The pay gap is narrowing and the trajectory is up, but there’s still room for progress in IR compensation.

BY ALEXANDRA WALSH
The gender pay gap in investor relations decreased by 80 percent during the past two decades and that trend continued in 2019, according to the most recent NIRI/Korn Ferry IR Compensation Study.

In addition, the pay gap between what the most senior-level male and female IROs (defined as VPs, SVPs, and CFOs) earn has narrowed to less than 5 percent. Average base compensation at this level for female IROs is $283,571, and for male IROs it is $298,260.

“It’s the right trajectory, but there’s always going to be work to be done,” says Peter McDermott, Senior Client Partner, Global Corporate Affairs and Investor Relations at Korn Ferry and part of the IR compensation study team.

“We can do better but change doesn’t come overnight. The industry needs to continue to evolve and diversify its boards and leadership teams in addition to conversations about salary and incentive packages.”

Among the most senior-level IROs, there are more than twice as many men as women, according to the study. At mid-level (defined as Senior Directors, Directors, and Senior Managers), the gap begins to close and then the trend reverses at the staff level (defined as Managers, Analysts, and Associates).

Ruth Venning, IRC, Executive Director of Investor Relations at Horizon Therapeutics and a NIRI Board Member, says while there are a fair number of women in IR, there seem to be more men in senior-level IRO roles than mid-level positions. She wonders how the growing number of sell-side analysts joining IR will affect that going forward.

“From my experience, investor relations is a lot more diverse than the buy side or sell side,” she notes. “Of the nine analysts that cover my company, only one is a woman, and most of the associate analysts are male.”

McDermott notes that the overall IR population has about a 50/50 male/female ratio. “The fact that the population is diverse is really encouraging,” he says. “We need to work harder to keep it that way and bring some of these other data points around, like pay equity, and bring racial
and ethnic diversity into the conversation.”

While there is not much difference in equity range as a percentage of base salary among senior-level IROs, female mid-level IROs are far more likely to have zero equity than male counterparts. In addition, the compensation study indicates twice as many male mid-level IROs are in the highest equity range than female.

**Willingness to Relocate**

The compensation study indicates that the most senior-level male IROs are about 15 percent more likely to relocate for their career than their female peers. However, mid-level male IROs are 30 percent more likely to relocate than their female colleagues.

“For many women IROs, there are tradeoffs if they want to have a family and compensation might be one – the reality is, you can't have everything all of the time,” contends Smooch Repovich Reynolds, Managing Director, IRO & CCO Practice Group, ZRG Partners.

Rebecca Gardy, IRC, Vice President of Investor Relations at Campbell Soup Company, has not let her career be restrained by a willingness to relocate.

“I've moved from Atlanta to Portland, Oregon, back to Atlanta and am now in the midst of relocating to New Jersey,” she says. “Some of the moves were a disruption to my family but also resulted in the opportunity to join great organizations. It’s a calculated risk and reward equation and the moves taught my children to be resilient.”

McDermott points out that this trend might shift after COVID-19. “To some degree, CEOs might be willing to be more flexible about telecommuting but investor relations will never become a remote position as there is too much relationship building built into the role.”

**Mastering Business**

Of all IROs surveyed in the study, 78 percent have an MBA with little disparity between men and women at the most senior level. However, among mid-level IROs, men are twice as likely as women to have an MBA.

Gardy shares that she received her MBA 10 years after she began her career and her boss was supportive. However, he also told her that getting her MBA at that point was like getting a ticket into the theater when she was already sitting front row center – but he supported it.

Although she was also raising a family and working fulltime, she studied evenings and weekends and received her degree in a year and a half.

“Working on my MBA when I was already in my career allowed me to explore topics, get other points of view and have a forum to investigate, away from my business colleagues,” explains Gardy. “It gave me a platform to ask questions I wouldn't raise with my boss and expose where I needed to shore up my understanding.”

As McDermott views the IR role as a potential steppingstone to the CFO position, an MBA impacts how to position oneself for that role. He
notes the historic IRO model traditionally came from a public relations and communications background, and a 30-year veteran who has proven corporate success probably does not need an MBA.

“While recent trends are towards a more formal business education, it still might not be the most practical route to take two years off to get an MBA,” McDermott contends. “Find other ways to prove your commercial acumen. Look internally within your industry, look at the Investor Relations Charter (IRC) and Chartered Financial Analyst (CFA) credentials and other developmental courses and leadership groups.”

**Selling Your Story**

One of the strongest skills any IRO needs is the ability to craft their company’s story for Wall Street and other investors. But are women IROs as adept at telling and selling their own story to current and future employers?

“I think one of the reasons for the compensation disparities is we don’t always aim high enough,” suggests Venning. “We’re supposed to be strategic communicators but when it comes to promoting ourselves, we sometimes struggle with trying to do that in a way that feels authentic.”

Her advice to women IROs is to focus more on their assets than on what they perceive as liabilities. “Think of how someone you admire would handle the situation. And be clear about the outcome you want. If your goal is a great compensation package, know what the industry standard is so you don’t undersell yourself, determine what you want and negotiate hard to get it.”

She adds, “That’s one of the benefits of the NIRI compensation study; it has a lot of information you can use in this regard.”

Reynolds agrees that IROs need to empower themselves with the right intelligence and data points if they think they are compensated under their market value. And, they need to understand what package they offer the company.

“Ask, ‘What is your story, where are you heading, and how have you invested in yourself?’” Reynolds advises.

### Women vs. Men by Industry Sector, Management Roles, and More

**INDUSTRY SECTOR:** The most common industry sector for female IROs is consumer products (15%) followed by financial services (11%). Only 6 percent of women were in the combined hardware and software technology sector. The most common industry sector for male IROs is combined technology hardware and software (17%) followed by financial services (14%). Only 5 percent of men were in consumer products sector.

**MANAGEMENT ROLES:** While there was little difference between men and women in the type of other functions managed at the senior level, 41 percent of female mid-level IROs were also responsible for communications versus just 12 percent of mid-level male IROs. Thirty-two percent of mid-level female IROS are also responsible for ESG versus 41 percent of mid-level male IROs who also manage ESG functions.

**NEXT CAREER MOVES:** At the senior level, there is little difference between men and women IROs and their desire to stay in IR (40% vs. 44%). However, 26 percent of men aspire to be CFO vs. only 15 percent of women. For mid-level IROs, 37 percent of men want to stay in IR vs. 46 percent of women. Also at the mid-level, 14 percent of men aspire to be CFO one day vs. 0 percent of female IROs.

**WILLINGNESS TO RELOCATE:** Among senior-level IROs, 64 percent of men vs. 48 percent of women would relocate. For mid-level IROs, 68 percent of men vs. 48 percent of women would relocate.

“It’s important to know how others view you so you can build an understanding of your gaps, build market intel about your value, and build your confidence. I suggest asking five people who have known you for the last 20 years for their feedback and what they see you doing next. You might discover the one gap that prevents you from moving forward. Take that assessment every couple years because it’s very challenging to have a clear objective lens on ourselves.”

Reynolds points out that the answer is always “no” unless you ask. “Have an intentional conversation with the two most important people in the company – the CEO and CFO – and make them aware that you want to grow and broaden, and ask what they envision for you next.”
Base Salary for IROs

For senior-level IROs (SVPs, VPs, CFOs), base salaries are higher for men than women.

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The trend is similar for mid-level IROs (Senior Directors, Directors, Senior Managers)

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<th>Salary Range</th>
<th>Men</th>
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She also advises women IROs to not be reluctant to broaden their responsibilities. “When your boss asks you to do something outside of your knowledge base or area of expertise, the answer is always “Yes!” A lot of people think they do not have the ability to do something because they’ve never done it – that is a truly limiting mindset.”

Reynolds recommends having a frank talk with the supervisor about the new responsibilities and the reasoning behind the request as well as their long-term view. “Your boss might have grander plans for you that you don’t recognize.”

**Mentoring for Success**

McDermott says mentoring is more important than ever.

“Over the past few years there are more instances of females and people of color being hired based on their potential for future leadership opportunities within the company,” says McDermott. “This paves the way for their mentorship and for others to seek leadership opportunities within the company and pave the way for future generations – a true snowball effect.”

Gardy had a female boss who ignited a passion to mentor other females. “I’ve mentored young women for years, but I also coached peers, and most recently a senior executive who was struggling to have her voice heard at the C-suite table, and I was able to help her with that.”

Gardy says while mentoring is extremely important to her, she doesn’t want young women to feel like they have to center their future on having the right mentor. “You still have to be your own strongest advocate and you’re still accountable.”

She adds that while she did not have a mentor herself, she has her own personal board of directors – her own “posse” of strong professional women, and a few men, with experience across multiple disciplines, who she knows will offer guidance and be there for her.

Venning recommends mentoring with people who idealize what success means to you. “Another real benefit of NIRI is that you can network with a variety of IROs on both the chapter and local levels. I found my mentors through NIRI and...”
also developed great relationships with fellow NIRI colleagues who’ve had important roles in my success.”

**Outlook is Bright**
The compensation study asks whether respondents are optimistic about their profession – 20 percent more senior female IROs were very optimistic about IR than their male counterparts.

McDermott thinks there is a lot to be optimistic about.

“Challenging times like now are usually positive for the IR function,” he says. “Whoever is in that position becomes an even more integral part of the executive team with an even greater need to know what’s going on internally and externally as they prepare the company’s response. In addition, you might also start to see a lot of mergers and acquisitions activity as a result of COVID-19.”

In March, McDermott says his executive searches went on hold for a few weeks and then came roaring back in April and May. “We have been doing digital onboarding and it was a pleasant surprise that there have been a number of new top-level IRO positions that have opened up since April.”

McDermott adds that some of the openings are from companies that are pre-IPO, others are creating an IR deputy role as a new function, and others are a result of companies expanding the IR function to take on wider responsibilities.

Gardy’s advice to women IROs looking to make a career move to increase their compensation is to know what to look for. “You’re looking for the difference between a management team that hires a woman to check a box versus a management team that recognizes somebody who can aptly maneuver the company’s strategic roadmap and craft the right message,” she says.

“It’s with the latter that you’re likely to get more compensation. A CFO or CEO who has public company experience is a good first filter. And then have your questions and be discerning.”

McDermott notes that there is ongoing industry discussion around pay equity and diversity, but a lack of action points and who needs to get involved to bring about the change that will right inequities and elevate women in the industry. “Coming up with a plan is the real next step,” he says.

He observes that IR is a very lonely function because of a lack of resources and notes how vital it is for IRs to lean on peers and NIRI.

“It is so important to have a formalized network of rising stars within IR like those in NIRI Next Gen and strong female leaders dedicated to diversifying the population,” McDermott explains. “We need more of them in NIRI chapters and as volunteers driving real change – and then we will see better data the next time we do this compensation study.”

He believes the IR profession will see a continued upward trajectory for women and people of color, but it will take time.

“Younger folks entering the field right now look at best-of-class leaders and see more diverse faces up there than 15 years ago,” he notes. “But if everyone noted the lack of diversity at their own employer and board, and directed their energy in that direction, change might come faster.”

**Alexandra Walsh** is Senior Publishing Consultant for Association Vision, the company that produces *IR Update* magazine for NIRI.

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**Equity Compensation Range**
Equity compensation was analyzed as a percentage of base salary. While there is little difference in equity range among senior-level IROs, female mid-level IROs (Senior Directors, Directors, Senior Managers) are far more likely to have zero equity than male counterparts and twice as many male mid-level IROs are in the highest equity ranges than female. The chart below shows equity compensation for mid-level IROs.

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<td>76-99%</td>
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