



TD Economics

Special Report

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MARKETS ARE A WOMAN'S BEST FRIEND

There was a time when household responsibilities were clearly defined as men bringing home the bacon and women tending to children and housework. Those days are long gone. Dual income families represent 63% of Canadian households. Since 1980, the number of women earning more than their spouses has tripled, with 1.3 million women acting as the primary breadwinner among 4.6 million couples in 2005. In other words, women out-earn men in 28% of Canadian families, quite a step-up from the 1980s when this ratio was only 15%. With each generation, women have improved their educational attainment and job experience. They have increasingly infiltrated traditionally male-dominated occupations. Why then, in spite of these labour market advancements, do women's wages still trail the earnings of men?

Part of the shortfall in women's wages can be explained by differences in productivity, occupational choice and experience. Yet, studies typically find a 5-15% gap in female hourly wages that cannot be explained by such factors alone.¹ The gender gap tends to be smallest in situations where employers face a higher degree of competition for labour – a situation that will become more prevalent as Canada's prime working age population shrinks. By 2024, the workforce between the ages of 25-44 will start to contract. Unless hours worked or productivity rise, employment and economic growth will be constrained. Enter women, who will make up more than half of the prime working age population. Although stay-at-home mothers offer significant contributions to the home, economy and society at large, this group of women is not the focus of this research report. Rather, we argue that the prospects have never looked better for those women who want to participate in the labour market.

Women are exceeding men in university enrollment and

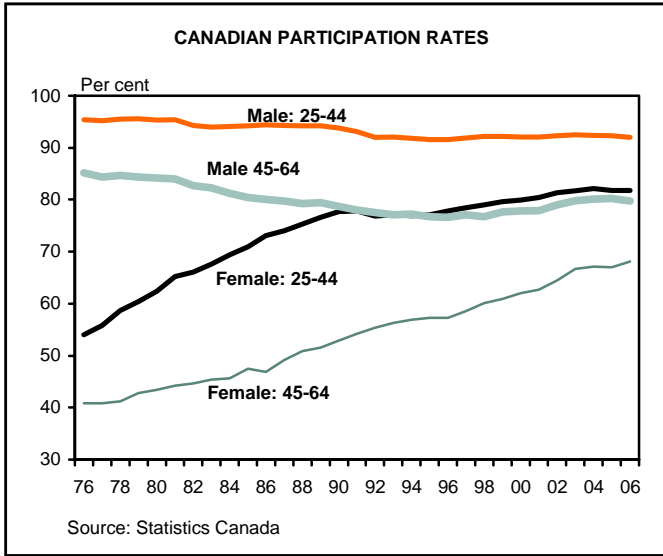
HIGHLIGHTS

- **The market will place women and men on more equal footing in the workplace over the next few decades**
- **As Canada's population ages, employers will become increasingly reliant on women to fill the skill shortages that will emerge**
- **Women are exceeding men in university enrollment and clustering in service-oriented jobs, both areas will be critical to Canada's future prosperity**
- **Education is the great equalizer**

are clustering within service-oriented jobs. Both characteristics will reap an economic return as globalization and aging populations keep domestic economic growth centered on highly skilled service production. Employers will become increasingly reliant on women to fill the skill shortages. For those who want to participate in the labour force, markets will become a woman's best friend.

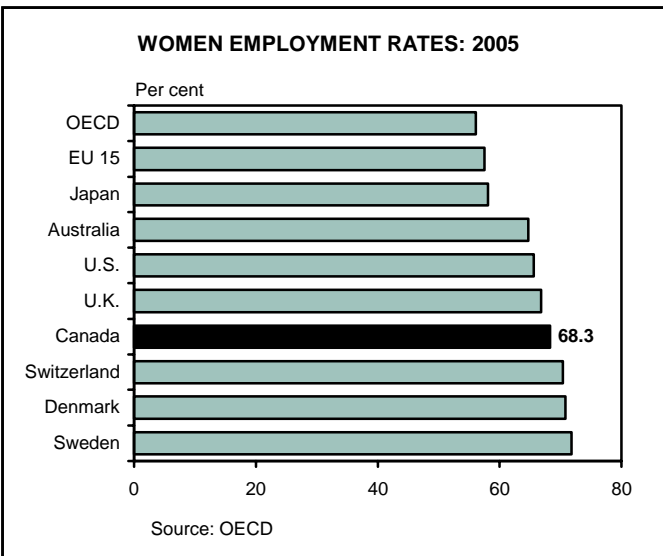
The rise of women in the workforce

Recent generations have witnessed a dramatic transformation in Canada's labour market. The number of people working relative to the population aged 15 and over has increased nearly 6 percentage points since the mid-1970s to a record 63% this year. And who's to credit for this? Women. Female participation rates across key age cohorts have risen. The prime working age group (25-44) has jumped to nearly 82% compared to only half of women participating in the job market three decades ago. Labour force entry among women in the 45-64 age group has been equally impressive. With strong labour demand and



women providing the labour supply markets most need, participation rates among men have gone in the other direction, falling between 3-5 percentage points in all age cohorts over the past three decades. Although the increase in female participation and employment has been a global phenomenon, Canada's performance has been so good relative to other OECD countries that only Nordic and Swiss women are more likely to be in employment.

Looking into the future, there is reason to believe participation rates among all women will rise further, especially among those aged 45-64. This latter group currently has a participation rate of only 68%, compared to 82% among those aged 25-44. Since the mid-1980s, however, the gap between these two age brackets has steadily nar-



rowed, with participation among the older group rising at a faster rate than the younger group. This trend towards convergence should continue since the economics have improved for women to stay in the labour force over a longer period of their lifetime.

With each new generation, women are supplanting the experience of their mothers by increasing the amount of lifetime years they are dedicating to the job market. Successive generations have benefited from the breakdown of gender biases. In addition, women are bearing fewer children and postponing that decision to a later age in life, which facilitates getting an education and entering the labour force. The decision to have fewer children also allows women to spend more time in the labour market and reduces the costs associated with extended or frequent exits, as well as childcare. All of these influences are causing successive generations of women to reap greater financial and professional benefits from the workplace and this is leading to longer lifetime attachments to the labour force. Odds are that a 30-year-old in the labour market today will still choose to be on employer payrolls at the age of 50.

Education is the great equalizer

Education is perhaps the most influential factor to higher and longer labour market participation. And, in many respects, increased female education becomes a self-perpetuating cycle. Studies show that if the family household head is university educated, the probability increases that male or female children will go to university, however, the marginal effects are always higher for female children.²

The share of university degrees granted to women has been rising steadily over the years, with women granted the majority of Bachelor (BA) and Master (MA) degrees. In fact, the divergence with men is quite striking at the BA level. In 2004, 62% of BA degrees went to females. At the doctorate level, women represented a smaller share of graduates (44%) in 2004, but the trend has been rising with great speed. Only a decade earlier, the female share of doctorate degrees was more than 10 percentage points lower.

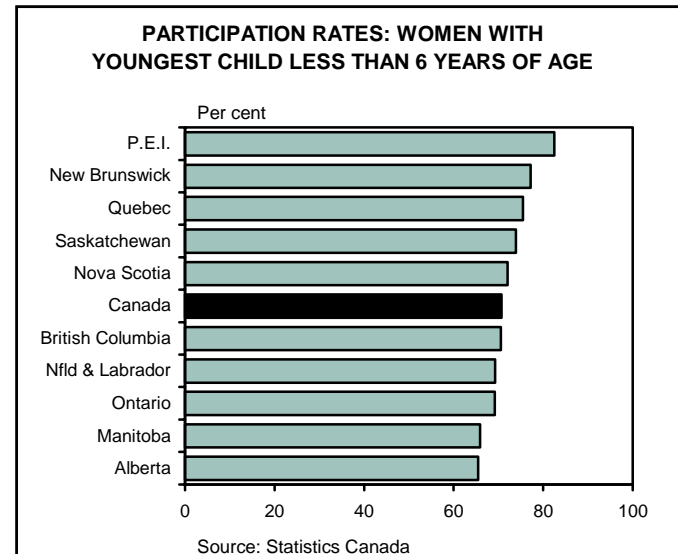
Why do women represent a greater share of university graduates than men? We believe the explanation is two-fold. Men occupy a greater portion of jobs in the goods industry, which tends to offer high earnings at relatively

Alberta mothers lag the country in women participation rates

There are some interesting regional differences with the national statistics on women participation in Canada. Take Alberta, for example. This province traditionally had higher female participation rates for women in the prime working years 24-44 than the nation as a whole. In fact, for three decades, women participation rates in Alberta were consistently 2-4 percentage points above the national performance. This positive gap came to an end in the late 1990s, and in 2006, Alberta stood one full percentage point below the national statistic. While one percentage point may seem minor, small deviations can have meaningful consequences. If the province had the same participation rates as Canada in 2006, it would have added 10,000 more women into the labour force, which would surely have been welcomed in a province with the tightest job market in the country. Imagine if Alberta had sustained its prior 2-4 percentage point gap with Canada.

On the other end of the spectrum, Quebec, Saskatchewan, P.E.I. and New Brunswick attract the most women from this key age group into the labour market. The reason seems to be twofold. First, these provinces have fewer female immigrants as a share of their population (around 10%) compared to 17% for B.C. and Alberta and 30% in Ontario. Immigrant women have lower participation rates than Canadian-born women aged 25-44 (75% versus 82.4%).¹ Perhaps this is tied to their experience in the job market. Even after being in the country 5-10 years, only 65% of female immigrants seeking a job actually find employment compared to 80% among Canadian-born women. In contrast, employment rates among their male counterparts have already converged with Canadian born men by this period. And, even once immigrant women secure a job, they earn substantially less than their Canadian-born counterpart.

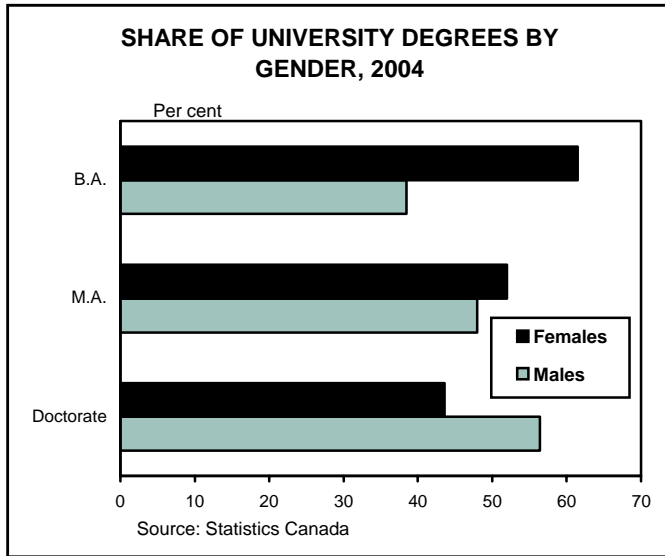
Second, it's no coincidence that Quebec, Saskatchewan, P.E.I. and New Brunswick have the highest participation rates among women with children, especially those with children under the age of six. The availabil-



ity of high paying jobs for women in the service sector, economic circumstances and social support (i.e. available and affordable childcare), are all factors that play into this outcome. Nevertheless, while the rest of the nation has seen an upward trend among this group of mothers in labour market participation, Alberta has seen a decline since 2000. In fact, Alberta has a considerable 5 percentage point gap with the national rate and the lowest participation rates for these mothers in the country.

It won't be long before Canada's population growth will be completely driven by immigrants. Faced with this reality, employers will need immigrants like never before to fill the skill shortage that will develop from a retiring and aging population. By the same token, it will be increasingly important for employers to develop policies that help retain mothers who want to participate in the labour force, especially those who are highly educated and have accumulated some work experience. All of these women hold the key to Canada's future prosperity. Their skill sets cannot continue to be underutilized if Canada is going to maintain its standard of living and compete on the global stage.

¹ Roy, Francine, From She to She: Changing Patterns of Women in the Canadian Labour Force, Canadian Economic Observer, June 2006



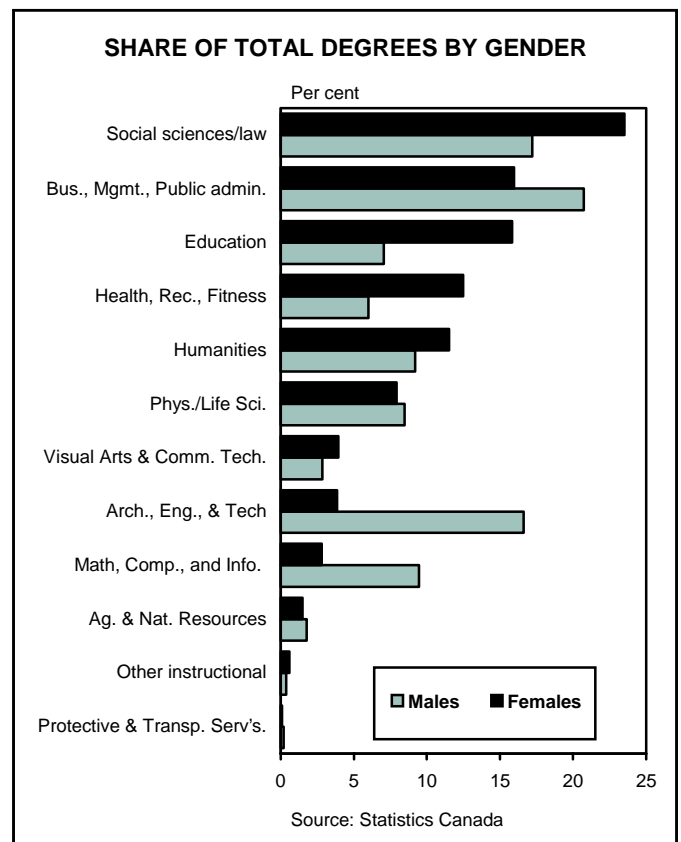
lower levels of education. But perhaps more importantly, women have figured out that it pays to have a university degree. The financial return for women with a post-secondary degree is considerably greater than that for men. In 1977, women with a university degree earned \$1.88 for each dollar earned by women with only high school education. The equivalent for men was \$1.63. By 2003, the university earnings premium for women had risen to \$2.73, but to only \$2.13 for men. Expressed differently, between the years 1977 and 1992, getting a university degree rather than stopping at the high school level resulted in an earnings premium that was 16% higher for women than men. From 1993 to 2003, this premium gapped further to 22%. The same conclusion emerges from studies of rates of return to university education where the estimates cluster in a 12-17% range for men but 16-20% range for women.³

A shrinking labour force and ongoing pressures from globalization will serve to increase demand for highly educated and skilled workers in the years to come, further widening the wage premium from education. Human Resources and Skills Development Canada estimated that in 2003, 55.8% of all occupations required a high-skilled worker and only two types of skills were forecasted to experience an increase in demand from now until 2013: occupations requiring a university degree or managerial capabilities. The high prevalence of women in universities has set the wheels in motion for them to bridge the future needs of employers. Education will be the great equalizer that will allow women to capitalize financially and professionally on this impending economic transition.

Education: Women still cluster in traditional fields

While women will continue to enter once-male-dominated occupations, the main areas of future employment for women will likely continue to be the traditional service fields of education, humanities, social sciences, and health. The gap in the number of degrees held by women relative to men is particularly large in these areas. For instance, 16% of women with a university degree specialized in education, more than twice the number of men. Indeed, many education experts worry about the virtual disappearance of men teachers, especially at the primary level. A similarly large divergence exists in the health discipline, evidenced by the increasing feminization of employment in this area. Women hold nearly 83% of the jobs in health and social assistance, up from 76% in the mid-1970s.

Women are making inroads into traditionally male-dominated fields. Since 1980, employment in the non-traditional women occupations of management and professionals has risen by 93% (nearly triple the rate of men), while employment in secretarial and administrative positions has declined 6.5%. There is already evidence that



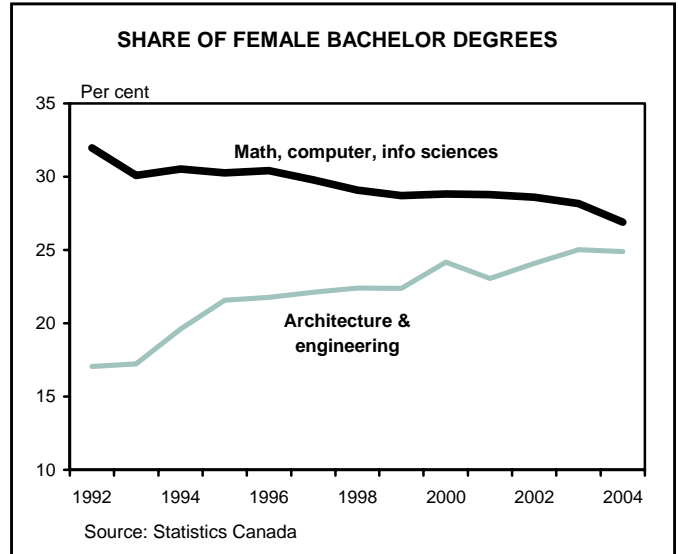
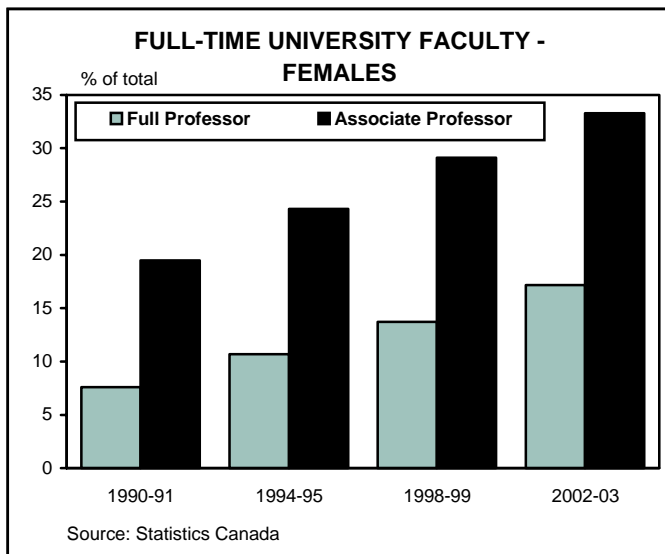
the shift by women into these traditionally male-dominated fields is bearing fruit, especially among married women where 60% of female primary earners in the household are employed in managerial and professional occupations.

In professional disciplines where women display a traditionally low representation – architecture & engineering – progress is still evident. For instance, women represented just 25% of architecture & engineering BA degrees in 2004, but this is up from just 17% in 1992. In fact, the share of females in this field has risen at all levels of educational attainment, be it BA, MA or doctorate.

Women need greater numbers in math/science

Although increased entry into math and science is moving at a glacial pace among women – and it remains the last choice for study – there is reason to be optimistic about the future. For one, there was a 48% jump in math-related BA degrees granted between 1992 and 2004. And, at the doctorate level, women now make up one-third of graduates compared to just 17% in the early 1990s. This trend in educational attainment has started to show up in the halls of academia, where women represented 13% of full-time faculty members in 2002/03, nearly twice the representation in 1990/91.⁴ The recent increase of women math doctorates places them among the youngest on faculty staff. Their presence should increase with time, not only in this but other academia fields. As an increasing number of women attain doctorates, they will be readily available to replace retiring faculty staff that is currently skewed to senior males.

That’s the glass half full interpretation. There’s no



getting around the fact that women still display a general aversion to math and applied sciences such as engineering and architecture. As a result, they are a long way off from reaching critical mass in the job market. Men have doubled the number of math BA degrees between 1992 and 2004, such that when taken as a share of total degrees, those held by women has actually declined over the period. And, when we look at all levels of educational attainment and fields of study, a mere 3% of the degrees held by women are in math, which is unchanged from a decade ago. Degrees in engineering and architecture also came in near the bottom of the list at less than 4%. In contrast, the share of degrees held by men is 3-to-4 times greater than women within all of these fields of study.

There is much debate over the extent to which biological, sociological, and educational influences contribute to the low presence of women in math and applied science. What is known, however, is that females don’t start off life with a lower aptitude in these fields. Studies show that girls perform as well as their boy counterparts in youth math literacy skills. Frequent references can be found to the result that 15-year-old boys outperformed girls of the same age in the OECD’s Programme for International Student Assessment (PISA). Yet with a score of 541 for Canadian boys in the 2003 survey and 530 for girls, the difference should not be regarded as statistically significant. The same 11 point gap between boys and girls is found for the OECD average. Similarly, the 2003 survey revealed an 11 point edge for Canadian boys over girls in the science component. Again this is not statistically significant. In contrast, girls had a significant edge over boys in Canada

in reading, with respective scores of 546 and 514.

We can also examine the periodic tests done in Canada under the School Achievement Indicators Program (SAIP). The 2004 survey in science showed a similar percentage of boys and girls in the top four levels (levels 2, 3, 4 and 5) at both 13 and 16 years old. But for both age categories boys had almost a 4 percentage point edge in the distribution for the top 3 levels only (38.3% of girls age 13 in the top 3 levels compared to 42% for boys; 62.1% of 16 year old girls in the top 3 levels compared to 65.9% of boys). The 2001 survey in mathematics for 13 and 16 year olds also showed a similar distribution of boys and girls in the top four levels but a distinct edge for boys in the top 3 levels only.

And just to drive the point home, the Toronto District School Board's 2004-05 Secondary Student Success Indicators found that Grade 9 girls had a significant edge over boys in math and science. From that school district the distribution of female and male graduates registering for university programs in commerce/business and science was relatively balanced. Still, females accounted for only 17% of graduates registering for university programs in engineering and applied sciences.

The comparable performance of boys and girls in aptitude suggests that perhaps environment and culture play a significant role in the low female representation in the math and applied science fields in post-secondary education.

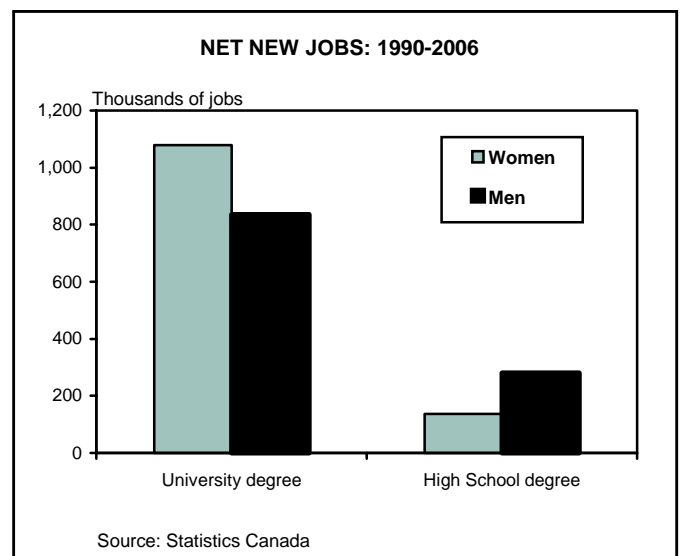
Educators, corporations, governments and parents need to do more to engage girls in math and science at younger ages in order to benefit from greater enrollment in these subjects at the post secondary level. A number of intervention methods, such as spending time with role models, making the subjects more 'hands on', eliminating gender biases in the classroom or separating girls from boys when teaching science and math, have proven successful in boosting self-esteem and cutting through gender stereotypes or other cultural barriers. At present, it appears that many of these policies are applied on a piecemeal basis across Canada. Consideration should be given to applying proven successful teaching techniques more broadly and uniformly.

If the representation among women in math and science is low in post secondary education, then it will also be low in the future job market. This has already been identified as one of the factors keeping women out of a number of well-paying jobs. Research has shown that at

least a portion of the earnings gender gap is attributed to differences in education disciplines, and math and science tend to be among the best paying jobs for women. For full-time workers, the gender earnings gap is smallest (though it still exists) in the science field relative to all other disciplines. The gap widens substantially in health, with women earning 50% of their male counterpart. However, the gender wage gap in the health industry is somewhat exaggerated since almost all men in this field are employed as doctors and other diagnostic professionals, while a greater proportion of women take up part-time or lower paying jobs, such as nursing.

Women in the workplace

While the consistent low representation of females in math and science degrees is disappointing, the overall high concentration of women in university puts them on the right path to benefit from future job opportunities and wage growth. Employment in services has been leading the charge in transforming Canada into a knowledge-based economy, and this trend will intensify in the years ahead due to the convergence of demographics (aging population) and the expansion of technical knowledge. One response to difficulties in hiring will be to substitute capital for labour. Doing so would cause employers to increasingly seek out highly skilled workers who can work with the capital, causing their wage premiums to rise. Since 1990, nearly 2 million jobs were created for university educated workers, whereas only 417,000 jobs were available to those with a high school degree. Highly educated women were snapped up to the tune of 1.1 million, of which



80% of the jobs were in full-time employment.

The steady shift towards a service economy means that service-producing jobs now account for 75% of the entire labour market, up 7 percentage points from two decades ago. Some of the sectors where women cluster in education have been faring particularly well. For instance, health and education make up nearly one-fifth of total employment. In fact, no sector has added more workers than health since the late-1980s, and an aging population will surely keep jobs in this sector as a frontrunner in the future. As mentioned above, many of these jobs are in lower paying positions, but demographic challenges may offer a market solution in adding upward pressure to wages as demand for these skill sets intensifies. And, lest we leave the impression that women are all in lower paying health jobs, women made up 55% of doctors and dentists in 2004, compared to 47% in 1987.

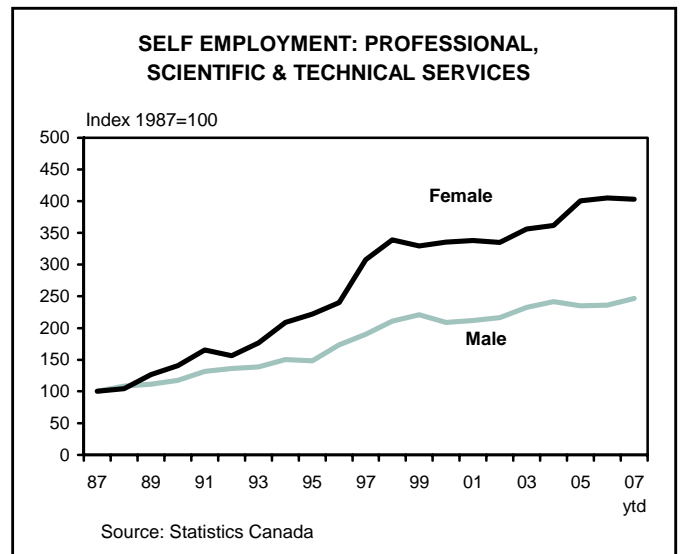
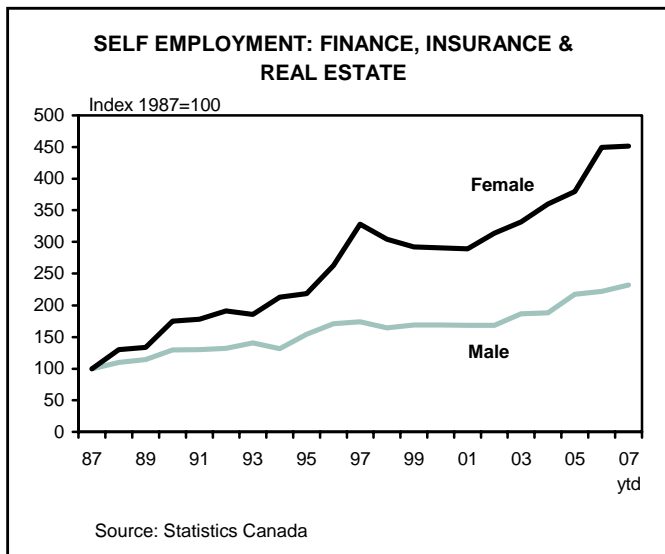
The increasing orientation towards a service-based economy will be of particular benefit to those women with an entrepreneurial spirit. Women make up 35% of self-employed workers, up nearly 10 percentage points from the mid-1970s. Within the service sector only, however, the concentration of women is higher at just over 40%.

Contrary to conventional wisdom, most women are not ‘pushed’ into self-employment. In fact, about 78% of Canadians are ‘pulled’ into self-employment, meaning they choose to become their own boss. And, women were just as likely as men to make this choice. A survey conducted in 2000 found that the most popular reasons cited were independence (25%), work/life balance (13%), flexible hours (10%) and challenge (10%).

Challenges of self employed women

Life isn't picture perfect for self-employed women. It is easy for self-employed women to fall outside of the social safety net. Their well being is threatened by the lack of access to pension plans and benefits including maternity and parental leave. A study of 168 self-employed women from across Canada in a variety of occupations revealed that most women had difficulty taking time away from their business for maternity/parental, sickness or family care giving reasons. The most frequently cited obstacle was inability to find a replacement, reduced earnings and loss of clients and visibility. A Statistics Canada report (2004) showed that 1 in 3 self-employed women returned to work within 2 months after having a child, compared to 5% of paid workers.

A key concern in past research on self-employment was that women have historically entered sectors that are heavily female dominated, labour intensive and have low profit margins. Examples include personal services such as childcare, cleaning and food services. It is true that women do have high and rising representation in these areas. But women are also breaking from tradition with great speed. The graphs below show an explosion of female employment growth in areas of finance, insurance and real estate, as well as professional and scientific services. The cumulative growth since 1987 for women in these fields has been 400-450%, twice that for males. And, in absolute levels, over the past five years more women have entered

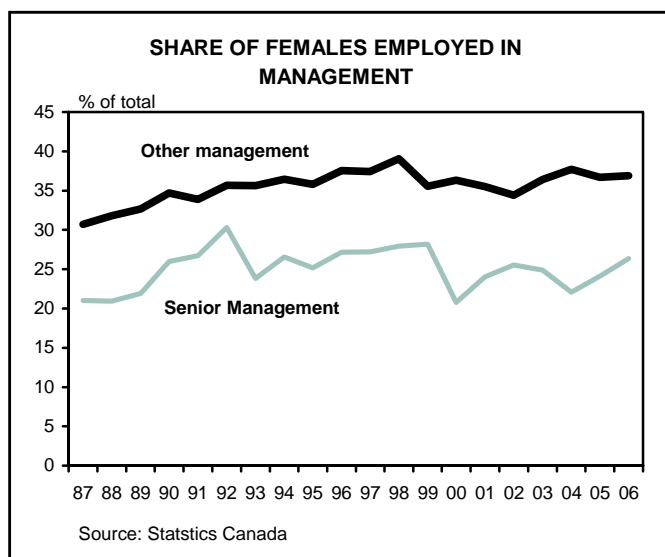


the professional/scientific fields than men (32,000 vs. 23,000)! These non-traditional female sectors are considered ‘upper tier services’ and provide better opportunities for higher income and profits.

Women reaching for the top

Although there is an increasing presence of women in the boardroom, progress has been rather slow. According to surveys conducted by Catalyst, in 1998, women made up only 6.2% of board directors. By 2005, that figure had doubled, but since women represent nearly half of the labour force, a 12% representation of board directors is nothing to boast about. Canada has not even been as progressive as the U.S., where women make up 15% of board members.

Still, the increase in representation over the past seven years is evidence that attitudes are changing in the boardroom and women with higher skill sets are being recognized. As the years progress, market forces will work in favour of women reaching for the top. One of the factors likely skewing down women board representation is that the relative education level of older women (44-65) is far surpassed by men among the older workforce. Given that board members tend to represent people who are long-in-the-tooth when it comes to experience and skills, there would be fewer older women to draw upon that fit this bill. Since the education gap switches at the 35 and under age group, with women having more post-secondary education than men, it is only a matter of time before women start to show up in larger numbers in the boardrooms.



Retiring lesser-educated women will gradually be replaced by a workforce with a disproportionate share of highly educated and skilled women.

While education is important in helping women become corporate officers and board members, it has not been sufficient to break through all barriers. For instance, women have represented more than 50% of undergraduate degrees in business administration over the past decade and they have consistently represented 40-42% of MBAs. At one level, their education attainment is paralleled in the job market. Women hold more than 52% of professional occupations in finance and business, compared to just 38% in the late 1980s. One would think that these types of jobs are the stepping stone to senior management positions. However, in these high ranking positions, women make up only 26-28% of the landscape. In addition, a 2006 survey conducted by Catalyst found that almost 60% of all corporate officer positions were ‘line positions’. These represent positions that have more power and influence on profit-and-loss and, therefore, are considered important feeding pools to more senior levels. The study found that women held less than 10% of line positions. Clearly a disconnect is occurring and the explanation is likely rooted in some degree of discrimination, long lasting career penalties from maternity leaves, and difficulty achieving work-life balance. This leads us to examine the persistence of the gender wage gap and trends that may be a driving force.

Women still playing catch-up to men in earnings

As women invest in education and show greater attachment to the labour force, competitive market forces have been instrumental in reducing the effect of discrimination and narrowing gender wage gaps. Nonetheless, wage gaps exist within every sector. And, the experience is universal, as not a single OECD country has managed to eliminate the gender earnings gap.

The aggregate wage gap has narrowed significantly over the past quarter-century, however, for women in the prime working years of 25-34. Women have gone from 70% of men’s earnings to 77%. A more dramatic transformation occurred among 35-44 women, where the gender wage gap has narrowed nearly 16 percentage points to a 75% female-to-male ratio. But, herein lies a critical finding. Why is the gap larger for women 35-44 versus those aged 25-34?

Market forces are at work throughout the lifecycle of men and women in the labour market. The gender wage gap is not constant over a woman's lifetime, but rather it tends to widen with age. The wage gap is smallest at young ages (18-24 and 25-34), when men and women are new entrants to the labour market with similar skills and experience. It then gradually widens over time, as the earnings of women start to reflect the cumulative impact of career interruptions, limitations on job advancement and differentiated household responsibilities. In particular, children generate career interruptions at a stage of the life cycle when substantial investment in human capital occurs, such as training and promotions.

Since never-married women have less of these conflicts in their career development, it's not surprising that they represent the exception with a wage gap that is practically non-existent with men (92%). In fact, for these women, the wage gap has consistently held within the 90-98% range

for the past decade-and-a-half. In contrast, the gender wage gap was considerably wider at 67% among married women in 2006, though this has steadily narrowed by 7 percentage points since 1980. Is it a coincidence that a study in the United States found 49% of high-achieving women to be childless, as compared with only 19% of their male colleagues?⁵ Probably not.

Household and family responsibilities are not market-friendly

Why the difference? One reason is that more than twice as many women are in part-time employment than men, and the incidence is particularly high among married women with children, as they strive to find work-life balance. Among women aged 25-44 working part-time in 2006, more than one-third cited child care as the primary reason. Only 4% of men offered the same explanation.

But part-time work is not a full explanation and, in

Single Moms Still Fall Through the Cracks

Although couples make up the majority of Canadian households, lone-parent families represent a notable 16%. The vast majority (80%) of these are headed by women, many of whom struggle to make ends meet on a day-to-day basis.

There have been some positive developments in the past three decades, such as rising employment and declining low-income rates among lone mothers. The share of female lone parents with jobs has risen to 68% in 2004 from less than 50% in 1976. However, most of the employment and earning gains of lone-mothers went to those aged 40 and over, with the highest earnings instability remaining among lone-mothers aged 25-29.¹

Employment of female lone parents is highly influenced by the age of children in the household. For instance, in 2004, less than half (46%) of lone mothers with children under age 3 were employed, compared with 75% of those whose youngest child was between the ages of 6 and 15. As a result, lone mother families are significantly more likely than other family types to be poor and receive social assistance. In addition, a disproportional

share of all children living in low-income situations occurs within lone-parent families headed by women. In 2003, 43% of all children in a low-income family were living with a single female parent, whereas these families accounted for only 13% of all children under age 18 that year.²

This has two direct consequences. First, Canada's prosperity is impacted if these mothers are involuntarily out of the job market because they having difficulty supporting their family when government assistance is scaled back as earned income rises. Second, studies show that there is a direct relationship between a child's level of education and a parent's level of income. For parents in the lowest income quartile, the likelihood of their offspring attending university is 17%, but for parents in the highest income quartile, the likelihood rises to 40%.³ This means that Canada will miss out on some skilled labour if children of lone-parent families are not training to live and work in an environment that will demand a higher skill set from its workers of the future.

¹ Morissette, Rene and Yuri Ostrovsky, Income Instability of Lone Parents, Singles and Two-parent Families in Canada, 1984-2004, Statistics Canada, March 2007

² Statistics Canada, Women in Canada 5th edition, 2006

³ Rae, Bob, Ontario: A Leader in Learning, February 2005

fact, the list is long among researchers regarding possible influences. Among the factors believed to be more influential to full-time workers are experience and the number of hours worked during the year. Due to career interruptions, women are more likely to span work experience over a longer period of time. Using 1997 data, one study reported that women with 10-19 years of full-time full-year work experience are on average 4 years older than men with similar levels of experience.⁶

Likewise, women in full-time employment work on average 4 hours less a week than men (38 hours vs. 42 hours). When annual earnings are used, the gender gap for women in full-year full-time positions is 70.5%. But, if hourly wages are used, the gender gap for full-time work shrinks dramatically to 85%. The difference in working hours was estimated in some studies to be the largest influence on the underperformance of women's wages.

Part of the hours-gap arises from the push-and-pull of

work and home life. The migration of women into the labour market has not been met with proportionate declines in home responsibilities. For instance, women born in 1940 will work for pay an average of 48,000 hours over their lifetime compared to 86,000 hours for men. But, those born in 1970 are estimated to work 74,000 hours over their lifetime compared with 93,000 for men. That's a 54% increase in time dedicated by women to paid work.⁷ So what happens when we layer on time commitments of unpaid work?

Studies generally show that women engaged in the labour market reduce their time spent on household tasks by fewer hours than their increased time spent in the labour market. Their male spouse/partner contribute to some of the household tasks, but to a much lesser extent. A report by the Government of Canada showed that the share of paid and unpaid work for working age women is expected to equal that for working age men for individuals born in

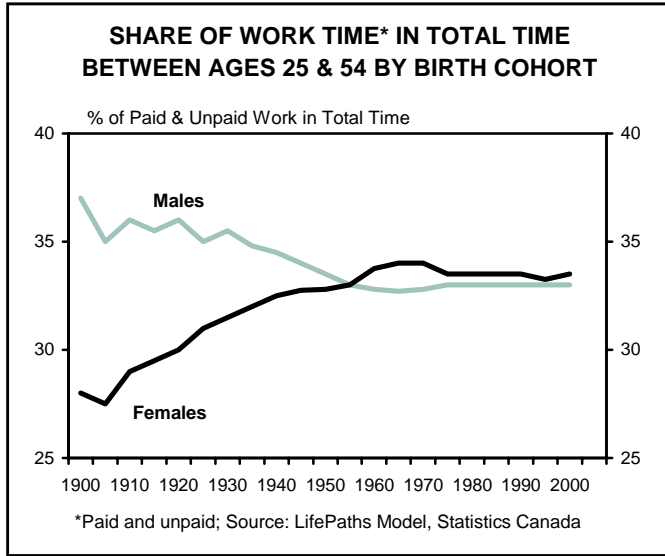
Legislation helps bridge market failures

Market forces do not solve all problems, which is why legislative and landmark legal decisions are necessary to help promote gender wage equality. Canada has a long history of adopting and reviewing international, national and provincial legislation and policies to address pay equity. In 1948, Canada adopted the Universal Declaration of Human Rights, which stated that 'everyone, without any discrimination, has the right to equal pay for equal work'. To this day, government policies continue to be revised to account for shortcomings and changing social norms. As recently as 2001, the Government of Canada established a Pay Equity Task Force to review whether legislation was being clearly and appropriately implemented at the federal level in the modern workplace.

But in practice, the law must often intervene to ensure that legislation and policies are applied to women, not just according to the letter of the law, but also according to the spirit of the law. For instance, in 1999, the federal government settled a landmark \$3.6 billion pay-equity dispute with over a quarter-of-a-million federal employees, most of them women. The dispute was centered on allegations of systemic wage discrimination against employees in female-dominated jobs, which carried lower wages than those in male-dominated fields. In accordance with the 1977 Human Rights Act, pay equity is a way to compensate workers in traditionally

low-paid jobs by matching their salaries to those of men in similar positions (i.e. job-to-job or proportional comparison). However, because women-dominated areas of employment tend to have few or no male comparators in their place of employment, the Human Rights Tribunal upheld a decision to allow women's wages to be compared with those of male wages in other occupations, but where the contribution from labour was considered to deliver 'equal value'. Factors such as skill, responsibility, effort and working conditions are used to determine if work is of equal value. The federal government has not been alone in this interpretation of the law, as courts around the country have applied similar decisions to firms and provincial governments.

Although the legal process helps bridge gaps between legislative and market forces, it is not very efficient. The federal settlement for women took nearly 15 years to be reached, and similar cases both in the private and public sectors have taken equally long. Because of this, women embroiled in the disputes are fighting for the benefits of the future labour force. The long time lags and associated legal costs could deter women from bringing cases to the court's attention, especially given that pay equity is largely a complaint-driven system. Faster resolution of these disputes is necessary to ensure that the letter and spirit of pay equity laws are applied in a just and timely manner.



1955. But for age cohorts born thereafter, the share of time spent by women on both types of work is expected to surpass that of men.⁸

Gender housework gap: Tide is turning, but slowly

In spite of the surge of women participation into the workplace, housework remains highly gendered. Women shoulder a greater portion of the duties that are higher frequency and offer the least flexibility, such as cooking, grocery shopping and cleaning. Men tend to take on more tasks that are less frequent and seasonal in nature, such as household maintenance and gardening.

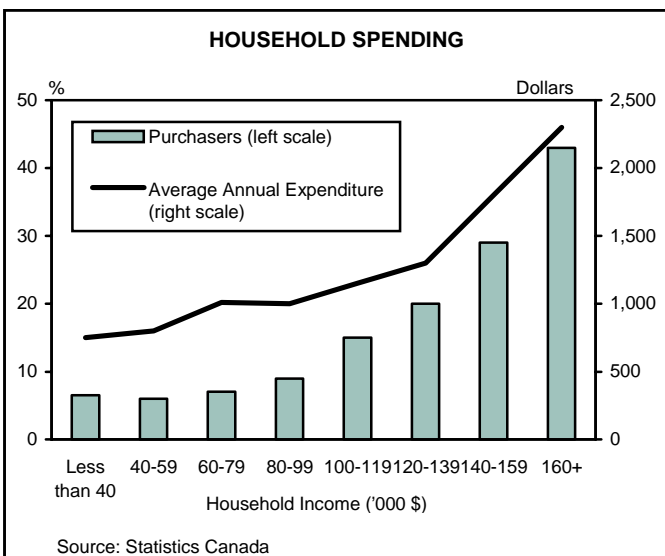
But, a shift in these traditional roles is definitely underway; it's just slow in coming. For instance, in 1986, the presence of a wife actually lessened men's participa-

tion in housework, with single men participation at 61% compared to married men at 53%. By 2005, those ratios converged to 70% for single and married men.⁹ It's not a coincidence that this rise in married men participation at home corresponded with an identical increase in the share of dual-earner households with children under the age of 16. It's a logical extension that men had to take up some of the slack at home as married women participation in the workplace rose. And, it was found that as the wife's income rises, the distribution of housework becomes more even. When wives have an income of \$100,000 or more, the division of paid labour and housework between partners was more likely to be split equally. Over a seven-day week, each couple spends 6.5 hours per day on paid work and 1.5 hours on housework.¹⁰ And in true market fashion, as the marginal financial benefits to paid work rise relative to housework, women and men are more likely to hire domestic help to reduce the amount of time spent on the latter. Men are also taking on a greater role as the primary caregiver to their children. Families with a stay-at-home parent have declined substantially since 1986, but the proportion with a father in this role increased from 4% to 11% in 2005.

In addition, more fathers are taking advantage of recent changes to parental leave benefits. On December 31, 2000, the federal government extended parental leave benefits from 10 to 35 weeks, with could be claimed by either qualifying parent, or split between the two. Since these changes were enacted, the participation rate by men in the program has increased from 3% to 10%. So, societal change is occurring, even though it may look to be a tortoise marathon. But, we must also keep history in perspective. How many of our fathers and father's fathers knew how to change a diaper, operate a stove or locate cleaning products in the house? As the female-male wage gap narrows, there will be an even stronger economic case to shift 'household' responsibilities to men.

Conclusion

After accounting for gender differences in educational choice, work experience, hours, and household responsibilities, there is evidence that a wage gap of around 5-15% still prevails. Government legislation can help bridge some of this gap, but these policies have been around for decades and since gender discrimination is often 'unobservable', it is difficult to address through policies alone. In addition, more needs to be done to accelerate



the legal process to make sure pay equity grievances are dealt with in a timely manner.

We believe the more likely solution will come from market forces. The wage gap has been narrowing over time alongside increases in women's attachment to the labour market and investment in education (i.e. human capital). A shrinking pool of labour as the population ages and an increasingly service-oriented economy means that demand for skilled workers will increase. Women are not only highly educated, but their skill set is clustered in services, and therefore uniquely suited for a service economy. Women hold the key to bridging the demand/supply imbalance that employers will face. In response, employers

won't just make efforts to hire women, but they will also make more accommodative efforts to keep them – at the very least, they will try to get them to return to the workplace after child-rearing leaves. To better position women for this transition, schools have to crack the math/science phobia of girls. Role models will help, but other intervention teaching methods are needed to support girls in these fields.

Over the next few decades, we predict the market will place women and men on more equal footing in the workplace. Employers will need to respond, and more men will need to learn to operate the washing machine.

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Endnotes

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