Executive Summary

Methodology

BCG surveyed more than 5,000 employees in Canada on gender, LGBTQ2, racial and ethnic, Indigenous and disability diversity and inclusion in the workplace (companies with over 1,000 employees). Respondents vary in age and seniority, live across the country and work in a range of industries and roles.

Despite attention and resources, significant obstacles remain for diverse employees in Canada.

Diverse groups in Canada generally perceive fewer barriers in the workplace than peers in other developed countries. Nonetheless, workplace bias remains a day-to-day reality for too many in Canada.

In fact, one-third of employees from different diversity groups face persistent barriers to recruitment, retention, and advancement. More troubling, 50% of diverse employees see bias in their day-to-day experience at work.

Where do good intentions fall short?

The obstacles diverse people in Canada face at work are widely underestimated by majority groups.

Executives tend to take a more optimistic view of their company’s programs and progress than non-executives.

While many executives across the country view diversity and inclusion as a priority, rank and file employees often do not. Nearly half of diverse Canadians do not see consistent leadership commitment from the C-Suite through to their direct line manager and less than half believe they have “allies” at work.

Three imperatives for corporate Canada to improve workplace diversity and inclusion

Our research highlights that leadership commitment at all levels, ally culture, and employee-centric programs are pillars of effective diversity and inclusion programs.

Committed engagement from the CEO to line leadership is crucial to creating the conditions for success. Often, an employee’s direct manager has much more influence on an individual’s day-to-day experience than the C-Suite.

Similar to direct line managers, colleagues can have the biggest impact on an employee’s day-to-day experience. Having allies at work, colleagues who champion inclusion and the advancement of colleagues from diverse backgrounds, makes a difference.

Program design must be rooted in the issues that matter to diverse employees: a visible strategy backed by leadership and action; policies that support employees’ families and lives outside of work; and diverse recruiting. More broadly, companies should approach programs as they do other strategic priorities: design thoughtfully, execute well and measure progress.
Canada prides itself on being multicultural and welcoming. And we are. Based on data from 16 other countries, Canada leads most other developed countries in workplace inclusion.

Nonetheless, important gaps remain.

BCG’s Centre for Canada’s Future surveyed over 5,000 working Canadians on gender, LGBTQ2, racial and ethnic, Indigenous, and disability issues in the workplace.1 Respondents vary in age and seniority, live across the country and work in a range of industries and roles.

We sought to understand how Canadians view their own companies’ performance on diversity and inclusion (D&I) and what changes can help improve workplace culture and performance.

The study found that Canadian companies recognize the importance of D&I, but that significant numbers of employees still experience barriers to advancement, lack of representation, and workplace bias.

Despite good intentions, most corporate D&I programs don’t go far enough. Often, D&I efforts have historically focused on gender diversity and on initiatives that fail to consider the substantial differences in needs between individual diversity groups. Senior leaders may say the right things, but lack of clear support down through the managerial ranks can lead to inconsistent experiences on the ground.

The reality is that the obstacles diverse employees face are widely underestimated by the majority groups in leadership. Even those who are active champions of D&I may not understand the most effective actions to take or recognize the subtle obstacles that women, people of colour, Indigenous, disabled and LGBTQ2 individuals face day to day.

Given the attention and resources that Canadian businesses have invested in improving D&I in the workplace, the lack of progress is worrying. D&I is not only a moral imperative, it’s a business one. BCG’s research shows that companies with inclusive environments and heterogeneous workforces create a virtuous cycle that leads to outsized benefits, including 9% higher EBIT and 19% more revenue from innovation.

An inclusive work environment is also critical to talent retention. Attracting strong talent, unleashing greater productivity, and sustaining strong bottom lines are crucial success factors for Canadian companies in a fiercely competitive market.

How can Canadian companies close the gap?

Our research highlights three imperatives that diverse Canadians value in a corporate D&I strategy. By demonstrating leadership commitment at all management levels, fostering an ally culture, and developing employee-centric programs tailored to the needs of each diverse group, Canadian companies can create higher performing organizations.

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Managing Director and Partner

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1 Survey respondents work at companies with over 1,000 employees.
Too many diverse Canadians face obstacles at work

Workplace bias remains a day-to-day reality for too many Canadians. Although our study found that Canadian women, people of colour, LGBTQ2 and other diversity groups generally perceive fewer barriers in the workplace than peers in other countries (the Nordics being the one exception, outperforming Canada on gender diversity), roughly one-third of diverse employees said they experience significant obstacles to recruitment, retention and advancement.

Notably, all groups are more likely to see obstacles to recruitment than at other career stages, such as retention and advancement. This is particularly true for Indigenous respondents, despite the Truth and Reconciliation Commission: Call to Action #92, which calls on corporate Canada to provide equitable access to jobs for Indigenous peoples among other actions.

Beyond recruitment, perception of obstacles spikes in different ways, for different groups. For example, women and people of colour see advancement as the greatest challenge. LGBTQ2, on the other hand, are more likely to see obstacles to leadership commitment.

One-fifth of Canadians report having at least one disability, yet disabled employees are often forgotten in companies’ D&I strategies and programs. Disabled Canadians are nearly 1.5x more likely to perceive obstacles than non-disabled colleagues and 1.5x more likely to have experienced discrimination at work. In fact, our study found that disabled Canadians were also 1.5x more likely to have had at least one negative experience or negative impact as a result of their company’s D&I program. Canadian companies need to be clear about their commitment to disabled colleagues and design programs specifically targeted at the needs and experiences of employees with different abilities.

There are obstacles to [group’s] diversity and inclusion in my company (% who agree)

Discrimination in the workplace

30% of respondents who identify with a specific diversity group reported that they experienced an incidence of discrimination and/or witnessed systemic discrimination against another.

I have experienced at least one incidence of discrimination during my time at the company (% who agree)

I have witnessed systemic discrimination (either major or subtle) against another person at my company (% who agree)
The obstacles diverse Canadians face are widely underestimated

There are obstacles to [group’s] diversity and inclusion in my company (% who agree)

<table>
<thead>
<tr>
<th>Group</th>
<th>Control Group</th>
<th>Perception Gap</th>
<th>Perception</th>
<th>Diverse Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>28%</td>
<td>5</td>
<td>32%</td>
<td></td>
</tr>
<tr>
<td>LGBTQ2</td>
<td>28%</td>
<td>14</td>
<td>15</td>
<td></td>
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<tr>
<td>People of Colour</td>
<td>29%</td>
<td>11</td>
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Despite a genuine desire to improve workplace inclusion, our study highlighted that it can be difficult for a majority group to recognize and understand experiences of diverse groups.

The control group\(^2\) that we used as our baseline consistently reported fewer D&I obstacles for diverse employees than members of individual diversity groups. Overall, the control group is half as likely to perceive problems affecting LGBTQ2 and people of colour as members of those groups are.

However, the study suggests that organizations can close the perception gap when issues are given the right attention. The control group are almost as likely to agree there are obstacles to gender diversity and inclusion as women. That is likely due to the historical focus on gender diversity in corporate D&I programs, and the sustained effort to create more supportive and inclusive environments for women.

Representation matters, especially in decision-making roles. Leaders that come from diverse backgrounds are more likely to understand the obstacles faced by other diverse employees. For that reason, expanding the number of diverse individuals in positions of leadership benefits not just the populations they represent, but other diversity groups as well.

\(^2\) The control group is comprised of white, heterosexual men. This control group is important because it represents the significant majority among most senior leaders in corporate Canada.

Intersectionality matters

Roughly one quarter of Canadian employees fit into at least two diversity groups. Based on our study, these employees are 1.3x more likely to perceive barriers to recruitment, retention, advancement and leadership commitment than employees with only one dimension of diversity. Those with three or four dimensions of diversity are twice as likely.

There are obstacles to diversity and inclusion in my company

<table>
<thead>
<tr>
<th>Dimensions of Diversity</th>
<th>Control Group</th>
<th>Diverse Group</th>
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<tbody>
<tr>
<td>1</td>
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<td>2</td>
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<td>4</td>
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</tbody>
</table>

(0 25 50 75 100)

(0 10 20 30 40 50 60 70 80 90 100)

(1 2 3 4)

(0 25 50 75 100)
Executives tend to be more optimistic about progress

My company has good diversity in the top management team”

My company has made progress in the last 1-3 years in improving diversity in the top management team”

My company has made progress in the last 1-3 years in improving diversity and inclusion in all levels of the company”

Although executives in our survey acknowledge that more needs to be done on D&I, they consistently hold more positive impressions of their company’s progress than non-executives.

Compared to rank-and-file employees, executives were a fifth more likely to say that their company had made progress in improving diversity at the leadership level and across the organization over the past three years.

By contrast, employees who are more removed from decision-making processes may feel little is changing in the absence of ongoing communication and action. Less than half of diverse employees believe the day-to-day workplace experience for diverse employees is free of bias. An even smaller number believe their company has the mechanisms in place to ensure major decisions are made without bias.
Leadership commitment at all levels matters. Employees who feel their company leadership is committed to D&I are 1.7x less likely to see obstacles to diversity and inclusion and 1.8x more likely to say that their day-to-day workplace is free of bias. The notion that leadership commitment is important to D&I is not new. However, based on our research, it seems corporate Canada is struggling to implement leadership commitment successfully.

More than 40% of diverse employees questioned whether their organization fully backed the D&I values their senior leaders espoused because of inconsistent messaging and application down through the management ranks.

Leadership commitment cannot just be at the C-Suite level. When mid-level and front-line managers don’t embody D&I values, messaging from the top rings hollow. The reality is that an employee’s direct manager has the most influence on an individual’s day-to-day experience. For change to stick, D&I policies, behaviors and goals must be practiced from the corner office, through the middle-manager level all the way through to the front-line.

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Voices of Canadian employees

“Change must start at the upper levels, but it can’t stop there. We need D&I improvements to cascade down through the organization.”

“When leadership says they are supportive of D&I, but don’t operate in a supportive way, policy and other changes feel like smoke and mirrors. We need effective monitoring to ensure that leaders at all levels are supportive of needed changes.”
Ally culture makes a difference

Ally culture makes a difference in the workplace. Allies are individuals who promote the advancement of D&I through active engagement, the use of inclusive language, ongoing participation in D&I initiatives, and by calling out inappropriate behavior. In short, they get why diversity in the workplace is important, and strive to be inclusive.

In recent years, ally culture has come to be seen as an important component of D&I strategies in corporate Canada, but there is significant room for improvement. Less than half of diverse Canadian employees feel they have allies at work, but data shows it can make a huge difference. Diverse employees who feel they have allies at work are 1.6x less likely to perceive obstacles and twice as likely to say their workplace is bias-free.

Similar to direct line managers, colleagues can have a significant impact on an employee’s day-to-day experience. When employees from majority groups behave in a way that demonstrates awareness of diverse employees’ experiences and seeks to include diverse colleagues, they contribute to an environment where all employees can better maximize their potential.

Policy is great, but more focus needs to be placed on individual beliefs and actions.

Voices of Canadian employees

“While senior leaders promote D&I, not a lot of employees are genuinely committed to it.”

“Policy is great, but more focus needs to be placed on individual beliefs and actions.”

X-axis: There are obstacles to [group] D&I in my company (% who do not agree)
Y-axis: The day-to-day experience of diverse employees is free of bias (% who agree)
To understand what policies and programs are most impactful, we asked employees to select programs they view as effective from a list of 31 different common D&I interventions. The results show that diverse employees value many of the same programs. In fact, most diverse employees included the same 9 programs, such as anti-discrimination policies and visible role models, in their top-10 ranking.

Designing programs that consider what employees value allows companies to increase program ROI and deliver meaningful impact at scale. However, expanding reach shouldn’t be confused with taking a popular program and rolling it out uniformly. Instead, success comes from developing the core capability, then tailoring when and how it is deployed.

While programs most employees value are important, companies also need to keep specific needs in mind. Some initiatives may affect a narrower percentage of the employee base, but the impact on that group may be so significant that it more than justifies the investment.

For example, women are the only diversity group to rank childcare in their top 10. Providing access to affordable, high-quality childcare could allow a company to better attract and retain strong female talent.

LGBTQ2 respondents are the only group to rank public commitment by the CEO and participation in external rankings and events in their top 10. Unlike other diverse groups, members of the LGBTQ2 community are self-identified in the workplace. As a result, public senior commitment is especially important to creating an open and welcoming environment and critical to recruitment and retention efforts.

People of Colour and Indigenous respondents have historically not been a part of corporate Canada’s traditional recruiting pools and have faced implicit and explicit bias in resume screening and interviews. For both groups, diverse recruiting policies are an essential building block to a more diverse workforce.
Three calls to action for corporate Canada

1. Cascade leadership commitment throughout all management levels

2. Make allyship a part of company culture

3. Commit to and execute an employee-centric program

Case Study
Creating an inclusive environment for BMO employees, clients and community

Inclusion and diversity (I&D) is a core value and longstanding priority at Bank of Montreal (BMO), one of the largest banks in Canada. BMO has championed I&D for over 25 years starting with a series of task force reports on diverse segments in 1991, and appointment of a Chief D&I officer shortly thereafter. Today, BMO’s strategy is centered on fostering a culture of I&D for all employees, clients and within the community.

The CEO and most senior leaders are visible and vocal advocates actively engaged for I&D and for 15 years, BMO has had a CEO appointed Executive Diversity Champion. The BMO Leadership Council is comprised of 25 senior executives and sets the tone that I&D is a company-wide priority. The council meets quarterly to assess progress toward the bank’s I&D goals. BMO also conducts surveys, sentiment analysis and includes I&D in the score cards of all business leaders to ensure accountability. I&D is a central element in BMO’s leadership development programs beginning with first-time managers all the way up to senior executives.

BMO wants employees to not only be comfortable with difference but to react to it in a way that creates a sense of belonging and embraces the opportunities it brings for innovation and enhanced performance. A powerful example of this is the Gender Pronoun Initiative. It began as a result of a BMO teller appropriately asking a transgender customer about pronoun preference and now is delivered across the branch network and specifically focuses on gender sensitivity and inclusive language. The bank has also launched multiple workforce development programs for all 46,000 employees to raise awareness of how bias effects everyday decision-making.

Over 15% of employees belong to one of fourteen employee resource groups (ERGs). Every ERG’s strategy is focused on professional development, fostering a culture of inclusion and market engagement. Each is sponsored by a senior leader, has a clear governance framework and provides input for key internal initiatives. BMO’s ERG members are more likely to be engaged and remain and advance at BMO than employees who do not participate. Moreover, BMO believes employees are looking to connect to things that match their personal purpose. Their ERGs are a key platform for this.

“The authenticity of how we show-up for employees and our customer base is what makes our I&D commitment come to life and creates an activated and engaged workforce.”

— Mona Malone, Chief Human Resources Officer, BMO
Inclusion is easy with a homogenous group of people. We need to work at making inclusive behaviors second-nature so diverse colleagues feel they are equally valued, are able to fully contribute, and, in turn, unlock their professional possibilities.”

Karen Sihra
Director, Inclusion and Diversity at CPPIB

Cascade leadership commitment throughout all management levels

Committed engagement from senior leadership is a necessary, but not a sufficient condition for success. For workplace culture to evolve, tone at the top must be matched by visible and sustained engagement at every managerial level.

Senior leadership must regularly and consistently communicate the importance of D&I to all people managers not just raise the issue on occasion. Leadership development programs should have a D&I component built-in. Moreover, companies need to raise managers’ awareness of the central role they play in creating an inclusive work environment. Companies should also be explicit about the language and behaviors that promote inclusion as these may not be second-nature for many managers. To ensure accountability, D&I goals should be incorporated into performance measurement.

Ensuring the active involvement of managers and cascading shared ownership of desired goals can help companies advance D&I and ensure change sticks.

Case Study
Building an inclusive workplace at all levels of leadership at CPPIB

Canada Pension Plan Investment Board (CPPIB) is one of the world’s ten largest retirement funds responsible for investing the CPP Fund on behalf of 20 million Canadians.

The Fund has embedded D&I into the organization’s long-term goals, with a focus on improving gender diversity and creating an inclusive environment for all colleagues, regardless of gender identity, sexual orientation, racial or ethnic identity, and disability status.

To foster a more diverse workforce, CPPIB conducted an opportunities-and-needs analysis, working with leaders to determine realistic goals and action plans. CPPIB also linked diversity goals to executive feedback and compensation, steps that proved successful in increasing the number of women in the organization.

The Fund recently conducted a listening tour to build a definition of inclusion that works for all CPPIB colleagues and followed this up with an employee pulse survey. The central D&I team then shared those insights with the firm’s leadership.

The quantified qualitative data was useful in gaining manager engagement in diagnosing and addressing issues in those units where the survey identified below-average performance.

For example, the survey found that the concept of inclusion is an evolving component of CPPIB’s culture. To build-up inclusion as a capability, the Fund rolled out a formal training program for people managers on how to better manage inclusivity. The Fund also launched an inclusive interaction program where junior and senior employees were paired-up to practice the inclusive behaviors they were learning about in trainings.

“Inclusion is easy with a homogenous group of people” says Karen Sihra, Director, Inclusion and Diversity at CPPIB. “We need to work at making inclusive behaviors second-nature so diverse colleagues feel they are equally valued, are able to fully contribute, and, in turn, unlock their professional possibilities.”

Given how intense the battle for talent is in financial services, CPPIB’s progress on D&I issues is central to the Fund’s aim to become the employer of choice for diverse talent.
Make allyship a part of company culture

Allies in the workplace create an atmosphere of trust and support that allows individuals and groups to do their best work.

Allyship is the active embodiment of a company’s D&I culture. It takes the precepts espoused at the leadership and managerial level and folds them into everyday actions. In companies where a culture of allyship is widespread, employees feel valued and included—attitudes that promote productivity and satisfaction and aid recruiting and retention.

Fostering allyship requires building individual and collective responsibility for upholding D&I values and challenging behaviors and actions that run counter to them.

For allyship to be effective, engagement needs to be tied to a clear understanding of the workplace obstacles that diverse groups face. Deriving that understanding takes research to understand key issues and obstacles and training to help employees understand how they can be effective allies to their colleagues.

Case Study: Driving diversity and inclusion across the entire organization

Suncor is a leader in the energy industry and one of Canada’s top ten companies by market capitalization, with over 12,000 employees across its oil sands, retailing and renewable energy businesses. The company has a long-standing commitment to sustainability and responsible resource development, including innovative moves such as its East Tank Farm partnership with the Fort McKay First Nation and Mikisew Cree First Nation.

D&I is a major priority for Suncor, starting at the top. CEO Mark Little and the leadership team describe Suncor’s aspiration in its purpose: “To provide trusted energy that enhances people’s lives, while caring for each other and the earth.” According to Arlene Strom, chair of Suncor’s I&D Council, creating an inclusive workplace is central to this vision.

She emphasizes the need to put inclusion first, since thinking differently about how to create a welcoming and inclusive workplace is critical to attracting and supporting diverse colleagues. To make this happen, Suncor and its I&D Council of senior leaders have developed a truly programmatic approach to improving I&D outcomes. Their program has 5 core pillars covering awareness and skill development, processes and policies, leadership enablement and alignment, employee involvement (including networks), and community and industry. Each pillar has multiple initiatives, many of which address structural barriers to inclusion. For example, education offerings include unconscious bias training as well as indigenous awareness training, which is available to both staff and the public.

Suncor’s employee networks are particularly innovative. Journeys, as the indigenous employee network is known, has over 600 members – about 5% of the workforce. Suncor leverages this and other employee inclusion networks to engage staff in two-way dialogue. The networks gather input that feeds directly to I&D Council leaders, who have direct decision rights over key policies.

A major focus has been indigenous inclusion. Journeys has been built into the firm’s employee network governance, and has enabled indigenous staff to engage at work in new ways. On Orange Shirt day, for example, employees told powerfully moving stories about their families’ experiences with the Residential Schools system. Suncor has also developed indigenous business partnerships, recruited increasing numbers of indigenous youth in its summer jobs program and set up an Indigenous Youth Advisory Council.

Ms. Strom emphasized that, while Suncor has made significant progress, “there is still lots of work to do.” Suncor views I&D as a strategic imperative and hopes that, in future years, even more progress will have been made towards a “workplace where everyone can bring their full selves to work.”
Define an explicit and robust employee-centric program

Companies should take the same approach to their D&I programs as they take to other strategic priorities: design thoughtfully, execute well and measure progress.

In balancing scale with the specialized needs of different diverse groups, companies should anchor programs on these four cross-cutting themes.

1. **Embrace foundational programs** like D&I training, employee surveys, and anti-discrimination policies. These basics are valued by all diversity groups.

2. **Lead visibly backed by action.** The creation of a specific diversity strategy and diversity leadership team, and being explicit about the company’s ambitions and actions are ways to back commitment with action.

3. **Establish inclusive work-life and family-focused programs.** Ensure flex programs, parental and family leave, and other programs are welcoming and inclusive to all diversity groups. Consider especially the needs of non-traditional families, for example, by offering appropriate healthcare coverage for all and parental leave for adoption.

4. **Double-down on open and expansive recruiting policies.** Examine hiring criteria that may unwittingly exclude diverse applicants, ensure interview panels are diverse and consider outreach to non-traditional talent pools.

Our single biggest realization is how progress on diversity is linked to cultural change. If you don’t create the right culture, you won’t get the diversity you need.”

David Pathe
President & CEO, Sherritt

Case Study

**Improving gender diversity at Sherritt through a sustained focus on recruiting**

Sherritt is a major global producer of nickel, with operations in Canada, Cuba and Madagascar. As is typical in the mining industry, the company’s employee base is predominantly male. In 2017, CEO David Pathe initiated efforts to address this imbalance. In addition to being “the right thing to do,” David said Sherritt hopes to differentiate itself in the competition for talent and get “the best people in the right roles.”

Hiring and retention data revealed that while Sherritt hired more women on average than it’s current baseline, women also left the company at higher rates. To improve gender balance, Sherritt’s C-suite launched several interventions. These included reviewing position descriptions for role requirements that were believed to be disadvantaging female applicants. For example, certain operations leadership roles required candidates to have 20 years experience at a mine site, something that screened out many women in an industry that had very low female participation two decades ago. Other changes included mandating that a female candidate be included in all final hiring pools.

Sherritt’s diversity initiatives also required significant changes to long-standing behaviours and practices, a task that Pathe noted was crucial to success, but also among the most challenging to complete, given the mining industry’s strong, male-dominated culture. He makes a point of including updates on gender diversity in all employee town hall meetings where he puts the issue on a par with other top business priorities such as operational performance and safety.

Respectful Workplace Training has been a focus this year where expected behaviours are being reinforced.

Sherritt is now launching a five-year D&I framework to reinforce and sustain progress on gender diversity, and is an active member of Canada’s 30% Club whose members have set a goal of 30% of board seats and C-suite positions to be held by women by 2022.

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About BCG’s Centre for Canada’s Future

BCG established the Centre for Canada’s Future in 2017 to contribute to the national dialogue, and spark action on key economic issues. The Centre’s mission is to be a catalyst for moving Canada forward, leveraging BCG’s capabilities in collaboration with Canadian leaders from across the private and public sectors.

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More on this topic from BCG:

BCG has invested significantly in its own internal D&I efforts for over 20 years, particularly in creating and evolving employee-centric programs. These include sponsorship programs, employee affiliation and resource groups, and a sustained effort to improve recruitment, retention and advancement at all levels of the organization.

Read more about BCG’s research and experience on this topic here, including the recent global study “Fixing the Flawed Approach to Diversity” in which 16,500 people worldwide were surveyed on gender, racial, ethnic and sexual orientation diversity.

Methodology

We surveyed 5082 Canadians who work for companies with over 1,000 employees. All respondents have a bachelors degree or higher except Indigenous respondents who have a high school degree or higher. We asked questions about discrimination, obstacles, and the prevalence and effectiveness of D&I initiatives. The data was analyzed for several groups based on gender, sexuality, ethnicity, age, disability and language. We then tested our analysis with interviews with senior executives, senior HR professionals and D&I program coordinators at major Canadian companies. The global data is from BCG’s “Fixing the Flawed Approach to Diversity.”

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