Q: Is there a gender gap in promotions and pay in the top-executive market?

A: While the facts listed below seem to indicate a gender differential in promotion and wages, they don’t tell the whole story.

- Less than 10 percent of executives in large publicly traded firms are women.
- On average, female executives earn less than male executives and hold less-senior positions.

My co-authors, George-Levi Gayle and Robert Miller, and I analyzed a large database of companies and executives, along with the executives’ job histories and compensation and their firms’ financial performance.1 We found that, at any given level in their career, women executives are paid slightly more than men who have the same background and demographics and who are running firms of similar sizes. Controlling for these variables, women also have slightly less income uncertainty and are promoted as quickly. In fact, we found that the gender gaps in promotions and pay are primarily because female executives are more likely to leave their roles.

Since the women in executive roles are 50 years old on average, giving birth and caring for children are not plausible reasons for leaving. Other unobserved factors leading these women to quit could include more unpleasantness and indignities, as well as tougher unrewarding assignments, at work. Or it could be that these women find retirement an attractive option.

The reason for the higher attrition rate of females is not clear and deserves further study.