Comparison of earnings between population groups

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Earnings differences among population groups in Canada

Earnings differences among population groups in Canada have received much attention, particularly in recent years. In an effort to explore the sources of earnings disparities between groups, many studies have used cross-sectional (at a point in time) earnings as the outcome of interest and White individuals as the comparison group.

Two new studies released today present two different approaches to earnings comparisons. One explores differences in *cumulative* earnings across selected population groups, by gender, and the other examines the gender earnings gap present *within* different population groups.

Among Canadian-born men, Chinese and South Asian men earn, on average, more than White men over a 20-year period

Comparisons of earnings between population groups at a point in time may not offer a complete picture of the differences in lifetime earnings if the groups follow different earnings trajectories. The study "Cumulative earnings of Black, Chinese, South Asian and White individuals born in Canada" follows two cohorts of 25-to-34-year-old Canadian-born individuals over a period of 20 years (1995 to 2014 and 2000 and 2019). It shows that annual earnings of Chinese and South Asian men relative to those of White men increased over time. In contrast, earnings of Chinese women relative to those of White women declined over time. This finding highlights the importance of examining differences in earnings measured over a worker's lifecycle.

The study shows that Canadian-born Chinese (+20%) and South Asian (+15%) men earned more than White men over a course of 20 years. This difference can be mostly accounted for by their higher education levels and over-representation in science, technology, engineering and mathematics (STEM) fields. Chinese and South Asian women also earned more than their White counterparts.

Conversely, Black men had lower cumulative earnings than White men. This cannot be accounted for by differences in sociodemographic characteristics, human capital, job characteristics or work histories. Meanwhile, Black and White women had similar cumulative earnings over the 20-year periods considered.

The average annual earnings of women were lower than those of men within each of the 11 population groups

The study "Gender earnings ratio differences among population groups in Canada" explores how average annual earnings of men and women compare (including Canadian-born individuals, immigrants and temporary residents) within each of 11 population groups. Overall, in 2016, women earned 70 cents for every dollar that men earned.

Black women had the highest earnings ratio in 2016, at 83.9 cents for every dollar Black men earned, and Japanese women had the lowest earnings ratio, at 59 cents for every dollar Japanese men earned.

However, Black men had the lowest average annual earnings of men in the 11 groups in 2016. In contrast, Japanese men had the highest average annual earnings of the groups, surpassing those of White men.

For all population groups, the main reasons for differences in earnings were that women worked fewer hours than men and in different sectors than men.

From 1996 to 2016, overall, women's average inflation-adjusted earnings increased relative to men's. However, these gains were not distributed evenly across groups. The largest relative gains were observed among Southeast Asian and White women. In contrast, there was essentially no change among Black and South Asian women, while small relative declines were observed in the earnings of Japanese, Latin American, Arab and West Asian women.

These findings may be useful for policy-makers to address gender earnings gaps in the diverse Canadian workforce.

For information on the other articles released today in *Economic and Social Reports*, please see the *Daily* release "*Economic and Social Reports, November 2024*."

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These articles "Gender earnings ratio differences among population groups in Canada" and "Cumulative earnings of Black, Chinese, South Asian and White individuals born in Canada" are now available in the November 2024 issue of *Economic and Social Reports*, Vol 4, no. 11 (**36280001**).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; **infostats@statcan.gc.ca**) or Media Relations (**statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca**).