



BRIEF

**The Standing Committee on Government Operations and Estimates
House of Commons**

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**Study of businesses owned by under-represented groups, black, indigenous, women
and persons with disabilities, and their ability to procure from the government of
Canada before and during COVID-19**

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Thank you for this opportunity to speak to the Committee about the importance of diversity, equity and inclusion in the federal supply chain.

My name is Silvia Pencak, and I am the President and CEO of Women Business Enterprises Canada Council (WBE Canada). We are a Canadian nonprofit organization that is opening doors for Canadian women-owned businesses to supply chains across Canada, North America and globally. WBE Canada's mission is to advance economic growth across Canada through certification, development and promotion of women-owned businesses.

This afternoon, I would like to highlight the opportunity that exists in the federal supply chain in supporting women-owned businesses and other underrepresented groups.

Women around the world are disproportionately experiencing the negative impacts of COVID-19 and Canadian women are no different, in terms of the interruption to their work and businesses. Research shows that a higher percentage of businesses owned by women, Indigenous peoples, racialized people, immigrants, and persons with disabilities reported declines in revenue of 20 percent or more, compared with businesses overall. These businesses had to lay off more employees and had a harder time accessing financial assistance. Taking into consideration that the starting point before the pandemic was already imbalanced, diverse businesses are slipping through the cracks very quickly.

The Government of Canada is greatly positioned to drive economic transformation in Canada through supplier diversity. Recovery planning presents the opportunity to introduce policies and kick start the programs to address the needs of women entrepreneurs and other disadvantaged groups. As the largest buyer in our country, the federal government can rewrite the future for existing and future women-owned and other diverse businesses to ensure that communities across the country are supported and developed to a level where they can thrive.

The Hackett Group considered world-class supplier diversity efforts to be 13.3% spending with diversity suppliers with the typical company in the US, where supplier diversity is more embedded as a result of government mandate, to be minimum 10%. Recently these targets are moving to 20% by 2025 in efforts to help diverse businesses through and post pandemic. In Canada we have a long way to go, currently sitting way under 5 percent spend with most companies struggling to get past 1 percent spend with all diverse groups combined. Canada's growing diversity is its present and future - by 2031 29% to 32% of Canada's population - between 11.4 and 14.4 million people could belong to a visible minority group. Add to it women, Aboriginal peoples, LGBTQ2+ and people with disabilities and you will find that the majority of Canadians are still disadvantaged.

While women-owned businesses continue trying to access procurement opportunities at the federal level, only a very few are being successful. And the majority are voicing frustration with the complexity of the process, stringent requirements, and lack of support after they pass through the complex registration and security processes. And even worse, there is still no reporting on the success of businesswomen in the federal supply chain. We simply don't know what is actually happening - and we can't improve what we can't measure.

With opportunities lacking and the support net missing, WBE Canada is seriously concerned about the recovery and sustainability of Canadian diverse businesses and economic wellbeing of the communities they are part of. The best way to support a diverse business is to buy from them. An even better way is to do it over and over.

The Government of Canada is already driving change in sustainability and diversity and inclusion space requiring banks, telecom, grant recipients and others to report their data to the government. Supplier diversity can be built on these successful initiatives and expanded into the upstream supply chain. This cannot happen organically - we must be intentional about how we drive sustainable change in our country. Infrastructure needs to be created, resources need to be developed and organizations across the country need to be encouraged to take part in supporting diverse businesses.

Based on the academic research, expert recommendations, and many other evidence-based data and fieldwork, WBE Canada strongly recommends what was already recommended to this committee by my predecessor Mary Anderson and others including Professor Barbara Orser back in 2017-2018. On behalf of Canadian women-owned businesses I ask this Committee to help implement the following:

1. Develop a well-designed, regulated, and monitored supplier diversity program that will be adopted at PSPC and across the Government of Canada
 - a. Recognize the third-party certification model across the federal government that defines a diverse supplier as a for-profit entity owned, operated, and controlled by 51% or more of a given underrepresented group
2. Require large and mid-sized Canadian corporations that are suppliers to the Federal Government to report annually their spend with certified diverse suppliers
 - a. Encourage large and mid-size Canadian corporations, Crown Corporations, and provincial and local governments to implement their own supplier diversity programs

3. Implement enhanced federal government procurement analytics that monitor, and report spend with certified diverse suppliers within the Government of Canada and across its supply chain.

WBE Canada is prepared to support these efforts and committed to continue working closely with the government to ensure the development and success of Canadian Women Business Enterprises.

Thank you.

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