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Pay Transparency, Social Partnership and the Persistent Gender Pay Gap in Austria

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Abstract

Compared with other EU countries, Austria has an above-average female employment rate in combination with a high collective bargaining coverage with sector-specific minimum wages. Since 2011 Austria also has an Equal Treatment Act and since 2014 companies with more than 150 employees have been required to produce income reports. Nevertheless, the gender pay gap in Austria remains well above the EU average. This paper shows that the Directive (EU) 2023/970 is a necessary but by no means sufficient condition for closing this gap, because the valuation of paid work is not a neutral or purely technical process but reflects socially constructed notions of "value" and "performance". These notions are embedded in existing pay structures and power relations. Any attempt to change them therefore meets structural resistance to the Directive from both sides of the social partners.

1. Introduction

There are two main factors that shape labour income in Austria. First, we observe strong historical path dependence in both women's labour force participation and the pay they receive for paid work. Second, Austria has an inclusive system of social partnership, which plays a key role in wage developments and the annual wage bargaining process (Esping-Andersen, 1990; Obinger – Tálos, 2010; Lehner – Rathgeb, 2026). In Austria, 97 % of employees are covered by collective agreements[1]. Given that remuneration is traditionally negotiated autonomously by the social partners, the transposition of the Directive has proven challenging. Furthermore, the Austrian labour market is characterised by horizontal segregation, meaning that women are disproportionately represented in care-related occupations such as care, education, and retail, while men dominate in technical fields, IT, construction, manufacturing, and engineering. This division into traditionally female and male occupations is associated with a pronounced gender wage gap. Austria

[1] 800 different collective agreements contain a differentiated system for classifying employees according to qualifications etc. https://www.oegb.at/themen/arbeitsrecht/kollektivvertrag

appears to combine very high collective agreement coverage with a substantial gender wage gap, which may be unusual in comparative perspective.

2. Developments in Austria

2.1 Legislative and institutional developments

The slogan of International Women's Day in 1925 was "Equal pay for equal work of equal value", a goal that remains unfulfilled one hundred years later. This is reflected in Austria's gender pay gap, which at 17.6% (2024) is among the highest in the European Union (Eurostat, 2026). Equal access to paid work and earned income has always been, and remains, a hard-fought struggle. The Equal Treatment Commission, established in 1979, lowers the cost of enforcement by offering a free, low-threshold review of pay discrimination cases. Since 1990, this has been complemented by the Ombud for Equal Treatment (Gleichbehandlungsanwaltschaft, GAW). In 2000, gender mainstreaming became mandatory in the federal administration. To implement the strategy, the Interministerial Working Group on Gender Mainstreaming/Budgeting (IMAG GMB)[2] was established in the same year; it is chaired by the Federal Minister for Women's Affairs. Since 2009, gender budgeting has been enshrined in the Austrian Federal Constitution (BKA, 2022).

2.2 Changes in Income Patterns

Since 2011, the Equal Treatment Act has sought to reduce information asymmetries in wage setting. Job advertisements must be gender-neutral and state the collectively agreed minimum wage and any willingness to pay above it. Companies must also prepare biennial income reports showing average gross income by gender and collective-agreement occupational group. This obligation was phased in from firms with over 1,000 employees in 2011 to those with over 150 in 2014. However, the reports are confidential and rarely consulted. Although almost 90% of job advertisements contained salary information by 2014, job seekers paid little attention to it (Wentner et al., 2015). Böheim – Gust (2021) found no overall effect of the law on wages or on the gender wage gap. In larger firms, however, the wages of newly hired women increased more than those of newly hired men, suggesting that the gender wage gap narrowed among new hires. Effects on employment growth and turnover were small and statistically insignificant. For larger firms, the authors also found that the law led to a lower share of women in treated firms compared with untreated firms.

Gulyas et al. (2023) likewise conclude that this new and innovative approach failed to achieve its twin objectives of reducing the gender pay gap and raising women's earnings. They find no evidence of wage compression within establishments and no

[2] It brings together ministries, supreme state institutions (the courts of public law, the Ombuds Board, the Court of Audit, and Parliament), the Public Service Union, and the federal provinces.

heterogeneous effects for workers earning below or above the establishment-level, gender-specific median wage.

A representative survey by Bergmann et al. (2025) shows that, more than a decade after reports became mandatory, Austria still lacks an open culture of talking about pay. Only 41% of respondents discuss salaries at work. Of those who do not, two thirds say it is not customary, and almost 10% cite an employer ban. Pay talk is most common in the public sector (over half) and rarest in finance, hospitality and retail (around 30%). This points to a key weakness: because the reports are confidential and rarely consulted, they fail to stimulate broader debate on pay.

The **legal framework in Austria** before the Directive is the Equal Treatment Act, which prohibits pay discrimination (§ 3 no. 2) in cases of "work of equal value." Job advertisements must be gender-neutral and state the collectively agreed minimum pay (§ 9), subject to administrative penalties. Employers with over 150 employees must prepare income reports (§ 11a), but employees have no individual right to information on comparable pay. In court, claimants need only establish a prima facie case, without a full reversal of the burden of proof (§ 12(12)). Victims are entitled to compensation for personal detriment (§ 12(2)).

2.3 Developments in women's economic situation

Women's labour market participation in Austria has increased markedly since 1970. The female employment rate (age 15 – 65) rose from 48% to 69% in 2025, while women's unemployment rate increased from 2.7% to 6.9%. Despite rising female employment, economic growth remains dampened by the untapped labour potential of women who are not yet integrated into the labour market (Bachtrögler et al. 2019). The employment gains were largely accompanied by more part-time work, driven mainly by women's greater responsibility for childcare and unpaid care work and the limited availability of full-day childcare (Bock-Schappelwein et al. 2023). As a result, higher participation has translated only partly into more working hours and independent income (Albert – Mahringer, 2026).

Furthermore, women are concentrated in a small number of sectors: around half of all dependent employed women work in just three industries – public administration, trade, and health and social services. Their earnings are significantly lower than men's, both across and within sectors. 15,3% of full-time employed women has low-wage jobs (6.4% of men) (Geisberger – Hoser, 2024). Through the insurance-based social security system, these disadvantages continue and accumulate by retirement age into one of the highest gender pension gaps in the EU (Mayrhuber, 2025).

Based on Statistics Austria's microcensus labour force survey[3] Böheim et al. (2026) find that in 2024 employed women aged 20 to 59 earned 12.6% less per hour than

[3] Statistics Austria's microcensus labour force survey for the years 2011 to 2024, covering employed women and men aged 20 to 59 in the private and public sectors and excluding apprentices, self-employed contractors, conscripts and civil servants, and members of the armed forces.

men. Vertical segregation contributes 3.2 percentage points to this gap, work experience 2.6 and horizontal segregation 2.3, while women's higher educational attainment reduces it by 1.2 points. An unexplained gap of 6.2% remains. Since 2011, the unadjusted gap has narrowed from 19.6% by 7 percentage points. The unexplained component, by contrast, fell only from 7.8% to 6.2%. The part of the gap not attributable to productivity-related characteristics, and thus most closely associated with potential pay discrimination, has proved remarkably persistent.

Despite more than a decade of mandatory income reports, Austria's gender pay gap has remained high, with almost no measurable effect of the reports (Böheim – Gust, 2021; Gulyas et al., 2023). This raises a central question: how must the Directive be implemented to actually narrow the gap?

3. Challenges and constraints

Research identifies labour market segregation as the main driver of the unadjusted gender pay gap in Austria (Albert – Mahringer, 2026; Schratzenstaller et al., 2026): much of the gap stems not from unequal pay for identical work, but from the sorting of women and men into occupations and positions with different pay levels. At the same time, the unexplained component still accounts for about half of the gap and has barely changed over the past decade. Altreiter et al. (2019) argue that conservative-corporatist welfare states such as Austria, with their strong male-breadwinner model, have reinforced rather than reduced segregation. This is where the Directive may reach its limits: it targets pay differences within organisations but can do little about who enters which occupation in the first place.

3.1 Need for adaptation to the new directive

Implementing the EU directive would mean the following main changes in Austria:

- Definitions: The terms "work of equal value" and "pay" are clarified, with objective evaluation criteria: Gender-neutral criteria are set out in four areas: skills, effort, responsibility and working conditions.
- Right to information: Job advertisements must state the actual starting salary or a salary range. Employers may no longer ask about previous pay during job interviews. The pay report has detailed information, and employees a right to this information. Reports go to all employees and to a newly created monitoring body.
- Enforcement: If an employer breaches its transparency obligations, the burden of proof shifts to the employer. Sanctions are also introduced.

3.2 Points of challenges from stakeholders (companies and trade unions)

From a legal perspective, implementing the directive is nothing fundamentally new in Austria. It could be seen as a further development of existing instruments and reports. In practice, however, putting the directive into concrete terms poses major challenges, as it does in most other EU countries. The organisations representing employers and

employees have not yet reached a compromise (as of September 2026). The main points of friction and open issues are as follows:

Re-evaluating jobs by skills, effort, responsibility and working conditions requires **considerable time and expertise**, which firms must develop in-house or buy in. Amid economic strain and geopolitical uncertainty, these upfront costs weigh more heavily than benefits that materialise only over time, such as greater employer attractiveness through transparent, gender-equitable pay. Until transposition, legal uncertainty persists, and companies view the new reporting obligation as additional bureaucracy. Concerns about bureaucracy could be addressed by pre-filling reports with payroll and social security data. Free tools, guidance and advice, for instance from the social partners, would especially support SMEs.

The collective agreements, which cover almost the entire workforce, in principle already assign qualifications and activities clearly to pay scales. From this perspective, a functioning system of job evaluation already exists. A new evaluation scheme could therefore **affect the** entire established structure of **collective agreements** and lead to changes. For this reason, the other side of the social partnership, the unions, is also holding back on putting the EU directive into concrete terms.

4. Lessons Learned from the Austrian Case

4.1 Impetus for a societal debate on the value of work

The EU Directive could serve as an impetus for a broader societal debate on how work is valued on the basis of skills, effort, responsibility and working conditions, a question that becomes even more pressing on the **threshold of AI-driven labour** markets (Korinek, 2023).

Job classification schemes in collective agreements in Austria have been shaped by industrial society (physical strain, technical qualifications and responsibility for machines), where output is visible and productivity measurable. Today, Austria (as Europe) is a service economy, with different working conditions and job requirements like communication skills, emotional labour, psychosocial strain, responsibility for the wellbeing of people etc. These demands are less visible, are often regarded as "natural" female abilities rather than acquired qualifications and are therefore undervalued in existing classification systems. The debate triggered by the Directive could thus help to rethink the societal value of work. Making evaluation criteria explicit could bring pay structures closer to the actual demands and societal relevance of work. But this innovation is particularly difficult to implement in the established structures in Austria of e.g. collective agreements.

4.2 Strengthening the scientific foundations of job evaluation

A scientific foundations of job evaluation need intensive further work. The Directive requires pay structures that allow the value of work to be assessed using objective,

gender-neutral criteria. Such instruments are already available. In the German-speaking countries there is a substantial body of empirical and conceptual work on developing gender-neutral job evaluation and classification systems up to practical tools (e.g. Logib-D, eg-check, compass-w) (Tondorf, 2009, Tondorf et al. 2014, Klammer et al., 2022, EIGE, 2026).

Until now, gender-neutral job evaluation systems have hardly been established in Austrian companies. There is also little evidence of which other evaluation systems are used at company level beyond the classification schemes of collective agreements. This is a significant knowledge gap. Research is needed on the diffusion of job evaluation systems in Austrian firms, on whether and how collective-agreement classification schemes meet the criteria of the Directive, and on how existing tools can be adapted to Austria's social partnership system. Closing this gap would also reduce the uncertainty and costs that companies currently associate with the Directive.

4.3 New Role of Social Partners

First, collective agreements are widely seen as an already functioning system of job evaluation. A joint review of classification schemes by the social partners could thus be the Austrian way of implementing the Directive, rather than shifting the burden of re-evaluation onto individual firms.

Second, much pay inequality is likely to arise above the collectively agreed minimum, through over-award payments, allowances, bonuses and other variable components set at company level. Since the Directive's broad concept of pay includes these, collective agreements alone cannot ensure equal pay for work of equal value.

Third, data infrastructure can reduce the administrative burden. Pre-filled, standardised templates based on payroll and social security data would lower costs, especially for smaller firms, and improve comparability. Free tools and advice from the Ombud for Equal Treatment or the social partners could help firms build the necessary expertise.

Fourth, transparency requires a change in workplace culture. More than a decade of mandatory income reports has not created an open culture of talking about pay (Bergmann et al., 2025). The ban on pay secrecy clauses, the individual right to information and a stronger role for works councils can help, but only if employees know and use their rights. Information campaigns are therefore essential, particularly in a conservative welfare state where a modified male-breadwinner model, with men working full-time and women part-time, remains widespread.

The valuation of paid work is not a neutral or purely technical process. It reflects socially constructed notions of "value" and "performance". As a result, it also entrenches existing power relations (Michalitsch, 2026). Both the debate on the value of work and any change to traditional job evaluation are therefore likely to face considerable resistance and trigger significant distributional conflicts.

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