

In the US the Gender Gap in Wages is Real



Even the few women who've managed to advance to the C-suite don't get equal pay.

Last year, of the five best-paid executives at each of the Standard & Poor's 500 Index companies, 198 were women, or 8 percent of the total. Those high-achievers on average earned \$5.3 million, 18 percent less than men, data compiled by Bloomberg show.

Four decades after substantial numbers of women began entering management ranks, only a handful have reached the echelons that earn the biggest compensation. Even after graduating from the same business schools, women tend to start out at lower salaries than men, and many don't catch up later in their careers. Female executives say they can be less demanding than men when it comes to pay, partly out of fear of being labeled as overly aggressive and self-centered.

"I was always focused on negotiating for my team but never as good at negotiating for myself," said Dawn Lepore, the former chief executive officer at Drugstore.com and former vice chairman of Charles Schwab Corp. who's now a director at AOL Inc. and TJX Cos. (TJX) "When I think about the way I negotiated my package when I went to Drugstore.com, I thought 'this is a great opportunity and rather than demand a lot upfront, I'm going to do a great job and then I'll get rewarded.' I didn't want to be greedy, or viewed as out for myself. Maybe women are more collaborative."

Topping the compensation ranking of female executives, compiled from the five highest-paid executives listed in the proxies of each S&P 500 company for the year 2012 or its fiscal equivalent, were Oracle Corp. (ORCL) Chief Financial Officer Safra Catz with \$51.7 million and Yahoo! Inc. (YHOO)'s Marissa Mayer with \$36.6 million. While both got higher compensation than some peers, their examples are more the exception than the rule.

Paid Less

Facebook Inc.'s chief operating officer, Sheryl Sandberg, who advises women in her best-selling book "Lean In" not to squelch their ambitions, notes that women's lack of sponsors in their workplaces keeps them from asking for both stretch assignments and raises.

Women are such a rarity in top jobs -- about 20 S&P 500 CEOs -- that they may not want to stand out more by being tough on pay, according to Pat Cook, president of boutique executive search firm Cook & Co.

"Women tend to start out their careers getting paid less, and that gap often never gets made up, even at the most senior levels," said Cook, whose firm is based in Bronxville, New York. "Plus women settle more frequently than men for what they're offered."

CEO Scarcity

The scarcity of female CEOs explains in part the S&P 500 gender gap. The small pool brings the average compensation down among women in the C-suite because chief executives tend to command the highest pay, said Ilene Lang, president of Catalyst, a New York-based research and advocacy group for women executives.

Chief executives are lagging behind their male counterparts in certain industries. Take Denise Morrison, CEO of Camden, New Jersey-based Campbell Soup Co. (CPB): She got total compensation of \$8.76 million last year, 24 percent less than the average earned by CEOs at food, beverage and tobacco companies, according to data compiled by Bloomberg. Mylan Inc.'s Heather Bresch was paid \$9.96 million, 33 percent less than the average chief of a pharmaceutical, biotechnology and life sciences company.

'Large Gap'

"It is unfortunate that in many instances there is still a large pay gap between men and women in corporate executive positions," said Maggie Wilderotter, 58, CEO of Frontier Communications Corp. (FTR) since 2004 and a director at Procter & Gamble Co. and Xerox Corp. "I am hopeful that the use of outside compensation consultants by the compensation committees of public boards will make the gaps more evident and get inequalities addressed."

Many factors contribute to pay levels, including performance, age and experience. Both Morrison, 59, and Bresch, 44, are relatively new in their CEO jobs, since August 2011 and January 2012, respectively.

There were 50 female chief financial officers ranked among the five highest-paid executives in S&P 500 companies last year. The lowest-paid was Karen Burns, Nvidia Corp.'s interim CFO since 2011; she received \$841,517.

Kinder Morgan Inc. CFO Kimberly Dang, 43, has been in the job since 2005. Last year she got compensation of \$1.72 million. Her Houston-based energy company had sales of \$10 billion last year. By comparison, the average compensation of CFOs at five similar companies with sales ranging from \$5 billion to \$17 billion was \$2.3 million.

Average Compensation

Mary Winston, 51, became chief financial officer at Family Dollar Stores Inc. (FDO) in April last year after four years as CFO of Giant Eagle Inc., a closely held grocery chain with about \$9 billion in sales. She got \$1.1 million in compensation for the year ended August at Matthews, North Carolina-based Family Dollar, which had revenue of \$9.3 billion in 2012. For fiscal 2013, she will make an estimated \$1.3 million, if she hits her bonus target. The average CFO compensation at four discount retailers with sales ranging from \$2.1 billion to \$16 billion was \$2.1 million last year, according to data from proxies.

Family Dollar, Kinder Morgan, Campbell and Canonsburg, Pennsylvania-based Mylan declined to comment.

Backlash on Women

"Women are more likely to advocate for opportunity for themselves than for money, even when they've accomplished so much," said M.J. Tocci, director of the Heinz Negotiation Academy for Women at Carnegie Mellon University. "That's not surprising given the backlash women can get when they seek higher pay. Even people who believe women deserve what they're asking for often peg them as selfish and not likable, which isn't the reaction men get when they demand more."

Overall, women who work full time in the U.S. earned an average 77 cents for every dollar paid to men in 2011, according to U.S. Census Bureau data. The variance can be partly explained by differences in occupation, experience, and skill.

For women at the highest rungs of the corporate ladder, who were paid 82 cents for every dollar of their male counterparts in the S&P 500 last year, levels of experience and skill are more comparable with the men.

A 2010 study by Catalyst found that after controlling for career aspirations,

parental status, years of experience, industry, and other variables, male graduates are more likely to be assigned jobs of higher rank and responsibility and earn, on average, \$4,600 more than women in their first post-MBA jobs. The study involved 9,927 graduates of business schools in the North America, Europe and Asia.

Among women paid on par or more than men in their industry are executives at the top of the S&P 500 ranking.

Last year Mayer, 38, was recruited from Google Inc., where she'd been a top executive, to become CEO of Yahoo and help turn around the struggling Internet pioneer. She got total compensation of \$36.6 million and also holds Yahoo stock valued at about \$66 million. By comparison, Jeffrey Weiner, 43, who's been chief of LinkedIn Corp. since 2009, received \$1.2 million; his stake in LinkedIn is worth more than \$40 million.

Equal Pay

Eliminating the pay gap may depend on women gaining a more equal share of senior executive jobs. No S&P 500 company listed more than three women among their five highest-paid executives last year. Four of them -- Frontier Communications, Aetna Inc. (AET), Avon Products Inc. (AVP) and International Paper Co. (IP) -- had three and 21 had two.

Oracle CFO Catz, the top S&P 500 female earner, makes more than many CEOs, including Steve Ballmer at Microsoft Corp., the data show. Still, her compensation is about half that of the top male earner: Larry Ellison, her boss at software maker Oracle.

Carnegie Mellon's Tocci encourages women at all levels to push for equal pay.

"I tell women who say they don't care about money that they should still make what they're worth -- and they can always give their money away," she said. "Women who accept less than what men get for the same jobs are lowering the bar for the women who come after them."