2025 PAY TRANSPARENCY SURVEY

Decoding Pay Transparency

Perceptions, Practices and Priorities

HCM shaping sustainable success

University of St.Gallen Institute for Law and Economics

NICG Network for Innovative Corporate Governance

Contents

Preface

The evolving trends and expectations around pay transparency, following regulatory developments and market pressures, force companies to act. With this study, we aim to provide clarity around how Swiss companies understand pay transparency, its challenges and benefits, where they stand in this transition and what the priorities are going forward.

This is the focus of the 2025 edition of the survey titled "Decoding pay transparency: Perceptions, Practices and Priorities", an initiative of the Network for Innovative Corporate Governance (NICG), bringing together the Institute for Law and Economics from the University of St. Gallen and HCM International. This long-time partnership is the result of a reciprocal commitment to researching best practices on good corporate governance and compensation.

We are thankful to all the survey participants, who generously took the time to fill out the questionnaire. Primarily, we are grateful for the contribution of many Human Resources representatives, who make the study truly valuable and insightful, as their role is shaping corporate pay transparency practices within their organisations.

We wish you an interesting read.

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Introduction

From a pure economic perspective, wages are the result of two functions: the supply of work and the demand for work. At the point of equilibrium, the occupancy rate and the level of wages are determined. Nevertheless, as it often occurs, market dynamics result in mispricing, externalities and market failures. All of which are met with unease by market participants, including legislators.

That is precisely what happened with the mispricing of wages between genders, leading to gender pay gaps. These incongruences – which are still widespread worldwide[1] – have been the target of many legislations in continental Europe, the United Kingdom and the United States of America. Nevertheless, among the different initiatives to reduce gender pay gaps and other types of discrimination, the EU Pay Transparency Directive – adopted by the European Council in April 2023 – is the one that sets the highest bar in terms of demands for companies. Indeed, firms are getting ready to comply with a long list of requirements, aware that EU member states must implement the directive into national law no later than mid 2026. Some of the requirements will be disclosing salary ranges in job ads, refraining from asking candidates about their salary history, conducting joint pay assessments with workers' representatives and mandatory reporting when meeting specific firm size criteria. Interestingly, the list of obligations, which continues further, is characterised by an aura of uncertainty as European countries might transpose the directive into national law differently.

The survey – which aims at assessing the evolution of pay transparency reviews and initiatives in Swiss organisations – confirms the relevance of the EU Directive, with more than three-quarters of survey respondents highlighting a direct impact. The rest of the firms sampled have in common an almost exclusive Swiss-based workforce. Besides regulation, we note how the expectations of employees, candidates and other external stakeholders are rising and thus adding pressure.

To understand how pay transparency is evolving in Swiss companies, we structured our analysis along three dimensions – **Perceptions, Practices and Priorities**. These three lenses allow us to see not only what companies think, but also what they do today and where they intend to go next.

We start with **Perceptions** – because transparency is, above all, a mindset shift – exploring the importance of the topic, the factors driving pay transparency and its multidimensional nature. This includes insights around opportunities and concerns linked to implementing organisational changes highlighted by survey participants.

Next, the **Practices** section measures where companies stand in terms of actions taken, including pay reviews and communication approaches. This is where perception meets reality: how transparently are companies sharing pay information and how far have they moved from intention to implementation over the past two years?

Finally, we turn to **Priorities** – the roadmap on remuneration. We asked organisations where they currently stand on the transparency of pay elements – base salaries and variable compensation – and what changes they expect about the transparency of different pay elements. Moreover, we get a view on where they plan to invest next: in grading systems, in communication, in pay governance or in leadership training.

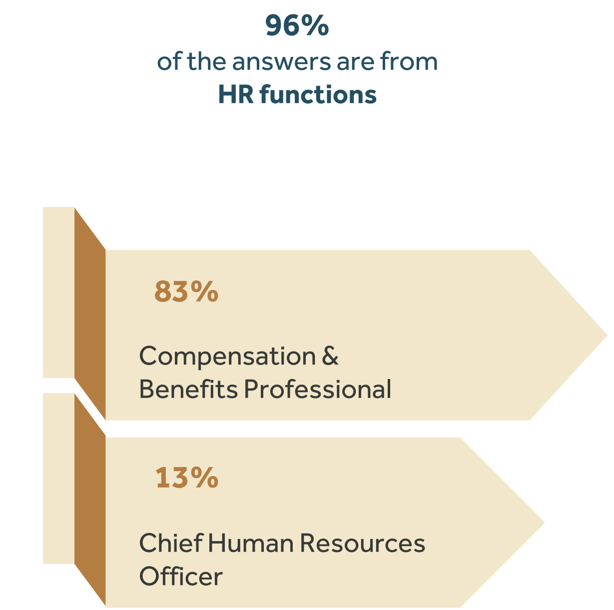
Taken together, these three perspectives – perceptions, practices and priorities – provide a clear picture of the current state of pay transparency in Switzerland, how it has shifted since 2023 – when the survey was last conducted – and what is likely to come next.

[1] For more details please visit Gender Gap Report, World Economic Forum (2025)

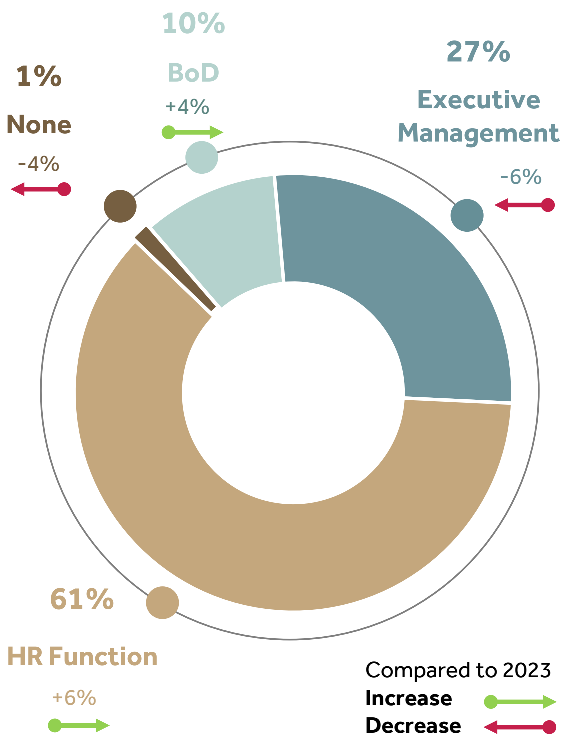
A note on the survey's participants

The study captures the views of 70 company representatives. More specifically, the survey – administered between June and September 2025 – reflects Human Resources' perceptions, practices and priorities: 96% of submissions are from this function. The role "Compensation & Benefits professional" is the most represented role (83% of total respondents). Moreover, nine of the submissions are from Chief Human Resource Officers.

Respondents' role



Steering pay transparency



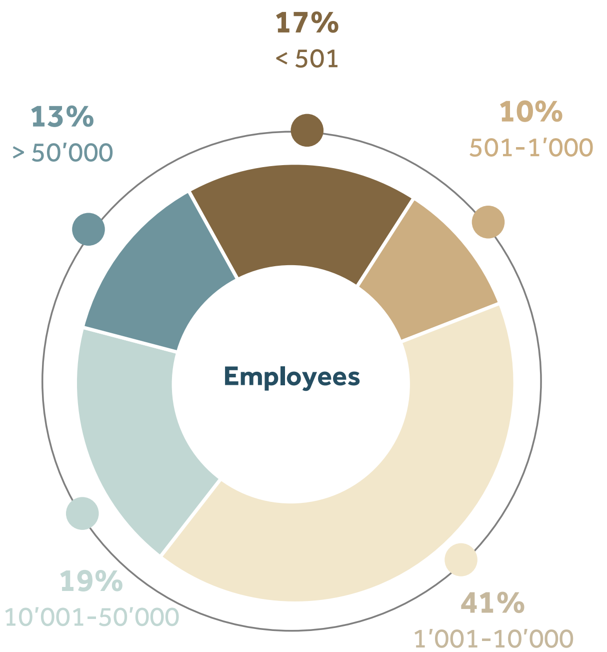
On the topic of pay transparency, the view of Human Resources functions is central, given their more frequent steering role on related projects. The survey indicates that the Human Resource functions steer pay transparency programs in more than six companies out of ten. A 6% increase compared to the 2023 edition of the study, at the expense of Boards of Directors and Executive Management teams.

The Swiss organisations represented in the study differ in ownership type, size, and sector.

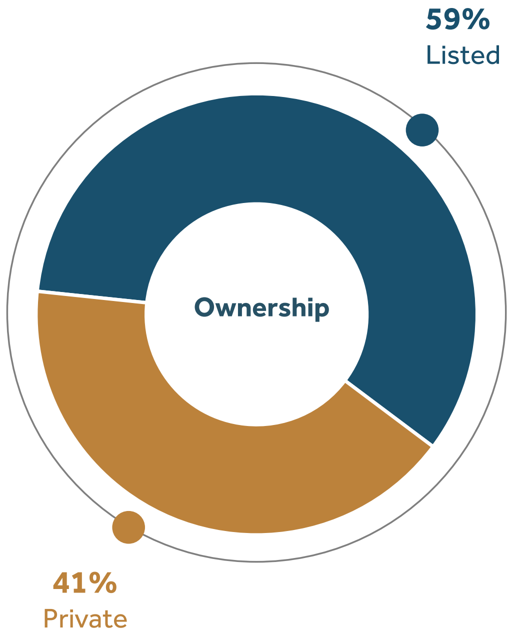
When it comes to company size, which is proxied by the total number of employees, 73% of the listed firms have more than 1,000 employees. While 41% of the firms sampled are privately owned, 59% are listed. Indeed, the study covers around a fifth of the entire Swiss Performance Index (SPI). Conversely, the perspective of smaller firms is also represented: among private companies, 52% have fewer than 1,001 employees.

Regarding the sector, categorised according to the Global Industry Classification Standard (GICS), the sample mirrors the typical Swiss distribution across industries. In fact, 74% of responses are from the three core sectors of the Helvetic economy: financials, industrials, and health care. The broad sector representation implies that employees' gender distribution varies materially within the firms sampled. For instance, health care companies have, on average, 55% female personnel, while the industrial sector has only 31%.

Company size



Ownership type



Sector distribution

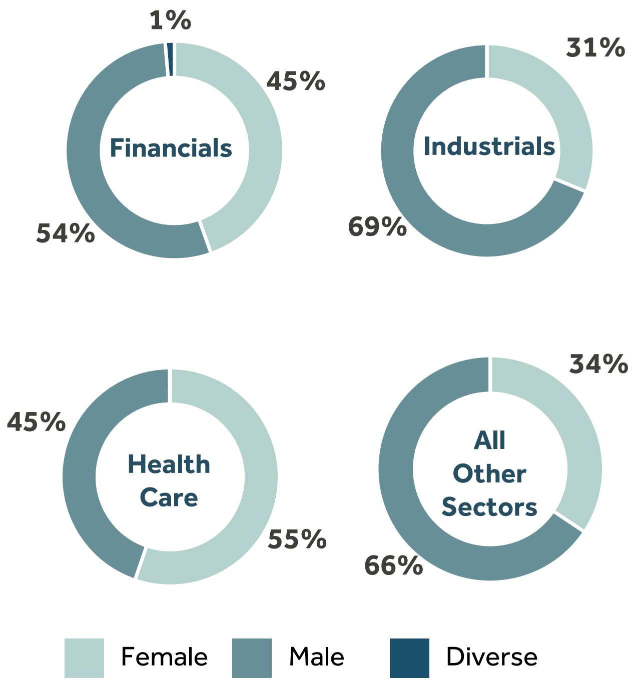
Higher representation
of **three sectors**

Financials	Industrials	Health care
30%	**27%**	**17%**

All other sectors

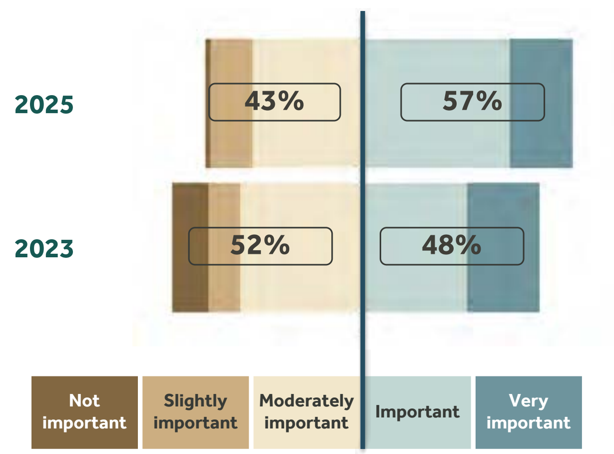
26%

Gender distribution by sector

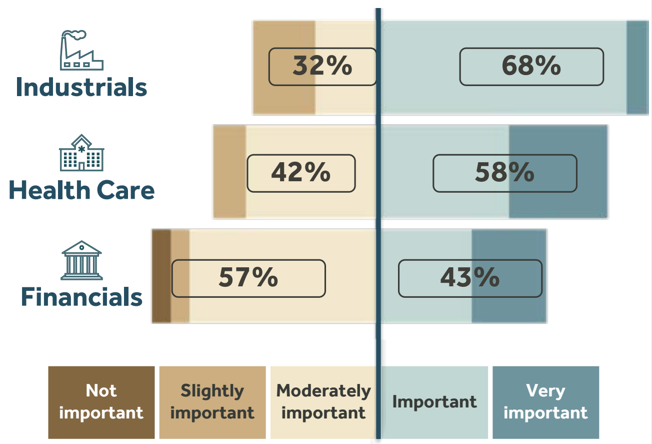


Perceptions – From awareness to perspectives

Evolution of importance distribution



Divergencies across sectors in 2025

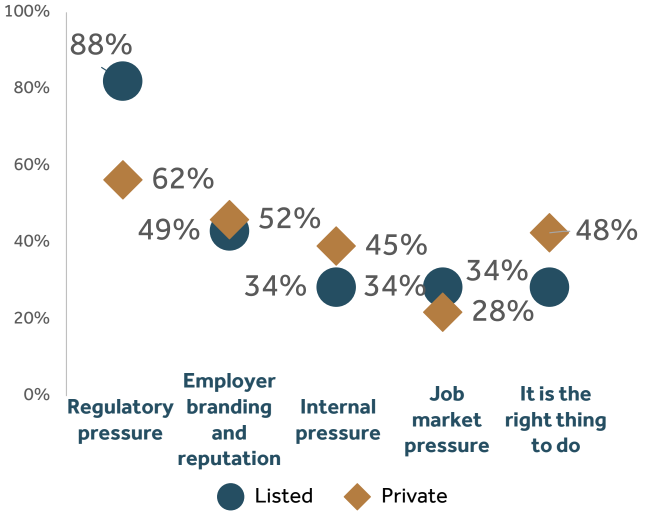


57% of the survey participants rate pay transparency as "important" or "very important". That represents a 9ppt increase on 2023. In comparison to the prior edition of the study, another material change occurred at the other end of the scale. Indeed, the share of respondents describing the subject as "not important" fell from 10% to 1%.

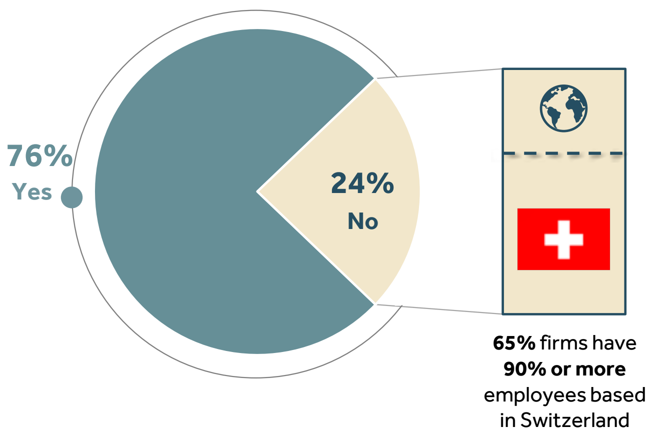
Notably, while data suggests that the ownership type does not influence the view on importance, the company's sector and size do play a role. In fact, specific sectors show a higher sensitivity to the topic. For 68% of sampled industrials firms the topic is "important" or "very important". At the same time, the same datapoint is 58% for health care companies and 43% for financials. When looking at size, a material change in importance is notable between companies with fewer or more than 500 employees.

The growth in relevance is also confirmed by a second datapoint tracking the momentum of pay transparency. Over the last two years, 74% of the respondents have noticed "a moderate (or higher) momentum" on pay transparency within their organisations.

Drivers for listed and private firms
(% of respondents)

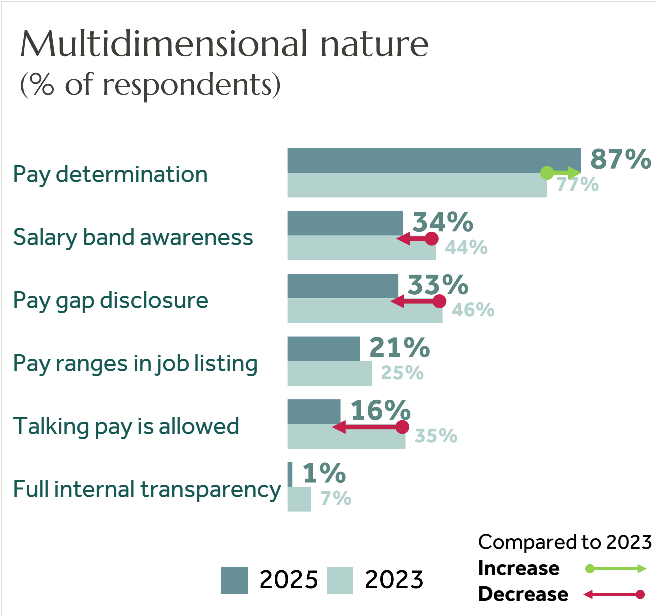


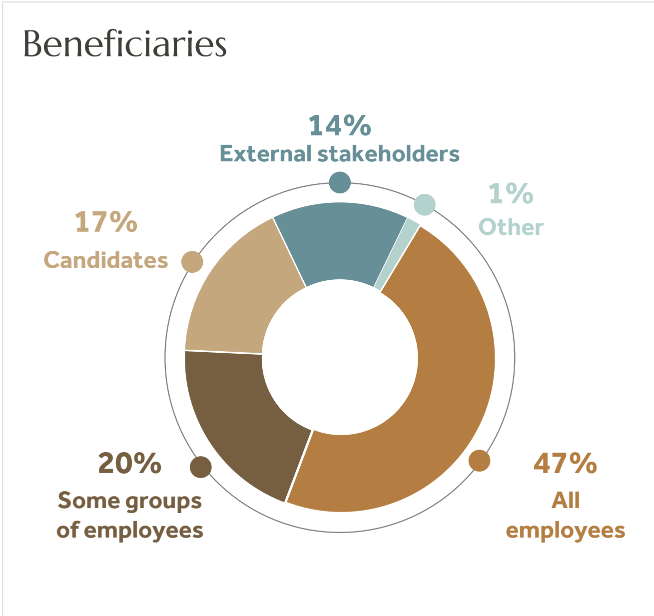
EU Pay Transparency Directive relevance



The increased perception on importance remains predominantly driven by regulatory pressure. Both listed (88% of participants) and private firms (62%) rate law enactments as the primary driver of pay transparency efforts. Nevertheless, other factors are also forcing companies to conduct compensation framework reviews and alignment initiatives. Besides increased internal expectations from employees, addressing pay transparency seems to enhance employer branding as well as the perception of candidates. Once again, a sizable portion of respondents highlights the moral principles associated with pay transparency, with 48% of private companies and 34% of public ones selecting the alternative "it is the right thing to do".

Focusing on the regulatory pressure, Swiss companies are exposed to the Federal Act on Gender Equality that was reviewed in 2020 and requires equal-pay analyses. Moreover, State-level pay-data laws were introduced in US states such as California and New York, similarly to the UK Equality Act. However, among all the regulatory initiatives influencing Swiss firms, we inquired into the relevance of the EU pay transparency Directive. Out of all corporations sampled, three quarter confirmed that the Directive is shaping pay transparency activities in their organisation. Among the quarter of firms not impacted, 65% have 90% or more employees based in Switzerland. This confirms how most Swiss companies with substantial numbers of employees scattered across the European Union are profoundly impacted by EU law.





Besides perceptions on the importance and its drivers, we explore how the term pay transparency is defined. Its multi-dimensional nature emerges as the terminology captures several meanings. When asked to select which definitions apply to their organisation, participants confirm the diversity and complexity of meaning, and the overall broad scope of pay transparency.

While a consensus materialises on the criticality of the pay determination process – with almost 9 out of 10 participants confirming that dimension – two other facets stand out, with about a third of respondents highlighting the communication of salary bands within the organisation and the disclosure of pay gaps. Finally, it is striking to note how only 1% of participants see pay transparency as being fully transparent on compensation matters (i.e., everyone knowing how much each employee is getting paid). This view – which in 2023 was embraced by more than 7% of respondents – shows how the topic is not developing towards such an extreme transparency scenario. Instead, the conversation is maturing toward a balanced, structured approach – one that combines fairness, clarity, and business reality.

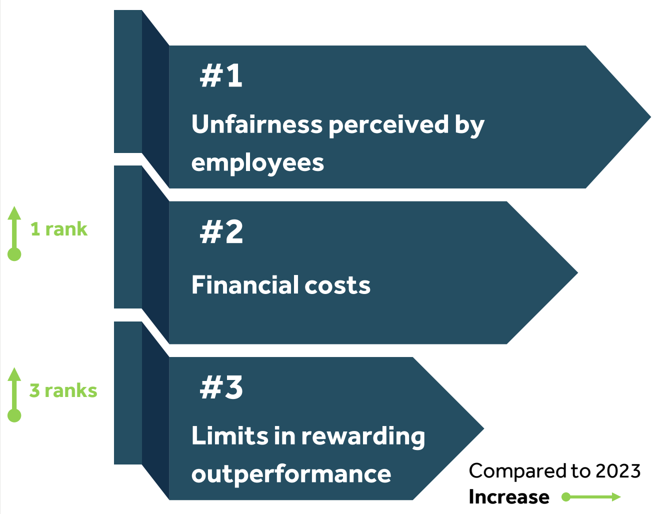
Furthermore, survey participants highlight how pay transparency will benefit a broad cohort of stakeholders. Besides selected groups of employees – female employees or minorities – all employees are expected to benefit. Candidates and external stakeholders are also likely to gain.

Still, pay transparency programs will bring about challenges at both the firm and employee levels. On the one hand, the priority for HR functions is to manage potential concerns of staff around the perceived unfairness of the current compensation levels. Second, addressing current pay gaps might indeed result in higher staff expenses hitting the profit and loss statement. Third, participants highlighted the challenge of losing flexibility to reward outperformance. Other concerns voiced are a potential increase in company gossip aimed at getting to know pay levels of colleagues, and a risk that the EU pay transparency Directive could open the door to many more requests from employees.

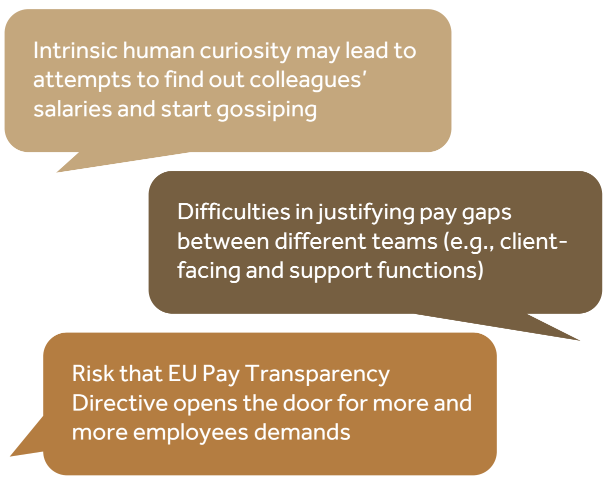
On the other hand, managing risks at the employee level will require dealing with episodic envy of some staff towards better-paid colleagues. All in all, reduced job compensation and a loss of trust resulting from pay discrimination will require solid communication practices.

The ability to explain pay reviews and communicate them effectively with the workforce will ultimately determine whether the effort to achieve equal pay for equal work will lead to an increase in employees' trust and retention. On this front, 2025 data show a growing consensus around "gaining employees' trust" as the primary benefit by 84% of participants.

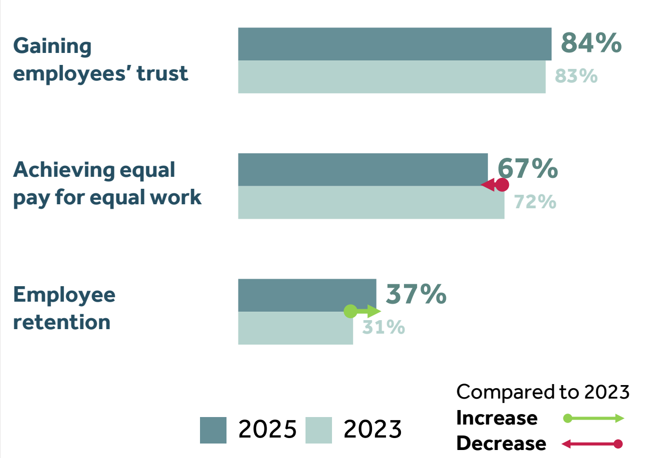
Ranking of challenges at firm level



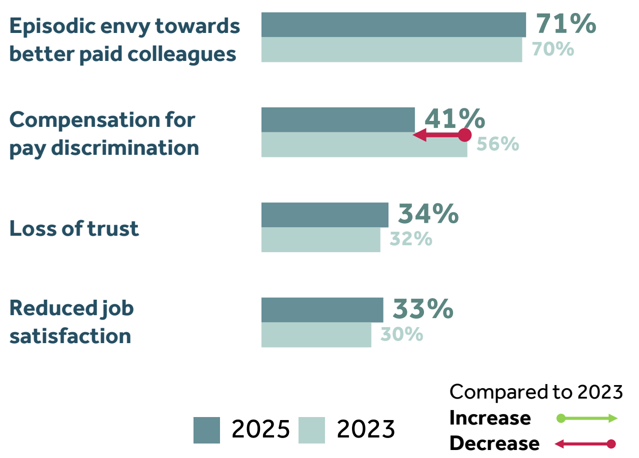
Other potential challenges mentioned



Main benefits for employees

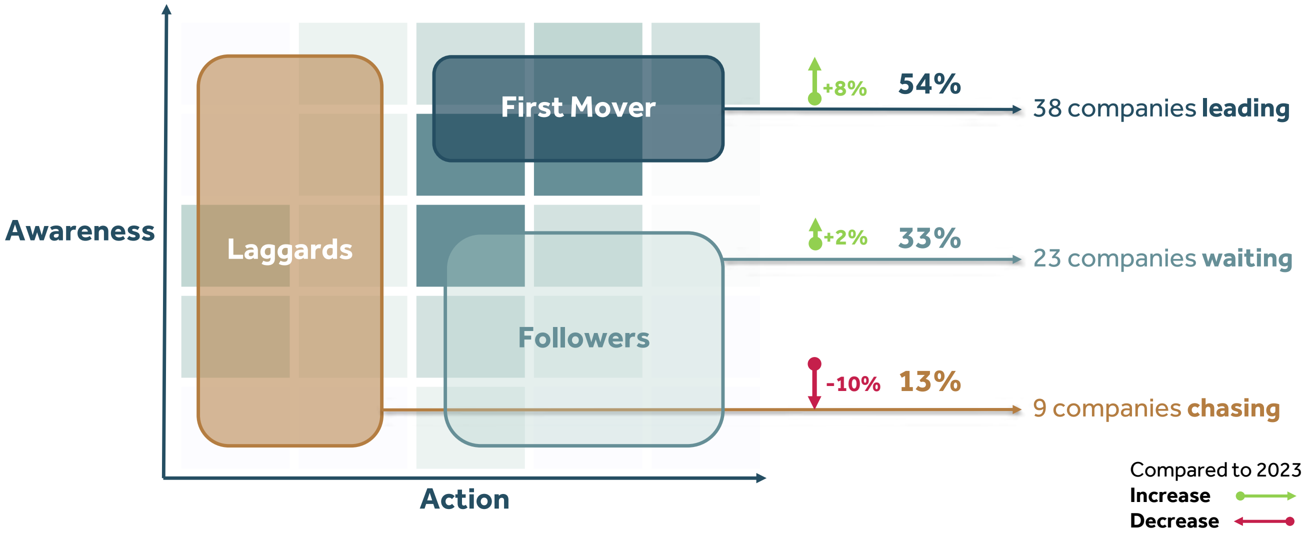


Main risk for employees



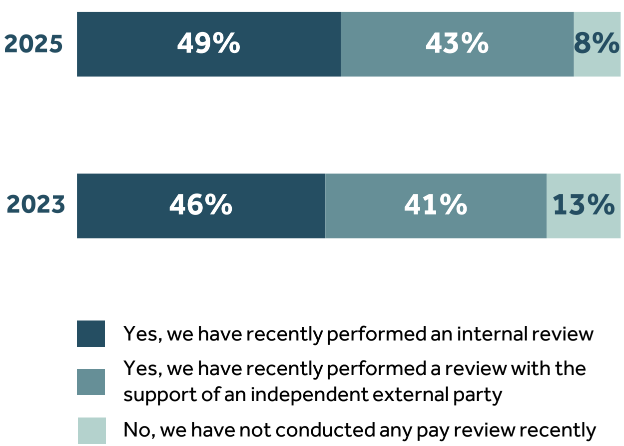
Practices – From planning to implementing

Exploring the association between the importance and action taken

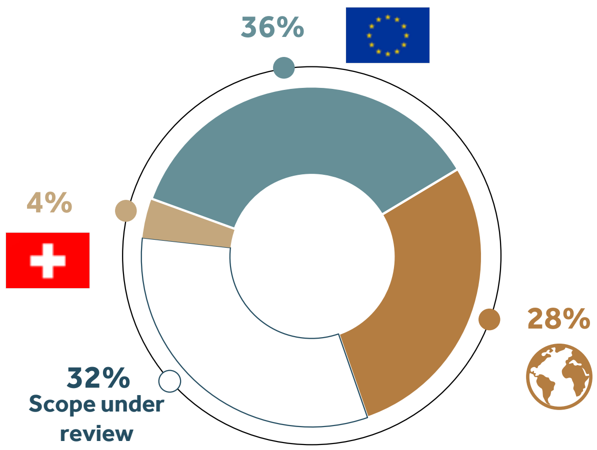


Perceptions around pay transparency translate into reviews of pay frameworks and potential adjustments in 87% of the companies sampled. This represents a 10% increase from 2023, with more and more companies taking action as a result of a strong importance associated with the topic (54%). Moreover, while another third of the sample is taking action despite lower awareness, 13% of firms have either decided not to review the topic or have taken no action following the review – representing a 10% decrease compared to 2023. Overall, we note how pay transparency is a topic that most – if not all – firms will need to address at some point. Ultimately, regulatory changes do not solely drive pay transparency; candidates' expectations and market pressures influence that, too.

Reviews of disparities and inconsistencies

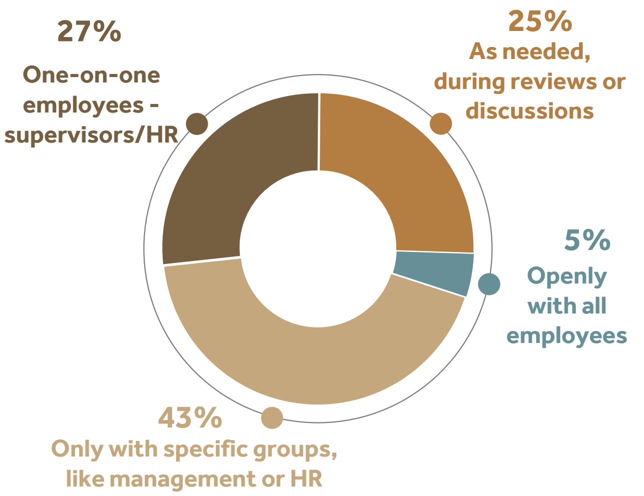


Geographical scope of initiatives

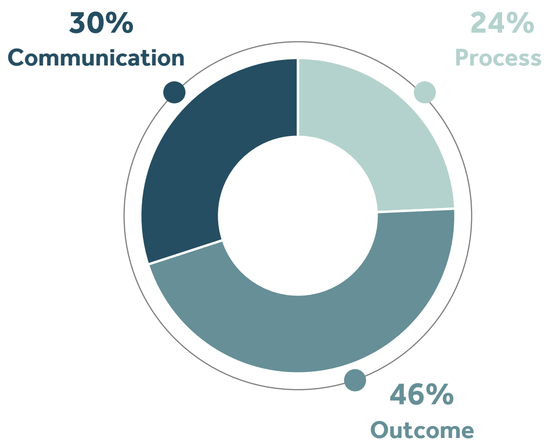


Among different practices, almost all firms – 92% – have recently conducted a review of pay gaps and inconsistencies in their remuneration frameworks, either independently or with the support of an external party. The share of companies not conducting such a review has fallen to below 10%, potentially indicating growing awareness of the importance of these reviews and increased action already taken.In fact, among those organisations that are taking action, 68% of firms have already defined the geographical scope of pay transparency initiatives. With a handful of firms limiting the scope to the Swiss workforce, and a sound 64% choosing a European or global scope. Indeed, the data shows that most companies are taking the opportunity to review pay transparency across the entire organisation.

Current approach on pay information sharing



Anticipated progress in pay transparency

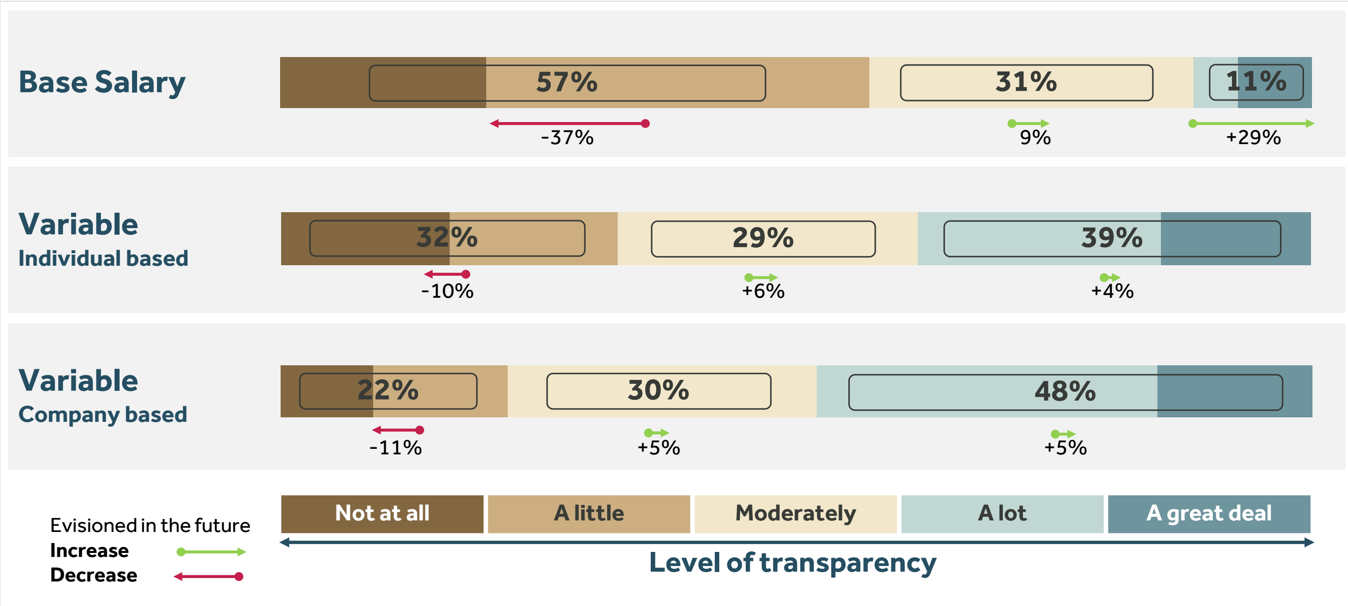


Turning to how pay transparency is currently communicated, the chart on the left shows that currently 43% of companies, so the largest group, shares pay information only with specific groups, such as management or HR. This indicates that transparency remains selective and controlled for many organizations. Only a very small minority of 5% openly share pay information with all employees, demonstrating that full transparency is still a niche practice.

Building on the multidimensional nature of pay transparency, it is important to note that communication is only one dimension, complemented by processes and outcomes. As part of the survey, participants were asked to indicate on which of these dimensions they expect the most significant progress. The results show that anticipated improvements in processes – how pay is determined – are lower than expected advancements in communication and outcomes. HR functions emphasize that getting communication right, including interactions with candidates and external stakeholders, remains crucial. Nevertheless, most respondents identified outcomes – actual pay levels – as the dimension where the greatest progress is expected.

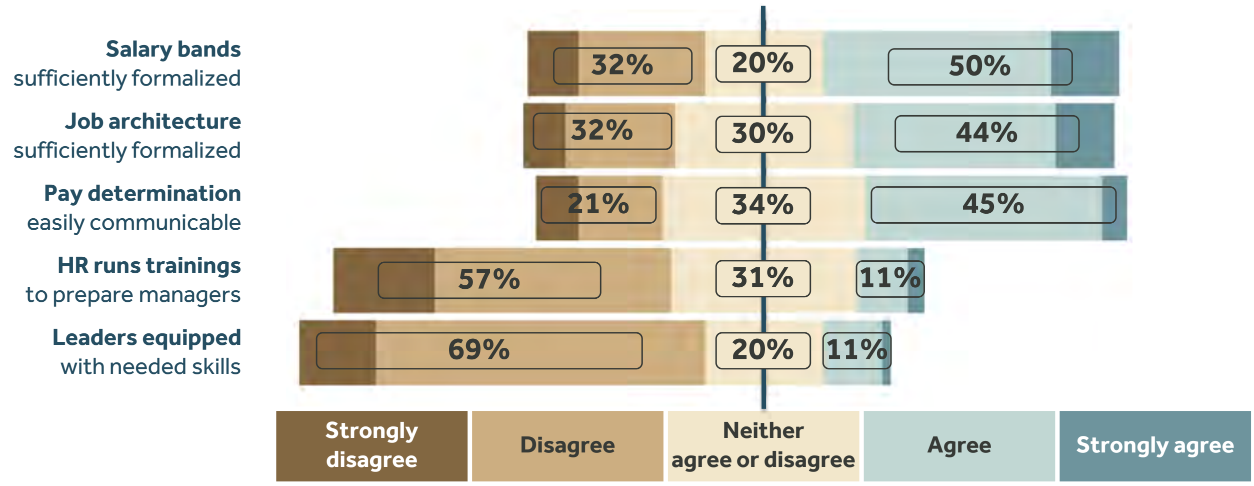
Priorities – From intention to action

Practices become priorities for HR functions by enhancing the transparency of the different compensation elements. Base salary is currently seen as the least transparent compensation element, with strong expectations for further advancements in the future. When it comes to variable pay, a notable difference appears when firms adopt individual or company-based drivers. When bonuses are led by company-based performance, the level of transparency is “a lot” or “a great deal” for 48%, compared to 39% for individual-based variable compensation. This difference is particularly relevant given the use of mixed or individual heavy variable compensation, especially for the short-term variable pay.



Finally, we explored the organisations' readiness. Overall, respondents share their optimism when it comes to the preparedness of remuneration frameworks. In particular, salary bands and job architectures are seen as sufficiently formalised. Moreover, pay determination processes are also seen as easily communicable. However, what seems to attract more concern is the need for further training to prepare managers. This in light of the anticipated increase in pay transparency highlights the need for further action in developing organizational and leadership readiness.

Readiness of Pay Transparency



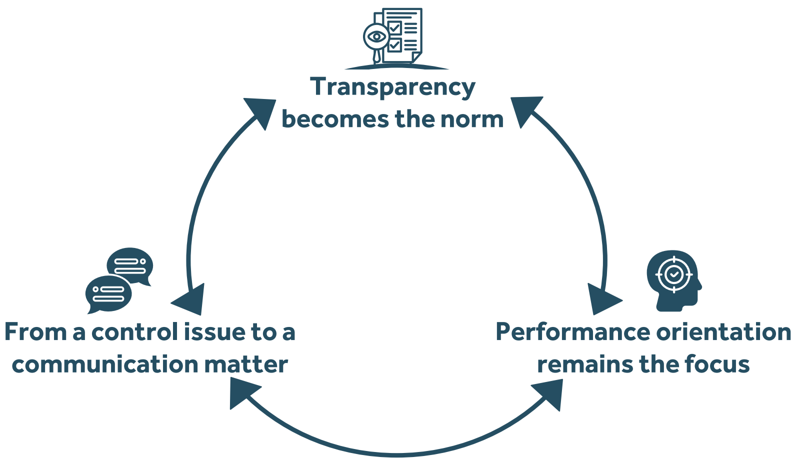
Strategic reflection and outlook

This year's edition of the Pay Transparency Survey examined — through the lens of perceptions, practices and priorities — the increasing relevance and momentum of this topic in Switzerland. The findings emphasize that pay transparency is inherently multidimensional, encompassing communication, processes and outcomes. Overall, there is a clear expectation that transparency will increase across all these dimensions. In this context, compensation is becoming increasingly measurable, diverse and transparent and, as a result, more strategic. Consequently, the survey results suggest that pay transparency is poised to become one of the major themes shaping the future of the compensation landscape in Switzerland. Given its strategic importance, including, for example, employer branding, pay transparency extends beyond HR, although HR, as the data show, remains instrumental in driving these efforts. It follows that modern employers will need to take a clear and proactive stance on pay transparency, which is also expected to receive increasing attention at the board level.

Derived from the survey results, three overarching developments can be observed, illustrated in the chart, each serving as a guiding principle for future compensation practices and mutually reinforcing one another. First, transparency in compensation is evolving from an add-on to an expected standard, with clear targets and traceable remuneration increasingly demanded by investors, regulators and employees alike. At the same time, performance orientation remains central. With this acceptance of compensation is increasingly tied to the credible linkage between individual and organizational results and the long-term success of the company. Furthermore, there is a continuous shift from a control-driven approach toward one that emphasizes communication. As a result, compensation is no longer solely a compliance or operational issue but is increasingly evolving into a strategic governance and reputational factor. Accordingly, companies must not only ensure regulatory compliance but also convincingly communicate their remuneration practices, making communication a key element of strategic compensation management.

The trend that emerges is evident: compensation builds trust most effectively when it is fair, transparent and credibly aligned with performance. Although many organizations may currently feel insufficiently prepared to implement higher levels of transparency, its growing importance as a strategic imperative makes it essential to continue advancing preparations and efforts for this transition. Organizations that act proactively by clarifying their systems and fostering open dialogue will be best positioned to build trust and thrive in the evolving compensation landscape, thereby gaining a long-term strategic advantage.

Compensation in Transition



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Methodology

The survey was distributed to representatives of Swiss corporations between the end of June 2025 and mid-September 2025. Submissions were collected on an anonymous basis, and answers are mainly of a quantitative nature.

The questionnaire contained single-choice and multiple-choice questions, categorised into:

A. General questions on pay transparency
B. Pay transparency across pay outcome, processes and communication
C. Pay transparency readiness
D. Company demographic questions

The responses received form the basis of the quantitative data analysis presented in this study. In selected cases, specific data points were excluded due to incompleteness. Furthermore, the statistics presented in this report may not always sum up to 100% due to rounding effects.

About the authors

HCM INTERNATIONAL LTD.

HCM, founded in 2002, is a leading independent international consulting firm with 25 employees, focusing on governance, compensation, and financial leadership. HCM has 450+ company clients across various industries and advises Owners, Board of Directors and Executives.

HCM has offices in Zurich, Geneva, and Kyiv. HCM also chairs the Global Governance and Executive Compensation Group (GECN) with global partners in the US, Asia, Africa, and Australia. This enables HCM to cover a range of markets and therefore support companies of all sizes, from large multinational and listed institutions to small and medium-sized companies, including those preparing for an IPO.

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NETWORK FOR INNOVATIVE CORPORATE GOVERNANCE.

The Network for Innovative Corporate Governance (NICG) is a cooperation between the Institute for Law and Economics from the University of St. Gallen and several practice partners for an in-depth scientific study of the topic. The aim of NICG is to collect existing long-term approaches, to coordinate them and, building upon, to create new, innovative approaches and solutions in corporate governance.

nicg.net

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