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## Pay Transparency in Europe: First Experiences with Gender Pay Reports and Audits in Four Member States

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# Pay Transparency in Europe: First Experiences with Gender Pay Reports and Audits in Four Member States

## Abstract

In light of the limited action in many Member States to introduce or review gender pay transparency instruments as recommended, in November 2017 the European Commission announced the possible need for further targeted measures at EU level. This report reviews experiences in four Member States – Austria, Denmark, Sweden and Finland – based on their company-level gender pay reports and audits. Evaluations point to a ‘bumpy ride’ in terms of compliance – at least in the initial phase of rolling out the instruments in some countries – and highlight room for improvement in engaging employee representatives and in raising employees’ awareness. The need to tackle knowledge gaps around the instruments right from the start is a lesson to be learnt from the experiences of the first movers. Soft measures to accompany enforceable mandatory requirements seem to be in demand and to be working well. Ultimately, the success of the instrument depends on the attitudes of the actors, the extent to which they acknowledge the existence of unjustified gender pay gaps and their willingness to engage in a meaningful dialogue and follow-up.

## Keywords

European Union, gender pay, transparency, Austria, Denmark, Sweden, Finland, compliance, gender pay gaps

## Comments

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## Country codes

AT	Austria	FI	Finland	NL	Netherlands
BE	Belgium	FR	France	PL	Poland
BG	Bulgaria	HR	Croatia	PT	Portugal
CY	Cyprus	HU	Hungary	RO	Romania
CZ	Czech Republic	IE	Ireland	SE	Sweden
DE	Germany	IT	Italy	SI	Slovenia
DK	Denmark	LU	Luxembourg	SK	Slovakia
EE	Estonia	LT	Lithuania	UK	United Kingdom
EL	Greece	LV	Latvia		
ES	Spain	MT	Malta		



# Introduction

Despite continued attention and policy effort, the unadjusted gender pay gap across the European Union has remained stubbornly high. Measured as the difference in hourly earnings between men and women, it was at an unadjusted level of 16.3% in 2015, down from 16.4% in 2010. In 2014, the European Commission recommended that every Member State ought to introduce at least one instrument out of a set of four to ensure transparency of pay:

1. Employees' rights to request information on gender pay levels for the same work or work of equal value.
2. Employers' duty to report on average gender pay levels by category of employee or position ('Company pay reports').
3. Employers' duty to conduct an audit on pay and pay differentials on grounds of gender ('Pay audits').
4. Measures to ensure that equal pay, including pay audits, is discussed at the appropriate bargaining levels (European Commission, 2014).

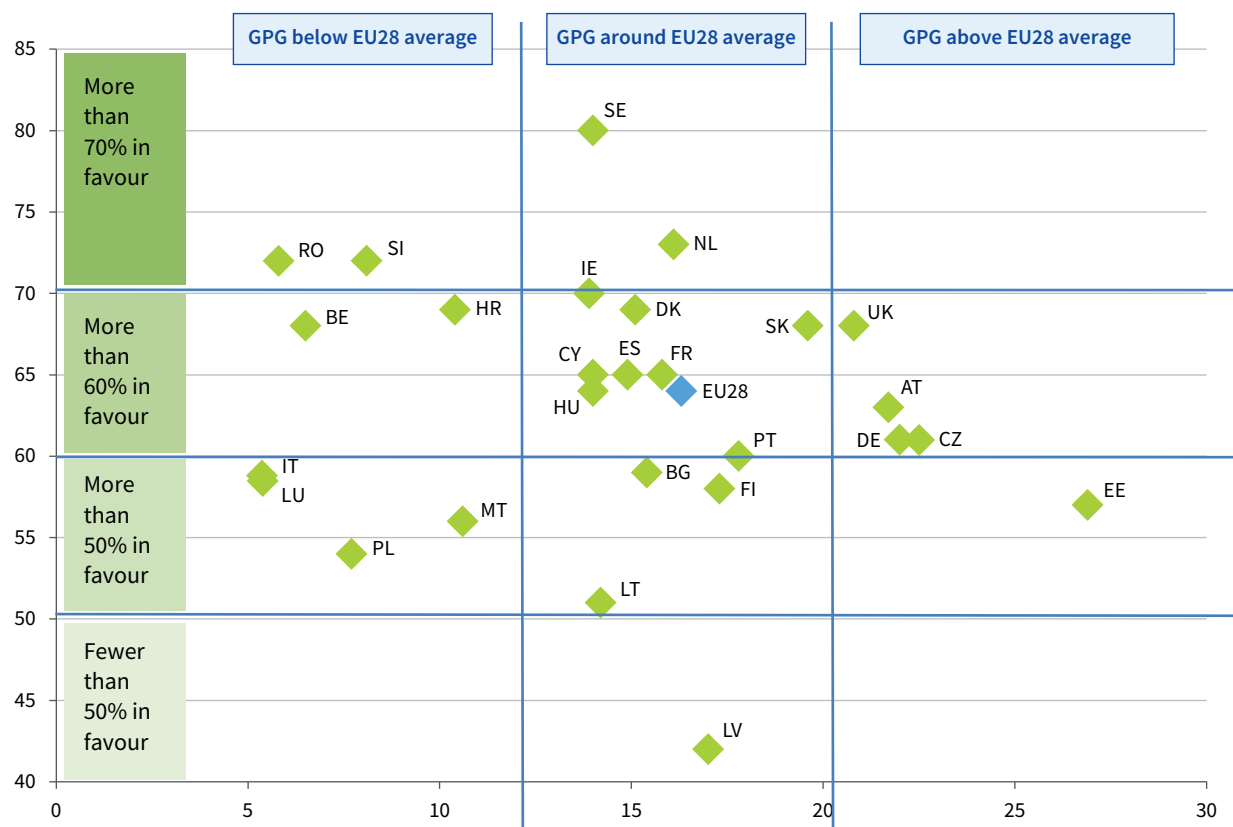
Most recently, in 2017, the European Commission [took stock](#) of the state of play regarding these pay transparency measures (Veldmann, 2017). While many countries have recently started to implement these measures, only a handful of countries already have some experience with at least one of the instruments. This finding was reiterated in the Commission's *Report on the implementation of Commission Recommendation on strengthening the principle of equal pay between men and women through transparency* (COM(2017) 671 final). It concludes that '(...) the lack of visible progress in combating pay discrimination, as well as the persisting gender pay gap and the limited follow-up to the Recommendation suggest a possible need for further targeted measures at EU level.'

Recent opinion data from a special Eurobarometer survey suggest that Europeans seem to be ready for and supportive of pay transparency measures, notably company pay reports, independently of the actual level of the pay gap. With the exception of Latvia, where 42% of respondents would be in favour of such a measure and 40% against, in all other Member States at least 50% are in favour. In most countries, the share of supportive respondents lies between 60% and 70% and in a few countries, it even exceeds 70%.

**Table 1: Overview of state of play of pay transparency measures**

	Implemented	Recently changed legislation	Mature/ delayed plans
Employees' right to request pay information	FI, IE, NO	DE (2017), LT (2017)	
Employers' duty to report on average gender pay levels	AT (2011, in full force since 2014), BE (2014), FR, DK, IT	DE (2017), LT (2017), UK (2017)	NL (draft law in 2014), IT (draft law from 2015)
Employers' duty to conduct an audit on pay	FI (2005, amended in 2014), FR, SE (1994, revised in 2009)	SE (2017 revised)	IE (2016), IT (draft law from 2015)
Promoting collective bargaining on equal pay	'Strong' incentives: BE, FR 'Soft' incentives: FI, DE, SE	–	–
None of the four pay transparency measures implemented or considered to date	BG, CY, CZ, EE, EL, ES, HU, HR, MT, LV, LU, PT, RO, PL, SI, SK		

**Note:** Based on Commission Recommendation of 7.3.2014 on strengthening the principle of equal pay between men and women through transparency, C(2014) 1405 final. In Spain, tripartite negotiations about the possible introduction of pay auditing started in December 2017.  
**Sources:** Veldmann (2017), European Commission 2017a, Eurofound (2017).

**Figure 1: Support for public pay reports and level of gender pay gap in 2017**

**Note:** GPG = gender pay gap. Recent gender pay gap data for Greece is not available. Vertical axis: percentage of respondents being 'strongly' or 'somewhat' in favour on the question: 'Would you be in favour of or against publishing the average wages per job type earned in the organisation or company where you work by each sex? (%)'; Horizontal axis: unadjusted gender pay gap, hourly earnings, full time – figures from 2015 or most recent data available.

**Source:** Author's depiction based on European Commission (2017b), Eurobarometer 456 and Eurostat, [earn\_gr\_gpgr2].

This report focuses on the first experiences with pay transparency instruments (notably company pay reports and pay audits) in those Member States that were among the 'first movers' – as they implemented them some time ago, they now have some factual evidence available on whether and how they work. In particular, the report will present experiences from Austria (company-level pay reports, rolled out in 2011), Denmark (company pay reports of 2006, revised in 2014 and re-revised in 2016), Finland (mandatory pay audits as of 2014), and Sweden (mandatory pay audits as of 1994, revised in 2017).

Other countries with similar pay reporting tasks at company level do not have any evaluation-based experience to date, but there is some anecdotal evidence. In Belgium, the first year of roll-out was found to be rather difficult, with only one quarter of the companies in some regions submitting a report to the

works councils (Vandekerckhove and Knipprath 2016, based on ABVV, 2015). Lack of knowledge on the HR management side has been cited as the main reason for non-compliance, together with uncertainty on the form of the template. In France, where since 2014 companies have to compile a report and negotiate a company-level agreement or provide an action plan on gender equality, Perivier (2016) notes that the reinforcement of controls and sanctions has strengthened the credibility of the law. In Italy, data are supplied by companies at local level and it is up to local authorities to release and evaluate this information. Some regional reports were identified mainly in the North of Italy (for example: Cristini and Divona, 2014 for Friuli Venezia Giulia or Regione del Veneto, 2016), but they were not deemed to be representative for the overall experience with the instrument. This report will therefore exclude these three countries from the analysis.

# Overview of the instruments in selected countries

Before describing the instruments, it should be mentioned that all of the countries in focus here also have other pay transparency measures in place. In Austria, there is additionally the legal requirement for companies to include minimum pay levels in all vacancy notices. In Denmark, employers can voluntarily opt to conduct a pay equity analysis and a plan as an alternative to the company reporting on wage statistics. Finland is one of the few countries which also grants employees the individual right to ask for pay transparency, should they feel discriminated against, and Sweden, finally, is the only country which has hitherto implemented all four pay transparency measures as recommended by the European Commission.

**Austria** has gradually rolled out so-called ‘Income reports’ (*Einkommensberichte*) to companies of decreasing size classes. Starting with the largest companies with more than 1,000 employees in 2011, followed by those with more than 500 employees in 2012 and those with more than 250 employees in 2013, the reporting is now fully implemented, with all companies of more than 150 employees having to conduct bi-annual pay reports as of 2014. The reports must contain average or median wages, disaggregated by gender, either by company job classifications or by the job classifications used in the collective agreements. All components of pay must be included, but there is no obligation to separate them. The reports must be shared with the chair of the works councils and – where such an employee representation does not exist – must be made accessible for the employees in a general place. A singularity of the Austrian instrument is that the pay reports are not publically available but need to be kept within the company. There is still no legal clarity as to the extent employee representatives can share them with the workforce.

In **Denmark**, the measure in question – the Act on equal pay for men and women – aims to follow the principle of equal pay for male and female workers with equal work. The Act dates from 2006 and requires companies with a minimum of 35 employees, which at the same time have at least 10 employees of each gender employed within the same work function (same 6-digit ISCO code), either to produce annual gender-segregated wage statistics or to enter into an agreement with employees to draw up a report or audit on equal pay in the company at least every third year. When the pay statistics are compiled, it is the duty of the company to consult the employees

through the shop steward. The company must give the employees the possibility to establish a dialogue with management on the content. An amendment in 2014 changed the company size for reporting from more than 35 employees to more than 10 and the number of 10 men and 10 women in the same job category as a minimum limit for reporting to three employees of each gender in comparable jobs. In 2016, the new liberal government rolled the limits back to the level before 2014. There are no sanctions for non-compliance.

In **Finland**, mandatory pay auditing was introduced in 2005 and was amended in 2014. Companies with more than 30 employees are required to carry out a pay audit every two to three years. This includes gender-segregated pay data across different ‘comparable’ groups of workers. These have to be composed on the basis of job requirements and if necessary across collective agreements. The employee representatives have to be involved and the Equality Ombudsman may monitor the pay audit documents.

In **Sweden**, mandatory wage surveys had been introduced in 1994, and were subsequently strengthened to become fully-fledged pay audits. While initially wage surveys were an annual requirement, this was revised in 2009 to take place once every third year. Since January 2017, the yearly reporting duty was reinstated and a mandatory mapping of wages introduced for all employers. The mapping should include an analysis of policies on wages and other employment conditions used by the employer, as follows:

- Pay inequalities between men and women performing the same tasks.
- Pay inequalities between men and women performing equivalent tasks in terms of demands and responsibilities.
- Pay inequalities between tasks that are female-dominated and not female-dominated (if the non-female-dominated tasks are less demanding but pay better).

The analysis should reveal any structural discrimination at the workplace the employer needs to deal with. For workplaces with 10 or more employees, the analysis has to be documented (‘pay audits’). Establishments with more than 25 employees have to make a wage action plan. The plans need to be made accessible to the relevant trade unions and the Equality Ombudsman.

# Evidence from the evaluation studies

All countries included here have already undertaken at least one official evaluation of their pay transparency policy. In addition, trade unions and employee representations in two countries – Austria and Sweden – have undertaken related research themselves. Similar research from the employers' side was not identified in any of the countries included in this report.

More information on the studies regarding the main research questions, coverage, samples and methodological approaches can be found in Annex 1 of this report. The analysis given in this section is mainly based on their findings.

## Did companies comply with the reporting and auditing requirements?

Experiences during the first years of implementation of the pay reports or audits differed between countries, but the studies overall show that compliance in quantitative terms is not yet ideal. In most cases, there is a considerable difference between what is reported by management and employee representative respondents; moreover, the considerable share of 'don't know' answers suggests that the figures have to be interpreted with some caution.

**Austria**, which had opted for a phased roll-out to companies of different sizes, had reportedly no major problems with compliance but also does not have 'hard' evidence in terms of representative quantitative figures, as the findings of the evaluation study on quantitative compliance were mainly based on a limited number of qualitative interviews (AFMEW, 2015). **Danish** research (Holt and Larsen, 2011) suggested substantial problems with compliance: only around 30% of the relevant companies compiled gender-specific pay statistics or a report about equal pay in the company. Among the large group of non-compliant companies, one half said they were not aware of the requirement and about one fourth claimed they did not know they were covered by the law; respondents also typically believed that there was no gender pay gap in their company. Of those that complied with the law, the great majority opted to compile annual gender-based pay statistics and only a few opted to produce a report or audit.

In **Finland**, compliance figures were found to be higher (about 60% of companies in 2008–2009) and also found to be growing (between one-half to two-thirds of companies, depending on who responded in 2011, with management reporting higher figures than employee representatives).<sup>1</sup> In **Sweden**, no overall data regarding compliance are available, but within the study by Unionen (Christensen and Löfgren-Eriksson, 2016) among employee representatives of white-collar professionals, a high share (7 out of 10 companies) was found to be adhering to the legal requirements and this figure was found to be relatively stable over the years.

Some studies also looked into company characteristics determining compliance. A common factor across countries was company size: larger companies were found to be more likely to be compliant in Denmark, Finland and Sweden. In Austria, where the pay reporting duty is limited to larger companies, family businesses with less developed pay structures were reported to find the correct compilation of reports more difficult. Findings in relation to sectors, on the other hand, differ across countries: in Denmark, companies within the private sector (35%) were reported to be more compliant than those in the public sector (27%), while local and regional governments were most compliant (66%). The opposite was reported from Finland, with public sector companies (77%) being more compliant than private sector companies (60%) and local governments (50%).

In terms of workforce characteristics, studies from Austria, Denmark and Finland alike (AK and ÖGB, 2014; Holt and Larsen, 2011 and Uosukainen et al, 2010) found that the gender balance within a company was not significant in determining whether a company complied with the law. Danish research, based on regression analysis, found that companies with a higher proportion of workers with longer term higher education and also those with a higher proportion of low-skilled or uneducated workers were more likely to be compliant, while companies with a predominantly medium-skilled, vocationally trained workforce and those with a higher proportion of younger workers (below 25 years) were among the least compliant.

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<sup>1</sup> In this report, 'employee representative' is used as a general term to designate both local-level trade unions and works council members, depending on country context.

## Did the reports or audits meet or go beyond the legal standards?

Another question that most of the research studies dealt with was the compliance of the reports or audits in terms of whether the content and process was in line with the minimum legal requirements – or whether and to what extent companies even went beyond these.

In **Austria**, according to interviews with some HR managers, most companies stuck to the legal minimum requirements and some went beyond, for instance by also providing differentiated figures between different components of pay or by including figures broken down by age, tenure or function group (AFMEW, 2015). This finding coincides with what employee representatives had reported (AK and ÖGB, 2014): the minimum legal requirements had been mostly fulfilled, and additional information was frequently provided: 45% of the reports distinguished between full- and part-time; a further 16% were amended with this information upon request of the employee representative. In 39% of the cases, a breakdown into function areas was provided right away and added in another 11% upon request. In one third of the reports, it was clearly indicated as to whether overtime, unpaid leave or allowances were included. Only 1%–3% of employers refused to provide additional information upon request.

**Danish** research found that the compliant companies stuck to the legal requirements. According to interviews with management representatives, 30% of companies opted to provide the gender pay statistics by hourly earnings (including paid absenteeism), 10% provided ‘narrow earnings’ (excluding paid absenteeism) and 31% used other definitions, while another 29% didn’t know.

In **Finland**, at workplaces where pay audits had been conducted, comparison was most commonly made between total incomes, that is, basic salary and supplements (56%). Also, comparison of average full-time salaries was frequent (47%), while only 15% of the workplaces had made comparisons separately between different parts of the pay (Uosukainen et al, 2010). The second Finnish evaluation of 2012 additionally found the audits to be different between sectors. Most commonly, comparisons were made either between employees of the same salary class or between employees of the same occupational group or both. Less frequently, comparisons were made between employees covered by the same collective agreements. At less than 10% of the workplaces no categorisation of the staff was made. With the exception of state agencies, comparisons rarely distinguished between different salary elements, such as personal pay supplements, overtime supplements or bonuses.

Instead, comparison was made only between, for instance, ‘total incomes’ or ‘regular working time incomes’. The responses of employer and employee representatives were largely converging.

In **Sweden**, the first audit on compliance with pay auditing (JämO, 2008) showed a rather ‘bumpy’ start: in the first round of inspections of 380 of the largest employers, only 10% of pay audits met the standards, while in the second inspection round 48% complied with the regulations. The inspection in line with subsequent research (Kumlin, 2016) focused on the contents and quality of the reports, rather than whether audits were in place at all. The main conclusion of the latter study was that employers’ actions vary considerably and as intended by the legislator, the work to counteract gender pay gaps must be adapted to different businesses and organisations. Research by Akademikerförbundet SSR (2015) concluded that the overall impression was that many employers have difficulties producing satisfactory pay audits that meet the criteria as stated in the law.

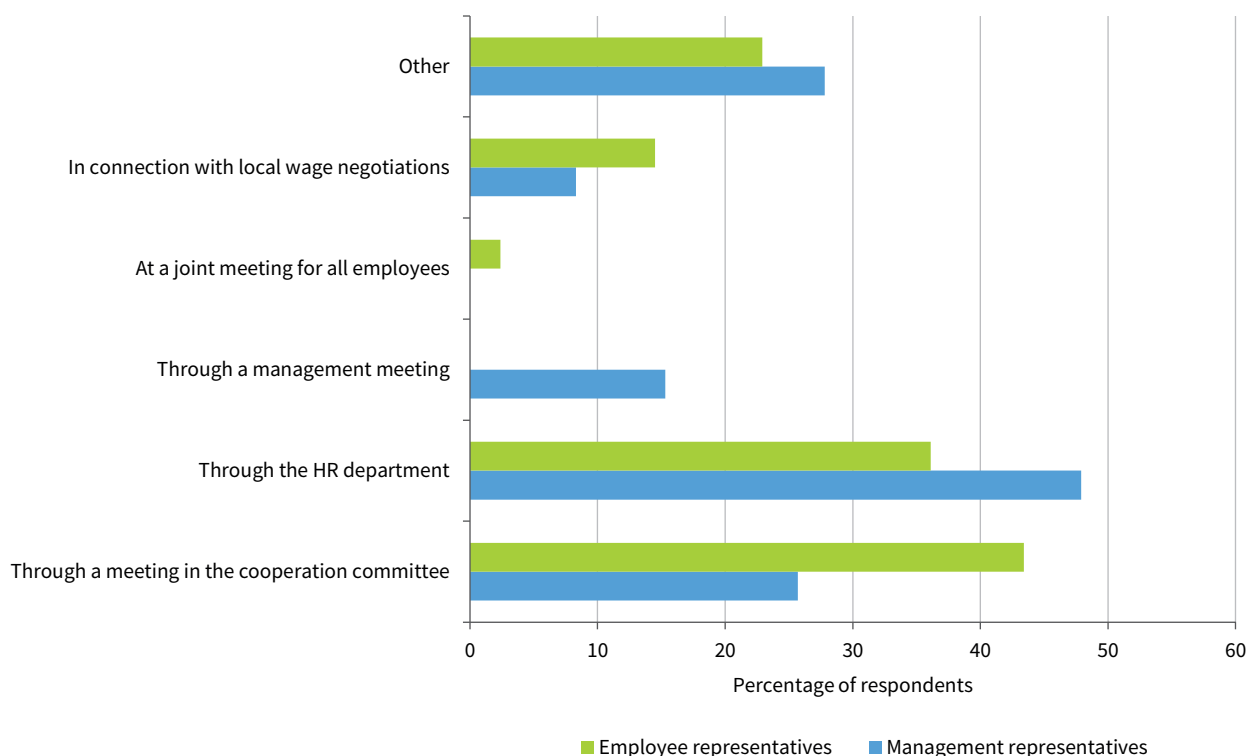
## Are employee representatives an integral part of the exercise?

The evaluation studies by and large all show that employee representatives are part of the process – at least in some of the stages. But there is some further room for improvement, in particular as regards the phase of designing the contents of the reports prior to their compilation or prior to the actual conducting of the audit and as regards the planning of further follow-up actions.

In **Austria**, the transmission of the reports to the works councils was said to take place almost completely. More than half of the works councils surveyed by AK and ÖGB (2014) indicated that they had been included in the preparation of the report in advance; in one quarter, this was to a high extent and in a further 29% to a lesser extent. In less than a third of the cases, there was no involvement.

In **Denmark**, the responsibility to provide the statistics lies with the employer; they are typically made available to both management and employee representatives. Thus, more than 80% of both management and employee representatives said that the employee representatives had been informed about the statistics. Employee representatives were more likely to be aware of their existence when they were compiled in-house rather than when they were outsourced (to, for instance, Statistics Denmark). The mandatory dialogue with employee representatives has only taken place to a limited extent: 26% of management representatives and 43% of employee representatives said that it was discussed in a meeting of the Cooperation Committee.

**Figure 2: How the gender segregated pay report was made available in Denmark (%)**

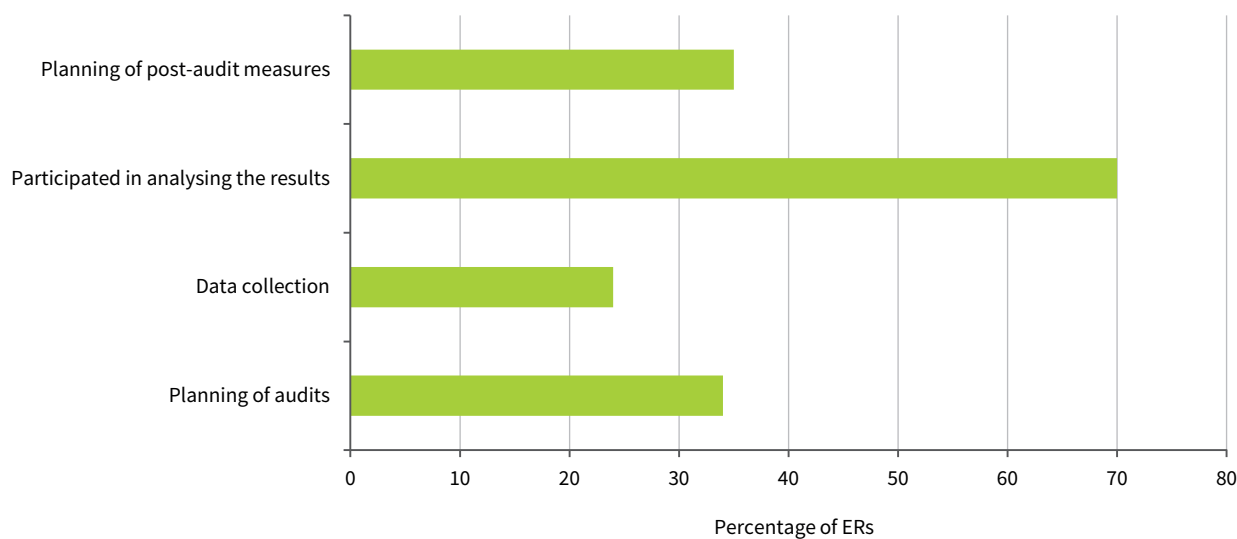


**Note:** Broken down by answers from employee and management representatives. Management representatives: N = 168; Employee representatives: N = 101.  
**Source:** Holt and Larsen (2011).

In **Finland**, Uosukainen et al. (2010) found that the HR administration was the type of actor most commonly involved in pay auditing and only 30% reported

employee representative involvement. The most commonly stated reasons for not participating were auditing being somebody else's responsibility and not being allowed to participate.

**Figure 3: Employee representative involvement in pay audits in Finland (%)**



**Source:** Uosukainen et al. (2010).



Later research carried out by the **Finnish** Ministry of Social Affairs and Health (2012) pointed to an increase of the involvement of employee representatives, with answers from employer organisations ranging from 60%–70% of elected shop stewards having been involved – largely mirroring replies from employee representatives. The nature of the involvement, however, still confirms the previous findings: most commonly, employer and employee representatives had gone through the results of the audit together on a general level and sometimes employee representatives had also simply ‘received information’ about the audit. Joint drafting of the audit and common analysis of the results appeared to occur much less frequently.

## Have any gender pay gaps been revealed in the pay reports and audits?

Most studies suggest that a number of the reports and audits provide evidence of company-level gender pay gaps. Some of them can be explained and justified upon further analysis or engagement with the data, while others were deemed to be unjustifiable or at least not explicable without further information. Again, the research shows that there is ambiguity between the responses from the two sides of industry as to whether unjustified gaps in fact exist.

In **Austria**, the reports should be used to answer two separate questions, namely: Are women disproportionately to be found in lower pay categories? And: Do women earn less than men when they work in similar pay categories? According to the findings of the AK and ÖGB survey (2014) of employee representatives, 31% of respondents said that their company reports found women to be disproportionately working in lower pay categories; 35% of respondents also claimed their reports showed that women earned less than men in the same pay category. For each case, 2% of respondents said the reports showed a disadvantage for men. Regarding the overall pay gap within the company, 27% of respondents said that it was below 5%, 16% said it was between 5 and 9%, and 23% of respondents said it was 10–19%. Nearly 28% of respondents could not provide an answer on the overall level of the gap, as there is no legal obligation for pay reports to contain this information.

In **Denmark**, only 15% of the companies that carried out gender-based statistics believe that the statistics have brought new knowledge to the company. In many cases, the statistics confirmed what was already known about the differences in pay between men and women in the company. Almost two out of three of both management and employee representatives believe that there is consensus about what the statistics show. At the same time, however, there are relatively many (35% of

management and 29% of employee representative) who do not know if there is consensus or not. The evaluation did not provide any information on the level of detected unjustified gaps.

For **Finland**, Uosukainen et al’s (2010) study showed that more than half (56%) of the HR managers reported that differences in men’s and women’s wages had been detected; in the employee representative survey, the figure was 48%. The employee representatives usually (80%) explained the gap by the gender segregation of jobs and tasks, and often also by different positions (55%). Less frequent explanations were the employees’ years of employment (29%), education (22%), individual performance (19%) and result-based wages (5%). In 11% of the cases, the gap could not be explained.

In the subsequent Finnish evaluation of 2012, employee representatives (around 20%) reported more commonly than employer organisations (around 10% in the private and local government sectors; none in the state and church sectors) that unfounded pay gaps had been detected. The authors suspected there was a lack of clarity among all respondents as to the definition of ‘unfounded’ pay gaps, especially since the share of ‘not sure’ responses was relatively high at around 10% among employer representatives and over 20% among employee representatives.

For **Sweden**, Christensen and Löfgren-Eriksson (2016) found that three out of five companies which conducted pay audits in the last three years discovered pay differences which needed adjustment or action taken to be resolved.

## Have the reports and audits served as a trigger for further action?

The observed countries differ in their legal approach in the extent to which the transparency measures require follow-up action. While the Austrian and Danish legislation do not foresee a mandatory follow-up, the pay audits in Finland and Sweden by definition require analysis in the first place and action in cases where unjustified gaps are detected. It is in this context that the findings of evaluation research in this section have to be interpreted.

The **Austrian** evaluation of 2015 showed that pay reports are rarely used internally. If measures are taken following the results of the pay reports, these mainly concern the review of salary bands. The conception of the initiatives and their implementation are deemed to be the responsibility of HR. Works councils can also play a major role here in ensuring that the results of the pay reports continue to be processed in-house as a driving force, but the report notes that this seems rather rare in practice. The survey among employee representatives

by AK and ÖGB (2014) states that, among those companies where only one of the two possible gaps was detected, follow-up actions by companies were limited.<sup>2</sup> However, among those companies where the reports had indicated the presence of both type of pay gaps, 80% of employee representatives reported that employers were open to take further action. According to the remaining 20% of employee representatives, employers declined to undertake any further measures.

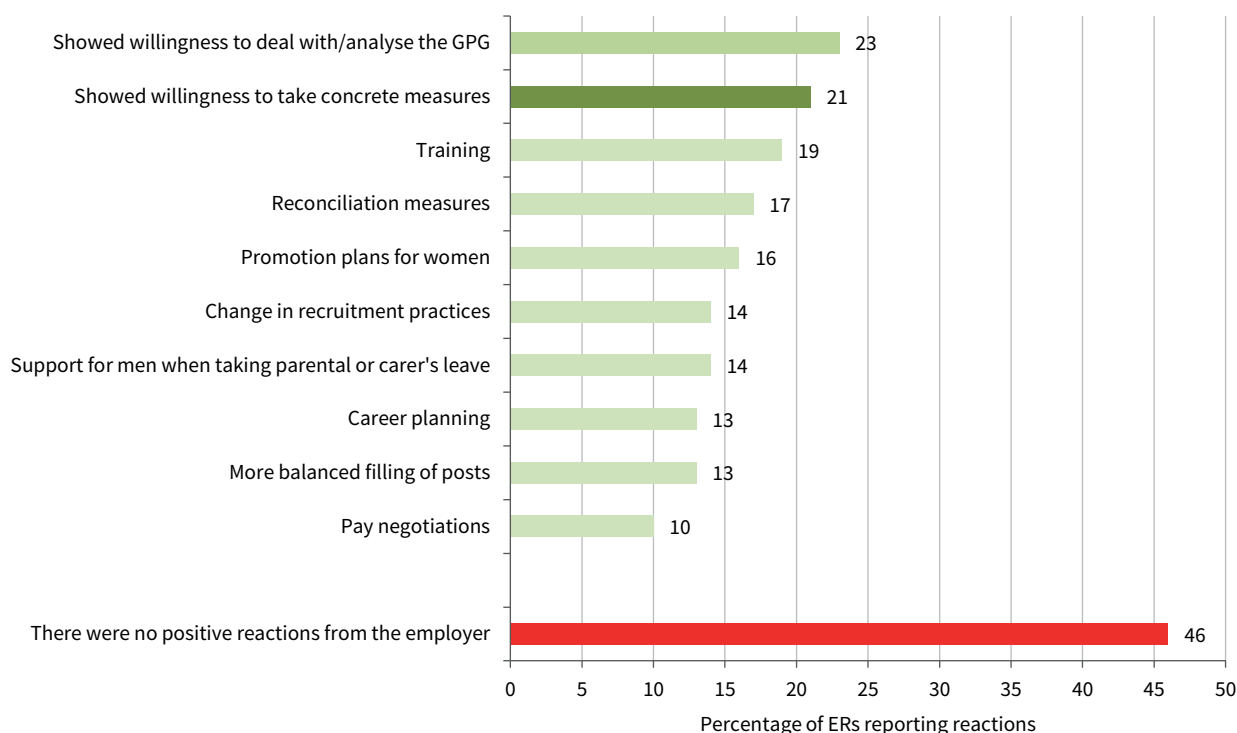
On the other hand, the same survey also showed that more than half of all employers (54%) were said to have reacted positively following the compilation and discussion of the reports, 23% showed willingness to deal with or analyse the pay gap further and a fifth were willing to take concrete measures (Figure 4), while the remaining 46% were said to have shown no positive reactions.

Similar results for **Finland** from Uosukainen et al (2010) give only indicative information on follow-up actions to the audit, as the questions were answered by both those who had and those who had not detected a pay

gap and it is not always clear whether the actions actually followed from the audit. The indicative results nevertheless show that 38% of workplaces reported not having taken any action, while around a quarter had reviewed job descriptions and titles and/or the demands of the work, and/or adjusted wages. One-fifth had investigated the pay gap further, and 9% had reformed their wage system. Later on, according to the evaluation study from 2012, where pay gaps were detected, the most common ways to address them were further investigated and salaries were adjusted.

In **Sweden**, where JämO (2008) reported that a large share of employers had detected unjustified pay differences after the first round of inspections, over 3,700 employees' wages were raised following the inspection. Later, Christensen and Löfgren-Eriksson (2016) found that 60% of companies where pay audits were carried out within the last three years had adjusted the unjustified pay differences detected or taken other measures to improve equality.

**Figure 4: Reactions from Austrian employers following compilation of pay reports, as reported by employee representatives**



Source: AK and ÖGB, 2014.

<sup>2</sup> Just 15% of companies which only found gender imbalance across these pay grades and 21% of companies which found gender pay gaps within the same pay grades actually followed up with concrete actions.



## Are employees aware that the reports exist?

The common finding across countries is that employees' awareness of the existence of the pay reports is limited. In the first place, the question is whether the reports or audits are made accessible to employees and in what way this is done. In the second place, employees' awareness is dependent on their paying attention to the reports and showing an interest in the information therein.

The requirement in **Austria** to ensure discretion and not to disseminate the findings outside the company has also led to some legal uncertainty among employee representatives as to what extent the reports can be shared with employees. According to the works council survey (AK and ÖGB 2014), results were distributed most frequently via the intranet, but there were also announcements, articles in the employee newspaper or various information events. Almost a third of respondents said that a company meeting was held, often at the initiative of the works council, or that there were information events run by the employer and joint initiatives.

Despite this, the official evaluation by the Austrian Federal Ministry for Education and Women (2015) showed a very low degree of awareness of the existence of the reports among employees. HR managers also stated that some actors deliberately refrain from proactively communicating results or making them understandable, because the need for explanation vis-à-vis employees is anticipated.

The **Danish** survey among employee representatives indicated that only 42% stated that the reports were made available to their colleagues, 30% said it was not made available to them and 11% did not know. In only in a small number of cases (2.4%), did employee representatives say that the reports had been disseminated in a joint meeting for all employees (see also Figure 2).

In **Finland**, around half of employee representatives reported that the pay audits were publicised internally. A clear majority of state sector employers report external and internal publication, as well as an internal presentation to staff. Only 12% of private sector employers and around 5% of other employers said the plan has not been publicised at all. On the employee side, around 35%–40% said the plan was freely available online, and around 30%–35% said it had been internally publicised. Some 10% reported that the plan had not been publicised at all, while between 8% and 19% per organisation were uncertain. For Sweden, no information on employee awareness is available.

The low level of employees' awareness on the pay reports or audits also became obvious from the answers to the Eurobarometer question on whether people would support anonymous company-level pay reports (Q20) suggesting that Europeans are probably not aware enough that such instruments already exist in their country: only in Denmark 7% of respondents mentioned spontaneously that such reports exist in their countries. In all other countries with pay reports or pay audits, the percentage of respondents answering spontaneously that they existed is very low and not significantly different from the countries where such reports are indeed not in place (European Commission 2017b).

## What are the attitudes and perceptions of the company-level actors?

All the studies point to the importance of the attitudes of company-level actors in making the pay transparency instruments a useful tool in detecting, reducing and abolishing gender pay gaps within companies:

*It is a matter of attitude: If pay transparency is not a concern for a company, the report is compiled and then stored in a drawer. If a company does not wish to have gender-equal pay structures, also the pay report won't have an effect.*

Austrian HR Manager, in AFMEW, 2015

In **Austria**, the results of the works council survey (AK and ÖGB, 2014) show that two-thirds see the report as important additional information for the works council body, while one-third regard it as helpful for individual cases.

**Danish** research shows that that compliance is linked to whether company-level actors believe in gender pay gaps being present: in non-compliant companies, both sides typically believe that there is no pay gap between women and men within the company. This can also contribute to the failure of these companies to comply with the law.

Three specific Danish companies were additionally interviewed about their experiences and asked what they would recommend to other companies about the work with the Act. The employee representatives reported difficulties in understanding the statistics and the different salary components that form part of wages, while both employee and management representatives reported a lack of knowledge about wage formation as well as wage differentials. The interviewees emphasised that good documentation, systematics, and follow-up on efforts were decisive.

There is largely agreement between employee and management representatives that the following tools would facilitate the move towards equal pay between women and men: guidance regarding job assessment; understandable statistics; and idea directories and guides to working with equal wages for women and men.

**Swedish** trade union research also pointed to the attitudes of employers as crucial for success. According to Akademikerförbundet SSR (2015), many employers seemed to view the pay audits as a statistical exercise rather than as a tool in wage determination processes. Employers who used the pay audits in their wage determination processes usually had fewer difficulties during salary revisions.

The report by Christensen and Löfgren-Eriksson (2016) showed that employers with extensive knowledge about how to conduct pay audits also had a positive attitude towards pay audits in general and towards the work required. Employers having little knowledge about how to conduct pay audits generally had a more negative attitude towards the work required. The report concluded that introducing measures to improve employers' knowledge about pay audits would be important.

In **Finland**, the perceived usefulness of the pay audits was very high at an early stage (Uosukainen et al, 2010): 73% of the HR respondents found it useful for the equality work of the workplace, while 15% did not think so and 12% did not know. In the public sector, up to 80% of the respondents found the practice useful, compared to 68% in the private sector.

# Social partners' attitudes towards implementation and review of the instruments

Each of the 'first movers' already had some time to review and to consider and discuss adaptations of the instruments. Owing to the different time of implementation of the original instruments and linked to the general political context and societal attitudes, as well as awareness of and support to tackle gender pay gaps, there are differences in how far countries have advanced to date and in how far they are willing to go further.

The attitude and support of the peak-level social partners – if they are still on-board – is probably the most important factor in determining the extent to which governments are able and willing to develop the measures further.

In **Austria**, both sides of industry had come to an agreement in 2011 and had been closely involved in the initial set up of a package of measures to reduce the gender pay gap. The fact that legislation on the company pay reports had turned out to be more limited than in other countries was probably based on employers' objections at the time. Following the evaluation of 2015, the Austrian Federal Economic Chamber (WK) stated in a position paper (2015) that they consider the current legislative requirements for pay reports to be sufficient and would not support any further new regulations, as they believe the instrument to be expensive and not effective. They also stress that the study did not provide any evidence that objectively unfounded, hence discriminatory, gender pay gaps existed and argue that pay reports (and the requirement to indicate the expected level of pay in vacancy notices) are 'the wrong' measures and should be abolished without replacement as there is 'no EU-level legislative requirement for these measures'.

Organised labour, on the other hand (AK, 2015), would like to see the pay reports strengthened by making certain aspects of the reports compulsory, such as breakdowns for different components of pay and by full- and part-time employees, follow-up discussions between employers and employee representatives and action plans when unjustified gaps are detected. They also propose to introduce sanctions in the case of non-compliance, with the requirement to compile a report and to eliminate the condition of secrecy. The Ministry considered the pay reports to be 'reasonable and important – yet, on their own, not effective enough' and said more pay transparency especially within private companies was needed ([press release, July 2017](#)). At the time of writing, no further legislative changes are under consideration.

Instead, the Austrian Ministry, together with organised labour and the Equality Body (GAW), have launched a project in 2017 – [Fair pay for women and men](#) – as a 'softer' measure, targeted at employers. Employers were asked to collect arguments and share their experiences as to why equal and fair pay 'pays off' for them. A new '[toolbox](#)' for how to create, analyse and use pay reports was also generated (Amon-Konrath et al, 2017).

In **Denmark**, there was significant criticism from the unions, the left block in the Parliament and women's organisations that the liberal government had acted exclusively in favour of companies by rolling back the criteria in 2016. The employers were satisfied to get rid of what they referred to as 'red tape' for their members. According to tradition, the social partners (and in this case also NGOs) had been consulted about the Bill.

In **Finland**, all peak-level social partners have been involved in the drafting of the Act on Equality between Men and Women and as such do support the measures it entails, including pay audits. The social partners are furthermore involved in a tripartite [Equal Pay Programme](#), which currently aims at reducing the average gender pay gap from 17% in 2016 to 12% by 2025. Improving pay audit practices is one of the measures included in the programme, to which all peak-level social partners have given their commitment. The main employers' organisation, the Confederation of Finnish Industries (EK), nonetheless [stresses](#) that the current equality promotion obligations on companies are sufficient and should not be increased.

Also in **Sweden**, overall unions view pay audits and active measures to achieve equal pay for men and women in a more positive light than employer organisations. The Swedish Confederation of Swedish Enterprise (Svenskt Näringsliv) rejected the proposed changes to the Discrimination Act of 2017, claiming the new requirements would entail an additional administrative burden and increased costs for employers. The Swedish Confederation of Professional Employees (TCO) have expressed the view that pay audits will be easier now that they are part of the continuous work with salaries and takes place every year, although working with active measures might be harder now than before. Overall, TCO is positive towards the changes, while underlining that employers will be under more pressure to meet the requirements of the Act.

# Lessons learnt

While all of the countries referred to in this report were among the first to implement pay transparency measures, there are differences in the way in which the plans were designed and implemented and different paths to adapt the instruments were taken.

Countries opted for different routes. This ranged from the 'soft' approach taken in Austria, with limited minimum requirements, mandatory for larger companies only and without specific follow-up requirements, to simple, yet widespread statistical reporting requirements also for very small companies in Denmark, up to more wide-ranging pay audits in Sweden and Finland with more demanding minimum requirements and compulsory follow-up.

Compliance in qualitative terms, concerning the contents of the reports, was generally higher in countries with 'simpler' reporting requirements. However, evidence from the evaluation studies stress that the reports or audits become more meaningful and effective when they are compiled with a certain degree of detail, both in terms of what parts of the pay are reported on separately, and what kinds of breakdown are provided. Only in those cases where sufficiently detailed information is available, and where they are further discussed and scrutinised, do the reports and audits move from being a mere formality towards becoming an effective and powerful instrument.

*The pay reports are a good instrument for asking questions. But they are not so good in providing answers – Austrian employee representative*

The experiences illustrate the importance of discussing and following up the results of the reports and audits with employee representatives; while the studies find that employee representatives are generally involved, they also point out that there could be room for more involvement. This is probably by and large a matter of capacity among employee representatives and employers alike, in terms of how much time they can and would be willing to devote to this exercise beside their other tasks. Training of employee representatives and HRM and supporting them to make the most use of the process is probably one aspect that can help, but this is not necessarily sufficient. The best results can probably be expected in environments where employers have a genuine interest in detecting and removing pay gaps and where employee representatives are able to ask the right questions and to support the identification and implementation of follow-up measures where required. The studies also showed that follow-up actions were more likely to take place when they were mandatory, or when substantial pay gaps were uncovered.

The question is also whether the glass is half-full or half empty and what conclusion one wants to draw from first experiences and evaluation evidence. Some of the studies showed a 'bumpy' ride and point to some difficulties in the roll-out phases of the instruments, with lower levels of compliance in quantitative and/or qualitative terms that one could have expected, given the fact that all of the countries had chosen a legislative, hence mandatory, approach. In this regard, it needs to be emphasised that the evaluation findings are largely based on the perceptions of HR or employee representatives stemming from quantitative surveys or qualitative interviews. Where both opinions are in place, the results show that these perceptions – even on factual and objective questions – can differ widely and the high share of 'don't know' answers shows that knowledge gaps exist among all of the actors. Tackling knowledge gaps around the instruments right from the start is certainly a lesson to be learnt from the first movers. Soft measures to accompany enforceable mandatory requirements probably work best in this regard.

There is also evidence that employees are not widely aware of the existence of the instruments and perhaps some instruments are more likely to capture some segments of businesses and also perhaps some parts of the workforce better than others.

Beside the company-level actors, the design and implementation of pay transparency instruments depend crucially on social partners at national level: what kind of instruments and legal requirements they can agree on, and to what extent they are willing and able to support their members in the implementation process. The experiences from the first movers show that while in general both sides of industry have been involved in the (re-)design of the instruments and were or are mostly supportive, there are some country-specific nuances. In all countries, however, employers tend to be more cautious than trade unions and governments, aiming to protect their members from 'administrative burdens'; in one Member State – Denmark – an extension of the auditing requirement (far beyond what the European Commission has recommended) has already been rolled back. When designing such pay transparency instruments, governments in collaboration with social partners have to find the optimal balance between ensuring that all the important information is covered while minimising the administrative burden.

What should also not be forgotten is that the pay transparency measures discussed here – company-level pay reports and pay audits – are only one subset of a larger toolbox of measures that can help to tackle pay gaps. The pay transparency instruments discussed here

can mainly help to identify and raise awareness regarding the existence of pay gaps at the company level. It is clear that other determinants of pay gaps – such as horizontal segregation or the different evaluation of jobs – require different instruments.

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# Annexes

## Annex 1: Overview of evaluation studies

Study	Main research questions	Coverage and sample size and Methodology
AFMEW, 2015	The study evaluated two pay transparency instruments introduced in 2011: the obligation to indicate the amount of pay in vacancy notes as well as the company pay reports; For each instrument the study looked into the degree of realisation/compliance with the law as well as the effectiveness of the instruments. Questions on the degree of implementation of the company pay reports were focused on the quantity and quality of the reports and on differences and similarities between companies. Effectiveness of the pay reports focused on the interpretation of the results and how they were communicated; whether and how further actions were identified and carried out; the reports contribution to making pay more transparent and similarities and differences between company approaches to pay reports.	A mix of methods was used. Regarding the degree of compliance with pay reporting, qualitative semi-structured interviews were carried out with 3 pay-roll providers, 15 HR Managers and 9 employee representatives. The latter also fed into the research on the effectiveness of company pay reports; additionally 2 focus groups of employees and HR managers and 966 quantitative interviews with people in the labour force (employees and job seekers) were conducted.
Austrian Chamber of Employees (AK) and Austrian Trade union Federation (OeGB), 2014	The main question of interest was whether companies complied with the law. The survey focused on the quality of the reports, the perceived usefulness, to what extent the contents adhered to or exceeded the legal requirements and the extent to which employee representatives continued to work with the reports and aimed to identify further areas for improvement.	An online questionnaire was sent to members of works councils in companies with more than 150 employees. This covered all sectors and regions. 2,660 answers were received, whereby for some companies more than one employee representative could have answered. The survey is not representative.
Holt and Larsen, 2011	Four main themes were looked upon: <ul style="list-style-type: none"> <li>• Evaluation of the law - how many and what companies comply with the law questionnaire data only.</li> <li>• The importance of the law for the work of equal pay.</li> <li>• Barriers that companies experience in the work with the law.</li> <li>• Good advice and tools from the companies that have used gender segregation wage statistics or pay reports in the discussions on equal pay.</li> </ul>	The evaluation builds on a questionnaire survey among managers and/or shop-stewards on 630 companies and interviews on three companies. In total 2,497 companies are encompassed by the law and of these a test sample of 740 were made.
Uosukainen & al., 2010	The research project investigated the state of equality planning and pay audits at Finnish workplaces in 2008-2009. Research questions/evaluation framework regarding pay auditing: <ul style="list-style-type: none"> <li>• Participants to the pay audit</li> <li>• Publicity of the results of the pay audit</li> <li>• Realisation and consequences of the pay audit</li> </ul>	<ol style="list-style-type: none"> <li>1. A survey of HR managers investigating employer representatives' views of the prevalence of equality planning and pay audits, the planning process and the effects of such measures. A random sample of 1,500 Finnish workplaces with 30 or more employees, commissioned from the national statistical authority Statistics Finland. Response rate 56%.</li> <li>2. A survey to employee representatives investigating staff participation in equality planning measures. Sent to the 579 workplaces of the first survey where equality planning was reported. Response rate 54%.</li> <li>3. Thematic interviews were carried out with 27 individuals at ten workplaces who had participated in equality planning.</li> <li>4. A survey regarding the effectiveness of the Act on Equality between Women and Men directed at the entire population of the principal trade unions and employers' organisations, estimated 121 organisations in total. Response rate 44%.</li> </ol>



Study	Main research questions	Coverage and sample size and Methodology
<b>Ministry of Social Affairs and Health, 2012</b>	<ul style="list-style-type: none"> <li>Whether a gender equality plan and/or a pay audit such as required by equality legislation been drawn up/conducted</li> <li>Which employee representatives participated in the pay audit process and how participants to the pay audit process received information in different phases of the audit</li> <li>How salaries were investigated in the pay audit</li> <li>Unfounded pay gaps detected in the pay audit and measures taken to address them</li> <li>Equality promoting effects of the gender equality plan</li> <li>Staff information about the gender equality plan and the pay audit</li> </ul>	<ol style="list-style-type: none"> <li>Survey to public and private sector employers distributed through peak-level employers' organisations, total 1,693 responses from employers with a total of 856,000 employees.</li> <li>Survey to employee representatives distributed through peak-level trade unions, total 1,946 responses.</li> </ol> <p>Importantly, response rates also varied strongly by question.</p>
<b>The Equal Opportunities Ombudsman (JämO), 2008</b>	Assessment of the employers' compliance with the regulations on pay audits.	The report is part of the largest ever inspection of employers' compliance with the regulations on pay audits conducted by the Ombudsman. The aim was to inspect employers who together engaged one million employees. 1,245 public and private employers were chosen for the audit, although inspections were more extensive than expected and in the end only 580 employers were inspected. Employers were chosen based on size, sector and region. Social partners were invited to an informational meeting before the audits started. The Ombudsman then gathered the employers' pay audits and action plans for equal pay for inspection.
<b>Kumlin, 2016</b>	<p>The main research question is how do employers execute pay auditing and action plans of equal pay. There are also three connecting follow-up research questions:</p> <ol style="list-style-type: none"> <li>Are there patterns in employers' work with discovering, rectifying and preventing unjustified gender related pay differences in equal work or work of equal value?</li> <li>Do different approaches have different results regarding discovering, rectifying and preventing unjustified gender related pay differences within an organisation?</li> <li>What recurring explanations are given by employers in their analyses of detected pay differences between men and women?</li> </ol>	<p>Audit of active measures in relation to pay issues. All 21 Swedish County Councils and Regions were chosen for inspection, as well as a selection of 94 private employers in various sectors, all with a large share of white-collar workers and with 150-499 employees in total. The selected private employers were in industries where a large proportion of unexplained gender related pay differences had been observed in official pay statistics. The report is based on a part of the documentation gathered during the audit.</p> <p>The report presents a qualitative analysis of documents on the matter produced by a selection of employers. The documentation was gathered in connection to the Ombudsman's thematic audit of employers' work in counteracting unjustified gender pay gap following the requirements of the Discrimination Act.</p> <p>The qualitative analysis conducted in the report is based on coding of employers' documentation of their work with pay auditing and with policies of equal pay. The documentation is coded based on choices of words, expressions and approaches, after which the documentation is categorised into different themes.</p>
<b>Akademiker-förbundet SSR, 2015</b>	<ol style="list-style-type: none"> <li>Do employers use pay audits and the results thereof in the pay procedures and how?</li> <li>How do employers view the connection between pay audit and wage determination?</li> <li>What positive and negative experiences of pay audits can employers share?</li> <li>What conclusions can be drawn from the research and how can Akademikerförbundet SSR, as a trade union, use those conclusions as support for proposing new methods and a better management of pay procedures?</li> </ol>	<p>Nine large companies, government agencies and municipalities were selected, with the number of employees ranging from 420 to 40,000. The selected employers are in different sectors and industries, both private and public. The common denominator is a large number of employees and an important trade union activity in the organisation. All interviewees were anonymised in the report.</p> <p>Semi-structured interviews, face to face or by phone, with responsible representatives from nine selected companies along with trade union representatives in the companies.</p>

Study	Main research questions	Coverage and sample size and Methodology
Christensen and Löfgren-Eriksson, 2016	The study investigated the prevalence of pay audits, the involvement of trade unions in the pay audit process and their satisfaction with their involvement as well as the knowledge about pay audits in the organisation. The study also examined discoveries of gender-related pay differences during audits and employers' actions to rectify these unjustified pay differences.	The study does not aim to cover the whole private sector, only workplaces with union branches. The sample included 1,003 of the trade union's 3,000 company-level representatives. Telephone survey of trade union representatives.

## Annex 2: List of acronyms used in the report

AFMEW	Austrian Federal Ministry for Education and Women (Bundesministerium für Bildung, Wissenschaft und Forschung)
AK	Arbeiterkammer Oesterreich – Austrian Chamber of Employees
Akava	Korkeakoulutettujen työmarkkinakeskusjärjestö – Confederation of Unions for Professional and Managerial Staff in Finland
EK	Elinkeinoelämän Keskusliitto – Confederation of Finnish Industries
GAW	Gleichbehandlungsanwaltschaft – Ombud for Equal Treatment in Austria
HR	Human resources
HRM	Human resource manager/management
ISCO	International Standard Classification of Occupations
IV	Industriellenvereinigung – Federation of Austrian Industries
JämO	Jämställdhetsombudsmannen – Equal Opportunities Ombudsman in Sweden
OeGB	Oesterreichischer Gewerkschaftsbund – Austrian Trade union Federation
SAK	Suomen Ammattiliittojen Keskusjärjestö – Central organisation of Finnish Trade unions
STTK	Toimihenkilökeskusjärjestö – Finnish Confederation of Professionals
TCO	Tjänstemännens Centralorganisation – Swedish Confederation of Professional Employees
VTML	Office for the Government as Employer
WK	Wirtschaftskammer – Austrian Federal Economic Chamber



In light of the limited action in many Member States to introduce or review gender pay transparency instruments as recommended, in November 2017 the European Commission announced the possible need for further targeted measures at EU level. This report reviews experiences in four Member States – Austria, Denmark, Sweden and Finland – based on their company-level gender pay reports and audits. Evaluations point to a ‘bumpy ride’ in terms of compliance – at least in the initial phase of rolling out the instruments in some countries – and highlight room for improvement in engaging employee representatives and in raising employees’ awareness. The need to tackle knowledge gaps around the instruments right from the start is a lesson to be learnt from the experiences of the first movers. Soft measures to accompany enforceable mandatory requirements seem to be in demand and to be working well. Ultimately, the success of the instrument depends on the attitudes of the actors, the extent to which they acknowledge the existence of unjustified gender pay gaps and their willingness to engage in a meaningful dialogue and follow-up.

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