

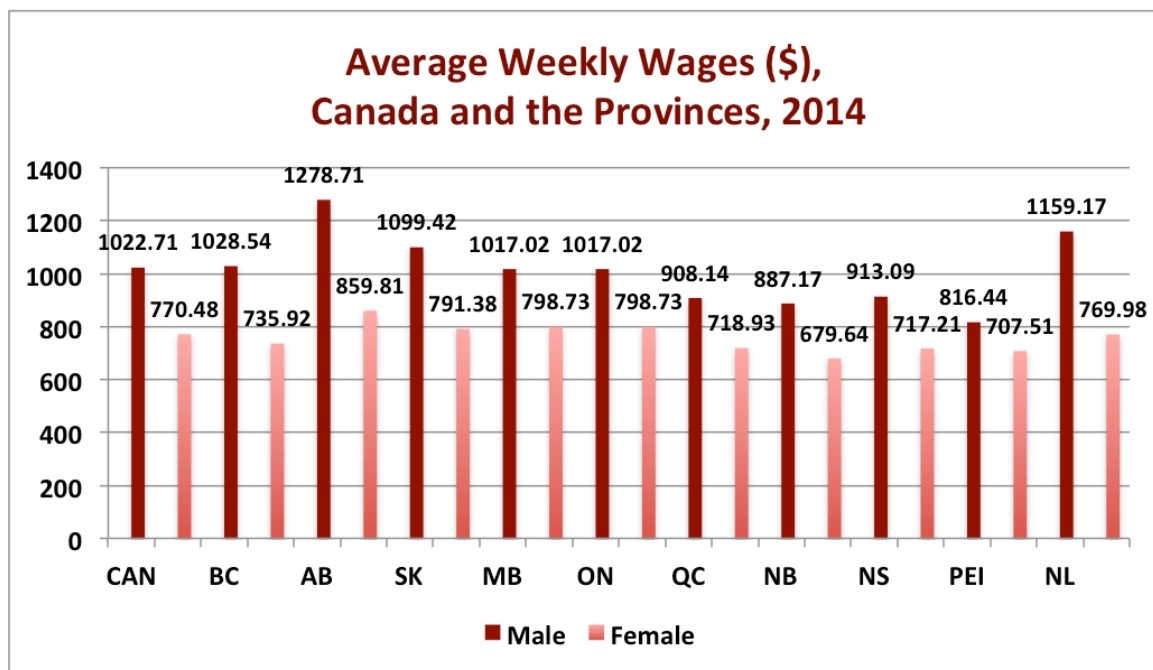
# A NL LABOUR MARKET Investigation

Commentary on Labour Market Performance in Newfoundland and Labrador

## The Gender Wage Gap

Kerri Neil

The wage gap between men and women is well documented. It has been present since women began entering the work force and despite significant progress in gender equality over the past century, the gap remains. Across Canada in 2014, women made an average of \$770.48, or 75% of the male average of \$1022.71.<sup>i</sup> PEI had the smallest wage gap, with women earning 87% of male salaries, while Newfoundland and Labrador had the largest, with women earning 66% of male salaries.



Source(s): Statistics Canada, Cansim Table 282-0070

The wage gap is influenced by several factors. Horizontal segregation, or differences in chosen occupation, and vertical segregation, or differences in promotion opportunities, provides the most empirical evidence. Women tend to congregate in low-paying jobs, and when they do enter male-dominated fields, they are less likely to hold leadership positions.

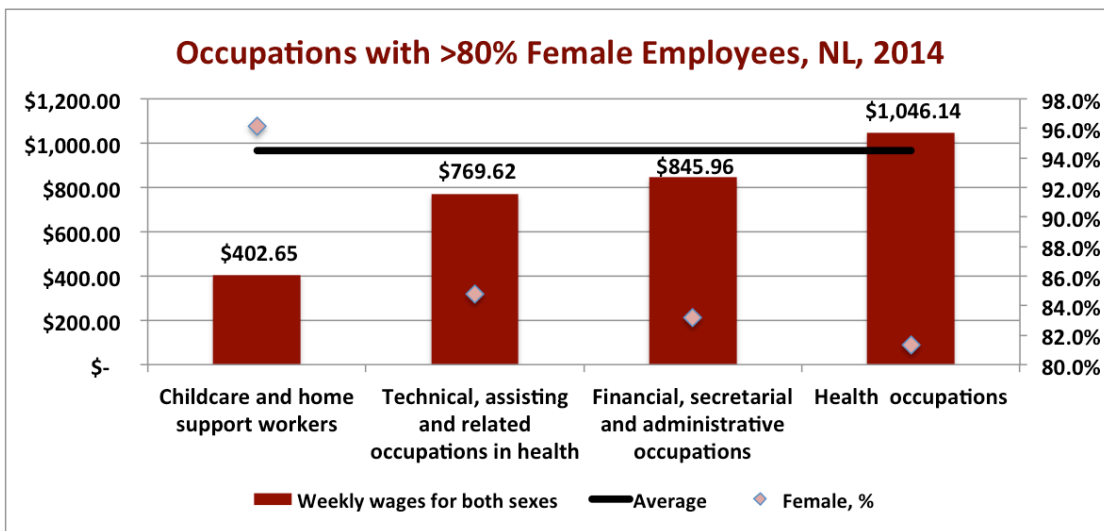
Socially, women are often considered the 'nurturers', who choose careers with altruistic benefits and the flexibility to care for their children. Such societal expectations influence how employers perceive women, and how women perceive themselves. Separating the nature from the nurture is outside the scope of this report but there is evidence to suggest these factors have an influence on the wage gap as well

*Note: The author alone is responsible for the opinions expressed in this article. They do not necessarily represent those of CARE's principal investigators or Memorial University. The article is intended to inform and promote thoughtful discussion.*

## Occupational Horizontal Segregation.

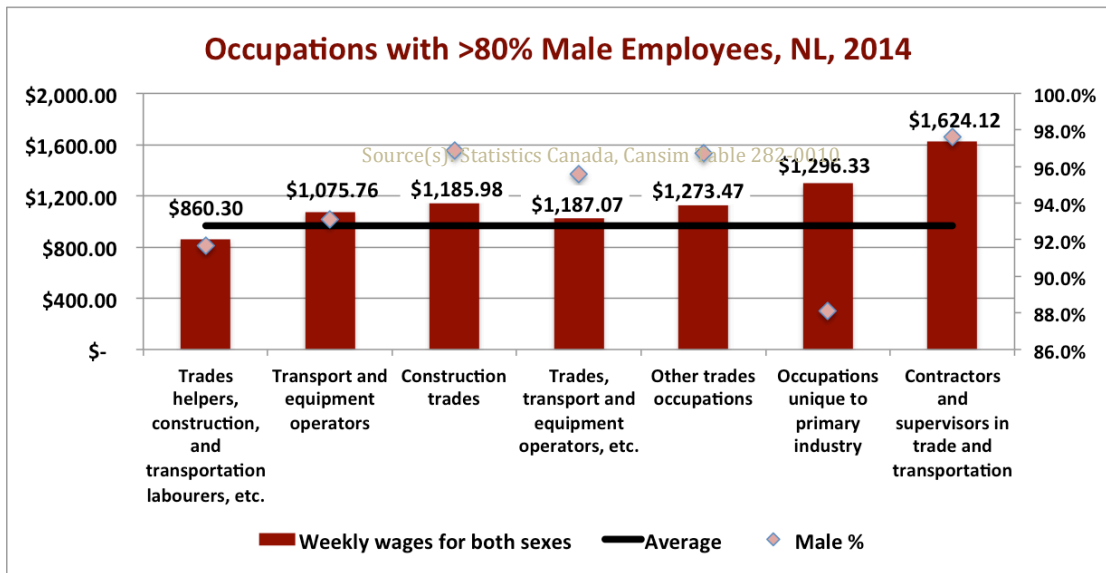
Female-dominated occupations, such as childcare providers, nurses and teachers, have often been referred to as the ‘pink-collar’ positions. Such occupational concentration has created horizontal segregation, with pink jobs earning lower pay.

In 2014, there were 4 occupations in Newfoundland and Labrador with a female concentration of greater than 80%.<sup>ii</sup> As shown in the chart below, there is a negative correlation between female concentration and weekly wages. Childcare and home support workers, where 96.2% of staff are women, are paid \$402.65, less than half of the average salary of \$966.33. This does not include the mothers who stay home and care for their children without pay. Health occupations was the only career option with a high-concentration of women that paid above average wages at \$1,046.14.

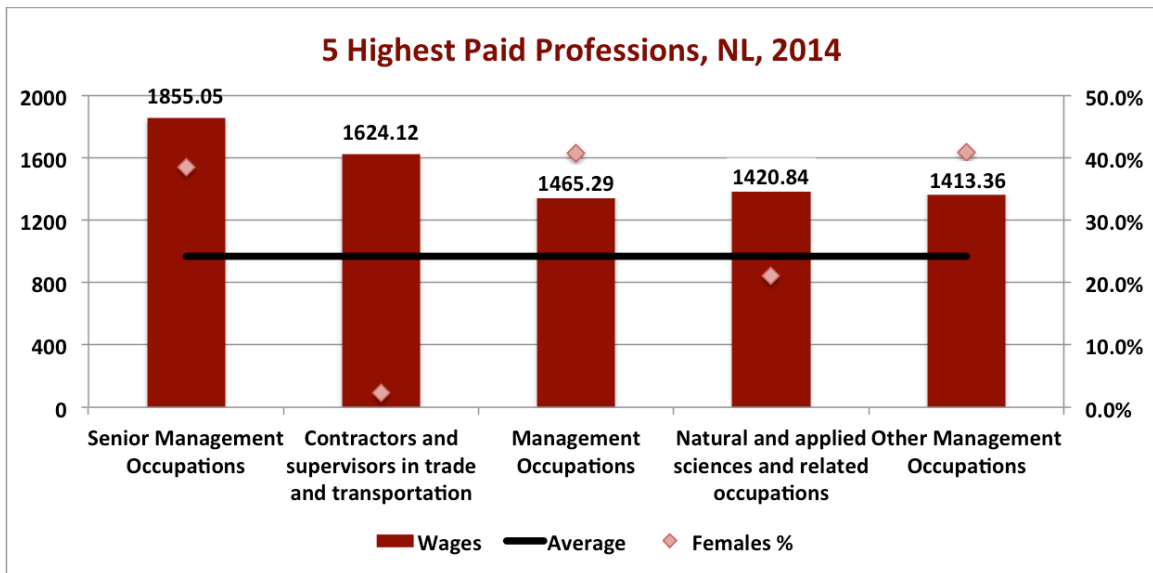


Source(s): Statistics Canada, Cansim Table 282-0010

In contrast, there were 7 occupations that had a concentration of men greater than 80%.<sup>iii</sup> Here there seems to be a positive correlation between male concentration and wages, and most occupations paid above average. While trades helpers, construction, and transportation labourers and related occupations paid slightly less than average at \$860.30, contractors and supervisors in trade and transportation made double the average at \$1,624.12.



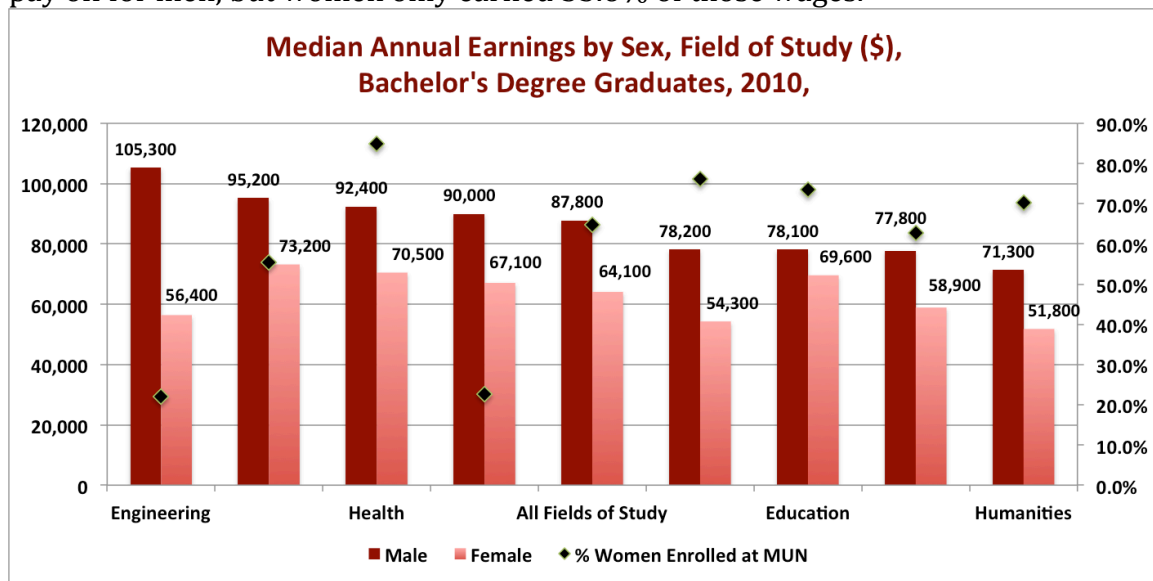
Furthermore, none of the 5 highest paid professions employed more than 50% females.<sup>iv</sup> Generally, management position staff consisted of about 40% women, with senior management, who earned the highest average weekly wage of \$1855.05, employing 38.5% women. The trades and sciences industries, however, were more male-dominated, with 2.3% and 21.1%, respectively, of their staff consisting of women.



Turning to Memorial University, it appears the pattern of women choosing pink-collar jobs will continue. 90% of students studying social work and nursing are women.<sup>v</sup> In contrast, 16% of students studying computer science, currently one of the most in-demand jobs, are female.

Departments and Schools with Highest Female Representation <sup>vi</sup>	
Social Work	89.9%
Nursing	89.8%
French & Spanish	85.8%
Sociology	82.3%
Religious Studies	82.1%
Departments and Schools with Lowest Female Representation	
Physics	14.3%
Computer Science	16.4%
Engineering	25.9%
Mathematics	33.7%
Earth Science	36.9%

In a 2010 study, Yuri Ostrovsky and Marc Frenette analyzed the cumulative earnings of graduates from different fields of study.<sup>vii</sup> The median annual earnings by sex and field of study are given below, coupled with the percent of female students currently studying these degrees at Memorial University.<sup>viii</sup> The difference between pay for men and women is clear across all occupations, with females earning 73.0% of male salaries on average. An engineering degree had the biggest pay off for men, but women only earned 53.6% of those wages.



Y. Ostrovsky, & M. Frenette.  
 "The Cumulative Earnings of Post Secondary Graduates Over 20 Years: Results by Field of Study."

If increasing the number of women in each occupation is the best solution to decreasing the wage gap, women are unlikely to close this gap in the near future. In 2014, only 22% of students of Engineering graduates at Memorial were women.<sup>ix</sup> In contrast, 85.0% of students studying Health at Memorial (Medicine, Nursing, and Pharmacy) are women. In Ostrovsky and Frenette’s study, this degree had one of the highest annual earnings, though women still received 76.3% of male earnings.

Education appears to have the most equal pay structure, with women earning just 10.9% less than men. This degree also has a high concentration of women, which may explain the difference, as well as the industry being highly regulated by government.

In 2014, the faculties with the lowest concentration of female students at Memorial were engineering, and mathematics and physical sciences. These degrees prepare students for careers in science, technology, engineering and mathematics, also known as the STEM fields, which are generally higher-paid, in-demand jobs.

In 2012, the Organization for Economic Co-Operation and Development reviewed the academic performances of students around the world. While Newfoundland and Labrador generally ranked lower than the national average, there was very little difference in the performance of boys and girls. In fact, females did marginally better in sciences than boys, and yet, so few of them choose to pursue physical sciences in university.

Test	Female Score	Male Score
Paper-Based Math <sup>x</sup>	490	491
Computer-Based Math	510	512
Composite Math	500	501
Science <sup>xi</sup>	518	510

Encouraging more women to enter the STEM fields is important for increasing the average salaries of women, and for the economy in general. These occupations are vital for future innovation and technological advancement, and the more people involved, the better.

## Vertical Segregation in the Workplace.

Significant growth in female education over the past 50 years has resulted in women entering previously male-dominated occupations. A 2002 study by Fortin and Huberman suggested that horizontal segregation had stagnated in the 1990s, while vertical stagnation was on the rise.<sup>xiii</sup>

The higher wages for men across all occupations suggests that they are more likely to hold leadership positions within their field. In *Canadian Business’s* list of Canada’s

100 top paid CEOs of 2014, three women made the list.<sup>xiii</sup> The Catalyst Census in 2014 found women hold board seats in just 20.8% of S&P/TSX 60 companies.<sup>xiv</sup>

Putting women in leadership roles improves the diversity of management and ensures competitiveness and success. A study by Catalyst Inc., which analyzed financial data for Fortune 500 firms from 2004 to 2008, found increasing the number of female board directors increased the return on portfolio investments and equity by 66% and 53%, respectively.<sup>xv</sup> In 2010 the European Commission produced a report prescribing more female representation in senior management as it was linked to greater economic growth and stability on a macro-level.<sup>xvi</sup> Most recently, Kevin O'Leary commented, "I don't have a single company run by a man right now that's outperformed the ones run by women."<sup>xvii</sup>

Canada is rife with potential female leaders. Over one-third of MBA graduates in Canada in 2010 were women.<sup>xviii</sup> In 2014, 43% of MBA graduates from Memorial were women.<sup>xix</sup> The year before, women made up half of the graduating class.

*Pipeline's Broken Promise*, a 2010 study by Catalyst, however, suggests men get a head start right from the beginning.<sup>xx</sup> The study analyzed the career paths of male and female MBA graduates and screened out the most commonly cited reasons why women are less successful in their career, that is, having children or less ambition. Holding these constant, highly motivated men are twice as likely as highly motivated women to be CEOs or work at the senior executive level.<sup>xxi</sup> The study found the wage gap begins upon graduation; female MBA graduates are more likely to start their career at an entry-level position, resulting in women earning \$4,600 less in their first job than men.<sup>xxii</sup> Even when starting salaries and job experience were held constant, salary growth and promotion opportunities for men outpaced that of women.<sup>xxiii</sup> This has resulted in these women earning \$8,167 less per year than their male colleagues in Canada, twice as much as the global average.<sup>xxiv</sup>

Catalyst called the career pipeline unhealthy, suggesting that inequality is entrenched. When women left their career searching for advancement, they earned \$53,472 less than women who stayed with their first employer.<sup>xxv</sup> In contrast, male job hoppers earned more than male stayers. This suggests that men are paid for potential, while women must first prove their abilities before receiving any compensation growth.

The glass ceiling hurts business, as it gives them only the male perspective on how to handle problems and derive solutions. Mentoring and sponsoring more females to be leaders in their workplace is important to ensuring that the female perspective, which represents 50% of the population, is engaged and heard.

## The Better Half: Altruistic Females.

One hypothesis for the gender wage gap is that women seek more than financial gain in their careers. This may explain why they tend to congregate in the social sciences and humanities. At Memorial, Social Work and Nursing had the highest concentration of female representation at 90%.<sup>xxvi</sup> 'Making a difference' is one reason 19% of female MBA graduates choose to work in the public or non-profit sector, as opposed to 8% of men.<sup>xxvii</sup> Greater job security and benefits were the other major motivators. Such evidence suggests that women put a lower premium on high salaries, preferring careers that are more altruistic and bring them satisfaction in other ways.

While there is some empirical evidence to support this, its importance is relatively small compared to the educational and occupational choices that women make.<sup>xxviii</sup>

## The Overhanging Cloud of Child Care.

The systemic bias against women may be due to the societal expectation that women will, or should, have children. A recent report by the Canadian Centre for Policy Alternatives tackled the problem of Ontario's gender wage gap and arrived at 10 solutions.<sup>xxix</sup> "Step #8: Provide Affordable and Accessible Child Care".<sup>xxx</sup> Women disproportionately fulfil responsibilities for childcare and ensuring the availability of affordable childcare would decrease the pressure on mothers to stay home.

Claudia Godin, of Harvard University, found that women enter the corporate, financial, and legal professions in roughly the same proportion as men, but generally have less work flexibility. The difference in personal economics, where men are more willing to work longer hours and be consumed by their career, puts them on a more prestigious career path than their female coworkers.<sup>xxxi</sup> This affects the earnings of both genders substantially later in life in careers that have a nonlinear relationship with respect to wages and hours worked. Godin suggests this is due to different familial responsibilities, where women are disproportionately affected by having children and so are unable to fully commit to highly demanding jobs.

After a two-year study that found female professors earned \$3,515 less than men, McMaster University is giving women a raise.<sup>xxxii</sup> While this may work for the university, Miana Plesca, from the University of Guelph, said simply giving women more money will not reach the root causes of the problem. She suggests, instead, that making men more responsible for child rearing would remove the assumption that women must take more time off to deal with their personal lives.<sup>xxxiii</sup>

Currently, Service Canada offers 35 weeks of parental leave to one parent.<sup>xxxiv</sup> If two parents choose to take leave, they must divide that time between them. This acts as a disincentive for men to stay at home, as it would reduce the amount of time that women can recover from childbirth. Sweden offers parents 68 weeks of parental leave and creates an incentive for fathers to use it with 'daddy months,' where the

family receives two extra months of paid leave when both parents stay home for the first two months.<sup>xxxv</sup> Now close to 90% of Swedish fathers take parental leave, compared to only 20% in Canada.<sup>xxxvi</sup>

A study released in 2010 by Elly-Ann Johanson looked at the effect of own and spousal parental leave on earnings in Sweden. Parental leave reduced wages for men and women by 7.5% and 4.5%, respectively, for each month unemployed.<sup>xxxvii</sup> While men were not affected by their spouse's leave, women were. For every additional month men choose to stay at home on parental leave, the mother's earnings rose by 6.7%.<sup>xxxviii</sup>

Liza Mundy, director of the Breadwinner & Caregiver Program at New America, spoke of how encouraging fathers to spend more time with their children in this early stage of life increases the role fathers play in their children's lives.

"Paternity leave resets the division of labour in the households, gives men a chance to get involved very early on in a way that often becomes permanent, and actually frees up women to work more," says Mundy. "It also can spread the stigma around so that women don't get singled out for being the potential problem hires or problem employees. If everybody—male or female—is asking for leave or taking leave that they already qualify for, I think it just levels the playing field for how men or women are looked at in the office."<sup>xxxix</sup>

Highly educated, motivated women should not be discouraged from having children and these expectations work against them. Advocating for more men to take paternal leave, and generally increase their commitment to caring for their children, would help reduce the stigma against women. Affordable, accessible childcare would also help both parents participate and return to the work force.

## Conclusion

Poverty is sexist. Women are more likely to live in the lower-income tax bracket and single mothers are hit hardest.<sup>xl</sup> Reducing the gender wage gap is imperative to decreasing the feminization of poverty. Traditional notions of how women should act have been disrupted by female success in traditionally male industries, but these notions still haunt women. Changing mindsets will take time, but must be targeted as hindering progress.

Encouraging women to pursue STEM fields is one solution to improving the prosperity of women, and will in turn improve the prosperity of the economy. Yet these women must be able to succeed within their fields, and putting more women in leadership positions is imperative. As more women take CEO and board positions, the process will become reinforcing, as women in general will be better able to command the respect they deserve.



Gender equality has come a long way over the past century but parity has not yet been reached. Creating policies such as encouraging parental leave and gender-neutral boardrooms will help the cause because it's not over yet!

## Notes.

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<sup>i</sup> Table 2820070- Labour force survey estimates (LFS), wages of employees by type of work, National Occupation Classification for Statistics (NOC-S), sex and age group, annually (current dollars unless specified).

<sup>ii</sup> Table 2820010- Labour force survey estimates (LFS), by National Occupation Classification for Statistics (NOC-S) and sex, annually (Persons unless specified).

<sup>iii</sup> Source(s): Ibid.

<sup>iv</sup> Source(s): Ibid.

<sup>v</sup> Pippy, Sharon. "Academic Performance Profile." *Memorial University*. (2013): 13.

<sup>vi</sup> Pippy, Sharon. "Academic Performance Profile," 13-14.

<sup>vii</sup> Ostrovsky, Yuri and Marc Frenette. "The Cumulative Earnings of Post Secondary Graduates Over 20 Years: Results by Field of Study." *Statistics Canada*. Last modified Oct. 28, 2014.

<sup>viii</sup> Centre for Institutional Analysis and Planning. "Fact Book 2014." *Memorial University*. (2014): Table 3.

<sup>ix</sup> Centre for Institutional Analysis and Planning. "Fact Book 2014," Table 4A.

<sup>x</sup> Brochu, Pierre, Marie-Anne Deussing, Koffi Houme, and Maria Chuy. "Measuring Up: Canadian Results of the OECD PISA Study." (2012): 73.

<sup>xi</sup> Brochu, Pierre. "Measuring Up," 87.

<sup>xii</sup> Fortin, Nicole and Michael Huberman. "Occupational Gender Segregation and Women's Wages in Canada: An Historical Perspective." *Canadian Public Policy*. (2002): 27.

<sup>xiii</sup> Scott, Graham. "Canada's Top 100 Highest-Paid CEOs." *Canadian Business*, 20 Jan. 2015. Web. 5 March 2015.

<sup>xiv</sup> Catalyst. "2014 Catalyst Census: Women Board Directors." Catalyst. (2015).

<sup>xv</sup> Joy, Lois and Nancy Carter. "The Bottom Line: Corporate Performance and Women's Representation on Boards." Catalyst. (2007).

<sup>xvi</sup> Vancouver Board of Trade. "Women as a Catalyst for Economic Growth: A British Columbia Action Plane." Vancouver Board of Trade. (2015): 11.

<sup>xvii</sup> Mulshine, Molly. "Kevin O'Leary of 'Shark Tank' invests in 20 companies and says the only ones making money have female CEOs." *Business Insider*. May 11, 2015.

<sup>xviii</sup> Conference Board of Canada. "The Business Case for Women on Boards." Federal-Provincial-Territorial Ministers Responsible for the Status of Women. (2013): 4.

<sup>xix</sup> Centre for Institutional Analysis and Planning. "Fact Book 2014." (2014): Table 4.

<sup>xx</sup> Carter, Nancy and Christina Silva. "Pipeline's Broken Promise." Catalyst. (2010): 3.

<sup>xxi</sup> Nancy Carter and Christina Silva "Pipeline's Broken Promise,": 4.

<sup>xxii</sup> Nancy Carter and Christina Silva "Pipeline's Broken Promise,": 3.

<sup>xxiii</sup> Nancy Carter and Christina Silva "Pipeline's Broken Promise,": 4.

<sup>xxiv</sup> McFarland, Janet. "Female MBA grads earn less at career outset, struggle to catch up: study." *The Globe and Mail*. Dec. 3, 2013.

<sup>xxv</sup> Carter, Nancy and Christina Silva. "The Myth of the Ideal Worker." Catalyst. (2011). 10.

<sup>xxvi</sup> Pippy, Sharon. "Academic Performance Profile," 13.

<sup>xxvii</sup> McFarland, Janet. "Female MBA grads earn less."

<sup>xxviii</sup> Vincent, Carole. "Why Do Women Earn Less Than Men? A Synthesis of Findings from Canadian Microdata", CRDCN Synthesis Series. (2013): 3.

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- xxxii Goldin, Claudia. "A Grand Gender Convergence: Its Last Chapter." American Economic Review. (2014): 1094.
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