# 1 Pay reporting for gender equality

This chapter offers an overview of the report *Reporting Gender Pay Gaps in OECD Countries: Guidance for Pay Transparency Implementation, Monitoring and Reform*. 55% of OECD countries (21 out of 38) at the national level now systematically require private sector firms to report their company's gender pay gap to stakeholders like workers, their representatives, the government, and/or the public. Many of these reporting schemes are embedded in extensive equal pay auditing systems. While pay reporting requirements show promise in closing gender pay gaps, their design and implementation matter. The coverage of pay reporting requirements, communication of reporting rules, regular enforcement of reporting, digital tools to facilitate reporting, and requirements for follow-up action have tangible consequences on whether pay reporting rules do in fact help close the gender gaps they target.

# Key findings

The gender wage gap persists across OECD countries and has long-lasting consequences throughout women's lives, restricting their economic and social empowerment. A range of public policy measures taken by countries, over time, have done little to close the gap.

To tackle this longstanding gender inequality, governments are trialling an increasingly common policy tool: pay transparency. This report presents an in-depth assessment of the most commonly mandated pay transparency measure for private sector firms – gender pay gap reporting – across OECD countries. Over half of OECD national governments (21 of 38) now require private sector employers to report gender-disaggregated pay information to stakeholders like workers, workers' representatives, the government, and/or the public. In almost half of these countries (10 of 21), pay reporting requirements are embedded within more comprehensive, mandatory, equal pay auditing processes that typically require follow-up action to address inequalities.

This report offers a cross-national stocktaking of policy approaches, identifies good practices and areas for improvement, and proposes a checklist of relevant policy considerations (Section 1.5) for countries interested in implementing, monitoring or reforming their pay transparency regime.

**Policy recommendations for governments**:

- Ensure that the firms covered by pay gap reporting rules – typically based on company headcounts – cover a sufficient number of workers in the country. Many countries exclude small and medium-sized firms from reporting requirements and carve out temporary and part-time workers from company headcounts – meaning that more precarious workers are often missed in reporting.
- Require reporting of gender-disaggregated pay statistics at both the aggregate firm-level and for key subgroups, e.g. by job category or seniority. These subgroup analyses can enable a better understanding of the drivers of the pay gap and how to address them.
- Facilitate gender pay gap reporting, and ease administrative burden, by providing free and accessible reporting tools to employers. These could include online guidance, software for firms to calculate gaps themselves, software for firms to submit data to the government, or the use of pre-existing data enabling the government to calculate gender-disaggregated wage statistics for firms.
- Improve the enforcement of pay gap reporting rules – including sanctions – to ensure that the mandated companies participate in pay reporting, provide the correct data, and share results appropriately. Very few countries have systematic compliance mechanisms in place, and sanctions are generally weak.
- Consider the use of equal pay auditing processes, similar to the concept of "joint pay assessments" in EU legislation, combined with pay gap reporting. Equal pay audits assess gaps more closely and recommend targeted action to address inequalities.
- Conduct more frequent and more rigorous evaluations of the effects of pay gap reporting rules. While pay gap reporting measures are increasingly common, only a handful of national programmes have been analysed quantitatively to assess effects on the gender wage gap. Regular evaluations of programme functioning, e.g. compliance and awareness, should also be increased across countries.
- Raise awareness of pay gap reporting rules and results among firms, employees, their representatives, and the public. Poor communication around pay reporting regimes limits effectiveness.
- Embed gender pay gap reporting in broader, holistic efforts to end gender inequalities in the labour market.

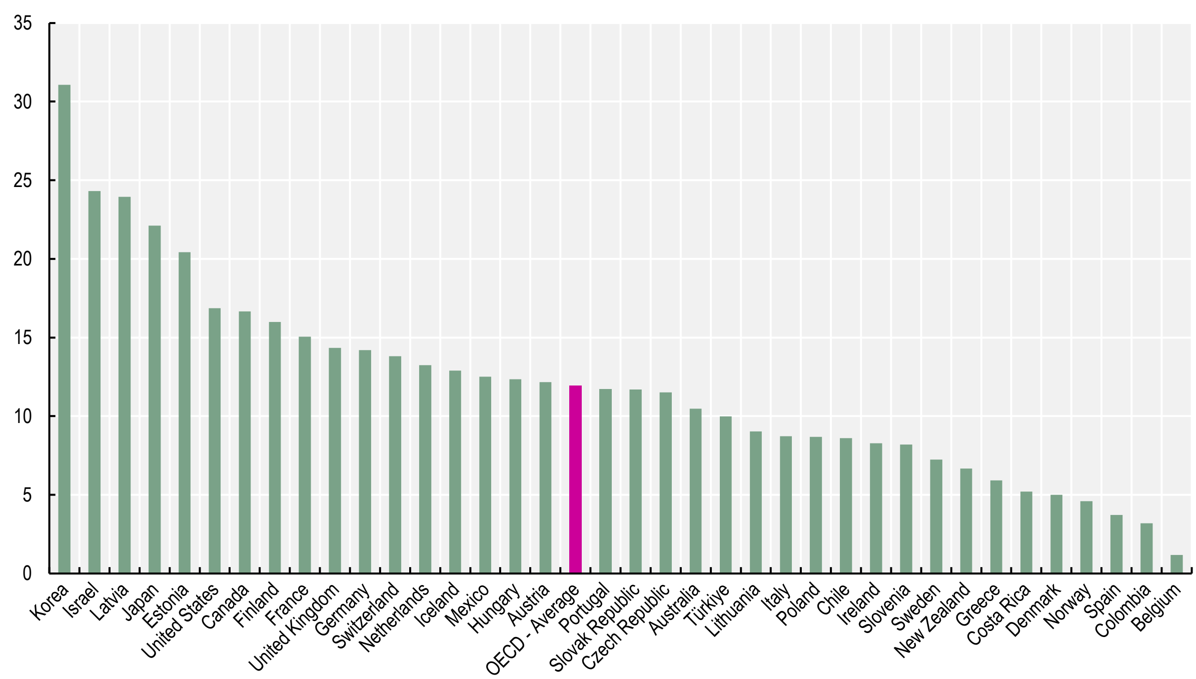
## 1.1. The gender pay gap persists

Across OECD countries, on average, the unadjusted gender pay gap stands at 11.9% – meaning that the median full-time working woman earns about 88 cents to every dollar or euro earned by the median full-time working man.[1] This gap varies widely across countries, ranging from 1.2%[2] in Belgium to 31.1% in Korea (Figure 1.1).

The gap gets even larger when looking at the income *all* working women and men – not only full-time workers – take home at the end of the year, as women tend to spend fewer hours in paid work than men. Women are overrepresented in part-time jobs, and men are overrepresented in jobs with long work hours, throughout the OECD (OECD, 2019[1]). This mechanically reduces pay tied to work hours, and it contributes to gender inequalities in complementary and variable components of pay as well.

### Figure 1.1. Across the OECD, full-time working women earn 12% less than full-time working men

Gender earnings gap at the median, 2021 or latest year available



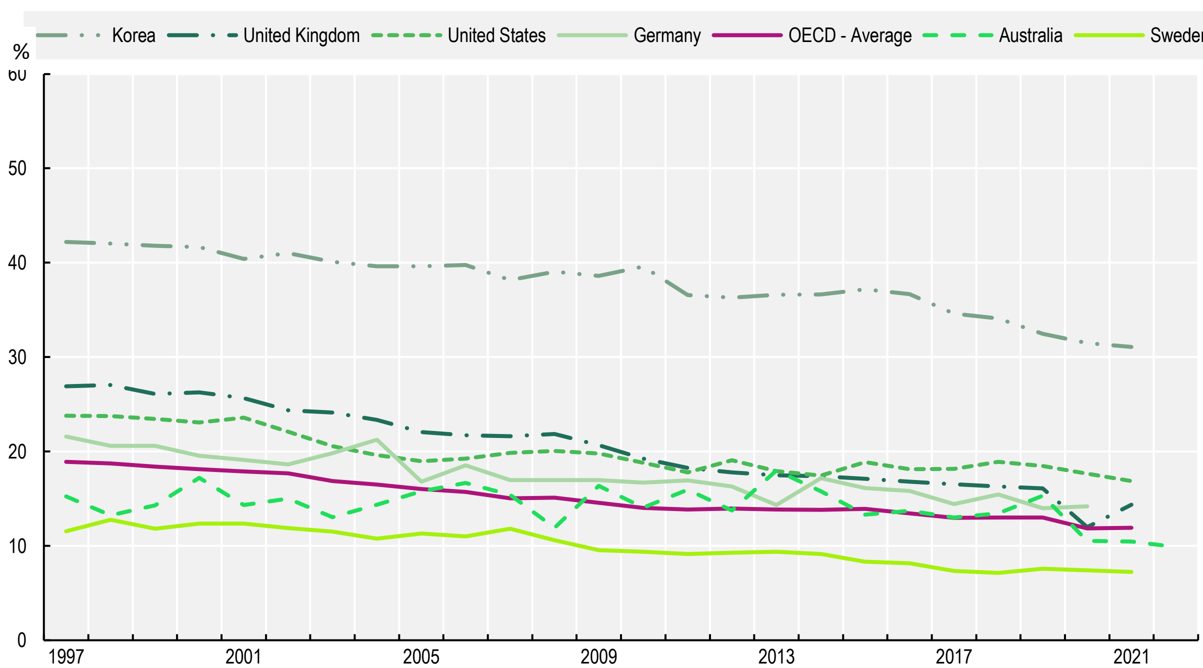

Note: The gender wage gap is unadjusted and is calculated as the difference between the median earnings of men and of women relative to the median earnings of men. Estimates of earnings used in the calculations refer to gross earnings of full-time wage and salary workers. However, this definition may slightly vary from one country to another; see the OECD Employment Database (http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm) and the individual country metadata data available in OECD.Stat (http://stats.oecd.org/index.aspx?queryid=64160) for more detail. Data for Chile, Finland, Germany, Switzerland, Hungary, Portugal, Italy, Poland, and Denmark refer to 2020. Data for Israel, Greece, and Belgium refer to 2019. Data for Iceland, Türkiye, Ireland, and Slovenia refer to 2018.
Source: (OECD, 2023[2]), Gender wage gap (indicator), https://doi.org/10.1787/7cee77aa-en (Accessed on 2 June 2023).

The OECD average gender pay gap has gradually declined from nearly 19% in 1997, when most OECD countries began reporting this statistic (Figure 1.2). Yet progress on the wage gap has plateaued in many countries over the past decade, and these national-level estimates of gender pay gaps underestimate the extent of inequalities across different groups. There are compounding, intersecting forms of discrimination based on different background factors like socio-economic status, race/ethnicity, gender identity and sexual orientation. Box 1.1 elaborates on the measurement of the gender pay gap and presents pay gaps across the income distribution.

Perhaps unsurprisingly, then, a majority of government adherents to the OECD Gender Recommendation 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, 2022[3]).

### Figure 1.2. Progress in closing the gender wage gap has been slow

Gender wage gap for full-time dependent employees, selected countries, 1997 through latest available year




Note: The gender wage gap here is unadjusted and is calculated as the difference between the median earnings of men and of women relative to the median earnings of men. Estimates of earnings used in the calculations refer to gross earnings of full-time wage and salary workers. However, this definition may slightly vary from one country to another; see the OECD Employment Database (http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm) and the individual country metadata data available in OECD.Stat (http://stats.oecd.org/index.aspx?queryid=64160) for more detail. Trend lines include the latest data available: 2022 for Australia, 2021 for Korea, the United Kingdom, the United States, and Sweden, and 2020 for Germany. The OECD average presents the unweighted average of the latest data across all OECD countries.
Source: (OECD, 2023[2]), Gender wage gap (indicator), https://doi.org/10.1787/7cee77aa-en (Accessed on 2 June 2023).

**Many factors drive the gender pay gap**. One issue is horizontal segregation, meaning that women and men tend to be concentrated in different sectors or jobs. Women tend to be overrepresented in fields that pay relatively lower wages, such as caregiving jobs, and underrepresented in fields with relatively higher wages, such as engineering jobs. Vertical segregation, meaning that men and women are concentrated in different job *levels*, also affects women's pay (OECD, 2022[4]). Worldwide, women are underrepresented in management roles and on boards (OECD, 2021[5]; OECD, 2021[6]), a phenomenon referred to as the glass ceiling (see Box 1.1).

Enormous inequality in the distribution of unpaid work also negatively affects women's earnings, relative to men's (OECD Gender Data Portal, 2021[7]). Across OECD countries, women do more cooking, cleaning, and caregiving (for children and other dependent family members) than men. Time is a finite resource, and these unpaid obligations limit both the time women can spend in paid work and their possibilities to advance in the paid labour market and progress to more senior levels (OECD, 2021[8]; OECD, 2017[9]; OECD, 2019[1]). Related to this, the gender wage gap is relatively higher in jobs with inflexible work hours (Goldin, 2014[10]).

Discrimination, although difficult to identify and measure in workplaces, also drives down women's pay. Discrimination has been proven in many randomised field experiments in which prospective employers, on average, treat fictitious, otherwise-identical job candidates differently due to their gender (Blau and Kahn, 2016[11]), with a recent review suggesting this discrimination affirms existing gender segregation in occupations (Galos and Coppock, 2023[12]).

### Box 1.1. Measuring the gender pay gap

#### Defining the gender pay gap

The gender wage gap presented in Figures 1.1 and 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 account for 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.[1]

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, as in most countries men are overrepresented among individuals with very high earnings.

However, median values do not capture *variation* in the gender wage gap across the income distribution. Figure 1.3 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 among top earners – reflecting the difficulty for women to advance in labour markets. Some countries, such as Denmark, Iceland, and Switzerland, have very compressed distributions while others, such as Greece and Korea, are much wider (Figure 1.3). The presence of minimum wage regulations likely contributes to the narrower gender pay gaps among low-income workers in some countries (Caliendo and Wittbrodt, 2022[13]; Arulampalam, Booth and Bryan, 2005[14]), and the availability and affordability of childcare likely has country-specific effects on women's labour force participation and earnings (OECD, 2020[15]; Landmesser, Orłowski and Rusek, 2020[16]).

The concepts of *sticky floors* and *glass ceilings* may also help in understanding variation in gender pay gaps at the bottom and top of the income distribution, respectively. Sticky floors refer to the phenomenon where women are concentrated in low-paying jobs with limited opportunities for advancement due to factors such as gender stereotypes, discrimination, and lack of access to education and training. In contrast, glass ceilings refer to the barriers women face when trying to advance into higher-paying and more senior positions due to factors such as a lack of opportunities for promotion, gender bias in hiring and promotion decisions, and lack of support for work-life balance.

#### The benefits – and limits – of the gender pay gap as a gender equality indicator

The concept of the gender pay gap has become something of a buzzword amongst gender equality advocates because it makes labour market differences between men and women more visible and measurable. Naturally, there has also been some popular backlash, with articles critiquing the use of the unadjusted gender pay gap as misrepresenting women's outcomes (e.g. (Sommers, 2016[17]; Lips, 2016[18])).

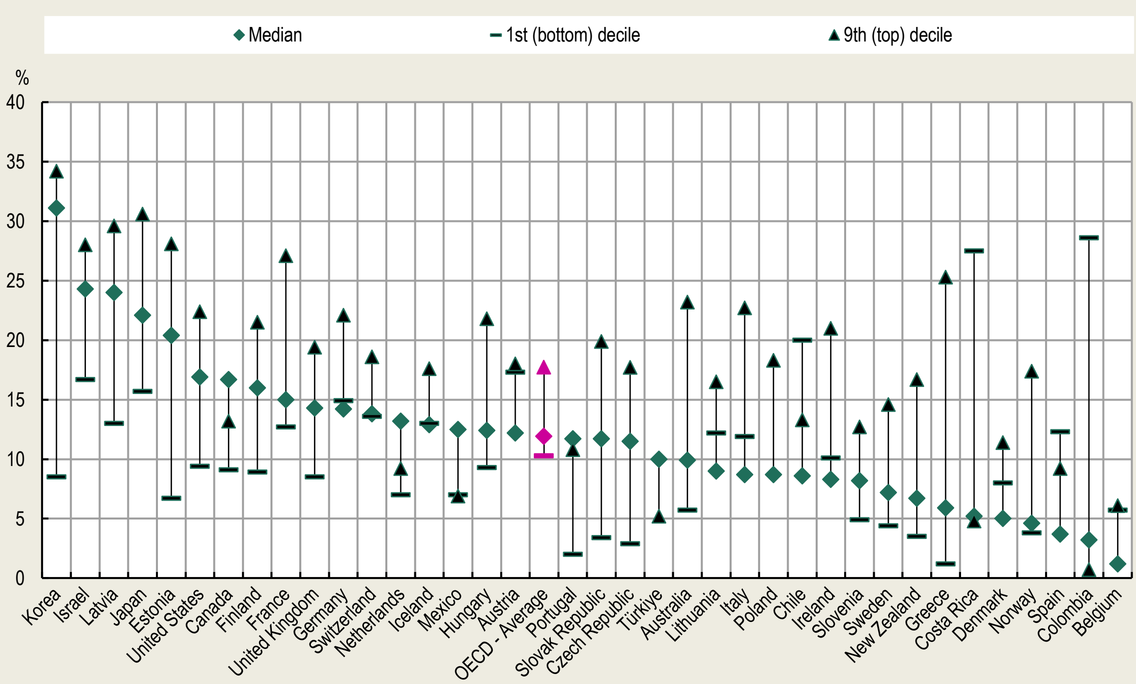
As an unadjusted measure, it is true that the gender pay gap gives only a crude overall picture of gender differences in terms of earnings, much like the GDP gives an approximate estimate of the size of the economy. The adjusted gender pay gap would take into account differences in factors like hours worked, occupations chosen, education and job experience – and with these considerations taken into account, the gap is considerably smaller.

For instance, using a decomposition method, the EU estimated that the difference between the adjusted and the unadjusted average gender pay gaps was 5.1 percentage points in 2018 (EuroStat, 2018[19]). This means that women in the EU earned 5.1% less than men, on average, due to gender differences in (measurable) characteristics in the labour market.[2] However, since there is "neither consensus nor scientific evidence on which adjustment method should be used", calculating the adjusted gender pay gaps is not yet such common practice (EuroStat, n.d.[20]).

Such results regarding the adjusted gender pay gap imply that the gender pay gap should not only be used to advocate for equal pay for work of equal value, but also as a catalyst for more holistic conversations about gender inequalities. Women's labour market outcomes are a culmination of numerous factors over time, including education and educational choices by boys and girls and men and women, social norms (particularly around unpaid care work) and their dynamics, as well as workplace cultures and practices. The complexity of the issue is one of the reasons why closing the gender pay gap is difficult and slow.

## Figure 1.3. The gender wage gap is usually larger at the high end of the earnings distribution

Gender wage gap at the 1st decile, at the median, and at the 9th decile, full-time employees, 2020 or latest year available




Note: The gender wage gap is unadjusted and is calculated as the difference between the earnings of men and of women relative to the earnings of men. Estimates of earnings used in the calculations refer to gross earnings of full-time wage and salary workers. However, this definition may slightly vary from one country to another; see the OECD Employment Database (http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm) and the individual country metadata data available in OECD.Stat (http://stats.oecd.org/index.aspx?queryid=64160) for more detail.

Data for Canada, the Czech Republic, Japan, Korea, Mexico, New Zealand, Norway, the Slovak Republic, the United Kingdom, and the United States refer to 2021. Data for Belgium, Colombia, Greece, Ireland, Israel, Italy, and Latvia refer to 2019. Data for France, Iceland, Slovenia and Türkiye refer to 2018. For Australia data at the bottom and the top deciles refer to 2019. In Greece data at the bottom decile refer to 2019. The OECD average at the median excludes Costa Rica and Luxembourg, OECD average at the bottom decile excludes Costa Rica, Poland and Luxembourg, and the OECD average at the top decile excludes Colombia, Costa Rica and Luxembourg.

1. Cross-national comparisons here are complicated by national differences in data collection. 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. 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, Türkiye) or annual (e.g. Australia, 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 on OECD.Stat.

2. A similar effort to decompose the gender wage gap – taking into account specific occupation, work experience and other traits – has been attempted by the US Census Bureau, using combined survey and administrative data (Foster et al., 2020[39]). The authors find that the pay gap varies significantly by occupation, with greater inequalities found in more challenging and dangerous occupations, in occupations that reward working longer hours, and in those that employ more women than the average. Work experience explained a smaller share of the gap in occupations with these characteristics.

Source: OECD Gender Data Portal, https://www.oecd.org/gender/data/.

Governments have implemented a wide array of public policies in efforts to close the gender wage gap, including improving girls' and women's equal access to education; passing anti-discrimination and equal pay laws; and providing work-life balance supports, like well-designed paid parental leave[3] and early childhood education and care for the children of working parents (OECD, 2022[3]). While there is room for improvement in many OECD countries in building a comprehensive policy package, some countries have planned, budgeted, and implemented a holistic policy approach to improve women's economic empowerment (OECD, 2019[21]). Yet even the most comprehensive policy approaches have not been enough to close the gender wage gap anywhere in the OECD. (OECD, 2021[6]).

Many OECD countries have therefore begun trialling new pay transparency measures as part of a renewed effort to close the gender pay gap. The OECD first took stock of the state of pay transparency across countries in the 2021 report *Pay Transparency Tools to Close the Gender Wage Gap* (OECD, 2021[6]), which offered an overview of governments' use of gender pay gap reporting by firms, equal pay audits, job classification schemes, and requirements to discuss the pay gap in collective bargaining.

This report, *Reporting Gender Pay Gaps in OECD countries: Guidance for Pay Transparency Implementation, Monitoring and Reform*, digs deep on a public policy now used in over half of OECD countries: gender pay gap reporting requirements for private sector firms.

21 out of 38 OECD countries (55%) now require private sector firms to regularly report their company's gender pay gap to stakeholders like workers, workers' representatives, the government and the public. Many of these reporting schemes are embedded in equal pay audit systems, in which employers are required to determine the causes of pay gaps and develop strategies to address them.

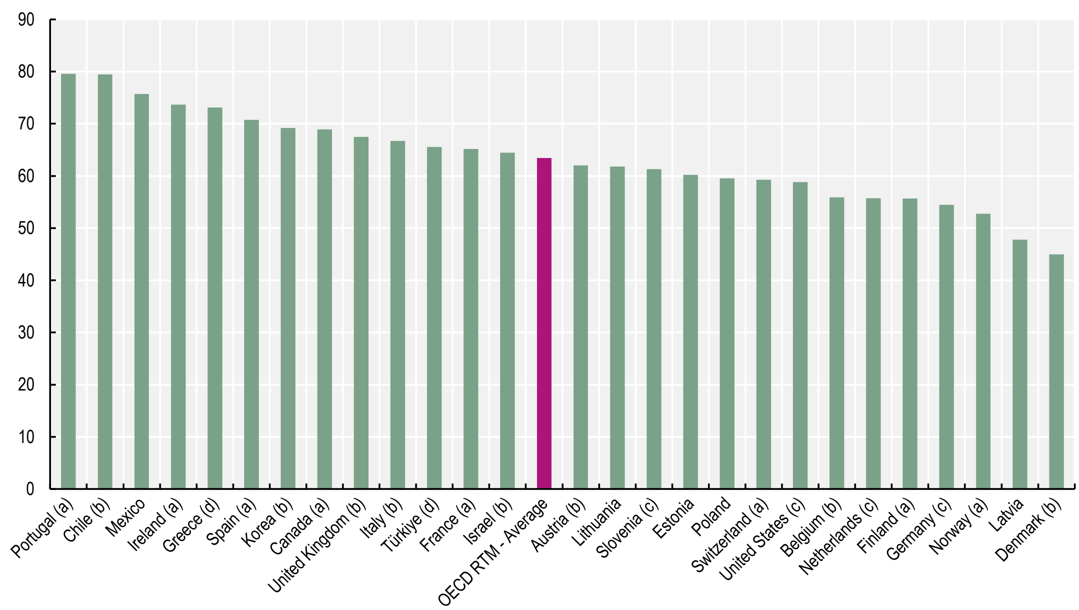
**The motivation for gender pay gap reporting is straightforward**, and as a policy measure it is intuitive. By analysing, presenting, and publicising pay gaps between women and men, proponents argue, different stakeholders, including the employers, should become more aware of the gender pay gap and more motivated to close it. Pay gap reporting, if sufficiently disaggregated by job category, can also offer important information to individual workers who feel they may be unfairly underpaid. Armed with information, these workers can try to negotiate for better pay or leave for a different job. This straightforward logic may be a reason why pay transparency is so broadly supported across many OECD countries

(Figure 1.4): 64% of respondents in the 27-country OECD Risks that Matter survey say that they support pay transparency to reduce wage gaps, with rates reaching nearly 80% in Portugal and Chile.

**Yet there are limits to what pay transparency can do** (Box 1.2). The burden of rectifying unequal pay still largely falls on the individual, and it is a significant burden in terms of time, finances, and effort. It may also be a mentally and emotionally taxing process (Box 1.3).

### Figure 1.4. Across 27 OECD countries, 64% of respondents support the use of pay transparency measures

Share of respondents who somewhat or fully support increasing pay transparency to reduce wage gaps, 2022




Note: Respondents were asked to what extent they support or oppose increasing pay transparency to reduce wage gaps, foster diversity and fight discrimination. Response options were “totally oppose”, “somewhat oppose”, “neutral”, “somewhat support”, “totally support”, and “can’t choose”. Representative sample of 1 000 respondents per country. Countries opted in to participate in the survey.
(a). These countries have gender pay gap reporting and equal pay auditing at the national level.
(b). These countries have gender pay gap reporting at the national level.
(c). These countries have non-pay gender gap reporting at the national level.
(d). These countries have ad hoc equal pay audits at the national level.
Source: OECD Risks that Matter Survey 2022, http://oe.cd/rtm.

While pay reporting is increasingly common, no two countries’ pay reporting systems are exactly the same. This report illustrates the strengths and limitations of different approaches with an eye towards informing implementation and monitoring across countries. The full report is structured as follows:

- Chapter 2 offers an overview of pay gap reporting systems, including reference dates for reporting and the inclusion criteria used to define which firms must report.
- Chapter 3 presents the type of data that must be collected in each country (for example by gender-disaggregated worker subgroup like job category or level of education), overviews governments’ demands for gender-disaggregated data in employee outcomes *other* than pay, and briefly discusses the policy of salary transparency in job advertisements.

- Chapter 4 offers comparative perspective on equal pay auditing systems, which are currently in place in ten OECD countries and require follow-up action by employers after their analysis of pay gaps.
- Chapter 5 discusses different requirements for governments communicating pay reporting rules to employers, and for communicating rules and results from employers to employees.
- Chapter 6 overviews countries' approaches to the enforcement of pay reporting rules, including the use of third-party actors and sanctions.
- Chapter 7 presents novel and practical tools to facilitate companies' reporting of pay gap statistics.

### Box 1.2. What pay transparency can do – and what it can't

**The potential value of revealing wage gaps**

Pay transparency can be a simple yet powerful tool for closing gender wage gaps. By requiring employers to disclose information about their pay structures and salaries, transparency can help hold firms accountable for disparities that exist between male and female employees. Pay transparency can empower workers and their representatives to fight against individual or systemic pay inequities by giving them access to information about their colleagues' salaries. This can help to address the root causes of gender wage gaps and promote greater fairness in the workplace.

Pay transparency can also raise broader stakeholder awareness of the presence, causes, and consequences of the gender wage gap. This can help to generate public pressure for change and encourage employers to take proactive steps to address inequities that exist in their organisations.

However, it is important to acknowledge that the onus of identifying, raising, and rectifying pay inequity still largely rests on individual workers – and this is a high burden (see Box 1.3). Moreover, pay transparency cannot guarantee that women's wage gains are not compensated for elsewhere, such as in lower men's wages (see also Section 1.3).

Importantly, pay transparency cannot compensate for the choices and constraints that have accumulated in the form of lower wages over the life course. Women face a range of barriers and challenges throughout their careers that can limit their earning potential. While pay transparency can help to identify and address some of these issues, it is not a panacea for the complex and multiple challenges that underlie gender wage gaps.

**Anticipating the consequences of pay gap reporting in the workplace**

While pay transparency can help deter workplace discrimination, it can also cause dissatisfaction and turnover in a workplace if pay discrepancies are not properly justified. There can be resentment among employees who believe they are not being compensated fairly. Employers may exhibit centrality bias when subjectively determining employee performance, e.g. under-rewarding high performers and potentially leading to high turnover. Constant monitoring and evaluation can cause anxiety and stress on both sides.

So-called "horizontal" pay transparency, i.e. policies that reveal pay gaps between co-workers, has been found to affect bargaining over pay – with job applicants negotiating for higher pay – and can affect workers' psychological well-being, with lesser paid workers potentially feeling unhappy and working less (Cullen, 2023[22]). At the same time, empirical evidence on pay transparency policies suggest that "horizontal" pay transparency policies in real-world labour markets (such as reporting gender wage gap statistics, expected wages or wage ranges in job postings, and the right of workers to talk), can lead to more equal pay, often by lowering average wages (Cullen, 2023[22]) (Section 1.3). This flattening of pay across workers tends to reduce compensation for good performance, too (Obloj and Zenger, 2022[23]). This is a key trade-off policy makers face when implementing pay transparency laws revealing co-workers' pay gaps.

"Non-horizontal" pay transparency can help address information asymmetries in the labour market (Cullen, 2023[22]). For instance, "vertical" transparency, i.e. policies that increase workers' understanding about what they could earn if they were to be promoted, can increase effort and productivity in meritocratic environments. "Cross-firm" pay transparency can inform prospective candidates about higher paying employers and lead to more favourable negotiations, as well as erode information rents for employers who shade their offers to workers. Such policies shine light outward, away from co-workers in comparable roles under the same employer, towards "vertical" and "cross-firm" pay differences (Cullen, 2023[22]).

## 1.2. Over half of OECD countries now require private sector firms to report their gender pay gap

**Over half of OECD countries' (21 of 38) national governments[4] now require private sector employers to report pre-defined gender-disaggregated pay information** to stakeholders like workers, workers' representatives, the government, and/or the public (Figure 1.5). This is a rapidly advancing policy space.

While a national requirement to report pay gaps has been in place for several decades in certain countries like Finland and Sweden, most countries' reporting regulations are relatively recent and have been in place for fewer than ten years. Countries with private sector pay reporting requirements at the national level include Austria, Australia, Belgium, Canada,[5] Chile,[6] Denmark, Finland, France, Iceland, Ireland, Israel, Italy, Japan, Korea, Lithuania, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

The same general principles of pay reporting hold across countries, but definitions of which firms must report – such as employee headcount thresholds and worker type – vary across countries (Chapter 2). When it comes to *what* needs to be reported, a few countries have opted for a straightforward reporting system where employers are only required to report the overall gender wage gap, or median (or average) pay for women versus men (Chapter 3). However, most countries require detailed, gender-disaggregated pay information across different categories like job classifications or level of seniority.

**In almost half (10 of 21) of the countries with private sector pay reporting rules, company pay reporting requirements are embedded within more comprehensive, mandatory, equal pay auditing processes** that apply to a pre-defined set of employers (defined in Box 1.5). This is similar to the concept of a joint pay assessment, language used in the forthcoming EU pay transparency legislation (Chapter 2).

Countries with equal pay audits include Canada (under the Pay Equity Act[7]), Finland, France, Iceland, Ireland, Norway, Portugal, Spain, Sweden, and Switzerland.

Equal pay audits typically require more thorough analysis of highly detailed statistical information on pay and workforce characteristics across different categories of employees (Chapter 4). Some countries require employers to also assess possible indirect discrimination. For instance, gender pay differences are assessed not only across jobs that are equal, but also across jobs considered of equal value (see Box 1.5 for definitions). These equal pay auditing processes often require follow-up actions by employers to address the gaps that have been found.

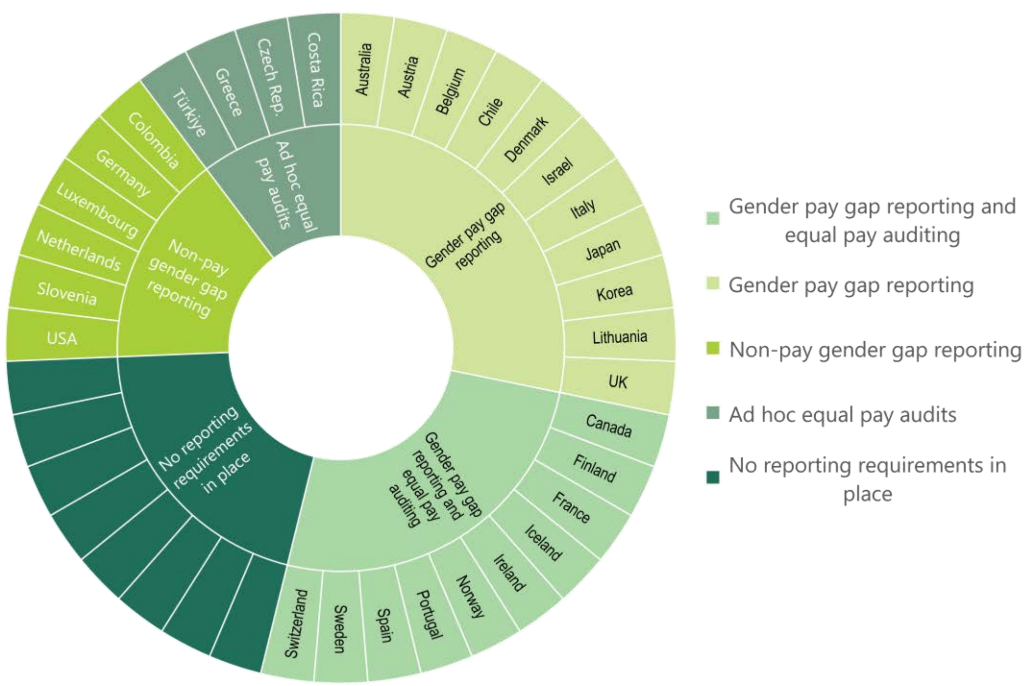
Interestingly, countries including Colombia, Germany, Luxembourg, the Netherlands, and the United States only require employers to report gender-disaggregated information *other* than pay, such as workforce composition by gender. At the same time, gender-disaggregated non-pay reporting rules now complement pay reporting requirements in many countries. These non-pay gender-disaggregated data reporting requirements most commonly include reporting gender gaps in employee headcounts, and often include the share of top positions held by women (Chapter 3).

A few countries use only an ad hoc approach to pay gap reporting that covers a relatively small share of employers. For example, in countries including Costa Rica, the Czech Republic, Greece, and Türkiye, companies targeted for labour inspections are also sometimes required to undergo gender pay gap reporting. These countries do not have more systematic, mandatory pay gap reporting rules.

Several EU countries have work in progress to introduce new pay transparency rules or expand the scope of existing measures to align with the forthcoming EU Pay Transparency Directive (see Chapter 2), which comes into force in 2023 and will apply to all EU member countries.

## Figure 1.5. Just over half of OECD countries require private sector companies to report gender pay gap statistics

Distribution of countries by the presence of national-level regulations requiring private sector pay reporting, pay auditing, or related measures, OECD countries, 2022




Note: Chart shows the distribution of national-level pay reporting measures across OECD countries. Ten 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 (federally regulated employers), Finland, France, Iceland, Ireland, Norway, Portugal, Spain, Sweden, and Switzerland (Chapter 4). Eleven countries in which companies meeting defined criteria are required regularly to report gender-disaggregated pay information without a broader audit are: Australia, Austria, Belgium, Chile (the financial sector), Denmark, Israel, Italy, Japan, Korea, Lithuania and the United Kingdom. Countries in which all companies meeting defined criteria are required to report only gender-disaggregated data on workforce characteristics but not gender pay gap data are: Colombia, Germany, Luxembourg, the Netherlands, and the United States. Twelve other countries require the reporting of non-pay information either as part of pay gap reporting requirements or as part of another measure (Chapter 3).Countries in which an ad hoc selection of companies are required to undergo gender pay audits as part of a targeted labour inspection (non-exhaustive list) include Costa Rica, the Czech Republic, Greece, and Türkiye. Note that some countries have subnational gender pay gap reporting policies in place.
Source: OECD Gender Pay Transparency Questionnaire (GPTQ) 2022 (see Annex A).

### Box 1.3. Pay transparency helps, but employees still bear the burden of rectifying pay inequity

Pay transparency alone is insufficient to close the gender wage gap. Gender wage gaps represent a broad and pervasive problem, in both societies and labour markets, that has built up over decades, and these gaps cannot be fixed solely by raising stakeholder awareness of pay inequity in a firm. And while pay transparency is an important resource for an individual employee who suspects she is underpaid – it helps to solve the "comparator" problem (Box 1.4) – pay transparency is usually insufficient to rectify individual instances of unfair pay.

When a worker learns that she has been underpaid, in most countries she has a limited number of options: do nothing, negotiate higher pay, or initiate a pay equity claim. The onus of identifying, raising, and rectifying (possibly discriminatory) pay inequity rests on the individual. This is a very large burden in terms of time, finances, and effort. These processes can also be emotionally taxing to the individuals involved.

While pay transparency laws may give workers more information about unequal pay, pay transparency's effectiveness often relies upon workers having bargaining power to negotiate collectively or individually – and to negotiate without negative repercussion, which is less likely the case for women. 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 (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. Pay equity claims that go through the legal system also tend to be costly, both in time and money.

Legal mechanisms should therefore 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. Many countries have legal guidelines for this. Access to justice should be streamlined and the burden of proof in pay discrimination cases should rest on the employer (European Commission, 2020[25]).

The European Union's Pay Transparency Directive[1] requires a shift of burden of proof from the worker to the employer. In other words, in cases where an employee has taken a pay discrimination case to court, the burden of proof is on the defendant to demonstrate that no such discrimination has occurred. This approach ensures better and more straightforward access to justice to workers who believe they have been wronged and may also incentivise employers to ensure equal pay between men and women. Another interesting legal development recently took place in Germany, where a court ruled that an employer cannot pay a man more than a woman simply because he negotiated a higher salary at the time of hiring.[2]

Equal pay *audits* (Chapter 4) represent an important step forward for pay equity, as they often require follow-up action by employers once pay gaps are established. In other words, in pay auditing systems, much of the onus of addressing pay discrepancies is systematically moved to the employer. This is an important transfer of primary responsibility.

1. Available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2023.132.01.0021.01.ENG&toc=OJ%3AL%3A2023%3A132%3AFULL.
2. For a news summary (in German) see https://www.tagesschau.de/wirtschaft/gehalt-unterschiede-bundesarbeitsgericht-101.html.
Source: Excerpted from (OECD, 2021[6]), *Pay Transparency Tools to Close the Gender Wage Gap*, http://oe.cd/pay-transparency-2021.

## 1.3. Pay transparency helps – if design and implementation are done right

Despite the growing prominence of pay gap reporting regimes, only a few national systems have been evaluated quantitatively by academic or government researchers.

Yet pay reporting and equal pay audit requirements are ripe for rigorous evaluations. Pay transparency obligations typically affect firms of specific sizes who are targeted at different points in time, which allows for relatively straightforward quasi-experimental policy evaluations. Making use of the fact that policy "treatment" and "control" groups of firms are assigned almost at random – some employers barely pass the size threshold for reporting requirements (treatment), while others barely meet it (control) – it is simple to compare outcomes across these otherwise highly similar groups.[8]

Measuring the effectiveness of national-level pay gap reporting rules using these kinds of quasi-experimental research methods has taken place in only a handful of countries: Austria, Canada, Denmark, Sweden, Switzerland, and the United Kingdom. Although almost all research has concentrated on pay reporting measures, it seems likely that equal pay auditing systems – with more comprehensive analysis and follow-up measures – would have an even greater impact on closing the gender wage gap than basic pay reporting.

National-level pay gap reporting rules do not have a consistently positive effect on closing gender pay gaps across *all* countries with these systems. This suggests that policy design and implementation play an important role in the effectiveness of the system.

Indeed, **in countries where national pay gap reporting rules seem to have helped reduce the gender pay gap – Denmark, France, Switzerland and the United Kingdom – there is strong third-party involvement.** In other words, an actor independent of the employer, employees, and employee representatives is closely involved in the pay reporting process.

In Denmark, the Ministry of Employment commissions the *National Statistics Office*[9] to calculate the gap for employers using pre-existing data. France has a sophisticated pay transparency system: the *government provides calculators and online forms* for submitting data, and the *French Labour Inspectorate* carries out inspections and financial penalties for non-compliance. In Switzerland, the government provides a free calculator tool for different sized firms – Logib – and requires an *independent audit* of firms' pay gap reporting.[10] In the United Kingdom, gender pay gaps are reported to a government agency and *shared with the public*,[11] which provides considerable visibility and informal oversight. These systems are detailed in subsequent chapters of the report.

### *1.3.1. Pay reporting is not associated with reduced gender pay gaps in Austria, and Sweden finds mixed results*

Taking advantage of the staggered entry into force of the Austrian pay transparency law, empirical research using regression discontinuity design (Böheim and Gust, 2021[26]) and event-study design (Gulyas, Seitz and Sinha, 2021[27]) finds no effect of the pay reporting policy on gender pay gaps in affected companies in Austria. The authors suggest this may be a result of Austria's weak enforcement mechanisms, which do not require employers to follow reporting with concrete action, as well as limited public awareness of pay reporting requirements. There is also some evidence that the female share of workers dropped in large firms affected by the rules (Böheim and Gust, 2021[26]). Similarly, no positive effects are found in an analysis of pay transparency in job advertisements in Austria.[12]

Sweden is one of the few governments to have assessed quantitatively the effects of its pay auditing system on wage outcomes. After a legislative change in 2009, employers with 20 to 24 employees no longer fell under the obligation to report. The study uses this group as a comparator to employers with 25 to 30 employees. Looking at this limited sample of small employers, Sweden's National Audit Office finds only a marginal effect of pay audits in reducing the gender wage gap (Swedish National Audit Office, 2019[28]).

On a more positive note, the Swedish study also shows that slightly more women were employed in affected companies, and similarly slightly more women were appointed as managers – indicating other potential positive effects on gender equality.

Both Austria and Sweden's pay reporting rules have comparatively weak enforcement and compliance mechanisms, and both countries tend to rely on access to justice via the court system – a slow-moving and resource-intensive path.

### *1.3.2. In Denmark, Switzerland, and the United Kingdom pay reporting has likely reduced gender pay gaps*

Denmark, Switzerland, and the United Kingdom have greater involvement of third-party actors ensuring compliance, and causal research suggests their pay gap reporting regimes have helped to close wage gaps.

Employing the introduction of Danish pay transparency rules and difference-in-differences and difference-in-discontinuities designs, research into Danish reporting requirements (Bennedsen et al., 2022[29]) shows that gender pay gaps in the affected firms reduced by about 2 percentage points (or 13% from prior to 2006).This reduction came about through a suppression in the growth of male wages. The research also finds that firms just above the reporting requirement threshold are more likely to hire female workers and to promote them than those just below the threshold (Ibid.).

In the United Kingdom, two studies exploiting the discontinuous size threshold and using difference-in-difference both find that the gender pay gap has slightly narrowed as a result of the measure (Blundell, 2021[30]; Duchini et al., 2020[31]). Like in Denmark, this appears to have been driven by a reduction in male wages rather than an increase in female wages. Duchini et al. (2020) find the UK's pay transparency regulations are also influence hiring practices; affected employers tend to adopt practices that are more attractive to women, such as providing information about wages in job advertisement and offering flexible working arrangements. This can have large effects considering that, according to survey evidence gathered by Blundell (2020), in order to not be hired by the (hypothetical) employer with the highest gender pay gap in their industry, a majority of women would accept a 2.5% lower salary, with women prepared to accept, on average, 4.9% lower pay to avoid this high pay gap employer.

Studies of the United Kingdom during the COVID-19 pandemic, when the pay gap reporting system froze, seem to support earlier evidence. Focusing on the temporary suspension of pay reporting requirements in the United Kingdom due to the COVID-19 pandemic, organisations that reported their gender pay gap during the year of suspension showed a 6% lower gap a year later, compared to those that did not report (Jones, Kaya and Papps, 2022[32]). This reduction is attributed to an increase in the proportion of women in the top pay quartile and a rise in the concentration of women in the overall workforce. (Jones, 2022[33]) also finds, in a descriptive analysis looking at firm-level gender wage gaps, that organisations with larger gender wage gaps have shown more improvement over time – and that comparisons with intra-industry comparators likely contributed to narrowing gaps.

In Switzerland, the introduction of the free but non-mandatory wage gap calculator Logib in 2006 corresponded with a 3.5% narrowing of the gender pay gaps (Vaccaro, 2017[34]). Employing the discontinuous size cut off and difference-in-discontinuity design, the author shows that affected Swiss employers adjusted the wages of new hires without reducing the number of new female workers.

A descriptive analysis (non-quasi-experimental) of the French pay transparency system (Briard, Meluzzi and Ruault, 2021[35]) shows that since the introduction of the measure, the average firm score in the Professional Equality Index[13] has been improving, with the increase being more significant for large companies. An increase in the score implies a narrowing of the wage gap, among other things. Although firms' performance on all five indicators is increasing, the main source of the increase is the indicator on maternity and raises, i.e. how many mothers returning from maternity leave receive the raise to which they are entitled according to French law. The authors suggest this improvement is driven by employers' growing awareness of this law through the requirement to report on it.

In an evaluation of a more narrow pay transparency measure in Canada, (Baker et al., 2019[36]) assess the effects of salary disclosure on gender pay gaps in the context of staggered implementation across Canadian provinces of laws that require public disclosure of the salaries of individual faculty members (exceeding certain thresholds) in public universities. Utilising comprehensive administrative data and event-study research methodology, they find strong evidence that these laws have decreased the gender pay gap between male and female faculty members by around 20-40 percent.

### Box 1.4. Pay transparency can help to solve the "comparator" puzzle

Closing the gender pay gap requires being able to measure its existence, shape and size. At an aggregate level – within a workplace, town, region, country, and so on – administrative data and labour force surveys can help researchers identify when, where and how gender wage gaps occur.

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. Recent research using match employer-employee data suggests that nearly 80% of the gender wage gap, in a sample of 16 OECD countries, is attributable to pay inequity within firms (OECD, 2021[37]).

Yet it is very difficult for an *individual* worker to know whether she or he is being underpaid – and to 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.

The issue of finding either a hypothetical "comparator" or an accurate, real-life comparator has been a longstanding challenge across countries (European Commission, 2020[25]). It is often not obvious who should qualify as a comparable colleague for the basis of a pay comparison. Countries also identify privacy and data protections as a hurdle to sharing a specific, comparable colleague's pay. Finally, 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, 2021[6]).

Countries have used different approaches to address the comparator issue. Such approaches include legislation allowing a comparison of salary with the previous person who held a post; allowing a 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 (OECD, 2021[6]; European Commission, 2020[25]). New Zealand, notably, has recognised that the historic undervaluation of traditionally women's work may necessitate a comparator being sourced from a different sector.[1] This is particularly relevant in the context of improving wages in historically feminised health and care sectors (OECD, 2023[38]). 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. Based on conversations in a virtual mission between the OECD Secretariat and several agencies in the Government of New Zealand.
Source: Excerpted from (OECD, 2021[6]), *Pay Transparency Tools to Close the Gender Wage Gap*, http://oe.cd/pay-transparency-2021.

## 1.4. Policy lessons

Drawing on evidence from the 21 countries with pay gap reporting rules in place, consistent findings and policy recommendations for governments emerge:

### *1.4.1. Improve worker coverage in pay reporting regimes*

Most OECD countries exempt small employers from pay gap reporting rules. This means a large share of workers face challenges to accessing equal pay information. This limits their ability to argue for fair pay for their work. Spain is the only country in which the requirement to collect gender-disaggregated wage data has no minimum size threshold. Otherwise, minimum size thresholds for reporting range from ten employees (Canada and Sweden[14]) to more than 518 employees (Israel).

Additionally, pay reporting rules typically require reporting the gender pay differentials of the regular and/or permanent workforce. While this means that a large share of a firm's workforce is usually covered by reporting rules, workers in more precarious working conditions – such as contractors, consultants, and/or temporary workers – may be excluded. Part-time employees are included in the threshold calculations in most countries, although some countries assign part-time workers a smaller weight (Chapter 2).

### *1.4.2. Improve the quality of gender-disaggregated pay data analysed and reported*

Reporting average or median pay statistics disaggregated by gender at the *aggregate* level in a firm has benefits. It helps to reduce administrative burden on firms;[15] it encourages businesses to consider how horizontal and vertical segregation contributes to the overall firm wage gap; and it helps to increase awareness of pay equity with one single, tangible statistic. Yet producing *only* a single wage gap statistic per firm does little to help stakeholders understand the causes of the gender gap.

To better understand drivers of the wage gap, firms should be required to assess gender-disaggregated pay outcomes at both the aggregate firm level *and* by key subgroups. In many countries these subgroups include job category and level of seniority, in an effort to produce gender pay gap comparisons across more comparable workers.

To note, this strategy does not address horizontal gender segregation and systematically lower pay in typically feminised professions. A pay gap reporting assessment of long-term care (LTC) workers in a single company, for example, may find little gender wage gap within this group – but these LTC workers may still be systematically underpaid for their skills and the value of their work. For this reason, when job classification systems are used to define pay transparency subgroups, it is important that job classifications be "gender-sensitive" or "gender-neutral," as is the case in at least ten OECD countries. This is necessary to avoid embedding systematically lower pay in traditionally women's professions (Chapter 3).

Countries should also consider disaggregating pay statistics by race/ethnicity, as is done in Canada and New Zealand, to better capture intersecting disadvantage for minority women.

### *1.4.3. Facilitate employers' reporting through free digital tools*

For pay reporting systems to work properly, employers must clearly understand the information they need to report. While some countries offer very little guidance about what statistical analysis to perform and how to disseminate results, an increasing number of governments in the OECD provide employers with digital tools such as gender pay gap calculators (to calculate their firm's gap themselves) or reporting portals for submitting pay data to the government (Chapter 7).

The use of pre-existing government data has also appeared as a new frontier in pay transparency. This allows governments to calculate companies' gender pay gaps with little or no additional administrative burden on employers. Denmark (which uses data already collected in its national Structure of Earnings

Survey) and Lithuania (which uses data collected as part of the social security system) offer noteworthy examples (Chapter 7).

### *1.4.4. Monitoring and enforcement of pay reporting should be strengthened*

Most OECD countries have some degree of monitoring compliance of pay gap reporting rules, although the intensity of monitoring and enforcement differs widely across countries. In general, countries that embed pay reporting within equal pay auditing systems (Chapter 4) – such as France – tend to have more comprehensive methods of monitoring compliance.

Financial penalties are commonly listed as a tool to enforce compliance, but potential fine amounts are usually small and fines are rarely issued. Other tools for compliance include more commonly used “name and shame” procedures – where companies face reputational risk for poor performance on gender equality – and equal pay certificates (Chapter 6).

### *1.4.5. Mandate equal pay audits for a comprehensive assessment and response*

National equal pay audit regimes, targeting the private sector in ten countries (Figure 1.5), have more intensive requirements than simple pay gap reporting. Audits typically 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 – and often mandate follow-up action. Equal pay audits are comparable to the concept of “joint pay assessments” in forthcoming EU legislation.

Follow-up action can apply to all relevant employers or only those where analysis reveals gender differences in remuneration. These follow-ups are sometimes referred to as gender equality “action plans”. These include an initial assessment of the situation (i.e. the process and evaluation of results of pay gap reporting), a justification of any differences found, and/or a discussion or implementation of active measures to combat differences.

### *1.4.6. Conduct rigorous evaluations of pay reporting processes and wage gap outcomes*

The effects of national-level pay reporting rules on changes in the gender wage gap have been causally evaluated in only a handful of countries (Section 1.3), usually by academic researchers. Yet these kinds of policy evaluations are often “low hanging fruit,” from an empirical perspective. Many pay reporting programmes have been introduced with obvious discontinuities, e.g. by firm size or over time, that make for ideal quasi-experimental evaluations of effects on wages. Countries should additionally continue to monitor pay gap reporting processes to ensure that various stakeholders are participating as they should.

### *1.4.7. Raise awareness of pay reporting rules and results through clearer communication*

In general, pay transparency legislation across OECD countries would benefit from increased transparency – both in instructions to employers *and* in communication from employers to stakeholders (Chapter 5). Better awareness of pay transparency rules and results could improve the effectiveness of pay gap reporting regimes in actually closing gaps.

Governments’ pay gap reporting rules are rarely communicated directly to employers and are instead simply published on government websites. Employer awareness of pay gap reporting rules is not commonly measured.

The communication of pay gap results to stakeholders like workers, their representatives and the public is not always straightforward, either. Not all relevant actors are automatically informed about the results of pay gap reporting, and instructions on how employers should share results with employees should be made more explicit in most countries. Transparency to the public is a reality in only about half of OECD countries with pay reporting rules – though the public usually cannot access disaggregated pay gap results (Chapter 5).

#### *1.4.8. Embed pay transparency within more holistic efforts to improve gender equality*

By itself, pay transparency cannot close the gender wage gap. In many ways, pay transparency comes too late – it attempts to address inequalities that have built up over the life course, after years of gendered socialisation, educational choices, segregation into lower-paying fields, and career interruptions. Gender pay gap reporting, and pay transparency in general, must be embedded within a holistic, systematic, life-course approach to promoting gender equality in society, labour markets, governance and public policy. This includes gender-equal access and encouragement 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.

## 1.5. Checklist for implementing and reforming pay gap reporting systems

The following checklist offers simple guidance to countries interested in implementing, reforming, or monitoring their pay gap reporting system. It covers various aspects of the reporting systems, including coverage, quality of reported data, enforcement, ease of reporting, stakeholder awareness, and required follow-up actions by firms. By evaluating these factors, policy makers can identify areas for improvement and implement measures to ensure the success of gender pay gap reporting systems. The right-most choice in the following response options represents current good practice in OECD countries; the left-most choice indicates room for improvement.

Guidance for the checklist:

- Review each section of the checklist, labelled A to F, which represents different dimensions of gender pay gap reporting systems. For each numbered item within a section, mark the checkbox (☐) that best reflects the current state or level of implementation in your country.
- Consider the implications and importance of each item in relation to the overall design of the reporting system in the country. Use the results of the checklist to assess the strengths and weaknesses of your country's gender pay gap reporting system.
- Identify areas that require improvement and develop/reform policies to enhance the effectiveness of the reporting system.
- Regularly review and update the checklist to ensure ongoing evaluation and improvement of the reporting system.

## Figure 1.6. Policy checklist for gender pay gap reporting systems

**POLICY CHECKLIST FOR GENDER PAY GAP REPORTING SYSTEMS.**

**A. Coverage of gender pay gap reporting rules.**

*Why it matters:* The share of firms that are required to report their gender pay gap is positively associated with the (potential) success of a system in reducing the overall gender wage gap in a country.

1. Considering the company size thresholds that define the number of firms required to report, what share of employees nationwide are covered by pay gap reporting rules?

   ☐ None ☐ Fewer than half ☐ More than half

2. To what degree does the definition of "employee" in firm headcounts for pay gap reporting include workers who may be in more precarious situations, such as temporary or part-time workers?

   ☐ Not at all ☐ Some precarious workers are included ☐ Most precarious workers are included

**B. Quality of gender-disaggregated pay data reported.**

*Why it matters:* The type of data reported, either in the form of mean/median pay by gender or the gender pay gap itself, has implications for illustrating the size and shape of the gender wage gap across different types of employees.

1. Does gender-disaggregated pay data reporting illustrate the firm-level aggregate pay gap, pay gaps by subgroups within the firm (e.g. by job classification or seniority), or neither of the above?

   ☐ Neither of the above ☐ Firm-level aggregate pay gap ☐ Aggregate pay gap and by subgroups within the firm

2. If gender-disaggregated pay data are reported by subgroups, are an adequate range of subgroups included? In addition to basic subgroups like job category and seniority, to what degree do subgroup reporting requirements represent a diverse range of different employee categories, e.g. by parenthood status or racial/ethnic background?

   ☐ No subgroups are included ☐ Basic subgroups are included ☐ Diverse range of subgroups included

3. If job classifications are used in the country, to what degree are they gender-neutral/gender-sensitive job classifications?[1]

   ☐ No job classifications are gender-neutral ☐ Some are gender-neutral ☐ Most are gender-neutral

**C. Enforcement of gender pay gap reporting rules.**

*Why it matters:* Adequate enforcement of gender pay gap reporting regimes is important for ensuring that the appropriate firms comply with reporting requirements, that the proper data are collected and analysed, and that results are shared with required stakeholders. This can help ensure that pay gap reporting regimes have both de jure and de facto effectiveness.

1. To what degree can a government agency or other stakeholders identify which companies are required to report (typically defined by company size)?

   ☐ It is not possible to identify ☐ Some firms can be identified ☐ Most firms can be identified

2. To what degree is firm compliance with pay gap reporting monitored by employees, employee representatives, a government agency, and/or a non-governmental auditing body?

   ☐ There is no monitoring ☐ Workers and their representatives principally monitor ☐ An external body monitors

3. How commonly are financial sanctions levied in the event of non-compliance with reporting rules?

   ☐ Never ☐ Occasionally ☐ Frequently

4. To what degree are firm-specific gender pay gaps shared with the general public?

   ☐ No information provided to public ☐ Public can see whether firms complied with requirements (but not firm-specific pay gap(s)) ☐ Public can view firm-specific pay gap(s)

**D. Ease of firms' reporting.**

*Why it matters:* To reduce the potential issue of administrative burden on firms, governments can provide accessible tools to improve companies' understanding of pay gap reporting systems and facilitate firms' reporting.

1. How easily can firms access government instructions on gender pay gap reporting rules?

   ☐ Not at all ☐ Somewhat easily ☐ Very easily

2. To what degree does the government facilitate firms' reporting, e.g. via online portals to submit data to the government and/or software for firms to calculate gaps themselves?

   ☐ Not at all ☐ Somewhat ☐ To a high degree

3. To what degree does the government calculate firms' gender wage gaps with limited employer involvement, e.g. via the use of pre-existing government data to calculate gaps?

   ☐ Not at all ☐ To a limited degree, e.g. the aggregate gap ☐ To a high degree, e.g. including subgroups

**E. Stakeholder awareness of the results of pay gap reporting.**

*Why it matters:* Awareness of the results of firms' pay gap assessments among employees, their representatives, the government and the public has important implications for increasing transparency around wage gaps and mobilising support to close gaps.

1. How broadly must pay reporting results be shared, e.g. to employees, their representatives, the government, the general public?

   ☐ To no one ☐ To workers and representatives ☐ To workers, representatives, and government and/or public

2. How clear are instructions to firms on communicating pay gap results to employees?

   ☐ No instructions are provided ☐ Firms are given limited guidance ☐ Firms are given clear guidance

3. To what degree does the government measure stakeholder awareness of gender pay gap reporting regimes?

   ☐ Not at all ☐ Government informally measures awareness ☐ Government conducts surveys on awareness

**F. Follow-up action required by firms.**

*Why it matters:* The simple act of reporting gender-disaggregated pay information helps raise awareness of pay inequity, but it may not be sufficient to reduce gender wage gaps without mandatory, well-informed follow-up actions by firms.

1. To what degree is gender pay gap reporting accompanied by mandatory follow-up assessments of the gaps found, i.e. gender equality audits or joint pay assessments, in order to understand their causes?

   ☐ Not at all ☐ Follow-up action is recommended ☐ Follow-up action is required

2. What kinds of follow-up actions are required by firms to address gender pay gaps they find?

   ☐ None ☐ Firms must assess causes of gaps ☐ Firms must assess causes and develop plans to close gaps

3. To what degree is follow-up action monitored by employees, employee representatives, a government agency, and/or a non-governmental auditing body?

   ☐ Not at all ☐ Only workers and representatives monitor follow-up action ☐ An external body monitors

4. To what degree are pay transparency schemes and their effectiveness in closing the gender pay gap rigorously evaluated?

   ☐ Not at all ☐ Ad hoc studies of effectiveness ☐ Regular studies of effectiveness

1. Gender-neutral/gender-sensitive job classification schemes are frameworks that attempt to categorise jobs in a way that avoids gender bias and is based on "objective" criteria. These systems typically use a set of factors, such as skill level, responsibility, and working conditions, to determine the appropriate job classification.

## Box 1.5. Key terms and definitions used 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. A comparator may be real or hypothetical.

**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.

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. An **equal pay audit** is comparable to a **joint pay assessment,** as proposed in recent EU pay transparency legislation.

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

**Intersectionality**[1] is a term used to describe how social and political identities, such as race, gender, class, sexual orientation, and ability, intersect to create unique experiences of discrimination and privilege. The concept of intersectionality acknowledges that individuals can experience various forms of oppression and discrimination simultaneously, and that these experiences cannot be fully understood or addressed by considering only one aspect of their identity in isolation.

**Job classifications** are related to 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.

**Gender-neutral or gender-sensitive job classification** systems refer to a framework for categorizing jobs that avoids historic gender bias and is based on objective criteria. The aim is to eliminate gendered assumptions and stereotypes about what type of work is suitable for men or women. These systems typically use a set of factors, such as skill level, responsibility, and working conditions, to determine the appropriate job classification.

The **OECD Gender Pay Transparency Questionnaire 2022** (**OECD GPTQ 2022**, presented in Annex 1) is the reference questionnaire for the policies presented and discussed in this report.

**Pay reporting** refers to 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 firm level but are often more detailed and include breakdowns by groupings such as job category.

**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. This concept first originated with Crenshaw (1989[39]).

# Annex 1.A. Research design of the report

In June 2022, the OECD distributed a detailed policy questionnaire via the Employment, Labour and Social Affairs Committee (ELSAC) to gender, labour, and/or social ministries in every OECD country. This questionnaire sought to update and expand on a February 2021 stocktaking of wage mapping and pay transparency measures aimed at promoting equal pay between women and men. The 2022 questionnaire narrowed in on an increasingly common pay transparency tool – gender pay gap reporting – with the goal of informing countries' implementation and monitoring.

The response rate was 95%, with 36 out of 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:

- Rights to equal pay
- Information about pay reporting measure(s)
- Required content in reported pay gap statistics
- Accountability to workers, workers' representatives and government bodies
- Enforcement of pay reporting rules
- Transparency of pay reporting results to the public
- Guidance and help for complying with pay reporting rules
- Other reported (non-pay) gender-disaggregated data
- Evaluations of pay transparency rules
- Other pay transparency measures

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## Notes

[1] See Box 1.1 for a discussion of the differences between the unadjusted and adjusted gender pay gaps.

[2] Belgium's gender wage gap statistic may not provide a complete picture since it excludes significant sectors where pay gaps tend to be substantial, such as agriculture, mining, real estate, professional, technical and scientific activities, and others. Consequently, the calculation of Belgium's low gender wage

gap is significantly influenced by the overrepresentation of sectors characterised by robust collective bargaining traditions and strict collective agreements.

[3] Such measures should include incentives for equal sharing of parental leave across mothers and fathers, as leave-taking primarily by mothers can worsen gender equality outcomes (Fluchtmann, 2023[40]).

[4] This report focuses on national-level policies. Some OECD countries, such as the United States, have *sub-national* pay transparency rules for private sector firms.

[5] The pay reporting laws in Canada only apply to federally regulated private sector employers, federally regulated Crown corporations, and other federal organisations (under the Employment Equity Act) and to federally regulated private and public sector employers, parliamentary workplaces, and the Prime Minister's and ministers' offices (under the Pay Equity Act).

[6] The pay reporting law in Chile only applies to businesses under the supervision of the Financial Market Commission [*Comisión para el Mercado Financiero* (CMF)]. The Financial Market Commission (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. Companies analyse their gender equality, taking remuneration into account, in order to comply with CMF rules.

[7] Canada's pay reporting regulation is two-fold: Employment Equity Act and the Pay Equity Act (see endnote 5).

[8] Of course one would need to conduct robustness checks to ensure that firms do not "sort" around (i.e. just under) a firm size reporting threshold.

[9] Statistics Denmark (https://www.dst.dk/en).

[10] This independent audit should be carried out by a government-certified auditor, or, alternatively, can be carried out by social partners or organisations promoting gender equality.

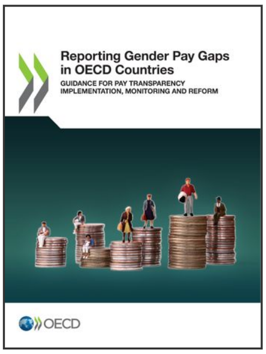
[11] See https://gender-pay-gap.service.gov.uk/.

[12] More recent evidence on a different Austrian pay transparency tool – wage transparency in job advertisements – supports earlier findings that there has been little to no effect of pay transparency in Austria. Bamieh and Ziegler (2022) assess the effects of pay transparency in job advertisements on switching occupations, e.g. by gendered sorting into better-paid occupations and firms. The paper finds the policy did not lead women to become more likely to switch to better-paid jobs. The authors suggest this may be due to strong gender preferences of Austrian employers which can limit women's possibilities to switch to predominantly male jobs.

[13] In France, *L'Index de l'Égalité Professionnelle Entre les Femmes et les Hommes*, or, in English, the Professional Equality Index (PEI) has been in force since 2019. This measure applies to both employers in the public and in the private sector. Every year, by 1 March, public and private employers with at least 50 employees (requirements differ for those employers with more than 250 employees) must report pay information by gender and carry out and submit the results of an equal pay audit. The French system is further detailed in the subsequent chapters.

[14] Swedish reporting rules require all employers, regardless of size, to conduct pay surveys. However, only employers with more than ten employees need to document their work. As such, ensuring compliance of micro-companies is virtually impossible.

[15] This can reduce administrative burden as firms do not need to collect and analyse disaggregated information.

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