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Gender, age, and increment effects on executive remuneration in Indian mid cap companies

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Abstract
This study investigates the determinants of executive remuneration in India, focusing on gender, age, and annual increment percentages. Utilising a dataset of 9,334 executive records, we apply linear regression and structural equation modelling (SEM) to quantify the impact of these factors. Our results reveal significant disparities in remuneration: male executives earn significantly more than their female counterparts, with an average difference of ₹17.27 million. Age and increment percentage are also significant predictors, though the model explains only 0.42% of the variation in executive pay, suggesting the presence of unobserved factors. This paper contributes to understanding remuneration dynamics and offers policy recommendations to improve gender equity and corporate governance in India.

Keywords: Remuneration, Gender, Age, Executive, India

Introduction
Executive compensation remains a contentious topic in corporate governance, attracting robust scrutiny from academics, regulators, and market participants. The juxtaposition of incentives, performance, and equity has fueled debates regarding what constitutes equitable and effective remuneration for organisational leaders (Albanesi *et al.*, 2015) [10]. Recent trends indicate increasing attention not only to total compensation but also to the diversity and demographic characteristics of executive teams, notably gender and age (Handschumacher-Knors, 2023) [11]. The Indian corporate sector, with its richly varied board compositions, presents a compelling arena for such investigations.
Empirical research globally documents persistent gender-based disparities in executive pay, frequently linked to broader issues of representation and power within boardrooms (Mishra, 2025) [1]. For example, studies in the UK and Spain demonstrate that female directors routinely earn less than their male counterparts, even after adjusting for tenure and position (Geiler & Renneboog, 2014; Haque, 2024) [4, 2]. Indian research echoes these patterns, suggesting cultural and systemic factors that impact compensation outcomes, including executive power, company size, and performance (Sage, 2025) [2].
Additionally, age is a notable factor, often associated with experience, negotiation skills, and tenure on boards (Wiley, 2025) [7]. Incremental changes in remuneration, typically linked to performance metrics or inflation adjustments, further nuance the overall pay structure.
Structural equation modelling (SEM) has advanced the methodological rigour with which scholars examine multiple factors simultaneously, elucidating direct and indirect effects among observed and latent variables (Macrothink, 2024) [15]. In developing economies like India, alignment of compensation components with performance—and their intersection with demographic variables—remains underexplored.
As India’s regulatory environment evolves, with new norms for disclosure, board diversity, and pay equity, examining these trends becomes imperative (New York Fed, 2015; Abu-Ali *et al.*, 2024) [12]. This study aims to fill a critical gap by deploying quantitative analysis on a large, sectoral dataset to examine the role of gender, age, and increment in driving remuneration outcomes. The focus aligns with ongoing discourse on sustainable progress and good governance (PMC, 2018).
While substantial global literature highlights gender and age disparities in executive pay, few studies have employed advanced SEM techniques to analyze large datasets in emerging

economies like India. This gap in the literature underscores the need for this study. Mishra (2025) [1] highlights the significant role of board gender diversity in shaping executive compensation, which resonates with the findings of this study. Handschumacher-Knors (2023) [11] found systematic pay differences due to gender, emphasizing the impact of board composition on executive compensation decisions.

Review of Literature

Recent investigations confirm that gender diversity significantly influences executive pay structures. Mishra (2025) [1] found a robust relationship between female directorship and CEO compensation, with board diversity moderating pay-performance sensitivity. In Spanish firms, female representation on remuneration committees was associated with lower CEO pay and a more measured growth trajectory, supporting the idea that diversity fosters stronger governance (PMC, 2018). Haque (2024) [2] extended this by linking board and management diversity to procedural performance in environmental governance, showing cross-cutting effects on compensation.

Handschumacher-Knors (2023) [11] employed multi-level analysis in German listed companies, finding systematic differences in pay and its determinants. Women, who are underrepresented on boards, experience lower compensation—primarily because they hold CEO roles less frequently and serve shorter terms. These disparities echo global findings from studies on board composition, incentive structures, and agency theory (Albanesi *et al*., 2015) [10].

Abu-Ali *et al*. (2024) [12] systematically reviewed the intersection of ESG, executive compensation, and financial performance and proposed agency- and stakeholder-theory-based frameworks. Diverse boards not only improve governance and sustainability outcomes but also affect compensation plans. Malki (2022) [8] analysed ethnic and gender diversity and found them to be significant predictors of compensation.

Structural modelling approaches are increasingly adopted to explore the relationships among compensation, demographics, and performance (Macrothink, 2024) [15]; Callan & Thomas (2014) [6] advocated the use of multi-equation models to capture complex interactions. Brahma (2025) [13] examined how CEO power and board gender diversity influence firm policies, arguing that executive compensation systems must reflect evolving social norms and diversity imperatives.

Sectoral studies from India (Sage, 2025) [2], Europe (Abu-Ali, 2024) [12], and global reviews (SCIRP, 2020) consistently demonstrate that the gender pay gap persists even after controlling for variables such as age, tenure, and industry group. While some research attributes discrepancies to position and experience, firm-level differences and policy interventions also have an impact (Wiley, 2025) [7].

In summary, literature from the past decade consistently asserts the importance of board diversity—not only for social justice or compliance, but also as a lever for improved governance and moderated remuneration growth. However, gaps remain, especially in the application of advanced quantitative models to large datasets within emerging economies. While existing studies document gender and age disparities, there is a lack of research employing advanced SEM techniques to analyze the interplay between demographic factors and compensation in the Indian context, particularly with respect to annual increments. This paper addresses these gaps by utilizing robust quantitative methods, analyzing contemporary Indian data, and providing evidence-based recommendations for future policy and scholarship.

Research Gap

While existing research establishes gender and age-related disparities in executive remuneration, very few studies apply advanced SEM techniques to large, sector-wide datasets in India. There is an inadequate exploration of how the increment percentage interacts with demographic factors to affect pay. This paper addresses these gaps by utilising robust quantitative methods, analysing contemporary Indian data, and providing evidence-based recommendations for future policy and scholarship.

- **H1:** Male executives are expected to receive significantly higher remuneration compared to female executives, even when controlling for age and increment percentage.
- **H2:** Age is positively correlated with executive remuneration, reflecting increased experience and negotiation leverage.
- **H3:** A higher increment percentage will correlate with higher executive remuneration.
- **H4:** Gender moderates the effect of increment percentage on remuneration.
- **H5:** While demographic factors explain some of the variance in remuneration, latent factors (e.g., position, tenure, and firm characteristics) remain significant in explaining pay disparities.
  1. To assess the effect of gender on executive remuneration in Indian companies.
  2. To analyse how age and increment percentage impact total executive remuneration structures.
  3. To evaluate the predictive strength of selected demographic and compensation variables using SEM.

Research Method

This study utilizes secondary data from a large Indian executive remuneration dataset (n=9,334). Descriptive statistics, regression, and SEM are applied to examine relationships among remuneration, age, gender, and increment percentage. Gender is coded as a binary variable, and quantitative analyses are conducted using Python. The statistical approach enables unbiased estimation of direct effects and model fit. Recent literature informs model selection and interpretation, ensuring adequate contextualization within current theoretical debates. Ethics and data privacy are strictly maintained throughout.

Robustness checks, including specification analysis and cross-validation, were conducted to ensure the stability of the model coefficients. While multicollinearity is present, key results remain consistent, suggesting the findings are reliable. Despite the significant relationships found, the model explains only a small fraction (0.42%) of the variation in executive pay, indicating that other latent factors, such as company size and executive role, contribute to unexplained variance.

- **H1:** Male executives receive significantly higher remuneration than female executives.

- **H2:** Age is positively correlated with executive remuneration.
- **H3:** Increment percentage is positively associated with remuneration level.
- **H4:** Gender moderates the relationship between increment percentage and remuneration.
- **H5:** The combined predictors explain some variance, but additional latent factors are needed.

Data Analysis and Interpretation

Predictor (Arrow From)	Outcome (Arrow To)	Path Coefficient	Directional Effect	p-value	Interpretation
Gender (M=1)	Remuneration	17,272,168.70	→	0.0000	Strong, significant positive effect
Age	Remuneration	119,172.33	→	0.0049	Significant, moderate positive effect
Increment (%)	Remuneration	502.77	→	0.0414	Significant, small positive effect

The analysis confirms that male executives earn substantially more than female executives, with gender, age, and increment percentage acting as significant predictors of remuneration. However, the overall model fit remains modest, indicating the complexity of compensation structures in Indian firms. The study suggests that additional factors, such as executive role and firm size, may better explain the variations in remuneration.

The sample consists of 77% male and 23% female executives. The mean remuneration is ₹21.36 million (SD = ₹123.8 million). Age averages 26 years (SD = 30), with increments (%) averaging 146.2 (SD = 5,189), indicating substantial variance among executives. OLS regression shows age $(B = 119{,}172, p = 0.005)$, increment $(B = 502.8, p = 0.041)$, and gender $(B = 17{,}272{,}169, p < 0.001)$ as significant predictors of remuneration. Male executives earn substantially more than other groups, controlling for other variables. However, the model explains just 0.4% of pay variation. This limited explanatory power signals the importance of additional factors—such as position, tenure, industry, and firm size—beyond the scope of the current dataset.

Outcome Variable	R^2 (Explained Variance)
Remuneration	0.0042 (0.42%)

SEM results reinforce the direct effects, identifying age, increment, and gender as statistically meaningful, but failing to capture deeper latent constructs. The positive association between age and earnings aligns with human capital theory—the more experienced executives negotiate higher pay. Gender disparities reflect broader global trends documented in recent literature (Mishra, 2025; Handschumacher-Knors, 2023) [1, 11]. Increment percentages, often tied to performance or inflation, further enhance remuneration but display wide variability.

Future research could explore the role of company size and sector-specific factors, including longitudinal analysis to capture changes over time. The inclusion of additional demographic variables, such as educational background and international experience, may provide further insights. Qualitative studies on board dynamics and negotiation processes will complement the quantitative findings and contribute to a deeper understanding of pay equity.

Findings

The analysis demonstrates clear, statistically significant relationships among executive remuneration, gender, age, and increment percentage. Male executives dominate the sample and earn considerably more, a result consistent with both Indian and international trends. Age is a small but consistent predictor of higher pay, likely reflecting accumulated experience or negotiation leverage. The increment percentage is also significant, with higher annual increments associated with higher earnings.

This research provides evidence of persistent gender and age disparities in executive remuneration in India. While age, increment percentage, and gender are significant predictors, the overall explanatory power is modest; compensation decisions remain complex and multifactorial. Future studies should leverage richer datasets and advanced SEM techniques to better explain variance and inform policy. The findings underscore the need for increased board diversity and transparency in corporate governance and compensation practices.

The need for further, richer datasets and qualitative research is clear. Current findings offer actionable insights for corporate governance, policy reform, and academic debate, ensuring empirical grounding for future changes in executive compensation policy.

Scope for Further Research

Future research should expand the dataset to include variables such as tenure, CEO status, and company-level features. Cross-country comparisons, longitudinal panel data, and mixed-methods approaches would enhance explanatory power and contextualization. The introduction of additional latent variables in SEM models, such as performance metrics and governance indices, may illuminate further patterns. Qualitative studies exploring negotiation, culture, and committee dynamics could complement quantitative work, deepening understanding of pay equity and diversity in India and abroad.

Limitations

This study is limited by its reliance on available demographic and compensation variables. Omitting direct measures for board position, tenure, performance metrics, and qualitative factors limits the explanatory power. Cross-sectional analysis precludes causal inference, and results may not generalise across industries or smaller organizations.

Conclusion

This research provides evidence of persistent gender and age disparities in executive remuneration in India. While age, increment percentage, and gender are significant predictors, the overall explanatory power is modest; compensation decisions remain complex and multifactorial. Future studies should leverage richer datasets and advanced SEM techniques to explain variance better and inform policy. The findings highlight the urgent need for increased board diversity and targeted reforms in governance and compensation practices.

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