Employment, Earnings and Wealth:

Trends and Outlook for Women in the Canadian Economy

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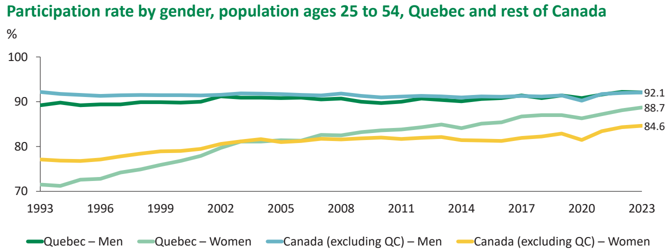
Executive Summary

Social arguments in favour of gender equality abound. But the economic arguments are no less compelling. Canada simply cannot afford to waste productive human capital. Increasing labour force participation of women—who are more highly educated than men on average—is a key component to optimize utilization of human capital. Like diversity in general, gender diversity in the workplace and management has been associated with greater innovation, superior productivity growth and higher profits.

Participation in the labour force among prime-age women (ages 25 to 54) has grown from 76% to 86% over the past three decades and is even higher in Quebec (89%) thanks to subsidized universal childcare (graph A). We expect to see the rest of the country catch up as childcare programs announced in the 2022 federal budget roll out. Our calculations show that bringing women's national employment rate up to match Quebec's by 2030 could add nearly 350,000 jobs and could boost the level of real GDP by as much as 1.5% by the end of the current decade.

Graph A
Subsidized Childcare Boosted Labour Force Activity for Women in Quebec

Participation rate by gender, population ages 25 to 54, Quebec and rest of Canada

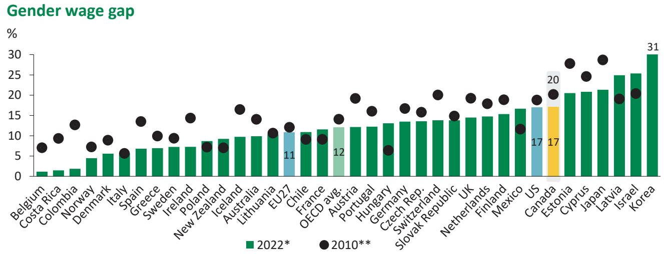


Statistics Canada and Desjardins Economic Studies

Despite being highly educated, Canadian women face a larger gender wage gap than most of their Organisation for Economic Co-operation and Development (OECD) peers (graph B). Canadian women earn an average of 17% less than men—and the difference is even more stark for immigrant and Indigenous women. While part of the gap can be chalked up to the sectors women choose to work in, an estimated two-thirds to three-quarters of the gap is due to wage differences between men and women with similar skills doing the same job. This is more visible in occupations where hours worked at a specific time are rewarded and where individual workers are less substitutable for each other (for example, long or continuous hours for lawyers and MBAs, as opposed to pharmacists). The need for schedule flexibility and time off to care for loved ones appears to adversely impact how women are assigned tasks and responsibilities at work, reducing their long-term earnings potential.

Graph B
Canada Has a Larger Gender Wage Gap than Most of Its OECD Peers

Gender wage gap



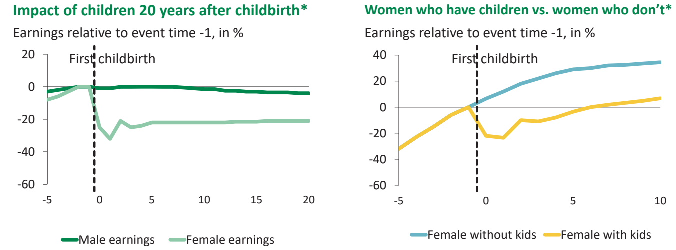
*Or latest; **2009 for Chile.
OECD and Desjardins Economic Studies

Occupations in science, technology, engineering and math (STEM) will be key areas to watch, as they are bound for faster growth amid the ongoing digital and energy transitions. If women forego higher earnings opportunities there, it could further widen the gender wage gap. But women are currently underrepresented in STEM fields.

The "mommy tax" is steep and persistent. Research has found that moms earned about 20% less than dads and women without kids, even 10 and 20 years after childbirth (graph C). Our aging population could further impact women's careers as women are more likely to take on unpaid caregiving work for elders. About one in six caregivers who are also employed choose to work fewer hours.

Graph C
The Earnings Gap Is Larger for Women with Children and It Persists after Childbirth

Impact of children 20 years after childbirth* | Women who have children vs. women who don't*



*Evidence from Denmark
Kleven et al. (NBER, 2018) and Desjardins Economic Studies

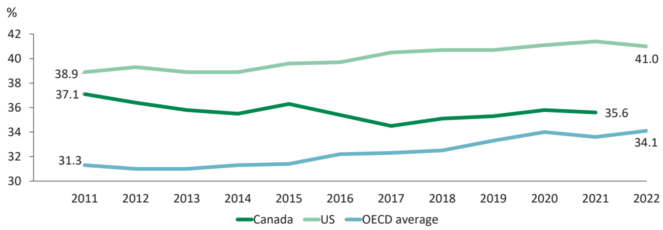
Women entrepreneurs are still a minority, but there's an opportunity for more women to take the reins as businesses are handed down to the next generation and baby boomers retire. The good news? Younger family businesses tend to be more gender diverse. Still, male-owned enterprises represent nearly 70% of SMEs.

Only 87 women are promoted to manager for every 100 men. This gender disparity in early promotions leaves a "broken rung" with fewer and fewer women available to promote to director and higher positions. Across all management positions in Canada, the share of women has declined slightly over the past decade, falling below 36% (graph D).

Graph D

The Share of Women Managers Has Declined in Canada since 2011, Unlike in the US and the OECD Overall

Share of female managers



OECD and Desjardins Economic Studies

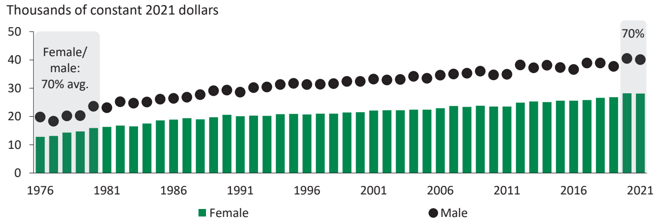
These factors combine to impact their senior years, with women's retirement income stuck at about 70% of men's since the late 1970s (graph E). Not only are women less able to put funds aside before retirement, but with a longer average lifespan, they need to make the funds last several more years.

Graph E

Retirement Inequality: The Pension Gap Has Been Stubbornly Persistent

Median income, ages 65+

Thousands of constant 2021 dollars



Statistics Canada and Desjardins Economic Studies

Additional progress in certain key areas where gender gaps persist would help ensure a more prosperous future for Canada given its demographic and productivity trends. Organizations and policymakers should focus on decreasing the earnings cost of flexibility and maternity. They should also ensure that jobs critical to the digital and green transitions are gender-diverse, removing bias at multiple levels, including business financing and management pipelines, while implementing childcare and eldercare programs that are effective and affordable.

Attention should also be given to women in minority groups, as they face larger gender gaps and their full potential has yet to be tapped. They include Indigenous women, immigrant women and racialized women.

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I. Canada Cannot Afford to Waste Productive Human Capital

Demographics and Productivity: Tapping into Women's Full Potential Will Be Key

Given its demographic and productivity trends, Canada needs to make optimal use of its productive capital, including its human capital.[1] Its aging population will mean a proportionately smaller share of the prime-age population undertaking productive activity and greater demand for things like healthcare. Although the current population surge has reduced the acuteness of labour shortages, structural shortages will persist in the medium and long term in some sectors. To maintain standards of living and GDP per capita, Canadians will need to produce more with fewer workers. Our recent analysis showed this will require improving productivity growth, which has been lagging behind US productivity gains since 2001.

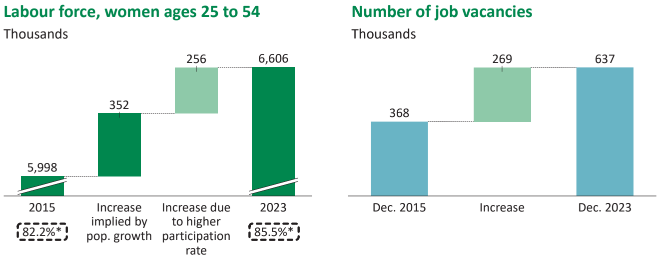
Enhancing the productivity of human capital can be done in several ways: investing in education, training and innovation, as well as ensuring capital is efficiently allocated and not left idle. Increasing the labour force participation of women—who also tend to be more highly educated than men on average[2]—is a key component to optimizing the utilization of human capital. And it looks like doing so has helped ease labour shortages: increasing the participation rate of women ages 25 to 54 has added 256,000 new participants to the labour force since 2015. To put this into perspective, that's roughly the equivalent of the overall increase in job vacancies over the same period (graph 1). We can reasonably suppose that labour shortages would have been even more acute without this sizeable addition.

On top of these benefits, gender diversity in the workplace (and diversity in general) has been associated with greater innovation, an essential lever for productivity growth. OECD research has also found that firms realize significant productivity gains from increasing gender diversity in senior management.

Overall, current demographic and productivity trends only reinforce the need for a gender-diverse and gender-inclusive workforce, including among senior managers and entrepreneurs.

Graph 1

The Increase in the Participation Rate Has Added 256,000 Women to the Labour Force since 2015 and Mirrored the Increase in Job Vacancies



*Participation rate
Statistics Canada and Desjardins Economic Studies

[1] Human capital represents individuals' knowledge and skills that come from education, training and experience, measured as the present value of future earnings. For example, the human capital of a 30-year-old woman with a university degree would be the present value of the sum of her expected earnings from age 30 to the end of her working life. (Source: Statistics Canada).

[2] Canadian women now surpass men in the proportion of university graduates.

Diversity Is Correlated with Positive Business and Economic Outcomes

Lower gender inequality is generally associated with higher income per capita. Of course, causality runs in both directions. On the one hand, higher levels of economic development typically go hand in hand with more economic and political rights, which generate more opportunities for women. On the other hand, as OECD research has found, greater gender equality can boost economic growth through better use of talent. For instance, gender gaps are estimated to cause an average income loss of 15% in the OECD, of which 40% is attributable to entrepreneurship gaps.

A growing body of research presents evidence that greater diversity (gender, ethnicity, cultural) can enhance firm performance. Benefits include improved group decision-making and spotting of new opportunities, rapid problem solving, a wider span of management skills, a better understanding of customer preferences and improved corporate governance (OECD, 2023). Studies have found a positive correlation between gender diversity in leadership positions (boardroom and C-suite) and superior corporate and share price performance (Credit Suisse Institute, 2021). And greater diversity has been linked to innovation and increased corporate profits (McKinsey, 2020). Differing viewpoints generated by diversity tend to prevent groupthink tendencies, when similar individuals reinforce each other's points of view and can be blindsided absent challenging arguments. Gender diversity has also been linked to more balanced and accurate risk assessments (Krawcheck, 2017[3]).

It's therefore no surprise that diversity, equity and inclusion (DEI) programs are increasingly making their way into the corporate world. New regulations are also being implemented in the stock exchange. Nasdaq recently started enforcing board diversity rules, requiring listed companies to make disclosures about the gender and racial makeup of their boards.[4]

But we continue to see persistent wage gaps and slow progress in some areas despite evidence of positive economic and business outcomes of greater gender equality and diversity. We'll explore this in the next section.

[3] Krawcheck, Sallie. "Own It. The Power of Women at Work," Penguin Random House Canada, 2017.

[4] Companies must have a woman, "underrepresented minority" or LGBTQ+ board member or report in their proxy statements or on their websites why they're unable to comply. (Bloomberg, 2023)

2. Progress Has Been Made, but Gaps Persist

The progress of women in the workplace is undeniable and well documented. There is certainly reason to be hopeful on many fronts: participation rates, educational attainment, the positive impact of affordable childcare and growing numbers of female senior executives and entrepreneurs, to name a few. Canada must now focus on several areas of vigilance as we look to the future. A summary of these areas is found in table 1.

Table 1

Canadian Policymakers and Corporations Should Pay Attention to Key Areas of Persistent Inequality Going Forward

AREA OF VIGILANCE	RATIONALE
Within-job pay gap	› 67% of the gender pay difference remains when we compare men and women* in the same job (same industry, same occupation) in Canada
Immigrant, racialized and Indigenous groups	› Women in these groups generally face larger gender gaps
Green transition, digital transition and STEM	› Women are underrepresented in industries, skills and occupations associated with the accelerating green transition › STEM education and occupations are still highly male-dominated
Manager positions	› There's a persistent gender gap in early promotions and bottlenecks between director and VP positions
Entrepreneurship	› Canada has made slower progress in the last decade than its peers
Eldercare	› With the aging population and women's higher propensity for caregiving, we could see women reduce their hours or labour force participation
Pension gap	› Women's retirement income remains about 70% of men's—the same gap as in the late 1970s

*Canadian-born non-Indigenous men and women (Statistics Canada, 2023)

Statistics Canada (2023), McKinsey (2017), OECD (2023) and Desjardins Economic Studies

Women's Increasing Labour Force Presence Inspires Hope

Though women are more likely than men to work part time, their participation rate has jumped in the last three decades in Canada, from 76% in 1993 to 86% in 2023 among those ages 25 to 54 (graph 2). This contrasts with 92% for men in 2023.

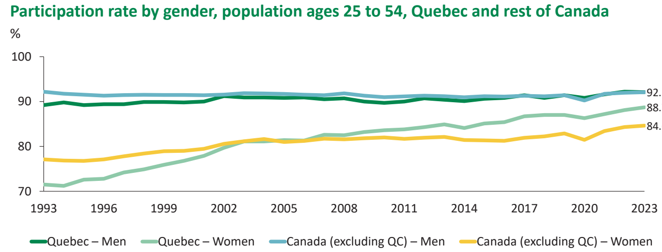
The province of Quebec saw its rate increase even faster thanks to the universal affordable childcare program introduced in the late 1990s (graph 3). The participation rate for women ages 25 to 54 is roughly 4 percentage points higher in Quebec than in the rest of Canada. The recent rollout of subsidized childcare across the country should further increase the participation rate of women outside Quebec.

In Quebec, women with post-secondary degrees have caught up with men who have a secondary education, and they're gradually closing the gap with their male counterparts with college and university degrees (graph 4). Among Quebec university graduates, for instance, the gender gap was 2.3 percentage points in 2023 (vs. 4.3 ten years prior), compared to 4.8 in the rest of Canada.

Graph 3

Subsidized Childcare Boosted Labour Force Activity for Women in Quebec

Participation rate by gender, population ages 25 to 54, Quebec and rest of Canada

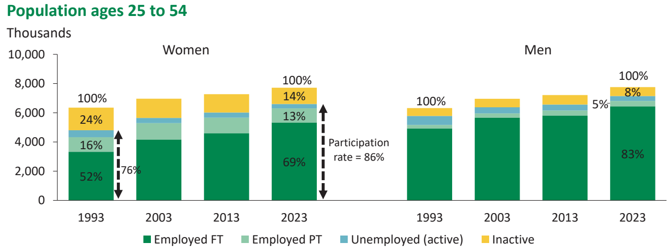


Statistics Canada and Desjardins Economic Studies

Graph 2

Canada: Women Are Still More Likely than Men to Work Part Time, but Their Participation Rate Has Jumped in the Last Three Decades

Population ages 25 to 54

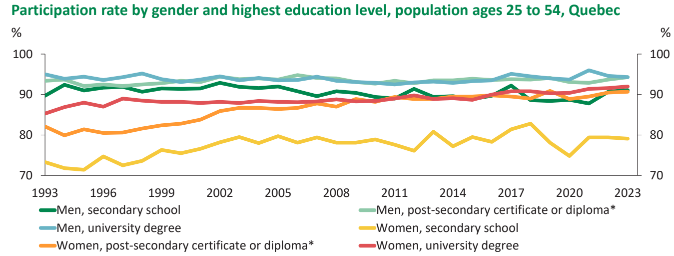


Note: Percentages in the graph represent the share (%) of the total population in that age group and gender group.
FT: full time; PT: part time.
Statistics Canada and Desjardins Economic Studies

Graph 4

Quebec: The Participation Gender Gap Has Narrowed Particularly for Post-secondary and University Graduates

Participation rate by gender and highest education level, population ages 25 to 54, Quebec



*Certificate, college, CEGEP
Statistics Canada and Desjardins Economic Studies

What's behind the Gender Earnings Gap?

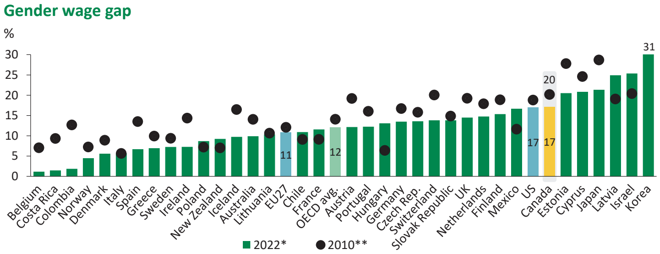
Despite the encouraging progress women have made in labour force participation and educational attainment, gender gaps persist in wages and earnings.

The overall (unadjusted) gender wage gap is 17% in Canada and the US, much higher than the OECD average of 12% (graph 5). This means that on average, women's hourly wage is 17% below that of men. A Statistics Canada study by Drolet and Amini (2023) shows that this gap has been narrowing over the last 15 years in Canada, but that Indigenous women and women who immigrated as adults had much larger gaps (graph 6). While Canadian-born[5] women earned about 9% less than Canadian-born men in 2021–2022, the difference was roughly 20% for Indigenous women and for women who immigrated as adults. Yet immigrant women typically have higher educational attainment than Canadian-born men and women (graph 7).

Canada clearly needs to better tap into the human capital potential of these minority groups. This is especially true given today's historically high immigration rates in Canada (current and forecasted) and the fact that participation rates are significantly lower among recently immigrated women compared to Canadian-born women (box 1).

Graph 5
Canada Has a Larger Gender Wage Gap than Most of Its OECD Peers

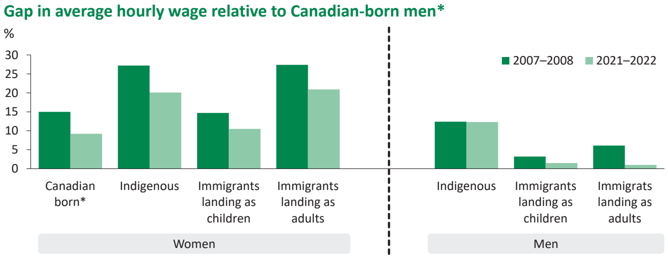
Gender wage gap



*Or latest; **2009 for Chile.
OECD and Desjardins Economic Studies

Graph 6
Women Who Immigrated as Adults and Indigenous Women Face the Largest Wage Gaps…

Gap in average hourly wage relative to Canadian-born men*



*Non-Indigenous.
The wage gap refers to the difference between the average hourly wage rate of the group vs. Canadian-born men.
Statistics Canada and Desjardins Economic Studies

Graph 7
…Yet Immigrant Women Have Higher Educational Attainment than Canadian-Born Men and Women

Percent of paid workers with a bachelor's degree or higher (population ages 20 to 54)

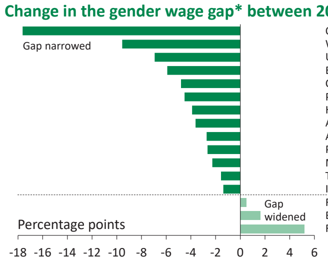
*Non-Indigenous
Statistics Canada and Desjardins Economic Studies

> ### BOX 1: Recent Immigrant Women Have a Lower Participation Rate
>
> **2023 participation rates among the population ages 25 to 54[6]**
>
> - Canadian-born men: 92%
> - Immigrant men landed in the previous 5 years: 92%
> - Canadian-born women: 88%
> - Immigrant women landed in the previous 5 years: 77%
>
> [6] Source: Statistics Canada.

One reason for the gap has to do with the sorting of men and women into different industries. Women are more likely than men to work in low-wage sectors. While it's encouraging that wage gaps have narrowed in the last decade in most industries, they remain particularly large in certain sectors (graph 8). But even accounting for this "sorting effect" into industries and occupations, 67.4% of the gap is due to differences in the wages of men and women within the same job. These within-job gender gaps were observed elsewhere. According to a recent OECD study, "about three-quarters of the gender wage gap

Graph 8
Nearly All Industries Narrowed the Wage Gap in the Last Decade

Change in the gender wage gap* between 2013 and 2023



	Wage gap,* % (2023)	Women's % of jobs (2023)
Other services (except public admin.)	11	52
Wholesale and retail trade	15	47
Utilities	9	25
Educational services	6	68
Construction	18	13
Public admin.	11	52
Health care and social assist.	6	80
Agriculture	13	32
Accommodation and food services	10	56
Professional services	25	44
Manufacturing	17	29
Transportation and warehousing	8	23
Information, culture, recreation	13	45
Finance, insurance, real estate	19	56
Business, building and other support services	8	44
Forestry, fishing, mining, oil, gas	13	17

*Median wage of women minus median wage of men, divided by median wage of men (population ages 15 and over, full-time employees).
Statistics Canada and Desjardins Economic Studies

[5] Non-Indigenous.

results from the same firm paying men more than women with similar skills, mainly due to differences in task and responsibility assignments. The remaining quarter of the gender gap results from the concentration of women in low-wage firms and industries."

Task and responsibility attribution gets to the heart of the gender earnings gap. One very compelling argument has been made by 2023 Nobel laureate in economics [Claudia Goldin](). Goldin finds that the gender gap in earnings differs significantly by occupation. The gap is much larger in law and business administration than in other sectors. This appears consistent with Canadian data as well, with professional services having the largest wage gap. (Professional services comprise law firms, business consultancies, engineering and other scientific services).

Goldin contrasts this to pharmacists, who have among the smallest gender earnings gaps. Goldin argues that there is a negligible penalty to taking time out of the labour force in that occupation. "Female pharmacists with children often work part-time and remain in the labour force rather than exiting." One reason is that pharmacists have become better substitutes for each other amid increased standardization and the extensive use of computer systems to track clients across pharmacies. "If a pharmacist is assisting a customer and takes a break, another can seamlessly step in." But that's not the case in other fields. "Hours of work in many occupations are worth more when given at particular moments and when the hours are more continuous." In these occupations—particularly those in the corporate, financial and legal worlds—a flexible schedule often comes at a high price.

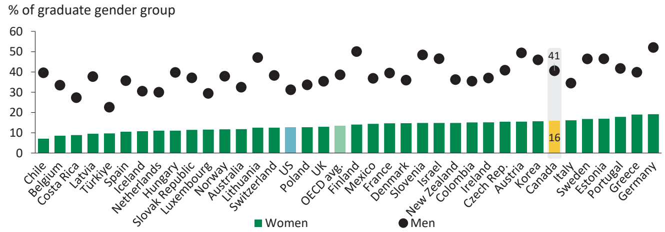
What's the solution? Goldin argues that organizations must be concerned with reducing the dependence on or remuneration of particular segments of time and with helping workers be able to substitute seamlessly for each other. This will lead to a "reduction in the premium to long and unpredictable hours." In sum, the solution must involve changes in the labour market and in "how jobs are structured and remunerated to enhance temporal flexibility." Goldin concludes that "flexibility at work has become a prized benefit but flexibility is of less value if it comes at a high price in terms of earnings."

Are Women Gearing Up for the Jobs of the Future?

What about jobs in sectors that are bound to experience fast growth in the future? According to Goldin (2014), rapidly growing sectors and newer industries such as those in health and information and communication technologies (ICT) appear to be moving in the direction of more flexibility. That's encouraging. And [female physician graduates]() outnumber male physician graduates roughly two to one nationwide. But in science, technology, engineering and mathematics (STEM), the share of female graduates remains low (graph 9). Some 16% of female university students graduate in these fields vs. 41% of male university students in Canada. According to the [OECD](), women "may be less well-placed to seize the opportunities associated with the green and digital transitions as they tend to specialize less in scientific knowledge than men."

Graph 9
Science, ICT and Engineering Graduates Are Predominantly Male

Share of university graduates in science, ICT and engineering,* 2021



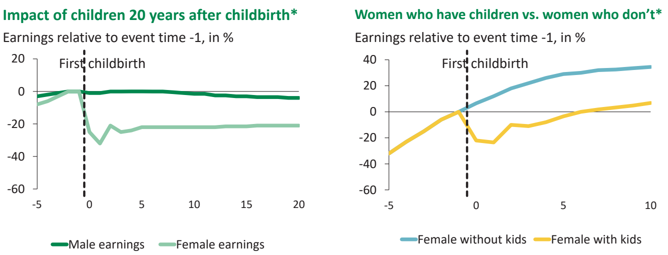
*Includes natural sciences, mathematics and statistics; information and communication technologies (ICTs); and engineering
OECD and Desjardins Economic Studies

Maternity Has Long-Term Effects on Women's Earnings

Maternity and number of children negatively influence long-term potential earnings. Kleven et al. (2018) looked at evidence from Denmark (which has among the smallest gender earnings gaps) from 1980 to 2013. The authors found that the arrival of children generated an earnings gap of around 20% for women in the long run, driven roughly in equal proportions by labour force participation, hours of work and wage rates. This effect was not observed for men with children. And childless women had much higher earnings than women with kids (graph 10). Similar evidence of a maternity earnings penalty (the so-called "mommy tax") was also found at home in a 2009 study by Statistics Canada.

Graph 10

The Earnings Gap Is Larger for Women with Children and It Persists after Childbirth



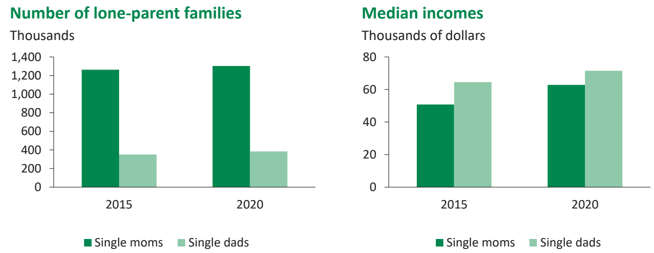
*Evidence from Denmark
Kleven et al. (NBER, 2018) and Desjardins Economic Studies

Box 2: Focus on Single Moms

Mothers continue to make up the vast majority of lone-parent families, at over 77% in 2020 (graph 11). That year, the median income of single moms was 88% of the median income of single dads, narrowing the gap from 79% in 2015.[7] But before we chalk this up as a win, recall that the federal government made significant transfers during the first year of the pandemic in 2020. It remains to be seen whether the income gap between single moms and single dads is narrowing permanently.

Graph 11

There Are More Single Moms, but Their Income Gap with Single Dads Is Narrowing



Statistics Canada (Census) and Desjardins Economic Studies

Lone-parent families headed by women had a median net worth of merely $64,500 in 2019, compared to $83,100 for all lone-parent families.[8] Absent reliable data for male-led lone-parent families, we can still deduce that their median net worth was squarely above $100,000, given that women represent the lion's share of lone-parents. Still, there was a major improvement between 2016 and 2019 for single mothers: their median net worth jumped 39% over that period, as compared to 5% for all family types in Canada.

The share of children in single mother families living in low-income households rose slightly in 2021 to 18.4%, from 16.9% the year before. However, this is a significant improvement from nearly 30% of children in lone-parent families headed by women in the year prior to the start of COVID-19 and nearly 40% of children in 2015.

[7] Census data. Note: Data is not available for years other than 2015 and 2020.
[8] Statistics Canada, special tabulation of the Survey of Financial Security.

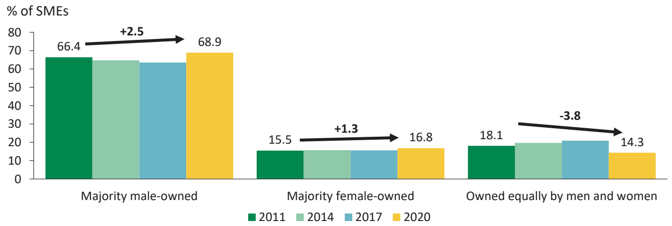
Entrepreneurs Are Predominantly Men

The picture for women entrepreneurship is mixed. The share of majority male-owned small- and medium-sized businesses in Canada was 69% in 2020, up from 66% in 2011 (graph 12).

Graph 12

Progress Has Been Slow in the Last Decade for Women Business Ownership in Canada

Small- and medium-sized enterprise ownership characteristics



Industry Canada, Statistics Canada and Desjardins Economic Studies

Studies have found that business financing is a larger hurdle for women than for men. According to HEC, "68% of projects presented by men obtained financing, compared to 32% for those same projects presented in the same manner by women." Other studies have found that it's not so much obtaining financing that's the issue, but rather financing amounts. According to the Canadian government's recently established Women's Entrepreneurship Knowledge Hub (WEKH), the average amount of financing authorized for men-owned businesses is 150% higher.

Similarly, the venture capital field is strongly male dominated. Women-led startups receive less than 3% of all venture capital investments in the US. A Harvard Business Review study found that about 70% of VC investors preferred pitches presented by male entrepreneurs over those presented by female ones, even though the pitches were identical.

But there has been positive progress in other aspects. A recent OECD report shows that Canada has better-than-average early-stage entrepreneurship rates for women. In Quebec, more startups (businesses younger than one year) were owned by women than by men in 2021 (65% vs. 35%). In all, recent trends in women entrepreneurship point to advances, but also to a large untapped potential or "missing entrepreneurs." Policymakers should pay particular attention to fostering entrepreneurship among minority groups. Research by WEKH suggests that systemic challenges for women entrepreneurs are particularly acute for Indigenous women, racialized women and women with disabilities. But on a more positive note, women make up a higher proportion of SME entrepreneurs in South Asian, Black and Chinese communities than in the general population.

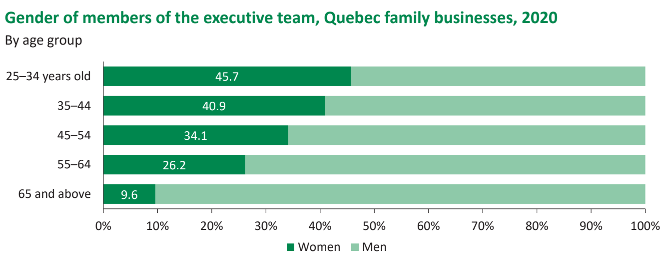
Aging Entrepreneurs and Company Transfers: Opportunities for Women to Take the Reins

As the population continues to age and the baby boomers continue to retire, we should see an imminent increase in the number of family business successions and transfers. This presents a unique opportunity for the younger generation of women. There's also a need for renewal, with young entrepreneurs starting new businesses.

There are encouraging developments on this front. In Quebec, entrepreneurship intentions for women have increased significantly in recent decades despite some setbacks experienced by both men and women since the pandemic. Intention rates in 2022 were 14.5% for women (vs. 17.4% for men),[9] compared to 5.4% in 2009 (HEC and Indice entrepreneurial du Québec). And the younger the business, the higher the chances of it being run by a woman. Indeed, for a second consecutive year in 2022, the proportion of women business owners who became owners in the previous year surpassed that of men business owners (13.9% vs. 8.9%).

Another positive advance is the renewing talent pool of family business executives. A 2020 survey of family businesses in Quebec showed that gender parity had nearly been achieved among executives ages 25 to 34 (graph 13). Moreover, 54% of family businesses founded after 2010 had a woman chief executive.

Graph 13
Family Business Transfers: More Young Women Are Leading the Way



HEC Album de familles (2020) and Desjardins Economic Studies

Still, there's room for improvement. The same survey found that women executives continue to be underrepresented among heads of larger family businesses[10] despite being more highly educated (29% have a bachelor's degree compared to 19% of men executives). Moreover, social norms still appear to favour males in family business transfers. Recent research found that gender preference towards sons vs. daughters influences how entrepreneurial families prepare the next generation and support their business education and careers.

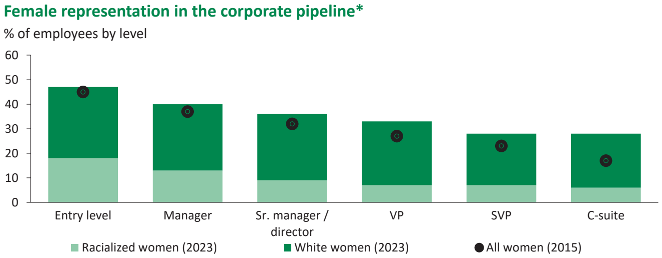
In all, the dynamism of the Canadian and Quebec economies will depend on this business leadership renewal, and young women should increasingly be part of the equation.

[9] A similar gender gap was noted in a 2019 survey by the Business Development Bank of Canada (BDC). Intention rates were 20% for women vs. 24% for men and women overall. The BDC study also showed that the number of women entrepreneurs in Canada quadrupled over 40 years: 28% of entrepreneurs were women in 2018 compared to 11% in 1978.
[10] Those with over 250 employees and those with revenues above $100M.

Senior Executives and Managers: Slow Progress in the Last Decade

The "glass ceiling," the "sticky floor" and the "broken rung" are different facets of the same phenomenon: the more one moves up the management echelons, the less gender diversity there is (graph 14). A key factor behind this phenomenon is gender disparity in early promotions, which influences the talent pipeline up to the top. A 2023 study by McKinsey of 276 companies across the US and Canada found that for every 100 men promoted to manager that year, 87 women were promoted. Because of gender disparity in early promotions—dubbed the broken rung—"there are fewer women to promote to senior managers, and the number of women decreases at every subsequent level." One positive change since 2015 is the significant increase in the number of women in the C-suite. However, as the authors explain, "increasing women's representation at the top … without addressing the broken rung offers only a temporary stopgap."

Graph 14
Gender Disparity in Early Promotions Means Fewer Women to Promote at Every Subsequent Level
Female representation in the corporate pipeline*

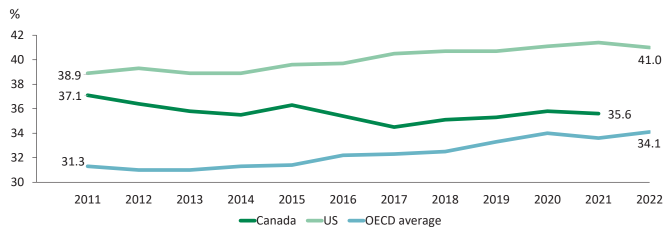


*Survey of 276 companies across the US and Canada employing 10 million people
McKinsey (2023) and Desjardins Economic Studies

Looking more specifically at Canada, progress has been relatively slow. Statistics Canada data shows that 69% of executive (officer) positions in Canadian corporations are held by men, as are 75% of top officer positions.[11] Women's share of executive positions went from 30% in 2016 to 31% in 2020. Women's proportion of top officers did increase more significantly, however, from 19% to 25%.

Still, when we consider all management positions, the share held by women has actually declined since 2011, to about 36% in 2021 (graph 15). And Canada is well below the US (41%) and several OECD peers in this regard, although there are vast variations between the laggards (Japan and Korea) and the leaders (Costa Rica and Latvia) (graph 16).

Graph 15
The Share of Women Managers Has Declined in Canada since 2011, Unlike in the US and the OECD Overall
Share of female managers



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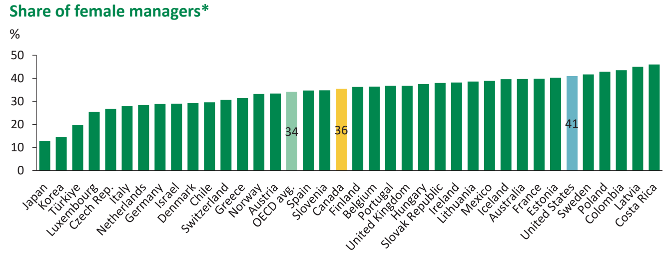
Graph 16
Manager Jobs Are Predominantly Held by Men

Share of female managers*



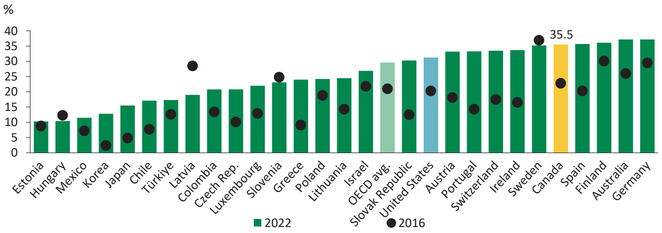
*2022 or latest available
OECD and Desjardins Economic Studies

Women's underrepresentation is also apparent on company boards of directors. However, Canada has seen a significant increase since 2016 and is better positioned than the US and most of its OECD peers, with women holding 35.5% of seats on boards of major publicly listed companies (graph 17 on page 10). Still, a sizeable proportion of companies have no women on their board. Looking at family businesses in Quebec, HEC found that women are underrepresented on boards and consulting committees (27%) and that 21% of businesses had no women on their boards or consulting committees.

[11] The top officer category consists of individuals who occupy one of the following positions: chairperson, president, vice president or executive vice president. The other officer category consists of individuals who occupy one of the following positions: secretary, assistant secretary, treasurer, assistant treasurer, secretary treasurer, controller, auditor or other.

Graph 17
Women Are Still in the Minority on Company Boards

Female share of seats on boards of the largest publicly listed companies



OECD and Desjardins Economic Studies

A Bloomberg analysis of Nasdaq diversity disclosures comparing the period from October 18 to November 8 in 2022 and 2023 found a drop in the share of boards with women. 76% of Nasdaq-listed companies had boards with at least one woman in 2023 vs. 82% the year before. However, we're likely to see more positive developments in the future, with new Nasdaq rules taking effect in 2024 requiring listed companies to have at least one woman or underrepresented minority board member (or to report the reasons for non-compliance).

Eldercare Responsibilities Risk Limiting Women's Career Advancement and Earnings

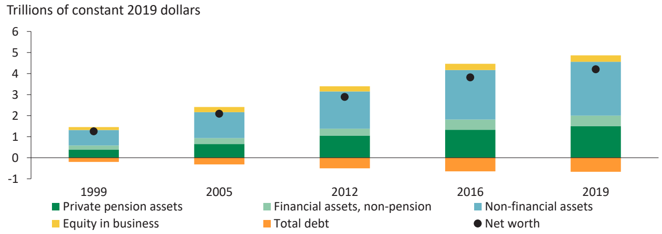
An aging population means an increased need for eldercare, which could present additional hurdles for women. The burden of eldercare on women has important economic implications. One in three women are currently providing or previously provided unpaid caregiving support for a loved one, such as an aging parent. Women who are employed and also providing support spent an additional 13.8 hours per week on unpaid care—equivalent to almost two additional days of work. It's not surprising that this burden can have an impact on their career prospects. 17% of female caregivers choose to work fewer hours, with an average of 12 fewer hours per week. These women run the risk of lower lifetime earnings, reduced retirement savings and other indicators of gender-based economic inequality. Moreover, the physical and emotional toll of caregiving can lead to negative health outcomes.

Capital Gains versus Pension Pains

The financial wealth controlled by Canadian women is rising quickly. As of 2019, women who were the major income earner in their family controlled an estimated $2 trillion in financial assets. Add in the value of real estate assets and business equity, and the total wealth controlled by women is even higher and has more than tripled (in constant dollars) over the last two decades, reaching $4.9 trillion in 2019.[12] And it's expected to keep growing (graph 18). Women's net worth has climbed 6.2% on average annually over the 1999 to 2019 period—significantly more than the 4.5% growth rate for men's net worth.[13] One of the key reasons for this shift is the changing demographic landscape. Women are staying single longer, attaining higher education—which leads to greater earnings potential—and increasing their participation in the workforce. Moreover, women are inheriting wealth from their parents and spouses, typically outliving husbands of a similar age or older. This has implications for the wealth management industry, which should adapt to the needs of these women by building relationships, assessing their risks and meeting diverse goals such as ethical investing and intergenerational financial support. A recent US study (BNY Mellon, 2022) found that 86% of asset managers "admit that their default investment customer – the person they automatically target with their products – is a man." Affluent Black and Latin women are three times more likely than white women to report that services did not meet their needs or they had a bad experience when they first started investing (J.P. Morgan Chase & Co, 2020). Ensuring that women have the tools and bias-free conditions to exercise their roles as wealth managers will contribute to the optimal use of capital, benefiting the whole economy.

Graph 18
Women's Assets and Net Worth Have More than Tripled in the Past Two Decades

Assets and debt for families whose major income earner is female
Trillions of constant 2019 dollars

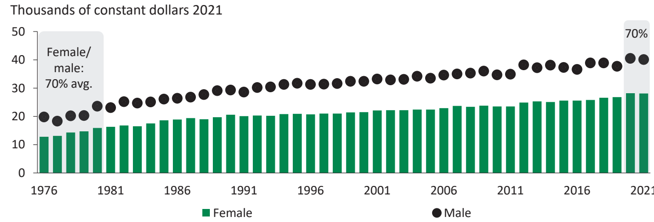


Statistics Canada and Desjardins Economic Studies

Despite women's recent gains in financial wealth, workforce participation and earnings, their net worth continues to lag behind men's. The median net worth of households in which women were the main income earner was about 72% of that of households with male main income earners in 2019, and this ratio has not budged since 2016 (though it was only 53% in 1999). It's therefore not surprising that women's retirement income continues to lag behind men's. Their income in retirement amounts to about 70% of men's—the same rate as in the late 1970s (graph 19). This "gender pension gap" has several causes. Taking career breaks for childcare or eldercare results in smaller contributions to public pension plans (Canadian Pension Plan or Québec Pension Plan) and private pension plans, as well as a lower cap on personal registered retirement savings plan contributions. Moreover, women have less disposable income available to save when they're caregivers than when they're employed full time. Both the wage gap and the propensity to work part time to balance caregiving responsibilities further exacerbate these issues. Women also spend more time in other types of unpaid labour such as household chores—none of which are recognized in pension systems that reflect paid labour. And because women live longer than men on average, they need their savings to last longer. As a consequence, senior women are more likely than senior men to be considered low income, at 6.1% and 4.9% respectively in 2021.

Graph 19
Retirement Inequality: The Pension Gap Has Been Stubbornly Persistent

Median income, ages 65+
Thousands of constant dollars 2021



Statistics Canada and Desjardins Economic Studies

[12] Statistics Canada, custom tabulation of the Survey of Financial Security.
[13] Compound average growth rate (CAGR) based on net worth in constant 2019 dollars.

3. Narrowing the Gender Gap: A Catalyst for Canadian Prosperity

Furthering gender diversity, equity and inclusion would contribute to the Canadian economy in significant ways, boosting both GDP and employment. For one, employment and participation rates are likely to increase nationwide for women with the ongoing rollout of affordable childcare programs. But policymakers will have to make sure socioeconomic hurdles don't prevent immigrant women from increasing their labour force participation as Canada welcomes greater numbers of new residents. Second, getting more women into higher-growth sectors could provide an additional boost to both value added and productivity. Here, policymakers should monitor progress in terms of women's presence in STEM fields, including occupations linked to the digital and green transitions. Third, provided the right programs are in place to allow temporal flexibility in the workplace and provide childcare and eldercare, we can presume that the total number of hours worked per woman in the workplace will increase.

According to our estimates, by simply lifting women's employment rate nationwide so it equals Quebec's by 2030, employment would be higher by nearly 350,000 jobs. All else being equal, the level of real GDP would be greater by as much as 1.5% by the end of the current decade.[14]

It's less clear what will happen with the gender wage gap. It will depend on the effectiveness of public policies and the measures put in place by businesses (such as flexibility and substitutes). One thing appears clear from recent research, however: larger gender wage gaps tend to lead to national income loss and lower GDP per capita.

[14] Assumes labour productivity is unchanged.

4. Action in Key Areas Would Be Steps in the Right Direction

The analysis above leads to four recommended areas of action, summarized in box 3.

BOX 3: Recommended Areas of Action

1. Eliminate bias at all levels to remove barriers.
2. Offer flexibility to remove the maternity penalty on earnings and career advancement.
3. Provide eldercare and childcare programs that are efficient and affordable.
4. Ensure women get their fair share of digital and green transition jobs.

Eliminate Bias at All Levels to Remove Barriers

The persistence of gender gaps, notably in management roles, is due to various factors. On top of maternity leave and childcare responsibilities that can slow career development, conscious and unconscious biases play a role, as do social norms shaping gender roles early in children's lives. To reduce biases, some corporations have put in place best practices such as:

- Automatically anonymized résumés to reduce bias during candidate selection
- Compulsory training for all hiring managers on unconscious bias to reduce bias in promotion decisions
- Networking and mentorship programs tailored to women
- Enhanced management talent pipeline with targeted training for women currently in or aspiring to executive positions

In the financial sector, some companies are encouraging and helping business and private equity clients build gender-diverse executive teams and boards. For example, Desjardins offers a training path to executive leadership to all its women business clients, and Desjardins Capital trains cohorts of women to sit on the boards of SME clients. Goldman Sachs requires companies planning an initial public offering (IPO) to have at least two diverse board members, one of which must be a woman.

Other recommended actions fall in the policymakers' court:

- Apply a gender lens to all policies. Since macroeconomic and financial policies affect women and men differently (often unintentionally), government bodies should evaluate the gender-differentiated impact of shocks and policies. The pandemic is a prime example. According to the International Monetary Fund (IMF), several pandemic assistance programs targeted women and brought more people into social safety nets.
- Provide funding for women entrepreneurs through programs such as EDC's Women in Trade, BDC's Woman Entrepreneur and BDC's Women in Technology Venture Fund.
- Strengthen the entrepreneurial ecosystem, including by documenting barriers to women entrepreneurship with a sensitivity to intersectionality. As noted by the WEKH, Indigenous women face barriers related to geographic isolation and systemic racism, while access to financing and borrowing costs remain especially difficult for Black women entrepreneurs.

Offer Flexibility to Remove the Maternity Penalty on Earnings and Career Advancement

To narrow the gender earnings penalty, organizations can look at how their current work structure attributes a premium to hours given at a particular time (early calls, business dinners) and to continuous hours (3-month project abroad, no 12-month pauses during one's career). They can also consider whether that premium can be removed or significantly reduced. The premium can take the form of wages, but also responsibilities and assignments that increase the odds of promotion and thus higher long-term earnings. The idea is to identify ways to level the playing field for men and women so that a premium for some doesn't translate into a penalty for others. For many businesses, remote work and flexible schedules can be implemented without reducing productivity. Another promising avenue is investing in systems that encourage the free flow of information at a lower transaction cost; in other words, systems that help make individual workers more easily substitutable for one another.

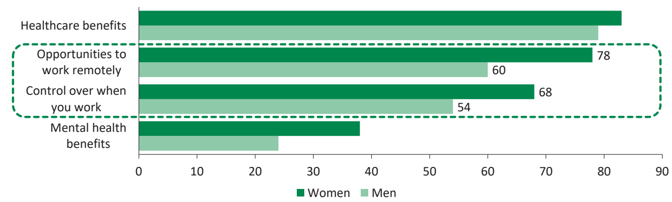
In sum, organizations should think of workplace flexibility—both temporal and locational—as a key vector to narrowing the gender gap.

BOX 4: Mothers Seek Flexibility in Where and When They Work

In a 2023 McKinsey survey, 38% of mothers of young children said that without flexibility, they would have had to leave their company or reduce their work hours. And women employees tend to value the opportunity to work remotely and work a flexible schedule more than men employees do (graph 20).

Other policy solutions include non-transferable rights to parental leave. In Iceland, men's share of parental leave taken was 3% prior to the introduction of mother and father quotas in the early 2000s. Now it's 45%. More equally shared parental leave means less money left on the table for women. This reduces the earnings gap and can lead to a more equal division of household tasks.

Graph 20
Women Employees Value Remote Work and Flexible Schedules More than Men Employees Do
% of women and men who highly value these benefits



McKinsey (2023) and Desjardins Economic Studies

Provide Eldercare and Childcare Programs That Are Efficient and Affordable

Women account for 60% of the total hours of unpaid household work in Canada. This can lead women to forego higher-earning opportunities to perform more of the household activities. A more equitable division of this labour between men and women would help. So would lowering the cost of full participation in the labour market (such as working full time or taking on more senior roles), as low-cost universal childcare programs do (Gu, 2022).

Given the lessons from Quebec and widespread evidence of the positive impact of affordable childcare (Fortin, 2017), it will be interesting to monitor progress in women's participation rates as similar programs are rolled out nationwide (table 2). The provinces should also keep a close eye on the number of children on the waitlists. In Quebec, demand for subsidized daycare surpasses supply, with 32,113 children on the Ministère de la famille waitlist at the end of 2023. That's the equivalent of about 10% of the approximately 300,000 daycare spaces in the province. Labour force participation rates for prime working-age women could climb even further if enough capacity is created to erase this 10% gap.

We should also be mindful of a potential reversal in the participation rate trend going forward absent efficient and affordable public eldercare programs. Aging baby boomers, increased longevity and women's greater propensity to forego earnings to undertake unpaid caregiving could perpetuate gender earnings gaps. These gaps could become especially acute if working-age women become sandwiched, simultaneously caring for children and elder parents. As the OECD noted (2023), population aging entails risks of widening gender gaps because women "shoulder a disproportionate share of care for elderly relatives."

Table 2
Government of Canada Childcare Savings Estimates

PROVINCE	STATUS OF FEE REDUCTION	ESTIMATED SAVINGS PER CHILD PER YEAR
BC	50% average reduction achieved as of December 2022	$6,600
AB	50% average reduction achieved as of January 2022	$10,330
SK	$10-a-day achieved as of April 1, 2023	$6,900
MB	$10-a-day achieved as of April 2, 2023	$2,610
ON	50% average reduction achieved as of December 2022	$8,500
NB	50% average reduction achieved as of June 2022	$3,900
PE	50% average reduction achieved as of October 2022	$2,000
NS	50% average reduction achieved as of December 2022	$6,000
NL	$10-a-day achieved as of January 1, 2023	$6,300
QC	Under its asymmetrical agreement, Quebec has committed to creating 30,000 new childcare spaces by March 2026	

Government of Canada and Desjardins Economic Studies

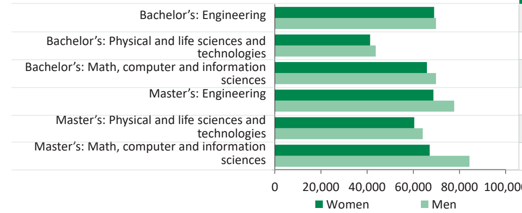
Ensure Women Get Their Fair Share of Digital and Green Transition Jobs

Looking to the future, policymakers should ensure that gender gaps are not perpetuated, but also that we're not inadvertently creating new ones in sectors that are bound to see strong growth. It's concerning that just two years after graduation, there's a perceptible gender gap in median employment income in STEM occupations, especially for master's graduates (graph 21). And although women outnumber men in physical and life sciences, the proportion of women undergraduates in engineering remains low (20%).[15] Increasing women's share of STEM jobs, notably in engineering, will be key to their inclusion in green transition industries and digital transformation occupations. In OECD countries, [only 28% of green jobs are held by women](). On the flip side, women will be less affected by the disappearance of jobs in polluting activities. Still, policymakers should closely monitor these statistics so they can adjust their efforts as needed.

Graph 21
There's an Income Gap Early On in STEM Occupations

Median employment income two years after graduation, 2019

By degree and field of study, ages 15 to 64*



Number and % of women graduates*	
2,550	20%
4,500	59%
1,030	21%
660	27%
870	53%
780	50%

*Among those reporting employment income. STEM: Science, technology, engineering and math.

Statistics Canada and Desjardins Economic Studies

[15] Data includes only those reporting employment income.

Conclusion

The above-mentioned measures should have the added benefit of gradually narrowing the pension gap. Removing bias and the maternity penalty, ensuring women are represented in high-growth and high-earning sectors and occupations, and having a safety net that precludes diminished labour force participation due to childcare and eldercare responsibilities would all contribute to reducing the earnings gap and its compounded effect at women’s retirement. Additionally, there’s a role for policymakers to address the propensity for women to spend more time in unpaid caregiving roles and its impact on retirement income.

Ultimately, advancing gender equality will be a shared responsibility: governments, corporations, men and women all have their part to play. It’s a public priority that governments and organizations should pursue intentionally and intelligently. Major strides have been made, but new challenges must be tackled as the nation’s demographics evolve and as productivity gains become increasingly crucial for prosperity. Furthering the advancement of women is a no-brainer. But addressing complex issues at the intersection of social norms and economic factors requires a clear, detailed and nuanced picture of the current condition of women and the areas where gender inequality persists.

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