

Parent CEOs More Likely to Accept Lower Pay Following Media Scrutiny, New Research Finds

A new research paper titled '[Parenthood and CEO Responses to Media Criticism on Pay](#),' published in the *Journal of Management Studies*, written by Associate Professor Georg Wernicke of HEC Paris and Associate Professor Steffen Brenner of Copenhagen Business School, reveals that CEOs with a salient parental identity will be more willing to accept lower subsequent total annual compensation than their counterparts without a salient parental identity.

A “salient parental identity” refers not simply to whether a CEO has children, but whether parenthood is a prominent, self-acknowledged part of how they define themselves. The researchers measured this using Marquis Who’s Who, a biographical database in which executives either self-report personal details or are asked to verify them.

Because the database shows considerable variation in the depth of personal information CEOs choose to disclose, the decision to include information about one’s children is treated as a meaningful signal and an indication that parenthood forms a central part of that executive’s self-concept.

The core insight of the study is that when this parental identity is salient, media criticism of a CEO’s compensation package does more than create a professional reputational risk. It creates a moral one, threatening how the CEO is perceived by the people whose opinion they may value most: their own children.

Moral commitments affect remuneration

“Our findings reveal something quite profound about human motivation at the highest levels of corporate life. A CEO facing media criticism over their pay isn’t just managing a PR problem, if they’re a parent who sees that role as central to who they are, they may be experiencing something much more personal: a fear of how their children see them. Consciously or not, that can be a more powerful driver of behaviour than any boardroom pressure,” notes report author Associate Professor Georg Wernicke, HEC Paris.

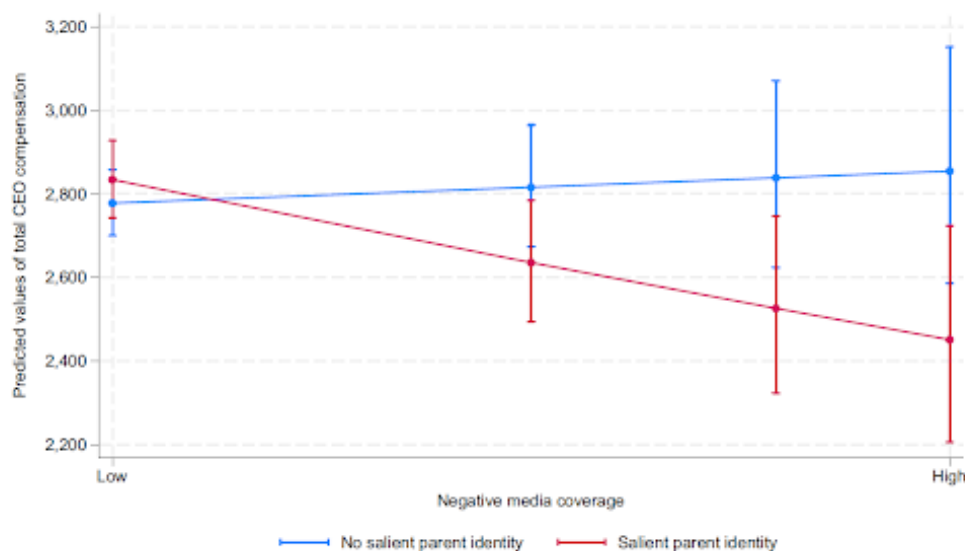
For companies designing executive compensation packages, the report's findings open up a genuinely new consideration, thinks Wernicke: "Boards shouldn't think about pay purely in terms of market benchmarks and incentive structures. Understanding the personal identities of the executives they work with and the moral commitments those identities carry may help them anticipate how leaders will behave when their decisions come under public scrutiny. A CEO who is deeply invested in being a moral role model for their children may be a CEO who is more naturally inclined toward restraint and accountability," he says.

Far reaching methodologies

The study employed two complementary methodologies to test its central hypothesis.

In the first, an observational study drawing on a hand-collected biographical dataset spanning 16 years and approximately 12,000 CEO-year observations at major US firms, the authors examined how negative media coverage of executive pay interacted with parental identity salience. The results showed that, for CEOs with a salient parental identity, media criticism was associated with subsequent compensation approximately 4.8% lower relative to peers. This meaningful difference did not appear among CEOs without a salient parental identity.

In the second study, a vignette-based survey experiment involving executives and directors from large publicly listed companies, participants were divided into a control group and a treatment group in which their parental identity was prompted through questions about their children and the importance of parenthood to their sense of self. Those whose parental identity was activated reported a significantly greater willingness to forgo compensation and to adopt a less aggressive stance in future pay negotiations. Notably, approximately 75% of those in the treatment group indicated they would discuss the media criticism with their children.



Marginal effect of the interaction of negative media coverage and salient parental identity on total

First of its kind research

The research is particularly innovative in its treatment of identity as context-dependent rather than fixed. As the authors note, identities “move in and out of the working self-concept as a function of context.” It is not enough for a CEO to be a parent, the parental identity must be made salient by circumstances. When media criticism of pay intersects with a CEO’s sense of themselves as a moral role model for their children, the two domains collide in ways that can produce tangible changes in corporate outcomes.

Previous scholarship on how firms respond to media scrutiny has focused almost exclusively on strategic or instrumental motivations: companies act to protect their reputation, manage stakeholder reactions, or limit financial fallout. This study breaks new ground by demonstrating that moral motivations, rooted in personal identity, can be equally, if not more, powerful in shaping executive behaviour.

À propos d’HEC Paris

Créée en 1881 par la Chambre de Commerce de Paris, HEC Paris est une Business School leader en Europe dont l’ambition est d’avoir un impact positif sur le business et la société grâce à sa triple approche « Think, Teach, Act », et de contribuer ainsi à un monde plus inclusif, plus durable et plus prospère. Avec 167 professeurs chercheurs venus du monde entier qui produisent et enseignent un savoir unique à plus de 5000 étudiants issus de plus de 130 pays, le campus d’HEC Paris s’affirme comme un véritable laboratoire d’innovation et d’échange, ouvert sur la diversité du monde et de ses enjeux. Inspiré par ses 5 valeurs fondatrices - Excellence, Curiosité, Esprit entrepreneurial, Diversité et Responsabilité - HEC Paris propose une gamme complète de formations aux décideurs de demain : Bachelor, programme Grande Ecole, Mastères Spécialisés, MSc, Summer School, MBA, Executive MBA, TRIUM Global Executive MBA, Doctorat ainsi qu’une large gamme de programmes pour cadres et dirigeants.

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