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# Supply Chain Commitment to DEI Skyrockets in 2021

An excerpt from the Gartner-Association for Supply Chain Management survey on diversity, equity and inclusion in supply chain



# Introduction

The COVID-19 pandemic, economic crisis, social upheaval and adverse climate events combined to dramatically change how we live and work under duress, with the degree of duress varying significantly along ethnic/racial, socioeconomic and gender lines. Notably, people of color, and especially women of color, experienced the worst that 2020 had to offer, with higher rates of COVID-19 hospitalization, mortality, unemployment, bankruptcy and homelessness.

2020 marked a turning point for companies in recognizing that a lack of diversity, equity and inclusion (DEI) focus can cost talent, customers and investors and commitment to DEI. Together with the Association for Supply Chain Management (ASCM), we surveyed supply chain organizations primarily on broad DEI dimensions and initiatives. This report provides an overview of just some of the survey's key findings, specifically regarding ethnic/racial DEI in supply chain and best practices for attracting, developing, engaging and advancing people of color.

## Key Data Points

- 62% of supply chain organizations are looking at the dimensions of ethnicity/race as part of their recruitment strategy.
- 30% of the full-time supply chain workforce are people of color, but only 9% of supply chain VPs are people of color.
- 41% — about 3 of every 7 — of supply chain organizations have no plans to improve DEI.
- Most DEI initiatives in place at supply chain organizations prioritize education and awareness raising (30%), followed by recruiting (20%) and integrated pipeline planning (20%).

# Survey Finding No. 1

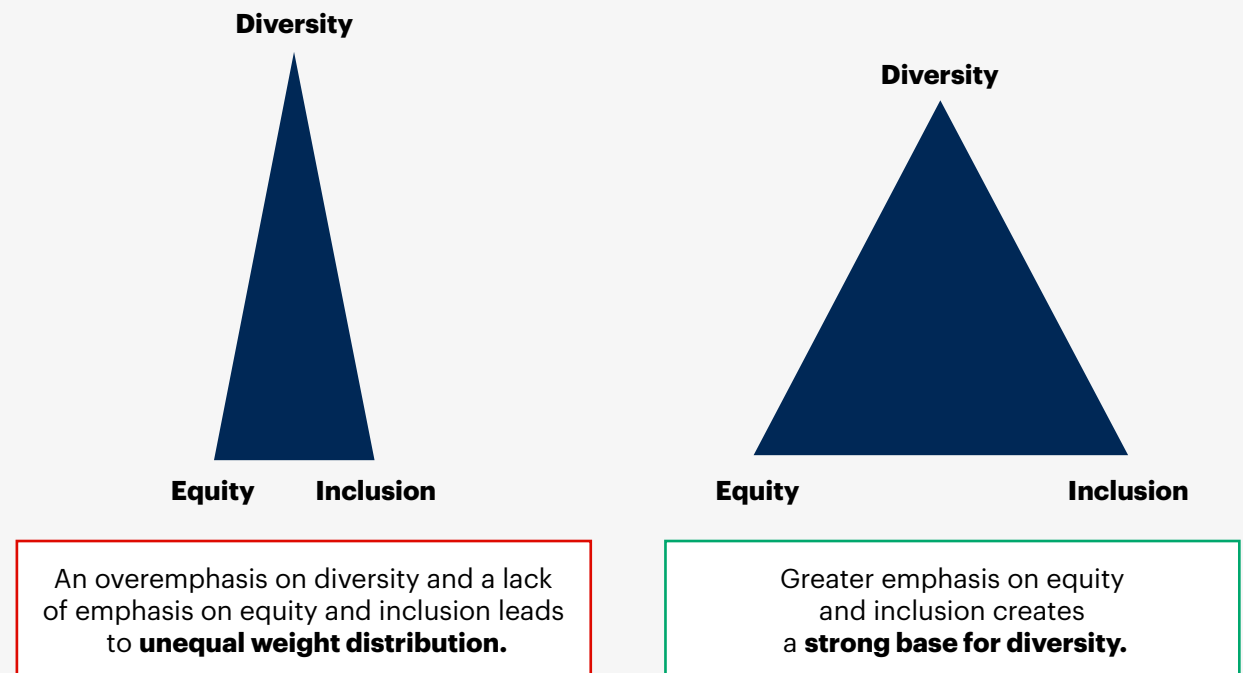
## Supply chain is primarily focused on recruiting ethnicity/race and gender diversity

What do diverse, equitable and inclusive supply chain teams look like? What does a diverse, equitable and inclusive supply chain culture feel like?

- A diverse supply chain organization values an individual's seen and unseen differences, for example, whether they are of different ethnic/racial heritages or are part of the LGBTQ+ community.
- Equity provides employees with a fair shot at opportunities and fairness in terms of compensation.
- Inclusion is about being part of the organization, being able to contribute and being heard.

Diversity, equity, and inclusion are mutually supporting concepts, as shown in Figure 1. One without the other may lead to short-term gains but these gains will not be sustained. For example, a supply chain organization can recruit racially diverse candidates; however, if these candidates are not included in key decisions as they relate to the role or given equitable opportunity and compensation, they will leave.

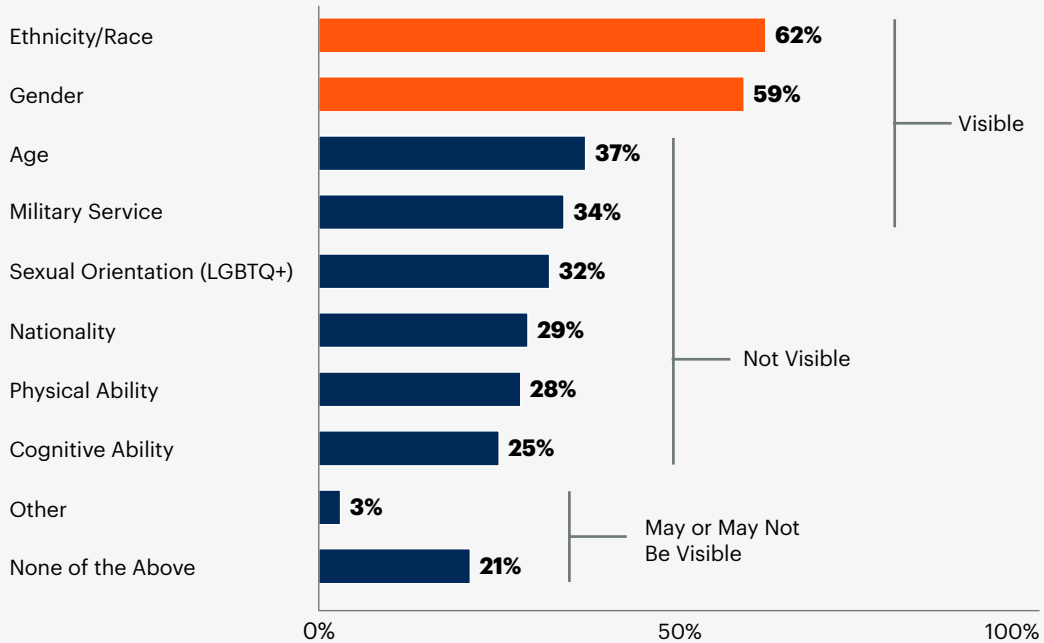
**Figure 1: Focus on Diversity Without Equity and Inclusion Isn't Sustainable**



Source: Gartner

Supply chain has long focused on increasing the number of women within its ranks, with some progress made over the past six years. However, with the significant societal focus on racial inequality in 2020, our research shows that 62% of supply chain organizations are now looking at the dimensions of ethnicity/race as part of their strategy, and 59% are considering gender (see Figure 2).

**Figure 2: Ethnicity/Race and Gender Are Most Likely to Be Considered by Supply Chain**



n = 298

Q: "When you consider your supply chain organization/business unit's efforts to improve DEI, which of the following dimensions are formally considered?"  
 Source: 2021 Gartner/ASCM Supply Chain Diversity, Equity & Inclusion Survey

**Action item:** Although the focus on these diversity dimensions is welcome, it is only one aspect of DEI. Some DEI experts, in fact, recommend looking at it as an outcome. Diversity cannot be achieved or sustained without creating an equitable and inclusive employee experience. Remember the unwieldy triangle.

# Survey Finding No. 2

## As the Corporate Ladder Advances, Representation of People of Color Declines Dramatically

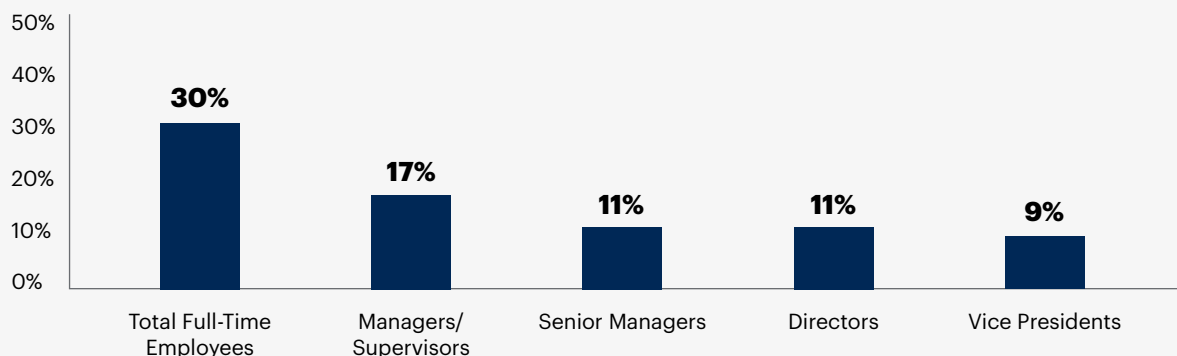
When you go to your company website and click to the page featuring your leadership team, how many of those individuals are people of color? If we're lucky, in a leadership team of 11 VPs, there might be one. In many cases, we'll see none. As hard as it may be to acknowledge, the demographic makeup of our supply chain leadership teams is simply not representative of the society we live in today. This can prove damaging to the career aspirations of people of color in supply chain and to their perception of inclusivity in the industry as a whole. It's also bad for business.

Taking a look at representation in the supply chain not only provides us with a valuable perspective of its current demographic makeup, but it helps us to understand where there are critical opportunities in the pipeline for hiring, developing and promoting people of color. When surveying for representation, using U.S., Canadian, U.K. and OECD-derived categories, we defined "people of color" to be Asian, Black/African/Afro-Caribbean, Hispanic/Latinx, Native American/First Nations, Pacific Islander, and any other indigenous person, all underrepresented groups in the U.S., Canada and Europe.

Looking at the overall picture of representation of people of color in the average supply chain organization, we're met with relatively positive news: 30% of the supply chain workforce is people of color. However, as we navigate our way up the organizational hierarchy, the state of representation becomes quite dismaying. People of color make up 17% of managers/supervisors, 11% of senior managers, 11% of directors and only 9% of vice presidents (see Figure 3).

**Figure 3: As the Corporate Ladder Advances, Representation of People of Color Declines Dramatically**

Average percentage of people of color in full-time positions



n = 298

Q: "What percentage of your supply chain organization are people of color?"

Source: 2021 Gartner/ASCM Supply Chain Diversity, Equity & Inclusion Survey

**Action item:** DEI experts recommend using local demographics for professional and hourly populations, as well as customer profiles, to understand where you are and where you should be in terms of leadership diversity. Avoid the excuse that you have a pipeline problem. If this were the case with any other capacity or supply issue in your organization, would this excuse fly? Evaluate recruiting, performance management and succession planning processes to identify where DEI breakdowns occur.

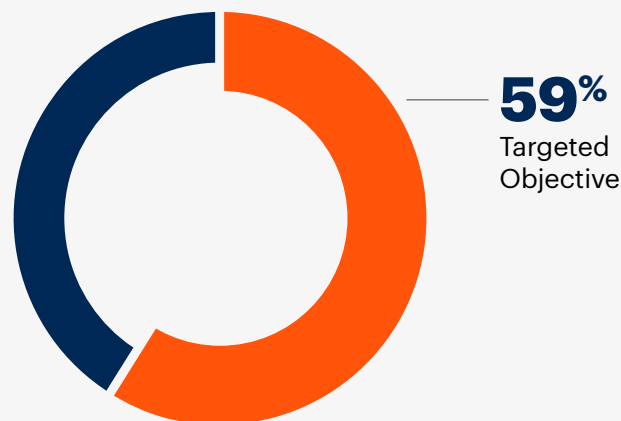
## Survey Finding No. 3

### Most Organizations Have Goals and Objectives, But the Percentage That Are Taking Specific Action Against Them Is Worrisome

Although all business performance measurements are imperfect and only a proxy for gauging how we're tracking toward our strategy objectives, what we measure does communicate the importance of that thing to our organization. With the rise of social justice movements in 2020 and urgent calls for action on DEI, the first step many chief supply chain officers took was to commit or recommit to action. To not do so was to silently communicate to the public that equality, inclusivity and diverse representation in supply chain are simply not important.

We find that more than half of supply chain organizations have some form of objective to improve DEI (see Figure 4), and 23% of those organizations have formal targets and goals that are represented on management scorecards. However, on the other hand, 41% — about 3 of every 7 — of supply chain organizations have no plans to improve DEI.

**Figure 4: More Than Half of Supply Chain Organizations Have Improving DEI as an Objective**  
Percent of Companies With Stated Objectives to Improve DEI



n = 256, excludes don't know  
Q: "Does your supply chain organization have a stated objective to improve DEI in supply chain?"  
Source: 2021 Gartner/ASCM Supply Chain Diversity, Equity & Inclusion Survey

Once supply chain organizations have goals and objectives, this should translate into specific projects and initiatives to achieve those objectives. DEI is particularly vulnerable to statements and goals that are not always backed up by actions. How did our respondents fare here? For the 244 respondents that have goals, 36% said that supply chain is leading initiatives, while 20% said their company has enterprisewide initiatives, which is good news for them.

This, however, leaves 44% that don't have an initiative or are "considering" starting one, a precarious position to be in. Business logic, as well as further analysis of the data, shows that just having goals is not sufficient — you've got to have initiatives. Supply chain organizations with initiatives were 66% more likely to report progress in meeting their diversity goals, and nearly 2x more likely to meet their equity goals than respondents without targeted initiatives.

**Action item:** To ensure that goals and objectives don't get stranded without action, identify and resource specific projects and initiatives that supply chain can drive, lead or influence.

# Survey Finding No. 4

## Focus on Ethnic/Racial Diversity Skyrockets in 2020, but Type of Initiative Varies

While more than half of supply chain organizations have either general or formal goals related to ethnic/racial diversity, the initiatives and tactics to reach these goals have only more recently gotten attention.

When we examine the detail behind 44 DEI initiatives at 37 supply chain organizations, we find that most prioritize education and awareness raising (30%), followed by recruiting (20%) and integrated pipeline planning (20%).

Awareness raising and education initiatives typically include DEI training or the recognition of cultural holidays. Most recently, the focus has been on raising awareness of unconscious bias, aiming to help participants recognize that everyone has it and what they can do to mitigate theirs and others'. But this training is falling short. Unconscious bias training can increase awareness and confidence discussing disparities, but it often fails to change behaviors or impact equity or inclusion. Further, these trainings emphasize individual barriers rather than broader systemic challenges.

Recruiting initiatives and integrated pipeline planning (a combination of decision forum and development projects that pulls in and advances more individuals into leadership positions) are far more likely to lead to better outcomes. In the realm of recruiting, Gartner research finds that five initiatives prove most effective: Diverse interview panels, diversity referral programs, summer internship programs for diverse students, blind resumé reviews and diversity campus recruiting. In integrated pipeline planning, companies go beyond recruiting to succession planning, as well as leadership development and sponsorship programs.

**Action item:** Use the renewed focus on DEI to sustain initiatives targeting ethnically/ racially diverse talent in supply chain. Prioritize initiatives for implementation based on their impact on equity and inclusion as much as diversity. Ensure that initiatives are clearly linked to broader DEI objectives and goals. Be accountable and transparent, sharing back both successes and shortcomings to the broader supply chain organization.



## About the Survey

Gartner and the Association for Supply Chain Management (ASCM) surveyed 298 participants at supply chain organizations primarily in the U.S., Canada and Europe from 11 November 2020 through 14 December 2020 on broad diversity, equity and inclusion dimensions (ethnic/racial minorities, women, LGBTQ+, physical ability and others) and initiatives.

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