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COMMENTARY

Gender Studies and Bargaining Power

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“Pay us what you owe us.” That was the slogan emblazoned on players’ t-shirts during warm-ups for the WNBA¹ All-Star Game this summer. Without making any claims as to what’s “fair” for anyone, as we avoid any and all controversy in the Commentary,² this is a great opportunity to think about the *gender wage gap*. In many fields, women get paid less than men on average; the question is, why? The reasons for such wage gaps can offer a variety of economics lessons.

The gap between salaries in the NBA versus the WNBA is substantial for obvious reasons. The NBA simply dwarfs the WNBA in terms of broadcast deals, ticket sales, and merchandise. It’s not a big surprise, then, that NBA players earn millions while WNBA players earn in the low six figures (or even the high five figures).³ Perhaps a little more interesting, however, is the comparison in wage gaps with another, sports-adjacent labor market: the WWE.

While conservative estimates of average NBA salaries are around \$10 million annually, the average for the WNBA is around \$150,000, meaning WNBA players earn about 1.5% of what their male counterparts earn.⁴ Based on a report of the top 23 WWE performers in 2024, 17 male and 6 female, top-tier males averaged around \$2.3 million annually, while top-tier females averaged about \$875,000.⁵ The top female wrestlers thus earned one third of what their male counterparts earned, and anecdotal evidence suggests the gap may be even closer for lower-tier performers.⁶ Still a significant wage gap, to be sure, but much smaller than the NBA-WNBA comparison. What makes the difference interesting is that there are many factors working against WWE performers.

First, having bought out its major competition in the early 2000s, the WWE is *the* dominant employer of professional wrestlers in the US, making it a classic example of a monopsony. A monopsony is a market with only one buyer, in this case a labor market with one employer. The classic example of a monopsony is a one-factory town where everyone works at the factory, so workers have little leverage to ask for higher wages and are more susceptible to potential discrimination by employers. The WNBA has a similar advantage in the US market for female basketball players, but as a league rather than a single entity. That means there is at least some competition among individual teams when it comes to attracting superior players, which should favor WNBA players relative to WWE wrestlers when it comes to pay.

In addition to the single-payer structure of the WWE, its performers are independent contractors with no collective bargaining agreement, keeping them in a bad position when it comes to negotiating wages. WNBA players, by contrast, do have a union and a collective bargaining agreement. In theory, this should give them a major advantage over WWE performers when it comes to pay. Nevertheless, the wage gap is much larger in the WNBA. Could this be due to discrimination?

¹ Abbreviations: Women’s National Basketball Association (WNBA), National Basketball Association (NBA), Major League Baseball (MLB), National Football League (NFL), and World Wrestling Entertainment (WWE).

² In addition to avoiding controversy, we also avoid getting into the nuances of defining “fairness” in economic theory, which offers a wide variety of definitions depending on context.

³ It is worth noting that while there is variation within each league when it comes to pay, there is drastically less income inequality in the WNBA than there is in the NBA. See: Elle Baker (2020), “A Comparison of NBA and WNBA Player Salaries,” Bagwell Center Undergraduate Research Fellowship Working Paper, <https://www.kennesaw.edu/coles/centers/markets-economic-opportunity/docs/baker-elle.pdf>.

⁴ <https://www.forbes.com/sites/leonardarmato/2024/03/30/can-caitlin-clark-fix-the-wnba-and-nba-pay-gap-not-so-fast/>.

⁵ <https://sports.ndtv.com/wwe/highest-salaries-in-wwe-2024-who-are-the-top-earning-wrestlers-6713171>; <https://www.sportskeeda.com/wwe/wwe-salaries>.

⁶ https://www.reddit.com/r/WWE/comments/1d4xgxv/the_current_main_roster_minimum_salary_in_wwe_is/.

Discrimination is an oft-used explanation for wage gaps, and with good reason. Classic economic theory⁷ says that if consumers (meaning fans) have biased preferences favoring men over women, it may be cost-effective for employers to pay women less than men, even when they're equally productive. But that logic holds when men and women are in the same labor market, performing for the same consumers (audience), as they do in the WWE. In a labor market like the WWE's, where men and women are selling the same product to the same audience, any gender bias from fans should show up clearly in terms of wage gaps, and this may help explain why there is still a sizable gap in professional wrestling.

The NBA and WNBA, however, are separate markets, with teams that hire from separate labor pools. While there may be some overlap in terms of fandom, that separation means that a wage gap due to discrimination is less realistic. WNBA fans seem unlikely to be biased against women, and how can the owner of a women's team pay women less than men when men aren't even an option?

None of this is to say that the WWE should be lauded for its treatment of employees. Far from it, as any honest account of the wrestling business's history will make very, very clear.⁸ It's just ironic that the labor market where women should have more opportunity to bargain for better wages and less vulnerability to existing gender biases features a significantly larger gender wage gap. Why?

There are surely many factors at work, but the biggest reason the WNBA's pay gap is so much larger than WWE's is simple: demand. The NBA generates billions in revenue each year, while the WNBA operates on a much smaller scale. That means that even with a strong union and revenue-sharing agreements, there is simply a smaller pool of money to divide among players. The WWE's performers are all helping to generate (and get paid from) one common revenue stream.

To be fair (in terms of presenting both sides of the argument), the "pay us what you owe us" statement by WNBA players is about their revenue sharing agreement with the league, not specific salary numbers. While NBA players split revenue with the league 50-50 according to their union's collective bargaining agreement, the arrangement for WNBA players is much less favorable. Since their revenue sharing is contingent on growth targets for the league, players end up with only around 9-10% of the league's revenue.⁹ Is there an economic explanation for that discrepancy? (Yes, of course there is.)

To understand why the players in the WNBA have a much less favorable collective bargaining agreement, keep in mind that it is a relatively *young* league, founded in 1996, and for the most part subsidized by the NBA. Then consider the history of the MLB, NBA, or NFL (let alone professional wrestling) and how athletes were paid (if at all) and treated when those leagues first formed. The upshot is that no professional league pays its players very well in the beginning, because league owners have all the leverage.

When a league isn't worth much, players threatening to strike isn't much of a threat, and the few teams involved don't have much to compete over. The standard monopsony situation therefore plays out, and the owners don't have to pay much. It's not until the owners have something to lose that players can begin to gain leverage with threats of work stoppage, as has happened repeatedly in the MLB, NFL, and NBA. Then, as players get compensated more and can more easily weather work stoppages, their bargaining position improves.

⁷ Gary S. Becker (1957), *The Economics of Discrimination*, University of Chicago Press.

⁸ See, for example: *Mr. McMahon* (Netflix, 2024).

⁹ <https://www.thenexthoops.com/wnba/everything-to-know-about-the-wnba-revenue-sharing-debate/>.

This is really good news for WNBA players, since it means—even more so than WWE performers—their bargaining position should improve with the league’s success. It just may take a while. NBA players don’t get a better split of the league’s revenue because they are men; they get it because they are in a much more valuable league, with a corresponding powerful players’ association that developed over time. In fact, one might argue that—unlike WWE performers—the difference in compensation between NBA players and WNBA players isn’t a traditional “gender” wage gap at all, since that refers to differences in pay by gender when workers have the same productivity. These two leagues are effectively two different labor markets, producing different products. When the WNBA’s product is worth as much as the NBA’s, its players will see their bargaining position and compensation improve accordingly.