

Are jobs in large firms better jobs?

René Morissette

In recent years there has been a growing interest in small firms. Many studies [\(1\)](#) have shown that small firms are responsible for a substantial portion of the jobs newly created in Canada over the last decade. But, if one measures "job quality" in terms of unionization, pension plan coverage, susceptibility to layoffs, and especially wages, are jobs in small firms better than those in large firms?

This article examines the distribution of employment across firm sizes and shows that jobs in larger firms are more likely to be unionized, more likely to be covered by pension plans, less likely to be terminated by a permanent layoff, and pay higher wages on average. It might be assumed that the higher wages paid in large firms merely reflect worker differences in education, sex and work experience. But, results show that wage differentials persist even after accounting for variations in these personal characteristics.

The fact that large firms pay higher wages has an interesting implication. It suggests that wage differentials among Canadian workers may result not only from differences in education, sex and work experience, but also from factors unrelated to worker attributes. In other words, of two workers with the same education and seniority, one may be receiving a higher wage simply because he or she was fortunate enough to be hired by a large firm. [\(2\)](#)

Employment distribution and firm size

In this study, small firms are defined as those having fewer than 20 employees, large firms as having 500 employees or more and medium firms as having between 20 and 499 employees.

Small firms are far from being a negligible part of employment - they account for roughly 25% of hours worked in full-time jobs [\(3\)](#) (see [A few words about the data](#)). While jobs in small firms are predominant in construction and consumer services, they are much less prominent in forestry and mining, manufacturing, and distributive services. [\(4\)](#) In these last three industrial groups as well as in business services, large firms are the principal source of employment.

Comparing jobs across firm sizes

To fully compare jobs across firm sizes various aspects of the jobs must be considered: working conditions, fringe benefits, the extent to which the jobs are unionized, the extent to which they are covered by a pension plan, the chances of being laid off, and wages. Since the data sources used here do not contain information on working conditions or fringe benefits, the focus is on the latter four aspects.



Chart **Employment by firm size and major industrial groups,* 1986.**

Source: Labour Market Activity Survey

** The percentages refer to hours worked in firms of a given size divided by total hours worked.*

Jobs in large firms are...

...more likely to be unionized

The larger the firm, the more likely the jobs are to be unionized. Jobs in large firms are almost five times more likely to be unionized than those in small firms. The unionization rate increases with firm size for almost all sectors.

Differences in unionization rates between large and small firms vary widely across industries. In distributive services jobs in large firms are seven times more likely to be unionized than those in small firms; in consumer services they are eight times more likely to be unionized. On the other hand, in construction and business services, jobs are only twice as likely to be unionized. In construction, union membership is high in small firms. In business services, the predominance of white-collar workers (clerks, engineers, architects, accountants, and lawyers) probably accounts for the low unionization rates observed in both large and small firms. [\(5\)](#)

...more likely to be covered by pension plans

Firm size is a key determinant of pension plan coverage. An hour worked in a large firm is, on average, more than five times more likely to be covered by a pension plan than in a small firm. This ratio is much higher in non-unionized jobs (more than 7) than in unionized jobs (less than 2). [\(6\)](#) In fact, disparities in pension plan coverage, whether measured in absolute or relative terms, are much smaller in unionized than in non-unionized jobs. Therefore, unionization not only increases the chances of being covered by a

pension plan, [\(7\)](#) but it also reduces the gap in pension plan coverage between large and small firms. [\(8\)](#)



Chart **Unionization by industry and firm size,** 1986.**

Source: *Labour Market Activity Survey*

** *The extent of unionization is measured by the proportion of total hours worked by unionized workers.*

...less subject to permanent layoff

The chances of a worker being permanently laid off depend on many factors. Workers employed in industries for which product demand is volatile are more subject to job loss. In addition, older workers are less likely to be laid off because of seniority provisions included in collective agreements. Workers receiving high wages may also be less affected by layoffs because firms may have invested a substantial amount of money in employee training. [Picot and Baldwin](#) (1990) have shown that the chances of a worker being permanently laid off decrease as firm size increases, even after accounting for differences in industry, age of workers and wages. For instance, a worker in the 25 to 34 age group, earning \$10 per hour in a small manufacturing firm, has about a 9% chance of being permanently laid off. This figure for a comparable worker employed in a large firm is less than half this.



Chart **Pension plan coverage** by union status and firm size, 1986.**

Source: *Labour Market Activity Survey*

** *Coverage is defined as the proportion of total hours worked by persons with pension plans.*

Large firms pay higher wages

On the whole, large firms pay an average hourly wage (\$13.55) that exceeds by more than 50% the average hourly wage paid by small firms (\$8.85) ([Table 1](#)). This relationship between wages and firm size also holds when differences in education, age, sex, industry or occupation are considered separately. However, part of the wage gap disappears when all of these are taken into account simultaneously.



Table 1 Average hourly wages of full-time jobs by firm size, 1986

Source: Labour Market Activity Survey

Non-unionized large firms pay on average 58% higher wages than non-unionized small firms. For unionized firms, the corresponding figure is only about 11%. This suggests that unions are successful in equalizing wages across firms in a given industry and/or occupation. But, if differences in industry, occupation and worker characteristics are accounted for, small firm/large firm wage differences for non-unionized jobs more closely resemble those for unionized jobs. [\(9\)](#)

Age also affects wage differences between small and large firms. As workers get older, large firm/small firm wage differences increase (from a difference of 27% for the 16 to 24 age group to 66% for the 45 to 54 age group, before tapering off to 54% for the 55 to 64 age group). Part of this age-wage gap profile may be due to higher seniority in large firms; the difference in seniority between workers in large firms and those in small firms increases substantially with age. [\(10\)](#)

Wage differences between large and small firms vary considerably across industries. In business services and in construction, hourly wages in large firms exceed those in small firms by 28% and 33% respectively, compared with 52% and 57% in manufacturing and distributive services. Although unionization tends to reduce wage differences between small and large firms, differences in unionization rates across sectors do not explain why large firms pay relatively more in some sectors than in others. Indeed, manufacturing and distributive services, which are the most unionized sectors, show far bigger wage differences between small and large firms than business services, which is the least unionized sector. Clearly, other factors such as education, age and occupation must be considered.

What underlies the wage gap?

Large firms pay on average 53% higher wages than small firms. Could this reflect differences in education, work experience, tenure, sex, unionization, industry, occupation and worker quality? The evidence suggests that a substantial wage gap remains even after accounting for all of these factors.

Education, work experience and tenure

One explanation for the observed difference in wages between small and large firms could be that workers in large firms are more educated, have more work experience and have been with their current employers for longer periods. Large firms would then pay higher wages simply because they employ a more qualified work force. Small firms would pay comparable wages to workers with comparable

characteristics. Removing the potential effect of workers' education level, age and tenure [\(11\)](#) does indeed reduce the wage gap between large and small firms (from 53% to 27%), but it still remains substantial ([Table 2](#)).



Table 2 Percentage by which wages in firms of various sizes exceed those in small firms, 1986

Source: Labour Market Activity Survey

Note: For more details and for the complete list of controls used to derive the wage gaps, see Technical notes.

Wage differences between men and women

Perhaps large firms pay higher wages simply because they employ proportionally more men than small firms do. [\(12\)](#) Since men receive higher wages than women (after accounting for differences in education, work experience and other relevant factors), this could explain the wage difference. However, the 27% wage difference noted above already takes into account the fact that large firms employ more men. This implies that all workers, men or women, receive higher wages on average when they are employed by large firms.

Unionization and higher wages

Perhaps large firms pay more simply because they are more likely to be unionized. And unions, through the collective bargaining process, may be exerting upward pressure on wages. However, although wages are clearly higher in unionized jobs, the 27% wage difference shown in [Table 2](#) already reflects differences in unionization rates between large and small firms. On the other hand, it is among non-unionized jobs that large firm/small firm wage differences are bigger ([Table 1](#)). Perhaps large firms that are not unionized are paying workers a premium to avoid unionization. Before this argument can be considered, though, industry- and occupation-specific effects need to be examined.

Industry- and occupation-specific effects

Perhaps wage differences between workers having similar education, work experience and tenure merely reflect that jobs in large firms are in industries and/or occupations where working conditions are less favourable. To compensate workers, large firms would have to pay higher wages. Also, large firms may be in industries for which training or supervisory costs are particularly high. [\(13\)](#) If so, they may find it profitable to pay higher wages to reduce turnover or to increase worker effort. While the data set used for

this analysis does not contain information on working conditions, taking into account differences in industry and occupation may help capture part of the variation in working conditions that occurs across industries and occupations. This reduces the wage difference between large and small firms, but it remains sizeable at 21% ([Table 2](#)). ⁽¹⁴⁾ Thus, industry-specific or occupation-specific effects, whether they result from differences in working conditions, or in training or supervisory costs, account for a fairly limited portion of the wage gap. ⁽¹⁵⁾

Higher wages and union avoidance

Large firms with non-unionized jobs could be paying higher wages to avoid unionization. If so, then the wage/firm size effect should be smaller for workers employed in occupations or industries for which the threat of unionization is small than for non-unionized workers as a whole. However, this was not found to be the case ([Table 3](#)). This suggests that, if union avoidance efforts matter, their influence is fairly limited.



Table 3 Percentage by which wages in firms of various sizes exceed those in small firms, for various subgroups, 1986

Source: Labour Market Activity Survey

Differences in worker quality

Workers having the same education level, work experience and tenure may have other different inherent or acquired characteristics that are not directly measurable. It is then possible that the remaining wage gap found after accounting for all previous variables reflects these differences. Large firms may pay higher wages simply because they employ, in some sense, "better" workers. While differences in these other characteristics cannot be measured directly, they can nevertheless be taken into account.

One would expect that the wage change observed when a worker takes on a new job would depend only on what has changed from the old job to the new one; for example, the industry or occupation of the job and whether or not the job is unionized. Within a short time (one year, for example) it should not depend on worker "quality", which should remain essentially the same during the job change. It should also not depend on whether a worker moved from a small to a large firm, provided all firms pay comparable wages for workers of comparable quality. In other words, if firm size does not affect wages, workers moving from small to large firms and those remaining in small firms while changing jobs should experience similar wage changes. Clearly, this is not the case ([Table 4](#)). In 1986, workers who moved from small to large firms received 9% higher net wage increases than those who changed jobs within

small firms.



Table 4 Percentage by which wages in firms of various sizes exceed those in small firms, job changers only*, 1986

Source: Labour Market Activity Survey

* The jobs covered by this comparison are limited to those held by persons who changed jobs during the year (1986).

A word of caution is needed, however. The wage gap for job changers is only about 7% ([Table 4](#)) - much less than the 21% observed for all workers ([Table 2](#)). Why this is so is not clear but it should warn against assuming that the results obtained for job changers apply to all workers.

Overall, large firms pay at least 50% higher wages than small firms. However, allowing for worker differences in education, age, tenure, sex, and union status reduces the difference to 27%. Taking into account differences in industry and occupation further reduces the difference to 21%.

What underlies the remaining wage gap?

While it is not possible to give a definitive answer, there are many explanations that could account for the remaining wage gap. Perhaps large firms pay higher wages:

1. because they have more market power and are thus able to share part of their profits with workers;
2. to compensate workers for differences in working conditions occurring within a given occupation in a given industry;
3. because they may face a limited supply of applicants in local labour markets; ([16](#))
4. to increase worker effort; ([17](#))
5. because they have higher training costs and want to reduce turnover; ([18](#))
6. because they rely more on teamwork and hope to raise the work norms of their employees. ([19](#))

Even if large firms have more market power (item 1 above), this does not explain why they would find it profitable to pay higher wages. The other arguments listed above offer possible answers to this question. While this study has not looked at differences in working conditions occurring within occupations in a given industry (item 2), evidence from the United States ([20](#)) suggests that this does not account for an important part of the wage difference. Moreover, the fact that workers stay longer in large firms, although not sufficient in itself to conclude that working conditions are better in large firms, ([21](#)) is at least compatible with such an idea. The remaining four arguments have not been investigated in this

article but could prove useful in explaining the remaining wage difference.

Conclusion

Jobs in large firms are more likely to be unionized and covered by pension plans, and are less likely to be ended by a permanent layoff. And, most notably, they are more highly paid.

The result presented here suggest that wage differences across Canadian workers depend not only on differences in education, sex and work experience, but also on factors unrelated to worker attributes. Workers with similar characteristics may receive substantially different wages simply because they work for firms of different sizes. Thus, from a worker's perspective, receiving a higher wage may simply be the result of having been in the right place at the right time.

Technical notes

Estimating the wage gap between small and large firms

The wage gap between small and large firms can be estimated by multivariate regression techniques. The logarithm of the hourly wage of worker i at time t , $\ln W_{it}$, is specified as a linear function of a vector X_{it} of explanatory variables, of firm size variables and of a random term u_{it} :

$$\ln W_{it} = B \cdot X_{it} + a_1 \cdot \text{SIZE1}_{it} + a_2 \cdot \text{SIZE2}_{it} + a_3 \cdot \text{SIZE3}_{it} + u_{it}$$

where:

$\text{SIZE1}_{it} = 1$ if worker i is employed in a firm with 20 to 99 employees

0 otherwise

$\text{SIZE2}_{it} = 1$ if worker i is employed in a firm with 100 to 499 employees

0 otherwise

$\text{SIZE3}_{it} = 1$ if worker i is employed in a firm with 500 employees or more

0 otherwise

The above equation implies that the percentage gap between wages in large and small firms equals: $\exp(a_3) - 1$. Similarly, the percentage gap between wages paid by firms employing between 100 and 499 employees and small firms equals: $\exp(a_2) - 1$. The percentage gap between wages paid by firms employing between 20 and 99 employees and small firms equals: $\exp(a_1) - 1$ (Tables [2](#), [3](#) and [4](#)).

The wage gaps reported in the second row of [Table 2](#) result from a wage equation in which the vector X_{it} contains the following set of explanatory variables:

- five education dummies
- age, age squared
- tenure, tenure squared
- union status
- sex
- marital status
- four region dummies
- one census metropolitan area dummy
- one marital status/sex interaction, one age/sex interaction, one age squared/sex interaction, five education/sex interactions.

The wage gaps reported in rows 3 to 5 of [Table 2](#), in [Table 3](#) and in the first row of [Table 4](#) result from a wage equation in which the vector X_{it} contains, along with all previous variables, 37 industry dummies and 38 occupation dummies.

In many studies that examine the impact on wages of unionization [[Freeman](#) (1984)], industry [[Krueger and Summers](#) (1988)] or firm size [[Evans and Leighton](#) (1989), [Brown and Medoff](#) (1989)] it is argued that part of the variation in wages can be attributed to workers with differing unobserved abilities. More precisely, if workers in large firms have more of these unobserved abilities, then it is possible that the wage gap found by using the above wage equation merely reflects an "unobservable worker quality gap". Looking at wage changes of job changers instead of wages allows the portion of these unobserved abilities that is constant over time to be taken into account. Consider the following wage equation:

$$\ln W_{it} = B * X_{it} + a_1 * \text{SIZE1}_{it} + a_2 * \text{SIZE2}_{it} + a_3 * \text{SIZE3}_{it} + q_i + u_{it}$$

where W_{it} , the wage of worker i at time t , depends on unobserved constant-over-time abilities q_i , as well as on all previous variables. First-differencing this equation leads to the following equation:

$$\ln W_{it} - \ln W_{it-1} = B * (X_{it} - X_{it-1}) + a_1 * (\text{SIZE1}_{it} - \text{SIZE1}_{it-1}) + a_2 * (\text{SIZE2}_{it} - \text{SIZE2}_{it-1}) + a_3 * (\text{SIZE3}_{it} - \text{SIZE3}_{it-1}) + (u_{it} - u_{it-1})$$

in which unobserved constant-over-time abilities no longer appear. The wage gaps reported in the second

row of Table 4 result from such a first-difference wage equation. In this case, the vector $X_{it} - X_{it-1}$ includes the following variables expressed in first difference:

- tenure, tenure squared
- union status
- 37 industry dummies
- 38 occupation dummies.

A dummy variable is also added to distinguish job changers who stay in the same occupation from those who change occupations when going from their first to second jobs.

For all regressions† (Tables [2](#), [3](#) and [4](#)), the size coefficients are significant at the 5% level.

† For complete regression results see [R. Morissette](#), "Canadian jobs and firm size: do smaller firms pay less?" (1991).

A few words about the data

The 1986 Labour Market Activity Survey (LMAS) provides information on the number of jobs held by a representative sample of individuals in 1986 as well as on the number of hours worked within each job. The distribution of employment across firm sizes may be based on persons employed, jobs, or hours worked. Since the data refer to employment throughout the entire year, neither persons employed nor jobs is totally satisfactory. The problem is that a person employed in a job held for one month receives the same weight as a person employed in a job held for the whole year. Looking at the distribution of hours worked, which amounts to weighting each job by the number of hours worked, overcomes this problem. Therefore, in this study, employment in firms of a given size is defined as the total number of hours worked during the year.

The sample used is restricted to hours worked by full-time paid workers in all industries except agriculture, fishing, and public services. The sample contains 24,297 full-time jobs.

Company size can be measured at the establishment level or at the firm level. In the LMAS, establishment size is measured by asking workers the following questions:

Q1: "About how many persons were employed at the location where [you] worked for this employer?"

The firm is defined as the set of establishments owned by the employer in Canada. The firm size is measured by asking workers the following two questions:

Q2: "Did this employer operate at more than one location in Canada?"

Q3: "In total about how many persons were employed at all locations in Canada in 1986?"

The figures presented in this study are for firms, rather than establishments. However, similar results are obtained for establishments.

Notes

Note 1

See [Organisation for Economic Co-operation and Development](#), "Employment in small and large firms: where have the jobs come from?" (1985) for summaries of several studies which show that this is true. Especially not "A study of job creation in Canada: 1974-1982", "A study of job creation: 1975 to 1982 and forecasts to 1990" and "Relative performance of size groups in Canadian manufacturing sectors".

Note 2

[L. Thurow](#), *Generating inequality* (1976), and [J.I. Bulow and L.H. Summers](#), *Journal of labor economics* (1986), develop this argument.

Note 3

In 1986, hours worked in full-time jobs accounted for 92% of hours worked in both full-time and part-time jobs in the commercial sector. In this study, the commercial sector includes all industries except agriculture, fishing, and public services. The figures presented in this study refer to hours worked in full-time jobs in the commercial sector (see [A few words about the data](#)).

Note 4

The major industrial groups used in this paper include the following divisions (defined by the 1980 Standard Industrial Classification)

Forestry and mining: logging and forestry; mining, quarrying and oil wells.

Construction

Manufacturing

Distributive services: transportation and storage; communication and other utilities; wholesale trade.

Business services: finance and insurance; real estate operators and insurance agents; business services.

Consumer services: retail trade; accommodation, food and beverage services; other services.

The distribution of working hours across these major industrial groups in 1986 was:

Forestry and mining: 3.6%

Construction: 7.0%

Manufacturing: 30.5%

Distributive services: 19.7%

Business services: 13.7%

Consumer services: 25.4%

(The total does not add to 100.0% due to rounding.)

Note 5

In business services, the proportion of working hours in white-collar occupations such as management, natural and social science occupations, and clerical work is twice as large as that for the entire economy (76.6% versus 37.3%).

Note 6

In 1986, working hours in unionized jobs accounted for 29% of all working hours, compared with 71% in non-unionized jobs.

Note 7

This can be seen when comparing pension plan coverage between unionized and non-unionized jobs.

Note 8

Industry is also a major determinant of pension plan coverage. For instance, if differences in union status and firm size are taken in to account, consumer services have lower pension plan coverage than business services. However, the results given remain when differences in industry are also taken into account.

Note 9

See [note 14](#).

Note 10

The difference (between large and small firms) in the number of months spent with the current employer increases with age. While the difference is negligible for workers in the 16 to 24 age group, it amounts to 25 months for those in the 35 to 44 age group and to 66 months for those in the 45 to 54 age group.

Note 11

The results in Tables [2](#), [3](#) and [4](#) are based on a more recent version of the 1986 LMAS file which contains a sample of 25,356 observations. Similar results are obtained using the earlier version of the file (containing 24,297 observations).

Note 12

Hours worked by male workers account for 70.3% of all hours worked in large firms, and 63.3% in small firms.

Note 13

See [J.L. Yellen](#), *American economic review* (1984).

Note 14

Note that while the wage gap is slightly lower in unionized jobs than in non-unionized jobs ([Table 2](#)), there is now little difference, compared with what was observed in [Table 1](#).

Note 15

When a more detailed occupational classification is used, the wage gap between large and small firms remains unchanged at 21%.

Note 16

See [C. Brown and J. Medoff](#), "The employer size wage effect" (1989).

Note 17

See [C. Shapiro and J.E. Stiglitz](#), *American economic review* (1984).

Note 18

See [S.C. Salop](#), *American economic review* (1979).

Note 19

See [G.A. Akerlof](#), *The quarterly journal of economics* (1982).

Note 20

[Brown and Medoff](#), loc. cit.

Note 21

Longer tenure in large firms could result from other factors such as greater job security, more extensive fringe benefits and more opportunities for career advancement within the firm.

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 **HIGHLIGHTS**

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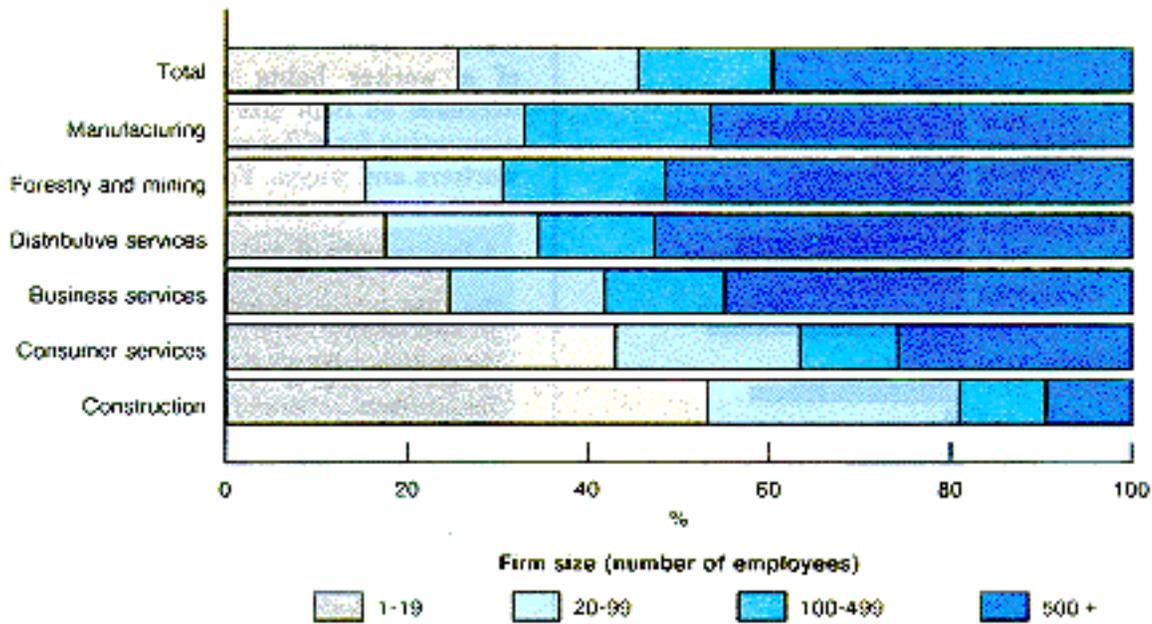
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Employment by firm size and major industrial groups,* 1986

Small firms account for over 25% of total employment.

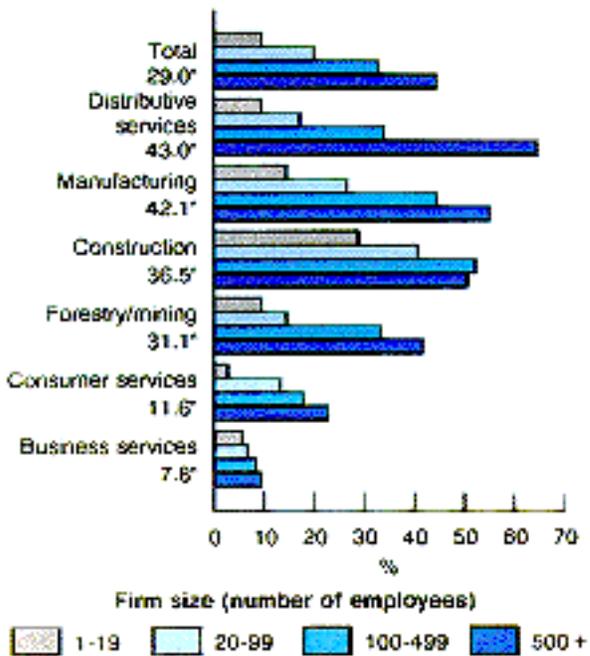


Source: Labour Market Activity Survey

* The percentages refer to hours worked in firms of a given size divided by total hours worked.

Unionization by industry and firm size,** 1986

In larger firms, unionized workers represent a larger share of total employment.



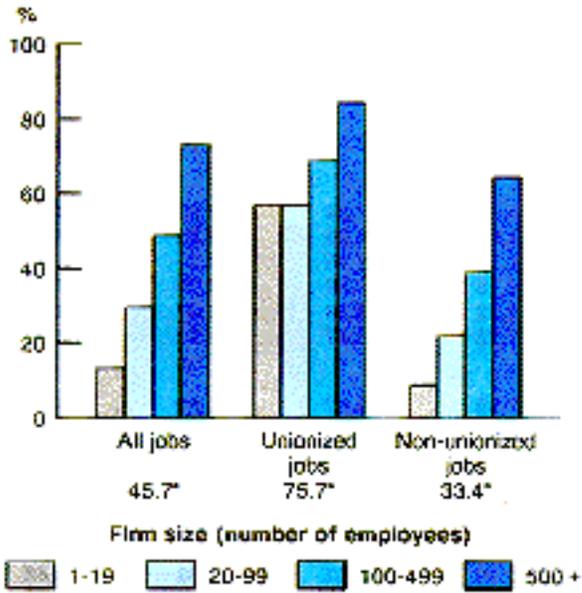
Source: Labour Market Activity Survey

* Percentage over firms of all sizes

** The extent of unionization is measured by the proportion of total hours worked by unionized workers.

Pension plan coverage** by union status and firm size, 1986

Pension plan coverage increases with firm size.



Source: Labour Market Activity Survey
 * Percentage over firms of all sizes
 ** Coverage is defined as the proportion of total hours worked by persons with pension plans.

Table 1

Average hourly wages of full-time jobs by firm size, 1986

	Number of employees with the firm				(5) Absolute difference (4) - (1)	(6) Relative difference (5) ÷ (1)
	(1) 1-19	(2) 20-99	(3) 100- 499	(4) 500+		
	\$					
All jobs	8.85	10.68	12.03	13.55	4.70	0.53
Education						
0-8 years	8.34	9.62	10.76	12.34	4.00	0.48
9 to 11 years*	8.44	9.88	11.00	12.29	3.85	0.46
12 or 13 years**	8.44	9.86	11.13	12.75	4.31	0.51
Some postsecondary	8.86	10.26	12.18	13.56	4.70	0.53
Postsecondary certificate or diploma	9.79	12.20	12.22	14.26	4.47	0.46
University degree	12.35	16.34	17.23	18.47	6.12	0.50
Age						
16-24	6.77	7.47	7.95	8.57	1.80	0.27
25-34	9.14	10.60	11.65	12.89	3.75	0.41
35-44	10.26	12.49	13.31	14.61	4.35	0.42
45-54	9.82	12.20	13.60	16.27	6.45	0.66
55-64	9.42	10.74	14.14	14.50	5.08	0.54
Sex						
Male	10.06	11.88	13.30	14.87	4.81	0.48
Female	6.75	8.16	9.39	10.42	3.67	0.54
Union status						
Unionized	12.45	12.05	12.11	13.81	1.36	0.11
Industry						
Forestry and mining	11.22	12.73	14.98	15.66	4.44	0.40
Construction	11.13	13.25	13.19	14.81	3.68	0.33
Manufacturing	9.24	10.37	11.74	14.07	4.83	0.52
Distributive services	9.53	10.83	12.83	15.00	5.47	0.57

Business services	10.12	13.53	13.75	12.99	2.87	0.28
Consumer services	7.23	8.49	9.88	9.91	2.68	0.37
Occupation						
Professionals and managers	10.55	13.76	15.83	16.50	5.95	0.56
White collar workers	7.14	8.94	10.06	10.79	3.65	0.51
Blue collar workers	9.78	10.47	11.28	13.81	4.03	0.41

Source: Labour Market Activity Survey

** 9 and 10 years in Quebec*

*** 11 years or more in Quebec*

Table 2

Percentage by which wages in firms of various sizes exceed those in small firms, 1986

	20-99 employees	100-499 employees	500 + employees
All jobs	21	36	53
All jobs controlling for differences in:			
A,B*	11	18	27
All jobs controlling for differences in:			
A,B,C*	9	16	21
Unionized jobs controlling for differences in:			
A,C*	5	10	17
Non-unionized jobs controlling for differences in:			
A,C*	9	16	20

Source: Labour Market Activity Survey

Note: For more details and for the complete list of controls used to derive the wage gaps, see Technical notes.

** A: Education, age, tenure and sex*

B: Union status

C: Industry and occupation

Table 3

Percentage by which wages in firms of various sizes exceed those in small firms, for various subgroups, 1986

	20-99 employees	100-499 employees	500 + employees
Non-unionized workers controlling for differences in:			
A,C*	9	16	20
Professionals and managers controlling for differences in:			
A,B,C*	17	27	31
Non-unionized workers employed in slightly unionized occupations** controlling for differences in:			
A,C*	18	27	23
Non-unionized workers employed in slightly unionized industries** controlling for differences in:			
A,C*	21	27	16

Source: Labour Market Activity Survey

** A: Education, age, tenure and sex*

B: Union status

C: Industry and occupation

*** Slightly unionized occupations (industries) refer to occupations (industries) for which the unionization rate is less than 10%. For more details and for the complete list of controls used to derive the wage gaps, see Technical notes.*

Table 4

Percentage by which wages in firms of various sizes exceed those in small firms, job changers only*, 1986

	20-99 employees	100-499 employees	500 + employees
Controlling for differences in:			
A,B,C**	8	13	7
Controlling for differences in:			
A,B,C,D**	4	8	9

Source: Labour Market Activity Survey

** The jobs covered by this comparison are limited to those held by persons who changed jobs during the year (1986).*

*** A: Education, age, tenure and sex*

B: Union status

C: Industry and occupation

D: Worker quality (see text for definition)