

# Study: Examining the labour productivity gap between women-owned and men-owned enterprises

Released at 8:30 a.m. Eastern time in *The Daily*, Monday, August 30, 2021

A study published today by Statistics Canada finds that the labour productivity gap between women-owned and men-owned enterprises is partially explained by differences in prior industry experience. The study, titled "Examining the labour-productivity gap between women-owned and men-owned enterprises: The influence of prior industry experience," uses newly developed data from 2006 to 2017 to investigate differences in enterprise-level labour productivity by gender of ownership.

An increase of the economic participation of women has been identified as a major driver of economic growth, leading to increased interest in supporting the entrepreneurial activities of women. Previous research indicates that women-owned enterprises have lower labour productivity than men-owned enterprises, even when controlling for enterprise characteristics and industry. Additionally, a previous study found that owners in women-owned enterprises are less likely to have prior industry experience—a factor that could affect success of the enterprise. The current study combines these research areas to provide causal insights into the relationship between prior industry experience and labour productivity by gender of ownership.

The study finds that prior industry experience of the owner positively impacts the labour productivity of an enterprise, but the effect is much larger for women-owned enterprises. As such, the labour productivity gap between businesses owned by women and men is smaller among enterprises whose owners have prior industry experience (0.2%, Table 1) than among those whose owners do not have prior industry experience (20.9%). When combining all enterprises, the labour productivity gap between enterprises owned by women and men is 16.5%. This is lower than the labour productivity gap estimated by a model that does not account for experience.

**Table 1**  
**Estimated labour productivity gap, relative to men-owned enterprises, averages, 2006 to 2017**

	Enterprises majority-owned by women	Enterprises equally owned by men and women
	%	
Model does not control for experience	-18.00	-9.10
<b>Model controls for experience</b>		
All enterprises	-16.50	-5.90
Owner does not have prior industry experience	-20.90	-6.10
Owner has prior industry experience	-0.20	-5.00

**Note(s):** Percentages are estimated via log-linear regression models which control for the number of employees, total assets, research and development, industry, province, and year of entry. In the model with prior industry experience, weights are used to control for owner characteristics such as prior family income. Prior industry experience must occur as the owner of an incorporated enterprise. Enterprises without an industry are excluded as unclassified firms.

**Source(s):** Statistics Canada, Canadian Employer–Employee Dynamics Database and authors' calculations.

These results show that when owners have prior industry experience, there is no significant difference in labour productivity between women- and men-owned enterprises. However, since owners in women-owned firms are less likely to have experience than owners in men-owned firms, there is still a sizeable overall labour productivity gap. These findings are relevant for policy making, in that they provide insights into the factors that influence the relative labour productivity of women-owned firms. In particular, the findings support the fact that policies aimed at reducing labour productivity gaps among groups of enterprises could target the experience of business owners, and particularly experience in the industry of the enterprise owned.

The study "[Examining the Labour-productivity Gap Between Women-owned and Men-owned Enterprises: The Influence of Prior Industry Experience](#)," part of the *Analytical Studies Branch Research Paper Series (11F0019M)*, is now available.

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