Inclusive Labour Market Policies That Work for Women

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Inclusive Labour Market Policies That work for Women

Audrey Ann Bélanger Baur
Economist, Office of the Chief Economist
Global Affairs Canada
Roadmap to Innovative Solutions

- Factors Leading Women to Job Market
- Employment Paths for Women
- Canada’s Insight
  - Women-owned Businesses and their Role in Trade
  - Women Business Owners as Employers
- Canadian Policies supporting Women’s Entrepreneurship Opportunities
Where do Women Work?

Women's Labour Force Participation Rate, G7 countries, 2018

Data: OECD Stat | Source: Office of the Chief Economist, Global Affairs Canada
Where do Women Work?

Women's Labour Force Participation Rate, APEC economies, 2017

<table>
<thead>
<tr>
<th>Country</th>
<th>Participation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand</td>
<td>76.2%</td>
</tr>
<tr>
<td>Canada</td>
<td>75.0%</td>
</tr>
<tr>
<td>Australia</td>
<td>72.3%</td>
</tr>
<tr>
<td>Japan</td>
<td>69.4%</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>69.0%</td>
</tr>
<tr>
<td>United States</td>
<td>67.9%</td>
</tr>
<tr>
<td>Korea</td>
<td>59.0%</td>
</tr>
<tr>
<td>Chile</td>
<td>57.1%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>55.1%</td>
</tr>
<tr>
<td>Mexico</td>
<td>46.7%</td>
</tr>
</tbody>
</table>

Data: OECD Stat | Source: Office of the Chief Economist, Global Affairs Canada
Why do Women Work?

Labour Force Characteristics, Age 25 to 54, Canada

• Time Allocation Decision
  Different economic, social and demographic factors affect a person’s decision to work for a given wage.

• Paid and Unpaid Work
  Empirical literature confirms that child status variables impact LFP decision of women.

• Hours of work supplied
  - Full time wage employment
  - Part time wage employment
  - Temporary (gig) work
  - Self-employment

Why do Women Work?

Evolution in the Canadian Gender Pay Gap (Women-Men ratios), 1976-2015

- **Reservation Wage**
The reservation wage is the minimum wage for which a person is willing to trade off leisure for work.

- **Measuring the gap**
In terms of hourly wage, the gender pay gap is considerably smaller than in annual earnings.

- **The type of employment**
influences the pay gap

- **The pay gap tends to be larger in high-unemployment jurisdictions**

Why do Women Work?

Median employment income in dollars by age group and educational attainment, 2015, Canada

<table>
<thead>
<tr>
<th>Educational Attainment</th>
<th>Women</th>
<th>Men</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total – Highest certificate, diploma</td>
<td>49,912</td>
<td>63,286</td>
<td>0.79</td>
</tr>
<tr>
<td>No certificate, diploma or degree</td>
<td>31,033</td>
<td>45,002</td>
<td>0.69</td>
</tr>
<tr>
<td>High School diploma or equivalent</td>
<td>40,753</td>
<td>52,696</td>
<td>0.77</td>
</tr>
<tr>
<td>Apprenticeship or trades certificate or diploma</td>
<td>36,637</td>
<td>61,085</td>
<td>0.60</td>
</tr>
<tr>
<td>College, CEGEP or other non-university certificate</td>
<td>46,889</td>
<td>65,021</td>
<td>0.72</td>
</tr>
<tr>
<td>University certificate or diploma below a bachelor</td>
<td>52,398</td>
<td>65,885</td>
<td>0.80</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>63,884</td>
<td>76,760</td>
<td>0.83</td>
</tr>
<tr>
<td>University certificate, diploma or degree above a bachelor level</td>
<td>74,737</td>
<td>86,374</td>
<td>0.87</td>
</tr>
</tbody>
</table>

Note: Median wage income reported for 25 to 54 years of age having worked full time all year in 2015.
Source: Statistics Canada, Census 2016,

• The pay gap decreases with a higher level of education attainment.

• Canada leads OECD countries both for the share of women having completed tertiary education and the share of women involved in early-stage firms.

• While many Canadian women pursue post-secondary education, the number of women opting to study in the STEM fields remain low.

• Women are underrepresented among top earners. Less than 3% of women head incorporated businesses in Canada, almost half the rate of men.
Alternatives to Employment Wage Work

Women Entrepreneurs (% of total business owners), 2018

Data: Mastercard Index of Women Entrepreneurs (MIWE) 2018 | Source: Office of the Chief Economist, Global Affairs Canada
Women-owned SMEs are taking their place in trade

Empirical evidence has demonstrated that exporting SMEs pay higher wages

Women-owned SMEs are more likely to hire women

Women own at a higher share businesses in the service sector, and are more employed in the service sector.

Source: Office of the Chief Economist, Global Affairs Canada
Addressing the Challenges

Obstacles to Exporting by Gender of Ownership, 2017

Data: Statistics Canada; Survey on Financing and Growth of SMEs, 2017 | Source: Office of the Chief Economist, Global Affairs Canada
Selected Examples of Canada’s Policies and Programs to Support Women at Work

Trade policy
• Addressing barriers to trade in services
  - Border obstacles (e.g. tariffs, non-tariff barriers, import quotas, custom duties, border security issues)
  - Logistical obstacles (e.g. distance to customers, transportation costs, brokerage fees)

Core Structural Reforms
• Address domestic administrative obstacles to export (e.g. rules, regulations) – ease of doing business, strengthening economic and legal infrastructure
• Broaden access and use of the Internet which has the potential to boost women’s success in business (ITCSD, 2018)

Supporting policies and programs
• Address the education gap in STEM
• Trade Commissioner Services of Global Affairs Canada has a trade commissioner unit dedicated to Business Women in International Trade
• The Women Entrepreneurship Strategy (Budget 2018) aims to support women in business as part of the Government of Canada’s Innovation and Skills Plan
Conclusion

• Research and evidence are key to finding innovative solutions to promote and support women employment, within and outside the main policy spheres (education, labour laws and policies, culture, etc.)

• Trade effects are not neutral on gender and population groups (race, income, etc.) e.g. the impact on the domestic labour market can be different for different groups

• A holistic approach to supporting women entrepreneurs that involves trade policy, structural reforms and supporting policies has the potential to:
  1. Increase the labour force participation rate for women
  2. Create incentives for employers to improve workplace conditions for women to compete with women employers that do
  3. Boost the representation of women in high-wage fields (e.g. STEM) where they are underrepresented