

Market forces advance prospects for women in the workforce: TD Economics

(TORONTO) Market forces will place women and men on more equal footing in the workplace over the next three decades, ultimately eliminating the 5 to 15 per cent wage gap that cannot be explained by factors such as hours worked, productivity or occupational choice, according to a new report by TD Economics (www.td.com/economics)

The authors of the report, Don Drummond and Beata Caranci, state: “Women are exceeding men in university enrollment and 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.”

Progress underway

Women have already experienced improvements in earnings since the 1980s. For instance, 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. That means women out-earn men in more than a quarter (28 percent) of Canadian families.

This reflects a larger transformation underway. In the past three decades, the participation rate for Canadian women in the prime working age group (25-44) has jumped to nearly 82 percent from about 50 percent. Labour force entry among women in the 45-64 age group has also been equally impressive. Compared to other OECD countries, only Nordic and Swiss women are more likely to be employed than Canadian.

Women are also spending more time in the job market. It is now more likely that a 30-year-old in the labour market will still choose to be on employer payrolls at the age of 50. This is in part due to women bearing fewer children and postponing the decision to have children at a later age in life. This decision allows women to spend more time in the labour market and reduces the costs associated with extended or frequent exits, as well as childcare.

Education is the great equalizer

Education is perhaps the most influential factor to higher, longer and more rewarding labour market participation. 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. For instance, 62 percent of BA degrees went to females in 2004.

One area of little progress is within the fields of mathematics and applied science, which research suggests as one of the factors keeping women out of a number of well-paying jobs. When one looks at all levels of educational attainment and fields of study, a mere 3 percent of the degrees held by women are in the math field, 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.

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“Females don't start off life with a lower aptitude in these fields. Tests of 13-16 years olds show that boys' edge over girls in math and science is not statistically significant,” said Ms Caranci who heads economic forecasting at TD Economics. “Yet in later studies and in choices of occupation females steer away from these disciplines. This suggests environment and culture could play a significant role.”

In order to benefit from greater enrollment in these subjects at the post secondary level, educators, governments, corporations and parents need to do more to engage girls in math and science at younger ages. 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.

New economy, new opportunities

Mr. Drummond, TD's Chief Economist, points out that nearly 2 million jobs were created for university educated workers since 1990, whereas only 417,000 jobs were available to those with a high school degree. He went on to say: “Highly educated women were snapped up to the tune of 1.1 million, of which 80 percent of the jobs were in full-time employment.”

Moreover the knowledge economy means a steady shift towards service-producing jobs, which now account for 75 percent of the entire labour market. This bodes well for women, who gravitate towards sectors such as health and education. These sectors already make up nearly one-fifth of total employment, and in the case of health, likely to continue growing due to aging population.

The TD report also notes a service-based economy will be of particular benefit to entrepreneurial women. They make up 35 percent of self-employed workers, up nearly 10 percentage points from the mid-1970s. However, within the service sector, the concentration of women is higher at just over 40 percent.

Women are also making inroads into traditionally male-dominated fields. Since 1980, employment in the non-traditional women occupations of management and professionals has risen by 93 percent. In professional disciplines where women display a traditionally low representation, progress is still evident. For instance, women represented just 25 percent of architecture and engineering BA degrees in 2004, but this is up from just 17 percent in 1992.

Other barriers remain intact. One study found that in corporate Canada women held less than 10 percent of ‘line positions’, which oversee profit-and-loss columns and as such are considered important feeding pools to more senior positions. Little progress has also been seen at the board level, where women make up about 12 percent representation. This situation is likely to change as more young women are entering the corporate world, and in turn, expanding the pool of potential candidates.

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A woman's work is never done

One of the largest influences on the current wage gap between men and women relates to the difference in working hours. For instance, women in full-time employment work on average 4 hours less a week than men (38 hours vs. 42 hours).

Part of this 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. 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.

But a shift is definitely underway. Men are taking up some of the slack at home as married women's participation in the workplace rises. And, 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. 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 percent to 11 percent in 2005. The authors of the report predict that "over the next few decades, 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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