

Gender Diversity in Canada

Briefing to the Canadian House of Commons' Standing Committee on
the Status of Women

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The Situation in Brief:

Despite having the highest female labour force participation rate in the G7, Canada has not made much progress in the last decades on gender equality in the economy. Only 12% of board seats at the TSX listed companies were held by women in 2016 (with more than half of the companies not having any women on boards), only 5.8% of companies have female CEOs, and only 8.5% of senior executive roles in the top 100 most valuable companies in Canada are female. In addition, there is a persistent gender pay gap between men and women.

Many attempts have been made over the last decades to address the issues, but progress on gender diversity has been slow and even stagnating in some areas. The main underlying causes for the slow progress are entrenched patriarchal mindsets and attitudes in the Canadian society, combined with uncoordinated and very fragmented approaches by many well-meaning organisations that dilute the impact.

Focusing on the underlying causes instead of the symptoms will require the helping hand of government actions:

1. Behavioural Economics shows that deeply embedded processes such as unconscious biases and stereotypes can be overcome by an external shock such as **setting quotas**.
2. Furthermore, creating a more level playing field in society by introducing mandatory **parental leave for men** will help change the patriarchal mindset in the Canadian society.
3. There needs to be more support and encouragement for mothers **to re-join the workforce**.
4. And finally, efforts to advance women are too fragmented in Canada. We need a **government-endorsed and -funded Canadian solution** to have real impact in the near future.

Preamble:

After being involved for over two decades on the topic of advancing women in business, first as a McKinsey & Co consultant (developing guidelines for female partners at the firm), then as a professor at the Rotman School of Management at the University of Toronto (research on female advancement; founder and leader of the Initiative for Women in Business; working with many companies to “fill the pipeline”), and most recently as Country Leader for The 30% Club campaign in Canada, the signs that we might not be focusing on the right problems have become overwhelming. Rather than attempting to cure the symptoms, we need to tackle the fundamental causes of gender inequality in Canada.

How come over 30 years so little measurable progress has been made on gender equality in Canada?

Canada can be proud of a high female labour force participation rate (over 82% in 2016), a high number of female students in Canadian universities (56.7%) and colleges (54.7%), and as of 2015 a – much lauded – gender-balanced federal cabinet. However, looking at the top decision-making bodies in the Canadian business sector, the number of women on boards has only increased from 11% to 12%, the number of female CEOs sits at 28 (5.8%) for the S&P 500 Companies, and only 8.5% of senior executive roles are held by women.

There certainly has been progress made in framing the gender equality issue better: Research and practice have moved on from the original thought of “fixing the women” by changing their behaviour (confidence-boosting, be-like-a man, women-only networking groups) to supporting women (mentorship and sponsorship programs, leadership training programs for women), and most recently to unconscious bias training to become “gender-blind” (or at least “gender-neutral”). While there is progress in recognizing that gender equality is not a women’s issue, but rather a society issue, it is far from clear how impact can be achieved,

Over the last 30-40 years, many organisations have been created to support women’s advancement and empowerment. The names of organizations in Canada focusing on gender equality are too numerous to list, and most recently we have experienced even a number of for-profit US-based organisations coming to Canada to help us solve our gender equality challenge. No doubt, all of these organisations have the best intentions at heart and bring passion and dedication to the cause of gender equality, but are suffering from a very fragmented approach and are often under-funded (unless they are corporate-supported organizations).

On the positive side, those fragmented efforts have created more awareness on the topic. On the negative side, despite the sheer number of organisations addressing the issues, there has been very little impact overall:

- Men still dominate senior management positions as well as board positions
- Employers still lean towards hiring men over women who have similar qualifications
- The gender wage gap remains persistent.

The same symptoms have been lamented over decades with very small changes:

- Underrepresentation of women in leadership positions despite the evidence that greater gender parity and diversity on decision-making bodies lead to better decisions and better results.
- Canadian company executives assign low importance to the issue of gender diversity (in comparison to other countries) and are less likely to have an explicit women's talent strategy.
- Both of those above mentioned symptoms are connected to the so-called **"Pipeline Issue"**: women disengaging or dropping out in middle management role. Often the underlying reason is due to caring for children or other family members. There is very little support in helping those women re-entering the work force at a later point.
- Women entrepreneurs don't grow their businesses as successfully as their male counterparts. The underlying reasons go often back to their role as caregivers in the family: More often than men, they start businesses to manage their life around their family and work, once they have become too frustrated with the challenges in a corporate setting to combine work and family.
- Gender stereotypes directing women into traditional underpaid jobs such as day care, teachers, nursing, etc.:
 - Caring responsibilities at home lead to part-time, low-income and insecure employment
 - Domestic responsibilities and unpaid work prevent women from long-term economic security and advancement
 - Female led single parent families living below the poverty line
- All of which contributes to the persistent gender wage gap: part-time work and less hours as well as self-selecting into lower paying jobs are the main contributors to the wage gap. (There is a remaining factor which can be contributed to gender discrimination.)

Each of the symptoms have a strong impact on the empowerment of women and the Canadian economy. As outlined, policy makers and organizations have been working on finding solutions for these issues in order to achieve gender equality, but the progress has been very slow. This should raise the question of the possibility that potentially

there are underlying causes which – if addressed – could provide better impact. We have moved from gender equality being a “women’s issue” to the recognition that it is a societal issue.

The main underlying causes for gender inequality in Canada are the patriarchal mindset of the society combined with very fragmented efforts for problem-solving.

The Canadian culture is shaped by a patriarchal mindset, valuing the traditional role of men “taking charge” with women “taking care”. Research on leadership attributes show a strong bias towards the male role model: strong, assertive, and in control. Women attributes of being collaborative, caring and more flexible do not support the leadership stereotype. This also extends to domestic roles: it fits the cultural expectation for a mother to be stay-at-home with a newborn baby and to be responsible for domestic chores.

In addition, the fragmentation of efforts to advance gender equality has taken an unproductive turn. There are too many overlapping efforts: for example the number of organizations supporting women to get onto boards and having lists of board-ready women has mushroomed (in particular the for-profit organisations), and by last count, there are at least 1500 women listed as board-ready in Canada without having moved the needle on the actual number of women on boards. Out of 521 board seats that needed to be filled by TSX-listed companies in 2016, only 76 went to women...

What government actions could be undertaken to overcome the causes?

1. Behavioural Economics shows that deeply embedded processes such as unconscious biases and stereotypes can be overcome by an external shock such as **setting quotas**.

Gender biases are built into many organizational systems and human decision-making processes. They are deeply imbedded in individuals, and it is unrealistic to expect that mindset and attitudes will change without an external shock. If market forces don’t drive the desired outcome, an “invisible” hand by the government might be required. Quotas might jump start the process of achieving equal representation. They have been surrounded by controversy – the stigma women might encounter of being a “quota woman”; the perception of being unfair towards other groups; the potential of creating diversity, but not inclusion, etc. – but evidence from European countries where quotas have been implemented, suggests that these concerns might be overblown. Rather, research shows that there are substantial positive effects towards gender equality through the imposition of

quotas. The framing of this action, i.e. the narrative, will be particularly important to avoid negative reactions to quotas, and should focus on the need to increase diversity and remedy past discrimination.

Therefore, I recommend

- That the Government of Canada examine best practices to introduce quotas for women onto boards and into senior leadership roles of organizations

2. Furthermore, creating a more level playing field in society by introducing **mandatory parental leave for men** will help change the patriarchal mindset in the Canadian society.

In Canada, the patriarchal mindset considers parental leave to be exclusively a woman's issue. A dad, after all, was the chief breadwinner who paid for food, shelter and education and saved for retirement. However, times have changed. New family structures, highly-educated women, who are interested in productively contributing to the economy and have career ambitions, and different models of work-life integration have changed the landscape. Research shows that shared parental leave has a positive impact on economics, work-life balance, mental health, organizational culture, career advancement, family life and, ultimately, the child's well-being.

Despite the advances made in areas such as work-family integration and children's welfare, Canada is still woefully behind other countries when it comes to the barriers faced by fathers who want to take longer paternity leave. Companies worry about the cost, workplace culture and coverage while the father is on leave, and the perceived difficulty of creating the infrastructure to implement paternity leave. And, more importantly, there is a **stigma around fathers** who choose family over career ambitions – indicating women are still seen as the primary caregivers.

Making parental leave mandatory for both parents would substantially lower these barriers, but also enhance your child's long-term emotional health. While a baby's first attachment is usually with the mother, the bonds that babies form with their fathers are just as important. Increasingly, we are hearing the uplifting stories of fathers who have benefited from the *bonding* experience by becoming more active and equal partners in their children's caregiving. And also in stories from mothers, who with ongoing support from fathers, have been able to pursue careers and motherhood with equal zeal and commitment.

More than 70 countries offer paid paternity or shared parental leave for fathers, but only the most forward-thinking have made it **mandatory for fathers to take parental leave**. They include Finland, Norway and Germany. Portugal actively promotes women's full employment and fathers' participation in early childcare with a system

that offers both a “carrot and a stick.” It requires fathers to take paid parental leave after childbirth and offers bonus leave to couples where fathers are “home alone” for part of the family leave. As of 2015, Sweden gave new fathers a third month of required paid parental leave.

As a welcomed side-effect, research shows that the **hiring bias** – where an employer might unconsciously prefer to hire a young man rather than an equally talented young woman who brings “the risk of maternity leave” with her – has almost disappeared, given that both gender will be equally likely to take parental leave.

Countries, who have taken the steps toward mandatory paternal policies, share a desire for greater gender equity, an understanding of the changing roles of men and women at home and in the workplace, and of the need for fathers to actively participate in parenting. Therefore, the recommendations are

- That the Government of Canada develops and implements mandatory paternal leave of minimum of 3 months

3. The **economic impact of women not returning to the workforce** after having children creates a major gap in reaching full economic potential for Canada.

Furthermore, it is the main culprit in the previously mentioned pipeline issue to get more women into senior role. There is currently not enough attention paid to keeping the number of women in the middle management up. Funding programs, such as Rotman’s “Back to Work” program or the more specialised “Return to Bay Street” offered by Women in Capital Markets, can be a solution for highly educated women who seek to re-enter the workplace after years of absence, becoming a valued economic contributor. The economic impact of this particular skill level is amplified by their earning potential and supports the agenda of advancing women into senior roles.

- That the Government of Canada funds programs for workplace re-entry for women who left middle-management roles or equivalent

4. And finally, efforts to advance women are too fragmented in Canada. We need a **government-endorsed and -funded Canadian solution** to have real impact in the near future.

The number of organizations involved in gender equality, women’s advancement, empowering women etc. is staggering in Canada. There is a mix of corporate-sponsored efforts, for-profit organizations, not-for-profit, regionally focused, pan-

Canadian, sector-specific, academically motivated, politically motivated – many well-meaning different intentions, but with little overall outcome to show. In addition, we are now experiencing non-Canadian organizations entering mainly the for-profit sector to advance women.

For Status of Women, the initiative of Advancing Equality for Women could be hugely more impactful if the various organizations in the Canadian environment would find better ways to collaborate. A first attempt has been made by piloting an alliance of six not-for-profit pan-Canadian organizations focused on advancing women: **The Gender and Good Governance Alliance** has been formed last year with the objective to become a think tank accessible to regulatory and legislative bodies, and focuses on advancing women into senior ranks (pipeline issue) and women on boards. The members of this pan-Canadian alliance are Canadian Coalition of Good Governance, Catalyst, The Clarkson Center for Board Governance and Ethics, Institute of Corporate Directors, The 30% Club Canada, and Women in Capital Markets. More members might be added once the working structure and the alignment has been successfully tested in the first pilot activity, creating a toolkit for boards for small and medium-sized enterprises to increase the number of women on their boards.

Should this model prove successful (and all indicators currently look very positive), this alliance could be built into an “**umbrella organization**” that would coordinate women advancement efforts across Canada. It could become an arms-length government organization with appropriate funding and oversight, which could bring together in a collaborative way efforts to solve the most pressing symptoms in advancing women and deliver real impact – by providing a truly Canadian solution.

I therefore propose

- That the Government of Canada investigates and invests into a national strategy for creating a Canadian association that will collaboratively work with and coordinate the efforts of the currently fragmented organizations focusing on advancing gender equality.

The strongest economies are those that have found ways to further women’s careers, close the gender pay gap, and keep women engaged in the workforce after they become mothers. I believe Canada can be a beacon globally in empowering women.

Summary of Recommendations

- That the Government of Canada examine best practices to introduce quotas for women onto boards and into senior leadership roles of organizations
- That the Government of Canada develops and implements mandatory paternal leave of minimum of 3 months
- That the Government of Canada funds programs for workplace re-entry for women who left middle-management roles or equivalent
- That the Government of Canada investigates and invests into a national strategy for creating a Canadian association that will collaboratively work with and coordinate the efforts of the currently fragmented organizations focusing on advancing gender equality.