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DiverseCity Counts
The Importance of Diverse Leadership in the Greater Toronto Area

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1. The Imperative of Diversity to Canada

“In a knowledge-based economy and in an increasingly competitive global marketplace, every mind matters, and every language in our midst is a bonus. All Canadians must have the opportunity to develop and contribute to their full potential” (Canadian Heritage, 2004).

- Projections from a variety of sources indicate that a talent shortage is looming in Canada because of an aging population, low birth rates, and global competition for skilled workers:
  - In 2006, the average age of the Canadian population was 40 years old. Of the employable population, 40% were over the age of 50 (Statistics Canada, 2008a) and 72% of people between the ages of 45 and 59 planned to enter retirement by the age of 65 (Statistics Canada, 2008b);
  - Canadians are experiencing lower fertility rates, as well as longer life expectancies, than those experienced during most of the twentieth century (Statistics Canada, 2006).

- Even though the Canadian population has not yet seen the repercussions of the retirement of the Baby Boomers, companies are already experiencing a skills shortage (Gingras & Roy, 2000). Specific sectors affected include:
  - Information and Communications Technology (ICT) (ICTC, 2007);
  - Medicine (Gulli & Lunau, 2008);
  - Public sector organizations including: utilities, transportation, education, health, social services, and public administration (Cooke & McMullin, 2004; Galarneau, 2004);
  - Policing (RCMP, 2007).

- By 2011, all labour force growth will come from immigration (Statistics Canada, 2008c):
  - Immigrants are increasingly coming to Canada from non-traditional source countries. Between 1996 and 2001, the top five source countries were: China, India, Pakistan, Philippines, and Sri Lanka (Strategic Research and Statistics, 2005);
  - Although recent immigrants are more likely to be visible minorities, resulting in an increasingly diverse workforce (Palameta, 2004) it is important to note that not all visible minorities are immigrants;
  - In 2006, 54% of all immigrants in Canada were visible minorities, whereas 75% of recent immigrants to Canada (arrived between 2001 and 2006), were visible minorities (Statistics Canada, 2008d);
  - In 2006, 30% of all visible minorities in Canada were Canadian-born, whereas 66% were immigrants (4% were non-permanent residents) (Statistics Canada, 2008d).

- Visible minorities account for a growing proportion of the Canadian population:
  - The visible minority representation of Canada’s population grew from 11% in 1996 to 16% in 2006. It is projected to reach 19% to 23% by 2017 (Statistics Canada, 2008e; Statistics Canada, 2005);
  - There are more than 200 distinct ethnic groups living in Canada (Statistics Canada, 2001);
In 2006, the top five visible minority groups were South Asian (4%), Chinese (3.9%), Black (2.5%), Filipino (1.3%) and Latin American (1%) (Statistics Canada, 2008f).

Visible minorities and immigrants contribute to the economy, and there are costs associated with under-utilizing their skills:

- “From an economic point of view, how well Canada continues to meet the challenges of diversity will determine our future success in attracting talented immigrants as global competition for talent intensifies with the aging of Western societies...in the face of potential labour shortages, employers will miss out on opportunities for growth unless they recognize the potential of all groups in Canadian society” (RBC, 2005);
- Conference Board of Canada estimates that the annual cost of unrecognized learning for visible minorities ranges between $2.2 billion and $3.4 billion (The Conference Board of Canada, 2004);
- Reitz (2001) estimated the total immigrant earnings deficit for 1996 to be $15 billion. Of this, $2.4 billion was related to skill under-utilization and $12.6 billion was related to pay inequity;
- Watt and Bloom (2001) suggest that the annual revenue lost to the non-utilization or under-utilization of immigrants, is in the hundreds of millions of dollars;
- Diversity offers benefits to organizations (and society) including: creativity, adaptation and innovation, and access to external networks (Schneider & Northcraft, 1999; Richard, 2000; Richard et. al, 2007).

2. The Under-representation of Visible Minorities in Leadership Roles

“As globalization, technological change, collective human experiences and advances in knowledge drive human societies in the 21st century, how successfully Canada continues to manage the challenges of diversity will have an important bearing on the social and economic success of Canada, the quality of our communities and the success of our corporations” (RBC, 2005).

Visible minorities are also under-represented in leadership roles:

- In 2005, only 44% of corporate boards had a minimum of one visible minority director (Spencer Stuart, 2006);
- In 2006, 7.8% of all Members of Parliament were visible minorities (Bird, 2007);
- In 2005, 7.8% of all Ontario Members of Provincial Parliament were visible minorities (Douglas, 2004);
- A study of Assistant Deputy Ministers and Deputy Ministers in Canadian governments revealed that only 4.2% of the sample identified themselves as visible minorities. More specifically, 16%, 5% and 3% of the territorial, federal, and provincial samples respectively, identified themselves as visible minorities (Evans et. al, 2008).
Based on 1999 employment equity HRDC data for Canada, visible minorities comprise the following percentages of the following specified jobs (Galabuzi, 2001):

- Fire Chiefs 0.8%
- Police Chiefs 3%
- Judges 4%
- Lawyers and Quebec Notaries 5%
- Secondary School Teachers 5%
- Elementary/Kindergarten School Teachers 4%
- Air Pilots 3%
- Air Traffic Controllers 2%
- Police Officers 3%
- Fire Fighters 1.5%
- Building/Trades/Carpenters 4%
- Electricians 7%
- Registered Nurses 12%

3. Importance of Diversity in Leadership

“Leaders develop the vision of society and institutions which guide us into the future; Leaders have the power to make decisions which affect a significant number of people; with an inclusive society where everyone has the opportunity to lead: leaders symbolize who belongs and who doesn’t” (Maytree, 2007).

- Benefits of diverse leadership include: improved financial and organizational performance; linking domestic and global markets; recruiting from global and domestic labour pools; creativity and innovation; and social inclusion (The Conference Board of Canada, 2008).

- While individuals have multiple identities and while it is important not to reduce individuals to a single demographic dimension, there is evidence that diverse leaders behave and are seen differently (Jebwab, 2001).

- Financial performance may be enhanced by diverse leadership:
  - A study that compared the financial performance of the DiversityInc Top 50 Companies to a matched sample, found the median net profit margin of these companies to be 1% to 4% higher (2.7% average) for each year of the first six years immediately preceding their recognition by DiversityInc (Slater et. al, 2008);
  - Greater employee productivity and organizational performance have been tied to commitment to diversity (Richard, 2000; Richard et. al, 2007);
  - Although studies suggest that there are limitations to having a diverse workforce (Chadwick et. al, 2003), greater financial profits are tied to a well-managed diverse workforce (Ng & Tung, 1998).
Leaders shape organizational decision making, and diverse leaders are able to respond better to Canada’s increasingly multicultural markets:

- In 2001, visible minorities accounted for $76 billion worth of purchasing power in Canada, and formed 48% of consumer markets in Toronto. Diverse organizations are better equipped to serve diverse markets in terms of strategy, product development, and service (Gandz, 2001);

- The characteristics of the senior managers are important and affect the behaviour of organizations (Carroll & Garkut, 1996). Demographics shape identity and the way in which leaders frame problems and identify solutions. “Values produced by the backgrounds of the managers themselves … can significantly affect decision-making and organizational performance” (Carroll, 1993);

- Customer orientation supports organizational performance when top management team diversity is high (Auh & Menguc, 2006);

- Executive demographics are strong predictors of organizational outcomes (Wiersema & Bantel, 1992);

- There is some research to suggest that self-employed immigrants earn more than self-employed Canadians (in contrast to the wage gap for employees) (Hiebert, 2003) although this may be the result of many factors. Nevertheless, there is evidence to suggest that immigrants play a more significant leadership role in small and medium sized enterprises (SME’s) than in other sectors of corporate Canada.

Diverse leadership is more likely to attract and retain a diverse workforce:

- A number of research studies link senior management commitment to diversity to employee commitment to the organization (Hopkins et. al, 2001) and reduced turnover intentions (McKay et. al, 2007);

- Leadership, senior management commitment and role models are all factors which are critical to the implementation of a successful diversity strategy (Catalyst and the Diversity Institute, 2007; Gandz, 2001). Organizations led by diverse leaders are more likely to be seen to “walk the talk” (Thomas & Gabarro, 1999);

- Kalev et. al, (2006) report that race and gender composition in top management teams may predict race and gender composition of the management workforce in general;

- Ng (2008) argued that policies are limited in promoting workplace diversity if they do not have support from their CEO, and proposed the following model for linking CEO support, to diversity practices:

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**Figure 1:** Organizing Framework of the Institutional and Strategic Choice (CEO Commitment) Factors Affecting a Firm’s Diversity Practices (Ng, 2008).
Diversity supports innovation and creativity:

- Empirical research suggests that diverse teams are more likely to “think out of the box” and come up with innovative solutions (McLeod, 1996).
- Strategic innovation is the result of diverse voices (Hamel, 1998).
- Diverse senior management teams produce superior outcomes (Dalton, 2005).
- Although there are challenges to coordinating and managing diverse teams (Jayne & Dipboye, 2004), Indra Nooyi, president and chief financial officer of PepsiCo stated the following to members of the Women’s Foodservice Forum in 2003: “diversity of people in a corporation promotes greater diversity of ideas. There is a link between diversity and innovation that’s not theoretical - its real” (Walkup, 2003).

Diverse leadership offers role models for diverse citizens:

- Within organizations, role models play a significant role in promoting the advancement of under-represented groups including visible minorities and women (Kilian et. al, 2005). Therefore, diverse leadership plays a significant role in shaping the aspirations of employees;
- It also plays an important role in shaping the aspirations of young people (Blau & Stearns, 2003). Failure to provide positive role models can lead to social exclusion;
- Studies of Hispanic leaders in Texas (Merchant, 2004) and First Nations communities in North Eastern Canada (Normore, 2007) confirmed the importance of role models from their ethnic culture;
- There is little doubt that the representation of visible minorities in Canadian media plays a critical role in shaping the aspirations (and success) of citizens. Leaders, whether in corporations, the public sector, or non-governmental organizations, are featured prominently in the media on a daily basis. Media has the potential to perpetuate harmful stereotypes or to promote positive role models (Mahtani, 2001).

Diverse leadership is critical to democracy and representation:

- The importance of the demographic make-up of the public service, especially at the most senior levels, is well-understood to be fundamental to democracy. The term “representative bureaucracy” was coined by J. Donald Kingsley in 1944:

  “The democratic State cannot afford to exclude any considerable body of its citizens from full participation in its affairs. It requires at every point that superior insight and wisdom which is the peculiar product of the pooling of diverse streams of experience. In this lies the strength of representative government. Upon it depends the superiority of the democratic Civil Service over its totalitarian rivals. In a democracy competence alone is not enough. The public service must also be representative if the State is to liberate rather than enslave” (Evans et. al, 2008).
The benefits of representative leadership in the public service include:

- a symbolic commitment to diverse and equal access to power;
- a broader range of experiences and knowledge made available to the decision-making process;
- the ability to influence the process of agenda-setting and prioritization within the administrative state;
- a greater potential for increased cooperation of traditionally under-represented groups with government as trust is built; and
- the broadening of the number of candidates who may be considered for public-service appointments (Evans et. al, 2008).

4. Opportunity for the Greater Toronto Area (GTA)

“Diversity is Our Strength” (City of Toronto, 1998)

- In 2006, visible minorities comprised 40% of the GTA population, and only 16.2% of Canada’s population. Approximately 43.8% of Canadian visible minorities reside in the GTA (Statistics Canada, 2008e);

- Across the GTA, visible minorities represent 50% of Peel’s population; 47% of Toronto’s population; 37% of York’s population; and only 17% and 13% of Durham’s and Halton’s population, respectively (Statistics Canada, 2008e);

- There is also considerable variation within the GTA regions. For example, while visible minorities represent 65.4% of Markham’s population, 57% of Brampton’s population, 49% of Mississauga’s population, 47% of Toronto’s population and 45.7% of Richmond Hill’s population, they represent only 1.9% and 1.6% of Scugog’s and Brock’s population, respectively (Statistics Canada, 2008e);

- In 2006, the top five visible minority groups were South Asian (12%), Chinese (11.4%), Black (8.4%), Filipino (4.1%) and Latin American (2.6%) (Statistics Canada, 2008f);

- In Toronto specifically, where most immigrants settle within Canada, the visible minority population is expected to continue to grow. In 1996, visible minorities represented 28% of the population; today they represent 47%, and they are projected to comprise 51% to 54% of the population by 2017 (Statistics Canada, 2008e; Statistics Canada, 2005);

- The GTA includes 29 municipalities in 5 regions which have dramatically different demographic compositions (See Table 1).
Table 1: Statistics Canada Data on Visible Minorities in the GTA, 2006

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Toronto - TOTAL</td>
<td>1,162,630</td>
<td>2,476,651</td>
<td>47</td>
</tr>
<tr>
<td>Peel - TOTAL</td>
<td>576,665</td>
<td>1,154,070</td>
<td>50</td>
</tr>
<tr>
<td>• Mississauga</td>
<td>326,425</td>
<td>665,655</td>
<td>49</td>
</tr>
<tr>
<td>• Brampton</td>
<td>246,150</td>
<td>431,575</td>
<td>57</td>
</tr>
<tr>
<td>• Caledon</td>
<td>4,090</td>
<td>56,840</td>
<td>7.2</td>
</tr>
<tr>
<td>York - TOTAL</td>
<td>329,955</td>
<td>887,345</td>
<td>37</td>
</tr>
<tr>
<td>• Georgina</td>
<td>1,655</td>
<td>41,930</td>
<td>4</td>
</tr>
<tr>
<td>• East Gwillimbury</td>
<td>725</td>
<td>20,685</td>
<td>3.5</td>
</tr>
<tr>
<td>• Whitchurch-Stouffville</td>
<td>1,775</td>
<td>24,100</td>
<td>7.4</td>
</tr>
<tr>
<td>• Markham</td>
<td>170,535</td>
<td>260,760</td>
<td>65.4</td>
</tr>
<tr>
<td>• Richmond Hill</td>
<td>73,885</td>
<td>161,695</td>
<td>45.7</td>
</tr>
<tr>
<td>• Vaughan</td>
<td>63,200</td>
<td>238,005</td>
<td>26.6</td>
</tr>
<tr>
<td>• Aurora</td>
<td>6,165</td>
<td>47,035</td>
<td>13.1</td>
</tr>
<tr>
<td>• King City</td>
<td>895</td>
<td>19,425</td>
<td>4.6</td>
</tr>
<tr>
<td>• Newmarket</td>
<td>11,120</td>
<td>73,370</td>
<td>15.2</td>
</tr>
<tr>
<td>Halton - TOTAL</td>
<td>57,360</td>
<td>435,400</td>
<td>13</td>
</tr>
<tr>
<td>• Halton Hills</td>
<td>2,235</td>
<td>55,020</td>
<td>4.1</td>
</tr>
<tr>
<td>• Milton</td>
<td>9,115</td>
<td>53,405</td>
<td>17.1</td>
</tr>
<tr>
<td>• Oakville</td>
<td>30,315</td>
<td>164,485</td>
<td>18.4</td>
</tr>
<tr>
<td>• Burlington</td>
<td>15,690</td>
<td>162,480</td>
<td>9.7</td>
</tr>
<tr>
<td>Durham - TOTAL</td>
<td>93,420</td>
<td>557,330</td>
<td>17</td>
</tr>
<tr>
<td>• Pickering</td>
<td>26,685</td>
<td>87,360</td>
<td>30.6</td>
</tr>
<tr>
<td>• Ajax</td>
<td>32,005</td>
<td>89,835</td>
<td>35.6</td>
</tr>
<tr>
<td>• Whitby</td>
<td>18,730</td>
<td>110,455</td>
<td>17</td>
</tr>
<tr>
<td>• Oshawa</td>
<td>11,370</td>
<td>140,240</td>
<td>8.1</td>
</tr>
<tr>
<td>• Scugog</td>
<td>395</td>
<td>21,155</td>
<td>1.9</td>
</tr>
<tr>
<td>• Brock</td>
<td>190</td>
<td>11,760</td>
<td>1.6</td>
</tr>
<tr>
<td>• Uxbridge</td>
<td>445</td>
<td>19,075</td>
<td>2.3</td>
</tr>
<tr>
<td>• Clarington</td>
<td>3,600</td>
<td>77,370</td>
<td>4.7</td>
</tr>
<tr>
<td>TOTAL GTA</td>
<td>2,220,030</td>
<td>5,509,796</td>
<td>40</td>
</tr>
</tbody>
</table>

A greater proportion of visible minorities in Toronto face higher unemployment rates than non-visible minorities, although higher proportions of visible minorities are university educated.

- In 2001, 7.7% of visible minorities between the ages of 25 and 44 were unemployed compared to 4.0% of non-visible minorities in the same age range. Of visible minorities between the ages of 45 to 65, 5.8% were unemployed compared to 3.2% of non-visible minorities (HRSDC, 2005);

- In comparison, 33.1% of visible minorities between the ages of 25 and 44 in Toronto had a university degree or higher in 2001, compared to 32.0% of non-visible minorities in the same age range. Similarly, 24.4% of visible minorities between the ages of 45 to 64 had a university degree or higher, compared to 22.3% of non-visible minorities in the same age range (HRSDC, 2005).

In addition, visible minorities in Toronto earn less than non-visible minorities in Toronto.

- In 1991, Canadian born visible minority men earned 8.9% less than Canadian born non-visible minority men (Pendakur & Pendakur, 1998);

- In 2000, visible minority men earned 12% less than non-visible minority men (HRSDC, 2005b).

Visible minorities are also under-represented in leadership roles in Toronto.

- In 2006, 22.2% of teachers within the Toronto District School Board identified as visible minorities, while 19.3% of Principals and/or Vice Principals identified as visible minorities (Herring, 2007);

- According to the Toronto City Appointments Report for 2003-4, only 22% of the 15 participating appointments in the City of Toronto were held by visible minorities (Toronto City Summit Alliance, 2007). This report was based on a self-identification survey of appointments to 15 of the 89 boards in the City of Toronto with a 60% survey return rate.

Diverse leadership is important to the GTA:

- The GTA plays a pivotal role within the Canadian economy. It is also one of the most richly diverse communities in the world. There is enormous potential to take advantage of diversity. It begins with leadership and representation.
5. References


About the Diversity Institute

Ryerson’s Diversity Institute promotes interdisciplinary research about diversity in organizations and its application to improving practice. The Institute collaborates with industry, government, NGOs and researchers to:

- Examine diversity in the workplace;
- Explore barriers to full participation at the individual, organizational and societal level;
- Develop evidence-based policies and programs aimed at attracting, motivating, developing and advancing under-represented groups;
- Evaluate practices and programs aimed at promoting diversity; and
- Provide customized research and training to support the development of diversity strategies.

Biographies

Wendy Cukier, MA, MBA, PhD, DU(hon), LL(hon), MSC, Associate Dean, Ted Rogers School of Management has extensive experience as a consultant specializing in strategy and organizational change. She has written more than 200 papers on technology, innovation and management and is coauthor of the best-seller, Innovation Nation: from Java to Jurassic Park. She founded the Diversity Institute in 1999 with a focus on women in technology and has led several large studies of diversity in the Information Communications Technology and Financial sectors. Wendy has received many awards for her work including honorary doctorates from Laval University and Concordia University; a YWCA Woman of Distinction Award; the Canadian Public Health Association Award of Merit and the Prix du Policiers de Quebec and the Governor General’s Meritorious Service Cross. In the year 2000 she was named one of “100 Alumni who shaped the Century” by the University of Toronto.

Margaret Yap, MIR, PhD is Assistant Professor in Human Resources Management and the Director of the Diversity Institute, Ted Rogers School of Management. Her research interests include diversity and equity in organizations and human resource management in the global economy. Prior to joining Ryerson, she was a research director at Catalyst Canada, a non-profit research and advisory organization. During her tenure at Catalyst, she directed the research project that produced “The Bottom Line: Connecting Corporate Performance and Gender Diversity”. More recently, in collaboration with Catalyst Canada, she led and completed a major research project “Career Advancement in Corporate Canada – A Focus on Visible Minorities”. She has extensively industry experience with Nortel Networks in various human resources management roles, including a three-year expatriate assignment in Asia Pacific. She sits on the Board of Directors of the Toronto Chapter of the Human Resources Professionals Association (HRPA).

Pinoo Bindhani, MBA is the Associate Director at the Diversity Institute. She has over 15 years global experience in advertising, marketing and business development in the information technology and human resources industries in Canada, US and India. Previously she was Director, Market Development at Career Edge Organization where she managed the pilot and successful launch of the Career Bridge internship program for newly arrived professional level immigrants. Prior to that Pinoo was working in the IT industry in developing outsourced business and has worked in Silicon Valley start-ups. She started her career in DraftFCB, one of the largest communications agencies in the world, as a management trainee.

Charity Hannan, MA, is a Research Associate with the Diversity Institute. A graduate of Ryerson’s Master’s degree in Immigration and Settlement Studies, Charity was a major contributor to several research projects at the Institute and has coauthored more than 5 articles and conference papers. She is the Diversity Institute’s Project Coordinator for the Peel Region Survey of Immigrants with Under-Utilized Skills.

Mark Holmes, MSA, is a Research Associate with the Diversity Institute who recently graduated from Ryerson’s MSA in Spatial Analysis. His focus is on quantitative methods of analysis, including the use of spatial analysis, and their application to understanding patterns in demographics, employment, wages and leadership.
DiverseCity Counts

The Importance of Diverse Leadership in the Greater Toronto Area

This report was prepared for DiverseCity: The Greater Toronto Leadership Project.

DiverseCity is an initiative of Maytree and the Toronto City Summit Alliance.