

WHEN WOMEN THRIVE IN CANADA

AT A CROSSROADS TOWARD GENDER EQUITY

This is an important time for diversity and inclusion in Canada. Organizations sit at a crossroads toward gender equity, where looking back, one can see positive, and sometimes inadequate, practices and policies that have resulted in our current state. Canada can — and must — do better, and employers and leaders have a critical role to play. The time has come for us to think and act differently.

Looking forward, however, Canadians are presented with choices that can lead to not only positive changes for the lives of female workers but also to the Canadian economy. Organizations that reflect society in gender and ethnic representation are proven to have higher attraction, retention, and motivation of employees, and higher rates of growth. We believe the path forward is clear.

Mercer is working to shed light on global equity issues through its When Women Thrive, Businesses Thrive initiative and global survey of 583 organizations, including more than 200 in the US and Canada. The current global database, supported by EDGE Certified Foundation, is the largest of its kind, covering 3.2 million employees and 1.3 million women.

Mercer's When Women Thrive research looks deeply into what it means for women to thrive. Our analysis is grounded in the data of today's workforce, and also in an examination of the programs, policies, and operational context in which employees work.

INDEPENDENT
“DRIVER” VARIABLES



DRIVERS EXAMINED:

Health and financial well-being
Critical skills and experiences
needed for career success
Leadership engagement and
accountability

CONTROL
VARIABLES



CONTROLS INCLUDED:

Region
Industry sector
Revenue size
Global employee headcount

DEPENDENT
VARIABLES



OUTCOMES MEASURED:

Current female representation
Projected future improvement
in female representation at the
professional through executive
levels

This research used robust, regression-based analytics to examine what companies are doing to support female talent across a holistic set of policy categories, and correlated with 1) current representation of women at the professional through executive level and 2) projected future representation of women at the professional through executive levels over the next 10 years.

Key findings from our research show that women continue to be underrepresented in the workforce at all levels and female representation declines as career level rises. In fact, women make up only 20% of the average company’s workforce at the executive level and only 35% at the professional level and above. Additionally, organizations are failing to build future female talent pipelines. Current female hiring, promotion, and retention are insufficient to create gender equality over the next decade.

In our full global report, we share information about the strategies and tactics that are moving the needle, and about those that are not. We tell you which levers are associated with the largest gains, and provide specific steps you can take to increase the representation of women in your organization. Finally, we share with you a proven roadmap — no matter where you are today — to make that journey to a thriving and gender diverse workforce.

**Gender parity could increase GDP
in North America and Oceania
by \$3.1 trillion by 2025.**

THE IMPERATIVE FOR CANADA

According to a 2013 IMF report, “Women, Work and the Economy”: Significant economic gains can be made when women are able to develop their full labour market potential. Mercer adds a dollar figure to this: Gender equity worldwide can lead to a \$12 trillion increase in global GDP.

Much of the financial gain comes from enhanced innovation; the more diverse people who sit around a table pondering challenges and solutions, the more creative and better the answers. In gauging its own situation and in making a case for equity, an organization must look at human resources data, internal talent flows, and more to understand the facts.

Leaders must be passionate about both the business case and the impact on society, since the negative societal impacts may one day impact all workers. For example, women accumulate less savings for retirement due to their more conservative approach to investing and lower lifetime earnings (from spending more time away from work caring for family members). Add a longer life expectancy and their retirement shortfall could further burden already tight government funds, which can affect all Canadians, male and female, young and old.

Leaders must also act with courage to make bold moves. Canada is a diverse country whose

MERCER'S 6 PS OF AN EFFECTIVE GENDER STRATEGY

1. Perseverance
2. Passionate Leadership
3. Personal Commitment
4. Programs that Support Women's Unique Needs
5. Processes that Actively Support Women
6. Proof of What is Helping and What is Hurting

acceptance of different cultures has helped to forge a solid ground toward gender equity, but Canadians also tend to be more risk-averse and less comfortable in making bold moves. We've often heard leaders say they believe in diversity, but can't find the right people to hire. Success will require even greater courage, and possibly enhanced efforts – not passive hope – to bring about proactive change.

To help map out the path to prosperity and gender equity, Mercer has identified six key drivers that will help to move organizations in the right direction.

DRIVERS AND DATA

Perseverance

Mercer's research finds that female representation increases when everyone in the organization — board members, senior executives, middle managers — identifies with that goal. However, in Mercer's When Women Thrive survey, only 57% globally agree that their senior leaders are engaged in their diversity and inclusion (D&I) initiative. In Canada, 53% agreed.

In order to increase the representation of women at leadership levels, policies, practices, and procedures must be ingrained in the organizational fabric. Specific solutions can be found by;

- 1.) prioritizing programs that have the most impact on enterprise-wide buy-in;
- 2.) conducting a deep dive into your data to gauge what works and what does not; and
- 3.) investigating best practices that have been proven successful in organizational engagement.

While perseverance is important to driving systemic, cultural change, real change must begin at the top.



Passionate Leadership

While true leadership will possess mind, heart, and courage, perhaps the “courage to become engaged” is the most important at this juncture in the crossroads to gender equity. In Canada, leadership engagement resembles global averages at lower job levels, drops slightly at the senior executive level, and then trails off significantly at the board level.

In recent years, women have made gains in top positions at many organizations. Some of this is due to strong retention efforts in Canada. With the public and media watching closely, boards and top executives have increased female representation, but some are concerned that this could fall as

public scrutiny also diminishes — perhaps not as much due to ambivalence but to a refocus on other trends and pressing matters.

This is the time for organizational leaders to become truly committed to establishing a lasting diverse culture that can withstand change as HR programs alone cannot build lasting change. Men play a key role as they continue to comprise a majority of positions on boards and in senior leadership and set critical policies. Organizations can provide a gentle push by ensuring inclusion is a core competency in executive selection; disclosing gender pay gaps and retention rates; and linking compensation with equity results.

The gender equity conversation has been building steam in recent years, and received a boost in late 2015 when newly sworn-in Canadian Prime Minister Justin Trudeau announced that his cabinet would reflect society with 50% female representation. While the announcement was a step in the right direction and could build momentum, media and public reaction highlight that more work is needed so that one day soon, such announcements are considered “old news.”

Processes that Actively Support Women

Perhaps the most significant driver of progress for women is strong, regular pay equity processes. Mercer research and anecdotal evidence show that having more women in profit and loss (P&L) roles is strongly linked to greater gender diversity throughout the organization, but only 28% of organizations globally say women are as represented in P&L roles as in functional roles; surprisingly this is only 22% in Canada.

In Canada, women have been promoted into leadership positions at record numbers; however, we are concerned that some may have been promoted into positions that do not have a direct impact on a company’s bottom line.

Some of the differences between Canada and global averages could be perspective: Canadians are accustomed to greater diversity in the workplace compared to many other countries, and survey results could be more of an indication of respondents’ concern that Canadian organizations should adopt more specific plans on gender equity rather than rely on cultural norms or rest on their laurels. Even with good intentions but without specific plans, some organizations could easily lose traction.



Only 22% agree that women are represented in P&L functional roles in Canada

Programs that Actively Support Women's Unique Needs

Canada offers one of the most comprehensive maternal and paternal leave programs globally. While in many other markets employees can be penalized for taking leave to care for others, Canadians are accustomed to this benefit and are less likely to lose professional ground when they return from leave.

However, in the 2015 World Economic Forum's "Global Gender Gap Report," Canada posted some drops in scores. Its overall global ranking for gender equality dropped from 19th to 30th. For other key indicators of female progress, Canada ranked 80th for wage equality for similar work; 118th for healthy life expectancy; and 109th for overall health.

The road to gender equity will become less passable if Canadian women continue to lose ground on issues of health and wealth. Consider health: Only 11% of Canadian respondents agree that their organization provides gender-specific health education or campaigns.

Many organizations approach their health and wealth programs identically for men and women. Policies were created in times when men held a strong majority over women in the workplace and reflected a uniquely male approach. Health care options have been proven to be a strong component of a female's employee value proposition, but health opportunities and education must speak to a woman's unique health care needs.

"Research shows that men and women are driven by different value propositions, but the foundation of many company benefits were created years ago when men were in the great majority. So when it comes to offering benefits that also appeal to women, many companies are behind the times".

Jaqui Parchment
Senior Partner,
Head of Investments Canada



Proof of What is Helping or Hurting

Men and women bring different skills to the table, and both are valuable to innovation and growth. Typically (but with exceptions), men tend to work in clusters and tight groups, while women are more likely to connect clusters. Women can be more deliberative, while men can be more direct. Both approaches can add value to an organization, especially when working together. Unfortunately, many of the female work traits aren't as valued in many organizations.

To create change, employees from all levels will need to reevaluate the roles of all employees. This will require input and drive from men, women, managers, executives, boards, stakeholders – everyone. Organizations also need to ensure that the strengths of women are specified as critical competencies for leadership roles.

Organizations need to engage their leaders with a compelling case for gender diversity – starting with a deep dive review of their organization's own data to show the current state of diversity, the progress that can be made through focused efforts, and insight on the specific steps that will most effectively promote the representation and success of women.

Creating your own Gender Diversity Strategy and Roadmap

Employers must apply rigorous workforce analytics to reinforce messaging and to customize strategies that will lead to lasting change.

Organizations should conduct their own analysis to see where they currently stand with their workforce trajectory and predict where the company will be in the future. If the picture of the future isn't consistent with their goals, or if the future is too distant, they can make appropriate changes, and re-project. This is much more than taking a snapshot today and a second future snapshot. An organization must fully understand the talent flows and identify drivers of attraction, development, and retention.

We've shown that Canada has some work to do to instill specific policies that will enhance diversity and inclusion. At the same time, Canada has demonstrated that it offers a unique history and culture that puts it in a strong position to become a global leader in innovation, growth, and equity.

“Canada has made solid gains in diversity and gender equity efforts in recent years, especially at the top levels. However, lasting change won't come about without more attention to all levels and a concerted effort by all players”.

Louis Gagnon,
Senior Partner,
CEO of Mercer Canada

HOW MERCER CAN HELP

Organizations interested in benchmarking their policies and practices and analyzing their workforce data by gender can start the journey now with the When Women Thrive Custom Report.

Visit <http://www.mercer.ca/en/our-thinking/when-women-thrive-diagnostic-tool.html> to start your journey.

GIVEN THESE FINDINGS, CANADIAN ORGANISATIONS SHOULD BE ASKING THEMSELVES THE FOLLOWING QUESTIONS:

- Are our leaders passionate about and personally committed to gender diversity?
- Is our gender strategy rooted in proof? Are we using data to drive our decisions?
- Do we have the right processes and programmes in place to support our female talent?
- Do we communicate with our workforce sufficiently about the importance of diversity?
- Do we have the advocates, culture and infrastructure in place in order to persevere over time?

Our When Women Thrive research provides details around several key actions that organisations must take to break through inertia and advance women in the workplace. You can purchase the full global report or participate in the survey to receive a complimentary copy.

We invite you to be a part of it.

Visit <http://www.mercer.ca/en/our-thinking/when-women-thrive-2016-report.html> to take action.

