

Pay Check Time

"Executive compensation has exploded, yet real median income hasn't changed much. What's wrong with this picture?" —Atul Gupta, Ph.D., Robert A. and Julia E. Dorn Professor of Finance

Bentley Professor Atul Gupta is monitoring the widening compensation gap in the U.S. with a particular focus on women in the executive suite. The good news: they are keeping pace. The bad news: The rest of us are falling way behind. Professor Gupta talks about his research:

The gap in compensation between male and female senior executives is actually shrinking? Yes, in contrast to the majority of women in the workforce, female senior executives are earning nearly as much as their male counterparts. And in the corner office, there is no gap in total compensation.

So there is equality in the corner office, but elsewhere in our economy the compensation gap is growing? Executive compensation has just exploded since the 1990s, yet the real median income in America hasn't changed much in nearly 30 years. There's something wrong with this picture.

Is regulation the answer? The widening wage gap is a societal problem; to fix it, we need a change in values not just regulations. Accountability really begins in the boardroom. America's corporate boards need to be convinced that their decisions on compensation, in particular, are starting to tear at our social fabric. If we can reform board oversight, we may see long-term solutions.

Where would you begin? I would start by requiring the position of Board Chair to be separate from that of CEO. The CEO is accountable to the board, yet in most American corporations, the CEO and the Board Chair are the same person—this is a problem.

From your perspective, is our free-market system working? Some people have made fantastic amounts of money, but the median worker hasn't seen much of it. So yes, the system is working very well at creating wealth—but it's not working very well for everybody.

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