Female pay: New study explores whether female senior managers are really paid less

Despite perceptions to the contrary, top female CEOs are paid equally to their male counterparts, according to new research from Dr Philipp Geiler of emlyon business school and Professor Luc Renneboog.

‘Are female top managers really paid less?’ a paper that examines the nature of top tier pay across all UK listed companies, has revealed that there is no real fiscal discrimination against women at the top level of business.

However, the performance measures used to calculate top pay differ between men and women. Rather than being strongly performance dependent, a top woman leader’s remuneration is often focused more around individual management style. Her bonus is also unlikely to be solely based on company performance as it would be in the case of a male leader, but also on the perception of her charisma and leadership ability.

As only 2% of UK CEOs are female, the paper also examined the trends in senior executive pay. The results expose that gender discrimination is in fact present in the salaries of female executives below the CEO (e.g. CFO, COO, Deputy CEO, etc). These managers can expect to earn 23% less than their male counterparts, which amounts to roughly £1.3 million over a five year period (the average tenure as an executive at board level). On average, a female senior executive will receive a 15% lower salary and 20% lower bonus.

However, there are two business factors which make it much more likely for a company to exhibit a smaller pay gap. These are if the firm already has female non-executive directors on the board or if it operates in typically “male” industries such as finance.

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