

## The State of Women in Canada's Economy: In Pictures

March 2017

*Remember Justin Trudeau's quip about why he named an equal number of men and women to his cabinet ("Because it is 2015")? That's just one example of how efforts to raise women's profile in economic and political life have taken centre-stage. From Sheryl Sandberg's "Lean In" to policymakers' efforts to put more women on corporate boards, the issue of female participation in the economy has come to dominate policy discussions as never before. The spotlight on gender issues has highlighted ongoing gender disparities, including the wage gap and the lack of women in executive positions.*

*Further strides towards economic equality could produce sizeable economic benefits for Canada. But first, it's important to understand the state of play. This chart book aims to provide a snapshot of the role of women in Canada's economy.*

### Key points:

- Female participation in the workforce in Canada is the highest amongst G7 countries.
- The wage gap has narrowed, but it's still there: for full-time workers of prime working-age, females earned 88 cents, on average, for every \$1 earned by males.
- Boosting women's participation in the labour force could partially offset demographic trends that threaten Canadian growth.
- Women are making headway in typically male-dominated fields.
- Fewer women are working part-time due to family obligations, but they are still far more likely to work part-time than men.
- Less than 3% of females head incorporated businesses in Canada, which is half the rate of males. Only 1 in 5 directors of large publicly listed companies in Canada are women.
- The share of women-owned businesses in Canada is growing but still falls well behind countries including Mexico and Japan.
- The pipeline for leadership talent is bright. Canada leads OECD countries both for the share of women holding post-secondary degrees and involved in early-stage firms.
- While many Canadian women pursue post-secondary education, the number of women opting to study in the STEM fields remains low.
- Women in Canada carry most of the burden of unpaid work.

***"Equal pay and better economic opportunities for women boost economic growth—creating a bigger pie for everyone to share, women and men alike. Better opportunities for women also promote diversity and reduce economic inequality around the world. It is an economic no-brainer".***

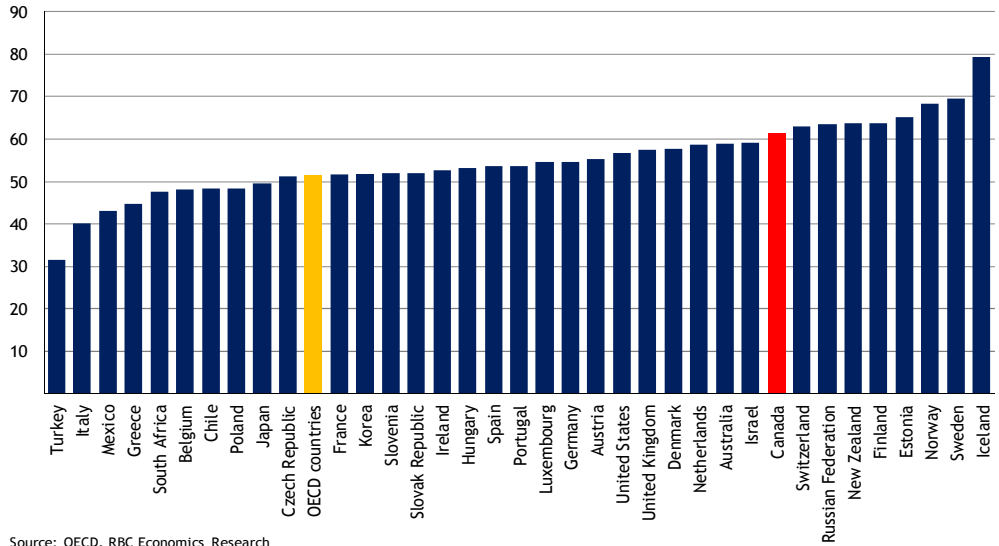
*-Christine Lagarde, Managing Director  
The International Monetary Fund  
November 14, 2016*

## Gaining ground in the labour force

Canada had the highest female participation rate of G7 countries over the past decade. The female participation rate in Canada was well above the OECD average of 51.6% in 2015 and is amongst the highest of this group, next to Norway, Sweden and Iceland.

**Exhibit 1: Female participation in the Canadian workforce is relatively high...**

Female labour force participation in 2015, %

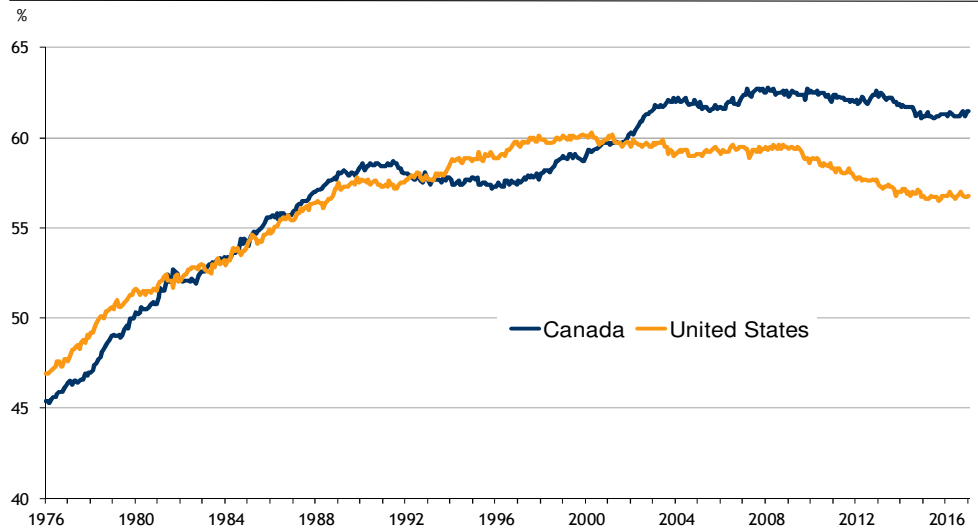


Source: OECD, RBC Economics Research

*62% of Canadian females participate in the workforce.*

After rising by nearly 20 percentage points over the three decades leading up to the 2008/09 recession, the participation rate of females in Canada's labour force began to decline before stabilizing more recently. Rising educational attainment and changing attitudes to family structure underpinned the prolonged rise; however, an aging population means the peak is likely in the past.

**Exhibit 2: ...but has steadied in recent years after rising for three decades**



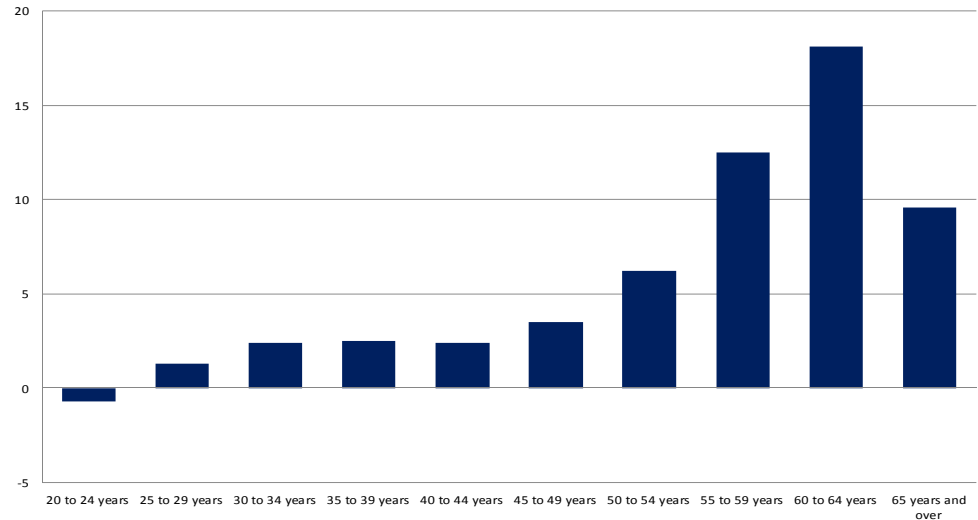
Source: Statistics Canada, RBC Economics Research

*The Canadian rate compares to 57% in the United States.*

Since 2000, the participation rates of older Canadian females have increased sharply, albeit from relatively low levels. Going forward, as an increasing share of the population reaches an age that is typically associated with lower labour force participation, downward pressure on the overall headline participation rate is expected to intensify.

**Exhibit 3: Shift to females staying in the labour force longer**

Percentage point change in female labour force participation rates from 2000 to 2014



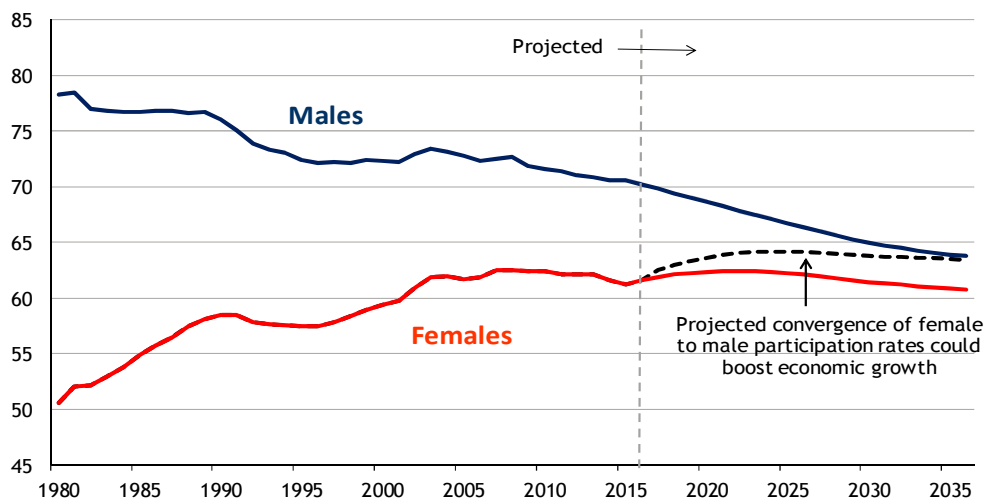
Source: Statistics Canada, RBC Economics Research

*A record 32% of females aged 55 and older participated in the labour force in 2016, up from 19% in 2000.*

The demographic shift taking place in Canada raises concerns about the ability to sustain labour force gains which have contributed to economic growth over past decades. Importantly, a further narrowing and eventual elimination of the gap between female and male participation rates over the next 20 years could act to partially offset the projected slowdown in economic growth.

**Exhibit 4: Convergence of participation rates can boost growth**

% of Population in the Labour Force



Source: Statistics Canada, RBC Economics Research

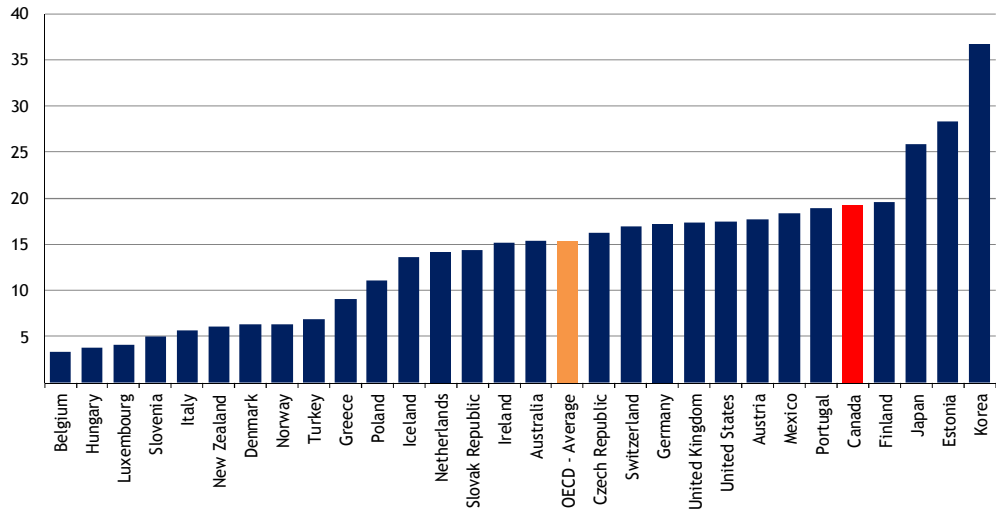
*Closing the gap between male and female participation rates could boost GDP by 4%*

## Breaking barriers: the gender wage gap

Despite gains made by women in the workforce, there exists a gender wage gap in Canada. It was relatively high amongst OECD countries in 2015, ranking next to Korea, Japan and Finland and was well above the OECD average.

**Exhibit 5: Gender wage gap is higher in Canada than the OECD average**

% difference between male and female median wages, 2014



Source: OECD, RBC Economics Research  
Difference between male and female median wages divided by the male median wages

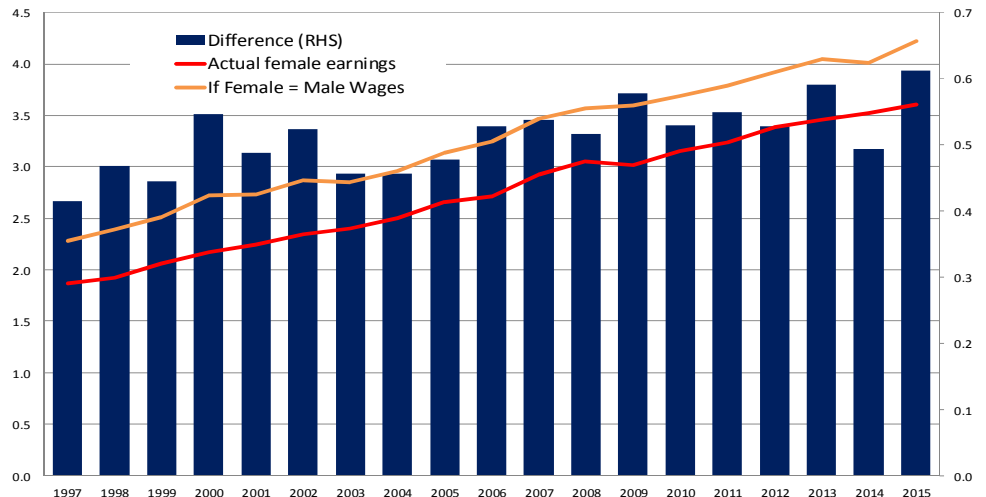
*At 20%, Canada's wage gap was higher than the OECD average of 15% in 2015.*

The wage gap has held steady in Canada in recent years after narrowing over the preceding decade. Increased educational attainment, greater work experience and rising earnings in female-dominated occupations likely contributed to the improvement.

A further narrowing of the wage gap could yield knock-on benefits for the economy. If females aged 25 to 54 and working full-time had earned the same hourly wage as their male counterparts, this cohort's aggregate earnings would have been a whopping 17% higher in 2015. Notably, this does not account for the uneven distribution of males and females across industries, but in aggregate, it does signal economic gains are being left on the table.

**Exhibit 6: Closing the earnings gap could boost economic growth**

Aggregate earnings of full-time female workers aged 25 to 54, Billions \$      Earnings difference between actual and simulated wages for females, Billions \$



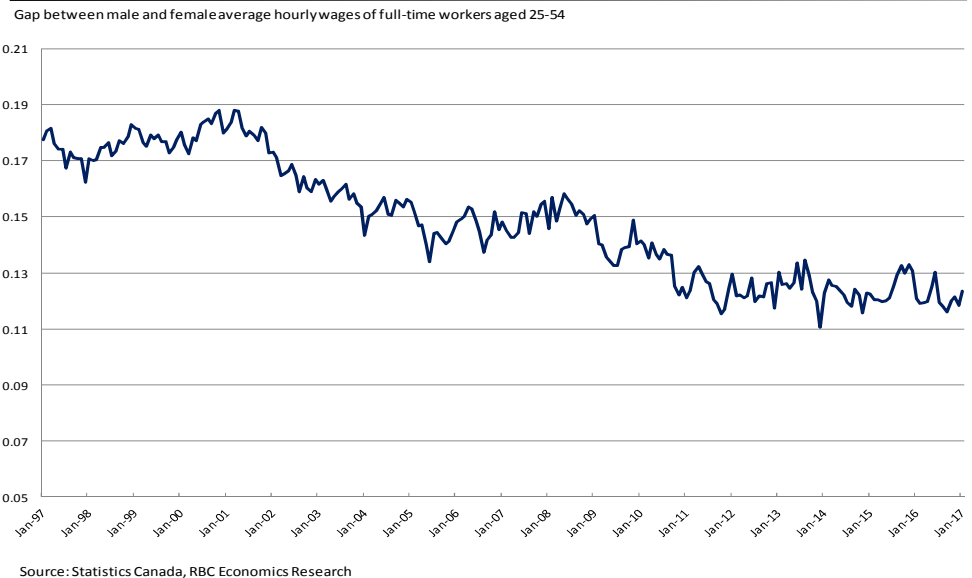
Source: Statistics Canada, RBC Economics Research

*The wage gap suggests economic gains are being left on the table.*

Factoring in full-time workers of prime-working age, the wage gap has gradually narrowed since the late 1990s. In January 2017, for every \$1 of male hourly earnings, females earned \$0.88, on average. This 12% shortfall compared to a nearly 20% gap at the turn of the millennium.

*The wage gap is lower for full-time workers of prime working age than the gender gap for all employees.*

**Exhibit 7: Gap has improved for full-time workers of prime-working age...**

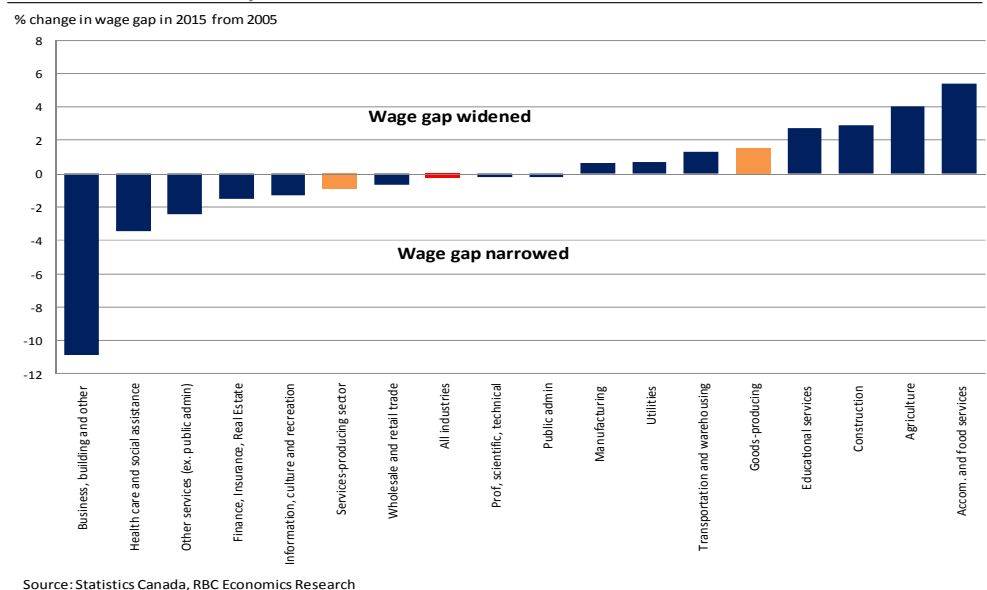


The wage gap varies on an industry-by-industry basis in Canada. It was largest for goods-producing sectors in 2015, although some service sectors have a larger wage gap than the average across industries such as in the professional, scientific and technical sector.

The gap between male and female earnings narrowed in some industries over the past decade, but has deteriorated in others. It widened in goods-producing sectors such as construction and agriculture while the largest improvement was seen in business, building and other services.

*Wage gap trends have differed across industries over the past decade.*

**Exhibit 8: ...and has improved in some industries...**



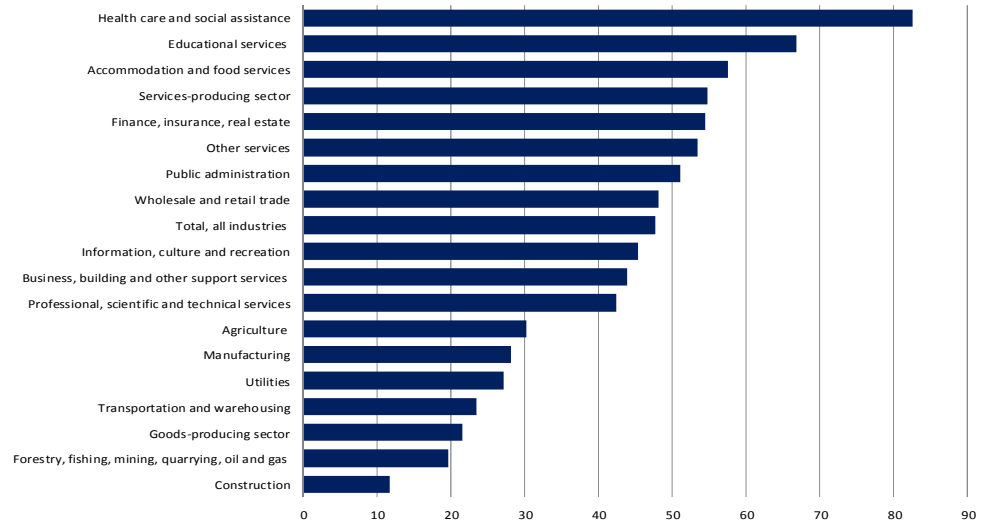
## Uncovering employment trends

Only 1 in 5 women work in the goods-producing sector with the lowest shares in construction and forestry, fishing, mining, oil & gas.

Instead women account for close to 55% of jobs in the services sector including industries that tend to pay lower wages such as accommodation and food services.

**Exhibit 9: Women account for the majority of jobs in health care**

% share of employment, 2016



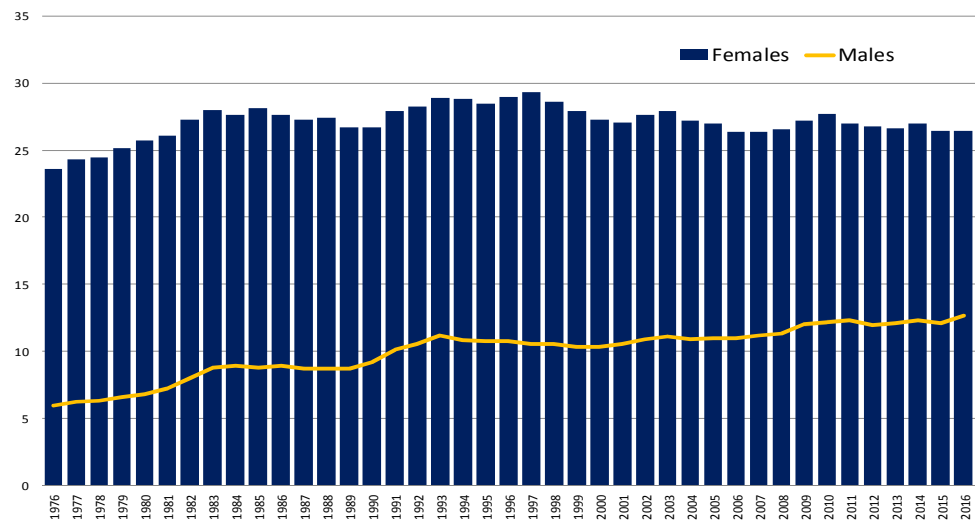
Source: Statistics Canada, RBC Economics Research

*Women make up the majority of workers in the fields of health care, social assistance and education.*

More than a quarter of employed females worked part-time in 2016. This share has remained broadly unchanged since the early 1980's. At the same time, the share of males working part-time has increased, although remains well below the rate recorded for females at 12.6%.

**Exhibit 10: Females are more likely to be employed part-time...**

Part-time workers as % of employed by gender

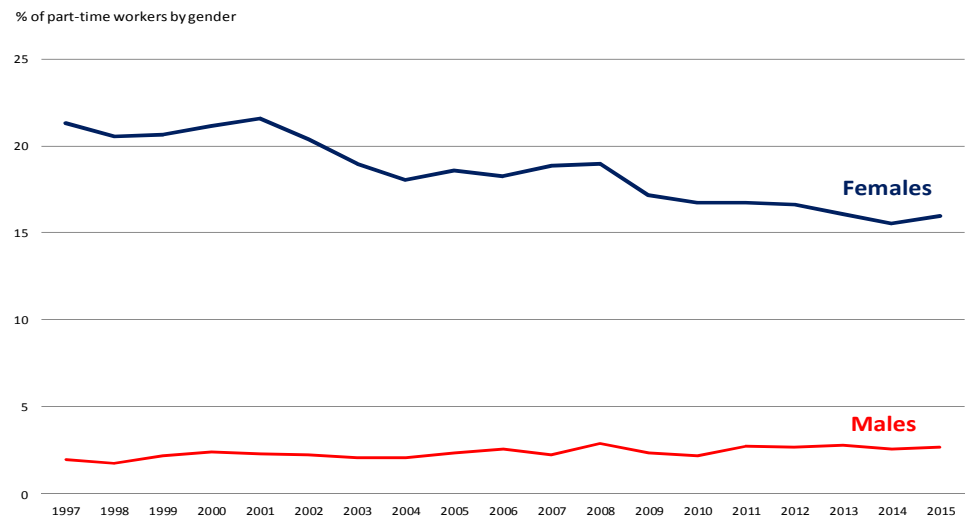


Source: Statistics Canada, RBC Economics Research

*The share of females working part-time is more than double the rate for males.*

Of women working part-time in 2015, 16% were doing so to care for children or for other personal responsibilities. This was down from 21% in 2000, but compared to less than 3% for males. Females in school accounted for close to one third of part-time workers while 1 in 4 females working part-time were doing so because they could not find full-time work.

**Exhibit 11: ...although fewer working part-time due to family reasons\***



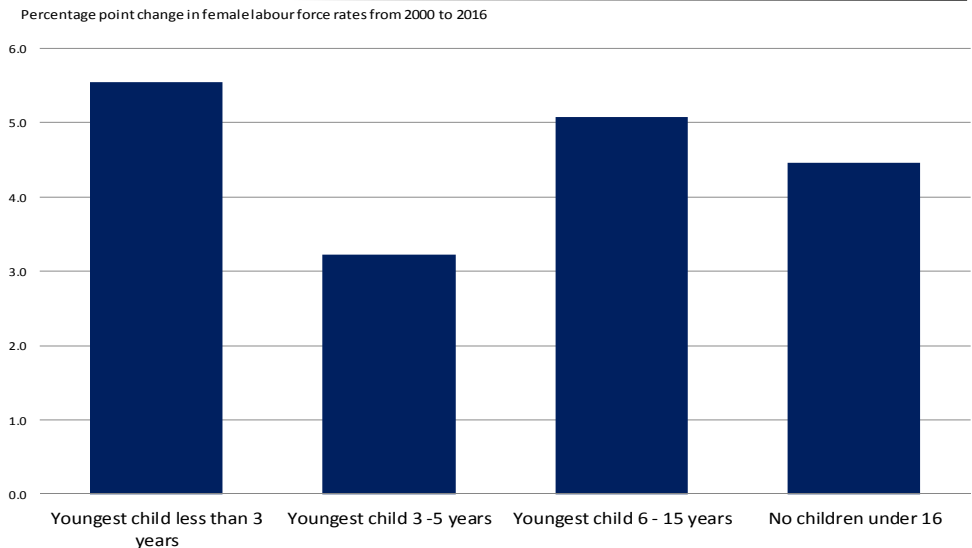
Source: Statistics Canada, RBC Economics Research  
 \* Caring for children or other personal or family responsibilities

*Fewer women are working part-time due to family obligations, but this is still well above males.*

Women with children increasingly entered the workforce over the 1970s, 1980s and 1990s, contributing to the headline female participation rate rising over this period. The upward trend in participation rates amongst these groups have moderated over the past decade; however, women with children are increasingly entering the labour force.

Since 2000, mothers with children under 3 have recorded the highest increase in workforce participation among women.

**Exhibit 12: More women with children participating in the workforce**



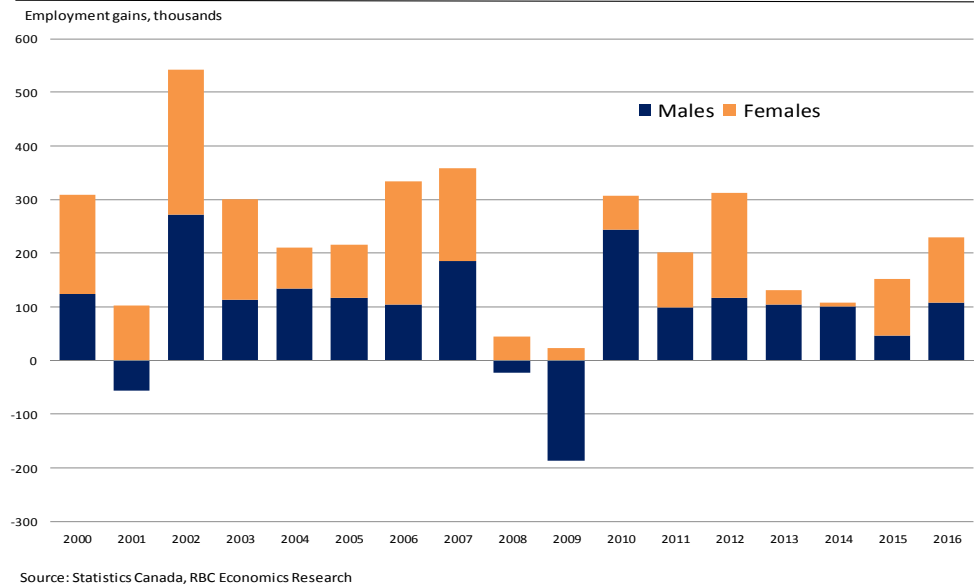
Source: Statistics Canada, RBC Economics Research

*Women with young children are increasingly entering the workforce.*

Females accounted for the majority of employment gains in 2015 and 2016, in sharp contrast to the previous two years. Employment rose by 121K in 2016 for females compared to 108K for males in Canada.

*Women accounted for bulk of job gains in 2015 and 2016.*

**Exhibit 13: Females accounted for majority of jobs in 2015 and 2016...**

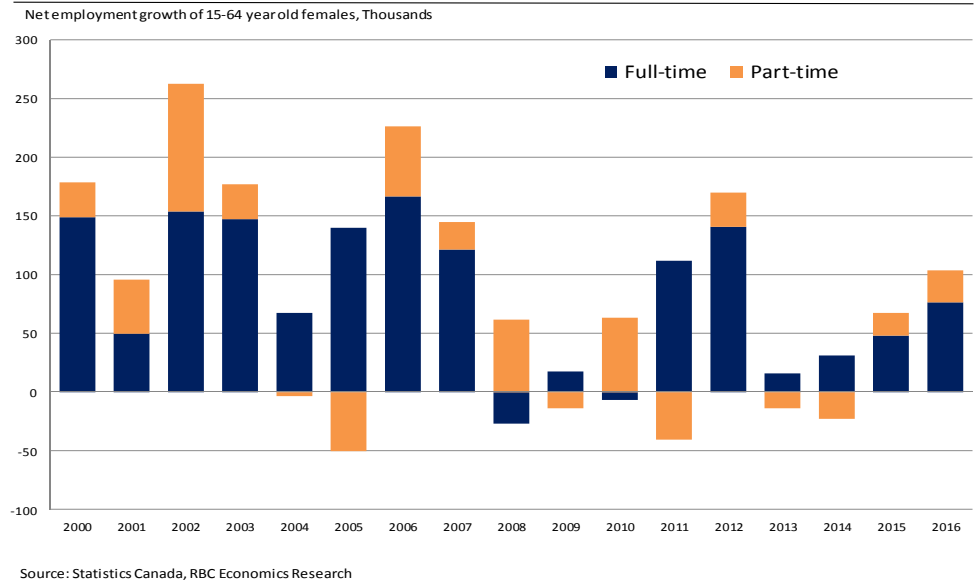


In sharp contrast to recent years, females aged 25 to 44 accounted for the bulk of hiring gains in 2016. This cohort saw employment grow by 92K jobs.

Encouragingly, three quarters of the hiring gains recorded by females of prime working-age in 2016 were full-time positions. This represented the highest increase since 2012.

*3/4 of prime working-age females hired in 2016 were for full-time positions.*

**Exhibit 14: ...and predominantly full-time positions**

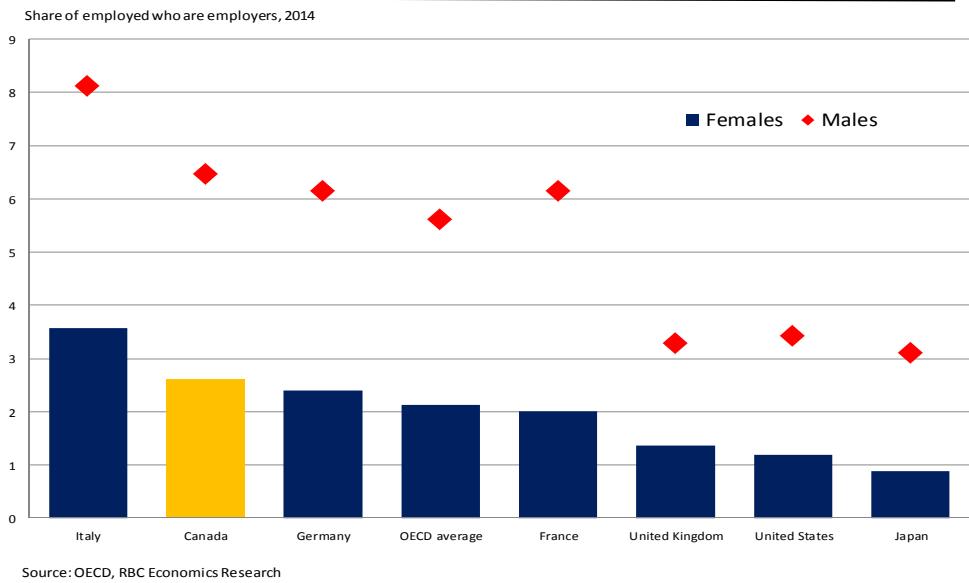




## Lagging in leadership

Despite accounting for close to half of the labour force, the share of women heading incorporated businesses is well below that of males (2.6% vs. 6.5%). That said, relative to other G7 countries, Canada performs well in this regard, coming next to Italy.

**Exhibit 15: There are fewer females heading incorporated businesses...**

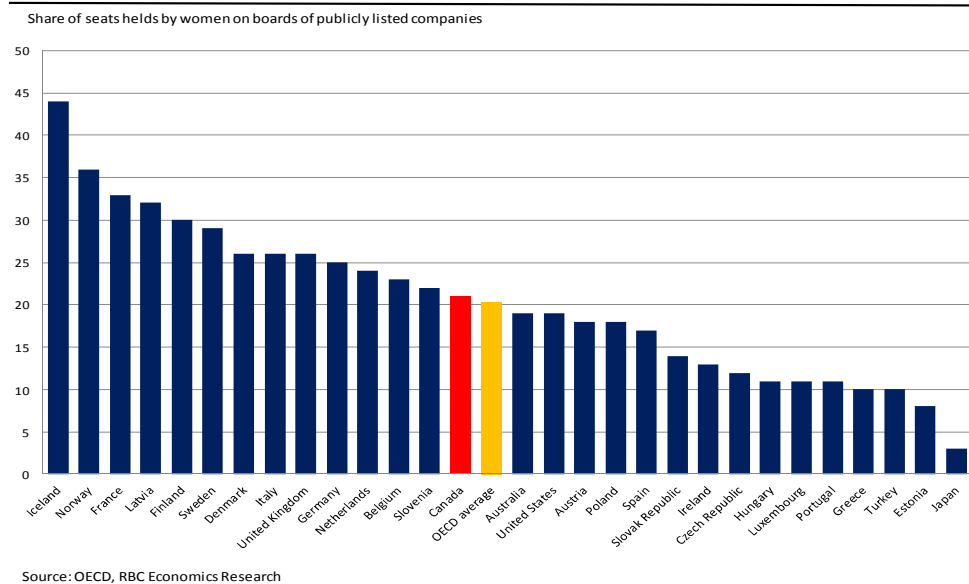


*Less than 3% of females lead incorporated businesses in Canada, less than half the rate of males.*

A greater share of highly educated women participating in the workforce signals a larger talent pool for senior positions in the future. While female board membership in Canada has been increasing, it was still only 20.8% in 2015, below several OECD countries.

According to the International Monetary Fund, electing one additional female to a corporate board is associated with between 8 and 13 basis points higher return on assets\*.

**Exhibit 16: ... and representation of women on boards remains low**



*Only 1 in 5 board members on publicly listed companies in Canada were female in 2015.*

\* "Unlocking Female Employment Potential in Europe: Drivers and Benefits". IMF, March 2016.

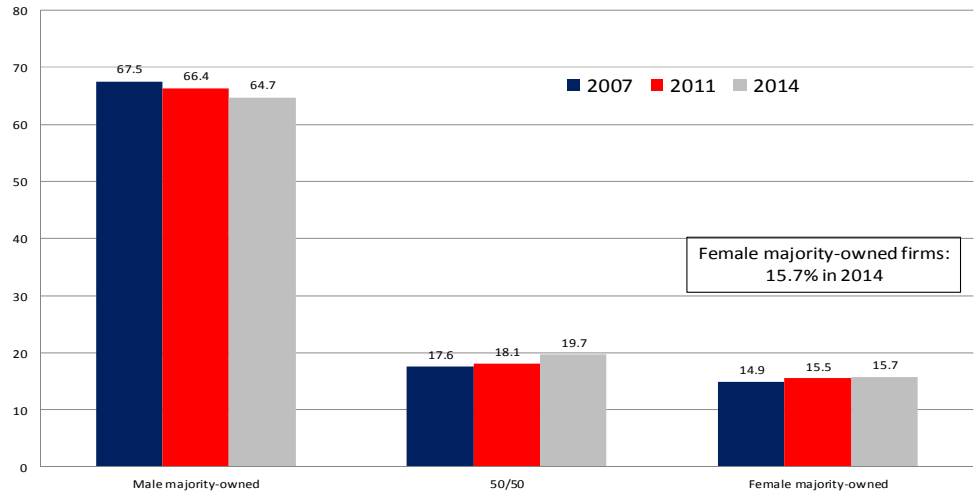
## Tapping into an underutilized resource

Female majority-owned business establishments have made headway in the Canadian SME landscape with the share of firms with greater than 50% female ownership edging up to 15.7% in 2014 from an estimated 15.5% in 2011 and 14.9% in 2007. This is well below other countries, however. The share of sole-proprietor women-owned firms was above 40% in Mexico, close to 35% in Sweden and Spain and just below 30% in Japan.

*Only 15.7% of small and medium-sized firms were female-majority owned in 2014.*

**Exhibit 17: Much ground to be covered for female entrepreneurship...**

Ownership of Canadian small and medium-sized businesses by gender



Source: Statistics Canada, RBC Economics Research

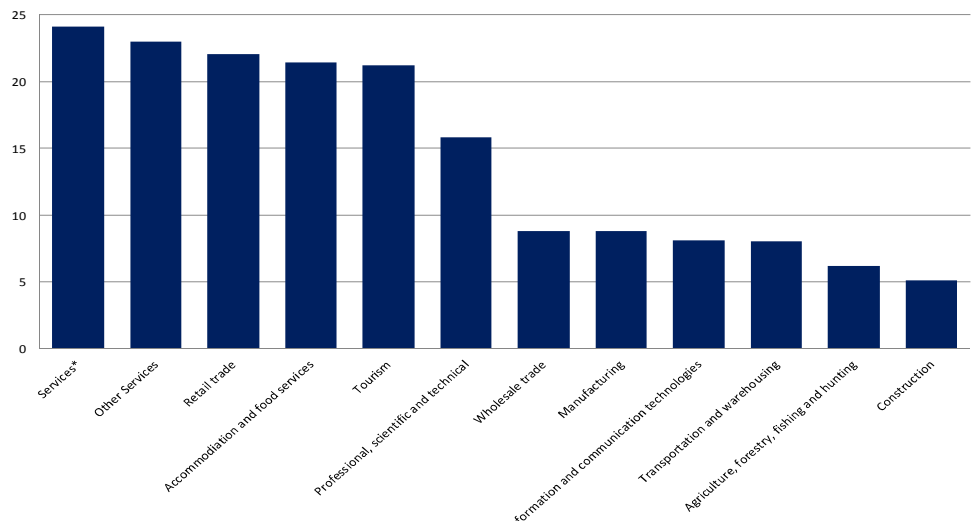
For small and medium-sized businesses as a whole, one in ten high-growth firms were female majority-owned and female owned firms accounted for 8% of SMEs in the ICT sector (more than 60% of firms in this field were solely owned by males).

Firms with female majority-ownership tend to be found in the services sector. Close to 1 in 4 firms in this sector are majority-owned by females. This compares to only 9% and 5% of SMEs in manufacturing and construction, respectively.

*Female majority-owned firms predominantly in the services sector.*

**Exhibit 18: ...with these firms predominantly in the services industry**

Female majority-owned firms as % of firms by industry



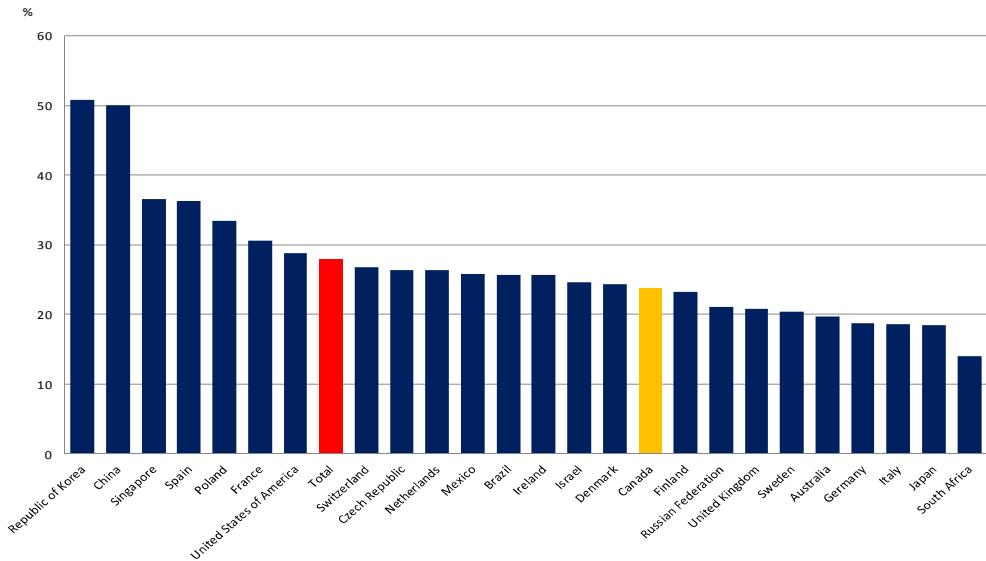
Source: Statistics Canada, RBC Economics Research

\* Information and cultural industries, real estate, administration, health care, arts, entertainment recreation

The share of patent applications from women around the globe amounted to nearly 30% in 2015, an unremarkable figure but up from 17% two decades prior. Females in Canada accounted for less than one quarter of patent applications over the 2011 to 2015 period; only a 5 percentage point improvement from the late 1990s. This put Canada in the bottom half of the countries examined and on the lower range in terms of increases on a country-by-country basis over the past two decades.

*Women accounted for 24% of international patent applications in Canada in 2015.*

**Exhibit 19: Share of international patent applications held by women**



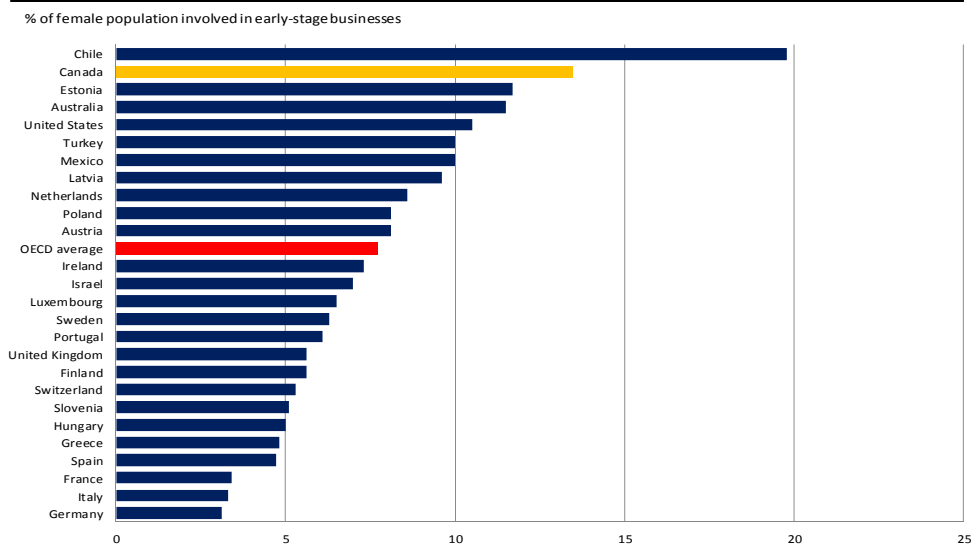
Source: WIPO Statistics Database, RBC Economics Research

Addressing the lack of female inventors is important for Canada’s economic future for a number of reasons. Innovation - loosely defined as a new product, service or process, that which a patent protects—is an important facet for greater economic growth.

Despite Canada lagging behind its international peers, the pipeline for female talent is encouraging. The share of the female population involved in business start-ups in 2016 was the second highest amongst OECD countries. It was 13.5% in Canada, lower than the 20.3% for males, but above the OECD average of 7.7%.

*Females are engaged in early-stage businesses in Canada.*

**Exhibit 20: Canadian females engaged in start-ups is high amongst OECD**



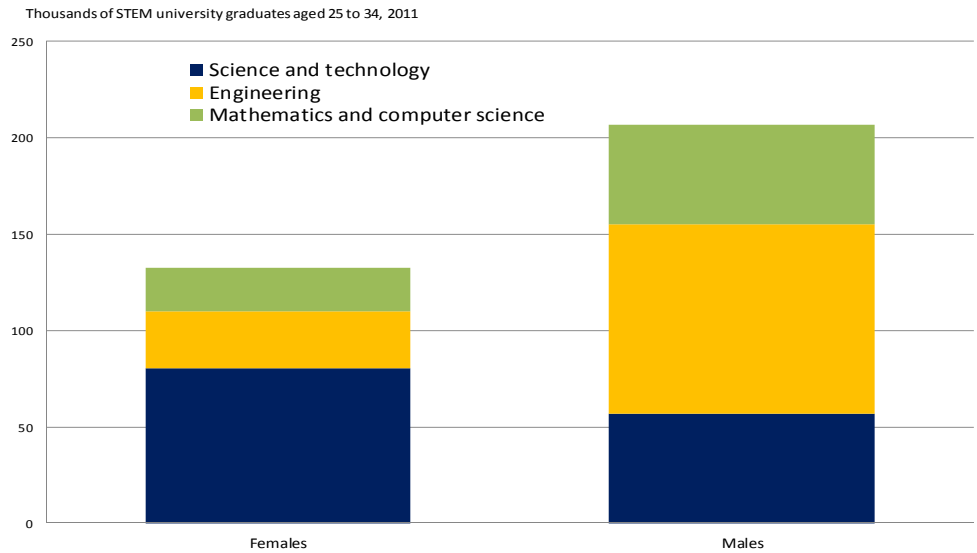
Source: Global entrepreneurship monitor 2016/2017, Statista, RBC Economics Research

## Bright prospects for the (female) talent pipeline

Females account for an increasing share of STEM university graduates (science, technology, engineering and mathematics). They make up the majority of science and technology degree holders and are gaining ground in traditionally male-dominated roles including civil engineering where 1 in 4 young workers are female\*.

*Close to 60% of science and technology graduates are female.*

**Exhibit 21: Females trail behind males in STEM fields of study...**



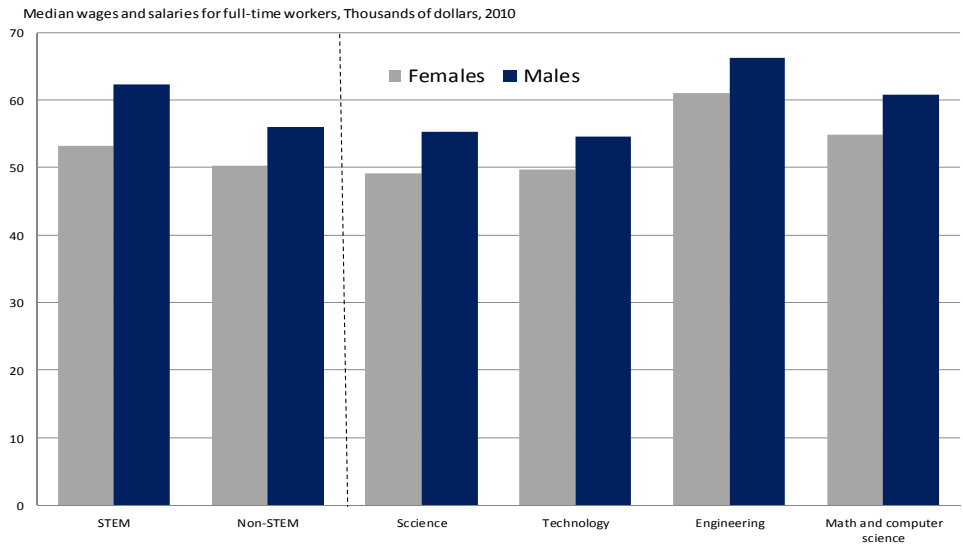
Source: Statistics Canada, RBC Economics Research

There is still much ground to be covered, however. Nearly 1 in 5 male college graduates study engineering compared to only 2% of females.

Despite gaining ground in the fields of science, technology, engineering and mathematics, the labour market outcomes differ between male and female degree-holders. Females with a degree in a STEM field, on average, earn more than non-STEM female degree holders, but the earnings for males in these fields are higher\*\*.

*Females with a STEM degree earn \$9.1K less, on average, than males.*

**Exhibit 22: ... and labour market outcomes differ within these fields**



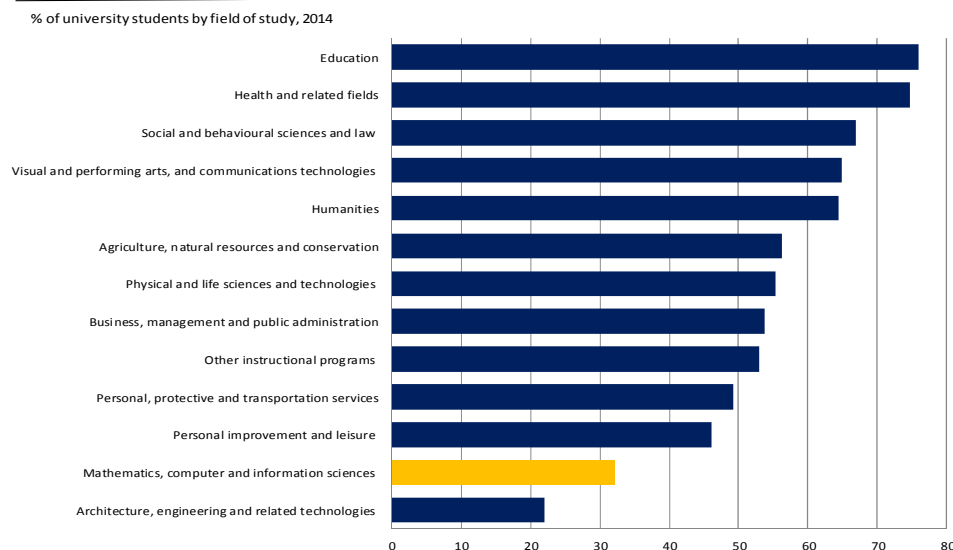
Source: Statistics Canada, RBC Economics Research

\* "Gender differences in STEM programs at university". Statistics Canada, December 2013.

\*\* "Women in Canada: Education, qualifications, skills and technology". Statistics Canada, July 2016.

Millennial females account for the majority of university students studying nursing and education. Conversely, females comprise only one-third of students in math, computer and information science, a figure that has remained broadly unchanged over the past two decades.

**Exhibit 23: Females are the majority of education and health students...**



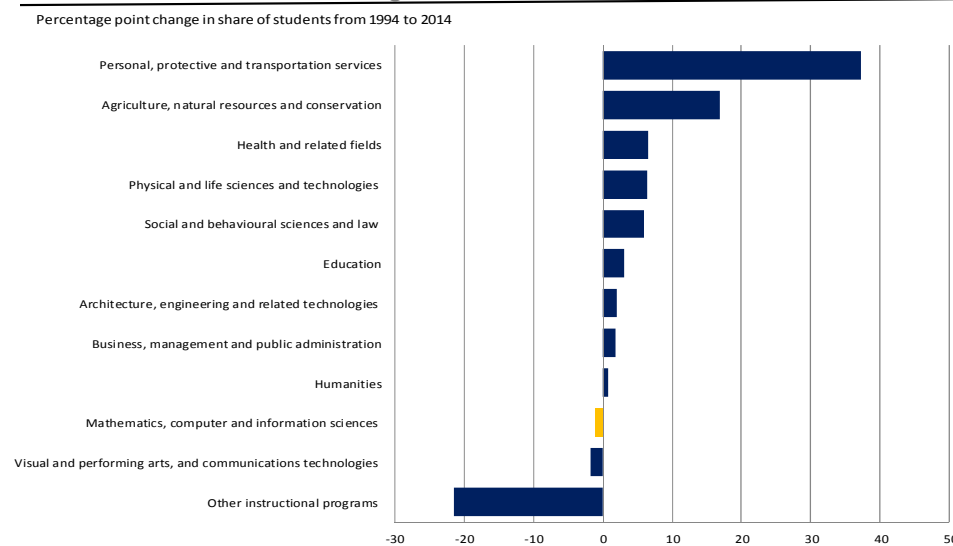
Source: Statistics Canada, RBC Economics Research

*One-third of university students studying math and computer science are female.*

Engineering remains the 2nd most popular field of study for males with information, communication and technology (ICT) ranking 6th. For females, these fields rank 7th and 15th, respectively.

Females are accounting for a higher share of students in some male-dominated fields. Encouragingly, females aged 25 to 34 make up an increasing number of employees in fields such as civil engineering (26%), financial management (46%) and investment analysis (43%).

**Exhibit 24: ...and account for rising share in some male-dominated fields**



Source: Statistics Canada, RBC Economics Research

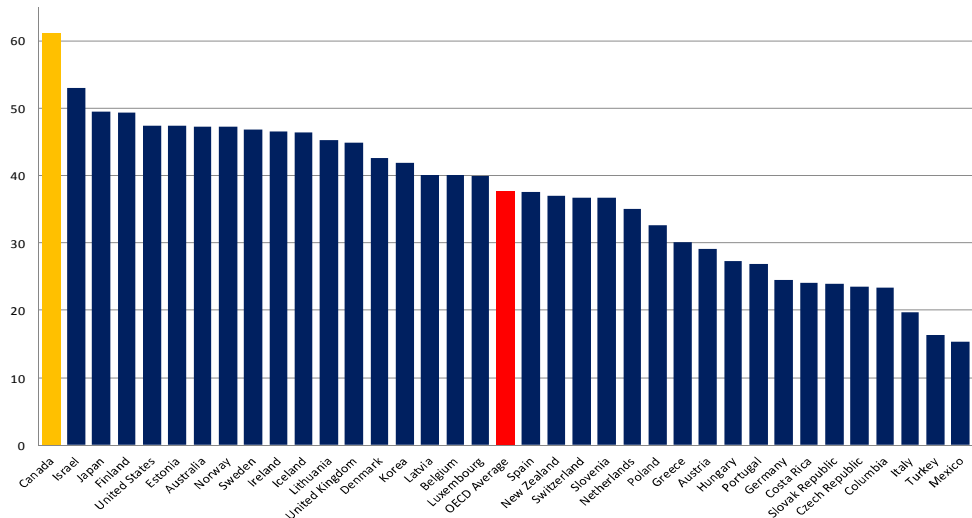
*The share of females studying ICT in university has remained broadly unchanged over two decades.*

More than half of university and college students in Canada are female, a trend that has been in place since the early 1990s. As a result, Canada leads the pack of OECD countries for females aged 25 to 64 with post-secondary degrees. The 60% rate in Canada compares to the 37% average across OECD countries.

*Close to 60% of post-secondary students in Canada are female.*

**Exhibit 25: Leading the pack for females with post-secondary education**

% of females aged 25 to 64 with post-secondary degree, 2015



Source: OECD, RBC Economics Research

**Still much ground to cover...**

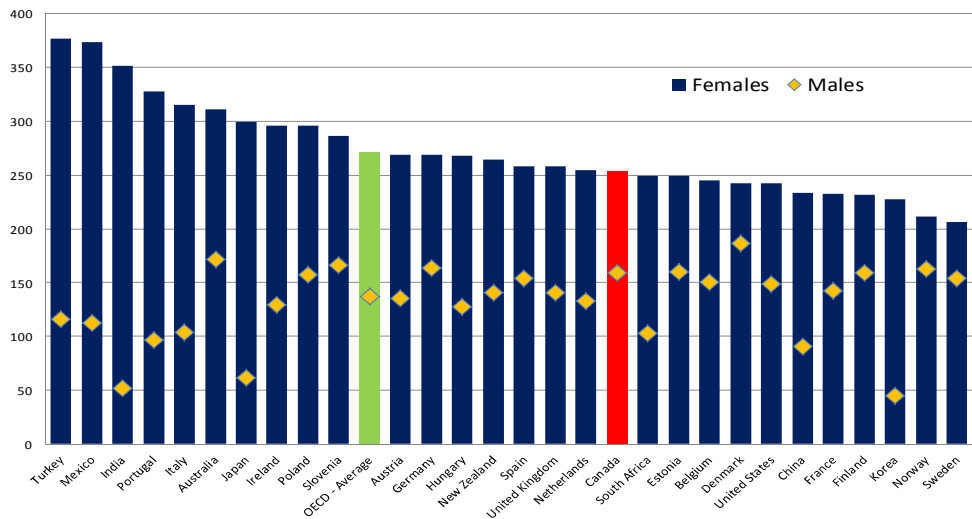
Women in Canada have made strides in achieving advancements in the workforce, yet there are still significant gains to be made and much ground has yet to be covered. The rise of flexible work arrangements has likely played a role in encouraging women to participate in the workforce; however, women still account for the majority of time spent in unpaid work.

In Canada, females devote 254 minutes per day to unpaid work compared to 160 minutes for males. Encouragingly, the gap between the two (94 minutes) was lower in Canada than the average across OECD countries (at 134 minutes), although was higher than some countries— notably Denmark (57), Norway (49) and Sweden (53).

*Despite advances, structural challenges persist for females in the workforce.*

**Exhibit 26: Females still spend more time in unpaid work**

Number of minutes spent on unpaid work



Source: OECD, RBC Economics Research

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