

## Appendices

### Appendix I

#### Representation Data Issue – Benchmarking

When measuring the representation of diverse groups in leadership positions in the private sector in Canada, the concept of “diversity gap” is commonly utilized.

A “diversity gap” is the difference between the proportion of a specific diverse group (say, women) in an organization and that of the same diverse group outside the organization. Very often, diversity gaps refer specifically to an occupational group (say, senior management) or the workforce (that is, all employees) of an organization.

In determining the diversity gaps for diverse groups, benchmarking is of utmost importance. The selection of a benchmark will determine whether there are diversity gaps and how large the gaps are.

In this field, at least three benchmarks are in common use. All three are external benchmarks:

- population
- labour force
- labour market availability

Each has its strengths and weaknesses.

#### Population Data

Advocacy organizations tend to use population data as the benchmark for leadership. Catalyst Canada and the Canadian Board Diversity Council use the percentages of diverse groups in the total Canadian population as the benchmark for measuring diversity gaps.

This population benchmark covers all persons irrespective of their age, qualifications, and labour force participation. It is broader than the other two benchmarks: labour force and labour market availability. The argument is that leaders should reflect the population they serve.

One criticism of using the population dataset as a benchmark is that it negates the required qualifications of people in leadership positions: not everyone is qualified to be a leader. Another criticism is that population is too broad as a benchmark because it includes people who are not in the labour force (such as children under fifteen) and those not looking for jobs. These people are unlikely to be looking for, or qualified for, leadership positions as board directors or senior executives.

Using population as the benchmark tends to show large diversity gaps. This may be why advocacy organizations tend to use it as the benchmark. This benchmark also has the benefit of clearly communicating the message of underrepresentation to the public. Most people are not statistics-savvy, so population is an easier concept to understand than the other two benchmarks, labour force or labour market availability.

### **Labour Force Data**

The Government of Ontario uses Ontario labour force data as a benchmark for measuring the degree of representation of diverse groups in leadership.

This benchmark is narrower than the population benchmark but broader than the labour market availability benchmark.

In essence, the labour force data include anyone in the labour force (employed or not) aged fifteen or over. The “anyone” includes a broad range of people with different occupational skills such as manual labourers, salespersons, tradespeople, technicians, professionals, and managers. Most of these occupational skills may not be relevant for the positions of board director or senior executive in the private sector. Unlike labour market availability data, labour force data cover all occupational qualifications and experiences. Essential qualifications for leadership positions represent only a specific subset of skills in the labour force. So labour force data are of only limited use as a benchmark for these positions.

Even so, these data offer some advantages when benchmarks for determining diversity gaps are being set. “Labour force,” as a concept, screens out those who are not in the labour force because they are not employed and are not looking for work. In other words, they are not the candidates competing for leadership positions. “Labour force” is a narrower data set than the “population” data set and thus is more appropriate for benchmarking for our purposes.

Also, using labour force data as a benchmark acknowledges that some people have the potential to be leaders but lack leadership experience or have not been developed to be corporate leaders. These have been left out of the labour market availability data set. Using labour force as a benchmark would include them in that set.

### **Labour Market Availability Data**

The federal government uses labour market availability data as a benchmark for measuring the degree of representation of diverse groups in senior management positions for employment equity purposes.

Statistics Canada compiles labour market data for the four diverse groups examined in this book based on their qualifications and work experiences. These individuals reported their qualifications and experiences (through questions about their job titles, responsibilities, and so on) in the census – or, if they have a disability, in the Participation and Activity Limitation Survey (PALS). This information has been categorized according to the National Occupational Classification (NOC) system. In consultation with Human Resources and Social Development Canada (now known as Employment, Workforce Development, and Labour Canada), these NOC-coded occupations have been grouped together into fourteen Employment Equity Occupational Groups (EEOGs), one of which is “senior managers.”

The resulting data provide one of the best available measures of leadership talent. The category “senior managers,” mentioned earlier, is the benchmark for measuring the magnitude of diversity gaps in leadership positions. This narrow segment of the labour force consists of people who have the qualifications and experience to take on leadership responsibilities.

When the labour market availability of “senior managers” is used as a benchmark, it reflects a limited pool of people who have leadership qualifications and experience and who are available to work in such positions. This data set for “senior managers” does not include those who may be qualified for corporate leadership but have not had the opportunity to gain leadership experience. This data set, then, reflects the leadership status quo. Hence, when labour market availability is used as a benchmark, the diversity gaps are likely to be narrower than when population or labour force is used as a benchmark.

One drawback to using labour market availability data as a benchmark for determining diversity gaps is that it is harder for people to understand the complexities of how the data have been collected and tabulated. This poses challenges when communicating to the public. Another drawback is the “status

quo” nature of the data set, in that it is limited to those who have leadership experience and does not include those who have been excluded from leadership positions.

### **Some Reflections on Benchmarking**

All three data sets have their strengths and weaknesses. On balance, labour market availability is the most suitable benchmark for board directorships and senior executive positions. However, one has to be cognizant that when that benchmark is used, the result will be on the conservative side, for it does not factor in those diverse group members who have been excluded from that category even though they are qualified for the top jobs. Population or labour force data may be too broad for benchmarking purposes for they include many persons who do not have the qualifications to do the top jobs or those who are not even in the labour force.

Benchmarking is not a static and inflexible exercise. At present we lack a more refined data set that includes those who are potentially qualified for board directorships and senior executive positions but have not had the chance to actualize their qualifications and accumulate experience in those positions. One day, the measurement tools may progress to the point where such a benchmark could be constructed.

## **Appendix II**

### **Representation Data Issue – Comparability**

Researchers on diversity in leadership positions like to compare the status of diverse groups across jurisdictions and research studies and/or rank them on their progress over time.

Data comparability across jurisdictions or across research studies is a complicated issue, and there is no solution in sight as to how to develop an accurate set of data sources and methodologies across countries and research studies for comparative purposes. Every data source and methodology has its inherent problems. This appendix discusses some key challenges for readers to reflect on.

Research statistics on the composition of boards of directors in different countries are often quoted to illustrate the representation of women – and, to a lesser degree, other diverse groups – in leadership positions in the private sector over time. These statistical data often provide profiles of diverse groups in their respective jurisdictions. Problems emerge when data are compared across countries or research studies.

#### **Data Sources**

Different researchers use different data sources when compiling data on leadership, be it at the board level or at the senior executive level, and these variations make data comparison difficult and often confuse readers.

US studies tend to use Fortune 500's corporations (or those in Fortune 100's or 1000's corporations), Forbes 500's large companies, and Standard and Poor 500's large companies. The Nordic countries – Sweden, Denmark, Finland, Norway, and Iceland - have their own data sources of largest companies. Australian studies tend to use the Australian Stock Exchange (ASX) 200's companies, and Canadian studies tend to use the Financial Post 500's companies or the Toronto Stock Exchange (TSX) 60's companies (Canadian Board Diversity Council, 2015). Each of these data sets has a different, as noted in what follows.

## **Industrial Coverage**

Each data source also uses a different range of industries. Some cover only the financial sector; others cover a range of industrial sectors (such as transportation, utilities, insurance, and retail) in their respective countries (Bilimoria 2010, 26). The Canadian Board Diversity Council's data on senior executives (2016) covered the public sector, the broader public sector, the private sector, and the not-for-profit sector; by contrast, the federal government data (used in chapter 2) consisted of only the federally regulated private sector and did not include the provincially regulated private sector. Further differences among data sources may also be noted. With each change in the scope of coverage of industries, the data sources inherit the characteristics of the industrial histories and cultures that often impact on leadership.

## **Measurement and Ranking**

The data sources in each country use different measurement methods for companies. Some industrial sectors are measured by gross revenues; others by assets, profits, income, sales, market value, and/or number of employees. These diverse practices raise issues of availability, reliability, completeness, and timeliness. If market value or revenues are used, currency exchange rates must also be taken into account (owing to currency fluctuations). All of this further complicates data comparisons (and rankings), which makes it difficult to compare data on the composition of leadership across jurisdictions and research studies.

## **Definitional Issues**

The definition of "senior manager" is subject to debate. Some organizations, such as Catalyst, tend to define it according to ISCO-88 so as to include legislators, senior officials, and managers. The Government of Canada, when collecting data on senior managers for employment equity purposes, uses the 2011 version of the NOC. Other research studies have data only on CEOs and their immediate subordinates (such as senior VPs), or they combine top-level with mid-level managers, or they use people with "management"-sounding titles as proxies for senior managers. Some studies are not clear on how "senior managers" are defined or are silent on the concept, as if everyone uses the same definition. These differences in definitions make data comparisons difficult if not impossible.

## **Some Reflections on Data Comparison**

The multiple approaches that jurisdictions, organizations, and researchers take when compiling and analysing their data have made comparisons risky. We are indeed comparing “apples and oranges” in many cases. Longitudinal data comparisons are a little more reliable, for they use the same definitions and data sources consistently over time.

Because of all these constraints, researchers, organizations, and jurisdictions are advised to develop a standardized methodology for measuring diversity in leadership – at the minimum, they need to establish what can be compared and what cannot and to communicate to the public the risks of comparisons of this nature.

## Appendix III

### Summary of Best Options and Practices for Building Diversity in Leadership

<b>Topics</b>	<b>Areas for improvement</b>	<b>Best options and practices for building diversity in leadership</b>
Representation data (Chapter 2)	Lack of information on the representation of diverse groups in the workforce.	<ul style="list-style-type: none"><li>• Collect and tabulate data on diverse groups in the workforce.</li><li>• Analyse workforce data by comparing with external benchmarks.</li><li>• Monitor progress by reviewing data regularly.</li></ul>
Concepts of leadership (Chapter 3)	Mainstream concepts of leadership are different from those of diverse groups:	<ul style="list-style-type: none"><li>• Reimagine the concepts of leadership.</li><li>• Review job descriptions and job postings.</li></ul>

	<p>Mainstream concepts are individualistic and focus on leadership competency with militaristic and diplomatic attributes. They emphasize the importance of lengthy executive experience, as well as exceptional competency in the social, organizational and intellectual spheres.</p> <p>Diverse groups' concepts are a mix of individualism and collectivism. Their focus is on people orientation attributes, with minimal reference to militaristic attributes or organizational and intellectual competencies.</p>	<ul style="list-style-type: none"> <li>• Review search methods of executive search firms.</li> <li>• Incorporate diverse groups' concepts of leadership.</li> <li>• Review the relevance of concepts of leadership in the changing world.</li> </ul>
<p>Perceptions and attitudes (Chapter 4)</p>	<p>Negative perceptions (stereotyping) of and attitudes (prejudice) toward diverse groups may act as psychological filters for recruiting and selecting them for leaders, undermine their performance and self-confidence, lower their productivity, create unease and distrust in work relationships, increase harassment and discrimination, and foster</p>	<ul style="list-style-type: none"> <li>• Consult employees, including diverse groups, on unconscious biases in the workplace and how these manifest themselves in human conduct, human resources mechanisms, and corporate culture as a whole.</li> <li>• Prioritize organizational change in policies, procedures, and practices.</li> </ul>

	<p>social distance (“in-group” and “out-group” tensions).</p> <p>These impacts together lead to fewer members of diverse groups in the feeder pool for leadership positions, as well as fewer development opportunities for them.</p> <p>These unconscious biases do not align with mainstream concepts of leadership or those of diverse groups.</p>	<ul style="list-style-type: none"> <li>• Hold education sessions on removing unconscious biases for leaders, managers, and non-management employees.</li> <li>• Implement changes in human resources mechanisms and corporate culture.</li> </ul>
<p>Recruitment and selection (Chapter 5)</p>	<p>The word-of-mouth recruitment method for leadership candidates is usually unable to reach diverse groups.</p> <p>Job advertisements usually emphasize “ideal” candidates, a stressful work environment, demanding job schedules, and qualifications that diverse groups usually do not have.</p>	<ul style="list-style-type: none"> <li>• Develop a board policy on diversity and inclusiveness based on consultations with stakeholder groups. Apply the policy to recruitment and selection.</li> <li>• Develop and implement an action plan for recruitment and selection processes with goals and timetables. Measure progress on results.</li> <li>• Limit trophy directorships and board tenure, create vacancies for new board</li> </ul>

	<p>Executive search firms' databases may not be robust in terms of diverse group members and may be used to hide word-of-mouth recruitment methods.</p> <p>Selection panels may themselves lack diversity in terms of representation and perspectives, and unconscious biases may prevail.</p> <p>Formal selection criteria may be biased because of their emphasis on reputation and executive experience.</p> <p>Informal selection criteria may focus on cultural and/or corporate fit and may emphasize "cloning."</p> <p>Informal and fluid selection processes may allow personal discretion and power dynamics to play an active role.</p>	<p>directors, and reserve positions for diverse group members to join boards and executive teams.</p> <ul style="list-style-type: none"> <li>• Reach out to diverse groups by liaising and partnering with community organizations and advocacy groups.</li> <li>• Create networking sessions and role models.</li> <li>• Develop enriched databases on diverse groups in search firms, business schools, and other institutions.</li> <li>• Remove barriers in recruitment and selection, and use new methods and processes for both.</li> </ul>
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<p>Performance evaluation, succession management, and special programs (Chapter 6)</p>	<p>Performance evaluations reflect favouritism regarding the types of tasks assigned to employees, as well as stereotypes and prejudice.</p> <p>Evaluation tools may be culturally biased, and the process may be dysfunctional.</p> <p>Succession management may be biased due the lack of diversity competency of leaders, the “cloning” tendency, suspicion of out-groups, and perceived risks in accommodation.</p> <p>Succession management may be biased due to selective communication, a lack of transparency, flaws in methods for identifying potential leaders, selection biases, negation of familial obligations of employees, and selective access to leadership development opportunities.</p> <p>Special programs such as mentorships and sponsorships for</p>	<ul style="list-style-type: none"> <li>• Increase the representation of diverse groups in the feeder pools for leadership positions by providing career counselling and planning services and instituting employment equity.</li> <li>• Improve performance evaluation management by adding more objective indicators and measurements agreed upon by employees, and build a trusting relationship between leaders and diverse groups.</li> <li>*Increase leadership development opportunities and build capabilities among diverse groups through: <ul style="list-style-type: none"> <li>– job shadowing</li> <li>– secondment</li> <li>– stretch assignments</li> <li>– project task forces</li> <li>– assignments with line responsibilities</li> <li>– classroom-based management development courses or programs</li> </ul> </li> <li>• Extend the time frame of succession planning; do not rush board and executive appointments.</li> </ul>
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	<p>diverse groups may not exist, and corporate supports to strengthen the networks of diverse groups may be lacking as well.</p>	<ul style="list-style-type: none"><li>• Strengthen leadership accountability, and pre-empt slippage in diversity policy and enforcement and program implementation.</li><li>• Make succession management policies and procedures transparent, and communicate them clearly to employees.</li><li>• Increase the diversity competency level for leaders, managers, and non-management employees.</li><li>• Eliminate leadership and management identification and selection biases, and open up pipelines for leadership positions.</li><li>• Optimize flexibility and accommodation, and add more supportive measures to enable employees.</li><li>• Develop formal mentorship and sponsorship programs to build more capabilities among diverse groups.</li></ul>
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		<ul style="list-style-type: none"> <li>• Make networking effective for diverse groups, and optimize their corporate exposure.</li>   <li>• Create diversity role models to encourage diverse groups and increase their self-confidence.</li> </ul>
<p>Work environment and corporate culture (Chapter 7)</p>	<p>Poor treatment of diverse groups: marginalization, undermining, harassment, and discrimination.</p> <p>Limited promotion opportunities, lack of diverse role models and work/life balance, and lack of supportive programs.</p> <p>Corporate cultural features include tokenism, individual competitiveness, resistance to new ideas, a homogenized culture, unwritten rules for diverse groups, cultural dissonance, and poisonous culture. These features are not conducive to the retention of diverse groups, who feel isolated,</p>	<ul style="list-style-type: none"> <li>• Hire and promote diverse group members, create role models, and motivate diverse groups.</li>   <li>• Engage and energize diverse groups, and increase their commitment through consultation and communication</li>   <li>• Launch health and wellness programs to benefit employees.</li>   <li>• Make work arrangements flexible, and lessen employee’s stress.</li>   <li>• Make special childcare arrangements (such as emergency childcare) to lessen parents’ burden.</li> </ul>

	<p>marginalized, alienated, stressed, unsafe, and frustrated.</p>	<ul style="list-style-type: none"><li>• Develop a work/life balance program.</li> <li>• Encourage innovative ideas, and increase engagement of employees.</li> <li>• Develop anti-harassment and anti-discrimination policies and procedures.</li> <li>• Conduct education sessions on anti-harassment and anti-discrimination.</li> <li>• Change corporate culture to make employees feel human again.</li></ul>
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