

## THE GENDER EARNINGS GAP AMONG HOLLYWOOD STARS

Male Hollywood stars earn around 1.1 million dollars more per movie than their similarly experienced female co-stars, according to research by **Sofia Izquierdo Sanchez** and colleagues, to be presented at the annual congress of the European Economic Association in Manchester in August 2019.

To examine the gender earnings gap among Hollywood stars, this study compiles an original dataset on 267 Hollywood stars and 1,344 movies from 1980 to 2015 to study gender earnings differences. The data were obtained from different sources: IMDb, Box Office Mojo and elsewhere.

These star by movie data are then matched with a set of earnings determinants including actor's background, financial success of a star's previous films, customer preference and current film specifications.

The researchers observe that in the long run, actors' salaries have drastically increased, but this increase has not been proportional across the wage distribution. The unadjusted results show that female stars earn 2.2 million dollars less per film and earn 56% less than men.

The study adopts a variety of methods to explain the effects of actor and film characteristics on the wage differential by gender. Depending on specification and methodology, approximately half of the gap can be explained by controls.

Nevertheless, the researchers find an unexplained gender differential of around 1.1 million dollars per movie among Hollywood stars, which is substantial and significant. This unexplained gap is concentrated at the top of the distribution, that is, it grows with earnings.

The study then examines whether wages converge with stars' years of experience, finding that experience is important but it does not explain the gender differential. Moreover, even after 10 years of experience, the gap remains large and statistically significant.

*'To every woman who gave birth, to every taxpayer and citizen of this nation, we have fought for everybody else's equal rights. It's time to have wage equality once and for all. And equal rights for women in the United States of America.'*

That was Patricia Arquette's conclusion to her 2015 Oscar speech for best supporting actress, a controversial political speech at a gala ceremony, which was cheered and supported by widely recognised actresses in the industry, such as Meryl Streep, Charlize Theron, Jennifer Lawrence and Natalie Portman.

This research argues that Hollywood stars provide an important and interesting case study for gender wage differences and their evolution over careers for several reasons:

- First, Hollywood is the largest film centre in the world and represents a huge economic and cultural export.

- Second, contracts are negotiated actor-by-actor and movie-by-movie, allowing stars to be paid according to their current individual performance, productivity and contribution to a specific film.
- Third, stars of different genders frequently perform in the same movies where they essentially do the same work, at the same time and in the same location.

This research question of whether male movie stars earn more than their female colleagues falls within the broad body of research on gender wage differentials and within the narrower but still extensive research on gender wage differentials within highly paid professions (such the sports or the finance industry).

Although the researchers are careful to recognise and discuss factors that could potentially bias their estimates, the findings suggest not only that there exists a large gender earnings difference among stars.

These findings carry potential implications for policies that aim to narrow the gender earnings gap in Hollywood. Thus, the suggestion that contracts be routinely public information might be sensible if one was convinced that providing social information about other co-stars' earnings could reduce the negotiation gap and the residual earnings gap.

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