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Racial Diversity in Publicly Traded Companies

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ABSTRACT

This article shares some of the results of a thesis investigating the relationship between the racial diversity of the board of directors in Canadian companies that traded on the Toronto Stock Exchange (TSX). The central question addressed was how organizational factors affect the racial diversity of board membership. The thesis expanded on a prior study that modelled gender diversity on boards of directors by focusing on the recommended area of racial diversity in the Canadian environment. Though many companies do not share their diversity details, using multiple regression analysis, the results showed that there was more racial diversity on larger boards. From a population of about 3,000 companies, the researchers identified a sample of 148 companies, with all the required parameters. This sample contained 1,246 board members, where 9.4% (117 board members) were visible minorities. The ANOVA analysis of the model demonstrated that it was a suitable tool to conduct the investigation. However, the variables did not show any strong significance.

KEYWORDS

C-25, Canadian, Commission, Discrimination, Employment, Equity, Ethnic, Executive, Financial, Leadership, Market, Minority, Senior

INTRODUCTION

This article reviews one of the two models used in prior research on the topic of diversity on corporate boards. The research analyzed the corporate board and executive teams of Canadian companies and evaluated the results using a global context. The topic of diversity is a growing body of research (Hassan et al., 2015). Prior research examined general discrimination (Armache, 2012; Ayalon, 2014; Collins, 2012), age discrimination (Axelrad et al., 2013; Bertolino et al., 2013; Kulik et al., 2016), employment equity (Edgley et al., 2016; Ning et al., 2017; Statistic Canada, 2018), racial diversity (Ellis & Keys, 2015; Hiranandani, 2012; Hideg & Ferris, 2014), and gender diversity (Adams, 2015; Farag & Mallin, 2017; OSC, 2016) internationally. However, there is little research which addresses racial diversity at the board of director and executive levels. The inspiration for this article resulted from two primary sources. The first source was the recommendations for future areas of study mentioned by Strobl et al. (2016), in their article entitled Gender Diversity in Compensation Committees. The second source was a recently completed research by Thompson (2019). The research included in the earlier article suggested the need for research on racial diversity at the board of director level and its

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effect on company performance. The researchers share the ability to predict the presence of racial diversity on the board of directors using a model. Also, they investigated the relationship between racial diversity on corporate boards of Canadian companies and financial performance (Thompson, 2019). In the quantitative study, the researchers used financial and company-specific variables to predict the representation of visible minorities on the board of directors. The authors for this current article collected data from multiple sources to conduct the regression analysis using a modified version of Strobl et al. 's (2016) model. There is much research on gender diversity and limited information available regarding racial diversity (Thompson, 2019). The Model contained organizational variables to predict the presence of visible minorities on the board of directors.

BACKGROUND

Internationally, there are not many studies related to diversity on company boards. There are many countries, such as the United States (US), United Kingdom (UK), and Europe, where authors researched the area of diversity (Thompson, 2019). Additionally, the lawmakers in these countries enacted legislation to protect various disadvantaged groups like visible minorities (Thompson, 2019). Table 1 illustrates the representation of visible minorities on the board of directors' relative to the percentage of the population (Hunt et al., 2018). For example, in multicultural Toronto, monetary, spatial, and social incongruities are imbued with racial implications (Teelucksingh & Poland, 2011). This analysis is essential to understand where Canada stands relative to other countries in the case of visible minorities representation on the board of directors' relative to other countries listed.

The general problem was that prejudice relative to someone's race is unjust, unreasonable, and destructive. Prejudice, oppression, and injurious behaviors conflict with the collaborative relationship that should exist amid all individuals (Lim, 2017). People have general inclinations for selecting individuals who resemble them in significant regards, including race, ethnicity, and sex (Rhode & Packel, 2014). This article focuses on the specific problem of being able to determine what organizational elements affect the representation of Visible Minorities on the board of Canadian companies. The next step was to develop a conceptual framework. The researchers investigated the ability to predict racial diversity on the board of directors using a modified model (Thompson, 2019). The new Model contained organization variables to predict the presence of visible minorities on the board of directors. The authors intended to use the new Model to evaluate the relationship between the board's diversity and its financial performance.

Conceptual Framework

The researchers developed the conceptual framework for racial diversity by modifying a Model's variables from prior gender diversity study (Strobl et al., 2016):

Model

$$VM = \alpha + \beta 1 \times LGMV + \beta 2 \times PREXT + \beta 3 \times BDTOT + \beta 4 \times LTPRF + \beta 5 \times INVST + \varepsilon$$

The expectation was that the Model developed to analyze gender diversity would be relevant for racial diversity. The organizational variables for the Model are in Table 2. Table 2 Variables for the Model, provide more details related to the variables for the Model, including the acronym, definition, type, and level of measurements for each (Thompson, 2019). The variables for the Model were: Log of market values (LGMV), Independent directors (PREXT), Total number of members on the board (BDTOT), Long-term stock return performance, (LTPRF) and Institutional investors (INVST).

Table 1. Visible minority on the board of directors relative to the population

Country	Visible Minority as Share of Population %	Visible Minority on board of directors %	Proportion
Canada	21.9	4.3	0.20
United States	39	15	0.38
United Kingdom	13	11	0.85
South Africa	79	32	0.41
Singapore	13	10	0.77

Note. Table 1 outlines the comparison between the presence of visible minorities on the board relative to the share of the population. Source: Hunt et al. (2018). Delivering through diversity.

Nature and Significance of the Study

The research used multiple regression to examine the relationships between organizational factors and minority membership on the board. The authors acquired data from publicly available sources to support the analysis where most of the financial details were available on Gurufocus and Yahoo! Finance websites (Khan, 2019; Maksy, 2017; Ranco et al., 2016). From the Yahoo! Finance Canada (Verizon, 2019) website, the researchers were able to gain all the historical share prices to calculate the Long-term performance (LTPRF) and the Return volatility (RTNVOL) for all sample companies. The Gurufocus website provided the data for all other financial variables required for the Canadian companies. For the Canadian market, Gurufocus has financial data for about 4,500 companies training on the TSX Venture Exchange (TSXV), Toronto Stock Exchange (TSX) and the Canadian National Stock Exchange (XCNQ). The authors obtained the organizational data and information on the board of director members and executive teams from multiple sources, including annual reports, System for Electronic Document Analysis and Retrieval (SEDAR), and multiple websites. The multiple websites included: Bloomberg (2019); Equilar (2019); Google (2019); LinkedIn (2019); Marketscreener (2019); SEDAR (2019); Thomson Reuters Corporate (2019). The focus was on investigating the ability to predict visible minorities' presence on the board using organizational variables (Thompson, 2019).

Table 2. Variables for the model

Variable	Acronym	Definition	Type	Levels of Measurement
Visible minorities	VM.	The proportion of visible minorities on the board of directors	dependent	ratio
Log of market values	LGMV	The Log of market values for the company	independent	ratio
Independent directors	PREXT	Independent directors on the board of directors	independent	interval
Total number of members on the board	BDTOT	The total number of members on the board	independent	interval
Long-term stock return performance	LTPRF	The long-term stock return performance for the company	independent	ratio
Institutional investors	INVST	The proportion of shareholders equity owned by institutional investors	independent	ratio

Note. Table 2 provides more details related to the variables for the Model. Source: Thompson (2019).

The study's significance was to provide evidence on how equitable the Canadian workplace is primarily at the board level and on the executive team. The results of the Canadian Census of 2011 and 2016 indicate that the Canadian population has over 20% of visible minority individuals. The expectation is that there should be proportional representation relative to the population within the company's senior management and governance levels. The researchers noted how transparent some companies were related to the availability of data on top executives and board-level individuals. There is also evidence of the laws' effectiveness in protecting designated groups from discrimination in the workplace (Thompson, 2019).

Literature Review

Many forms of discrimination exist in workplaces today. These forms of discrimination included race and age discrimination. Company leaders need to effectively address these and other forms of discrimination to assure shareholder value in the Canadian work environment. In the Canadian context, leaders do not address all forms of diversity equally. One way of gaining better outcomes could be for leaders to be linking diversity with performance. An obstruction to diversity is discrimination when choosing corporate board members and in the senior leadership team pipeline (Rhode & Packel, 2014).

Race Discrimination

In the US, the representation of visible minorities and women overall in the workplace is about twice as much as Caucasian men (Hekman et al., 2017). Conversely, the level of representation for women and visible minorities is relatively low at the company leadership levels (Hekman et al., 2017). In the case of Fortune 500 companies, 25 (5.0%) have Visible minority leaders, while 21 (4.2%) have female leaders (Hekman et al., 2017). In terms of board membership, Caucasian men comprise 74.4%, while Caucasian women of the companies and women have 13.3% membership (Hekman et al., 2017). Visible minorities have 12.3% representation on corporate boards (Hekman et al., 2017). Discrimination dependent on race and or social grounds significantly influences work fulfillment, hierarchical responsibility, and anxiety (Hoonakker et al., 2006). When faced with less discrimination in the workplace, people will be happy in their roles, feel more dedicated to their company, and experience much less tension (Hoonakker et al., 2006).

Age Discrimination

Discrimination includes treating people adversely due to their characteristics, such as their age (Sharma & Mann, 2018). Age is one of the elements of diversity (E-Vahdati et al., 2018). For instance, people become victims of bias when they are denied work because of their age (Sharma & Mann, 2018). Interestingly, older workers seemed to be appreciated less at the lower levels of the organization (Axelrad et al., 2013; Bertolino et al., 2013; Kulik et al., 2016). However, at the board level, the expectation is that older board members provide better expertise and support better governance to maintain shareholder value (Xu et al., 2018).

Shareholder Value

There is a gap in the research demonstrating the connection between board diversity and shareholder value (Rhode & Packel, 2014). Caucasian board members and shareholders tend to be more appreciative of visible minorities and female leaders who do not support the increasing diversity in the workplace (Hekman et al., 2017). Accordingly, visible minority and female leaders who promote diversity will be contrarily stereotyped and will receive adverse assessments on their performance (Hekman et al., 2017). Organizations could likewise initiate age-cut-off points and term limitations, which open seats for women and visible minorities (Rhode & Packel, 2014). Canadian lawmakers supported diversity by enacting a few laws to support those more vulnerable groups in Canadian society.

Canadian Work Environment

In Canadian workplaces, older Caucasian men dominate leadership positions and other opportunities (Ayalon, 2014; Hiranandani, 2012). The lawmakers within the Canadian government identified four designated groups for protection by the Employment Equity Act and other laws (Government of Canada, 2019). Some company leaders include legislation within their corporate policies, especially the federally regulated companies (Ning et al., 2017). However, not many non-federally regulated companies seem to have this approach, which may be because they are not mandated to report on diversity in their workforce (Employment Canada, 2018). The representation of visible minorities in the Canadian population is lower than that of other developed countries like the United Kingdom (UK) as per Table 1: Visible Minority on the Board of Directors Relative to the Population. The Canadian Census provides a good indication of the level of representation expected in companies, and currently, the Census indicates a 22.3% presentation of visible minorities in the population (Statistics Canada, 2017).

Not All Forms of Diversity Treated Equally

Diversity has an immense number of measures, enveloping age, nationality, religions and practical foundation, and workforce (or social) abilities, political and sexual inclinations (E-Vahdati et al., 2018). Gender diversity issues seem to result in more positive discussions (E-Vahdati et al., 2018). In recent times, Caucasian women are gaining more leadership opportunities, and legislation is in place for tracking gender equity data (OSC, 2016; OSC, 2017; OSC, 2018). The legislations make it mandatory that company leaders report on gender diversity at the board and senior executive level of organizations (OSC, 2016; OSC, 2017; OSC, 2018). However, similar legislation does not exist for OSC to receive reports for the other three designated groups mentioned in the Employment Equity Act (Government of Canada, 2019). One opinion speaks to the benefit of diversity based on differing and the potential appeal to the diverse customer base (Podsiadlowski et al., 2013). However, the other opinion is that diversity at the board level may result in conflict that will prevent progress on the company's strategic direction if diversity is managed incorrectly (Farag & Mallin, 2017). Some studies assert that diversity on the board of directors positively impacts corporate performance (E-Vahdati et al., 2018).

Linking Diversity With Performance

The leadership at some companies seem to be interested in supporting diversity when their customer base contains representation from many different ethnic groups (Podsiadlowski et al., 2013). From prior studies, some authors highlighted the benefits to the financial performance and the perception of companies where board members from diverse backgrounds are members of the board (Armache, 2012; Collins, 2012; Ellis & Keys, 2015; Farag & Mallin, 2017). Board of directors and senior management needed to understand how the manager of the heterogeneity of their workforces with the end goal that the gain will exceed the expenses (Riccò & Guerci, 2014). In general, visible minority individuals seem to be more educated and gain more certifications that their Caucasian colleagues (Statistics Canada, 2017). Similarly, Richard et al. (2013) also noted that larger organizations have multiple layers that they need to work through, which prevent them from making the required changes to support diversity. Larger companies may have more resources to dedicate to support diversity (Rhode & Packel, 2014). The public and institutional investors may insist that these larger companies have diversity on the board (Rhode & Packel, 2014). While Rhode and Packel (2014) concluded that the relationship between diversity and firm performance required clarity, E-Vahdati et al. (2018) found that board diversity had direct effects on corporate performance.

Research Questions and Hypothesis

The research question and hypothesis derived from the prior research (Thompson, 2019) were:

Research Question: *Can a model using organizational factors (e.g. market value, number of independent directors, number of directors on the board, the long-term performance, and the institutional investors of a company) be used to predict the presence of Visible Minorities on the board of directors?*

Hypothesis: *The market value of the organization, the independent directors, the total number of directors on the board, the long-term performance, and the institutional investors of a company do not predict the presence of Visible Minorities on the board of directors.*

There has been an observed disparity between the representation of visible minorities are the lower levels of the organization than in management. Overall, the presence of visible minorities is much higher in the lower levels of organizations than in the management. The presence of visible minorities tends to reduce as one progresses up the hierarchy of an organization with the lowest representation observed at the board level.

RESEARCH METHOD

Research Methodology and Design

In the quantitative study, the researchers extended prior work done on gender diversity to racial diversity. Here the researchers used financial and company-specific variables to predict the representation of visible minorities on the board of directors. The researchers gathered publicly available data for analysis, which included financial, board, and director details. They then determined the descriptive statistics for each variable, examined the scatterplots for linearity, and used multiple regression to analyze the relationships in the Model.

Population, Sample, and Instrumentation

The population of the companies came from the Toronto Stock Exchange (TSX). The sample contained a list of companies having the publicly available board and financial information required for the Model. The type of sampling used for the research was convenient sampling on companies that had data for all the required board and financial parameters needed for the Model. From a population of 2,869 companies on the TSX, the researchers found financial details for 284 companies using multiple sources. From the 284 companies, the researchers were only able to gather racial diversity and board details for 148 companies. The researchers then analyzed the 149 companies with all the required board and financial parameters. The tools used for data collection and analysis included G*Power, Microsoft Excel, and IBM SPSS. G*Power is a free tool that provides a great way to estimate adequate sample size to conduct the analysis appropriately. In this case, G*Power calculated the minimum required sample size as 63 companies. Microsoft Excel was a useful tool to collect the data, conduct calculations, and format it into tables and charts. IBM SPSS was used to validate the assumptions of regression analysis and to perform the additional analysis of the collected data (Thompson, 2019).

Data Collection Procedure

While conducting the research, the researchers contacted several potential sources for Canadian racial diversity information on corporations and their board of directors. One of the sources contacted was the OSC. However, the OSC only required disclosure for gender data for the board of directors and in executive officer positions in Canadian corporations. There was no disclosure required for visible minority data for the board of directors and in executive officer positions in Canadian corporations on non-federally regulated corporations. Based on this response and the lack of other official sources, the researchers developed the approach to collect data from publicly available sources.

Collecting Data From Public Sources

The researchers used multiple data sources to collect the relevant details required to analyze with the Model. Here are the eight steps developed outlined below (Thompson, 2019).

Step 1: Used the TMX Group Limited (2019) or SEDAR (2019) websites to confirm the corporate year-end for each company

Step 2: Examined the 2017 annual report to obtain financial details and data on the board of directors' members and senior executives such as full name and tenure

Step 3: If the researchers did not find the information in the 2017 annual reports, they then peruse other sources. These sources included: Annual information form - English, Annual report on Form 10-K - English, the board of directors' election results or Annual report on Form 20-F - English in the SEDAR (2019) website for the age, full name, available pictures and tenure details. They used a similar approach for data related to the senior executives

Step 4: Used the executive profile database on Equilar (2019) to gain information on the board members including the full name, age, membership on other boards, and available pictures

Step 5: Used Bloomberg (2019) website to review the Executive Profile & Biography to confirm the director's age, their independence, their membership on multiple boards, and their tenure

Step 6: Examined Reuters (Thomson Reuters Corporate, 2019) website as another source for information related to board of director members such as their age, their independence, their membership on multiple boards, and their tenure

Step 7: Scanned Google Image (2019) or LinkedIn (2019) websites for the images of the board of director and executive members if these pictures were not available on the other websites

Step 8: Verified board member age, affiliations to various corporate boards, and board tenure using Marketscreener (2019) website

FINDINGS

From a population of 2,869 companies, the researchers found financial details for 284 companies and racial diversity and board details for 148 companies. Table 3 Summary of Company Data provided detailed information on the company data collected. However, these values were higher than the minimum sample size of 63 companies calculated using G*Power. See the Appendix for the parameters used in G*Power and the associated graph for both A priori and Post hoc. After identifying the companies, the next step was identifying reliable sources of financial data for 2016 and the board of directors for 2017 data for the Model to increase the construct validity of the study (Cozby & Bates, 2015; Gerber et al., 2017).

From the 148 sample companies, the researchers identified 1,246 board members, where 9.4% (117 board members) were visible minorities consisting of 2.3% (29 members) visible minority women and 7.1% (88 board members) visible minority men. Within this sample board members, 71% (885 members) were independent board members. Among the independent board members, there were 22 (1.8%) visible minority female presence and only 7 (0.6%) visible minority non-independent board members. Figure 1 Breakdown of board members based on gender and race provides a pictorial view (Thompson, 2019).

From the sample companies, there were 883 executives identified based on SEDAR (2019) documents, 11.3% (110 executives) are visible minorities, with 1.8% (16 executives) being visible minority women and 9.5% (84 executives) being visible minority men (Thompson, 2019). Twenty-one companies (14.4%) from the sample did not share diversity-related detail on all their executive team members (Thompson, 2019).

Table 3. Summary of company data

	Companies Downloaded from TSX			Minimum Number Required (G*Power)	Federally Regulated Companies			Diversity and Inclusion	
	Total	Financial Details Obtained	Racial Diversity Board Details Obtained		Total	Inactive	Trade on TSX	Total	Trade on TSX
Number Companies	2,869	284	148	63	468	11	20	70	13
Percentage		9.9%	5.2%			2.4%	4.3%		18.6%

Note. Table 3 also noted the subset of companies that are federally regulated (must report on all four designated groups and those companies voted as the best companies to work for in Canada (Diversity and Inclusion list). Source: Thompson (2019).

Table 4. Breakdown of board members by race and gender from the sample companies

Caucasian Female, C.F.	Caucasian Male, CM	Visible Minority Female, VMF	Visible Minority Male, VMM	Grand Total
203	926	29	88	1,246
16.3%	74.3%	2.3%	7.1%	
Total Caucasians		**Total Visible Minorities**		
1,129		117		
90.6%		9.4%		
Total Females		**Total Males**		
232		1,014		
18.6%		81.4%		

Note. Table 4 provides more details by gender and race for the board members. Source: Thompson (2019).

The details are on the executives from the sample companies are in Table 5 Breakdown of Executives from the Sample Companies and the pictorial details in Figure 2 Breakdown of executives based on gender and race.

Next, the researchers conducted a multiple regression analysis using the Model. One of the outputs of the analysis was the scatterplots used to evaluate the assumption of linearity. See the linearity results in Figure 3 Scatterplot matrix for all variables in the Model. Most of the variables in the Model had some linear relationship with each other. However, the Visible Minority (VM) variable demonstrated weak linear relationship the variables such as the Log of market values (LGMV), Independent directors (PREXT), Total number on the board (BDTOT), and Long-term performance (LTPRF) variables (Thompson, 2019).

Table 6. Model One - Normality, Summary, and ANOVA results contained the analytical results related to normality, the significance of the Model, the presence of autocorrelation, and the suitability of the Model to conduct the analysis. Using the Central limit theorem, observed that there would not be any the infringement of the normality since the sample size was more significant than 100 (Mishra et al., 2019). The value of the R-Squared (or the coefficient of determination) was .096, as all the independent variables in the Model accounted for 9.6% of the variance in the dependent variable (Lund Research Ltd, 2018; Zhang et al., 2018). The ANOVA analysis of the Model demonstrated

Figure 1. Breakdown of board members based on gender and race. Source: Thompson (2019).

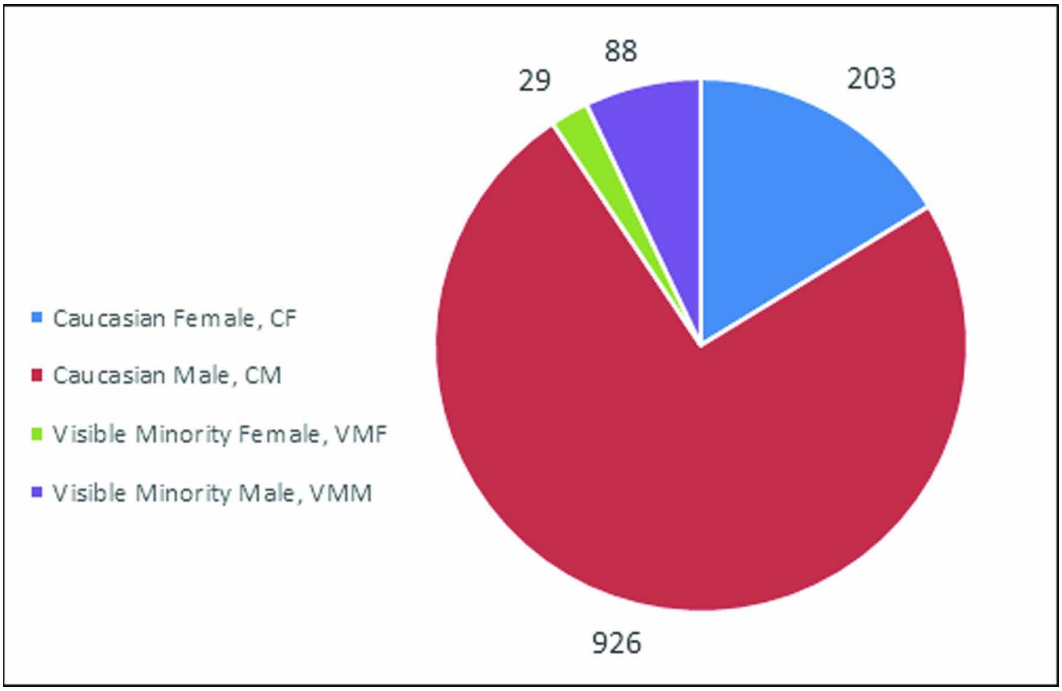

Table 5. Breakdown of executives from the sample companies

Caucasian Female, C.F.	Caucasian Male, CM	Visible Minority Female, VMF	Visible Minority Male, VMM	Grand Total
139	644	16	84	883
15.7%	72.9%	1.8%	9.5%	
Total Caucasians		**Total Visible Minorities**		
783		100		
88.7%		11.3%		
Total Females		**Total Males**		
155		728		
17.6%		82.4%		

Note. Table 5 provides more details by gender and race for the executives from the sample companies. Source: Thompson (2019).

that the Model was a suitable tool to conduct the analysis. This fact aligns with the observation that R-Squared has a significance of .013 (or $p < .05$) (Thompson, 2019).

Table 7 SPSS correlations and coefficients details for model one contains the summary of the SPSS analysis related to correlations and coefficients. None of the Pearson Correlations were statistically significant. The Standardized Coefficient (Beta) for the variables Log of market values (LGMV), Independent Directors (PREXT), Total number on the board (BDTOT), and the Constant was statistically significant. Using SPSS, the researchers analyzed the level of intercorrelation or overlap between the variables in the Model (Li & Faff, 2019; O'Brien, 2017; Weaving et al., 2019).

Figure 2. Breakdown of executives based on gender and race. Source: Thompson (2019).

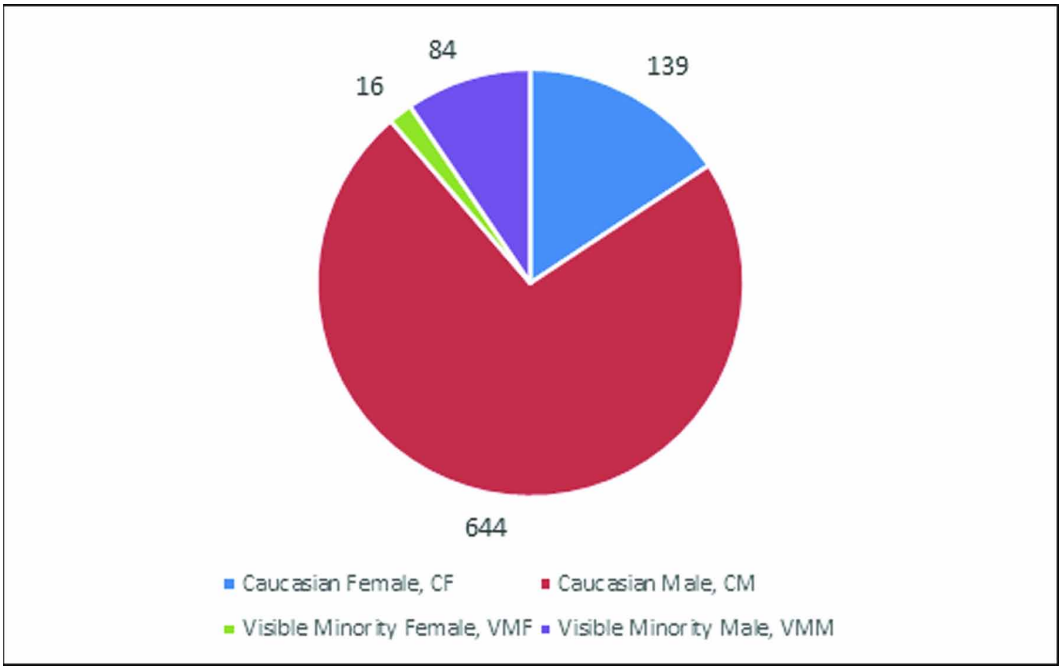

Figure 3. Scatterplot matrix for all variables in the Model. Source: Thompson (2019).

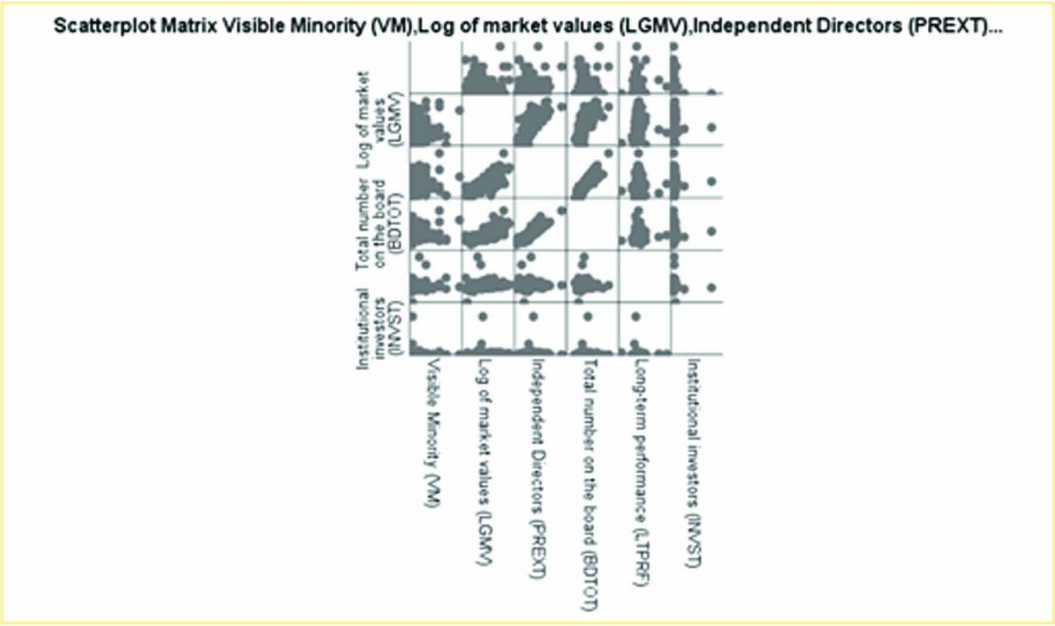

Table 6. Model one - normality, summary, and ANOVA results

	Kolmogorov–Smirnov			R-Squared	Durbin-Watson	ANOVA	
	Statistic	df	Sig.			F	Sig.
Visible Minority (VM)	.318	148	.000	.096	1.956	2.990	.013

Note. a. Table 6 Kolmogorov–Smirnov is statistically significant
b. Predictors (Independent Variables): (Constant), Log of market values (LGMV), Independent directors (PREXT), Total number on the board (BDTOT), Long-term performance (LTPRF), and Institutional investors (INVST)
c. Dependent Variable: Visible Minority (VM)
Source: Thompson (2019).

The collinearity statistics results calculated as the Variance Inflation Factor (VIF), ranged between 1 and 5. Since the values were less than 10, there were no concerns with overlap (Salmerón Gómez et al., 2016).

Table 7. SPSS correlations and coefficients details for model one

Model	Pearson Correlation	Sig. (1-tailed)	Unstandardized Coefficient	Standardized Coefficient	Sig.	Collinearity Statistics	
			B	Beta		Tolerance	VIF
Visible Minority (VM)	1.000						
Log of market values (LGMV)	-.069	.203	-.162	-.287	.018	.445	2.246
Independent Directors (PREXT)	.004	.480	-.140	-.348	.041	.227	4.408
Total number on the board (BDTOT)	.116	.082	.254	.631	.001	.205	4.884
Long-term performance (LTPRF)	-.012	.443	0.743	.016	.851	.936	1.068
Institutional investors (INVST)	-.070	.199	-.054	-.076	.349	.990	1.010
Constant			2.802		.016		

Source: Thompson (2019).

The resulting equation for the Model was:

$$VM = 2.802 - .287 \times LGMV - .348 \times PREXT + .631 \times BDTOT + .016 \times LTPRF - .076 \times INVST + \varepsilon$$

Since there were no statistically significant Pearson Correlation values, the researchers decided to conduct additional analysis. Further analysis included conducting the frequency distribution on the data as per the results in Table 8. SPSS Frequency Distribution for Dependent Variable Visible Minority (VM). In this table, 86 (58.1%) of the 148 companies did not have any visible minorities on their board of directors. The researchers decided on using logistic regression using zeroes for the

Table 8. SPSS frequency distribution for dependent variable visible minority (VM)

		Frequency	Percent	Valid Percent	Cumulative - Percent
Valid	0	86	58.1	58.1	58.1
	1	33	22.3	22.3	80.4
	2	18	12.2	12.2	92.6
	3	3	2.0	2.0	94.6
	4	5	3.4	3.4	98.0
	5	2	1.4	1.4	99.3
	6	0	0	0	99.3
	7	1	.7	.7	100
	Total	148	100		

Source: Thompson (2019).

absence of visible minorities and the ones for the presence to visible minorities (i.e. 'No Minorities' versus '1 or More Minorities') (Thompson, 2019).

In conducting logistics analysis using SPSS, the researchers selected Forward: Wald options, which applied Wald statistics to the data (Verma, 2016). This approach used a stepwise determination technique on the data summarized in Table 9 SPSS Variables for Logistic Regression Model. The analysis shows that only the Constant was statistically significant where $p = .048$ (i.e., $p < .05$), whereas there no statistical significance observed with all the independent variables (Thompson, 2019).

IMPLICATIONS, RECOMMENDATIONS, AND CONCLUSIONS

The independent variables in the Model accounted for 9.6% of the variation in the dependent variable, Visible Minority (VM). The expectation was to use this Model to predict the presence of visible minorities on the board of directors. The ANOVA results for the Model caused the rejection of the null hypothesis. The Model observed all the assumptions of multiple regression. However, not all the variables had statistically significant results (Thompson, 2019). The research contained results indicating a low representation on the board of directors and executive teams, which is quite like the observations made by Ellis and Key (2015), who noticed that only a few firms promote diversity. Even though the ANOVA result was statistically significant, each variable in the Model has less significant behaviors. In the case of the dependent variable, Visible Minorities (VM), 9.4% (117 board members) were visible minorities individuals (Thompson, 2019). This value is low since the 2016 Canadian Census shows that 21.9% of visible minorities are represented nationally (Statistics Canada, 2017). Morency et al. (2017) project that by about 2036, the visible minority population between the ages of 15 and 64 years old will range between 34.7% and 39.9% of the Canadian population. If company executives are unable to take advantage of the visible minority population, they may be placing their companies at a significant disadvantage. In previous studies, Guillaume et al. (2017) observed that negative company performance related to diversity resulted from poor management performance.

The Log of market values (LGMV) variable showed that the coefficient was statistically significant and negative. The result for LGMV was opposite to the positive coefficient noted for a prior gender study (Strobl et al., 2016). The Independent Directors (PREXT) variable had a negative coefficient, unlike a prior gender study with a positive coefficient (Strobl et al., 2016). However, the sample contained 65 independent board members and 52 non-independent board members. For the Total number of members on the board (BDTOT) variable, the standardized coefficient (or Beta) was statistically significant and positive. This result matched the result for the prior gender study (Strobl

Table 9. SPSS variables for logistic regression model

Variables in the Equation		B	SE.	Wald	Score	df	Sig.	Exp(B)
Step 0	Constant	-.322	.168	3.909		1	.048	.718
Variables not in the equation								
Step 0	Log of market values (LGMV)				.685	1	.408	
	Independent directors (PREXT)				.504	1	.478	
	Total number on the board (BDTOT)				1.657	1	.198	
	Long-term performance (LTPRF)				.046	1	.830	
	Institutional investors (INVST)				.779	1	.377	
	Overall Statistics					5	.085	

Source: Thompson (2019).

et al., 2016). The Long-term stock return performance (LTPRF) variable has a positive coefficient, which was not statistically significant. The expectation from prior studies was that diversity would result in better board governance (Hassan et al., 2015; Strobl et al., 2016). The Institutional investors (INVST) variable has a positive coefficient, which was not statistically significant.

Recommendations for Practice

One significant area of practice is to ensure that at least the other three designated groups of Aboriginal peoples, People with Disabilities and Visible Minorities, are tracked (Government of Canada, 2019; HRSDC, 2019; Kelly-Scott & Smith, 2015; Statistic Canada, 2019). Currently, gender is the only designated group of the four mentioned in the Employment Equity Act, which is tracked by the OSC and other similar organizations in Canada. The Government of Canada should consider using the existing template submitted by federally regulated so that the non-regulated companies also report on the four designated groups protected by Canada's Employment Equity Act, 2010 (Edgley et al., 2016; Government of Canada, 2018). In contrast to many countries of the world, Canada lacks race and ethnicity data (Grant & Balkissoon, 2019). The United States collects race data with more frequency (Grant & Balkissoon, 2019). In Britain, the government provides accessibility to ethnicity in a single accessible location. Countries like New Zealand use the collection of race and ethnicity data to develop better policies and protect certain groups (Grant & Balkissoon, 2019).

Recommendations for Future Research

There were a few future inquiries identified (Thompson, 2019).

1. Do visible minority individuals have more support in some industries over others?
2. What policies would support the inclusion of the other three designated groups?
3. Can education and experience moderate the effects of diversity on board appointments?

In Canada, lawmakers are unable to adequately develop training or supportive policies for visible minority workers without the data (Andrew-Gee & Grant, 2019).

CONCLUSION

The authors of this research attempted to demonstrate a relationship between board diversity and company performance in the Canadian environment. Other literature internationally has shown that there is a positive association between diversity and company performance. However, the positive association between diversity and company performance does not seem to be evident in Canada. Why is this the case? The expectation was that the visible minority representation on the TSX Corporation's board of directors would be about 21%, as the percentage of visible minorities in the Canadian population. Using the sample of 148 companies, the researchers identified 1,246 board members, where 9.4% (117 board members) were visible minorities consisting of 2.3% (29 members) visible minority women and 7.1% (88 board members) visible minority men. Within this sample board members, 71% (885 members) were independent board members. Among the independent board members, there were 22 (1.8%) visible minority female presence and only 7 (0.6%) visible minority non-independent board members. There were 883 executives identified in the sample companies, with 11.3% (110 executives) visible minorities with 1.8% (16 executives) visible minority women and 9.5% (84 executives) visible minority men. Twenty-one companies (14.4%) did not provide any details on their executives.

Canadian lawmakers have enacted several laws to protect certain groups, namely, Aboriginal Peoples, Persons with Disabilities, Visible Minorities and Women. Interestingly, the last group was the only one tracked. There are years of data on this group, and they have seen significant progress growing from 11% to 17% over five years (2015 to 2019). However, based on the findings, the number of visible minority women is low. What would the percentages look like after disaggregating these numbers by at least the other three groups of Aboriginal Peoples, Persons with Disabilities, and Visible Minorities? Bill C-25 should be doing just this level of disaggregation as of 2020. Bill C-25 received Royal Assent on May 1, 2018. It usually takes about two years before regulations are in place. Even with the regulations in place, the expectations are that companies reports based on a comply or explain-policy. If regulations were slow to gain compliance when the topic was gender, it might be slower with Visible Minority data. How do we improve the pipeline for Black and other visible minority groups to the executive and board levels? Only time will tell.

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APPENDIX

G*Power Results Confirming the Sample Size

Figure 4. A prioiri graph Note. Determining the minimum sample size for the linear regression sample size for model. Source: Thompson (2019).

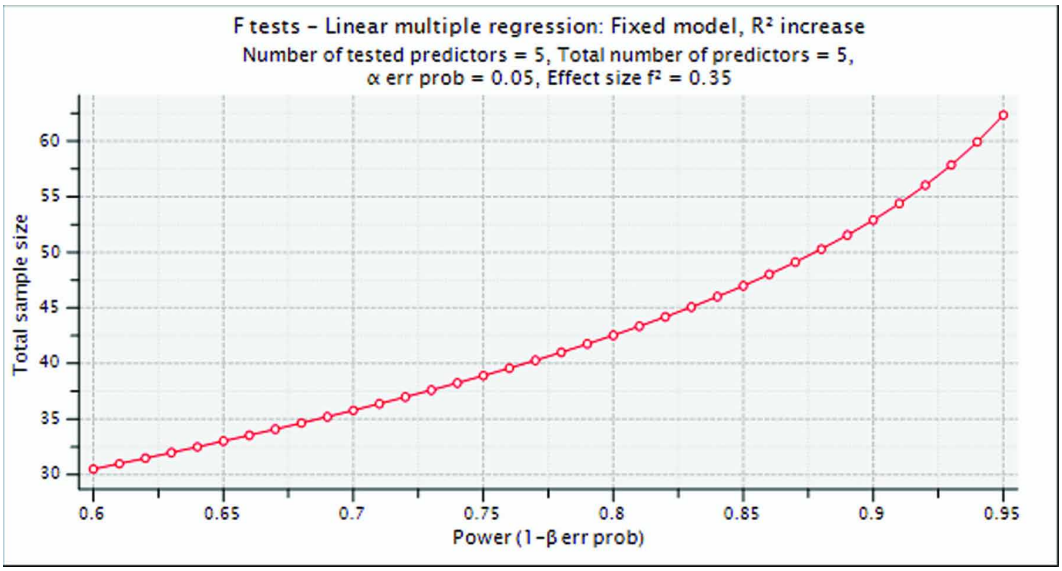
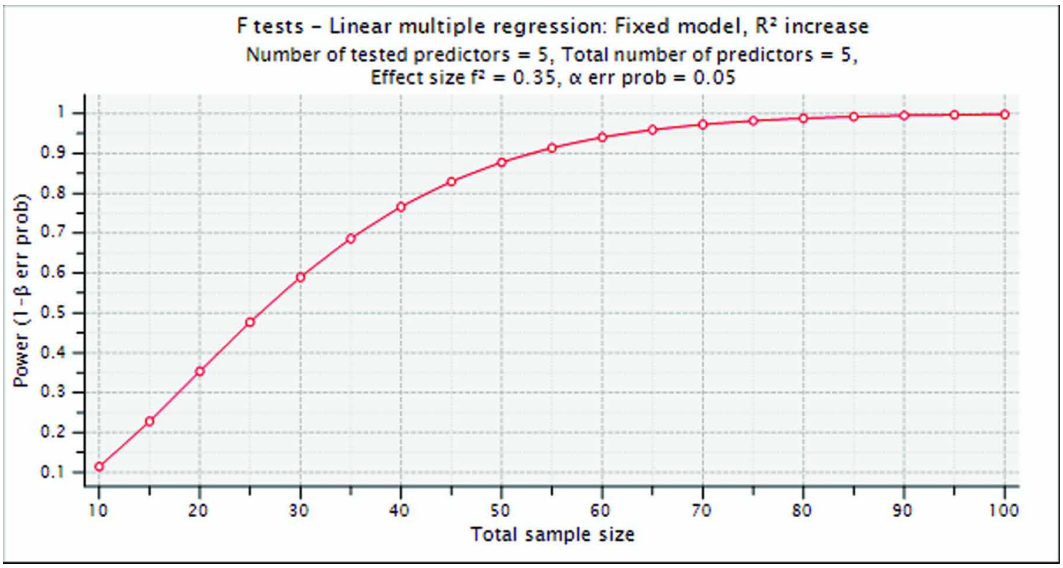


Figure 5. Post hoc graph Note. Sample size-148 companie.



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