



DIVERCIAL



Canadian
Lenders Association

CLA: The Future of Lending

**Divercial: Helping organizations build inclusive
workplace cultures**

THE FUTURE OF WORK

Diversity, Equity, & Inclusion Report

January, 2023

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INTRODUCTION

Building a diverse, equitable and inclusive workplace is non-negotiable in today's era. If the last few years have taught us anything, it is that the world has changed around us, now we need organizations to change too. An inclusive workplace culture is a set of behaviors and actions that encourages employees to feel valued for their unique qualities. This means that everyone has equal and equitable access to the resources and support to achieve their full potential, irrespective of their differences.

The demographic landscape has rapidly evolved over the last half-century in Canada, growing from a population of approximately 21.9 Million in 1971 to 38.9 Million in (1) 2022. Toronto and Vancouver are the two most culturally diverse cities in the country which now represent 50% and 46% of their respective populations being People of Color (2). This data is critically important, as our workplaces require to reflect our society and the communities we serve. We already know that diverse teams outperform non-diverse teams (3) and it is no accident that Toronto is one of the fastest growing tech hubs in North America – as diversity is a catalyst for innovation.

We are now entering the era of the Future of Work. The acceleration of technology, demographic changes and preferences along with social dynamics has made the workplace more complicated than ever. The solution to the future workplace is having a foundation of diversity, equity, and inclusion. Inclusive workplaces positively impact every aspect of an employee's job performance – particularly productivity, loyalty, honesty, teamwork, and creativity. Exclusive cultures, on the other hand, create disjointedness, high turnover, and high-stress environments.

What are employees looking for?

Transparency and trust. No longer can organizations rely on a one size fits all answer to managing employees. When you understand the unique needs of employees, you will obtain higher employee engagement and retention – which is a key priority for all organizations in the current competitive landscape for talent.

On October 2022, 18, McKinsey (4) released its Annual Women in the Workplace Report which was labeled "The Breakup" as more women left the workplace than ever before. "Women leaders are switching jobs at the highest rates we've ever seen, and ambitious young women are prepared to do the same. To make meaningful and sustainable progress toward gender equality, companies need to go beyond table stakes." Unfortunately, the financial sector is no different as there is a prevailing concern that more gender diversity is required in leadership and decision-making positions.

Diversity partnered with the Canadian Lenders Association (CLA) to survey their member base to better understand the current state of diversity, inclusion and equity efforts within the industry. These results are a valuable source of information and the objective being leveraging the insights the collectively work together and promote diversity, equity, and inclusion in the workplace.



PART 1

DIVERSITY, EQUITY, & INCLUSION IN THE CLA

The first section of the report involved the collection of self-reported demographic data. Survey respondents were provided with a series of questions in which they were advised to select the option that best reflected their identity, but every question also had the option to not disclose the required information. Anonymity and privacy is of the highest priority and thus results are provided in an aggregate form below.

What is your age?



The results here are not surprising and in line with general workforce demographic information. For example, Millennial currently represent the largest share of the working population estimated to be at 37% globally and 33% in Canada (5). Therefore, the millennial respondents for this survey skew higher than average. Further, for the first time in history we have five generations represented in the workplace however it is not reflected for this survey.

Notably absent is the representation of those born before 1965 (otherwise known as the Baby Boomer generation). This demographic is estimated to represent 20% of the workforce but clearly underrepresented for the purpose of this survey.



Gender: How do you identify?



The majority of respondents (97%) identified as a man or woman, whereas 3% identified as non-binary. There is no market data for non-binary gender identification, however it is encouraging that some felt comfortable and compelled to disclose this information. It will help organizations better evaluate inclusive policies for those who identify as non-binary.

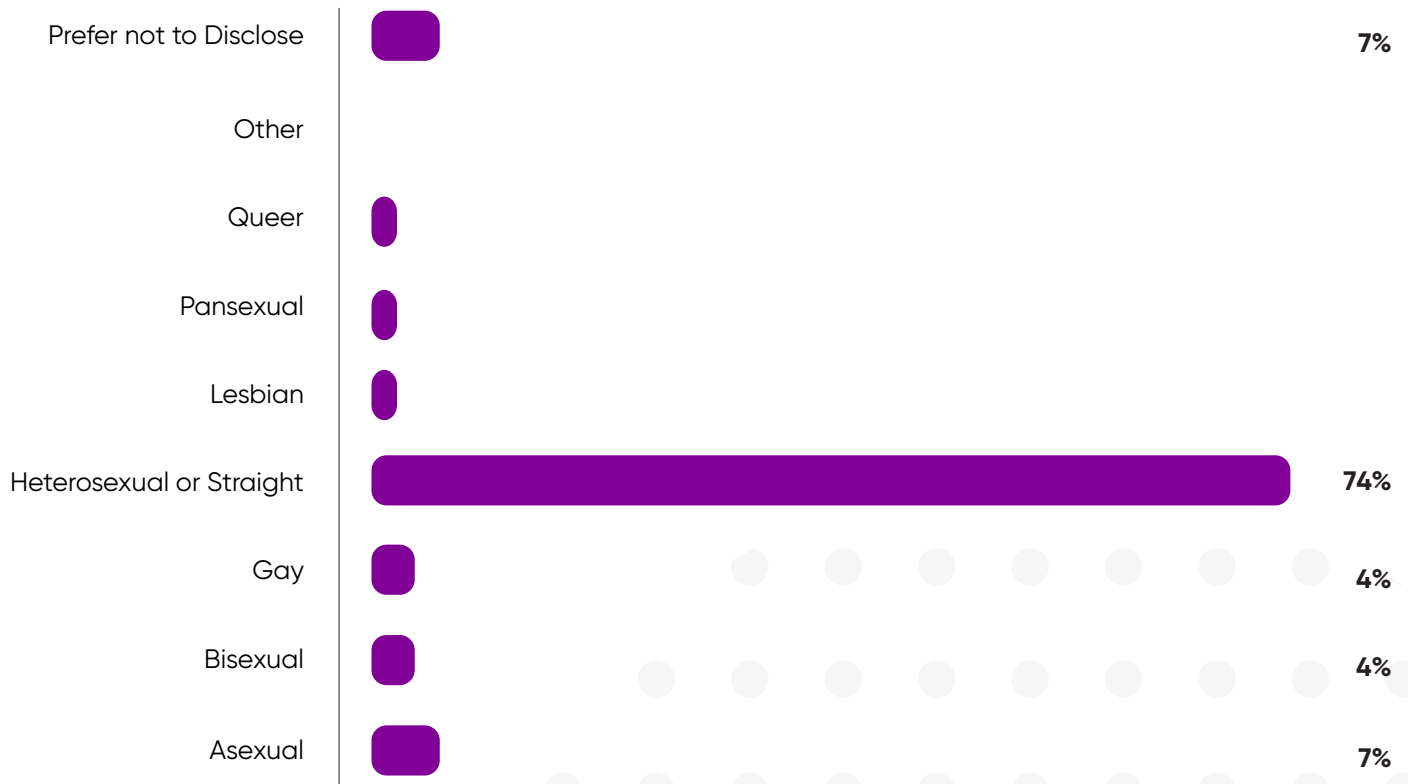
Do you identify as a member of the LGBTQ2S+ (Lesbian, Gay, Bisexual, Transgender, Queer, Two Spirit) Community?



Canada's LGBTQ2S+ community (6) is estimated to be approximately 4% (as of 2018), however it is unknown what current figures may be. Whereas 12% of survey respondents identified as LGBTQ2S+ and another 2% preferred not to disclose.



How would you describe your sexual orientation?



It was important to offer a broad set of options pertaining to sexual orientation to ensure individuals can have the opportunity to express themselves freely. And although 74% identify as straight, 7% did not disclose and the remaining 19% identified as a distribution of all other options – asexual, bisexual, gay, lesbian, pansexual, or queer.



Do you consider yourself to be Transgender?

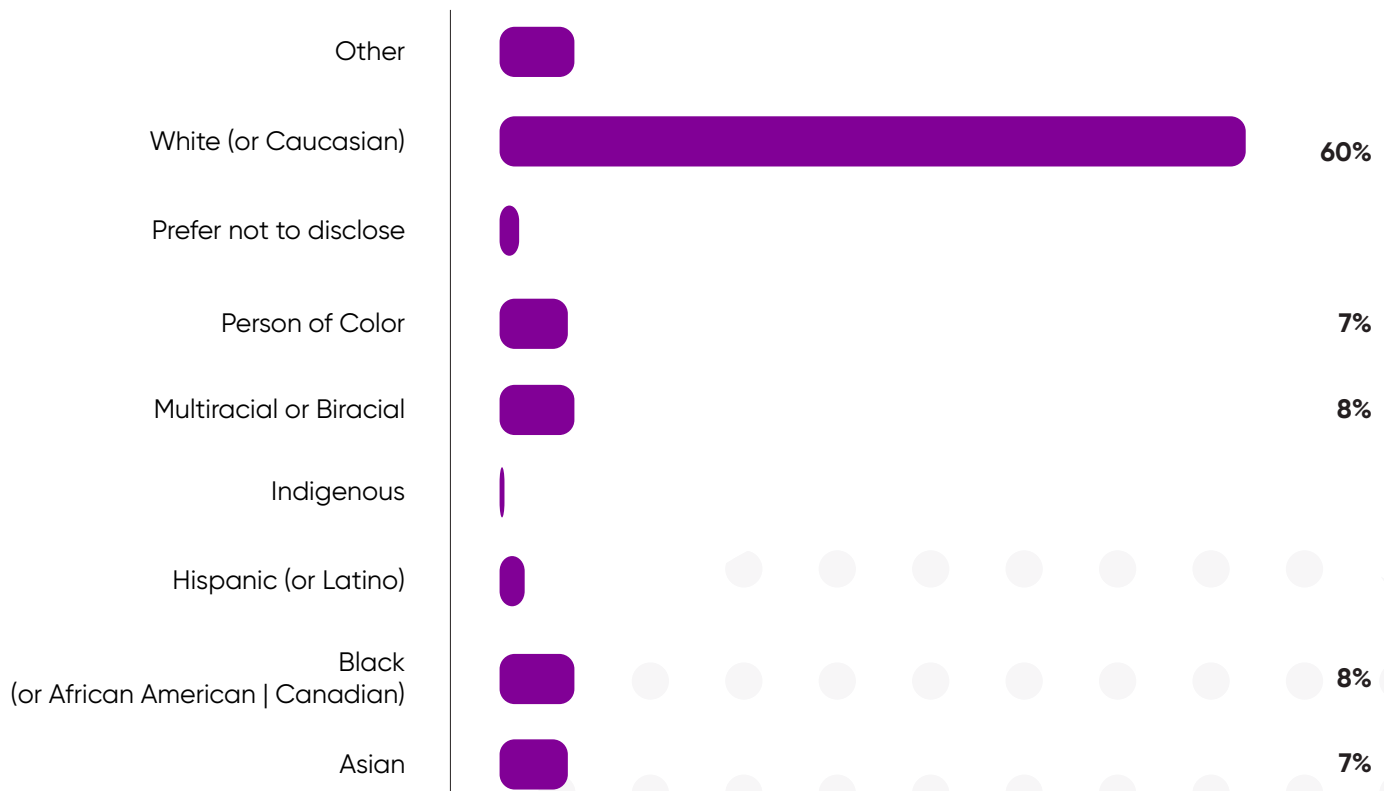


In Canada, transgender people are estimated to make up less than 1% however that is why reporting information is so important – because it is likely understated due to limited reporting options available. Canadians are evolving on how they identify themselves so options for self-identification and expression will help society embrace different identities.

For this survey, 1% identified as transgender, 3% preferred not to disclose and 96% do not identify as transgender.



How would you describe yourself?



In regard to racial identity, 60% of respondents identified as White. This was followed by 8% identifying as Black, 8% as Multiracial or Biracial, 7% as Asian, 7% as Person of Color, 2% as Hispanic and 2% as not disclosed. 6% also identified as other which included a variety of different ethnicities.

Although, this data reflects more diversity than Canada as a whole, it does vary by geographical region (with Toronto being the most diverse region).

Also, since the CLA is comprised of companies across Canada the important thing to keep in mind is to see growth in traditionally under-represented groups participating in the financial sector.



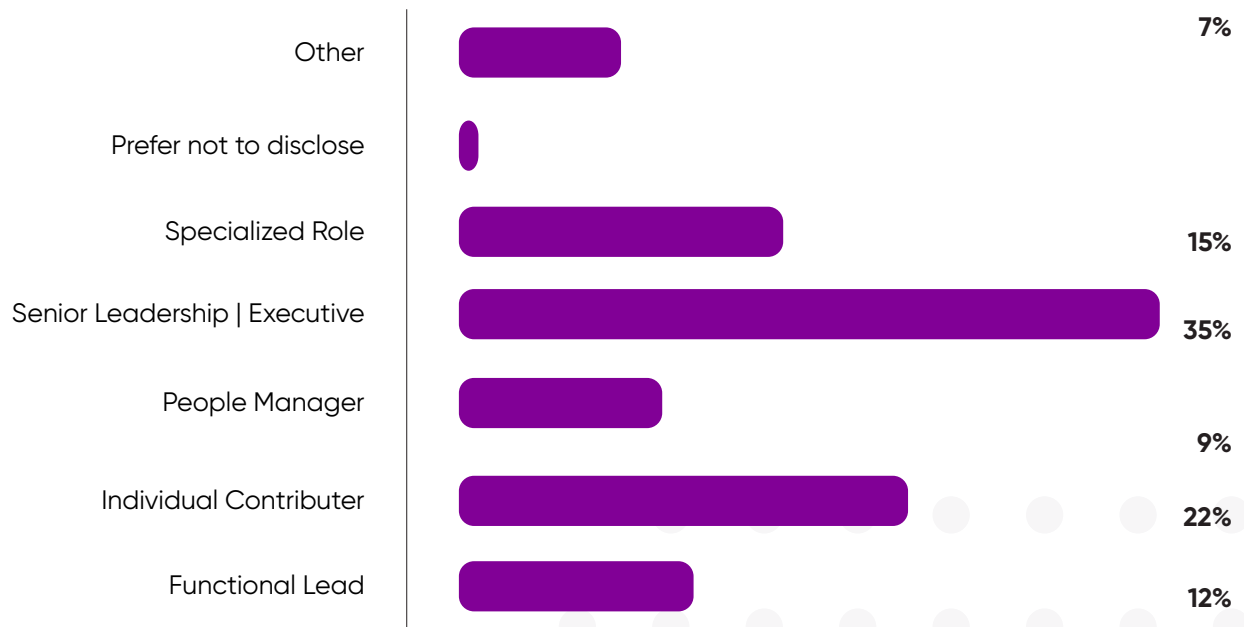
Do you consider yourself to be a person living with a disability?



Only 7% of respondents disclosed their disability status as YES, with 91% indicating NO, and 2% as PREFERRED NOT TO DISCLOSE. When in fact, 20% of the Canadian population considers themselves to be living with disabilities.



What is your current role within the organization you are presently employed with?



The majority of survey respondents (35%) categorized themselves as Senior Leaders or Executives, but other roles were also favorably represented. We note, with the Canadian Lender's Association it is difficult to standardize roles across a variety of factors such as company size and type.



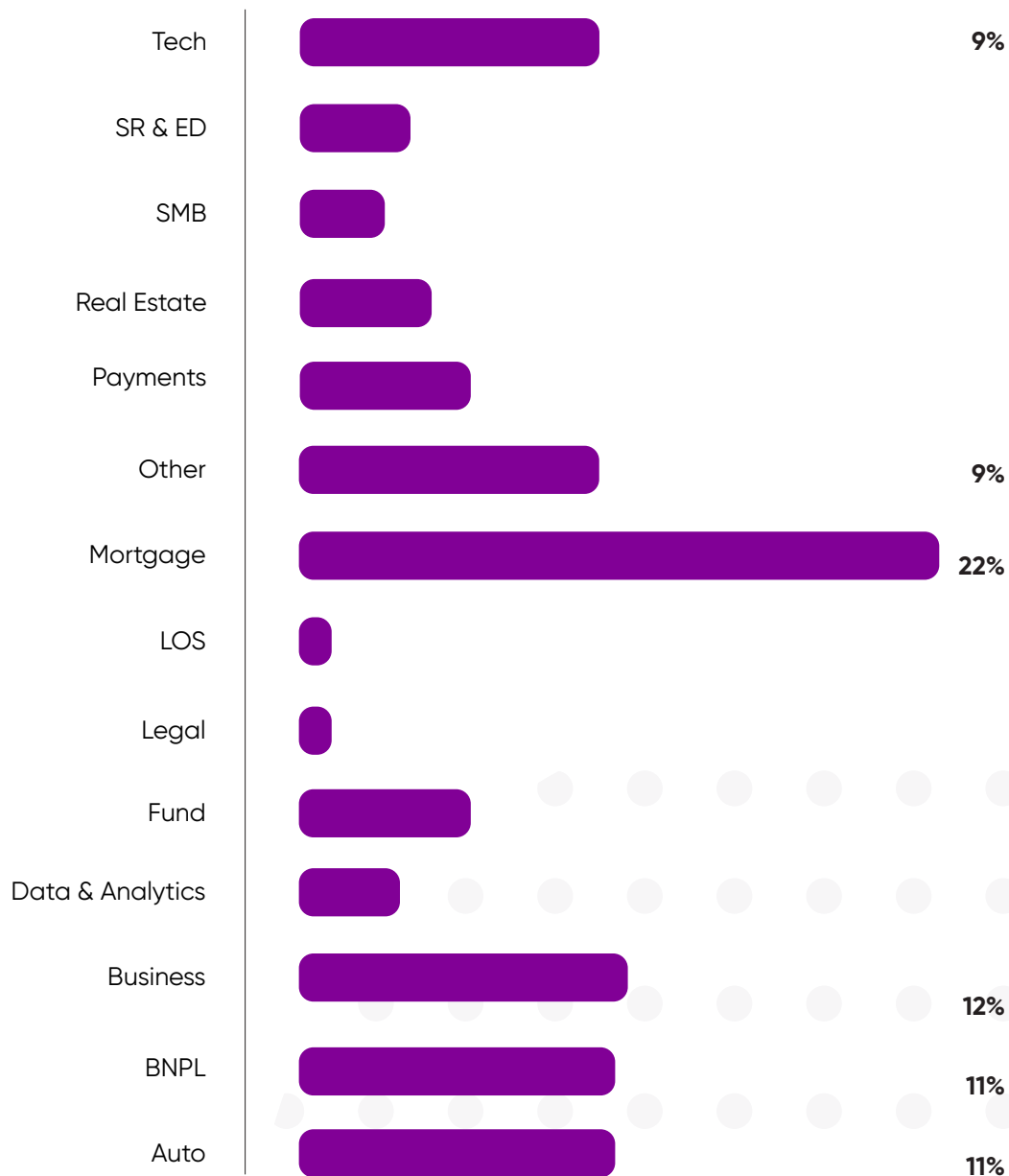
How would you classify your organization type?



This being the Canadian Lenders Association, It is of no surprise that most respondents associated themselves with the classification of Lender, followed by Tech Lender, Service Provider and then Bank.



What subcategory is your organization?



There was significant distribution between subcategories, however mortgages, consumer, business, auto and tech led the way. The variety in subcategorization helps provide more diverse perspectives and points of view.



PART 2

Diverse, Equitable, and Inclusive Culture

My organization fosters and advocates for an inclusive environment.



Most members strongly agree that their respective organization fosters and advocates for an inclusive environment. An inclusive culture is a set of actions, attitudes, and behaviors that encourages employees to feel valued for their unique qualities – an environment that appreciates their contributions, irrespective of their differences.



Workplace diversity is valued and prioritized at our organization.



While the majority of respondents feel diversity is valued and prioritized at their workplace, it is important to acknowledge there is still a small number that feels otherwise. It would be helpful to understand why that is the case at a more granular level.



Leadership demonstrates a commitment to meeting the needs of employees from marginalized and underrepresented groups (including but not limited to LGBTQIA2S+, BIPOC, and Persons living with disabilities).



This question references an important statement that needs to be addressed. 27% of members did not agree that Leadership demonstrates a commitment to meet the needs of employees from underrepresented groups: meaning that the commitment is either not visible or impactful or both.



Our organization embeds diversity, equity, and inclusion in business operations, policies and strategies.



This question requires further analysis due to the complexity of the statement. It is fair to assume that most respondents (22%) may not know or are unfamiliar with the incorporation of DEI in business operations, policies, and strategies, although a high number of respondents do agree with the account.



PART 3

Diversity, Equity, & Inclusion Programs and Policies

To my knowledge, my employer provides equal pay (fair compensation) for all positions regardless of gender identity, race, persons living with disability, age, and/or sexual orientation.



Similar to the previous question, a significant portion of the member base believes pay equity exists for their organization.

And for the respondents that did not agree, a better understanding of policies and stance on this program would be beneficial.



My organization follows an objective and unbiased hiring process.



This question is very relative to specific organizations due to the significant variation in hiring practices and processes. Therefore, although most feel talent is evaluated objectively, it is important that organizations have a talent strategy that is free of bias and removes obstacles and barriers for those from traditionally unrepresented groups.



I feel employees at my company have an equal and equitable opportunity (regardless of their inherent differences) for career progression.



Whether you are an organization looking to hire or looking to retain existing employees, career advancement is a key deciding factor for candidates. Therefore, it is imperative that all employees have a path and equal access to support and resources for career development.



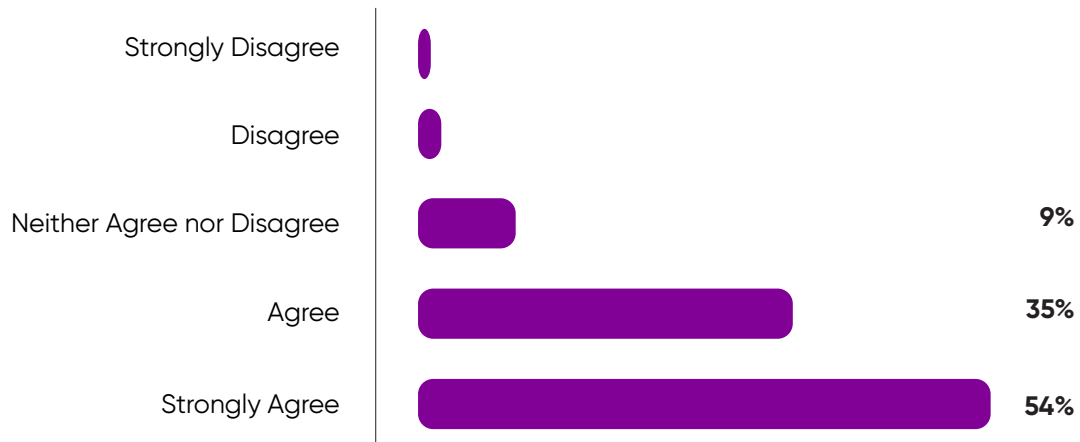
If I had a concern about harassment or discrimination, I know where, to whom, and how to report that concern.



Once again, most respondents consider themselves familiar with organizational policies pertaining to harassment and discrimination. It is important that this information be clearly communicated and readily accessible to ensure a psychologically safe work environment.



I feel like I can bring my whole and authentic self to work.



Over 88% agree on being able to bring their true and authentic self to work. This is very encouraging as an inclusive culture that fosters a sense of belonging leads to higher engagement, productivity, and collaboration.



My organization advocates for a healthy work life balance. This includes my wellbeing, addressing burnout as well as providing mental health solutions for employees.



Adopting a culture of healthy well being is essential, and most members feel their organizations advocate for work life balance. It is reassuring that the association is connected to companies that promote non-toxic workplace environments that creates loyalty, positivity and honesty amongst their employees.



REPORT FINDINGS

- **Making work more accessible for persons living with disabilities**

Based on the survey responses, people living with disabilities is underrepresented in the CLA member base. Approximately 20% of the Canadian population includes persons with disabilities yet 7% of respondents disclosed having a disability. This is not necessarily region or race specific, therefore requires additional attention. To address this, companies should proactively state their policy on accessibility accommodations and ensure remote and flexible workplace options are offered.



- **Growth for people from underrepresented groups**

The financial sector has made significant progress when it comes to racial diversity, but there is still more work to be done. The hope is that we continue to see growth in representation from people from different backgrounds, particularly in leadership positions. Senior Leadership and Boards across the industry remain relatively homogenous, but the expectation is to have more diverse representation in visible high-profile roles with decision making authority.

- **Female Representation**

It is evident that the financial industry still requires more representation when it comes to women and those who identify as women. Whereas entry and lower-level positions see higher participation with women, the number starts to decrease the more senior the position. Further, intersectional identities also need to be considered as women from racialized backgrounds, those living with disabilities, or members of the LGBTQ2S+ community face compound barriers for career progression. To increase representation, provide career progression pathways and opportunities, conduct stay interviews, measure and monitor retention data, and offer remote work and flexibility options.

- **Age Diversity**

Millennials are currently the largest demographic in the workplace (as evidenced in this survey), however the baby boomer generation was significantly underrepresented. It would be helpful to understand why this is the case. Not only are general workforce population statistics (higher than 25%) for this generation, but it is also seemingly much higher in the financial industry. Age diversity is critical in the workplace, as this is one of the dimensions that truly exhibits different working styles, preferences and behaviors – critical in establishing a diverse work environment.



RECOMMENDATIONS

● Complete a DEI Audit

Every organization should complete an audit of their workplace to ensure the work environment is inclusive for all backgrounds. This includes:

- . Data Collection
- . Policy Review
- . Process Evaluation
- . Governance and Leadership
- . Talent Management
- . Workplace Culture



● Communication

It would be recommended for organizations to regularly communicate their policies and programs around inclusive workplaces to their employees and other stakeholders. This includes sharing general information pertaining to DEI, data and insights, as well as events and commitments. It is also advisable that organizations implement an Inclusion Council for members of the Senior Leadership Team to help govern and support inclusive endeavors on behalf of the organization. Employees are looking for trust and transparency, therefore providing regular updates on progress will help create more inclusive cultures.

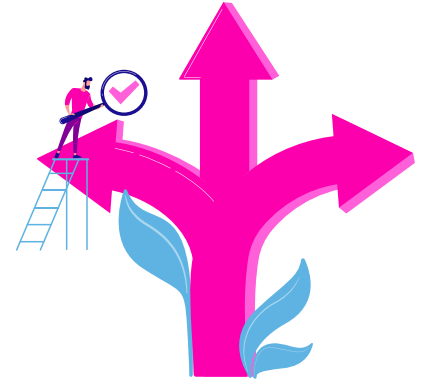
● Develop Equitable Career Paths

Bias in talent and hiring decisions can result in inequitable paths for career progression. In order to mitigate hiring bias, organizations should create a data-driven process that is objective and reduces systemic barriers and obstacles for those from underrepresented groups. For example, women in the workplace typically require additional workplace flexibility and mentorship options therefore organizations need to address these issues so equitable pathways can be created. The goal is for every employee to have equal and EQUITABLE access to support and resources so that they can achieve their full potential at their workplace, irrespective of their differences.



CONCLUSION

Ultimately, there are three trends that are impacting the current state of Diversity, Equity, and Inclusion for members of the CLA:



● Talent Management

All employees, regardless of background, want the opportunity for fair career progression and opportunities. As a result, organizations need to move from traditional methods (resume applications) to skill-based hiring. Skill based hiring is a hiring strategy and approach that concentrates on a candidate's practical skills and performance rather than formal qualifications. This will allow candidates who may not have the access or resources for traditional requirements to still be eligible and given an equitable opportunity for showcasing their candidacy. Further, the future of work involves the acceleration of soft skills advancement, therefore it will be pivotal for companies to move towards skill-based hiring in the war for talent.

● Diversity, Equity, and Inclusion Programming

DEI is a journey and will continue to remain at the forefront due to the future of work. When it comes to choosing employers, 76% of job seekers report a diverse workforce is an important factor when evaluating companies and job offers (8). To continue advancement in DEI, we need more data and insights to track and monitor progress. Without quantitative measurements, we will not see progress and advancement for equitable career advancement for those from unrepresented groups. Simply a checking the box activity is not going to result in any progress, DEI requires a methodical strategy and program (just like any initiative) for sustainable and impactful change. Research and data shows that diverse companies will out form non-diverse companies and create more shareholder value.

● Leadership

High-performing organizations are 4.3x more likely to have a CEO who articulates a DEI vision and communicates results. Like everything, it starts at the top. Leadership involvement in shaping the future workplace cannot be understated, it requires a collective effort to help navigate the roadmap. Visible action and commitment from senior leaders in the financial industry pertaining to DEI and establishing equitable career advancement programs for those from underrepresented groups will help close the gap and create more inclusive cultures.



Leveraging these insights will help organizations to progress on the advancement of DEI in the workplace, and we hope this analysis provides direction in creating more equitable workplaces. Since this was the inaugural edition of the CLA & Divercial survey, this data will be considered the baseline for future surveys. The objective is to shed light on the status of DEI in the financial sector and identify areas of opportunity to create more inclusion across the board. As we look forward, the CLA and Divercial aspire to set a Global Standard for Diversity, Equity, and Inclusion in the financial industry and to do so companies must adopt new tools and tactics to enhance efficiency and effectiveness. If we are not intentionally inclusive, we are unintentionally exclusive.



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7. **Towards an Accessible Canada:** Towards an Accessible Canada - [Canada.ca](https://www.canada.ca)
8. **Glassdoor:** What Job Seekers Really think about your Diversity and Inclusion Stats (Recruiting a Diverse Workforce | [Glassdoor for Employers](https://www.glassdoor.com))



REPORT METHODOLOGY

This report was developed by a partnership between the CLA and Divercial. We started the process by identifying our objectives followed by the category of questions to be asked. The survey questions were developed according to best practices in survey research and methodology, and ensured they were clear, concise, and understandable to people from a variety of backgrounds. Questions were designed in a format to enrich the data that would be standardized and collected with a high likelihood of response. The anonymous survey was distributed by CLA to its members by outreach directly to company contacts and email. It was open to all participating employees of CLA member companies and in total, 134 completed surveys were received. No reward was offered as an incentive to complete the survey.

Notes:

In the absence of Canadian workplace data, we used data from the US or Global Reports and Research. The terms female and male refer to an individual's biological sex whereas the terms woman and man refer to an individual's gender identity (Ontario Human Rights Commission).



ABOUT THE CLA

The Canadian Lenders Association (CLA) supports the growth of bank and non-bank companies that are in the business of lending. We are committed to service the needs of a new generation of Canadian borrowers. We represent and advocate for over 250 companies across Canada that participate in SMB, BNPL, consumer, home, automotive, crypto-backed lending and mortgage sectors.



ABOUT DIVERCIAL

Divercial focuses on the future of work by helping organizations build inclusive workplace cultures. Divercial Group is the Consulting entity and Divercial Work is the B2B software solution and employee experience platform. The work of Divercial advocates for objective and unbiased hiring practices to level the playing field for all candidates while optimizing an engaging employee experience.

As workplace dynamics continue to evolve, Divercial provides innovative and disruptive solutions for organizations to build strategies and programs that attract, develop, and retain diverse talent. Divercial focuses on the intersection of Talent and DEI. Our philosophy is that if companies used an objective data-driven skill-based talent strategy, it would result in a more diverse and inclusive organization. And we know there is significant research and evidence indicating that having an equitable and engaged workforce will translate to higher performance, revenue, and retention – a top priority for all organizations in today's market. Divercial is also aligned with 3 of United Nations Global Sustainable Development Goals: Gender Equality, Decent Work and Economic Growth, and Reduced Inequalities. Divercial is based in Toronto and serves the Canadian and US markets.

