Pay transparency practices by companies

Joni Simpson
Senior Specialist
ILO Decent work team for East Asia, Southeast Asia and the Pacific
Why practice pay transparency?

➢ Pay transparency is one concrete and effective means to reducing the gender pay gap and improve workplace gender equality.

➢ It provides enterprises an opportunity to identify and address discrimination based on pay that may affect the effective functioning of an enterprise.

➢ It provides workers with relevant information to understand their pay rates and negotiate or question them if they think they are unfair.

➢ In this it reduces information asymmetry among different actors in the labour market.

➢ Pay transparency has the potential to contribute to rectifying the undervaluing of work predominantly carried out by women (for equal pay for work of equal value).
What do companies gain from implementing gender-responsive measures?

When the overall workforce reaches gender parity (between 47% to 53% of men or women), women are likely to be better represented in middle, senior and top management positions.

Gender-balanced enterprises are:

- 11% more likely to have gender balance in executive management positions.
- 8% more likely to have gender balance at senior management.
- 13% more likely to have gender balance in middle management.

Views of employers on pay transparency legislation

Survey responses of employers vary depending on the country

- Pay transparency can help detect discriminatory pay practices and improve enterprise reputation.
- Most respondents neither agreed or disagreed concerning the impact of pay transparency legislation.
- Key obstacles: additional administrative costs, cumbersome processes; inadequate information and guidance from national authorities.
- Identifying comparators in pay transparency reporting is often challenging.
Pay transparency in practice

➢ For companies, pay transparency is often an element of a *broader strategy* towards gender equality and diversity at work.

➢ The *size* of enterprise is important as well as *support* to undertake measures for pay transparency.

➢ Unless measures are compulsory, their application at a broader scale remains limited.
Final remarks:

➢ Pay transparency is an important measure in a range of tools to reduce the gender pay gap.

➢ Consultation between employers and workers is a key feature - active social partnership is crucial to delivering the intended results of pay transparency.

➢ Increased attention to national legal frameworks to reinforce and support the importance of pay equity and equal pay for work of equal value.

➢ ILO International Labour Standards provide guidance in this area (Equal remuneration Convention, no.100)
Resources

Empowering Women at Work Capacity Development Platform (ITCilo) [here](#)

Empowering Women: Company policies and practices for gender equality at work (ILO and UN Women) [here](#)

Closing the gender pay gap: A review of the issues, policy mechanisms and international evidence (ILO) [here](#)

Promoting Equity: gender-neutral job evaluation for equal pay. A step-by-step guide (ILO) [here](#)

Equal Pay: an introductory guide (ILO) [here](#)