

Getting to gender parity: Are quotas necessary?

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Alliance editors have asked: should a time-limited quota be introduced in relation to gender diversity on the boards of foundation?

Maja Spanu and Axelle Davezac, of the Fondation de France, answered this question in their [September 2023 article](#) for Alliance Magazine. They argue that ‘gender quotas, while not a perfect solution, are a crucial step towards greater equality, especially when considering boards.’ Importantly, they qualify their argument for quotas by suggesting that they should be limited in time: ‘long enough for mentalities to shift’. Our view from Canada is that while diversity and gender equity are essential to ensure a collaborative and inclusive philanthropic sector, quotas, even if time-limited, are not a means to achieve that outcome, particularly for private and family-led foundations.

Spanu and Davezac acknowledge that, in addition to quotas, foundation boards need to change a wider set of practices. These practices include term limits for board members, setting up diversity and inclusion training programs and adopting recruitment and decision-making role allocation processes with equity in mind. We couldn’t agree more with the need for change in practice: it is all about changing mindsets, or mentalities.

But do quotas themselves work to change mentalities? Perhaps... but only if they are treated as aspirational targets. The Government of Canada has taken a lead in setting aspirational targets

for diversity through its [50-30 Challenge](#) in collaboration with Canadian corporations, nonprofits and diversity organizations. The 50-30 Challenge encourages participants to meet two goals: 50 percent parity of gender (women and/or non-binary individuals) in senior management and on boards; and 30 percent representation on boards and in senior management of members of equity-deserving groups.

This includes those who identify as Racialized, Black, and/or People of colour, People with disabilities (including invisible and episodic disabilities), 2SLGBTQ+ and/or gender and sexually diverse individuals, and Indigenous Peoples. By the end of 2023, according to the Government, 2,320 organizations have signed on formally to this commitment and agreed to report voluntarily on their progress.

Will this program accelerate progress towards greater gender equity in leadership? We still don't know. It was only launched in early 2021. The number of participating organizations continues to grow. But virtually no family or private foundations have joined, nor have many public foundations, although several operating charities are on the list.

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There may be good reasons for this. It cannot simply be ascribed to a lack of interest in committing to more diverse boards. For many foundations created by families, board composition is driven by family composition. Private foundation boards also typically remain small. Legal requirements for incorporated granting foundations set a minimum of two directors only, although many will have from three to five directors. Smaller family foundations governed by a majority of family members therefore may not see gender equity as a feasible goal.

We have worked with many private foundations in Canada who are members of Philanthropic Foundations Canada (PFC). The PFC network includes many of the largest and most influential grantmaking foundations in the country. Questions of diversity, equity and inclusion have been on the PFC agenda for years, since before the pandemic emergency highlighted so starkly the social and economic disparities in Canada. In 2018, PFC conducted a survey of its members to set a benchmark for diversity within foundations. About one-third of the membership responded to a written survey.

From this survey, we concluded that gender parity on the boards of grantmaking foundations was not yet a reality. The data suggested that about 60 percent of foundation respondents had more men than women on their boards, although we did not have enough detail to confirm how large the gap might be. Most foundation board members were over 60 years of age and most respondents reported that a family member served as chair of the board. Very few other elements of diversity beyond age and gender were reported as being present on boards.

In contrast, those foundations who reported that they had a CEO or executive director, also reported that there was gender parity between men and women staff leaders. So, while gender parity had been achieved at staff leader levels, clearly, there is a road to go on governance leaders.

The Canadian situation is not unique. Take, for example, the 2022 [study of diversity](#) on the boards of not-for-profit foundations in Switzerland, published by the University of Geneva's Centre for Philanthropy: of the 107 participating foundations, only a quarter had equal or greater numbers of women than men on their boards, and 75 percent of board members were aged 50 or over.

Perceptions of diversity differ by gender, with three-quarters of the male participants in the study believing that their board is diverse, while only just over half of women feel the same way! Encouragingly, 90 percent of participants of all genders agree that diversity is an advantage for their board. Like Canadians, Swiss are not in favor of external measures; only 10 percent consider that diversity should be prescribed in legislation.

Would setting and enforcing formal gender parity targets accelerate the evolution of female representation on foundation boards? In Canada, we believe that this evolution is accelerating. We have not yet measured the change beyond the 2018 benchmark, so our evidence is anecdotal. Nevertheless, we can measure the number of participants from grantmaking foundations who have participated in equity, diversity and inclusion workshops and educational activities offered by PFC.

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Twenty-five foundation board and staff members were trained at PFC's Justice, Equity and Diversity and Inclusion (JEDI) accelerator over a 10-month program in 2021; another fifteen embarked on their journey in 2023. Their interest and engagement have been significant and are likely to influence their governance composition. Respondents to the 2018 PFC survey shared practices that they were already using, including explicit criteria in their board recruitment, adopting formal diversity policies, engaging in individual learning events such as the JEDI workshops, and applying an equity lens to their grantmaking. Some of these practices are captured in a [2019 toolkit](#) produced by PFC. A new survey would almost certainly reveal further changes in practice and a move toward closing the governance gender parity gap.

We also know that generational transitions are occurring on family foundation boards as members of the Millennial generation begin to engage. In this generation, equity in governance has a much greater prominence and value than it has had in previous generations. Diversity and inclusion are high on the agendas of many corporate and for-profit boards who see the importance to their staff and customers of being more broadly diverse in leadership. This is true of nonprofit boards as well, where the representation of women on boards is already significantly higher according to a [2020 survey by Statistics Canada](#).

It remains true that smaller and family-led foundation boards have a particular challenge in achieving more diversity around their tables. These private foundations, with less pressure to be transparent, may be less influenced by the cultural and social trends that are shaping the recruitment and behaviour of public grantmaking foundations, such as community foundations. Our sense from working with many private foundations is that externally-imposed gender parity targets would be possible to ignore and certainly difficult to enforce.

One external method of applying pressure to accelerate moves towards gender parity might be an increase in the public disclosure requirements on gender parity in governance. This has been used to great effect by the Canadian government which has taken a ‘comply or explain’ approach to disclosure of gender and other diversity data on the boards of federally-incorporated public companies.

A similar approach could be used by the federal regulator of not-for-profit corporations or by the federal regulator of charities, the Canada Revenue Agency. But the Agency is reluctant to add reporting requirements that go beyond the needs of its mandate which is to enforce the Income Tax Act. There is no requirement for public disclosure of gender representation on nonprofit boards and this remains controversial in the sector, with many citing individual privacy, the different business models of nonprofits, and competing policy concerns as reasons to hesitate on legislating disclosure requirements.

Moves towards gender parity in governance may come about from internal pressure from younger family members rather than any pressures from the regulator or the public. Another important influence will be the increasing number of women inheriting wealth as surviving spouses or daughters or creating their own wealth and making philanthropic decisions through their foundations or donor-advised funds. This trend is highlighted in a new [report on women in philanthropy in Canada](#) released by TD Bank in 2023. Women are likely to become more prominent as philanthropic leaders in their own right in the coming decade.

The changes in foundation practices advocated by Spanu and Davezac should be more powerful drivers of a faster move towards greater diversity in governance. In our view, the evolution of culture, mindset and values, and more acceptance of public accountability and transparency will ensure that parity – and most importantly, inclusion and belonging – become more of a reality in the grantmaking foundation world. Quotas – controversial and almost impossible to track and enforce – are not the best approach to the goal of a more diverse and inclusive governance.

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