

Economics  
**IN FOCUS**

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## Women’s work isn’t yet done: Where we are on Canadian wage gaps

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In recent decades, Canadian women have been working hard to improve their position in the labour market, investing in their education and training, increasing their participation in the workforce, climbing the corporate ladder, and breaking through the glass ceiling into C-suite roles. But as we take stock of that progress ahead of this year’s International Women’s Day, it’s worth noting that data tracking the wage gap between men and women in Canada suggests that there’s still work to be done on the road to pay equity (Chart 1).

In 2023, women who worked full-time and were within the 25-54 year age range earned 13% less than their male counterparts in terms of average hourly wages, representing slim progress from the 15% wedge that prevailed in 2012. Our analysis focuses on full-time employees to eliminate the effect of women being over-represented in part-time jobs that typically pay less. We narrow in on ages 25-54 in order to limit volatility associated with higher turnover rates in the early stages of careers, or decisions surrounding workloads approaching retirement age.

**Chart 1: Gender pay gap progress has slowed**



Source: Statistics Canada, CIBC

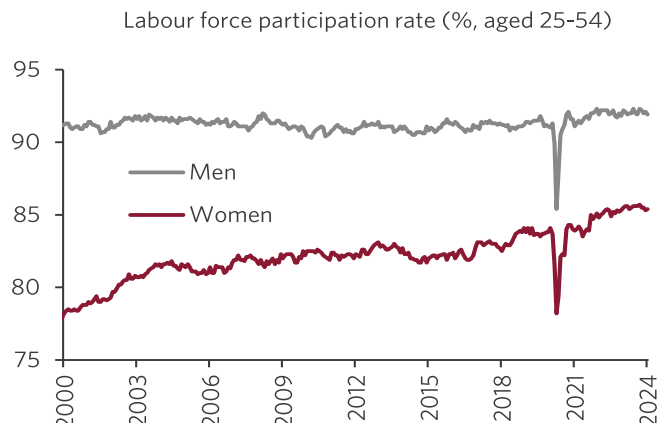
### Participation gap on narrowing track

The slowing progress in narrowing the gender pay gap is at odds with the progress seen in other labour market indicators, with the labour force participation rate on a steeper upward trajectory for women in recent years (Chart 2). That’s been helped by increased access to subsidized childcare and flexible working conditions, with remote work gaining traction since the pandemic. That has resulted in a notable jump in the participation rate for women whose youngest child is under the age of six, while participation has also increased for women whose youngest child is in the age 6-12 range (Chart 3). That should show up in a payoff down the road by increasing women’s years of experience, helping to break through the glass ceiling.

That said, there is still a 10-20 percentage point participation gap with men on those measures. There may still be opportunities to increase women’s participation further, particularly for newcomers to Canada. A recent Statistics Canada study<sup>1</sup> showed that Canadian-born mothers in two-

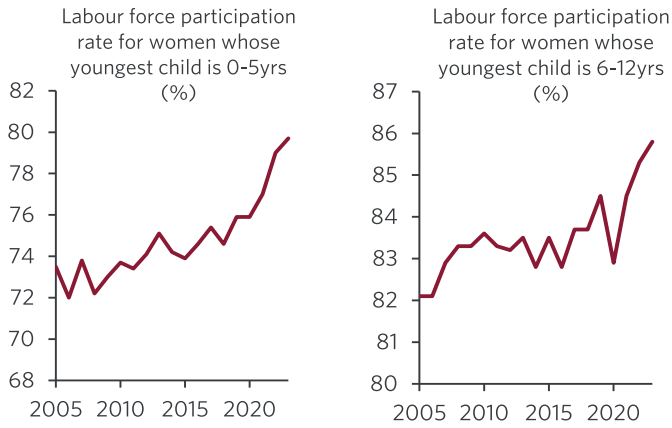
<sup>1</sup> StatCan: <https://www150.statcan.gc.ca/n1/pub/36-28-0001/2023011/article/00003-eng.htm>

**Chart 2: Labour force participation gap narrowing**



Source: Statistics Canada, CIBC

**Chart 3: Participation jumped for women with young children**



Source: Statistics Canada, CIBC

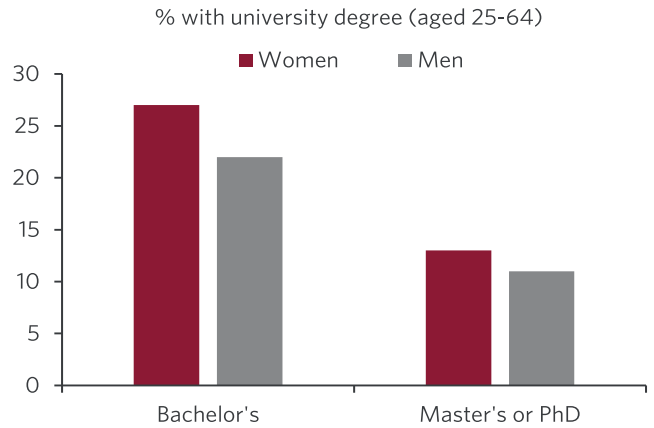
parent families are more likely to participate in the labour market compared to foreign-born mothers. As subsidized childcare becomes more accessible, Canada’s economy is set to benefit from this untapped source of labour. Indeed, all provinces still trail Quebec, which implemented subsidized daycare in the late 90s, in terms of the share of mothers with children under age six that are working.

### Women stacking up the university degrees

The grades are in and women get an A+ in higher education, with women being more likely to be university educated than men (Chart 4), which should mean that their rising participation in the labour market comes with some productivity gains. While women have been more likely to hold a bachelor’s degree than men for decades, the likelihood of a woman holding a master’s degree or PhD surpassed that of men starting in 2018, and the gap has widened in favour of women since then.

Behind these aggregate figures, there has also been a shift in the types of degrees that women are pursuing, moving away

**Chart 4: Women more likely to be university educated than men**



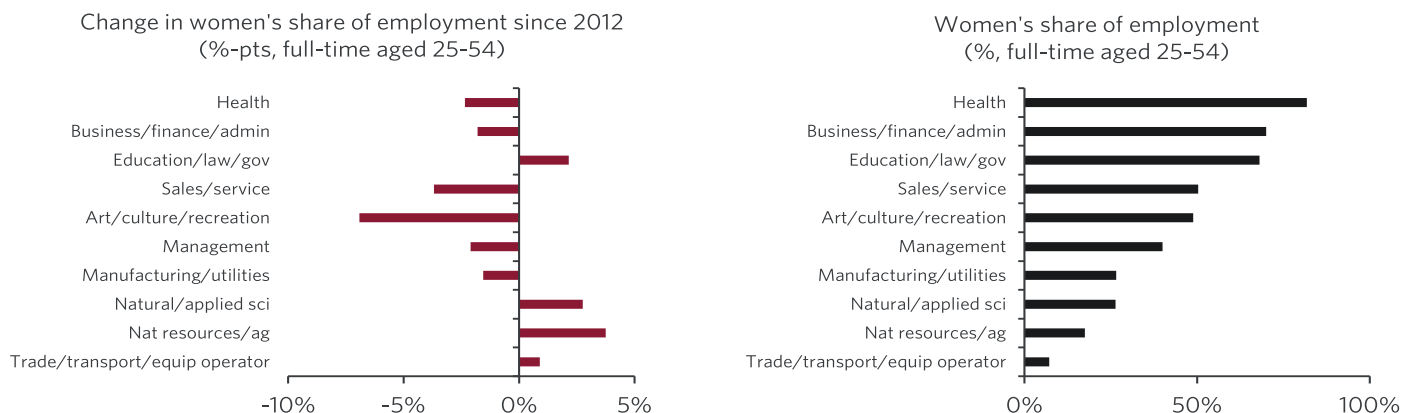
Source: Statistics Canada, CIBC

from the humanities and education, fields where women still dominate the student pool, and into fields that are typically associated with higher-paying jobs, including business, sciences, and engineering. Here too, as in the pay gap and labour market participation, there’s still work to be done. While women account for almost two-thirds of university degrees attained, they still represent less than half of the count in math/computer sciences and engineering/architecture.

### The broken link to the labour market

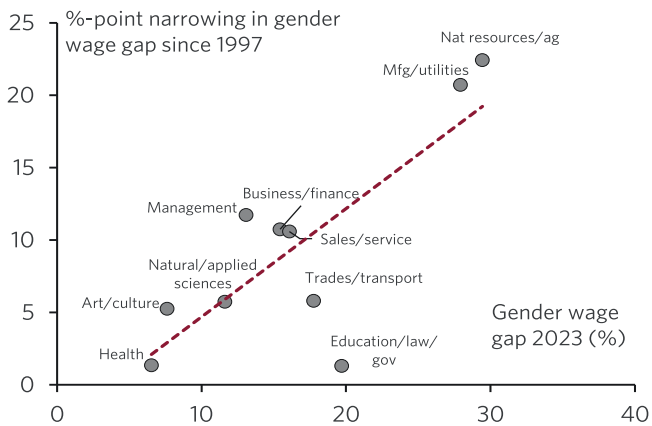
Advancements in participation, higher education, and enrollment in higher-paying fields ought to have been consistent with a further narrowing in the gender wage gap, so it’s even more surprising that progress there has slowed. Referring to Chart 1 again, the temporary dip in the wage gap in 2020 likely owed to large shifts in the cross-industry mix of who was working during the pandemic, which makes it difficult to interpret. While women’s participation took longer to recover than men’s following the pandemic, the wage gap was in line with its pre-pandemic level again by 2022.

**Chart 5: Where women are gaining share (L), is where they are underrepresented (R)**



Source: Statistics Canada, CIBC

**Chart 6: Pay gap narrowing more in occupations with larger gaps**

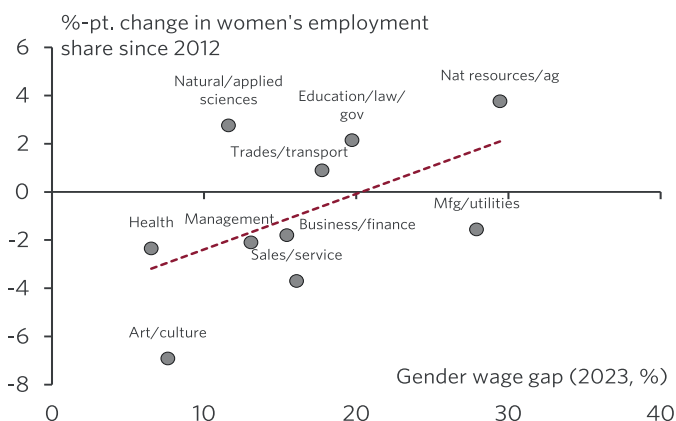


Source: Statistics Canada, CIBC

In order to eliminate the impact of differences in occupational mixes on the wage gap, we look at employment and wages within occupations. We find that women are gaining share in employment in the sectors that are generally aligned with trends in educational attainment, including natural and applied sciences, and natural resources (Chart 5, left), although women are still underrepresented in those fields (Chart 5, right). In the fields where women account for the bulk of employment already, women are generally losing employment share. That includes jobs in healthcare, business, finance, and administration, sales/services, and art/culture.

The occupations that women are gaining share in tend to be the ones that have higher existing wage gaps, although they are shrinking rapidly (Chart 6), whereas women are losing share in professions that have the lowest existing pay gaps (Chart 7). That seems to suggest that the flattening out in progress on the pay gap isn't a reversal of progress, but is due to the dispersion of women into fields that are still dominated by men where the starting point for wage gaps was higher. That gives us some hope that we'll see a further narrowing in wage gaps as women

**Chart 7: Women losing employment share in jobs with lower pay gaps**



Source: Statistics Canada, CIBC

**Chart 8: Pay gap has widened in high paying professions**



Source: Statistics Canada, CIBC

move up the ranks in these fields and attain the seniority associated with higher compensation levels.

There is one other important caveat. When we looked at more granular occupation categories, we found a reversal of progress in top-paying professions. Namely, the top four paying occupations, which account for 11% of women's employment and 20% of men's, have seen a widening of the wage gap since 2012 (Chart 8). That includes senior managers, specialized middle managers, and professional occupations in natural and applied sciences. Those categories include engineers, computer/information systems professionals, and managers across the healthcare, financial/business services, education, and art/culture industries, to name a few. Senior management and middle management occupations in trade/transportation/production are categories where men have seen higher pay increases versus other occupations, and those have outpaced women with the same job titles.

One potential explanation is that, even for men, there has been a widening pay gap between the top levels of these professions (e.g. CEOs and other C-suite jobs in large corporations versus other managers). Women are still underrepresented at the upper echelons in finance and other sectors where top level compensation now sits further above the averages for those industries, and so a wider male-female wage gap could be reflecting the wider gap between top level executives and professionals and others with the same occupational title.

## Women's work isn't done yet

A ramping up of subsidized childcare should continue to help encourage women to enter the labour market, and trends at the university level are also encouraging, with women entering even higher paying fields. However, these gains won't result in a full closing of the gender wage gap unless women make further gains in the C-suite and other senior roles, where breaking the glass ceiling will ensure that women share equally in the rewards of pay increases at the top end of the income scale.

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