High-Potential Employees in the Pipeline:
Maximizing the Talent Pool in Canadian Organizations
About the Catalyst Research Centers

The Catalyst Research Center for Equity in Business Leadership examines and documents workforce demographics and their impact on employees, companies, communities, and society. In particular, the Center identifies how women’s underrepresentation affects corporate governance and executive teams, and it explores how diverse leadership contributes to business success. By verifying gaps in representation and creating results-oriented solutions, the Center’s findings and recommendations help organizations diversify leadership.

The Catalyst Research Center for Career Pathways exposes root causes of gender gaps from the classroom to the boardroom, conducting research that sorts myth from fact, identifies the true problems that hold women and other underrepresented groups back from advancement, and provides a solid basis for more effective talent development. The Center’s findings allow businesses, media, governments, and individuals to gauge women’s progress and develop solutions and action plans to advance women into leadership.

The Catalyst Research Center for Advancing Leader Effectiveness explores a central challenge facing today’s business leaders: how to leverage employee diversity to achieve success through inclusive decision-making and talent management. The Center’s research examines the nature, impact, and practice of inclusive leadership. It helps committed leaders learn how to become individual change agents, shaping the workplace culture by role modeling effective interpersonal interactions and capitalizing on opportunities to build inclusive talent management systems.

The Catalyst Research Center for Corporate Practice conducts research distinguishing sound talent management strategies from programmatic fads and documents best practices. These findings enable organizations to strategically create and support inclusive cultures for both women and men. The Center’s partnership with its Expert Community, a consortium of business leaders who contribute to and act on the Center’s work, informs organizational policy and practices, leading to actionable solutions and systemic change.

About Catalyst

Founded in 1962, Catalyst is the leading nonprofit organization expanding opportunities for women and business. With offices in the United States, Canada, Europe, India, and Australia, and more than 600 members, Catalyst is the trusted resource for research, information, and advice about women at work. Catalyst annually honors exemplary organizational initiatives that promote women’s advancement with the Catalyst Award.
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Anna Beninger

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IN THIS REPORT

This report is based on data from 1,574 high-potential employees in Canada.¹ Research suggests that although Canada has seen progress in the experiences of women in the workforce, there is still much room for improvement—and this improvement is a business imperative.² The Consider This sidebars present findings as well as questions that are intended to deepen the conversation about the advancement of high-potential employees.

The questions posed throughout this report incorporate insights gained from a panel of thought leaders from the academic, public, and private spheres in Canada and convened by Catalyst to get reactions to the report’s findings. The goal in including these thought leaders’ perspectives is to further stimulate discussion about how organizations can strategically manage high-potential talent.

PARTICIPATING THOUGHT LEADERS INCLUDE:

- Jane Allen, Partner and Chief Diversity Officer, Deloitte Canada
- Elizabeth Beale, President & CEO, Atlantic Provinces Economic Council
- Pinoo Bindhani, Executive Director, Office of the Vice President, Administration and Finance, Ryerson University
- Maurice Bitran, OPS Visiting Fellow in Residence, School of Public Policy and Governance, University of Toronto; Jobs and Prosperity Council Secretariat
- Kathryn Cosgrove, Chief of Staff, Office of the Chair, Deloitte Canada
- Beatrix Dart, Associate Dean, Executive Degree Programs, Executive Director, Initiative for Women in Business, Adjunct Professor of Strategic Management, Rotman School of Management, University of Toronto
- Graham Donald, Founder and President, Brainstorm Strategy Group Inc.
- Rubiena Duarte, Director, Global Diversity & Inclusion, Dell Inc.
- Martha S. Etherington, Human Resources Business Partner, Research & Business Development, Electronics & Communications, DuPont Canada
- Morley Gunderson, Professor, Centre for Industrial Relations and Human Resources, and Department of Economics, University of Toronto
- Glenn Ives, Chair, Deloitte Canada
- Marwa Jazi, Director, Human Resources, Dell Canada
- David Kim, Director, D&I Marketplace & Talent, Dell Inc.
- Eric Meerkamper, Co-Founder and Chair of the Centre for Social Innovation, President of the RIWI Corporation
- Karen Schulman Dupuis, Manager of Digital Communications, MaRS Discovery District
- Terry Stuart, Chief Innovation Officer, Deloitte Canada
Are Canadian Organizations Making the Most of the Available Top Talent?

Freshly minted MBA graduates enter into the workforce every year competing for positions at elite organizations around the world. But these high-potential employees are not the only ones competing—organizations also duke it out to attract top talent, both women and men, who they hope to retain as their organization’s future leaders.

In this battle to attract the best and the brightest, it is critical that organizations understand the top talent pool. In our ever-globalized business world, astute business leaders know that tailoring talent-management practices to the local cultural context—or “glocalizing” practices—is essential to success.

While Canadian high potentials’ experiences parallel those of their global peers in some regards, there are significant regional differences in Canadian high potentials’ career path choices that impact both organizations’ recruitment and retention efforts as well as their ability to compete in the global economy.

This report aims to help organizations operating in Canada understand the top talent pool within the regional context so they can recruit and retain high-potential women and men throughout the pipeline, become employers of choice, and more successfully compete in the global marketplace.

Like Their Counterparts in Other Regions of the World,
Canadian High-Potential Women Face a Gender Gap in Pay and Position From Their First Post-MBA Job

- Across job settings, women in Canada fare worse than men from the start. Women working in Canada earn $8,167 less than men in their first post-MBA job.
- Women also start out at a lower level than men in their first post-MBA job.
  - At 72%, the majority of women started out in an entry-level position compared to just 58% of men.
  - And it’s not a matter of different aspirations. The findings hold even when considering only women and men who aspire to the senior executive/CEO levels.
High-Potential Employees in the Pipeline

Canadian High-Potential Women Get Fewer Career-Accelerating “Hot Jobs” Than Men

• Previous Catalyst research has attempted to discern “drivers” of the gender gap and identified the on-the-job experiences that were game-changers for high potentials’ careers. Those game-changers include working on highly visible projects, in mission-critical roles (e.g., jobs with profit-and-loss or large budget responsibility), and receiving international assignments—all of which lead to accelerated career advancement for women and men alike.12

• This previous Catalyst research13 showed that high-potential men had greater access to these career-advancing “hot jobs” than did high-potential women. And these findings hold just as true in Canada, where women receive fewer of these critical experiences than men.14

Canadian High Potentials Take Non-Corporate Paths15 in Greater Numbers Than High Potentials in Other Regions

• High potentials working in Canada were most likely to work at a non-corporate firm immediately following the completion of their MBA.16

□ High potentials in Canada were more than twice as likely as those in other regions to opt for a non-corporate employer in their first job post-MBA.17

□ And women in Canada were more than twice as likely as men to choose a non-corporate employer following completion of their MBA.18

FIGURE 1
Global High Potentials Opting for Non-Corporate Firm in First Job Post-MBA

19% 8%
Women Men

11% 4% 3% 5%
Canada Europe United States Asia
• The preference among high potentials working in Canada for non-corporate settings grows over time.

- The number of high potentials working in non-corporate settings increased from 11% at their first post-MBA job to 15% at their current position in 2013.

  - The rate of attrition was higher among women than men by 2013 (women, 29%; men, 10%).

- Over the course of their careers, Canadian high potentials were almost twice as likely to have worked for non-corporate employers at some point post-MBA than high potentials in other regions.

  - In Canada, women were more than twice as likely as men to take non-corporate tracks at some point in their careers, whether they exclusively took non-corporate tracks or not post-MBA.

### FIGURE 2
Global High Potentials Who Have Ever Worked in Non-Corporate Firms During Their Careers

<table>
<thead>
<tr>
<th>Region</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>19%</td>
<td>10%</td>
</tr>
<tr>
<td>Europe</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>United States</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td></td>
<td>10%</td>
</tr>
</tbody>
</table>

- FIGURE 2 illustrates the percentage of high potentials who have ever worked in non-corporate firms during their careers across different regions, with Canada showing the highest rate of 19% among women and 10% among men.
High-Potential Employees in the Pipeline

Canadian talent managers should take these global comparisons showing how Canada stacks up against other regions—competitors in the global marketplace for top talent—and tailor their practices to the local context in Canada.

- The Government of Canada has long been a top employer for young people, and almost 25% of new graduates rank the government as their top choice for employment, largely due to the job security and generous benefits provided by government jobs.22
- Companies have always had competitors for talent, and the public and nonprofit sectors are increasingly part of this competition. To what extent do you benchmark recruiting strategies or outcomes against other sectors?
- Millennials,23 in particular, seek purpose in their careers according to thought leaders.
- How is your company branded as an employer of choice for high-potential women and men who want to feel as though they are making a difference in the world?
- To what extent do you need to recruit MBAs differently now than in the past? Thought leaders encouraged employers to speak about corporate social responsibility initiatives, diversity programs, and how employees’ work will have an impact on the world.
- Catalyst’s annual Financial Post 500 census shows that crown companies24 had the highest representation of women senior officers while public companies had the lowest,25 and this current report shows that high-potential women in Canada were more likely than women elsewhere to seek non-corporate tracks.
- How can high-potential women be recruited into companies from non-corporate employers?
- With non-corporate employers having more success attracting and advancing talented women, to what extent can recruiting from the public sector support companies’ goals in increasing the representation of women in leadership positions?
- How does the greater number of high-potential men in Canada taking non-corporate paths support the business case for recruiting top talent from other sectors?
Going Beyond Recruitment: How to Retain Top Talent Once You Have It

To win the battle for talent in Canada, firms—and corporations in particular—need to not only recruit top talent, they also need to provide their high potentials with development opportunities that will retain them into the future. Previous global findings on high-potential employees showed that one of the critical “hot jobs” that launch high potentials’ careers further and faster are international assignments.

High Potentials in Canada, Women More so Than Men, Get Fewer International Experiences—A Gap With Consequences in the Globalized Marketplace

- Men in Canada were significantly more likely than women to have received an international assignment (men, 29%; women, 19%).

- And high-potential men in Canada were also more likely to gain global experience through opportunities for extensive international travel without relocation (men, 94%; women, 79%).

- Correspondingly, high potentials in Canada have a lower global business competency than those in Europe and Asia.

- Within Canada, men have a higher global business competency than women.

- Women in Canada were significantly more likely than men to report that they have no knowledge of international product markets (women, 23%; men, 9%) or international labor markets (women, 21%; men, 9%).

- High potentials in Canada have received fewer international assignments than those in Europe and Asia.

- Among Canadian high potentials, more men than women have had international experiences.
Developing globally savvy business leaders is critically important and needs to be a priority for companies given the link between managing cultural diversity, mobility of global leaders, and financial performance. Thought leaders suggested that Canadians are well positioned to succeed globally, given the country’s diversity and the number of people who speak multiple languages. However, we found that high potentials in Canada received fewer international assignments than those in Europe and Asia.

Thought leaders felt that fewer international assignments represent a threat to Canadian businesses, as high potentials in Canada may not be developing critical cross-cultural competencies. For Canadian companies to compete on the global stage, they need to better understand global markets—current and future leaders need to learn abroad, bring ideas back, and help penetrate those markets.

We heard suggestions of creative initiatives to tap into the extensive global networks in Canada. One thought leader suggested that foreign networks of immigrants in Canada should be leveraged to forge relationships with business in their home countries. Another group suggested building a global business network of Canadians abroad, a “global network of talented expatriates who can help open doors, broker deals, and build connections for Canadians at home and abroad.”

For businesses operating in Canada, serious thought should be given to the question of how employers can develop business leaders while simultaneously tackling the challenges they face in the global marketplace. Catalyst research suggests that strategically designing and allocating “hot jobs,” and international experiences in particular, can be a win-win for high-potential employees and for Canadian firms more broadly.
Corporate Canada is experiencing a talent drain, especially among women, into non-corporate firms at rates higher than in other regions around the world. This trend has significant consequences for corporate Canada, as it can be difficult to re-attract top talent once they enter the non-corporate sector. In an effort to “glocalize” talent management practices, Canadian firms should highlight their commitment to corporate social responsibility to attract more mission-driven high potentials from the start.

Once top talent has been successfully recruited, Canadian organizations need to provide career-advancing development opportunities to retain them. High potentials in Canada received fewer international assignments—a critical “hot job”—than those in Europe and Asia, and as a result have a lower global business competency. In the increasingly competitive global marketplace, this not only impacts Canadian firms’ ability to retain their top talent but also their competitiveness on the world stage.

These findings provide a wake-up call for Canadian organizations: the time to act is now.
Endnotes

1. The data in this report is based on responses from 1,574 high-potential employees—28% women, 72% men—who were working in Canada when surveyed in 2007, 2010, 2011, or 2013; were born in Canada; are Canadian citizens; or who reported that they considered Canada “home.”


4. The first post-MBA job compensation analyses exclude anyone who reported that they were self-employed or working in a family business. The rationale for excluding them from the compensation analyses is that interest should be in what “others” pay high potentials, not how much they pay themselves.

5. For this compensation analysis, the significance level was calculated using the log of the compensation variable due to the skewed nature of the raw compensation variable. The dollar value of the gender gap was calculated using the raw compensation variable.

6. This analysis was calculated using a hierarchical regression controlling for age at MBA as a proxy for prior years of work experience and first post-MBA starting level. The gender difference is statistically significant, p<.13 (the small number of women in the compensation analysis decreases the power of the statistical test, so the p value of .13 is significant in this case).

7. Level was measured on a 4-point scale: non-management/individual contributor, first-level management, middle management, senior executive/CEO.

8. This analysis was calculated using a hierarchical regression controlling for age at MBA as a proxy for prior years of work experience, p<.05.

9. Entry level includes non-management and individual contributor positions.

10. Gender difference is statistically significant, p<.05.

11. This analysis was calculated using a hierarchical regression controlling for age at MBA as a proxy for prior years of work experience, p<.05.


13. Silva, Carter and Beninger.

14. Men in Canada were more likely than women in Canada to be responsible for a budget of $10 million or more (men, 58%; women, 45%; p<.05). Men were more likely than women to have had profit and loss responsibility at some point post-MBA (men, 58%; women, 45%; p<.05).

15. The nonprofit sector includes government, nonprofit, and education.

16. Among those who went to work for a non-corporate employer in their first post-MBA job, there was no significant difference in the rate that went to work in government in Canada, Europe, and Asia (Canada, 60%; Europe, 75%; Asia, 83%; United States, 22%). Only the United States was significantly smaller with the largest proportion working for nonprofits.

17. Comparisons are statistically significant, p<.05.

18. Gender difference is statistically significant, p<.05.

19. Gender difference is statistically significant, p<.05.

20. Comparisons are statistically significant, p<.05.

21. Gender difference is statistically significant, p<.05.


24. A crown corporation is an organization that is owned by either the federal or provincial government, according to Liz Mulligan-Ferry, Rachel Soares, Jan Combopiano, Jaye Cullen and Laura Riker, 2010 Catalyst Census: Financial Post 500 Women Senior Officers and Top Earners (Catalyst, 2011).


26. Silva, Carter and Beninger.

27. Only those who have ever worked for a global company are included in this analysis.

28. Comparisons between Canada and Europe and between Canada and Asia are statistically significant, p<.1. The comparison between Canada and the United States is not statistically significant, p>.1.

29. Gender difference is statistically significant, p<.1.

30. Gender difference is statistically significant, p<.05.

31. Global business competency is measured using a two-item Likert scale from 1–5, where a higher composite score indicates greater knowledge of international product and labor markets.

32. Comparisons between Canada and Europe and between Canada and Asia are statistically significant, p<.05. The comparison between Canada and the United States is not statistically significant, p>.1.

33. Men’s composite score was significantly higher than women’s (men=3.35; women=2.77; p<.05).

34. Gender difference is statistically significant, p<.05.

35. Gender difference is statistically significant, p<.05.


39. Silva, Carter and Beninger.

40. Stroh, et al.

Acknowledgments

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General Motors Corporation
High-Potential Employees in the Pipeline
CATALYST
120 Wall Street, 15th Floor
New York, NY 10005
T +1 212 514 7600
F +1 212 514 8470

CATALYST CANADA
8 King Street East, Suite 505
Toronto, Ontario M5C 1B5
T +1 416 815 7600
F +1 416 815 7601

CATALYST EUROPE AG
c/o KPMG AG
Landis+Gyr-Strasse 1
6300 Zug, Switzerland
T +41 (0)44 208 3152
F +41 (0)44 208 3500

CATALYST INDIA WRC
B-601, Ivy Tower
Vasant Valley
Goregaon (E)
Mumbai 400 097
T +91 22 3953 0785

CATALYST AUSTRALIA
WOMEN RESEARCH AND CONSULTING LIMITED
Level 23
525 Collins Street
Melbourne VIC 3000
T +61 03 9823 6600
F +61 03 9826 3642

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