

# Not a single large, public Canadian firm has closed the gender pay gap, study finds

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**JARED LINDZON**

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Canada's largest companies are lagging the rest of the industrialized world when it comes to many key measures of gender equality in the workplace.

That's according to a recent study of publicly listed companies with a market capitalization of at least US\$2-billion across the world's 23 largest economies. Not a single Canadian organization has closed the gender pay gap in the six years Amsterdam-based gender research firm Equileap has conducted the annual study. Only one has achieved at least 40-per-cent female representation at every level, and just 19 per cent publish gender pay data. The study also found that among Canada's largest companies there are more chief executive officers named Michael than female CEOs.

The research assessed 19 criteria related to gender equity – ranging from representation and equal pay to discrimination and sexual harassment policies – and gave each of the 3,787 organizations it analyzed a score out of 100.

The total average score among the 153 Canadian businesses included in the study was 42, putting the country just ahead of the United States, with 40, and the global average of 41, but well behind similar economies such as Australia, Britain, Norway, Italy, Spain and France, which each scored 50 or above. Other than the U.S., Canadian companies ranked above only Japan and Hong Kong. That score of 42 is an improvement over Canadian companies' average score of 39 last year and 33 the year prior.

“Unfortunately, Canada is not doing that great – it’s kind of mediocre when you look at these 23 countries,” said Equileap CEO Diana van Maasdijk. “The two areas that Canada does stand out as doing better on gender equality metrics is they have more anti-sexual harassment policies, and the companies also do better on supplier diversity policies.”

Canadian businesses also score extra points for having a relatively high share of female board members, but underperform when it comes to female representation, especially among senior managers.

Ms. van Maasdijk said she founded Equileap in 2016 to provide investors diversity metrics to help inform their decisions.

“We have created nine indices with Morningstar that can be used for financial instruments; eight out of those nine indices – that pick the best in class on gender equality – are outperforming their benchmark,” she said. “We have seen more and more research showing that when companies have better gender balance they perform better financially.”

Sarah Kaplan, the founding director of the Institute for Gender and the Economy at the Rotman School of Management in Toronto, believes the business case for gender equity is obvious – both at an individual company level and for the Canadian economy more broadly.

“That’s why it’s frustrating to me that companies don’t feel more urgency around this,” she said. “They’re literally willing to lose innovation, and lose business, and lose talent, and lose the ability to make the best decisions simply because they’re comfortable with their old boys’ network.”

Ms. Kaplan said Canada may have missed its opportunity to cement itself as a world leader in championing gender equity.

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“I’ve been saying for the last eight years – since [Prime Minister Justin] Trudeau came into office and claimed to want a more feminist approach to government – that this is our moment,” she said.

“Especially at that time, when [Donald] Trump was president of the United States, Canada had this opportunity to be a global beacon of light when it comes to issues of gender equality, and despite the best of intentions I don’t think we have achieved that promise.”

Ms. Kaplan explains that there have been some positive steps in recent years, most notably the push for \$10-a-day child care and provincial measures such as Ontario's Pay Transparency Act. At the same time, however, she believes that Canada has acted in a characteristically cautious manner, adding that it's conservative business culture may be slowing progress that could ultimately make it more competitive.

“We’re seeing this story of improvement over the long term, which is promising, but the improvements are going at a glacial pace,” said Andrea Gunraj, the vice-president of public engagement for the Canadian Women’s Foundation. “Data says we won’t close the gender pay gap at this rate for 200 years if we just allow it to happen naturally, so the question is: Should we allow it to happen naturally or should we kick-start things in the right direction?”

According to the Equilap report, those countries that have made the most progress have done so through policy decisions, and Ms. Gunraj said it may be time for Canadian lawmakers to pursue similar solutions.

Today, the Employment Equity Act requires federally regulated sectors to report their workplace diversity metrics and the steps they are undertaking to achieve full representation, but Ms. Gunraj believes it's time to extend similar requirements to every Canadian organization. "That's one piece that we can do within the next five years that will make a huge difference right away," she said.

She added that businesses should also strive to set their own targets, and voluntarily report their progress toward those goals – not because of a government mandate or a human resources initiative, but as a proven way to strengthen their organization's competitiveness. "The great lesson here is that we have good intentions, but our behaviour has to change in a strategic way to make those attitudes a lived reality for everybody."