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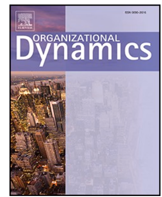

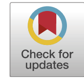

Mind the gap: How much pay is too much in your organization, and what to do about it?

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Introduction

Today a majority of the global workforce is struggling to make ends meet, battling a cost-of-living crisis and inadequate wages. Meanwhile a minority of higher level executives have reportedly never had it so good. Understandably, remuneration at both ends of the wage spectrum has become a polarizing issue, not only for society but also for workplace relations and organizational performance.

We all probably need some form of guidance to better be able to design fair, sustainable and effective wage systems. *Gauging* where your gap is at, and if it is too much doing something to fix it, is the overall purpose in this article. *Finding* the 'right' gap, from your organization's own wage ceiling to its floor and in-between, is a question for organizational dynamics and performance. *Minding* that gap entails finding 'what works here,' in your own wage context, including for all staff and organization alike. Societal debates on inequality often overlook this organizational and dynamic, performance-based perspective, even though research warns us not to. Between countries, inequality is rising, driven in part by unequal wages. It is also rising within countries, often occurring between - and more importantly for us - within organizations. *Managing* that gap is the ultimate aim and objective in this article.

Why bother? An ethical business case

Executive pay (which incorporates base pay, bonuses, and perks such as stock shares) is a persistent issue, not only for society but also for business, government, and civil society organization managers. Back in 2013, Switzerland held a referendum proposing a limit on executive salaries to a maximum of 12 times the annual minimum wage of the lowest-paid employee within the same company. Despite extensive lobbying by various groups, this proposal was ultimately rejected by voters, underscoring the complexities and divergent public options surrounding state intervention in wage setting markets. Yet as the proposal recognized at the time, inequality was increasing within *organizations*. And as such, organizational managers might be the best-placed to choose to do something about it – when there is a will.

Fast-forward to January 2024, and the will for change might have been steeling. A Delaware judge at that time ruled that Elon Musk's Tesla $56bn wage package was inappropriate. It was a staggering sum, reportedly 600 % greater than the combined salaries of 200 of the most highly paid CEOs in 2021. And even though a judge subsequently invalidated this galactic pay package, Tesla's shareholders and the board later still approved it. And the to and fro may well continue. In contrast however, many full-time workers at Walmart and similar corporations earn wages so low they can lead to a reliance on taxpayer-funded programs like food stamps, SNAPs (Supplemental Nutrition Assistance Programs), and Medicaid. Effectively then, taxpayers may end up subsidizing both polarities of the workforce wage spectrum, inside various highly profitable companies. Such polarities underscore the ethical and economic considerations of wage practices in organizations,

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as well as roles they play in societal welfare, social justice, and reputational costs.

Expanding on the broader societal impact of organizational wage equality is timely. Many in society and organizations alike, including HR Managers, Business Executives, and Corporate Responsibility officers (CROs), will probably agree that now is the time for an open and courageous conversation about setting some kind of maximum wage, alongside its minimum wage sibling. The conversation becomes especially salient – ethically and economically - when there is a cost-of-living crisis for many if not most workers.

Much of what occurs in daily organizational life occurs through social comparisons. When wages are concerned, comparisons will be made, and especially perhaps between the extremes at the top and the bottom poles of their wage distribution. Fundamentally, any question of setting upper limits on wages cannot actually be separated from the broader issue of inequality in general, and in particular from wages nearer the bottom of the curve, - notably Minimum, or incrementally but noticeably above that, Living wages. These two differ significantly for the purposes of this article. The Minimum wage is calculated for subsistence; the Living wage to support an acceptable of quality-of-life for workers. The Minimum wage is further a legally required wage (in formal sectors in many countries); the Living wage, by contrast, is voluntarily adopted by and at an organizational level. It is, therefore, a question for *organizational* dynamics.

Economically-speaking, in-work precarity may only be reduced if there is more of the Wage Fund left to *pay* such living, not just subsistence-level precarious wages, from the top of the table (ILO, 2013). The gap between them, top and bottom, maximum and living, has to be minded - and managed – *conjointly*, not only for organizational performance but also for social sustainability reasons inside and outside of the organization itself. This article focuses, ethically and economically, on managing the gap between a living and a maximum wage, within your own organization.

Closing the gap in pay to absolutely zero might seem unreasonable to many. To paraphrase Thomas Jefferson, in some cases there is nothing more unequal than equal (wage) treatment for everyone (in effect, disregarding differences in how hard they have worked, or talent). Despite possibilities for demotivation and resentment, radically equalized organizational cases like Gravity Payments - in the United States - vividly show real-world applications and impactful results of wage equality measures. Initially, there were skeptics, including claims by Fox News, predicting they would become a Harvard Business School case study in failure. Remarkably however, after implementing their own livable wage policy for all workers including the CEO Dan Price, Gravity Payments not only saw an increase in business but also a significant surge in job applications. These shifts highlight the potentially positive effects of such policies. Reducing income inequality can lead to unforeseen business advantages.

Wage gaps are about money but they are also capable of evoking feelings of organizational (in)justice, in the eye of the beholder. Consideration of the combination of absolute and relative wage levels becomes crucial for understanding organizational performance, company morale, and loyalty. After Dan Price at Gravity raised the minimum wage for all employees up to US$70,000, staff reciprocated his generosity a year later by collectively purchasing him a Tesla car. This gesture reflects a level of appreciation and loyalty from the employees, demonstrating a significant positive impact that equitable wage practices may have on employee morale and on the overall company culture. This collective purchase by staff further may reflect a re-balancing of remuneration that is seen as fair and equitable for different roles, driven (literally!) by the employees themselves. What this business case example ultimately illustrates, however, is that closing a wage gap financially can be reciprocated socially and economically, with Organizational Citizenship Behaviour (OCB).

What about situations where employees feel that executive rewards might need *lowering* rather than boosting? There is little research on this aspect of wage inequality, with the possible exception of the international aid context. Considerable research from this not-profit sector has been conducted on international aid projects. Across a range of sectors, occupations, countries and cultures, inflated wage disparities between much (up to 10-times) higher-paid expatriates (Expats) and host country nationals (HCNs) undermined workplace justice, team morale, retention and performance. HCNs and Expats alike further recommended a maximum gap - in this instance of up to 3:1. This would cover expatriation costs, and enable a more sustainable wage distribution.

Across everyday work settings in general, we can recall our earlier paraphrased quotation from Thomas Jefferson: There is also the risk of potentially demotivating high performers if pay differentials are perceived as not reflecting merit or performance. Returning to our earlier case at Gravity Payments, we can see how some long-term employees who had worked their way up to higher wages experienced significant dissatisfaction when the company raised its minimum wage significantly, as it narrowed the wage gap between new and veteran employees. Likewise, based on replicated research in Project GLOW (Global Living Organisational Wage), including across organizations within New Zealand and South Africa, lifting wages from the minimum left some workers on the next wage rung up feeling unfairly treated for their often longer years of service, qualifications, experience, etc., and thus relatively deprived (https://projectglow.net/key-publications/). Such feelings can become harbingers of, and a recipe for, costly quietly quitting and resignations ((https://eom.org/literature-reviews/fairness-and-organizational-performance).

In these examplers, lifting the bottom wages in an organization created concerns around merit-based justice among people on the next higher wage rung. Termed 'wage compression,' closing such incremental gaps between one rung and the next one up may cause workers paid on the previously higher rung feel that they have been treated inequitably. In other words, addressing an organizationally dynamic *balance* between wage equality and merit-based compensation can become crucial for perceived work justice.

Thus far, this article far has primarily focused on the highest and lowest earners. What we now see is that the middle tier is equally important. Wage compressions illustrate the social complexity of balancing a performance-driven culture with fairness. Balancing acts like these are challenging, but underscore the necessity of transparent and equitable internal policies, specifically that recognize both tenure and merit. Additionally, effective and respectful communication with employees is ever crucial, to address their concerns and perspectives. Ensuring such interactional and procedural justices, alongside distributive principles like equal opportunity, equity and need, is always essential for managing wage adjustments and economic performance (https://eom.org/literature-reviews/fairness-and-organizational-performance).

Sustainability performance indicators(SPIs)

In this section we operationalize organizational performance. Today, a pressing focus on 'sustainability' has rendered the way we think about, and report on organizational performance, into three dynamically linked dimensions of accountability. Across the world of work, they are called the 'triple bottom line:' People, planet, and profit. Across the wider world of sustainability science and policy, including the UN Sustainable Development Goals (SDGs), they reappear, but are dubbed somewhat differently as biosphere, society and economy. In business however, they are usually abbreviated to '*ESG*,' for: Environmental; social; and governance. What is the evidence to link wage dispersion with meeting each of these?

Environmental

This is the least researched aspect of sustainability performance. Between countries, research, more generally, has linked income

inequality to increased environmental pollution, and ecological footprints. Some research has explored the links between CEO compensation level and human rights records for their employing firm. Suggestively (of environmental disregard), the link was negative - higher CEO pay correlated with poorer human rights ratings on a standardized index of corporate citizenship. A shorter-term CEO pay focus has also been linked to lower levels of environmental performance, suggesting a risk to the environment from rent-seeking (seeking a gain without reciprocal contribution through actual productivity). Whilst neither of these findings in themselves is definitive, together they do suggest that excessive pay at CEO level is not likely to be even minimally protective of the environment. An organisation's disregard for pay comparisons may be aligned with disregard for the environmental consequences of its activities.

Social

Most of the evidence concerning people is focused on wellbeing, and has been undertaken at a societal rather than an organizational level. It has also focused mainly on life rather than work or job satisfaction. Life satisfaction is an important topic for economists – indicating it matters for societal prosperity generally, and is a useful proxy in the absence of studies that measure specifics of work satisfaction. Broadly speaking, research on life satisfaction is mostly conducted in richer countries and regions, in particular the US and EU. There it shows that relative income is a better predictor of life satisfaction (a proxy for happiness) than absolute income, especially for the lower half of the distribution, who tend to lose trust in their institutions and perceive the gap to be unfair. In poorer countries, in South America and Eastern Europe for example, being in the bottom brackets was linked to depression and status anxiety. As a whole, and although it is always possible that the research is limited to specific geographic locations in which it has been conducted, these studies do suggest that income itself (which is mostly waged) is actually often less important than its value compared to others' income.

Most of the research so far has paid more attention to the less well remunerated parts of the distribution. What about those at the top? Some research as we saw has found negative links between CEO compensation level and human rights records for their employing firm's performance on corporate citizenship. We have to stay careful here in drawing any causal link from any disregard for human rights and pay profligacy, or vice-versa, or some third factor such as a poor organizational culture. Nonetheless, the evidence suggests a negative social impact, on people's wellbeing, from extremely high CEO wages, both inside and outside of the organization, on society as a whole. To that extent, minding the gap becomes part of Corporate Social Responsibility (CSR). CSR in turn has been consistently linked in evaluative reviews to a wide range of organizational benefits, from reputational gains and improved recruitment and retention to increased profits.

Governance

Governance is not sector-specific. Governance-wise, corporations have a social responsibility to deliver profits for their *share*holders, just as government and non-government organizations have an economic responsibility to their *stake*holders, to be financially responsible, including when setting wages. These include employees plus any social partner organizations, from civil society groups to any relevant environmental protection agencies. Crucially too, Governance encompasses choices about potentially using wage deflation (from the organization's ceiling) to help pay for some inflation (from the organization's floor).

Research on CEO performance has been linked to CEO wage levels, for example amongst CEO awardees, whose pay had risen accordingly. Surprisingly perhaps, the stock performance on these firms wa no better, and indeed was actually worse than for their non-awardee counterparts. In a possible reflection of self-determination theory, proposed and advanced by Deci and Ryan, and Kohn, extrinsic rewards can undermine intrinsic motivation and performance. At the other end of the wage spectrum meanwhile, and as F. Teng and colleagues have down, thinking about pay – and pay gaps – has the potential to encourage instrumentality, and transactional rather than transformational human relations at work.

Speaking of human relatoins, profit is often the product of team effort, and this particular mediator has been examined in sporting organizations, whose performance has the potential to influence attendance gates, and thereby profit levels. Teamwork is a common thread across sporting, business, and civil sector organizations. To that extent, this research may have cross-sectional applications, and relevance. Performance researchers like M. Bloom have found that performance can drop when there are wide pay disparities in a team, especially when performing highly in the sport (and the business it supports) is highly interdependent. In commercial businesses too, when the work is highly interdependent, e.g., among executive levels, and in smaller firms such as family businesses, wider wage inequality depressed both morale and performance, denting both retention and profit.

Gauging the gap

How we measure it is shaped by how we conceptualize the gap, between its edges. At the lower end as we have seen, at least in a formal economy, is the legal minimum wage. Just above is a living wage, which in many definitions goes above absolute bare subsistence level, to include some discretionary spend on quality of living, and a buffer against crises like current cost-of-living. We would advocate for this as the floor. At the other end of the spectrum, typified by the CEO wage group, there are two main concepts for setting a wage ceiling, if indeed that is a welcomed concept (which it may not be in some organisations). Both of these are forms of wage standard.

Option 1: Absolute ceilings

One possible way to fix a ceiling is to set an absolute Maximum Wage. This would entail capping CEO wages in an absolute sense, at a set monetary value. Maximizing wage is not a new concept. It was implemented, for example, by the Dutch government in 2010, when they refused to fund any aid organization that paid its own CEO leader above 160,000 Euros per annum. Governance levers like this are not limited to civil society organizations alone. In 1942, US President Roosevelt suggested that the marginal tax rate could be increased to 100 % for any gross income over US$25k at the time, to discourage wartime profiteering. This was effectively a cap, since anyone who exceeded the cap gross would earn a nil wage net. In the event, the proposal was rejected by the US Congress. Yet it stands as a reminder today that governments can, with political will, use taxes as a blunt-force tool for capping wages.

Option 2: Relative ceilings

A different mechanism proposed by the ILO since 2013 and by leading management figures like Peter Drucker the century before, is to use wage capping *ratios*, here between CEO wage and the lowest wage paid on the shop-floor. In 2012 for instance, newly elected French President Francois Hollande wanted to cap salaries of company executives to 20 times the wage of their own lowest-paid worker. Caps like this, in the form of a ratio, do not hobble CEO pay entirely; they are not a blunt-force instrument. Pay can still go up. The only difference is that if a CEO wants to raise their pay, they must raise the pay of others within the same organization. Thus, a ratio wage can only work in *balance* with another wage standard – either a precarious minimum or more sustainably, a living wage.

Historically, 5:1 is a ratio that Plato reportedly told Aristotle nobody in a community should earn more than, when compared to the least-compensated citizen worker (it is not clear whether slaves were exempted but they probably were). Yet there is nothing at all magical

about the number five, either. In the 1970s for example, Peter Drucker varied his estimates of an apt ratio between 10 and 12:1 between 'big boss' and 'shop floor.'

The best known attempt to provide a relative standard in the field of wage-related income inequality, is the Gini Coefficient. Conceived by Italian statistician, demographer, and sociologist Corrado Gini (Carr and Gini, 2011), Gini Coefficients can range from 0 (total equality, all members of the society or group have the same income) to 1 (maximal inequality, where 1 member of the society or group receives the entire group's income). The bigger the Gini, the more wealth is held in fewer hands. As such, the Gini Coefficient uses the proportion of income that is earned by an increasingly cumulative percentage of the group.

In principle, the Gini coefficient can be applied to any size of economic group or unit, and it can be calibrated from any personal or household/family income. Macro-economists for instance will use the Gini Coefficient to capture income diversity in countries or across whole regions; and link these to per capita wellbeing. Country-level Ginis for instance have been linked to individual health and happiness. That kind of linkage, between macro and micro, at least raises the possibility of using Gini Coefficients to explore the space in between individual and society, at the level of wages in organizations. An 'Organizational Gini Coefficient' (OGC) might be one useful, mid-level way of capturing overall level of wage inequality in any given work setting, and linking it to employees' wellbeing and performance. In that regard OGC's can further be calculated using company wage data, and wage bands, and a range of arithmetic algorithms are available from the internet.[1]

In practice however, a significant practical challenge in applying the OGC lies in Gini's relative abstractedness. Put simply, it is quite hard to figure out exactly what any given (O)GC means. Most likely what gets measured only gets managed if the measure itself is digestible and user-friendly. When it comes to gauging where to set any maximum wage value, in relation to any particular preferred wage floor, a likely deal-breaking facet of abstractedness is that the OGC would not readily indicate 'where' to set either of them so as to maximize both worker wellbeing and organizational performance. For that kind of task, focused on wage extremes (ceiling and floor), we need a lens that is perifocal (capable of focusing on the edges of our wage spectrum).

Ratio measures

A range of relatively intuitive, end-user friendly, and specifically perifocal measures is available to measure wage gaps across an organization. They are all wage *ratios.* Each is established, and each has a use that is partly dependent on context, when setting a maximum wage.

A comparatively intuitive measure of wage inequality, closer perhaps to lived reality than the OGC, is the Palma Ratio. This was conceived by and is named after Gabriel Palma. The ratio focuses on extremes by comparing (dividing) the total income of the top 10 % of earners with that of the bottom 40 %, emphasizing the disparity between high and low earners. This break was chosen because Palma observed that country incomes generally consistently fell into a visible middle 50 percent, which in turn was straddled by the top 10 and the bottom 40 percent - with the disparities mostly caused by, and reflected in, the bottom 40 percent compared to the top 10 percent.

Comparing these two marker brackets, ceiling and floor, has the advantage of being relatively intuitive. Compared to an Gini for example, an OGC (say of 0.5) might imply some wage inequality but say less perhaps to a non-technical audience, whereas an equivalent Palma ratio (of 5.0) more readily translates into a top-bottom focused statement - that the richest 10 percent earn *five times* the income of the lowest waged 40 percent of the organization.

Whether or not the Palma is best utilized to capture income and/or wage inequality, inside or between organizations, will depend of course on the particularities of the overall (wage) distribution. The Palma would lose some traction, and face validity, if the actual wage distribution in your organization did not follow a clear 10 percent high, 40 percent low, configuration for the sharpest visible disparties.

The particular configuration of wages in your own organizational context will likely indicate that we use any of a range of other, alternative indicators of income (and thereby potentially wage) inequality: the S90/S10 (denotes the Share of income received by the richest 10 % over the 10 % who are poorest); S80/S20 (the Share of income received by the top 20 percent divided by the share received by the bottom 20 percent); alternatively one could use the standard called P90/P10 (90th percentile over 10th percentile, which means the ratio of the earnings threshold required to cross into the top 10 percent of earners, expressed as a ratio over whatever income would put the earner at the threshold of the bottom 10 percent of earners); P90/P50 (income threshold to reach the top 10 percent, divided by the threshold for being at the fiftieth percentile on income); or the P50/P10 (OECD, 2016). Any and all such *ratios thus* compare average wages between selected top and bottom percentages or alternatively percentiles of earners in order to highlight broader wage distribution inequalities.

Consider your own wage distribution *in situ*. Does it fall into a Palma-type 10–50–40 configuration? If yes, use Palma. If your concern is about a shrinking middle wage class, then you might choose the Median-lowest 10 % "D5/D1" (D for Decile) ratio. In 2013, the ILO recommended capturing the degree of any wage polarization not by focusing on the top and bottom (the extremes) but by comparing the median to the top and the bottom, for signs of drift from middle to tails. This is a form of hollowing out of the middle groups (bi-polarization) that would be missed by focusing only on the relationship between upper and lower poles themselves (p. 29).

Perhaps the most fundamental starting point, and also obvious form of ratio to consider, at least in a formal sector organization, would be the ratio between in situ maximum (Chief CEO) and legal Minimum (subsistence floor MW), or more sustainably as we suggested earlier, a slightly higher, 'living' wage (above; LW) which is a necessary minimum to secure a sustainable rather than merely subsistence livelihood (SL). To give one practical illustration from our own work experience, and later research on dual salaries between expatriates and host country nationals in Africa, the Pacific and Asia, empoyees from both pay groups *could readily say what ratio they would ideally find reasonable, acceptable and just.* In reality the actual pay ratio was as high as 10:1, whereas people across all three regions, HCN and expatriates alike, agreed that somewhere between 2 and 3:1 would have been fair, and liveable (at the time, 80 percent of the HCNs were struggling to make ends meet). In this particular case, the higher actual wage needed to move lower, and vice-versa, for both efficiency and sustainability.

At this stage in the argument, importantly, we are at last positioned to profoundly shift tack - moving from simply gauging the gap that exists at any time and place, to setting a standard threshold for the gap; an envisaged ceiling that should not be exceeded. In effect, a goal. We are in effect moving from being descriptive to being more prescriptive, albeit aligned and based on locally grounded evidence on what key stakeholder groups themselves, notably employees, consider would be just and fair. Hence, we now introduce the idea of an ideal ratio *Threshold.*

This can be defined as $\text{Threshold}_{\text{ratio}} = \text{M}_{\text{ax}}\text{W/LW}$, where $\text{Threshold}_{\text{ratio}}$ is provided by stakeholders, through any kind of acceptable Organizational Development (OD) process. Then, since $\text{Threshold}_{\text{ratio}} = \text{M}_{\text{ax}}\text{W/LW}$, then $\text{M}_{\text{ax}}\text{W} = (\text{Threshold}_{\text{ratio}}) \times \text{LW}$. Hence the 'ideal' maximum wage threshold ($\text{M}_{\text{ax}}\text{W}$) is calculated by dividing the

[1] A set of steps for calculating OGC from Alturkey is as follows: (1) Sort all employees into wage grades, take median salary and multiply it by the headcount, the fraction of income for each grade and the fraction of the population based on the headcount; (2) compute the cumulative fraction of the population as each grade ascends, starting from 100 % and ending with 0; (3) for each grade, Composite Score = Fraction of income * (Fraction of Population +2 * Fraction of Richer Population); (4) add them together to find the OGC, Gini index for salaries distribution = 1– aggregate score.

acceptable threshold, in any given organization, by the Living wage for that context, if the employer pays it, and if not, at least by the legal Minimum wage (in any formal sector organization). In principle, that wage can then be compared to the *existing* maximum wage (most likely drawn by the Chief CEO), to help decide whether a CEO 's current wage package is potentially too high or low, or just about right. The issue becomes less about trying to 'contain/restrain' CEO pay and more about the CEO being responsible for ensuring a wage structure that promotes fairness and performance, i.e., good governance.

Good firm governance

Minding the gap is about more than just gauging and adjusting. These are essentially good management but also quite reactive, monitoring and evaluation processes. In this section, we adopt a wider systems perspective, on the role of proactively setting up good governance structures that enable monitoring and evaluation to be managed. In so doing, we move beyond wages per se, into the realm of Good Governance.

Some of the best - robust and enduring - recommendations for managing any wage inequality within organizations can be found in an ILO landmark, pre-pandemic, post-great recession (2007–9) inter-governmental *World of Work Report* for 2013. Much of the ILO attention in that report was focused on the notion of a Maximum wage, at the CEO's end of the wage spectrum, whose wage points straddled three main wage-elements (base salary, bonus, shares). In addition to managing CEO: Shop floor wage ratios generally below three figures (p. 82), this unusual report contained recommendations for 'good-governance' (i.e., *G* SPI, above):

(1) Link CEO wages (compensation packages) more clearly to firm performance;
(2) make these longer- rather than shorter-term;
(3) provide a say on pay for shareholders (in the private sector cases); and other key stakeholder groups, including employees and any social partners.
(4) improve the management function of boards of directors (for example by keeping boards and executive functions separated).

With respect to (1) setting relative limits on executive compensation, these were proposed by the ILO to be a way of addressing concerns about equity. Examples were given from Solar World, which had limited CEO wage to a ratio of 20:1 the average wage in the organization; and the US-based Whole Foods Market, in which CEO cash component of their wage was set at 19-times their average employee's wage. According to the ILO, such ratios by definition would incentivise CEOs to strive to improve both their own and their employees' salaries.

With respect to (2) linking CEO pay to performance, short-term bonuses were accounting for more than one-third of CEO pay, and more than two-thirds when combined with share-based compensation, creating perverse incentives to raise stock value short-term and disincentivizing longer-term goals. This perversity was important because of an emergent negative correlation in some literature (for a review, *Wage and Wellbeing*) between short-term focused CEO compensation and corporate *social* performance, e.g., on employee relations, protection of the environment and wider income inequality (CEO pay – societal outcomes). Instead of setting performance goals over two years, they could be staggered over a five-year period. Such goals could then be widened to include social benefits, e.g., improving workplace safety and reducing pollution (above).

With respect to (3), introducing a say on pay, according to the ILO in 2013, and speaking about the private sector, company shareholders can be given an opportunity to decide by voting on the constituent elements of the CEO wage (across shares, bonuses and base pay) as well as, perhaps, the ratio itself. For example in Switzerland, in March 2013, prior to the ultimately failed referendum on limiting salaries in a company to 12 times the lowest paid worker (above), a different 'citizens' initiative' on Executive compensation' was approved for Swiss public companies listed on Swiss or overseas stock exchanges. Requirements included a mandatory vote by shareholders on aggregate wage for the directors and senior managers; the prohibition of golden parachutes and signing-on bonuses (short-short term incentives) for members of corporate governing bodies; annual elections by shareholders for board chairman and members; and sanctions under criminal law for breaking any of the above rules.

Additionally, in the wake of employee stakeholders having to bear the brunt of the 2007–9 financial crisis, the ILO recommended (4) that there should be a "more stakeholder- oriented corporate governance framework - which would continue to include shareholder interests but attempt to limit failed management policies and attend to the valid interests of other stakeholders, particularly those who bear the cost of 'externalities.' Principal stakeholders are primarily employee representatives, but also, secondarily and indirectly perhaps, social partner groups and their representatives (above), including environmental protection groups (below).

Finally, consideration should be given to (i) disconnecting the roles of CEO and chairperson of the board; (ii) ensuring independent directors and experts sit on the board; and (ii) encouraging corporations to include social partners and employee representatives on their boards of directors (this was already the case in some countries). Each of these measures is designed to remove conflicts, and potential conflicts of interest when setting wage levels, for executives and shop floor alike. Although they may add to compensation costs, by having two roles where one might have existed before, separations like these between board and management, alongside employee ownership, were found and reported by the ILO not only to predict lower CEO wages, relatively-speaking, but also to boost CEO wage-level transparency. They may therefore pay for themselves. Furthermore, through processes like these, the structuring of wage determination groups and processes contribute towards organizational good Governance (above).

Marketing the mix

As now shown, the growing emphasis on Environmental, Social, and Governance (ESG) reporting criteria, as seen with the EU's Corporate Sustainability Reporting Directive (CSRD), underscores the importance of transparency in pay equity. This directive mandates organizations to report on various sustainability aspects, including gender equality and equal pay.

By aligning their brand with sustainable and equitable wage practices, companies not only comply with these directives but also foster a positive brand reputation and financial performance. In the realm of branding, sustainability is increasingly becoming a core element. Companies are encouraged to weave sustainability into their brand identity thoughtfully, ensuring that it aligns with their corporate strategy and is not merely used as a marketing tool. This approach involves continuous effort and communication, reflecting the organization's genuine commitment to sustainable practices, including wage equality. Effective ESG reporting is key in this process, providing a platform for organizations to transparently showcase their alignment with sustainable values, which is vital for customer, consumer, and investor trust. As already mentioned above, reviews of CSR have shown a slew of benefits that accrue to organizations from being socially responsible, from recruitment and retention to profits and share value.

This paper has focused on managing wage inequality, and has indicated that setting a Maximum wage is a logical and ethical corollary to respecting the wage Minimum. The bounds within which wages are set within an organisation relates both to perceptions of fairness and to performance. These bounds may reflect good goverance within the organization, plus externally in terms of sustainability and social responsibilities. We have described a process and provided a context-sensitive formula for identifying a maximum wage within your

organisation. Knowing just "how much is too much" is an increasingly important element in managing your organisation's good performance.

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CRediT authorship contribution statement

This paper was co-authored in a dynamic not linear sense. A notional co-author contribution ranking is reluctantly indicated in the authorship order, however each co-author has made substantive contributions.

Declaration of Competing Interest

None.

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Data availability

No data were used for the research described in this article.