

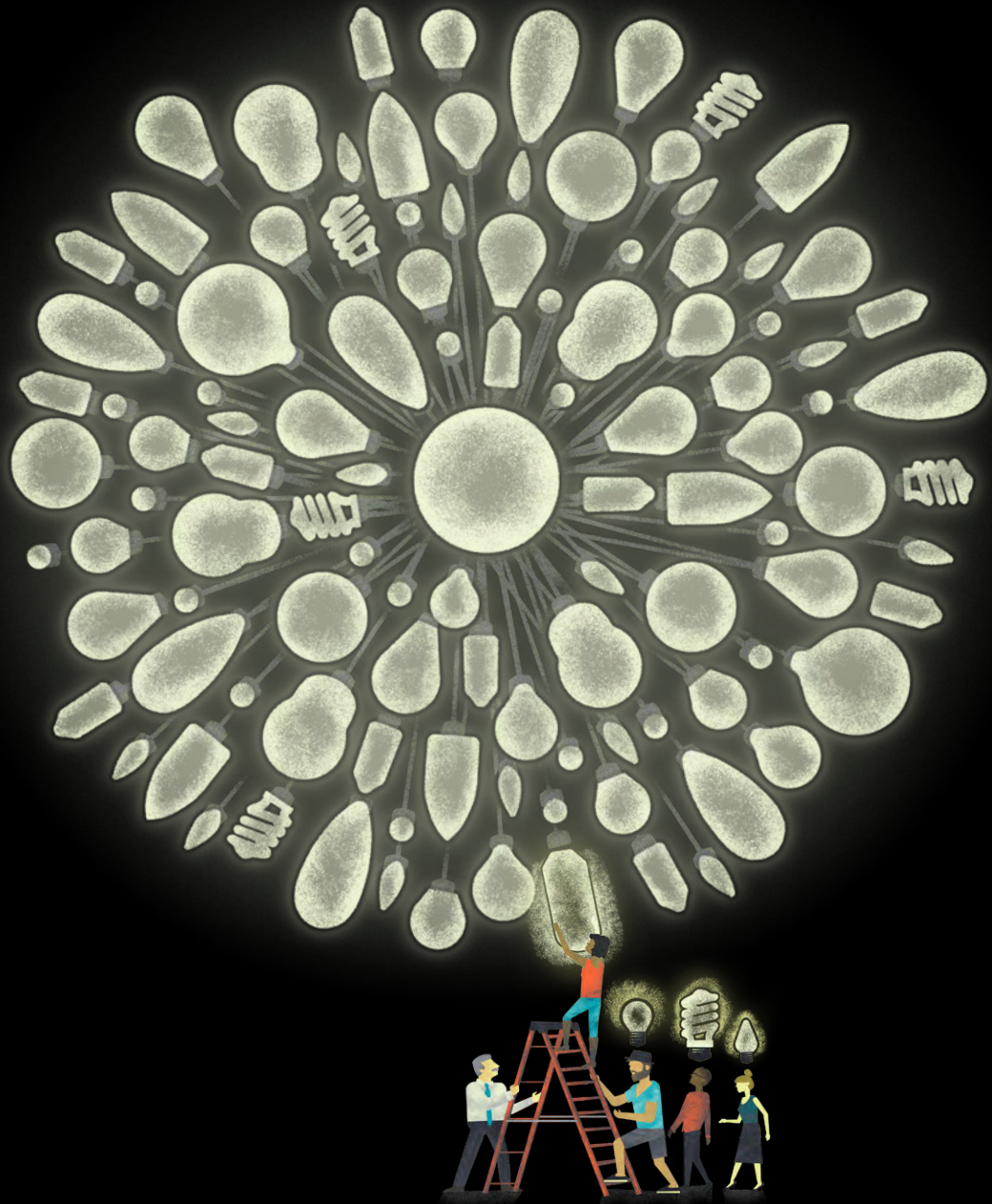


**Outcomes over optics**  
Building inclusive organizations



Inclusion is the key to unlocking the potential of our businesses and our people. It's time to capitalize on our differences and build a more prosperous Canada for all.

This is Canada's moment.



# Executive summary

This report presents a simple fact, supported by years of Deloitte research: businesses that focus on maximizing the potential of each of their employees win in the market. From superior financial performance to improved talent retention and a greater capacity for innovation, when a firm brings together people with different backgrounds, skillsets, and mindsets, they achieve more.

For the past several years, Deloitte has explored many facets of one core issue: that Canada's future success and prosperity depend on the success of businesses of all shapes and sizes. There are issues that drive business performance, like productivity. There are issues that are at the core of a firm's culture, like courage. And then there are a small number of issues that are truly about both performance and culture. Inclusion is such an issue.

## **It's time for outcomes, not optics:**

"I've had the pleasure of presenting to the senior management of one of the world's largest investment funds. They said they have seen so many efforts that are pink washing or gray washing or whatever colour you want to pick and they were frustrated. They want to see their companies do something real, that also maximizes shareholder value."

*- Rich Donovan, CEO,  
The Return on Disability Group*

This report will prove that Canada's great diversity is both a competitive advantage and a difference-maker for businesses. It's the latest paper from *Canada at 175*, Deloitte's multiyear research initiative to study the issues at the heart of Canada's future success and provide a perspective on our path to a more economically inclusive and prosperous society. At Deloitte, we believe Canada can, over the next 25 years, cement its position as the best place in the world to live and work. To achieve this, we must adopt an unrelenting commitment to developing courageous business leaders who will drive future economic growth in a way that is inclusive of all Canadians.

This report builds on our foundational 2016 work on courage, *The future belongs to the bold*. Here, we will explore in depth one of the core components of courage: uniting to include. Through our research, which included candid conversations with more than 25 senior Canadian executives and experts in the field, we found that business leaders care deeply about inclusion. We also heard that Canada's diversity is a competitive advantage, both for businesses and for the country more broadly. Canada's brand as a diverse and open country was regularly mentioned with pride and optimism.

But after more than a year of research, we have found that actions taken by many firms to date in the areas of diversity and inclusion have delivered more optics than outcomes. True organizational transformation has remained elusive. And while companies have worked hard to improve diversity and inclusion, there was a pervasive sense among executives that more needs to be done—now.

#### **Lack of progress on inclusion issues points to an increasingly urgent need for change**

In the global pursuit for talent and markets, Canada is starting from an enviable position as one of the most diverse and open societies in the world. But it has taken time, collective effort, and a willingness to disrupt the status quo to get us here. Looking back at our history, several inflection points were critical in accelerating the pace of change toward a more open and inclusive nation: entrenching the Canadian Charter of Rights and Freedoms in our constitution in 1982, the redress settlement in 1988 to Japanese-Canadians for human rights abuses committed during the Second World War, and the legalization in 2005 of same-sex marriage are just some examples. After these moments, the bar on inclusion was reset at a higher level, to a point where it is now impossible to imagine Canadian society any other way.

At Deloitte, we believe Canada can cement its position as the best place in the world to live and work over the next 25 years.

Becoming a truly inclusive organization requires courage. Organizations must choose to fundamentally change their culture—their way of acting and being.

But after decades of progress, we've been stuck in neutral for years, and our enviable position is at risk of eroding. Today, the Canadian workplace still fails to reflect the richness of the population. The advancement of traditionally under-represented groups in Canadian society, from those with disabilities to Indigenous peoples, has been far too slow—especially in terms of advancement to the most senior levels of organizations.

Business leaders understand the inclusion imperative, but we heard from many that how we get there, as businesses and as a country, is unclear. How do we take diversity and inclusion efforts to the next level? How can businesses move from optics to outcomes, truly achieving their goal of creating more inclusive, and not just diverse, workplaces? How can employees feel more inspired and have a bigger, more positive impact on their organizations? With Deloitte's own experience laid bare as a guide, our work in this report helps us to begin answering these questions.

### **Taking diversity and inclusion to the next level: moving from optics to outcomes**

Becoming a truly inclusive organization requires courage. Organizations must choose to fundamentally change their culture—their way of acting and being. Through this new research and past Deloitte work, we have developed a framework that defines how organizations in Canada can build a culture of inclusion by focusing on their leaders, individual people, and shared purpose. A truly inclusive organization is grounded in an inclusive culture where all employees connect, belong, and grow. And to bring inclusion to life, the organization's people and leaders must unite under a shared purpose that goes beyond economic returns.

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Using our framework for progress and our research, we identified **five concrete actions** that we believe will begin to move Canadian business—and our country—from optics to real outcomes on inclusion:

**1** **Set expectations for specific, inclusive leadership behaviours**

Inclusive organizations have leaders—at all levels—who take responsibility for setting a tone of inclusivity and fostering a sense of belonging. They develop a common understanding throughout their organization of the expected traits of inclusive leadership in order to set expectations for inclusive behaviours.

- **Set the vision** of what success looks like and communicate that inclusion is a top priority for you and your organization.
- **Walk the talk** by living the values of inclusion and diversity at and outside work daily; don't shy away from discussing and confronting unconscious bias and exclusive behaviours, even when those may be undertaken by leaders themselves.
- **Make all leaders accountable** by recognizing inclusive behaviour in the moment and through compensation; use performance reviews as an opportunity to candidly discuss inclusion expectations and challenges, but don't solely rely on them.

**2** **Protect against a diversity backlash**

Inclusive organizations understand that profound change may lead to resistance. They deliberately take action to increase the number of diverse, qualified leaders because they understand that diversity is a necessary precursor to inclusion. They develop their people as individuals and tailor development according to their needs and aspirations, creating an inclusive environment where all of their people can thrive.

- **Avoid tokenism** and its effects by ensuring a larger, more diverse slate of qualified candidates when hiring and promoting; actively ready a pipeline of multiple qualified candidates from under-represented groups for leadership roles by tailoring development to meet their individual needs.
- **Support traditionally under-represented groups** in high-status leadership roles, to help them be comfortable in their roles and more likely to support others.
- **Embrace positive conflict** and dialogue to harness the diverse perspectives of employees; be open to debate and challenge.



3

### Empower the “Inclusion Generation” to prepare for the future of work

Inclusive organizations empower their people by taking advantage of their strengths. They capitalize on the shift in thinking brought by millennials and Gen Z (the generation born after millennials) to shape the future of work for their business, and foster greater diversity and inclusion. They understand that to be competitive in the fourth industrial revolution, they cannot leave any ideas off the table.

- **Achieve a deep understanding of each of your people**, their leadership aspirations, and unique strengths, and provide real, creative support for their life circumstances and backgrounds.
- **Let employees have a voice** in the future of their work; provide them with the flexibility to work how they want.
- **Engage all employees** in a process to rethink what diversity and inclusion mean for your company, your industry, and our country in the face of technological disruption and the future of work.

4

### Don't leave future inclusion issues for future generations to solve

Inclusive organizations take a hard look at the processes and systems they currently have in place to manage and develop their people. They take action to limit practices that have unknowingly perpetuated bias in the past.

- **Hire based on cultural contribution**, not ill-defined cultural fit.
- **Use tech tools** that are readily available today to help remove bias from all stages of your organization's talent recruitment process.
- **Evaluate performance on inclusion dynamically**, not episodically; don't treat inclusion performance like sales targets and profit margins, a single metric that can be measured and rated in an annual performance review.

5

### Own inclusion inside and outside the office

Inclusive leaders take a more public role in championing and creating more open, diverse, and inclusive communities, while also recognizing that in some cases this creates a conflict with personal values or cultural norms. They understand and embrace their moral responsibility to be a driving force for the good of society—not just shareholders. But it's not just leaders who must act; each employee must own and live inclusion.

- **Exercise your voice** to stand up for inclusion on an ongoing basis, not only in reaction to specific events, whether tragic (e.g., Quebec City mosque shooting) or positive (e.g., Pride Month or International Women's Day).
- **Stand up for inclusion** to clients, suppliers, and others in your network when they demonstrate exclusive or biased behaviours; use these moments as opportunities to open up candid conversations about your inclusive values.
- **Share lessons learned** with other leaders and organizations. Don't be afraid to talk about lessons learned—as Deloitte is doing—by speaking candidly about what is working and what isn't. Allow others to learn from you.

### **It's time to make the choice to unite to include**

At Deloitte, we ourselves have struggled with bringing the elements of this framework to life at varying points in our history, and to varying degrees. Progress in diversity and inclusion can be hard-won, frustratingly slow, and fraught with uncomfortable, and even painful, conversations. But Deloitte is prepared to talk openly about our own progress and learnings as a firm, including our disappointments and failures, if it helps more Canadian businesses to improve. We do so because we believe inclusion is vitally important to this country's future.

We know we don't have all the answers. We believe, like many of the executives we interviewed, that much more can and must be done on diversity and inclusion, and that the time is now to move from optics to outcomes. We believe there is a unique opportunity for business leaders and their employees to capitalize on Canada's reputation as an open, multi-cultural society to help build even more prosperous, innovative, and inclusive companies and a better, stronger, and economically inclusive Canada at 175. This paper is intended to spark a national dialogue on moving from optics to outcomes by openly sharing learnings from Canadian businesses, including Deloitte, about how we might individually and collectively accelerate progress in this critical area.

We believe there is a unique opportunity for business leaders and their employees to capitalize on Canada's reputation as an open, multi-cultural society to help build a better, stronger, and economically inclusive Canada at 175.



More than ever, we need the courage to unite to include	10
Uniting to include will unlock the true potential of Canadian business	12
What is an inclusive organization?	15
We focus on including, but struggle to unite	23
Two critical forces will stretch the boundaries of diversity and inclusion	26
Recommendations: How to build inclusive organizations	30
It's time for outcomes, not optics	41
Endnotes	43

**The inclusion imperative:**

“We’re in an increasingly competitive global marketplace. Fielding the best teams means we cannot afford to consciously or otherwise create barriers to Canadians that prevent them from performing at their very best. Canada, with its naturally and increasingly diverse population, has a tremendous advantage economically and societally, if we collectively practice inclusion and make it part of our cultural DNA.”

– *Barbara Mason, Group Head and Chief Human Resources Officer, Scotiabank*

# More than ever, we need the courage to unite to include

Deloitte believes that Canada, over the next 25 years, can become the best place in the world to live and work—if we have the courage to unite to include.

By taking more deliberate action today, we can drive inclusive economic growth that creates opportunity for all Canadians and distributes the benefits of increased prosperity, including those that go beyond income, across society.<sup>1</sup> Businesses have a central role in promoting inclusive growth—not only as job creators, but as investors in the development of people.



For years, business leaders have recognized that a workforce bringing together people of different backgrounds and walks of life gives companies a competitive edge in almost all aspects of business. For this reason and many others, we continue to need more diversity in Canadian companies, particularly at more senior levels. But the time has come to move beyond counting, cataloguing, and comparing differences. Businesses large and small need to shift mindsets from *having differences* (diversity) in their firms and markets to a true *uniting of differences* (inclusion).

But our record—as businesses and as a country—of maximizing our people advantage is insufficient. We need look no further than past Deloitte research. As we have consistently shown over the last several years, Canada has struggled to increase productivity and spark strong, sustained economic growth.<sup>2</sup> This lack of progress is a reflection of the challenges Canadian organizations are facing. For decades many organizations, Deloitte included, have made some strides in increasing diversity. But inclusion has proved much more elusive, both for us and for many businesses large and small across the country.

We need to act now. Canada needs more inclusive organizations that can unleash the full potential of our people and drive inclusive growth. Now, more than ever, we're facing increasing headwinds: fierce global competition, rapidly evolving technology, and a wave of demographic change that will see fewer working-age Canadians in the labour market as the country's population ages. To be competitive, all organizations need to maximize the impact of their people in the workplace.

Building off our foundational work on courage in *The future belongs to the bold*, this report explores one of its core components in depth—the issue of *uniting to include*. For the past several months we have had candid conversations with more than 25 business leaders and experts at the forefront of inclusion. Our conversations focused on a central issue: our misplaced focus on *having* differences and our failure to unite them.

Not surprisingly, the interviews yielded no easy answers, but they did uncover incredible optimism and a desire to get to the next level of inclusion in workplaces across the country. Creating a truly inclusive culture is hard, even for organizations considered to be leading the charge in Canada. But they forge on, because they understand that inclusion is a matter of business survival and, increasingly, an issue of national importance as well.

Building on our work on courage and our interviews, and drawing from some of the emerging thinking from our Deloitte colleagues around the world, this report will offer a new framework for how to take immediate action on building inclusion. We intend to help move the conversation forward from strong talk to bold action. While we would be the first to raise our hand as a firm that needs to do more, our hope is that by offering our stories and some ideas for solutions, we can help other businesses make real and lasting change.

The good news is that inclusion—inclusion that moves beyond optics—is within reach for companies that are prepared to start the journey and take courageous action. It's time for Canadian organizations to be bold and rethink their approach to inclusion. It's time to move beyond colourful window dressing and pursue real outcomes for all our people.

**Diversity and inclusion  
matter to customers  
(and therefore to the bottom line):**

“There is a clear link between diversity within our own organization and our ability to better understand our customers.”

– Donald Guloien,  
former President and CEO, Manulife

# Uniting to include will unlock the true potential of Canadian business

Deloitte research conducted in 2016 was the first time in Canada that the important link between a firm's level of courage and its overall performance in the market had been established.<sup>3</sup>

Based on a survey of more than 1,200 business leaders, we found courageous organizations consistently outperformed those that lacked courage. That was the good news. However, we also found Canada is in dire need of more truly courageous businesses: only 11 percent of Canadian companies could be considered courageous. Deloitte is not among them.

When we dug deeper into that research, we found inclusion is critical to building more courageous organizations and closing this courage gap. In fact, strength in inclusion often separated courageous companies from those that didn't quite make the cut: only 18 percent of companies on the cusp of courage performed well in this area.<sup>4</sup> Clearly, inclusion matters.

Our research also found highly inclusive companies can drive economic growth in the following ways:



### Prepared to weather the storm

91 percent of highly inclusive firms believe their organization has what it takes to persevere in the face of adversity, but only 40 percent of less inclusive firms can say the same.



### Delivering financial performance

Highly inclusive firms were more likely to report revenue growth over the past year as compared to less inclusive firms. They were most likely to report their earnings increased a great deal (19 percent vs. 6 percent). Less inclusive firms were more likely than their peers to report revenue decreases.



### Bringing more Canada to the world

High-inclusion organizations are more likely than less inclusive ones to focus on national or international markets, as opposed to local and regional markets. Diverse, inclusive organizations are better equipped to compete on an international playing field, as they are more open and adaptable to diverse ways of doing business.



### Growing and thriving

Highly inclusive organizations are more likely to be growing—and growing faster than their peers. 41 percent of them reported employment growth, compared to 26 percent of less inclusive firms. High-inclusion firms were more likely to report employment increased a great deal, while those that failed to include diverse perspectives and use the strengths of their people were more likely to report flat or falling employment.



### Challenging the status quo

Highly inclusive firms are more likely to value entrepreneurialism and employees who challenge convention and organizational wisdom. 49 percent of highly inclusive firms plan to increase their spending on R&D in the next five years, compared to only 22 percent of less inclusive firms. This attitude is yielding results: two-thirds of highly inclusive firms report that over 15 percent of their products and services have been introduced in the past five years.

Let's be clear: there is a storm brewing on the horizon of Canada's economic future, characterized by increasingly intense global competition and technological disruption. At the same time, shifting demographics are leading to an aging, shrinking workforce in Canada. Today, countries are already jockeying to attract the most productive and innovative companies and the best and brightest talent. To win and to lead in the future, businesses must attract, engage, and retain workers from diverse backgrounds. Inclusion provides a critical competitive edge for doing so.







# What is an inclusive organization?

## **Diversity is being invited to the party; inclusion is being asked to dance**

The terms diversity and inclusion are often used interchangeably. They commonly appear together in media, in conversations, and especially in the titles of programs, initiatives, and roles in many Canadian organizations, including those interviewed for this report. However, research, including our own, clearly shows there is an important distinction between the two. Diversity expert Verna Meyers articulates the difference succinctly: “Diversity is being invited to the party. Inclusion is being asked to dance.”<sup>5</sup>

Deloitte defines diversity as the variety of people and ideas within an organization.<sup>6</sup> Easily identifiable physical attributes or traits often feature prominently in discussions of diversity, such as age, gender and gender identity, race and ethnicity. However, less visible, or even invisible, traits may also comprise an individual's diversity. These can include educational or professional background, income, and life experiences.

Inclusion, on the other hand, is about creating an environment in which all individuals feel valued and connected, regardless of their differences. An inclusive environment is one where individuals feel comfortable bringing their authentic and full selves—their ideas, backgrounds, perspectives—to work.<sup>7</sup>

## **The image of an organization where everyone is asked to dance**

The difference between diversity and inclusion means that a diverse organization is not necessarily an inclusive one. Diversity is a fact. It involves counting the differences between employees. Inclusion is a deliberate choice an organization makes to instill a culture that unites people, regardless of their background, across its workforce.<sup>8</sup> Diversity is a means to achieving inclusion, but diversity alone is not enough.

**Exhibit 1: An inclusive culture lies at the heart of an inclusive organization**



Source: Deloitte US.

While an inclusive culture is at the core of an inclusive organization, it is leaders and employees united under a shared purpose who bring that inclusive culture to life, not leaders acting on their own.

As part of its own inclusion journey, Deloitte US developed the basis for a framework that begins to articulate what it might take to foster an inclusive culture throughout its organization (Exhibit 1).<sup>9</sup> In its view, one with which Deloitte Canada also identifies, the tenets of an inclusive culture rest on three core elements—connect, belong, and grow—where all people:

- **Connect** to the organization's values and impact and see themselves succeeding there, with meaningful relationships and a strong sense of connection.
- Feel like they **belong** at the organization—in their practices, in their offices, on their engagement teams, and in leadership roles.
- Have opportunities and support to develop strengths, **grow** with purpose, and own their careers.

While starting from this framework is powerful in its own right, it is further elevated when considered through the lens of our work on courage—specifically, by focusing on what it takes to unite to include.<sup>10</sup> The two combined provide a powerful roadmap as to how the most courageous organizations in Canada can build a culture of inclusion: by focusing on their leaders, people, and shared purpose.<sup>11</sup>

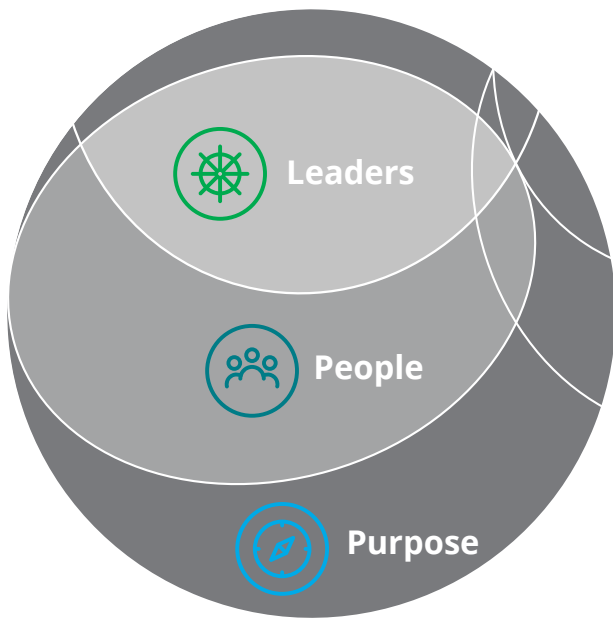
Deloitte Canada's framework for developing an organization that is truly inclusive is anchored in:

- **Leaders** who drive a sense of belonging throughout their organization by being authentic, taking courageous action, and engendering a culture of trust that inspires followers.
- **People** who are actively engaged in the values, vision, and mission of the organization, and feel pride in their unique differences.
- A **shared purpose** and long-term vision, beyond a commercial return and economic growth, which motivates performance.

Bringing these two frameworks together provides powerful insight into the culture and leadership that are the foundations of an inclusive organization (Exhibit 2). While an inclusive culture is at the core of an inclusive organization, it is leaders and employees united under a shared purpose who bring that inclusive culture to life, not leaders acting on their own.

This new framework for understanding the elements of an inclusive organization is needed because, as our research will show, we have not succeeded in moving the needle on diversity and inclusion in a significant way for at least the last 20 years. And we need more inclusive organizations starting today.

**Exhibit 2: Leaders and employees united under a shared purpose bring an inclusive culture to life**



**Source:** Deloitte analysis based on Deloitte US, Deloitte Canada, and Bennis (2007)<sup>12</sup>.

Courageous business leaders are guided by their passion and are more likely to be perceived as authentic.

**Leadership is synonymous with diversity and inclusion:**

“To create more inclusive leaders, you need to say that we value inclusion as an organization and make it be known that you won’t be promoted unless you demonstrate it. Sure, you may still be an employee—but you can’t be leading large teams of people, or be the president, if you don’t share our values.”

– Pierre Dubreuil,  
Executive Vice President, Financing,  
Business Development Bank of Canada

**Inclusive leaders drive a culture of belonging**

In our interviews, we spoke with executives and experts about the role of leaders in building and promoting inclusion. Each and every one agreed that creating an inclusive organization starts at the top. In fact, inclusive leadership is fast becoming one of the most vital capabilities for leading effectively.<sup>13</sup> As one senior executive interviewed said, “Just as it’s mandatory to understand the regulatory environment in our business, if you want to run this institution one day, you must be an inclusion champion. This is about much more than walking in a parade or showing up at a discussion on women in leadership. Inclusion must be part of your core values in order to even have a seat at the table here.”

Courage, leadership, and inclusion are intrinsically connected. Inclusive leaders are courageous leaders—an important link we confirmed through our research on courage in business last year. We found that courageous business leaders are guided by their passion and are more likely to be perceived as authentic. They refuse to put off important but challenging decisions because they understand that individual action can set a powerful example. Courageous leaders are more likely to take personal accountability for the organization’s failures—and share the credit for its successes.<sup>14</sup>

In fact, past work by Deloitte also identified courage as one of the most important traits of highly inclusive leaders, alongside commitment, awareness of bias, curiosity, cultural intelligence, and collaboration.<sup>15</sup> Although six distinct traits, they are grounded in the type of mindset and behaviours that breed an inclusive organizational culture. Inclusive leaders prioritize inclusion because they see it as a business imperative. They engage with their people and community in an authentic way. They are profoundly aware of their own strengths and weaknesses, and are consistently trying to identify their blind spots.



### Inclusive organizations grow all of their people

Inclusive organizations unite to include *all* of their people, not only those belonging to traditionally under-represented groups. They embrace the notion that every person in their organization counts.

As awareness around diversity and inclusion grows, both have become more important for companies' talent acquisition and employment brand. Companies today are expected to operate in an environment of high transparency and accountability.<sup>16</sup> For younger workers, inclusion is not just about assembling diverse teams, but also about connecting team members so that everyone is heard and respected.<sup>17</sup> Deloitte research comparing high-performing teams against lower-performing ones supports the view that people must feel included in order to speak up and fully contribute.<sup>18</sup>

It's not surprising, then, that many of the organizations at the forefront of inclusion that we interviewed described their inclusion strategy and their talent strategy as one and the same. Inclusive organizations understand all of their people are unique and have something distinct to contribute, and they focus on developing the maximum potential of each and every individual. This often requires tailoring talent development to meet individual needs. By making their inclusion strategy about talent development, these organizations are better positioned to avoid alienating traditional power groups—white, heterosexual men in many cases—and otherwise causing an unintended 'diversity backlash'.

Sometimes such a backlash can arise from under-represented groups themselves. For example, a US study on sponsorship and professionals from visible minorities found that although they feel obligated to sponsor employees of the same ethnicity as themselves, they rarely do so for fear of being perceived as giving "special treatment" or out of concern that a protégé's poor performance will reflect badly on them.<sup>19</sup> Similar research has found that women in high-powered positions are less likely to help other women achieve the same success.<sup>20</sup>

For fear they will be upstaged by another high performer or that a poor performer reflects badly on all women, these so-called 'queen bees' are much tougher on other women than men.

Inclusive organizations are diverse organizations because they understand that inclusion without diversity is hollow. While supporting the growth and development of all of their people, inclusive organizations take deliberate steps to include more individuals of diverse backgrounds, particularly in leadership—an area where, as we will show later in this report, more progress is sorely needed in Canada. (See *The stark reality of failing to include diverse individuals is in the numbers.*)

Inclusive organizations also understand that diversity goes beyond visible traits. One business owner described a dynamic in her organization where immigrants from an ethno-cultural group did not feel as included as those from the same group who were born in Canada, even when their linguistic abilities in English were similar or they were in similar roles. Our interviews also revealed that challenges can exist in different business units or teams regarding cognitive diversity, particularly as a company's business shifts to new markets. One executive talked about persistent tensions between marketing teams, one of which supported a large and growing line of 'ethnic' food products while another team supported less 'sexy' household basics like laundry soap. While both teams were highly diverse, their real challenge was about the inclusion (and adoption) of their respective marketing ideas for their respective product sets, not demographic traits or socio-cultural identities.

## The stark reality of failing to include diverse individuals is in the numbers

Many Canadians continue to experience labour force outcomes that are far below others, and the gaps show no sign of closing. Indigenous peoples, those with disabilities, new immigrants, visible minorities, members of the LGBTQA community, and women face important challenges.

### Indigenous peoples

**10%** lower for **10** years

For Indigenous peoples, the workforce participation rate is approximately **10 percent below** that of non-Indigenous peoples, and has been at that level for the past 10 years.<sup>21</sup>

### People with disabilities



Under **48%** VS. **74%**

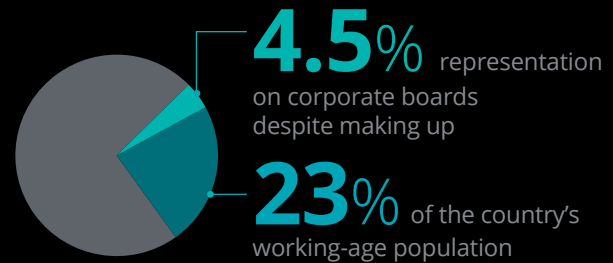
People with disabilities in Canada also face lower workforce participation rates than people without: just under **48 percent** reported they are employed, compared to nearly **74 percent** of Canadians without disabilities.<sup>22</sup> Of those who have jobs, many are not comfortable disclosing information about their disability: **27 percent** indicated their employer isn't aware of their work limitation.<sup>23</sup>

### New immigrants

♀ **63%** VS. 🍁 **67%**

Recent immigrants struggle with similar challenges: their labour force participation rate is **63 percent**, compared to **67 percent** for those born in Canada.<sup>24</sup> The Ontario Human Rights Commission has identified that discrimination, along with factors such as language barriers and lack of recognition for many credentials earned outside Canada, contributes to this gap.<sup>25</sup>

### Visible minorities



People belonging to a visible minority group in Canada receive **18.5 percent less** in pay than their non-minority counterparts.<sup>26</sup> Visible minority representation on corporate boards is also low: in a 2016 report, self-identified visible minorities held about **4.5 percent** of director positions in the Financial Post 500 (the top 500 companies in Canada by revenue), despite making up **23 percent** of the country's working-age population.<sup>27</sup>

### LGBTQA community

**62%**

**1/3**

62 percent of LGBT+ workers report witnessing or experiencing discrimination, with almost one-third of those reporting that it happens at least a few times a month.<sup>28</sup>

### Women

In 2017 ♀ still only occupy **35%** of managerial positions

It's 2017, but women in Canada still only occupy **35 percent** of managerial positions.<sup>29</sup> They hold only **23 percent** of jobs in the natural and applied sciences and bear a larger share of child care and domestic housework responsibilities, performing **66 percent** of unpaid work in the home.<sup>30</sup>

**Inclusive organizations connect with a shared purpose**

Diversity and inclusion matter for moral reasons. Issues such as pay inequity, discrimination, and unconscious bias in the workplace are real. However, our conversations with executives revealed that diversity and inclusion are not just about doing the right thing, but also about being seen to do the right thing—often at the highest levels of an organization. This is not about optics so much as modelling the behaviour they're trying to cultivate.

Truly inclusive organizations are driven by leaders who understand the broader role and responsibility they have in building an inclusive Canada, and work to build the future they wish to see. They stand up for what's right, demonstrating positive action and uniting others to follow their lead. It was nearly universally acknowledged in our interviews that there is an increasing moral obligation for organizations, especially chief executives, to publicly demonstrate their commitment to inclusion. This was true in companies of all sizes, including both public and private organizations.

As Howard Schultz, the chairman of Starbucks, once said: "Not every business decision is an economic one."<sup>31</sup> While Canada has a very different political climate than the United States, the executives we spoke with in this country see inclusion as an issue of national importance, tied to the future prosperity and unity of our country. They called for the Canadian business community to take an increasingly public role in championing and creating more open, diverse, and inclusive companies and communities.

For example, following the Trump administration's US travel ban, hundreds of Canadian technology sector leaders—including the CEOs of Shopify, OMERS Ventures, and the MaRS Discovery District—signed an open letter that highlighted their belief in the "power of inclusion and diversity of thought."<sup>32</sup> Marshalling the power of their companies and community in service of moral objectives, they publicly expressed their willingness to "stand directly opposed to any and all laws that undermine or attack inclusion" and called on the Canadian government to provide affected individuals with temporary Canadian residency.<sup>33</sup>

**Inclusion is a shared business and moral imperative for leaders:**

"Companies have a role and responsibility in the economic and social development of their communities. As the leader of this company, if I can make this organization more open, inclusive, and diversified, then I can help do the same for the Canadian economy. There is the commercial imperative to what we do, [and] in addition a social objective beyond capital outcomes."

*- Yves Desjardins-Siciliano,  
President and CEO,  
VIA Rail Canada*







# We focus on including, but struggle to unite

A key observation from our research, and the driver behind the development of our new framework, was that while the way we speak and think about diversity and inclusion has evolved dramatically over the years, the way most businesses address the issue has not.

Part of the challenge is that too many organizations continue to conflate diversity and inclusion. They design diversity solutions to address inclusion problems and measure progress on inclusion using diversity metrics. From Deloitte's perspective, this is the core of the problem and it requires immediate solutions.

## **Diversity programs aren't increasing diversity (let alone inclusion)**

Diversity in the workplace started to gain mainstream attention by businesses in the 1960s. It was largely thrust into the spotlight by movements championing equal rights for women and a growing number of under-represented groups. In response, governments enacted new legislation, including the 1960 Canadian Bill of Rights and various provincial human rights codes protecting the rights of all workers.

In this way, the 'diversity industry' was born. Many companies have since adopted well-intentioned but compliance-oriented approaches to diversity. These initiatives, intended to ensure firms are on the correct side of the law, are so commonplace as to be almost second nature. They include programs like diversity training to reduce bias on the job, hiring tests and performance ratings to limit bias in recruitment and promotions, and grievance systems to give employees a way to challenge managers. These are all familiar tools that have been used in corporate Canada for the past 40 years. Their aim is primarily to preempt lawsuits and enact consequences for non-compliance.<sup>34</sup>

**Inclusion is about maximizing the potential of people:**

“At its core, inclusion is a talent strategy. It is all about maximizing the impact of human capital. We need to shift the conversation away from diversity to getting the best talent, then helping them be their best selves. That’s the gateway to innovation. And the key to scaling this is culture.”

–Zabeen Hirji,  
former Chief Human Resources Officer, RBC

In 2016, nearly half of all mid-sized companies in the United States reported having some kind of diversity training in place, as did nearly all the Fortune 500 organizations.<sup>35</sup> However, our learning from extensive interviews is that many of these programs have in fact not improved diversity, let alone encouraged feelings of inclusiveness among employees. Many of the executives we spoke with were concerned their company’s diversity training was not working; others felt their unconscious-bias training was equally ineffective.

Their concerns are supported by research showing that employees often respond to compulsory courses with anger and resistance, resulting in many employees actually reporting more animosity toward under-represented groups after completing the training.<sup>36</sup> We’re not suggesting that diversity training or unconscious-bias training doesn’t work at all, but organizations need to be aware that training—especially mandatory training—can have unintended consequences.

Several of our interviewees also talked about annual performance ratings as an important means of ensuring fair compensation and promotion decisions are made at their companies. More than 90 percent of mid-sized and large organizations in the US use annual performance ratings in some way to ensure managers make decisions based on merit.<sup>37</sup> However, research shows that managers often undervalue non-dominant groups like women and people of colour in their reviews. Furthermore, performance ratings and reviews in most workplaces are usually a static, once-a-year exercise. But diversity and inclusion are ongoing issues. It’s difficult to rate an individual’s performance in this area, because behaviour is dynamic and subjective.

“Dealing with diversity and inclusion in our performance management system puts the issue into the same frame as other performance issues on which I must regularly assess my people, like sales targets and profit margins. And these are much easier things to rate,” remarked one executive we interviewed. “But how can I rate someone once a year on inclusive leadership or whether there has been a reduction in unconscious bias? The reality is that including diversity and inclusion in our performance management system looks good. But does it work?”

**We have failed to move beyond counting differences**

What most companies fail to realize is that these strategies, though well-intentioned, are often described as little more than window dressing.<sup>38</sup> They tinker at the edges of the organization without addressing the deep, underlying cultural sources of exclusion. Canadian businesses must move beyond counting and comparing differences based on demographic traits or socio-cultural identities. Too many companies have a mindset of representation and measure success in numbers: how many employees attended diversity training, how many under-represented groups were hired or promoted this year, how many grievances were received, are the numbers going in the right direction, and so on.<sup>39</sup> They put their people into groups as opposed to focusing on them as individuals with unique aspirations and development needs.

This is not to say that less diversity is needed in Canadian business—in fact the opposite is true, particularly at the most senior levels. What many diversity programs have succeeded in doing is highlighting problems in corporate Canada, even if they have not been particularly effective at actually addressing them. But without inclusion, the crucial connections that attract diverse talent, encourage their participation, foster innovation, and lead to business growth don't happen.

Many of the leaders we spoke with recognize that despite best intentions, past efforts and investments created only the appearance of highly diverse and inclusive organizations. The stress of a major business transformation, merger, or restructuring soon revealed how fragile their progress on inclusion really was. As one executive described it: “We had been working hard on diversity and inclusion on a number of fronts when we recently went through a major transformation that put a lot of stress on the company. During times like that you can realize how thin the veneer of inclusion can be. People were telling us that non-inclusive behaviours were re-emerging. So we learn from that, keep going, and try harder to be inclusive.”

Diversity and inclusion will not be achieved until our approaches aim to change the organization at its core, not just on the surface. Building an inclusive culture is critical. Uniting to include must be embedded deeply into our way of being as individuals, as organizations, and as a nation in order to be resilient in the face of imminent, critical uncertainty and drastic change.

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# Two critical forces will stretch the boundaries of diversity and inclusion

Younger generations, specifically millennials and Gen Z, and rapid technological change are fast shaping the future of work.<sup>40</sup>

These twin forces bring new challenges and add urgency to the need for organizations to take deliberate action today to build the foundational elements of an inclusive culture. It's unclear whether uniting to include will be easier or more challenging in the future, but what is clear is that the need for all people to connect, belong, and grow will only become more profound.

## **The 'Inclusion Generation' won't put up with window dressing**

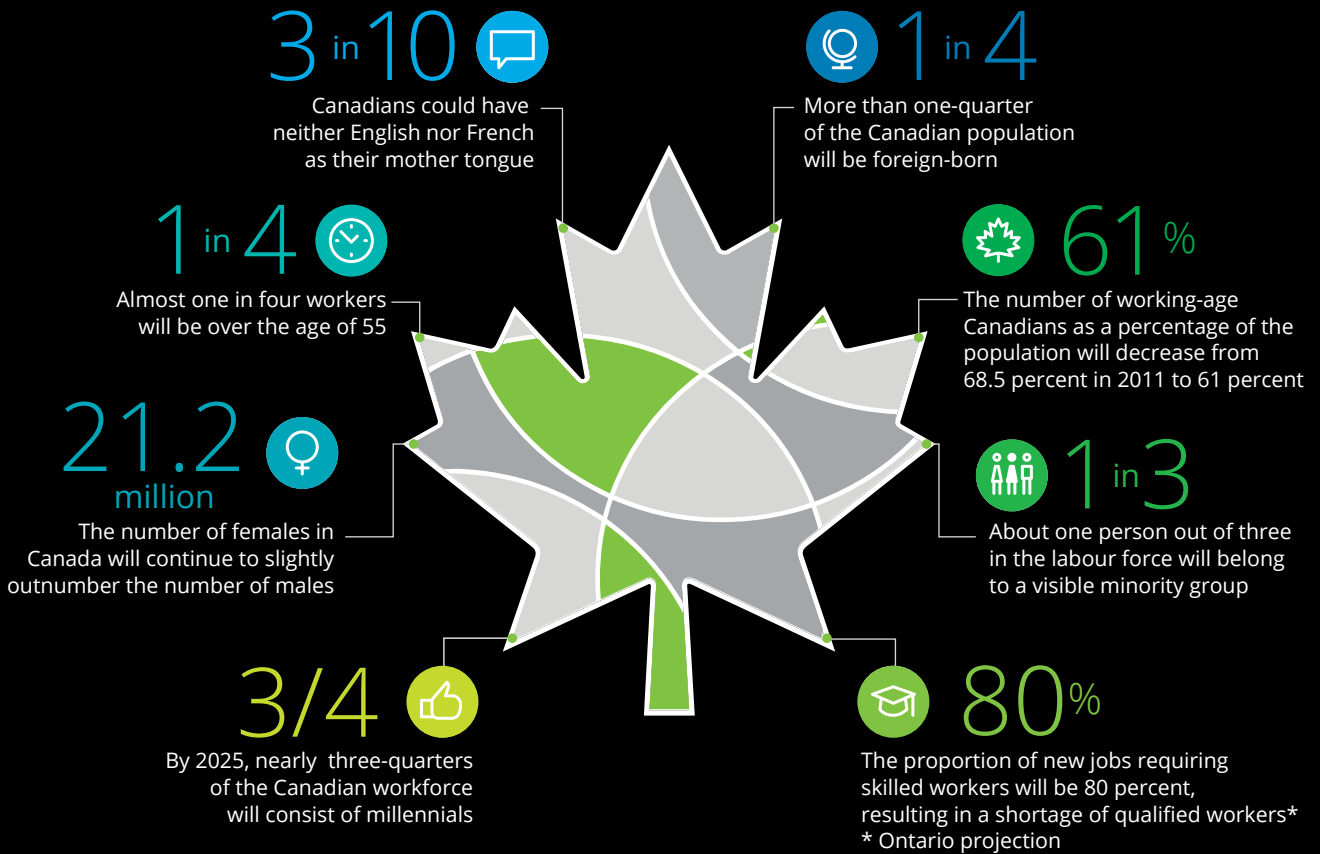
Over the coming decades, Canada's workforce will undergo a demographic sea change, becoming even more diverse than it is today (Exhibit 3). But one of the most important changes will be the generational shift as millennials, which Deloitte calls the Inclusion Generation, become the dominant group in Canada's workforce: at nearly 75 percent by 2025.<sup>41</sup>

Over the coming decades,  
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All generations of Canadians value diversity and inclusion, but younger ones place a much greater emphasis on its importance and look to their employers to create an effective workplace culture. An inclusive culture is now a must-have to attract the best young talent: 47 percent of millennials consider diversity and inclusion an important job-search criteria, compared to 33 percent of Gen X and 37 percent of baby boomers.<sup>42</sup> Younger generations also expect to live their values openly at work, including being open about their identity and expressing themselves freely without reprisal.<sup>43</sup>

With this generational shift, how employers manage issues of equality, fairness, and belonging will escalate in importance, and not just for heads of human resources departments.<sup>44</sup> At a minimum, a growing number of workers, including early-stage career employees like millennials and, increasingly, Gen Z, will want to have a voice in the future of their work. If "promoting a questioning culture" is critical to improving diversity and inclusion, then engaging the thinking and ideas of millennials and Gen Z will be critical.<sup>45</sup>

**Exhibit 3: Demographic projections for Canada in 2031 show a dramatically different labour pool**



Source: Deloitte analysis based on data from Statistics Canada.<sup>46</sup>



### How we work affects how we include:

“What is the workspace of the future? Will we go to an office and come home at a predefined time? Or will you have a totally different way of working? Before we talk about inclusion we need to talk about what the place of work looks like. The changing workspace will change the way we include people.”

– Helle Bank Jorgensen,  
CEO, B.Accountability

Millennials also expect their employers to drive a shared vision that goes beyond profits. Although 76 percent see the potential for business to have a positive social impact by helping to alleviate society's biggest challenges, they also believe companies are not fully realizing that potential.<sup>47</sup> Deloitte's 2017 millennials survey found that businesses with a genuine sense of purpose tend to demonstrate stronger long-term growth, and employees want to tap into this. The survey also found that where workplace opportunities are offered, millennials are significantly more likely to feel they can influence social equality, the environment, the behaviour of big businesses, and even the overall direction of their country.<sup>48</sup>

### Technology may help us better include, but it opens up new challenges to unite

A number of company executives we spoke with commented on the future of work in their industry and the country. These leaders expressed concern with stagnating progress on inclusion and felt it was important to debate how diversity and inclusion may evolve with the future of work. Based on our interviews, a key component of this conversation will be technology and how it will affect the way we interact with our colleagues and leaders.

Today, nearly 25 percent of Canadian employees work remotely at least some of the time—a trend that is expected to increase.<sup>49</sup> The technology that enables remote or virtual work lets employers tap into new and diverse pools of talent across the country and around the world. But without proper support, remote workers may feel isolated or passed over for professional development opportunities.<sup>50</sup>

Similarly, the gig economy affords many Canadians, such as people with mobility challenges or workers with caregiver responsibilities, the flexibility they require to work around their needs. According to Deloitte's latest *Global Human Capital Trends Survey*, 66 percent of companies believe their use of contingent workers, such as freelancers, contractors, and other off-the-books workers, will grow over the next three to five years. How will employers manage issues of equity, fairness, and belonging for contingent as opposed to non-contingent employees?<sup>51</sup>

Finally, with the rise of automation and technological disruption, the issue of how to ensure that all Canadians can benefit and participate in the economy has taken on more urgency.<sup>52</sup> When asked in an Ipsos and IBM survey about the impact of disruptive technologies on individuals, communities, businesses, and governments, respondents proved divided: 49 percent say the continuation of pervasive technological disruption will be positive for Canada, whereas 51 percent think the opposite.<sup>53</sup> In the same survey, 71 percent say the benefit of new technologies will be unevenly distributed, with many people left behind.

These challenges are an important opportunity to rethink both diversity and inclusion. Whatever one's views of technology's impact on society today, traditional notions of diversity as a representation of difference seem sorely out of date in an impending world of drones, domestic robots, the Internet of Things, fintech, smart cities, and autonomous vehicles. Could the changing world of work, and the fourth industrial revolution, provide an opportunity to engage in a different dialogue on diversity and inclusion?

Increased collaboration between businesses, governments, and citizens is needed to better prepare for the future of work to ensure that new technologies cultivate rather than fracture trust and social cohesion. Here, generational differences in how diversity and inclusion is defined in today's workplaces can help. Younger generations believe inclusion is the support for a collaborative environment that values open participation from individuals with different ideas and perspectives as well as the unique factors that contribute to individuals' personalities and behaviours. This is in stark contrast to prior generations, who traditionally consider diversity and inclusion from the perspectives of representation and assimilation.<sup>54</sup> Everything from employability to culture-building to professional development will need to be rethought for the fourth industrial revolution. Organizations can capitalize on the thinking of younger generations to prepare their workplaces for the future of work.

The changing nature of work will force all organizations to reimagine what it means to be diverse and inclusive. The massive generational shift and accelerated rate of technological disruption are important challenges for leaders. But they're also opportunities to deepen our understanding of what it truly means to unite to include—by pushing the very boundaries of inclusion and belonging.

The changing nature of work will force all organizations to reimagine what it means to be diverse and inclusive.

# Recommendations: How to build inclusive organizations

In our 2016 report on Canadian business courage, our research suggested two key steps to overcoming fear and building a more courageous organization: capitalizing on a diversity of voices and perspectives, and nurturing courage throughout the business.<sup>55</sup>

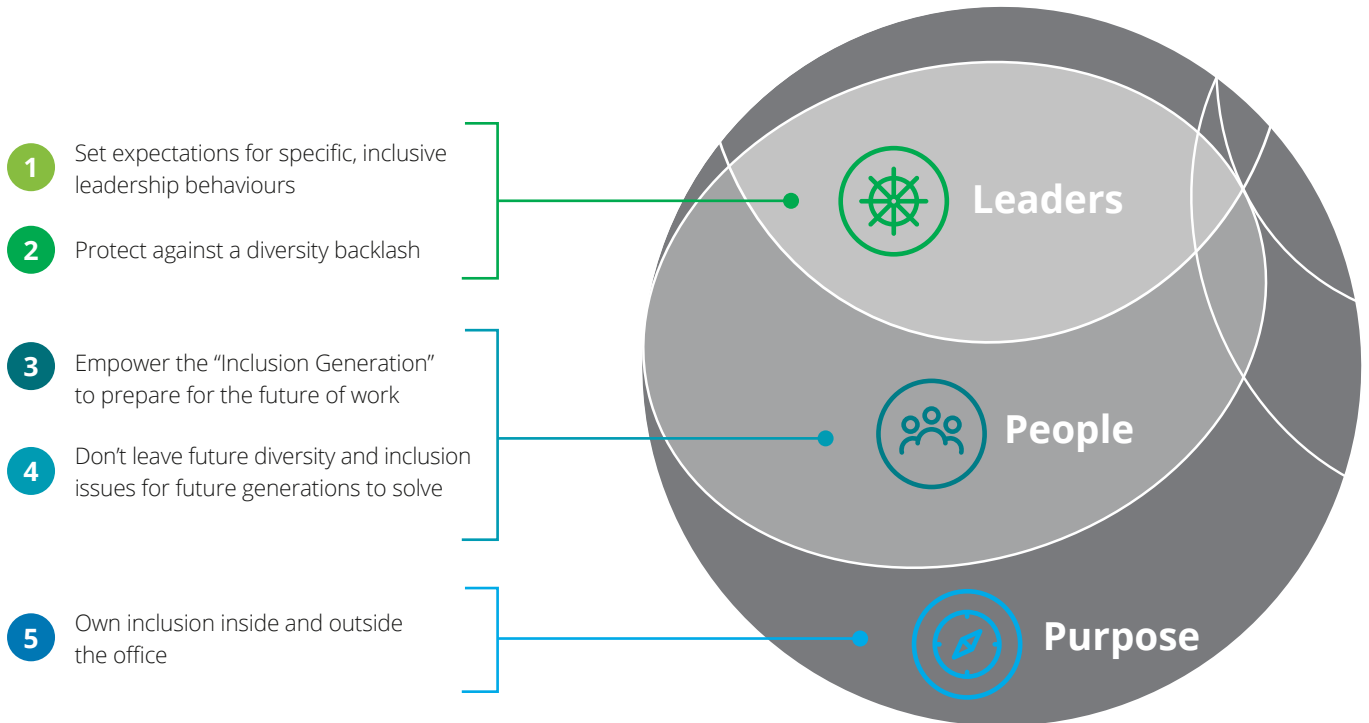
Deloitte believes the most challenging part of our ‘unite to include’ element of courage relates to building environments that allow us to bring people together for cultural change and the benefit of all. Put plainly, uniting people is both the hardest and most crucial element of inclusion.

Businesses and other organizations must rally the courage needed to address issues of diversity and inclusion in a more deliberate and comprehensive way. It’s time for different approaches with more ambitious goals and plans for change. It’s time to choose outcomes over optics. Becoming genuinely inclusive requires courage: organizations must choose to fundamentally change their culture—their way of acting and being. There are no quick fixes or easy solutions. It takes unwavering commitment to a long-term vision.

Luckily, there is a blueprint to building these kinds of firms, and thus the kind of country and prosperity, all Canadians hope for.

In our interviews, we heard a broad range of provocative and inspiring ideas from leaders on how to move forward individually and collectively. Based on our research, Deloitte has developed five concrete actions that will begin to immediately move us from optics to outcomes (Exhibit 4). For each of these actions, we’ve provided an example based on our own experience. Why? Because we, like many of the organizations we sat down with, acknowledge that inclusion is a journey. And we aren’t there yet. But by sharing experiences, Canadian businesses can help each other. Together we can drive progress faster.

**Exhibit 4: Five actions to help move us from optics to outcomes today**



**Source:** Deloitte analysis and adapted from Deloitte US, Deloitte Canada, and Bennis (2007)<sup>56</sup>.

We ourselves have struggled with each of these recommendations at varying points in our history, and to varying degrees. Progress in diversity and inclusion can be hard-won, frustratingly slow, and fraught with uncomfortable, and even painful, conversations. But Deloitte is prepared to talk openly about our own progress and learnings as a firm, including our disappointments and failures, if it helps more businesses to improve. We do so because we believe inclusion is vitally important to Canada’s future.





# 1

## Set expectations for specific, inclusive behaviours for leaders

Develop a common understanding throughout your organization of the expected traits of inclusive leadership in order to set expectations for inclusive behaviours. The behaviours of leaders will ultimately drive more inclusive cultures—where all people feel a sense of belonging—in our companies, and our country. These aspirational goals provide a North Star for leaders at all levels.

- **Set the vision** of what success looks like and communicate that inclusion is a top priority for you and your organization.
- **Walk the talk** by living the values of inclusion and diversity at and outside work daily. Don't shy away from discussing and confronting unconscious bias and exclusive behaviours, even when those may be undertaken by leaders themselves.
- **Make all leaders accountable** by recognizing inclusive behaviour in the moment and through compensation; use performance reviews as an opportunity to discuss inclusion expectations and challenges candidly, but don't solely rely on them.



**Deloitte's approach: Two essential inclusive behaviours for leaders at all levels**

In the Deloitte environment, developing our people's leadership capabilities on an individualized basis and then actively sponsoring them have proven to be two of the most effective behaviours for achieving better outcomes in diversity and inclusion—and better business results.

It was not until we began tailoring the development of leadership capabilities to individual needs that we began to see significant improvement in the diversity of our senior managers and partners (the highest levels in our firm). We believe this is because the map to career success can be murky for traditionally under-represented groups. For example, close to 49 percent of women in our firm step off the career track to take care of children, typically at the stage when they are on the cusp of more senior leadership roles. We also found that elder care is increasingly pulling women off the career track, with over 15 percent leaving the firm to care for aging relatives at some point in their career. In an internal survey conducted in 2016, our people reported having a sense of missing out on the right career opportunities, and many struggled to name a simple solution to open up a blocked career path.

Tailoring the development of an individual's leadership capabilities helps all of our people achieve the right path for their career and their life. Understanding and enabling how each individual wants to grow as a leader is time-consuming. But by focusing on individualized leadership development, we break free of some long-held and, we believe, limiting assumptions such as “the top people have the highest sales” (our top people deliver the greatest impact to our clients and our communities, not generate the highest fees) or “our top people travel the most” (our best people have a global mindset; they don't have to “live on the road”).

Our second major expectation for inclusive leadership behaviour is sponsorship. Our entire leadership team has identified multiple individuals they are personally accountable for sponsoring. Sponsors are leaders who elevate their protégés' visibility within our firm and with our clients and our communities, advocate for key assignments and promotions for them, and put their reputation on the line for their protégés' advancement. Our research indicates that sponsorship is crucial for invigorating ambition and driving engagement, especially for those who may feel marginalized by their demographic traits, socio-cultural identities, or educational or economic background.

**Inclusion is really a verb—  
it's about how we behave:**

“Inclusion is all about empathy. Building empathy for people that come from different backgrounds. How can you build empathy? Don't wonder if your workplace is accessible, as an example. Get somebody in and see if it is. Inclusion is about action, it's about doing.”

– Craig Richmond,  
President and CEO,  
Vancouver Airport Authority

### Inclusion is about developing people—all people:

“You have to be thoughtful about building your pipeline. We look at each of the individuals coming up through our organization and ask their leaders: ‘What are you doing to get this individual ready for the next level? What opportunities are you giving them?’”

– Victor Dodig,  
President and CEO,  
CIBC

2

## Protect against a diversity backlash

Capturing and elevating the diverse perspectives, experiences, and potential of people is a precursor to enjoying the benefits of an inclusive organization. It requires a focus on the individual—not the group—and tailoring an individual’s development to help them succeed. Leaders must cascade the belief throughout their organization that each member of the team must help others to grow and succeed as individuals. This means actively celebrating how the rich diversity of talent within the organization strengthens everyone and creates a culture that will not accept behaviours associated with ‘diversity backlash’.

- **Avoid tokenism** and its effects by ensuring a larger, more diverse slate of candidates when hiring and promoting; actively ready a pipeline of multiple qualified candidates from under-represented groups for leadership roles by tailoring development to meet their individual needs.
- **Support traditionally under-represented groups** in high-status leadership roles, to help them be comfortable in their roles and more likely to support others.
- **Embrace positive conflict** and dialogue to harness the diverse perspectives of employees; be open to debate and challenge.

Capturing and elevating the diverse perspectives, experiences, and potential of people is a precursor to enjoying the benefits of an inclusive organization.

**Deloitte's approach: Building a leadership pipeline that reflects the diversity of our clients and country**

Deloitte has not been immune to the diversity backlash effect. Senior leaders from traditionally under-represented groups (e.g., women, visible minorities, LGBTQA) are less likely to visibly mentor or sponsor people from the same group as them. We have worked hard to combat this effect, because it can have a negative impact on hiring and promotion decisions, and can give management a false sense of security that the process was fair.

We encourage all of our leaders to be active and visible mentors and sponsors. We have also worked to ensure that all hiring and promotion decisions are made by a diverse group of people (e.g., an equal number of people with different gender identities and ethno-cultural identities).

Our goal is for our partnership to be representative of our society and our clients, and we have been taking steps toward that over the last several years. Although a key goal has been gender equality, we have also focused on the full spectrum of diversity, particularly diversity of thought and background. In September 2017, we welcomed the most diverse class of new partners in our history. Forty-five percent are women, and we are also proud to say the entire class brings a range of backgrounds and professional experiences to the firm, increasing our ability to bring the best thinking to our clients.

### 3 Empower the 'Inclusion Generation' to prepare for the future of work

Make use of 'millennial thinking' to create the desired future of work in your business and your industry, and to foster greater diversity and inclusion. Being agile and sustainably competitive during the fourth industrial revolution will require all ideas on the table.

- **Achieve a deep understanding of each of your people**, their leadership aspirations, and unique strengths, and provide real, creative support for their individual life circumstances and backgrounds.
- **Let employees have a voice** in the future of their work; provide them with the flexibility to work how they want.
- **Engage all employees** in a process to rethink what diversity and inclusion mean for your company, your industry, and our country in the face of technological disruption and the future of work.

#### **Deloitte's approach: Making the workplace of the future the workplace of today**

In response to the dramatic change in working styles over the past decade, we embarked on a program called Orbis, Deloitte's national workplace strategy. We recognized that our people and clients work in many different ways, and wanted to match our new spaces to our diverse collective needs. Orbis is already underway in Ottawa, St. John's, Montreal, Toronto, Prince Albert, and Saskatoon, and will soon be brought to Kitchener-Waterloo and Quebec City. Our goal is to transition approximately 60 percent of our real estate portfolio within a five-year period.

Our Orbis vision is an innovative, non-hierarchical space that nurtures a high level of interaction, collaboration, and focus: a workspace that is fun, engaging, multi-disciplinary, and provides the flexibility to work anytime, anywhere. This means a true reinvention of the traditional professional services office to align with Deloitte values. For example, we've done away with cubicles and assigned offices—no exceptions—in order to break down barriers and hierarchy, a reflection of our belief that leadership happens at all levels. And we are demonstrating our commitment to the health and wellness of our people by investing in on-site wellness facilities at our largest offices.

Orbis has been implemented in some of our largest offices for over a year now, and while much of the change has been positive and gone well, we admit that we have faced a few bumps (e.g., crowding, lack of meeting spaces). Just as we turned to our people, who are overwhelmingly millennials, to shape Orbis, we again turned to them to come up with creative solutions to our workspace challenges. For example, in May 2017, over 100 people from our downtown Toronto office community participated in a hackathon—36 hours of uninterrupted creativity and problem-solving—to generate solutions to integrate into Orbis.



## 4

## Don't leave future inclusion issues to future generations to solve

Be critical of your organization's current processes and systems to manage and develop talent. Eliminate practices that have unwittingly perpetuated bias in the past.

- **Hire based on cultural contribution**, not ill-defined cultural fit.
- **Use tech tools** that are readily available today to help remove bias from all stages of your organization's talent recruitment process.
- **Evaluate performance on inclusion dynamically**, not episodically; don't treat inclusion performance like sales targets and profit margins, a mere metric that can be measured and rated in an annual performance review.

### A better future is not just for future generations to solve:

"I hear so many people say millennials will change everything. It's very easy to put all the onus of solving the problem on the next generation, but at the end of the day, you come into the workplace as a young person and you start to figure out what you need to conform to in order to excel. And we, who are the establishment, aren't fixing it. We can't accept that the next generation will fix it for us."

– Tanya van Biesen,  
Executive Director, Catalyst Canada

### Deloitte's approach: Implementing a new approach to performance management

Over the last year, we replaced annual performance reviews and ratings with a new approach to performance and development called Reinvented Performance Management (RPM). A key principle of RPM is that all of our professionals are expected to lead at every level. We expect leadership development discussions to occur regularly with an individual's team leaders, as well as with their coach and sponsor. Feedback is given regularly and in the moment, as opposed to once a year. RPM leadership development conversations, which we call check-ins, take place bi-weekly or monthly, with reminders triggered through our new online performance management system. However, everyone is encouraged to provide and seek feedback spontaneously in our strengths-based culture.

5

## Own inclusion inside and outside the office

Take a more public role in championing and creating more open, diverse, and inclusive communities—and be a driving force for the good of society, not just shareholders. The company, as well as individual employees, must own and live inclusion.

- **Exercise your voice** to stand up for inclusion on an ongoing basis—not only in reaction to specific events, whether tragic (e.g., Quebec City mosque shooting) or positive (e.g., Pride Month or International Women’s Day).
- **Stand up for inclusion** to clients, suppliers, and your network when they demonstrate exclusive or biased behaviours; use these moments as opportunities to open up candid conversations about your inclusive values.
- **Share lessons learned** with other leaders and organizations. Don’t be afraid to talk about lessons learned—as Deloitte is doing—by speaking candidly about what is working and what isn’t. Allow others to learn from you.

### **Deloitte’s approach: Growing the diversity and inclusion ecosystem in Canada**

Across the country, a number of not-for-profit organizations have diversity and inclusion mandates. Given these organizations’ limited resources, we believe it is incumbent on the Canadian business leaders and employees who serve on their boards or volunteer on the ground to ensure they are empowered to achieve their goals.

Deloitte has partnered with nine of these organizations, which we intentionally chose because they reflect a breadth of diversity and inclusion issues, ranging from LGBTQA rights to education for Indigenous peoples. We are encouraging all our people to support these organizations in a way that is dramatically different from past years. We now treat these organizations much like our key client accounts, not to sell our services but rather to foster our respective diversity and inclusion goals, engage our people, challenge each other’s thinking, and collectively build a more diverse and inclusive Canada.

We have assigned an account representative—a top-talent senior manager or early-stage partner—to each of the nine not-for-profit organizations, in the same way we do with client accounts. This is one of the ways in which we develop the unique, individual leadership capabilities of our talent. We have also assigned a senior partner champion, an account team, and other resources to work with our account representative. These account representatives all report to our Chief Inclusion Officer, who also happens to be our Managing Partner and Chief Executive. This sets the tone that inclusive behaviours at Deloitte are mandatory for leadership as we set out to help build a stronger Canada by its 175<sup>th</sup> anniversary.







We must move  
beyond a mindset of  
*counting differences*  
in our workforces  
and markets to a true  
*uniting of differences.*



# It's time for outcomes, not optics

"What have I learned as Governor General?" asked David Johnston, who held the post until October 2017. "One, while Canada still has much work to do in building a more inclusive society, our diversity is a strength and a comparative advantage in the world. Two, in Canada, past, present and no doubt future, we're stronger and more prosperous when we compromise and work together. And three, despite our many cultures, ethnic origins and languages spoken, we all have a great deal in common—a great deal called Canada. Let this be a country that draws on the diverse talents and abilities of all its peoples in steering a course through this complex, changing world."<sup>57</sup>

While much has been done over the past several years to increase diversity and inclusion, progress is still too slow. Deloitte and many other organizations across the country have work to do to achieve real outcomes for all our people. For starters, we must stop treating issues of inclusion as matters of representation, based on demographic traits or socio-cultural identities. We must move beyond a mindset of *counting differences* in our workforces and markets to a true *uniting of differences*.

Today, 35 years after the Canadian Charter of Rights and Freedoms was enshrined in the constitution, Canada is facing one of the greatest opportunities of a generation—and the time to act is now. As we look to the future, it's clear that our economy will be characterized by increasingly intense global competition. Countries are jockeying to attract the most productive and innovative companies and the best and brightest talent. Those that can attract, engage, and retain workers from diverse backgrounds will thrive; those that can't risk being left behind. If we are prepared to take conscious and deliberate action to challenge the status quo, together we can bring about the dramatic shift in societal practices and attitudes toward inclusion that are needed to fulfill our country's true potential and achieve the future we want.

## Leaders must come together to bring Canada together:

"Inclusion and diversity are not about where you lie on the political spectrum, they are about creating shared prosperity for all Canadians."

—Riaz Ahmed,  
Group Head and Chief Financial Officer,  
TD Bank Group

This paper is intended to spark a national dialogue on moving from optics to outcomes by openly sharing learnings from Deloitte and other Canadian businesses about how we might individually and collectively accelerate progress in diversity and inclusion. Organizations must move past outdated approaches and work to create inclusive cultures. Leaders at the highest levels must champion inclusion and hold themselves accountable for making it happen every day. Our organizations must also invest the time and effort needed to foster inclusive thinking throughout their workforce. Finally, both leaders and employees must take responsibility for living inclusively each day.

The many business leaders we spoke to for this report believe that uniting to include is an absolute imperative for the future of their business—and the country. Deloitte is committed to taking this journey along with businesses, governments, and other organizations. We still have work to do, as do many others. But the Canada we want to live and work in is one where all individuals feel uniquely included, valued, and can be their authentic selves every day. As Canadians, we know how much more we can achieve together, united to create the country we desire at Canada's 175<sup>th</sup> anniversary.







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Our ambition as a nation must be bolder—we must aim to not only achieve economic prosperity, but to elevate our quality of life for our vast and diverse population.

Deloitte believes that by our 175th anniversary Canada can be in a class by itself—not one of the best, but *the* best place in the world to live and work. To do this, we must adopt an unrelenting commitment to developing courageous leaders who embody an inclusive way of being.

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Designed and produced by the Deloitte Design Studio, Canada. 17-4650M