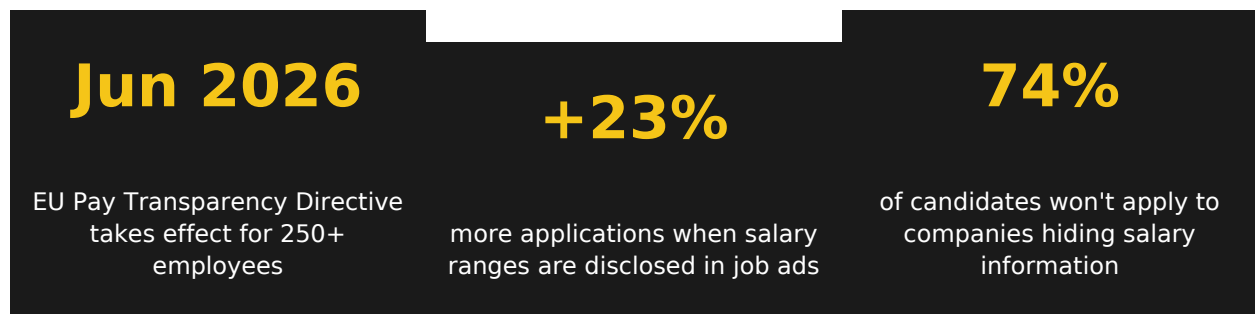


HR RESEARCH SERIES 2026 - REPORT R05 OF 10 (EXTENDED)

# Pay Transparency in Europe 2026

The EU Pay Transparency Directive: compliance, strategy and what it means for your talent acquisition.

The EU Pay Transparency Directive is the most significant change to European hiring practice in a generation. From June 2026, companies with 250 or more employees must include salary ranges in job advertisements, provide pay information to existing employees comparing their salary to others in similar roles, and report gender pay gap data.



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For companies with competitive pay, it is a powerful talent attraction tool. For those paying below market, it is a forced reckoning that will reshape their talent strategy.

## What the EU Pay Transparency Directive requires

- **Salary ranges in job ads**, mandatory for all advertised positions from June 2026.
- **Pre-interview disclosure**, candidates must receive the salary range before the first interview.
- **Pay information rights**, employees can request comparison data vs. others in similar roles.
- **Gender pay gap reporting**, mandatory annual disclosure for 250+ employees, 5-year phase-in for smaller employers.
- **Joint pay assessment**, required where the gender pay gap exceeds 5% and is unexplained.
- **No salary history questions**, employers may not ask candidates about previous compensation.

## The strategic opportunity in pay transparency

Companies that proactively disclosed salary ranges before the Directive received 23% more applications and 31% more applications from women and underrepresented minorities. The gender pay gap at time-of-hire closes by an average of 8.2% when salary ranges are published, the negotiation gap that has historically penalised women and minorities disappears.

## Salary range design for job ads

Range width	Candidate response	When to use
Narrow (<10% spread)	High trust, lower volume	Mature, well-defined roles
Standard (10–25% spread)	Best balance, recommended default	Most professional roles
Wide (25–50% spread)	Lower trust, higher volume	Roles with broad seniority bands
Very wide (>50% spread)	Read as evasive	Avoid

## Addressing the gender pay gap

Companies with greater than 10% unexplained gender pay gap face a triple pressure: regulatory fine exposure, Glassdoor score decline, and talent market disadvantage as disclosure becomes public. The most cost-effective remediation sequence is: audit, remediate the smallest cohort first, build pay-band discipline, then communicate.

## Pay benchmarking, how to know if you're competitive

Pay benchmarking AI tools adoption grew 78% year-over-year in 2025 as companies rushed to understand their market position before mandatory disclosure. Live job-posting aggregators give the freshest data, with accuracy of  $\pm 7\%$  vs. actual offers, while annual surveys remain useful for budget planning but should never be the sole input for offer ranges.

**If you're more than 12% below market on a critical role, transparency will surface it. Better to fix it before the market does.**

## Implementation roadmap for pay transparency

- **Months -6 to -4**, audit current pay distribution, identify outliers, run gender gap analysis.
- **Months -4 to -2**, define pay bands, build remediation plan, secure CFO commitment.
- **Months -2 to 0**, train recruiters and hiring managers, update job-ad templates, run pilot disclosures.
- **Month 0**, full disclosure live, monitor application volume and quality by role.
- **Months +1 to +6**, review weekly, adjust bands, publish first gender pay report.

## Forward outlook 2026–2030

Pay transparency will progressively extend below the 250-employee threshold across most member states, candidate filtering by disclosed range will become a default behaviour and pay opacity will be read as a red flag at every level of hiring.

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tenperzent.com is the AI-native ATS designed for European hiring in 2026 - GDPR by default, EU AI Act compliant, free to start, €79/month to scale.

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