International Women’s Day and Canadian Women: Mind the Gap(s)

The World Economic Forum’s theme for International Women’s Day is #PressforProgress. In Canada, one of the best ways to understand where progress has been made and where work still needs to be done lies in examining the two big gaps women have faced: the labour participation gap and the wage gap. On the former, Canadian women have much to cheer; female participation in Canada’s labour force is at historic highs, and compares well with other OECD countries. But even though Canadian women are more educated than ever, their paycheques continue to be smaller than those of their male peers. It appears that field of study and occupational choice have played a role in the persistence of that wage gap.

The Participation Gap: A Divide (Almost) Conquered

The gap between women and men’s participation in the Canadian labour force is at an all-time low, and momentum for women has been building. Indeed, women filled 55% of the 801,000 jobs created in Canada over the past three years. We estimate that this narrowing of the participation gap—from about 30% in 1981 to below 9% at the end of last year—bolstered Canadian GDP by $250 billion. If that gap gradually goes to zero, or at least to as close to zero as the demographics will allow, the economy could grow by an extra 4%, or $102 billion. What’s more, Canadian women are providing that economic jolt at a critical time, when an aging workforce threatens to weigh on future growth.

The gender participation rate puts Canada ahead of the OECD pack, eclipsing levels in the U.S., Germany and the U.K. What’s been pushing more women here into the labour force? The factors include rising educational attainment, exploding career options, economic necessity, and government policy (see box). Shifts in the labour market itself may also be playing a role.

In our report last year we noted that older Canadian women are staying in the labour force for longer. Of the many reasons they have for doing so one could be that more of them are in managerial roles. Census 2016 data show that women gained share in management roles across a variety of industries in the prior decade, and are increasingly moving up the career ladder in the fields in which they got their degree. That’s true not only in industries which have historically been dominated by women, like healthcare and education—where women make up 80% and 70% of employment, respectively. It’s also happening in occupations where women earned science, engineering and law degrees—the percentage of women in management occupations in engineering doubled over the past decade.

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The Wage Gap: A Rational Response?

When it comes to the gender wage gap, Canada doesn’t exactly shine. As of 2016, the wage gap in Canada stood at 18.2%, well above the OECD average of 14.1%. In other words, Canadian women on average earned 82 cents for each dollar men earned. And that was true across industries. Nonetheless, occupational choice may explain some part of the gender wage gap. It’s largest in goods-producing sectors, including construction, and tends to be narrower in the services sector.

More than half of post-secondary students in Canada are female, a trend that has been in place since the early 1990s. Indeed, they now dominate almost all study disciplines, and that includes the sciences. They continue, though, to shy away from engineering, math and skilled trades. Women’s underrepresentation in these disciplines could be an early response to expected difficulties in finding suitable employment upon graduation. Women aged 25-34 with bachelor degrees in STEM fields were half as likely as their male counterparts (30% vs 60%) to be working in occupations closely related to their field of study. This compares to higher placement rates for female graduates in non-STEM fields such as nursing (95%) and education (87%).

Census data provide some encouraging news: over the past decade the pay gap narrowed across all areas of academic study. The smallest gaps were in the education, math and computer science streams, both in the 2006 and 2016 Census. The largest gaps were in business, healthcare and social sciences although the latter two saw significant improvement by 2016.
The wage gap for business graduates narrowed but remained higher than in most other fields. Notably, the proportion of women who graduated with degrees in business and administration has been on a downward trajectory over the past 20 years. Of women in the 45-54 age cohort, 30% graduated with a degree in business and administration, the highest of all fields of study. For more recent graduates (women 25-34), 23% have pursued business and administration studies. The percentage of women earning degrees in the humanities and social sciences has increased steadily—and these are two fields which have seen a material shrinking in the gender pay gap.

Relative wages may have been a driver behind Canadian women shifting to humanities and social science over the past 20 years. What’s interesting is that the skills these fields provide may be in significant demand in the Canadian labour market in the near future. The combination of an increasingly services-oriented economy and waves of technological disruption are creating demand for a workforce that has a broad skills portfolio. The shift in areas of study suggest women are arming themselves with skills that will make it easier to face these challenges as they transition over the life of their career.

**Budget 2018: Bridging those Gaps**

Budget 2018 included several initiatives to boost pay equity and to encourage women to pursue careers in male-dominated fields or stay in the workforce. They built on Ottawa’s multi-year, $7.5 billion commitment in Budget 2017 to make childcare more accessible and affordable. The latest measures include:

- EI Parental Sharing Benefit: Additional weeks of ‘use it or lose it’ EI benefits for couples sharing parental leave target new mothers who wish to return to work sooner. The benefit will cost $1.2 billion over five years.
- Pay equity legislation: Ottawa says new legislation meant to ensure equal pay for work of equal value will affect about 1.2 million employees in federally regulated sectors.
- Pay transparency: Canada will spend $3 million over five years to encourage greater awareness about the wage gap among federally regulated employers.
- Women and the workplace symposium: Ottawa will provide $1.5 million over two years to help Canadian employers address women-specific issues including wage gaps and harassment.
- Apprenticeship Incentive Grant for Women: The government will commit $19.9 million over five years to encourage women to pursue careers in male-dominated Red Seal trades.
- Pre-Apprenticeship Program: Ottawa will spend $46 million over five years to encourage underrepresented groups, including women, to explore careers in skilled trades.
- Women in Construction Fund: Canada is providing $10 million over three years to support mentoring, coaching and other assistance to women working in the trades.
- A number of initiatives announced aimed at helping women entrepreneurs.