



Press Release

Executive pay influenced by gender stereotypes

“Masculine” executive functions significantly better paid than “feminine” ones – unless held by a woman

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Women at the top executive level of large European corporations earn an average of 1.2 million euros less per year than their male colleagues. Top executive pay also depends on whether an executive function is perceived as "typically masculine" or "typically feminine". These are the findings of a study conducted by the University of Tübingen, the University of Paderborn and the Ostwestfalen-Lippe University of Applied Sciences and Arts, which was recently published in *The International Journal of Human Resource Management*.

The study analyzed 84 companies - including 16 German ones - listed on the Euro Stoxx 50 and/or the Stoxx Europe 50. The two indices list the largest European companies in and outside the eurozone. The average total remuneration for male top executives in the companies surveyed is four million euros per year, compared to just 2.8 million euros for female top executives.

In their search for the causes of the gender pay gap at top executive level, the researchers discovered various effects. "Women are comparatively often in charge of an executive function that is perceived as "more feminine" and that is less well paid on average," says Kerstin Pull, Professor of Human Resource Management & Organization at the University of Tübingen. Executive functions that are perceived as "more feminine" include, for example, human resources and corporate communications. By contrast, executive functions such as IT are considered "masculine". Executive functions perceived as "feminine" are paid less and are more frequently held by women.

The researchers conducted a survey as part of the study to determine to what degree an executive function is perceived as "masculine". The survey shows that stereotypical perceptions are very pronounced in society and that they correlate with actual executive pay. The more a function is

perceived as "typically masculine", the higher the pay for the top executive who holds it. However, women do not earn higher pay even if they hold a "typically masculine" function - this privilege is reserved for men.

"Women in 'masculine' functions are not perceived as suitable candidates for the respective job. Their clear pay disadvantage is surprising because women are in fact desperately sought after for executive positions," says Martin Schneider, Professor of Personnel Management at Paderborn University.

"All corporations are committed to equal opportunities and are increasingly appointing women to top executive positions. The fact that gender stereotypes have such a significant influence on the pay of top executives has so far been overlooked," says Professor Anja Iseke from the Ostwestfalen-Lippe University of Applied Sciences and Arts. "Top executives' tasks are very similar across executive functions - all of them have to think strategically and communicate within the company in the same way."

The team of authors examined and ruled out several other possible causes for the differences in pay. For example, top executives' "human capital" - or their qualifications - does not explain the differences, as female top executives in European companies are not less qualified than men. This was shown by an analysis of LinkedIn profiles and company annual reports.

The team of authors suspects that pay differences may have negative effects on the development of companies. "The willingness to cooperate at top executive level will certainly be lower when there are large pay differences. That can't be good for the company," says Sarah Diederich from the University of Tübingen. The researchers' recommendation is therefore to equalize pay between executive functions and individual executives.

The study sheds light on top executive pay in corporations - an important area in gender pay gap research. The importance of the research itself was underlined this year by the awarding of the Nobel Memorial Prize in Economics to economist Claudia Goldin from Harvard University. Goldin is only the third woman to become a Nobel Laureate for Economics.

Publication:

Diederich, Sarah; Anja Iseke; Kerstin Pull; Martin Schneider: Role (in-) congruity and the Catch 22 for female executives: how stereotyping contributes to the gender pay gap at top executive level. *The International Journal of Human Resource Management*.

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