

KPIs: GOING BEYOND THE NUMBERS

49% of those living in Toronto identify as visible minorities and over half (51%) of Toronto's population were born outside of Canada.ⁱ With numbers such as these, a diverse and inclusive workforce is crucial for organizations to attract and retain top talent. However, many organizations within the non-profit sector still have a long way to go in fully grasping the concept of Diversity and Inclusion (D&I), what it may look like in their workplace, and how to effectively implement and set measurements for D&I policies and practices. This project was initially started to simply analyze Key Performance Indicators (KPIs) and best ways to measure D&I in an organization. It was soon realized that in order to decipher good KPIs from ineffective ones, it is first important to find out how diversity and inclusion is defined in various organizations and how it is framed in the context of a particular organization's culture, its vision and strategic plan.

Through defining D&I as well as looking at some key organizations that have been leaders in D&I initiatives from various sectors, we will be able to see some strong methods of measuring D&I and how non-profit professionals can utilize it in their respective workplaces.

UNDERSTANDING THE DIFFERENCE BETWEEN DIVERSITY AND INCLUSION

On many occasions, organizations and individuals make the mistake of lumping diversity and inclusion like peanut butter and jelly; even though they are different, they are often combined as one.

Diversity refers to variety and difference. As a concept it includes characteristics such as race, gender, sexual orientation, (dis)ability, socio-economic status, age, and religion.ⁱⁱ To broaden this definition, diversity is also about the diversity of thinking and different approaches of leadership, and problem solving approaches.

"Inclusion is about creating an environment in which employees share a sense of belonging, mutual respect, being valued for who they are, and supportive energy and commitment from others so that they can do their best work."ⁱⁱⁱ

As one can see, it is critical to understand this difference since many organizations may have diversity but may not have an inclusive culture. Due to this, organizations maybe unable to share their stories fully about D&I and the impact of those practices in their organizations. By defining and differentiating both terms, organizations can help themselves determine their metrics to track success.

KPIs AND ITS CHALLENGES

Key Performance Indicators (KPIs) help us to measure how well an organization, its projects or individuals are performing compared to their strategic goals and objectives. KPIs play an integral role, from the onset, in understanding and determining the values and strategic objectives for an organization. KPIs are like the North Star, or a compass that gives direction to an organization. Also, one set of KPIs cannot be applied to every organization since each organization has different needs, values, objectives and are different in size. However, many organizations, and management-level staff do not fully take the time to

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answer key performance questions or think of connecting the KPIs to their strategic objectives. Due to the lack of time spent on creating strong KPIs, much of diversity and inclusion practices and policies are sidelined instead of being seen as an integral component of the organization's strategic plan.

A recent study from the Canadian Institute of Diversity and Inclusion (CIDI) found that surprisingly few organizations conduct even the most basic of measurements of their D&I initiative. "Nearly 79.6% of Canadian employers who responded to CIDI's survey indicated D&I, or equity and human rights, was considered a strategic priority within their organizations, but less than 18.8% of employers reported that they measure the impact, efficacy or return on investment of their diversity initiatives." ^{iv}

However, KPIs has its challenges- many organizations only measure how diverse their employee base is (# of visible minorities, % of women, # of newcomers etc.) or the number of D&I activities that they have done. By simply having hard metrics, organizations sometimes use KPIs to "game" the system instead of people actually understanding the intent of KPIs. The impact is that the organizations maybe achieving diversity numerically, but may not be inclusive, in essence defeating the purpose of the diversity and inclusionary policies. This is where it is important to bring in *qualitative assessments* to measure the intangible such as employee experience surveys, observational assessment, correlating productivity, employment engagement or promotions/successes to diversity and inclusive practices.

"While an overwhelmingly majority of organizations (71 percent) aspire to have an inclusive culture within three years, one in which the diverse backgrounds of individuals are leveraged to drive value and business results by creating an environment in which employees feel involved, respected, valued and connected – only 11 percent of companies do today." ^v

As well, in the non-profit sector, funding is always limited. Many organizations do not have a dedicated staff team or have limited number of people trained to lead diversity and inclusion in the organization due to the costs. Furthermore, they do not see the long term added value and business advantage that D&I can have on an organization and so often they simply collect some hard metrics, instead of fully engaging with its employees to create an inclusive space.

Lastly, KPIs are indicators, not actions. According to Bersin by Deloitte, The Diversity and Inclusion Benchmarking Report, most organizations that have diversity and inclusion policies have some metrics in place but rarely do they adjust their organizational strategies based on metrics or feedback. This leads to organizations simply collecting data for the purpose of reporting, not for the intention of actually creating inclusive workplaces.

THE BUSINESS CASE

As cities and organizations are increasingly becoming multicultural and global, it has become an urgent business imperative to fill talent pipelines with diversity. A significant body of research shows that diverse teams are more innovative and perform at higher levels. "Companies that build diversity and inclusion into their teams reap the benefits of new ideas, more debate and, ultimately, better business decisions." ^{vi} Organizations that fail to advance and retain a diverse pool of talent are at risk of being unable to effectively serve a growing segment of consumers and the community at large.

McKinsey's research shows that gender-diverse companies are 15% more likely to outperform their peers and ethnically-diverse companies are 35% more likely to do the same. Research undertaken by McKinsey (2012) found that companies with diverse top teams exceeded others by 56% in operating results and achieved 53% higher returns on equity. McKinsey also found diversity increases employee satisfaction and

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reduces conflicts between groups, and improves collaboration and loyalty.^{vii} Companies that embrace diversity and inclusion in all aspects of their business statistically outperform their peers. Lastly, diversity fosters innovation and creative through a greater variety of diverse thinking and problem-solving approaches.

While researching on several leading organizations' diversity and inclusion policies and what they use as scorecard/metrics, the following organizations from the private, public and non-profit sector stood out.

PRIVATE SECTOR: ROYAL BANK OF CANADA (RBC)



RBC has been ranked as one of the top 2016 Diversity Employers.

RBC in its Diversity Blueprint report 2012-2015 goes onto first describing in detail both what diversity and inclusion means and how they recognize the difference. This is key since not many organizations and leaders have caught onto understanding, differentiating and giving their own organizational meaning to these two terms. RBC further goes onto stating, diversity includes and goes well beyond basic definitions and regulatory requirements in the jurisdictions. It is about understanding that having diversity is just part of the story; how well that diversity works together is the key. RBC's framework has evolved to include fostering inclusion and leveraging diversity of thought.^{viii}

Moreover, RBC has made a commitment to its three pillars. First is the Talent & the Workplace pillar where in order to increase the diversity and inclusion of their workforce globally, they must create equitable opportunities for all employees regardless of race, age, gender, physical/mental abilities, sexual orientation, religion and backgrounds. This requires the visible engagement of leaders who can profile issues, champion solutions and lead new approaches. Second is by offering customized and accessible services and products to diverse client markets and engaging diverse suppliers, they are able to grow new markets and more fully serve existing ones which RBC calls their marketplace pillar. Lastly, it is about making a commitment to the community at large. Through its last pillar, the Community pillar, RBC recognizes that to be a leader in diversity and a responsible corporate citizen, they must not only advance within their organization, but must proactively support and participate in community activities like independent research and educational programs and help implement community solutions.^{ix} As one can see, RBC is not only striving to create inclusion within its organization, but encouraging and educating its stakeholders and the community at large in doing the same.

Below are some of the metrics, data collection and activities in place to showcase RBC's success and commitment to diversity and inclusion. As one can see, it is simply not just about collecting numbers, but also about surveying employees to hear their experiences within the organization, showcasing diversity within the leadership team, and as well having events and committees dedicated to marginalized groups and their success within the organization.

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	2013	2012	2006
Women	64%	65%	70%
Women in middle management and above	46%	47%	46%
Women in executive roles	37%	36%	34%
Visible minorities	31%	30%	24%
Visible minorities in middle management and above	31%	30%	21%
Visible minorities in executive roles	15%	15%	9%
People with disabilities	4.6%	4.7%	3.2%
Aboriginal peoples	1.5%	1.5%	1.6%

RBC's Active Leaders - Making a Difference



Michael Carter, Co-head Technology Sector, Global Investment Banking, U.S. Capital Markets, received a Council of Urban Professionals Catalyst in Finance Award, which recognizes leaders who achieve extraordinary success in business while making a significant impact on their community. Michael is also a member of the Executive Leadership Council.



Su-Lin Ong, Managing Director RBC Capital Markets & Head of Economics & Fixed Income Strategy, Australia / New Zealand has been a leader in addressing the regions' gender gaps through various initiatives as part of RWomen Sydney, including organizing volunteer days, hosting events. She is an active member of RBC Sydney's Flexible Work Hours Committee, Diversity Committee and Mentoring Program.



John Montalbano, CEO of RBC Global Asset Management (GAM) is the executive sponsor of the GAM Diversity Council and actively supports women's efforts through his sponsorship and participation in various pilot programs such as "Taking the Stage" and "Speaking as a Leader". John is Chair of the University of British Columbia (UBC) Board of Governors and is committed to the research and development of women and immigrant talent.

International Women's Day Highlights

- A new RBC initiative, **Women's Hour**, encouraged employees to participate in a local activity or event to recognize the achievements of women on March 8.
- Another first was the **IWD Breakfast and Networking Event** in Toronto, featuring **Zabeen Hijji**, Chief Human Resources Officer, interviewing **Gord Nixon**, CEO, on leadership and career development. **Alex Johnston**, Executive Director Catalyst Canada, shared perspectives on the gender gap.
- Gord Nixon** wrote a guest blog March 8th on MARC (Men Advocating Real Change), a Catalyst online community committed to achieving equality in the workplace.
- Career snapshots of **women leaders** from across RBC's businesses and regions were featured online, serving as inspirational role models for many.
- More than **30 IWD lively roundtable discussions**, hosted by the Diversity Leadership Council members and leaders globally, attracted more than 500 women. The groups recognized contributions and shared career tips and insights.
- A web-based **Diversity Moment on gender intelligence** was released to increase knowledge of gender work styles and strengths and ways to leverage these in team settings.
- The 2013 call for nominations for the **RBC Canadian Women Entrepreneur Awards** was announced. This annual event honours the success of women entrepreneurs across the country. More information on these awards appears on page 20.

Businesses across the globe celebrated IWD in their own unique way, inviting employees, clients, students and community partners to an assortment of events and learning experiences.

Talent and Workplace



Fig. 1: RBC 2013 Diversity and Inclusion Report

PUBLIC SECTOR: BC HYDRO



In the public sector, BC Hydro is committed to having a workforce fully representative of the BC labour market by 2017 and was one of the top diversity employers of 2016.^x BC Hydro notes that some diversity and inclusive strategy that are viewed to be essential for success include: clearly defined goals including accountabilities, reporting, measurement and timetables; effective sourcing and recruitment strategies; awareness, engagement, and capacity building activities targeted at leaders who understand the diversity strategy.

One of the ways this company has tackled the issue of diversity and inclusion is by encouraging managers to hire skilled newcomers at junior-level positions, providing a defined career advancement plan, including timelines for performance and development reviews.^{xi} Furthermore, it created an Aboriginal Education and employment strategy to engage the aboriginal community in seeking meaningful employment with BC Hydro. It has also gone above and beyond by reviewing its hiring process to look for *systemic barriers* which may unintentionally limit the hiring of qualified, skilled people from diverse backgrounds. This is a rare activity that many organizations unfortunately do not play an active role in and

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so may lose out on hiring talented skilled individuals or in retaining these individuals in their organizations due to employee dissatisfaction.

On a quarterly basis, BC Hydro tracks the number of its employees from diverse backgrounds, occupational category and career progression and annually, it runs an enterprise-wide engagement survey to understand how employees experience and view the organization (qualitative assessments – going beyond the numbers). Survey questions include how safe employees feel to voice their opinion, whether leadership behaviour is consistent with BC Hydro values which helps to keep leaders accountable and responsive to employee feedback. In addition, all BC Hydro staff have access to the Ethics Office and Ombuds Program, where if a situation is not consistent with BC Hydro’s diversity and inclusiveness, employees can report it confidentially.^{xii} As one can see BC Hydro’s success in being a top diversity employer and having highly engaged and satisfied employees is not just by increasing diverse employees, but also by conducting comprehensive surveys on employee experience, having specialized programs for minorities and a separate group that can take into account employee feedbacks.

NON-PROFIT SECTOR: UNITED WAY OF GREATER TORONTO



Like RBC, United Way differentiates diversity and inclusion - “At United Way Toronto, Diversity and Inclusion are at the core of our work. They are embedded in our values and integrated in our commitment to celebrating the unique contributions and leadership of every individual in our organization.”^{xiii} Through a combination of quantitative and qualitative assessment United

Way is a leader in reporting its D&I practices and successes.

Like many organizations, United Way shares data on the number of women, ethnic minority, people with disability etc. But where they succeed and are leaders in is creating successful inclusive spaces and activities by collecting employee experiences, data from observations to see how their D&I initiatives is impacting their workforce and more importantly the productivity and engagement of their employees in the organization.



Observations
 The greatest gains in the last 5 years are a 28% improvement in scores for our differences being respected and a 25% improvement for working an inclusive environment.

While the majority of staff feel they work in an inclusive environment, there is some difference among survey respondents who identify as racialized (87% agree) and those who do not (95% agree).

In past surveys, support staff were generally less satisfied with inclusion questions than management. These differences are no longer consistent or as pronounced. Now, 64% of support staff report that their coworkers are sensitive to issues of Diversity and Inclusion that affect them compared to 68% of managers and 81% of the senior management team (SMT). At the same time, 95% of support staff feel our differences are respected compared with 85% of managers and 90% of SMT.

Fig. 2 Values in Action: Diversity and Inclusion at United Way Toronto

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Furthermore, “seven out of ten companies reported that [when it comes to leading D&I initiatives in the workplace] the buck stops at the C-level and their board of directors.”^{xiv} At United Way, the CEO plays an active role in holding leadership team and the organization overall accountable for its D&I initiatives. Diversity & Inclusion are core values of United Way and deeply embedded into who they are and the work they do. Each staff member is required to participate in an Authentic Leadership workshop which provides tools and practices to explore who they are as individuals, both within and outside of their work environment. United Way also has a dedicated diversity team who represent a broad spectrum of knowledge, skills and experience and ensures that D&I initiatives are implemented and assessed regularly.

Through examining these three unique organizations from different sectors, what has been found is that all three organizations have taken progressive steps (relative to other organizations) in initiating D&I practices in their organizations, and at the same time have made D&I a core component of their organizational strategic planning. Moreover, all three organizations are well-aware about the changing faces of our society and the need for that to be reflected within their organizations.

ORGANIZATIONS OF TOMORROW

Organizations can start by focusing more on understanding what makes people feel included. Do employees feel they are known and valued as individuals? Are they well-connected to other people in the organization? Are they given a voice in decision making? Going beyond the numbers, organizations can collect valuable data through observations and employee surveys, polls, one-on-one feedbacks etc. It can also assess its D&I practices through going through a checklist that is similar to DiversiPro’s Diversity on Six Cylinder metrics, where organizations can focus on diversity in the board and executive level, if there are any specialized programs for diversity in the workplace, additional training that employees could do, if there are inclusive hiring processes in places etc. Hard metrics (quantitative) are vitally important, but by looking at the leading diversity organizations, it is clear why going beyond the numbers helps organizations get a better assessment and a complete story on their D&I success.

Endnotes

ⁱ 2011 Canada Census.

https://www1.toronto.ca/city_of_toronto/social_development_finance__administration/files/pdf/nhs_backgrounder.pdf

ⁱⁱ Values in Action: Diversity & Inclusion at United Way of Toronto. 2014 Progress Report

<http://www.unitedwaytyr.com/document.doc?id=247>

ⁱⁱⁱ Frederick Miller & Judith Katz. The Inclusion Breakthrough. 2002.

^{iv} Diversity Measurements in Organizations. Canadian Institute of Diversity and Inclusion. <http://www.ccdi.ca/whats-happening/in-the-news/diversity-measurement-canadian-organisations/>

^v The Diversity and Inclusion Benchmarking Report: An Analysis of the Current Landscape, Bersin by Deloitte / Stacia Sherman Garr, March 2014.

^v From diversity to inclusion: <http://dupress.com/articles/hc-trends-2014-diversity-to-inclusion/>

^{vi} From diversity to inclusion: <http://dupress.com/articles/hc-trends-2014-diversity-to-inclusion/>

^{vii} Diversity Matters. McKinsey. 2014. http://www.womenofinfluence.ca/wp-content/uploads/2014/12/Diversity_matters_2014.pdf

^{viii} RBC Diversity Blueprint. <http://www.rbc.com/diversity/pdf/rbc-diversity-blueprint.pdf>

^{ix} RBC Diversity Blueprint. 2012-2015. <http://www.rbc.com/diversity/pdf/rbc-diversity-blueprint.pdf>

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^x SPARC's Diversity is Working. 2012. www.sparc.bc.ca/resources-and.../512-diversity-is-working-bc-hydro.pdf

^{xi} Canada's Best Diversity Employers. 2016. <http://www.canadastop100.com/diversity/>

^{xii} SPARC BC's Diversity is Working. 2012. www.sparc.bc.ca/resources-and.../512-diversity-is-working-bc-hydro.pdf

^{xiii} Values in Action: Diversity and Inclusion at United Way Toronto. 2014 Progress Report
<http://www.unitedwaytyr.com/document.doc?id=247>