

## PAY TRANSPARENCY IN THE ORGANISATION IN THE OPINION OF GENERATION Z

Monika WAWER

Enterprise Management Department, Faculty of Social Sciences, The John Paul II Catholic University of Lublin;  
mwawer@kul.pl, ORCID: 0000-0003-4970-4650

**Purpose:** One of the most important challenges in the modern labour market is to ensure equal pay for equal work or work of equal value between men and women. The lack of such equality causes the gender pay gap phenomenon. To eliminate this unfavorable phenomenon, a directive introducing regulations on pay transparency (PT) was developed in EU countries. The article aims to assess the results of implementing pay transparency in an organisation from the perspective of employees of Generation Z.

**Design/methodology/approach:** The theoretical part of the paper discusses the essence and objectives of implementing the concept of pay transparency in an organisation, presents selected provisions of Directive EU 2023/970, as well as attitudes of employees from Generation Z towards organisational transparency are described. The second part of the article presents the results of the survey conducted among 386 students in Poland in 2024.

**Findings:** The vast majority of Generation Z respondents confirm the need to implement PT in organisations. Most respondents recognize that it can reduce the pay gap between women and men. They positively assess the potential benefits of PT for the company and employees. Representatives of Generation Z attach greater importance to the benefits that they themselves will gain, and are less interested in the benefits of the organisation.

**Research limitations/implications:** The size of the research group does not allow for general conclusions to be formulated. However, the obtained results may constitute a basis for further in-depth research on this issue. Similar studies could be conducted in 2026 after the implementation of the Directive, to determine the opinions of both employees and employers, taking into account additionally various variables, for example, gender, seniority, and level of remuneration received.

**Practical implications:** Using the survey results can help managers better implement the provisions of the Directive into management systems, taking into account the needs and expectations of Generation Z.

**Originality/value:** The obtained results fill the research gap concerning the assessment of benefits and threats of employers' implementation of pay transparency provisions in the organisation from the perspective of Generation Z.

**Keywords:** pay transparency, Directive EU 2023/970, Generation Z, gender pay gap.

**Category of the paper:** Research paper.

## 1. Introduction

After entering the keyword "pay transparency" in the Science Direct and Web of Science Core Collection databases, it is possible to obtain a list of several thousand articles on this topic, assigned to such research areas as: Social Science, Economics, Econometrics and Finance, Business, Management and Accounting, Environmental Science, Medicine and Dentistry, Energy, Engineering, Computer Science, Decision Sciences, Public Administration, Psychology.

To reliably assess the possibilities of implementing the concept of pay transparency in an organisation, as well as the benefit obtained by doing so, at the individual and organisational levels, the research were conducted using a variety of methods, including case studies (Král, Kubisová, 2021), in-depth interviews (Stofberg et al., 2022), surveys (Smit, Montag-Smit, 2018), analysis of statistical data (Blundell, 2021), as well as analysis of legislation applicable in various countries (Bennedsen et al., 2023).

However, a review of the literature on pay transparency indicates that there are no clear results regarding the consequences of its introduction in organisations (Brütt, Yuan, 2022; Gallen et al., 2019). On the one hand, there may be many benefits, but there may also be various risks for employers and employees (Avdul et al., 2023; Schnauffer et al., 2022). Pay transparency can influence employee attitudes and organisational effectiveness, but this area also lacks consistent findings and unambiguous guidelines for its implementation (Brown et al., 2022).

The lack of such unambiguous results is particularly unfavorable to Generation Z employees now entering the labour market and the actions employers take towards this generation. These are individuals who highly value honesty, openness, and fair treatment in the workplace. They have a strong sense of moral and ethical values and a concern for social justice. What this means for organisations is that there needs to be a greater emphasis on transparency, fairness in employee relations, and attention to ethical operating standards. Companies that can align themselves with these expectations and values of Generation Z can enjoy the loyalty and engagement of these employees (Lazanyi, Bilan, 2017).

Assessing the results of implementing pay transparency in an organisation by representatives of Generation Z is therefore particularly important, but this issue has not yet been studied very widely in the literature. Therefore, this area has been identified as a research gap, which is the subject of consideration in this article.

The article aims to assess the results of implementing pay transparency in an organisation from the perspective of Generation Z employees. The main question is as follows: What is Generation Z's view of the benefits and risks of implementing pay transparency in the organisation?

The first part of the article reviews the literature on pay transparency and the characteristics of Generation Z in terms of preferred work-related values. The second part presents the results of the empirical research conducted by the author of the article. The research methodology, results obtained are described, the conclusions of the research and their limitations are formulated.

## **2. Pay transparency and expectations towards work of Generation Z**

### **2.1. Pay transparency in the organisation**

Pay transparency is defined as the degree to which employers disclose information about how they determine pay (process transparency), how much they pay (outcome transparency), and how much they permit employees to discuss pay (communication transparency) (Stofberg et al., 2022). Pay transparency is considered a shift from a highly secretive to a very open system of employee compensation (SimanTov-Nachlieli, Bamberger, 2021). It is an employer's practice of disclosing information about employees' compensation strategies to others – stakeholders inside and outside the organisation. Pay transparency is also described as the extent to which employers can opt for different degrees of transparency based on legislation or their human resources strategy. Pay transparency is linked to the principle of equal pay and is essential to establish whether there is equality in compensation between men and women, which is key to identifying and closing the gender pay gap (Conley, Torbus, 2018).

To date, how pay transparency has been implemented across the EU has been inconsistent, with different countries defining the possibilities and modalities of legislating and principles for implementing legislation in those countries differently (Hofman et al., 2020). Thus, the concept of pay transparency in the organisation has therefore been regulated in EU countries through the development of Directive (EU) 2023/970 of the European Parliament and of the Council of 10 May 2023 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms.

The implementation of Directive (EU) 2023/970 in an organisation is linked with many key provisions, including:

- “In order to ensure a uniform presentation of the information required by Directive, pay levels should be expressed as gross annual pay and the corresponding gross hourly pay” (22);
- “Applicants for employment should receive information about the initial pay or its range in a manner such as to ensure an informed and transparent negotiation on pay, such as

in a published job vacancy notice, prior to the job interview, or otherwise prior to the conclusion of any employment contract” (32);

- “Employers should ensure that job vacancy notices and job titles are gender neutral and that recruitment processes are led in a nondiscriminatory manner, so as not to undermine the right to equal pay” (33);
- “Employers should make accessible to workers the criteria that are used to determine pay levels and pay progression” (35);
- “All workers should have the right to obtain information, upon their request, on their individual pay level and on the average pay levels, broken down by sex, for the category of workers performing the same work as them or work of equal value to theirs” (36);
- “Employers with at least 100 workers should regularly report on pay” (38);
- “Pay reporting should allow employers to evaluate and monitor their pay structures and policies, allowing them to proactively comply with the principle of equal pay”, (...) “The sex-disaggregated data should assist competent public authorities, workers’ representatives and other stakeholders in monitoring the gender pay gap” (...) (39).

The implementation of the pay transparency Directive will allow for the effective application of the principle of equal pay in practice. It will enable the disclosure of potential bias or gender discrimination in pay systems and contribute to raising awareness and a better understanding of the causes of the gender pay gap (Hofman et al., 2020). While pay transparency is seen as a potential solution to the pay gap and a factor in ensuring gender pay equity, its effectiveness, and implementation are influenced by many factors, including the legal framework, the organisational context, and the company’s existing practices (Mignano, 2024).

The regulations for implementing pay transparency in an organisation are related both to the three mentioned areas of transparency in its definition, but also to the similar distinction of three aspects of transparency, i.e. related to the amount of information an organisation makes available about employees’ pay levels, the amount of information an organisation shares about how it makes pay decisions, and the restriction or permission to openly share employees’ information about their pay (Montag-Smit, Smit, 2021). All three aspects are of significant importance to employees and have many implications for the organisation and employees, which can shape employees’ attitudes towards the concept. Discrepancies between employees’ preferences and the organisation’s PT policy may reduce job satisfaction and perceptions of fairness in informational, interpersonal, and procedural contexts.

In practice, the consequences of implementing PT are closely intertwined and often affect the three aspects of transparency mentioned earlier at the same time. For example, disclosing employees’ pay salary information may result in a lack of control over who will have access to it and for what purposes they will use it, which may consequently result in conflicts between employees (Smit, Montag-Smit, 2018).

## **2.2. The results of implementing pay transparency in the organisation**

The implementation of pay transparency in an organisation forces employers to review and organise the solutions contained in their employees' compensation systems, which can help to eliminate possible conflicts between them and avoid allegations of discrimination against them. Such a process of cleaning up the existing remuneration system is time-consuming and costly but can bring many benefits to the organisation (Torbus, 2022).

When considering the implementation of a remuneration transparency policy in an organisation, it is important to bear in mind the measurable and non-measurable (or difficult to measure) costs of implementing this process. They are often ignored in the analyses carried out, although they burden the budgets of employers, employer and employee organisations, and government institutions. Of course, their existence cannot be a basis for deciding not to implement pay transparency legislation, but it should be borne in mind that certain costs will have to be incurred (Bennedsen et al., 2023).

One of the benefits of pay transparency is increasing the efficiency of recruitment processes – disclosure of salary ranges in an offer eliminates those candidates who will not accept it because of a salary that does not meet their expectations, and better employee retention – pay transparency promotes employee trust and loyalty (Inc.com, 2021) and productivity. Transparency can encourage employees to improve their results, thereby increasing internal competitiveness. However, it can be perceived by some employees as forcing them to work harder and as a manipulative act by the employer, particularly disadvantageous for such individuals who do not accept a highly competitive work environment (Marquis et al., 2011).

By allowing employees to share and discuss pay information, organisations can foster a more open work environment. This can lead to a reduction in the perception of unfair pay practices (Načinović Braje, Kuvač, 2022). Pay transparency provides an opportunity to reduce discrimination and promote fairness, making pay differences more visible and justifiable. On the other hand, research indicates that pay transparency can lead to pay uniformity, as employers can standardise salaries to avoid conflicts arising from pay differences (Ramachandran, 2012). They will also need to ensure that they use appropriate methods and procedures for job valuation and job evaluation to fairly describe the responsibilities of different jobs within the company, and identify the necessary competencies to properly align job titles, and job content, and consequently, set appropriate overtime pay (International Labour Organization, 2019).

From the managers' perspective, ensuring pay transparency can be much easier and less risky when there is little variation in employee pay. This can reduce the number of conflicts, lawsuits, and the need to negotiate with employees about significant changes in their pay levels (Avdul et al., 2023).

Another outcome of implementing the PT concept is an increase or decrease in the level of employee trust in the organisation. The direction of these changes will depend on the assessment of the motives attributed to the company. If employees perceive transparency to be of greater benefit to the company rather than to the staff employed, then their trust may decrease significantly. For the same reason, there may also be a reduction in employee engagement and satisfaction (Colella et al., 2007).

While pay transparency can bring many benefits to an organisation by promoting a fairer and more equitable workplace, it also poses challenges, such as the need to implement the concept skilfully to avoid its negative effects (Načinović Braje, Kuvač, 2022). Opponents of pay transparency argue that gender pay disclosure is a challenge for companies because it is not practical, increases administrative burdens, and violates employee privacy (Bennedsen et al., 2023).

The implementation of pay transparency will have many positive effects on employees. There will be an opportunity to assess their position in the organisation and pay potential, and there may also be an improvement in well-being, resulting from the fact that they are aware that managers can be held accountable for pay decisions that are publicly known. Transparent pay can signal the organisation's commitment to employees and their well-being (Montag-Smit, Smit, 2021). Transparency also provides clues to employees about what the organisation values, e.g. high qualifications and job performance are linked to higher salaries. For employees, it communicates that the organisation values employees' contributions and is committed to their career success.

The implementation of pay transparency can have the fundamental benefit of reducing the pay gap for employees, which is considered a key objective of PT (Heisler, 2021; Kim, 2023). Obloj and Zenger argue that greater transparency may lead companies to focus attention on modifying the remuneration of those individuals who, based on pay equity data, are under or overpaid. It may also result in employers making fair pay offers to men and women (Obloj, Zenger, 2022). This is related to relating pay to the specifics of the job rather than to the pay of another employee, which perpetuates the gender pay gap more (International Labour Organization, 2019).

Lack of pay transparency can create many risks for employees. Secrecy is usually seen as a way to underpay employees. For example, withholding salary information can be considered an attempt by an organisation to limit employees' bargaining power by deliberately withholding information that would be useful for negotiating a salary increase (Colella et al., 2007). PT can paradoxically be a source of creating pay inequalities and treating people unfairly. This is because individuals with exceptionally high performance and commitment, who should be paid more than others, may be underpaid due to managers' desire to avoid conflicts between employees when they make salary comparisons (Belogolovsky, Bamberger, 2014). In addition, transparency may result in the alignment of employee and manager salaries, as managers will feel pressure to pay employees similarly because their salary levels will be public information.

Cullen and Pakzad-Hurson analysed the effects of introducing pay transparency when a company dynamically negotiates salaries with many employees. They found that in such a situation, pay transparency led to reduced and flattened salary levels (Cullen, Pakzad-Hurson, 2023).

Summarising the above discussion, it should be noted that Král and Kubišová found that pay transparency is more of an emotional issue for employees, and the intensity of their attitudes towards PT is related to their characteristics. Personal emotions and attitudes can therefore significantly influence the introduction of pay transparency and should not be overlooked (Král, Kubišová, 2021). This determinant may be significant for young employees, who represent Generation Z, and have particular attitudes towards work and expectations towards employers (Symplicity Recruit, 2023).

### **2.3. Generation Z – preferred values and expectations from work**

In many articles, their authors point to different birth dates of representatives of Generation Z. The most common assumption is that they are those born between 1995 and 2010 (Mahapatra et al., 2022). The names by which representatives of this generation are usually referred to are iGen, Post-Millennial, Gen Tech, Digital Natives, Net Gen, and Facebook Generation (Popescu et al., 2019). Research by McKinsey indicates that all behaviours of Generation Z are related to the search for truth, which is why this generation is also often called the ‘True Gen’ (Francis, Hoefel, 2018). This means that, from the perspective of Generation Z candidates and employees, companies' actions should be based on truth and be directly linked to the ethics of the organisation, especially work ethics.

One of the important work-related values recognised by Generation Z is trust (Thessin et al., 2018). Generation Z perceives trust and responsibility as good motivators. Building and maintaining an atmosphere of trust, in which cooperation and knowledge sharing can develop freely, is considered a prerequisite for the success and competitiveness of companies with Generation Z employees (Bencsik et al., 2016). Managers must therefore make a conscious effort to nurture the trust of these employees with their superiors and colleagues.

Generation Z is perceived as transparent. In addition to compensation, among the most expected elements of transparency in the workplace is communication (Racolta-Paina, Irini, 2021). Most often, this context refers to communication with other people of this generation, as well as transparency related to the way activities are carried out in the organisation. Vilas believes that the need for transparency of representatives of this generation stems from the fact that they have grown up in a world that is as transparent as it has ever been. 90% of these individuals say it is important to work for a company that prioritises transparency (Vilas, 2016). This generation has highly developed skills in searching and processing information, using of Internet and social media, which enables relatively easy diffusion of information and verification of the content provided by managers (Paggi, Clowes, 2021). The employer should therefore be sincere and honest, as Generation Z will not be easily fooled.

Similar research findings are presented in the Deloitte report, which highlights that Generation Z employees expect a transparent organisational culture and appropriate transparency from their leaders. They also expect open conversations about business strategy and decision-making (O'Boyle et al., 2020). They believe that if this approach is not respected in their work environment, it is detrimental and leads to inefficient work, conflicts in the organisation, and results in low productivity (Abadan, 2023). An important need associated with employment in such an environment is egalitarianism and transparency in the workplace, which translates into equality for all employees and transparency in motivation and compensation policies (Nieżurawska et al., 2023). One of the key values for Generation Z is the equality of employees, including gender equality (Vilas, 2016).

Research conducted confirms that employees of different generations, i.e. Gen Z, Millennials, Gen X, and Baby Boomers, value pay transparency in their workplaces. Its absence may be one of the main reasons why they would resign from applying for a position (Robert Half Talent Solutions, 2023). Research confirms that, among the different generations, it is Generation Z that shows the greatest need for employer salary transparency. 53% of Generation Z representatives say they are less likely to apply for a job if the company does not disclose the salary range in the job advertisement (Symplicity Recruit, 2023).

Pay transparency is also an important factor influencing feelings of belonging in the work environment (Zhao, 2022). Denice, Rosenfeld, and Sun conducted a study, the results of which indicate that the likelihood of having pay conversations varies depending on, among other things, the pay secrecy rules in place at a workplace, or the managerial relationships within the organisation. Also, the age of employees is related to the need to discuss the salaries they receive, that is, younger employees are much more likely to talk about salaries and break organisational rules designed to suppress such discussions among employed staff (Denice et al., 2024).

Establishing strong ties with Generation Z, which values honesty and open dialogue above all else, therefore requires openness and employers to ensure transparency within the organisation (Benitez-Márquez et al., 2022; Ernst Young, 2020).

### **3. Methodology**

The aim of the conducted empirical research was to assess the main benefits and risks of implementing pay transparency in an organisation, as perceived by Generation Z employees. The main research question is as follows: What is Generation Z's opinion on the need to implement pay transparency in the organisation, as well as the positive and negative consequences of this process? Three detailed research questions have been formulated in the study:



Q1: What is the general opinion of Generation Z regarding the introduction of pay transparency in organisations?

Q2: What benefits for employers and employees do Generation Z perceive as a result of the introduction of PT?

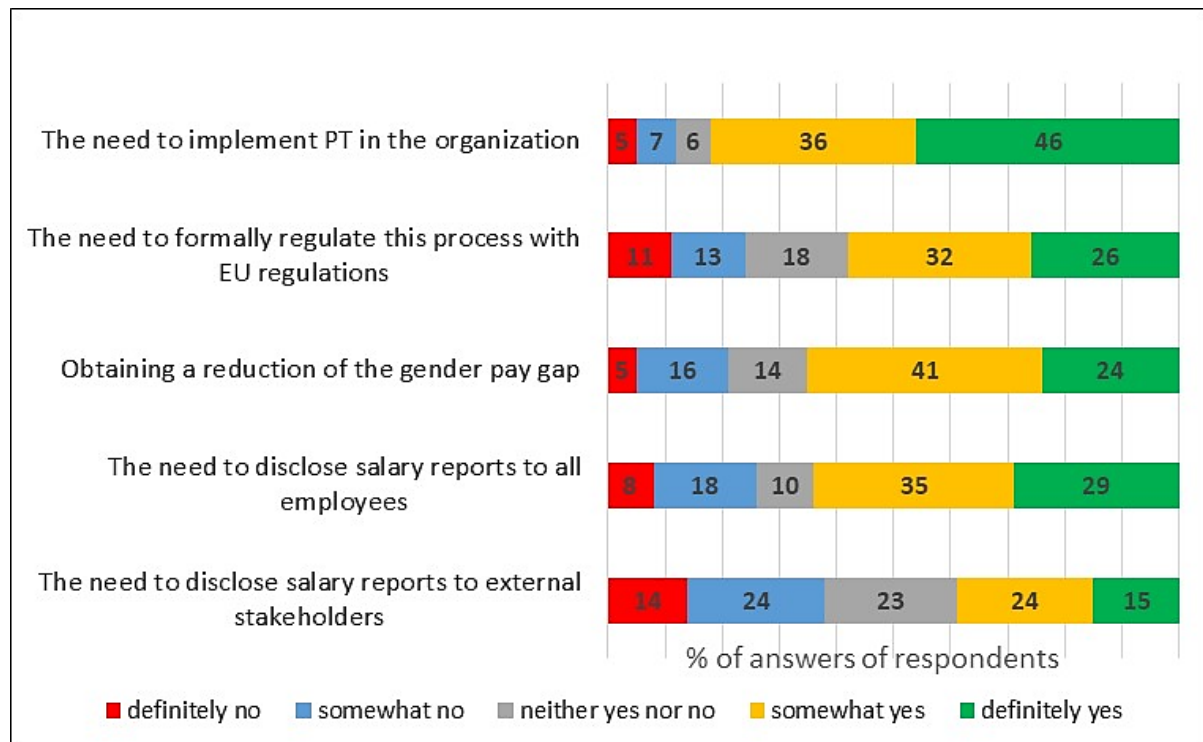
Q3: What threats to employers and employees do Generation Z perceive as a result of the introduction of PT?

To achieve the research goal, the author developed a questionnaire consisting of 5 detailed closed-ended questions. The first of them concerned question Q1, the next two ones – question Q2, and the last two – question Q3. The author designed the questionnaire based on the literature analysis mentioned in the earlier parts of the paper. The 5-point Likert scale has been applied to the questionnaire. Answers have been given on the scale: definitely no, somewhat no, neither no nor yes, somewhat yes, definitely yes. The last part of the questionnaire, with detailed information about respondents, contained questions about seniority and gender.

Emails with a link to the online questionnaire were sent to students at public and private universities in Lublin (Poland). The data were collected in 2024 using Computer-Assisted Web Interviewing (CAWI). Generation Z respondents are referred to as “digital natives” and have excellent skills in navigating the digital world, and taking up online activities is very easy, common, and almost natural. For this reason, the risk of self-selection bias during online data collection using the CAWI method among Generation Z respondents was very low. For analysis, 386 questionnaires have been accepted. All respondents are Generation Z representatives and have knowledge about pay transparency and the concept of its implementation in organisations, which was verified in the first part of the questionnaire. Only questionnaires completed by people with at least half a year of seniority were included. 57% of respondents were women and 43% were men.

## 4. Results and discussion

Question 1 concerned general issues related to the introduction of pay transparency in organisations based on the EU Directive. These included: the need to implement PT in organisations, the need to formally regulate the process with EU legislation, the achievement of reducing pay discrimination between women and men, and the need to disclose remuneration reports to all employees as well as external stakeholders. The detailed distribution of respondents' answers is presented in Figure 1.



**Figure 1.** Opinions of Generation Z respondents regarding the concept of PT in the organisation.

Source: Own elaboration.

The results indicate that 82% of the surveyed persons believe that implementing pay transparency in the organisation is necessary (the total number of responses is definitely yes and somewhat yes), and 65% believe this will reduce the pay gap. 64% of respondents expect publication of pay reports on employee pay levels to all employees, and 58% support the introduction of this process through formal EU regulations. At the same time, only 39% of respondents expect publication of pay reports to external stakeholders.

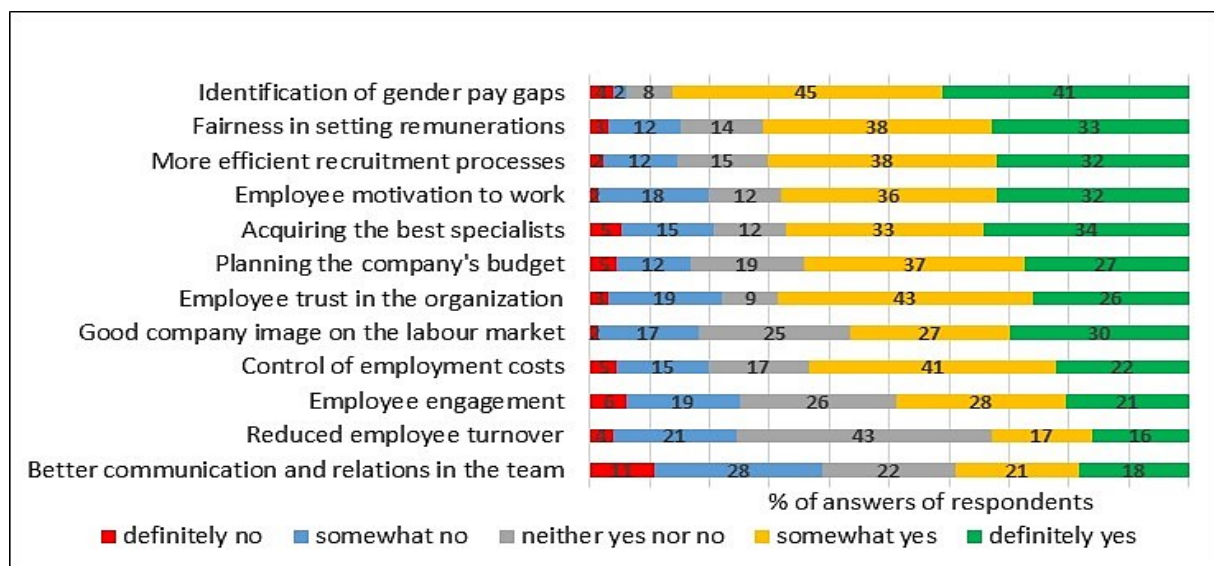
According to the assumptions of the implementation of Directive EU 2023/970, it is precisely informing external stakeholders that can have a strong impact on employers stopping discriminatory practices, but it seems that Generation Z does not see such a connection and is interested in receiving reports addressed mainly to employees. This means a stronger focus on their own benefits, felt directly, and not on the perspective of other entities.

However, generally, it can be stated that respondents are very positive about the introduction of pay transparency in organisations, and the goals of developing the EU Directive on the introduction of PT are consistent with the views and expectations of Generation Z employees.

The second part of the questionnaire contained two more detailed questions. Their purpose was to obtain an answer – what benefits for employers and employees resulting from the introduction of PT, are perceived by respondents. The first stage of the analysis was about the benefits for employers. Based on the literature review, the most frequently mentioned areas were included in the questionnaire:

- increased trust of employees in the organisation,
- increased motivation of employees to perform their work better to achieve higher remuneration,
- better control of staff employment costs,
- fairness in setting employee remuneration,
- the possibility of acquiring and retaining the best specialists,
- better communication and relations in teams,
- identification of gender pay gaps,
- easier planning of the company's budget,
- increased employee engagement,
- improved image of the company as an employer in the labour market,
- reduced employee turnover,
- increased efficiency of recruitment processes.

The detailed distribution of respondents' answers is presented in Figure 2.



**Figure 2.** Opinions of Generation Z respondents regarding the benefits of PT to employers.

Source: Own elaboration.

Identification of gender pay gaps is the benefit identified by most respondents, with a total of 86% answering definitely yes and somewhat yes. This is a very high result and confirms that the objectives of the introduction of the pay transparency Directive, i.e. the elimination of pay inequalities, are in line with the views of Generation Z (Vilas, 2016). The second important benefit for these employees is fairness in setting employee remuneration (71%). As described earlier in this paper, fairness and fair treatment are the key values of Generation Z that they expect from their employers (Lazanyi, Bilan, 2017). Similarly high scores were given to benefits such as increased efficiency of recruitment processes (70%), increased trust of employees in the organisation (69%), increased motivation of employees to perform their work

better to achieve higher remuneration (68%), the possibility of acquiring and retaining the best specialists (67%).

These results are also consistent with the values presented in the literature on the subject, recognized by representatives of Generation Z, related to work and organization. They concern the expectations of transparent recruitment processes (Symplicity Recruit, 2023; Inc.com, 2021), meeting the need for trust in employers (Thessin et al., 2018) and a skillful way of building motivation to work (Nieżurawska et al., 2023).

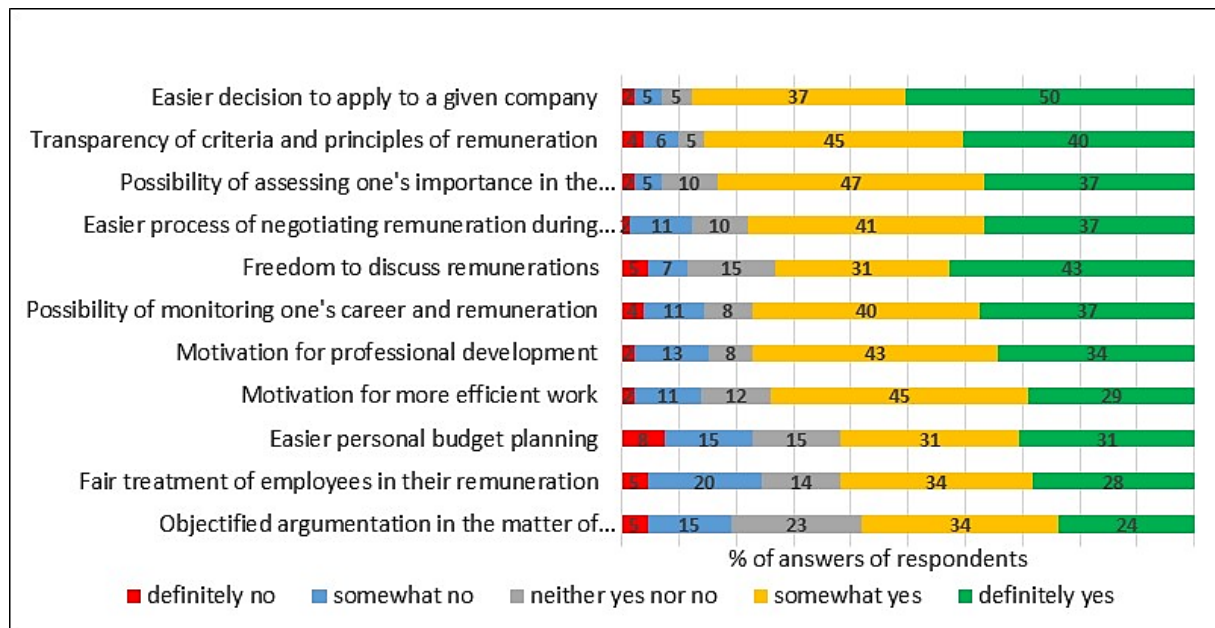
The obtained results indicate that Generation Z employees positively assess the introduction of the pay transparency concept in organisations and see many benefits for employers. However, attention should be paid to those items that are less important to respondents: reduced employee turnover (33%), better communication and relations in teams (39%), increased employee engagement (49%), improved image of the company as an employer in the labour market (57%). These are areas that are not strongly and directly related to individual benefits for employees, but rather concern generally positive results for the entire organization.

This means that Generation Z representatives rate the benefits they themselves will gain more highly, and attach less importance to the benefits the organization will achieve.

The next question in the questionnaire was aimed at examining the respondents' opinions on the benefits for employees. The study included selected benefits, most frequently mentioned in scientific publications:

- transparency of criteria and principles for determining remuneration,
- motivation for professional development to achieve a higher remuneration,
- easier process of negotiating remuneration with the employer during the recruitment,
- easier decision to apply to a given company in response to its job offer,
- the possibility of assessing one's importance in the organisation in comparison with other people,
- objectification of arguments in communication with the superior regarding determining remuneration,
- easier personal budget planning,
- the possibility of monitoring one's career and remuneration,
- motivation to work more effectively to achieve a higher remuneration,
- a sense of fair treatment of employees by the employer in their remuneration,
- freedom to conduct discussions about remuneration between employees.

The detailed distribution of respondents' answers is presented in Figure 3.



**Figure 3.** Opinions of Generation Z respondents regarding the benefits of PT to employees.

Source: Own elaboration.

The easier decision to apply to a given company in response to its job offer is the most important benefit, which was indicated by the largest group of respondents, i.e. 87% (total number of responses definitely yes and somewhat yes). This confirms the need for candidates from Generation Z to receive information about the proposed salary in the job offer, which is highlighted in many published reports (Symplicity Recruit, 2023; Inc.com, 2021). Two further benefits important to young employees are: transparency of criteria and principles for determining remuneration (85%) and the possibility of assessing one's importance in the organisation in comparison with other people (84%). Other benefits were also highly rated: easier process of negotiating remuneration with the employer during the recruitment process (78%), possibility of monitoring one's career and remuneration (77%), motivation for professional development to achieve a higher remuneration (77%). The other benefits listed in the questionnaire were also frequently selected by respondents.

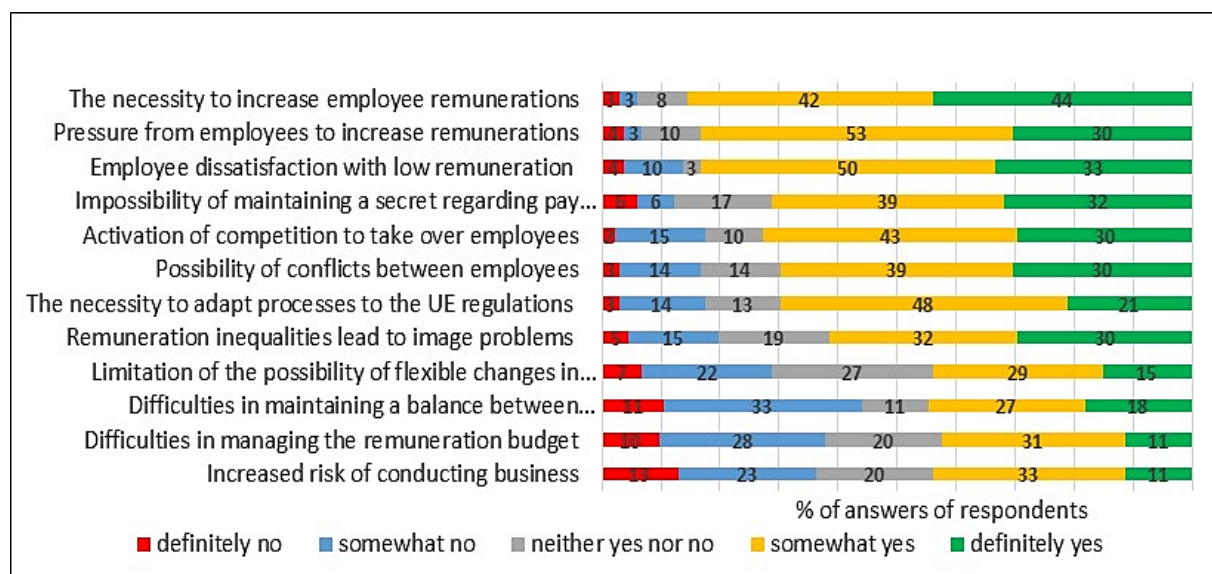
It should be emphasized that the opinions expressed by the respondents are consistent with the values they recognize, described in the literature, such as the need for communication transparency (Racolta-Paina, Irini, 2021), open dialogue (Benitez-Márquez et al., 2022), and, in particular, open conversations about business strategy and decision-making (O'Boyle et al., 2020). An important value for Generation Z, to which the above areas refer, is also having trust in managers and leaders (Bencsik et al., 2016) in the context of their ethical conduct towards employees (Lazanyi, Bilan, 2017).

The analysis of the results obtained in this part of the questionnaire confirms that young employees from Generation Z have very positive opinions about the implementation of PT in organisations (Mignano, 2024), and see many potential benefits of this process both for themselves and employers (Nieżurawska et al., 2023).

The third part of the questionnaire contains two questions, which were similar and concerned with the respondents' opinions on the potential threats to employers and employees resulting from the introduction of PT in the organisation. The questionnaire included the following threats to the employer:

- employee dissatisfaction with low remuneration compared to other employees,
- activation of competition as a result of using information on remunerations to take over employees,
- the necessity to increase employee remuneration in the case of disclosure of discrimination,
- impossibility of maintaining secrecy regarding employee remuneration strategy,
- difficulties in maintaining remuneration balance among employees with different levels of experience and qualifications,
- pressure from employees to increase remunerations based on information on other people's remunerations,
- the possibility of conflicts between employees due to the disclosure of differences in remunerations,
- disclosure of information on remuneration inequalities may lead to image problems for the organisation,
- difficulties in managing the remuneration budget,
- the need to adapt recruitment and motivation processes to the regulations on PT,
- limiting the possibility of flexible remuneration changes in response to unexpected changes in the labour market,
- increased the risk of doing business.

The detailed distribution of respondents' answers is presented in Figure 4.



**Figure 4.** Opinions of Generation Z respondents regarding the threats of PT to employers.

Source: Own elaboration.

According to respondents, the biggest threat to employers is the necessity to increase employee remuneration in the case of disclosure of discrimination 86% (total number of responses definitely yes and somewhat yes). The problem is directly related to pressure from employees to increase remunerations based on information on other people's remunerations (83%) and employee dissatisfaction with low remuneration compared to other employees (83%). It is also worth noting that four further risks were considered important by respondents, all of which relate to some extent to the workers' perspective. These are: activation of competition as a result of using information on remunerations to take over employees (73%), the impossibility of maintaining secrecy regarding employee remuneration strategy (71%), the possibility of conflicts between employees due to the disclosure of differences in remunerations (70%), the necessity to adapt recruitment and motivation processes to the regulations on pay transparency (70%).

The obtained results are consistent with the previously described values preferred by Generation Z, such as: open communication eliminating the occurrence of conflicts at work (Abadan, 2023), reluctance to keep secret the information about received remuneration (Denice et al., 2024), or equality for all employees and transparency in motivation and compensation policies (Nieżurawska et al., 2023).

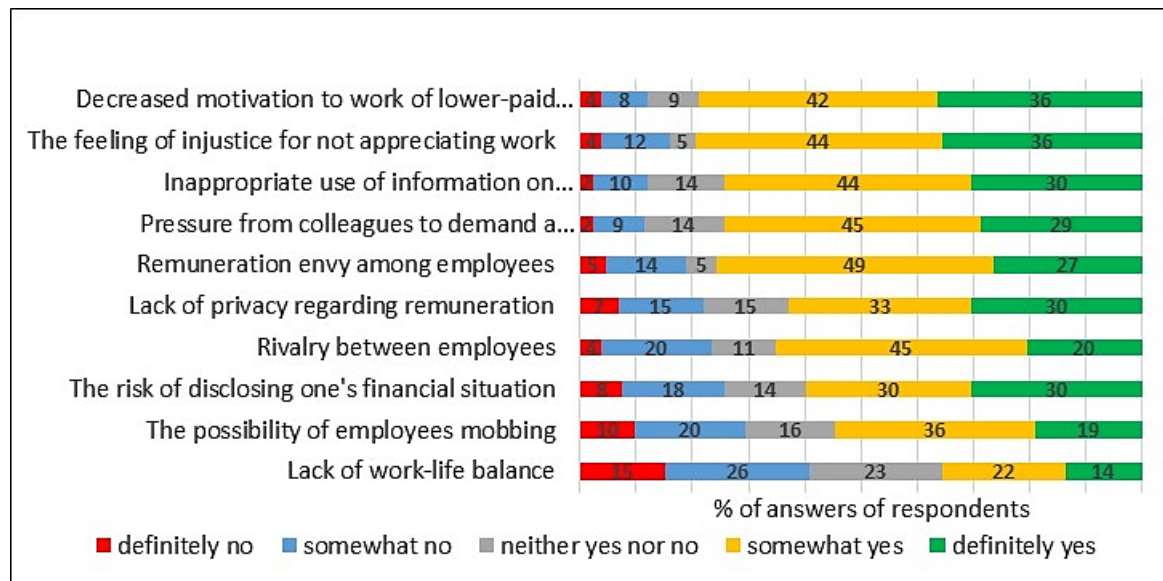
Summarising the results of this section of the survey, it is worth noting that the other four risks listed at the end of the questionnaire were mainly related to potential problems for managers and owners, but were not considered as important by the respondents, indicating that the respondents took the perspective of young workers who do not identify too strongly with their employers (Benitez-Márquez et al., 2022).

The last question in the questionnaire concerned potential threats to employees. The following threats were listed:

- envy with the remuneration of other employees in similar positions,
- the possibility of supervisors using information about remunerations in the organisation in salary negotiations with employees,
- reduced motivation to work for employees whose remuneration is lower than others,
- lack of a sense of privacy and discretion in matters of remuneration,
- pressure from colleagues to increase their remuneration based on comparisons with others,
- the possibility of discrimination or mobbing of employees,
- lack of work-life balance due to the need to match others in terms of remuneration,
- the need to cope with tensions and rivalry among employees resulting from differences in remunerations,
- the feeling unfair and not being recognized for work and achievements,
- the risk of disclosing one's financial situation to co-workers.

The detailed distribution of respondents' answers is presented in Figure 5.





**Figure 5.** Opinions of Generation Z respondents regarding the threats to the employees.

Source: Own elaboration.

Analysis of the responses in this part of the survey indicates that the main problem for respondents is the feeling unfair and not being recognized for work and achievements (80% total number of responses definitely yes and somewhat yes), reduced motivation to work for employees whose remuneration is lower than others (79%), envy with the remuneration of other employees in similar positions (76%). Other potential risks for employees, such as a lack of work-life balance due to the need to match others in terms of remuneration (36%) or the possibility of discrimination or mobbing of employees (55%), are not very important in the respondents' opinion.

The results confirm that respondents attribute great importance to the employees being fairly rewarded for their performance (Načinović Braje, Kuvač, 2022) and in relation to others in similar positions (Obloj, Zenger, 2022), as well as the fair use of employee pay information by managers (Lazanyi, Bilan, 2017). These are both key objectives of the implementation of the pay transparency Directive EU 2023/970, as well as important values valued by Generation Z and expected by young workers from their employers (Belogolovsky, Bamberger, 2014).

## 5. Conclusion and Limitations

The empirical research aimed to assess the main benefits and risks of implementing pay transparency in an organisation, as perceived by Generation Z employees.

Based on the survey, it can be concluded that Generation Z has a positive attitude towards implementing PT in organisations and sees the possibility of reducing the gender pay gap through this, which is one of the main objectives of the implemented EU legislation in the



member states. The following were considered the most important benefits for employers: fairness in setting employee remuneration, increased efficiency of recruitment processes, increased trust of employees in the organisation, increased motivation of employees, and the possibility of acquiring and retaining the best specialists. For benefits of employees, they ranked: the easier decision to apply to a given company, transparency of criteria and principles for determining remuneration, the possibility of assessing one's importance in the organisation in comparison with other people, and the easier process of negotiating remuneration with the employer during the recruitment process.

The results regarding the need to implement pay transparency in the organisation, confirm that Generation Z sees not only the positive but also the negative consequences of this process. The biggest threats to companies were identified as: the necessity to increase employee remuneration in the case of disclosure of discrimination, pressure from employees to increase remunerations, and their dissatisfaction with low remuneration compared to other employees. The biggest problems for employees are feeling unfair and not being recognized for work and achievements, and envy of the remuneration of other employees in similar positions.

A detailed analysis of opinions on all the areas surveyed also allows us to conclude that Generation Z representatives rate the benefits they themselves will gain more highly, and attach less importance to the benefits the organization will gain.

Summarising the results obtained, it should be concluded that the young employees' generation expects transparency in the organisation in various manifestations, so employers should universally implement a transparency strategy in its many aspects. It is highly important for Generation Z, which will constitute a growing group of people employed in contemporary organisations with each passing year.

However, the results obtained have some limitations. The survey was conducted in the last quarter of 2024, i.e. more than a year before the date of mandatory implementation of the national provisions of the Directive in organisations in all EU countries, which was set for 7 June 2026. At that time, the national regulations were only at the stage of their preliminary drafting by legislators in Poland. Therefore, the survey participants had no real experience related to the application of the provisions of the Directive in their organisations and did not feel the real consequences of their implementation. This means that the answers provided were largely based on the respondents' previous experience and their expectations regarding the provisions of the new law. The survey should be repeated after the date of formal implementation of the Directive.

The size of the research group does not allow for general conclusions to be drawn. However, the results obtained may constitute a basis for further in-depth research on this issue. It would be worth additionally conducting an analysis taking into account various variables, such as gender, education, position, seniority, and level of remuneration received. It seems that the opinion of Generation Z respondents may depend on the variables mentioned. Similar studies could be conducted to compare the opinions of employees, managers, and employers, because

each of these groups may have a different perspective in assessing the benefits and threats of pay transparency in the organisation.

## References

1. Abadan, L.Z. (2023). Perceived Attitude of Generation Z Towards Working Environment and Organizational Conflict. *International Journal of Indian Psychology*, 11(3), 3141-3154, doi:10.25215/1103.298.
2. Avdul, D., Martin, W., Lopez, Y. (2023). Pay Transparency: Why it is Important to be Thoughtful and Strategic. *Compensation & Benefits Review*, 56(2), 103-116. <https://doi.org/10.1177/08863687231181454>.
3. Belogolovsky, E., Bamberger, P. (2014). Signaling in Secret: Pay for Performance and the Incentive and Sorting Effects of Pay Secrecy. *Academy of Management Journal*, 57, 1706-1733. <https://doi.org/10.5465/amj.2012.0937>.
4. Bencsik, A., Horvath-Csikos, G., Juhasz, T. (2016). Y and Z Generations at Workplaces. *Journal of Competitiveness*, 8(3), 90-106. <https://doi.org/10.7441/joc.2016.03.06>.
5. Benitez-Márquez, M., Sanchez-Teba, E., Bermúdez-González, G., Núñez-Rydman, E. (2022). Generation Z within the Workforce and in the Workplace: A Bibliometric Analysis. *Frontiers in Psychology*, 12, Article 736820. <https://doi.org/10.3389/fpsyg.2021.736820>.
6. Bennedsen, M., Larsen, B., Wei, J.Y. (2023). Gender wage transparency and the gender pay gap: A survey. *Journal of Economic Surveys*, 37(5), 1743-1777. <https://doi.org/10.1111/joes.12545>.
7. Blundell, J. (2021). *Wage Responses to Gender Pay Gap Reporting Requirements*. Discussion Paper, no. 1750. London: Centre for Economic Performance.
8. Brown, M., Nyberg, A., Weller, I., Striver, S. (2022). Pay Information Disclosure: Review and Recommendations for Research Spanning the Pay Secrecy-Pay Transparency Continuum. *Journal of Management*, 48, 1661-1694, Article 01492063221079249. <https://doi.org/10.1177/01492063221079249>.
9. Brütt, K., Yuan, H. (2022). *Pitfalls of Pay transparency: Evidence from the Lab and the Field*. Tinbergen Institute. Discussion Paper TI 2022-055/I. Retrieved from: <https://papers.tinbergen.nl/22055.pdf>, 15.10.2024.
10. Colella, A., Paetzold, R. L., Zardhoohi, A., Wesson, M.J. (2007). Exposing pay secrecy. *Academy of Management Review*, 32, 55-71. <https://doi.org/10.5465/amr.2007.23463701>.
11. Conley, H., Torbus, H. (2018). Transparency and the gender pay gap. In: H. Conley, D. Gottardi, G. Healy, B. Mikołajczyk, M. Peruzzi (Eds.), *The Gender Pay Gap and Social Partnership in Europe*. London: Routledge. <https://doi.org/10.4324/9781315184715>.

12. Cullen, Z.B., Pakzad-Hurson, B. (2023). Equilibrium Effects of Pay Transparency. *Econometrica*, 91(3), 765-802. <https://doi.org/10.3982/ecta19788>.
13. Denice, P., Rosenfeld, J., Sun, S. (2024). Pay talk in contemporary workplaces. *Social Forces*, 103(3), 839-864. <https://doi.org/10.1093/sf/soae130>.
14. Directive (EU) 2023/970 of the European Parliament and of the Council of 10 May 2023, Dz.U.UE.L.2023.132.21.
15. Ernst Young (2020). *Gen Z a Generation of Contradiction: Generation Z Segmentation Study Top-Line Findings and the Power of Five*. Retrieved from: [https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_us/topics/advisory/ey-gen-z-contradictions.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_us/topics/advisory/ey-gen-z-contradictions.pdf), 29.08.2024.
16. Francis, T., Hoefel, F. (2018). 'True Gen': Generation Z and its implications for companies. Retrieved from: <https://www.mckinsey.com/~media/McKinsey/Industries/Consumer%20Packaged%20Goods/Our%20Insights/True%20Gen%20Generation%20Z%20and%20its%20implications%20for%20companies/Generation-Z-and-its-implication-for-companies.pdf>, 10.10.2022.
17. Gallen, Y., Lesner, R., Vejlin, R. (2019). The labor market gender gap in Denmark: Sorting out the past 30 years. *Labour Economics*, 56, 58-67. <https://doi.org/10.1016/j.labeco.2018.11.003>.
18. Heisler, W. (2021). Increasing pay transparency: A guide for change. *Business Horizons*, 64(1), 73-81. <https://doi.org/10.1016/j.bushor.2020.09.005>.
19. Hofman, J., Nightingale, M., Bruckmayer, M., Sanjurjo, P. (2020). *Equal Pay for Equal Work: Binding Pay-Transparency Measures*. Study for the Committee on Employment and Social Affairs, Policy Department for Economic, Scientific and Quality of Life Policies, Luxembourg: European Parliament.
20. Inc.com (2021). *Report: Pay Transparency May Be the Key to Keeping Your Employees in 2021*, Retrieved from: <https://www.inc.com/marcel-schwantes/new-report-paytransparency-may-be-key-to-keeping-your-employees-in-2021.html>, 15.12.2024.
21. International Labour Organization (2019). *Women in Business and Management: the Business Case for Change*, Geneva: ILO. Retrieved from: <https://www.ilo.org/publications/women-business-and-management-business-case-change>, 1.10.2024.
22. Kim, D.H. (2023). *Pay Range Transparency Helps Reduce Gender Wage Gaps*, National Women's Law Center. Retrieved from: [https://nwlc.org/wp-content/uploads/2023/01/NWLC-Pay-Range-Transparency-Factsheet\\_2023-1.pdf](https://nwlc.org/wp-content/uploads/2023/01/NWLC-Pay-Range-Transparency-Factsheet_2023-1.pdf), 15.12.2024.
23. Král, P., Kubisová, A. (2021). Factors Influencing Employee Attitudes to Pay Transparency. *Proceedings of the Conference on European Management Leadership and Governance*. 17th European Conference on Management, Leadership and Governance (ECMLG), Univ. Malta.

24. Lazanyi, K., Bilan, Y. (2017). Generation Z on the Labour Market - Do They Trust Others within Their Workplace? *Polish Journal of Management Studies*, 16(1), 78-93. <https://doi.org/10.17512/pjms.2017.16.1.07>
25. Mahapatra, G.P., Bhullar, N., Gupta, P. (2022). Gen Z: An Emerging Phenomenon. *NHRD Network Journal*, 15(2), 246-256. <https://doi.org/10.1177/26314541221077137>
26. Marquis, C., Besharov, M., Thomason, B. (2011). Whole foods: Balancing social mission and growth. Boston, MA: Harvard Business Publishing.
27. Mignano, V. (2024). Gender Pay Gap: The Protection of the Right to Equal Pay under the Pay Transparency Directive. *Zeitschrift für Europarechtliche Studien* 27(3), 371-401, doi: 10.5771/1435-439X-2024-3-371. doi: 10.5771/1435-439X-2024-3-371
28. Montag-Smit, T., Smit, B. (2021). What are you hiding? Employee attributions for pay secrecy policies. *Human Resource Management Journal*, 31, 704-728. <https://doi.org/10.1111/1748-8583.12292>
29. Načinović Braje, I., Kuvač, A. (2022). Pay Transparency and its Effects: A Comparative Analysis of Public and Private Sector. *Revija za Socijalnu Politiku*, 29, 35-50. <https://doi.org/10.3935/rsp.v29i1.1705>
30. Nieżurawska, J., Kycia, R.A., Niemczynowicz, A. (2023). *Managing Generation Z: Motivation, Engagement and Loyalty*. London: Routledge, doi:10.4324/9781003353935.
31. Obloj, T., Zenger, T. (2022). The Influence of Pay Transparency on (Gender) Inequity, Inequality and The Performance Basis of Pay. *Nature Human Behaviour*, 6, 646-655. <https://doi.org/10.1038/s41562-022-01288-9>
32. O'Boyle, C., Atack, J., Monahan, K. (2020). *Generation Z enters the workforce*. Deloitte Insights. Retrieved from: <https://www2.deloitte.com/us/en/insights/focus/technology-and-the-future-of-work/generation-z-enters-workforce.html>, 17.10.2020.
33. Paggi, R., Clowes, K. (2021). *Managing Generation Z. How to Recruit, Onboard, Develop, and Retain the Newest Generation in the Workplace*. Fresno, CA: Quill Driver Books.
34. Popescu, D., Popa, D.M., Cotet, B.G. (2019). Getting ready for Generation Z students - considerations on 3D printing curriculum. *Propositos Y Representaciones*, 7(2), 255-268. <https://doi.org/10.20511/pyr2019.v7n2.280>
35. Racolta-Paina, N., Irini, R. (2021). Generation Z in the Workplace through the Lenses of Human Resource Professionals - A Qualitative Study. *Quality-Access to Success*, 22(183), 78-85.
36. Ramachandran, G. (2012). Pay Transparency. *Penn State Law Review*, 116(4), 1043-1079.
37. Robert Half Talent Solutions (2023). *Examining the Multigenerational Workforce*. Retrieved from: <https://content.roberthalfonline.com/US/files/multigenworkforce-ebook-0623-us-en.pdf>, 15.11.2024.
38. Schnauffer, K., Christandl, F., Berger, S., Meynhardt, T., Gollwitzer, M. (2022). The Shift To Pay Transparency: Undermet Pay Standing Expectations and Consequences. *Journal of Organizational Behavior*, 43(1), 69-90. <https://doi.org/10.1002/job.2575>

39. SimanTov-Nachlieli, I., Bamberger, P. (2021). Pay Communication, Justice, and Affect: The Asymmetric Effects of Process and Outcome Pay Transparency on Counterproductive Workplace Behavior. *Journal of Applied Psychology*, 106, 230-249. <https://doi.org/10.1037/apl0000502>
40. Smit, B., Montag-Smit, T. (2018). The Role of Pay Secrecy Policies and Employee Secrecy Preferences in Shaping Job Attitudes. *Human Resource Management Journal*, 28, 304-324. <https://doi.org/10.1111/1748-8583.12180>
41. Stofberg, R., Mabaso, C.M., Bussin, M.H.R. (2022). Employee Responses to Pay Transparency. *SA Journal of Industrial Psychology*, 48, 12, Article e1906. <https://doi.org/10.4102/sajip.v48i0.1906>
42. Symplicity Recruit (2023). *State of Early Talent Recruiting: Gen Z and the Job Search Process*. Retrieved from: <https://ospages.symplicity.com/2023-state-of-early-talent-recruiting>, 1.10.2024.
43. Thessin, R., Clayton, J., Jamison, K. (2018). Profiles of the Administrative Internship: The Mentor/Intern Partnership in Facilitating Leadership Experiences. *Journal of Research on Leadership Education*, 15, 194277511877077. <https://doi.org/10.1177/1942775118770778>
44. Torbus, U. (2022). *Przejrzystość wynagrodzeń – uwagi na tle propozycji dyrektywy UE z 2021*. *Z Problematyki Prawa Pracy i Polityki Socjalnej*, 3(20), pp. 1-25. doi:10.31261/zpppi.2022.20.10
45. Vilas, N.B. (2016). *GEN Z: Changing the rules of Campus Recruiting*, SmartRecruiters. Retrieved from: [http://ta.smartrecruiters.com/rs/664-NIC-29/images/SmartRecruiters\\_eBook-GenZ-Campus-Recruiting.pdf](http://ta.smartrecruiters.com/rs/664-NIC-29/images/SmartRecruiters_eBook-GenZ-Campus-Recruiting.pdf), 20.11.2024.
46. Zhao, D. (2022). *Pay Transparency Laws Shine a Light on Salaries*. Glassdoor. Retrieved from: <https://www.glassdoor.com/research/pay-transparency-inclusion-poll>, 10.12.2024.