

# SPECIAL REPORT

## TD Economics



July 6, 2015

# ABORIGINAL WOMEN OUTPERFORMING IN LABOUR MARKETS

### Highlights

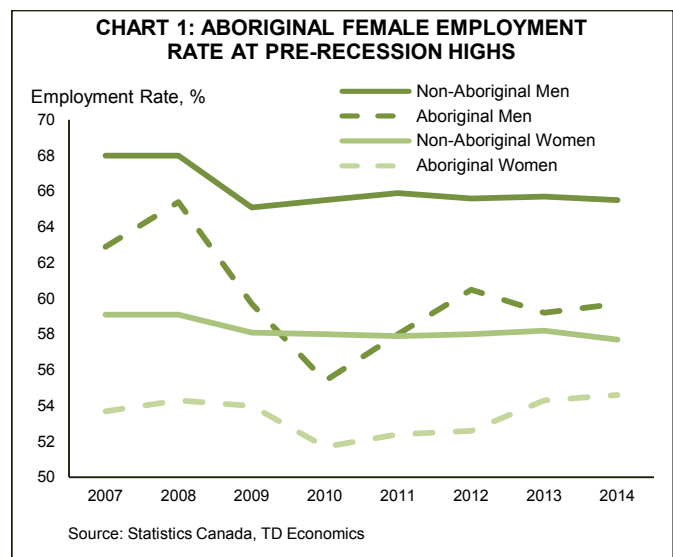
- Aboriginal women living off-reserve have bucked national trends, with employment rates rising since 2007 alongside labour force participation.
- Employment growth has been particularly high in service sectors such as finance and professional services – areas typically associated with well-paying, stable jobs.
- Linked to improving labour market outcomes, Aboriginal women have seen sizeable improvements in education attainment over the past 20 years.
- Significant gaps in outcomes relative to the Non-Aboriginal population persist. Fortunately, the relatively young population implies that these gaps will continue to close as the Aboriginal population is likely to see further gains in educational outcomes.

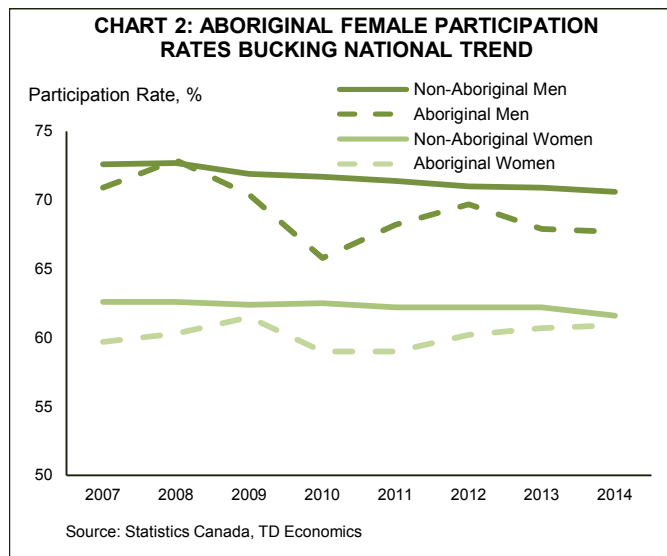
Aboriginal peoples in Canada have made great advances across many areas of our economy in recent years. This progress has been led by women. Aboriginal women are the only major demographic group to have seen increased employment rates since the recession, which has come on top of increased participation in labour markets. Changes are also occurring in terms of where these women are working, with significant growth seen in the service sectors, including finance, real estate, and education. Part of the reason for these gains appears to be increasing education levels, which have opened doors to a broader diversity of jobs, many of which are high-paying. While significant employment and education gaps remain when compared with the Non-Aboriginal population, the relatively young nature of the overall Aboriginal population suggests that these gaps will continue to close.

### Aboriginal females leading the way in labour markets<sup>1</sup>

Since 2007, Canadian labour markets have seen significant swings resulting from the global financial crisis and subsequent recovery. These labour market gyrations have been felt by everyone in Canada – male or female, Aboriginal or Non-Aboriginal. The 2011 National Household Survey (NHS) allows us to compare a snapshot of labour market outcomes for different groups.

The 2011 data show that employment rates were highest among the Non-Aboriginal population, at 76%, while for Aboriginal peoples, the figure was 63%. The employment rate for those living on reserve was even lower, at 55%. Similarly, the Non-Aboriginal population had the lowest unemployment rate in 2011, at 6%. In contrast, the unemployment rate was 13% among Aboriginal





peoples and 22% for those living on reserve. Beyond these larger groups, outcomes also vary across the multitude of Canadian aboriginal identities and contexts.<sup>2</sup>

Above all, the NHS data show that both employment and unemployment rates were not the same for all Aboriginal people. Females had lower unemployment rates both in the broader Aboriginal population (15% vs. 20% for men), and among those living on reserve (18% vs 26%). Unfortunately, the NHS data only provides a snapshot of labour markets. For more timely data, we must use Statistics Canada’s Labour Force Survey, which only includes Aboriginal people living off reserve, although a large (nearly 70%) and growing share of the Aboriginal population is choosing to live off reserve.<sup>3</sup>

Looking at the more timely data, we see that while all Canadians were subject to swings in labour markets during the 2008/2009 crisis, it was Aboriginal females that saw the largest bounce-back. Compared with Aboriginal men, and the Non-Aboriginal population (both male and female), Aboriginal women were the only group where the employment rate in 2014 was higher than in 2007 (Chart 1).

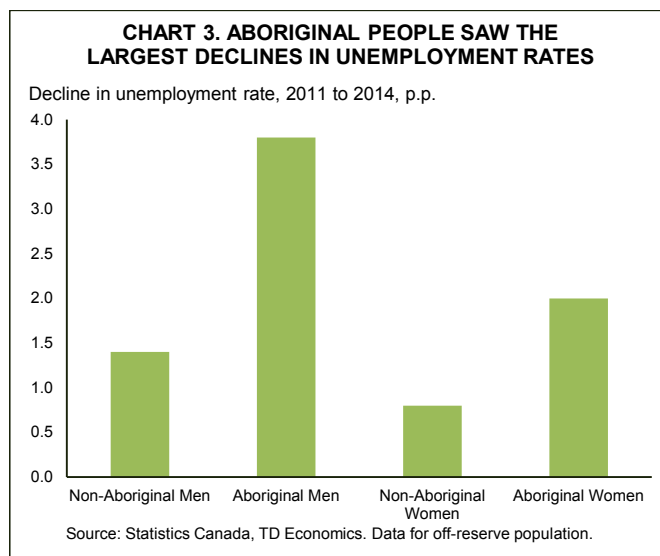
The positive story hasn’t been limited to people already looking for a job. In contrast to national trends, participation in the labour force (that is those who are working or actively looking for work) among Aboriginal women has been trending upwards (Chart 2). In contrast to declines in participation among Aboriginal and Non-Aboriginal men (down 3.2 and 2.0 percentage points respectively) as well as Non-Aboriginal women (down 1.0 percentage points), the participation rate among Aboriginal women rose by 1.2 percentage points between 2007 and 2014.

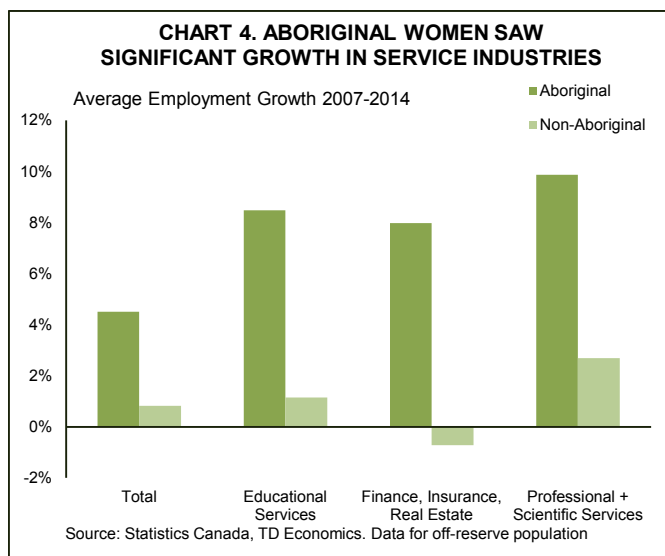
The unemployment rate is a product of these two series, being the share unemployed individuals among those participating in the labour force. Significant gains have been observed for Aboriginal peoples, who saw the largest declines in unemployment relative to the 2011 peak (Chart 3). Caution is warranted in interpreting this data however. The majority of the improvement in the unemployment rate among Aboriginal males resulted from declining participation rates. In effect, a growing number of Aboriginal males have become disengaged from the labour market, resulting in an “artificial” decline in the unemployment rate. In contrast, more Aboriginal females joined the labour market, but this growth was outpaced by employment gains, lowering the unemployment rate while increasing the number of Aboriginal women employed in Canada – the best of both worlds.

### Where are Aboriginal women working?

The recovery in Aboriginal employment post-crisis has occurred alongside shifts in the Canadian employment landscape. Manufacturing employment continues to decline as a share of overall employment, while the service sector and other knowledge industries are gaining increasing importance.

Employment among Aboriginal females has largely reflected the broader trends in Canadian society, but amplified. Average employment growth between 2007 and 2014 was approximately 4.5% per year, with stronger growth rates seen in many knowledge-based industries, including education, finance, and professional services (Chart 4). At the same time, growth in self-employment among Aboriginal women has outpaced the other demographic groups, reflect-





ing growing entrepreneurship. Employment growth in these sectors was well above the equivalent figure for the Non-Aboriginal population.<sup>4</sup>

While employment growth has been concentrated among knowledge-based industries (and outpaced Non-Aboriginal people), relative to the broader population, Aboriginal women are still more likely to be employed in some industries than others. In particular, despite the strong observed employment growth, Aboriginal women are still under-represented in finance and real-estate, professional services, education and manufacturing (Table 1). In contrast, Aboriginal women are more likely to be employed in mining/oil and gas, construction, health care, and particularly accommodation and food services.

Disproportionate representation in certain industries may help explain the different paths of employment seen for Aboriginal men and women. Aboriginal men are more likely to be employed in the mining and oil and gas, and construction sectors, where employment has begun to drop. In contrast, employment growth has recently accelerated in the accommodation sector. There may be more to the story however, as the public sector (which employs a disproportionate share of both Aboriginal women and men) has seen dropping employment levels in recent years, but this decline has not translated materially into Aboriginal female employment rates. It is possible that other factors may be helping support aboriginal female employment, such as increased education rates, which we explore further in the next section.

Increased employment in knowledge-based sectors has a number of positive benefits, particularly in terms of income. These sectors tend to pay higher wages, and as a result Ab-

**Table 1. Aboriginal women still more likely to be employed in certain industries**

Share by Industry	Aboriginal (%)	Non-Aboriginal (%)	Gap (p.p.)	Avg. Weekly Wage
Mining / Oil & Gas	1.5	0.7	0.8	\$2,048
Construction	2.4	1.7	0.7	\$1,223
Manufacturing	3.1	6.0	-2.9	\$1,044
Education	10.0	10.7	-0.6	\$986
Health Care	23.2	21.9	1.3	\$853
Public Admin.	6.8	6.2	0.6	\$1,201
FIRE	5.4	7.0	-1.7	\$1,167
Professional Services	2.8	5.7	-2.8	\$1,308
Accom. & Food Services	13.5	9.0	4.5	\$371

Source: Statistics Canada, TD Economics. 2014 Data. Numbers may not sum due to rounding.  
FIRE: Finance, Insurance and Real Estate. Data for off-reserve population.

original women have experienced faster wage growth than their non-aboriginal counterparts (although wage growth was still outpaced by Aboriginal men; Table 2). This results in an increase in incomes above what would be expected from employment growth alone – a ‘doubly’ positive result. It is important to keep in mind however that despite strong wage growth, Aboriginal women still earn less on average, in part due to continued overrepresentation in low-wage industries. In 2014, at 50 weeks of paid employment per year, Aboriginal women earned on average \$3800 less than their Non-Aboriginal counterparts, although this gap has been narrowing.

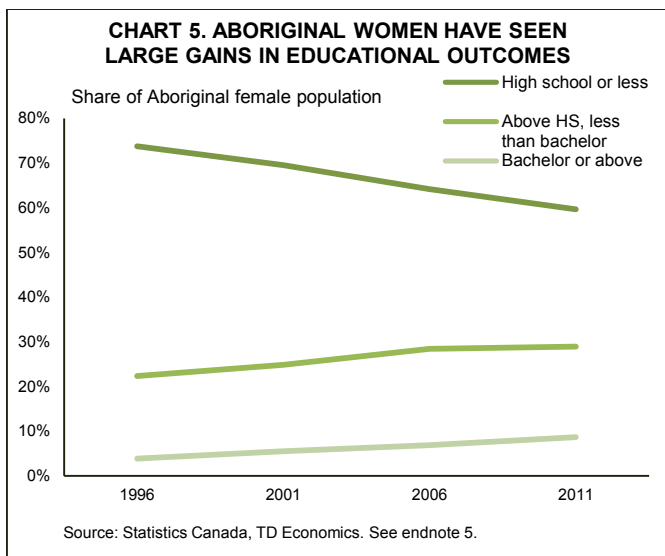
### Trends in Aboriginal Education

Aboriginal women have been particularly successful in expanding their employment in service industries. Along with (generally) providing higher salaries relative to other sectors, these jobs also tend to require a more educated workforce. For example, the median Canadian working in finance and real estate has a bachelor’s degree, compared

**Table 2. Aboriginal Wage Growth in 2007-2014 Outpaced Non-Aboriginals**

	Avg. Wage Growth	Growth Excl. Resource Sector	Average Weekly Wage, 2014
Aboriginal Men	3.5%	3.2%	\$973
Non-Aboriginal Men	2.4%	2.2%	\$1,024
Aboriginal Women	3.2%	3.0%	\$697
Non-Aboriginal Women	2.9%	2.8%	\$773

Source: Statistics Canada, TD Economics. Data for off-reserve population.



with a trade certificate or diploma across the overall workforce. Similar patterns are seen in educational services and other service employment categories, all of which have more educated workforces relative to the broader population.

Employment growth in service industries among Aboriginal women would thus imply that educational attainment is higher than in the past. This is indeed the case. Educational attainment has improved markedly in the past 20 years, with the share of Aboriginal females holding a high school diploma or less falling by more than 20 percentage points between 1996 and 2011 (Chart 5).<sup>5</sup> At the same time, the portion of Aboriginal women holding a bachelor or higher degree more than doubled, and significant advances occurred in secondary school completion as well as in trades and college education.

As was the case with the labour market, gains for Aboriginal women have generally outpaced those for their male counterparts (Chart 6). Aboriginal women are more likely to have education beyond the high school level than their male counterparts (and by extension are less likely to have only a high school or lower education). This may help explain the differences in employment growth across sectors that are observed for Aboriginal men and women.

Looking further at the latest data on Aboriginal women's education levels, differences in achievement are seen across different self-identified Aboriginal groups. As Table 3 illustrates, about 35% of Aboriginal women overall had some sort of post-secondary education (PSE) in 2011, about 18 percentage points below the non-aboriginal female population. The results were different across the various Aboriginal

**Table 3. Share of Women with Post-Secondary Education, 2011**

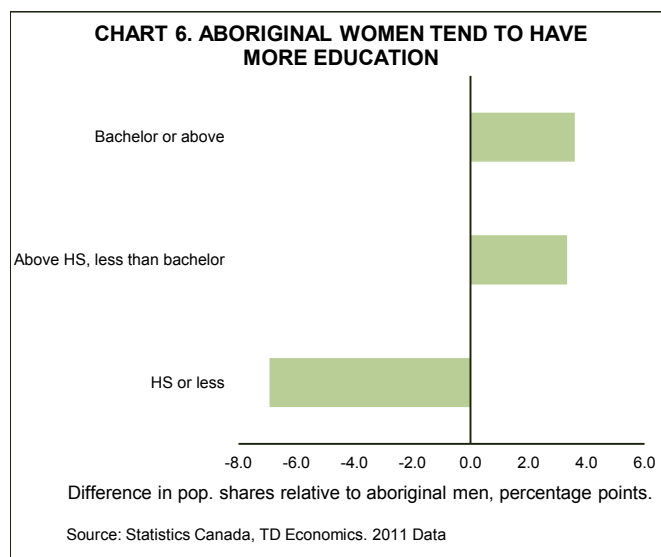
	Share of Population
Non-Aboriginal Women	52.7%
Aboriginal Women	35.0%
First Nations Women	31.2%
Métis Women	42.6%
Inuit Women	16.5%
Other Aboriginal Women	46.6%

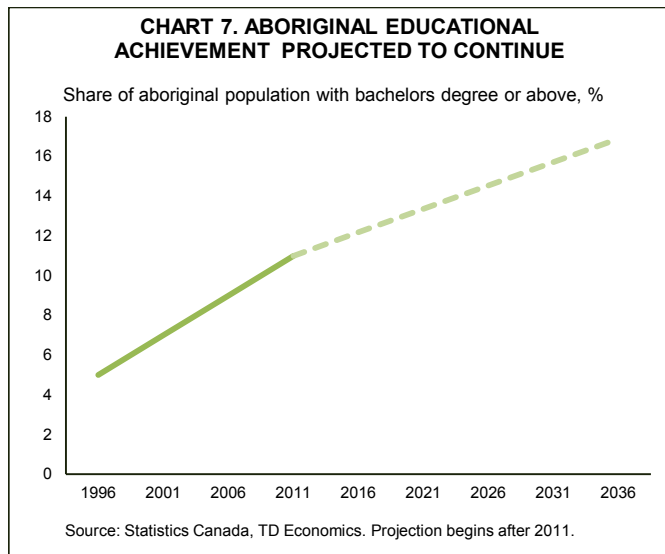
Source: Statistics Canada NHS, TD Economics.

groups, with 'other Aboriginal women' having the largest share of women with post-secondary education, followed by Métis women (46.6% and 42.6% respectively).<sup>6</sup>

Below-average PSE shares are seen for First Nations and Inuit women, which may be due in part to geographic and societal factors. Lack of academic preparation resulting from substandard primary and secondary schools, the need to relocate (frequently from remote areas), lack of financial resources, and family responsibilities have all been cited as limiting postsecondary education among these populations.<sup>7</sup> At the same time, despite current low shares of PSE attainment among these groups, current levels nevertheless represent improvements over the past.

Although sizeable education gaps remain, these gaps appear likely to continue closing. Applying estimated relationships between population demographics and educational attainment among the Canadian population as a whole to





the Aboriginal population, it is expected that the share of the Aboriginal population with a bachelor degree or above is likely to continue to expand (Chart 7), helping close the income gaps identified in table 2.<sup>8</sup>

The Aboriginal population is currently quite young, with a median age in 2011 of 28 years. This compares with 41 years among the non-aboriginal population. The larger concentration of young people creates more opportunity for education, which will feed into the overall Aboriginal population as the young people of today age and join the labour market. Moreover, with the influential role that aboriginal

women play in households, their higher education levels should impact on their children’s education outcomes. This suggests that the shifts observed in female employment are likely to continue in line with education outcomes, alongside overall increases in the education level of the Aboriginal population.

**Bottom Line**

Many challenges remain for Aboriginal women, as education, labour market, and income outcomes still lag the Non-Aboriginal population. However, progress continues to be made in closing these gaps. In particular, Aboriginal women have led the way in the labour market, and are the only major population group to have seen rising employment rates since the recession. These women have also made significant progress in joining the knowledge-based economy - particularly in the higher paying sectors - although they remain more likely to be employed in accommodation and food services than their Non-Aboriginal counterparts. Hand-in-hand with these changes, the education level continues to rise, and given the relatively young population, this trend appears likely to continue. As a result, the Aboriginal female population represents an emerging pool of skilled talent for Canadian employers. Capitalizing on this talent won’t just benefit these women and the firms that hire them, but their families and communities as well, helping build a more prosperous Canada for all.

*Brian DePratto, Economist*  
416-944-5069

## ENDNOTES

- 1 Throughout this report, unless otherwise specified, when the Aboriginal population is referred to, the off-reserve population is being discussed. Data limitations make reporting on-reserve figures problematic. Economic contexts and outcomes differ significantly between on- and off-reserve populations, and so the data and discussion presented here should not be considered representative of all Aboriginal populations.
- 2 It is important to remember that although we present data in an Aboriginal/Non-Aboriginal format, outcomes can and will differ between Aboriginal groups, such as First Nations, Inuk, and others, and between rural/urban settings, and other contexts.
- 3 There is significant variation among Aboriginal populations. The share of the population living on reserve is much higher for First Nations, relative to other Aboriginal groups.
- 4 The much smaller size of the Aboriginal population means that an increase in employment will, all else equal, result in a larger reported growth rate relative to the Non-Aboriginal population.
- 5 This analysis is based on the Statistics Canada National Household Survey, 2011, as well as Census 1996, 2001 and 2006. All computations, use and interpretation of these data are entirely that of the author.
- 6 The category “other Aboriginal women” includes Aboriginal identities not included elsewhere, as well as women reporting multiple Aboriginal identities.
- 7 See Bougie, Kelly-Scott and Arriagada 2013 “The Education and Employment Experiences of First Nations People Living Off Reserve, Inuit, and Métis: Selected Findings from the 2012 Aboriginal Peoples Survey” Available at <http://www.statcan.gc.ca/pub/89-653-x/89-653-x2013001-eng.htm>
- 8 Aboriginal population projections have been taken from Scenario 4 in Statistics Canada, 2011: “Population Projections by Aboriginal Identity in Canada, 2006 to 2031”. See <http://www.statcan.gc.ca/pub/91-552-x/91-552-x2011001-eng.htm>
- 9 It is important to note that basing this projection on the broader Canadian population was necessary due to historic data limitations. This approach does not account for characteristics and preferences that may be unique to the Aboriginal population in regards to educational attainment. The simple model employed is based solely on demographics, and thus ignores other factors, such as the tendency for educational attainment to propagate between parents and children.

This report is provided by TD Economics. It is for informational and educational purposes only as of the date of writing, and may not be appropriate for other purposes. The views and opinions expressed may change at any time based on market or other conditions and may not come to pass. This material is not intended to be relied upon as investment advice or recommendations, does not constitute a solicitation to buy or sell securities and should not be considered specific legal, investment or tax advice. The report does not provide material information about the business and affairs of TD Bank Group and the members of TD Economics are not spokespersons for TD Bank Group with respect to its business and affairs. The information contained in this report has been drawn from sources believed to be reliable, but is not guaranteed to be accurate or complete. This report contains economic analysis and views, including about future economic and financial markets performance. These are based on certain assumptions and other factors, and are subject to inherent risks and uncertainties. The actual outcome may be materially different. The Toronto-Dominion Bank and its affiliates and related entities that comprise the TD Bank Group are not liable for any errors or omissions in the information, analysis or views contained in this report, or for any loss or damage suffered.