

# The share of female managers in finance has increased but their earnings are still lagging far behind male managers

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Saara Vaahtoniemi will publicly defend her doctoral dissertation on Friday, Sept 30, at the University of Vaasa, Finland. Credit: Riikka Kalmi / University of Vaasa

The share of women managers in finance has significantly increased in Finland, but their earnings have not caught up with those of men, shows

Saara Vaahtoniemi's doctoral dissertation in the field of economics.

In the beginning of the 1990s, the share of women in managerial positions in the finance sector in Finland was only 15%, whereas by the 2010s the share of female managers had risen up to almost 50%. However, this is not reflected in their earnings, which are lagging far behind the male managers.

"The earnings of female managers in finance are on average 15% lower than male managers," says Vaahtoniemi who will publicly defend her [doctoral dissertation](#) on Friday, September 30, at the University of Vaasa, Finland.

## **Occupational segregation is a major challenge for equal pay in the financial sector**

The [finance industry](#) in Finland pays about 20% higher wages to their employees than other service industries. This finance wage premium is smaller in Finland than it is for instance in the United States or the United Kingdom. Even though women are a majority in finance, the highest earnings are concentrated to men. This is largely explained by differences in the educational backgrounds of men and women, which are then reflected as occupational segregation within finance. The majority of women in [finance](#) work at the clerical level.

The occupational segregation of men and women is also present at the manager positions. "Women are working as managers of marketing teams, whereas men are more often managers of investments teams, where the wages are significantly higher than in marketing," says Vaahtoniemi.

Higher education is positively associated with getting promoted to

managerial positions for both men and women. However, the wage increases associated with promotions are larger for men than they are for [women](#) at all hierarchy levels. Men are further overrepresented in promotions from clerical to expert positions, because the share of men at clerical level jobs is very small.

## **Shareholder banks pay higher wages than cooperative and savings banks**

Vaahtoniemi's dissertation documents wage differentials between different bank types. Profit maximizing shareholder banks pay [higher wages](#) to their employees than cooperative and savings banks do. On the other hand, in cooperative and savings banks the wage differentials between workers are small.

Bonuses are paid more often to managers in shareholder banks, while in cooperative and savings banks bonus payments are more equally distributed to workers at manager, expert and clerical levels.

In her dissertation, Vaahtoniemi has used [wage](#) data from the Confederation of Finnish Industries from 1990 to 2014.

**More information:** Saara Vaahtoniemi, [Money, Merits and Gender: Essays on wage differentials](#), Doctor Dissertation (2022)

Provided by University of Vaasa

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