

Corporate Sector Leaders

Overview of Research

Research has examined diversity among executives and within boards of directors and concluded that financial performance may be enhanced with diverse leadership. Studies have linked diversity in corporate executive roles and in corporate boards to overall performance. Diversity in background and experience add value to boardroom deliberations. Boards composed of people with a variety of backgrounds, skills and interests are less likely to enter complacent relationships with management and are more likely to exercise probity and independence in analyzing information and making decisions (Joint Committee, 2001).

As such, diverse organizations are better equipped to serve diverse markets in terms of strategy, product development, and service (Gandz, 2001). In 2001, visible minorities accounted for \$76 billion worth of purchasing power in Canada, and formed 48% of consumer markets in the City of Toronto. Customer orientation supports organizational performance when top management team diversity is high (Auh & Menguc, 2006).

Diversity also shapes leadership style and approaches (Carroll & Garkut, 1996) although other factors also come into play. Demographics shape identity and the way in which leaders frame problems and identify solutions (Carroll, 1993). Executive demographics are strong predictors of organizational outcomes (Wiersema & Bantel, 1992).

There is also a strong link between career satisfaction, employee retention and performance. Yet a recent study conducted by Catalyst and Ryerson University's Diversity Institute (2007) reveals significant gaps between the career satisfaction of visible minorities and their White/Caucasian counterparts in large Canadian corporations. The national survey of over 17,000 managers, professionals, and executives working in 43 Canadian organizations assessed employees' perceptions of career satisfaction and found that visible minorities were less likely to be satisfied with their careers than those who did not self-identify as members of a visible minority group. They tended to perceive that their skills were under-utilized and that they were held to higher performance standards. They were also more likely to say that "who you know" is more important than "what you know" in career development decisions. Visible minorities also reported that they were less likely to be included in informal networking practices. Respondents specifically noted a lack of role models and mentors (Catalyst & The Diversity Institute, 2007).

Past research has shown that, nationally, the level of representation of visible minorities in the corporate sector is 5% for senior executive and 4% for boards of directors. In 2005, in Canada, only 44% of boards had at least 1 visible minority director (SpencerStuart, 2006).

Methodology

Our study focuses on boards of directors and executive positions in the largest companies within the GTA.

To assess the representation of corporate sector leaders, we considered both boards of directors and senior executives of the largest companies headquartered in the GTA. To conduct our research, we selected the top 119 companies in the GTA, on the basis of the revenue as reported in the 2008 Financial Post 500, and analyzed the data available for boards of directors. Data were available for 472 board representatives 55 companies and 521 senior executives for 54 companies. This represented 86% and 95% of their

categories, respectively. Appendix 2 provides the complete list of companies reviewed and those analysed.

Findings

Table 13 represents the visible minority analysis of senior leadership in the corporate sector. Of the large companies considered, representation of visible minorities in senior executive roles was quite low (5%) and even lower for board members (3%). Our numbers suggest that organizations could significantly improve participation of visible minorities in executive positions as well as on corporate boards.

Table 13: Visible Minorities in the Corporate Sector

Corporate Sector	Total Number	Total Analyzed	# Visible Minority	% Visible Minority
Boards of Directors	546	472	13	3%
Senior Executives	549	521	28	5%
Total	1095	993	41	4%

Leading Practices – for Boards

Some argue that “a diverse board is the most important aspect of corporate diversity. It shows the organization’s commitment and sets an example for the rest of the organization” (Virtcom, 2008). Increasing diversity on corporate boards requires a long-term and integrated approach which includes the following:

- *Planning:* Companies should forecast future board openings year by year over a five-year period.
- *Analysis:* If necessary, undertake an individual audit to define skills gaps in the new candidate specifications. This should be for all candidates, not only for visible minority board members.
- *Leadership:* Task the nominating committee, which is also ideally comprised of diverse members, with providing a list of diverse candidates to address board openings. This could be done with the help of an external search firm that has expertise in identifying diverse candidates.

In addition, boards should:

- Identify diverse candidates early. To find diverse candidates, organizations can outreach to ethno-cultural organizations and to non-profit organizations which are sometimes more diverse.
- Promote an inclusive board culture to ensure new members are supported, engaged and retained. Include teambuilding, mentoring and coaching. Ensure that processes are inclusive.
- Have an engagement plan for new members to support relationship building, and to provide opportunities to leverage skills.
- Communicate the business case for diversity and publicize new appointments from diverse communities.

Leading Practices – for Executives

Developing diversity among executives also requires a long-term view to develop a candidate pool for senior positions. Organizations should:

- Focus on developing the pipeline and representation in executive roles over the long-term, measuring workforce composition at each level. Set targets (not quotas). Most federally regulated corporations in Canada do this. Some, such as KPMG, also undertake detailed employee engagement surveys coupled with self-identification data to enable them to measure their progress in creating satisfying work environments for all employees.
- Provide senior management support to ensure the importance of diversity is communicated throughout the organization and aspiring leaders have the support they need. For example, several banks have executive diversity councils to ensure that diversity is tied to strategic and business unit plans as well as to performance measurement.
- Develop the appropriate infrastructure to guide the strategy which may include a diversity executive with vice-president or above status reporting into the executive level.
- Develop a diversity business plan to address major areas such as workforce diversity, training, affinity groups, supplier diversity, and diversity policy. For example IBM has established diversity training, councils, networks groups and mentoring (“Diversity @ IBM”, 2008).
- Develop workshops, mentoring and codes of conduct to mainstream diversity within the organization and build a culture that supports diversity.
- Mainstream diversity throughout the organization and in outreach to all stakeholders. Some large organizations, for example EDS (now part of HP) tracks diversity among suppliers. Other organizations have defined strategies for reaching ethno-cultural groups through specialized media. More organizations should consider issues of diversity in decisions about media purchases, advertising and public relations.
- Take a long-term view. For example, TD Bank Financial Group supports specific awards and programs including the Harry Jerome scholarships and Toronto Region Immigrant Employment Council mentoring programs with an eye to developing the talent pool early.
- Monitor and communicate results within the organization and in the broader community. Frito Lay has consciously included diversity as part of its product branding and to position itself as an employer of choice. These kinds of activities can have significant effects on the bottom line and on society.

Leadership in Action

Janice R. Fukakusa, Chief Administrative Officer and Chief Financial Officer, RBC

Janice Fukakusa is Chief Administrative Officer and Chief Financial Officer of RBC. As a member of RBC's Group Executive, she is one of nine executives responsible for setting the overall strategic direction of RBC. Since joining the company in 1985, her past roles at RBC have included Vice-President, Portfolio Management; Senior Vice-President, Multinational Banking; Chief Internal Auditor; and Executive Vice-President, Specialized Services.

Prior to joining RBC, Fukakusa worked at PricewaterhouseCoopers LLP where she obtained the professional designations of Chartered Accountant and Chartered Business Valuator.

Fukakusa obtained her Bachelor of Arts from University of Toronto and holds a Master of Business Administration from York University's Schulich School of Business.

Fukakusa is an active volunteer with Ryerson University, the United Way, the Centre for Addiction and Mental Health (CAMH) Foundation Board, the Schulich School of Business, and The Wellspring Cancer Foundation. Fukakusa was chosen as one of Canada's Top 100 Women for four consecutive years and was inducted into the Hall of Fame in 2007 by the Women's Executive Network. Moreover, in 2005, Fukakusa was selected as one of the 25 most powerful women in banking.

Outside of the office, Fukakusa says her family is a source of constant motivation, entertainment and awe. She says helping her kids succeed and providing them the opportunity to experience more in life than she has is among Fukakusa's greatest life goals.

Fukakusa's advice to aspiring leaders: "As you move into senior levels, you need to establish some depth and breadth. My recipe for success is to put myself in situations that pushed me out of my comfort zone."

Gyan Chandra, Managing Director, IBM Canada

Gyan Chandra leads IBM's strategic relationship with one of Canada's largest financial institutions. As a key leader in IBM's financial services sector, he is responsible for managing the global client relationship, the strategic direction of the organization's client satisfaction and bringing the entire value of IBM's breadth and capabilities to his clients. His deep understanding of the Canadian financial sector allows him to provide invaluable insight and guidance within IBM and externally.

Joining IBM in 1984, Gyan has continually demonstrated commitment and passion in the area of Sales and Marketing. Gyan has held several positions across IBM which include: General Manager, Insurance Industry; National Sales Manager for IBM Global Financing; and Alliance Executive for various telecommunications and utilities clients.

Prior to his career at IBM, Gyan worked at SPAR Aerospace as a Systems Engineer. One of his key deliverables included providing engineering support for the development of the Shuttle Remote Manipulator System (SRMS) or Canadarm used on the NASA space shuttle.

After completing his Bachelor of Engineering from the Indian Institute of Technology Roorkee, in India, Gyan pursued his Masters of Engineering at McMaster University and then completed his Masters of Business Administration at the Schulich School of Business at York University.

At IBM, Gyan acts as a mentor and strategic sponsor for the organization's visible minority constituency. He is committed to the advancement of diversity and inclusion within the organization. In addition, as an active member in his community and within the Vishnu Temple in Richmond Hill, he provides leadership and support to newcomers in the Greater Toronto Area by helping them develop their skills.

Gyan spent his childhood in Lucknow, India and immigrated to Canada in the early 1980's.

Chandra's advice to aspiring leaders: "Individuals should consider skills development within the Canadian educational system, not only to advance their capabilities, but also to directly impact their ability to acclimatize to the Canadian culture."