The New York Times: Does It Help to Know How Much the Boss Makes?

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Lisa LaViers, assistant professor of accounting, was interviewed by The New York Times for a story about the impact of CEO pay transparency on employees. In a recent working paper, LaViers and her co-authors analyzed employee responses to the 2018 Securities and Exchange Commission rule that required companies to begin reporting the ratio of CEO to median worker pay.

> [The authors] found that worker satisfaction with pay improved [since the rule went into effect], most likely because workers tend to overestimate

how much their peers make. In other words, they'd expected median pay to be higher, and their own salary to fall lower in the hierarchy.

"The accurate number may have been lower," Ms. LaViers said. "And so as a result, they were happier with their own pay."

What matters most to employees seems to be not what company leaders make, but whether they believe that it — and their own pay — is fair.

To read the story in its entirety, visit nytimes.com:

https://www.nytimes.com/2023/07/01/business/ceo-pay-worker-salary.html