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The Double-Pane Glass Ceiling

The Gender Pay Gap at The Top Of Corporate Canada

David Macdonald

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Executive Summary

WHILE SIGNIFICANT ATTENTION has been paid to gender equity on corporate boards of directors, more recently focus has shifted to top executive positions in the same companies. Hard quotas for gender representation on boards in countries like Norway have led to positive results, but better board diversity has not filtered into executive positions.

In a world striving for gender equality, a look at executive positions in Canada reveals some of the worst gender inequality, with a significant representation and pay gap: a double-pane glass ceiling. This paper focuses primarily on the pay gap and is one of the first to do so in detail in Canada. It examines all top executives (CEOs and the rest of the C-suite, including CFOs, COOs, etc.) at Canada's largest public companies on the S&P/TSX Composite, the largest 250-odd companies in the country.

Only 4% of Canadian CEOs and 10% of top executives are women. Even when women do break into this rarified group, they are still paid less than their male colleagues. Among full-time workers, women make $0.83 for every dollar men make. Among senior managers the ratio is marginally better, at $0.86. However, among top executives, women make an abysmal $0.68 for every dollar their male colleagues make. This amounts to women at the top of corporate Canada getting paid $950,000 less a year.

It's not base salary but bonus pay that drives the gap between women and men in the C-suite. Bonus pay is almost entirely based on company share price, but the pay gap persists even within companies where male and female executives face the same share price, suggesting that the difference in pay has little to do with women's "performance."

Three factors account for three-quarters (77%) of the gender pay gap, while the remaining 23% is unexplained. The most important factor, accounting for 55% of the pay gap, is position type. Women very rarely make it to the CEO chair where the pay is astronomically higher. They are far more likely to graduate to the C-suite through so called "staff roles" — usually general council or HR positions that do not involve profit-and-loss duties and therefore make the CEO chair less of a possibility. Meanwhile, men in the C-suite are more likely to have "line roles" in investment or COO positions, which do lead to the extravagantly compensated CEO position.

The second factor is company size, which accounts for 13% of the pay gap. Larger companies pay more, and are less likely to employ women as top executives. When they do employ women, they tend to pay them less. On the other hand, pay for all top executives and the pay gap between men and women is lower in smaller companies.

The third factor, company sector, accounts for 9% of the gender pay gap. Companies in particular industries (namely energy, basic materials, utilities and industrials) employ a large number of female top executives, but they also have among the largest pay gaps. As a result, these industries are driving up the average pay gap. On the other hand, industries with reverse pay gaps, where women executives are paid more than men (namely entertainment, communications and consumer durables), also employ almost no female executives. As a result, the effect of that reverse pay gap is negligible.

There is no shortage of qualified women for top executive positions. Women have been graduating from key C-suite programs at Canadian universities at rates similar to men since at least the 1990s. But even with these key qualifications women are more likely to start at an entry-level job and to make less than male colleagues in their first position. Women receive fewer high-profile assignments and are less likely to be consulted on important decisions. Their mentors are less likely to secure them critical promotions. Women also face social pressure of not wanting to be labelled "intimidating," "bossy" or "too aggressive" when they ask for the same things that men ask for, which means they are less likely to negotiate for higher pay and more likely to ask for less when they do.

One key excuse often offered for the gender gap in corporate Canada is that corporations promote based on "merit" and that's why there are so few women in top jobs — companies just can't find deserving women. It strains credibility that of the 10 million working women in Canada, 124 (the number required for gender parity) could not be found who are competent enough to be CEOs of Canada's largest companies. The idea that this is somehow due to lack of "merit" is also hard to sustain when we see how women are impeded from day one on the job. And applied to the pay gap itself, the merit argument would hold that the women who do make it to the top jobs in corporate Canada somehow still merit substantially lower pay.

Gender equality in the corporate world, as elsewhere in society, is a multifaceted issue. It cannot be divorced from the absence of important programs like affordable child and elder care. Nor can it be divorced from a system of tax preferences that go almost entirely to executive "bonus pay," the key area creating the gender pay gap among top executives.

The lack of female executives and their substantial pay gap is an issue of fairness in its own right, but it also lays bare the cumulative impact of corporate culture on women's working lives. These profound gender inequalities also expose the bankruptcy of the "merit" argument as a basis for the egregious rates of pay for corporate executives in Canada more generally.

Introduction

In the age of #MeToo and gender parity in the federal cabinet, more attention is being paid to women's representation in key leadership positions. At the same time, recent political trends have focused attention on the damaging impact of ever-higher pay for the top 1% of Canadians with much slower progress for the rest of Canadians.

Women are graduating from post-secondary institutions in record numbers in Canada, many of them in highly paid fields, yet they still face considerable barriers in the labour market. On average, women are more likely to work part-time or fewer hours per week, for lower levels of pay, and to be concentrated in less lucrative fields, such as wholesale and retail trade, accommodation and food, or personal care work.[1] Even women working in more highly paid sectors, such as health care and social assistance or business, finance and administration, are concentrated in lower-level jobs. All of these factors contribute to substantial gender pay gaps. Canada is not alone in this regard: the pursuit of gender equality — here and across the world — is an uphill battle.[2, 3]

Canada's ranking in the World Economic Forum's Global Gender Gap Report improved markedly in 2017. This was in large part due to improvements in gender representation in ministerial positions, but also because the wage gap is closing more generally.[4] Unfortunately, the same report highlights how far the category of "legislators, senior officials and managers" still has to go to reach gender parity.[5] While the federal government has focused attention on gender equality in politics, corporate Canada is nowhere near parity in its own ranks.

The low ratio of women on Canadian boards is well examined,[6] with more recent analysis also pointing to the poor gender ratio among top executives[7, 8] and CEOs.[9] But little research has been conducted examining the gender pay gap for women who actually make it into top executive positions in Canada.[10] This report examines the gender pay gap of the top executives running companies on the S&P/TSX composite, the top 250-odd publicly-traded companies in Canada.

This report examines the pay of all the named executive officers (NEOs) from any company on the S&P/TSX Composite. The NEO category includes both the chief executive officer (CEO) and chief financial officer (CFO) as well as the next three highest-paid people in a company, making up roughly five NEOs per company. This group is often called the "C-suite" because their titles start with "C" for "chief" and their offices are often grouped together in a suite. Companies are required to publish detailed pay information on their NEOs, which is the basis for this report. For simplicity's sake, NEOs will be referred to as "top executives" for the remainder of this report. In total, 1,189 top executives from 2017 have been included in this study. For more details on methodology, see the Appendix.

Those who make it to top executive positions are in a rarified world of very high pay and substantial responsibility. If women make it to this level, they've broken through an important aspect of the glass ceiling. However, most women working in the corporate world won't make it this far — not to the CEO position nor to any of the other top executive positions. It is important to examine these executive positions from a gender-equity perspective because it provides a critical insight into how little the ideas of equality have permeated historically closed areas of society, like corporate leadership positions.

Certainly the women who make it into top executive positions are not only privileged compared to other women, but compared to almost all men in Canada. Average pay of just over $2 million a year is nothing to sneeze at. Nevertheless, the overwhelmingly male leadership of these companies is not just at the very top, but is pervasive, as this report shows. Examining the very top allows us to determine how much has really changed among corporate elites in the age of gender equality.

Gender Disparity In Corporate Canada

CORPORATE DIVERSITY (OR the complete lack thereof) on both corporate boards of directors and among top executives has been a sore point for corporate Canada for years. Various voluntary approaches have been mandated, starting in 2014 with Canadian Securities Administrators introducing new disclosure requirements of corporate plans for gender diversity in its leadership ranks, commonly known as "comply or explain." Toronto Stock Exchange (TSX) companies are required to disclose the proportion of women in their leadership ranks and any plans to boost those figures.[11] However, there is no legal requirement to have a plan. If a company doesn't comply, it only needs to explain why — the equivalent of explaining why the dog ate your homework.

This year, the federal government's Bill C-25, passed in May 2018,[12] further requires federally incorporated businesses to disclose representation of women, visible minorities, persons with disabilities and Indigenous people on their boards and among their top executives. Unfortunately, the proportion of companies that are under the federal jurisdiction is relatively limited, including only telecommunications companies, banks, airlines and transportation companies.

Even when companies do have targets, the bar for success is low and progress is painfully slow. The common numerical target for gender diversity on boards is a quarter to a third, not a half.[13] Targets for board diversity are more common than targets for top executives. In part, the director role is one of shareholder representation rather than one of "merit." As such, there seems to be more acceptance of targets for directors in the eyes of the companies themselves, as well as in reviews of gender representation. On the other hand, gender targets for top executives in corporate Canada are uncommon. Canadian companies "…expressed a resistance to targets on principle. Particularly in the executive officer context, where the talent pool or succession pipeline may be predominantly male or where recruiting externally is antithetical to the corporate culture."[14] The "merit" argument, that women objectively don't deserve these positions because they aren't qualified, seems to be trotted out more for top executive positions than for board seats. But as we'll see below, "merit" is as much the result of Canadian corporate culture as it is of anyone's "innate" talent.

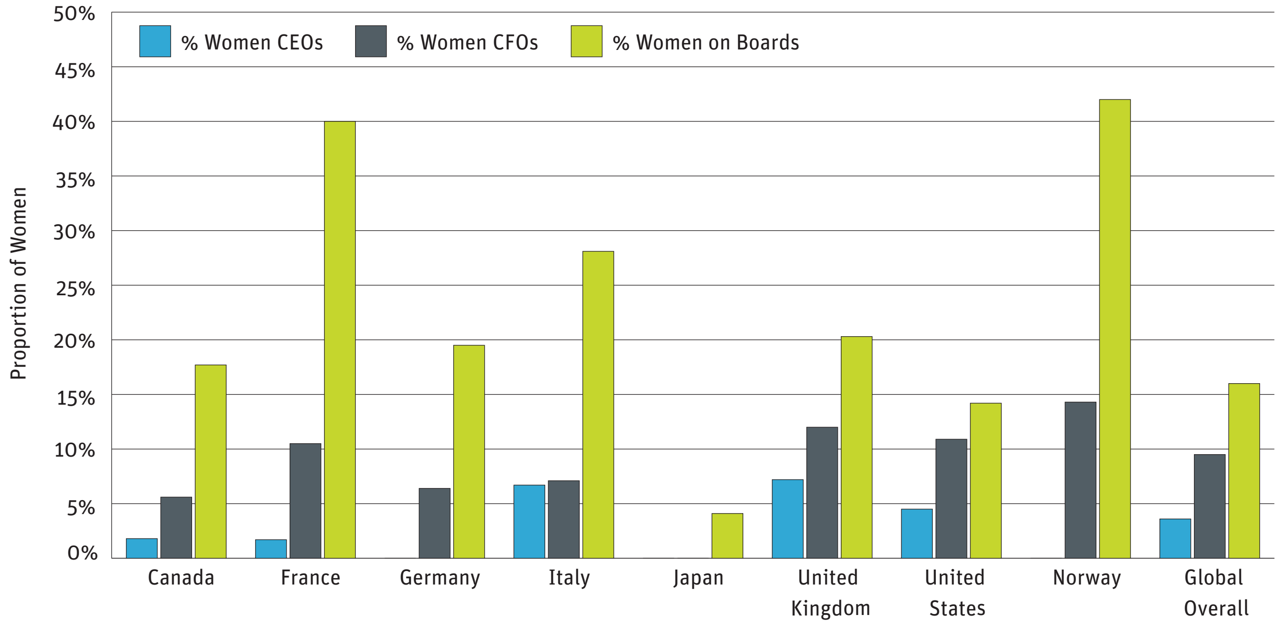
Canada: A Global Laggard In A Weak Field

The almost complete lack of gender parity in the corporate world is hardly a Canadian problem, although even among poor performers Canada places badly. In the G7, Canada ranks fourth for proportion of female CEOs. The UK and Italy perform better, although with only 7% of female CEOs each the bar is still incredibly low. In terms of female CFOs, Canada ranks second-last in the G7. The UK ranks first with 12% of its CFOs being women. Canada is slightly better than Japan where no CEOs or CFOs are women, but below the international average for both female CEOs and CFOs.

In terms of board seats, Canada ranks fifth in the G7, with 18% of its seats held by women. Boards of directors in some G7 countries, particularly France, are actually approaching parity, with 40% of seats filled by women. Canada does perform better than the global average of 16%, although barely.

The top performers on board gender parity are not an accident. Norway famously set a 40% quota for women on corporate boards in 2008. France and Italy also have quotas, which explains the higher representation there. Quotas in those countries have teeth, backed with fines, de-listing of public companies and even dissolution. Countries that have strong board quota rules do see results. Norway, France and Italy have far higher female board representation than the other countries in *Figure 1*. In contrast, Germany opted for soft quotas, leading to poor results — only slightly better than Canada's, where no quotas exist.[17] Although no quotas exist for Canadian com-

FIGURE 1 Board Seats and Top Executive Positions Held by Women (2016)



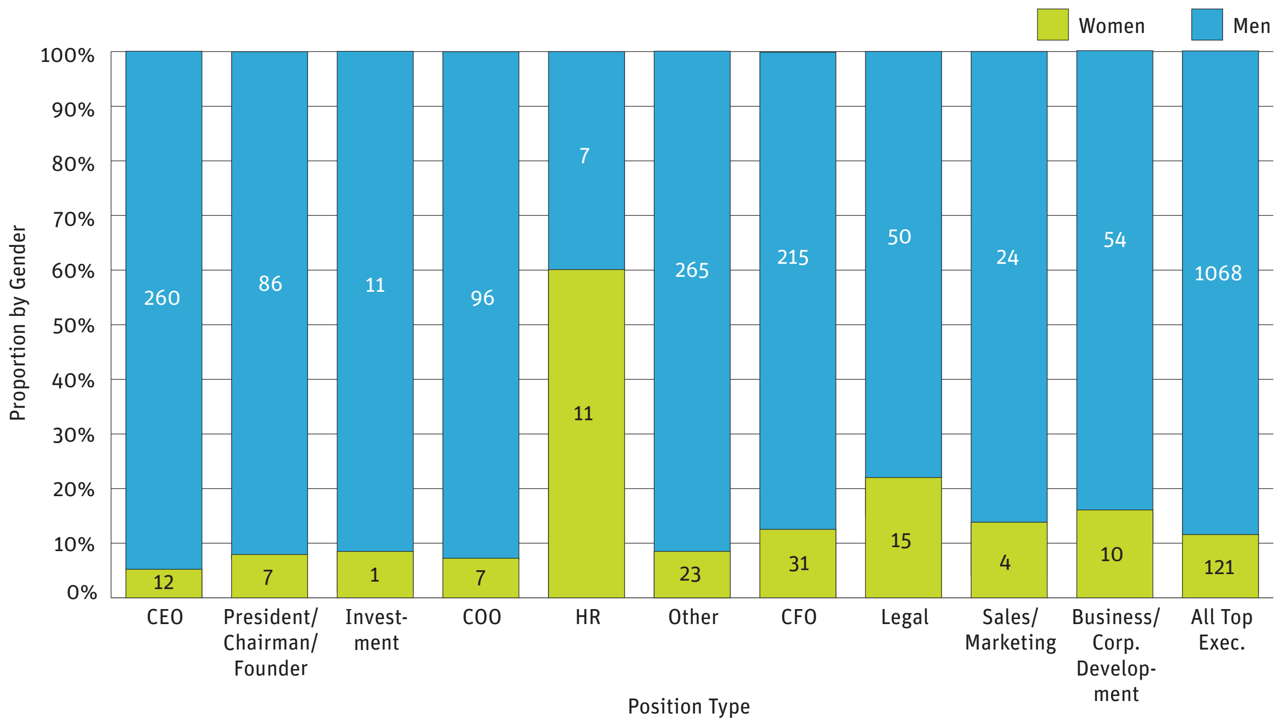
Source Deloitte,[15] Egon Zehnder[16] and author's calculations.
Note The CEO and CFO counts in this chart are for the S&P/TSX 60 in 2016, not the S&P/TSX composite in 2017 that is used for all other calculations in this report. The 2016 S&P/TSX 60 is used in this chart to maintain methodological consistency with the sources cited.

panies generally, mandatory gender parity has been in place for the boards of government-owned enterprises in Quebec since 2011.[18]

Despite the stronger representation of women on boards that Norway's quotas have brought, there has been only a muted impact on representation among CEO and CFO positions in that country. This suggests that steps to improve parity on boards don't lead to changes in the C-suite. The glass ceiling remains firmly in place for female executives, not only in terms of basic representation but in terms of the pay gap irrespective of gender representation at the board level.

Canada's relatively poor record has not escaped attention. Last year there were more CEOs named "Paul" or "Brian" than there were women of any name who were top-paid CEOs.[19] In the aggregate, there are 121 women in Canada who've broken into the ranks of top executives, although they make up only 10.2% of the people there. The CEO position, the head of any company, is where women are least likely to be found. There are only 12 women among the 272 CEOs of big Canadian companies (272 because there are sometimes co-CEOs or current and former CEOs included under the CEO category). This means that only 4% of CEOs in Canada are women. It would take another 124 women out of the pool of 10 million working-age women

FIGURE 2 Top Executives by Gender and Position Type



Source Company proxy circulars and author's calculations.

in Canada to achieve parity.[20] It seems almost farcical to have such a vast pool of people — equivalent to almost two Greater Toronto Areas filled with only women — and yet to be unable to find just over one hundred to fill top executive positions.

Women do find slightly higher representation in the legal services category, making up 23% of those positions. The sales and marketing and the business and corporate development categories see women in 14% and 16% of those positions, respectively. The only position type where women are more numerous than men is in human resources, where they make up 61% of top executives, although there are only 18 such positions among all top executives, a fairly small pool.

Top Executive Gender Pay Gap

For the rarified group of women who do manage to beat the odds and make it into the C-suite in Canada, the gender pay gap is punishing. In the general population of adults working full time, women make $0.83 for every dollar men make. The gap is slightly smaller if we restrict the population to full-time senior managers. There, women make $0.86 for every dollar their male colleagues make. However, as we move further up the organization chart to the top executive level, the pay gap gets much worse, with women making only $0.68 for every dollar their male colleagues make. This amounts to an average of $950,000 less a year for a top female executive compared to a top male executive.

In a world striving for gender equality, the remuneration of top executive positions reveals persistent and stark gender inequalities, with differential pay much worse than in both the general population and the senior management positions leading up to C-suite jobs.

Of course, these average comparisons don't reveal the reasons that women are paid less, even after taking hours of employment into account. In the literature, researchers point to various factors that potentially explain pay differentials: less experience or tenure due to breaks for child care and/or senior care; industry segregation, with pay being less in female-dominated industries; and straight-up gender discrimination, which is examined in more detail below.

FIGURE 3 Pay Gap for Top Executives, the General Population and Senior Managers

Source Company proxy circulars, Statistics Canada Table 14-10-0307-01 and author's calculations.

These common factors in the general population are less likely among top executives, as the commitment required to reach these levels often obviates the possibility of time off for children, for example. However, it is possible to statistically examine the factors behind the very large gender disparity in executive pay.

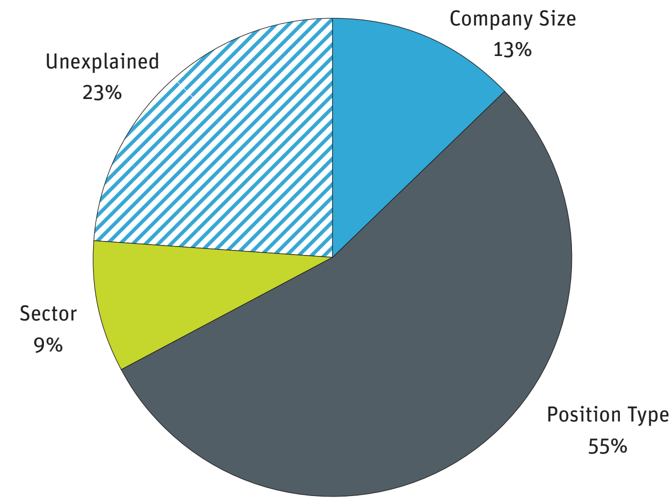
Why Are Female Top Executives Paid So Much Less?

IN THIS STUDY, the relationship between company size, industrial sector and position type as it relates to executive pay is examined. *Figure 4* reveals that these three variables account for three-quarters (77%) of the gender pay gap, with the remaining 23% unexplained.[21] Looking at other variables may further increase our understanding of the pay gap. As with any correlation analysis of this type, causation cannot be determined. That is to say that any of these factors may have elements of gender discrimination or personal choice, but this type of analysis cannot determine which is which.

The most important factor driving the gender pay gap for top executives is position type, which makes up just over half of the gap at 55%.[22] That is to say that women who make it into top executive positions generally end up in the least-well-paid of those positions. For instance, the best-paid position by far is CEO, but women make up only 4% of CEOs. As examined below, this also reflects on the value placed on traditionally female-dominated positions, like those in human resources.

The second contributor for the gender gap is company size, which is determined by a company's market capitalization or the total value of all its outstanding shares. Company size explains 13% of the gender pay gap.

FIGURE 4 Reasons for Top Executive Gender Pay Gap



Source Company proxy circulars and author's calculations.

Larger companies pay their top executives more, and women tend not to be hired into top executive positions in larger companies.

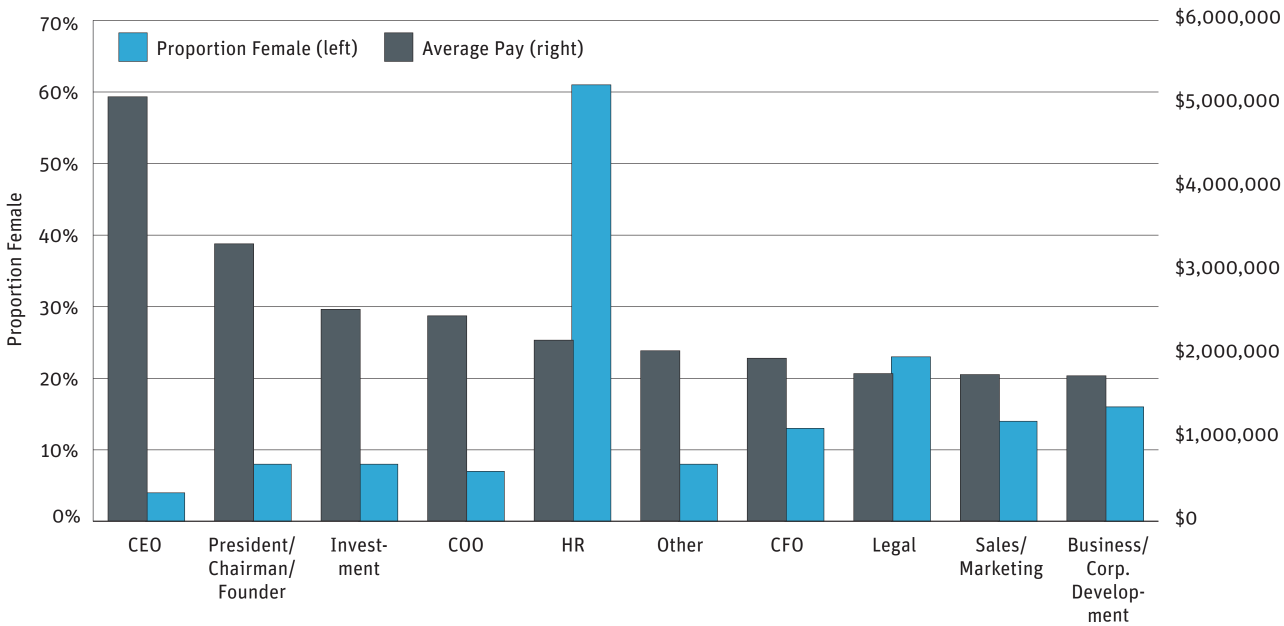
The third factor is the industrial sector that the company's business falls under. The company's sector explains 9% of the pay gap among top executives. Top executive pay is higher in some sectors than others. Companies in those better-paying sectors don't hire as many women for top executive roles.

Each of these three factors will be examined in more detail below.

Position type/occupation is the most important contributor to the gender pay gap among top executives, accounting for 55% of the $950,000/year gap. *Figure 5* ranks C-suite positions by pay level and also shows the proportion of those positions held by women, noting that on average women hold only 10% of top executive positions. There is a clear inverse relationship between these two bars: a higher proportion of women in the lower-paid positions. Looking at the best-paid positions (CEO or the founder/chairperson/president roles), we see that women are much less present.

CEOs are by far the best-paid position among top executives, with the average CEO pulling in an average of $5.1 million in 2017 (this includes all forms of compensation, not just salary). CEO is also the position with the lowest proportion of women, at only 4%. The president/chairperson/founder is paid on average $3.3 million but only 8% of those positions are held by women. At the other end of the spectrum, legal positions in the C-suite

FIGURE 5 Average Pay by Position Versus the Proportion of Women in Those Roles



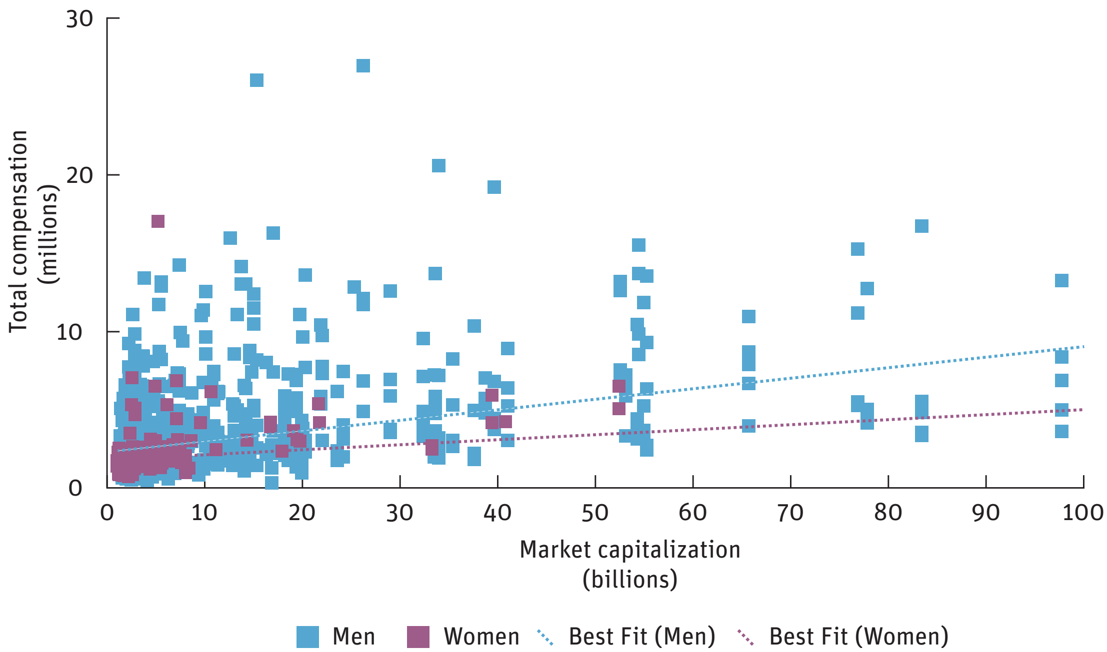
Source Company proxy circulars and author's calculations.

are paid $1.8 million a year, among the lowest for top executives, yet almost one-quarter of these positions are held by women.

The second-largest factor shaping the gender pay gap among top executives is *company size*. This factor accounts for 13% of the pay gap or $118,000 a year in lower earnings for female top executives. *Figure 6* shows the total compensation versus the market capitalization of the employing company for each top executive. The lines represent the trend between these two factors for both men and women. At lower market capitalization, the pay for men and women converges. However, as market capitalization rises, the trend is one of divergence, with men capturing a larger premium as they are employed by bigger companies. It is also worth pointing out how few female top executives there are in large companies, no matter the pay level.

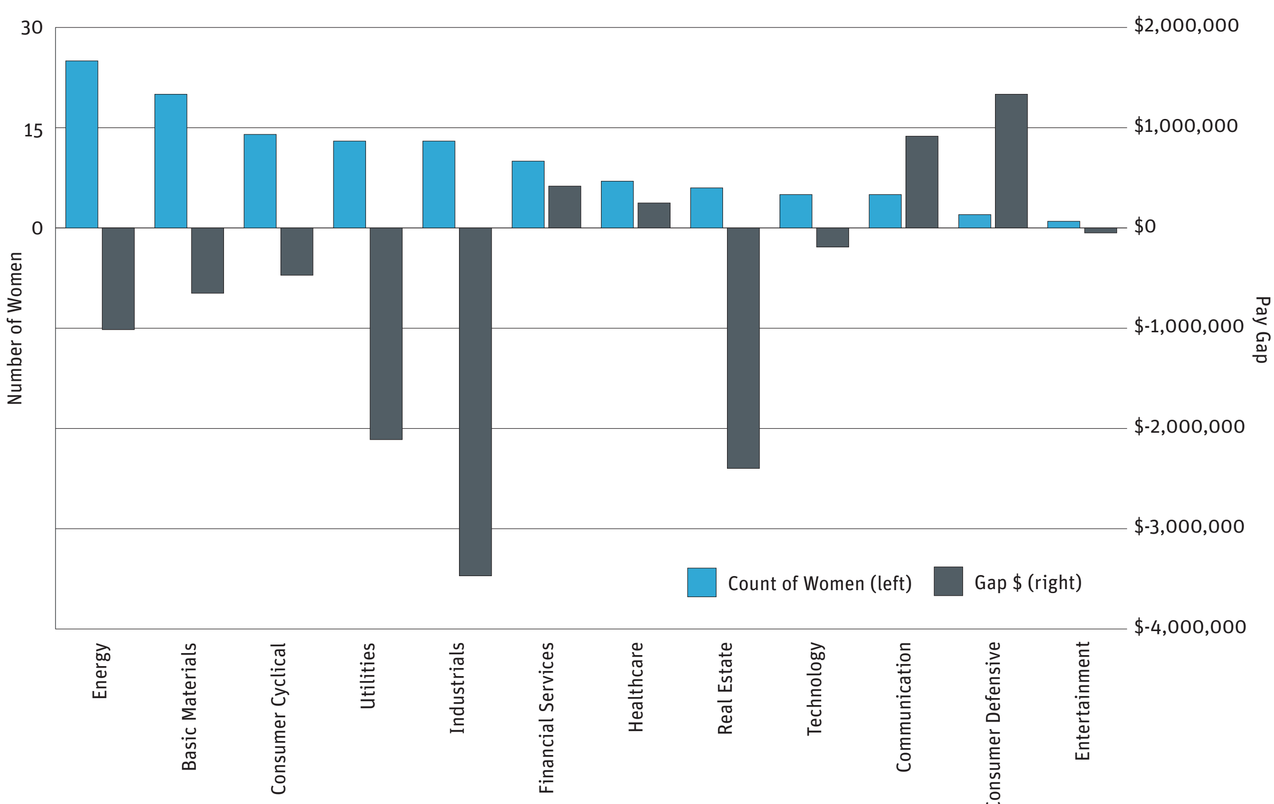
The third-largest factor for the gender pay gap among top executives is *company sector*. The industry in which a company does business explains 9% of the pay gap among its top executives, or the equivalent of $81,000 a year. *Figure 7* ranks industries by the number of women in them. Although this relationship is less clear, the industries with larger numbers of female top executives also have larger pay gaps. For instance, the energy industry, which has the highest proportion of women in executive positions, also re-

FIGURE 6 Pay Versus Company Size



Source Company proxy circulars and author's calculations.

FIGURE 7 Average Pay and Proportion of Women by Industry



Source Company proxy circulars and author's calculations.

ports a very large pay gap (more than $1 million). In the basic materials industry, another top employer of women, the gap also remains large, at $651,000.

At the other end of the spectrum, women top executives actually make significantly more than their male counterparts in the communication and consumer defensive industries (producing staples like food, personal hygiene and key household items), in both cases roughly $1 million more. However, there are only five women top executives in communication services and two in consumer defensive. As such, these instances of "reverse gender gap" do little to reduce the gender gap among top executives in all industries.

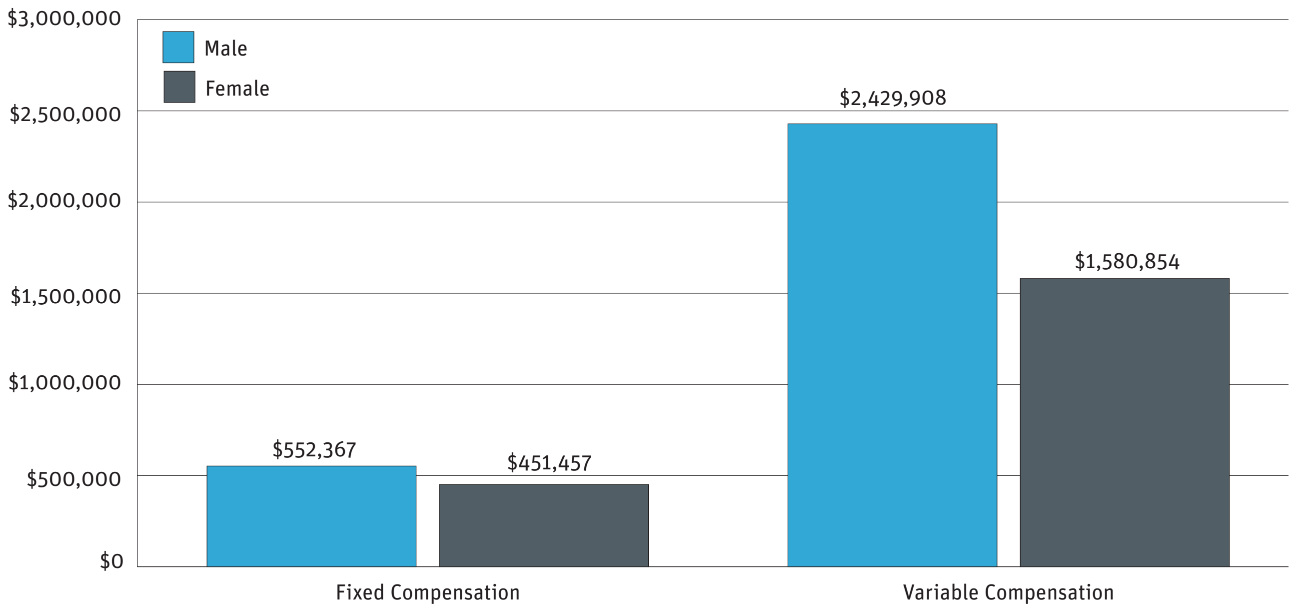
"Bonus Pay" Driving the Gender Wage Gap

ONLY 27% OF top executive compensation comes from salary, with the rest coming from bonuses or "performance pay." This bonus pay is almost always related in some way to the performance of a company's stock, either because executives are paid in stock/stock options or because there are cash awards if the stock price reaches certain levels.

Over the past decade, bonus pay has been pushing CEO pay in particular into the stratosphere in Canada while base salaries remain relatively unchanged.[23] Bonus pay also seems to be the primary driver for the gender pay gap among top executives. As noted earlier, in the general population, women working full-time make $0.83 for every dollar a man makes in Canada, and women who are full-time senior managers make $0.86 of every dollar their male counterparts make. It's interesting to note that, considering base salaries alone, the gender pay among top executives ($0.82 on the dollar) is almost identical to the general pay gap. However, the pay gap for "variable pay" or "bonus pay" is substantially larger, with women top executives making $0.65 for every dollar that men make. This difference results in female top executives making $849,000 less a year than their male counterparts

The gender pay gap for bonus pay is not based on the poor performance of female top executives. Whether a top executive is a man or a woman, their bonus pay is related to the same stock price for that company. If having more

FIGURE 8 Salary Versus "Bonus Pay" by Gender



Source Company proxy circulars and author's calculations.

women top executives somehow depresses a company's stock price, it should drive down bonus pay for all the executives at that company and therefore their bonuses. However, if the bonus pay gap remains within the same company then women top executives are just getting paid less, irrespective of the company's performance. It turns out that the average gender gap in bonus pay in companies with both male and female top executives is $0.69 on the dollar, quite similar to the general average of $0.65. In other words, female top executives get substantially less bonus pay than their male colleagues even at the same company based on the same stock price performance.

The breakdown of factors for the variable pay gap is substantially similar to those driving the overall top executive pay gap. As *Figure 4* shows, the gap is again largely explained by position type, company size and industry.

Not only is the gender pay gap at the top of corporate Canada much larger than the one that exists in the general population, the evidence suggests that this gap has to do with the award of bonus pay and has little to do with company performance.

It's worth noting that substantial tax preference is given to the types of income that arise from the ownership and sale of the stock that often results from these bonus pay arrangements. The stock option deduction and the capital gains inclusion rate both provide for half off the taxes owing on gains either from exercising an in-the-money option or from selling stock at a profit. In essence, the federal and provincial governments are providing a tax incentive for the type of compensation that leads to almost all of the gender pay gap among Canada's top executives.

No Shortage of Qualified Women

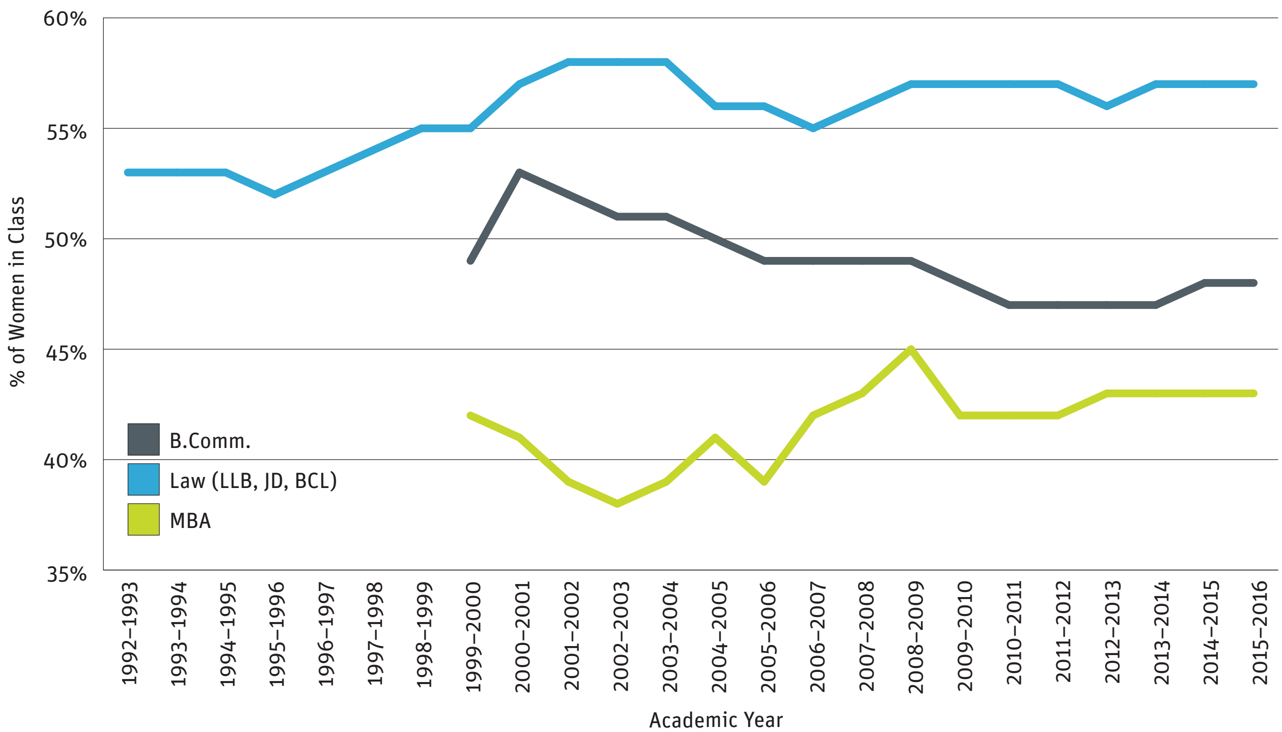
THE PAY GAP exists on top of the challenges to getting into top executive positions that women already face. One of the arguments put forward is that there aren't suitable women available for executive jobs. However, a review of the evidence clearly shows that this isn't the case. The paucity of women in top executive ranks and the pay gap they face is not for their lack of trying.

Only 10% of C-suite jobs go to women, but women have been graduating from relevant programs at Canadian universities in far higher ratios for decades. The three most likely degrees for Canadian CEOs are a Master of Business Administration (MBA), a law degree and a Bachelor of Commerce (B. comm.).[24] Today's top executives, who are in their 50s, would have graduated from university in the late 1980s or early 1990s.

By the early 1990s, law schools at Canadian universities were already graduating more women than men. To some degree, this is reflected in roughly a quarter of legal positions among top executives going to women, as examined above. By the 2000s, B. Comm. programs were graduating at least as many women as men (although that has slipped recently), and women made up between 40% and 45% of graduates in MBA programs depending on the year.

Women are graduating from these key programs at or near parity with men. Even in MBA programs, where the ratio is under half, the proportion of women is nowhere near the abysmal 4% of CEOs or the 10% of top exec-

FIGURE 9 Gender Breakdown of Graduates from Selected Programs



Source Statistics Canada custom tabulation from post-secondary student information system.

utives in large Canadian companies. With respect to holding the right degrees for the C-suite, parity has already been reached.

Merit and Corporate Culture

Unfortunately for those female graduates, particularly of business programs, the gender pay gap starts almost immediately. In their first post-MBA job, 72% of women in Canada can expect to be slotted into an entry-level position while only 58% of men are similarly slotted.[25] This means that from their first post-MBA position women will earn $8,167 less than male MBA graduates right from the start.[26] These findings hold true even when restricting the group to women who aspire to be top executives and CEOs.[27]

The research shows that corporate culture repeatedly makes it difficult for young women to get the experience and connections they need to land top executive jobs later in their careers. Men are more likely to receive important assignments, particularly international ones that help launch careers.[28] Women are half as likely to be consulted as their male peers on important decisions.[29] While men and women both report having mentors, senior mentors to men are more likely to help them secure advancement opportunities.[30] More generally, women are half as likely as men to have a senior leader at their company support their promotion.[31]

Even when these advancement challenges can be overcome, women's pay continues to lag behind that of their male counterparts. This is in part due to the social cost women pay in attempting to negotiate higher pay or a promotion — women are 30% more likely to be labelled "intimidating," "bossy" or "too aggressive" when asking for a promotion.[32] As a result, women are four times less likely than men to initiate pay negotiations and they ask for 30% less on average than men when they do negotiate.[33] These social forces further erode women's pay as they try to make their way up a company's org chart.

In the "staging jobs" that are just below that of top executive, female vice-presidents are more likely to hold "staff roles" like general counsel or head of human resources that support the company.[34] Men, on the other hand, hold "line roles" involving profit-and-loss responsibilities and core operations, which are more likely to lead to becoming CEO. This bias continues into the C-suite, with women's representation being higher in legal and HR positions among top executives. This bias tends to limit women's ability to make it to the very top as CEO.

All of this sheds light on one of the most common excuses companies like to give for having so few women as top executives: that employees are promoted based on "merit." Given the evident biases built into Canada's corporate culture, merit can only be partly about an employee's "innate" abilities. It must also be as much a product of corporate culture, accumulated as mobility capital through systemic biases, having the right networks and luck.[37] And it is this mobility capital, not "merit," that is ultimately reflected in who gets promoted and how much they get paid when they get there.

Conclusion and Solutions: 2015 Has Come and Gone

WHEN ASKED WHY he established gender parity in his cabinet, Prime Minister Trudeau famously answered, "because it's 2015." It's now 2018, and it doesn't look like 2015 will arrive anytime soon in corporate Canada. Left to its own devices, there is little hope that parity will be reached at the top of corporate Canada in this lifetime. Even with 30 years of graduating large numbers of women with the right qualifications, there is still almost no female representation among top executives. Representation has become a goal in and of itself, with boards and C-suites patting themselves on the back if they have even one woman represented in their ranks. However, that one woman makes $0.68 on the dollar for her efforts, and equality in numbers will retain a tremendous inequality in compensation.

Both representation and the gender pay gap among top executives is purportedly about "merit" but the abysmally low representation and pay for women makes it quite clear that merit isn't about one's "innate" abilities but rather about occupational segregation and negotiation, particularly of bonus pay. More broadly, it is this assumption of merit that is also used to justify obscene pay levels and corrosive levels of extravagance among Canada's corporate elite.

Internationally, gender quotas for corporate boards, particularly when they are implemented with teeth, have had a measurable impact on the road to parity in the boardroom. This is particularly true in Norway, France and Italy, where firms that don't make their quotas can be fined, de-listed or even dissolved. However, having more women on the board does not appear to lead to more women in top executive positions. This is true in Norway, where a decade of board quotas has had effectively no impact; there are no female CEOs currently leading Norway's biggest companies, a showing that is even worse than Canada's appalling 4% ratio. In other words, quotas work, but they only work in the specific areas where their mandated scope of authority lies. Canada's toothless "comply or explain" approach has led to predictably underwhelming gender representation in the boardroom and the C-suite.

Evidence suggests that the lack of women in top executive positions in Canada has little to do with merit, and more to do with discrimination systemically applied throughout the talent development pipeline, starting from the first day that women are hired. In many respects, gender quotas for top executives would have a substantial cascade effect, not just in the C-suite, but down the chain of positions to vice presidents, senior management and managers generally. For women to rise to the top of the corporate structure, targeted development initiatives are needed further down the career chain. Given the present patterns we are seeing, increased representation in the C-suite will probably come in the form of HR or legal positions, positions that are paid less and that provide only a limited runway to the CEO chair.

Finally, it is important to note that women's advancement in the private sector, as in all parts of the economy, cannot be divorced from key public policies and community supports. The implicit public policy choice of allowing child care to remain expensive and difficult to access in most Canadian provinces presses women to take more time off early in their careers, whether they want to or not. A similar situation affects women caring for elder parents. Without better supports for families in these areas, caring responsibilities almost always fall to women, with predictable effects to their working lives and lifetime earnings.

Women face a double-pane glass ceiling in corporate Canada: first, the challenge of getting into the C-suite, and then being paid substantially less once they get there.

Appendix: Methodology

THIS REPORT LOOKED at 2017 executive pay for the largest 250-odd companies listed on the S&P/TSX composite based on their proxy circulars as filed with the System for Electronic Document Analysis and Retrieval (SEDAR). Compensation information was collected for all Named Executive Officers in each company.

"Named Executive Officers" (NEOs) means the following individuals: (a) each CEO; (b) each CFO; (c) each of a company's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds $150,000; and (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the company at the end of the most recently completed financial year-end.[36]

"Pay" in this report refers to total compensation, which includes salary but also all performance and other pay unless otherwise stated. All figures are in Canadian dollars. Where compensation is reported in U.S. dollars the value is converted to Canadian dollars using the average exchange rate of 1.2986 for 2017.[37]

Compensation is combined in cases where one executive received compensation from two companies as long as those companies were somehow related, for example as subsidiaries of the same parent company. Where companies did not submit proxy circulars for 2017 due to mergers or acquisitions, it was not possible to determine compensation for that year. This report excluded compensation for executives who were compensated for only a portion of the year, due to retirement or departure from the company, and for executives who worked part-time.

The gender of NEOs was determined by the pronouns used in proxy circulars. This study included the 249 companies on the S&P/TSX Composite in June 2017, of which six were excluded because of missing proxy circulars due to mergers. This comprised 1,237 NEO records with compensation data. Fifteen records were removed as they were duplicates where an employee worked for two related companies. Another 33 records were excluded due to the employee working only part-time or part-year. The final number of executives included in the study was 1,189.

Notes

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