

Industrial relations and social dialogue

Taking stock: Further experiences in gender pay transparency implementation and effectiveness



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When citing this research paper, please use the following wording:

Eurofound (2025), *Taking stock: Further experiences in gender pay transparency implementation and effectiveness*, Eurofound research paper, Publications Office of the European Union, Luxembourg.

Authors: Christine Aumayr-Pintar and Marianna Baggio, Eurofound

Research manager: Christine Aumayr-Pintar

Research project: Further experiences with pay transparency measures (240402)

Peer reviewers: Dr Jane Pillinger (Open University United Kingdom) and Prof. Emma Duchini (University of Essex)

Contributor: Angelina Atanasova, Eurofound

Provider: Network of Eurofound Correspondents (see list of contributors in the Annex)

Acknowledgments: The research also benefitted from valuable input and comments from experts working for the European Gender Equality Institute, the Directorate-General for Justice and Consumers, the Organisation for Economic Co-operation and Development and Eurofound's tripartite Advisory Committee on Industrial Relations and Social Dialogue.

Luxembourg: Publications Office of the European Union, 2025

Print: ISBN 978-92-897-2525-5 doi:10.2806/2817551 TJ-01-25-024-EN-C

PDF: ISBN 978-92-897-2524-8 doi:10.2806/8860560 TJ-01-25-024-EN-N

This research paper and any associated materials are available online at <https://eurofound.link/ef25067>

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European Foundation for the Improvement of Living and Working Conditions

Telephone: (+353 1) 204 31 00

Email: information@eurofound.europa.eu

Web: www.eurofound.europa.eu

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Introduction

Ensuring equal pay for equal work or work of equal value has been enshrined in European Union legislation for decades. According to the Treaty of Rome, signed in 1957, ‘each Member State shall ensure that the principle of equal pay for male and female workers for equal work or work of equal value is applied’ (Article 157 of the Treaty on the Functioning of the European Union). Despite this, women continue to earn less than men in the EU, partially because they work fewer hours. Even after accounting for differences in working hours, a 12 % measurable pay gap remained in 2023, having declined only slightly over the past decade (16 % in 2013) ⁽¹⁾. Many contributing factors – such as women working in undervalued/lower-paid jobs and sectors, not occupying higher-paid positions within companies or gaining less seniority due to longer career breaks – have been intensively studied and measured. Other potential culprits are the secrecy surrounding pay and the fact that job classification systems may be gender-biased, both of which may result in unjustified gaps persisting. One type of policy instrument has become increasingly popular in the last decade, both inside and outside the EU: pay transparency instruments, which are a set of usually legislative measures designed to end pay secrecy. They typically make firms’ pay-setting policies more transparent, oblige companies to disclose information on pay already prior to employment (e.g. in vacancy notices), provide employees with the right to obtain information on how their pay is set (including in comparison to workers of the other gender in comparable positions), oblige companies to disclose information on average pay by gender either within the firm or publicly, and, in some cases, mandate deeper analysis of companies’ pay structures to ensure they are gender-neutral.

In the EU, the primary aim of these policy instruments is to **reduce the gender pay gap**, starting within companies, but some instruments may also have a potential impact **across companies**. The rationale behind these policies is the belief that pay transparency may enhance women’s relative bargaining power vis-à-vis the employer and thus help reduce the gender pay gap. Beyond addressing gender pay disparities, transparency measures may also contribute to better-quality jobs and increased competitiveness by enhancing talent acquisition, streamlining recruitment, fostering trust-based work cultures and facilitating technological adoption (Eurofound, 2025 forthcoming).

To date, no national pay transparency instrument or set of instruments deployed in EU Member States completely resembles that of another country. In the EU, the front runners were Denmark, Finland, Italy and Sweden, introducing some form of pay transparency measures in the late 1990s to early 2000s. At the beginning of the 2010s, Austria and Belgium introduced related instruments, but a real surge came after the 2014 Commission recommendation on pay transparency ⁽²⁾, which called on Member States to introduce or revise at least one of four types of instruments described in the Recommendation. Between 2017 and 2021, Germany, Ireland, Lithuania, Portugal, Spain and the United Kingdom (then still a Member State) adopted gender pay transparency laws. Despite this momentum, half of Member States had not acted on the recommendation, prompting the Commission to consider and propose more binding action. This culminated in 2021, when a proposal for an EU pay transparency directive was tabled. The Pay Transparency Directive ⁽³⁾ – adopted in 2023 and to be transposed by Member States into national law by 2026 – sets the context for this report.

The directive advances the existing national legislation in many aspects; for example, by requiring Member States to introduce a broader set of measures than most currently deploy, by expanding company reporting requirements to the public (at least for aggregate figures) or by requiring companies to undertake joint pay assessments with workers or their representatives if unjustified gaps are detected, and to rectify them.

Arguably one of the most significant novelties is that the directive requires Member States to clarify the criteria that should be used to establish the ‘value’ of work and companies to consider the principle of ‘work of equal value’ when establishing or reviewing their job evaluation schemes and pay reporting. This advances most of the existing national pay transparency reporting measures, as the majority currently only compares the pay of workers doing the same kind of job. How this principle can be implemented in practice is the subject of a separate Eurofound report, which investigates how the ‘work of equal value’ principle can and is implemented in practice based on desk research and case studies (Eurofound, 2025, forthcoming).

⁽¹⁾ Gender pay gap in unadjusted form, difference between average gross hourly earnings of male and female employees as a percentage of male gross earnings. Industry, construction and services except public administration and defence and compulsory social security (Source: Eurostat).

⁽²⁾ 2014/124/EU: Commission Recommendation of 7 March 2014 on strengthening the principle of equal pay between men and women through transparency (OJ L 69, 8.3.2014, pp. 112–116, ELI: <http://data.europa.eu/eli/reco/2014/124/oj>).

⁽³⁾ Directive (EU) 2023/970 of the European Parliament and of the Council of 10 May 2023 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms (OJ L 69, 8.3.2014, pp. 112–116, ELI: <http://data.europa.eu/eli/reco/2014/124/oj>).

This report aims to provide an update on Member States' most recent experiences with pay transparency legislation. It builds on Eurofound's previous research, published in 2018 and 2020, which mapped such experiences (Eurofound and Aumayr-Pintar, 2018; Eurofound, 2020). The primary sources are official evaluation studies; but due to their absence in most countries, the report focuses on the latest academic research findings regarding the effectiveness of the measures, and the extent to which they reach their aim of reducing the gender pay gap.

1 Pay transparency instruments in the EU

Pay transparency instruments have become an increasingly popular policy tool in the past decade, within the EU and beyond. This umbrella term covers a range of instruments or measures that all aim to reduce information asymmetries between workers and companies by increasing the amount of information that workers or citizens receive on their own actual or expected pay, typically in comparison to others. In the EU, pay transparency is mainly driven by ensuring that the principle of equal pay between men and women for equal work and work of equal value is applied – or in short, ‘the equal pay principle’ – with most measures aimed at reducing the gender pay gap. Legally, this is rooted in Article 157 of the Treaty on the Functioning of the European Union.

A variety of approaches to pay transparency exist, including:

- complete public transparency of individual workers’ earnings;
- provision of information on how pay scales are determined, including the criteria used for determining pay of different worker categories, to ensure no gender bias,
- publication requirements of aggregate pay of comparable group of workers outside or within companies;
- requirements to disclose information on existing pay gaps (without revealing individual wage levels);
- measures to disclose the prospective pay ranges in vacancy notices;
- prohibitions on companies restricting workers’ rights to disclose and discuss their pay with others.

This paper focuses on the following four types of measures that were most commonly in place in the European Union until 2024.

- Providing information on prospective pay **prior to employment**, usually in vacancy notices.
- The right to obtain information on one’s own pay, in comparison to that of co-workers doing similar work or work of equal value.
- **Gender pay gap reports**, which currently typically require companies to compile reports disclosing information on average or median pay gaps, either aggregate or between groups of workers doing the same work.
- **Gender pay auditing instruments** (now also called ‘joint pay assessments’) are an extension of the reports as they require companies to undertake a more in-depth analysis of the underlying job evaluation scheme, so as to ensure that the same work and work of equal value is remunerated equally.

Note that these measures may be known under different names in different countries, and the boundaries between the types of measures may also be blurred ⁽⁴⁾.

This chapter provides a brief overview of existing national pay transparency measures in the EU and Norway, to introduce the relevant context for Chapter 3, which focuses on recent experiences with these measures and the current knowledge surrounding their effectiveness. This chapter does not go in depth into describing or comparing all aspects of the relevant laws, as this has recently been addressed in other studies ⁽⁵⁾.

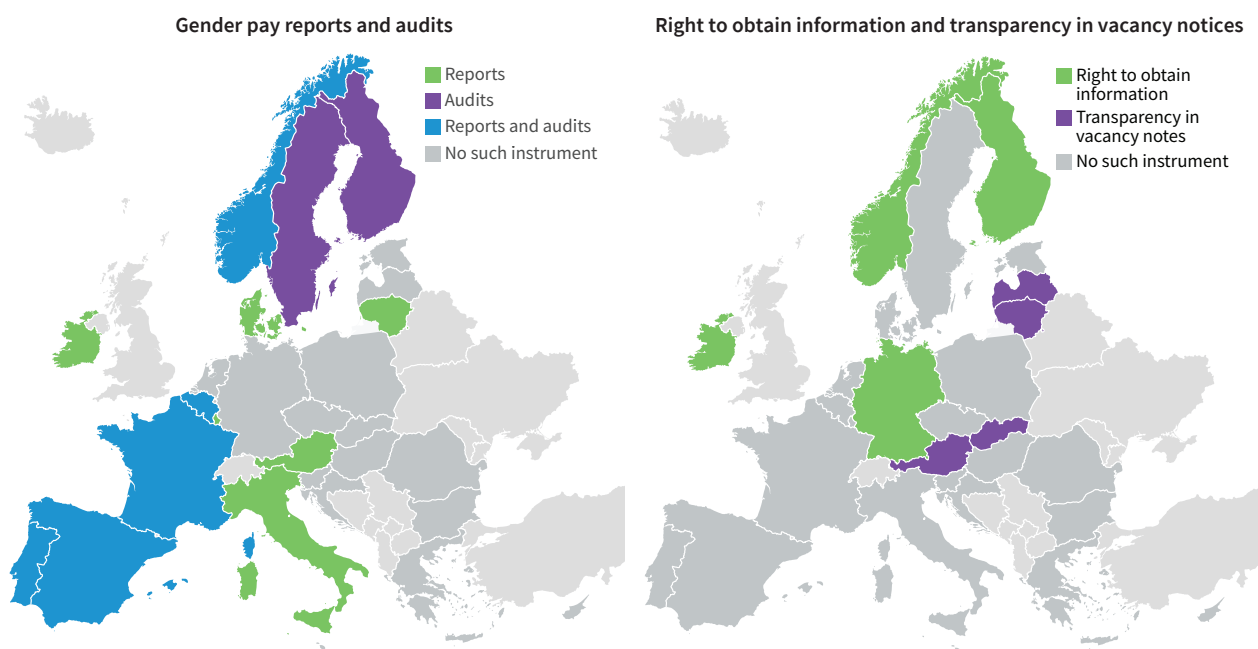
⁽⁴⁾ For example, the Belgian analytical pay reports have similarities to pay audits in other countries, and have been thus classified as such by Eurofound (2021).

⁽⁵⁾ For details on the respective regulations, see, in particular, Organisation for Economic Co-operation and Development (OECD) (2023) for the case of pay reporting and auditing in OECD countries; Benedi-Lahuerta and Aumayr-Pintar (2024) for EU instruments; Eurofound (2020) for instruments in 10 Member States; and the European network of legal experts in gender equality and non-discrimination’s country reports on gender equality.

Pay transparency measures in the EU and Norway in 2024

Pay transparency measures to address parts of the gender pay gap stemming from pay secrecy are currently in place in more than half of EU Member States. As of 1 January 2024, the most frequently deployed form of pay transparency measures in the EU and Norway⁽⁶⁾ are gender pay reports (used exclusively in seven countries), followed by gender pay audits (used exclusively in two countries). Meanwhile, five countries use a combination of both. Most of the time, the distinction between the two instruments is clear; however, there are cases where it is somewhat more ambiguous whether they should be classified as reports, audits or potentially as either⁽⁷⁾. Measures that envisage the announcement of expected pay ranges in vacancy notices were relatively recently introduced in some of the central and eastern Member States, and are now in place in four countries, making them slightly more prevalent than laws that regulate workers’ right to obtain information, present in three countries. Figure 1 provides an overview of the measures in place by country, and Table 2 in the Annex lists the measures and their primary legal sources.

Figure 1: Types of pay transparency instruments in the EU and Norway, as of 1 January 2024



Note: In Germany, gender pay reports do not contain wage figures and pay auditing is voluntary. In Belgium, analytical pay reports are classified as audits.

Source: Authors, based on own classification of national measures.

Introduction of new pay transparency measures since 2018

The mapping of regulations on pay transparency showed there has been very limited action overall in the past five years. In Portugal, the pay reporting and auditing law of 2018 became effective in 2019. Lithuania (in 2019), Latvia and Slovakia (both in 2018) introduced requirements for employers to provide salary brackets in job advertisements. Norway and Spain introduced pay reporting and auditing requirements in 2020, and Ireland adopted gender pay gap reporting in 2021.

⁽⁶⁾ The report focuses primarily on the EU-27 countries, along with Norway, which is also part of the Eurofound network and contributes to some Eurofound reports. Non-EU countries with existing measures (Switzerland and the United Kingdom) are included exceptionally in the chapter on the effectiveness of the measures, which is based on a literature review.

⁽⁷⁾ These are, in particular, the Belgian analytical pay reports, which, as the name suggests, require an analysis, and could therefore also be regarded as audits, along with the French Economic and Social Database reporting requirements for larger companies, due to their extensive data provision requirements. However, especially in the French case, both existing instruments (i.e. the Gender Equality Index and the Economic and Social Database) lack information that would normally be included in pay auditing measures, notably the analysis of the underlying job qualification scheme. In addition, the German variant of gender pay reports is a form of non-wage reporting that does not require concrete pay gap figures, and thus might arguably be removed from the list of countries with actual gender pay reports.

Changes to pay transparency legislation

In some Member States with pay transparency measures, smaller changes to the regulations were made. These are summarised in Table 1. In France, additionally, several rulings by the Court of Cassation clarified and strengthened aspects of pay transparency measures, including employees' right to obtain information (see Box 1).

Table 1: Overview of legislative changes in the regulation of pay transparency measures from 2019 to January 2024

Country	Regulatory change
Germany	The publication requirement of 'non-pay' ⁽⁸⁾ reports has now to take place in digital form, in a company register rather than in the newspaper <i>der Bundesanzeiger</i> (German Federal Gazette).
France	<p>In 2021 ⁽⁹⁾ and 2022 ⁽¹⁰⁾, several aspects of the Gender Equality Index were strengthened: companies with a score below 75 out of 100 must now publish corrective measures 'through external communication and within the company', and companies must set improvement targets if the score falls below 85.</p> <p>In a ruling on 5 December 2018, the Court of Cassation stated that the confidentiality obligation imposed on members of the Social and Economic Committee justify access to salary data, and such access does not infringe upon employees' privacy rights ⁽¹¹⁾. This judgment gives employee representatives access to key company data in order for them to carry out their representative duties. As it is mandatory for the Social and Economic Committee to be consulted on the company's remuneration policy, it must have access to all relevant information, such as:</p> <ul style="list-style-type: none"> ○ pay bands by function; ○ salary trends by function; ○ the rules for calculating the annual individual performance bonus; ○ the rules for allocating budgets by sector. <p>However, this ruling does not refer to individual salary data.</p>
Italy	In 2021 ⁽¹²⁾ , the biannual reporting obligation was extended to companies with 50 employees or more (previously companies with at least 100 employees). In addition, a voluntary gender equality certification was introduced for employers, which certifies their compliance with gender equality principles in terms of pay and career. Participation in the scheme is financially incentivised through an exemption from contribution charges, equivalent to 1 % of the total employee-related contributions, up to EUR 50 000 per year.

Source: Network of Eurofound Correspondents.

⁽⁸⁾ The German variant of pay reports does not contain concrete pay figures.

⁽⁹⁾ Act No 2021-1774 of 24 December 2021 on economic and professional equality ('Rixain Act').

⁽¹⁰⁾ Decree dated 25 February 2022.

⁽¹¹⁾ Cour de cassation, civile, Chambre sociale, 5 décembre 2018, 16-26.895, Inédit, <https://www.legifrance.gouv.fr/juri/id/JURITEXT000037819578>.

⁽¹²⁾ Law No 162 of 5 November 2021, amended Article 46 of Legislative Decree No 198/2006 ('Equal opportunities code').

Box 1: French Supreme Court confirmed employees' right to obtain information on equal pay

The French Court of Cassation, in its decision of 8 March 2023, agreed that an employee has the right to obtain a payslip from colleagues⁽¹³⁾. Employees that believe themselves to be victims of discrimination or, as in this case, of a breach of the principle of equal treatment, may request disclosure of documents relating to other employees, which could subsequently enable them to prove an unjustified difference in treatment⁽¹⁴⁾. Since these documents may contain information relating to the personal lives of other employees, the judge hearing the case must proceed in two stages, as set out in the judgment of 8 March.

- Firstly, they must determine whether the disclosure is necessary for the exercise of the right to proof of the alleged unequal treatment and proportionate to the aim pursued, and whether there is a legitimate reason to preserve or establish, before any legal proceedings, proof of facts on which the outcome of a dispute may depend.
- Then, if the information requested is likely to affect the personal lives of other employees, the judge must check which measures are essential to the exercise of the right to evidence and proportionate to the aim pursued, if necessary, by limiting the scope of the production of documents requested.

This procedure is identical to that used in a recent decision to establish discrimination⁽¹⁵⁾. The Court of Cassation upheld a Court of Appeal ruling in a case where an employee was entitled to obtain payslips from eight colleagues in comparable management, sales or market positions to evidence alleged pay inequality with male colleagues. The accessible data included personal information (excluding names), contractual classification, detailed monthly remuneration and total gross annual pay. As noted in the 8 March ruling, 'this disclosure of information affecting the personal lives of other employees was essential to the exercise of the right to evidence and proportionate to the aim pursued, namely the defence of the employee's legitimate interest in equal treatment for men and women in employment and occupation'.

⁽¹³⁾ Cour de cassation, civile, Chambre sociale, 8 mars 2023, 21-12.492, Publié au bulletin, https://www.legifrance.gouv.fr/juri/id/JURITEXT000047304508?init=true&page=1&query=21-12492&searchField=ALL&tab_selection=all.

⁽¹⁴⁾ Cour de cassation, civile, Chambre sociale, 19 décembre 2012, 10-20.526, Publié au bulletin, <https://www.legifrance.gouv.fr/juri/id/JURITEXT000026815513/>. Cour de cassation, civile, Chambre sociale, 16 décembre 2020, 19-17.637, https://www.legifrance.gouv.fr/juri/id/JURITEXT000042746594?init=true&page=1&query=19-17637&searchField=ALL&tab_selection=all.

⁽¹⁵⁾ Cour de cassation, civile, Chambre sociale, 22 septembre 2021, 19-26.144, Publié au bulletin, <https://www.legifrance.gouv.fr/juri/id/JURITEXT000044105939>.

2 | The Pay Transparency Directive

This second chapter provides a brief introduction to the Pay Transparency Directive's requirements. Proposed in 2021 and adopted in May 2023, the directive must be transposed in Member States' national laws by June 2026. Therefore, a certain degree of harmonisation of pay transparency instruments can be expected in the future, as none of the countries with existing measures have all aspects of the directive's requirements in place and will have to fine-tune and adapt their measures. Additionally, approximately half of Member States will need to introduce such measures for the first time.

Brief overview of the main provisions

The Pay Transparency Directive aims to strengthen the principle of equal pay for equal work by increasing transparency and improving access to justice and redress for workers who allege to be victims of gender-based pay discrimination. At the time of drafting this report, many Member States were already working on changes to their national legislation, preparing for the transposition into their national legislation. The directive consists of two main parts. The first introduces several pay transparency measures for companies, which go beyond the measures mentioned in the Commission recommendation. The second part aims to ensure better access to justice for victims of pay discrimination, for example by further regulating their right to compensation and by shifting the burden of proof in equal pay cases from the worker to the employer under certain conditions⁽¹⁶⁾, including where the employer has not complied with the pay transparency requirements of the directive. The directive also includes several additional aspects, such as:

- the requirement for Member States to ensure that companies have pay structures that adhere to the principle of equal pay for work of equal value⁽¹⁷⁾ (Article 4) and how this shall be assessed in equal pay cases (Article 19);
- the requirement for employers to ensure accessibility of information for disabled workers (Article 8);
- the requirement for governments to support companies with fewer than 250 employees and worker representatives in their obligations (Article 11).

The involvement of worker representatives in various forms is another key aspect. This includes their rights to be consulted on, to further request and to obtain information from the pay reporting exercise (Article 8(6), (9) and (10)); their cooperation in joint pay assessments (Article 10 (1)); and their rights to be informed of the outcome Article 10 (3) and be involved in the remedy Article 10 (4), subject to national practices. Under the heading 'Social dialogue' (Article 13), the directive also requires governments, without prejudice to the autonomy of the social partners and in accordance with national law and practice, to effectively involve social partners in the implementation of the directive and to encourage them to bargain collectively to tackle pay discrimination.

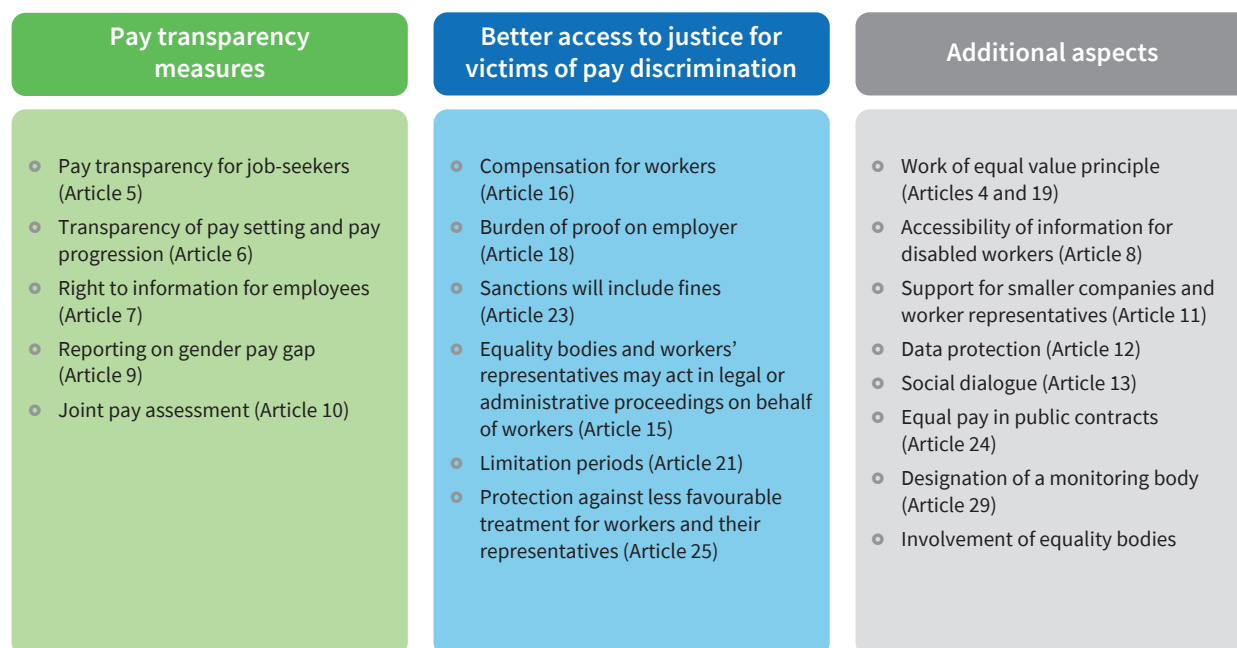
This report focuses on the pay transparency measures that the directive requires to be introduced, which include the following.

- **Pay transparency for job seekers.** Employers will be required to provide information about the initial pay level or its range in the job vacancy notice or prior to the job interview. Employers will not be allowed to ask prospective workers about their pay history.
- **Right to information for employees.** Employees will have the right to request information from their employer regarding their individual pay level and the average pay levels, broken down by sex, for categories of workers performing the same work or work of equal value. This right will be granted to all employees, regardless of the company's size.
- **Reporting on gender pay gaps.** Employers with at least 100 employees will have to provide information on the median gender pay gap, the pay gap in complementary or variable components of pay, the proportion of female and male workers in each quartile pay band and further breakdowns of the pay gap statistics by categories of workers to a designated monitoring body. In the first stage, employers with at least 250 employees will report every year, and employers with 150 to 249 employees will report every three years. As of five years following the transposition of the directive, employers with 100 to 149 employees will also have to report every three years.

⁽¹⁶⁾ Article 19 of the Gender Equality Directive (Directive [2006/54/EC](#)) already included the shift of burden of proof.

⁽¹⁷⁾ How this principle can be implemented in practice is part of the Eurofound (2025, forthcoming) report compiled as part of the same research project.

Figure 2: Selective overview of provisions in the Pay Transparency Directive



Source: Authors, based on the Pay Transparency Directive.

- Joint pay assessment.** Where pay reporting reveals a gender pay gap of at least 5 % in any category of workers, and when the employer cannot justify the gap on the basis of objective gender-neutral factors and has not remedied the situation within six months of submitting the pay report, they will have to carry out a pay assessment, in cooperation with workers' representatives. The joint pay assessment largely resembles the previous pay auditing measure outlined in the Commission recommendation on pay transparency and aims to identify, remedy and prevent further pay discrimination.

How the directive advances current national instruments

The EU gender pay transparency directive advances the Commission recommendation on pay transparency, along with the current national pay transparency legislation in many quantitative and qualitative aspects.

Employee and company coverage is extended through several aspects, including the following.

- All Member States are required to implement the measures.
- The directive applies to both the public and the private sectors.
- A range of pay transparency instruments is included and mandatory for all countries, while currently most countries have only one or two measures in place, if any at all.
- In some countries, the pay reporting thresholds will be lowered and will also apply to hitherto not yet covered companies.
- Some instruments (i.e. the right to obtain information/the obligation to disclose information prior to employment) cover all prospective workers, irrespective of company size.

A qualitative improvement of information contained

- The contents of reporting requirements are expanded compared with those in many national laws.
- All components of remuneration, beyond basic pay, must be separately included.
- The 'work of equal value' principle is now an integral part of several measures, in particular adding to pay reporting requirements.

More transparency and involvement of other stakeholders

- Most of the information contained in pay reports must be published (only detailed breakdowns of gaps by job categories do not need to be made public).

- Workers' representatives are included in the application of some transparency measures, and social partners must be effectively involved.
- A monitoring body is entrusted with gathering information from pay reports and joint pay assessments, and is required to make this information easily accessible in a comparative format.

Support for legal cases and clarification of legal concepts

- The directive shifts the burden of proof from the worker who considers themselves wronged to the employer, in case the latter has not complied with their pay transparency obligations.
- When assessing whether work is considered equal or of equal value, the directive expands national legislation that requires resorting to comparable workers to include hypothetical comparators, who may work outside the company or at different points in time, as long as they fall under the same single source establishing pay conditions. The introduction of hypothetical comparators provides a wider range of evidence that may be brought up to describe the situation in which a comparable worker would have been.
- The directive empowers workers in defence of their rights, establishes procedures on behalf of or in support of workers, regulates the right to compensation and stipulates that Member States must impose effective, proportionate and dissuasive penalties for companies.

While it is not feasible, within the volume of this report, to discuss the novelties and contents of the directive vis-à-vis existing national regulation on pay transparency in full detail, a short description of selected articles and features is provided below.

A range of pay transparency instruments is included

The directive includes a range of transparency instruments that can be internal or external to the company: the requirement to be transparent, prior to employment, about the initial pay or its range, based on objective, gender-neutral criteria; a prohibition on employers enquiring about past pay history; and the requirement to make job vacancy notices, job titles and recruitment processes gender-neutral (Article 5). It instils transparency in the setting of pay, as employers are required to make the criteria used to determine pay, pay levels and progression easily accessible (Article 6), and includes a right for workers to obtain information on their individual pay and on average pay levels by gender and category of workers (Article 7), enabling them to detect potential pay discrimination (within the meaning of Article 4 of the Gender Equality Directive⁽¹⁸⁾). The directive also prohibits contractual terms that restrict workers from disclosing information about their pay (Article 7 (5)).

The contents of pay reporting are expanded

Pay reporting requirements (Article 9) are expanded to distinguish between various measures of the gender pay gap within a company and between basic and variable or complementary components of pay, to disaggregate gaps by job categories (of the same or equal value) and to provide information on the proportion of female and male workers by quartiles. These distinctions also shed light on pay gaps arising from vertical segregation and on the proportion of men and women receiving complementary or variable components, thereby helping to determine whether pay gaps arise from such components and whether gender bias is present in their application. Breakdowns of jobs by categories of workers are required to adhere to the 'work of equal value' principle. This requirement is the most important one for individual workers, because it could reveal potential pay discrimination that can give rise to a legal claim.

Greater transparency due to internal and external publication requirements

The directive includes provisions that ensure that most of the information contained in the reports is accessible outside the company. An exception is the detailed breakdown of pay gaps by categories of workers, which will only be reported to the monitoring body (along with equality bodies or the labour inspectorate, upon request) and will not be shared outside the company.

Public authorities will have better access to the reports and clear roles

The directive envisages the setting up of a monitoring body (Article 29), entrusted with gathering the reports and joint pay assessments, making most parts of the reports publicly accessible and analysing them. It also enhances the role of equality bodies in equal pay matters and requires Member States to provide them with adequate resources (Article 28).

⁽¹⁸⁾ Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (OJ L 204, 26.7.2006, pp. 23–36, ELI: <http://data.europa.eu/eli/dir/2006/54/oj>).

Box 2: Forms of pay transparency in the directive

The pay transparency instruments tackle various forms of information asymmetries, by resorting to various approaches. Cullen (2024) distinguishes three: **horizontal pay transparency** informs workers about the pay of their co-workers; **vertical pay transparency** sheds light on differences in pay across the hierarchy within a company⁽¹⁹⁾; and **cross-firm instruments** allow workers or applicants to learn about the wages in other companies. The Pay Transparency Directive mainly tackles horizontal transparency (Articles 7, 9 and 10), as it aims to ensure the same pay for the same work or work of equal value within a single pay-setting unit. But it also includes vertical and cross-firm transparency elements (Articles 5 and 6 and 9 (1) (f)), if internal or external job applicants learn about pay levels in higher positions, pay progression or the proportion of male and female workers in each quartile pay band.

Another classification (Bamberger P., 2021) relates to whether actual pay rates or levels are disclosed (**pay outcome transparency**), whether information on how pay is determined is shared with employees (**pay process transparency**) and whether employees may share pay related information with one another (**pay communication transparency**). The directive addresses the latter two (Article 6 and Article 7 (5)), but it does not require companies to communicate pay levels widely, beyond ensuring that applicants for positions are informed about the prospective pay. This may be done in vacancy notices or by sharing the average pay levels of comparable workers upon request. Disclosing gender pay gaps is the main transparency element of the directive.

Overall, the directive is clearly expanding the range of pay transparency instruments in place compared with national instruments, for example by adding the right to information or the provision of information prior to employment everywhere. It is also advancing the design of already existing national measures, for example by ensuring that basic information on gender pay reporting is publicly available or that a breakdown by categories of workers is provided internally. Even though Member States will still be able to shape the design of the instruments beyond the minimum requirements of the directive, and national variations will remain in the detailed specifications, the directive is likely to result in a more harmonised approach to pay transparency.

⁽¹⁹⁾ See, for example, Cullen and Perez-Truglia (2022) for pay comparisons with superiors.

3 Pay transparency: experiences and effectiveness

In 2018, Eurofound reviewed selected Member States' initial experiences with the implementation of gender pay transparency measures and built on this work with evidence from additional countries in 2020 (Eurofound, 2018; Eurofound, 2020). This chapter will expand on these previous studies by mapping countries' further experiences with the implementation of the measures. The primary source is official evaluation studies, commissioned by national governments and identified via the Network of Eurofound Correspondents. However, only two such recent studies – from Germany and Sweden – could be identified. Therefore, the report was expanded to include an overview of findings from academic research, focusing on the potential and demonstrated effectiveness of measures to reduce the gender pay gap. While academic interest in pay transparency is increasing among European scholars, a good portion of the available research originates from the United Kingdom and the United States, which limits the transferability of results. In particular, the US context differs in terms of labour market structures, employment protection, collective bargaining coverage, pay-setting mechanisms and regulatory frameworks, but also in terms of the overarching objectives attached to pay transparency. Consequently, findings from these studies must be interpreted with caution. For this reason, only studies from the EU, UK and Switzerland were included in most of this chapter's sections, which also avoids duplication with summaries that are included in several other recent research papers' literature reviews or meta-studies (see, for example, Cullen, 2024; Bennedsen et al., 2023; Von Beck & Bölingen, 2024; Duchini et al., 2024).

Official evaluation studies

Eurofound's mapping, based on information from the Network of Eurofound Correspondents, showed that hardly any of the countries with existing pay transparency measures have undertaken an official evaluation of the policy recently, Germany and Sweden being the only exceptions. Germany had already evaluated the effects of its pay transparency legislation for the second time, covering the period from 2019 to 2022. In Sweden, the National Auditing Office published a study in 2019 investigating the impact of an adaptation to the law that relaxed documentation requirements for smaller workplaces. It also contained the results of a statistical simulation exercise investigating the possibility for employers of different sizes with more or less gender-balanced workforces to detect pay gaps (see Box 3).

Germany

The German Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (BMFSFJ) conducted the second evaluation on the effectiveness of the pay transparency law⁽²⁰⁾ of 2017 (BMFSFJ, 2023; Brändle and Koch, 2023). The study covers the period 2019 to 2022 and deploys a wider range of methods, including surveys of employees, companies and public sector establishments, along with employee representatives. It reviews and analyses gender equality and pay reports and carries out a statistical causal analysis, along with a legal analysis.

- A survey of employees shows that 85 % regard equal pay as an important topic. More than 60 % of female employees believe they are paid less than their male colleagues because of their gender. Most employers, in contrast, **do not believe the topic is relevant** (75 %). In terms of awareness of the pay transparency law, companies affected by the law tend to be more aware of it (80 %), while employees are largely unaware: 34 % of those working in affected companies know the law, compared to the 28 % working in smaller companies. In addition, the separate parts of the law are not widely known among companies; in particular, the voluntary pay auditing and the pay reporting are only known to every third and fifth company respondent, respectively. The authors also note that **awareness of the law** among employees and companies **has decreased** since its introduction in 2017, and it does not seem to play a relevant role in day-to-day business.
- The study found **limited use of the right to request information**, due to low awareness among employees and the fact that only those working in larger companies can do so. Only 4 % of employees have requested information, while 14 % stated they intend to. Men and women use this right alike.

⁽²⁰⁾ German Transparency in Wage Structures Act (Entgelttransparenzgesetz (EntgTranspG)).

- A survey of 111 employee representatives showed that **the most significant difficulties** in responding to right to obtain information requests were the establishment of **adequate comparative groups** and the **definition of ‘work of equal value’**.
- There was also **limited compliance with the equality and pay reporting obligation**: only 11 % of companies without collective agreements and 30 % of companies with collective agreements reported. The evaluators suggest that more explicit content-related rules and sanctions for non-compliance could be deployed to improve compliance. Prior to the introduction of the law, the government estimated that 3 950 companies would be affected by the reporting requirement, which appears to have been an overestimation. In practice, the evaluators found 330 published reports. An **unclear definition** of which companies fall under the reporting requirement, together with **inadequate enforcement** (i.e. the absence of sanctions), are believed to be the main reasons behind the low compliance.
- Some improvement was noted compared with the first evaluation, as an increasing number of smaller establishments were now reflecting on gender pay equality issues.

Conclusion from the evaluation

The evaluation found that companies regard the fact that they are bound by a collective agreement as an exemption from the application of the right to request pay transparency, by simply referring to the agreement. This should not be the case, according to the evaluators, as employees who might be classified in the same pay group as per the collective agreement may still see differences in pay due to overpayment or varying pay components, which should be compared.

The evaluators recommend adapting the law: keeping audits voluntary in principle, but making them compulsory upon request from employee representatives or when requests for information show that gaps exist and a rectification is needed. They also recommend introducing sanctions in case of non-compliance.

Sweden

The Swedish National Audit Office (Riksrevisionen) carried out the latest evaluation of the Swedish pay auditing (or ‘salary mapping’) in 2019 (Riksrevisionen, 2019). It was a multi-method evaluation, reviewing and assessing companies’ understanding and awareness of the legislation⁽²¹⁾, mainly based on surveys among social partner organisations, a statistical simulation examining the potential impact of pay auditing surveys on companies, and a quantitative regression analysis of whether the decision to exempt smaller companies from documentation requirements exerted an impact on the gender pay gap.

Quantitative evaluation of the impact of the change in documentation requirements

The evaluators also carried out a quantitative evaluation of the impact of the change in the requirement to document the wage analysis. Methodologically, it is based on a difference-in-differences approach, wherein companies falling under the policy requirement are compared to relatively similar unaffected companies. It is, however, somewhat different in design from the other quantitative evaluation studies reported in the section ‘Academic research on the effectiveness of pay transparency’. As the pay auditing requirement had already been in place since 1994, and applies to most companies, the effect of its introduction on the gender pay gap could not be studied. Instead, the evaluators assessed the impact of a change in legislation in 2009, in which the documentation requirements were abolished for smaller companies with 10 to 24 employees. The requirement to carry out a pay audit (or ‘wage analysis’) was still applicable to all companies – only the documentation requirement for the analysis changed. The authors therefore compared the affected group of smaller employers with 20 to 24 employees to employers with 25 to 30 employees. **The evaluation did not find any significant differences between those two groups** in terms of gender differences in labour income and gender pay.

⁽²¹⁾ Swedish Discrimination Act (2008:567).

The implementation of the law in practice

Through a survey of 21 employers and employee organisations, the evaluators queried the implementation of the law in practice. Most respondents found the analysis of pay differences for equal jobs easy, but the analysis of pay differences for work that is considered equivalent quite or very difficult. The issues identified included the following.

- Difficulties arise in comparing job groups when identifying gender-dominated roles in companies with a balanced gender composition or predominantly single-gender workforces, in addition to the challenges in comparing groups of significantly different sizes.
- Market wages, linked to labour shortages or high demand for specific professions, could determine higher salaries for a job.
- There is difficulty in separating individual performance from the job role requirements.
- Companies with multiple workplaces or various structures face difficulty in reporting based on the required legal entity.
- Swedish social partners differ in their assessment of and views on the documentation requirement. While employers think that requirements should be relaxed, trade unions believe that they are at the right level and should cover all employers, regardless of company size.
- Social partners also differ in their assessment of whether the involvement of employee representatives works. Most employee organisations feel that collaboration works poorly (with few exceptions), whereas the assessment of employer organisations is diametrically opposite. A bone of contention in this regard is access to individual salaries, which employers argue is not necessary for the purpose of the survey. Both parties consider pay auditing to be labour-intensive – very so for employers and relatively so for unions – but they acknowledge that the process can become easier over time.
- Employer organisations assess managers' knowledge of pay auditing as higher than employee organisations do. Larger companies are believed to have more knowledge, in particular when they have human resources departments.
- The evaluation could not reliably assess the degree of compliance with the legislation. Employer organisations mostly stated that they were unable to make such an assessment, while the response from unions was more varied, some reporting that 'most employers' in their field were compliant, while others stated that 'not so many or none' were believed to be compliant with the law. Compliance is believed to be lower in smaller companies. Uncertainty was also reported in relation to whether and how often audits detect unjustified pay differences. Many organisations could not respond, while others suggested that such cases occur sometimes or rarely. In their overall assessment of the legislation, both employers and unions suggested that it works 'quite poorly'. There was also an indication that compliance challenges differ by company size. Smaller companies struggle due to a lack of knowledge, substantial workload and difficulty separating employee groups, while larger companies face challenges related to their more complex structures and overall workplace mapping, which can also result in comparisons losing their relevance.

Conclusion from the evaluation

The auditing office recommends a change in legislation, in particular regarding the labour intensity of the auditing process for employers, **mainly stemming from the 'work of equal value' comparison**. Auditors suggest that **the potential gains are small and that pay gaps are hard to prove for smaller companies**. At the same time, they criticise the flexibility and lack of clarity the legislation leaves for the employer, which has led to varied approaches in implementation, possible ineffectiveness and a lower degree of compliance. They also mention that the **complexity of the law has created a market for consultants**, which can provide companies with an objective view, but warn that the downside and risk is that companies fail to develop the knowledge themselves. Regarding size thresholds, auditors point to the **divergence between those set out in the Commission recommendation on pay transparency** (applicable to companies with more than 250 employees) and the thresholds established under Swedish law.

Box 3: Reliability of detection of gender pay gaps in smaller and gender-unbalanced companies

The Swedish National Audit Office carried out a **statistical simulation exercise** (Riksrevisionen, 2019). The purpose of the exercise was to investigate what impact the number of employees within a company and different size thresholds of the gender pay gap, which is considered ‘unreasonable’, has on the possibility of the employer being able to demonstrate that there is no salary difference between the two groups of workers. For this purpose, two gender distributions of workers are assumed: one being balanced (i.e. 5 out of 10 workers belonging to one group), the other unbalanced (i.e. 9 out of 10 belonging to one group). The simulations show that for employers with 40 or fewer employees, there is hardly any chance of detecting unreasonable pay gaps of more than 5 % by means of standard ordinary least squares regression analysis. With increasing size, the likelihood of detecting pay gaps exceeding 5 % increases, and it approaches 100 % in companies with 80 or more employees. If the threshold for the unreasonable gaps is increased (e.g. to 10 % or 20 %), smaller employers also face an increased likelihood of detecting them. The possibility for employers to detect unreasonable gaps, however, is also diminished with a more unbalanced workforce. Only for employers with 200 or more employees, the detection of unreasonable pay gaps bigger than 5 % is possible, even when the groups are unbalanced.

While this exercise has departed from the investigation of gaps in pay when performing the same kind of work, the evaluators claim that the results of the exercise also carry over to the possibility to detect gaps relating to work of equal value. Smaller employers or those with unbalanced workforces face more difficulties in detecting unreasonable gaps, particularly if the gaps are small.

Academic research on the effectiveness of pay transparency

Academic research has started to fill the gap left by official evaluations. A small but growing body of empirical research investigates the effectiveness of pay transparency measures. The most frequent research question is to what extent the measures reach their aim to close company-level gender pay gaps, but some studies also examine other effects, for example changes in the hiring of women into different positions or their reallocation to higher-paid jobs elsewhere.

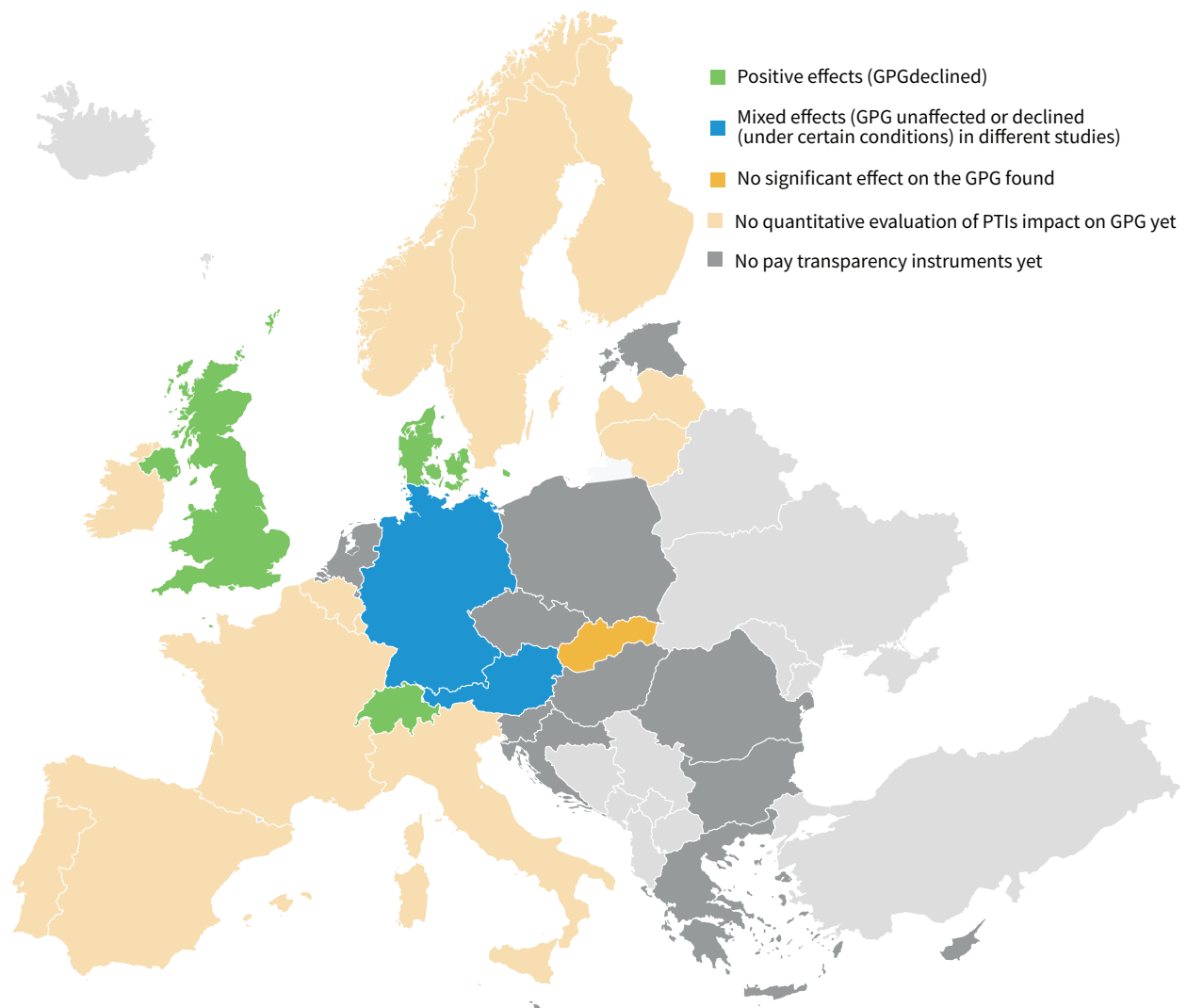
A set of recent academic⁽²²⁾ high-quality quantitative research studies were identified for EU Member States, Switzerland and the United Kingdom. This research is listed separately for each type of pay transparency instrument and country and summarised based on main approaches, research questions and findings in Table 3 in the Annex. For some countries, such as Austria, Germany and the United Kingdom, several studies are available (or several instruments were investigated within one study), while for most countries only one research paper is available to date.

Methodologically, the research studies deploy various econometric tools, but their commonality is a causal analytic research design, and, in particular, variants of the so-called difference-in-differences estimates. Using individual-level datasets of workers’ pay or pay by gender within individual companies, the studies typically investigate the effect of the roll-out of pay transparency measures by comparing affected and unaffected companies before and after the introduction of the measures. These designs require that the groups to be compared are relatively similar to each other and not affected differently by common trends.

Figure 3 provides a high-level overview of the findings of these studies. Gender pay reporting or auditing measures were found to be **effective in reducing gender pay gaps** in Denmark, Switzerland and the United Kingdom, but by **lowering male workers’ pay growth** in Denmark and the United Kingdom (Bennedsen et al., 2019a; Blundell et al., 2025; Vaccaro, 2017). One recent German study found the **short-term impact** of the pay transparency law to be effective in reducing the raw gender pay gap, but only for **medium-sized establishments and with the presence of works councils or collective bargaining agreements** (Vaccaro et al., 2024). Furthermore, **pay transparency in job advertisements in Austria has been found to be effective** (Frimmel et al., 2023). In contrast, **no significant effects** on the gender pay gap were detected by studies relating to pay transparency in the **case of the Austrian gender pay reporting**, all other studies focusing on **the German set of pay transparency measures and the Slovak requirement to post pay ranges** in job advertisements (BMFSFJ, 2023; Böheim & Gust, 2021; Brütt & Yuan, 2023; Gulyas et al., 2023; Seitz & Sinha, 2023; Skoda, 2022). Taken together the studies show that pay transparency measures can be effective, but there are hindrance factors, such as shortcomings in their design or implementation, that can reduce their effectiveness to reduce the gender pay gap. The measures may also have intended and unintended effects beyond the gender pay gap. These are discussed in the sections to follow.

⁽²²⁾ Only few of these studies were officially commissioned by a national government (i.e. some fed into the German evaluation).

Figure 3: Overview of the quantitative evaluations investigating the impact of pay transparency on the gender pay gap, by country



Note: Each of the selected studies performed state-of-the-art statistical evaluations of the impact of different pay transparency measures on gender pay gaps. GPG: Gender pay gap; PTI: Pay transparency instrument.

Source: Authors own compilation, based on the quantitative studies reported in Annex A2: Effectiveness of pay transparency measures Table 3.

What hinders the effectiveness of pay transparency measures?

This section discusses obstacles to the effectiveness of pay transparency measures in reducing the gender pay gap at the organisational and aggregate levels, as reported in the empirical literature. These can be grouped into the following categories.

- **Type of instruments.** The effectiveness of a pay transparency instrument depends on whether it is best suited to reduce the gender pay gap, or whether alternative instruments could prove more effective.
- **Contextual factors.** The general context in which a pay transparency measure is implemented can influence its effectiveness, including the main cause(s) and level of the gender pay gap in a specific country, the societal discourse about the gap and the wage-setting mechanisms applied in the organisation and the labour market.
- **Design of the instruments.** Certain factors related to the design of the respective instruments were found to be more effective than others.
- **Implementation of the measures.** Even if the selected instrument type is well designed and suitable for the context, further hindrances to effectiveness could be rooted in poor implementation.

While not all identified factors were tested through quantitative causal analysis for their impact on the gender pay gap, they were explored through descriptive or qualitative research on policy implementation. The analysis distinguishes carefully between different types of evidence on effectiveness. Overall the evidence is still limited, due to the relatively low number of causal analytic studies, whereas few meta-studies started to investigate which factors are more effective than others, or which instruments work better in which context.

Type of instrument chosen

Making an instrument mandatory seems to be a precondition for its effectiveness: **voluntary instruments** have not achieved significant uptake and thus lack effectiveness. For example, German pay auditing was recommended but remained voluntary without legal requirements, limiting its impact (BMFSFJ, 2023). Similarly, when the UK government paused mandatory reporting requirements during the pandemic, it demonstrated the importance of legal obligations for maintaining compliance (Blundell et al., 2025).

The effectiveness of the ‘right to obtain information’ instrument has been questioned explicitly based on the German case (Brütt and Yuan, 2023; Seitz and Sinha, 2023). Its distinctive feature – that the information is not provided up front by the employer (as in other instruments) but **must be actively requested by the employee** – is believed to pose an additional hurdle, resulting in the well-documented low uptake. Additional factors that limit effectiveness include employees’ misconceptions about whether pay gaps exist in their workplace and incorrect assumptions about co-worker earnings, uncertainty about legal applicability to their company, fear of negative consequences, and the requirement for employees to sue their employers for pay rectification (Brändle and Koch, 2023; Seitz and Sinha, 2023).

Last but not least, pay reporting with analytical regression methods to detect pay gaps typically only includes the **possibility to detect pay gaps between groups doing the same work**, but not work of equal value. For the latter, a more rigorous assessment of job evaluation schemes is required. See Eurofound (2025, forthcoming) for a more extensive discussion of how this principle can be implemented in practice.

Contextual factors

The Swedish National Audit Office highlighted two contextual factors that could make the identification of existing pay gaps less likely: first, the **current level** of the gender pay gap, which itself could have already been influenced by the longer-standing implementation of such measures. If the gap is already narrow, the room for pay transparency instruments to exert further impact is naturally reduced. The statistical simulation exercise discussed earlier also showed how the **size and gender balance of employers matters** for their ability to detect unjustified gender pay gaps. Smaller employers and those with a less balanced workforce are much less likely to detect unjustified pay gaps based on regression analysis (Riksrevisionen, 2019) (see Box 3 in the section ‘Official evaluation studies’).

The **wage-setting context** may be an important factor in determining whether a pay transparency measure affects earnings. Academic research - Cullen (2024) and Cullen and Pakzad-Hurson (2021) - suggests that, for a measure to work effectively, the bargaining power of the individual must be sufficiently strong for the employer to indeed rectify pay inequities. Horizontal pay transparency shifts bargaining power to the employer, as they can more easily reject higher asks. They expect the measures to have a larger impact on earnings (i.e. more pay compression) in non-unionised environments, and show that effects on wages are lower in EU Member States or countries where collective bargaining rates and unionisation tend to be higher than in Canada and the United States.

For Germany, however, where employers do not currently have to disclose pay levels or gender pay gaps, Brütt and Yuan (2023) could not find any difference in the effectiveness of the pay transparency law for companies with and without a collective agreement (drawing on data from the Institute for Employment Research (IAB) establishment panel). Based on an experiment, they suggest that whether or not **performance is observable** when pay transparency is implemented also matters. For example, the implementation of pay transparency in a sales department, where performance results are more observable than in a human resources department, is argued to be more effective⁽²³⁾.

⁽²³⁾ Similar conclusions concerning the observability of co-workers’ performance were made by (Breza et al., 2018) in the context of Indian manufacturing workers.

Design of the instruments

When investigating the design features of the instruments, several factors recur in the evaluation literature. The most prominent obstacles to effective implementation are the **lack of public accessibility** and **inadequate enforcement**.

The failure of the well-researched Austrian pay reporting to reduce the gender pay gap has been attributed to the fact that the pay reports are confined to the organisation, and employees may incur sanctions when disclosing results outside the companies – in contrast to the UK version with public disclosure of aggregate gaps (Böheim and Gust, 2021; Gulyas et al., 2023; Blundell et al., 2025). In particular, Blundell et al. (2025) provide evidence that suggests that the public availability of firms' gender pay gap may have enhanced the disciplinary effects of the UK transparency policy. Limited enforcement of the measures and failure to sanction were also commonly cited as hindrances to the potential of the instruments in Sweden (Riksrevisionen, 2019).

Another design feature to be mindful of is how the pay transparency instrument relates to data protection and that **data protection rights do not curtail the right to pay transparency** (Felten et al., 2019; Brändle and Koch, 2023). Austria is a particular case here, as the transparency law explicitly prohibits employees from sharing the transparency reports outside the company and envisages a fine.

Regarding the contents of the reports and the statistical measures and concepts applied, the **use of the median** (as the only indicator) was questioned by the German evaluators as not being conducive to detecting pay inequity, due to its lack of sensitivity to outliers (Brändle and Koch, 2023). The evaluators regard the disclosure of individual, though anonymised, pay data for the comparative group to increase the likelihood of detecting discrimination. Likewise, Denmark's reliance on a very detailed occupational classification (6-digit Danish International Standard Classification of Occupations codes), combined with **relatively large minimum group size thresholds** within each occupational group, has been identified as a factor that limits effectiveness (Bennedsen et al., 2019b).

Another set of design features that may hinder implementation and ultimately fail to reduce the gaps effectively relates to aspects of **laws that are assessed as too complicated or unclear**. For example, German law allows companies to refer to pay set in collective agreements, which some firms have wrongly interpreted as exempting them from their transparency obligations. They are still obliged to analyse and compare other pay components and individual overpayment, along with the correct classification of the worker in the pay scheme. Likewise, the definition of the legal entity in the law – including consistent and clear rules regarding the responsibility for parent companies and affiliates, and the roles of employee representatives – were highlighted by the evaluation as being unclear (Brändle and Koch, 2023). In Sweden, large differences in employers' reporting approaches were found to be caused by lack of clarity in the definition of which employees must be included and in the application of the 'work of equal value' principle (Riksrevisionen, 2019).

Box 4: How the design of pay transparency instruments affects their effectiveness in reducing the gender pay gap: results from a meta-study

Von Beck Bölingen (2024) conducted a meta-study of 16 policy evaluations, focusing on the association between different design features of pay transparency laws in the EU, EEA countries, the United Kingdom and the United States, and their ability to reduce the gender pay gap. The set of studies for the EU and the United Kingdom greatly overlaps with the studies listed in A2: Effectiveness of pay transparency measures

Table 3. Based on random-effects linear meta-regressions, the following design features were found to have a statistically significant impact and a greater impact on reducing the gender pay gap.

- Laws requiring the employer to actively disclose information, compared to those requiring employees to request information.
- Transparency of pay outcomes, compared to transparency of process or communication.
- Laws mandating the disclosure of information to the public, compared to those where information is disclosed only to employees.
- Laws addressed to larger employers, with more than 200 employees, compared to laws that also include smaller employers.
- Laws that apply to all employees, compared to those that are restricted to some groups only.
- Laws requiring the disclosure of more detailed information on pay.

Another pertinent question is **what constitutes acceptable pay gaps** and **how pay gaps can be justified**. This does not seem to be regulated or clarified anywhere, leaving room for interpretation by those applying the measures. A study analysed pay audits from 54 Swedish municipalities using critical discourse analysis, examining the justifications provided when pay gaps existed between male- and female-dominated occupations. The research found that gaps were mainly justified by reference to market factors ('men in comparable occupations are better paid in the private sector'), differences in individual negotiation outcomes, experience or responsibility being rated differently for men than for women, and relevant education being partially omitted from women's assessments to justify visible disparities (Salminen-Karlsson and Fogelberg Eriksson, 2024).

Implementation of the instruments

While issues in the design of the measures are likely to result in heterogeneity of approaches and difficulties when applying the measures, there are additional factors that could hamper effective implementation, even when designs are well done and laws are clear.

The first are **knowledge gaps among stakeholders**. Employers' awareness of their legal obligations was frequently found to be low in several countries (BMFSFJ, 2023; Eurofound, 2018; Riksrevisionen, 2019). Supporting companies in the roll-out of new reporting obligations is important but requires resources. In Spain, the Women's Institute organised sessions for companies and subsequently found the need to **provide basic gender training for external company consultants** that companies hired to advise them. Dual responsibilities among ministries in Spain were also found to have resulted in coordination difficulties and affected basic knowledge about the degree of compliance (Salido-Cortes, forthcoming).

Resource availability and capacity limits among the implementing stakeholders were most commonly found as hindrances. The labour intensity of pay audits, and, in particular, how to assess the pay difference for jobs of equal value, was highlighted based on a survey of social partners in the Swedish evaluation. Unions' capacity to engage with the volume of company pay auditing in Spain was another issue raised, particularly among women trade union delegates in non-managerial positions (Salido Cortes, forthcoming).

How gaps are interpreted – and whether they are flagged as unjustified and to be rectified or explained as justifiable – is in the hands of the auditors. Their initial presumption is important: is the pay transparency instrument used to ensure equal pay and provide a rubber stamp on the existing pay schemes, or is it used to detect and rectify potential inequities?

The analysis of narratives in the Swedish municipalities pay audits suggests that **the role of auditors, the demands put on them and the context they operate in** should be given greater consideration:

Painting a positive picture of the situation is essential for all potential recipients of the report: the Equality Ombudsman can otherwise require actions concerning unjustified gender salary gaps, the politicians need to be assured that the municipality follows the legislation on gender-equal salaries and, in case the report is also accessible to employees, the salary situation must seem just. To introduce inequality regimes as an explanation for gender pay gaps is hardly doable in this context. Hence, societal gender inequality, as the origin of gender pay gaps, is, paradoxically, reproduced by the legal requirement of pay audit reports (Salminen-Karlsson and Fogelberg Eriksson, 2024).

While this aspect has not been researched extensively yet, it is probably fair to assume (or hypothesise for future research) that audit effectiveness may also be influenced by the background of the auditors, with external auditors more likely than internal auditors to point out detected pay gaps.

Intended and unintended effects of pay transparency

Pay transparency initiatives, while primarily designed to address gender pay disparities, invariably affect several other labour market outcomes, including productivity, sorting and matching, job satisfaction and motivation and bargaining dynamics, among others. The evidence collected across international contexts demonstrates that it is fundamental to map and monitor these effects, as they vary significantly depending on how pay transparency measures are designed and implemented, and can have beneficial or detrimental effects.

Pay transparency has been pinpointed as the solution to the **asymmetric information** between employers and employees, with many economists arguing that efficient labour markets – essential for economic health – function optimally only when both parties can negotiate with full information access, creating the premise for more balanced labour market dynamics (P. Bamberger, 2023; Gulyas et al., 2023). The consequent underlying assumption is that the correction of this imbalance may particularly benefit women, who face several well-documented **disadvantages in individual wage negotiations**. Research has indicated that women not only underperform in negotiations when

information is limited (Bowles et al., 2005), but also tend to be less inclined towards proactive salary negotiations and self-promotion (Hernandez-Arenaz & Iriberry, 2019), are more likely to signal willingness to accept lower compensation (Leibbrandt & List, 2015), are more likely to ask for lower compensation (Roussille, 2024) and display greater risk aversion in certain contexts (Croson & Gneezy, 2009; Filippin & Crosetto, 2016). However, the assumption that pay transparency will reduce asymmetric information and improve women's ability to negotiate equal wages is somewhat challenged by recent research revealing the effects of pay transparency prior to hiring. While women generally have weaker outside options than their male counterparts – and workers with stronger alternatives typically negotiate higher wages – **women systematically request and receive lower compensation regardless of their outside options**. It is even more concerning that this pattern has persisted even in hypothetical negotiation scenarios designed to reflect forthcoming policy changes in the EU and the United States, where participants were explicitly provided with salary ranges before stating their expectations. The fact that women reported lower expectations even when given identical pay information suggests that increased transparency alone may be insufficient to close gender gaps in negotiation outcomes (Caldwell et al., 2025b, 2025a).

Regarding **individual performance**, pay transparency's effects on effort are nuanced. While one might expect higher-wage employees to work harder after confirming their advantageous position, the literature presents mixed findings. For employees who receive higher wages under conditions of inequality, both positive (Charness et al., 2016) and negative (Clark et al., 2010) effects on effort provision have been documented. More recent evidence on 20 000 US academics shows that employees who discover they are relatively overcompensated tend to increase their work efforts, while those who learn they are inequitably underpaid typically respond with modest decreases in productivity (Gutierrez et al., 2025). Beyond responses to one's own compensation, studies indicate that fairness perceptions play an important role: **individuals tend to positively reciprocate employers' intentions to provide fair wages** (Falk et al., 2008; Gächter & Thöni, 2010a), but might also reduce their productivity if they perceive unfair treatment of colleagues (Heinz et al., 2020). More generally, employees appear to be more concerned with pay fairness than pay equality, meaning that they accept differences in compensation when these can be justified (Gutierrez et al., 2025). Another mechanism is at play when advantaged employees respond. They not only feel compelled to validate their premium by enhancing their output – perhaps to justify their position to themselves, colleagues or management – but might also recognise more pragmatically that, in an environment of increasing pay transparency, maintaining their advantageous compensation position requires demonstrating performance levels that legitimately warrant such rewards (Gutierrez et al., 2025).

For **individuals receiving lower wages**, the picture is more complex. According to the fair-wage hypothesis (Akerlof & Yellen, 1990), awareness of unfair wages may lead disadvantaged employees to reduce their effort. While some studies find minimal impact (Charness & Kuhn, 2007; Gächter et al., 2012), the majority of experimental research in gift-exchange settings demonstrates that workers who discover they receive lower wages than their peers significantly **reduce their effort levels** (Charness et al., 2016; Clark et al., 2010; Gächter & Thöni, 2010a; Greiner et al., 2011; Nosenzo, 2013), put in less time (Bracha et al., 2015; Breza et al., 2018; Gagnon et al., 2020) and quit more frequently (Card et al., 2012; Dube et al., 2019). On the other hand, employees tend to work harder when they discover that their managers earn more than expected (Cullen & Perez-Truglia, 2018), but become demotivated when they learn that their peers receive higher compensation, unless they perceive this as fair (Breza et al. 2018). Thus, the form of pay transparency – horizontal versus vertical – is important in this context (see Box 2). Equal pay structures may also create challenges, as initially hard-working employees may reduce their effort to match less productive colleagues under equal wage schemes (Abeler et al., 2010). Recent research suggests that pay transparency provides no clear positive motivational effect when revealing fair or advantageous pay, but it does **actively harm motivation when revealing underpayment** (Grasser et al., 2021). The results of an online experiment mimicking the workplace environment showed that pay transparency did not significantly disrupt employees' overall performance. However, it interfered with the provision of extra effort, discouraging employees from working beyond the minimum required. The probability of employees limiting effort under pay transparency was 42 % compared to 35 % under pay secrecy (Baggio & Marandola, 2023).

Recent advancements provide insights into the relationship between pay transparency and company turnover. Research indicates that higher perceived pay transparency correlates with increased perceived organisational support and enhanced perceptions of both distributive and procedural justice, all of which are associated with **reduced turnover intentions** (Stofberg et al., 2022). More generally, research indicates that, while productivity may be impacted, this does not necessarily translate into diminished profitability (P. Bamberger, 2023). Finally, limited experimental evidence indicates that pay transparency can act as a **self-regulating mechanism for compensation requests** (a proxy for renegotiation and litigation). When employees receive information about relative pay, those who are underpaid are encouraged to seek adjustments, while those who are adequately compensated are discouraged from making unnecessary claims (Cullen and Pakzad-Hurson, 2023). Importantly, this reallocation occurs without increasing the overall number of requests, making the pay adjustment process more efficient (Baggio & Marandola, 2023).

Looking beyond the outcomes of pay transparency on productivity, performance and turnover, the **effects on employee health and well-being** should also be considered. In fact, pay is instrumental in building a life outside work, providing security, safeguarding health, signalling value and status and opening opportunities for the future (Sayre & Conroy, 2024). Recent research advancements in assessing the effects of pay transparency beyond labour market outcomes show that, by facilitating salary comparisons, transparency may increase opportunities for unfavourable assessments, leading to increased perceptions of unfairness and potentially affecting health and well-being outcomes, particularly for those at the lower end of pay scales. Discovering one is underpaid relative to their colleagues can generate negative affect, increasing stress and allostatic load, potentially leading to negative health consequences in both the short and the long term (Sayre & Conroy, 2024). A natural experiment examining the effects of income disclosure in Norway, where tax information became publicly accessible online, revealed that increased financial transparency widened existing disparities in subjective well-being measures between economic groups, with the happiness gap between higher and lower earners expanding by 29 % and life satisfaction differences increasing by 21 %. Similar mechanisms may operate in workplace settings where pay transparency enables more salary comparisons among colleagues (Perez-Truglia, 2020).

From the employer side, evidence suggests that **pay transparency encourages employers to equalise offers and provide fair wages** (Baker et al., 2019; Bennedsen et al., 2019a; Blundell et al., 2025), with the risk of litigation providing additional motivation for employers to, at the very minimum, reduce the growth in disparities (Estlund, 2014; Ramachandran, 2012). A particularly important benefit of pay transparency is the **increased trust in management** that results from having accountable leadership on pay decisions and pay differentials (P. Bamberger, 2023). Having leadership that can fairly justify pay differentials strengthens employee confidence in the integrity of the company, contributing to reduced employee turnover, increased motivation and productivity, representing a significant operational benefit for organisations. However, a theoretical model predicted and empirical studies showed that pay transparency **increases employers' bargaining power and compresses wages, leading to lower overall wages**, driven more by a slowdown in men's wage growth than by increases in women's pay. The impact on wages was lower in environments with higher collective bargaining power (Cullen, 2024)(Cullen & Pakzad-Hurson, 2021). The efficiency of the resulting pay distribution, however, depends on whether the pre-transparency pay differences accurately reflected productivity differentials or instead reflected other factors such as gender-based differences in bargaining power or opportunity. When pre-transparency pay gaps stem from legitimate productivity differences, wage compression might distort incentive structures. This compression can trigger negative sorting effects, where higher-contributing employees leave for better prospects elsewhere, as they perceive insufficient differentiation based on performance or value as a penalty. While compression might reduce visible pay disparities, it fails to appropriately reward higher contributions, potentially undermining performance-driven principles. There is, however, no causal evidence that transparency-induced pay compression leads some employees, particularly higher-earning ones, to leave the firm (Duchini et al., 2024). On the other hand, when pay gaps primarily reflect systematic biases or bargaining disparities unrelated to performance, transparency-driven compression can actually improve allocative efficiency by better aligning rewards with true productivity. Therefore, the efficiency implications of pay transparency must be evaluated within the specific organisational context and pre-existing pay structures.

Pay transparency as a competitiveness leverage

In January 2025, the European Commission launched the competitiveness compass, based on the recommendations made by Mario Draghi in his report on the future of European competitiveness (Draghi, 2024). The aim of the compass is to make business easier and faster and ensure Europe's prosperity. The first of three pillars focuses on driving growth by closing the innovation gap, of which easing mobility and retention of talent are core components, alongside boosting innovation and research. These primary objectives are supported by horizontal enablers, including the simplification of regulations and the development of skills and quality jobs. Within this framework, pay transparency can be considered not merely as a regulatory requirement but potentially as a strategic tool to enhance competitiveness.

First, it is important to address how the Pay Transparency Directive relates to the simplification of regulations. Indeed, reporting requirements introduce **additional administrative tasks** for companies, with **greater investments at the onset**, but with potential economies of scale and efficiency gains in the future (Eurofound, 2020). While introducing new requirements may initially appear to add complexity, the directive **harmonises the approaches** to pay transparency already in place in several Member States. Furthermore, the directive could **reduce the inefficiencies of individual pay disputes** and individual negotiation processes, ultimately creating more predictable environments for pay setting. The directive also aims to strengthen the role of collective bargaining by providing social partners with more comprehensive gendered data for negotiations, potentially supporting wage-setting processes and creating more balanced and informed discussions between employers and employee representatives.

Pay transparency offers significant but nuanced benefits for **talent acquisition and retention capabilities**. During the initial stages of application and hiring, organisations implementing transparent pay practices often appear more attractive to prospective employees, particularly among women and other historically disadvantaged groups who benefit from clear salary information during job searches. Research indicates that companies disclosing salary ranges in job advertisements tend to experience higher application rates and better candidate quality (Bernard et al., 2023; Bessen et al., 2020; Chen et al., 2023). More importantly, under the right circumstances, as explained earlier, transparency correlates with reduced turnover intentions through increased perceptions of organisational support and justice, generating significant cost savings associated with recruitment and onboarding. It must be reiterated, however, that rather than assuming uniform benefits across all employee segments, employers should anticipate varied responses based on employees' initial positioning within pay structures and their perception of whether differences reflect legitimate factors or unjustified disparities.

Additionally, pay transparency introduces elements of **public scrutiny of companies' pay practices**. This leads to **increased social accountability** but also greater evaluation of companies' pay equity performance by employees and other stakeholders. Companies that disclose pay information and are perceived as fair or working to eliminate pay discrimination are often seen as more trustworthy by job candidates and can build a positive image as an employer, generating a boost in reputation. This reputational advantage extends beyond employee relations to influence customer trust and investor confidence, which are both increasingly important factors as stakeholders prioritise corporate social responsibility. The flip side of the coin is that increased transparency **can carry significant reputational risks** for organisations. Companies disclosing large gender pay gaps often face negative reputational consequences through various channels. Research on the United Kingdom's mandatory disclosure policy found that organisations reporting worse gender equality indicators obtained lower reputation scores in YouGov surveys, providing direct evidence that public scrutiny can damage corporate reputation. This negative reputational effect appears more pronounced for organisations that are more exposed to public attention, suggesting that the visibility of disclosed information amplifies its disciplinary effects (Blundell et al., 2025). For firms with significant pay disparities, disclosure can be perceived as violating normative expectations around fairness, potentially damaging brand image, eroding customer trust and hampering recruitment efforts. A study analysing Glassdoor ratings revealed minimal evidence of immediate negative reactions from current employees at firms reporting substantial gender-based disparities, suggesting that external reputation may suffer more than internal morale in the short term (Sharkey et al., 2022). Nevertheless, the potential for increased transparency to fuel unfavourable reputational effects should remain a legitimate concern for organisations. While transparency may create short-term reputational challenges, these pressures could be viewed as **opportunities to address underlying gender inequalities**, potentially transforming temporary reputational damage into long-term improvements in both equality outcomes and corporate image.

Internally, transparent pay structures can **foster workplace cultures characterised by trust and engagement**. When employees understand how compensation decisions are made and believe these processes are fair, they often demonstrate **greater commitment and productivity** (Baggio and Marandola, 2023; Falk et al., 2008; Gächter and Thöni, 2010b). This transparency supports diversity, equity and inclusion initiatives by promoting fairness across career development, recruitment practices and workplace experiences.

From an operational perspective, transparent practices streamline recruitment by attracting candidates whose salary expectations align with available roles, **reducing time-to-hire metrics and improving matching efficiency**. This operational advantage directly supports EU competitiveness objectives focused on simplification and removing market barriers.

Perhaps most significantly for innovation-focused strategies, pay transparency delivers benefits beyond equality objectives by **facilitating technological advancement and workforce development**. Evidence indicates that perceptions of pay equity can enhance employees' acceptance of new workplace technologies, with particularly strong effects among women. Transparent pay communication fosters greater fairness perceptions, which positively influence technology adoption, while pay secrecy negatively impacts these outcomes (Sharma et al., 2025).

Furthermore, when employees clearly understand the relationship between skills, performance and compensation through transparent systems, they might become **more motivated to enhance their capabilities and pursue upskilling opportunities**. Consideration should be given to how pay transparency could cultivate workforces motivated to develop competencies that drive organisational competitiveness, in line with the EU's industrial strategy to close innovation gaps.

Conclusion

This report examined the current state of play of pay transparency instruments across the EU, assessing what works and what does not by reporting on available, albeit limited, official evaluations and growing academic research. The findings revealed a layered picture where both the benefits and the risks of pay transparency instruments depend on their design, implementation and context of application.

Official evaluation research is lacking

Since the 2020s, a growing number of academic evaluation studies have been investigating the effectiveness of pay transparency instruments and their impact on the gender pay gap. Surprisingly, only a few official evaluation studies from governments are reviewing the status of implementation, awareness of workers and companies, the compliance with the instruments and their effectiveness in reducing gender pay gaps. This may be due to a ‘wait and see’ approach, as governments across the EU are gearing up for the transposition of the Pay Transparency Directive into national legislation, and thus expect changes to the instruments soon, which could reduce their incentive to undertake formal research on the current instruments at this time. However, a lack of formal evaluation studies in many countries with pay transparency measures was already noted by Eurofound (2020), prior to the proposal of the directive. While a growing interest in the topic is seen from academics both across the EU and in the United States, this is not sufficient to cover the insights required for policymaking. More official causal analytical evaluations should be carried out for two fundamental reasons: to ascertain whether pay transparency instruments effectively reduce the gender pay gap, through which mechanisms, at what level (company or aggregate) and to what extent; and to establish which pay transparency instrument design features work best and under what circumstances. This body of knowledge is essential for correcting the course of current implementation, and serves as a resource for Member States that are still initiating their pay transparency policymaking processes.

Longer-term and more comprehensive research-based evidence is needed

Most available quantitative academic research focuses on the initial impacts of the introduced pay transparency instruments over a short period, usually one or at most two years after their introduction. Little is yet known about potential medium- to longer-term effects. This is important, as studies following the implementation of the policies tend to show that some hiccups, including limited compliance rates, are common in the first years of implementation. Likewise, many quantitative studies focus on comparable companies around the size threshold of affected firms (by design, to allow for comparison), but what happens in larger or smaller companies tends to be left out of the analysis. Similarly, few studies consider different earnings segments, and could therefore miss detecting potential effects related to some workers only. For example, Frimmel et al. (2023) found a substantial reduction of the gender pay gap in the lowest-earning segment, next to a small overall average impact only. In addition, several datasets have ‘top-coded’ wages as they are based on social security records, thus keeping higher-earning individuals out of the picture.

The instruments can be effective, if they are well designed and implemented and suited to the context

Available evidence reveals the mixed effectiveness of pay transparency instruments across Member States. Official evaluations from Germany and Sweden have revealed several challenges, including generally low awareness among employers and employees, limited compliance with reporting obligations and difficulties applying the ‘work of equal value’ principle. Academic research has shown that pay transparency instruments have successfully reduced gender pay gaps in Denmark, Switzerland and the United Kingdom. Meanwhile, in Austria, Germany and Slovakia, most studies found no significant effects (except for some instruments). Where firm-level gender pay gaps were reduced, this compression of the pay structure occurred ‘from the top’, by slowing down men’s pay growth and leaving wage bills and overall profits unaffected. Theoretical and empirical research from the United States suggests that pay transparency reduces individual employees’ bargaining power – particularly for higher-earning individuals – but this effect is muted in contexts with higher collective bargaining power, such as in some Member States. In this regard, more research is needed to establish how different forms of pay transparency work in different wage-setting contexts.

The research also shows that success depends critically on specific design features, which some of the less effective national instruments have failed to incorporate: mandatory rather than voluntary implementation; public disclosure of pay gap information; requirements for active employer reporting rather than employee-request systems; and robust enforcement mechanisms with effective sanctions.

The directive will improve national instruments, increasing the likelihood of their effectiveness

The Pay Transparency Directive is envisaged to enhance the design of many national instruments, focusing on features that have been identified as improving their effectiveness. This includes, in particular, sanctions for non-compliance; compulsory rather than voluntary measures; lower firm size reporting thresholds and inclusion of the public sector thus covering more companies and employees than many existing schemes; provisions for publicity of pay gap data and the creation of external pay transparency; compulsory action where gaps are detected; collection of reports by a central actor to allow governments to investigate compliance with and study the impacts of the policy; and application of the ‘work of equal value’ principle across several instruments.

Finally, the directive mandates the involvement of trade unions and worker representatives in agreeing on objective criteria for gender-neutral pay structures, in supporting workers in exercising their right to request information and in carrying out joint pay assessments. It also requires Member States to encourage social partners to address equal pay in collective bargaining.

Aggregate gender pay gap figures alone do not present the full picture in relation to pay inequity

Aggregate gender pay gaps at the company level – as the directive requires companies to publish – are an important feature of the instrument as they draw awareness and public attention to existing company-level pay gaps. However, they must be regarded as the first point of entry into the discussion, rather than the sole and ultimate focus of attention. Even a low or zero aggregate gender pay gap at the company level does not imply the absence of pay inequity, because small or non-existent pay gaps among higher-paid groups can mask inequalities at lower levels or between jobs of equal value. Likewise, larger aggregate pay gaps can arise when one gender is overrepresented in the higher-paying professions, even if people doing the same work are paid the same. The published aggregate gender pay gap, therefore, needs to be understood and interpreted alongside the more in-depth information that companies must compile and make available internally, which will include information on pay differences by category of workers (Duchini et al., 2024).

Unintended consequences of pay transparency require careful consideration

Beyond their objective of achieving gender equality, particularly reducing the gender pay gap, pay transparency instruments can have other significant effects on motivation, job satisfaction, individual performance and bargaining dynamics. These effects can be either positive or negative, as shown by academic research. Information on relative wages has been extensively researched, and studies have indicated that individuals tend to reciprocate employers’ intentions to provide fair wages. Importantly, employees appear to be more concerned with pay fairness than pay equality, meaning that they accept differences in compensation when these can be justified. Evidence also suggests that pay transparency encourages employers to provide fair wages, in turn increasing trust. On the negative side, discovering unfair treatment can significantly reduce employees’ efforts and lead to more frequent quitting. Additionally, transparency can lead to wage compression by primarily slowing the growth of men’s wages, rather than by improving women’s, potentially distorting performance-based incentive structures.

Consequently, guidance from policymakers should also address ways to manage the unintended consequences of pay transparency, particularly when these might be negative. This can only be achieved with more research and better evaluation of past, current and future experiences with pay transparency measures.

Pay transparency has the potential to act as a lever for competitiveness

Under the right conditions, pay transparency instruments can be leveraged to boost firm competitiveness. This is possible since companies that implement pay transparency effectively can experience improved internal and external reputation, more efficient recruitment processes, decreased turnover, increased employee performance and effort, an enhanced propensity for upskilling initiatives, and better technological adoption and acceptance. However, these opportunities are met by mirroring risks, signalling the need for careful design and application of these instruments. Both promoters and adopters of pay transparency instruments should take advantage of the opportunities offered by these instruments, beyond mere compliance with legal requirements.

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Annex

Table 2: Overview of pay transparency measures in the EU and Norway, as from 1 January 2024

Type of measures	Country	Legal basis	Is work of equal value included in the pay transparency measure?
Right to obtain information	Finland	Act on Equality between Women and Men (1986/609), Section 10 (1023/2008), Obligation of employers to report on their actions Public sector: Nimikirjalaki (1989/1010), Section 7	Private sector: Yes, Section 8(3) (1329/2014) to which Section 10 refers, includes work of equal value. Public sector: No, Section 7 stipulates that the pay of officials (irrespective of whether it is determined by individual performance or classification) is public information.
	Germany	Pay Transparency Act (Entgelttransparenzgesetz, EntgTranspG), Section 2, Articles 10-16	Article 4(2) includes the factor to establish work of equal value, and Article 10 stipulates that employees must refer to activities of the same or equivalent nature.
	Ireland	S.I. No 321/1999 – Employment Equality Act, 1998 (Section 76 – Right to Information) Regulations, 1999	A statutory complaint form is included in Section 76 and it refers to c) failed to provide equal remuneration to me as required by an equal remuneration term; [...] contrary to the provisions of the Employment Equality Act, 1998. Section 7 of the Employment Equality Act specifies work of equal value.
	Norway	Act relating to equality and a prohibition against discrimination (Equality and Anti-Discrimination Act), Section 32. Employer’s disclosure duty relating to pay	Section 32 does not make a direct link to Section 34 (which defines work of equal value), but the information to be provided is ‘for the setting of the pay of the person or persons with whom the worker is making a comparison’.
Gender pay gap reporting	Austria	Income reports (<i>Einkommensberichte</i>) Private sector: Equal Treatment Act, Article 11a Public sector: Federal Equal Treatment Act, Article 6a	Private sector: There is a reference to work of equal value in Article 10, but the reporting requirement does not refer to it, and the breakdown of jobs into groups can be done in relation to pay scales of collective agreements or company grids. Public sector: Article 6 states that ‘when classifying posts and jobs into categories relevant to monthly salary or wages, such as salary, employment and function groups or service classes, no criteria shall be used to assess the activities of women on the one hand and men on the other which would lead to discrimination’. The reporting requires a breakdown by employment, pay or salary group.
	Belgium	Social balance sheet, social data broken down by gender since the 2012 Gender Pay Gap Act Wet ter bestrijding van de loonkloof tussen mannen en vrouwen (Article 4)	Article 4 of the quoted law refers to a breakdown according to the sex of employees. Article 91(B) ‘Social balance sheet’, l(2)(1) of the Royal Decree of 30 January 2001 implementing the Companies Code, with the requirement to break data down by gender. No reference to work of equal value or categories of workers found.
	Denmark	Equal Pay Act, Section 5a, since 2006, revised in 2014 and adopted in 2016	There is a clear reference to work of the same value in Section 1(2) of the Act. However, Section 5a requires a breakdown by occupational groups (Danish International Standard Classification of Occupations codes), but there is no reference to work of equal value.
	Germany	Pay Transparency Act, Section 4	No reference to work of equal value found. The report does not contain concrete figures.
	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 (Labour Code, Article R. 2312-8) Freedom to Choose your Professional Future Act, 2018 includes Law No°2018-771 of 5 September 2018	No reference to work of equal value found. Labour Code, Article R. 2312-8, 2° on the professional equality between women and men within the company requires an ‘analysis of numerical data by professional category of the respective situation of women and men in terms of [...] actual remuneration [...]; analysis of salary gaps and career development according to their age, qualification and seniority’.

Type of measures	Country	Legal basis	Is work of equal value included in the pay transparency measure?
Gender pay gap reporting	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, amended by Law 162/2021	No reference to work of equal value found. Article 46 (1)(3)(a) ... regarding the remuneration reporting requirement by gender: The data 'can be grouped by homogenous areas'.
	Lithuania	Labour Code of the Republic of Lithuania, approved by Law No XII-2603 of 14 September 2016 of the Republic of Lithuania (Article 23, paragraph 2, part 1)	No reference to work of equal value found. Article 23, paragraph 2, part 1 refers to a breakdown of remuneration by occupational group and gender.
	Luxembourg	Chapter V of the Labour Code (Law of 15 December 2016), Articles L. 225-1° – L. 225-5 on equal pay for men and women for work of equal value (225-3) 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 414-3(2)).	At the national level, the Luxembourg Labour Code explicitly recognises and regulates the concept of 'work of equal value', on the basis of objective and non-discriminatory criteria, such as professional knowledge, qualifications and experience and level of responsibility, along with the physical or mental demands of the work. Employers are obliged to ensure equal pay between men and women also for work of equal value. 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 [...] pay and working conditions. The head of the company is required to communicate to the staff delegation the information necessary for the proper execution of its mission. Article 414-3(2) on the reporting requirement does not include a reference to a specific breakdown per group.
	Norway	Act relating to equality and a prohibition against discrimination (Equality and Anti-Discrimination Act), Section 26 a. Duty of employers to issue a statement	No reference to work of equal value found. Not mentioned directly.
	Portugal	Resolution of Council of Ministers°18/2014 adopting measures to promote equal pay for women and men in state-owned companies Law 60/2018 , in force since February 2019; for private companies	Yes
	Spain	Remuneration register as per amended Article 28.2 of the Workers Statute (Real Decreto Legislativo 2/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Estatuto de los Trabajadores) Real Decreto 902/2020, de 13 de octubre, de igualdad retributiva entre mujeres y hombres, Section 1 Article 5 (and Article 6 for companies with pay audits)	Articles 5 and 6 establish the requirements and data collection for a company remuneration register. The remuneration register must include the average values of the salaries, salary supplements and non-salary payments of the workforce disaggregated by sex (Article 5.2) According to Article 6, companies that carry out remuneration audits must present the arithmetic averages and medians of the groupings of jobs of equal value in the company.
	Pay audits	Belgium	Gender Pay Gap Act 2012: analytical company pay reports Wet ter bestrijding van de loonkloof tussen mannen en vrouwen (Articles 7–10)
Germany		Pay Transparency Act, Section 3, Pay evaluation; non-mandatory	Article 4 refers to determination of equal work or work of equal value, non-discriminatory remuneration systems, which defines in 4(2) the factor to establish work of equal value, including the factors to factor in the assessment.
Finland		Act on Equality between Women and Men (1986/609), Section 6b and Act (1329/2014) amending the Act on equality between men and women (609/1986)	Section 6b refers to a pay survey used to establish whether there are any unjustified pay differences between women and men, and the factors to be considered for such comparison.

Type of measures	Country	Legal basis	Is work of equal value included in the pay transparency measure?
Pay audits	France	Law on Gender Equality Index 2018: Loi No 2018-771 du 5 septembre 2018, Chapter IV on Equal Pay, Article 104 created the following provisions in the Labour Code: Sect. Chapter II bis: Measures to eliminate the pay gap between women and men in the company, Article L1142-7, Article L1142-8, Article L1142-9, Article L1142-10, Article L2312-18, Article L2232-9	No reference to work of equal value found.
	Norway	Act relating to equality and a prohibition against discrimination (Equality and Anti-Discrimination Act), Section 26. Activity duty of employers	Yes
	Portugal	Resolution of Council of Ministers 18/2014, non-mandatory measures to promote equal pay for women and men Law 60/2018, in force since February 2019; for private companies	Yes
	Spain	Real Decreto 902/2020, de 13 de octubre, de igualdad retributiva entre mujeres y hombres, Section 2 Article 7 (and Article 8 for companies with pay audits) <i>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</i> 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 <i>Real Decreto 902/2020, de 13 de octubre, de igualdad retributiva entre mujeres y hombres</i>	Articles 7 and 8 refer to the concept and the contents of a remuneration audit, including in terms of establishing a potential gender pay gap and the factors triggering it.
	Sweden	Swedish Discrimination Act (2008:567), Chapter 3, Sections 8–10	Sections 8 and 9 refer to employers' work on pay surveys to discover, remedy and prevent unfair gender differences in pay and other terms of employment, and the principle of work of equal value is referenced in Section 8(2) and Sections 9(2) and (3). Section 10 defines work of equal value.
Pay disclosure in vacancy notices	Austria	Private sector: Equal Treatment Act, Article 9(2)a	n/a (*)
	Lithuania	Law of 11 July 2019, <i>Teisės akty registras</i> , 2019, No 12397. XIII-2327, Article 25(6) of the Labour Code	n/a (*)
	Latvia	On 1 November 2018, the wording of Part 3, paragraph 2 of Section 32 was amended. Full text in Division 1, Chapter 10, Section 32 (3)(2)	n/a (*)
	Slovakia	Act No 63/2018 on amendment of Act No 311/2001 of the Labour Code	n/a (*)

Note: There are several reclassifications of instruments as compared to Eurofound (2020). **Germany:** Gender pay reports were not classified as pay reports in this study in Figure 1, as they contain no actual pay figures. But they are included here and in Chapter 2. Likewise, the pay audits were not classified as such due to their non-mandatory nature. **France:** The classification of the Gender Equality Index as 'pay audit' is questionable, not least as it lacks the comparison of jobs with work of equal value. We continue to follow Eurofound (2020) and OECD (2023). (*) Not applicable for pay disclosure in vacancy notices, as the pay range figure to be disclosed relates to a single job position.

Source: Author's compilation based on information from the Network of Eurofound Correspondents and online legal sources.

Table 3: Overview of datasets, methods, main findings and conclusions of quantitative causal evaluations on the effects of pay transparency measures on gender pay gaps

Type of pay transparency measure	Country	Study	Dataset	Method	Main outcome variable(s)	Main findings	Conclusions/explanations for the effects
Pay audits	Germany	BMFSfJ (2023)	Structure of earnings survey, from 2014 to 2018, in companies with 451 to 550 employees (around the reporting threshold of 500).	Regression discontinuity	Men's and women's hourly pay; gender pay gap	No significant impact on earnings or the gender pay gap.	n/a
Pay reports	Austria	Böheim and Gust (2021)	Austrian social security database. Firm-level median wages by gender, from 2009 to 2017. Companies of different sizes to which the policy was rolled out progressively.	Regression discontinuity design; difference in discontinuity	Gender pay gap within the sample of firms; men's and women's median wages (separately for new hires); turnover rates	No effect of the law on median wages or the gender pay gap. No significant effect on employment growth, turnover or the share of female employees. In some exceptional cases, the law resulted in a significant wage increase for newly hired women (but without significant impact on the gender pay gap). The share of female employees declined in the largest firms relative to slightly smaller firms.	Weak design of the Austrian reports as main explanation: lack of publicity of the reports, inapplicability to smaller companies, degree of aggregation of individual data in the reports, lack of systematic compliance monitoring in place, in addition to non-compliance being generally cheaper for firms. No legal consequences if gaps are detected.
Pay reports	Austria	Gulyas et al. (2023)	Austrian social security database, workers employment spells, from 2007 to 2018. All firms affected by the policy from 2011 to 2014, staggered roll-out.	Staggered difference-in-differences design; decomposition of the pay gap into within and between firm wage gaps, as well as a split into an explained part due to workers' characteristics and an unexplained residual	Gender pay gap; men's and women's earnings; wage compression within firms	No impact on the gender pay gap, men's and women's earnings or wage compression. The majority of gender pay differences in firm pay arise from women working in lower-paying firms. Most of the within-firm pay gaps can be explained by workers' characteristics. Differences in pay policies between firms and women working predominantly in lower-paying firms are the main causes of the gender pay gap. Pay reporting reduced turnover/separation rates by 1.1 percentage points (a 9 % decline).	Incomplete implementation unlikely to explain the zero effect. Limited effect of the Austrian wage reports found is attributed to the non-publicity. The law targets the wrong component of the gender pay gap, as within firm gaps can be to a large extent explained. The sorting component is not addressed by the Austrian pay reports. The reports alleviate concerns about unfair pay, reducing turnover. More publicity of the reports could direct workers to higher-paying firms.

Type of pay transparency measure	Country	Study	Dataset	Method	Main outcome variable(s)	Main findings	Conclusions/explanations for the effects
Pay reports	United Kingdom	Blundell et al. (2025)	Annual survey of hours and earnings; the UK matched employer-employee dataset, from 2013 to 2021 (sample restricted to companies with 200 to 300 employees (reporting threshold: 250+)).	Triple differences regression	Gender pay gap; men's and women's earnings	<p>The policy led to a reduction of the gender pay gap by 19 %, mainly due to the lower growth of men's pay, while women's pay growth was not affected (a 3-percentage-point increase in women's pay vis-à-vis men's). This was driven by a slowdown in men's bonuses and promotions.</p> <p>A slowdown in the magnitude of the effect on the gender pay gap during the pandemic, when the policy was halted and many stopped reporting; however, this is only a descriptive result, and it is not clear whether it was due to the lifting of requirements.</p> <p>No impact on firms' hiring strategies. Potential impact on women quitting firms with gender pay gap reporting obligations (but results not robust).</p>	Publicity of the UK scheme as the main explanatory factor of the success. A slowdown in men's growth, while women's pay unaffected, means limited costs for companies, but the policy's aim to increase women's pay not met. Policymakers to consider whether this is a desirable effect.
Pay reports	Denmark	Bennedsen et al. (2019)	Administrative records from the Danish Statistics matched employer-employee dataset.	Difference in differences (firms with 35 to 50 employees before and after the regulation of 2006 compared to firms with 20 to 34 employees); difference in discontinuities as alternative specification	Gender pay gap; men's and women's earnings; wage bills; firm productivity and profitability	Men's wages grew 1.7 % slower than women's wages in affected firms after the introduction of pay reporting. Insignificant positive effect on women's wages compared to control group in affected firms. Average firm-level gender pay gap declines by 1.9 percentage points relative to control firms (- 13 % compared to before). Bigger declines at the bottom and middle of the wage distribution. Affected firms hire more women, as they may become less attractive to men. No effect on separation. Law increases women's promotions but not men's. No effect on firms' profitability. Negative impact on productivity in some specifications.	Women might prefer firms with lower pay gaps. The zero effect on firms' profitability could be potentially explained through the decline in labour productivity.
Pay reports	Germany	BMFSfJ (2023)	Structure of earnings survey, in 2014 and 2018, in companies with 451 to 550 employees (around the reporting threshold of 500).	Regression discontinuity	Men's and women's hourly pay; gender pay gap	Marginally significant impact on the gender pay gap (a reduction of 5.7 percentage points) when controlling for firm size and sector.	n/a

Type of pay transparency measure	Country	Study	Dataset	Method	Main outcome variable(s)	Main findings	Conclusions/explanations for the effects
Right to request information	Germany	Brütt and Yuan (2023)	Linked employer-employee data from the IAB	Difference-in-differences and difference-in-discontinuities analyses to study the impact on the gender pay gap. Laboratory experiment to investigate factors reducing the effectiveness of pay transparency instruments. Companies with 150 to 250 employees (cut-off threshold: 200 employees).	Aggregate gender pay gap	In the preferred specification, we can exclude in our 95 % confidence interval that the treatment effect of the introduction of the wage transparency law is larger than a 1.29-percentage-point reduction in the gender pay gap, with a point estimate smaller than 0.1 percentage points. Separate regressions in companies not covered by collective bargaining (where higher impact could be expected), do not show any results.	Removing the barriers to wage information helps workers overall. This effect is not gender-specific. Changing beliefs about wages, therefore, does not narrow the gender pay gap. The effect of performance information is also not different for men and women. These findings suggest that decreasing the informational asymmetry between workers and firms increases the workers' bargaining power. In this setting, this increase in bargaining power is not larger for women than for men. Requesting information helps low performers and hurts high performers of both genders. The limited uptake of the instrument could be an explanatory factor for the zero effect.
Right to request information	Germany	BMFSfJ (2023)	National education panel	Difference in differences based on establishments with more than 200 employees (cut-off threshold: below 100 and above 1 000 employees)	Men's and women's hourly pay; gender pay gap	Positive but not statistically significant impact of the law on men's and women's hourly earnings, and thus on the gender pay gap.	n/a
Right to request information	Germany	BMFSfJ (2023)	Structure of earnings survey, in 2014 and 2018	Regression discontinuity	Men's and women's hourly pay; gender pay gap	No statistically significant impact of the law on men's and women's hourly earnings, and thus on the gender pay gap.	n/a
Right to request information	Germany	BMFSfJ (2023)	Linked employer-employee data from the IAB, from 2011 to 2019	Linear panel regression; companies with 150 to 250 employees.	Men's and women's hourly pay; gender pay gap	No significant change in men's and women's daily pay and the gender pay gap between 2017 and 2019.	n/a
Right to request information	Germany	BMFSfJ (2023)	Linked personnel panel of the IAB	Difference in differences based on establishments with more than 200 employees (cut-off threshold: below 100 and above 300 employees)	Men's and women's hourly pay; gender pay gap; labour satisfaction and income satisfaction	No statistically significant impact of the law on men's and women's hourly earnings, and thus on the gender pay gap. Marginally significant impact of the law on income satisfaction, but this disappears after adding control variables. No significant impacts in the subgroups of companies with and without collective agreements.	n/a

Type of pay transparency measure	Country	Study	Dataset	Method	Main outcome variable(s)	Main findings	Conclusions/explanations for the effects
Right to request information	Germany	Vaccaro et al. (2024)	Individual information of the integrated employment biographies of the IAB linked with firm-specific characteristics of the IAB establishment panel (from 2010 to 2016 and after the introduction of the law from 2017 to 2018).	Regression discontinuity design; difference in differences. Medium-sized firms of 200 to 500 employees versus larger firms with above 500 employees.	n/a	<p>The short-term results show that the pay transparency law of 2017 had no effects on the unexplained gender pay gap and the female-male employment ratio. However, the policy significantly reduced the raw gender pay gap by approximately 22.6 % for medium-sized firms only – driven by establishments in East Germany. The introduction of the policy has significantly reduced the raw gender wage gap of establishments with more than 200 and fewer than 500 employees with a works council and with collective bargaining agreements.</p> <p>Establishments without works councils and collective bargaining agreements increased the average unexplained gender wage gap.</p> <p>Results for large establishments indicate no effectiveness of the law.</p> <p>Separate analyses for East Germany and West Germany show that, overall, the significant results were driven mainly by the presence of works councils in East Germany and collective bargaining agreements in West Germany.</p>	<p>Existence of works councils and collective bargaining agreements mattered for the effectiveness of the policy in terms of reducing the raw gender pay gap, but their role in impacting the unexplained gender wage gap is not clear.</p> <p>Smaller impacts of the law in East Germany could also be due to the lower pay gap and smaller firm size compared to West Germany.</p> <p>The limited application of the law (as evidenced in the official evaluations) could have hampered the effectiveness.</p>
Wages posted in job advertisements	Austria	Bamieh and Ziegler (2022)	Public employment service vacancy data from 2009 to 2012 linked with social security spells from 2011 to 2020.	Predicted wages at the firm and occupational levels (pre-reform), compared to actual wages post-reform. Regression analysis.	Gender sorting into better-paid positions and firms; gender pay gap within the sample of workers.	Women are not more likely to switch to higher-paid jobs after the reform. The gender pay gap of 15 % is driven by firm and occupational differences, not affected by the policy. Wage transparency does not change job-switching patterns.	Main cause of the gender pay gap is occupational segregation, and to a lesser extent because women work in lower-paying firms.
Wages posted in job advertisements	Slovakia	(Skoda, 2022)	Online job board data from profesia.sk linked to administrative social security data (employer-employee linked) and financial company data, from 2018 to 2020 (one year before and after the reform).	n/a	Wages of new hires; gender pay gap	Wages of newly hired workers increased, to the same extent for men and women. No effect for incumbents. No impact on the gender pay gap.	n/a

Type of pay transparency measure	Country	Study	Dataset	Method	Main outcome variable(s)	Main findings	Conclusions/explanations for the effects
Wages posted in job advertisements	Austria	Frimmel et al. (2023)	Vacancy data are from the Austrian public employment service, from 2010 to 2011.	Quantile difference-in-differences model	Gender pay gap	Small overall reduction of the gender pay gap, but larger in the lower half of the wage distribution. Reductions in the wage gap are larger when women are likely to hold misspecified beliefs about their labour market options, when firms signal readiness to overpay the posted wage (which happens more frequently in male-dominated jobs) and when the job acceptance decisions were made under pressure (i.e. when the company wants to fill the position immediately). Reduction of gap due to increase in women's earning, while men's remained constant. Higher effect in lower-earning pay segments: the posting of wages and the signal to overpay lowered the gender pay gap by 10 percentage points in the lowest-earning tercile. When they are under pressure to accept offers, also the pay gap of higher-earning women is reduced by the external pay transparency.	Policies aimed at increasing external pay transparency work. The introduction of the pay transparency law did not change the posting and hiring behaviour of firms or the characteristics of the hired workers, but it improved search efficiency.
Right to obtain information	Germany	Seitz and Sinha (2023)	Sample of integrated employer-employee data, based on employee history and the IAB establishment panel, from 2013 to 2018.	Event-study design, based on establishments with 151 to 250 employees	Daily wages of men and women; gender pay gap	It can be ruled out, at the 95 % confidence level, that the gender wage gap decreased after the policy by more than 0.5 percentage points. No statistical or economically meaningful effect on the daily wages of either gender. No impact on the wages or the gender pay gaps of incumbent workers.	Law does not mandate companies to disclose the gender pay gap. Policy success relies on employees requesting information. Bargaining power of the individual is required, but even if the individual has it, it might not be enough to impact the establishment-level pay gap. Understanding the degree of awareness of employees and what hinders them to ask for information is important.
Pay reports and auditing	Switzerland	Vaccaro (2017)	n/a	Difference in discontinuity	n/a	The Swiss Logib tool significantly reduced the gender pay gap in affected firms by 3.5 percentage points.	n/a

Type of pay transparency measure	Country	Study	Dataset	Method	Main outcome variable(s)	Main findings	Conclusions/explanations for the effects
Pay auditing – documentation requirement	Sweden	Riksrevisionen (2019)	Statistics Norway's longitudinal integration database for health insurance and labour market studies is used, along with Statistics Sweden's data on wage and salary structures. The period covered is from 2001 to 2016, with a change in legislation (documentation requirement) in 2009.	Difference in differences comparing companies with 20 to 24 employees, which were exempted from the documentation requirement in 2009, with companies with 25 to 30 employees	Gender differences in earnings, in monthly salaries; distribution of new employees; managerial positions	No significant impact on gender differences in labour income in affected companies vis-à-vis comparable companies. It cannot be established that the removal of requirements to document active measures meant that the gender pay gap developed differently between companies that continued to be covered by the requirements and companies that were exempt from the requirements. Not possible to determine the impact of the law change on the monthly gender pay gap. Small impacts on the recruitment of women and on managerial positions cannot be ruled out but are uncertain.	Results for monthly wages are greatly influenced by the fact that the data are not from the same panel of companies but are based on changes in wage structures survey over time. The degree of non-compliance among affected companies is not known. Likewise, employers that are no longer affected by the documentation requirement could have continued to analyse and rectify pay.

Table 4: Table of contributors from the Network of Eurofound Correspondents

Country	National correspondent	Organisation
Austria	Bernadette Allinger	Working Life Research Centre
Belgium	Sem Vandekerckhove	Research Institute for Work and Society at KU Leuven
Denmark	Christoffer Madsen	M.B.C.
Finland	Mikael Lundqvist	Oxford Research
France	Emma Godemet and Frédéric Turlan	IR Share
Germany	Sandra Vogel	German Economic Institute
Ireland	Andy Prendergast	IRN Publishing
Italy	Roberta Cupertino	Fondazione Giacomo Brodolini
Latvia	Raita Karnite	EPC Ltd.
Lithuania	Ramune Guobaite and Inga Blažienė	Lithuanian Centre for Social Sciences
Luxembourg	Franz Clément	Luxembourg Institute of Socio-Economic Research
Norway	Åsmund Arup Seip	Fafo Foundation
Portugal	Heloísa Perista and Ana Brázia	Centre for Studies for Social Intervention
Slovakia	Zuzana Turkovič	Institute for Labour and Family Research
Spain	Alejandro Godino	Sociological Research Centre on Everyday Life and Work at the Autonomous University of Barcelona
Sweden	Elina Härmä, Nils Brandsma and Angelica Åström	Oxford Research

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Despite decades of policy efforts, the gender pay gap in the EU, while slowly decreasing, is still persistent. In 2023, the Pay Transparency Directive (Directive (EU) 2023/970) was adopted, with the intent of advancing existing national approaches by mandating comprehensive transparency instruments, expanding reporting requirements, reinvigorating the ‘work of equal value’ principle, and shifting the burden of proof from workers to employers in discrimination cases, among the most significant developments. This report assesses the current state of pay transparency measures across EU Member States, evaluating their effectiveness based on limited official evaluations and growing academic research. Findings reveal mixed results, with successful gap reduction in some contexts, but no significant effects in others. Pay transparency success depends critically on design features, including mandatory implementation, public reporting, active employer disclosure and robust enforcement mechanisms. At the same time, effective implementation of pay transparency measures has been seen to face several challenges, including low or limited awareness, resource constraints and difficulties applying the ‘work of equal value’ principle. Beyond gender equality, pay transparency, under the right conditions, has the potential to generate opportunities for improved competitiveness, as it can boost talent attraction and retention and facilitate the adoption of technology within firms.

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