

## Gender Pay Disparities in CEO Compensation

Research has long identified differences in pay between men and women; however, recent attention has been focused on gender pay disparities among CEOs. Prior research by Hill, Upadhyay, and Beekun (2015) has suggested female CEOs receive approximately 6 percent more compensation than their male counterparts, owed in part to the scarcity of women in senior leadership positions. Forthcoming research in the Strategic Management Journal, however, attempted to replicate this prior research using compensation data for 2,282 companies over 19 years.

### Key Takeaways:

- Prior research concludes female CEOs were paid more than their male counterparts in the years 1996-2005.
- In contrast, the present study found no pay disparity for female CEOs in comparison to their male CEOs.
- There is evidence that any small gender pay disparity at the CEO level that might have existed has shrunk over time.

The researchers explored the total compensation, as well as other individual components of compensation, for male and female CEOs over the period 1996-2014, twice as long a period as prior research. After controlling for differences in companies, industries, and macroeconomic or year effects,

the researchers found no substantial differences between the compensation of female and male CEOs. Minor differences were observed earlier in the time period (before 2005). The authors concluded there are no significant differences between the compensation of female and male CEOs.

Considerable research has identified a gender pay gap in earnings between men and women in the general workforce. Despite this, prior research had found women CEOs were paid more than their male counterparts. Forthcoming research, however, fails to replicate these findings. Ultimately, the authors note that there is no pay disparity between females and males at the CEO level, which fails to support prior research suggesting a positive gap at the CEO level and a negative in the overall labor market. These findings are encouraging as they suggest that boards are setting compensation levels without regard to the gender of the CEO.

Source: Gupta, V.K., Mortal, S.C., & Guo, X. 2018. Revisiting the gender gap in CEO compensation: Replication and extension of Hill, Upadhyay, and Beekun's (2015) work on CEO gender pay gap. Strategic Management Journal, 29: 2036-2050.

