

# **Good Practices for Visible Minorities in Canadian Workplaces**

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### **Executive Summary**

Qualitative measures of “good practices” in the form of an employment equity index) was developed by Jain (Jain & Hackett 1989; Jain & Bowmaker-Falconer 1998). The factors in the employment equity index were measured by developing dimensions of actual effort, to help discern whether or not firms are truly striving to achieve employment equity objectives. This is why scales assessing “good practices” can be helpful. We developed a rationale for several scales that tap into conceptually meaningful activities that were expected to be related to firm employment equity attainment (Appendix B). Our work here establishes, at a preliminary level, the validity of these scales.

The scales developed here were based on a) the employment equity index noted above; b) rationale for the development and validation of scales in Appendix B; c. a copy of the questionnaire administered to 18 employers (6 each in the three industrial sectors covered by the Employment Equity Act); d. the questionnaire provided a preliminary test for developing and validating the scales ; this was supported by d). a review of the empirical literature on racial discrimination in employment in Canada ; e) a summary of “good practice” measures as contained in the narrative reports, 1997-1999 of the 18 selected employers by each of the three sectors (Appendix D); rationale and coding summary of “good practice” narrative measures described and analyzed in Appendix C.

#### **A. Employment equity Index**

The senior author developed an employment equity index of “good practices”, and employment equity effectiveness criteria. Thus, in essence, the Jain and Hackett (1989) EE Index measures “Good Practices” and employment equity effectiveness. The criteria, (developed in the form of an index), allows employers to develop "good practices" to enable, implement, nurture and evaluate the effectiveness of EE programs (Appendix A).

The index consists of the following factors:

- Accountability
- Numerical Goals and Timetables
- Monitoring and Control Mechanisms
- On-Going Publicity
- Employment Practice Review
- Special Target or Designated Group Recruitment and Training Efforts

- Employment Equity Committee or Co-Ordinator
- Resources or Budget

The questionnaire responses, scales developed and validated in this study (Appendix B), summary of narrative measures for the three industrial sectors and the coding sheet developed are all related in this study with reference to the employment equity index (Jain & Hackett, 1989).

## **B. Developing and Validating Scales**

A major objective of this study has been to develop and provide preliminary analyses of scales to measure the extent of organizational efforts to promote employment equity. The purpose of these scales is to be able to monitor ongoing organizational efforts at employment equity attainment. These scales could serve as another tool for evaluating company “Good Practices” and compliance with the Employment Equity Act. They thus can serve as a useful addition to the frequency data that are already collected. For one thing, there are many reasons why employment equity goals may not be attained and not all of these causes may be as a consequence of a company’s lack of effort. In addition, employment equity is a long-term goal that most companies have not yet achieved. Thus, it is important to discern whether companies are pursuing “good practices” that should ultimately lead to employment equity attainment. Of course, in the case of visible minorities, there are frequent changes in the VM population as a consequence of immigration. That being the case, goals may change frequently. Indeed, companies that have made significant strides in addressing inequity problems in this area may not have particularly high levels of employment equity attainment as a consequence of changes in the VM population.

The scales developed by us are based on theoretical arguments as to what actions by companies constitute “good practices” in the employment equity arena. We have described and justified these practices above. The scales developed are the outcomes of responses to a questionnaire by informed managers of companies covered by the Employment Equity Act. Each of the scales we have developed to reflect “good practices” in the employment equity EE area (Consultation (union and general), Proactive Initiatives, Employment Equity Plans, Accommodation, and Accountability) consists of several individual items; these are listed by category in Table 1 (appendix B). Each item had five response categories: “not at all,” “somewhat disagree,” “agree to some extent,” “agree to a great extent,” and “agree completely.” It is important to have multiple items for each scale in order to assess the reproducibility of responses—what is generally termed scale reliability. If scales are not reliable, then the data are likely influenced by considerable random noise and are not very meaningful. The use of five response categories with the sorts of indicators mentioned above is standard practice in the construction of scales such as these.

Our work here establishes, at a preliminary level, the validity of these scales. Of course, further testing using a larger sample of organizations would help refine this analysis and provide greater credibility. However, this work indicates that these scales could be used to infer the degree of effort, ultimately linked to success, that a firm engages in with respect to employment

equity outcomes. Validation implies that these activities are indeed meaningfully linked to employment equity outcomes and that the extent to which firms actively pursue these goals can be measured and assessed with these scales.

Regarding implementation of these findings, it would be best to collect data from a large sample of companies in all three sectors covered by the EEA. It would then be possible to construct scores for each scale for each company and also construct a composite scale that would be the average of the individual scales. Companies could then be rated along each scale terms of the distribution of the entire set of companies, using, for example, percentiles. It would be possible to identify each company's position on each scale in terms of the percentage of firms above or below the company. This provides an alternative, and quantitatively much more precise, indicator of the firm's "grade" or level of accomplishment in EE efforts than the current letter grade system.

### **C. Questionnaire responses, Scales, Reliability and Validity**

The questionnaires administered to 18 firm managers, 6 from each of the three industrial sectors covered by the Employment Equity Act are provided in detail in Appendix A. The questions asked of the respondents are based on factors tapped in employment equity index. In Appendix B, we discuss and analyze our validation strategy. We provide in table 1 scale categories, scale items taken from the questions, asked of the respondents, and reliabilities. In table 2 we calculate standard deviations of the scales by each of the three sectors (banking, communication and transportation based on the selected firms). Table 3 details correlations among scales (such as accountability, general consultations employment equity plan, accommodation measures and the like) while tables 4 and 5 provide correlations between relative visible minority hiring and promotions for senior managers, middle managers, professional, technical workers and supervisors respectively.

### **D. Review of the empirical literature on racial discrimination in employment in Canada**

Empirical assessment of racial discrimination in employment can be undertaken using a number of research methods. The most widely applied methods are regression analysis using survey or census data, audit studies, surveys of perceptions and attitudes, and analysis of legal cases involving racial discrimination. The different methods complement rather than substitute one another in measuring the levels and nature of racial discrimination in employment. For example, regression analyses are widely used in assessing pay discrimination. Although these studies vary in their form and level of complexity, the basic form involves regressing pay levels on a number of human capital variables (including education and experience) and an additional variable representing race or ethnic group membership. Audit studies (using actors or testers as job applicants) are often used to examine discrimination against minority groups in access to various jobs in the labour market. Surveys, on the other hand, are used to measure specific perceptions and attitudes towards racial minorities in the society (which are generally perceived to result in discriminatory treatment of disadvantaged minorities). Finally, legal cases provide a

rich source of information about the experience of victims of racial discrimination in employment and factors leading to this behaviour.

Studies using all of the four methods have been conducted in Canada over the last few decades. Table 1 below provides a description of a number of selected empirical studies on racial discrimination in employment in Canada and their key results. The selected studies include most of the major studies in this field.

The overall evidence from our review of the literature indicates that racial discrimination is responsible for at least a part of the disparity in achievements between various racial minorities and whites in the Canadian labour market. The more important and compelling question now is not whether racial discrimination exists but rather what are the causes and possible solutions for this problem? We need to know more about the types of situations, behaviours, and interactions that lead to discrimination. In other words, we need more studies that look "inside the box" and provide direct empirical evidence on the specific behaviours and attitudes that affect the employment relationship in a way that leads to discriminatory treatment.

#### **E. A summary of “good practice” measures as contained in the narrative reports, 1997-1999 of the 18 selected employers by Sector**

In Appendix D, we provide a summary of the narrative measures reported in the annual narrative reports, 1997-1999, in the three industrial sectors. In Appendix C, ratings of each of the 18 employers, coding scheme and sector averages (3 industrial sectors covered in this study) are provided.

#### *Conclusions and Implications*

The senior author developed an employment equity index (appendix A) to specify the factors related to “good practices” and effectiveness of employment equity plans. Our work indicates that the scales developed and tested here for validation could be used to infer the degree of effort, ultimately linked to success, that a firm engages in with respect to employment equity outcomes. Validation implies that these activities are indeed meaningfully linked to employment equity outcomes and that the extent to which firms actively pursue these goals can be measured and assessed with these scales. Further testing using a larger sample of organizations would help refine this analysis and provide greater credibility.

Regarding implementation of these findings, it would be best to collect data from a large sample of companies in all three sectors covered by the EEA. It would then be possible to construct scores for each scale for each company and also construct a composite scale that would be the average of the individual scales. Companies could then be rated along each scale terms of the distribution of the entire set of companies, using, for example, percentiles. It would be possible to identify each company’s position on each scale in terms of the percentage of firms above or below the company. This provides an alternative, and quantitatively much more precise, indicator of the firm’s “grade” or level of accomplishment in EE efforts than the current letter grade system.

The development and testing of these scales has been supported by a review of the empirical literature on racial discrimination in employment in Canada (Appendix D); e) a summary of “good practice” measures as contained in the narrative reports, 1997-1999 of the 18 selected employers by each of the three sectors (Appendix G); rationale and coding summary of “good practice” narrative measures described and analyzed in Appendix G above in Appendix E and F.

Our review of the empirical studies on employment discrimination against visible minorities indicates that racial discrimination is responsible for at least a part of the disparity in achievements between various racial minorities and whites in the Canadian labour market. The more important and compelling question now is not whether racial discrimination exists but rather what are the causes and possible solutions for this problem? We need to know more about the types of situations, behaviours, and interactions that lead to discrimination. In other words, we need more studies that look "inside the box" and provide direct empirical evidence on the specific behaviours and attitudes that affect the employment relationship in a way that leads to discriminatory treatment.

A summary of “good practice” measures as contained in the narrative reports, 1997-1999 of the 18 selected employers by each of the three sectors are described and analyzed in Appendix D. The individual measure taken by each of organizations in the three sectors indicate that most organizations are taking pro-active staffing measures to attract, retain and motivate visible minorities. The chartered banks stand out in the pro-active and accommodation measures relative to transportation and communications sectors. We developed a coding scheme and a rationale for grading the measures, on a scale of 1 to 5, taken by the companies in the three industrial sectors. As can be seen in Appendices C, on average, banking sector received a sector score of 4.16, relative to 3.77 for transportation sector and 3.49 for the communications sector.

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### Employment Equity Index

Legislation, compliance monitoring and good intentions are all helped along by the development of effectiveness criteria. Such a criteria was developed in the form of an EE Index by Jain and Hackett prior to the passage of the Employment Equity Act in 1986 ( but published in a study by Jain & Hackett, 1989; also see 1991). The Index was used and found to be effective in measuring EE effectiveness in both Canada and South Africa (Jain & Bowmaker-Falconer, 1998). The factors in index were based on a review of empirical studies in North America. A recent Task Force Report and studies by Holzer and Neumark,(2000a,b) and Chay (1998) in the United States and Leck and Saunders, (1992), and Leck, Onge, and La.lancette, (1995), Jain and Verma (1996) and Jain (1993) in Canada continue to support the factors in the Jain & Hackett EE Index (1989).

In essence, The Jain and Hackett (1989) EE Index measures EE effectiveness.

The Employment Equity Index by Jain and Hackett (1989)consists of the following characteristics:

- Accountability
- Numerical Goals and Timetables
- Monitoring and Control Mechanisms
- On-Going Publicity
- Employment Practice Review
- Special Target or Designated Group Recruitment and Training Efforts
- Employment Equity Committee or Co-Ordinator
- Resources or Budget

a) Accountability: Research indicates that employment equity programs are more likely to succeed when line managers are incorporated into the planning and implementation of the program and held accountable for the outcomes. In this way, line managers' performance

assessment and subsequent linkage of success to bonuses, salary increase or promotion facilitate acceptance and adoption of employment equity throughout the organization.

b) Numerical goals and timetables for the staffing of designated groups: Numerical goals and timetables are instrumental in facilitating the effectiveness of employment equity programs. Employment equity programs should specify all the designated groups and specific goals and timetables (commensurate to their availability in the external labour market) ranging from 1 to 5 years.

c) Monitoring and control mechanisms: Effective monitoring is necessary to the implementation of an EE program. Regular evaluations that can assist managers in indicating the progress being made towards achieving employment equity objectives. These include periodic reports of progress made toward set objectives and the need for corrective action or adjustment.

d) On-going publicity involving communication with employees on a regular basis, thereby indicating the commitment of the organization to employment equity objectives. These include video and/or memorandum sent by senior management; annual reports; workplace posters; communication in several languages in company newsletters and other in-house organs.

e) special target group recruitment and training efforts to improve the representation of the members of the designated groups in those occupations where they are under-represented. These include pro-active efforts to recruit and train designated group members; ensuring that recruiting teams are represented by members of designated groups; making recruiting material available in several languages; mentoring programs; as well as special measures in the form of flex time, internal and external communications, work sharing, child-care and educational assistance such as bursaries.

f) Employment practice review: One of the critical requisites to an effective employment equity program is the identification and elimination of unfair discriminatory barriers to employment opportunities. These can include: reviewing and updating job description/specifications; monitoring staffing practices; ensuring job requirements are job related; interviewer training; validating tests and other staffing procedures.

g) An employment equity committee/coordinator to involve the active participation of members of both designated and non-designated groups; and h) Resources and budget allocations to implement employment equity goals.

The criteria, developed in the index above, allows employers to develop "good practices" to enable, implement, nurture and evaluate the effectiveness of EE programs. According to a Task Force Report (Jones, December 1997) on best practices issued by the Equal Opportunity Commission in the United States these practices consists of the following:



A "best" practice has the following characteristics:

1. A "best" practice complies with the law.

A "best" practice is not accomplished by minimal compliance with the law since all employers must meet that standard.

2. A "best" practice promotes equal employment opportunity and addresses one or more barriers that adversely affect equal employment opportunity.

A "best" practice should strive to eliminate both general (that is, societal) and specific(indigenous to the employer) job barriers. Societal job barriers include glass ceilings against designated groups that limit their advancement, perceived cultural differences and ethnocentrism due to the "like me" syndrome; stereotyping; prejudice or outright bigotry; ignorance et Employer specific job barriers include barriers to: a) recruitment and hiring; b) advancement and promotion; c) terms and conditions of employment; termination and downsizing etc.

3. A "best" practice manifests management commitment and accountability.

It involves commitment from top-level management to front-line supervisors. Management commitment must be a driving force. It includes management directives; communication throughout the organization indicating that it is committed to equal opportunities and will not tolerate unlawful discrimination in any form; and an integration of equal opportunity in all aspects of an employer's policies and practices.

Management must also monitor the results of its efforts and decisions. Accountability is important since it goes hand-in hand with commitment.

4. A "best" practice ensures management and employee communication.

Management should participate and interact with employees and employee groups. Communication should be encouraged from the "top-down" and "bottom-up", including top management speeches and letters from employees to management.

Information about equal opportunities polices, programs, and practices should be distributed to all employees, informing everyone of management's positions on the various aspects of equal opportunities. This includes career opportunities to all employees including competencies, skills and abilities required.

5. A "best" practice produces noteworthy results.

A practice may look great on paper, but without implementation and results, its value is subject to conjecture and is unrealized.

6. A "best" practice does not cause or result in unfairness.

An AA plan cannot unnecessarily trammel the rights of non-designated groups. For example, it cannot require the discharge of non-designated groups and their replacement with designated employees nor can it create an absolute bar to the advancement of non-designated groups. In addition, an individual benefiting from an AA plan must be qualified for the job at issue.

An AA plan should not use inflexible quotas, but rather justifiable goals and timetables.

The plan must be designed to break down patterns of segregation and to open employment opportunities for the designated groups.

We have developed an updated version of the Jain-Hackett questionnaire index (see draft questionnaire attached as Table 1 in appendix A). From this updated version, we came up with the following factors that now are the essential elements of our new EE Index.

These are: 1. Consultation as in our index items d) and g) above regarding the existence of an employment equity committee/coordinator to involve the active participation of members of both designated and non-designated groups; and on-going publicity involving communication with employees on a regular basis, thereby indicating the commitment of the organization to employment equity objectives;

2. Proactive Initiatives as in our EE Index e) above involving special target group recruitment and training efforts to improve the representation of the members of the designated groups in those occupations where they are under-represented;

3. Employment Equity Plan as in our index above in items b) and c) in the form of presence of numerical goals and timetables for the staffing of designated groups, (commensurate to their availability in the external labour market); and monitoring and control mechanisms (presence of regular evaluations that can assist managers in indicating the progress being made towards achieving employment equity objectives);

4. Accommodation measures are mandated in recent Supreme Court and tribunal rulings across Canada as well as in the provisions in the 1995 Employment Equity Act. Some of these accommodation measures such as flextime, maternity leave etc. are indicated in our index a above.

5. Accountability, as in our Index above regarding the extent to which the attainment of goals and timetables are tied with managerial accountability, such as performance appraisal tied to achievement of goals and timetables by managers as in the Case of the Bank of Montreal.

## **Scale Development and Use**

A major objective of this study has been to develop and provide preliminary analyses of scales to measure the extent of organizational efforts to promote employment equity, as

discussed in the employment equity index above. The purpose of these scales is to be able to monitor ongoing organizational efforts at employment equity attainment. These scales could serve as another tool for evaluating company compliance with the Employment Equity Act. They thus can serve as a useful addition to the frequency data that are already collected. For one thing, there are many reasons why employment equity goals may not be attained and not all of these causes may be as a consequence of a company's lack of effort. In addition, employment equity is a long-term goal that most companies have not yet achieved. Thus, it is important to discern whether companies are pursuing "good practices" that should ultimately lead to employment equity attainment. Of course, in the case of visible minorities, there are frequent changes in the VM population as a consequence of immigration. That being the case, goals may change frequently. Indeed, companies that have made significant strides in addressing inequity problems in this area may not have particularly high levels of EE attainment as a consequence of changes in the VM population. However, it would be unfair to view these companies as not making progress. Quantitative measures of actual effort, along different dimensions, can help discern whether or not firms are truly striving to achieve EE objectives. This is why scales assessing "good practices" can be helpful.

The scales we have developed on theoretical arguments as to what actions by companies constitute "good practices" in the EE arena. We have described and justified these practices above. The scales we have developed are the outcomes of responses to a questionnaire by informed managers of companies covered by the EEA. Each of the scales we have developed to reflect "good practices" in the EE area (Consultation (union and general), Proactive Initiatives, Employment Equity Plans, Accommodation, and Accountability) consists of several individual items; these are listed by category in Table 1 (appendix). Each item had five response categories: "not at all," "somewhat disagree," "agree to some extent," "agree to a great extent," and "agree completely." It is important to have multiple items for each scale in order to assess the reproducibility of responses—what is generally termed scale reliability. If scales are not reliable, then the data are likely influenced by considerable random noise and are not very meaningful. The use of five response categories with the sorts of indicators mentioned above is standard practice in the construction of scales such as these.

We have conducted an initial effort to establish scale validity based on data collected from eighteen leading companies covered by the EEA (six from each from banking, communications, and transportation). One reason for conducting a validity study is to assure that the scales we have developed can be reasonably assumed to measure what that are assumed to measure (i.e., EE-related "good practices"). In addition, we must also establish there is reason to believe that the scales are related to EE outcomes. If these scales do not in some way predict EE outcomes, then there is little reason to believe they are important. So this is another basis for validation work as we have undertaken here. We describe in general terms the reliability and validity analyses here, with a more technical description in the appendix.

### Methods

With the small size of the sample, we are somewhat limited in terms of what we can do to establish scale validity. There are several elements to the validation strategy; taken as a whole, these elements can be suggestive of scale validity. First of all, there needs to be a theoretical

basis for the scales developed. The individual items must appear to measure reasonable aspects of each scale (to establish *face validity*) and the items included in each scale must be drawn from the domain of the scale (i.e., what it is intended to measure) and represent various aspects of that domain (to establish *content validity*). Those two aspects of the validation process have been handled in above in the description and justification of these scales.

Once the data were collected, each scale was evaluated in terms of its *reliability* or internal coherence. After scale reliability was established, other methods were used to discern the scale's *construct validity*: the extent to which it exhibits behavior, through associations with other scales and variables, suggestive of its validity (i.e., does it correlate in a reasonable manner with other constructs?). Finally, it is desirable to establish the extent to which each scale correlates with measures of those things it is expected to cause or predict (*criterion validity*). These are all standard techniques used to determine scale validity. The one limitation in this study is the small sample size (i.e., eighteen cases). However, this is only a preliminary effort at validation and subsequent work with a larger sample will be pursued based on the promising outcome of this work.

### Scale Reliability

All of the scales, except for Accountability, had what are considered acceptable levels of reliability (based on the computation of what is know as a reliability coefficient). We report further analysis with the accountability scale, though the low reliability indicates the scale should have further refinement.

Scale averages are reported in Table 2 (appendix), broken down by industrial sector. In addition to the individual scale, a composite index, which is the sum all of the scales except union consultation (which is only relevant to unionized firms) is also reported. Higher scale values are associated with greater efforts to achieve employment equity. As can be seen in Table 2, banks generally had higher scores along all of the scales except union consultation (as unionization is low or absent in the banking sector). Banks also had a high average on the composite index relative to communications and transportation companies. Transportation had somewhat higher values in general for the scales than the Communications sector. Are these differences meaningful? As indicated in the appendix, the cross-industrial differences are, for the most part, statistically significant and thus indicative of substantial inter-industrial differences in employment equity attainment efforts. In particular, with the exception of union consultation, EE efforts measured by the scales are higher in all cases in the banking sector than in either transportation or communications. Banks clearly put much greater effort into these activities; differences between the communications and transportation sectors are negligible.

### Construct Validity

The next step in the validation process is to examine the pattern of associations among the various scales. We would anticipate that various employment equity efforts at likely to go hand-in-hand, leading to positive correlations among the scales. The results in Table 3 (appendix) generally support our expectations as to a pattern of positive and statistically meaningful correlations among the scales. This finding supports construct validity. The one scale that performs generally poorly is Union Consultation. However, the scale is only

meaningful in unionized settings. Given the small sample, it is not really possible to do construct validation on this scale. Thus, we can only establish content and face validity.

### Criterion Validity

We utilized several different outcome measures that might be expected to be correlated with each scale and the Composite Index (i.e., summation of key scales). We first correlated each scale with the letter grade awarded each company by HRDC with regard to its success at achieving employment equity goals in the case of VM employees. For the eighteen companies used here, those grades ranged between 'A' and 'C.' The letter grades were recoded to numeric equivalents to do these correlations. Unfortunately, none of the correlations were statistically significant and the signs were mixed (some were positive, others were negative). However, there are technical reasons why these relations were not found to be statistically meaningful.

When we looked on the associations between the various scales and outcomes such as VM hiring and promotion rates, we had much better results. As described in the appendix, there was a general pattern of relationships here that points to a positive relationship between employment equity efforts and both hiring and promoting VMs. This finding supports criterion validity.

### Conclusions and Implications regarding Scales Development and Validation

We have developed several scales that tap into conceptually meaningful activities that are expected to be related to firm employment equity attainment. Our work here establishes, at a preliminary level, the validity of these scales. Of course, further testing using a larger sample of organizations would help refine this analysis and provide greater credibility. However, this work indicates that these scales could be used to infer the degree of effort, ultimately linked to success, that a firm engages in with respect to employment equity outcomes. Validation implies that these activities are indeed meaningfully linked to employment equity outcomes and that the extent to which firms actively pursue these goals can be measured and assessed with these scales.

Regarding implementation of these findings, it would be best to collect data from a large sample of companies in all three sectors covered by the EEA. It would then be possible to construct scores for each scale for each company and also construct a composite scale that would be the average of the individual scales. Companies could then be rated along each scale terms of the distribution of the entire set of companies, using, for example, percentiles. It would be possible to identify each company's position on each scale in terms of the percentage of firms above or below the company. This provides an alternative, and quantitatively much more precise, indicator of the firm's "grade" or level of accomplishment in EE efforts than the current letter grade system.

## **Review of Empirical Studies on Racial Discrimination in Employment in Canada.**

The employment equity index was developed based on a review of the literature concerning discrimination against visible minorities in the workplace. Empirical assessment of racial

discrimination in employment can be undertaken using a number of research methods. The most widely applied methods are regression analysis using survey or census data, audit studies, surveys of perceptions and attitudes, and analysis of legal cases involving racial discrimination. The different methods complement rather than substitute one another in measuring the levels and nature of racial discrimination in employment. For example, regression analyses are widely used in assessing pay discrimination. Although these studies vary in their form and level of complexity, the basic form involves regressing pay levels on a number of human capital variables (including education and experience) and an additional variable representing race or ethnic group membership. Audit studies (using actors or testers as job applicants) are often used to examine discrimination against minority groups in access to various jobs in the labour market. Surveys, on the other hand, are used to measure specific perceptions and attitudes towards racial minorities in the society (which are generally perceived to result in discriminatory treatment of disadvantaged minorities). Finally, legal cases provide a rich source of information about the experience of victims of racial discrimination in employment and factors leading to this behaviour.

Studies using all of the four methods have been conducted in Canada over the last few decades. Table (1) provides a description of a number of selected empirical studies on racial discrimination in employment in Canada and their key results. The selected studies include some of the major studies in this field, however, not all of them.

A study (unequal access, 2000) based on the 1) the 1996 Census data, analysing 2.8 percent of the Census records), and containing detailed information on ethnic origin, visible minority status, as well as employment, education occupation income and other relevant variables and 2) the National Graduate Survey (NGS), specially on the education section which contains data on post-secondary graduates (College, trade school, and university) in Canada and follows the same sample of graduates two and five years after graduation found that:

- 1) VMs generally have higher education levels than non-VMs. Compared to other Canadians, Vms with university education are less likely to hold managerial/professional jobs.
- 2) Foreign-born VMs experience greater education-occupation discrepancies compared to other groups as less half of those with a unviersity education have high skill level jobs.
- 3) Most of the VMs that have managerial jobs are self-employed.
- 4) Foreign-born VMs are over-represented in lowest income quintile and underrepresented in the highest income quintile.
- 5) Even if they were born in Canada, VMs are still less likely than foreign- born and Canadian-born non racialized groups to be in the top 20% income distribution.
- 6) In most cases, the earnings of foreign-born VMs are lower than Canadian-born nonracialized groups, regardless of residence, filed of education study, age or gender. Foreign-born VMs earned, on average, about 78 cents for every dollar earned by a foreign-born non-VM person.

A study that examined the racial attitudes of a random sample of 617 white individuals in Toronto (Henry, 1978) showed that 16% of those individuals could be considered extremely racist and an additional 35% inclined towards some degree of racism. The report of the Commission of Equality in Employment (Judge Abella, 1984) indicated that in meetings with

non-whites all across Canada, they complained of facing discrimination both overt and indirect. The report concluded that racial discrimination in employment is a real concern and strong legislative measures are necessary to reserve or inhibit the degree to which members of visible minority groups are unjustifiably excluded from the opportunity to compete as equals. More recent commissioned studies on the status of racial minorities in the public services showed similar results (See Samuel, 1997 and Task Force on the Participation of Visible minorities in the Federal Public Services, 2000). Other studies described in table (1) show empirical evidence on the persistence of the problem of racial discrimination in the Canadian labour market. In one of the major audit studies, over 400 jobs identified from the classified ads in the major newspapers in Toronto were tested using white and visible minority job applicants (Henry and Ginzberg, 1985). A sample of 201 of the jobs were tested by direct in-person applications using matched pairs (matched on basis of similarity in human capital and physical characteristics) of black and white applicants. Offers to whites outweighed offers to blacks by a ratio of three to one. In another sample of 237 jobs that were tested by phone inquiries, the percentages of times that callers were told the job is open for them were 85.2%, 65%, 51.9%, and 47.3% for white Canadian, white immigrant, west Indian black, and Indo-Pakistani callers, respectively. Furthermore, when employers discriminated among callers by differentially screening them, white Canadians were never screened for their experience or qualifications while applicants from the other three racial minority groups were screened by these employers.

The disparate conditions between racial minorities and whites in the labour market is evidenced from the lower rates of employment and pay for racial minorities in general. While part of this disparity can be attributed to differences in human capital and productivity-related variables, there is a general belief that racial discrimination significantly contributes to the lower conditions experienced by racial minorities. Howland and Sakellariou (1993) examined earning differentials between whites and three racial minority groups. They found that Southeast Asian and South Asian male managers earned 90 percent and black managers earned 86 percent of the average white male managers salaries. In other non-manual jobs blacks and Southeast Asians earned 75 percent and South Asians earned 84 percent of their white counterparts. After controlling for >human capital= differences using regression analysis, the study found that the earning gap for men ranged from 2 percent for South Asians to 21 percent for blacks. The earning differentials for women were 5 percent in the case of blacks and 4 percent for Southeast and South Asian women. Another study that compared the labour market outcomes in Canada and the U.S. for various ethnic groups found that, in the case of native born, all ethnic groups fared better in the U.S. than in Canada in terms of their earnings compared to whites (Baker and Benjamin, 1997). A more recent study by Pendakur and Pendakur (2000), using five waves of Canadian census data, showed that while there was an improvement in relative earnings of both Abroginals and visible minority workers between 1971 and 1981, the earning gap was stable through 1991, and then there was a relative decline in relative earnings between 1991 and 1996. Other studies of the earning gaps between whites and racial minorities provide in general an indirect evidence on discrimination against racial minorities (See Boyd, 1992, Bloom et. al., 1995, and Meng, 1987).

Despite the wide use of regression analysis in the study of pay discrimination, some researchers criticise using this technique to assess discrimination in the labour market (see for example Heckman, 1998). The argument against using regression analysis is that census data that

is commonly used in these studies provide insufficient and limited information about the human capital and productivity-related factors that are actually used by organisations in making pay and other personnel decisions. Also, Hum and Simpson (1999) warn against research that compare pay and employment levels of visible minorities with those of non-visible minority Canadians at aggregate levels. They indicate that this kind of exercise is misleading because it groups all visible minority individuals without distinguishing their colour or ethnic origin, education, work experience or degree of assimilation into the Canadian labour stream (Hum and Simpson, 1999, pp. 392). When controlling for these factors, Hum and Simpson (1999) found that, with the exception of Black men, there is no statistically significant wage disadvantage for visible minorities who are native born. However, a wage gap exists among visible minority immigrants.

Among other studies in the Canadian context that provide empirical evidence on the representation gap between whites and racial minorities without directly referring this gap to racial discrimination are Jain et. al. (2000), Ornstein (2000), and Reitz and Verma (1999). Jain et. al. showed a significant under-representation of racial minorities in selected police services across Canada and indicated that selection and promotion policies that disadvantage minorities may be responsible for this under-representation. Ornstein (2000) showed using the 1996 Canadian census data that there is in general a pervasive disparity between members of racial minorities and whites in the City of Toronto in pay, employment rates, and other socio-economic indicators. Reitz and Verma (1999) found that lower rates of unionization for racial minorities (especially men) might be responsible in part for slowing their wage assimilation.

At least two previous studies analyzed legal cases to examine racial discrimination in employment in Canada (i.e; Jain, 1982 and Andiapan et. al., 1989).

The overall evidence from previous studies indicates that racial discrimination is responsible for at least part of the disparity in achievements between various racial minorities and whites in the Canadian labour market. The more important and compelling question now is not whether racial discrimination exists but rather what are the causes and possible solutions for this problem? We need to know more about the types of situations, behaviours, and interactions that lead to discrimination. In other words, we need more studies that look "inside the box" and provide direct empirical evidence on the specific behaviours and attitudes that affect the employment relationship in a way that leads to discriminatory treatment.



**Table A1:**  
Selected studies empirically assessing racial discrimination in the labour market in Canada

Authors)	Objectives of study	Data sources and sample size	Methodology	Key results
Henry (1978)	To measure the extent of racism in the Toronto population and to determine demographic and other variables that correlate with racist attitudes	A random sample of 617 white respondents representing the population of Toronto.	A 100-item questionnaire was used. Data was analyzed using simple statistics and Chi-square test.	Majority of respondents held some degree of racist attitudes. 16 percent of the sample were extremely racist and 35 percent inclined towards some degree of racism. Most racist people tend to be older, non-participants in the labour force, working class, poorly educated, and religious. They are also authoritarian, maintain social distance, and have no contact with minorities.
Muszynski and Reitz (1982)	To examine the process of employment, recruitment, selection, and promotion for its discriminatory potential and explore policy options to deal with the problem.	A review and analysis of data and evidence from a number of previous studies. Data sources in the studies reviewed include statistical surveys and census data, cases before human rights commissions, and surveys of perceptions and attitudes.	Analysis of the economic status of various immigrant visible minority groups in Metropolitan Toronto based on results of a number of earlier studies.	While most studies found that some immigrant groups occupying low "entrance status" achieved upward mobility at least in the second generation, the evidence suggests that this pattern of mobility is not true for visible minority groups (e.g. blacks, Asians, and Native Canadians). Very few employers are aware of the unintentional cultural/racial bias inherent in their systems of employment.
Billingsley and Muzynski (1985)	To examine qualitatively and quantitatively the practices, attitudes, and experiences of employers in Metropolitan Toronto in issues related to employment of racial minorities.	A random sample of 199 organizations representing public, quasi-public, and private employers in the Metropolitan Toronto area.	Personnel managers and key decision makers at each organization were interviewed. Content analysis of race-based complains. Data was analyzed using simple statistics.	Current personnel procedures provide significant opportunity for discrimination, particularly in recruitment. Majority (82%) of employers surveyed had no special policies to address race-related employment issues. Content analysis of 208 race-based complaints showed that 49% of non-white complaints were handled by disciplining the non-white complainant. 11% of managers believe the best way to prevent non-white complaints is to not hire them.
Howland and Sakellariou (1993)	To examine the earning differentials between whites and visible minority groups with consideration of the effect of differences in occupational status and control for productivity-related characteristics.	Data obtained from the individual file of the Public Use Sample Tape from the 1986 Canadian census.	Regression analyses and simple statistics	In 1985 each of south east Asians and south Asian male managers earned approximately 90%, while black male managers earned only 86% of white male managers salaries. In other non-manual jobs south Asian men earned 84% and black and south east Asian men earned 75% of their white counterparts. The regression model used to refine earning differences showed that a divergence in the labor market experience: For men the earning gap ranges from 2% for south Asians to 21% for blacks. For women it is estimated at 5% for blacks and 4% for both south east and south Asian women.
Samuel (1997) ~	To identify elements in hiring practices and workplace ~ environment that may explain	Fourteen departments and agencies ~ representing the	Qualitative analysis and simple statistics	Both visible minority employees and public service managers expressed the view that racial discrimination

Samuel(Contd.)	the low levels of employment of visible minorities in the public service organizations in Canada.	Canadian public service were studied. Questionnaires, personal interviews, and focus groups were used to collect data.		against VMs is prevalent in the public service. A number of barriers exist including staffing and promotion processes and workplace environments that disadvantage VMs. What is needed is the removal of barriers to make sure that real merit is recognized and rewarded.
Hum and Simpson (1999)	To provide a new analysis of wage differentials among different visible minorities in Canada using the first wave of the Survey of Labour and Income Dynamics (SLID).	Data is taken from the master file of SLID. A sample of 6,241 men and 5,505 women between the ages of 15 and 69 who reported earnings in 1993.	Regression analysis and simple statistics	With the exception of Black men, the study found no statistically significant wage disadvantage for visible minorities who were born in Canada. A wage gap exists among visible minority immigrants. Also, there is a difference between women and men. Among immigrants a wage disadvantage exists for visible minority men relative to other men, but not for women. Results suggest that policies to combat racial discrimination should focus on assisting immigrants rather than on the traditional employment equity legislation.
Jain et. al. (2000)	To examine the levels of representation of visible minorities in fourteen police services across Canada and the effects of policies and practices used by these police services on the recruitment, selection, and promotion of visible minorities.	Fourteen large police organizations throughout Canada. Questionnaire survey and focus group interviews were used to collect data over a period of 13 years.	Longitudinal Study. Used simple statistics and qualitative data analysis.	The demographic composition of the Canadian police services does not reflect the diversity of the communities they serve, especially with respect to representation of visible minorities. For example, in 1996/97, visible minorities in the RCMP represented only 3.4 despite the fact that VMs represent 10.3 percent and 11.2 percent in the Canadian labour force and population, respectively. While some progress has been achieved in representation of VMs in police services, there is still a significant need to remove barriers affecting VMs in selection and promotion policies.
Ornstein (2000)	To provide a detailed descriptions of the socio-economic situations of 89 ethno-racial groups in the City of Toronto using the 1996 Canadian census data.	The 1996 Canadian census. The sample includes all census data for members of racial minority groups in Toronto.	Descriptive analysis. Tabulations and simple statistics.	There is pervasive inequality among ethno-racial groups in Toronto and all indicators show that the situation for racial minorities is, on average, significantly below the overall average in the city. For example, unemployment levels varied from 5 to 40 percent for various racial minority groups compared to 10.3 overall average. Combining all the non-European groups, the family poverty rate is 34.3 percent, more than twice the figure for the Europeans and Canadians.
Pendakur and Pendakur (2000)	To assess the earning differentials between visible	The data used consists of five customized data	Regression analysis and simple	There was improvement in relative earnings of both Aborigines and

	minorities, Abroginals, and whites born in Canada over the 25 years between 1971 and 1996.	files from the 1971, 1981, 1991, and 1996 censuses of Canada. Population examined include all Canadian-born individuals, 25-64 years of age, whose primary source of income is from wages and salaries.	statistics. Analysis were conducted for each of the 5 census periods for each of males and females with separate analysis of age effects.	visible minorities compared to white workers between 1971 and 1981, no change through 1991, and then there was some decline in relative earnings between 1991 and 1996. This finding applies to both racial minority groups regardless of sex and place of residence. The earnings differentials for women in both minority groups compared to white women are smaller and sometimes positive. However, the pattern of erosion in relative standing over the 1990s applies to both men and women. Also, Abroginals in general fare less well than other visible minorities.
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## Summary and grading of the narrative reports filed by selected employers

We provide below a summary and evaluation of the narrative reports filed by the selected 18 employers by each of the three industrial sectors, as discussed above.

<b>BANKING INDUSTRY SUMMARY from 1997 - 1999 Narrative Reports</b>	
<b>Category</b>	<b>Summary of Qualitative Initiatives for Visible Minority Members</b>
<i>Employee Feedback</i>	<p>Open Forum available with employees.</p> <p>Employee Support Line/ Diversity phone line available for employees.</p> <p>Workforce Survey developed and implemented.</p> <p>Workplace Equality Divisional Advisory Councils established.</p> <p>Employee Opinion Survey developed and issued to all employees.</p> <p>Task Forces to find barriers and identify specific VM issues from within the workplace.</p> <p>Dispute resolution process developed for all employees.</p>
<i>Youth</i>	<p>Youth conference sponsorship and participation.</p> <p>Partner with various youth community organizations and educational institutions.</p> <p>Sponsors of various youth programs and achievement awards.</p> <p>Launching of specific VM youth programs.</p> <p>Participate in youth internship programs, on-the-job training and provide job shadowing opportunities.</p> <p>Participate in campus recruitment and career fairs for post-secondary students.</p> <p>Sponsored exchange program students.</p>
<i>Community/ Outreach</i>	<p>Partnership with various community VM organizations.</p> <p>Provide financial support to various VM agencies and organizations.</p> <p>In addition, also participate in traditional outreach activities such as career fairs, mentoring, job shadowing programs and community events.</p> <p>Sponsor and organize various activities for VM celebrations.</p> <p>Publicize and publish information on company website.</p> <p>Work with specific VM employment organizations.</p> <p>Print and distribute various VM celebration and anti-discriminatory materials.</p>
<i>Sponsorships</i>	<p>Co-sponsor of the various awards such as Harry Jerome Award and others recognizing the achievements of VM Canadians.</p> <p>Creating foundations to support various VM organizations and projects.</p> <p>Sponsor for various VM events and scholarships.</p>
<i>Promotions</i>	<p>Review of internal promotion and succession planning processes.</p> <p>Proactively promote from internal VM pool of candidates.</p>

Implemented mentoring program to target VMs.  
 Developed peer support network (similar to mentoring).  
 Have developed intranet site for promotion and have telephone (or other) counselling available.

**COMMUNICATION INDUSTRY SUMMARY from 1997 - 1999 Narrative Reports**

<b>Category</b>	<b>Summary of Qualitative Initiatives for Visible Minority Members</b>
<i>Employee Feedback</i>	<p>Established Workplace Diversity Councils/Committees.            Workforce/Employee survey completed.            Developed Task Force to investigate barriers and VM issues.            Team developed to help with workplace relationships and deal with conflict resolution.            Focus groups conducted periodically for employee feedback.</p>
<i>Youth</i>	<p>Implemented job shadowing, internships and on-the-job training opportunities for students.            Offer various achievement awards and scholarships for VM (some industry specific).            Partnerships established with various community organizations.            Mentoring available at various high-school and technical school students.</p>
<i>Community/ Outreach</i>	<p>Supported a variety of community agencies through sponsorships and participation in community events.            Partnerships with various employment agencies.            Developed an external toll-free job line to target and have jobs more accessible to the VM population.            Participate in traditional recruitment methods such as job fairs to attract VM candidates.            Produce various reports to appeal to VM group members.            Celebrate and initiate local VM celebrations.</p>
<i>Sponsorships</i>	<p>Involved with many charitable organizations.</p>
<i>Promotions</i>	<p>Promotion of all internal postings for access to all employees.            Secondments available to VM employees.            Succession planning/promotion process evaluated and new process implemented.            Career coaching available.</p>

**TRANSPORTATION INDUSTRY SUMMARY from 1997 - 1999 Narrative Reports**

<b>Category</b>	<b>Summary of Qualitative Initiatives for Visible Minority Members</b>
<i>Employee Feedback</i>	Surveyed workforce. Formed an EE committee/group. Held EE information sessions (time for feedback) for employees.
<i>Youth</i>	Attended career and job fairs at various colleges and universities. Participated in various programs with community youth organizations. Partnered with high-schools to target students.
<i>Community/Outreach</i>	Specialized recruitment to reach designated groups with advertisements in ethnic newspapers, etc. Worked with various VM employment agencies. Had ongoing liaisons with designated group organizations.
<i>Sponsorships</i>	Sponsored many community events that involved VM members.
<i>Promotions</i>	Have mentorship programs available for employees. In the process of evaluating current promotion policies to identify any barriers to promotion. Job shadowing and peer support groups in place.

**Ratings of employers on pro-active measures in the narrative reports**

<b>Name of Organization</b>	<b>BANKING INDUSTRY (6)</b>					
	<b>CIBC</b>	<b>TD Financial Group</b>	<b>Bank of Montreal</b>	<b>Royal Bank</b>	<b>Scotiabank</b>	<b>National Bank of Canada</b>
<b>Number of questions with 0 or N/A</b>	1	0	5	0	0	8
<b>Total number of questions answered*</b>	40	41	36	41	41	33
<b>Company Average Score **</b>	<b>3.8</b>	<b>4.0</b>	<b>4.9</b>	<b>3.8</b>	<b>3.7</b>	<b>4.8</b>

**BANKING INDUSTRY**  
Sector Average Score  
**4.16**

<b>Name of Organization</b>	<b>COMMUNICATIONS INDUSTRY (6)</b>					
	<b>CBC</b>	<b>Global TV</b>	<b>Sprint Canada</b>	<b>Rogers Cable</b>	<b>Purolator Courier</b>	<b>Canada Post</b>



<b>Number of questions with 0 or N/A</b>	0	0	4	0	0	0
<b>Total number of questions answered*</b>	41	41	37	41	41	41
<b>Company Average Score **</b>	<b>3.8</b>	<b>4.0</b>	<b>3.4</b>	<b>2.5</b>	<b>3.6</b>	<b>3.6</b>

**COMMUNICATIONS INDUSTRY**  
3.49

**Sector Average Score**

**TRANSPORTATION INDUSTRY (6)**

<b>Name of Organization</b>	<b>Greyhound Canada</b>	<b>CN</b>	<b>Canadian Pacific</b>	<b>Air Canada</b>	<b>VIA Rail</b>	<b>Laidlaw</b>
<b>Number of questions with 0 or N/A</b>	0	0	0	1	0	1
<b>Total number of questions answered*</b>	41	41	41	40	41	40
<b>Company Average Score **</b>	<b>3.9</b>	<b>3.7</b>	<b>4.2</b>	<b>3.9</b>	<b>3.5</b>	<b>3.3</b>

**TRANSPORTATION INDUSTRY**  
3.77

**Sector Average Score**

As is obvious, the banking sector relative to the other industrial sectors appear to have more pro-active measures.

**Conclusions**

1. Our work here establishes, at a preliminary level, the validity of the scales that we developed based on our employment equity index, discussed above. Of course, further testing using a larger sample of organizations would help refine this analysis and provide greater credibility. However, this work indicates that these scales could be used to infer the degree of effort, ultimately linked to success, that a firm engages in with respect to employment equity outcomes. Validation implies that these activities are

indeed meaningfully linked to employment equity outcomes and that the extent to which firms actively pursue these goals can be measured and assessed with these scales.

Regarding implementation of these findings, it would be best to collect data from a large sample of companies in all three sectors covered by the EEA. It would then be possible to construct scores for each scale for each company and also construct a composite scale that would be the average of the individual scales. Companies could then be rated along each scale terms of the distribution of the entire set of companies, using, for example, percentiles. It would be possible to identify each company's position on each scale in terms of the percentage of firms above or below the company. This provides an alternative, and quantitatively much more precise, indicator of the firm's "grade" or level of accomplishment in EE efforts than the current letter grade system.

2. The overall evidence from our review of the literature indicates that racial discrimination is responsible for at least a part of the disparity in achievements between various racial minorities and whites in the Canadian labour market. The more important and compelling question now is not whether racial discrimination exists but rather what are the causes and possible solutions for this problem? We need to know more about the types of situations, behaviours, and interactions that lead to discrimination. In other words, we need more studies that look "inside the box" and provide direct empirical evidence on the specific behaviours and attitudes that affect the employment relationship in a way that leads to discriminatory treatment.

3. In our limited sample of organizations in the three sectors relating to the narrative measures and the rationale for evaluation in Appendix C, the banking sector- relative to the other industrial sectors- appears to have more pro-active measures.

However, in our analysis we found that in all the three sectors, narrative measures reporting is not standardized. It is hard to compare the individual narrative reports from one year to the next since the measures reported in one year are either absent the next year or at best mentioned very briefly. In the 2002 Annual Report of the Employment Equity Act, the Labour Program of the Human resources Development Canada has, for the first time, introduced a measurement methodology of Good Practices Index, along with quantitative measures. This is much needed for consistency. Hopefully, this will encourage employers to report on good practices in a standardize manner.