

## **Higher earning workers derive greater benefit from skill levels than lower paid counterparts**

Canadian workers who hold higher paying jobs derive greater benefit from having higher literacy, numeracy and problem-solving skills than those at the lower end of the wage spectrum, according to a new report published by the Higher Education Quality Council of Ontario (HEQCO).

“Our study highlights a key concern in regard to how skills are rewarded in the Canadian labour market and a potential limitation of labour market policy that attempts to alter the skill level of workers without addressing the extent to which low-wage occupations provide opportunities for skill utilization,” the authors write.

The report, *Gendered Returns to Cognitive Skills in Canada*, examines how the wages of workers between the ages of 30 and 59 differ in relation to literacy, numeracy and problem-solving skills for men and women across three sociodemographic groups: immigrants, Indigenous, and native-born non-Indigenous workers. It is part of a series published under the Research Initiative on Education and Skills, a research project led jointly by HEQCO and the Mowat Centre.

The study found that on average the returns to wages assessed by skill scores were similar for men and women across the three groups. The findings demonstrated that literacy, numeracy and problem-solving skills were rewarded to a greater extent among top-earning men and women from all three sociodemographic groups, and less so for those at the lower end of the wage distribution. The returns of skills were particularly low for Indigenous men compared to those of immigrant and native-born non-Indigenous men.

Differences between men and women were present in some skills at different points in the earnings distribution. For example, with literacy and numeracy skills returns were typically higher for women at the 50th quantile and below, and higher for men at the 75th quantile and above.

The findings indicate that the relationship between cognitive skills and wages varies depending on where an individual is located along the earnings distribution, and that there is a weaker relationship between assessed skills and wages for people at the lower end of the wage spectrum.

*Gendered Returns to Cognitive Skills in Canada* is written by Ashley Pullman, Arthur Sweetman and Ross Finnie, Education Policy Research Initiative.