

Equity in Governance:  
Increasing Women's Economic Leadership in Canada

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Submitted to The House of Commons Standing Committee on the Status of Women  
March 15th, 2017

## Introduction

The PEI Coalition for Women in Government thanks the Standing Committee on the Status of Women for the opportunity to make this formal submission to the study on the economic security of women in Canada. The PEI Coalition for Women in Government is a multi-partisan organization committed to increasing opportunities for women's leadership in PEI. With financial support from Status of Women Canada, the Coalition launched the "Equity in Governance" project in 2015 to increase the number of women on agencies, boards and commissions (ABCs) in PEI. The following submission highlights strategies identified through the Equity in Governance project to increase women's economic leadership on ABCs.

## Background

The underrepresentation of women in leadership extends beyond the level of elected office to include appointments to provincial, federal, and corporate ABCs. Currently, 37 percent of appointees to provincial ABCs in PEI are women,<sup>i</sup> compared to 34 percent for crown corporations.<sup>ii</sup> At the corporate level women represent just 21.6 percent of total seats on FP500 boards.<sup>iii</sup> One of the most common barriers to women's leadership is economic inequality, which disproportionately affects women in Indigenous, Francophone, racialized, newcomer, LGBTQ+ and disability communities.

Although women face significant barriers to leadership research shows that their participation at decision-making tables results in better economic outcomes for communities, boards, and governments. A 2014 report commissioned by the Federal, Provincial, and Territorial Ministers Responsible for the Status of Women outlines the business case for women on boards, and demonstrates how companies with more women on their boards tend to outperform their competitors on many financial measures, including return on equity, sales, and capital.<sup>iv</sup> Furthermore, research by Dr. Margaret-Ann Armour from the University of Alberta indicates that when gender parity is achieved on boards, women and men tend to work more collaboratively, generate more creative ideas, draw from multiple perspectives and devise robust solutions to problems.<sup>v</sup> However, women must be present in more than token numbers for change to be achieved.

## Promising Practices

Through the "Equity in Governance" project the PEI Coalition for Women in Government has identified several promising practices from national and international jurisdictions to increase the number of women on ABCs, including:

### Quotas

Several European countries have adopted legislative approaches to increase the number of women on ABCs. Since the introduction of quotas and non-compliance rules the number of women on boards in Norway has increased

from 5% to 40.5%, positioning the country as a world leader in gender balance on boards.<sup>vi</sup>

### Regulatory Models

Regulatory models such as "comply or explain" require companies to report to regulatory

bodies on the number of women on the board and efforts to increase women's participation. Companies without women directors are expected to explain why. For example, the Province of Ontario "comply or explain" model requires TSX-listed companies to provide annual reports to the Ontario Securities Commission.<sup>vii</sup>

#### Board Policies

Adopting formal board policies that explicitly outline gender and diversity goals demonstrate that organizations value gender and diversity representation and are willing to create inclusive environments.

#### Measurable Targets

Establishing and evaluating measurable targets that include clear goals, steps, and timelines allow ABCs to monitor and measure how well initiatives to increase women's representation are working and identify areas for improvement.

#### Nomination Committees

Ensuring nomination and selection committees include women and diverse members increases the potential for diversity among candidates for ABCs.

#### Recruitment

Reviewing board recruitment processes for unconscious biases, recruiting beyond traditional methods, and broadening the definition of board requirements opens the recruitment process to a wider audience.

#### Term Limits

Stipulating term limits for board members generates board renewal, and increases opportunities for women to fill vacant positions.

#### Champions

Boards with leaders who actively champion women's participation and leadership encourage an inclusive culture and are more likely to increase the number of women on ABCs.

Increasing the number of women on public and private boards is critical to creating innovative and inclusive environments that promote women's leadership and economic success. Greater gender and diversity balance also results in better decision-making and economic benefits for ABCs and wider society. Considering the promising practices outlined in this submission, quotas are the most efficient way to increase the number of women on ABCs. Regulatory and voluntary approaches are less likely to increase progress on their own and are heavily dependent on the commitment of individual ABCs. Jurisdictions that have experienced success with these approaches also rely on governments to apply pressure on companies to reach their goals. We encourage the Government of Canada to work toward implementing the promising practices listed above for crown corporations and to actively promote gender balance among private boards in Canada, where the numbers are the lowest.

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<sup>i</sup> PEI Coalition for Women in Government, "PEI Context Document," Reference Document, 2016.

<sup>ii</sup> "Governor in Council Appointments," Government of Canada, accessed September 12, 2016, <https://www.appointments-nominations.gc.ca/prsnt.asp?menu=1&page=approt&lang=eng>

<sup>iii</sup> "2016 Annual Report," Canadian Board Diversity Council, accessed March 14, 2017, <http://www.boarddiversity.ca/sites/default/files/CBDC-Annual-Report-Card-2016.pdf>

<sup>iv</sup> "The Business Case for Women on Boards," Conference Board of Canada, accessed June 15, 2016, [http://www.conferenceboard.ca/documents/womenonboards\\_en.pdf](http://www.conferenceboard.ca/documents/womenonboards_en.pdf)

<sup>v</sup> Armour, Margaret-Ann. "Women in Leadership Today: How to Keep Moving Forward," University of Alberta. A Bold Vision Conference, Brudenell, PEI. September 25, 2014.

<sup>vi</sup> "Getting Women on Board," The Atlantic, accessed on June 30, 2016, <http://www.norway.org.uk/norwayandcountry/Current-Affairs/Norwegian-Politics/Getting-Women-on-Board/#.V6fYjbgrLIU>

<sup>vii</sup> "Increasing Gender Diversity in Corporate Leadership," Government of Ontario, accessed on July 3, 2016, <https://news.ontario.ca/mof/en/2014/12/increasing-gender-diversity-in-corporate-leadership.html>