page 8.

The Office of the Folketing Hansard (Folketingstidende A), Folketinget 2015-2016. [Lovforslag nr. L 89. "Forslag til Lov om ændring af lo om lige løn til mænd og kvinder"](#). Page 7.

Holt, L. and Larsen M. (2011), [Kønsopdelt lønstatistik og redegørelse om lige løn](#)". SFI – Det Nationale Forskningscenter for Velfærd.

## Estonia

Espenberg, K., Aksen, M., Lees, K., Puolokainen, T. (2014), [Palgaerinevuste statistika parem kättesaadavus: Soolise palgaerinevuse analüüs](#) (Better access to statistics of pay differences: analysis of gender pay gap), Tartu Ülikool RAKE.

Estonian Ministry of Social Affairs (2018), [Explanatory note of the draft Act of the changes to the Gender Equality Act](#).

Estonian Ministry of Finance (2019), [Avaliku teenistuse 2018. aasta aruanne](#) (Public service annual report).

Turk, P., Anniste, K., Masso, M., Karu, M., Kriger, T. (2015), [Uuring soolise võrdõiguslikkuse seaduse rakendamisest tööandjate seas ja indikaatorite väljatöötamine seaduse mõjude hindamiseks](#) (Implementation of Gender Equality Act among employers), Poliitikauuringute Keskus Praxis.

## Finland

Akava, EK, KiT and KT, SAK, STTK and VTML (2018), [Työmarkkinakeskusjärjestöt: Tasa-arvosuunnitelmat tehokkaammin edistämään tasa-arvoa työpaikoilla.](#)

Finnish Government (2014), [Hallituksen Esitys Eduskunnalle Yhdenvertaisuuslaiksi Ja Eräiksi Siihen Liittyviksi Laeiksi.](#)

Finnish Government (2019), [Inclusive and competent Finland – a socially, economically and ecologically sustainable society - Programme of Prime Minister Antti Rinne's Government 2019.](#)

Finnish Parliament (2005), [Eduskunnan Työelämä ja Tasa-arvovaliokunnan Mietintö.](#)

Finnish Ministry of Social Affairs and Health, (2018), [Report on Pay Openness](#), Maarianvaara, J.

Pay transparency working group (2019), [Final Report of the Pay Transparency Working Group](#), Ministry of Social Affairs and Health

Uosukainen, K., Autio, H., Leinonen, M. and Syrjä, S. (2010) [Työpaikan Tasa-Arvosuunnitelma Ja Palkkakartoitus - Tutkimus suunnitteluvaiheen toteutumisesta sekä suunnitelmien ja kartoitusten laadusta](#), Ministry of Social Affairs and Health.

## France

ACOSS (2019), Les dénombrements annuels des établissements employeurs et des effectifs salariés.

DARES (2019), L'égalité professionnelle est-elle négociable ? – Enquête sur la qualité de la mise en œuvre d'accords et de plans égalité femmes-hommes élaborés en 2014-2015, Document d'études, n° 231, April 2019 [Is professional equality negotiable? - Survey on the quality of implementation of gender equality agreements and plans developed in 2014-2015].

French Ministry for government action and public accounts (DGAFP) (2018), [The French Civil Service Key Figures for 2018](#), Annual Report.

## Germany

Baumann, H., Klenner, C. and Schmidt, T. (2019), [Entgeltgleichheit von Frauen und Männern. Wie wird das Entgelttransparenzgesetz in Betrieben umgesetzt? Eine Auswertung der WSI-Betriebsrätebefragung 2018 \(pdf\)](#), WSI-Report No. 45,

Bundesministerium [für Familie, Senioren, Frauen und Familie] (2019), [Bericht der Bundesregierung zur Wirksamkeit des Gesetzes zur Förderung der Entgelttransparenz zwischen Frauen und Männern sowie zum Stand des Umsetzungsgebots in Betrieben mit weniger als 200 Beschäftigten](#), Berlin.

Bundesregierung (2017), [Gesetzentwurf der Bundesregierung: Entwurf eines Gesetzes zur Förderung der Transparenz von Entgeltstrukturen](#), Drucksache 18/11133.

Bundesregierung (2018a), Leitfaden zur Ermittlung und Darstellung des Erfüllungsaufwandes in Regelungsvorhaben der Bundesregierung – Entwurfsfassung von November 2018.

Bundesregierung, Nationaler Normenkontrollrat, Statistisches Bundesamt (2012): [Guidelines on the Identification and Presentations of Compliance Costs in Legislative Proposals by the Federal Government](#), Berlin.

Busch-Heizmann, A. and Rinke, T. (2018), Der Einfluss betrieblicher Strukturen auf die Verdienste von Frauen und Männern, Ergebnisse der Betriebsbefragung des Sozio-oekonomischen Panels (SOEP-LEE). In: WSI-Mitteilungen 71, Heft 2, S. 114 – 123

Frodermann, C., Schmucker, A. and Müller, D. (2018), [Entgeltgleichheit zwischen Frauen und Männern in mittleren und großen Betrieben](#). Hg. v. IAB (IAB-Forschungsbericht, 3/2018).

Kienbaum (2019), Evaluationsgutachten Kienbaum: Evaluation nach §23,1 EntgTranspG und §23,2 EntgTranspG, in: [Bericht der Bundesregierung zur Wirksamkeit des Gesetzes zur Förderung der Entgelttransparenz zwischen Frauen und Männern sowie zum Stand des Umsetzungsgebots in Betrieben mit weniger als 200 Beschäftigten](#), Berlin, pp. 6-173.

Kienbaum (2018a), Kienbaum-Studie: Sind Sie bereit für das Entgelttransparenzgesetz?, Köln

Kienbaum (2018), [Entgelttransparenz: 85% der Unternehmen rechnen mit Auskunftsansprüchen](#), Press release, 18 June, 2018.

Klör, B. (2018), [Implementierung des Entgelttransparenzgesetzes mit HR-Analytics](#), researchgate.net

Klammer, U., Klenner, C., Lillemeier, S. (2018), „Comparable worth“: Arbeitsbewertungen als blinder Fleck in der Ursachenanalyse des Gender Pay Gaps? (pdf) WSI-Study No. 14

Nielinger, M (2018), [Wie Noventum HR Analytics mit DAX die Umsetzung des Entgelttransparenzgesetzes möglich macht](#), novumonline. Das IT Management Magazin, 19.04.

Schricker, J. (2018), [Entgeltunterschiede und das Entgelttransparenzgesetz](#), Randstad-ifo-Personalleiterbefragung im 4. Quartal 2017.

Schricker, J. (2019), [Ist das Entgelttransparenzgesetz ein Papiertiger?](#), Randstad-ifo-Personalleiterbefragung im 3. Quartal 2018.

Schmidt, J. (2017), Unerwünschte Effekte von Lohntransparenz, IW-Report No.21

Stiftung Familienunternehmen (ed.) (2018), [Der Erfüllungsaufwand von Gesetzen. Reformvorschläge zur Schätzung bürokratischer Lasten für Unternehmen](#), by Deutschen Forschungsinstitut für öffentliche Verwaltung, Munich

#### Support Material

Bundesministerium für Familie, Senioren, Frauen und Jugend (2017a), [Das neue Entgelttransparenzgesetz – Mehr Chancen für Beschäftigte](#), Berlin.

Bundesministerium für Familie, Senioren, Frauen und Jugend (2017b), Das Entgelttransparenzgesetz. Ein Leitfadens für Arbeitgeber und Betriebs- und Personalräte, Berlin.

Bundesministerium für Familie, Senioren, Frauen und Jugend (2018): [Der Entgeltgleichheit einen Schritt näher. Die EVA-Liste zur Evaluierung von Arbeitsbewertungsverfahren und Beispielanalysen](#), Berlin.

Bundesministerium für Familie, Senioren, Frauen und Jugend (2019a): [Der Monitor Entgelttransparenz](#), 22.01.

Bundesministerium für Familie, Senioren, Frauen und Jugend (2019b), [Weitere Instrumente für Entgeltgleichheit](#), 16.08

Fair Pay Innovation Laboratory: [FPI Tool Compass](#), online

Häferer, K., Köhler, M. (2018): Praxisleitfaden Entgelttransparenzgesetz. Ein Überblick über die zentralen Regelungen und deren Anwendung in der Praxis, Springer Link Essentials, München.

Hammerstein, A., Schmidt, J., Stettes, O. (2016), [A web-tool based equal gender pay analysis for a competitive Europe](#), IW-Report No. 26

Jochmann-Döll, A., Tondorf, K. (2018), [Gleiches Entgelt für gleichwertige Arbeit? Der Tarifvertrag der Länder \(TV-L\) auf dem Prüfstand](#), ed. Anti-Diskriminierungsstelle des Bundes, Berlin.

Jochmann-Döll, A., Tondorf, K. (2010), [Entgelt prüfen mit EG-Check, Ein Prüfinstrumentarium](#). Working papers series Gender, Familie und Beruf, No. 214, Duesseldorf.

<https://www.normenkontrollrat.bund.de/resource/blob/244032/775364/f9d1bc952e91e961ccea72555a5f661e/guidelines-data.pdf>

## Italy

Gottardi and Peruzzi (eds.) (2017), Differenziali retributivi di genere e contrattazione collettiva. Risultati del progetto europeo -Close the Deal, Fill the Gap-, Giappichelli.

## Lithuania

DDG (2018), [Kokybinio tyrimo ataskaita \(Report of Qualitative Research\). Diversity Development Group 10 04 2018](#).

MSSL (2018), Valstybinės moterų ir vyrų lygių galimybių 2015–2021 metų programos įgyvendinimo veiksmų planas 2018–2021 metams ([The Action Plan \(2018-2021\) for the Implementation of the National Programme on Equal Opportunities for Women and Men 2015–2021](#)), approved by Order No A1-331 of the Minister for Social Security and Labour of the Republic of Lithuania (27 06 2018).

OEOO (2017), Lygių galimybių politikos priemonių rekomendacijos ([Recommendations on the Measures of Equal Opportunities Policy](#)).

SLI (2020), Valstybinės darbo inspekcijos neplaninių patikrinimų finansų ir draudimo įstaigose apibendrinimas ([SLI Conclusions from unscheduled inspections of the State Labour Inspectorate in finance and insurance institutions](#)).

[Activity Report 2019](#) of the Ombudsmen of Equal Opportunities of the Republic of Lithuania), 16 p.

Mykolas Romeris University, Gender Research Laboratory (2019), Darbo užmokesčio ir pensijų atotrūkio tarp moterų ir vyrų priežasčių analizė ([Analysis of the reasons for pay gap and pension gap between men and women](#)).

OEOO, Diversity Development Group (2018), Kokybinio tyrimo ataskaita ([Report of Qualitative Research](#)).

[Labour code of the Republic of Lithuania approved by Law No XII-2603](#) of 14 September 2016 of the Republic of Lithuania,

Lietuvos Respublikos administracinių nusižengimų kodeksas (Code of Administrative Offences of the Republic of Lithuania), approved by the [Law No XII-1869 \(25 06 2015\)](#).



Lietuvos Respublikos lygių galimybių įstatymas (Law on Equal Treatment of the Republic of Lithuania), [No IX-1826](#).

Lietuvos Respublikos moterų ir vyrų lygių galimybių įstatymas (Law on Equal Treatment of Women and Men) [No VIII-947](#).

Lygių galimybių politikos priemonių rekomendacijos ([Recommendations on the Measures of Equal Opportunities Policy](#)).

[Monitoring of Implementation of Decisions of the Ombudsmen of Equal Opportunities](#).

Valstybinės darbo inspekcijos neplaninių patikrinimų finansų ir draudimo įstaigose apibendrinimas ([SLI Conclusions from unscheduled inspections of the State Labour Inspectorate in finance and insurance institutions](#)).

Valstybinės moterų ir vyrų lygių galimybių 2015–2021 metų programos įgyvendinimo veiksmų planas 2018–2021 metams ([The Action Plan \(2018-2021\)](#) for the Implementation of the National Programme on Equal Opportunities for Women and Men 2015–2021), approved by Order No A1-331 of the Minister for Social Security and Labour of the Republic of Lithuania (27 06 2018).

Vidutinio darbo užmokesčio skaičiavimo tvarkos aprašas ([Procedure for Calculating the Average Wage](#)), approved by Resolution No 496 of the Government of the Republic of Lithuania (21 06 2017).

## Luxembourg

EUROSTAT (2014), 'Gender pay gap: How much less do women earn than men?', Eurostat, Bruxelles.

Jantti, M., Sierminska, E. and Van Kerm, Ph. (2015), 'Modeling the Joint Distribution of Income and Wealth. Research on Economic Inequality', Research on Economic Inequality 23:301-327, vol 23, pp. 301-327.

Kerschen, N. (2019), "How are EU rules transposed into national law", Country Report - gender equality, European commission, Directorate-General for Justice and Consumer.

Ministère de l'Égalité entre les femmes et les hommes (2019), 'Rapport d'activités', MEGA, Luxembourg.

Ministère de l'Égalité des chances, (2017), 'Rapport au gouvernement', MEGA, Luxembourg.

Ministère de l'Égalité des chances, (2017), 'Brochure Égalité Salariale', MEGA, Luxembourg.

Ministère de l'Égalité des chances, (2017), 'Les femmes et les hommes dans la prise de décision économique au Luxembourg', MEGA, Luxembourg.

Ösb Consulting (2019), 'The EU mutual learning programme in gender equality', European commission.

Sierminska, E., Frick, J., Grabka, M. (2010), 'Examining the gender wealth gap', Oxford Economic Papers, 62 (4).

STATEC (2017), 'Salaires, emploi et conditions de travail', Savoir pour agir, Bulletin du STATEC, Luxembourg.

STATEC (2015), 'Premiers résultats de l'enquête sur la structure des salaires', Publication du STATEC, Luxembourg.

Weber, F. and Sierminska, E. (2017), 'A first glimpse into the gender wealth gap in Luxembourg: Report on the wealth situation of women and men', Les rapports du LISER, LISER, 26 p., Luxembourg.

## Spain

Amparo Ballester, M.A. (2018), La Discriminación Retributiva por Razón de Sexo. Brecha salarial y desigualdades de género en el mercado de trabajo. Madrid: Ediciones Bomarzo.

BOE (2019), [Real Decreto-ley 6/2019](#), de 1 de marzo, de medidas urgentes para garantía de la igualdad de trato y de oportunidades entre mujeres y hombres en el empleo y la ocupación.

Carrasquer, P., Sánchez, N. & López, M. (2017), La intervención sobre la brecha salarial entre hombres y mujeres. Análisis de barreras institucionales, organizacionales y culturales. Seville: XI Congreso de la Red Española de Política Social.

Guardiola, F. (2019), Brecha de Género: diagnóstico, prevención y tutela. Madrid: Claves Prácticas. Francis Lefebvre.

Instituto de la Mujer y para la Igualdad de Oportunidades (2015). [Herramienta de autodiagnóstico de brecha salarial de género. Guía de uso.](#)

## Sweden

Almega, Unionen and Akademikerförbundet SSR (2018), [Ett jämställt arbetsliv](#). [Equal working conditions]

Akademikerförbundet SSR (The Union for Professionals), (2015), [Lönekartläggning som en integrerad del i löneprocessen – utopi eller verklighet? Rapport om lönekartläggning och löneprocess hos nio stora arbetsgivare](#). [Pay audit as an integrated part of the pay procedures – utopia or reality? Report on pay audits and pay procedures in nine large employers.]

Christensen, P. T. and Löfgren-Eriksson, A. (2018), Lönekartläggning lönar sig. [Pay audits pay off.] Unionen

Equality Ombudsman (2015), [Diskrimineringsombudsmannens, årsredovisning 2015](#).

Equality Ombudsman (2016), [Sakligt motiverad eller koppling till kön? En analys av arbetsgivares arbete med att motverka osakliga löneskillnader mellan kvinnor och män](#). Report, 2016:1.

Equality Ombudsman (2019), [Aktiva åtgärder i fyra steg – checklista för arbetsgivare](#).

Equality Ombudsman (undated). [E-education about pay audit](#).

Lindholm, K (2014), [Från plan till praktik. En studie om förutsättningar och utmaningar i arbetet för lika rättigheter och möjligheter](#). No. 2014:3, The Equality Ombudsman (DO).

Kumlin, J. (2016), [Sakligt motiverad eller koppling till kön? En analys av arbetsgivares arbete med att motverka osakliga löneskillnader mellan kvinnor och män](#). [Justified pay difference or related to gender? An analysis of employers' work against unjustified differences in pay between women and men.] No. 2016:1, The Equality Ombudsman (DO), ISBN 978-91-88175-05-2. [Summary of report \(pdf, in English\)](#)

The Swedish National Audit Office (NAO/RIR), (2019), [Diskrimineringskrav på lönekartläggning – ett trubbigt verktyg för att minska löneskillnader mellan könen](#). No. 2019;16.

Lundberg (2010) [En urholkad lag som ingen vill fira](#), article in Arbetet, 8 March, 2010.

The Swedish Agency for Public Management (2011), [Aktiva åtgärder mot diskriminering – effekter och kostnader](#) [active measures towards discrimination – effects and costs]. No. 2011:4

Tillväxtverket (2019), [Basfakta om företag](#), [Basic facts about companies]

SOU (2010:7) [Aktiva åtgärder för att främja lika rättigheter och möjligheter – ett systematiskt målinriktat arbete på tre samhällsområden](#)

The Swedish Government (2015) [Ett övergripande ramverk för aktiva åtgärder i syfte att främja lika rättigheter och möjligheter](#)

The Swedish Government (2017) [Handlingsplan för jämställda inkomster](#). [Action-plan for equal life-income]. Regeringen. A2017/02477/ARM.

Rickne, J. and Stüber E. (2019), [Riksrevisionen missar lönekartläggningens mening](#).

Swedish Association of Local Authorities and Regions, SKL (2019) [Fakta om kommuner och regioner](#)

The Swedish Agency for Public Management, Statskontoret (2019) [Fakta om statsförvaltningen](#)

Swedish Agency for Economic and Regional for the Growth, Tillväxtverket (2019)

#### Websites:

Akademikerförbundet SSR (undated). Lönekartläggning – ett verktyg för sakliga löner. [pay audit – an instrument for justified salaries]. Accessed 13 October 2019, available at: <https://akademssr.se/jobb-lon/lon/lonekartlaggning>

Arbetsgivarverket [no date]

<https://www.arbetsgivarverket.se/ledare-i-staten/arbetsgivarguiden/fragor-och-svar/diskriminering/vilka-kan-konsekvenserna-bli-om-arbetsgivaren-inte-fullfoljer-sina-skyldigheter-utifran-diskrimineringslagstiftningen/>

The Equality Ombudsman [updated 2019-10-04]. Gör en lönekartläggning varje år. [operate pay audit every year] Accessed 13 October 2019.

<https://www.do.se/framja-och-atgarda/arbetsgivarens-ansvar/lonekartlaggning/>

The Equality ombudsman [updated 2019-09-02]. Löner och andra anställningsvillkor. [salaries and other terms of employment]. Accessed 5 October 2019.

Ledarna (undated). Lönekartläggning. [pay audit]. Accessed 13 October 2019, available at: <https://www.ledarna.se/stod-i-chefsrollen/jamstalldhet/lonekartlaggning/>

Unionen [undated]. Checklista: lönekartläggning och analys. [checklist: pay audit and analyse]. Accessed 10 October 2019, available at: <https://www.unionen.se/rad-och-stod/checklista-lonekartlaggning-och-analys>

#### United Kingdom

ACAS and GEO (2017), [Managing Gender Pay Gap Reporting](#). London: ACAS.

Brown, D. (2017), [Gender pay: How do you achieve and report parity? The case example of FDM Group](#). Brighton: IES. Report 511.

- CBI (2018), [\*Mind the Gap: Practical Ways to Close your Gender Pay Gap\*](#). London: CBI.
- CIPD (2019) [\*Lessons from reporting the gender pay gap\*](#). London: CIPD.
- Colebrook, C., Snelling, C. and Longlands, S. (2018) [\*The State of Pay: Demystifying the gender pay gap\*](#). London: IPPR.
- EHRC (2018) [\*Closing the Gender Pay Gap\*](#). London: EHRC.
- House of Commons BEIS Committee (2018) [\*Gender Pay Gap Reporting. Thirteenth Report of Session 2017-19\*](#). London: House of Commons.
- McGuinness, F. and Pyper, D. (2018), [\*The Gender Pay Gap, Briefing Paper Nr. 7068\*](#), 8 November 2018, House of Commons Library.
- McKinsey Global Institute (2015), [\*The power of parity: how advancing women's equality can add \\$12 trillion to global growth\*](#). McKinsey Global Institute.
- Murray, J., Rieger, P. and Gorry, H (2017), [\*Employers' understanding of the gender pay gap and actions to tackle it\*](#). Kent: OMB Research. Commissioned by the Department for Education.
- PWC (2019) [\*PwC women in work index 2019\*](#).
- Rhodes, C. (2019), Business Statistics, Briefing Paper nr. 06152, House of Commons Library.
- TUC (2017) [\*Gender Pay Gap Reporting: A TUC Guide for Trade Union Activists\*](#). London: TUC.
- UK Government Equalities Office (2015) [\*Impact Assessment: Employers in Great Britain, with over 250 employees, to publish on gender pay gap\*](#). London: Department for Education.
- UK Government Equalities Office (2016), [\*Mandatory Gender Pay Gap Reporting Government response to the consultation on draft regulations\*](#).
- UK Government Equalities Office (2019), [\*Mandatory Gender Pay Gap Reporting\*](#). Summary of reported data for 2018/19, July 2019.

# Annex 1

**Table 35: Sectoral spread of the interview sample.**

<b>NACE code</b>	<b>Sector name</b>	<b>Number of observations</b>
<b>C</b>	MANUFACTURING	30
<b>D</b>	ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	5
<b>G</b>	WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	9
<b>H</b>	TRANSPORTATION AND STORAGE	5
<b>I</b>	ACCOMMODATION AND FOOD SERVICE ACTIVITIES	5
<b>J</b>	INFORMATION AND COMMUNICATION	11
<b>K</b>	FINANCIAL AND INSURANCE ACTIVITIES	16
<b>L</b>	REAL ESTATE ACTIVITIES	1
<b>M</b>	PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	7
<b>N</b>	ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	5
<b>O</b>	PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY	4
<b>P</b>	EDUCATION	3
<b>Q</b>	HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	1
<b>R</b>	ARTS, ENTERTAINMENT AND RECREATION	1
<b>S</b>	OTHER SERVICE ACTIVITIES	4
	Unknown	17
<b>Total</b>		124

## Annex 2 - Detailed description of the measures

### Right to obtain information

#### Finland

In Finland, the right to obtain pay information is indirect in the sense that while an employee who suspects pay discrimination has a right to obtain information about her/his pay and the basis for it, s/he has no direct right to access information about the pay of other employees. This right is indirect in the sense that this type of information can be requested by a local trade union representative (or other employee representative) but it requires the consent of the employee/group of employees whose pay is used for comparison. In other cases (if consent is not given), the matter can be taken further, either to the Ombudsman of Equality or The National Non-Discrimination and Equality Tribunal.

Furthermore, section 7 of *Nimikirjalaki* ([1989/1010](#)) regulates public access to information in the public sector. Civil servants' pay (including possible pay components) is, in principle, public information. Assessments regarding the pay level of an individual employee are, however, not public information.

#### Process

The following tentative scheme is based on what is laid down in Finnish legislation. In practice, this process is often regulated in detail in collective agreements.

In accordance with section 10 of the Act on Equality between Women and Men ([1986/609](#)), the employer shall, upon request, provide any person who suspects discrimination with a written report on the grounds for their pay and 'any other information that is necessary to assess whether the prohibition of wage discrimination has been complied with<sup>63</sup>'. The right to pay information is not limited in terms of the size of a company or sector. Section 10 of Act on Equality between Women and Men 1986/609 does not specify how this request should be made.

It is important to emphasize that section 10 of this Act refers only to the right of employees to information regarding their own pay and terms of employment. In other words, the employer cannot include information about other employees pay to this report. There is thus no limit for how many comparators must be found in order to make this request.

However, a local trade union representative or other employee representative has, with the consent of the employees concerned, a right to access to information on the pay and terms of employment of other employees if there is a reason to suspect wage discrimination based on gender. All experts interviewed for the purposes of this survey argued that there is no definition for what 'reason to suspect' entails. The local trade union representative or other employee representatives have no right to share the information concerning the comparators pay (without their permission) with the employee suspecting pay discrimination.

The trade union representative has to request a permission to get information about pay of the comparator and also have a permission to share the information (Maarianvaara, 2018, p. 26). The

---

<sup>63</sup> The law is not more specific than that.

law has been criticized as it does not guarantee that the employee has right to information needed in order to place the matter in front of a court (Maarianvaara, 2018; Nousiainen, 2019).

According to several interviews held with trade unions in October 2019, many collective agreements regulate local trade union representatives' right to access information with more detail.

If the local union representative is not given permission to access information and cannot thus compare the pay of the employee who suspects pay discrimination with the pay of others, the matter can be taken further. In accordance with section 17 of the Act on Equality between Women and Men (1986/609), the Ombudsman of Equality shall give the local union representative or other employee representative information about an individual employee's pay and terms of employment if there are justified grounds for the suspicion. However, a representative of Ombudsman of Equality points out that often it is the employee suspecting pay discrimination who contacts the Ombudsman, not a trade union or other representative. The Ombudsman of Equality contacts both parties and in some cases also external parties. The Ombudsman of Equality provides the parties with a statement regarding the situation. This statement is not legally binding. According to section 20 of the Act, the central labour market organisations or the Ombudsman of Equality may bring the matter before the National non-discrimination and Equality Tribunal<sup>64</sup>.

### Judicial process

It is important to point out that many of these requests are solved at workplace level – often with help from a local trade union representative or a trade union – before moving on to any judicial process. Few cases of pay discrimination have come to court in Finland and cases that do often relate to public sector employees. According to the Ombudsman of Equality (2018), taking pay discrimination matters further may be easier in the public sector since the pay of all employees working in the public sector are public information.

### Burden of proof

In accordance with section 9 of the Act of Equality between Women and Men (1986/609), the employee suspecting pay discrimination has a duty to prove that the employer has discriminated against them. If the matter is referred to a court of law or a competent authority, it is the employer's duty to prove that no violation of the Act has taken place.

### Compensation

An employer who has violated the prohibition of discrimination is liable to pay compensation to the affected person as regulated by section 11 of the Act. In accordance with section 12, compensation is claimed by legal action brought at the district court within two years. There is no maximum limit for compensation, but compensation can be either lowered or removed due to the employer's financial state, if the employer has tried to mitigate pay discrimination or as a result of 'other circumstances'.

---

<sup>64</sup> The right to bring the matter in front of the Tribunal is not limited to right to pay information but covers all cases of suspected discrimination covered by the Act.

### Compliance

As regulated in section 15 of the Act on Equality between Women and Men (1986/609), the Ombudsman of Equality together with the National Non-Discrimination and Equality Tribunal supervises compliance with this Act.

## Germany

### Scope of the law

The Act on Advancing the Transparency of Pay Structures (hereafter: 'Pay Transparency Act' (Entgelttransparenzgesetz; EntgTranspG)

Individual entitlement to disclosure of pay information - statutory (Sect:2) for employees in establishments<sup>65</sup> and in public sector units with a minimum of 200 employees. Any employee working in such an establishment, including civil servants, short part time workers, trainees in vocational training, military, judges, self-employed covered by the Homeworkers Protection Act (Heimarbeiterschutzgesetz) can request to obtain the information.

### The right to the disclosure comprises

- information on the remuneration of a task of equal or comparable value performed by workers of the opposite gender/sex employed by the same employer in the same establishment in the same region.
- Information on the monthly gross salary and on a maximum of two salary components of any kind (monetary and/or non-monetary);
- Information on the criteria and practices used for establishing the remuneration

Employers are obliged to give information only if six comparators of the opposite gender can be identified in the same establishment and in the same region (or covered by the same regional collective agreement). The comparators do not have to provide their consent.

The remuneration to-be-disclosed is the FTE, projected, statistical median of the average gross monthly remuneration and of two remuneration components.

If the employer applies a collective wage agreement or takes a wage agreement for reference, the employer does not need to give information on the criteria and practices of pay setting but may simply refer to this collective agreement for explanation. This regulation applies to members of a collective bargaining party as well as to employers who apply regulations of an agreement without being a member of an employer organisation. The legal definition of the latter is not quite clear.

### Process and contents of disclosed information

In establishments with a works council, workers can submit the request to the worker representatives. The employer is obliged to disclose information if he/she employs more than six comparators in the same establishment.

The remuneration to-be-disclosed is the FTE, projected, statistical median of the average gross monthly remuneration and of two remuneration components. The law contains a general

---

<sup>65</sup> The law refers to 'establishments', not to companies as said in Veldmann (2017).



definition of indicators to be used for identifying the relevant comparators: qualification requirements, skill level of workers, working conditions.

The employee and the works council have to be informed of the results in writing. There are no further mandatory follow-up actions other than that.

#### Judicial process

If the employee decides to file a complaint and a legal dispute, the employer bears the burden of proof to demonstrate that this is no discrimination.

### **Genesis and main contents of the German Transparency of Wage Structures Act**

The Pay Transparency Act was a compromise enacted by the coalition government (CDU/SPD) against the background of strong controversies between the employers and the trade unions. The Federal Association of Employer Organisations (BDA) and individual corporations argued against the legislation saying it imposes severe bureaucratic burdens and does not contribute to reducing the gender pay gap. On the other side, trade unions, NGOs, and the association of female legal experts called for regulations addressing wage setting practices and the gender pay gap at company level. The draft by the SPD-led Ministry for families, senior citizens, women and youth (BMFSFJ) was revised several times in its development phase. The final provisions of the Act (Entgelttransparenzgesetz, EntgTranspG) are therefore a result of a compromise, failing to meet the precise goals and requirements of either side.

The right for disclosure of pay information came into force on 1 January 2018 – half a year after the enactment of the EntgTranspG - thus giving companies additional time to prepare for the duty to disclose information. The government's first evaluation of the EntgTransG was published in July 2019 (Bundesministerium, 2019).

The EntgTransG gives the individual right to the disclosure of pay information the most prominent role in the legislation but the right is confined to employees in establishments with more than 200 employees. An obligatory pay audit is not set in place, instead companies with more than 500 employees are called upon to conduct pay evaluations at establishment level. The EntgTransG stipulates an obligation to publish a pay report but the definition is different from the definitions applied in other Member States presented in this study. In the German case the report on gender equality and pay transparency measures is defined as an annex to the management report of listed companies (subsidiaries are excluded) with more than 500 employees. Other companies do not have to provide a pay report.

The legislation contains an obligation to implement non-discriminatory remuneration schemes

- Remuneration schemes must be based on gender-neutral criteria, define tasks by objective criteria, apply non-discriminatory criteria in distinguishing processes and be transparent (§4)
- Collective agreements, extended collective agreements and any other form of statutory wage regulation are assumed to be non-discriminatory.

As a consequence, employers applying collective agreements are in a more comfortable position than others when asked to disclose pay information.

The EntgTranspG came into force in July 2017 but the right for disclosure of pay information came into force six months later for leaving companies more time to prepare of the disclosure.

## Pay reports

### Austria

#### Scope of the law

According to § 11a of the [Federal Equal Treatment Act](#) (*Gleichbehandlungsgesetz*), bi-annual company pay reports are mandatory for companies employing continually more than 150 employees. The size requirement was rolled out in steps; upon the implementation of this measure in 2011, companies with more than 1,000 employees were affected; from 2012 on, companies with more than 500 employees were affected; from 2013 on, companies with more than 250, and from 2014 on companies with more than 150 employees were concerned by this legislation (see §63, section 6).

#### Process

The pay report is to be submitted bi-annually, during the first quarter succeeding the reporting year (e.g. submission of the report for 2019 during the first quarter of 2020).

The report is to be provided to employee representation bodies (central works council or works committee or works council – in that specific order, if the higher body is not installed in the respective company), which can request a consultation on the report. However, if the employee representation body does not request consultation, a meeting to discuss the report is not mandatory.

The company pay reports are to be used internally, and no follow up actions are mandatory (even if gender-related pay gaps are detected). If a company does not provide a pay report, or does not provide the necessary information, no sanctions are foreseen by the law.

There is no controlling external institution; only the employee representation bodies are thus responsible for ensuring that the company complies. They can assert the claim by law, with a limitation period of three years.

#### Contents of the report

There is no specific format to be followed for the report, this is left to the employers' discretion.

The report has to include the following information:

- the number of women and men in the different employee categories/job classifications (either according to the respective collective agreements, or according to the company employee category system, if available)
- the number of women and men in the different employee categories (as above), according to the number of years having been employed in the respective employee category (i.e. differentiated by the amount of years in each specific category), if available
- the average *or* median wages, disaggregated by women and men, in the respective employee categories and differentiated by the number of years having been in a respective category, if available

The reported wages have to include all components of pay (i.e. including overtime payment, bonus payments, and the like), with no request to provide a breakdown of the specific pay components. The wages of part-time workers are to be projected towards full-time workers, and the wages of those employed only for parts of a calendar year are to be projected towards full-year employment.

All information in the pay report is to be anonymised, so that no conclusions on the wages of individual workers can be made.

### Publication

Employee bodies' representatives may provide information from the report which is relevant to the employees. If there is no employee representation body, the company must display the company income report in a room which is accessible to all the company's workers and has to inform the employees of the report's availability in a company announcement.

The reports are confidential, so the employees are obliged to maintain confidentiality about their contents. However, seeking legal advice or legal counselling by interest organisations or other individuals or bodies which themselves are obliged to confidentiality, is allowed. When violating this confidentiality obligation (e.g. by providing the company pay reports to the media), the employee may be sanctioned with a fine of up to €360 (if there is no higher penalty according to other laws which may have been breached in this case).

## Denmark

In Denmark company pay reports became a part of the legislation in 2006. The law was revised in 2014 and re-revised in 2016.

### Scope of the law

Now, the [Law on equal pay](#) §5a requires companies either to produce annual gender-segregated wage statistics or to make an agreement with their employees to draw up a report or audit on equal pay in the company every third year.

Only companies with at least 35 employees, which at the same time have at least 10 employees of each gender employed within the same work function (same 6-digit ISCO code), are subject to the law.

### Process

If the company chooses to compile the wage statistics, they can either compile the statistics themselves or get an external partner to do it. With the amendment of the law in 2014, it became easier for companies to receive their gender-based wage statistics externally. Since 2014, all companies who submit wage statistics to the governmental organization Statistics Denmark (all public companies and all private companies with over 9 employees), will automatically receive their gender-segregated wage statistics either from Statistics Denmark or a social partner.

If a company chooses to make the report themselves, there are no standardised procedure to follow, but a detailed guide is available at the homepage of the Danish Ministry of Employment (2007). The company can choose which wage concept to use for the reporting, as long as they use the same concept throughout the report.

The companies, who are subject to the law on wage statistics, are required to inform and present the wage statistics to their employees. The employees have the right to get the information about which 6-digit ISCO code their function is included in. Furthermore, they have the right to get their

viewpoints shared with the management and to establish dialogue with the aim of reducing any gender pay gaps.

There are no legal follow up actions on pay required if any gaps are found.

#### **Contents of the report**

The gender-segregated wage statistics must be estimated in such detail that it is possible to compare wages between men and women meaningfully. The statistics must furthermore be estimated according to uniform principles to ensure the comparability. The company should be able to set out the principles based on which the statistics are calculated. The statistics have to cover 12 months of pay and it must include at least 10 of each gender in the same work function to ensure that no confidential information is revealed.

Because the employees inside some of the same work functions (same 6-digit ISCO code), both can include leaders, interns and young people under eighteen, the statistics can both include or separate these groups. Social partners and Statistics Denmark use an hourly wage concept in their reports.

#### **Publication**

The wage statistics are available at Statistics Denmark or can be received from a social partner. The Ministry of Employment will make a publication about equal wages between genders every third year. The last report was published in 2016 (Danish Ministry of Employment, 2016).

#### **Compliance**

While there are no mandatory follow up actions, a company which fails to live up to the law will receive a penalty according to the law §6b. However, no companies have actually received any penalties since the implementation of the law in 2006.

## **Estonia**

In 2018, the Government approved changes to the Gender Equality Act to monitor the equal pay for equal or equal value work in the public sector. The Parliament started discussing it, but in March 2019 a new Parliament took office and the amendment dropped out from the parliamentary procedures (as do all drafts in-progress when the Parliament changes). It was planned to enter into force as of 1 July 2020. At the time of drafting this report (end of October 2019), there was no information what will happen next. The details, which are currently available are described below.

#### **Scope of the law**

The law covers all state institutions, including local government institutions and state-owned companies and organisations. As a result of the employers' lobbying, private sector and third sector companies will be excluded from the automatic monitoring. However, they still have the opportunity to be monitored if they are interested in it and receive support from the labour inspectorate.

#### **Process**

The changes foresee that the labour inspectorate would have the authority to exercise supervision over equal pay. With the aim of not increasing employers' administrative burden, the inspectorate would conduct initial inspection based on data the organisations have already provided to the state through the employment register. The labour inspectorate accesses data on gender, classification of occupation, usual pay, other work-related benefits paid and working time (full-time, part-time etc). The inspectorate performs an automated check once per year and the results will be presented to the employers.

If then the inspectorate would discover potential discrimination cases, they have the right to ask for explanations from the employer. In case of organisations with more than 10 employees, the inspectorate would have the right to ask for explanations and a further analysis of the pay system in the organisation (pay audit). If the audit shows that there are not enough reasons for the gender pay gap, then the organisation must develop an action plan to narrow the gap. They can choose their own methods, but the inspectorate would be ready to support them and give advice.

### Contents of the report

The law proposal states which data are to be analysed by the labour inspectorate: gender, classification of occupation (ISCO), agreed working time (full-time/part-time), wage, and other work-related benefits paid and that the result of the monitoring/check is the gender pay gap in the organisation. The average pay gap is reported to the organisation, but the organisation would have access to the data and analysis upon requesting it. The law does not specify what and how is exactly presented to the organisations regarding the data and analysis.

### Publication

The organisations must publish the results of the check made by the labour inspectorate on their web-page. However, what information is provided to the company by the labour inspectorate, is not brought out specifically. It is not clear to date, whether a subsequent audit also has to be published externally.

### Compliance

In case discrimination is discovered but the employer refuses to cooperate with the inspectorate, the latter has the right to impose a penalty payment in the amount of up to €9,600. This would, however, only include cases of local government authorities and state/local-government-owned companies, as penalty payments cannot be imposed to central public administration institutions.

### Private sector pay reporting

Some changes would also be made in case of private sector companies.

Currently, the companies already have the legal obligation to regularly provide information to employees and/or their representatives concerning equal treatment of men and women in the organisation and measures taken to promote equality. It is, however, not specified what 'regularly' means and there is also no specification of what kind of information – other than being 'relevant' shall be supplied. With the envisaged changes, it would be defined that the information should be provided at least once every two years.

The new legislation will also specify, which data should be presented to the employees: average pay and work-related other remunerations and benefits of female and male employees by positions or groups of workers by occupation.

The employers currently also have the obligation to collect sex-disaggregated statistical data which allows to monitor and assess whether the principle of equal treatment is complied. The changes would bring out specifically which data should be gathered – staff composition, pay and other remuneration and benefits, type of employment (e.g. temporary contract, full-time/part-time, service agreement etc). However, no specific additional control mechanism or monitoring is foreseen for these requirements.

### Addressing gender pay equality – the case of France

Since 1 January 2012, all private companies with at least 50 employees must be covered by an agreement or action plan on professional equality between women and men setting objectives for progress and measures to achieve them in a number of policy areas, which must include “actual wages<sup>66</sup>”. Companies that do not comply with this obligation may be subject to a financial penalty of up to 1% of their payroll (Labour Code, [art. L. 2242-8](#) and [R. 2242-2](#)). Since 2017, according to the Labour code ([art. L. 2242-1](#)), an annual negotiation on this topic is compulsory in companies with 50 and more employees, where at least one trade union (or more) is present (*section syndicale*). This negotiation on professional equality between women and men must include measures to eliminate pay gaps. By a majority company-level agreement, employers and trade union(s) may decide to negotiate every 2, 3 or 4 years, instead of every year.

Until the end of 2015, Article L. 2323-57 of the Labour code required companies with at least 300 employees to prepare an annual comparative report (“*rapport annuel de situation comparé*”) on the general conditions of employment and training for women and men. In companies with less than 300 employees, the information required for the annual comparative report was to be included in the employer's report on the economic situation of the company.

As from 1 January 2016, the BDES, which contains all the compulsory information that must be provided to employee representatives (works council) in companies with 50 employees and more, includes a new section on professional equality, the content of which is based on the annual comparative report.

Thus, the annual comparative report no longer must be drawn up as such, but the Economic and Social Database must contain the updated information corresponding to this report as well as elements of analysis. The data to be provided are:

- Analysis (and furthermore detailed diagnosis in companies with 300 employees and more<sup>67</sup>) of the respective situation of women and men by professional category in terms of recruitment, training, professional promotion, qualifications, classification, working conditions, health and safety at work, actual remuneration and the link between professional activity and personal life;
- Analysis of wage and career development gaps according to age, qualification and seniority;
- Changes in the respective promotion rates of women and men by occupation in the company;
- Measures taken over the past year to ensure professional equality;
- Progress objectives for the coming year and related indicators.

---

<sup>66</sup> These are gross wages, bonuses and benefits in kind, in as far as they result from the application of the agreement or arrangement

<sup>67</sup> According to ACOSS, the share of companies with 250 employees and more represents about 20% of the workforce. For companies with 300 employees and more, the share is quite similar. Companies over 300 employees must provide analysis and diagnostic. In practice, according to the Labour code, the number of items to be provided by these companies (LC. R2312.9) are more numerous and more detailed than companies with less than 300 employees (LC, R2312.8).

In 2018, despite the binding nature of the legal and regulatory framework already in place, the government noted that pay gaps between women and men continued to persist. According to the government, one choice could be to encourage employers and the various actors to apply the principle of equal pay enshrined in the law since 1972 (i.e. to raise awareness) or to leave the social partners free to define by collective agreement the most appropriate method to achieve this objective.

According to the impact assessment launched by the government to support the draft law for the freedom to choose the professional future (Projet de loi pour la liberté de choisir son avenir professionnel), *'this approach, which has already been implemented in the past, has proved its limitations'*. Act No. 2006-340 of 23 March 2006 on equal pay for women and men, which introduced an obligation to negotiate, at both branch and company level, to *'eliminate the gaps between women and men by 31 December 2010, has thus not had the expected effects, since more than ten years after its adoption, the gaps have still not disappeared'*.

On 8 January 2019, the government published details of a new measure aimed at reducing the gender pay gap. The measure was included in Law 2018-771 passed on 5 September 2018 ([LOI n° 2018-771 du 5 septembre 2018](#)). The new measure is based initially on an employer's self-assessment using an "Equal Pay Index" (the index will have to be calculated by all companies with 50 employees and more, from March 2020). This index is based on five criteria, each with a value expressed in points:

- the elimination of wage gaps between women and men in comparable job positions and of comparable age (40 points)
- gender equality with respect to salary increases ("*augmentation individuelle*") excluding benefits) (20 points)
- gender equality with respect to promotion (15 points)
- female employees receive any increases awarded in their absence upon return from maternity leave (15 points)
- at least four women and at least four men in the 10 highest paying positions (10 points)

Employer must evaluate their performance according to these criteria, publish the results on their website, forward them to employee representatives and give themselves an overall score. If the score is less than 75 points, corrective measures must be implemented. Companies that have not achieved satisfactory results by 1 March 2022 (or 1 March 2023 for companies with 50 to 250 employees) will risk a penalty of up to 1% of the payroll. This measure has been widely welcomed by the social partners.

Relevant data feeding the equality index and results must be made available to the works council (Comité social et économique - CSE) via the BDES. Providing the CSE with access to this data should give a new impetus to change in the field of equal pay and serve as a lever for negotiations on professional equality.

## Germany

### Scope of the law

Section 4 of the EntGTranspG contains an 'Obligation to compile a gender equality and pay transparency report'. Companies with more than 500 employees which under sec. 264 (stock corporations) and sec. 289 (limited liability companies) of the Commercial Code Book have to publish annual management reports (Lageberichte) are obliged to additionally publish 'a report on gender equality and pay transparency' on their measures to promote equality between women and men and the impact of the former, as well as on their measures to create equal pay for women and men.

### Process

The employer has to compile the report. Under the Works Constitution, the employer has to consult the works council on the report. Meetings are not compulsory.

### Contents of the report

The report does not have to include any form of pay figures. It has to contain a description of the companies measures to promote equality between women and men and the impact of the former, as well as a description of the measures to create equal pay for women and men.

In case no measures are described in detail, the report has to give the reasons for this. In any case, the report must give the average number of employees as well as the average number of full time and part time employees.

### Publication

The report is to be annexed to the management report and to be published in the Federal Gazette (Bundesanzeiger) every five years or every three years if the company applies collective agreements. Reports are available for download on [www.bundesanzeiger.de](http://www.bundesanzeiger.de).

### Compliance

As the report is not part of the management report, no sanctions are imposed in case of non-compliance.

## Italy

### Scope of the law

Transparency duties by companies were introduced for the first time by Law 125/1991, anticipating the Recommendation of the European Commission of 7 March 2014 (2014/124/EU) on strengthening the principle of equal pay between men and women through transparency. As per the provisions currently in force, companies with more than 100 employees must produce a biennial report on the situation of their personnel, including information disaggregated by sex. Several bills have been discussed to improve the existing pay transparency measure, also in the light of Recommendation of 2014/124/EU<sup>68</sup>. However, none of them was approved by the Parliament.

### Process

At present, reports shall be filed according to indications provided by a decree of the Ministry of Labour and Social Policy<sup>69</sup> and delivered to works councils and to the Equality Councillors. In addition, pursuant to amendment to the Code of Equal Opportunities made by Legislative Decree

---

<sup>68</sup> See also COM (2017), 671 final.

<sup>69</sup> Currently, indications are provided by the Decree of the Ministry of Labour and Social Policies of 3 May 2018. The Decree digitalized the process of drafting and submitting the report, simplifying the information collection as well and sharing by the authorities.



no. 5/2010, the Equality Councillors shall produce and deliver data to the Ministry of Employment and Social Policies and to the Department of Equal Opportunities. Following the decree, more attention was devoted to the reports, also by streamlining the collection of information by means of a standard template (Gottardi and Peruzzi, eds (2017)).

#### Contents of the report

The report covers information in detail concerning employment for different job levels, recruitment, termination or suspension of employment and dismissals, training, promotions and pay.

Information on pay covers:

- i) aggregated gross pay, disaggregated by category of workers and gender; and
- ii) (ii) number of male and female workers divided by income brackets.

The report also provides gender disaggregated data concerning:

- headcount, hirings, and termination of contracts in total and by category of workers (managers, middle managers, clerks, and manual workers, plus a focus on workers with disabilities or protected by law – e.g. orphans of people died at work);
- number of teleworkers;
- job promotions or changes of category;
- personnel by category and employment contracts (including part-time contracts);
- personnel by category on leave, on parental leave, or on short-time work schemes;
- hirings, transformations, or changes in contracts, and termination of contracts by category and reason (e.g. transfer from another productive unit, resignation, dismissal, and retirement);
- participation in trainings by category; and
- distribution of personnel in each productive unit with more than 100 employees by category.

All this information is compulsory.

#### Publication

The reports are not published, although some Regional Equality Councillors develop aggregate statistics, and publish analyses of results.

#### Compliance

In case of failure to submit the report, companies are subject to a fine of between €515 and €2,580, and, in case of repetition, to the suspension of social security rebates for one year.

## Lithuania

#### Scope of the law

According to the Art. 23 par. 2 part 1 of the Labour Code, an employer who has an average number of employees of more than 20 must, upon the request of the work council or in the absence thereof the employer-level trade union, provide information that is updated at least once per year.

#### Process

The Labour Code (LC) makes no direct provision for the employees' right to participate in the process of employer's preparation and updating of the information described in Article 23(2)(1) of the LC

regarding anonymised data on the average remuneration of employees by occupational group and gender, but such participation may be agreed in collective agreements or agreements between the employer and the works council. This may also be operationalised through organisational practices.

Article 140 'Establishment of Remuneration' of the LC par. 3 provides that the remuneration system at the workplace or at the enterprise, institution or organisation of the employer shall be established in the collective agreement. In the absence of a collective agreement that establishes this, remuneration systems at workplaces with an average number of employees of 20 or more must be approved by the employer and be made available for all employees to become acquainted with. Before approving or revising the remuneration system, information and consultation procedures with employee representatives must be performed.

The remuneration system specifies the employee categories based on position and qualification as well as the salary range (minimum and maximum) and forms of payment for each of them, the grounds and procedures for allocating additional payments (bonuses and allowances), and the procedure for wage indexation. Par. 5 of the same article establishes that the remuneration system must be prepared in such a way as to avoid any kind of gender-based or other discrimination in its application. Men and women shall receive equal remuneration for the same or equal work. The same work shall mean the performance of a work activity which, based on objective criteria, is the same as, or similar to, another work activity to the extent that both employees can be interchanged without significant cost for the employer. Equal work shall mean a job that, based on objective criteria, is no less qualified and no less important to the employer's pursuit of operational objectives than another comparative job.

As a result, following legal regulation social partners besides their right to receive information following article 23 of the LC, also participate on in the establishment of the company's remuneration system via collective bargaining procedures (in case trade union is present in an enterprise and a collective agreement is concluded or negotiated) or via information and consultation procedures (if a work council is present in the enterprise or no collective agreement has been concluded or negotiated).

### Contents of the report

There is no prescribed format of the report. It shall contain anonymised data on the average remuneration of employees, with the exception of employees holding managerial positions, by occupational group and gender, provided that there are more than two employees in the occupational group.

### Publication

There are no internal or external obligations for publication.

### Compliance

When companies do not comply with their reporting obligation: If the employer does not implement or incorrectly implements the duty set forth in Article 23(2)(1) of the LC, a collective labour dispute on rights may be initiated. A body resolving labour disputes, i.e. first the Labour Dispute Commission under the State labour inspectorate (SLI) and then the court, shall be applied to by the employees' representative. While resolving collective labour disputes on rights, a labour dispute resolution body shall have the right to fine the party that violated labour law provisions or mutual agreements up to €3,000 to be paid to the other party. The amount of the fine must be proportionate to the severity of the violation and must discourage future offences (Article 217, par. 2 of the Labour Code of the

Republic of Lithuania). Public statistics on complaints and disputes is not provided. In order to obtain such information, a separate inquiry should be made to the SLI and/or the court administration.

If pay discrimination is detected: An employee who believes that his or her rights have been violated (in that he/she is paid less for the same work of equal value), has the right to lay a complaint before the labour inspectorate (SLI) and/or the Office of the Equal Opportunities Ombudsperson (OEEO), or to initiate an individual labour dispute by applying to the Labour Dispute Commission under the SLI and then to the court.

Article 81 of the Code of Administrative Offences of the Republic of Lithuania (CAO) (approved by Law No XII-1869 (25 06 2015)) stipulates that violation of equal opportunities for women and men established in the Law on Equal Opportunities for Women and Men of the Republic of Lithuania (LEOWM) and of equal treatment defined in the Law on Equal Treatment of the Republic of Lithuania (LET) shall incur a fine for the heads of legal entities, employers or other responsible persons from €40 to €560 (§ 1). The same administrative offence committed repeatedly shall incur a fine in the amount from €560 to €1,200 (§ 2).

Like the LC, Article 6 of LEOWM No VIII-947 (01 12 1998) also establishes the duty of the employer and his representative to *'provide equal pay for the same work or for work to which equal value is attributed, including all the additional remuneration paid in any form by the employer or his representative to employees for the work performed.'*

The right to initiate administrative offence proceedings, to conduct the investigation of the administrative offence and to draw up protocols of administrative offence is vested upon the officers of the OEEO (Article 589(3) of the CAO). Thus, in accordance with the law, administrative fines in the amounts mentioned above may be imposed in case of violation of the said obligations of the employer, but the fining practice is not common.

## Luxembourg

### Scope of the law

Regarding equality and transparency of pay, on 15 December 2016, Luxembourg adopted a law to enshrine equal pay for men and women in the Labour Code. The law amends of Chapter V of the Labour Code concerning equal pay between men and women (art L. 243-1 - L. 243-5), as well as Chapter VI Art L. 414-1 et seq. concerning the powers of staff delegations. With these amendments, companies are obliged to inform employee representatives of the gender pay situation. All companies and all sectors of activity, whatever their size, are concerned. Companies as well as the equality delegate and staff representatives are involved. Only companies are responsible for the preparation of the reports. Firms must remedy any discrepancies, failing which they will be subject to penalties if they are found to exist.

#### 1. Private sector

Salary transparency is also achieved through the affirmative action policy implemented by the Ministry. In this context, a Positive Action Committee was set up by a Grand-Ducal Regulation of 25 October 1999 under the Act of 12 February 1999 on the implementation of the 1998 national action plan for employment. Composed of persons representing chambers of commerce, trades and employees as well as various ministries and administrations, the Positive Action Committee is responsible for issuing an opinion on any positive action project.

Regularly, an evaluation, financed by the Ministry, makes it possible to measure the impact and effectiveness of positive actions as well as the progress made in terms of organisational and structural changes in the company and in terms of employee satisfaction. It also ensures the transparency of salaries but has no coercive power.

### 2. Public sector

In the civil service, a network of equality delegates has been set up on the basis of the Grand-Ducal Regulation of 5 March 2004 laying down the procedures for the appointment, rights and duties of gender equality delegates in ministerial departments and administrations, as amended by the Regulation of 17 September 2017.

As a provider of public services to residents, each municipality is also an employer and must assume its social responsibilities towards its employees. Thus, politicians must ensure that equal treatment is respected, in particular by ensuring that women and men have the same conditions for promotion and access to decision-making positions, as well as identical salary conditions.

### Process

Since 2018, the Ministry for Equal Opportunities (now: Ministry of Gender Equality) has set up a support system for companies, with the involvement of employee representatives and an external consultant. Furthermore, the legislation provides for the establishment of social dialogue on this subject, as on everything that affects employees. The companies are free to choose if and through which channel they communicate about their initiatives.

The Ministry for Gender Equality offers an online tool to companies which want to analyse their situation regarding equal pay. The Logib-Lux56 is a calculating instrument based on Excel, which allows identification of the causes of disparities regarding remuneration between men and women in a company. After receiving the relevant data, the company gets a report on the remuneration structures within the company. The causes thereof are identified. The report will establish if the gender pay gap is justified by objective factors or if it indicates indirect discrimination based on sex. It will also indicate methods of improving equal pay. It must be noted that companies are not obliged to communicate the results of the report to the Ministry of Gender Equality (MEGA). If they used Logib-Lux in the procedure on positive action, they must only document that they used it to check equal pay (Kerschen, 2019).

In carrying out its duties, the Staff Delegation shall ensure strict compliance with equal treatment within the meaning of Title V of Book II as regards access to employment, vocational training and promotion as well as pay and working conditions. Moreover, the head of the firm is obliged to inform and consult the staff delegation and the equality delegate about the structure and possible development of employment within the firm and on any anticipatory measures envisaged, in particular in the event of a threat to employment; to this end, he or she must in particular provide the staff delegation and the equality delegate every six months with statistics broken down by sex on the recruitment, promotion, transfer, dismissal, remuneration and training of the employees.

### Contents of the report

The [article L. 414-3\(2\) of the Labour Code](#) describes the content of the report to be submitted by companies : ‘The head of the undertaking must in particular provide the staff delegation and the equality delegate with half-yearly statistics broken down by sex on the recruitment, promotion, transfer, dismissal, remuneration and training of the undertaking's employees’.

### Publication

Internal document, no publication foreseen.

### Compliance

With regard to the delivery of the report, no penalties are provided for in the law. The law of 15 December 2016 amends the Labour Code by Article L.225-5. The latter specifies that inequalities are raised to the rank of an offence making the perpetrators liable to a fine. This means that if a difference in pay cannot be justified by objective reasons and is based on gender considerations, the employer is fined between €251 and €25,000.

Since 8 March 2018, the 'Inspection du Travail et des Mines' (ITM) has broadened its field of action by creating a new reception service on the theme of Equal Pay for Men and Women. This service oversees the application of the law concerning, among other things, equal pay and the communication of remuneration according to gender and types of employment in companies.

## United Kingdom

### Scope of the law

In the UK, the [Equality Act 2010 \(Gender Pay Gap Information\) Regulations 2017](#) (applicable to the private and voluntary sectors) and [The Equality Act 2010 \(Specific Duties and Public Authorities\) Regulations 2017](#) (applicable to the public sector), regulate gender pay gap reporting for employers with more than 250 employees. These Acts came into force on the 6<sup>th</sup> of April 2017.

### Process

The 4<sup>th</sup> of April 2018 and the 30<sup>th</sup> of March 2018 were the first deadlines for private and public sector employers to report their figures for the years ending 31 March 2017 and 5 April 2017 respectively. Employers must publish, on an annual basis, mean and median gender pay gaps (including mean bonuses).

### Contents of the reports

Reporting requirements include the following four figures:

- Gender pay gap (mean and median averages)
- Gender bonus gap (mean and median averages)
- Proportion of men and women receiving bonuses
- Proportion of men and women in each quartile of the organisation's pay structure

Such data must be accompanied by a written statement which both confirms that the information is accurate; and is signed by a director (or equivalent) in the case of a body corporate; by a designated member in a limited liability partnership; or a general partner in a limited partnership.

### Publication

Employers with more than 250 staff must publish the reports annually on their own website and on [a government website](#). Both the pay data and statement must be published on the employer's website, in a manner that is accessible to all its employees and to the public; and for a period of at least three years beginning with the date of publication. A relevant employer must also publish on a website designated for that purpose by the Secretary of State both the information required and the name and job title of the person who signed the statement.

### Compliance

There are no specific civil or criminal penalties specified in the regulations for breach/non-compliance. A recent review of gender pay gap reporting by the House of Commons' Business, Energy and Innovation Committee criticised the lack of effective sanctions for lack of compliance or the provision of inaccurate figures as having the potential to undermine the new reporting regime (HOC BEIS Committee, 2018). The Committee identified that the GPG Regulations do not explicitly make provision for enforcement and sanctions, although the parent Act provided that such sanctions may be included (Section 78 of the Equalities Act does not impose direct duties on employers — it only enables the Secretary of State to make regulations to impose duties on employers in the event of a default in returning figures).

Instead, reliance is placed on the enforcement powers contained in the Equality Act 2006, under which the Equalities and Human Rights Commission (EHRC) may seek a court order to enforce compliance against those committing unlawful acts under that Act and impose unlimited fines. The absence of explicit sanctions in the GPG Regulations have given rise to doubts about whether breaches of the Regulations could be enforced using the powers under the 2006 Act. Indeed, in its response to the original consultation on the Regulations, the EHRC asserted that it did not have enforcement powers under the 2006 Act and advised that these should be inserted into the draft regulations. The Government disagreed. In March 2018, the EHRC (2018) published guidance which set out its intention to promote compliance through education and monitoring, but, in an apparent change of view, outlined a willingness to take enforcement action, where necessary, including under the 2006 Act. The enforcement action set out, as required under existing legislation, involves a lengthy process of agreeing terms of reference for an investigation in the alleged breach, specified time periods for the collation of evidence and consideration of a report and opportunities to make representations on that report. The whole process could take many months. Only after this lengthy process can legal action follow in the event of continued non-compliance. Until any enforcement actions are tested in the courts, the legal position remains uncertain. It can be assumed that should matters reach litigation (in the context of an equal pay claim), a tribunal could arguably draw adverse inferences from either no or false published information. In recognising the uncertainty around non-compliance, the BEIS Committee has called for the Government to provide for specific fines in the Regulations, noting that the uncertainty could lead to employers not taking their obligations (and the resulting consequences of not meeting those obligations properly) seriously.

In sum then, the EHRC can take enforcement action against non-compliance and has published a policy document outlining what it will do so as to encourage employers to meet the GPG regulations and its approach to enforcing them (EHRC, 2018). In the case of non-compliant private and voluntary sector employers, action will begin with a 'section 20 investigation' in order to establish whether an unlawful act (i.e. a breach of the reporting requirements) has been committed. This may be followed by the issuing of an unlawful act notice and if necessary, an application to court for an order, the breach of which can lead to an unlimited fine. Enforcement action also carries with it reputational risks, not least because the EHRC is required to publish terms of reference at the start of any investigation into an employer, along with the report of its findings at the end.

## Pay audits

### Germany

#### Scope of the law

Section 3 of the EntgTranspG calls on private companies with a minimum of 500 employees to use pay evaluation procedures to assess their remuneration provisions and the various remuneration components disbursed, as well as the way in which they are applied, on a regular basis. The implementation is voluntary. An early draft of the EntgTranG intended to make pay scheme evaluation obligatory but did not pass the federal cabinet.

#### Process and contents

The analysis shall detect discriminatory criteria and practices and by doing so help the employer to eliminate these practices. In case the evaluation procedure reveals discriminatory pay practices, these shall be eliminated.

Companies are free to choose the pay evaluation tools they want to use and what precisely they want to analyse: the total remuneration scheme, particular components of it or practices. Internal company evaluation procedures shall in any case consist of a fact-gathering procedure, an analysis and a report of findings. Under the Works Constitution, the works council is to be involved in the process and to be informed of the results.

National authorities have promoted the use of the tools Logib-D, eg-check and Monitor Engeltransparenz but due to introduction of the EntgTranspG also other instruments have been made available. Various tools of different scope and content exist.

#### Publication

The current law has no requirements for publications; under the Works Constitution the works council has to be informed of the results.

#### Compliance

Soft law, compliance is voluntary.

### Denmark

Instead of compiling annual wage statistics (see above under 'pay reports'), Danish companies can choose to reach an agreement with their employees to draw up a report or audit on equal pay in the company every third year. The audit must include:

- A description of the conditions that affect gender-based pay gaps.
- A description of the concrete action-based initiatives.
- A description of the initiatives' follow-up actions.

However, according to an evaluation from 2011 only between 2.5-3.5 percent of the companies choose to do an audit (Holt and Larsen, 2011).

### Finland

In Finland, pay auditing is an obligatory part of an equality plan that every company/ organisation with at least 30 employees is obliged to prepare in accordance with section 6 of the Act on Equality between Women and Men (1986/609). This obligation covers all employees in all sectors. Pay

auditing can be done either biannually as part of the equality plan or every three years if the equality plan is updated every year.

#### Process

While chapter 6 of the Act on Equality between Women and Men 1986/ 609 does not regulate the format of the pay audit, it should classify jobs based on duties and compare wages between women and men based on these classifications. The employer must go through these classifications and positions held by women and men together with an employee representative. The pay audit must cover the whole personnel and the categories shall be based on tasks and level of seniority. The Act does not further regulate what type of breakdowns are to be included in the classification of jobs. If pay consists of multiple components, the central components shall be inspected in order to clarify differences between wages.

In accordance with section 6 of the Act on Equality between Women and Men 1986/609, the gender equality plan that the pay audit is an integral part of, must be prepared in cooperation with a local trade union representative, elected representative, occupational safety and health representative or other representatives appointed by the employees. This active role of trade union representatives and/or employee representatives was one of the central amendments to the Act in 2015. However, the law is still rather unclear in terms of how much power these representatives ought to be given in this process. These representatives shall be given room to participate and influence the contents of the equality plan. The employer shall inform employees about this plan and any updates on it.

If the pay audit reveals clear differences between women and men, the employer is obliged to analyse reasons for these differences. If there is no justification for the pay differences, the employer must take appropriate measures to rectify the situation. There is no definition of 'appropriate measures'. While there is no concrete timeframe for this, it can be argued that if unjustified differences affect only a few employees, actions to rectify the situation must be taken within a few months. If these differences cover a wider group of employees, the employer can be given more time to rectify the situation.

#### Compliance

As regulated in section 16 of the Act on Equality between Women and Men 1986/609, the Ombudsman of Equality together with the National Non-Discrimination and Equality Tribunal supervises compliance with this Act. In practice, trade unions have an active role in this. If an employer refuses to rectify unjustified differences in pay, it is often trade unions who take the matter in front of a court.

## France

#### Scope of the law and development over time

Since 1 January 2012, all companies with at least 50 employees must be covered by an agreement or action plan on professional equality between women and men setting objectives for progress and measures to achieve them in a number of policy areas, which must include actual wages. Companies that do not comply with this obligation may be subject to a financial penalty of up to 1% of their payroll (Labour Code, [art. L. 2242-8](#) and [R. 2242-2](#)).

Since 2017, according to the Labour code ([art. L. 2242-1](#)), an annual negotiation on this topic is compulsory in companies with 50 and more employees, where at least one trade union (or more) is



implemented (*section syndicale*). This negotiation on professional equality between women and men must include measures to eliminate pay gaps. By a majority company-level agreement, employer and trade union(s) may decide to negotiate every 2, 3 or 4 years, instead of every year.

Until the end of 2015, Article L. 2323-57 of the Labour code required companies with at least 300 employees to prepare an annual comparative report (*'rapport annuel de situation comparé'*) on the general conditions of employment and training for women and men. In companies with less than 300 employees, the information required for the annual comparative report was included in the employer's report on the economic situation of the company.

As from 1 January 2016, the BDES, which contains all the compulsory information that have to be provided to the employees representatives (works' council) in companies with 50 employees and more, includes a new section on professional equality, the content of which is based on that of the annual comparative report.

### Process

The annual comparative report no longer has to be drawn up as such, but the Economic and Social Database must contain the updated information corresponding to this report as well as elements of analysis.

### Contents

The data to be provided are:

- Analysis (and diagnosis in companies with 300 employees and more) of the respective situation of women and men by professional category in terms of recruitment, training, professional promotion, qualifications, classification, working conditions, health and safety at work, actual remuneration and the link between professional activity and personal life;
- Analysis of wage and career development gaps according to age, qualification and seniority;
- Changes in the respective promotion rates of women and men by occupation in the company;
- Measures taken over the past year to ensure professional equality;
- Progress objectives for the coming year and related indicators.

Since the 2017 ordinances adopted in the framework of a vast labour law reform, a company-level agreement signed by trade unions representing at least 50% of the votes at the last professional election ('majority agreement') or, in the absence of a trade union delegate, an agreement with the Social and Economic Committee (CSE)– the new instance that replace three former information and consultation bodies (employees' delegate/ *délégués du personnel* – works' council/*comité d'entreprise* – Health and Safety committee/*Comité d'hygiène, de sécurité et de condition de travail*) – adopted by a majority of the full members –may define the organisation, architecture and content of the economic and social database (BDES), as well as its operating procedures, in particular access rights, the level of implementation of the database in companies with separate establishments, and its consultation and use procedures (Labour Code, art. L. 2312-21 and L. 2312-36).

The BDES must include the theme of professional equality between women and men within the company.

In the absence of an agreement, the BDES includes, in companies with less than 300 employees, information relating to the analysis of figures and the action strategy for equality between women and men within the company (Labour Code, art. R. 2312-8).

**New legal regulation: The gender equality index**

In 2018, despite the binding nature of the legal and regulatory framework already in place, the government had noted that pay gaps between women and men persist. Then, one choice could be to encourage employers and the various actors to apply a principle enshrined in the law since 1972, or to leave the social partners free to define by collective agreement the most appropriate method to achieve this objective.

‘However, this approach, according to the impact assessment launched by the government to support the draft law for the freedom to choose the professional future (Projet de loi pour la liberté de choisir son avenir professionnel), which has already been implemented in the past, has proved its limitations. Act No. 2006-340 of 23 March 2006 on equal pay for women and men, which introduced an obligation to negotiate, at both branch and company level, to ‘eliminate the gaps between women and men by 31 December 2010’, has thus not had the expected effects, since more than ten years after its adoption, the gaps have still not disappeared’.

On 8 January 2019, the government published details of a new measure aimed at reducing the gender pay gap. The measure was included in Law 2018-771 passed on 5 September 2018 ([LOI n° 2018-771 du 5 septembre 2018](#)). The new measure is based initially on an employer’s self-assessment using an ‘equal pay index’. This index is based on five criteria, each with a value expressed in points:

- the elimination of wage gaps between women and men in comparable positions and of comparable age (40 points)
- gender equality with respect to salary increases (20 points)
- gender equality with respect to promotion (15 points)
- female employees receive any increases awarded in their absence upon return from maternity leave (15 points)
- at least four women and at least four men in the 10 highest paying positions (10 points)

The employer must evaluate its performance according to these criteria, publish the results on its website, forward them to employee representatives and give itself an overall score. If the score is less than 75 points, corrective measures must be implemented. Companies that have not achieved satisfactory results by 1 March 2022 (or 1 March 2023 for companies with 50 to 250 employees) will risk a penalty of up to 1% of the payroll. This measure has been widely welcomed by the social partners.

Indicators and level of results obtained in the equality index must be made available to the CSE via the BDES. These provisions in favour of better information should apply in the legal context amended by the 2017 ordinances, which provide for the possibility of modifying the content or distribution methods of the BDES. The knowledge of this data by the members of the CSE should give a new impetus to change in the field of equal pay and serve as a lever for negotiations on professional equality.

**In the public sector**

A national-wide agreement signed with the Ministry of Civil services (Ministère de la Fonction publique) and a majority of trade union in 2013, have introduced an obligation to produce:

1. a 'comparative situation report', i.e. an inventory of the situation in terms of both salary and career, following the example of what exists in the private sector.
2. based on their report, public employers have all had to draw up an action plan to remedy the inequalities observed. But they do not incur any sanctions until now.

Implemented by law provisions introduced by a new national-wide agreement signed in 2018 by the Ministry of Civil services and 7 of the 9 representative trade unions, the government has adopted a draft bill to reform the civil services. This reform, that has been definitively voted by Parliament in July 2019 introduces a penalty of an amount equivalent to that of the private sector, i.e. up to 1% of the wage bill, if a three-year action plan is not finalised by 31 December 2020 at the latest ([Loi n° 2019-828 du 6 août 2019 de transformation de la fonction publique](#) and [presentation](#) of the law on the Ministry of Civil services website/[handbook](#)).

The aim is to reduce inequalities (and potential pay gap), as the three sides of the civil service (State, hospitals, territorial) have 62% women among their employees, but only 41% of managerial jobs are held by women.

If there will be no Equality Index as the one that is gradually being introduced in the private sector (see above), public employers will be asked to make commitments on specific objectives and monitoring indicators on equal pay, job mix and careers, the reconciliation of personal and professional life and the fight against sexual and gender-based violence.

## Portugal

The Relatório Único (Single Report) is a legal and administrative source that concentrates, in a single document generated yearly, information on the social activity of the company. It has been in place since 2009. This information, provided by the employers in a set of tables, concerns the Personnel Records (Quadros de Pessoal), the celebration and termination of contracts, overtime, continuous training, safety and health at work, strikes, and information of service providers.

Information on individual wages can be found in the Quadros de Pessoal. Access to the raw data allows to calculate breakdowns by sector, full-time/ part-time, seniority, education level, qualification level, occupation, etc.

The Relatório Único/Quadros de Pessoal forms the basis for the collection of data on individual employees, including the sex and their wages now analysed by GEP/MTSSS for the estimation of the gender pay gap under the Law 60/2018.

### Scope of the law 60/2018:

The employers must implement a transparent pay policy in the companies, grounded on the evaluation of job tasks based on objective criteria, common to men and women. This obligation is due subsequently to the first six months of validity of the Law.

### Process

The Strategy and Planning Office of the Ministry of Labour, Solidarity and Social Security (GEP/MTSSS) will publish detailed statistics on a yearly basis regarding the pay gap between men and women, both at the general and sectoral level; and an assessment of the pay differences between men and women per company, occupation and qualification level. This statistical information is developed based upon legal and administrative sources, namely information on the company's social activity provided by the employer, pursuant to Law 105/2009 and to Order 55/2010 – in particular the Annex pertaining to the Personnel Records (Quadros de Pessoal) - due by the employers every year.

The first assessment by the GEP/MTSSS of the pay differences between men and women per company, occupation and qualification level was initially foreseen to be published during the first semester of 2020, based on the analysis of the 2019 administrative data from the Personnel Records, usually due until 15 April. However, following the new Coronavirus crisis, this deadline was postponed to 30 June. Therefore, according to information collected during the interview with the Secretary of State for Citizenship and Equality, the publication of this assessment per company and the subsequent procedures provided by Law are expected to occur during the second half of 2020.

Following the publication of the statistical data indicated above, if the labour inspectorate (ACT) detects pay inequalities in a company, it notifies the employer to present an 'evaluation plan of the pay differences in the company' that is intended either to justify those differences and to eliminate those with no objective justification, and that will be put in place for a period of 12 months.

Following this period, the employer shall communicate to the ACT a report on the results of the implementation of the plan, demonstrating the justified pay differences and the correction of those with no objective justification.

The ACT may, whenever necessary, articulate with the Commission for Equality in Labour and Employment (CITE) and request information to the employee representatives and to the employers.

Subsequently to the first six months of validity of the Law, the workers and union representatives have the right to ask the CITE to issue a binding opinion on alleged gender pay discriminatory practices for equal work or work with equal value inside the company; if the CITE concludes that pay discrimination on the ground of sex is in place, the employer is compelled to eradicate it, and the employers may be subjected to a fine.

The dismissal or the application of disciplinary measures against the worker until one year after he/she has asked the CITE for the opinion indicated above is presumed unlawful.

## Spain

### Scope of the law

The New Royal Decree-law on urgent measures to guarantee equal treatment and opportunities between women and men in employment and occupation ([Real Decreto-Ley 6/2019](#)) - a general regulative framework on gender equal treatment - establishes the mandatory elaboration and implementation of equality plans for private organizations of 50 or more workers. Companies with 250 or more workers were already required to do so. It uses the term 'audito' – audit – but this is pending further regulations. In the spirit of the EU Pay Transparency Recommendation 2014/124, the Royal Decree-Law 6/2019 has amended the Workers' Statute in the following way:

Article 28: The employer is obliged to keep a register with the average values of the salaries, salary complements and extra-salary perceptions of his staff, disaggregated by sex and distributed by professional groups, professional categories or jobs of equal or equal value. Workers have the right to have access, through the legal representation of workers in the company, to the wage register of their company.

Article 28.2 of Workers' Statute indicates that workers have the right to access, through their legal representation in the company, the salary record of the company.

These plans involve conducting initial gender pay reports to assess the existence of gender pay gap between employees developing equal valued work within each company. In that regard, the decree modifies article 28 of the Workers' Statute to introduce the concept of 'work of equal value'.

The new decree does not address pay audits in public organizations, as it is believed that there is no gender pay gap in the public administration. On the contrary, unions demand these gender pay audits in the Public Administration to count a wide diagnosis of the wage gap throughout the entire economy.

### Process

Private companies must approve equality plans (including these pay audits) until the following dates, depending on the size of the company:

- Companies with 150-250 workers: one year (March 7, 2020).
- Companies with 100 - 150 workers: 2 years (March 7, 2021).
- Companies of 50 - 100 workers 3 years (March 7, 2022).

Companies with more than 250 workers, should have already approved their equality plans as required by previous regulation.

Article 64.3 of the Workers' Statute establishes that the employer will have to inform the Works Council, at least annually, on the application in the company of the right to equal treatment and opportunities between women and men, which must include the registration established in article 28.2 and the provision of data on the proportion of women and men in the different professional levels, as well as, where appropriate, on the measures that have been adopted to promote equality between women and men in the company and, if an equality plan has been established, on the application thereof.

The negotiating commission of the equality plan of each company, composed of representatives of the workers and management of the company, must carry out the preparation of the pay audits.

For that purpose, the company's management must provide all the data and required information for its preparation.

If these pay audits detect a gender pay gap of 25% or more, the firm must prove to the public administration that the reason behind this gap is not based on sexual discrimination. Otherwise, firms may face penalties (amount still not established). Thus, the decree regulates the detection system of gender pay gap (quantitative measure) and the identification of its causes (qualitative measure) at company level.

### Contents

The new decree aims to work as general framework, so that the regulation on gender pay audits needs further legislative development through an expected forthcoming pay transparency law articulating control mechanisms and penalties. Although the decree does not specify any type of standardized format for diagnostic reports, the Ministry of Labour, Migration and Social Security promotes the use of existing tools and guides in relation to the previous law that already required the development of equality plans for businesses of 250 or more workers.

The indicator to measure the gender pay gap is the average of wages, additional salary elements (salary bonuses, etc.) and extra-salary incomes (e.g. allowances), distributed considering occupations, professional categories or equal valued workplaces (disaggregated by sex).

### Publication

All workers can access that information, by requesting it from the company workers' representatives (and all companies with more than 49 employees are obliged to have such a representative).

### Compliance

The new decree modifies the infractions and penalties law (Social Order, August 2000) for a better definition of the infraction type corresponding unfulfillment of businesses obligations related to equality plans. In this way, private companies not approving these equality plans may commit very serious breaches involving penalties of 6,251 up to 187,515 euros, in addition to revocation of employment programs aids, subsidies and benefits.

## Sweden

### Scope of the law

The Swedish Discrimination Act ([2008:567](#)) outlaws discrimination based on gender when setting pay. In order to detect pay differences based on gender, the act requires employers to work with active measures to discover, rectify and prevent pay discrimination based on gender. All employers are thus required to perform an annual pay audit (prior to 2017, the law was to operate pay audits

every third year). Companies with ten or more employees must document their process of pay auditing.

According to [chapter 3, 8-10 §§](#), the process involves mapping and analysis of three aspects:

1. *Principles and practice about salaries and other terms of employment that are applied to the employer.*
2. *Survey and analyse pay differences between men and women who perform work that is equal or of equal value.*
3. *Pay differences between groups of employees whose work is (or used to be) considered as female-dominated, with another group of worker who are considered to be equivalent to such work (but that is not or is used to be considered as female-dominated).*

The first aspect falls into the category regarding the employer's work with active measures. An 'active measure' is a continuous, systematic and structured process that is divided into four steps – investigation, analyse, correction and follow-up ([The Equality Ombudsman, 2019](#)). Within these steps the overall principle is for employers to consider the seven discrimination criteria's when working with active measures. These are:

1. Gender
2. Transgender identity of expression
3. Ethnicity
4. Religion or other belief
5. Disability
6. Sexual orientation
7. Age

But as mentioned earlier, the Swedish Discrimination Act ([2008:567](#)) only emphasises the first criterion, namely gender, when mapping pay differences. Furthermore, active measures should be done mutually between the employer and the employee (who usually is represented by a trade union representative).

In the second aspect, the definition of similar or equivalent work is normally based on the employer's perception. However, The Swedish Equality Ombudsman have a recommendation for how employers should define the feature of the work. *Similar* work is defined as when employees perform the same or closely the same tasks. Whereas *Equal* work is defined as work that are assessed to be of equal value in terms of knowledge, competence, responsibility, effort and working conditions. In order to determine this, an overall assessment must be done ([The Equality Ombudsman, 2019](#)).

The employer should in the third aspect map and analyse pay differences between men and women and that appear within similar work. If the results after a pay audit shows that differences exist, the employer should *asses* if the difference is directly or indirectly linked to gender.

#### Process

Employers are responsible to ensure that in the pay-setting all their employees are treated equally, regardless of gender. Employers are required to implement pay audits as part of their active measures. According to the Discrimination ombudsman, the actors who are able to create a change

(i.e. the employers) are also those responsible to undertake the necessary actions for more equal pay and to discover existing differences between employees. ([The Equality Ombudsman, 2016](#)).

Pay audits should be part of the company's action plan for how they promote equality. If pay differences related to gender exist within the company, follow-up meetings with the employee and the employee representatives are required.

### Contents of the audit

According to [3th chapter, 11 §](#), a company with *at least* ten or more employees must *document* their process of pay auditing. This documentation should include:

- A presentation and assessment of the implementation of the previous year's results
- A presentation of the result of the mapping and analyses
- A presentation of the actions of pay adjustments as well as other actions that will be implemented in order to prevent pay differences which are either directly or indirectly related to gender. ('Action plan')
- From the perspective that the required pay adjustment should be implemented as soon as possible or within three years, a calculation of costs and a time plan should be presented within/alongside the action plan.

Companies with ten to twenty-four employees at the beginning of the year are required to deliver *written* documentation regarding their process with pay auditing. This documentation should follow the principles according to the 3rd chapter 8-10 §§ (as listed above). Since pay auditing is part of the active measure, the documentation of the process must be part of the company's action-plan for how they in general promote equality at the workplace ([Equality Ombudsman, 2016](#)).

### Publication

The current law has no requirements for publications, nor does it contain any compulsory features, in which employers are obliged to provide the results for publications.

### Compliance

The law does not contain any mechanism to enforce compliance with the law in general. If an employer chooses not to perform a pay audit according to chapter 3 in the DA they might be required to fulfil their obligation by a penalty ('vite') by the Equality Ombudsman. The amount varies by case ([Arbetsgivarverket](#)).

**WPEF20021**



---

**The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127.**