MASTER OF PUBLIC POLICY
CAPSTONE PROJECT

Gender Parity on Corporate Board of Directors: A Public or Private Policy Issue?

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Capstone Approval Page

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Capstone Executive Summary

Gender diversity on corporate board of directors is a policy concern in Canada as women's inequality has broad societal and economic implications. The strength and long-term success of Canadian public corporations depends on the highest quality board management. Significant research and reports show a positive correlation between increased diversity on boards and improved corporate governance and financial performance. Nonetheless, women currently only hold 12 percent of board appointments on publicly-traded companies in Canada and 45 percent of companies listed on the S&P/TSX still do not have any women on their boards. A number of factors have led to the slow progress of board diversification in corporate Canada. While Bill C-25 to amend the *Canadian Business Corporations Act* proposes disclosure rules consistent with the "comply or explain" rules of current provincial security regulators, gender parity policies must be better informed and carefully designed to ensure that women succeed in board appointments.

This project was designed as a pilot project in order to determine the feasibility of government legislating gender parity on corporate board of directors in Canada. Confidential discussions were conducted with 35 informed individuals from public, private and not-for-profit sectors, including mid to top-level professionals, both male and female, from various industries and backgrounds. Qualitative data analysis involved a comparison of respondents' views expressed on government involvement in creating board diversification in corporate Canada, allowing for an in-depth understanding of the current attitude in Canada. Respondents provided insight and shared their views on the current state of affairs as well as policy initiatives including "comply or explain," quotas, and/or private measures.

Key themes from the literature review served to guide the data analysis process. Several explanatory factors have been found to contribute to the continuous low representation of women on corporate board of directors in Canada, specifically around women's life choices, mentorship and sponsorship opportunities, and multiple elements involved in the recruitment process for new board members. Findings propose that the underlying issues impacting female representation on corporate boards are complex and a strong desire to maintain the status quo hinders progress.

The explanatory factors identified in this project strongly contribute to the low number of women on corporate boards. Policies involving targets or quotas will not succeed if the organizational culture and "pipeline" questions are not addressed. With organizational policies to address the number of women in leadership roles combined with stricter disclosure requirements to encourage companies to diversify and highlight progress to investors, the status quo can be altered. Moreover, a government-sponsored commission of established industry professionals should be established to coordinate with industry and drive change. Any policy approach designed to increase the number of female board directors should involve a partnership between the public and private sector.

Introduction

A global movement to increase representation of females on board of directors has been accelerating, as significant research has found a positive correlation between women in leadership roles and improved financial performance and corporate governance (Lee, Marshell, Rallis and Moscardi, 2015, 4; "Conference on improving women's access to leadership" 2016, 25). However, in Canada, women currently hold only 12 percent of corporate board of director appointments among the 677 companies listed on the TSX, ranking 35 out of 144 countries according to the World Economic Forum's 2016 Global Gender Gap Index (Lee et al., 2015, 4; "Are Gender Quotas Needed,?" 2015). Although the positive effects of increased female representation on corporate board of directors are well-documented, most Canadian companies have not achieved gender parity (MacDougall, Valley, Taborda and Cao, 2016, 15). Explanatory factors must be identified in order to determine if government intervention is appropriate in increasing the representation of women on boards.

The role of a board of directors is to represent the shareholders of an organization. Shareholders with voting shares elect boards members, whose responsibility is to "supervise, direct or oversee the business and affairs of a corporation" (Dharamdial, 2014, 4). The board's chief function is to appoint and evaluate the performance of the senior management team, and ultimately, assess risks and opportunities and apply final judgement on important organizational decisions (Dharamdial, 2014, 4). To that end, board directors must have an in-depth understanding of the company, so they can provide key oversight duties. Generally, boards are responsible for reviewing financial statements and activities, strategic plans, management hiring and performance reviews, and organizational restructurings, acquisitions and divestitures (Dharamdial, 2014, 6). Board directors thus play a critical role in ensuring the success of an organization.

The traditional definition of board diversity covers “industry experience, management experience, education, functional area of expertise, geography and age” (Canadian Board Diversity Council , 2016). In 2010, the Canadian Board Diversity Council (CBDC) (2016) expanded this traditional definition to include areas such as gender, First Nations status, and ethnicity. Gender has been the most emphasized form of diversity as women now comprise almost half of the work force, but continue to be underrepresented in executive-level and board roles (Cooper, 2016). Through numerous studies and reports, many boards, shareholders, and companies have come to understand the benefits of gender diversity in this typically male-dominated area (“Diversity in the Boardroom: What is board diversity,?” 2015). Gender diversity on boards has been found to enhance the decision-making process and the strategic oversight role as well as help prevent group-think (United Kingdom, 2011). Diversity of perspectives in the boardroom is key to fully representing companies’ diverse shareholders, employees, and customer base (Norris, 2016). As boards play a central role in ensuring the success of companies, those without diverse boards risk putting themselves at an economic disadvantage (Joy, Carter, Wagener and Narayanan, 2007; Desvaux, Devillard-Hoellinger and Baumgarten, 2017; Armour et al., 2016). Examining the underlying issues women face in attaining board appointments is imperative as investors, employees, and the Canadian economy at large rely on the health of publicly-traded companies. Gender diversity on boards is thus as much a business concern as it is a social issue.

Allowing the free market to address the low representation of females on boards has been found to generate minimal progress (Lee et al., 2015, 20; Wiersema and Mors, 2016). As a result, governments across Europe, Australia, Iceland, and India among others have adopted various types of legislation to address the issue. However, each jurisdiction faces unique opportunities and challenges, and the models adopted by other states would not necessarily be conducive for Canadian companies. Understanding the intricacies of corporate Canada through the lens of informed individuals is critical to creating policy that will lend to sustainable success for women in top leadership roles.

Background

History of global movement

The 1960s and 70s were a period of critical socio-economic shift in which a surge of women worldwide pursued higher education and began entering the labour force (Fagan, Menèndez and Ansón, 2012, 1). This, along with the civil rights and peace movement, and the second-wave women's movement, spurred international movement towards achieving greater equality for women (*Royal Commission on the Status of Women in Canada,* 2016). Global governmental action was propelled forward by the United Nations' (UN) initiative in the 1970s. In 1975, the UN hosted the First World Conference on Women in Mexico, an inaugural international conference focusing on women's issues (Fagan et al., 2012, 4). Key outcomes of the conference included the promotion of policies to improve the lives of women, with emphasis placed on the economic status of women (Fagan et al., 2012, 4). A series of international conferences throughout the 1980s and 90s served to continue to promote women in leadership roles (Mutume, 2004).

In 1995, the Fourth World Conference on Women called for women's advancement in "power and decision-making" and recognized the under-representation of women in leadership roles (Fagan et al., 2012, 19). 189 member countries adopted the Beijing Platform for Action thereafter, which set policy objectives to advance the status of women and promote gender equality (UN Women "World Conference on Women"). Although the Platform for Action was not a legally binding agreement, member nations' commitment to it made policy action possible (Tarr-Whelan, 2010). For example, the Beijing Agreement spurred the European Council to adopt a number of guidelines, notably around women in leadership roles (Fagan et al., 2012, 19). With five, 10 and 15 year reviews set post-Beijing, NGOs have remained actively involved in monitoring countries' action, which has served to maintain pressure for change (Tarr-Whelan, 2010).

A key trend that emerged from the 1995 Beijing conference has been "the call for a critical mass of 30 percent women in decision-making as a route to hearing the voices, concerns, and ideas of women in democracies" (Tarr-Whelan, 2010). This outcome emphasized that without an official strategy in place to promote women, little change is likely to occur; both public and private organizations must "systematically promote women's participation, from the bottom up" (Tarr-Whelan, 2010). The UN Development Fund for Women (UNIFEM) found that quotas are an effective tool in increasing women's participation in leadership roles (Mutume, 2004). The UN has continued to play a key leadership role in promoting gender equality, by shedding light on gender inequalities, reporting on women in leadership, and hosting major conferences on women's status (Mutume, 2004). This has served to propel government action globally.

History in Canada

In Canada, the Royal Commission on the Status of Women was appointed in 1967, following global trends to advance women's status (Canada*,* 2016). The Commission was given the mandate to "inquire into and report upon the status of women in Canada, and to recommend what steps might be taken by the federal government to ensure for women equal opportunities with men in all aspects of Canadian society" (Canada*,* 2016). Officially, the Status of Women Canada became a Federal departmental agency in 1976 and has continued to promote gender equality in Canada ever since (Canada*,* 2016). Status of Women departments now exist in nine Canadian provinces, with Alberta being the latest to introduce such an entity in 2016 (Zabjek, 2017). Included in Alberta's ministry's mandate was a focus on women's progression into leadership roles, following a review of 2015 statistics showing women held only 9 percent of board roles on publicly-traded boards in Alberta (Zabjek, 2017).

Coinciding with the evolution of the Status of Women departments, during the 1980s, major strides were being made for human rights and equality in Canada. Following the enactment of the Canadian Charter of Rights and Freedoms in 1982, the Royal Commission on Equality in Employment was established, whose directive was to strategize on employment equality measures for women among other disadvantaged groups ("A Brief History of Employment Equity in Canada," 2017). By 1986, the federal Employment Equity Act (EEA) was passed, requiring federally-regulated private sector companies including banking, transportation and communications industries, as well as crown corporations, to submit annual reports on their employment equity status (*Employment Equity Act: Annual Report 2015*). While the EEA places emphasis on targets, it prohibits the use of quotas, which is designed to set it apart from affirmative action and rather, make it “a form of positive action aimed at assisting members of the designated groups to reach their full potential” (Busby, 2006, 44). In the Canadian banking industry, women now account for over 34 percent of senior management roles and hold over 33 percent of board roles on the boards of Canada’s top 5 largest banks (“Gender Diversity on Boards in Canada: Recommendations For Accelerating Progress,” 2016). Without legislation, it is unlikely that women’s representation in these industries would have improved at the same rate (Busby, 2006, 53).

Legislative action

Within the Organization for Economic Co-operation and Development (OECD) member countries, women’s participation in the labour force has risen steadily since the 1970s; women now make up almost one third of managerial-level positions (Fagan et al., 2012, 1). Nonetheless, gender inequalities in the workplace persist, and women continue to be under-represented in the upper echelons of organizations, both in leadership roles and in the boardroom. Although women’s increased participation in leadership positions is largely agreed upon to be key, and female participation in these roles has increased over time, policy-makers remain concerned with the slow progress (OECD, 2016).

Existing international legislation

In Europe, Norway led the way by introducing legislation in 2004 mandating a quota of 40 percent female representation on boards of public companies (Fagan et al., 2012, 71). Since its implementation, the percentage of female board members in Norway has increased from 15.5 percent to 46.7 percent (Sjafjell, 2015, 29). Beyond greater gender diversity, the board appointment process in Norway was found to have improved board effectiveness (Wiersema and Mors, 2016). Most countries that have followed Norway's lead by introducing gender quotas and hard laws are concentrated in Europe, including Belgium, Italy, Germany and France ("Gender Parity on Boards Around the World," 2017). The consensus has been that in the absence of legislation, most companies have not been found to voluntarily work towards achieving gender parity on their boards (Wiersema and Mors, 2016).

Over the past decade, several jurisdictions have introduced soft laws, guidelines and disclosure requirements to increase women's representation on boards ("Gender Parity on Boards Around the World," 2017). For example, in Australia, diversity reporting guidelines introduced by the Australian Securities Exchange were adopted in 2010 in addition to a female-focused board training program (Orsagh, 2014); in the U.K., following the 2011 Davies Report, a non-binding target of 25 percent female board representation of FTSE 100 boards by 2015 was introduced ("Gender Parity on Boards Around the World," 2017); in 2013, the Netherlands introduced non-binding quotas for boards, in which at least 30 percent of the seats should be appointed to females as well as 30 percent to males; and in India, the renewed *Companies Act* included a requirement that publicly-traded companies have at least one female board director (Orsagh, 2014). Meanwhile, in countries including the U.S., Russia, Greece, South Korea and Japan, no legislation, soft or hard, has been introduced, and gender diversity on boards in these countries remains relatively low ("Gender Parity on Boards Around the World," 2017; Smale and Cain Miller, 2015).

Existing regulation in Canada

While Parliament has not yet adopted legislation to mandate gender equity on corporate board of directors, developments have occurred at both the provincial and federal levels. In early

2014, the Ontario Securities Commission (OSC) adopted a "comply or explain" standard requiring TSX-listed and non-venture Canadian public companies to report annually on their progress to increase female board members and executives, as well as strategies for term limits and board renewals (Grewal and Horn, 2016). By the end of 2014, six more provinces and two territories had adopted similar measures and on December 31, 2016, at the request of the Minister of Finance and Treasury Board, the Alberta Securities Commission (ASC) implemented its own regulations (Cain Miller, 2014), aligning Alberta with most Canadian jurisdictions. However, reports from participating provincial regulators show that the "comply or explain" rule has not proven to generate substantial change; the number of women on boards of publicly-traded companies only grew by one percentage point since 2015 (Lu, 2016).

Proposed initiatives

The federal Minister of Innovation, Science and Economic Development has been working to implement Bill C-25 to amend the *Canadian Business Corporations Act*. Among other updates, the bill proposes disclosure rules consistent with the "comply or explain" rules of current provincial security regulators (*Bill C-25 proposed regulation,* 2016). The bill passed through second reading in the House of Commons in October 2016. As a government bill with Liberals currently holding the majority of seats in the House of Commons and Senate, the bill is expected to be enacted (Gregoire, 2016).

Provincially, on June 7, 2016, Ontario Premier Kathleen Wynne set a target to put women in 40 percent of all leadership roles within provincial agencies and government bodies, to be met by 2019 (Ontario*,* 2016). Wynne's government has also called upon organizations to implement similar policies for their board appointments; however, no policy recommendation has been made to date (Ontario*,* 2016). Monitoring policy changes made by the OSC is necessary. With no national securities regulator in Canada, the responsibility to govern securities law falls under the purview of provincial regulators ("Securities Law and Capital Markets," n.d.). To facilitate regulatory compliance for issuers and registrants, all provinces except Ontario have signed onto the "Passport System" in which a registered company is only required to comply with their home jurisdiction's regulations, even if they are registered to trade shares on another province's exchange ("Securities Law and Capital Markets," n.d.). Yet if a company registers in Ontario they are required to comply with both the OSC's regulations and those of their home jurisdiction. Thus, as the jurisdiction of the TSX, Ontario has substantial regulatory influence on most public companies across Canada ("Securities Law and Capital Markets," n.d.).

Summary

Various legislative initiatives to achieve gender parity on boards exists across jurisdictions, provincially and internationally. However, government action in this area is relatively new; barely a decade has passed since Norway introduced its quota system, and many countries have yet to legislate board diversity at all, including the Canadian federal government. Although each governing body implements regulations tailored to suit the needs of its own society, lessons can be shared and learned among countries going forward, to better understand the underlying issues contributing to gender disparity in leadership roles worldwide. Government-mandated policy can then serve the ultimate purpose of improving equality for women in the workforce, which will not only contribute to economic growth, but has the potential to reduce inequality overall (OECD, 2016, 29)

Literature Review

A number of studies and reports from research institutes and industry have examined the question of gender parity on corporate board of directors. Research assesses the correlation between increased females on boards and better governance and positive financial returns, and seeks to understand the barriers women face in obtaining board appointments. Ten key factors have been identified from the literature that claim to contribute to the low representation of women on publicly-traded boards in Canada. Reports have also highlighted drivers of change and initiatives to encourage policy responses.

Sponsorship, mentorship and leadership

Women's participation in leadership roles has been found in certain literature to improve conditions for women at large. Female leaders tend to champion gender specific issues including parental leave, childcare, and gender-equality laws (Hoare and Gell, 2009, 2). Having a voice within public and private sectors is said to enhance women's equality; if women are not part of the decision-making process, women's interests are less likely to be represented (Hoare and Gell, 2009, 1). Some research shows that having female role models improves attraction and retention of other female talent ("Moving Women Forward into Leadership Roles," 2015, 7), but equally significant is the involvement of men in serving as mentors to women and advocating for change ("Diversity Disclosure Practices: Where are the women,?" 2016; World Economic Forum, 2016, 10). As women have been found to commonly lack confidence in their abilities, strong mentors have an important role to play (World Economic Forum, 2017, 11; Hewlett, Peraino, Sherbin and Sumberg, 2010).

Numerous studies point to the impact that both mentors and sponsors have on the success of an individual's career (World Economic Forum, 2017, 10; Hewlett et al., 2010, i). Defined as "people who will advise and promote their participation in high-visibility projects and networks" (World Economic Forum, 2017, 10), sponsors differ from mentors who serve to provide guidance for career development, and play a more active role in an employee's career progression (McKinsey & Company, 2017, 59). Yet due to a number of reasons identified in various studies, women tend to lack the sponsorship necessary to promote them to leadership roles (Hewlett et al., 2010, i). On the one hand, some research found that women tend to underestimate the significance of sponsorship in their career development; but upon further investigation, due to the nature of sponsorship, which often involves a senior male and a junior female meeting off-site and after hours, it is often avoided (Hewlett et al., 2010, 42).

Women in the "pipeline"

Literature presents conflicting views on the number of board-ready women in Canada. Some research claims that Canada has reached a critical mass of skilled and qualified women who are board-ready, but for a variety of reasons, are being overlooked (*Women on Boards: A Competitive Edge,* 2016; Hewlett et al., 2010, 2). Yet although over 1,000 women have graduated from the Institute of Corporate Directors (ICD.D) course designed to train individuals in proper governance practices (Ramsay, 2015), this formal training must be combined with significant experience. Studies reveal that CEO or executive-level experience is still commonly sought (Warren, 2016), yet within the higher levels of an organization, the number of women drastically shrinks (McKinsey & Company, 2017, 9). In Canada, women make up almost half of entry level roles, but the numbers drop to a quarter of women in executive positions, and only

15 percent in CEO roles (World Economic Forum, 2017, 4; McKinsey & Company, 2017, 8). Building the talent pipeline therefore remains critical for increasing the number of board-ready women (OECD, 2016, 28). While mandated quotas designed to put more women on boards can be effective, studies show that they do little to improve the low number of women in the pipeline (OECD, 2016, 22; Cain Miller, 2014).

Meanwhile, the 2016 Spencer Stuart Board Index (2016) found that the percentage of CEOs on S&P 500 boards has diminished by 12 percentage points over the past decade, now accounting for 43 percent. Nonetheless, it remains critical for boards to have members with "high-level corporate experience or the knowledge, skills, and abilities needed to contribute to board discussions" (Kramer, Konrad and Erkut, 2006, 7).

Systemic barriers and biases

The Royal Commission on Equality in Employment found systemic discrimination to be a main factor contributing to employment inequality for women and other historically disadvantaged groups in the 1980s (Busby, 2006, 47). Legislation was considered the only tool available to dismantle the deep-seated barriers preventing women from achieving equality in the workplace (Busby, 2006, 47). Indeed, psychological research has found that subconscious biases have a major impact on how humans categorize people and think about demographic groups: "when we learn the sex of a person, gender biases are automatically activated, leading to unintentional and implicit discrimination" (Bohnet, 2016, 6).

Today, the term "glass ceiling" is often used to describe a woman's experience progressing into the upper echelons of an organization (OECD, 2016, 19). While gender-specific policies to address the challenges faced by women in the workforce have been introduced by organizations and governments, some research has found that women continue to face a "glass ceiling" as they progress through their careers (OECD, 2016, 19). Several literature findings point to organizational culture and male biased expectations and requirements as key elements in hindering a woman's career success (Fagan et al., 2012, 4).

Women who do reach top leadership roles face further challenges, called a "glass cliff," in which their role within a strong male-dominated environment is unstable and chances of failure are increased (Benhold, 2016). Numerous studies have identified "uneven expectations and companies not being ready to elevate women" as factors hindering women's career progression to top leadership roles ("Obstacles to Female Leadership," 2015; World Economic Forum, 2017, 8), and highlight the importance of acknowledging biases, many of which are subconscious, as a way to overcome them (World Economic Forum, 2017, 8; Canadian Board Diversity Council, 2016, 39; McKinsey & Company, 2017, 8).

Family and career

The conflicting demand between a woman's career and domestic duties has been identified in certain reports as a key barrier to a female's progression into the upper echelons of an organization (McKinsey & Company, 2010, 20; Fagan et al., 2012, 4). Equally, these reports find that the model at most companies remains inflexible to the demands of family-life (McKinsey & Company, 2010, 20). Thus, although women hold 53 percent of post-secondary education degrees, and 45 percent of entry-level roles are filled by women (McKinsey & Company, 2010, 20), they continue to face a difficult choice between their family and their career as they move up within an organization. As senior roles require extensive and focused commitment, the norm is for childcare to be delegated to a spouse or to hired help; women continue to be the primary caregivers, thus men are more likely to advance to leadership roles (Fagan et al., 2012, 4). Some studies conclude that company policies conducive to work-life balance, including family-friendly benefits, flexible work hours, and parental leave, enable “women’s access to and retention in corporate leadership positions in the company itself” (OECD, 2016, 23).

Search process

It has been shown that although board members with c-suite experience can be valuable, broadening the search to areas such as lower levels within an organization, academia, government leaders and entrepreneurs, can uncover talent and diverse perspectives that may be instrumental to a board (“Diversity in the Boardroom: What is board diversity?”, 2015, 1). In searching for female candidates, the type rather than the amount of experience often differs between male and female directors; women more commonly have experience in public and not-for-profit sectors in addition to business experience (Fagan et al., 2012, 3). When sourcing new candidates, it is highly recommended that boards have a skills matrix in place to accurately identify the skills required (Fagan et al., 2012, 5). Increasingly, organizations have been using search firms and including diversity as a search criteria (CBDC , 2016, 19). Still, biases and stereotypes exist within search processes, in which the idea of an ideal manager is still defined in “stereotypical masculine terms” (Fagan et al., 2012, 5). As the number of females on boards remains low, a targeted recruitment effort to source female candidates is said to be needed, combined with a focus on building the pipeline of women for leadership roles (OECD, 2016, 28).

Tokenism

From her direct experience as a board director, Vicky Pryce (2015) noted that the dynamics of a board are different with more women around the table: “when there is more than one woman on board, not only do women speak out more but their influence increases." Achieving a critical mass of at least three women on a board is found in some research to result in women making a more equal contribution in the decision-making process (Lee et al., 2015, 3). In fact, research shows that being a demographic minority in a group setting results in tokenism, which can include either "hypervisibility" or "invisibility," but either way, puts the individual in an uncomfortable and lonely position, inevitably impacting their performance on the board (Kramer, et al., 2006, 13).

Familiarity

Studies claim that key to developing a diverse board is "looking beyond traditional networks when recruiting candidates" ("Diversity Disclosure Practices: Where are the women?", 2016). Nevertheless, when sourcing new board members and executives, informal networks and personal recommendations are still heavily relied upon (Fagan et al., 2012, 5). In a 2016 report entitled "Commonsense Corporate Governance Principles," signed by 13 corporate giants including Warren Buffet and Jamie Dimon, it was suggested that "long-term shareholders should recommend potential directors if they know the individuals well" (Armour et al., 2016, 2). As people tend to recruit others similar to them (Fagan et al., 2012, 5), and the executive-level and boardroom are largely male-dominated (World Economic Forum, 2017, 4), this serves as a barrier in a woman's career progression.

Industry experience

Alongside the requirement for board members to have high integrity, relevant competencies, and be shareholder-oriented, reports conducted by experienced directors point to industry experience as key (Armour et al., 2016, 1; Dujay, 2016, 19.) Yet boards solely drawing from a pool of candidates with industry-specific experience is shown to impact the number of women available in major industries perceived as male-dominated, such as science, technology, engineering, and mathematics (STEM) (OECD, 2016, 27). While UNESCO Institute of Statistics data shows that more women are graduating from STEM programs (OECD, 2016, 27), studies focusing on biases and employer attitudes uncover ongoing reservations about female leaders by STEM managers (Braun and Turner, 2014, 112). Indeed, Osler's 2016 Diversity Disclosure Practices reveals that when broken up by sector, the percentage of female directors in areas such as forestry, energy, oil & gas, information technology and life sciences, is less than 10 percent ("Diversity in the Boardroom: What is board diversity,?" 2016).

Women opting out or over-looked

Overall productivity will be reduced if women continue to leave the labour force. A variety of factors have been identified as causes for women opting out of the workplace including the view that work and family life are incompatible (Pryce, 2015). Women are often returning to lower-level or less stimulating roles post-maternity leave, and while many companies believe this supports work-life balance, it actually is found to limit a woman's potential (Warren, 2016). Repeatedly, situations occur in which highly skilled women are being overlooked or under-utilized, causing women to leave the workforce altogether, or limiting their progression into top leadership roles, where board nominating committees mainly seek new candidates (Warren, 2016).

Board turnover

Without term limits, literature claims that legislative or private initiatives to increase women's presence on boards will be much less effective, as the number of board openings will remain minimal (Ramsay, 2015). In fact, the average tenure of directors has been found to increase from 5 to almost 9 years between 2009 and 2013, with some members serving up to 20 year terms ("Beyond Term Limits: Using Performance Management to Guide Board Renewal," n.d., 3). The results from the 2016 Canadian Securities Administrators (CSA) disclosure rules review showed that 20 percent of public companies have now set term limits (Gordon, 2016), and reasons stated by companies who have no term limits included the view that that they "reduce continuity or experience on the board" (Tuzyk and Zilinskas, 2015). Meanwhile, the Institute of Corporate Directors (ICD) highlights the importance of renewing board members based on their performance and skills, in order to "create a culture of accountability, and foster high performing boards" ("Beyond Term Limits: Using Performance Management to Guide Board Renewal," n.d., 2) as well as ensuring fresh perspectives and skills that will lend to a board's ability to deal with fast-paced business dynamics (Armour et al., 2016, 3).

Summary

The existing literature, studies, and reports demonstrate that multiple factors contribute to the low representation of women on corporate board of directors. This indicates that no one policy solution exists to address gender parity on boards, rather consideration must be given to each underlying issue. While each factor will be analyzed through the lens of informed Canadian professionals from the public, private and not-for-profit sectors, it is understood that changing the current state of affairs requires a concerted effort between the public and private sector.

Methodology

This project was designed as a pilot project to determine the feasibility of government legislating gender parity on corporate board of directors in Canada. The research was guided by an understanding that the federal government has already taken steps towards implementing legislation, hence the focus was on identifying challenges in legislating gender parity on boards, rather than uncovering whether or not government legislation is the proper response. In order to identify key barriers that impact the representation of females on corporate board of directors, as well as understand attitudes on proposed policy initiatives, qualitative data was gathered through confidential discussions with 35 informed individuals from the public, private and not-for-profit sector between March to July 2017. The project summarizes discussions on a non-attribution basis and conclusions are not necessarily representative of all respondents.

Method of analysis

Specific questions were asked to knowledgeable participants to understand the current view of legislation as a means of achieving gender parity on corporate board of directors. Based on structured and candid conversations with 35 informed individuals from the public, private and not-for-profit sectors, this research identified key barriers, as well as options and considerations in achieving diversity on boards, through legislative or private means. The analysis of the data was conducted using NVivo software, a database that supports qualitative research by providing a place to organize and analyze the material collected ("What is NVivo,?" n.d.). This facilitated the process of finding insights and uncovering connections and divergences in the data.

Legitimacy of this analysis is maintained through the sample size of 35 informed respondents, 13 males and 22 females, from various industries and backgrounds. The sample consisted of four respondents from academia, research and/or media, six respondents from the government and/or not-for-profit sector, and 25 respondents from industry, broken down as follows: three executive recruiters, two women in mid-management roles, seven executives, and 13 board directors. Respondents were deliberately selected due to their expertise and experience and acute understanding of boards.

The snowballing or chain referral interview technique was employed, in which respondents referred individuals within their networks who share an understanding and expertise on the topic (Biernacki and Waldorf, 1981, 141). The benefit of this method involved gaining insider knowledge on who would be best suited to provide valuable insight and allowed for more natural interactions, which resulted in candid conversations on the question of legislating gender parity on corporate board of directors.

Limitations

The snowballing technique did not always happen naturally and required a concerted effort to develop a balanced list of informed individuals who could fully contribute to the research. The level of expertise of respondents varied, with certain individuals having greater breadth of knowledge on the topic than others. While the sample size of respondents consisted of individuals with an in-depth understanding of corporate governance, the group was heavily weighted towards women (two-thirds of respondents) as well as people who take a special interest in the topic of gender parity on boards. Thus, the data collected may differ from the information that would have been uncovered had the group been a representative sample of corporate board members of publicly-traded companies, which consist of 88 percent men. Nonetheless, the findings offer a range of perspectives on legislation to change the current state of affairs in corporate Canada and the explanatory factors that contribute to the low representation of females on boards.

Findings

Common themes from the literature review guided the data analysis process, yet the findings uncovered intricacies and details that contribute fresh perspectives to the research. Ten major themes emerged from the discussions, which serve to explain the current state of affairs for women in corporate Canada. Findings below are presented beginning with areas the majority of respondents identified as impacting board diversification, and ending with ones that were less commonly referred to.

Due to the focus of this project, specific questions on legislative action were posed during discussions, to gain perspective on opinions on either soft or hard law as a means to change board composition. The following four noteworthy patterns emerged from the discussions: although the minority (11 percent) of respondents were pro-quotas, those who were, were all seasoned board members who expressed frustration with the slow pace of change witnessed throughout their careers. The majority were anti-quotas (54 percent), but 20 percent of respondents, including both male and female executives and directors, believe that Canada is headed towards a quota system as no real change has occurred under the current "comply or explain" model. Respondents from each sector argued that any legislative action in Canada will be ineffective if the underlying issues such as informal culture and pipeline issues are not addressed. Four male respondents claimed that the federal government's reason for introducing legislation is only to remain relevant and Bill C-25 is futile as shareholders are already thinking about diversification measures.

While the focus of the project was not on identifying differences between male and female respondents, interesting results emerged from the data. The vast majority of female respondents (86 percent) were firmly against quotas; rather they feel there is a need for action elsewhere, such as addressing subconscious biases and creating more favourable workplace environments to retain and progress a woman in her career. Alternatively, while male respondents shared their opinions on legislation, with 92 percent anti-quotas, 46 percent in agreement with “comply or explain,” and 23 percent against government involvement in general, very few spoke to alternate actions, and most placed more emphasis on the need for policy initiatives to clearly explain the bottom-line for increasing gender-parity on boards.

Explanation for current state of affairs

Sponsorship, mentorship and leadership

One of the predominant areas identified as impacting a woman’s career progression involves sponsorship and mentorship opportunities from influential leaders. Respondents explained that although formal mentors are important for career growth, there is much more power in the informal, socializing aspect, where sponsorship and networks evolve. Sponsors were said to play an essential role in championing individuals for board roles. Common findings were that women’s experience with sponsorship differs from their male counterparts; being socially involved with senior leaders generates natural sponsors and expands an individual’s network. Yet female respondents explained that women rarely receive an invitation, and invitation matters. Without sponsors to expose their skills and abilities, many women are not being championed to move up in an organization the same way men are.

Respondents emphasized that networks still play a major role when boards are considering new members. While the view was that women now have equal opportunity, they have not fully expressed that equality due to systemic barriers, hence the importance of mentorship. It was thus emphasized that women should be proactive about their own career progress and devote a significant amount of time to making and maintaining connections, particularly informal ones, consisting of influential people who have observed their work and can promote them based on their capabilities.

A majority (67%) of female respondents, all of whom are in leadership roles, explained that female leaders have a role to play in promoting other women who may otherwise be overlooked or deem themselves unqualified. Women do not see many other women on boards or in executive roles, so they may become very passive about their own progress; they may not feel they have the experience that their male counterparts have. Respondents in this group said that once they moved into a leadership position, they naturally promoted other women. For example, these women have pushed for the shortlist for executive and board appointments to include at least one female, ensured that women are assigned to high profile projects, and mentored women throughout their career.

Women in the "pipeline"

Alongside the previous explanatory factor, the number of women in the "pipeline" was listed as another top consideration for the current situation in corporate Canada, that is, the number of women with the experience that boards require. To add true value, it was noted that directors need to have integrity and the ability to think broadly alongside their expertise, experience and good judgement. Experience provides directors with an ability to bring up and address difficult issues, which is the board's responsibility to shareholders. The number of people with this type of experience was said to be smaller than people think. Additionally, in line with the literature, respondents explained that the reason there are not enough board-ready females is due to the lack of women moving up the pipeline into executive-level roles, where they can gain the experience still considered most relevant for a board role. The biggest gap is between mid-management and senior executive roles; women are said to be outnumbered particularly at the third level before the executive level within organizations.

Although CEO and executive level experience is commonly sought for new board appointments, seeking candidates only from this area was held to be a factor limiting boards from diversifying. Expanding the search for new board appointees beyond this background will be key in diversifying. To ensure meritocracy is not questioned, candidates need to have the required credentials; however, broadening the criteria to include other backgrounds, even within one or two levels below the executive level, has been seen to significantly increase the number of eligible candidates.

Women in senior roles are in high demand to sit on boards, but many noted that there is an issue of supply at this level, which varies by industry. On the one hand, it was noted that with an increase of women graduating from STEM programs, this number will increase naturally. On the other hand, a number of respondents believe that developing a pipeline of board-ready females requires a deliberate effort by organizations in order to change the outcome. If the pipeline issue is not addressed, legislation, particularly quotas, will be ineffective as there will not be enough women with the necessary skills to add value to a board. Existing research shows that while there was an increase of women in new board appointments to publicly-traded TSX Alberta companies, from 22 percent women in 2015, to 32 percent in 2016, only 8 percent of named executive officers (NEOs) were women, limiting the pipeline of perceived qualified women (Schaal and Morris, 2016).

Systemic barriers and biases

Inherent biases are deeply embedded in society, through language, stereotypes and a desire to maintain the status quo. Almost half of respondents listed these as primary contributing factors to the low representation of females on boards. Both male and female respondents recognize that while women are faced with fewer barriers today, they still have obstacles as they progress through their careers that men do not. Women have been given more tools but are still not getting as many opportunities, evidenced through the gap between the number of women in managerial roles and c-suite roles. Respondents attributed the low number of women at this level to it being a male-dominated environment that women must adapt to. Organizational culture needs to align with the changes occurring, but a resistance to change is still present.

Family and career

Dealing with career-life balance was noted as one of the biggest issues for female employees. Women are often faced with choosing between focusing on their careers or their families and taking a leadership role requires an intense focus to an organization. Both male and female respondents acknowledged that a woman's career will not progress as quickly as a man's if she steps out of the workforce for several years due to maternity leave. Additionally, paternity leave is not yet normalized in Canadian society, hence the continued reality that having children is much more disruptive to a woman's career than a man's. Still, the lack of flexible working conditions was noted as a contributing factor to the current state of affairs. Most workplaces expect employees to be physically at work, while working from home can be as effective and provide the flexibility that parents need in order to remain in the workforce.

In addition, the underlying assumption exists that once women have children, they will leave their careers, hence females are not being championed and cultivated the same way men are. Indeed, female respondents have seen that men have different experiences than women: when a man is family-oriented, it is perceived positively, whereas a woman is perceived as being distracted. The mid-level point in a female's career was noted as the area where women are battling these issues and stepping out as a result. As long as the issue of accommodating caregiving remains unsolved, respondents believe these patterns will persist.

Six female executives and directors shared their personal experiences having children and successfully rising to top leadership roles. They noted that while the issue of career-life balance is complex, it is not entirely the responsibility of organizations to solve and accommodate. Through their experience, they emphasized that no perfect solution exists; women must make a choice to fully commit to an organization, and invest in good childcare in order to succeed in both areas. At the same time, organizations need to be sensitized to the fact that for a period of time, a woman's career track may be slowed down and support systems need to be in place. It is a balance between choice and accommodation.

Search process

Respondents who identified this area as a contributing factor (46%) said that the recruitment process for new board appointments is not always a transparent, skills-based process due to human biases, thus it continues to be driven by familiarity. Until boards are forced to step outside their comfort zone, they will continue to seek like-minded people to serve on their boards, resulting in less diverse boards. One of the main issues is that nets are not cast wide enough; a broader search is required in order to source diverse candidates. While some laid the blame on recruitment agencies for conducting narrow searches, others highlighted the fact that selection committees provide the search criteria and they are responsible for requesting that recruiters go outside their networks and search more broadly.

Boards must challenge themselves on the skills they really need to have the optimal board, and using a skills matrix is considered key. Yet many boards with skills matrixes are not always using them as their touch-stone for searches and continue to rely upon their networks in the search process. Boards benefit from diversity, but diversity of thought rather than gender diversity should be the main focus as boards need members who can think about an issue and ask questions about it in a different way. Yet if a board does not have real independence from management, board composition will inevitably be comprised of directors who do not want to "rock the boat."

Female board directors noted that when they are asked for recommendations, they will broaden the criteria beyond industry-specific, executive-level experience, which automatically expands the search to include more women. It was felt that there are many qualified women who are simply not as well-known. Conducting a broader search may take more effort and time, but at the end of the day, it will result in finding new candidates with fresh perspectives.

Tokenism

Being viewed as a token board member is a worry expressed by many women especially in light of legislation. Overall, the perception of tokenism exists. Organizations cannot keep doing business as usual and then just throw women in. This is token diversity because it is not sustainable. If women are not provided with opportunities to gain experience boards seek, they will automatically be viewed as lacking relevant experience, thus appearing as token members if they do get on boards. Men go on boards without being fully qualified and do not question whether they will add value or not; meanwhile, this was noted as a common experience for women. Nevertheless, the ideal board should be comprised of directors with the same level of experience and an in-depth knowledge of the business from the get-go; being underqualified results in a very negative experience. Without the mechanisms in place to prepare women to serve on boards, along with an organizational culture shift, legislation risks creating situations in which women become token members.

Familiarity

There exists a tight "in-system" within the board community. Seasoned board directors become part of a community and their names circulate when new appointments become available. Although boards can find people of incredible calibre this way, looking beyond their networks is considered critical for diversification. Familiarity plays a major role in maintaining the status quo, which has an associated risk of groupthink. Respondents unanimously agreed that eliminating groupthink is the goal of diversifying.

Nonetheless, the status quo is a powerful force and this contributes to the resistance to sourcing new candidates. Boards are comfortable with certain names and these individuals end up serving on boards repeatedly. Female directors are also part of a small group of known female directors, and although it is felt that a much larger pool of qualified women to sit on boards exists, familiarity drives boards to continuously select the same names. As innovation and technology become increasingly important for the Canadian economy, Canadian companies risk being less competitive if they fail to have diverse perspectives on their boards. Adding diverse candidates requires looking outside networks of well-known names and familiar candidates, which inevitably causes the same type of people to be appointed to a board.

Industry experience

Seeking candidates from the same industry to serve on boards is still common practice. While respondents admitted that organizations may have achieved a level of success with the current composition of their boards, diversification is needed in order to meet new challenges and vast global changes. If the majority of board members have primary industry expertise, this was said to lock into narrow-mindedness, groupthink and a lack of innovative thinking, and results in overlooking key people with valuable skill-sets. In the oil and gas sector for example, many qualified women will be cut off if boards only seek industry-specific candidates.

Previous research has found that while a board should be comprised of members with direct industry experience, to ensure that the appropriate and relevant questions are raised to management, it is beneficial to have a number of directors with expertise in other areas ("Building High Performance Boards," 2013, 9). Members should be familiar with the industry they are serving, but the level of industry expertise can vary, as long as directors carry out their fiduciary responsibilities with both the organization and its institutional investors' best interest in mind ("Building High Performance Boards," 2013, 8; Dharamdial, 2014, 14).

Women opting out or over-looked

While women have equal opportunity, some respondents commented that the number of women prepared to serve on boards is limited. Many women are self-selecting out rather than "leaning in"; they are quicker than men to opt-out and too often have self-limiting attitudes. What respondents have observed is that many women are not interested or prepared to give the intense focus that is required in order to progress and serve on a board. The dynamics associated with the role involve competitiveness and high stakes/liability that does not appeal to everyone.

On the other hand, the often male-dominated environment creates an unwelcoming setting for women. Women are not as keen to apply for the following noted reasons: they see barriers for females, they do not see many other women in leadership roles and those who are, have adapted to a male-dominated environment, and they still do not feel welcome. Thus, regardless of whether board opportunities are available or not, the environment needs to be conducive to diversity. With only one woman on the board, especially in a scenario where there is an entrenched board and a female is brought in as a way to comply with diversity requirements, women will not be able to make a meaningful contribution.

Another major barrier is the reluctance to bringing on a first-time board member, whether female or male. The impact this has on females is more significant as so few women are on boards in the first place. Although women may be qualified and would add value to the board, they may be overlooked due to their lack of experience on publicly-traded boards. Not-for-profit board experience is often not considered as valuable for publicly-traded boards.

Board turnover

With a limited number of board roles and no term limits, it was noted that change will inevitably be slower. Boards with no new members over an extended period of time risk having groupthink and no new thought around the board table. Generally, respondents feel that boards should be re-composing regularly in order to avoid this situation. Setting term limits will help with diversification measures. Yet respondents who have served on boards noted that this role requires a period of intense learning before a new member can add real value, thus turn-over should be limited (6-8 year terms were suggested). Lengthier board terms are required in scenarios where a company is undertaking a long-term project.

Gender-parity legislation

Although change has been slow, the majority of respondents expressed apprehension regarding government intervening in the composition of publicly-traded boards. There has been a 17 percent drop of publicly listed companies over the past decade (Hasselback, 2016), and increased regulatory burden is considered a possible cause for companies choosing to remain private rather than face public regulations. Thus, concern was expressed about the impact new legislation may have.

"Comply or explain"

Disclosure requirements regulated through provincial securities commissions are viewed as a step in the right direction by over half of the respondents, while the newly proposed federal Bill C-25 is not viewed as creating additional incentives for boards to diversify. Respondents in this group agreed that they would not want to see the government interfere further, as '"comply or explain" provides the appropriate nudge to generate change. Although the disclosure requirement has been criticized for not generating meaningful change to date, the consensus was that more time is needed for shareholders to become more involved in demanding that boards diversify. In addition, diversity considerations are part of a generational change that will take time.

Anti-quotas

The majority (89%) of respondents were against quotas as a policy option for addressing gender parity on Canadian boards. Although implementing quotas would dramatically increase the number of women on boards, evidenced in jurisdictions with quota systems in place, they are viewed as hugely disruptive to market economics. Canada is at a point where the dial is not moving, yet deeper societal issues must first be addressed. If organizational culture does not change, quotas will result in women not having the proper support systems in place to succeed.

Quotas were said to push against the natural pool of qualified women and fail to accommodate different types of companies; while some companies would not be affected by quotas, others would experience huge negative repercussions. Quotas risk impacting the minds of board members: the minute quotas are discussed, people question the qualifications of the "diversity candidate." Female board directors who spoke to this point said that quotas lump females into a gender category and take away from their hard-earned professional successes.

Pro-quotas

Although very few respondents (11%) believe quotas are the proper policy response, the sentiment is that strong leadership is required to mobilize a societal movement, and there is a need in Canada for government action. At this point, these respondents feel that "comply or explain" will not make a significant difference and believe harsher measures need to be taken. Through their own extensive experience as directors, respondents have inched towards being pro-quotas. Gender parity is viewed as a matter of social justice, and the market has had enough time to achieve justice without government involvement and has failed to do so.

Recognizing that with fast social change comes challenges, the response was that society will need to accept this for the greater purpose of achieving justice.

Quotas were said to be a useful tool for women to get into their first board appointment, as the trend in corporate Canada has been for boards to select from the same small pool of female board directors rather than expanding to consider first-time appointees, for example. In jurisdictions where quotas have been implemented, boards have been forced to step outside their comfort zones, to go beyond their shallow process and dig in.

Should the government decide to pursue quotas as a means of achieving gender parity on boards, it was suggested that Canada look to France as an example of a country that implemented a quota system with progressive steps embedded into the law. In 2011, the French government introduced a two-step quota of 20% by January 2014, increasing to 40% by January 2017, with a requirement of at least two female members on boards with eight seats or more (Lovells, 2014). The interim period provided through the law was seen by respondents as an effective approach to implementing quotas.

Table 1. View of gender-parity legislation by sector

Sector	View of gender-parity legislation
Academia/Research & Media	General findings are that Canada is largely opposed to legislation beyond disclosure requirements, and that shareholders should play a role in pressuring organizations to change. Research has found that private measures are needed for true change to occur, such as term limits, flexible work conditions, and sponsorship programs.
Government & Not-for-Profit	Generally disagree with quotas – it is not where society is at. The idea with "comply or explain" has been to serve as a nudge towards change; respondents noted leaving it to the marketplace has resulted in little change.
Executive search firms (Industry)	All disagree with quotas but the majority noted they could help create change and get women into their first board appointment (major barrier noted).
Women in mid-level management (Industry)	Worried about the effects that quotas would have on their careers – they have enough barriers as it is. More comfortable with "comply or explain" regulations.
C-Suite/Executives (Industry)	Noted that legislation impacts organizations differently and this needs to be considered in developing policy. Majority feel that "comply or explain" is sufficient; one respondent feels government does not have a role to play; quotas are largely seen as an overstep. All spoke to the following point: private measures need to be taken for true change (organizational culture shift, more flexibility).
Board Directors (Industry)	The view is that the construct of legislation needs to be carefully thought out. Majority agree with "comply or explain" but this is as far as government should go. Three females stated that Canada is at the stage where quotas should be implemented. Private measures also need to be taken including better childcare initiatives and taking action to change organizational culture.

Summary

The following table (Table 2) provides a summary of the insight this project gained in relation to the explanatory factors identified in the existing research. Through a comparison of each explanatory factor, the areas that previous research identified are expanded upon and intricacies are brought to the fore. This highlights that numerous complexities exist that impact the composition of corporate boards. As a result, the outcomes of this research's discussions provide pertinent data regarding the barriers women face in attaining board roles, which can be used to inform policies that better address the specificities within corporate Canada.

Table 2. Summary of findings

Explanatory Factors	Literature Review Results	Insight from findings
Sponsorship, mentorship, leadership	Females leaders improve conditions for other women; Both male and females should mentor young professionals; Sponsorship opportunities are limited for women, due to its intimate nature.	Sponsors emphasized as being instrumental in championing females in their careers. However, sponsors tend to evolve from socializing, and women are not being invited, hence missing out on key relationships. Women need to proactively network.
Women in the "pipeline"	Varying results: 1) Critical mass of board-ready women attained but overlooked. 2) Not enough women as executive-level experience commonly sought, limiting number of women available.	The gap between mid-management and senior levels of an organization contributes to the low number of females on boards. Key skills for a board can be best developed in senior level roles.
Family & career	Inflexible work models cause women to face difficult choices between career and family; Women continue to be primary caregivers, thus men more likely to advance in their careers.	Intense commitment to an organization is required from leaders, and women cannot always provide that due to competing demands. Perception of a man vs. a woman who is "family-oriented" differs. Organizations need to be sensitized to differing trajectory of women who have families.
Systemic barriers & biases	Subconscious biases limit a woman's career progression.	Language, stereotypes and desire to maintain the status quo listed as major biases.
Search process	A broader search process is needed for board diversification; Boards need skills-matrixes; Search firms are increasingly utilized for board roles but biases exist.	A skills matrix is key in challenging boards on skills needed, and overcoming biases; however, many boards are not using them even if they have one in place. Networks are still relied upon. Female directors serve to broaden the search criteria to include more women.
Tokenism	Critical mass of women is key to removing perception of tokenism.	Women worry about being viewed as a token on the board and often question their own qualifications. Women need to receive relevant experience boards seek.
Familiarity	Informal networks and recommendations play a big role in board composition; Boards are male-dominated and will continue to be due to power of familiarity	The board community has a tight 'in-system' that limits diversification. Diversifying helps to eliminate groupthink, but the status quo is a powerful force and familiarity drives boards to select the same names.
Industry experience	Only sourcing candidates with direct industry experience limits the number of females considered, specifically in STEM industries.	A board with majority industry-specific members locks into narrow-mindedness, groupthink and lacks innovative thinking.
Women opting out or overlooked	Incompatibility between family and career as well as post-maternity experiences impacts women's choice or ability to progress.	There are fewer women prepared to serve on boards than people believe; being a director requires an intense focus and high stakes are involved. Many women do not feel included in this male-dominated environment. Women are facing major challenges in landing a first-time board appointment.
Board turnover	Lack of term limits impacts the turnover rate and slows down the process of diversifying boards; Major benefits come from renewing boards.	Term limits of 6-8 years recommended, which should be flexible depending upon the needs of the organization.

Conclusion

Policy implications

The business case for gender parity on boards has been made extensively, with numerous reports making a direct correlation between females on boards and positive rates of return for an organization. However, many factors contribute to the financial success of an organization, and the bottom-line argument for women on boards becomes increasingly murky as other elements are considered. Rather, increasing females on Canadian boards should be a case of increasing equality. Beyond possibly enhancing economic and organizational growth, gender equality in the workforce leads to the overall reduction of inequality in society (OECD, 2016, 29). As a number of respondents emphasized, it is simply the right thing to do. Yet beneath the surface lies many factors that must be considered and addressed if sustainable gender equality in top leadership roles in Canada will be achieved.

If enacted, Bill C-25 will serve as a further nudge for organizations to diversify, in addition to existing provincial disclosure requirements. The majority of respondents agree with this measure, due to the general inertia in corporate Canada to diversify their boards. Government regulation through “comply or explain” has served to shine light on the biases present, and importantly, provides shareholders with the necessary information to drive forward change. As research demonstrates, shareholder activism around board composition, for example, leads to change (“PwC’s 2016 Annual Corporate Directors Survey: Top 10 Findings,” 2016.)

While government action can and should push for internal changes within organizations, change takes time. The outcome from this project’s discussions showed contradictory responses to this point, with some respondents arguing that more time is needed, and others outwardly frustrated with the slow pace of change. Most Canadian securities regulators introduced disclosure requirements less than three years ago, and some argued that more time may be required for change to occur. However, without any penalties in place, companies can easily "explain away." Meanwhile, the EEA, which was originally introduced as soft law, was armed with an enforcement mechanism in the form of audits and legal action in 1996, ten years after it was enacted (Jain, Lawler, Bai and Lee, 2010, 308). This served to strengthen and enhance compliance.

Recommendations

Although the Canadian government is pursuing formal changes through regulation, the findings from this project reveal that two major areas should be considered to improve the outcome of legislation. First, the informal and formal culture must align in order to attain sustainable gender parity on Canadian publicly-traded boards. Introducing legislation in any form without addressing the underlying issues identified in this project will not lead to long-term equity and meaningful inclusion for women on boards. This initiative requires a wealth of buy-in from both the public and private sector, therefore, the government should consider partnering with the private sector rather than simply mandating gender parity.

A key initiative could involve sponsoring corporate events promoting organizational policies that normalize paternity leave, address cultural biases, and better support women throughout their career progression. This, combined with stricter disclosure requirements in the form of audits, for example, will encourage companies to diversify, and highlight progress to investors. These measures can positively assist in altering the status quo so the next generation of women may experience fewer barriers in their career advancement.

Secondly, lessons must be learned from the shortcomings of provincial disclosure regulations, in which no private authority took the initiative to give it momentum. Thus, alongside Bill C-25, the federal government should consider sponsoring a commission of established industry professionals to drive change and coordinate with industry. The Davies Review in the UK, for example, is a model Canada may consider due to its success in its "voluntary, business led, approach which joined all stakeholders together in action" (United Kingdom, 2015, 6). The UK government sponsored a commission in 2011 to study the low number of women on corporate boards and promote change in the private sector ("Lord Davies Report," 2011). The report recommended that FTSE 100 companies implement a voluntary target of 25 percent female board members by 2015, and the five-year summary of the report showed that this target was met (United Kingdom, 2015, 6). The success was largely attributed to a commitment from both the public and private sector, as well as the government closely liaising with industry (United Kingdom, 2015, 6). By partnering with the private sector, rather than simply mandating gender parity on boards, there will be a much higher possibility of creating a sustained increase in the number of women on corporate boards in Canada.

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