

Project Insights Report

DiversityLeads: Barriers and Enablers to Advancement for Equity-Deserving Groups



PARTNERS

Diversity Institute
Canadian Council for
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University of Manitoba
Women in
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30%+ Club Canada



LOCATIONS

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CONTRIBUTORS

The Diversity Institute

☰ Executive Summary

Diversity in leadership is important for two reasons: 1) it signals to diverse people that they belong, and 2) it ensures decision-making processes reflect a wide range of perspectives. Diversity in leadership is also linked to organizational performance. Organizations with strong equity, diversity and inclusion (EDI) policies and those committed to addressing Reconciliation with Indigenous Peoples benefit from varied perspectives, which helps them stay competitive and connect with diverse customers. Additionally, diverse leadership attracts top talent, reduces turnover and lowers legal and reputational risks. While women have made progress in increasing leadership and board representation, Indigenous Peoples, racialized people and members of the 2SLGBTQIA+ community remain underrepresented, particularly in the private sector.

This report identifies significant barriers that hinder career advancement and enablers that allow leaders from equity-deserving groups to succeed. It is important to track progress because what gets measured gets done, especially at a time when Canada's workers are aging and immigration levels are lowering, leaving a widening skills and talent gap for employers.

The barriers include the gender gap, systemic bias in recruitment processes, cultural stereotypes and discrimination, and lack of access to mentorship and networks, all of which contribute to underrepresentation. Enablers and success strategies to address these barriers require targeted efforts on the societal, organizational and individual levels. These include government legislation on the societal level, changes in policies and procedures on the organizational level, and continuous learning on the individual level.

Underrepresentation of equity-deserving groups in leadership roles persists. There is significant variation across regions, between sectors and among organizations within sectors, which suggests that the issue lies within organizational policies and practices rather than the availability of diverse talent. An intersectional lens reveals compounded challenges for individuals at the intersection of multiple equity-deserving identities.

Women have experienced the greatest increase in representation in leadership compared to other equity-deserving groups. In 2023, across all cities and firms studies, women's representation level on corporate boards of directors sat at 34.3% (up 9% since 2020), overall representation on boards across all sectors sat at 41.4% (up 0.6% from 40.8% in 2020) and their representation in senior management sat at 39.5%. Intersectional analysis uncovers that non-racialized women (31.9%) outnumbered racialized women (4.9%) and Black women (1.9%) by a considerable margin on boards of directors.

In 2023, racialized people comprised 10.5% of boards of directors, which is almost exactly the same as 2020's representation level of 10.4%. Despite representing 21.9% of Canada's total population, racialized people comprised 8.6% of senior managers across 10 of Canada's major cities. Black people faced starker outcomes due to historically entrenched disparities that continue to affect career outcomes and prospects. While they represented 4.2% of the Canadian population in 2023, they held 3.8% of director positions and 2.6% of senior manager positions, with the lowest representation observed among provincial agencies, boards and commissions. S&P/TSX Index firms and TSX-listed firms that signed on to the BNI performed better than non-signatory firms, demonstrating an increase in representation of Black individuals both on boards and executive teams since BNI's launch in 2020. (For S&P/TSX Index firms: 0.9% to 2.1% on boards, 1% to 1.5% on executive teams. For TSX firms: 1.7% on boards and 1.5% on executive teams.)

In 2023, Indigenous Peoples held only about 1% of board seats in corporate Canada, but they represented 5% of the total population. Barriers include pressure to conform to Western leadership norms—which can be incompatible with their cultural ways of leadership—and a lack of Indigenous role models in leadership positions. Many organizations implement generic or “standard” EDI policies that fail to recognize and address the specific needs and rights of Indigenous Peoples. These one-size-fits-all solutions fail to respond to the unique challenges faced by Indigenous employees. Indigenous women face additional challenges due to intersecting gender and Indigenous identities.

The research shows that pathways to leadership for members of the 2SLGBTQIA+ community are inadequate, arduous or absent from work environments. Both subtle and overt forms of homophobia and transphobia permeate corporate and leadership culture, constraining the career choices of 2SLGBTQIA+ professionals. This contributes to wage disparities, labour market insecurity and reduced job mobility. At times, this is compounded with racism and ableism. Retention and advancements are hindered by workplace cultures that do not foster belonging for aspiring queer and transgender leaders, often pushing them to conceal their identity out of fear of negative impacts on their career advancements. Empathy and mentorship from those who have succeeded in attaining leadership roles are important enablers for members of the 2SLGBTQIA+ community pursuing senior positions. Investments in advancement opportunities by employers is necessary to improve retention and harness the unique leadership strengths of queer and transgender leaders, which are developed through their diverse lived experiences.

Leveraging diverse experiences and expertise by harnessing a larger, diverse talent pool better enables organizations to respond to evolving challenges in rapidly changing markets. Continued collaboration between industry, government and community partners, informed by rigorous, disaggregated data and workplace experiences, is essential to closing representation gaps and building leadership that reflects the full diversity of Canadian society while strengthening the country's economic competitiveness.

This summary report synthesizes the findings from 5 projects by the Diversity Institute as part of the DiversityLeads project supported by FSC including:

1. Skills for inclusive workplaces and the advancement of Indigenous peoples (2024) (Canadian Council for Indigenous Business – CCIB, formerly Canadian Council for Aboriginal Business – CCAB)
2. Bridging the Gender Gap: Skills for the Advancement of Women (University of Manitoba)
3. Pathways to ICT and Digital Roles for Women: Rethinking the paradigm (Women in Communications and Technology – WCT)
4. Skills for safe and inclusive workplaces and the advancement of members of 2SLGBTQIA+ communities (Pride at Work)
5. An analysis of the diversity within corporate Canada's leadership from 2015 to 2022 (30% Club)

KEY INSIGHTS

- 1** Women make up over half of Canada's population but hold only 41.4% of board seats and 39.5% of senior management roles. Non-racialized women far outnumber racialized and Black women in these positions. Racialized and Black people are also significantly underrepresented in leadership compared to their share of the population. Indigenous Peoples face even greater underrepresentation, with only 2% of corporations having an Indigenous board member.

- 2 Underrepresentation persists largely due to systemic bias, limited networks and discriminatory practices that reflect deep-rooted structural and cultural obstacles. Organizational cultures favouring those who fit historical norms associated with senior corporate culture exclude diverse talent pools, leaving equity-deserving groups feeling unsupported, dissuaded from pursuing leadership or having to work harder for limited advancements, and grappling with a lack of role models who can provide valuable mentorship and understand their experiences and needs.
- 3 Addressing barriers to further progress requires a systems-level approach with interventions at societal, organizational and individual levels.

The Issue

Despite evidence that organizations with diverse leadership and strong EDI policies outperform their less diverse peers in terms of competitiveness, talent attraction and retention, employee satisfaction and profitability, multiple barriers continue to impede the advancement of equity-deserving groups. In order to realize these benefits, research is necessary to identify the barriers and challenges to increase access to leadership and senior level roles by informing strategic, action-oriented policy and practice.

There is a recognized need to track and monitor progress being made across equity-deserving groups and intersectional individuals (those who belong to more than one equity-deserving group). We must expand on previous research to 1) provide data on the state of leadership diversity in Canada, 2) identify persistent barriers, and 3) highlight effective strategies for change. Assessing the impact and effectiveness of current industry and government initiatives (e.g., corporate practices, the 50 – 30 Challenge, the BlackNorth Initiative, the 30% Club, the *Canada Business Corporations Act* diversity disclosure) in advancing diverse talent into leadership and board positions can determine what is working at the societal and organizational levels. Our findings can then better support and guide evidence-based strategies and tools to help organizations and policymakers create more inclusive and equitable workplaces that foster pathways to leadership for underrepresented groups.



What We Investigated

This project consolidated insights from six distinct studies examining diversity in leadership positions across Canada, all of which focus on equity-deserving groups. The studies explored representation gaps in boardrooms and senior management across major cities, sectors and publicly traded companies, tracking progress since 2020. They also investigated the lived experiences, barriers and enablers faced by equity-deserving groups, including specific challenges.

The specific research questions explored were as follows:

1. What are the current levels of representation of equity-deserving groups in different sectors and regions of Canada compared to the general population? Research here was based on publicly available data, including data reported to the securities commissions on publicly traded companies, as well as original data collected across sectors in 10 cities.
2. What impact do legislation, voluntary codes, and organizational policies and practices have on levels of representation? This included comparing representation across sectors (for example, those covered by employment equity legislation and those not) as well as organizations that are signatories to voluntary codes, such as the 30% Club, BlackNorth Initiative and 50 – 30 Challenge, and those that are not.
3. What are the perceptions and experiences of leaders who are women, Indigenous, racialized, Black or persons with disabilities or who identify as 2SLGBTQIA+, in different sectors and regions, of the barriers and enablers to leadership? The team focused on interviews with individual leaders to understand distinct and common experiences.

4. What current initiatives at the societal, organizational and individual levels aim to improve representation in leadership? What evidence is there, and what works? The team undertook extensive reviews of organizational practices based on a review of public resources as well as key informant interviews.

Using an intersectional lens, the research highlighted how overlapping identities intensify challenges and shape leadership pathways. The report also assessed strategies and best practices that support the recruitment, retention and advancement of diverse talent. Overall, this comprehensive review provides a nuanced understanding of the state of leadership diversity in Canada and offers actionable recommendations to foster more inclusive and equitable leadership across sectors and regions.

What We're Learning

The gender gap persists due to societal stereotypes, pay inequity, lack of mentorship, and organizational cultures that do not support work-life balance, thereby hindering women's advancement. In order to break the glass ceiling, women leaders strived to accept or create opportunities early on in their careers and accessed sponsors and supportive networks as mentors and allies who helped them make crucial connections for advancement. Key skills discussed centred on leadership development, advanced emotional and social capabilities, and specializations.

Racialized and Black people remain underrepresented in leadership roles due to biases in recruitment, limited access to professional networks, and persistent stereotypes. Microaggressions toward both groups and devaluation of foreign credentials and experiences of racialized people and immigrants created discriminatory obstacles that hindered career advancements. Targeted efforts and policies addressing discrimination, systemic racism and pervasive cultural stereotypes can reshape organizational culture by shifting attitudes and perceptions, thus enhancing diversity and inclusion across all levels of seniority in the workplace.

Indigenous Peoples face systemic barriers to leadership, including limited access to education and resources in rural areas, mismatches in corporate leadership values, and pervasive racial discrimination. As leaders, Indigenous people are often tokenized or restricted to roles focusing on diversity issues, limiting broader career growth. An approach incorporating multiple perspectives within a singular organization can harness the strengths of Indigenous and Western leadership styles while recognizing the systemic impact of colonial legacies on career outcomes for Indigenous Peoples.

Members of the 2SLGBTQIA+ community often face homophobia and transphobia in overt and subtle forms, forcing them to choose between assimilation or career-limiting exclusion out of fear of the repercussions of revealing their identity. Workplace discrimination further causes emotional hardships and pushes them toward lateral career moves, which results in slowed professional progression. Individuals who belong to more than one equity-deserving group, such as Black women intersectional transgender professionals, experience unique and compounded barriers, which limit their progression into leadership positions.

Enablers and success strategies on the societal level highlight the role governments play in advancing diverse leadership through legislative measures, mandatory diversity tracking and reporting; leveraging procurement; and promoting awareness through public campaigns. The study also identified related policies—for example, affordable childcare and investments in education and infrastructure—to reduce systemic barriers that limit leadership opportunities.

Organizations can increase diversity and inclusion through strong governance that integrates EDI principles into corporate strategy, human resources practices, culture, and systems to measure and track their diversity goals and progress. Incorporating an equity and diversity lens across all business areas, such as procurement, product design and marketing, and customer services ensures that organizations embrace diversity at every level. Organizations can build partnerships with educational institutions and community organizations to build diverse talent pathways and increase the pool of candidates for leadership roles. They can also harness their government relations and philanthropic activities to advance EDI in the ecosystem.

On the individual level, culturally relevant education and training can help individuals develop leadership skills while staying true to their values and traditions. Individuals must advocate for themselves and build confidence while engaging in continuous leadership development. Lastly, personal and professional networks, including sponsorship and mentorship programs, help individuals from equity-deserving groups access leadership opportunities and build resilience. But the focus cannot be only on capacity building for Indigenous people, women and individuals from equity-deserving groups. but must also focus on decision-makers, gatekeepers and co-workers to combat bias and discrimination and create inclusive workplaces.

★ Why It Matters

Meaningful and transformative change requires addressing barriers at all levels, engaging a complex systems approach.

At the societal level:

- Leverage policy, legislation and voluntary codes.
- Provide infrastructure (including access to internet, childcare, etc.).
- Tackle gendered and cultural stereotypes.

At the organizational level:

- Address governance and strategy, human resources policies and practices, and culture.
- Set targets.
- Embed EDI in the value chain (including procurement, product and service design, marketing, customer service and more) as well as in outreach and engagement in the ecosystem.

At the individual level:



**State of Skills:
Working with Black Communities**

- Address bias and discrimination in the workplace by addressing knowledge, attitudes and behaviours of decision-makers, gatekeepers and co-workers to create supportive and inclusive work environments.
- Build capacity for aspiring leaders.

By embracing these strategies, Canada can overcome leadership retention challenges, creating an ecosystem that reflects its diversity and delivers a strong, resilient business sector with equitable pathways and leadership opportunities for underrepresented groups.

Black peoples in Canada experience widespread systemic anti-Black racism in education systems and the labour market. More needs to be done to name and address anti-Black racism in the skills ecosystem, including efforts to change employer behaviour to make workplaces more inclusive.

[Read Thematic Report](#)

To build a network of organizations committed to advancing diversity and aggregate resources in support of EDI initiatives, we must understand the enablers that help develop diverse leadership teams. These enablers can inform the development of strategies and best practices to advance career pathing and leadership skills among equity-deserving groups. An organization's understanding of these enablers can help it to better recruit diverse leaders through a set of evidence-based assessments, tools and training.

► What's Next

This research will support the design and implementation of leadership development training programs. It will also inform EDI strategies in organizations and inform policymakers of evidence-based approaches that work. These approaches may support key sectors such as infrastructure, manufacturing, STEM and others where high levels of underrepresentation of diverse groups persist, and which also have some of Canada's largest workforce and skills needs. We can learn from the progress made in closing the gap of women in leadership roles and design strategies to support other diverse groups. Much progress is left to be made. The collection and analysis of disaggregated data pertaining to leadership representation of equity-deserving groups provide critical evidence to identify gaps, track improvements, inform policy and organizational change, and ensure accountability in advancing equity, diversity and inclusion at the highest levels within organizations.

Have questions about our work? Do you need access to a report in English or French? Please contact communications@fsc-ccf.ca.

How to Cite This Report

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