



The Greater Toronto region is known globally for its unmatched ethnic, racial and cultural diversity. With a population that speaks over 100 languages, traces its origins to almost all parts of the world, and maintains ties with multiple external markets, our diversity is one of our greatest assets. Having marketplaces, workforces, and leadership that include individuals from diverse backgrounds allows us to draw on new ideas, expertise, capabilities, and the connections that stem from different perspectives and experiences.

To fully benefit from this diversity, however, we need it reflected at our leadership and decision-making tables. Currently, only 14.5% of Greater Toronto Area (GTA) leaders are visible minorities, even though 49.5% of the population identifies as visible minority.³⁶ Progress is being made in the public and non-profit sectors and we must now also leverage the opportunities to diversify corporate leadership and supply chains.

Challenges

Many corporations, organizations and individuals are striving to obtain the benefits of diversity in leadership, but progress has been patchy. A 2011 study by Ryerson University for DiverseCity: The Greater Toronto Leadership Project found that, among the largest GTA-based companies, only 2.8% (down from 3.3% in 2010) of board directors and 5.3% of top executives were visible minorities. Almost 75% had no visible minorities among their top executives and nearly 80% had no visible minorities on their boards.³⁷

In addition, small and minority-led businesses have a hard time cracking the supply chains of large companies. This is a missed opportunity, since

these businesses often have tremendous expertise and networks that larger companies may cultivate for future opportunities, locally and globally. Furthermore, by 2031, visible minorities will comprise 63% of the Toronto census population,³⁸ becoming the visible majority and a key market.

Strengths

In 2008, CivicAction and Maytree created DiverseCity: The Greater Toronto Leadership Project. It responded to a call at CivicAction's 2007 Summit for a strategy to diversify the leadership of the Greater Toronto region to better reflect the racial and ethnic diversity of our population. DiverseCity's eight initiatives are helping diverse, under-capitalized leaders to emerge, leveraging their leadership so that the region is better-positioned to recruit and mobilize the best talent, gain access to new markets and networks, innovate, and inspire future generations of leadership. In short, to accelerate prosperity.

Opening access to networks and building new relationships can strengthen institutions and have a transformative impact. Since 2008, DiverseCity has:

- facilitated more than 570 appointments to public and non-profit boards;
- trained more than 100 candidates and campaign managers for municipal elections;
- identified 300 diverse spokespeople, resulting in 600+ media stories;
- connected more than 600 corporate executives from 75+ organizations;
- equipped 75 city-builders from across the GTA to address social and economic challenges; and
- prepared 50 regional trainers to run leadership dialogues.

This award-winning collaborative initiative, which has engaged hundreds of organizations and companies, is making the benefits of diverse leadership better known across the region, but there is more to be done.

OPPORTUNITY KNOCKS

1. Continue CivicAction and Maytree's DiverseCity: The Greater Toronto Leadership Project.

Summit delegates noted the accomplishments of DiverseCity and other diversity-focused initiatives in the Greater Toronto region and encouraged their continuation and expansion. They emphasized the need to advance and promote the business case for leadership diversity in the corporate sector and the ways in which this can be achieved. Continuing to build the fact base linking diversity and performance and creating a circle of informed business champions for leadership diversity were two options suggested at the Summit.

2. Educate and encourage investors to press corporate boards to set diversity targets and report publicly on their progress.

Recent research shows that the more diverse a company's senior management is, the better the company is likely to perform.³⁹ In fact, board diversity and capital market success have been shown to be significantly correlated.⁴⁰ Other evidence shows that a company's environmental, social and governance performance, including the diversity of its governance bodies, affects whether the company is perceived as forward-thinking and well-managed, and therefore a good investment.⁴¹ To take advantage of these performance and investor benefits, it is in the self-interest of shareholders to press businesses to set board diversity goals and to track their progress in their annual reports.

DiverseCity, the Canadian Board Diversity Council, and other organizations working at the intersection of diversity and corporate leadership should develop resources to show the economic and social benefits of increased racial and ethnic diversity on boards and share it with their board candidate pools and executive leaders.

These organizations can also help to bridge better connections between board nominating committees and experienced and talented visible minority leaders by supplying lists of exceptional senior executives from diverse ethnic and racial backgrounds who have the capacity and desire to serve on corporate boards.

3. Leverage procurement processes to advance diversity goals.

When TO2015 introduced the first-ever Pan/Parapan Am Games diversity procurement policy, it received acclaim and highlighted the gains that American and European companies have made from diversifying their supply chain processes. Canadian corporations should follow suit by embedding diversity criteria in their supplier selection processes, such as asking whether suppliers track board and executive diversity and have diversity policies or programs in place. For example, RBC included a focus on supplier diversity among its top priorities in its 2009-2011 Diversity Blueprint.⁴² When proposals are submitted to RBC, suppliers are asked to include information about diversity in their hiring and promotion policies.⁴³

Canadian corporations will also advance diversity and expand their procurement options by building closer relationships with and strengthening the capacity of visible minority-led businesses. They may mentor individual smaller companies or support umbrella organizations such as the Canadian Aboriginal and Minority Supplier Council, WEConnect Canada and the Diversity Business Network, which are working to promote supply chain diversity more generally by: communicating the benefits of supply chain diversity; highlighting best practices; and encouraging corporations to build relationships with diverse suppliers.

See the related backgrounder, *Return on Investment: The Value of Diversity in Corporate Leadership*, prepared for the Greater Toronto Summit 2011 at: www.civicaaction.ca/publications