Future Skills Centre | Centre des Compétences futures

Project Insights Report

Diversity Assessment Tool App

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Executive Summary

Many organizations, especially small and midsize enterprises (SMEs), struggle to implement effective and meaningful equity, diversity and inclusion (EDI) strategies. These organizations face numerous challenges that may hinder their growth and competitiveness, including gaps in hiring and retention practices and professional development opportunities. Strategies around EDI are essential for SMEs to be able to overcome the challenges. The Diversity Institute's Diversity Assessment Tool (DAT) offers SMEs a practical way to assess their EDI practices, policies and strategies and determine areas for improvement. The DAT addresses six key aspects of corporate strategy, including governance, leadership and strategy; human resources processes; values and culture; measurement and tracking of EDI; diversity across the value chain; and outreach and expanding the pool.

The original DAT was designed to increase participation of women in the information, communications and technology sector. It was refined, based on extensive research, to apply to various contexts and sectors; however, the cost of administering the DAT was high, which acted as a barrier for SMEs. As SMEs often lack resources, time and capacity, the Diversity Institute took this into consideration and, in 2022, introduced the DAT App, a scalable, free digital tool designed for SMEs to assess their EDI practices and receive tailored recommendations.

When using the DAT App, organizations would provide information about their EDI practices across the six dimensions. Upon completion, they would receive a customized report with recommendations and actionable strategies.

Nearly 400 organizations from various sectors and industries have used the DAT App, and it has proven to be an invaluable resource for assessing and improving EDI practices, especially for SMEs. The DAT continues to evolve, with changes to platforms, available languages, accessibility and web design. This report covers the period between November 2023 and August 2024, when 209 organizations, including 160 SMEs, used the DAT App in English and French.

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KEY INSIGHTS

1. Of the 160 SMEs analyzed, 48.1% operated in the nonprofit sector, 38.1% in the private sector and 9.3% in the public sector, with the remaining 4.5% falling into other categories.

2. Organizations have room to improve their EDI practices: on average, they performed between a score of two and three out of five on EDI compliance, which ranges from regulatory compliance to foundational demonstration.

3. Nearly 39% of organizations lacked EDI-related key performance indicators, had no key performance indicators or had no explicit EDI goals or targets for diversity in management.

The Issue

Equity, diversity and inclusion initiatives and processes offer strategic advantages that drive innovation while improving employee satisfaction and business outcomes and reducing risks. The far-reaching benefits of EDI in the workplace include the following:

- Diverse leadership leads to improved organizational outcomes.
- Diverse boards are more likely to mitigate financial risk, demonstrate more sustainable performance and adopt and develop new strategies.
- Diverse and inclusive organizational cultures play an important role in supporting employees while reducing turnover and associated costs.

SMEs account for the majority of private sector employment in Canada but often lack the skills and tools needed to implement effective and meaningful EDI strategies. They also have varying access to resources and expertise that can affect the design, creation and implementation of EDI strategies, practices and policies. SMEs may lack human resources professionals that can develop strategies to attract, recruit and retain diverse talent. This may lead to unequal outcomes in adopting and implementing these strategies. Strategies and measures around EDI are therefore important for SMEs to foster an inclusive workplace, attract diverse talent and remain competitive.

The DAT was based on extensive research and designed to assess organizations' EDI policies, practices and procedures in response to growing organizational EDI challenges. The cost of administering a customized DAT is high, with consulting projects ranging from $25,000 to more than $300,000, depending on scale and complexity. In 2022, the Diversity Institute enhanced the accessibility of the DAT by launching the DAT App, a free digital tool tailored for SMEs.



What We Investigated

The DAT App was designed to allow SMEs to assess internal EDI practices. It generates a customized report with actionable recommendations for improvement and examples of tailored best practices. It has been translated into French and deployed in a variety of contexts with nearly 400 organizations across sectors and sizes. Of these, more than 100 companies used the French translation. The preliminary evaluation was aimed at assessing the DAT App that was designed for SMEs and remains available free of charge on the Diversity Institute's 50 – 30 Challenge website.

The evaluation of the DAT App explored the following questions:

- What are the characteristics of organizations using the DAT App? Are there differences in results among them?
- What is the impact of the DAT App on the organizations that use it?
- What are areas for improvement and modification of the DAT App?

This report focused on organizations that completed the DAT App in Phase 4 of the DAT project, between November 2023 and August 2024. During this time, 209 organizations (including 160 SMEs) completed the survey in English and French.

What We're Learning

Despite the clear advantages of EDI, many organizations struggle to implement effective and meaningful EDI strategies. Organizations have varying levels of access to resources and expertise that can affect the design, creation and implementation of EDI strategies, practices and policies. This may lead to unequal outcomes in adopting and implementing strategies to attract, recruit and retain diverse talent. The organizations tested had varying levels of EDI engagement and practices across organizational processes:

- A little more than one-half (51.2%) noted that they have some or several goals tied to EDI, with 12% having an accompanying action plan or accountability measures.
- More than 60% of organizations reported lacking a strategy to recruit equity-deserving candidates.
- Of the participating SMEs, 30.6% indicated that they did not yet have a strategy to recruit equity-deserving people. Only 1.9% have a formal mentorship program with a budget and outreach to employees from equity-deserving groups.
- Most organizations offer some kind of flexibility in work arrangements and set clear expectations for workload.
- Most organizations indicated that they either do not have any key performance indicators (28.2%) or have key performance indicators but none related to EDI (34.4%).
- More than one-quarter (27.8%) of organizations noted that they embed the experience of diverse users into product design. However, more than two-fifths of organizations (41.1%) recognized diversity as a key element of their marketing programs.
- Seventy percent of SMEs are unaware of diverse suppliers and how to engage these organizations.

On average, organizations are performing between a score of two and three out of five on EDI compliance, which ranges from regulatory compliance to foundational demonstration. Organizations have room to improve their EDI practices in order to work toward strategic integration of EDI principles.

Why It Matters

An overwhelming majority of Canadian businesses are SMEs. As of December 2022, Canada had 1.22 million employer businesses. Equity, diversity and inclusion are not just ethical and moral imperatives. They also offer strategic advantages that can improve business outcomes, thereby driving innovation and employee satisfaction while reducing risk. However, SMEs often do not know where to start.

Major challenges for SMEs include attracting, recruiting and retaining top talent; lack of professional development opportunities to train and upskill employees; and not having concrete plans to establish EDI programs due to lack of time and resources.

To address these challenges, the DAT App provides a customized report on the state of EDI within each organization, which includes:

- tailored recommendations;
- a spidergram (a visualization tool that maps an organization's performance against benchmarks);
- examples of practices to consider.



State of Skills: What Works for Newcomer Integration

Industry-specific, employer-driven initiatives have been successful in accelerating and enhancing the employment prospects of newcomers. The collaborative approach of engaging with employers directly improved the relevance of the training and curriculum delivered and facilitated connections between employers and newcomers post-training.

Read Thematic Report

Embedding initiatives to advance EDI allows businesses to provide more inclusive organizational cultures that support women and other equity-deserving groups. The DAT App is a valuable tool to track progress over time, as organizations are able to complete the survey again after implementing EDI strategies. Organizations can easily compare two iterations of a spidergram to determine their progress. This is useful for internal benchmarking and can be shared with external stakeholders to show progress.

What's Next

As the tool continues to evolve, the Diversity Institute remains committed to improving its functionality, usability and accessibility. The next steps will focus on refining the user experience; exploring advanced technological enhancements for the DAT App, such as optimizing algorithms; building additional use cases tailored for municipalities, nonprofits, health care and other sectors, such as information and communications technology, manufacturing and others; and creating more tailored best-practice kits for organizations.

Have questions about our work? Do you need access to a report in English or French? Please contact communications@fsc-ccf.ca.

How to Cite This Report

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The Future Skills Centre acknowledges that the Anishinaabe, Mississaugas and Haudenosaunee share a special relationship to the 'Dish With One Spoon Territory,' where our office is located, bound to share and protect the land. As a pan-Canadian initiative, FSC operates on the traditional territory of many Indigenous nations across Turtle Island, the name given to the North American continent by some Indigenous peoples. We are grateful for the opportunity to work in this territory and commit ourselves to learning about our shared history and doing our part towards reconciliation.

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