

The CEO Pay Ratio: Data and Perspectives from the 2018 Proxy Season

In the years since the DFA's introduction, there have been hotly debated proposals, lobbying efforts, thousands of public comments, and numerous rounds of US Securities and Exchange Commission (SEC) interpretations, after which the rules finally became effective for proxies filed in 2018. Now, for the first time, we have information not only with respect to CEO pay (which was already disclosed in proxy statements), but about median employee pay.

Not surprisingly, there is substantial variation across companies and industries, with one of the highest ratios at approximately 5900:1 and many ratios at 0, in cases where CEOs did not take any reportable compensation for the year. It was expected that due to the variability in permitted methodologies, there would be little validity to peer comparisons. Also as expected, ample media coverage highlighted trends and outliers, often with alarming headlines.

With the first year's disclosure on the books for most companies, boards are now beginning to think about if and how they should evaluate their numbers, compare to their peers, and what—if any—actions they should take in year two. We offer our findings and analysis in this comprehensive report.

About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management helping organizations build, develop, and reward great leadership teams that drive long-term success. Our strategy-driven compensation and leadership consulting services act as powerful catalysts for value creation and competitive advantage by addressing the critical links between people and outcomes. Our clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private organizations to the Fortune 500.
