Pay Transparency Tools to Close the Gender Wage Gap

OECD

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Foreword

The OECD has long promoted gender equality in the workplace and in society at large. Recent OECD reports, such as *The Pursuit of Gender Equality: An Uphill Battle* (2017)*; Dare to Share: Germany's Experience Promoting Equal Partnership in Familie*s *(20*17); and *Part-Time and Partly Equal: Gender and Work in the Netherlands* (2019), have shown that countries have, in recent years, implemented smart policies that have helped to close some gender gaps. Women have made tremendous gains in educational attainment and labour force participation, and men are taking a more active role in unpaid caregiving following expansions of paternity and parental leave systems.

Yet major inequalities between women and men remain entrenched. One longstanding inequality in particular motivates this report: the gender wage gap. Women earn only 87 cents to every euro or dollar a man makes, on average, across the OECD. This rate has barely moved in recent decades.

Recognising the importance of pay equity, the OECD co-operated with the Ministry of Employment in the Government of Sweden on this report, *Pay Transparency Tools to Close the Gender Wage Gap.*

The report presents the first OECD-wide stocktaking of pay transparency tools to close the gender wage gap. Many of the new and promising measures in this report are being shared internationally for the first time, and the report illustrates the diverse array of approaches that have been adopted across countries.

Employer pay gap reporting, equal pay auditing systems, job classification schemes, and related measures have the potential to shine a bright light on inequalities in pay, incentivise employers to close the gaps they find, and empower employees and their representatives to advocate for equal pay. Early results show that pay gap reporting and equal pay auditing policies often help to narrow the gender wage gap, but that stronger policy commitments – and closer monitoring and research on pay transparency programmes – are essential.

Pay Transparency Tools to Close the Gender Wage Gap will contribute to the OECD's 2022 monitoring of countries' progress with implementing the 2013 OECD Recommendation on Gender Equality in Education, Employment and Entrepreneurship as well as final reporting by the Swedish Government-appointed Commission for Gender-Equal Lifetime Earnings scheduled for December 2021. This report will also add to the growing body of work supporting the Equal Pay International Coalition (EPIC), a multi-stakeholder coalition led by the OECD, the International Labour Organization, and UN Women.

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Executive summary

The gender wage gap stands at 13%, on average, across OECD countries – meaning that the median full-time working woman makes about 87 cents, on average, for every dollar or euro earned by the median full-time working man.

The gap gets even larger when looking at the income *all* working women and men take home at the end of the year, as women tend to spend fewer hours in paid work than men do. Women are overrepresented in part-time jobs, and underrepresented in jobs with long work hours, throughout the OECD. This inequality in earnings has long-lasting consequences throughout the life course. It restricts women's economic empowerment and contributes to relatively high poverty risks for women of retirement age.

The gender wage gap has barely narrowed over the past two decades, despite a range of public policies targeting its causes. Recognising this serious challenge, many OECD countries have begun implementing novel pay transparency policies to close the gender wage gap.

Pay transparency and wage mapping policies attempt to shine a bright light on gender wage gaps within organisations. The goal of such measures is to encourage employers to prevent and address pay inequity, to give workers and their representatives more information to combat pay discrimination, and to help governments identify when, where and how to target gender wage gaps. Pay transparency measures can be particularly important for addressing the discriminatory wage gap, i.e. the part of the gender wage gap that cannot be attributed to observable worker characteristics, like level of education.

This report presents the first stocktaking of pay transparency measures across OECD countries. These measures vary tremendously across countries. Eighteen of the 38 OECD countries mandate systematic, regular gender wage gap reporting by private sector employers. Within this group, nine have implemented comprehensive equal pay auditing processes, which require additional gender data analysis and typically propose follow-up strategies to address inequalities. Most of these policies were introduced in the past decade. Just under half of OECD countries use job classification systems in the public and/or private sector; these systems attempt to standardise pay and make salaries transparent across men and women within specific job categories.

These measures hold considerable allure. Pay transparency offers a relatively simple and intuitive tool both to identify and address the gender wage gap when it occurs in a workplace. These policies can function well in publicising gender wage gaps, and, in particular, the discriminatory element of it – but only with the appropriate policy design and implementation.

Governments in OECD countries have shown initiative and creativity in designing these policies. This report presents an overview of policies and highlights best practices in an effort to help all governments achieve equal pay for equal work, and equal pay for work of equal value, for all women and men.

1 Can pay transparency policies close the gender wage gap?

Valerie Frey

As part of their efforts to close gender wage gaps, many OECD countries are implementing promising new pay transparency tools like employer pay gap reporting, equal pay audits, and job classification systems. These measures offer a relatively simple way to identify and address gender wage gaps when they occur in a workplace – but their design and implementation matter. This chapter discusses the persistence of the gender wage gap throughout the OECD, presents definitions and an overview of pay transparency policies in OECD countries, and closes with a detailed discussion of lessons learned and policy recommendations.

Key findings and policy recommendations

A range of public measures and societal, educational, and labour market transformations over generations have done little to close the gender wage gap around the world. Today, the wage gap between the median earnings of full-time working women and men stands at 13% on average across OECD countries.

To confront this pay inequity, many governments in OECD countries are implementing promising new pay transparency policies. Eighteen OECD countries mandate some form of systematic, regular reporting by private sector firms on gender wage gaps. Within this group, nine have implemented comprehensive equal pay *auditing* processes in the private sector that require follow-up strategies to address inequalities.

These measures hold considerable allure. Pay transparency offers a relatively simple and intuitive tool both to identify and address the gender wage gap when it occurs in a workplace. These policies can function well in publicising gender wage gaps, and, in particular, the discriminatory element of it – but only with the appropriate policy design and implementation.

Countries that do not currently have pay transparency policies in place should strongly consider implementing them. For countries that *are* advancing pay transparency, this report recommends the following targeted steps – presented in an extended summary in Chapter 1 entitled "Lessons Learned" – to improve pay transparency policies to close the gender wage gap.

- Legislate to ensure the foundational concept of equal pay for work of equal value and help correct for the historical undervaluation of jobs typically held by women.
- Allow individual workers to request pay information on comparable workers.
- Encourage the more widespread use of intentionally gender-neutral job classification systems.
- Generate buy-in from different actors – including social partners, workers, the government and the public – to improve pay gap reporting compliance, take-up and quality. This involves raising awareness widely.
- Identify the most important wage gap statistics that should be reported, and provide clear guidelines for reporting in order to simplify processes for employers.
- Improve the quality of reporting and follow-up action plans across firms, and work to ensure that reporting processes are followed by actionable, tailored and enforceable plans to address wage gaps that are found.
- Enforce reporting with a dedicated government actor, such as a labour inspector, rights ombudsman or a certified external auditor, to improve compliance and the quality of reporting.
- Dedicate resources to more and better impact evaluations, including research on both wage outcomes and policy process outcomes.
- Consider mandating the discussion of equal pay considerations during wage negotiations in collective bargaining.
- Embed pay transparency within a broader, systematic, life course approach to promoting gender equality in society, labour markets, governance and public policy. This includes gender-equal access to all levels and subjects of schooling, family and work-life balance supports like childcare and parental leave, efforts to improve the division of unpaid work, anti-discrimination legislation, improving women's access to leadership roles, and closing gender gaps in old age.

1.1. The pay gap between women and men has long stood in the way of gender equality

Many factors drive the wage gap between women and men, but there are few straightforward solutions to close it. Closing gender gaps in educational attainment have helped, but not enough. The same is true for family supports, like public childcare and paid leave, which have helped boost women's labour force participation over the past few decades. Efforts to reduce horizontal and vertical segregation (Box 1.1) and attempts to equalise the gendered distribution of unpaid care work have moved at a glacial pace in most countries. Equal pay laws and anti-discrimination laws have been crucial for ensuring workers' rights and exist widely throughout the OECD, but in practice these laws put the onus of equal pay on individual workers and do little to close gender wage gaps more broadly.

It is no wonder, then, that a sizeable gender wage gap persists in every OECD country, with rates ranging from around 4% to over 30% when looking at median full-time earners (Figure 1.1). These aggregate gender pay gaps likely underestimate the extent of the gender pay gap across different groups, as there are compounding, intersecting forms of discrimination based on different background factors like race/ethnicity, gender identity and sexual orientation. About half of the governments in the OECD say that women being paid less than men for the same work is one of the top three gender inequality challenges facing their country (OECD, 2017[1]).

1.2. New approaches to target equal pay

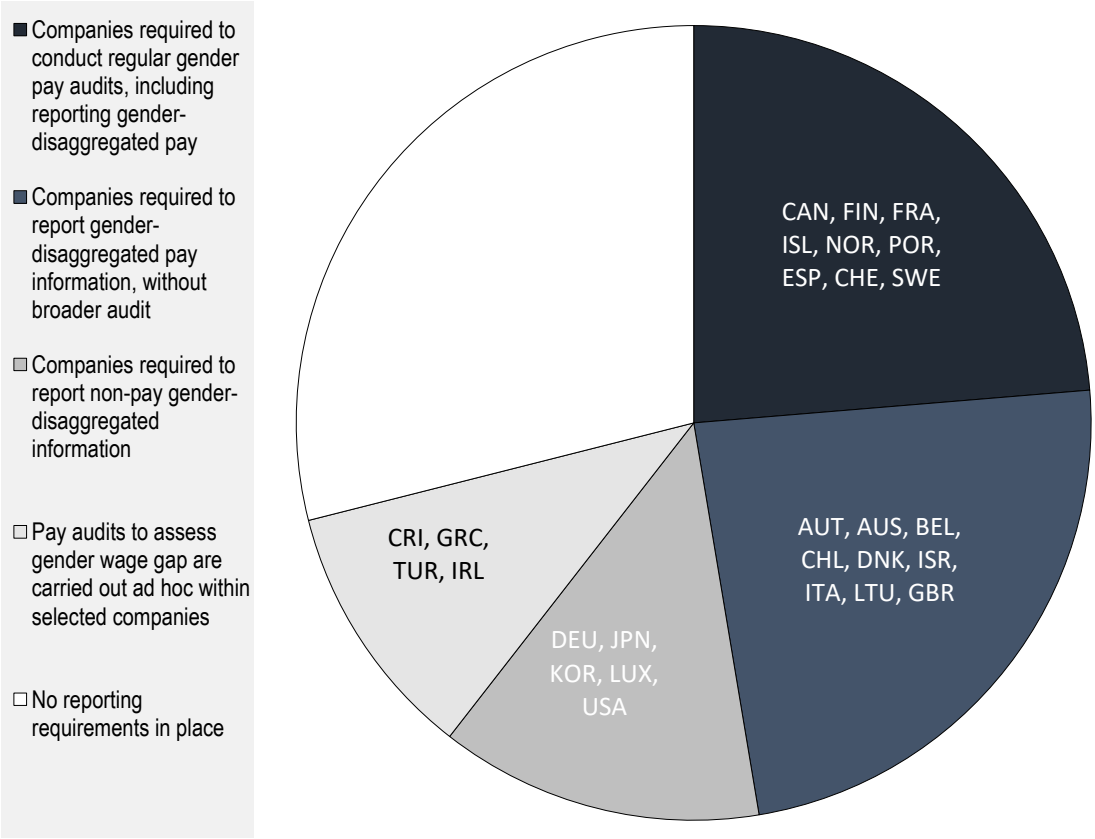
Pay transparency and wage mapping measures are gaining momentum among governments trying to close the gender wage gap. Pay transparency measures are viewed as particularly important for addressing the discriminatory wage gap, i.e. the part of the gender wage gap that cannot be attributed to observable worker characteristics like level and field of education (Hofman et al., 2020[2]; European Commission, 2020[3]).

Eighteen out of the 38 OECD countries mandate systematic, regular gender wage gap reporting by private sector firms. Within this group, nine implemented comprehensive equal pay auditing processes, which require additional gender data analysis and typically propose follow-up strategies to address inequalities (Figure 1.1). Most of these policies were introduced in the past decade, and most of this movement took place in Europe. Many of these pay reporting rules cover the public sector, as well.

Just under half of OECD countries use job classification systems in the public and/or private sector, which attempt to standardise pay and make it transparent across men and women within specific job categories. These are more common in the public sector. Ten countries mandate that job classification systems, when they are used, be gender neutral. This is an attempt to correct for gender biases in job valuations that can exacerbate pay disparities. Gender-neutral job classification systems are often embedded within equal pay auditing processes, suggesting they may become more widespread if pay auditing policies gain momentum.

Figure 1.1. About half of OECD countries require pay gap reporting and/or auditing by private sector firms

Distribution of countries by the presence of regulations requiring private sector pay reporting, pay auditing, or related measures, OECD countries, 2021



Note: Chart shows the distribution of pay reporting measures across OECD countries.
Nine countries in which companies meeting defined criteria (e.g. firm size) are required to carry out regular gender pay audits and report disaggregated pay gaps include: Canada, Finland, France, Iceland, Norway, Portugal, Spain, Switzerland, and Sweden (Chapter 4).
Nine countries in which companies meeting defined criteria are required regularly to report gender-disaggregated pay information *without* a broader audit are: Austria, Australia, Belgium, Chile (the financial sector), Denmark, Israel, Italy, Lithuania and the United Kingdom (Chapter 3).
Countries in which all companies meeting defined criteria are required to report gender-disaggregated data on workforce characteristics but *not* gender pay gap data are: Germany, Japan, Korea, Luxembourg and the United States (Chapter 3, Box 3.2).
Countries in which an ad hoc selection of companies are required to undergo gender pay audits, including as a targeted labour inspection (Costa Rica, Greece, Turkey) or sanction (Ireland) (Chapter 4).
The remaining OECD countries have no equal pay reporting or auditing system in place.
Source: OECD Gender Pay Transparency Questionnaire (OECD GPTQ 2021).

1.2.1. Evaluations are limited, but they show pay transparency holds promise

Because most pay transparency policies are relatively new, there has been limited research carried out evaluating their effects on wage and employment outcomes. The available research on *national* pay transparency rules has largely concentrated on company pay reporting obligations.[1]

Studies of company pay reporting rules have typically found small reductions in the gender wage gap when reporting measures are accompanied by the threat of sanctions and/or relatively high policy visibility, as is the case in Denmark (Bennedsen et al., 2019[4]) and the United Kingdom (Blundell, 2021[5]). The positive

effects arise through a reduction in men's wages, rather than an increase in women's wages. Where enforcement mechanisms or wage gap visibility are weaker, however, these measures seem to have had fewer positive effects (Böheim and Gust, 2021[6]; Gulyas, Seitz and Sinha, 2020[7]).

Studies looking at smaller, targeted populations of workers, such as university faculty in Canada and the United States, have also found that publishing salaries helps to close the gender wage gap (Baker et al., 2019[8]; Obloj and Zenger, 2020[9]).

Pay transparency policies should continue to be evaluated in different contexts to see how features of different systems may affect gender wage gaps in different ways. Given that pay transparency policies are often phased in with rules based on firm size, these policies are ripe for rigorous, quasi-experimental evaluations with nearly comparable "treatment" and "control" groups around the policy threshold.

Although the evidence base is still being built, pay transparency policies hold significant appeal. Pay transparency measures represent a relatively simple, intuitive tool both to identify and to take action against the gender wage gap in the workplace – particularly in mid-sized and larger organisations with dedicated human resources management that can calculate gender gaps.

Crucially, pay transparency policies give workers, employers and the public an important tool to combat gender inequality: they offer an acknowledgement of the existence and the size of gender pay gaps.

This report takes stock of the policies, laws and regulations around pay transparency and wage mapping across the 38 OECD member countries. The report explores:

- Countries' efforts to define the concept of "work of equal value" and gender-neutral job classification systems (Chapter 2);
- Company pay reporting requirements (Chapter 3);
- Equal pay auditing requirements (Chapter 4);
- The role of social partners and collective bargaining in equal pay (Chapter 5).

Each of these policies, defined in Box 1.1, have strong potential to narrow the gender wage gap. But strengthening reforms, greater stakeholder engagement, and more and better evaluations are needed.

Box 1.1. Key terms and definitions in this report

A **comparator**, in the context of equal pay litigation, refers to a worker whose salary is used as a reference for another person who is in a comparable working situation. Guidelines as to who qualifies as a comparator (and whether a comparator is necessary to prove pay discrimination) vary by country (Chapter 1). A comparator may be real or hypothetical (European Commission, 2015[10]).

Equal pay for work of equal value implies that women and men should get equal pay if they do identical or similar jobs, and that they should also earn equal pay if they do completely different work that can be shown to be of equal value when based on "objective" criteria. These objective criteria tend to encompass job-related characteristics such as skills, effort, levels of responsibility, working conditions and qualifications. Many countries have attempted to clarify the use of the concept of "work of equal value" in national legislation (Chapter 2).

An **equal pay audit** is a process conducted by an employer or external auditor that should include an analysis of the proportion of women and men in different positions, an analysis of the job evaluation and classification system used, and detailed information on pay and pay differentials on the basis of gender. An equal pay audit is more intensive than simple pay reporting. A pay audit should make an effort to analyse any gender pay gaps found, should attempt to identify the reasons behind these gaps, and could be used to help develop targeted actions on equal pay (Chapter 4).

Horizontal segregation refers to the concentration of women and men in different sectors and occupations. For example, women are typically overrepresented in teaching and men are typically overrepresented in engineering.

Job classifications tend to be part of a job evaluation process and commonly entail human resource personnel and/or social partners ranking each job within an organisation against objective criteria that relates to the required skills, effort, responsibilities, working conditions, education, and difficulty of a role, amongst other observable characteristics. Related to this, **gender-neutral job classification systems** refer to job classification systems that account for the gender predominance of a given job class and categorise work based on the same objective criteria for men and women (Chapter 2).

The **OECD Gender Pay Transparency Questionnaire 2020** (**OECD GPTQ 2020, see Annex A)**, is the reference questionnaire for the policies presented and discussed in this report.

Pay reporting refers to public policies mandating that employers regularly report (including to employees, workers' representatives, social partners, a government body, and/or the public) gender pay gap statistics. Such statistics typically include the average or median remuneration of men and women at the company or workplace level, but may be more detailed (Chapter 3).

Pay transparency is an umbrella term referring to policy measures that attempt to share pay information in an effort to address gender pay gaps. Such measures may include mandating pay reporting, equal pay auditing, job classification systems, and publishing pay information in job vacancies.

Vertical segregation refers to the concentration of women and men at different levels of an organisational hierarchy, e.g. at different grades, levels of responsibility or positions.

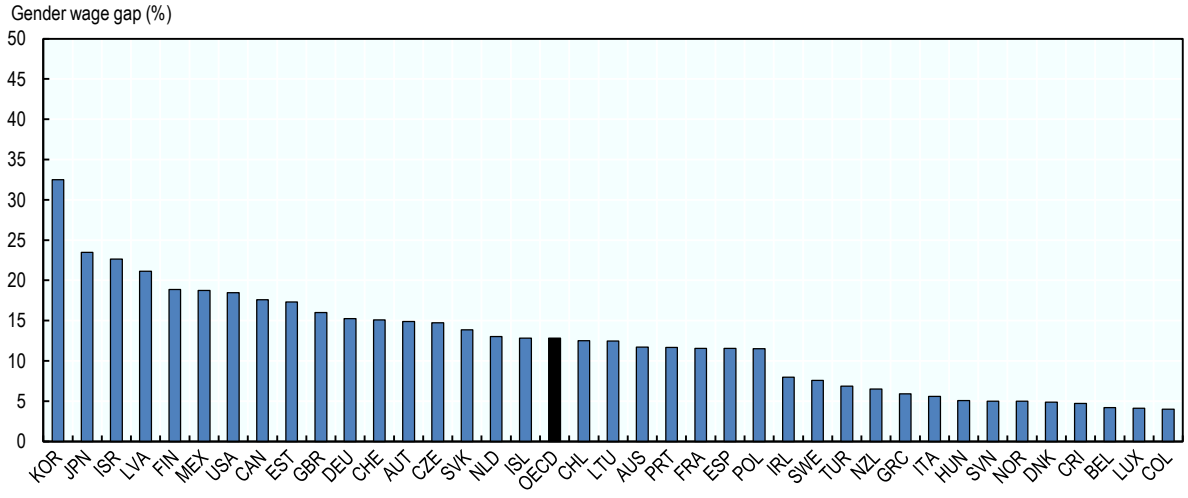
1.3. The gender wage gap in OECD countries

The OECD average gender wage gap stands at 12.8% – meaning that a woman working full-time today makes 87 cents, on average, for every dollar or euro a full-time working man makes at median earnings

(Figure 1.1) The gap gets even larger when looking at the average pay *all* working women and men take home at the end of the year, because women tend to spend fewer hours in paid work than men do. Women are overrepresented in part-time jobs, and underrepresented in jobs with long work hours, throughout the OECD (OECD, 2017[11]; 2019[12]).

Figure 1.2. Women make about 87 cents for every man's dollar, on average, across OECD countries

Gender wage gap at the median for full-time dependent employees, 2019 or latest available year



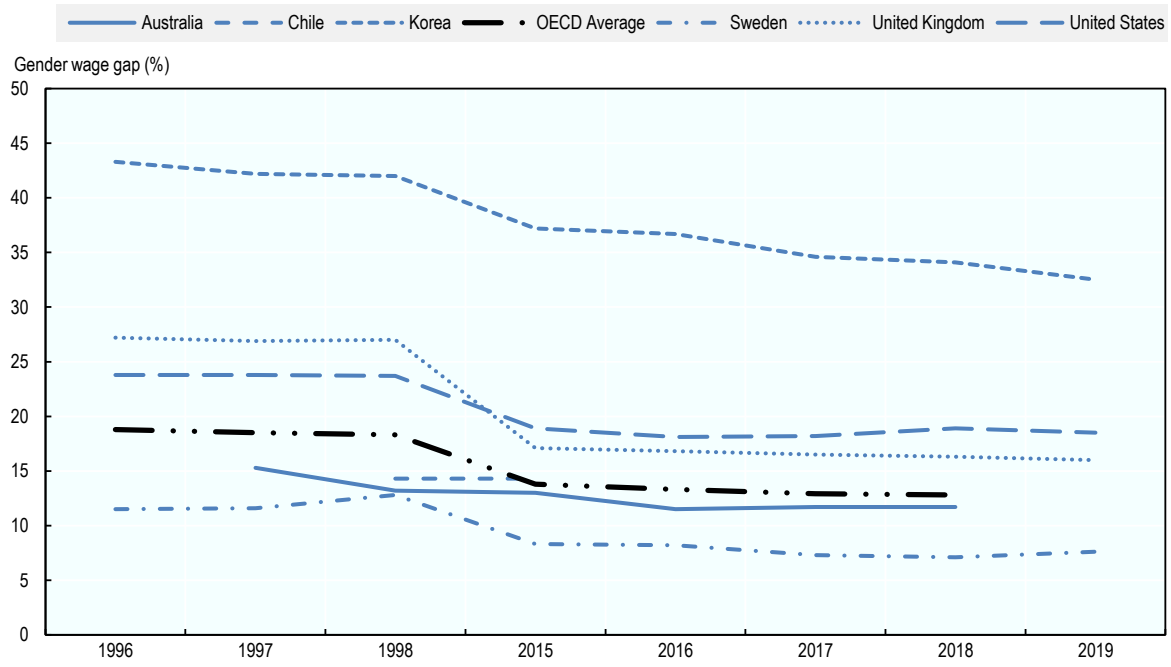
Note: Values represent the difference between median earnings of men and women relative to median earnings of men, 2019 or most recent year. OECD average presents the unweighted average of the latest data across all OECD countries.
Source: OECD (2021), Gender wage gap indicator. Available at https://data.oecd.org/earnwage/gender-wage-gap.htm.

The widest gender pay gaps are in the two East Asian OECD countries (Japan and Korea) and Israel. In some countries – such as Greece, Italy and Turkey – small gender pay gaps are the result of selection effects reflecting the relatively small number of women who participate in the labour market. These countries have comparatively lower female labour force participation, but their more highly educated (and higher-earning) female workers tend to remain in the official labour force, thereby inflating female median earnings (OECD Family Database, 2021[13]).

This gender pay gap of 12.8% is an improvement from the gap of nearly 19% in 1996, when most OECD countries began reporting this statistic (Figure 1.3). Nevertheless it still represents a remarkable gender inequality, particularly among high earners (see Box 1.2).

Figure 1.3. Progress in closing the gender wage gap has been slow

Gender wage gap for full-time dependent employees, selected countries, 1996 through latest available year



Note: Values represent the difference between median earnings of men and women relative to median earnings of men. Trend lines include the latest data available: 2019 for Korea, Sweden, the United Kingdom and the United States, 2018 for Australia, and 2017 for Chile. OECD average presents the unweighted average of the latest data across all OECD countries.
Source: OECD (2021), Gender wage gap indicator. Available at https://data.oecd.org/earnwage/gender-wage-gap.htm.

Box 1.2. Measuring the gender wage gap in OECD countries

Defining the gender wage gap

The gender wage gap presented in Figure 1.1 and Figure 1.2 is defined as the difference between median earnings of men and women as a proportion of median earnings of men. The wage gap in this report refers to full-time (dependent) employees. The gap is unadjusted, that is, not corrected for gender differences in observable characteristics that may explain part of the earnings gap. However, to account for gender differences in working hours and part-time employment, the gap is based where possible on earnings for full-time employees only.

A word of caution when comparing across countries

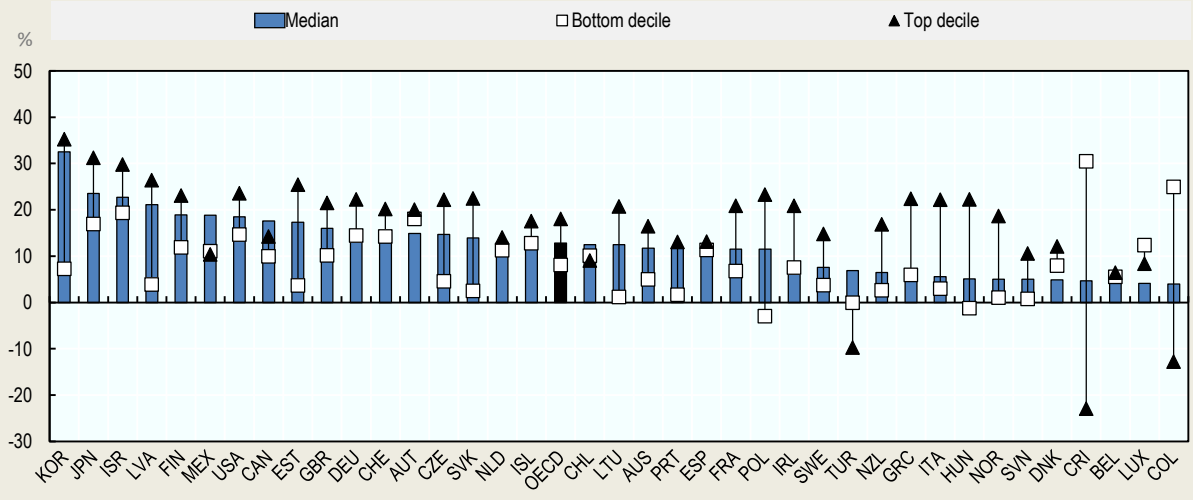
OECD data on earnings are collected annually through labour force surveys and household surveys, and are presented in the OECD Employment Database. Depending on the country, the earnings data used can refer to hourly (e.g. Denmark, Greece, Iceland, New Zealand and Portugal), weekly (e.g. Australia, Canada, Ireland, the United Kingdom and the United States), monthly (e.g. Belgium, Chile, the Czech Republic, Estonia, France, Germany, Hungary, Italy, Israel, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, Norway, Poland, the Slovak Republic, Slovenia, Sweden, Switzerland, Turkey) or annual (e.g. Austria, Finland, Spain) earnings on a gross or net (e.g. Italy) basis. Gender differences may be slightly over-estimated where measurement is based on a gross wage because of the inclusion of taxes and social security contributions (for example, second

earners – who are often women – will in some countries be subject to different tax thresholds than their first earners partners). Trend data should also be interpreted with care as survey methods across countries change regularly, creating breaks in the series and causing artificial fluctuations from year to year. Finally, different earnings components may be used in different countries' estimates. For more detailed information, see country-level metadata in the gender wage gap table[2] on OECD.Stat.

Earnings are measured in Figure 1.1 through the use of the median, as opposed to the mean. Use of the median to capture average earnings may affect estimates of the size of the gender gap. It is preferred here because mean averages are subject to distortion from extreme values – indeed, use of the mean often produces a wider gender pay gap, largely because in most countries men are over represented among individuals with very high earnings. However, median values do not capture variation in the gender wage gap across the income distribution. Figure 1.4 includes data on gender pay gaps at the top and bottom deciles of the earnings distribution and shows that gender pay gaps are often widest at the among top earners – reflecting the difficulty for women to advance in labour markets. The presence of minimum wage regulations contributes to the narrower gender pay gaps among low-income workers.

Figure 1.4. The gender wage gap is generally larger for the highest earners

Gender wage gap for full-time dependent employees at median, bottom 10% and top 10% of earnings, 2018 or latest year available



Note: Values represent the difference between median earnings of men and women relative to median earnings of men, 2019 or most recent year. OECD average presents the unweighted average of the latest data across all OECD countries.
Source: OECD (2021) Gender wage gap indicator (https://data.oecd.org/earnwage/gender-wage-gap.htm); OECD (OECD Family Database, 2021[13]), https://www.oecd.org/els/LMF_1_5_Gender_pay_gaps_for_full_time_workers.pdf.

1.3.1. Causes and consequences of unequal pay

Many factors drive the gender wage gap. One issue is horizontal segregation, meaning that men and women are concentrated in specific sectors or jobs. Women tend to be overrepresented in fields that pay relatively lower wages, such as caregiving and service sector jobs, and underrepresented in fields with relatively higher wages, such as science and technology jobs.

Vertical segregation, meaning that men and women are concentrated in different job levels, also affects women's pay. Women's career progression is often limited, particularly in those sectors with fewer women, and across OECD countries women are underrepresented in management roles (OECD Gender Data Portal, 2021[14]).

Another major barrier is the enormous inequality that exists in the distribution of *unpaid* work hours (OECD Gender Data Portal, 2021[14]). Women do much more cooking, cleaning, looking after the elderly, and childcare than men, which, in turn, limits both the time women can spend in *paid* work and their possibilities to advance in the paid labour market (OECD, 2021[15]; 2017[11]; 2017[16]). This has negative implications for their pay, particularly in jobs with inflexible work hours (Goldin, 2014[17]).

Importantly, discrimination negatively affects women's pay. This has been proven through randomised field experiments. In these types of studies, researchers generally create fictitious job candidates applying for jobs, by correspondence, with exactly the same applicant credentials *except* for the gender of the applicant. These studies have found discrimination against women both in the hiring process for higher-paid jobs and in the starting salaries that are offered. (For a summary of this literature, see (Blau and Kahn, 2016[18])). This almost certainly has downstream effects on the gender wage gap over the life course.

This longstanding gender wage gap is a global injustice. Aside from the economic imperatives of gender equality in labour markets (OECD, 2017[1]; World Bank, 2018[19]), there are even more important implications for human rights and social justice. Women's economic empowerment has obvious positive consequences for women's agency, freedom, and social and political empowerment.

Unequal wages during the working years have long and compounding effects on gender inequality throughout the life course. Lower earnings lessen women's economic independence throughout life, but the consequences are painfully obvious in old age.

There is a sizeable gender gap in retirement income, wealth and pensions that arises after a lifetime of unequal earnings across OECD countries. Women aged 65 and older receive only around three-quarters of the retirement income of men from public and private pension arrangements on average in the OECD (OECD, 2021[20]; 2019[21]). Related to this (and to women's longer life expectancy), nearly every OECD country3 has higher poverty rates for women than men. The average old-age poverty rate for women in OECD countries is 15.7%, while for men it is 10.3% (OECD, 2019[21]).

Women's earnings are important at the household level, as well. During childrearing years, mothers' equal participation in the labour market is essential for both raising overall family income and for ensuring a more equal distribution of (paid and unpaid) resources at home. Additionally, it is now almost conventional wisdom in economics that children do better in areas like health when their mothers control a larger share of household resources. This control over spending is influenced (though obviously not entirely) by who brings the income into the home (OECD, 2019[12]).

Box 1.3. Gender wage gap statistics: A common denominator across countries

Every OECD country collects and analyses gender-disaggregated pay data at the national level, and typically publishes them on their national statistics office's (NSO) website. This tends to be broken down by sector, industry, occupation and/or qualification and is collected on a periodic basis such as weekly, monthly or annually. These are usually produced by national statistical offices and/or labour ministries.

Best practice includes acknowledging that there is no homogenous "woman," and understanding that factors such as sex, ethnicity, race and class intersect with one another and can lead to larger gaps in labour market outcomes based upon these features. Most OECD countries do not report data with this intersectional framework in mind. Nevertheless, some countries' NSOs and/or labour ministries collect and report earnings data by gender and race/ethnicity (such as Canada, Mexico, New Zealand and the United States), while others do account for various age groups by gender (such as Norway and Australia) or foreign worker status by gender (such as the Czech Republic).

In terms of analysing, reporting and disseminating a wide range of gender-disaggregated labour and social statistics, Mexico often stands out as best practice in the OECD. With the support of the National Institute of Women (INMUJERES), Mexico has made a good commitment to mainstream gender throughout all aspects of governance, including the production of national statistics (OECD, 2017[22]). Mexico's National Institute for Statistics and Geography [Instituto Nacional de Estadística y Geografía (INEGI)] and its public social programme evaluation institution [Consejo Nacional de Evaluacion de la Politica de Desarrollo Social (CONEVAL)] produce a wide range of indicators on women's economic outcomes. Noteworthy examples include the "Gender Atlas",[4] which includes subnational gender-disaggregated pay statistics, as well as an extensive annual report entitled *Women and Men* (*Mujeres y Hombres*). This report assesses gender gaps across a broad range of social and economic variables, including labour force participation, indigenous status, informality, poverty, and earnings.

In the United States, the Department of Labor and the U.S. Census Bureau recently jointly published a study using linked survey and administrative data to analyse and improve estimates of the gender wage gap within detailed occupations, while also accounting for gender differences in work experience[5].

Source: OECD Gender Pay Transparency Questionnaire (2021), OECD countries' national statistics websites.

1.4. Why do we need pay transparency?

Closing the gender wage gap depends crucially on knowing whether, how, and to what extent such gaps exist. At the aggregate level – within a workplace, town, region, country, and so on – administrative data and labour force statistics can help researchers and governments identify when gender wage gaps occur and what might be driving them.

So-called observable factors driving the gender wage gap include an employee's age, level of education, field of study, sector of employment, workplace, parenthood status, and other variables (OECD, 2017[1]). Recent research using match employer-employee data suggests that nearly 80% of the gender wage gap, across a sample of 16 OECD countries, is attributable to pay inequity *within* firms, (OECD, 2021[23]).

It is very difficult, however, for an *individual* worker to know whether she or he is being underpaid – and with whom their salary should be compared. Very few countries guarantee workers the right to learn a specific colleague's (or small group of colleagues') pay (Box 1.4).

Many countries identify privacy and data protections as a hurdle to sharing a specific, comparable colleague's pay (OECD GPTQ 2021). Logistical or operational barriers are another issue; as with other transparency requirements, some companies claim that identifying and sharing the salary of a "comparator" is too high an administrative burden (OECD GPTQ 2021), though it is not clear that doing so would be much more difficult than other forms of pay reporting.

Furthermore, the issue of finding either a hypothetical comparator or an accurate, real-life comparator has been a longstanding challenge across countries (European Commission, 2020[3]). In short, who should qualify as a comparable colleague for the basis of a pay comparison?

Countries have used different approaches to address the comparator issue. Such approaches include legislation allowing the comparison of salary with the previous person who held a post, allowing comparison with a group of colleagues, requiring that the comparator be of an opposite sex, and/or requiring that the comparator be employed within the same company (European Commission, 2020[3]) (OECD GPTQ 2021). New Zealand, notably, has recognised that the historic undervaluation of traditionally women's work necessitates a comparator being sourced from a different sector. Some other countries have said that a comparator should not be necessary at all to prove unfair pay.

In sum, the comparator question remains a difficult, practical puzzle to solve when pay discrimination cases arise.

1.4.1. The limits of using pay information to (self) advocate

It must be emphasised that gender wage gaps represent a much broader problem, in both societies and labour markets, which cannot be fixed individually.

When armed with the knowledge that they have been underpaid, a worker tends to have a limited number of options: do nothing, negotiate higher pay, or initiate a pay equity claim. In all three instances the onus of identifying, raising, and rectifying (possibly discriminatory) pay inequity rests on the individual, which is a very large burden.

While pay transparency laws may give workers more information, their effectiveness largely relies upon workers having bargaining power to negotiate collectively or individually – and to negotiate without backlash, which is less likely the case for female workers. Research shows that women tend to be less likely than men to negotiate for a higher salary, and when they do negotiate they tend to face backlash, or a "social penalty" (Bowles, 2014[24]).

This means that even if a female worker correctly *identifies* a pay equity issue, raising it with her employer may not be an easy step or a feasible solution. Additionally, pay equity claims that go through the legal system tend to be costly, both in time and money.

Nevertheless, legal mechanisms must be in place for either an individual or a group of workers to seek recourse if they are indeed underpaid for doing work of equal value to a colleague or workers supplying work of equal value. To support this, objective criteria to assess work of equal value should be used for pay equity claims. Access to justice should be streamlined and the burden of proof in pay discrimination cases should rest on the respondent (European Commission, 2020[3]).

Box 1.4. How much does my co-worker make?

For an individual worker, remedying unfair pay depends crucially on knowing how much a comparable colleague earns. A few OECD countries have given private sector employees the right to request the salary information of comparable colleagues, but usually under limited conditions.

A few countries facilitate the disclosure of comparators' pay in discrimination cases

Some countries facilitate salary comparisons when an employee is seeking recourse against possible discrimination. Ireland, for example, allows workers with discrimination complaints to request pay information on colleagues. While employers are not required to reply, the Workplace Relations Commission (which hears and decides complaints of discrimination under the Employment Equality Act) may intervene if an employer does not reply or provides false information (OECD GPTQ 2021).

In Austria, when examining whether pay discrimination has occurred in a specific case, the court or the Equal Treatment Commission will request that an employer disclose the pay structure of the company (insofar as needed for the specific case) as well as the pay of comparable workers. However, there is no explicit legal basis for this; this procedure results from the need to be able to verify the alleged discrimination. If the employer does not comply with this request, this circumstance is subject to an assessment of evidence. In proceedings before Austria's Equal Treatment Commission, income data on comparable workers may be requested from the relevant social insurance institution.

Norway, in both the private and public sector, allows a worker who suspects pay discrimination to demand their employer's written confirmation of the pay level and the criteria of setting pay for the person or persons with whom the worker is making a comparison. The recipient of the disclosed information is often required to sign a confidentiality declaration. Workers, their representatives, the Anti-Discrimination Tribunal, the Equality and Anti-discrimination Ombudsman, and researchers have a right to the disclosure of the results of a pay review. In previous years, Norwegians' individual tax records were published online and available to the public, but due to privacy issues this wage data disclosure has been tightened.[6]

Chile and Germany require companies to share a *group* of comparators' pay

Other countries require companies to share comparator pay information for a *group* of comparators, not an individual comparator. In Chile, a union may request (on behalf of an employee) salary information as long as there are five or more workers in the relevant position or function. In Germany, upon an employee's request, firms with at least 200 employees are required to name a similar activity (or one of equal value) and share the pay information from a group of at least six employees (OECD GPTQ 2021).

The existence of these measures does not guarantee take up. For instance, in Germany, a survey of employers and employees found that an employee's right to obtain pay information was relatively unknown even amongst affected workers. In fact, only 4% of employees surveyed in companies with over 200 employees had ever submitted a request to obtain pay information (Government of Germany (BMFSFJ), 2020[25]).

Job classification schemes help improve knowledge of comparators' pay in the public sector

Finding information on a comparator's pay may be, in practice, easier in the public sector than the private sector in many countries. Job classification systems – which list pay for different jobs or job classes – are more frequently used in the public sector. This provides considerable transparency in pay for given positions or job classes (Chapter 2): knowing only a colleague's job title, one can learn their pay with some accuracy. Some countries, such as France and Sweden, nevertheless guarantee workers the right to access a public sector worker's pay information, usually so long as privacy protections are in place for the position or person about whom data are requested (OECD GPTQ 2021).

1.5. Gender pay transparency policies: Shining a light on gender wage gaps

Governments in OECD countries have begun innovating fairly recently with systemic pay transparency policies. In many countries with pay auditing or pay reporting requirements, these rules only went into effect over the past decade. This represents an important, relatively rapid, and large-scale shift to address pay inequality across OECD countries.

All of these pay transparency measures can function at least as well as a right to request a comparator's pay – but only if they are designed and implemented well.

1.5.1. Lessons learned

What works in pay transparency policies

Many pay transparency policies have been only recently introduced and need more systemic evaluation, but some policy conclusions have become apparent across countries. Other approaches are less frequently used but show promise.

- **Ensuring buy-in from different actors is important for ensuring compliance and take-up of pay gap reporting and equal pay auditing.**

  OECD governments frequently point to the low quality of employers' reported wage gap statistics as a problem. Generating buy-in from stakeholders has the potential to help improve the quality of reporting and, when applicable, follow-up actions. Countries that include multiple actors in pay reporting typically involve workers, social partners and the government. Countries like Sweden, Finland, and France involve unions or works councils extensively in the pay auditing process (Chapter 4), for instance, and these actors function as agents of workers at that stage, even if they are not always required to consider the gender wage gap during salary negotiations (see Chapter 5).

  Worker and public awareness of pay reporting results can also help drive support for pay equity (Box 1.5), as in practice pay gap reporting rules are often not well known.

- **Wage gap reporting should have clear guidelines and straightforward processes.**

  Governments can help simplify the process of wage gap reporting by giving employers clear and direct definitions of what statistics must be reported. Digital tools, too, can help companies calculate wage gaps. This is important given that administrative burden is a frequently cited concern raised by countries encountering pushback from companies (OECD GPTQ 2021) (European Commission, 2017[26]), though recent research suggests that the actual pay reporting cost to companies averages well under EUR 1 000 annually (Eurofound, 2020[27]).[7]

  France offers an example of a country with an extensive but straightforward list of wage statistics[8] required for an audit (Chapter 4), and countries like Canada, Israel, Portugal, France and Switzerland have developed publicly available official calculators to help companies meet pay reporting requirements. The Swiss "Logib" tool,[9] for example, usefully offers two modules for companies of different sizes to self-assess their gender wage gap.

- **The type of data reported matters**.

  Governments must consider the advantages and disadvantages of different wage gap statistics required in reporting. Some countries ask for one or two simple data points – like the wage gap at the mean and median – while others ask for an extensive list of gender-disaggregated statistics on wage and employment outcomes across different jobs.

  There are benefits and drawbacks to each approach. Reporting the overall gender wage gap within firms, i.e. without separating workers by job, could encourage firms to train and promote women

across occupations – and it may be easier for companies (particularly smaller firms) to calculate an overall gap with existing human resources staff, rather than having to outsource the analysis. It may also give workers a global perspective on how their employer treats women and men in the workplace. However, such a basic measure may conceal inequalities (and possibly discrimination) across workers in the same job. It also may not sufficiently support pay equity claims that require a comparator.

In comparison, reporting the gender wage gap by subgroups like occupation, skills or experience would better reveal inequalities across similar men and women.[10] However, this has a larger administrative burden and may discourage proactive equality policies if differences are small, or even prevent firms from acting against parts of the gender wage gap that can be explained by observable characteristics.

To achieve pay equity goals, it is perhaps most effective for companies to calculate *both* sets of statistics, with the overall wage gap easily estimated based upon the disaggregated measures.

Variables beyond pay statistics may also be relevant as part of gender audits. For example, France requires companies to report how many women returning from maternity leave received regular step increases in pay, and countries like Germany, Korea and the United States mandate gender-disaggregated employer reporting on employee statistics *other* than pay, such as the gender composition of the workforce (Chapter 4).

- **Enforcement and penalties carried out by a dedicated government actor can help ensure compliance**, though different enforcement strategies seem to be working well in different places. In the United Kingdom, for example, the "name and shame" approach – in which a company's overall gender pay gap or failure to report is published online for public consumption – has likely contributed to 100% reporting compliance in the first two years of the programme.

  The French auditing system has teeth in the form of inspections by the Ministry of Labour, Employment and Inclusion, which reports a consistent improvement in compliance since the latest auditing process went into effect in 2019. Italy relies on its dedicated regional Gender Equality Advisors, who work with the Labour Inspectorate to monitor compliance. In Iceland, companies' pay equity outcomes are monitored by government-regulated auditors; this is also typically the case in Switzerland.[11] In a novel strategy, Lithuania recently tasked its social insurance agency to begin publishing companies' wage gap statistics based on administrative data.

  Countries without a dedicated government actor regularly enforcing reporting requirements tend to have less data on compliance, so it is unclear how effective their measures are. In many countries, companies' failure to comply adequately can be followed by financial sanctions.

- **Action plans should be developed to address gender gaps that are found**. Complying with reporting obligations, in the form of identifying and reporting wage gaps, is a crucial first step. Yet reporting will do little to reduce pay inequity without a relevant, tailored plan created by firms to address such gaps. This needs to be matched with government or union enforcement of the content of action plans, within a reasonable timeframe, to help ensure pay transparency measures can actually reduce the gender pay gap. Otherwise the gaps that are found may be ignored or left to workers and their representatives to address.

- **Job classification systems can offer a straightforward way to present workers' pay across jobs.** Job classifications can be used not only to address gender gaps but also other forms of discrimination among workers, as pay is defined for the job regardless of who carries it out. They also can help facilitate calculations as part of pay reporting and auditing processes, and can help in pay equity cases – though they do little to reduce gender wage gaps caused by horizontal segregation. When job classification systems are designed with intentional equal pay considerations, they are more likely to achieve equal pay for work of equal value goals (Chapter 2).

- **Legislation around the concept of equal pay for work of equal *value***, rather than the simple concept of equal pay for equal work (i.e. the same or very similar job), can help to correct for the historical undervaluation of jobs and sectors that have typically been considered "women's work".

  New Zealand is systematically advancing this approach,[12] and it has also been supported in case law in places like Spain (Chapter 2). As part of its comprehensive auditing process, Iceland requires the analysis of pay gaps both for the same work and for work of equal value. However, the onus tends to remain on workers or their representatives to initiate pay equity claims, which are typically costly and time-intensive.

Room for improvement in pay transparency policies

- **Improve the quality of reporting.** There are significant quality differences in companies' reporting both within and across countries. Even countries with relatively advanced and longstanding auditing systems – such as Finland and Sweden – report that some companies are doing the bare minimum to meet reporting requirements, let alone advance an action plan to combat their firm's gender wage gap.

  Improving the quality of reports likely requires the participation of a dedicated government actor with regular oversight responsibilities. Governments should increase the minimum standards needed to comply with the content of reporting obligations.
- **Increase the share of firms that are covered by reporting requirements.** Most countries that mandate reporting require it for companies with a minimum of between 30 and 500 employees.[13] Consequently, a large portion of the labour force is not covered by pay transparency rules – thereby limiting the effectiveness of such policies on the overall gender wage gap.

  Countries tend to include carve-outs for smaller firms in an effort to reduce their administrative burden. However, as explained above, pay reporting is relatively low cost, particularly if governments provide an online pay gap calculator.
- **Carry out more – and more rigorous – evaluations of wage outcomes**. Countries with pay transparency rules have not conducted rigorous evaluations of policy effects on *pay* outcomes. This makes it difficult for governments to determine whether current pay transparency laws are achieving their stated gender equity goals.

  Academic research, when available, has found that pay transparency has slightly reduced the gender wage gap in countries with adequate enforcement and/or policy visibility.

  When it is not possible to implement randomised experiments during programme implementation or reform, government research offices and academics should consider using quasi-experimental methods to evaluate pay transparency programme effects. This might entail, for example, exploiting discontinuities in outcomes between employers who are barely above a reporting requirement threshold with employers who are barely below a reporting requirement threshold, as has been done in academic research on Austria, Denmark and the United Kingdom (Chapter 3).
- **Increase and improve evaluations of policy processes, including the collection of compliance data.** A number of countries do not actively keep track of whether firms are fulfilling pay transparency obligations. While many countries may have penalties for firm non-compliance, in many instances it can be unclear whether these penalties are enforced or sufficient to act as a deterrent. For instance, most countries were unable to provide data on how often pay transparency measures had been enforced (OECD GPTQ 2021).
- **Raise awareness of pay transparency initiatives among social partners, employees, employers and the public during policy design and delivery.** While some countries conduct awareness-raising and training campaigns, a more comprehensive approach that targets *all* affected actors, at different stages of policy design, will help ensure policy measures are effective (Box 1.5).

- **Increase the use of intentionally gender-neutral job classification systems**. There is considerable variation across OECD countries in the use and mandating of gender-neutral job classifications systems. Even if gender-neutral job classifications are not mandated, governments can help make them more widespread. For instance, in Lithuania, the government has worked with stakeholders to establish guidelines on how companies can create a gender-neutral job classification scheme.
- **Ensuring, where appropriate, that equal pay is mandated in collective bargaining**. This could take place at the sectoral or workplace level. Whether mandating equal pay discussions during collective bargaining is necessary may depend upon worker bargaining power and the role and coverage of unions. For instance, Sweden reports that with high union coverage and a strong union role in promoting gender equality, *mandating* such a measure is not necessary. Regardless, ensuring that collective agreements cannot contravene existing equal pay or anti-discrimination laws is a necessary measure.
- **Reducing barriers to a successful equal pay claim.** Equal pay cases tend to be relatively infrequent, and, when initiated, workers and their representatives tend to experience costly (both in time and money) legal proceedings. Countries should make use of alternative dispute resolution mechanisms and make the comparator easier to identify in equal pay claims. They should also move the onus to disprove discrimination from workers to the employer, as is being considered in Luxembourg.
- **Promote convergence in pay transparency commitments across OECD countries.** Some countries, particularly in Europe, have initiated a range of pay transparency policies, while other countries have barely moved beyond basic equal pay legislation. A goal of this report is to share lessons learned, so that countries with a less developed approach to the gender wage gap may be encouraged to take a step in the direction of pay transparency, in line with national priorities, abilities and constraints.
- **Embed pay transparency within a broader public commitment to gender equality and closing the gender wage gap.**

  In many ways, pay transparency policies come too late – they seek to remedy wage gaps after years of gendered socialisation, gendered schooling, and gendered labour market decisions have occurred.

  Governments must take a holistic, multifaceted approach to ending gender inequalities, from a very young age, at home, in society, and in labour markets. Such an approach will significantly lessen the need for pay transparency measures to address what have often become deeply embedded inequalities during the working years.

Box 1.5. Raising awareness of pay transparency policies

A majority of OECD countries – including Canada, Colombia, the Czech Republic, Finland, France, Germany, Greece, Ireland, Israel, Lithuania, Mexico, Norway, Poland, Portugal, Sweden and the United States – report that they have implemented campaigns to raise awareness of pay transparency measures and/or draw attention to the gender pay gap (OECD GPTQ 2021,). Across the OECD, countries report that awareness-raising campaigns have taken the form of:

- Workshops or consultations, mostly aimed at affected employers (Canada, the Czech Republic, France, Germany, Ireland, Israel and Portugal);
- Digital tools to help companies calculate or analyse their gender pay gaps (Austria,[14] Canada, the Czech Republic, France, Israel, Norway, Portugal, Poland, Switzerland and Sweden);
- Broad public awareness campaigns, including Equal Pay Days (Finland, Germany, Portugal and the United States);
- Award schemes to promote best practice amongst companies (Austria,[15] Greece, Mexico and Portugal).

Communication campaigns that complement pay transparency measures can help improve their effectiveness by raising awareness amongst employers of their obligations and amongst employees of their rights. However, in order to ensure *all* parties are aware of their rights and obligations, countries should adopt awareness campaigns for affected employers, employees, and their representatives alike. Currently, measures are mostly aimed at employers, but buy-in from one group of stakeholders is insufficient. Targeting both employers and employees can help address concerns raised amongst some countries about company compliance.

Publicly available and easily accessible online gender pay gap calculators can also help mitigate against concerns that pay reporting and auditing obligations are a large administrative burden placed upon affected companies, particularly smaller ones.

Country case studies in communication

Canada's pay gap reporting and pay equity measures illustrate how a country can engage with many stakeholders to help ensure buy-in from the earliest stages of policy planning. Prior to the 2021 implementation of their measures (Chapter 4), the Canadian Government conducted early consultations with Statistics Canada, the Treasury Board Secretariat, the Canadian Human Rights Commission, and the OECD, as well as Australia and the United Kingdom, both of which had recently introduced pay reporting rules. The government held in-person consultation meetings with those affected by changes to the law and regulations, and their representatives, on both sides of the employer-employee relationship: federally regulated private-sector employers, unions, special interest groups, industry associations and representatives of provincial and municipal orders of government. To ensure wider reach, these in-person consultations were complemented by an online questionnaire for those unable to attend the sessions in person, as well as a platform for those who attended the sessions to provide further feedback. After publishing regulatory amendments and a specific guide for employers, Canada opened a 30-day consultation period for receiving comments, which led to minor changes. Currently, Canada is planning a communications campaign, aimed at employers and the public, to promote the data visualisation application and raise awareness of the pay gap transparency measures.

France, too, has taken a multipronged approach to widening awareness of its pay auditing system (Chapter 4). Several support tools have targeted small and medium-sized businesses. France offered training courses to heads of small and medium-sized enterprises help them calculate their Index and set up corrective measures if necessary. In 2020, 420 in-person or (after March 2020) online training

sessions were carried out and 1 430 companies were trained. A hotline was put in place throughout 2020 to answer questions from employers on how to calculate and report the Index. 7 628 calls were received during the year, 54% of which involved questions about what data should be incorporated in an audit. In parallel, France initiated an educational campaign to explain its pay auditing system to companies, unions, and the general public. Several communication campaigns were organised for each data reporting deadline, additional content was published on the Ministry of Labour website, an information campaign was launched on social networks, the government held press conferences and press releases and communicated with journalists, and information about the programme was shared in several newsletters.

Germany is attempting to increase communication to strengthen the effectiveness of its equal pay programmes (Chapter 3). Based on the results of early government evaluations, the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (BMFSFJ) in July 2020 started a three-year programme to support companies in realising the principle of equal pay for equal work and work of equal value at the company level. The Federal Government will engage with companies to promote and achieve a more modern culture of work in terms of gender equality, especially in terms of equal pay. The planned three-year programme entails a best-practice-exchange and also talks for company representatives.

The United Kingdom has applied a novel strategy to understanding how wage gap statistics are interpreted by the public. Using a randomised control trial, the Behavioural Insights Team commissioned by the UK Government Equalities Office tested five alternative ways[16] of communicating the wage gap across two outcomes: 1) people's attitude towards companies with low or high gender wage gaps, and 2) the level of understanding of different components of the gender wage gap (United Kingdom Government Equalities Office, 2018[28]). The study revealed that benchmarking information – placing a company's result in the context of other companies' results – helps readers differentiate between companies with high gender wage gaps and companies with low ones. When statistics are presented in terms of money, rather than a simple percentage, the ability to understand the gender pay gap is maximised. A likely explanation for this is that people relate to monetary comparisons (e.g. 90 pence to every pound) more easily than percentages. This presentation style is also the only one that achieved the aim of increasing public understanding of the pay gaps. This type of experimental research should be replicated elsewhere by countries trying to improve public understanding of gender wage gaps.

1.6. Research design of the report

1.6.1. Participants and policy issues

This report covers the 38 member states of the OECD, spanning from North and South America to Europe and Asia-Pacific (https://www.oecd.org/about/members-and-partners/).

1.6.2. Data collection

In February 2021, the OECD distributed a detailed policy questionnaire (see Annex A) via the Employment, Labour and Social Affairs Committee (ELSAC) to gender, labour, and/or social ministries in every OECD country in order to take stock of gender wage mapping and pay transparency measures aimed at promoting equal pay between women and men.

The response rate was 100%, with 38 member states either completing the questionnaire in full or validating missing responses. The questionnaire requested details on the following public strategies for promoting equal pay in each country:

- Right of employees to request information on pay levels
- Regular reporting by companies on pay levels
- Pay audits
- The role of social partners and collective bargaining in equal pay
- Gender-neutral job evaluation systems and defining the concept of "work of equal value"
- Other pay transparency measures
- Transparency measures led by social partners
- Impact evaluations of measures to address equal pay
- Other recent government policies to address explicitly the gender wage gap

The information collected for this report will also be used to fulfil the reporting requirements of 2013 OECD Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship and the 2015 OECD Recommendation of the Council on Gender Equality in Public Life. Information was collected on both the private and the public sector to support these reporting requirements.

Box 1.6. International commitments to reduce the gender wage gap

The OECD has long prioritised eliminating the gender wage gap in its policy research and in its formal Recommendations.[17] In addition to identifying relevant family and labour market supports to improve gender equality outcomes, the 2013 OECD Gender Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship (OECD, 2017[16]) calls upon OECD member countries to.

> *"[E]liminate the discriminatory gender wage gap by strengthening the legal framework and its enforcement for combating all forms of discrimination in pay, recruitment, training and promoting; promoting pay transparency; ensuring that the principle of equal pay for equal work or for work of equal value is respected in collective bargaining and/or labour law and practice; tackling stereotypes, segregation and indirect discrimination in the labour market, notably against part-time workers; promoting the reconciliation of work and family life (OECD, 2017[16]).*"

The OECD, the International Labour Organization (ILO) and UN Women lead the Equal Pay International Coalition (EPIC). EPIC is a multi-stakeholder partnership seeking to achieve equal pay for women and men around the world, in line with the Sustainable Development Goal Target 8.5, the ILO Equal Remuneration Convention, 1951 (No. 100), and the OECD Recommendation on Gender Equality in Education, Employment and Entrepreneurship.

European co-operation has driven pay transparency forward

Much of the movement in pay transparency policies has coincided with the 2014 European Commission Recommendation of 7 March 2014 on strengthening the principle of equal pay between men and women through transparency (European Commission (2014/124/EU), 2014[29]). With this Recommendation, the European Commission (EC) presented clear recommendations on four pay transparency measures aimed at closing the gender wage gap in Europe:

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

- Reporting on pay: "Member States should put in place measures that ensure that employers in undertakings and organisations with at least 50 employees regularly inform employees, workers' representatives and social partners of the average remuneration by category of employee or position, broken down by gender."
- Pay audits: "Member States should take appropriate measures to ensure that pay audits are conducted in undertakings and organisations with at least 250 employees. These audits should include an analysis of the proportion of women and men in each category of employee or position, an analysis of the job evaluation and classification system used and detailed information on pay and pay differentials on grounds of gender. These audits should be made available to workers' representatives and social partners on request."
- Collective bargaining: "Without prejudice to the autonomy of social partners and in accordance with national law and practice, Member States should ensure that the issue of equal pay, including pay audits, is discussed at the appropriate level of collective bargaining."

The EC also provided guidance in this Recommendation on improving data collection and reporting around gender pay gaps and the occurrence of pay discrimination cases; called on member states to clarify the concept of 'work of equal value' in their legislation; and encouraged the development and use of gender-neutral job evaluation and classification systems to prevent or identify and tackle possible pay discrimination based on gender-biased pay scales.

Although several Nordic countries and Italy already had pay disclosure requirements in place when the EC Recommendation on Pay Transparency was announced, the Recommendation has been essential in spurring other EU member states into action. Indeed, as this report details, OECD countries in Europe have taken the lead, globally, in implementing transparency policies to close the gender wage gap.

Despite considerable progress in pay transparency in Europe, however, the 2014 Recommendation is not binding. Not all countries have implemented wage transparency policies. In 2019, the EC announced its intention to develop a proposal for *binding* pay transparency measures. This proposal is now undergoing peer review by member countries (European Commission, 2021[30]).

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Notes

[1] Another study looks at state-level pay secrecy laws in the United States, which prohibit employees from sharing their wage information with others. Kim (2015) finds that the prohibition of pay secrecy rules corresponds with a lower gender wage gap, particularly among more highly-educated workers (Kim, 2015[32]).

[2] Gender wage gap statistics are available at OECD.stat at https://stats.oecd.org/Index.aspx?QueryId=64160.

[3] An exception is Chile, where poverty risks are nearly equal between women and men.

[4] Available at http://gaia.inegi.org.mx/atlas_genero/.

[5] Available at https://www2.census.gov/ces/wp/2020/CES-WP-20-34.pdf.

[6] In previous years, Norway's income tax records were even more accessible: from 2001 to 2014 Norwegian tax records were uploaded online and made available to the (anonymous) public. However this resulted in privacy violations, such as the bullying of children of low-income workers, and was found to have decreased life satisfaction among poorer individuals. Access to tax records was subsequently restricted to registered users only (Perez-Truglia, 2019[31]).

[7] This is a cost that could potentially be publicly subsidised for small employers.

[8] Guidelines to the reporting requirements of France's Professional Equality Index (PEI) between Women and Men (l'Index de l'égalité professionnelle entre les femmes et les hommes) are available at this site (in French): https://travail-emploi.gouv.fr/droit-du-travail/egalite-professionnelle-discrimination-et-harcelement/indexegapro

[9] Switzerland's Logib calculator is available at https://www.logib.admin.ch/home.

[10] A recent survey of 124 employers and employee representatives in 14 countries found a preference for reporting the gender wage groups with more fine-grained details, e.g. for specific positions or tasks, rather than the aggregated gender wage gap for the entire organisation (Eurofound, 2020[27]).

[11] In Switzerland, a pay equity audit can be carried out by an independent body that is not regulated by the government, i.e. an organization under Article 7 of the Gender Equality Act or an employees' representation (see Article 13d para 1b Gender Equality Act (GEA)). These organizations under Article 7 GEA are not audit firms in the sense of the Auditor Oversight Act. However, in practice most audits will be carried out by firms of auditors licensed under the aforementioned Auditor Oversight Act. Only a minority of employers choose an organization under Article 7 GEA.

[12] New Zealand is attempting to correct for historical pay discrimination by addressing remuneration gaps across male-dominated and female-dominated occupations that hold equal value. Since the Equal Pay Amendment Act of 2020, a new pay equity procedure allows unions, or individual employees, to raise pay equity claims on the basis that the work the claim relates to is predominantly performed by women, defined as 60 percent of the workforce being female, and is currently, or has historically been, undervalued. Once undervaluation has been established, the work can be compared with comparable work predominantly performed by men (Chapter 2).

[13] A notable exception to this trend is Sweden, which requires equal pay audits from firms with at least ten employees.

[14] Austria has online tools for both workers and employers. There is an online salary calculator (www.gehaltsrechner.gv.at) that is used primarily by workers to calculate the salary that can be expected in certain occupations, industries and regions, including the gender pay gap in these areas (based on payroll tax data). There is also a toolbox for employers, updated in 2021, with practical tips and assistance for the preparation, analysis and use of internal company income reports (www.fairer-lohn.gv.at).

[15] Austria offers an "equal pay quality label," which is awarded to companies based on their efforts to promote gender equality within the enterprise. The representation and number of women in leadership positions and measures regarding pay transparency are taken into account and assessed based on their quality and effectiveness.

[16] The treatment groups were exposed to the following interventions: 1) the gender pay gap (GPG) presented as percentage and visually in a bar chart; 2) identical to 1st but with benchmarking (against other companies) information; 3) identical to 2, but GPG presented in terms of money and visually as coins; 4) GPG presented as percentages in the type of the U.K. Energy Performance Certificate. The control group only saw the percentage difference GPG.

[17] For an overview of this work, see www.oecd.org/gender.

2 Promoting equal pay for work of equal value

Rose Khattar

This chapter presents an overview of equal pay legislation and the use of job classification schemes to promote equal pay in OECD countries. Almost every OECD country has established the right to equal pay for equal work and/or the right to equal pay for work of equal value, and many countries use job classification systems, particularly in the public sector, in an attempt to standardise pay across positions.

Key findings

- Almost all OECD countries have legally defined the concept of "equal pay for equal work," and/or "equal pay for work of equal value," using measurable, objective standards.
- Recent developments in some national courts have clarified what factors can be assessed in determining work of equal value in equal pay claims. They tend to reinforce that only characteristics related to work are permissible, such as skills, effort and responsibility, rather than characteristics related to the worker, such as gender and age.
- Job classification systems help promote equal pay by identifying the relative worth of jobs using objective criteria of work-related characteristics, not *worker*-related characteristics. They are mandated in certain contexts in 15 OECD countries in the public sector and six OECD countries in the private sector.
- Some countries do not require job classification systems, but such systems are still fairly common.
- Ten OECD countries mandate job classification systems to be explicitly gender-neutral if job classifications are used by companies and/or they are used to fulfil pay auditing obligations. Explicitly gender-neutral job classification systems can correct for gender biases in job valuations that might otherwise reinforce existing gender pay disparities.

For an individual worker, it is very difficult to know when she or he is being paid less than a comparable colleague doing work of equal value. Few OECD countries guarantee workers the right to learn what a comparable colleague is earning, and even when this is allowed, it is difficult to determine who should be considered a "comparator" (see Chapter 1). In practice, this means that while an employee may be allowed to ask a colleague how much they earn, an employee is usually unable to ask their human resources departments what other colleagues, or groups of colleagues, earn. In lieu of guaranteeing this right to know a comparator's earnings, governments have introduced a range of measures that proxy for this knowledge.

This chapter discusses two such measures:

1. The use of legislation to ensure equal pay for work of equal value.
2. The use of job classifications to make the value of a given job more transparent, with a focus on ensuring that such classifications be gender-neutral, i.e. use "objective" criteria that are tied to work-related characteristics, such as effort or skill, not worker-related characteristics, such as gender and age.

Equal pay legislation and the application of gender-neutral job evaluation and classification systems can help to eliminate some of the discriminatory element of the gender pay gap by asking employers to use measurable and observable criteria to determine pay. These measures give employees some degree of transparency about the remunerative value of specific jobs, and they can also be used as part of an equal pay claim that seeks to redress gender-related disparities in pay.

2.1. Most countries guarantee a right to equal pay for equal work or work of equal value

Twenty-seven OECD countries report in the OECD GPTQ that they have clarified the concept of equal pay for equal work and/or work of equal value in national law.[1] They are: Australia, Canada, Chile, Costa Rica, the Czech Republic, Denmark, France, Germany, Hungary, Iceland, Ireland, Israel, Italy, Korea, Lithuania, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Spain, Sweden,

Turkey, the United Kingdom and the United States.[2] The use of legislation to ensure equal pay for work of equal value can help to close the gender pay gap by providing a clear concept to assist with determining fair pay irrespective of an employee's gender.

Several countries have not explicitly clarified the concept of equal pay for equal work (or work of equal value) through *legislation,* but in practice support this principle. This list includes Austria, Belgium, Colombia, Finland, Greece, Japan, Latvia and Switzerland (OECD GPTQ 2021, see Annex A). Nevertheless, laws may set equal pay obligations without an explicit definition of work of equal value.

Sometimes the concept has been defined through the court system (such as in Austria, Belgium, Greece, Finland and Latvia). For instance, in Belgium, national courts interpret the concept of work of equal value in accordance with European Directive 2006/54/EC on the implementation of the principle of equal opportunities and equal treatment despite there being no legislative definition. Similarly, in Greece "work of equal value" is defined and interpreted by national courts.

Determinations around what qualifies as "work of equal value" are usually assessed and compared based on objective (or at least measureable) criteria, such as education, professional and training requirements, skills, effort and responsibility, work undertaken and the nature of tasks involved (see Box 2.1). This means that a worker's characteristics such as their age, gender or parenthood status should not be considered. In Europe, laws and policies may be influenced by the EU Directive 2006/54/EC calling for "a range of factors, including the nature of the work and training and working conditions" to be considered when assessing whether workers are in a comparable work situation and, correspondingly, whether workers are performing the same work or work of equal value and receiving equal pay. These criteria are not only used in EU countries. For instance, in Korea, factors to be considered similarly include the skills, responsibility and conditions associated with a role.

Even in nations with definitions of "work of equal value", those pursuing equal pay cases may face difficulties in practice in understanding what factors should be considered (see Box 2.2). The absence of a more explicit definition of the concept of work of equal value, including a clear indication of the evaluation, can be an obstacle to initiating legal proceedings. In many OECD nations, courts and governments have taken steps to further clarify what factors can be considered when assessing work of equal value in pay equity claims. Some noteworthy recent developments have taken place in Canada, Israel, New Zealand and the United States.

Box 2.1. The concept of "equal pay for work of equal value"

Research on the gender wage gap tends to emphasise the importance of ensuring equal pay for work of equal value, rather than simply equal pay for equal work. But what does this mean?

In practice, equal pay for work of equal value means that women and men should be paid the same amount if they do identical or similar jobs – but that they should *also* earn equal pay if they do completely different work that can be shown to be of equal value, when based on "objective" criteria. These objective criteria tend to encompass job-related characteristics such as skills, effort, levels of responsibility, working conditions and qualifications. In this way, ensuring "equal pay for work of equal value" can help to correct for the historic undervaluation of female-dominated labour. Men continue to be overrepresented in higher-paid sectors and women in lower-paid ones, despite many female- and male-dominated sectors having similar work-related characteristics and comparable value (EPIC, 2020[1]).

As discussed in this chapter, a strong majority of OECD countries have sought to clarify the concept of "work of equal value" in national legislation. An explicit definition of "work of equal value" can then be implemented by organisations and tested in courts or alternative dispute resolutions, such as mediation, through equal pay claims when workers or workers' organisations attempt to identify and remedy instances of unequal pay.

Below are two cases that highlight how courts across the OECD have dealt with pay equity claims and applied "work of equal value" in practice within the same organisation, or across different sectors.

In **Spain**, the Spanish Supreme Court (No. 2328/2013) in 2013-14 heard an equal pay claim from housekeepers working in a hotel. The housekeepers, who were mostly female, were arguing that they were underpaid relative to bartenders, who were mostly male, working in the same hotel. The Court found that the housekeepers performed work of equal value to that of the bartenders, as both jobs were classified within the same category in their collective agreement. Consequently, it held that the housekeepers deserved pay equal to that of the bartenders.

In **France**, in 2012, the high-level Court of Cassation (No. 09-40021), heard a case of a female Human Resources, Legal and Office Department Manager's dismissal. The plaintiff argued that her salary was lower than her male counterparts despite them performing identical work. The Court found that the seniority, classification and responsibilities of the plaintiff's role, compared to her male counterparts, were of equal value.

2.1.1. Canada

Canada's new Pay Equity Act requires federally regulated private and public sector firms with 10 or more employees to take proactive steps to ensure they are providing equal pay for work of equal value. Each employer is required to develop and maintain a pay equity plan covering all of their employees that identifies difference in compensation between positions that are mostly held by women and those mostly held by men that are found to be of equal value. The legislation sets out how to determine which positions are predominantly male and female, how to value the work and calculate the compensation for those positions, and then then compare them. The value of work must be the composite of the skill, effort and responsibility required to perform that work and the conditions under which that work is performed. The same method must be used to determine the value of work for all of the positions covered by the pay equity plan, and that method must not discriminate on the basis of gender.

2.1.2. Israel

Israel's Equal Pay Law explicitly defines work considered equivalent by assessing the skills, effort and responsibility required to perform the work. In making this assessment, parties to an equal pay dispute may seek to use an expert. Recently, courts have adopted the notion that it is appropriate to ignore the influence of external factors in driving wage differences.[3] These external factors include personal wage negotiations, requirement for wage increases during the work period and any "market" explanations for gender pay gaps. In effect, these courts have clarified that only the quality of work, the employee's skills and seniority should be taken into account when determining the value of work.

2.1.3. New Zealand

New Zealand's Equal Pay Act requires that payments for the same or substantially similar work make no differentiation based on the worker's sex. In pay equity claims, factors to be considered when undertaking a work assessment include skills, responsibilities, work conditions and effort.

Recent developments in New Zealand have sought to correct for historical pay discriminations by improving the pay equity process for women in occupations that have been economically disadvantaged compared to work of equal value done by men. Since November 2020, a new pay equity procedure guaranteed by the Equal Pay Amendment Act[4] allows unions, or individual employees, to raise pay equity claims on the basis that the work the claim relates to is predominantly performed by women, defined as 60% of the workforce being female, and is currently, or has historically been, undervalued.

Once undervaluation has been established, the work can be compared with comparable work predominantly performed by men. There is no restriction on which sector male comparators can be drawn from and parties do not need to agree on male comparators – they are used by the parties as a basis for negotiation. This means that, if the work that is the subject of a pay equity claim is situated in an entire sector that is comprised of work that is female-dominated (and undervalued due to systemic sex-based discrimination), there is no issue finding comparators for the assessment process as these can be drawn from any sector. The amount of the undervaluation is then used for collective bargaining purposes. There is no mechanism to apply claims beyond the parties to a pay equity settlement, that is, across an entire sector.

New Zealand has also made it easier to pursue a pay equity claim by ensuring courts are a last-resort option. Workers or unions can make a pay equity claim by negotiating in good faith with employers, or if they cannot agree through mediation or other dispute resolution processes.[5] To assist employers, employees and unions navigate the new system the government has provided guidelines, including how it initiate pay equity claims.[6] Currently, a number of pay equity claims are progressing in health, education and the public sector generally. New Zealand offers a useful online guide for how to advance an individual pay equity claim[7].

2.1.4. United States

The United States' Equal Pay Act requires that men and women in the same workplace be given equal pay for equal work.[8] Equal work "requires equal skill, effort, and responsibility, and which are performed under similar working conditions".[9] There is considerable variation across state equal pay laws, with all but one of the 50 US states (Mississippi) offering protections beyond federal laws.[10] Some states, such as California, do not allow prior salary to be a justification for differences in current salaries and many states have removed pay secrecy laws.[11] The US Department of Labour publishes an online map illustrating the different forms of equal pay legislation across US states.[12]

In 2020, the US Ninth Circuit[13] assessed what factors can be used as a defence to an equal pay claim and held that only job-related factors could be used. In holding that salary history was not a permissible defence

for pay differentials, the court stated that "setting wages based on prior pay risks perpetuating the history of sex-based wage discrimination."

In addition, sex-based pay discrimination claims may also be brought under Title VII (and Executive Order 11246, which applies to federal contractors).

While the United States does not require employers to publish pay data, there are national laws that prevent discrimination against employees who enquire about such information.

Box 2.2. Equal pay claims face obstacles even when good legislation is in place

From 2013 to 2021, the Independent Education Union of Australia (IEU), litigated before the Australian Fair Work Commission on behalf of early childhood educators regarding an equal pay claim. This two-part case commenced with an argument that early childhood educators with four years of university education were underpaid relative to male primary school teachers and engineers. The Fair Work Commission ([2 021] FWCFB 2051) found against this equal pay claim citing that the union did not meet the strict requirements of the Fair Work Act, particularly when identifying a relevant comparator.

However, while the equal remuneration order was not granted, the IEU concurrently ran a "work value application" to increase the wages of teachers covered by the Educational Services (Teachers) Award 2020 (EST Award). In considering the IEU's award variation (work value) application to increase wages for early childhood teachers covered by the EST Award, the FWC found there are indeed work value grounds justifying a variation and has proposed to vary the wage and classification structure. (The Fair Work Commission has reserved its decision in the matter.)

This Australian example illustrates that the existence of equal pay laws, while important, do not necessarily mean that making an equal pay claim will be easy. In fact, equal pay cases are relatively scarce (Burri, 2019[2]). For instance, in Australia, only one equal pay case has been successful in 30 years at the federal level (Mathews, 2021[3]).

There is a range of reasons why legal protections can be insufficient to ensuring equal pay (Burri, 2019[2]), including:

1. Obtaining pay information to learn what a comparator is earning is difficult (see Chapter 1);
2. Onus of responsibility placed upon female employees or their representatives;
3. Self-fulfilling prophecy whereby female employees and their representatives are deterred from initiating claims as they do not see others pursuing equal pay cases, or if they are pursued seeing them not succeed;
4. Judicial inconsistencies as to the application of what is considered work of equal value;
5. A lack of explicit and clear definition of equal work;
6. Difficulties in finding a suitable comparator, with some countries requiring the identification of only a male comparator;
7. Cost of pursuing an equal pay claim is high in terms of financial, mental, and time costs.

2.2. Job classification systems are useful for promoting equal pay, even if they are not explicitly gender-neutral

Employers may use job classification systems as a systematic and consistent way to determine pay structures and, consequently, individual employee pay outcomes. Job classification systems can simplify the process of determining the value of a job by ranking each job within an organisation against objective

criteria that relates to the required skills, effort, responsibilities, working conditions, education, and difficulty of a role, amongst other observable characteristics (see Box 2.3). Job ranks can then correspond to pay scales (European Commission, 2017[4]).

While job classification systems tend to be developed and implemented by a company's human resources department, they are often developed by social partners and/or commercial management consultancy companies (European Commission, 2017[4]). In some cases, governments can mandate the use of a job classification system. This tends to be the case in the public sector. In the private sector, it is usually left up to companies or social partners, including during collective bargaining, to decide whether they want to use a job classification system (European Commission, 2017[4]). When this happens, governments may be able to mandate, or issue guidelines on (such as in Australia[14] and the United Kingdom[15]), what factors should and should not be considered.

How are job classifications relevant to pay equity? A job classification system helps to support the principle of work of equal value by assessing the relative worth of jobs in a gender-neutral manner. Job classification systems rely upon an objective *work*-related criteria, which means they should not factor in the characteristics of *workers* most likely to hold a given job, such as their gender. In this way, job classification systems should lead to male- and female-dominated work being paid in a similar manner if their job-related characteristics are the same. This is more likely to occur if job classification systems are explicitly set up in a gender-neutral manner (see Box 2.4).

Box 2.3. The role of job classifications in evaluating the value of a job

The European Commission identifies two primary methods to evaluate the value of a job: 1) job classifications, in which jobs are "graded taking the whole job description at once" into account, and 2) factor-based or analytical job evaluations, where job descriptions are graded "for every factor found relevant for the value of jobs, such as the skills needed, the amount of responsibility involved, the necessary education level, working conditions that apply, the degree of leadership called for, the accuracy required, and so on. The job can earn points for every factor and in the end the points will be added up and the job will be ranked on a grid on the basis of total points earned" (European Commission, 2017[4]). The second analytical method is recommended by the ILO for pay equity purposes (ILO, 2008[5]). This chapter focuses on both job classification systems used in OECD countries for determining the value of a job.

Notably, Article 4 of the Directive 2006/54/EC of the European Parliament and of the Council expresses that "where a job classification system is used for determining pay, it shall be based on the same criteria for both men and women and so drawn up as to exclude any discrimination on grounds of sex."

There is considerable variation across OECD countries with respect to when mandated job classifications take place, how widespread they are in practice and if they are explicitly considering gender.

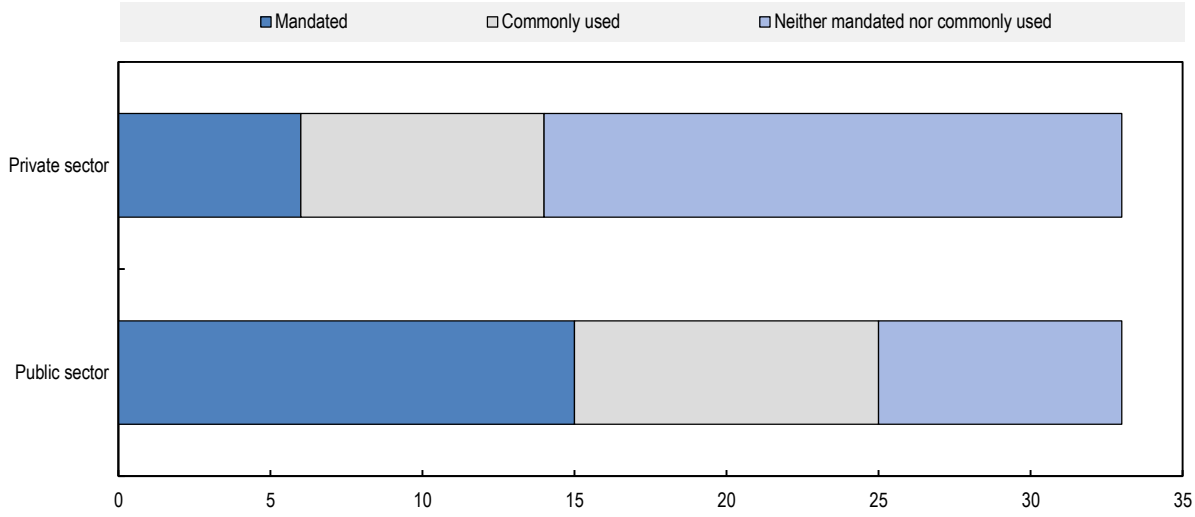
As public sector jobs are often federally regulated and characterised by set salary scales, job classification systems are most commonly found in the public sector (Figure 2.1). Fifteen OECD countries use job-classifications systems in the public sector (Austria, Canada, Costa Rica, the Czech Republic, Finland, France, Hungary, Iceland, Japan, Latvia, Mexico, Poland, Portugal, Spain and the United States) and an additional nine countries (Australia, Colombia, Germany, Israel, Italy Lithuania, the Netherlands, New Zealand and Sweden) report that they are commonly used in certain contexts.

Six countries mandate job classifications in the private sector in certain contexts (Canada, Finland, France, Iceland, Spain and Portugal). While some countries do not have mandatory job classifications requirements in the private sector, job classifications can still be commonly found at the company level or

as part of collective agreements (Figure 2.1). In Poland, for example, while not mandatory, job classifications are most commonly used by large companies.

Figure 2.1. Job classification systems in the public and private sectors

Frequency counts of job classification systems in the public and private sectors, select countries based on responses to the OECD GPTQ 2021



Note: For the public sector, 15 countries (Austria, Canada, Costa Rica, the Czech Republic, Finland, France, Hungary, Iceland, Japan, Latvia, Mexico, Poland, Portugal, Spain and the United States) mandate job classifications, 10 countries (Australia, Colombia, Germany, Israel, Italy, Lithuania, the Netherlands, New Zealand, Switzerland and Sweden) report that job classification systems are commonly used and 8 countries (Belgium, Denmark, Ireland, Luxembourg, Norway, the Slovak Republic, Turkey and the United Kingdom) report that they do not mandate or commonly use job classification systems.
For the private sector, 6 countries (Canada, Finland, France, Iceland, Portugal and Spain) mandate job classifications, 8 countries (Australia, Belgium, Germany, Italy, Lithuania, Luxembourg, the Netherlands, and New Zealand) report that job classification systems are commonly used and 19 (Austria, Colombia, Costa Rica, the Czech Republic, Denmark, Hungary, Ireland, Israel, Japan, Latvia, Mexico, Norway, Poland, the Slovak Republic, Sweden, Switzerland, Turkey, the United Kingdom and the United States) report that they do not mandate or commonly use job classification systems.
Five countries (Chile, Estonia, Greece, Korea and Slovenia) did not respond to this section of the OECD GPTQ.
Source: OECD GPTQ 2021.

2.3. Some OECD countries mandate explicitly gender-neutral job classifications

Ten OECD countries (Belgium, Canada, Finland, France, Germany, Iceland, Portugal, the Slovak Republic, Spain, the United States) report that they have mandated that job-classification systems must be *gender-neutral* if companies use job classification systems or if job classification systems are needed to fulfil equal pay auditing obligations (Chapter 4).

In some countries (Belgium, Germany, Portugal, the Slovak Republic and the United States), if job classifications are used, the law requires that they be gender-neutral – even though job classifications do not need to exist in the first place. Additionally, in countries with equal pay auditing systems (Chapter 4), job classification systems are often used to help to identify pay discrimination. Canada, Finland, France, Iceland, Spain and Portugal all embed job classifications as part of pay auditing processes helping ensure job classifications become more widespread.

Box 2.4. Why does it matter if job classifications are explicitly gender neutral?

Not all job classification systems will have gender-neutral outcomes. There is a risk that job evaluation systems "prioritise the content of male-dominated work and, in doing so, exclude and devalue much of the content of jobs typically performed by women." (Wagner, 2020[6]) This is because the process of defining the value, or relative value, of a job may still have gender biases with traditionally 'male work' seen to be more valuable than 'female work'. Those undertaking valuations can themselves bring conscious and/or unconscious bias to the process. As a consequence, job classification systems may not deal with the pay inequity consequences of horizontal segregation. In essence, job classification systems may not actually implement the principle of work of equal value (see Box 2.1) and can sometimes even reinforce or exacerbate the gender pay gap (ibid).

Research has shown that when designed with equal pay considerations in mind, job classification systems are more likely to achieve equal pay for work of equal value goals (Wagner, 2020[6]). The ILO recommends and provides a step-by-step guide for employers, human resources personnel and social partners on how to administer this with a notable emphasis on the need to analyse the gendered nature of work (ILO, 2008[5]). Researchers in the European (European Parliamentary Research Service, 2015[7]) and Australian (Workplace Gender Equality Agency, 2012[8]) contexts have found that ensuring those evaluating jobs are mixed-sex and have adequate training beforehand helps mitigate against bias creeping into the process. But best practice requires more than applying a gender lens – it requires that job classification systems are checked and verified by a government body for gender biases and that penalties for non-compliance exist and are sufficient to ensure companies fulfil their obligations (Wagner, 2020[6]).

If job classification systems actually are gender-neutral and do in fact ensure that workers performing work of equal value are paid the same, pay equity claims may no longer need to be litigated. This would mean that workers and their representatives can avoid many of the obstacles associated with initiating such claims (see Box 2.2).

In Finland's pay survey process, for example, an employer must explain pay differences if a review of groups based on job grade, duties or other grounds in the pay survey reveals clear differences between pay for women and men. If the workplace has established a remuneration system, the central components are inspected in order to clarify the reasons for gender differences. Similarly, in Iceland, the Equal Pay Standard requires companies to build their equal pay system based on a gender-neutral job classification system (see Chapter 4). Iceland's move from a voluntary Equal Pay Standard around job evaluations to a mandatory system has seen gender-neutral job classifications gradually become more common. Canada's new pay auditing system (see Chapter 4) requires federally regulated private and public sector employers with ten or more employees to establish a pay equity plan that: identifies positions that are mainly held by women or by men; values those positions using the gender-neutral criteria of skill, effort, responsibility and working conditions; and compares the compensation of male- and female-predominant positions of comparable value to find and measure pay equity gaps.

Belgium, France, Germany, Japan and the United States include mandated job-classification systems in either the private and/or public sector in an effort to help close the gender pay gap.

2.3.1. Private sector measures

Belgium

Under the Equal Pay Act 2012, Belgium seeks to ensure that sectoral job classifications are gender-neutral by measuring classifications against a control instrument established in collaboration with experts. To aid

in this, the Institute for the Equality of Women and Men has developed a checklist that employers can use to verify that their classification systems are indeed gender-neutral.[16] This includes avoiding gender references in job titles or classifying high grading jobs simply as those most likely to be completed by men. The Institute for the Equality of Women and Men recommends the use of a job classification expert and that companies work to ensure the committee establishing the classification system is proportionate and balanced with respect to job and gender.

The Federal Public Service of Employment, Labour and Social Dialogue (SPF ETCS) is in charge of enforceability. If a job classification is not gender neutral, the agreement is included on a "name and shame" list. This list must be forwarded to the Minister of Employment and the Institute for Equality of Women and Men and is then published online. Belgium reports that since the introduction of these measures, most sectoral agreements include gender neutral classifications with only a few remaining on the list.

France

In France, organisations bound by collective agreements meet at least once every five years to consider revising job classifications. As part of this revision, they need to account for gender equality in their workplace. France reports that social partners must analyse and evaluate current job classification criteria in order to identify any gendered aspects and, subsequently, work to correct these. This is an effort to ensure that the skills of employees are taken into account in determining pay, not their gender.

Germany

In Germany, when job classifications exist, they must be designed in a way to exclude any discrimination based upon gender. To do so, the remuneration systems must include the following four considerations: objectively consider the work activity; use common criteria for female and male employees; use individual characteristics in a discrimination-free manner; and be transparent.

However, gender-neutral job classifications are not mandatory in collective agreements. This is because, under the German Constitution, the principle of free collective bargaining ensures that social partners have considerable freedom to implement processes. This situation is similar in many other countries. Nevertheless, in practice most collective agreements in Germany around salary tend to ensure salary is determined by the position of the employee, not the employee's gender. To achieve this, the tasks and skills associated with the position are considered.

Further, as part of mandatory auditing schemes (see Chapter 4), private employers with more than 500 employees are called upon by the German Government to assess their remuneration provisions and applications, on a regular basis, to ensure they are compliant with the principle of equal pay for women and men (although pay statistics are not mandated to be reported).

2.3.2. Public sector measures

Japan

Employees in the Japanese public sector, at both the local and national level, are paid through a gender-neutral remuneration scheme. Under Article 62 of the National Public Service Act and Article 24 of the Local Public Service Act, remuneration for a given job within the public sector is determined on the basis of the duties and responsibilities associated with that job, regardless of gender. The national government utilises common salary schedules[17] for national public employees. Local governments utilise common salary schedules[18] in each local government for local public employees. As in most OECD countries, pay discrimination by gender in the public sector is explicitly prohibited.[19]

United States

In the United States, Title VII of the Civil Rights Act prohibits job classification or differential treatment in the terms, conditions, or privileges of employment based on sex. Employers are not required to use job evaluation or classification systems, but to the extent that they do so, such systems cannot be based on sex.

In the public sector, the federal government is required[20] to follow a statutory plan for classification of positions to determine the rate of pay an employee will receive in accordance with the principle of equal pay for substantially equal work. Information about the federal government's position classification and qualifications system[21] and salary scales[22] are publically available.

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Annex 2.A. Policy table: Defining the concept of equal pay across countries

Annex Table 2.A.1. Summary policy table: Equal Pay Obligations

Summary of national legislation supporting obligations of equal pay for equal work or work of equal value, 2021

Country	Measure and date created	Description	Objective standard	Developments
Austria	Equal Treatment Act, 1979	Covers discrimination based on grounds of sex, amongst others, at work and includes equal pay for equal work. Right to equal pay for equal work or work of equal value developed through national case law.	Yes	The Ombud for Equal Treatment published a legal opinion on the definition of "work of equal value" in 2019. Equal Treatment Act has been amended several times.
Australia	Fair Work Act 2009	Provides the Fair Work Commission with the power to vary modern awards if necessary to achieve the modern awards objective on a number of grounds, including if the variation of modern award minimum wages is justified by work value reasons The Fair Work Act allows the Fair Work Commission to make Equal Remuneration Orders to ensure that there will be equal remuneration for men and women workers for work of equal or comparable value.	Yes	There is a work value application currently before the Fair Work Commission for some early childhood teachers.
Canada	Equal Wages Guidelines 1986 and Pay Equity Act 2021	The Equal Wage Guidelines require employers to assess the skill, effort, responsibility and working conditions of their workforce to determine if they are protecting their employees' rights to pay equity. The Guidelines are often referred to in case law. The Pay Equity Act applies to public and private federally regulated employers with 10 employees or more, including parliamentary institutions, Minister's offices and the Prime Minister's office. The Act requires employers to proactively examine their compensation practices to determine whether there is a difference in compensation between positions that are mostly held by women and those mostly held by men that do work of equal value according to a gender-neutral assessment of the skill, effort, responsibility and working conditions of those positions. If differences in compensation exist, employers are required to increase the compensation of affected employees and, then, maintain pay equity. The Pay Equity Commissioner, supported by the Pay Equity Unit within the Canadian Human Rights Commission is responsible for the administration and enforcement of the Act and its supporting regulations.	Yes	Equal Pay Act came into force in August 2021.
Chile	Labour Code	An employer must comply with the principle of equal remuneration for men and women who perform the same job, objective differences in remuneration based, among other reasons, not being considered arbitrary, capabilities, qualifications, suitability, responsibility or productivity.	Yes	No response
Costa Rica	Law on the Promotion of Social Equality for Women; Labour Code Law N. 2, Article 167.	Law states women shall have the right to equal pay with men for work of equal value under the same employer, whether it is the same position or different positions of equal value, or in similar or reasonably equivalent functions. Differences in remuneration based on objective criteria duly demonstrated and justified … will	Yes	Bill No. 22 522 amending Article 167 of Act No. 2, Labour Code of 1943 to incorporate equal pay in work of equal value.

Country	Measure and date created	Description	Objective standard	Developments
		not be considered arbitrary.		
Czech Republic	Labour Code 262/2006	As defined in Section 110, "for equal work or work of equal value, all employees should be valued equally. The equal work or work of equal value is understood as same or similar difficulty, responsibility and complexity, which is carried off in the same or similar working conditions, same or similar effectivity and working outcomes."	Yes	Supreme Court Judgement published in 2020 (21 Co 3955/2018-228) elaborated on same or comparable working conditions for same or comparable work.
Denmark	Equal Pay Act	As defined, "assessment of the value of work must be made on the basis of an overall assessment of relevant qualifications and other relevant factors."	Yes	No response
France	Article L3221-4, Labour Code	Provides how to asses equal value and defined as "the work which requires of the employees a comparable set of professional knowledge established by a title, a diploma or a professional practice, capacities resulting from acquired experience, responsibilities and physical or mental stress."	Yes	No response
Germany	Transparency in Wage Structures Act	The Act creates a clear legal basis for the principle of equal pay and also states definitions "work of equal value".	Yes	No
Hungary	Section 12 of the Act I, 2012	It states that "the equal value of work" for purposes of the principle of equal treatment shall be determined based on the nature of the work performed, its quality and quantity, working conditions, the required vocational training, physical or intellectual efforts expended, experience, responsibilities and labour market conditions".	Yes	No
Iceland	Equal Pay Standard, 2018	It is mandatory to implement the Equal Pay Standard within all companies and public institutions with 25+ employees.	Yes	No
Ireland	Section 7 of the Employment Equality Act	Defines the criteria whereby 'like work' is assessed for the purpose of equal pay.	Yes	No
Israel	Equal Pay Law	Defines work considered equivalent as, "if they are equivalent, inter alia in terms of the skills, effort and responsibility required to perform them and the environmental conditions in which they are performed are similar."	Yes	Courts ignore external factors like wage negotiations, and only the quality of work, employee's skills and seniority are considered.
Italy	Article 28 of legislative decree n. 198/2006, Article 37 of the Italian Constitution	This prohibits wage discriminations related to the same job, as well as to job of equal value. The principle of non-discrimination is also defined in the Italian Constitution, which states: "the female worker has the same rights and, for equal work, the same pay as the male worker".	No	No
Korea	Equal Employment Opportunity and Work-Family Balance Assistance Act	Standards for equal-value work shall be skills, labour, responsibility, working conditions, etc. required for the performance of duties, and employers shall, in setting such standards, hear opinions of the member representing the employees at the labour-management council.	Yes	No
Lithuania	Article 140 (5) of the Labour Code	Same job means performing work activity that, according to objective criteria, is the same or similar to other work activity to the extent that both workers can be exchanged at no added cost to the employer. Equivalent work means that it is no less skilled and no less important to the employer in achieving its operational goals than other comparable work.	Yes	No
Mexico	Federal Labour Law	Equal work, performed in the same position, working day and efficiency conditions, must correspond to the	Yes	No

Country	Measure and date created	Description	Objective standard	Developments
		same salary.		
The Netherlands	Article 7:646 of the Civil Code, Law on equal treatment of men and women (Article 7-12), 1980	There are multiple (collective) possibilities for the enforcement of equal pay for men and women. For example, the works council ('ondernemingsraad') of an organisation has the legal task to promote the equal treatment of men and women (Article 28 WOR). Enforcement of equal pay is possible through (collective or individual) legal proceedings through the civil courts. Employees or the Works Council can also ask the Netherlands Institute for Human Rights ('College voor de Rechten van de Mens') for an opinion if they believe that there is unequal pay. It is up to the employee to put forward facts that may suggest a distinction, after which it is up to the employer to prove that there is no unequal pay.	Yes	A recent evaluation by the Netherlands Institute for Human Rights ('College voor de Rechten van de Mens') and discussions in Parliament (2018 Kamerstuk 34338, nr. 3 | Overheid.nl > Officiële bekendmakingen[23].
New Zealand	Equal Pay Act	Requires pay equity claims that are considered to be arguable to undertake a work assessment based on specified factors, including skills, responsibilities, work conditions and effort, to determine whether there has been sex-based undervaluation.	Yes	No response
Norway	Equality and Anti-Discrimination Act	Whether the work is of equal value is determined by means of an overall assessment in which emphasis is given to the expertise that is required to perform the work and other relevant factors, such as effort, responsibility and working conditions.	Yes	No response
Poland	Articles 18^{3c} § 1 and 18^{3c} § 3 of the Polish Labour Code	Work of equal value means work that requires from employees not only comparable professional qualifications, certified by documents provided for in separate provisions or by practice and professional experience, but also comparable responsibility and effort.	Yes	No
Portugal	Articles 23 and 270 of Labour Code	Work of equal value is one in which the functions performed at the service of the same employer are equivalent, considering, in particular, the qualification or experience required, the responsibilities attributed, the physical and psychological effort and the conditions under which the work is performed.	Yes	No
Slovak Republic	Section 119a Labour Code, n. 311/2001 Coll.	Looks at work performed in the same or comparable working conditions and at producing the same or comparable capacity and results of work in employment relationship for the same employer.	Yes	No response
Spain	Article 4 of Royal Decree 902/2020	Establishes the obligation to respect the principle of equal pay for works of equal value, and the criteria to determine when works are of equal value	Yes	No, law is new.
Sweden	Discrimination Act	Equal value is regarded as of equal value to other work if it can be deemed so based on an overall assessment of the work, such as knowledge and skills, responsibility and effort. In assessing the nature of the work, particular account is to be taken of working conditions.	Yes	No
Turkey	Labour Act, 5 Article 2003	As defined in the Act, "No discrimination based on language, race, sex, political opinion, philosophical belief, religion and sex or similar reasons is permissible in the employment relationship. Except for biological reasons or reasons related to the nature of the job, the employer must not make any discrimination, either directly or indirectly, against an employee in the conclusion, conditions, execution and termination of his (her) employment contract due to the employee's sex or maternity. Differential remuneration for similar jobs or for work of equal	Yes	The "National Monitoring and Co-ordination Board for Women's Employment" was established in accordance with the Prime Ministry Circular No. 2010/14 to identify existing problems regarding the employment of women and to monitor, evaluate and ensure co-ordination and co-operation of all relevant parties in order to

Country	Measure and date created	Description	Objective standard	Developments
		value is not permissible.Application of special protective provisions due to the employee's sex shall not justify paying him (her) a lower wage."		solve these problems.
United Kingdom	Equality Act, 2010	Equal pay provisions outlined in the law, with subsequent employment tribunal cases adding to this understanding.	Yes	Recent cases of public sector employers and supermarkets have centred on which roles can be considered as comparators for the purposes of 'work of equal value' cases.
United States of America	Equal Pay Act (EPA), at 29 U.S.C. 206(d)(1)	Equal work assessed as jobs in which "the performances require equal skill, effort, and responsibility, and which are performed under similar working conditions, except where such payment is made pursuant to (i) a seniority system; (ii) a merit system; (iii) a system which measures earnings by quantity or quality of production; or (iv) a differential based on any other factor other than sex"	Yes	The Ninth Circuit court recently held that salary history is not a factor other than sex that may be used to justify pay differentials. The Supreme Court declined to review the employer's appeal of this decision.

Note: Twenty-seven OECD countries (Australia, Canada, Chile, Costa Rica, the Czech Republic, Denmark, France, Germany, Hungary, Iceland, Ireland, Israel, Italy, Korea, Lithuania, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Spain, Sweden, the United Kingdom and the United States) clarify the concept of equal pay for equal work (and/or equal value) in national law. Most other countries support this principle through case law. Three countries (Slovenia, Luxembourg and Estonia) did not respond to this section of the OECD GPTQ 2021. Other sources report that Estonia, Luxembourg and Slovenia do not have a legally defined objective criteria for assessing work of equal value ((European Commission, 2017[4]; The World Bank, 2020[9]).
Source: OECD GPTQ 2021.

Annex 2.B. Policy table: The use of job classification schemes to promote equal pay

Annex Table 2.B.1. Policy table: Job classification systems

Summary of mandatory and related job classification schemes in OECD countries, 2021

Country	Measure	Sector	Explicitly gender neutral	Description	Developments
Austria	Section 137 (respectively in Section 143 or 147) of the Federal Civil Servants Act 1979 (BDG 1979).	Public	No	Federal Civil Service uses an analytic job evaluation system that determines that the job evaluation must take into account the knowledge requirements associated with the job, the mental capacity required to implement the knowledge and the responsibility.	No
Belgium	Gender Pay Gap Act, 2012	Private	Yes	In order to ensure that sectoral classifications are gender neutral, this law establishes a control of the classifications of sectoral functions. This control is carried out on the basis of a control instrument established by experts in collaboration with the service which carries out this control.	At sectoral level if job classification is not gender neutral, they are included on a "name and shame" list. This list is forwarded to the Minister of Employment and the Institute for Equality of Women and Men and published online.
Canada	Pay Equity Act 2021	Public and private federally regulated employers with 10 employees or more	Yes	Employers establish a pay equity plan that: (i) identifies jobs that are mainly held by women or by men; (ii) values those jobs using the gender-neutral criteria of skill, effort, responsibility and working conditions; and (iii) compares the compensation of male- and female-dominated jobs of comparable value to find and measure pay equity gaps.	This is a new law.
Costa Rica	Wages fixed by executive decree	Public	No	The fixing of some wages in the public sector is established by executive decree.	Currently moving towards defining wages through the Public Employment Act, which will enable unification of base salaries in government to target the principle of equal pay for equal work.
Czech Republic	Wages fixed by government regulations	Public	No	Pay levels are defined by government regulations, based on various criteria, such as level of education, practice and	No

Country	Measure	Sector	Explicitly gender neutral	Description	Developments
				competences. There is also catalogue of jobs/positions in public sector that includes the recommended pay levels.	
Finland	Equality Act, 2014	Private and public sector employers with 30 employees or more	Yes	Part of pay auditing obligations.	No
France	Article L. 2241-15 of the Labour Code, Regulation of Remuneration by the General Statute of the Public Service.	1. Private and 2. public	Yes	1. Organisations bound by agreements, meet at least once every five years to consider revising classifications and part of this is to account for gender equality. 2. Remuneration linked to grade classification. Also can be used in pay auditing obligations.	Equality Index
Germany	Transparency in Wage Structures Act	Private	Yes	Remuneration system if they exist must be designed in a way to exclude any discrimination on gender.	No
Hungary	Act CXXV/2018 on Governmental Administration, Act CXCIX/2011 on Public Servants	Public	No	Statutory classification and pay scale systems are operated in all areas of the budgetary sector. They do not differentiate between men and women. The remuneration system of officials in the Hungarian public administration is based on the duties and responsibilities of their positions regardless of gender.	No
Iceland	Equal Pay Standard	Private and public, 25 or more employees	Yes	Part of pay auditing obligations. Requires companies to build their equal pay system to be based on gender neutral job evaluation system.	This is a development.
Japan	Article 62 of National Public Service Act and Article 24 of Local Public Service Act	Public	Yes	The remuneration of Japanese public sector employees is paid on the basis of the duties and responsibilities of their positions regardless of gender.	
Latvia	Remuneration of Officials and Employees of State and Local Government Authorities 2010	Public	No	Pay is set by levels.	
Mexico	Standard for the Description, Profile and Valuation of Posts, 2005	Public	No	The process of creating job descriptions is outlined. The process of valuing positions is also defined and includes assigning positions a value in points in order to classify them into groups and grade classifications.	No
Poland	Art. 84.1, Civil Service Act of 21 November 2008 (Journal of Laws No. 227, item 1 505)	Public	No	Positions in the polish civil service are subject to description and evaluation.	No

Country	Measure	Sector	Explicitly gender neutral	Description	Developments
Portugal	Law no. 60/2018	Private and public	Yes	Part of pay auditing obligations. In the private sector, companies must ensure the existence of a transparent remuneration policy, founded on the assessment of the components of functions, based on objective criteria, common to men and women. In the public sector, there is a remuneration table exists for general career with three different categories according to skills, responsibilities and functional content of performed jobs.	No
Slovak Republic	N. 311/2001 Coll., section 119a Labour Code	Private	Yes	If a job-evaluation system is used, it must be used without sex discrimination using an objective standard.	No response
Spain	N/A	Employers with 50 employees or more, those compelled by a collective agreement or a decision of the labour authority.	Yes	Part of pay auditing obligations.	Yes, Royal Decree-law 6/2019, of 1 March, and Royal Decree 902/2020, of 13 October.
United States	1. Title VII of the Civil Rights Act of 1964 (private sector) and 2. 5 U.S.C. 5 101 et seq (public sector)	1. Private and public and 2. public	Yes	1. Title VII Prohibits job classification or differential treatment in the terms, conditions, or privileges of employment based on sex. Employers are not required to use classification systems, but to the extent that they do so, such systems cannot be based on sex. 2. Federal government is required to follow a statutory plan for classification of positions to determine the rate of pay an employee will receive in accordance with the principle of equal pay for substantially equal work.	No

Notes: For the public sector, 15 countries (Austria, Canada, Costa Rica, the Czech Republic, Finland, France, Hungary, Iceland, Japan, Latvia, Mexico, Poland, Portugal, Spain and the United States) mandate job classifications, 10 countries (Australia, Colombia, Germany, Israel, Italy, Lithuania, the Netherlands, New Zealand, Switzerland and Sweden) report that job classification systems are commonly used and 8 countries (Belgium, Denmark, Ireland, Luxembourg, Norway, the Slovak Republic, Turkey and the United Kingdom) report that they do not mandate or commonly use job classification systems. For the private sector, 6 countries (Canada, Finland, France, Iceland, Portugal and Spain) mandate job classifications; 8 countries (Australia, Belgium, Germany, Italy, Lithuania, Luxembourg, the Netherlands, and New Zealand) report that job classification systems are commonly-used; and 19 (Austria, Colombia, Costa Rica, the Czech Republic, Denmark, Hungary, Ireland, Israel, Japan, Latvia, Mexico, Norway, Poland, the Slovak Republic, Sweden, Switzerland, Turkey, the United Kingdom and the United States) report that they do not mandate or commonly use job classification systems.
Five countries (Chile, Estonia, Greece, Korea and Slovenia) did not respond to this section of the OECD GPTQ.
Source: OECD GPTQ 2021.

Notes

[1]Estonia, Luxembourg and Slovenia did not respond to this section of the OECD GPTQ 2021. Other sources report that Estonia, Luxembourg and Slovenia do not have a legally defined objective criteria for assessing work of equal value (European Commission, 2017[4]) (The World Bank, 2020[9]).

[2] In the United States this is referred to as work of "comparable worth."

[3] Relevant cases include 1758/11 Orit Goren et al. V. Home Center (Do It Yourself) Ltd. et al., 7582-05-17 State of Israel v. Etty Alshivili (14.8.19), 36943-08-16 Etty Assulin v. National Health Services and No. 969-08-15 S.Z. v. L.A. Ltd.

[4] Details on New Zealand's 2020 Equal Pay Amendment Act are available at: https://www.mbie.govt.nz/business-and-employment/employment-and-skills/employment-legislation-reviews/equal-pay-amendment-act/.

[5] These are incorporated within the Equal Pay Amendment Act: https://www.mbie.govt.nz/business-and-employment/employment-and-skills/employment-legislation-reviews/equal-pay-amendment-act/.

[6] More details available at: https://www.employment.govt.nz/assets/Uploads/tools-and-resources/publications/pay-equity-employees-employers.pdf.

[7] See page 9 at https://www.employment.govt.nz/assets/Uploads/tools-and-resources/publications/pay-equity-employees-employers.pdf.

[8] This does not include the right to claim equal pay for work of equal value, as job duties are required to be "substantially equal."

[9] More information available at https://www.dol.gov/agencies/wb/equal-pay-protections.

[10] More information available at at https://www.dol.gov/agencies/wb/equal-pay-protections.

[11] See, for example, California Labour Code § 1197.5(b)(4).

[12] An interactive map of state-level equal pay protections is available at https://www.dol.gov/agencies/wb/equal-pay-protections.

[13] Rizo v. Yovino, 950 F.3d 1 217 (9th Cir. 2020), cert. denied, 141 S. Ct. 189 (U.S. 2 July 2020).

[14] Available at: https://www.wgea.gov.au/sites/default/files/documents/Guide%20to%20Australian%20Standards%20on%20gender-inclusive%20job%20evaluation%20and%20grading.pdf.

[15] Available at https://www.equalityhumanrights.com/sites/default/files/gd.13.101-1_gender_neutral_jes-ig_18-03-14_final.pdf.

[16] Available at: http://genderpaygap.eu/documents/Belgium_Checklist_ENG.pdf.

[17] This is defined by the Law on Remuneration for National Public Employees in Regular Service and Rules of the National Personnel Authority.

[18] This is defined by the Local Public Service Act, and prefectural ordinance and municipal ordinance.

[19] This is defined in Article 27 of the National Public Service Act and Article 13 of the Local Public Service Act.

[20] See 5 U.S.C. 5 101 et seq.

[21] Available at: https://www.opm.gov/policy-data-oversight/classification-qualifications/.

[22] Available at: https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/.

[23] Available at https://zoek.officielebekendmakingen.nl/kst-34338-3.html#ID-854360-d36e89.

3 Company pay gap reporting

Valerie Frey

Nearly half of OECD countries now require some private sector employers to report the gender wage gap within their organisation to stakeholders such as workers, worker representatives, a government body, and/or the general public. The conditions of pay gap reporting vary enormously across countries. While some governments mandate a high degree of statistical details across a high share of employers, typically as part of an equal pay auditing process, many countries have opted for a simpler reporting system whereby select employers are required to report the overall gender wage gap.

Key findings

- Pay reporting rules require employers to regularly report gender pay gap statistics, such as the average or median remuneration of men and women, at the company or organisation level. This reporting can be shared with stakeholders like employees, workers' representatives, social partners, a government body, and/or the public.
- Eighteen OECD countries require certain private sector companies to report statistics on employee pay, disaggregated by gender, to designated stakeholders. A few countries embed these pay gap analyses within broader equal pay *auditing* processes aimed at gender equality in the labour market.
- The limited research that has been conducted suggests that pay reporting with sanctions does help to close the gender wage gap, in part by bringing men's pay in line with women's. But more and better evaluations are needed to understand the effects of pay reporting obligations on wage outcomes across with different policy designs.
- Administrative burden to firms, and lack of policy awareness, are frequently cited barriers to the effective functioning of pay reporting guidelines. While many governments have financial penalties in place for non-compliant employers, in practice these penalties are rarely enforced.

Employer reporting on gender wage gap statistics has become an increasingly common, straightforward part of national strategies to promote gender equality in pay. About half of OECD countries require private sector companies to report regularly gender-disaggregated statistics on their employees' pay to workers, unions, and/or the public, and a similar number require reporting from public sector employers.

These measures are most frequently found in Europe, perhaps related to pay reporting in companies with at least 50 employees being listed as one of the four key pillars of the 2014 EC Recommendation (Chapter 1). In fact, among European OECD countries that do not currently have pay reporting regulations in place, several report that they are considering supporting the 2021 proposal by the European Commission to implement binding pay transparency measures.

In the absence of employees' rights to obtain pay information on comparable employees (see Chapter 2), company pay reporting helps to substitute for this information by reporting on wage gaps within an organisation. The results of this within-company wage gap analysis are typically shared with employees via works councils or unions, shared with a government body, and/or shared with the public. Pay reporting helps to raise awareness of the presence, size and shape of pay inequity, and some early research suggests that such measures have had small effects on closing the wage gap.

One drawback of company pay reporting is that pay reporting data are typically not fine-grained, especially when compared to employees' rights to request pay information or the broader equal pay audit (Chapter 4). Some companies will be required to report average remuneration by job category or position, but in many cases countries mandate that companies only need to present the organisation-wide gender wage gap.

Presenting the overall gender wage gap has advantages: it helps to raise awareness of pay inequity, it encourages companies to think about horizontal and vertical segregation driving wage gaps, and it is relatively easy for companies to calculate themselves, thereby reducing administrative burden. However, reporting the aggregate gender wage gap can conceal inequalities and possibly discrimination across workers in the same job, and it may complicate equal pay claims – in other words, it may not go far enough in supporting individual employees who may be unfairly underpaid.

3.1. Almost half of OECD countries require private sector companies to report pay

18 OECD countries have[1] (or are about to implement[2]) gender-disaggregated pay reporting requirements for private sector companies: Austria, Australia, Belgium, Canada, Chile,[3] Denmark, Finland, France, Iceland, Israel, Italy, Lithuania, Portugal, Norway, Spain, Sweden, Switzerland and the United Kingdom. The main features of these policies can be found in Annex Table 3.A.1.

Several of these countries have embedded their company pay reporting requirements within broader, mandatory gender auditing processes[4] (see Box 3.1 and Chapter 4).

A few other countries, such as Germany, Japan, Korea, Luxembourg and the United States have measures in place to ensure companies report gender statistics on outcomes *other* than pay, such as the gender composition of the workforce (Box 3.2).

Some countries use a more ad hoc approach. Costa Rica, Greece, and Turkey ask inspectors to consider gender wage gap outcomes during labour inspections, while Ireland requires wage gap reporting during a broader inspection of certain companies.

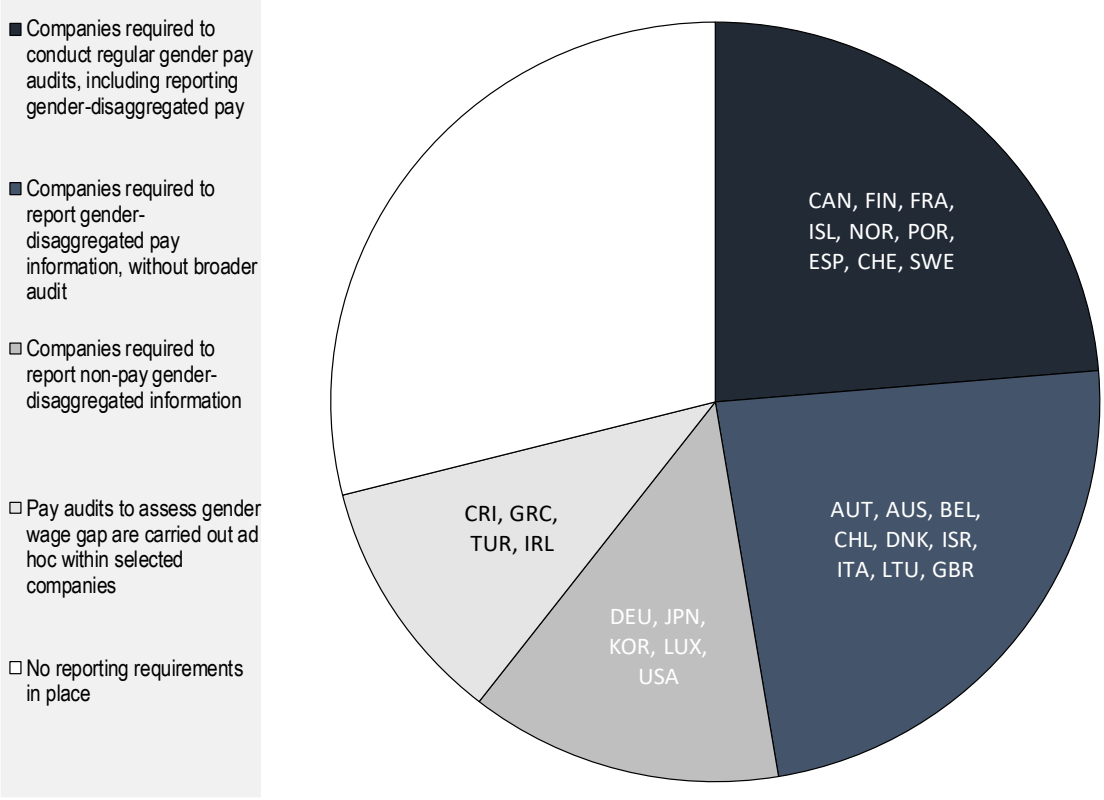
3.1.1. Reporting and enforcement in the private sector

In countries with private sector pay reporting requirements, these measures cover firms ranging from a minimum size of ten employees (Sweden, as part of its broader pay auditing process) to a minimum of 518 employees (Israel, effective 2022). Most countries require that companies carry out their pay analyses and report the results every one or two years.

Gender pay gap reports are not often made available to the general public. Companies are usually required to report pay gap statistics only to employee representatives, such as unions, works councils or other employee representatives, which typically have an obligation to share results with employees. Reporting to a government agency is required in a minority of countries, such as Australia, Canada, Chile,[5] France, Italy, Portugal, the United Kingdom, and Iceland and Switzerland[6] requires that pay gap analyses be reviewed by a government-regulated auditor. Only a few countries publish companies' pay gap statistics publicly online, though the level of detail varies.

Figure 3.1. Almost half of OECD countries require companies to report gender pay gap statistics

Distribution of countries by the presence of regulations requiring private sector pay reporting, pay auditing, or related measures, OECD countries, 2021



Note: Chart shows the distribution of pay reporting measures across OECD countries.
Nine countries in which companies meeting defined criteria (e.g. firm size) are required to carry out regular gender pay audits and report disaggregated pay gaps include: Canada, Finland, France, Iceland, Norway, Portugal, Spain, Switzerland, and Sweden (Chapter 4).
Nine countries in which companies meeting defined criteria are required regularly to report gender-disaggregated pay information *without* a broader audit are: Austria, Australia, Belgium, Chile (the financial sector), Denmark, Israel, Italy, Lithuania and the United Kingdom (Chapter 3).
Countries in which all companies meeting defined criteria are required to report gender-disaggregated data on workforce characteristics but *not* gender pay gap data are: Germany, Japan, Korea, Luxembourg and the United States (Chapter 3, Box 3.2).
Countries in which an ad hoc selection of companies are required to undergo gender pay audits, including as a targeted labour inspection (Costa Rica, Greece, Turkey) or sanction (Ireland) (Chapter 4).
Source: OECD Gender Pay Transparency Questionnaire (OECD GPTQ 2021, see Annex A).

Company pay reporting requirements are typically put in place through legislation.

Incentives or sanctions to ensure company pay reporting takes a variety of forms, including:

- Publicly publishing individual firms' reporting history (Australia[7]) and/or pay gap results (such as Canada, France, Portugal, and the United Kingdom)

Restrictions on participation in government tenders (Australia, Switzerland).

- The possibility of fines (in Belgium, Canada, Denmark, Finland, France, Iceland, Italy, Lithuania, Norway,[8] Portugal, Spain, Sweden and the United Kingdom).

While some pay reporting is better than none at all, many countries with pay reporting systems state that penalties are infrequently carried out and some countries do not closely monitor compliance. Spain, for example, has financial penalties in place for companies that do not fulfil reporting requirements, but the country does not report results on the number of companies that fail to report. Lithuania places primary responsibility for compliance on companies themselves, which may not be sufficient (OECD GPTQ 2021, see Annex A). In Canada, the Department of Employment and Social Development Labour Programme has the authority to issue a notice of a monetary penalty of up to USD 10 000 for a single violation and to USD 50 000 for repeated or continued violations when a private sector employer fails to file an employment equity annual report, does not include all required information, or knowingly provides false or misleading information in the report. However, no such monetary penalties have been issued since 1993.

Countries that embed pay reporting within pay auditing systems (Chapter 4) tend to have more comprehensive methods of monitoring compliance, including with dedicated government actors.

3.2. Country practices

Australia, Austria, Italy, Lithuania and the United Kingdom offer a diverse array of how pay reporting requirements reflect national preferences and circumstances. Countries with pay reporting within pay auditing systems are discussed in greater detail in Chapter 4.

3.2.1. Australia

Australia introduced its company pay reporting measures as part of the Workplace Gender Equality Act 2012, for first reporting in 2013-14. The Act requires private sector companies with 100 or more employees to report annual salaries (base salary and total remuneration) by gender of all employees per organisation; these data are confidential and can only be made publicly available in aggregated form, meaning companies are not identifiable. Results are reported to individual employees, works councils and/or other workers' representatives at the company level, and the federal government Workplace Gender Equality Agency (WGEA).

Australia publicly shares online some results of company reporting, such as the gender distribution of staff and the share of full-time and part-time employees who are male or female, through the WGEA – but pay gap outcomes are not made visible to the public. Instead, members of the public can search companies by name to see the company's history of reporting pay statistics (a "yes/no" measure) and whether or not the company has a specific gender pay equity objectives included in a formal remuneration policy or strategy.[9]

In addition to this online portal allowing the public to identify companies that have not adequately complied with pay gap reporting, Australia can penalise companies' non-compliance through tabling in Parliament and by prohibiting non-complying companies from participating in government tenders of any value.

3.2.2. Austria

Austria's company pay reporting requirement was laid out in law in the Equal Treatment Act (Gleichbehandlungsgesetz) amendment of 2011 and applies to private sector organisations with at least 150 permanent employees. There are also requirements for the public sector.[10] Every two years, a company is required to generate a report containing average or median wages, disaggregated by gender, either by company job classifications or by the job classifications used in the collective agreements. It must also contain the number of male and female employees within those categories.

Companies report these rules primarily to the central works council or works committee. If there is no worker representation, the company has to display the report in a room that is accessible to all employees.

A secrecy obligation applies except when the report is used for an equal-play claim before a court or equality body.

In addition to this limited visibility, there are no financial penalties for non-compliance, which researchers have identified as a barrier to policy success; there is little academic evidence that the Austrian policy has closed the gender wage gap in affected firms (Gulyas, Seitz and Sinha, 2020[1]; Böheim and Gust, 2021[2]).

If a company fails to submit their report on pay levels by gender to the works council, the council may pursue their claims by judicial process. If such a council does not exist, individual employees themselves may seek a court order forcing the company to compile and disclose the report. The limitation period expires after three years. The government perceives the threat of court action to be a deterrent to non-compliance by companies (OECD GPTQ 2021).

3.2.3. Italy

Italy legislated pay reporting in the private and public sectors in 2006.[11] Every two years, before a deadline of 30 April, private companies with more than 100 employees must submit to companies' trade unions and to the Regional Gender Equality Advisor a report with statistics on hiring, positions, leave-takings, dismissals and wage levels.[12] Companies must provide information on the global amount of the remuneration paid during the year for all employees at the same level or job category. They do not have to report the average amounts of the employees by gender, but this information can be calculated on the basis of the data provided.

In 2018, companies were required to load their reports directly on a new digital platform, set up and managed by the Ministry of Labour and Social Policies.[13] Through this website, the government reports, the data are homogeneously collected and can be analysed and compared more easily at the national level.

Italy has relatively strict penalties for non-compliance. If companies do not send their report on time, the unions and Regional Gender Equality Advisors can report the company to the Labour Inspectorate, which orders the submission of the report within 60 days. After that deadline expires, the company is fined up to EUR 2 580 by the Labour Inspectorate. In serious cases, any contributory benefits used by the company may be suspended for one year.

Aside from ensuring that companies regularly report, the Gender Equality Advisors (GEAs) at the regional level also play an important role in evaluating outcomes *within* companies. Gender Equality Advisors and unions analyse the reports. If, upon inspection, the GEAs detect a collective discrimination on the ground of gender (including pay gap), they can ask the employer to set up a plan aimed at removing the discrimination and inform the trade unions. If the employer's plan is considered adequate for addressing discrimination, the case is considered solved by the Advisor out of court. If the employer's plan is considered inadequate, the Advisor can act before a court; to this effect GEAs are considered public officers.[14]

3.2.4. Lithuania

Lithuania adopted company pay reporting requirements in 2017 as part of Article 23(2)[15] of the Labour Code of Lithuania. Lithuania has straightforward annual reporting requirements that apply to all employers with over 20 employees – a relatively low threshold that should help cover many companies, relative to thresholds in most other countries. Companies are required to report averages by gender for the whole company and for each general job categories and/or salary class (so long as each group has more than two employees). Results are to be shared with work councils of worker representatives at the company level. Penalties are relatively small for a first offense (EUR 40 to EUR 560), but can rise up to EUR 1 200 for second offense.

Interestingly, as of April 2021, the Lithuanian Social Security Fund has been tasked with publishing publicly gender-differentiated corporate earnings. This reporting covers enterprises where the number of insured persons is at least eight, of which more than three are women or more than three are men.

In effect, Lithuania is using administrative data to publish company-level gender pay gaps. The government will therefore be providing pay transparency itself. This is a novel initiative in international perspective and should be evaluated going forward for effects on wage outcomes.

3.2.5. United Kingdom

The United Kingdom put its company pay reporting requirements into effect in 2017, as part of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.[16] Employers with 250 or more employees are required to assess the mean and median pay and bonuses for men and women across their organisation, and publish these gender pay gap statistics on the organisation's website and on a UK government website dedicated to pay gap reporting (https://www.gov.uk/report-gender-pay-gap-data). Employers are required to report these statistics annually: by 30 March of every year for the public sector and by 4 April for the private for-profit and non-profit sectors.

While there are no direct penalties for non-compliance, the UK's Equality and Human Rights Commission can take legal action against employers if they refuse to report – which can result in unlimited fines. Even without the threat of financial penalty, however, the UK Government reports that public pressure and reputational risk have provided strong incentives for employers to report. There was 100% compliance in the first two years of reporting.[17]

Academic research has found that the United Kingdom's pay reporting requirements have led to small but significant reductions in the gender wage gap in affected firms, largely through lower men's wages (Blundell, 2021[3]; Duchini, Simion and Turrell, 2020[4]).

3.2.6. New pay reporting initiatives

A few countries have pay reporting processes forthcoming or are considering introducing them in the future. Canada and Israel will initiate reporting requirements for certain employers in 2022 (Annex Table 3.A.1).

Several European countries, such as the Czech Republic, the Netherlands and Poland, report that they are awaiting the adoption of transparency legislation at the EU level that would apply to all member countries.

Ireland, Mexico, the Netherlands, New Zealand and the United States have reported on proposed initiatives or proposed legislation aimed at gender-disaggregated pay reporting, but none of these are yet in effect (OECD GPTQ 2021).

Countries *without* pay reporting policies point to administrative burdens, social norms, lack of issue awareness, data privacy concerns, and (other) political priorities as the reason pay reporting measures are not in place (OECD GPTQ 2021).

Box 3.1. Company pay reports versus audits: A distinction with differences

Defining pay reports versus audits:

Countries with **pay reporting requirements** have legal obligations or other measures in place that require or incentivise organisations to regularly report (including to employees, workers' representatives, social partners, and/or a government body) statistics such as the average or median remuneration of men and women at company level in companies, enterprises or organisations.

Countries with **equal pay audit requirements** have legal obligations or other measures in place that require or incentivise organisations to undertake gender pay audits, either internally or carried out by an external actor. Audits could include analyses of gender pay gaps, the gender composition of job positions/levels/categories, and job evaluation and classification systems. Importantly, company audits of gender pay gaps can be distinguished from pay reports in that audits will make an effort to analyse any gender pay gaps found and are often followed by a strategy to address such gaps (European Commission, 2017[5]). Pay audits also implicitly tend to gather more information on the nature of pay gaps.

Different pay reporting policies may mean pay gaps are ignored

While most countries with pay auditing systems *do* require companies to report pay gaps, not all countries with pay reporting require the more intensive auditing process – which requires a broader "gender lens" and often entails follow-up actions to address gaps that are found.

Sweden, for example, does both. Sweden is included in this chapter's pay reporting list because – in practice – the wage differential survey, analysis, and reporting *components* of Sweden's more comprehensive pay auditing system are effectively very similar to the baseline company pay reporting measures used in other OECD countries discussed here. The Swedish pay auditing process requires employers with more than ten employees to "every year document their work on active measures … to prevent discrimination and promote preventing discrimination and serving in other ways to promote equal rights and opportunities regardless of gender, transgender identity or expression…". This annual auditing process requires companies to survey and analyse, within their organisation, "pay differences between women and men performing work that is to be regarded as equal or of equal value," along with other measures (Chapter 4). The results of these audits (also called "equal pay surveys" by Sweden's National Audit Office) are then shared with employee organisations. These specific steps match the broad contours of measures that are considered company pay reporting policies elsewhere, even if they are part of Sweden's broader, more comprehensive strategy to combat discrimination and pay inequality. Company pay gap analyses are embedded in an auditing process in other countries, too, such as Canada, Denmark (though audits are not mandatory there), Finland, France, Iceland, Norway, Switzerland and Spain.

Pay auditing processes are explained in greater detail in Chapter 4 of this report.

Box 3.2. Reporting on gender gaps *other* than pay

A few countries, such as Germany, Japan, Korea, Luxembourg and the United States, have gender-disaggregated data reporting measures in place – but, interestingly, these measures do not require reporting on *pay* by gender. While these measures are an important step at improving diversity within

organisations, the lack of reporting on wages limits meaningful action in addressing gender pay gaps. This also implies that it may be relatively easy for these nations to create mandatory pay reporting schemes by simply adding pay to existing requirements.

Germany, for example, has extensive mandatory reporting and company auditing processes in place to promote gender equality in companies with over 500 employees, but companies are not required to report average nor median *pay*, disaggregated by gender, to workers, their representatives, or the public.[18] Germany states that the reporting by companies should cover "1. [Companies'] measures to promote equality between women and men… and 2. [Companies'] measures to create equal pay for women and men. Employers who apply no measures have to give the grounds for this in their report." This report must contain statistics disaggregated by gender on the average total number of employees, as well as the average number of full-time and part-time employees (Transparency in Wage Structures Act Part 4, Section 21). There is also a gender auditing process in Germany[19] in which companies carry out an internal fact-gathering procedure to assess the current remuneration provisions, remuneration components and the job evaluation procedures, and then evaluate these and their application with a view to compliance with the principle of equal pay within the meaning of the Act. The results of these audits are shared with works councils and employees.

Yet despite these extensive and likely useful guidelines, there is no legal obligation, penalties or incentives in place to ensure that private or public sector employers regularly report the average or median remuneration of men and women at company level (OECD GPTQ 2021). The lack of penalties for reporting has been identified as a weakness of Germany's broader auditing strategy (Aumayr-Pintar, 2019[6]), but the absence of reporting on actual pay gaps also limits the usefulness of reporting.

Japan requires public sector and private sector employers with more than 300 employees to share information annually such as the current share of employees that are women (and in which job categories) or different labour situations by gender (e.g. gender division of senior management, excessive work hours by gender, rates of parental leave, etc.). The reporting duty will expand to cover employers with more than 100 employees as of April 2022. Employers are also expected to make action plans for gender equality in the workforce

Korea offers a similar example: companies with more than 500 employees are required to show the gender distribution of job categories and managerial positions, and businesses whose figures score below a certain sectoral-based threshold are required to establish an improvement plan, but pay gap reporting is not mandated.

Luxembourg has a reporting duty on recruitments, promotions, and training by gender, for all companies with at least 15 employees, every two years – but pay data do not need to be reported.

The **United States**, too, requires gender data reporting, under a broader provision of the US Civil Rights Act. All private sector employers with 100 or more employees, and federal contractors with 50 or more employees meeting certain criteria, must submit demographic workforce data – including data by race/ethnicity, sex, and job categories – to the US Equal Employment Opportunity Commission. While the question of whether *pay* gap data should be reported has been recently taken up by the judicial branch of government, as of June 2021 gender pay gap data were not reported to the US government (OECD GPTQ 2021).

3.3. Public sector gender-disaggregated pay reporting requirements

Austria, Belgium, Canada, Denmark, Finland, France, Iceland, Israel, Italy, Latvia, Lithuania, New Zealand, Norway, Spain, Sweden, the United Kingdom and the United States all require gender pay gap reporting in the public sector, though the shape of reporting varies (see Annex Table 3.A.2). In countries that have

private sector pay reporting, requirements for the public sector tend to correspond (roughly) with those regulations.

In countries without private sector reporting, rules for the public sector take different forms. In New Zealand, for example, the Public Service Commission publishes gender pay gaps (at aggregate and individual departmental level) using pay data provided by departments. Departments also publish their own Gender Pay Gap Action Plans with more detailed gender pay data. In the United States, the Equal Employment Opportunity Commission (EEOC)[20] requires federal executive branch agencies to report some pay information including sex-disaggregated staffing by pay bands, a form of job classification system (Chapter 2).

3.4. Measuring the effects of pay reporting on workers' outcomes

The details of private sector pay reporting requirements are fairly diverse across countries, and efforts to measure the effects of these policies on wage outcomes have been infrequent. However, academic research suggests that mandatory employer pay reporting laws have helped to reduce the gender pay gap in countries with (relatively) stronger enforcement mechanisms, e.g. Denmark and the United Kingdom. This has typically happened through a reduction in men's wages, rather than an increase in women's. These studies do not find a decrease in productivity or profitability associated with companies affected by pay transparency laws.

The small number of rigorous evaluations of pay reporting laws is somewhat surprising, given that pay reporting rules are often implemented in a way that would enable quasi-experimental policy evaluation (see, for example, Duchini, Simion and Turrell, 2020[4] and Blundell, 2021[3]). Pay reporting requirements are often introduced gradually and target, for example, firms of specific sizes at different points in a timeline.

Quasi-experimental evaluations exploit nearly random assignment to policy "treatment" and "control" groups: some employers barely qualify for reporting requirements ("treatment"), while others are just under the threshold in terms of size or timing ("control"). Outcomes can therefore easily be compared across these otherwise very similar groups. One common strategy is the regression discontinuity approach (Zhu, 2019[7]). The design of pay transparency rules should be used to support policy evaluations of wage outcomes going forward.

3.4.1. More information may not mean redress for unfair wages

When thinking about the "effects" of pay reporting rules, it is of course important to consider the causal process between the policy and equal pay outcomes: while pay transparency laws may give workers more information, workers must also have sufficient bargaining power to negotiate for the policies to be effective.

At the collective level, this is increasingly challenging given a fall in union membership rates across most OECD countries (see Chapter 5). At the individual level, workers must also be able to negotiate without backlash. Research has shown that when women attempt to negotiate a higher salary, they are more likely than men to face backlash or a "social penalty" for their attempts to negotiate (Bowles, 2014[6]). In sum, even if a female worker suspects or identifies a pay equity issue, raising it with her employer may not be an easy step or a feasible solution.

3.4.2. Evaluations of national company pay reporting regulations

Austria

The two academic studies of Austrian pay reporting requirements, using different quasi-experimental approaches, find that these reporting rules have had no visible impact yet on the gender pay gap ((Böheim

and Gust, 2021[2]) (Gulyas, Seitz and Sinha, 2020[1]). The authors suggest this may be due to weak enforcement mechanisms for reporting, no required follow-up actions if gaps are found, and a lack of public awareness of the pay transparency requirements. Böheim and Gust (2021) also find that the pay reporting rules led to a lower share of women working in large firms that were affected by the rules.

Denmark

Bennedsen et al. (2019) find that Denmark's pay reporting requirement has lowered the gender wage gap in affected firms through a reduction in the growth of male wages. Companies just above the 35-employee threshold for reporting also tend to hire more female workers and are more likely to promote female workers than companies just below the required reporting threshold (Bennedsen et al., 2019[8]).

France

In 2019, France implemented a comprehensive equal pay auditing system, with extensive reporting rules and enforcement, entitled *l'index de l'égalité professionnelle entre les femmes et les hommes*, or the professional equality index between women and men (henceforth PEI). The PEI is detailed in Chapter 4). *Prior* to the 2019 introduction of the PEI, however, a less rigorous system was in place that asked companies to commit to gender equality. Coly (2021) analyses this early policy, based on a 2010 law mandating the negotiation of agreements on gender equality for firms with more than 50 employees. (Note, however, that this policy did *not* explicitly require company pay reporting.[21])

Coly finds that the previous law had no impact on the gender wage gap or other gender equality indicators, such as the wage promotion gap, in affected firms. Coly attributes this to the nature of the law's obligations – while simply signing a gender equality agreement was mandatory, the implementation of the content of the agreement was not enforceable. Further, financial penalties associated with not signing an agreement were more lax than they are now[22] (Coly, 2021[9]).

Switzerland

In 2020, Switzerland introduced a pay reporting system requiring audits of companies with 100 or more employees (see Chapter 4). Prior to this, however, the Swiss Federal Office for Gender Equality in 2006 introduced the wage gap calculator Logib and recommended its use for companies with at least 50 employees. Vaccaro (Vaccaro, 2018[10]) finds that this early version of the Logib tool led to a reduction in the gender wage gap due to employers' adjusting the wages of new hires and that there was no reduction in female workers in affected firms. Enforcement of this earlier policy was a light touch: Switzerland monitored compliance among a small random selection of companies with public tender contracts.

Of course, the requirement of equal pay audits according to the current Gender Equality Act should not be confounded with random controls in public procurement. There are only around 30 controls a year at the federal level, covering around 0.1% of private companies that have obtained a public tender. Approximately 200 such controls will have been carried out between 2006 and the end of 2021.

United Kingdom

Two studies on mandatory company pay reporting in the UK find that the regulations slightly reduced the overall gender pay gap (Blundell, 2021[3]) (Duchini, Simion and Turrell, 2020[4]). This reduction appears to have occurred through a decrease in the wages of male workers, rather than an increase in the wages of female workers.

The researchers posit that the UK's pay transparency rules have affected hiring practices, as well. Duchini, Simion and Turrell (2020) find that companies impacted by transparency rules tend to adopt hiring practices that are more attractive to women, including by providing wage information and information in flexible work

arrangements in job ads. After establishing high public awareness of the pay reporting rules, Blundell (2021) runs a survey experiment and finds that over half of women would accept a 2.5% lower salary to avoid the (hypothetical) employer with the highest pay gap in their industry, with women prepared to accept, on average, 4.9% lower pay to avoid this high pay gap employer.

The public "naming and shaming" component of the UK measure has also meant that firms that perform poorly tend to experience reputational and adverse financial impacts when these results are made public (Duchini, Simion and Turrell, 2020[4]).

3.4.3. Evaluations of sector-specific pay reporting regulations

Canada

In Canada, employees in the public sector are affected by pay disclosure laws if they earn above specified income thresholds. Literature suggests that these pay transparency measures have reduced the gender pay gap amongst academics and those in the public sector (Baker et al., 2019[11]). While this is likely driven by a rise in female wages, individual wage changes are statistically insignificant (Baker et al., 2019[11]).

United States

While the United States does not have national pay transparency laws, different workers in different contexts have been affected by pay transparency measures. For instance, over time US academics in public universities have had their pay become more transparent and accessible through Freedom of Information requests, as well as on public websites. These transparency measures has been found to have reduced the gender pay gap within affected universities (Obloj and Zenger, 2020[12]) Similarly, the prohibition of pay secrecy rules in certain US states has corresponded with lower gender pay gaps, particularly among more highly educated workers (Kim, 2015[13]).

3.5. Evaluating pay reporting policies' implementation and operation

Given that most of these pay reporting policies were introduced fairly recently – within the past two decades in most countries – it is also relevant to assess *process* outcomes. To what degree are companies actually complying with regulations, reporting pay gaps, and facing penalties if they are non-compliant?

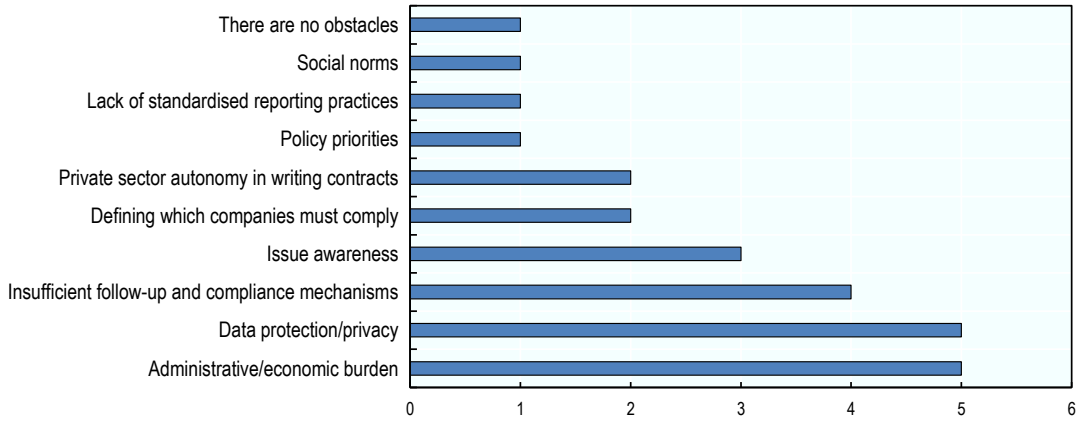
A few countries that embed reporting within their broader equal pay auditing system, including Finland, France, and Sweden, have conducted evaluations of programme effectiveness in terms of outcomes like employer compliance and employee engagement (Chapter 4). Iceland has an evaluation ongoing but the results are not yet public.

Among countries with company pay reporting but without pay auditing systems, Austria has carried out a government evaluation of its pay reporting obligations and requirement that job advertisements[23] list minimum pay, and Belgium has planned a pay reporting evaluation. The United Kingdom has done some assessments of pay reporting compliance, and there is a legal requirement to review the impact of gender pay gap reporting regulations within the first five years of operation (OECD GPTQ 2021).

In terms of compliance outcomes, OECD countries present a mixed picture of effectiveness. The United Kingdom, for example, has so far had two years of a very high compliance rate for pay reporting, perhaps related to the public nature of reporting there. A government report in Austria, too, found that companies generally comply with the statutory minimum standards for reporting (Bundesministerium fur Bildung und Frauen, 2015[14]). But many countries – even some with relatively sophisticated mechanisms for reporting and financial penalties – did not report to the OECD what share of employers were non-compliant and which were actually fined.

Figure 3.2. Countries' reported obstacles to proper programme operation

Frequency count of responses to each category of possible obstacles to proper functioning of pay reporting or equal pay auditing programmes, 2021



Note: Countries were asked "What are (possible) obstacles to the proper functioning of this reporting requirement? Please elaborate the main barriers to the effective functioning of this right in practice. E.g. privacy and data protection legislation, issue awareness, political priorities, administrative/economic constraints, social norms." This was an open text question and responses were sorted into comparable groups. This figure presents results for countries with pay reporting and equal pay auditing programmes. Countries could identify more than one barrier. Twelve countries with reporting or auditing requirements did not respond to this question.
Source: OECD GPTQ 2021.

3.6. Barriers to effective company pay reporting

What, then, are some of the barriers to the effective functioning of pay reporting processes? Governments with pay reporting and equal pay auditing systems were asked to identify common barriers to effective programme functioning in GPTQ 2021 (Figure 3.2). Most countries (12) gave no response, but among those who did, the most commonly cited concerns were administrative or economic burden for stakeholders and data privacy issues.

3.6.1. Company size requirements limit how many people are covered by pay transparency

Some of the challenges are implicit in this chapter's discussion of programme design. Many small or mid-sized companies do not fall under pay reporting regulations due to their size, in part due to concerns (by companies and countries) that the administrative burden would be too high. However, a recent study estimates that the pay reporting cost to companies is well under EUR 1 000 annually (Eurofound, 2020[15]) – a cost that could potentially be publicly subsidised for small employers who cannot afford it.

These firm size rules mean that a portion of the workforce is not covered by pay transparency rules. This in and of itself can lead to or exacerbate existing inequitable outcomes – with some employees (for example at larger firms) able to access important gender pay information, others not. Of course, this policy design feature has also helped researchers understand quasi-experimentally how pay reporting laws impact the gender pay gap.

3.6.2. Weak enforcement of pay reporting rules

Weak enforcement mechanisms can include a lack of government agencies monitoring pay reporting, low fine amounts, and low rates of fines issued. These likely hinder compliance. The results of wage gap

reporting are also not shared publicly in many countries, which could otherwise serve as an informal sanction.

3.6.3. Claims of high administrative burden

Many countries state that company reporting requirements can present a high administrative or budgetary burden to firms and/or to the government, and that privacy and data protection are concerns (OECD GPTQ 2021). Other countries point to communication issues. Some countries say that a lack of awareness among employees and misunderstanding of the causes and treatment of the gender pay gap are obstacles to effective functioning of the policy.

3.6.4. Insufficient awareness of pay reporting policies

Countries' responses to the OECD GPTQ show that policy awareness matters. Many countries report that employee and public awareness of pay reporting and auditing requirements is not very high. This limits policy effectiveness, as employees and their representatives may not expect much employer engagement on closing the gender wage gap. Austria reports, for example, that while pay gap reports are consistently shared with works councils, employee awareness of pay reporting is low and companies' reports rarely reach employees (Bundesministerium fur Bildung und Frauen, 2015[14]). Public knowledge of these systems can help, too, as it may foster social pressure to address gender inequality. The United Kingdom reports that its strategy of publishing companies' gender wage gap results online has been successful both in ensuring 100% compliance over the first two years of programme implementation and in encouraging a public discussion about the gender wage gap.

3.6.5. Other practical challenges

Even countries with fairly comprehensive pay reporting systems still report very practical (if addressable) challenges. The score and quality of pay reports can vary (Finland), the results of such studies are not always used to improve gender pay gap outcomes (Austria), and correctly identifying private companies that are subject to the requirement can be difficult, thus complicating enforcement (Italy) (OECD GPTQ 2021).

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Annex 3.A. Policy tables: Employer pay gap reporting requirements

Annex Table 3.A.1. Policy table: Private sector employer pay reporting

Summary of OECD countries' pay reporting policies in countries with mandatory reporting in the private sector or with mandatory reporting in the private and public sectors, 2021. Companies with mandatory equal pay auditing systems detailed further in Chapter 4, Annex Table 4.A.1 and 4.A.2)

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Who has to be informed	Time interval	Required content in report	Published publicly
Austria	Equal Treatment Act and Federal Equal Treatment Act, 2011 amendments	Yes	Private sector, 150 or more employees (public sector in Annex Table 3.A.2)	Central works council or works committee. If there is no worker representation, the company has to display the report in a room that is accessible to all employees. A secrecy obligation applies, except when report is used for an equal-play claim.	Two years	Average or median wages, disaggregated by gender, either by company job classifications or by the job classifications used in the collective agreements. Report must also contain the number of male and female employees within those categories.	No
Australia	Workplace Gender Equality Act, 2012	Yes	Private sector, 100 or more employees	Individual employees, work council or other worker's representatives at company level, Workplace Gender Equality Agency	Annual	Annual salaries by gender reported of all employees per organisation.	Partly. Aggregated industry and class gender pay gaps publicly available. Individual companies not identifiable.
Belgium	Gender Pay Gap Act, 2012	Yes	Private sector, 50 or more employees	Works council	Two years	Compensation and benefits received by workers at the company level, broken down on the basis of different parameters, and	No

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Who has to be informed	Time interval	Required content in report	Published publicly
						disaggregated by gender. If there is a gender pay gap within the company, an action plan can be put in place but this is not mandatory.	
Canada (pay auditing system)	Employment Equity Act, 2019 (first reports due 1 June 2022); Employment Equity Regulations, 2021; Pay Equity Act, 2021	Yes	Federally -regulated private sector employers with 100 or more employees covered by the Employment Equity Act.	Each year the Minister of Labour tables an annual report in Parliament. In 2022 pay gap information by employer will be published online for public.	Annual	Aggregated pay gap information on the four designated groups, including hourly pay gaps, bonus pay gaps; overtime pay gaps; and overtime hours worked gaps.	Yes. Published online through a new data visualisation application.
Chile	General Standard (NCG), No. 386, 2015	Yes	Entities supervised by the Commission for the Financial Market (CMF). The CMF is a public service of a technical nature whose main objectives are to ensure the proper functioning, development and stability of the financial market, facilitating the participation of market agents and promoting the care of public faith.	No response	No response	The total number of male and female workers must be specified. In addition, the proportion that represents the average base gross salary, by type of position, responsibility and function performed, of the executives and workers with respect to the executives and workers should be indicated.	No response
Denmark [*voluntary* pay auditing system (Chapter 4)]	Equal Pay Act, 2007	Yes	Reporting obligations apply to public and private employers with at least 35 employees, of which at least 10 of each sex with the same work function employed. Doesn't apply to collective	Workers through their representatives, as well as Statistic Denmark.	Annual	Reporting requires wages (including basic wage and other cash or in-kind benefits) by gender for the whole company and by employee groups calculated according to the 6-digit DISCO code,	No

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Who has to be informed	Time interval	Required content in report	Published publicly
			agreements with equal pay obligations.			or an equivalent classification.	
Finland (pay auditing system)	Equality Act, 2014	Yes	Private and public sector employers with 30 employees or more	Gender equality plans must be prepared in co-operation with the shop steward, the elected representative, the occupational safety and health representative or other employee appointed representatives.	Two years	This is part of the equality plan and pay survey. Must include details of the employment of women and men in different jobs and a classification of jobs performed by women and men, the pay for those jobs and the differences in pay.	No
France (pay auditing system)	Labor Code, 2017, Law No. 2018-771, 2018 and implementing decrees No. 2019-15, 2019; No. 2019-382, 2019; and No. 2021-265, 2021.	Yes	Private sector, at least 50 employees. Note that factors to be considered when calculating the index differ for those with 250 or more employees. Public sector rules described in Annex Table 3.A.2.	Works councils, worker representatives. If more than 250 employees also published on Ministry of Labour's website.	Annual	Each year, companies calculate an Index of Professional Equality between women and men. In the event of a score of less than 75 out of 100, the employer is required to initiate adequate and relevant corrective measures in order to achieve a level of at least 75 within a maximum period of three years from the first publication of the Index. The Index includes average pay gap by age group and equivalent positions, classification, promotion, maternity leave impacts, high-pay sex composition.	Yes
Germany	Transparency in Wage Structures Act, 2017	Yes	Private sector, more than 500 employees	Employees	Every three to five years, depending on collective wage	Employers with 500+ employees who are required to file	Yes, in Federal Gazette

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Who has to be informed	Time interval	Required content in report	Published publicly
					agreement status	management reports as part of the German commercial code must file a report on gender equality and equal pay describing: 1) measures to promote equality between women and men; 2) measures to create equal pay between women and men, plus gender-disaggregated statistics on 1) the average number of employees and 2) average number of full-time and part-time employees (Section 21).	
Iceland (pay auditing system)	Act on Equal Status and Equal Rights Irrespective of Gender no. 150/2020 and the Equal Pay Standard, 2018	Yes	Private and public sector, 25 or more employees	Directorate of Equality and employees	Three years	Gender pay audit is conducted every three years and includes all information concerning wages of employees including additional allowances, bonuses, pension rights etc. Gender pay gaps are conducted for same work and work of equal value. Gender equal job valuation is the base for the system and is mandatory. The equal pay system and analyses are carried out within the company/institution but the audit on the system is carried out by an	No

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Who has to be informed	Time interval	Required content in report	Published publicly
						external independent certification body as laid out in qual Pay Standard.	
Israel	Male and Female Workers (Equal Pay) Law 5724-1964, 2022	Yes	Private and public sector, more than 518 employees, as well as a person who is required to report according to the legislation.	The employer must publish a public report, including on the company website.	Annual	The employer provides employee information about the wage level they belong to, types of employees, jobs or rankings and the percentage of the gender pay gaps in that group. Employer must also publish a public report, which includes the: (1) percentage of average gender wage gapes by class; (2) percentage of average wage gape regarding the scope of the job in hours; (3) share of employees by gender whose wage is lower than the average wage in the workplace, as well as the share of employees by gender who are given a supplement to the minimum wage in accordance of an agreement or arrangement.	Yes
Italy	Legislative decree n. 198/2006 (Article 46)	Yes	Private and public sectors (Annex Table 3.A.2) with more than 100 employees	Trade unions, Regional Gender Equality Advisor which analyses and sends results to: National	Two years	The report describes, on a gender basis, the situation of employees in terms of hiring, positions, leaves, dismissals and	No

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Who has to be informed	Time interval	Required content in report	Published publicly
				Equality Advisor; the Ministry of labour and social policies; the Department for equal opportunities at the Presidency of the Council of Ministers.		wage levels. Companies provide information on the global amount of the remuneration paid during the year for all employees at the same level. The data on remuneration have to be collected for the whole company, for all the employees by job categories, with a specific focus on female employees. Companies must load their reports directly on a new digital platform, set up and managed by the Ministry of labour and social policies.	
Japan	Act on the Advancement of Women's Participation and Advancement in the Workplace, 2015	Yes	Public and private sector, employers with more than 300 workers (to expand to employers with more than 100 workers as of April 2022)	Parts of the report are made public	Annual	Employers with more than 300 workers must provide at least one item from each (1) and (2) below: Employers with more than 100 workers (from April 2022) must provide at least one item from (1) or (2): (1) outcomes of providing opportunities in workplace (the percentage of the female workers they employed, the proportion in a certain job category and executives, etc.)	Yes

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Who has to be informed	Time interval	Required content in report	Published publicly
						(2) outcomes of creating work environment for promoting work-life balance (gender differences in the number of years of continuous employment, parental leave, hours of overtime work, etc.)	
Korea	Equal Employment Opportunity and Work-Family Balance Assistance Act, 2019	Yes	More than 500 regular employees (among the designated business groups subject to disclosure as prescribed by Article 14 of the Monopoly Regulation and Fair Trade Act, businesses that hire more than 300 regular employees), all public institutions and local public corporations	Equality and/or state bodies	Annual	Gender-disaggregated figures by job categories and whether they hold managerial position, and the average female employment rate and average female manager ratio in the major 30 industries and by different size of businesses are calculated. Businesses whose figures are below 70% of the average for each sector should establish an improvement plan and an implementation guidance is provided.	No
Lithuania	Article 23(2) of Labour Code, 2017	Yes	Private and public sector, an average number of employees of 20 or more	Works councils or other workers' representatives at company level	Annual	Average remuneration according to gender reported for the whole company, per type of employee, per job position, per more general job categories and/or per salary class applied.	Yes

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Who has to be informed	Time interval	Required content in report	Published publicly
Norway (pay auditing system)	Equality and Anti-Discrimination Act, 2020	Yes	All public employers regardless of size, and private employers that ordinarily employ more than 50 persons. The same shall apply to private employers that ordinarily employ between 20 and 50 persons if requested by the employees or employee representatives.	Contained in annual report or another document available to the general public. If the statement is issued in another document available to the general public and the undertaking has a duty to issue an annual report, the annual report shall specify where the document can be found in a form available to the general public. Public undertakings which are not subject to a duty to prepare an annual report shall include the statement in another report issued annually or another document available to the general public.	Every two years	Averages according to gender reported per more general job categories consisting of same type of work or work of similar value.	Yes
Portugal (pay auditing system)	Regulated by Ordinance No. 55/2010, 2011 and Law no. 60/2018	Yes	Private sector	Individual employees, works councils or other workers' representatives at company level, social partners, equality and/or state bodies, Labour administration	Annual	Employers must provide an annual report including the following statistical information: a) General and sectoral barometer of pay differences between women and men; b) Balance of pay differences between women and men by company, profession and qualification levels.	No

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Who has to be informed	Time interval	Required content in report	Published publicly
						Information is provided by employers for every worker. The dataset contains information on every wage earner in the Portuguese economy, with the exception of public and independent workers, as well as on their employers (firm-level and establishment-level). Data covers information on each establishment and firm, such as size, location, economic activity, and employment, as well as information on each employee, such as gender, age, education, skills, occupation, tenure, monthly wages, and hours worked. This is followed by a follow-up plan to address gaps (Chapter 4).	
Spain (pay auditing system)	Article 28.2 of the Workers Statute and Articles 5 and 6 of Royal Decree 902/2020, of 13 October 2019	Yes	Private sector with 50 employees or more and those compelled by a collective agreement or a decision of the labour authority	Individual employees, works council or other workers' representatives at company level.	Annual	The information is gathered in a registry that shows the average and median salary, per sex, of each professional category, or, in some companies, work of equal value.	No
Sweden (pay auditing system)	2014	Yes	Private and public sector, if an employer has more than 10 employees they need	Work undertaken in co-operation with employees and employee	Annual	As part of pay auditing obligations. Employer bears responsibility to annually survey and	No

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Who has to be informed	Time interval	Required content in report	Published publicly
			to document their work on pay audits.	organisations		analyse (1) Provisions and practices regarding pay and other terms of employment that are used by the employer, and (2) Pay differences between women and men performing work that is to be regarded as equal or of equal value.	
Switzerland (pay auditing system)	Swiss Federal Act on Gender Equality, 2020	Yes	Private and public sector, 100 or more employees at the start of any year (excluding apprentices)	Employees	Every four years	Employers shall conduct an equal pay analysis looking at gender pay differentials and have said audit approved by auditors. Employers are exempt from future audits if no gender wage gap is found.	No
United Kingdom	The Equality Act 2010 (Gender Pay Gap Information) Regulations, 2017	Yes	Private and public sector, 250 or more employees	Employers must publish their gender pay gap information on their organisation's website and on the UK Government website.	Annual	The reporting metrics are set out in law and employers must publish all of the metrics. The required metrics show both the mean and median pay and bonuses for men and women across an organisation.	Yes

Note: Table summarises the key features of company pay reporting requirements in countries with such requirements in the private sector. Countries that require more extensive, widespread, mandatory equal pay audits are detailed in Chapter 4.

Source: OECD Gender Pay Transparency Questionnaire (GPTQ) 2021.

Annex Table 3.A.2. Policy Table: Public sector (only) pay reporting

Summary of OECD countries' pay reporting policies in countries with mandatory reporting in *only* the public sector, 2021. Companies with mandatory equal pay auditing systems in the public are detailed further in Chapter 4, Table 4.2.

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Who has to be informed	Time interval	Required content in report	Published publicly
Austria	Federal Equal Treatment Act, 2011	Yes	Private sector (Table 3.A.1) and public sector. For civil servants for whom there is no applicable remuneration or salary group scheme, the following applies: a report is only to be submitted if the number of civil servants in the respective department is more than 150.	Published on the website of the Federal Ministry for Arts, Culture, Civil Service and Sport and sent to the heads of the central departments, as well as to the staff representative bodies.	Yearly	The Federal Minister for Arts, Culture, Civil Service and Sport is obliged to prepare a report on with details on the number of women and men in the respective use and salary group and the median income of full-time women and men in the respective use or salary group. The income of part-time employees is to be extrapolated to full-time employment and that of employees employed during the year to annual employment. The report must be anonymised at the individual level. For civil servants for whom there is no applicable remuneration or salary group scheme, the report is to be drawn up in accordance with the salary structure applied to them. The duty to report applies to the head of the respective department and the	Yes. Annual income report is published by the Federal Ministry for Arts, Culture, Civil Service and Sport.

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Who has to be informed	Time interval	Required content in report	Published publicly
						report is to be submitted to the responsible staff representative body, which must allow civil servants to inspect it upon request.	
Italy	Article 48, legislative decree n. 198/2006	Yes	Private sector and public sector (Table 3.A.1)	Internal committees which in turn report to the Department for the public administration and to the Department for equal opportunities which provide a summary to the public.	Three years Positive Action Plans are updated annually, HR requirements are annual.	Public administration bodies must draw three-year Positive Action Plans, aimed at re-equilibrating the working situation of the under-represented gender. The human resources department of each public administration must report annually on the average pay of male and female employees by job category, highlighting any gender pay gap. Each report refers to the situation of a single public administration.	No
Latvia	Regulations on Remuneration and Personnel Registration System of Officials of State Direct Administration Institutions and Other State and Local Government Institutions, 2018	Yes	Public sector	No response	Monthly	Collected data will be used when implementing the state policy in the field of remuneration of public sector employees, and when implementing the state policy in the field of state budget development: (1) To compile, systematise and update information regarding the remuneration of officials	No response

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Who has to be informed	Time interval	Required content in report	Published publicly
						(employees), as well as to analyse funding requests and use for remuneration; (2) To plan and calculate the necessary financing by developing a draft state budget law for the current year and draft legal acts regarding remuneration; (3) To identify and control the current situation regarding posts and remuneration of officials (employees).	
New Zealand	Public Service Gender Pay Gap Action Plan 2018-20	Yes	Public sector	Gender pay gap action plans are developed with employees and their unions and then published on their intranets and public websites. They are therefore fully publicly available. The Ministry for Women website includes links to the plans of all departments.	Yearly	The Public Service Workforce Data annual information release reports gender pay gaps based on mean annual pay at the aggregate level and at a department level. It plans to also report these gaps by median annual pay. Under the Public Service Gender Pay Gap Action Plan, departments are expected to report gender pay gaps by mean and median pay, and, where there are sufficient numbers of male and female employees to compare, gender pay gaps by organisational group, by occupation, role, tenure,	Yes. Public Service Commission publishes gender pay gaps (at aggregate and individual departmental level) using pay data provided by departments. Departments also publish their own Gender Pay Gap Action Plans with more detailed gender pay data.

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Who has to be informed	Time interval	Required content in report	Published publicly
						age, level of seniority, and by ethnicity.	
United States	EEOC Management Directive 715, 2003	Yes	Public sector	Equal Employment Opportunity Commission (EEOC) and Congress	Annual	The EEOC requires federal executive branch agencies to report some pay information identifying staffing by bands and protected bases, including sex.	Yes, on each agency's website

Note: Policy table summarises the key features of company pay reporting requirements in countries with such requirements that are exclusive to the public sector. Countries in which public sector reporting rules differ extensively from their private sector reporting rules are included in this table (e.g. Austria).
Source: OECD Gender Pay Transparency Questionnaire (GPTQ) 2021.

Notes

[1] As of June 2021.

[2] Canada and Israel's measures will mandate gender pay gap reporting starting in 2022. For Canada, this builds on a pre-existing reporting system that has required federally regulated private sector employers to provide pay information as part of their annual reporting on employment equity.

[3] Chile's pay reporting regulation only covers organisations that are monitored by the Commission for Financial Markets [Comisión para el Mercado Financiero (CMF)]. Companies must complete a gender analysis, including on pay, in order to remain compliant with CMF regulations.

[4] A few countries – specifically Finland, Sweden, and Switzerland – self-identified in the OECD Gender Pay Transparency Questionnaire (OECD GPTQ 2021) as *not* having company pay reporting requirements, but these countries are included in this chapter because their pay reporting requirements are well-embedded in broader pay auditing systems. See Box 3.1 and Chapter 4.

[5] Financial sector companies monitored by the Chilean CMF must submit this information to the CMF.

[6] In Switzerland, an audit can be carried out by an independent body that is not regulated by the government, i.e. an organisation under Article 7 of the Gender Equality Act or an employees' representation [see Article 13d para 1b Gender Equality Act (GEA)]. These organisations under Article 7 GEA are not audit firms in the sense of the Auditor Oversight Act. However, in practice most audits will be carried out by firms of auditors licensed under the Auditor Oversight Act. Only a minority of employers choose an organisation under Article 7 GEA.

[7] Australia does not publish actual pay gaps within companies online, but it does publish the history of whether or not a company reported pay gaps to the government.

[8] Norway does not have a regular system for fines, but the law allows the Anti-Discrimination Tribunal to impose enforcement fines for an employer's breach of pay reporting.

[9] These results are available at https://data.wgea.gov.au/organisations, under "Employer Action on Pay Equity".

[10] Available at https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10008858

[11] This is mandated as part of Legislative Decree n. 198/2006 (Article 46). Available at https://www.normattiva.it/uri-res/N2Ls?urn: nir: stato: decreto.legislativo:2006-04-11;198.

[12] At the time of OECD GTPQ reporting, Italy had granted postponements of data collection due to the COVID-19 pandemic (https://www.lavoro.gov.it/strumenti-e-servizi/rapporto-periodico-situazione-personale/Pagine/default.aspx).

[13] The user guide is available at https://www.cliclavoro.gov.it/Aziende/Adempimenti/Documents/Guida-utente-RaPP.pdf.

[14] These measures are laid out in under Article 13(2) and Article 37 of Italy's legislative decree n. 198/2006.

[15] Available at https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/10c6bfd07bd511e6a0f68fd135e6f40c/asr.

[16] Available at The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (https://www.legislation.gov.uk/ukdsi/2017/9780111152010) and The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 (https://www.legislation.gov.uk/ukdsi/2017/9780111153277/contents)

[17] At the time the OECD GPTQ reporting in spring 2021, the UK had postponed by six months the collection of gender pay gap statistics from 2020 due to the COVID-19 pandemic.

[18] Interestingly, Germany has comparatively expansive provisions for individual workers and workers' representatives to verify equal pay, such as by requesting information on workers' pay. See the Transparency in Wage Structures Act (Entgelttransparenzgesetz) at https://www.bmfsfj.de/bmfsfj/themen/gleichstellung/frauen-und-arbeitswelt/lohngerechtigkeit/entgelttransparenzgesetz/entgelttransparenzgesetz-117952.

[19] This is referred to as "Internal company procedures to verify and establish equal pay" in the Transparency in Wage Structures Act, Part 3.

[20] This regulations come under the United States' EEOC Management Directive 715

[21] Even during this less stringent, pre-PEI system France maintained some reporting on the comparative situation between women and men, including an analysis of differences in pay and career progression according to age, qualification and seniority. These data have been contained since 2015 in the economic and social database.

[22] This is not to say that penalties did not exist; they were simply less extensive than they are today. Since 2012, companies could be notified of a penalty decision of up to 1% of the payroll in the absence of coverage by an agreement or action plan since 2012. In 2018, 71.5% of the formal notice procedures led to a regularisation of the situation of the companies concerned, which suggests a degree of compliance with the system prior to the PEI.

[23] Interestingly, Austria's report also studied the country's rule requiring that job advertisements provide salary information and found that just under 90% of job advertisements met this criteria in 2014 (Bundesministerium fur Bildung und Frauen, 2015[14]).

4 Equal pay auditing systems

Valerie Frey

Nine OECD countries have mandated comprehensive equal pay auditing processes for private sector employers. Equal pay audits are the most comprehensive government strategy for using wage transparency to address gender wage gaps. These audits require an analysis of the proportion of women and men in different positions, an analysis of the job evaluation and classification system used, and detailed information on pay and pay differentials on the basis of gender – and they typically identify follow-up actions that employers should take to close gender pay gaps. Monitoring and enforcement mechanisms vary across countries, and more evaluations are needed to understand the effects of equal pay auditing systems on wage outcomes.

Key findings

- Nine OECD countries require private sector companies to carry out regular, mandatory pay auditing processes with both pay gap reporting and follow-up analysis of the causes of (and possible remedies to) gender gaps. Several other countries have related measures that are less extensive or irregular.
- Most countries with equal pay auditing systems have financial penalties in place to help compliance, but such penalties are infrequently enforced as most companies do complete at least some form of the mandatory audit. The quality of such audits, however, varies significantly across firms.
- Monitoring mechanisms vary significantly across countries. Some countries place supervisory power in a human rights or equality ombudsman, while others embed these responsibilities within the inspection functions of a labour ministry. Others regulate independent auditors to act as agents of the government in carrying out inspections.
- More and better evaluations are needed to understand the effects of equal pay auditing systems on workers' outcomes.

4.1. Pay audits: An infrequently used but potentially powerful tool

Equal pay audits represent the most comprehensive government strategy for using wage transparency to address gender wage gaps. Equal pay audits cast a wider gender lens and look at a broader range of outcomes than the simpler pay reporting obligations described in Chapter 3.

Most countries' pay audit processes mirror the guidelines outlined in the 2014 European Commission Recommendation on Pay Transparency: pay audits are processes that should include an analysis of the proportion of women and men in each category of employee or position, an analysis of the job evaluation and classification system used, and detailed information on pay and pay differentials on grounds of gender (European Commission (2014/124/EU), 2014[1]). Importantly, pay audits differ from pay reports (Chapter 3) in that audits should make an effort to analyse any gender pay gaps found, should attempt to identify the reasons for these gaps (including possible pay discrimination), and could be used to help develop targeted actions on equal pay (European Commission, 2017[2]).

4.2. A quarter of OECD countries require gender pay auditing

Nine OECD countries require a defined group of private sector companies undertake regular, mandatory pay auditing processes with both pay gap reporting and follow-up analysis: Canada,[1] Finland, France, Iceland, Norway, Portugal, Spain, Switzerland, and Sweden.

A few other OECD countries have related but less comprehensive auditing processes which are not mandatory, not general (to all companies meeting pre-defined criteria), and/or involve reporting on gender outcomes *other* than pay (see Box 4.1 and Annex Table 4.1).

Unlike the other, highly diverse policy areas detailed in this report, the EC's description of pay auditing processes can perhaps more easily serve as a guide in this chapter because there are a relatively small number of countries with pay auditing processes and almost all of them are in the European Union (France, Finland, Portugal, Spain and Sweden) or the European Free Trade Association (Iceland, Norway and

Switzerland). Canada's pay auditing system is the only comparable process outside of Europe, though it covers a smaller share of the private sector than the other countries' programmes.

4.2.1. Reporting and enforcement mechanisms

In countries with private sector pay auditing requirements, such measures cover firms ranging from a minimum size of ten employees (Sweden and Canada[2]) to a minimum size of 100 employees (Switzerland[3]). Iceland sets the minimum company size for required reporting at 25 employees, Finland sets it at 30 employees, and France, Norway and Spain set the minimum at 50 employees. In Norway, the same requirements apply to private employers that ordinarily employ between 20 and 50 people if the employees or employee representatives request an audit.

Some countries increase the content and/or frequency of the reporting requirements for larger firms. The frequency of reporting varies from annual reporting requirements (France and Sweden) to every four years (Switzerland).

The nine OECD countries with mandatory gender pay auditing systems have legislated these auditing requirements. Gender pay auditing is generally enforced or incentivised through financial penalties, government-mandated compliance strategies or disclosure requirements:

- Six countries enforce pay auditing with (the possibility of) financial penalties in the case of non-compliance: Finland, France, Iceland, Portugal, Spain and Sweden. These are in addition to disclosure requirements that require companies in these countries to share audit results with employees, the government, and/or the public.
- In Norway, the Ombud supervises the activity duty and issues a statement pursuant to Sections 26 and 26a of Norway's Equality and Anti-Discrimination Act. The Ombud's supervision may include preparation by the Ombud and an employer of a joint strategy for compliance with the activity duty. The Ombud may also review equality statements, analyse the findings, and propose improvement measures and strengthened initiatives for inclusion in the employer's equality work. The Ombud may also make follow-up visits to employers. Some other countries (such as Finland) also have review processes by a government actor, followed by potential financial penalties.
- In Switzerland, the requirement to share the gender pay gap analysis with employees within a year of data gathering is listed as an incentive for compliance (OECD GPTQ 2021, see Annex A). However, Switzerland's auditing requirements also have a "sunset clause" whereby the requirement ceases to be in effect as of 1 July 2032.[4]

The reporting requirements for an audit vary across countries, but generally require gender-disaggregated statistics on workforce composition (at different job levels) and gender-disaggregated statistics on pay, either for the total firm workforce or by different jobs (Annex Table 4.1). Most countries ask companies to develop follow-up action plans to address gender gaps that are found during the audit.

Box 4.1. Other equal pay auditing and reporting processes

Several countries have policies in place that approximate gender pay auditing policies, but they are missing at least one or more key component of the more intensive auditing processes detailed in this chapter. A few countries *encourage* companies to conduct pay audits, or Ministries themselves conduct pay audits on a select group of companies. However these countries are excluded from this chapter as their measures are not legally mandatory for a general, pre-defined set of companies, e.g. all organisations with over 250 employees (1 and 2 below) or these countries are mandated to report/audit gender equality outcomes or strategies, but do not require reporting detailed statistics on pay and pay differentials on the grounds of gender (3).

In some countries, audits are not mandatory

Since 2007, Denmark has had an annual, financially enforceable pay reporting system in place that requires reporting gender-disaggregated wages for different job categories to both workers and Statistics Denmark (Chapter 3). This measure is general in that it applies to all companies with at least 35 employees since 2007. A gender pay *audit*, however, is entirely voluntary for companies in Denmark and can be used as an alternative to the mandatory reporting on wage statistics.

In other countries, audits are not applied broadly

In some other countries, such as Costa Rica, Greece and Turkey, analyses of gender pay gaps form part of broader labour inspections,[5] which are carried out annually on a more ad-hoc basis. Such measures are therefore not generally and regularly applied to an entire group of companies.

In the United Kingdom, a wide range of companies are required to publish wage gap statistics publicly (Chapter 3), but gender pay *audits* are not applied generally. Instead, audits function more like a sanction. Employment Tribunals in the United Kingdom can order employers to conduct an equal pay audit if they are found to have breached specific equal pay provisions. The United Kingdom reports that these audits are rarely carried out because they would need to follow a successful claim in an Employment Tribunal. Instead, the norm is for cases to be settled (OECD GPTQ 2021).

In Ireland, regular pay equity audits across a broad range of firms are not required by law. However, the Irish Human Rights and Equality Commission (IHREQ) Act 2014, as amended, provides for the conduct of equality reviews, including matters related to equal pay. IHREC may invite an organisation, group of organisations, or an industry or sector to carry out equality reviews and prepare and implement equality action plans, and may also, if appropriate, carry out such reviews and prepare such action plans. This so-called “equality review” is defined as an audit of the level of equality of opportunity which exists in a particular organisation, group of organisations, industry or sector, and an examination of the practices of, procedures in, and other relevant factors (including the working environment) to determine whether they promote equality of opportunity. If IHREC finds a failure to implement any provision of an equality action plan, whether prepared by the organisation or by IHREC, it may serve a substantive notice to the organisation. Failure to comply with a substantive notice is an offence which is punishable, upon conviction, by a fine or imprisonment.

In a few countries, gender gaps other than pay gaps are mandated for reporting and/or auditing in the private sector

In Germany, Japan, Korea, Luxembourg and the United States, a pre-defined group of private sector companies are required to report and/or audit gender-disaggregated outcomes on a range of employment outcomes, such as the gender composition of the overall workforce or of different job categories. This is often part of a more extensive internal company gender audit, as is the case in Germany.[6] The reporting requirements in these countries, however, do not require reporting statistics on gender-disaggregated pay and/or pay gaps. (See Chapter 3, Box 3.2 for a description of measures in these countries.)

4.3. Country practices

4.3.1. Finland

Since 2014, as part of its Act on Equality between Women and Men (Equality Act), Finland has required employers with 30 or more employees to conduct what Finland calls a "pay survey" and draw up a gender equality plan at least once every two years.[7] This reporting process pays particular attention to wages and other employment relationship conditions,[8] and must include:

- an assessment of the gender equality situation in the workplace, including:
  - details of the employment of women and men in different jobs
  - a pay survey on the whole personnel, presenting the classifications of jobs performed by women and men, the pay for those jobs, and the differences in pay
- necessary measures planned for introduction or implementation with the purpose of promoting gender equality and achieving equality in pay;
- a review of the extent to which measures previously included in the gender equality plan have been implemented and of the results achieved.

The Finnish pay survey requirements attempt to ensure that there are no unjustified wage differentials between women and men working for the same employer and engaged in either the same work or work of the equal value – in other words, that women and men are treated equally in terms of pay.[9] Finland's pay survey requirements are clearly specified:

> *"For each group considered in the pay survey, the mean value is calculated for women's wages and men's wages. These mean values can be expressed either in euros or as women's mean wages as a percentage of men's mean wages.*
>
> *If the group analysis shows clear differences between women's and men's wages, the employer must establish the reasons and grounds for these differences. By clear differences is meant here that the mean values for the wages of women and men of the groups are unambiguously different. Systematically recurring differences give grounds for further inspection of even smaller wage differentials.*
>
> *In order to clarify the reasons for the differences noted, the central components of the wages are inspected. Each and every wage component, including both the job-specific wage component as well as the different bonus such as individual performance- or competence-related bonuses and merit pay, must separately be of a non-discriminatory nature." (Ministry of Social Affairs and Health, 2016[3])*

Pay differences without an acceptable explanation would put a company in conflict with prohibitions against pay discrimination in the Equality Act (OECD GPTQ (2021).

In terms of dissemination, the results of the audit (and any updates to it) must be actively shared with employees. This information can be shared in different ways, e.g. on the intranet of the workplace, by posting it a noticeboard at a workplace, and/or at staff meetings.

If an employer fails to carry out an equality plan, the Ombudsman for Equality[10] will instruct and advise an employer on it. If the employer still neglects their responsibility to draft an equality plan in spite of instructions and advice, the Ombudsman can set a reasonable deadline by which the obligation must be fulfilled. If the plan is not drafted by the deadline, the Ombudsman can take the matter to the National Non-discrimination and Equality Tribunal. The Tribunal can impose an obligation on the employer to prepare an equality plan within a defined period, under threat of a fine if necessary. If the employer still neglects the equality plan, the board will enforce a fine.

4.3.2. France

Since 2019,[11] France has required all public and private sector employers with at least 50 employees to conduct an audit entitled *l'index de l'égalité professionnelle entre les femmes et les hommes,* or the professional equality index between women and men (PEI). Every year, by 1 March, companies with at least 50 employees must publish the results of their audit on their website in a visible and legible manner. Employers must also communicate results to their social and economic committee[12] (elected representatives of workers) and to the labour inspectorate in France's Ministry of Labour, Employment and Inclusion.

In companies where a wage gap is identified, the goal is to put an end to any identified, unjustified gender wage gap within three years by allocating, if necessary, funds to close the gap. The auditing system was implemented progressively over three years, gradually covering smaller and smaller firms. The PEI is an improvement upon an earlier, much simpler policy which asked companies to commit to gender equality, but which did not have clearly defined goals or enforcement mechanisms – and consequently likely had no effect on wage outcomes (Coly, 2021[4]).

France's PEI reporting requirements are clearly defined, relative to most other OECD countries. Requirements differ depending on whether a firm has between 50-250 employees or over 250 employees. The PEI total possible score is 100; any company scoring below 75 points out of 100 must take "appropriate and relevant corrective measures" in order to achieve a score of at least 75 within a maximum of three years of the low score (OECD GPTQ 2021).

For companies with more than 250 employees, five indicators must be calculated:

- The average pay gap between women and men, by age group (under 30; 30 to 39; 40 to 49; 50 and over) and by category of equivalent positions. There are several possible methods for distributing employees: by level or hierarchical coefficient in application of the industry classification, by another method of rating positions or by socio-professional category (SPC). The result of this indicator varies from 0 to 40 points.
- The difference in the rate of individual increases (excluding promotions) between women and men, by SPC. This compares the percentage of employees, women and men, who have received a raise, not the level of the raise. The result of this indicator varies from 0 to 20 points.
- The difference in promotion rates between women and men, by SPC. This compares the proportions of women and men promoted. The result of this indicator varies from 0 to 15 points.
- The percentage of female employees who received a raise in the year following their return from maternity leave. This is a check on whether the employer has complied with its legal obligation to catch up on salaries when returning from maternity leave. The result of this indicator is either 0 if at least one employee did not benefit from the increases due to her upon her return, or 15 points if the company has respected its obligation for 100% of the employees concerned.
- The number of employees of the under-represented gender among the ten highest paid employees. The more the under-represented gender is in the minority among the ten highest paid employees, the fewer points the company receives. Parity is the target for this indicator. The result of this indicator varies from 0 to 10 points.

Smaller firms (50-250 employees) need to submit the information above, minus the indicator relating to the promotion rate (which is included within the indicator on the rate of individual increases).

The remuneration that should be included in this calculation includes not only the basic wage or salary, but also all other benefits and accessories paid, directly or indirectly, in cash or in kind, by the employer to the employee. This excludes severance pay, retirement pay, bonuses for special hardship not related to the employee, seniority bonuses, and overtime pay.

To help companies fulfil their auditing requirements, France has a simple but thorough online instructions explaining the process.[13] This connects to an online tool, Index Egapro (https://index-egapro.travail.gouv.fr/), that a company can use to 1) calculate their PEI and then 2) directly submit results to the Ministry of Labour.

When it comes to monitoring compliance, the French pay auditing process has teeth. If a company does not publish their PEI, does not define corrective measures if they score below 75, or fails to provide resources to address a score below 75, the government can – after a labour inspectorate warning – impose a financial penalty. If a company does not reach a passing score of 75 points after three consecutive years, they may be subject to a new financial penalty. The amount of these penalties may represent up to 1% of the company's payroll.

Unlike many other countries, France also collects data on company compliance. The response rate amongst companies has improved considerably from 59% in 2020 to 70% in 2021. On average, companies have also had their Index score stable at 84 in 2020 and 85 in 2021, suggesting no tangible change in equity yet – though the programme is still relatively new (OECD GPTQ 2021).

In the approximately two years[14] since the start of the programme, the French labour inspectorate has carried out 17 500 interventions covering 6 278 companies; issued 294 formal notices; and sanctioned and penalised 11 companies.

4.3.3. Iceland

Iceland requires private sector and public sector organisations with at least 25 employees to carry out, annually, pay audit and obtain equal pay certification of their equal pay system and the implementation thereof.[15] This pay auditing and certification system began in 2018, as part of the law on organisations' duty to implement an Equal Pay Standard (EPS, formally the "ÍST 85 Standard"), a type of management requirement standard. This equal pay certification is designed to ensure that wages are based only on relevant factors and do not reflect direct or indirect discrimination.

Iceland requires that companies calculate pay gap statistics for men and women in the same job, but also for different jobs of equal value. (For a discussion of this important distinction, see Chapter 2.)

These audits also require the submission of extensive information concerning gender-disaggregated wages of employees, and include additional allowances, bonuses, and – somewhat unusual in international perspective – pension rights. That being said, comparisons of pension rights can be complex and reliable confirmations of that comparison vis-a-vis the equal pay audits are not available.

The analysis component of the pay certification is carried out by the employer, but the *audit* of this equal pay analysis is carried out by an external, independent certification body. Results of them audit are then reported to a government equality body. A written statement from an auditor serves as a certification which states that the equal pay system and its implementation meet the requirements of the Equal Pay Standard.

There are financial penalties if a company does not comply with the reporting requirements. However, unlike in some other countries, there is no legal obligation that pay audit be followed up with actionable recommendations or a discussion with the employees and/or social partners.

4.3.4. Sweden

Sweden has required gender pay auditing since 1994, though the rules have changed a few times since then. All employers, in the public and private sectors, need to carry out a pay audit every year in collaboration with employee organisations. Employers with more than ten employees need to document this work. This process of what Sweden's National Audit Office calls an "equal pay survey" includes reporting on:

- Provision and practices regarding pay and other terms of employment
- Pay differences between women and men performing work that is considered as equal or of equal value. Work is to be regarded as of equal value to other work "if it can be deemed so based on an overall assessment of the requirements and nature of the work. The assessment of the requirements of the work is to take into account criteria such as knowledge, skills, responsibility and effort. In assessing the nature of the work, particular account is to be taken of working conditions." (OECD GPTQ 2021).[16]

The employer is required to provide results to the employee organisation with which the employer is bound by collective agreement, in order to facilitate work on active measures.

Similar to the process in Finland, enforcement by the government is a light touch. At the request of the Swedish Equality Ombudsman[17] – an independent Swedish Government agency – an employer may be required to provide information about the audit. If an organisation does not comply with a request, the organisation may be ordered to fulfil this obligation or face a financial penalty. A decision to order a financial penalty may be appealed to the Board against Discrimination. If the Ombudsman does not want to apply to the Board for a financial penalty, a central employees' organisation to which the employer is bound by a collective agreement may make an application.

Sweden's pay auditing system was recently audited by the Swedish National Audit Office, which found that the pay surveys have had little effect on gender income differences and may pose an administrative burden on employers. The NAO recommended that the government simplify reporting requirements, better adopt requirements to the size of the employer, and instruct the Swedish National Mediation Office to monitor developments in pay differences between men and women employed by the same employer (National Audit Office of Sweden, 2019[5]).

4.3.5. New auditing initiative in Canada

Canada did not self-identify in OECD GTPQ (2021) as having an auditing process for companies, but in practice their measure looks similar to auditing processes in Europe – albeit for a smaller selection of private and public sector employers. As of 1 June 2022, Canada's employment equity reports will be required to contain new gender pay gap information.

These new pay gap reporting requirements will cover only federally regulated private sector employers (Chapter 3). Federally regulated private sector employers were already required to provide pay information under the Employment Equity Act as part of their annual reporting on employment equity to the Minister of Labour by 1 June of each year.

Employers' submissions will be enforced by the Canadian Human Rights Commission (CHRC), which is also responsible for employment equity reporting. If an audit reveals non-compliance with programme requirements, the CHRC will work with the employer to address the matter. When non-compliance persists, financial penalties can be applied.

In addition, Canada's new Pay Equity Act requires all federally regulated private and public sector firms with ten or more employees, including parliamentary workplaces, Ministers' offices and the Prime Minister's office, to take *proactive* steps to ensure they are providing equal pay for work of equal value. More specifically, the Act requires employers to establish a pay equity plan within three years that analyses whether there is a difference in compensation between positions that are mostly held by women and those mostly held by men that are found to be of equal value. Employers must post their plan in the workplace, increase the compensation of those mostly female positions to eliminate the differences in compensation identified within the plan, and then revise and update their plan at least every five years.

Employers subject to the Act must also submit an annual statement to the The Pay Equity Commissioner, housed within the CHRC that reports the results of the employer's pay equity exercise. The Pay Equity

Commissioner is responsible for the administration and enforcement of the Act and its regulations. This includes activities such as providing assistance and guidance to workplace parties, investigating and settling complaints, mediating disputes, auditing for compliance, and issuing compliance orders.

Box 4.2. Gender auditing or equal pay auditing?

Countries have taken a wide array of diverse approaches to compel organisations to acknowledge and, ideally, address the gender pay gaps that exist within their workforce. There is no "one size fits all" solution when it comes to pay transparency and equal pay policies, and there are lessons to be learned from different examples that can be adapted to different contexts.

This chapter on equal pay audits parallels what the European Union calls "pay audits." These are processes that should include

- an analysis of the proportion of women and men in each category of employee or position,
- an analysis of the job evaluation and classification system used by a company,
- and detailed information on a company's pay and pay differentials on grounds of gender, which should be made available to workers' representatives on request.

Also relevant to this report is the more general concept of a "gender audit." A gender audit is a "tool to assess and check the institutionalisation of gender equality into organisations" (EIGE, 2021[6]) and may be used to look at gender outcomes beyond pay gaps within companies, such as gender balance within staff, the likelihood that women or men are promoted, and gender gaps in retention rates. Gender auditing research often references the International Labour Organization's guidance on "participatory gender auditing" (ILO, 2012[7]), but in practice many of the broader goals of gender auditing come out of OECD member countries' reporting and auditing processes, even if the processes are narrow and may not be considered "participatory."

Germany, Japan, Korea, Luxembourg and the United States, for example, have company gender reporting measures that look at different aspects of gender equality within companies, but do not explicitly require reporting on gender *pay* gaps. (In Germany, however, reporting rules do require a report detailing measures to create equal pay for women and men.)

4.4. Pay audits in public sector organisations

Almost every country with equal pay audits in the private sector also mandates them in the public sector. This list includes Canada, Finland, France, Iceland, Norway, Spain, Sweden and Switzerland. The rules generally correspond across the public and private sector; see Annex Table 4.1 and Annex Table 4.2. The United States requires some equal pay auditing steps for the public sector (Annex Table 4.2).

Australia, Mexico and New Zealand have voluntary measures in place for public sector employers to audit gender-disaggregated outcomes (Annex Table 4.2).

4.5. Measuring the effects of equal pay auditing on wage outcomes

There has been remarkably little government-led or academic research on the effects of equal pay auditing systems on equal pay outcomes. Similar to national pay reporting policies (Chapter 3), many of the auditing measures have not been in place long enough to evaluate wage outcomes rigorously.

Sweden is one of the few countries to have assessed quantitatively the effects of its pay auditing system on wage outcomes. Sweden's National Audit Office has found a marginal effect of pay surveys reducing the gender wage gap in small employers (National Audit Office of Sweden, 2019[8]).

In many ways, pay audit systems are ripe for rigorous evaluations: the structure of auditing systems, notably firm size requirements with sharp cut-off rules around who needs to report, can easily enable quasi-experimental policy evaluation (see "Measuring the effects of pay reporting on workers' outcomes" in Chapter 3). This should facilitate policy evaluations of wage outcomes going forward as these policies become more commonplace across countries, regions or even sectors of the economy. Governments and academic researchers should commit to more research in this area.

4.5.1. Results from simpler pay reporting systems offer some clues

Academic research has assessed the wage and employment outcomes of a few of the simpler pay reporting systems (Chapter 3).

Studies of pay reporting rules have typically found small reductions in the gender wage gap when reporting measures are accompanied by the threat of sanctions and/or relatively high policy visibility, as is the case in Denmark (Bennedsen et al., 2019[9]) and the United Kingdom (Duchini, Simion and Turrell, 2020[10]) (Blundell, 2021[11]). The positive effects arise through a reduction in men's wages, rather than an increase in women's wages.

Where enforcement mechanisms or wage gap visibility are weaker, however, pay transparency measures seem to have had fewer positive effects on reducing the wage gap (Böheim and Gust, 2021[12]; Gulyas, Seitz and Sinha, 2020[13]).[18]

Studies looking at smaller, targeted populations of workers, such as university faculty in Canada and the United States, have also found that publishing salaries helps to close the gender wage gap (Baker et al., 2019[14]; Obloj and Zenger, 2020[15]).

It is important to note that these studies are looking at much simpler, less demanding pay reporting systems.

It seems very plausible that the equal pay auditing systems described in this chapter may have a larger effect than simple pay reporting on reducing the gender wage gap. Auditing systems often require an extensive analysis of the causes of an organisation's gender wage gap and dedicated follow-up action plans. Of course, adequate enforcement and follow-up are probably necessary to produce tangible effects on wages.

4.6. Evaluating equal pay auditing systems' implementation and processes

In terms of procedural outcomes, countries with relatively longer histories of reporting and/or auditing processes, such as those in Sweden and Finland, report that auditing systems run smoothly and have high compliance.

These programmes tend to rely on tripartism – long-standing collaboration between workers' representatives and businesses. The government counts on unions or works councils to advocate for women's fair wages. In these countries, the government's involvement is a light touch. Ombudsmen for human rights or equality step in when the other actors fail to reach an agreement.

Some of the relatively newer programmes, such as those in France and Portugal, rely on a greater degree of government intervention to define the auditing process, collect data, and ensure compliance with programme requirements.

Again, it is probably too early to tell whether these approaches are more successful than less interventionist strategies. France's programme has only been in place for two years, for example. However, compliance has risen quickly in France in this period – from 59% of companies subject to the Index in 2020 to 70% as of March 2021 (and 84% for companies with more than 1 000 employees). The effects of these audits on wage and employment outcomes is still a pending empirical question.

Reflecting the low involvement of government actors in most countries, there tends to be little sanctioning for non-compliance or poor compliance with auditing requirements. France is a notable exception.

Most countries report that companies are willing to complete audits, but many report that the quality of submissions varies and there is little way to enforce follow-up action to address gaps that are found (OECD GPTQ 2021). For example, Finland's Ministry of Social Affairs and Health assessed in 2020 how compliant organisations are with the country's gender audit and action plan obligations. While compliance in terms of *completing* an audit was relatively high – two-thirds of surveyed organisations completed the auditing process in a timely manner – there were significant differences across employers in the quality of the surveys conducted.

The more prescriptive element of audits in countries like France, Portugal, and Iceland – where employers need to develop an actionable plan to close gender gaps or face penalties – seems to be a promising step for addressing the issue of low quality audit reports and inadequate follow-up action.

4.6.1. Barriers to effective equal pay auditing processes

What stands in the way of the effective functioning of pay reporting processes? A summary of challenges reported to the OECD can be found in Chapter 3, Figure 3.3.

Some issues are directly tied to the auditing systems' rules themselves. For example, many companies (and thereby employees) are excluded from reporting because they fall below mandatory reporting company size thresholds. Employers and governments have expressed concerns that the administrative and human resources requirements to complete audits may be too high for smaller companies.

This administrative burden could be alleviated in a variety of ways, though. A recent study estimates that the pay reporting cost to companies is well under EUR 1 000 annually (Eurofound, 2020[16]) – a cost that could potentially be publicly subsidised for small employers, either in the form of a payment or through the provision of a government auditor.

Alternatively, and for lower cost, governments could introduce free, simple online calculators to help small employers aggregate and/or submit equal pay audit data. Successful examples of this include the Index Egapro[19] tool in France and the Logib calculator in Switzerland,[20] among others. Much of the administrative burden of equal pay auditing is borne in the first year of employer participation, as there are start-up costs. The process becomes easier over time (Eurofound, 2020[16]).

Many countries also report that there is low employer, employee and public awareness of pay reporting and auditing requirements. This issue is commonly cited across pay transparency policies. This limits policy effectiveness, of course, as employers may be less aware of what they need to do and employees (and their representatives) may not have high expectations for employer engagement on closing the gender wage gap.

General knowledge in the public is important, too, as it can help foster social pressure to address gender inequality. The "name and shame" approach to pay reporting in the United Kingdom has been credited with ensuring 100% compliance over the first two years of programme implementation and encouraging a public discussion about the gender wage gap. This type of public awareness-raising approach could easily be adopted in publishing pay audit results, or at least select portions of them.

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National Audit Office of Sweden (2019), *The Discrimination Act's equal pay survey requirement- a blunt instrument for reducing the gender pay gap*, https://www.riksrevisionen.se/download/18.211196c116b8a790f9895fe/1561470125325/RiR_2019_16_ENG.pdf (accessed on 7 May 2021). [5]

Obloj, T. and T. Zenger (2020), "The Influence of Pay Transparency on Inequity, Inequality, and the Performance-Basis of Pay", *HEC Paris Research Paper No. SPE-2020-1359*, http://dx.doi.org/10.2139/SSRN.3523828. [15]

Annex 4.A. Policy tables: Equal pay auditing systems

Annex Table 4.1. Policy table: Private sector equal pay audits and related measures

Summary of OECD countries' equal pay auditing policies in countries with policies in the private sector or in the private *and* public sectors, 2021. Countries with measures exclusive to the public sector are detailed in Annex Table 4.2.

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Required content in audit	Who has to be informed	Time interval	Enforceability	Penalties for non-compliance
Canada	Pay Equity Act, 2021	Yes	Federally regulated private sector and public sector employers with 10 or more employees, including parliamentary institutions, Minister's offices and the Prime Minister's office,	Employers must proactively examine their compensation practices to determine whether there is a difference in compensation between positions that are mostly held by women and those mostly held by men that are deemed to be of equal value. If differences in compensation exist, employers will be required to increase the compensation of affected employees and, then, maintain pay equity. Company pay reporting requirements detailed in Chapter 3.	Employees, through their employer's pay equity plan, and the Pay Equity Commissioner in the Canadian Human Rights Commission, through annual statements submitted by the employer.	Initially three years and then every five years after that (pay equity plans) and annually (annual statements)	Yes	Financial penalties, pending the appropriate regulations being brought into force
Denmark	Equal Pay Act, 2007	No	Pay reporting requirements apply to public and private organisations with 35 employees, of which at least 10 of each sex with the same work function employed. Does not apply to collective agreements with equal pay obligations.	Audit is a voluntary alternative to complying with the mandatory gender pay gap reporting mechanisms (Chapter 3)	Workers through their representatives, as well as Statistic Denmark.	Annual (pay reporting)	N/A	N/A
Finland	Equality Act, 2014	Yes	Private and public sector employers with 30 employees or more	Mandatory equality plan and pay survey to ensure that there are no unjustified pay differences between women and men, who are working for the same employer and doing the same work or work of equal value. If the pay survey reveals pay	Gender equality plans must be prepared by employer, in co-operation with the shop steward,	Two years	Yes	Ombudsman for Equality can take the matter to National Non-Discrimination and Equality Tribunal,

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Required content in audit	Who has to be informed	Time interval	Enforceability	Penalties for non-compliance
				differences, the employer must analyse the reasons and take measures to rectify. Aggregate, not individual level, gender pay data.	the elected representative, the occupational safety and health representative or other employee-appointed representatives.			financial penalties
France	Law No. 2018-771, 2018 and implementing decrees No. 2019-15, 2019; No. 2019-382, 2019; No. 2021-265, 2021.	Yes	Private sector, at least 50 employees. Requirements when calculating the index differ for those with 250 or more employees. Public sector rules described in Annex Table 4.2.	Each year, companies calculate an Index of Professional Equality between women and men. In the event of a score of less than 75 out of 100, the employer is required to initiate adequate and relevant corrective measures in order to achieve a level of at least 75 within a maximum period of three years from the first publication of the Index. The Index includes average pay gap by age group and equivalent positions, classification, promotion, maternity leave impacts, high-pay sex composition.	Works councils, worker representatives. If more than 250 employees the report is also published on Ministry of Labor's website.	Annual	Yes	Financial penalties
Greece	Law 3996/2011 (Government Gazette A 170 05.08.2011)	No	Private and public sectors on workers with a private-law contract of employment for an indefinite or fixed term.	Labour inspectors can conduct pay audits to ensure principle of equal treatment. This includes looking at employees' accrued wages, holiday and bank holiday allowances, supplements for night work, supplements for working on Sundays and public holidays, etc.	Labour inspectorate	Ad hoc	Yes	Financial penalties
Iceland	Act on Equal Status and Equal Rights Irrespective of Gender no. 150/2020 and the Equal Pay Standard, 2018	Yes	Private and public sector, 25 or more employees	Gender pay audit includes all information concerning wages of employees including additional allowances, bonuses, pension rights etc. Gender pay gaps are conducted for same work and work of equal value. Gender equal job valuation is the base for the system and is mandatory.The equal pay system and analyses are carried out within the company/institution but the audit on the	Employees, Directorate of Equality	Every three years	Yes	Financial penalties

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Required content in audit	Who has to be informed	Time interval	Enforceability	Penalties for non-compliance
				system is carried out by an external independent certification body as laid out in the Equal Pay Standard.				
Ireland	The Irish Human Rights and Equality Commission Act 2014	No	The Irish Human Rights and Equality Commission may invite an undertaking, group of undertakings or an industry or sector to carryout equality reviews and prepare and implement equality action plans, and may also if it thinks appropriate, carry out such reviews and prepare such action plans.	An equality review is defined as an audit of the level of equality of opportunity which exists in a particular undertaking, group of undertakings or the undertakings making up a particular industry or sector thereof, and an examination of the practices of, procedures in, and other relevant factors (including the working environment) material to that undertaking or those undertakings to determine whether those practices, procedures or other relevant factors are conducive to the promotion of equality of opportunity in that undertaking. The form of an equality review is not set out in the legislation.	Varies	Ad hoc	N/A	
Norway	Equality and Anti-Discrimination Act, 2020	Yes	All public organsations, regardless of size, and private firms that ordinarily employ more than 50 persons. The same rules apply to private firms that ordinarily employ between 20-50 persons if requested by employees or their representatives.	Pay differentials including ordinary remuneration for work plus all other supplements, advantages and other benefits provided by the employer. To be published as a part of the gender equality statement, which shall be formulated such that no personal circumstances of individual employees are revealed.	Audit should be contained in annual report or another document available to the general public.	Every two years	Yes	Administrative sanctions. Ombud may analyse findings of audit, propose improvement measures and prepare a strategy for compliance.
Portugal	Regulated by Ordinance No. 55/2010, 2011 and Law no. 60/2018	Yes	Private sector	Employers must provide an annual report including the following: a) General and sectoral barometer of pay differences between women and men; b) Balance of pay differences between women and men by company, profession and qualification levels. Information is provided by employers for every worker. The dataset contains information on every wage earner in the Portuguese economy, with the exception of public and independent	Individual employees, works councils or other workers' representatives at company level, social partners, equality and/or state bodies, Labour administration	Annually	Yes	Financial penalties

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Required content in audit	Who has to be informed	Time interval	Enforceability	Penalties for non-compliance
				workers, as well as on their employers (firm-level and establishment-level). Data covers information on each establishment and firm, such as size, location, economic activity, and employment, as well as information on each employee, such as gender, age, education, skills, occupation, tenure, monthly wages, and hours worked. After pay differences have been identified, companies must submit to the Authority for Working Conditions a plan for assessing these differences to be implemented for one year.				
Spain	Article 28.2 of the Workers Statute and Articles 5 and 6 of Royal Decree 902/2020, of 13 October 2019	Yes	Private sector with 50 employees or more and those compelled by a collective agreement or a decision of the labour authority	The information is gathered in a registry that shows the average and median salary, per sex, of each professional category, or, in some companies, work of equal value. Audits are part of the equality plan an employer carries out which is registered in a public registry.	Individual employees, works council or other workers' representatives at company level.	Linked to schedule in company's equality plan, data collected annually	Yes	Financial penalties
Sweden	2014	Yes	Private and public sector. If an employer has more than 10 employees they need to document their work on pay audits.	Employer bears responsibility to annually survey and analyse (1) Provisions and practices regarding pay and other terms of employment that are used by the employer, and (2) Pay differences between women and men performing work that is to be regarded as equal or of equal value. Employers do so in co-operation with employee organisations.	Employees and employee organisations	Annual	Yes	Ordered to fulfil obligation subject to financial penalties.
Switzerland	Swiss Federal Act on Gender Equality, 2020	Yes	Private and public sector, 100 or more employees at the start of any year (excluding apprentices)	Employers shall conduct an equal pay analysis every four years looking at gender pay differentials and have said audit approved by government-regulated auditors. Employers are exempt from future audits if no gender wage gap is found.	Employees	Every four years	No	No

Country	Measure and date created	Obligatory by law	Responsibility of sector, size	Required content in audit	Who has to be informed	Time interval	Enforceability	Penalties for non-compliance
Turkey	Labor Law No. 4857, 2003	Yes	Private and public sector	Wage-related inspections are carried out by labour inspectors. Labour inspections are planned and implemented as "scheduled inspections" and "off-schedule inspections consisting of reviews". According to the general work plan scheduled inspections are planned and implemented for at least one year, while off-programme inspections are planned and implemented at least monthly, depending on the nature and number of the task. In like with equal pay provisions (Chapter 2), in all of the annual scheduled inspections, equal pay and gender-based wage differences are monitored and inspected. Within the scope of unscheduled inspections, gender-based wage differences are evaluated and inspection activities are carried out.	Labour inspectors	Ad hoc	Yes	Administrative fines
United Kingdom	2014	Yes	Private and public sector, Employment Tribunals are required to order employers to conduct an equal pay audit if they are found to have breached equal pay provisions following company pay reporting (Chapter 3).	Where a Tribunal has mandated an equal pay audit, it is the responsibility of the employer to conduct this.	Public	Ad hoc, as needed following annual pay reports	Yes	The tribunal will determine whether or not an audit complies. If not, it will arrange a hearing to consider the issue further. If they fail to comply following a hearing the tribunal can order non-compliant employers to pay a penalty.

Note: Table summarises the key features of equal pay auditing requirements in OECD countries with such requirements for the private sector and countries with requirements for the private and public sector when these measures are similar. Annex Table 4.2 summarises the key features of company pay auditing requirements in countries with such requirements that are exclusive to the public sector, with the exception of France, which is included in both Annex Table 4.1 and Annex Table 4.2. due to its detailed and differentiated measures in both the private and public sectors.
Source: OECD Gender Pay Transparency Questionnaire (GPTQ) 2021.

Annex Table 4.2. Policy table: Public sector (only) equal pay audits

Summary of OECD countries' equal pay auditing policies in countries with policies in the public sector, 2021.

Country	Measure and date created	Obligatory by law	Responsibility of (sector, size)	Required content in audit	Time interval	Enforceability	Penalties for non-compliance
Australia	Workplace Gender Equality Act, 2012	No	Public sector employers with 100 or more employees	No	Annual	No	N/A
France	Article 5 of Law No. 2019-828, 2019; Law no 83-634, 1983	Yes	Public sector. Private sector rules detailed in Annex Table 4.1.	1. Requires each public employer to include in its single social report indicators of the comparative situation of women and men. 2. Establishment of action plans, which in their first axis must deal with "the assessment, prevention and, where appropriate, treatment of pay gaps between women and men.	1. Annual 2. Every three years	Yes	Administrative justice
Mexico	National Policy on Equality between Women and Men	No	49 institutions of the Federal Public Administration	National Human Rights Commission is in charge of observing the follow-up, evaluation and monitoring of the National Policy on Equality between women and men, including actions to reduce the gender wage gap. It is focused on middle and senior managers in the Federal Public Administration. seeks to highlight and explore the hierarchical and unequal nature of the participation of men and women in work, salary gaps, and women's access to positions of policy design, implementation, and decisionmaking.	Two years	No	N/A
New Zealand	Public Service Gender Pay Gap Action Plan, 2018	No	Public service departments	Guidance is issued jointly by the Public Service Commission and the Public Service Association (a social partner) that advises departments to monitor equal pay in their departments and revisit their actions if gender differences in pay for the same or similar roles re-emerge. Public Service departments analyse their own gender pay gaps.	Not specified	No	N/A
United States	1. Executive Order 11246, 1965 and 41 CFR 60-2.17(b)(3),	Yes	1. Federal contractors and subcontractors with 50 or more employees	1. Annual self-audits to evaluate compensations system to determine whether there are gender disparities. 2. Analyse its workforce and pay data	Annual	Yes	1. A contractor refusing to take corrective actions as

Country	Measure and date created	Obligatory by law	Responsibility of (sector, size)	Required content in audit	Time interval	Enforceability	Penalties for non-compliance
	2000, 2. EEOC Management Directive 715, 2003		and a contract of USD 50 000 or more; 2. Federal agencies	to determine whether any "triggers" (statistical imbalances) exist that are attributable to equal opportunity, and if so develop plans to eliminate those barriers			part of a Conciliation Agreement could be debarred from future contracts or modifications or extensions. 2. Federal agencies subject to review by EEOC investigators and can be sanctioned for failure to co-operate.

Note: Annex Table 4.1 summarises the key features of equal pay auditing requirements in OECD countries with such requirements for the private sector and countries with requirements for the private and public sector when these measures are similar. This table summarises the key features of company pay auditing requirements in countries with such requirements that are exclusive to the public sector, with the exception of France, which is included in both Annex Table 4.1 and Annex Table 4.2. due to its detailed and differentiated measures in both the private and public sectors.
Source: OECD Gender Pay Transparency Questionnaire (GPTQ) 2021.

Notes

[1] Canada will also require pay gap reporting start in 2022 (Chapter 3).

[2] Note however that the Canadian regulation covers a relatively small range of organisations: federally regulated private and public sector firms, parliamentary workplaces and Ministers' offices.

[3] This translates to roughly over 5 000 companies with 100 or more employees (< 1% of all companies).

[4] Details available at https://www.bj.admin.ch/ejpd/fr/home/actualite/news/2019/2019-08-21.html.

[5] Note that the OECD GPTQ 2021 did not specifically ask countries to report on gender wage gap reporting as part of labour inspections, so this is likely not an exhaustive list of countries doing so.

[6] See, for example, Parts 3 and 4 of Germany's Transparency in Wage Structures Act: https://www.bmfsfj.de/bmfsfj/themen/gleichstellung/frauen-und-arbeitswelt/lohngerechtigkeit/entgelttransparenzgesetz/entgelttransparenzgesetz-117952

[7] An agreement can be made locally that the pay survey included in the gender equality plan will be carried out no less than once every three years, provided that the other parts of the gender equality plan are completed annually.

[8] Finland's Act on Equality between Women and Men (609/1986), also known as the Equality Act, came into force on 1.1.1987. Since then a number of changes have been made to it. For details on the pay survey requirements and gender equality plans, see specifically Sections 6a (1329/2014) and 6b (1329/2014) in the Act on Equality Between Women and Men: http://urn.fi/URN : ISBN:978-952-00-3769-7. As decided in the government Programme 2019-23, the government will enhance pay transparency by amending Gender Equality Act. In Autumn 2020, Finland established a Tripartite Working Group for preparing national legislation on pay transparency. The working group is focusing on the right to access pay information. As stated in the government Programme, the working group will address access to pay information on three levels: 1) staff, 2) staff representatives and 3) individual employees. The group will work until August 2021 to draft a legislative proposal on these themes (OECD GPTQ 2021).

[9] The Finnish Government reports that an employer "is always responsible for ensuring non-discriminatory wage policy, even if a gender-based wage differential is not revealed by the pay survey" (Ministry of Social Affairs and Health, 2016[3]).

[10] More information about this role available at https://tasa-arvo.fi/en/.

[11] The French pay auditing requirements are laid down in Law No. 2018-771 of 5 September 2018, on the freedom to choose one's professional future, and the related implementing decrees No. 2019-15 of 8 January 2019 and No. 2019-382 of 29 April 2019.

[12] Comité social et économique.

[13] Guidelines to the PEI are available at this site (in French): https://travail-emploi.gouv.fr/droit-du-travail/egalite-professionnelle-discrimination-et-harcelement/indexegapro

[14] Compliance data reported as of 5 March 2021 (OECD GPTQ 2021).

[15] More information on Iceland's Equal Pay Certification is available (in English) at this site: https://www.government.is/topics/human-rights-and-equality/equal-pay-certification/

[16] Further details available under the "Active Measures" chapter of the 2008 Discrimination Act https://www.do.se/globalassets/andra-sprak/discrimination-act-2018.pdf.

[17] More information on this role available at https://www.do.se/.

[18] For a summary of evaluations of pay reporting systems, see Chapter 3 in this report.

[19] Available at https://index-egapro.travail.gouv.fr/.

[20] Available at https://www.logib.admin.ch/home.

5 Equal pay in collective bargaining

Rose Khattar

Workers' representatives play an important role in the design, implementation and application of pay transparency policies to promote equal pay. Collective bargaining processes can help introduce and monitor gender-neutral job classification or evaluation schemes; workers' representatives are often integral in the analysis, dissemination, and communication of the results of employer pay gap reporting and equal pay audits; and worker representatives can also help individual workers advocate for better pay when pay inequity is discovered. Yet only a limited number of OECD countries direct or encourage social partners to discuss equal pay considerations during collective bargaining processes.

Key findings

- Most OECD countries do not have regulations to ensure equal pay is discussed during collective bargaining. Many countries point to the autonomy of social partners and lack of issue awareness as barriers to enforcing equal pay discussions between social partners.
- Austria, Belgium, Canada, Chile, Costa Rica, France, Germany, Spain and Sweden report that they attempt to ensure the inclusion of equal pay in collective bargaining processes in the private and/or public sector. This could include, for example, the introduction of gender-neutral job classifications or gender equality action plans within collective agreements.
- In a few countries, the obligation to discuss equal pay in collective bargaining is enforceable through a "name and shame" list or financial penalties. However, in most countries social partners have autonomy to determine whether equal pay considerations are actually included in collective agreements.

The extent to which trade unions and collective bargaining can impact the gender pay gap will depend upon the prevalence of collective bargaining in a particular context (i.e. the share of workers covered by collective bargaining), what is negotiated in collective bargaining, the level of collective bargaining (such as company or sector level), the degree of co-ordination between social partners, the way workplace democracy takes place, and the political environment for tripartite social dialogue. In countries where collective bargaining processes are common and coverage is high, social partners can play a tangible role in closing the gender pay gap.

Some OECD countries have pursued obligations or incentives that attempt to elevate the issue of equal pay as part of collective bargaining processes. This mirrors, in part, the European Commission's 2014 Recommendation on pay transparency: "Without prejudice to the autonomy of social partners and in accordance with national law and practice, Member States should ensure that the issue of equal pay, including pay audits, is discussed at the appropriate level of collective bargaining" (European Commission (2014/124/EU), 2014[1]).

5.1. How can collective bargaining promote equal pay between women and men?

In the remit of pay transparency, unions and worker representatives play an important role in the design, implementation and application of pay transparency. Collective bargaining processes can help introduce and monitor gender-neutral job classification or evaluation schemes, which effectively assign different levels of pay to different roles or job classes and, ideally, attempt to correct for the historic undervaluation of female-dominated jobs (Chapter 2). Collective bargaining is also integral, in many countries, in the analysis, dissemination, and communication of the results of employer pay reporting (Chapter 3) and equal pay audits (Chapter 4). Worker representatives can also help individual workers advocate for better pay when pay inequity is discovered through reporting or through the identification of a relevant pay comparator (Chapter 1).

Looking at a broader set of tools to close the gender wage gap, unions can use collective bargaining to introduce targeted raises to compensate for the concentration of women in low-paid jobs, such as the "5 Cs": cleaning, catering, cashiering, caring and clerical work. Collective action can also help ensure gender-neutral evaluation criteria for career progression (such as specific conditions for women returning from maternity leave, to compensate for career and wage progression breaks) and can reduce the gender gap in discretionary pay. For example, a common criterion in performance-related pay is work attendance. Given that women do more unpaid work than men, on average, and consequently spend less time in paid

work, women often score more poorly on performance-based pay measures that rely on work attendance. Collective agreements can include provisions for equality audits of this type of discretionary pay (OECD, 2020[2]).

While it is obviously difficult to measure agency and voice in cross-national perspective, it is worth raising the question of who negotiates for whom – and for what – in collective agreements. OECD research has found that women make up slightly less than half of union members, and that a smaller share of women than men are members of a union, on average across the OECD (OECD, 2019[3]). The same analysis finds no evidence cross-nationally that collective bargaining compresses the gender pay gap on average, and that the premium associated with firm-level bargaining is on average slightly larger for men than for women (OECD, 2019[3]). Governments' mandating or incentivizing unions to ensure pay equity across genders therefore seems especially valuable.

5.2. Only nine OECD countries promote equal pay considerations in collective bargaining

Relatively few countries attempt to ensure that social partners consider the gender wage gap during collective bargaining negotiations. In total, nine of the 38 OECD countries report binding or non-binding measures that seek to ensure that equal pay is discussed during collective bargaining in the public and/or private sector.

Eight countries (Belgium, Canada, Chile, Costa Rica,[1] France, Germany, Spain and Sweden) pursue this in the private sector and six countries (Austria, Canada, Chile, Costa Rica, France, Germany and Sweden) similarly do this in the public sector.

There is high variation across countries in terms of the nature of the obligation and level of collective bargaining, which can take place at national, regional, sectoral, occupational or firm level (OECD, 2019[3]) In Belgium and Germany, all levels are involved in collective bargaining on equal pay, whereas in Sweden the obligation is most often found at the company level. In France, the sector and company level are targeted by legal obligations, whereas in Chile it depends upon the terms of the collective agreement.

Belgium, France and Germany take relatively direct approaches to ensure equal pay is considered in collective agreements. Each country has measures in place to enforce this obligation. In Belgium, if a job classification is not gender neutral within a collective agreement, the agreement is included on a public "name and shame" list. In France, employers with at least 50 employees may face financial penalties if they do not uphold the law. In Germany, if a court finds that a clause in a collective agreement is discriminatory, it will declare this clause invalid.

Other countries take a less direct approach. In Sweden, Spain and Chile, ensuring equal pay is discussed during collective bargaining is *not* binding. Social partners retain considerable autonomy. For countries with high union coverage and a strong union role in collective agreements, such as Sweden,[2] a lack of enforceability may not necessarily limit effectiveness.

Belgium, France and Germany illustrate three different ways collective agreements can work to include and advance gender equality.

5.2.1. Belgium

In Belgium, social partners play an important role in setting wages. In 2012, Belgium introduced the Equal Pay Act[3] to ensure that the pay gap becomes a permanent theme in social dialogue at all levels of negotiation.

Working at the intersectoral level, the Central Economic Council issues an annual technical report that includes information on the evolution of the gender pay gap.[4] This report serves the basis of negotiations for intersectoral agreements that takes place every two years. Intersectoral agreements must include measures to combat the gender pay gap, including gender-neutral job classifications (Chapter 2).

At the sectoral level, collective labour agreements also include measures to address the gender pay gap, including gender-neutral job classifications. Accordingly, existing and future sectoral job classifications must be gender neutral. The Federal Public Service Employment, Labour and Social Dialogue checks that sectoral classifications are gender neutral and does so in collaboration with experts (Chapter 2).

Considering that nearly 50% of employees in Belgium are members of a union – a relatively high coverage rate (Figure 5.1) – Belgium's efforts to ensure equal pay considerations in collective agreements have the potential to reach a large share of dependent workers. However, the government notes that reducing administrative constraints and changing social norms could improve the effectiveness of these obligations.

5.2.2. France

In French companies with unions, worker representatives and employers engage every year[5] in a negotiation on equality between women and men. This focuses in particular on measures aimed at eliminating pay gaps and improving quality of life at work.[6] The agreement reached at the end of this negotiation, or, failing that, the action plan drawn up unilaterally by the employer, must contain progress objectives, actions to achieve them, and quantified indicators in three or four areas of action depending on whether the company has fewer or more than 300 employees, including remuneration. Financial penalties apply for employers with at least 50 employees. Additional negotiations on gender gaps must take place at the sectoral level.

Independent of bargaining agreements, worker representatives play an important role in France's recently implemented equal pay auditing system, *l'index de l'égalité professionnelle entre les femmes et les hommes* (PEI, detailed in Chapter 4). Every year, by 1 March, companies with at least 50 employees must publish the results of their extensive gender equality audit on their website in a visible and legible manner. Employers must also communicate results to their workers' elected social and economic committee and to the French Ministry of Labour, Employment and Inclusion.

5.2.3. Germany

Section 6 of Germany's 2017 Transparency in Wage Structures Act[7] calls upon parties to collective agreements and employees or worker representatives to collaborate in achieving the goal of equal pay for equal work or work of equal value between women and men. In Germany, those bound by collective agreements have to pay at least the wages that are laid down in the collective agreement. However, they are able to pay wages above if a higher wage is agreed in an employment contract. Further, collective bargaining parties are also bound by anti-discrimination law. If a court finds that a clause in a collective agreement is discriminatory, it will declare this clause as being invalid.

Social partners have also initiated action to further pay transparency as part of collective agreements. For example, in 2016, *Nahrung-Genuss-Gaststätten* (NSG), the Food, Beverages and Catering Union, started an ongoing initiative to support the equal pay principle in their collective wage agreements. NSG systematically reviewed 3 500 collective wage agreements to ensure compliance with equal pay principles and to identify any discriminatory practices.

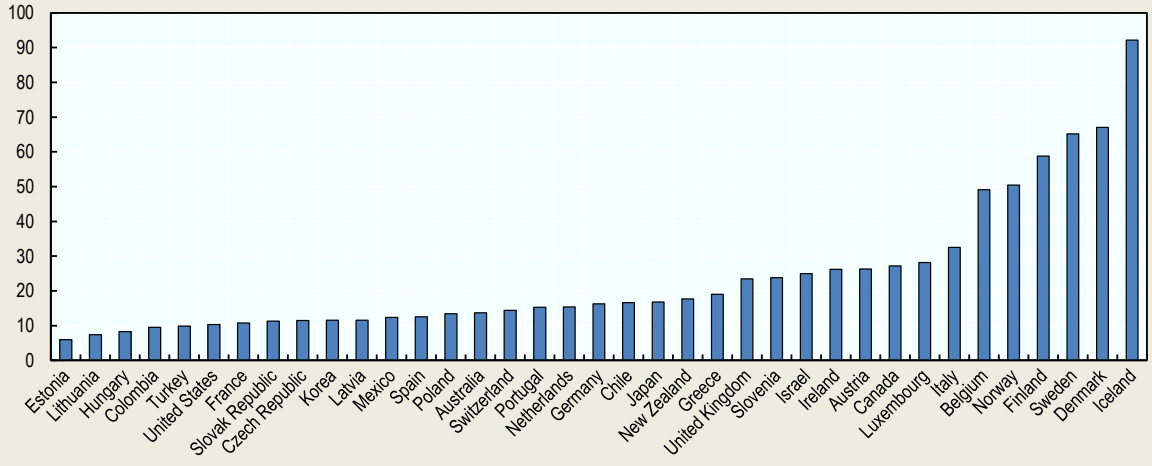
Box 5.1. Fewer than one in five employees in the OECD belongs to a union

The extent to which collective bargaining can help to close the gender pay gap depends in part upon how many workers are covered by such agreements. Over time, there has been a considerable decline in collective bargaining coverage in most OECD countries. The share of employees covered by collective agreements in the OECD has decreased, on average, from 45% in 1985 to 32% in 2017 (OECD, 2019[3]).

This is linked in part to the observed decline in trade union membership. By 2018, 16% of employees, on average across the OECD, were union members. There are considerable differences in coverage across OECD countries, with Iceland reporting that over 90% of employees are part of a trade union, compared to at or below 10% in Estonia, Lithuania, Hungary, Colombia and Turkey (Figure 5.1). Women are slightly less likely to be part of a union than men, and women make up less than half of union membership, on average across countries – though the differences are small (OECD, 2019[3]).

Figure 5.1. Trade union density across the OECD

Percent of employed workers who are members of a union, OECD countries, 2020 or latest available year



Note: Trade union density is defined as the share of workers who are union members. Data refer to 2020 for Canada, Iceland, Ireland, Mexico and the United States; data refer to 2019 for Lithuania, Turkey, Spain, the Netherlands, Germany, Japan, the United Kingdom, Austria, Luxembourg, Italy, Belgium, Norway, Finland, Sweden, Denmark and Estonia; data refer to 2017 for Hungary, the Slovak Republic, the Czech Republic, Korea, Latvia, Australia, Switzerland, Chile, New Zealand; data refer to 2017 for Colombia Poland, Israel; data refer to 2016 for France, Portugal, Greece; data refer to 2015 for Slovenia.
Source: OECD/AIAS ICTWSS Database: https://www.oecd.org/employment/ictwss-database.htm.

The fall in union membership and coverage has many drivers that vary by country. Nevertheless, the global decline in coverage is broadly linked to a weakening of labour relations, new forms of employment, and a move towards individual-based employment relationships (OECD, 2019[3]).

Higher trade union membership and coverage could help give individuals who have access to pay information more avenues to raise concerns. Despite unions' decline, collective bargaining has the potential to play a valuable role in closing the gender pay gap if voices for gender equality are heard. Efforts led by trade unions are detailed in Box 5.2, and efforts by employers in Box 5.3.

The Transparency in Wage Structures Act Section 13, which focuses on individual procedures to verify equal pay, also involves works councils. Section 13 prescribes that employees working for employers

bound by and applying collective wage agreements shall approach their works council when requesting their individual entitlement to disclosure. According to Section 13, "The employer shall grant the works committee access to the payroll showing employees' gross wages and salaries and break these down. The payrolls must be broken down by gender and must contain all remuneration components, including extra benefits not contained in the collective wage agreement and such payments as are individually negotiated and disbursed." Section 13 does not establish completely new duties, but is part of the framework of the duties of works councils according to the Works Constitution Act.

5.2.4. New and forthcoming measures

Canada's Pay Equity Act came into force on 31 August 2021. Section 95 of the Pay Equity Act ensures that pay equity increases paid under the Act are automatically incorporated into existing collective agreements to ensure that pay equity is maintained through the collective bargaining process. This applies to both public and private federally regulated workplaces with ten or more employees.

Poland, Italy and the Netherlands may have upcoming measures depending upon whether the EU proposal for a Directive of the European Parliament and of the Council on strengthening the principle of equal pay between men and women through transparency is accepted.

5.3. Evaluating the effectiveness of equal pay considerations in collective bargaining

No country that mandates or encourages these measures reports that the introduction of equal pay principles during collective bargaining is ineffective. France and Austria report that their legal obligations are operating in a very effective manner, though France notes that they face data collection and incompleteness issues and Austria reports social norms are a continued obstacle to closing gender pay gaps. Similarly, Belgium notes that administrative constraints and social norms limit effectiveness of mandating equal pay discussions in collective agreements.

Spain and Sweden report that their measures are also working fairly effectively even though social partners are not mandated to include pay equality measures in collective agreements. Sweden reports that with high union membership a self-regulated social partnership model is effective.

5.4. Many countries report that gender pay discussions are common amongst social partners

Many countries do not explicitly promote the discussion of the gender pay gap in collective bargaining, but they either have supporting measures or report that pay equity is commonly covered in collective bargaining.

In some countries, such as the United States and Italy, the government does not play a role in mandating any specific topics for negotiation between parties. The United States, for instance, requires that parties in a voluntary recognised or National Labour Relations Board collective bargaining relationship bargain in good faith about matters pertaining to wages and other terms and conditions of employment – but these regulations do not explicitly include gender considerations. However the United States points to other mechanisms, such as the regular publication of gender-disaggregated median wages by union or non-union work status,[8] as tools to help ensure that equality principles are maintained within collective agreements.

In many countries, including (but not limited to) Poland, Turkey and Ireland, collective bargaining cannot contravene existing laws, including equal pay or anti-discrimination laws.

Sometimes equal pay is prioritised by social partners without government involvement. Norway, Iceland and Japan report that many social partners themselves continue to elevate equal pay principles, gender-neutral job evaluations and pay audits without it being mandated by the government. Unions, government and the business sector may also come together in a tripartite manner to discuss equal pay principles and work to close the gender pay gap, as is reported by Austria, Colombia, Finland, and Norway.

Box 5.2. Social partners play a key role beyond mandatory laws around collective bargaining

Unions have played an important role in prioritizing and promoting gender equality in pay, and not only through collective bargaining agreements.

Legislating for equal pay

Trade unions, through dialogue and representation, have advocated for the introduction of legislation for greater pay transparency. For instance, the New Zealand Council of Trade Unions (NZCTU) played a crucial role in the consideration of the novel Equal Pay Amendment Bill (Chapter 2). They launched an open letter to the Prime Minister to take urgent action to support the new equal pay law. Similarly, in Quebec, trade unions and women's groups have long worked together as part of the Quebec Coalition for Pay Equity to co-ordinate and advocate for pay equity since their successful efforts to pass the 1996 Pay Equity Act.

Participating in company pay reporting processes and wage gap calculations

Unions also play an important role in helping to address the gender wage gap through their role in national pay transparency policies. When employers are obligated to report gender-disaggregated pay statistics (detailed in Chapters 3 and 4 of this report), work councils and unions very often play an essential role in communicating results to employees and in the design of follow-up action plans.

Unions also have created tools for the private and public sector to identify and analyse their gender pay gaps. In Japan, during annual wage negotiations, unions create a wage plot to understand and analyse wages by gender in an effort to continuously work to improve and reduce gender disparities. Similarly, in Sweden, the Union of Civil Servants provides methodological support to analyse salaries in the public sector in order to facilitate efforts to reduce gender pay differences.

Increasing awareness of the gender pay gap

Social partners have taken steps to increase awareness around the gender pay gap, including through public-wide communication campaigns. As COVID-19 made visible and exacerbated existing gender inequities in the paid labour market and the provision of unpaid at-home care work, many unions across the OECD published reports, blogs and opinion pieces. This was in an effort to raise awareness and highlight how governments and employers can work to make changes. For instance, Britain's Trade Union Congress released multiple reports, particularly noting the impact of COVID-19 on working mothers[9] and its intersection with structural racism[10] in an effort to call on the government to act.

Supporting legal claims for equal pay

Unions can take action in legal proceedings on behalf of employees. This is an important role given the enormous time and energy cost that legal action requires from an individual. In Australia (see Chapter 2, Box 2.2), Sweden, and New Zealand, for instance, trade unions have pursued disputes about wage discrimination and have had matters tried by courts or relevant commissions.

The remaining OECD countries that participated in the OECD GPTQ report that they do not have measures in place and do not anticipate any upcoming measures to promote equal pay discussions in collective bargaining. Issue awareness, privacy and data legislation, competing priorities, and the autonomy of social partners has prevented it from being introduced in a range of countries.

Box 5.3. Employers have taken steps to close the gender pay gap

Across the OECD, many employers in the private sector have gone beyond legal requirements to ensure pay levels and the gender pay gap within their firm are transparent. These are usually aimed at raising awareness of, and working to close, the gender pay gap.

Some employers take the lead in assessing gender pay gaps

In New Zealand there is no legal requirement obliging companies to publish their gender pay gap or conduct pay audits. Nevertheless, New Zealand reports that some private employers do so. A 2019 survey by New Zealand's Employers and Manufacturers' Association found that nearly half (45%) of respondents had conducted a pay audit with 11% reporting the need to make minor corrections to pay. Westpac Bank in New Zealand, too, has conducted research into and published a report on its gender pay gap.[11] This report was made public and investigated whether women and men were paid the same for doing the same work, as well as issues such as horizontal and vertical segregation.

Government certification of private sector gender equality plans

Some countries have voluntary, government-led certification programmes in place that support the private sector to promote gender equality in places of work. Costa Rica's National Women's Institute (*Instituto Nacional de las Mujeres* (INAMU) offers a "gender equality seal" (*Sello de Igualdad de Género*) for private sector organisations that implements a well-defined and targeted gender equality strategy. The process of obtaining certification requires the commitment of senior management; the planning and implementation of the diagnosis of gender gaps, a dedicated gender equality policy and its action plan; the design of an action plan addressing staff management, holistic health, social co-responsibility for care, and the working environment; and plans for an external audit.

While private sector-initiated gender equity initiatives are welcomed, these initiatives remain voluntary and not enforceable. This makes it hard to assess how widespread such initiatives are and difficult for governments to track or measure their impact. Due to a lack of government intervention, some companies will have wage policies that are quite transparent, but some will not. The issue, then, is that this can lead to inequitable outcomes in which some employees are able to access information needed to know whether a gender pay gap exists, while others will not.

References

European Commission (2014/124/EU) (2014), *2014/124/EU: Commission Recommendation of 7 March 2014 on strengthening the principle of equal pay between men and women through transparency*, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014H0124 (accessed on 21 May 2021). [1]

OECD (2020), *Can collective bargaining help close the gender wage gap for women in non-standard jobs?*, OECD, Paris. [2]

OECD (2019), “Collective bargaining systems and workers’ voice arrangements in OECD countries”, in *Negotiating Our Way Up: Collective Bargaining in a Changing World of Work*, OECD Publishing, Paris, https://dx.doi.org/10.1787/a6ebacb7-en. [3]

Annex 5.A. Policy table: Efforts to include equal pay in collective bargaining

Annex Table 5.1. Policy table: Attempts to include equal pay considerations in collective bargaining

Country	Measure and date created	Sector	Level of collective bargaining	Requirements	Enforceability	Penalties for non-compliance
Austria	Collective bargaining held between the Federal Minister of Finance and the Federal Minister for Arts, Culture, Civil Service and Sport, together with the Union of Public Services, representing the interests of all federal civil servants.	Public sector, federal level	As a representative of the interests of all federal civil servants, considerations and suggestions of the Union of Public Services for better measures for equal pay are also incorporated into the negotiations for amendments of the employment and remuneration law.	No	N/A	
Belgium	Equal Pay Act, 2012	Private sector	All levels	1. At the intersectoral level: Each year, the Central Economic Council issues a technical report, including on the evolution of the gender pay gap which serves the basis of negotiations for Intersectoral Agreement which takes place every two years. Intersectoral agreements must include measures to combat gender pay gap, including gender-neutral classifications. 2. At the sectoral level: During sectoral negotiations, collective labour agreements include measures to combat the gender pay gap, including gender neutral classifications.	Yes	At sectoral level if job classification is not gender neutral, included on a “name and shame” list. This list must be forwarded to the Minister of Employment and the Institute for Equality of Women and Men and published online.
Canada	Pay Equity Act, 2021	Public and private federally regulated workplaces, 10 or	All levels	If a collective agreement is inconsistent with pay equity plan, pay equity plan prevails. Any	Yes	Financial penalties, pending the appropriate

Country	Measure and date created	Sector	Level of collective bargaining	Requirements	Enforceability	Penalties for non-compliance
		more employees		increases in compensation payable by an employer to employees as a result of the pay equity plan is deemed to be incorporated into and form part of the collective agreements governing those employees. Workplaces with unions must set up a pay equity committee to develop their pay equity plan. This pay equity committee must include at least three members, with two-thirds of all members representing the employees who are covered by the plan. If some or all employees are unionised, at least one person chosen by each bargaining agent to represent employees in their bargaining units are members of the committee. Committee members work together to create a pay equity plan and decisions are made through a committee vote if consensus cannot be achieved.		regulations being brought into force
Chile	Labor Code, 2017	Private and public	As agreed to in collective bargaining	While not binding, parties may negotiate in relation to "plans for equal opportunities and gender equity in the company, positive actions to correct situations of inequality."	No	
France	Labour Code, 2001 and Agreement on equality between women and men in the public service, 2013	Private and public	In the private sector, at the sector and company leve. In the public sector, within administrations and globally	Private sector: (a). Company level: Employer engages every year (or at least once every four years if agreed in collective agreement) in a negotiation on professional equality between women and men, focusing in particular on measures aimed at eliminating pay gaps and	Yes	Private sector: Financial penalties for those with at least 50 employees. Public sector: Financial penalties if no

Country	Measure and date created	Sector	Level of collective bargaining	Requirements	Enforceability	Penalties for non-compliance
				quality of life at work. (b). Sector level: Organisations bound by a branch agreement or, failing that, by professional agreements, meet at least once every four years to negotiate on measures to ensure professional equality between women and men. This negotiation is based on a report presenting the comparative situation of women and men. Must also meet at least once a year to negotiate on salaries and, during these negotiations, take into account the objective of professional equality between women and men. Public sector: Presentation of action plans on professional equality and the single social report to social committees and an assessment of action plans to the joint public service council.		action plan
Germany	Transparency in Wage Structures Act, 2017	Private and public	All levels	Parties to the collective wage agreement and the employee or workers representatives, within the framework of their responsibilities and opportunities for action, collaborate in achieving the goal of equal pay among women and men.	Yes	If employee believes they are discriminated against they can obtain damages or compensation from their employer. The social partners themselves cannot be held liable for a discriminatory clause in a collective agreement.

Country	Measure and date created	Sector	Level of collective bargaining	Requirements	Enforceability	Penalties for non-compliance
Spain	14 April 2021	Private	Any level	Not a requirement, flexibility left for employers.	No	N/A
Sweden	No specific date	Private and public	Most often company	All three central agreements of terms and conditions between the social partners of the central governmental sector of Sweden, clearly states that the social partners mutually should ensure that wage principles are objective and non-discriminatory. The social partners also have a responsibility to equalise differences in payment between women and men in the same areas of work or areas considered as equivalent. The social partners should also ensure that all employees should have the possibility to influence their wages on objective terms and conditions.	If it is part of the obligations of employers, it's a breach of the collective agreement and contract.	Financial penalties could by enforced by a regulatory board of the Equality Ombudsman, if an employer does not fulfil required analyses and actions.

Note: Table presents countries that, either in the private and/or public sector, require or encourage equal pay obligations in collective bargaining in the private and/or public sector. Costa Rica self-identified in GPTQ 2021 as having such a measure but did not provide policy details.
Source: OECD GPTQ 2021 (see Annex A).

Notes

[1] Costa Rica self-identified in the OECD GPTQ (2021) as having legal obligations or other measures (such as incentives) introduced to ensure that the issue of equal pay, including pay audits, is part of the collective bargaining process in the public and private sectors, but did not provide legislative or policy details.

[2] Sweden reports in the OECD GPTQ (2021) that about 90% of workers are protected by collective agreements and about 70% of all workers in Sweden are affiliated to a trade union.

[3] Available at: http://www.ejustice.just.fgov.be/eli/wet/2012/04February 2012204357/justel.

[4] For more information, see https://emploi.belgique.be/fr/themes/egalite-et-non-discrimination/egalite-femmes-hommes-lecart-salarial or https://werk.belgie.be/nl/themas/gelijkheid-en-non-discriminatie/gelijkheid-vrouwen-mannen-de-loonkloof.

[5] Alternatively this can take place at least once every four years, if a collective agreement on the timing of mandatory negotiations is reached.

[6] For more information, see https://travail-emploi.gouv.fr/dialogue-social/negociation-collective/article/la-negociation-collective-en-entreprise-en-faveur-de-l-egalite-professionnelle (in French).

[7] Available at: https://www.gesetze-im-internet.de/englisch_entgtranspg/englisch_entgtranspg.html.

[8] A 2020 publication of Bureau of Labour Statistics analysis of gender-disaggregated earnings by union work status is available at: https://www.bls.gov/opub/ted/2020/nonunion-workers-had-weekly-earnings-81-percent-of-union-members-in-2019.htm.

[9] Available at: https://www.tuc.org.uk/workingparents.

[10] Available at: https://www.tuc.org.uk/research-analysis/reports/bme-women-and-work.

[11] Available at: https://www.westpac.co.nz/assets/About-us/sustainability-community/documents/Gender-Pay-Analysis-Report-2019-Westpac-NZ.pdf.

Annex A. OECD questionnaire on gender wage mapping and other pay reporting systems for equal pay

The following questionnaire was distributed in February-March 2021 to gender, labour, and/or social ministries in every OECD country in order to take stock of gender wage mapping and pay transparency measures explicitly aimed at promoting equal pay between women and men. The results of this questionnaire have been used to inform the present report on pay transparency tools. The information will later be used to fulfil the reporting requirements of the 2013 OECD Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship and the 2015 OECD Recommendation of the Council on Gender Equality in Public Life.

The following instructions were shared with Delegates:

This questionnaire requests information on the following public methods promoting equal pay in your country:

A. Right of employees to request information on pay levels
B. Regular reporting by companies on pay levels
C. Pay audits
D. The role of social partners and collective bargaining in equal pay
E. Gender-neutral job evaluation systems and defining the concept of "work of equal value"
F. Other pay transparency measures
G. Transparency measures led by the private sector
H. Impact evaluations of measures to address equal pay
I. Other recent government policies to address explicitly the gender wage gap

If your country *does* have measures in place in the aforementioned categories, we ask that you provide further details by completing that section of the questionnaire. To note:

- Please repeat policy details if you have more than one policy per broad category (A-G). Please enter information in the questionnaire below (by copying and completing the relevant sections for each relevant policy) or by attaching additional documents.
- Please include both private sector *and* public sector regulations in your responses. In some countries, for example, pay transparency measures may only apply in the public sector.
- Whenever possible, please provide links to public websites or reports detailing the relevant measure.
- Feel free to expand text boxes or attach additional documents as needed.

If your country does *not* have any measures in place in a specific policy area (measures A-G) for the public or private sector, you should advance to the subsequent section using the hyperlinks within the document to complete it for the sector(s) missing these policies.

A similar version of this questionnaire was sent by the European Commission to European researchers in 2016 and resulted in the report "Pay Transparency in the EU". For some countries, the policy information requested in this questionnaire may therefore require simply an update and elaboration from the earlier report.

Country name:

Contact person name, email address and phone number:

Right of employees to obtain information on pay levels upon request

This refers to the right of an employee, or an actor on their behalf (such as a trade union), to request information on the pay levels of other employees by gender from their employer. This may include requests for individual pay levels and aggregate pay levels at the sector, company, or establishment level.

1. Does your country require employees be offered the right to obtain information on pay levels of other employees within private companies, enterprises or organisations? Yes/No
2. Does your country require employees be offered the right to obtain information on pay levels of other employees within the public sector? Yes/No

If the answer to Questions 1 AND/OR 2 is YES, please proceed to Question 3.

If the answer to Question 1 AND/OR 2 is NO, please proceed to Question 11 to discuss the relevant sector(s) without policies in place.

Please repeat the following section, as needed, if more than one policy exists across sectors.

3. Is the right to this pay information laid down in law, collective agreements, or otherwise?
   a. In what form is this information laid down (e.g. law)?
   b. When were these measures put into effect?
   c. Please provide links to public sites detailing these measures.
4. What is its personal scope?
   a. Is it the right of an individual employee? Yes/No
   b. Does it depend on the size of the company? Yes/No.
   c. If yes, what are the size requirements?
5. Are there any prior requirements set for making a request? Yes/No. If yes, please explain:
   a. Is the right enforceable? Yes/No
   b. Are there penalties for non-compliance? If yes, what are they? E.g. financial penalties, publicly naming violating firms, etc.
   c. If there are penalties for non-compliance, how often are they enforced? E.g., what share of violations are actually fined in the case where financial penalties are in place?
   d. If there are no penalties for non-compliance, are there alternative ways to have access to information on pay levels? E.g. are there incentives for compliance?
   e. Does release of pay information require the consent of another employee? Yes/No
   f. Does this information need to remain confidential, and if so, to what degree? Yes/No
6. Can other actors obtain information on behalf of the employees? Yes/No

   a. If yes, who is allowed to obtain this information? E.g. Trade union, works council, equality body
   b. Does this other actor need to be a representative of an individual employee? Yes/No
7. What information can be obtained?
   a. Pay level information at sector, company, establishment, or individual (i.e. concerning a co-worker) level?
   b. Information on average pay levels by gender of employees at the company generally?
   c. Information on median pay levels by gender of employees at the company generally?
   d. Information on average pay levels by gender of employees performing the same work?
   e. Information on median pay levels by gender of employees performing the same work?
   f. Information on pay levels by gender of employees performing work of equal value (including different but comparable jobs)?
   g. Information on the number of employees by gender in a certain job category/class to establish whether it is male or female dominated work?
   h. Information on average pay levels in different job categories/classes representing work of equal value, not broken down by gender? (This is to assess whether there is an average pay differential between comparable male dominated and female dominated jobs/job categories)
   i. Other information on pay levels not mentioned above?
   j. What constitutes 'pay' when information can be obtained either on an individual or a collective basis?
      - Average or median gross salary per month (or other period?)
      - Net salary, basic fixed salary, including or excluding complementary or variable components?
      - Can separate information be obtained on fixed (basic) pay level(s) and the level(s) of complementary or variable pay?
   k. Is there a right to obtain, or is there in any other way access to, additional information on the *general* wage structure applied by the employer, including:
      - Salary scales indicating basic fixed salary per month per job class
      - Procedures for ranking specific jobs into this wage structure
      - Job evaluation systems applied
      - General guidelines, procedures and/or requirements for entitlement to variable or complementary
      - Pay components (e.g. allowances for overtime, irregular hours, heavy work, qualifications, seniority, labour market shortages, bonuses for outstanding work, productivity etc)?
8. Is it illegal for employees to disclose voluntarily their wage to other employees (e.g. pay secrecy laws)? Yes/No
9. Where there is a right to information, how effective do you deem this right, on a scale of "very ineffective" to "very effective"?
   a. Very ineffective, Fairly ineffective, Not ineffective nor effective, Fairly effective, Very effective
10. What are (possible) obstacles to this right functioning well in practise? Please elaborate on the main barriers to the effective functioning of this right in practice. E.g. non-disclosure contract clauses, privacy and data protection legislation, issue awareness, political priorities, administrative/economic constraints, social norms.

If the answer to Question 1 OR 2 was NO, please answer the following questions for relevant sectors (e.g., answer Question 11-12 if no policies are in place in private sector):

11. Where there is no right of employees to obtain pay information, are measures expected in the near future? If so, when? Please specify the relevant sector (public or private).
12. What are (possible) obstacles for not having a right to information on pay levels? Please elaborate the main barriers to the effective functioning of this right in practice. E.g. non-disclosure contract clauses, privacy and data protection legislation, issue awareness, political priorities, administrative/economic constraints, social norms.

Regular reporting by companies on pay levels

This refers to measures that require or incentivise employers to report to employees, trade unions, government bodies, or other social partners remuneration by employee category/position/level by gender.

13. Is there a legal obligation or any other measure (e.g. an incentive) in place to ensure that employers regularly report (including to employees, workers' representatives, social partners, or a government body) the average or median remuneration of men and women at company level in private companies, enterprises or organisations? Yes/No
14. Is there a legal obligation or any other measure (e.g. an incentive) in place to ensure that employers regularly report (including to employees, workers' representatives, social partners, or a government body) the average or median remuneration of men and women in the public sector? Yes/No

If the answer to Questions 13 AND/OR 14 is YES, please proceed to Question 15.

If the answer to Questions 13 AND/OR 14 is NO, please proceed to Question 24 to discuss the relevant sector(s) without policies in place.

Please repeat the following section, as needed, if more than one policy exists across sectors.

15. Is the reporting duty laid down in law, collective agreements, or otherwise? Yes/No
    a. In what form are these measures laid out?
    b. When were these measures put into effect?
    c. Please provide links to public sites detailing these measures
16. How specific does the reporting concerning the average or median remuneration of male and female employees have to be? E.g. are averages or medians according to gender reported for the whole company, per establishment, per type of employee, per job position, per more general job categories and/or per salary class applied?
17. Is the reporting duty limited to companies of a certain size? If yes, what size? Yes/No
18. Who has to be informed? E.g.

- Individual employees. Yes/No
- Works councils or other workers' representatives at company level. Yes/No
- Social partners. Yes/No
- Equality and/or state bodies. Yes/No
- Other actors. Yes/No

19. What is the time interval of the duty to report? Yearly, other?
20. Is the duty to report enforceable? Yes/No
    a. If yes, how and by whom is it enforced?
    b. Are there penalties for non-compliance? If yes, what are they? E.g. financial penalties, publicly naming violating firms, etc.
    c. If there are penalties for non-compliance, how often are they enforced? E.g., what share of violations are actually fined in the case where financial penalties are in place?
    d. If there are no penalties for non-compliance, are there alternative ways to access information on pay levels? Are there any incentives for compliance?
21. Are company pay reports:

- Confidential. Yes/No
- Published. Yes/No
- Recorded for later access. Yes/No

    a. If pay reports are published, who publishes them?
    b. Can individual companies be identified as part of this publication/dissemination process?
22. Where there is a requirement to report, how effective do you deem this requirement on a scale of "very ineffective" to "very effective"?
    a. Very ineffective, Fairly ineffective, Not ineffective nor effective, Fairly effective, Very effective
23. What are (possible) obstacles to the proper functioning of this reporting requirement? Please elaborate on the main barriers to the effective functioning of this right in practice. E.g. privacy and data protection legislation, issue awareness, political priorities, administrative/economic constraints, social norms.

If the answers to Questions 13 AND 14 are NO, please answer the following questions for relevant sectors (e.g., answer Question 24-25 if no policies in place in private sector):

24. Where there is no reporting duty or incentive, are measures expected in the near future? If so, when? Please specific the relevant sector (public or private). Yes/No
25. What are (possible) obstacles to the proper functioning of this reporting requirement? Please elaborate the main barriers to the effective functioning of this right in practice. E.g. privacy and data protection legislation, issue awareness, political priorities, administrative/economic constraints, social norms.

Pay Audits

This section refers to measures that require or incentivise organisations to undertake gender pay audits. This includes analyses of gender pay gaps, gender composition of job positions/levels/categories and job evaluation and classification systems.

26. Is there a legal obligation or any other measure or incentive for employers to conduct pay audits within private companies, enterprises or organisations? Yes/No
27. Is there a legal obligation or any other measure or incentive for employers to conduct pay audits in the public sector? Yes/No

If the answer to Questions 26 AND/OR 27 is YES, please proceed to Question 28.

If the answer to Questions 26 AND/OR 27 is NO, please proceed to Question 39 to discuss the relevant sector(s) without policies in place.

Please repeat the following section, as needed, if more than one policy exists across sectors.

28. Are pay audits conducted in workplaces obligatory by law? Yes/No. If yes:
    a. When were these measures put into effect?
    b. Are there penalties for non-compliance? If yes, what are they? E.g. financial penalties, publicly naming violating firms, etc.
    c. If there are penalties for non-compliance, how often are they enforced? E.g., what share of violations are actually fined in the case where financial penalties are in place?
    d. If there are no penalties for non-compliance, are there incentives for compliance?
    e. Please provide links detailing these measures.
29. Who bears the responsibility for conducting pay audits? E.g. Employer, social partners, external bodies such as government regulators.
30. Are company audit reports:

- Confidential. Yes/No
- Published. Yes/No
- Recorded for later access. Yes/No

    a. If audits are published, who publishes them?
    b. Can individual companies be identified as part of this publication/dissemination process?
    c. What parts of the audit are made public?
31. Are pay audits limited to:
    a. Companies of a certain size? If so, what size?
    b. Certain sectors? If so, which ones?
    c. Do audits need to be conducted regularly? If so, what is the time interval (e.g. yearly)?
32. Regarding the form of pay audits, what kind of information is gathered? E.g. Pay differentials, wage structures, job evaluation plans, the applicable company pay regulations on basic pay, additional allowances, bonuses, occupational pensions, etc.
33. What kind of analysis is conducted on the pay gap?
    a. Does this include average (and/or median) pay gaps by gender? (Please specify.)
    b. Does this include gender pay gaps for work of equal value (including different but comparable jobs)?
    c. Does this include gender-neutral job evaluation and/or classification systems?
    d. Does this include possible (in)direct discriminatory criteria applied in the general wage structure/wage regulation?
    e. Is a method of statistical analysis applied (e.g. whether pay differentials found are statistically "significant")?
    f. Who carries out the analysis? E.g. a public authority
34. Is the analysis required in pay audits done by (internal or external) pay and/or gender experts, or by general staff of the employer?
35. Is there a legal obligation for pay audits to be followed up with recommendations to the employer and/or social partners? In practice, how regularly does this happen, and in what form?

36. Are audits part of more comprehensive gender equality action plans?
37. How effective do you find the obligation or incentive for pay audits to be in practice, on a scale of "very ineffective" to "very effective"?
    a. Very ineffective, Fairly ineffective, Not ineffective nor effective, Fairly effective, Very effective
38. What are (possible) obstacles to the proper functioning of this auditing requirement? Please elaborate on the main barriers to the effective functioning of this requirement in practice. E.g., privacy and data protection legislation, issue awareness, political priorities, administrative/economic constraints, social norms.

Please move to Section: The role of social partners and collective bargaining in equal pay.

If the answer to Questions 26 and/or 27 is NO, please answer the following questions for relevant sectors (e.g., answer Question 39-40 if no policies in place in private sector):

39. Where there is no audit requirement or incentive, are measures expected in the near future? If so, when? Please specify the relevant sector (public or private). Yes/No
40. What are (possible) obstacles to the proper functioning of this reporting requirement? Please elaborate the main barriers to the effective functioning of this right in practice. E.g. privacy and data protection legislation, issue awareness, political priorities, administrative/economic constraints, social norms.

The role of social partners and collective bargaining in equal pay

This refers to measures to ensure that issues of equal pay are discussed during collective bargaining.

41. Are there legal obligations or other measures (such as incentives) introduced to ensure that the issue of equal pay, including pay audits, is part of the collective bargaining process in private companies, enterprises and organisations? Yes/No
42. Are there legal obligations or other measures (such as incentives) introduced to ensure that the issue of equal pay, including pay audits, is part of the collective bargaining process in the public sector? Yes/No

If the answer to Questions 41 AND/OR Question 42 is YES, please proceed to Question 43.

If the answer to Question 41 AND/OR 42 is NO, please proceed to Question 52 to discuss the relevant sector(s) without policies in place.

Please repeat the following section, as needed, if more than one policy exists across sectors.

43. What measures are taken to ensure that the issue of equal pay, including pay audits, is part of the collective bargaining process at the appropriate level?
    a. When were these measures put into effect?
    b. Please provide links to public sites detailing these measures.
44. At what level of collective bargaining do these measures take place? E.g. company, sector, intersectoral?
45. Do measures focus on including specific aspects of equal pay in the collective bargaining process? E.g. introduction of gender-neutral wage structures in collective agreements; introduction of

gender-neutral job evaluation systems in collective agreements; conducting pay audits or taking account of pay audits conducted; otherwise furthering transparency of wage systems.

46. Are measures ensuring the inclusion of equal pay as part of the collective bargaining process enforceable? Yes/No
    a. If yes, how and by whom is it enforced?
    b. Are there penalties for non-compliance? If so, what are they? E.g. financial penalties, publicly naming violating firms, etc.
    c. If there are penalties for non-compliance, how often are they enforced? E.g., what share of violations are actually fined in the case where financial penalties are in place?
    d. If there are no penalties for non-compliance, are there incentives for these discussions to take place?
47. Did one or more social partners initiate any action in respect to further pay transparency and equal pay? If so, was it part of a collective agreement or otherwise? Please provide examples.
48. How elaborate are collective labour agreements in your country, generally, with respect to wage setting (i.e., how strictly do they fix wages)? How much flexibility is left for individual employers, bound to collective agreements, to set individual wages?
49. Is job evaluation generally used to set fixed basic salary (scales) for comparable job positions or categories as part of the collective bargaining process?
50. How effective do you find the obligation or incentive for the inclusion of gender equal pay in collective bargaining to be in practice, on a scale of “very ineffective” to “very effective”?
    a. Very ineffective, Fairly ineffective, Not ineffective nor effective, Fairly effective, Very effective
51. What are (possible) obstacles to the proper functioning of this auditing requirement? Please elaborate main barriers to the effective functioning of this requirement in practice. E.g., privacy and data protection legislation, issue awareness, political priorities, administrative/economic constraints, social norms.

If the answer to Questions 41 and 42 are NO, please answer the following questions for relevant sectors (e.g., answer Question 52-53) if no policies are in place in private sector:

52. Where there is no requirement or incentive for social partners, are measures expected in the near future? If so, when? Please specify the relevant sector (public or private). Yes/No
53. What are (possible) obstacles to the proper functioning of a requirement or incentive for social partners? Please elaborate the main barriers to the effective functioning of this right in practice. E.g. privacy and data protection legislation, issue awareness, political priorities, administrative/economic constraints, social norms.

Gender-neutral job evaluation systems and defining the concept of "work of equal value"

This refers to (gender-neutral) job comparison systems that determine the value of job classes within an organization. A gender-neutral job comparison system seeks to capture accurately the content of skill, effort, responsibility and working conditions of a given job class.

Please repeat the following section, as needed, if more than one policy exists.

54. Are gender-neutral job evaluation systems and definitions of work of equal value based on national law and/or case law? If so, please elaborate and cite.
55. Following national law and/or case law, should "work of equal value" – as part of an equal pay claim – be assessed and compared based on objective criteria, such as education, professional and training requirements, skills, effort and responsibility, work undertaken and the nature of tasks involved?
56. Are there any recent noteworthy developments in national law or case law regarding a (more) explicit definition of "work of equal value"?
57. Generally speaking, are formal job evaluation and classification systems used in order to set wages for particular job positions or categories common in your country in the private and/or public sector?
58. Are there recent (legislative) developments regarding the introduction of the requirement for companies to establish (gender-neutral) job evaluation and classification systems?
59. Even if not required by law, to what extent do companies establish gender-neutral job evaluation and classification systems on a voluntary basis?

Other pay transparency measures

This refers to any other government policies aimed at promoting <u>pay transparency</u> to promote gender equality in the public or private sectors that have not been addressed previously in this questionnaire.

60. Have any other legislative or non-legislative pay transparency measures aimed at promoting gender equality been taken at the national level that cannot be subsumed under the above measures of A-E? If so, please describe them.
61. To what degree are statistics and administrative data concerning pay transparency, by gender, available at the national level? Please explain what is available and provide a reference.
62. To what degree do the aforementioned data dissemination tools include information on race, ethnicity, or national origin of the workers in question? Please explain what is available and provide a reference.
63. Has a national impact assessment been carried out in the preparatory stage of proposing pay transparency legislation? If so, please provide a reference. Please also provide a reference to other relevant research assessing impacts of national measures already in place, if available.
64. Has the government carried out any public service or awareness-raising campaign – aimed at employers, workers, and/or the public – to promote "buy in" for wage transparency measures? If so, please provide a description, links to such campaigns, and any impact evaluations of them.
65. Please add any important information on pay transparency in your country that could not be provided clearly under the previous questions.

Transparency measures led by the private sector

This refers to voluntary pay transparency measures taken by the private sector, independent of the policies (A-F) mentioned above. Please repeat this section as necessary to illustrate different examples.

66. Have any private companies carried out pay transparency measures independent of the public policies and regulations detailed above (A-F)? Yes/No. If yes:
    a. What is the nature of the measure?
    b. When was it put into effect?
    c. Have there been any impact evaluations carried out, and if so, what did they find?
    d. Please provide links to sites detailing these measures.
67. Have any public or private actors carried out public service/public awareness campaigns aimed at promoting buy-in from the public? If yes:
    a. What is the nature of these measures?
    b. When was it put into effect?

Impact evaluations of pay transparency measures

68. Of the aforementioned measures (A-G), have there been governmental, academic, or private sector studies evaluating their effectiveness in terms of implementation? This may refer to companies' rate of compliance with pay reporting or auditing measures, the frequency/ease of right to obtain pay information requests, evaluations of the awareness of such measures, and so on. Please include links to these studies or include these studies as attachments.
69. Of the aforementioned measures, have there been governmental or academic studies evaluating the programmes' effects on wages and/or other labour force outcomes?

Other public polices to address the gender wage gap

Governments have a range of tools, other than pay transparency measures, to address the gender wage gap. Please identify relevant measures that have not been described previously in the questionnaire.

Please repeat the following section, as needed, if more than one policy exists.

70. What concrete measures, other than those outlined above, has your country put in place to combat gender discrimination explicitly in pay, recruitment, training, and promotion? E.g. anti-discrimination legislation, positive discrimination (for example in hiring), etc.
    a. What is the name of the policy? Please provide links to any websites detailing the policy
    b. Please describe the policy
    c. When did the policy come into effect?
    d. Are there any evaluations of this policy? Please provide links or attachment evaluations, if available
    e. How effective do you find this policy to be in practice, on a scale of "very ineffective" to "very effective"?

i. Very ineffective, Fairly ineffective, Not ineffective nor effective, Fairly effective, Very effective

f. What are (possible) obstacles to the proper functioning of this policy? Please elaborate on the main barriers to the effective functioning of this requirement in practice.

Pay Transparency Tools to Close the Gender Wage Gap

Women continue to earn less than men, in spite of major societal changes over decades and many labour market, educational and public policy initiatives that have targeted the gender wage gap. To address this persistent challenge, many governments are now mandating promising new pay transparency tools like employer pay gap reporting, equal pay audits, and gender-neutral job classification systems.

These policies hold considerable allure. Pay transparency offers a relatively simple and intuitive way to identify and address gender wage gaps when they occur in a workplace. These policies can function well in publicising wage gaps and incentivising employers to address the inequalities they find – but only with the right policy design and implementation. This report presents the first stocktaking of pay transparency tools across OECD countries and explores how such policies can help level the playing field for women and men at work.

Government Offices of Sweden

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