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Gender Wage Gap: IPO Firms

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INTRODUCTION

According to a study conducted by Bernadette D. Proctor, in 2015, women working full time in the United States typically were paid just 80 percent of what men were paid. This 20 percent pay-gap is observed both at the rank-and-file labor-force and the corporate executive levels at public corporations. However, the state of gender pay-gap at entrepreneurial ventures or IPO firms is not well documented. This research project is aimed at filling this gap in the literature. The research motivation for undertaking this study is twofold. First and foremost, if we were to study the nature of gender pay gap more closely, it is essential that one examines the firms that straddle between small and large, and private and public; IPO firms perfectly fit that description. Second, this topic draws significant interest of the media and is deemed important in policy circles so that any socio-economic gender bias can be eliminated, or at best alleviated, through curative policies.

BACKGROUND

Public Corporation:

A company whose shares are traded freely on a stock exchange.

IPO Firms:

Firms that recently had their first sale of stocks to the public. Prior to an initial public offering (IPO) the company is considered private.

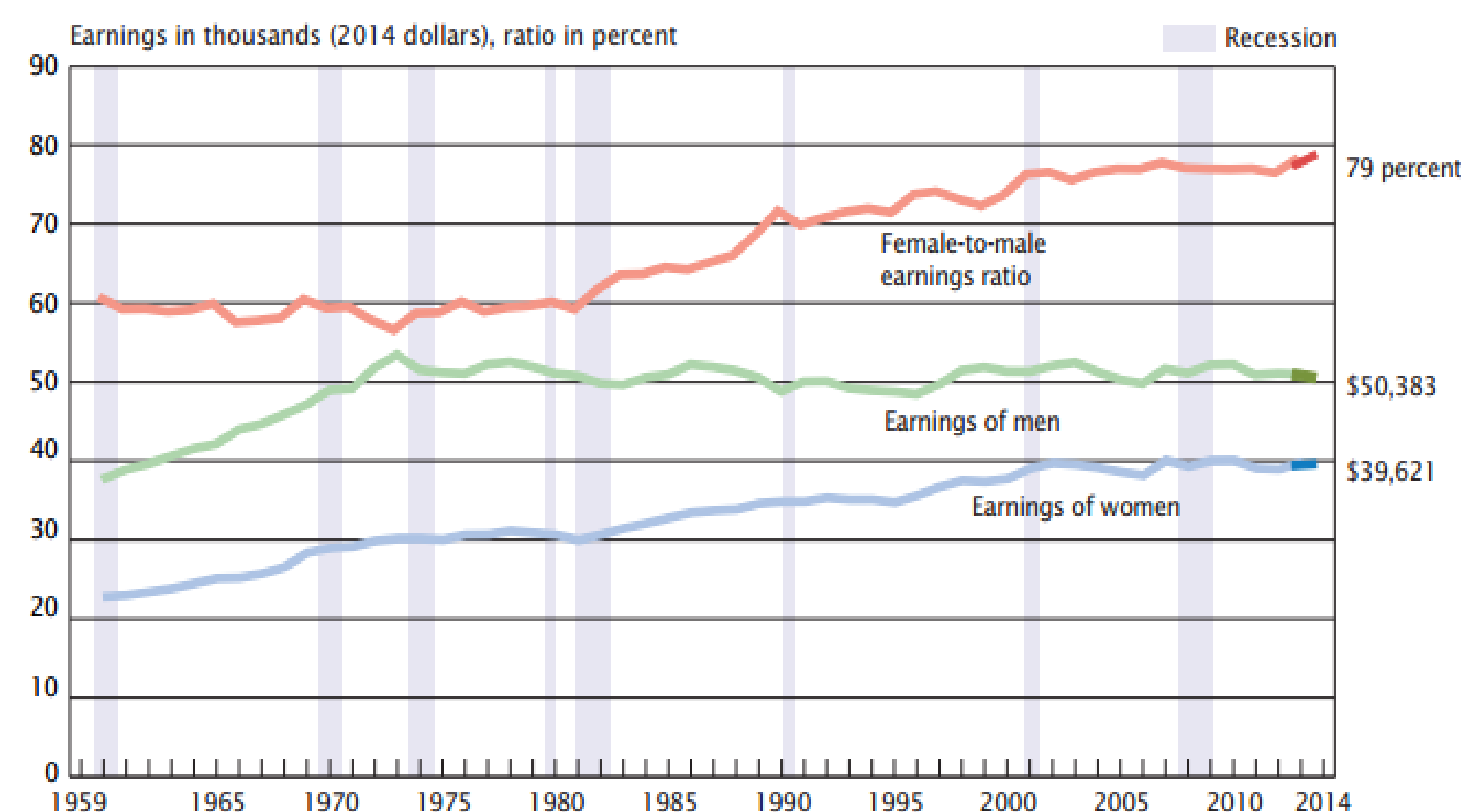
Private Firms:

Firms whose shares are not publicly traded, and are held by a small number of stockholders.

METHODS

- **EDGAR's (SEC's Electronic Data):** Gather and Retrieve data from IPO prospectus filings from years 1996-2013.
- **Compustat:** Collect accounting data.
- **S&P Capital IQ's Compustat ExecuComp:** Gather extensive compensation data to have a comparative analysis.
- Study will principally rely on regressions and matching methodologies for analysis.

Figure 2.
Female-to-Male Earnings Ratio and Median Earnings of Full-Time, Year-Round Workers 15 Years and Older by Sex: 1960 to 2014



Note: The 2013 data reflect the implementation of the redesigned income questions. See Appendix D for more information. Data on earnings of full-time, year-round workers are not readily available before 1960. For more information on recessions, see Appendix A. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see <ftp://ftp2.census.gov/programs-surveys/cps/techdocs/cpsmar15.pdf>.

Source: U.S. Census Bureau, Current Population Survey, 1961 to 2015 Annual Social and Economic Supplements.

Figure 1: Results presented in Bernadette D. Proctor, Jessica L. Semega, and Melissa A. Kollar, Income and Poverty in the United States: 2015

RESULTS

- We have collected about two-thirds of the required data from EDGAR, which allows us to run a preliminary test.
- We examine 3,200 executives' pay from firms that recently had a public offering. Among them there are 300 female executives.
- We find that, after controlling for other executive characteristics and their ownership in the firm, the female executives' pay in IPO firms are not significantly different from their male counterparts.
- It appears that there is no significant gender pay gap at the entrepreneurial ventures or IPO firms.
- But at this stage our analysis is not designed to establish causality.

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