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NEWS RELEASE

Much of the sensationalism about CEO compensation based on myths and misperceptions

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MONTREAL—Despite common misperceptions, CEO compensation in Canada largely reflects the nature of the job, the skills required and the global demand for top talent, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

"The best business leaders in the world, just like top professional athletes and entertainers, are in limited supply while also being in high demand globally, so the compensation they receive reflects that," said Vincent Geloso, Fraser Institute senior fellow and author of ***The Truth about CEO and Worker Compensation***.

The study finds that there are several myths and misunderstandings about CEO compensation.

> **Myth**: *CEOs aren't worth the high levels of compensation they receive.*
> **Fact**: The limited supply of people with the unique skillset to manage large, complex firms, coupled with the high demand for such people to lead the world's largest companies results in the high compensation they receive, and is a reflection of their market value.
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> **Myth**: *CEOs make too much compared to the average worker.*
> **Fact**: Claims about the gap between CEO and worker pay in Canada are overestimated because of faulty comparisons. For example, when total compensation for the top 1000 CEOs in Canada is compared with the total compensation (including benefits) of workers at those same companies, the pay gap is 81 per cent less than stated in some studies.
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> **Myth**: *CEOs enjoy long careers and receive high levels of compensation for many years.*
> **Fact**: CEO turnover is very high. In fact, looking at the Globe and Mail's CEO surveys from 2007 to 2017, of the top 100 CEOs listed in 2007, only 15 of them remained in the top 100 list ten years later.

The study also notes that sometimes—for example, in industries with government monopoly charters or protection against foreign competition—CEOs are selected not for their business or leadership skills, but for political reasons.

"When a CEO is appointed because of his or her political connections in order to secure government subsidies or keep a market protected from competition, it's fair to question their compensation because it isn't being determined in a competitive market," Geloso said.

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