

Leadership Excellence and Gender in Organizations

On firms' willingness to pay for female top managerial talent: An analysis of wage spillovers in top management

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Extant research suggests women may earn more when they have female colleagues and supervisors. However, we theorize that the legitimacy a female top manager confers on her firm is reduced by the presence of other women on the top management team, especially by a female CEO. A firm's willingness to pay for – and thus the compensation the firm actually does pay to – a female top manager would accordingly decline in the number of her female colleagues on the top management team, especially if one of them is the CEO. By contrast, the wages of male top managers should be unaffected by having female colleagues. We find strong support for our theory using over 20 years of panel data on large US public companies.