



Gartner for Supply Chain

Supply Chain's Focus on DEI Grows in 2022

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



Introduction

Over the last year, we've seen global COVID-19 fatalities more than double and millions of people leave the workforce. As the Delta variant came and went, and then Omicron, a global scarcity scenario intensified, with enterprises competing for material and labor on a massive scale. Major economies do not have enough bodies in the labor force to fill open positions, and the leaders and employees they do have struggle with overload and burnout. At the same time, social justice initiatives that launched in 2020 started to fade from view and quarterly earnings calls.

However, happily, today's supply chain organizations show the strongest intent yet to support diversity, equity and inclusion (DEI). But with competition for talent as intense as ever, supply chain leaders must deliver an equitable, inclusive, human-deal-based employee experience or fail to secure the talent necessary to ensure that global supply chains run sustainably and profitably.

Together with the Association for Supply Chain Management (ASCM), for the second year in a row, we surveyed supply chain organizations primarily on broad DEI dimensions and initiatives. This report provides an overview of just two of the survey's key findings, specifically regarding ethnic/racial DEI in supply chain, and what leading supply chain organizations are doing and achieving.

Key Data Points

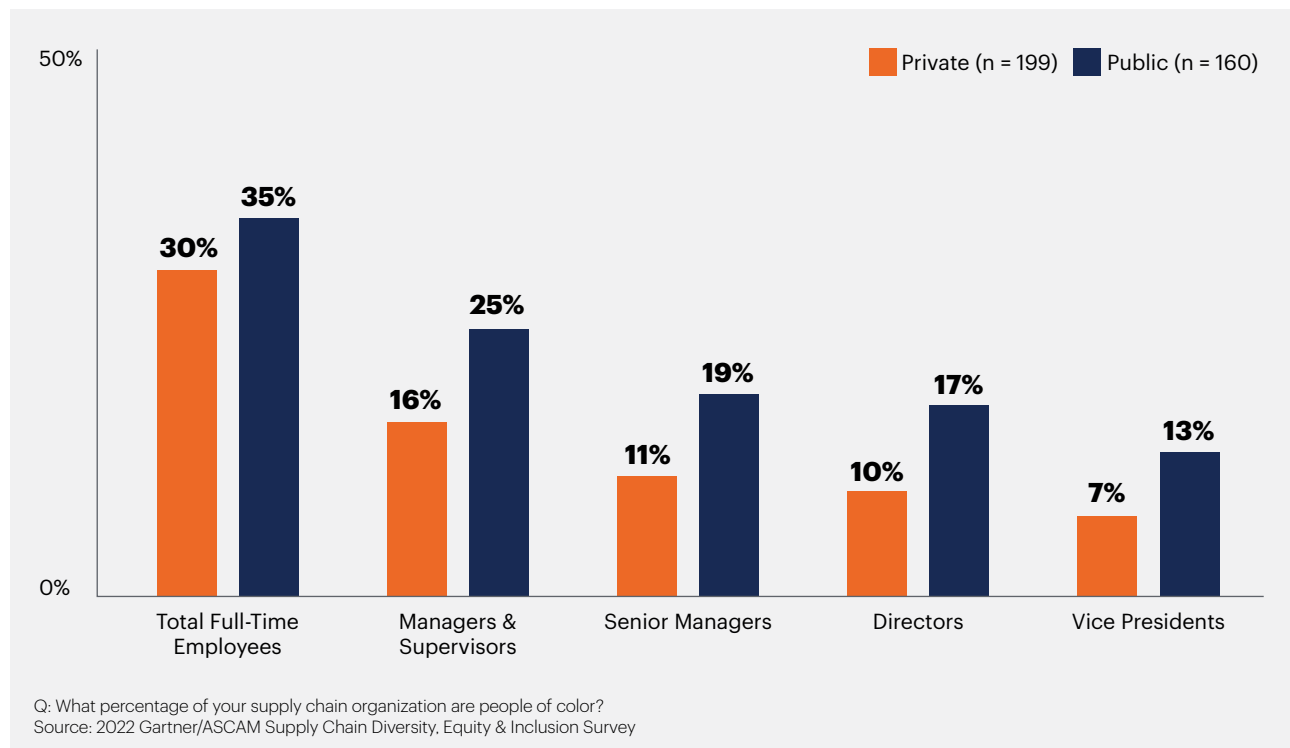
- Over the course of just 12 months, there has been a significant decrease in the share of companies that focus on no DEI dimensions: In 2021, 21% of companies had no DEI focus, while this year only 11% of companies have no DEI focus.
- 75% of supply chain organizations consider ethnicity/race in their DEI strategies and objectives (up from 62% in 2021).
- While three-quarters of supply chain organizations report focusing on some dimension of diversity, only 40% are working on specific DEI initiatives. That figure does, however, represent a slight bump from last year: Our 2021 survey found that 36% of supply chain organizations had targeted initiatives for DEI.

Transparency + Accountability + Leadership = Progress

What jumped out immediately from the 2022 data was the difference between publicly held firms' level of commitment, activity, progress, pay equity and representation compared to privately held companies. Well of course, you might say. Public companies face more scrutiny from investors, regulators, employees, potential employees and other stakeholders. Their high stakes are visible at scale, and if they don't keep their people strategies relevant, potential risks and losses are enormous, as we are seeing in our inability to reliably operate global supply chains in the face of talent shortages and the Great Resignation.

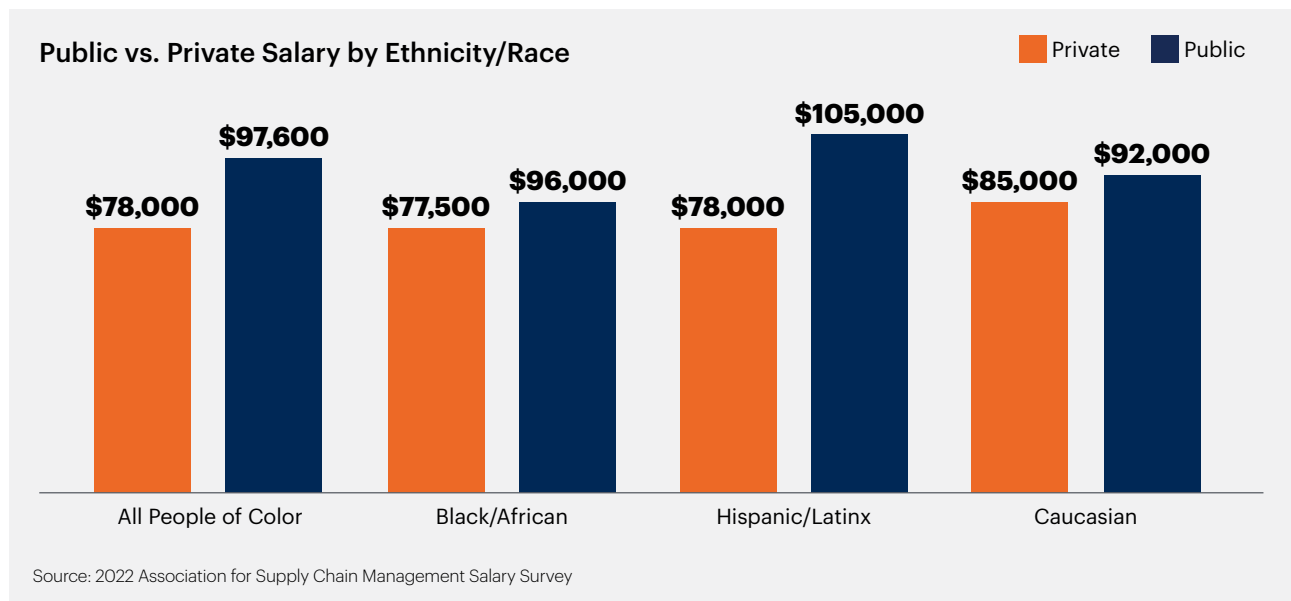
We could see immediately the publicly held firms' propensity to report progress on DEI, their stronger pipelines for people of color (Figure 1), and more equitable pay for underrepresented ethnicities and races.

Figure 1. People of Color in Supply Chain Organizations: Publicly Held Companies Have Stronger Pipelines



Going further into pay equity in a parallel survey conducted by ASCM, supply chain salaries across the board are higher this year than last. Within that data, gaps between between the majority Caucasian and underrepresented ethnicities and races continued to narrow. The most stubborn gap over time appears to be between employees at public companies and private ones. Publicly held organizations show higher pay for all supply chain professionals, and a marked difference for people of color, who earn, on average, 25% more at public firms compared to private ones. The pay gap is narrower between different ethnic and racial groups for publicly held organizations (Figure 2).

Figure 2. Supply Chain Organizations at Public Companies Pay Better, Have Smaller Pay Equity Gaps



But why do publicly held companies have these results? Why do they reliably report more improvement and better DEI outcomes, like equitable compensation? It comes down to goals, actions and accountability. Supply chain organizations that own, lead and drive their own DEI initiatives get better results.

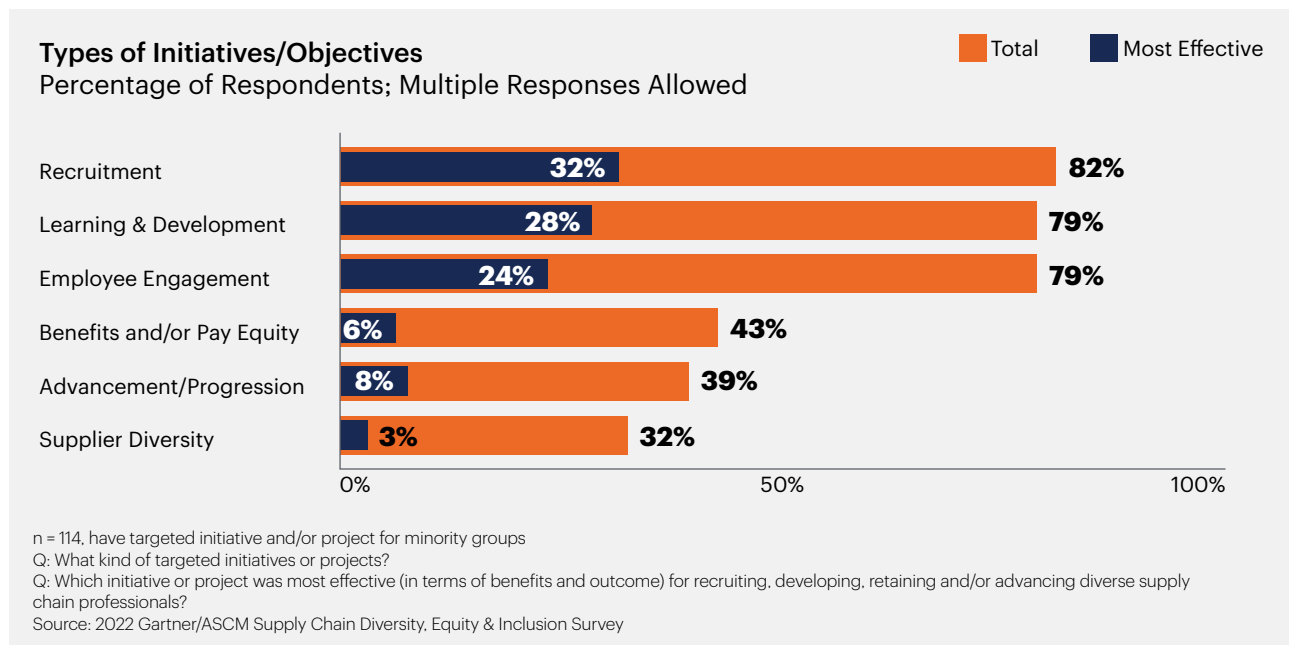
Action Item

Most organizations cascade DEI goals without further support, leaving leaders unsure how to take action and execute. CSCOs should ensure that more local leaders can participate in the co-creation of aiming points for different DEI dimensions. Monitor leaders' scorecards to track progress and foster peer-to-peer transparency to reinforce DEI goals. Rate leader inclusion and establish requirements for progression. The best organizations elevate DEI outcomes to the same priority as other business goals for individual leaders by making DEI outcomes a requirement to advance in the organization.

Recruiting Remains a Priority Investment. But Inclusive Leadership Drives Improvement.

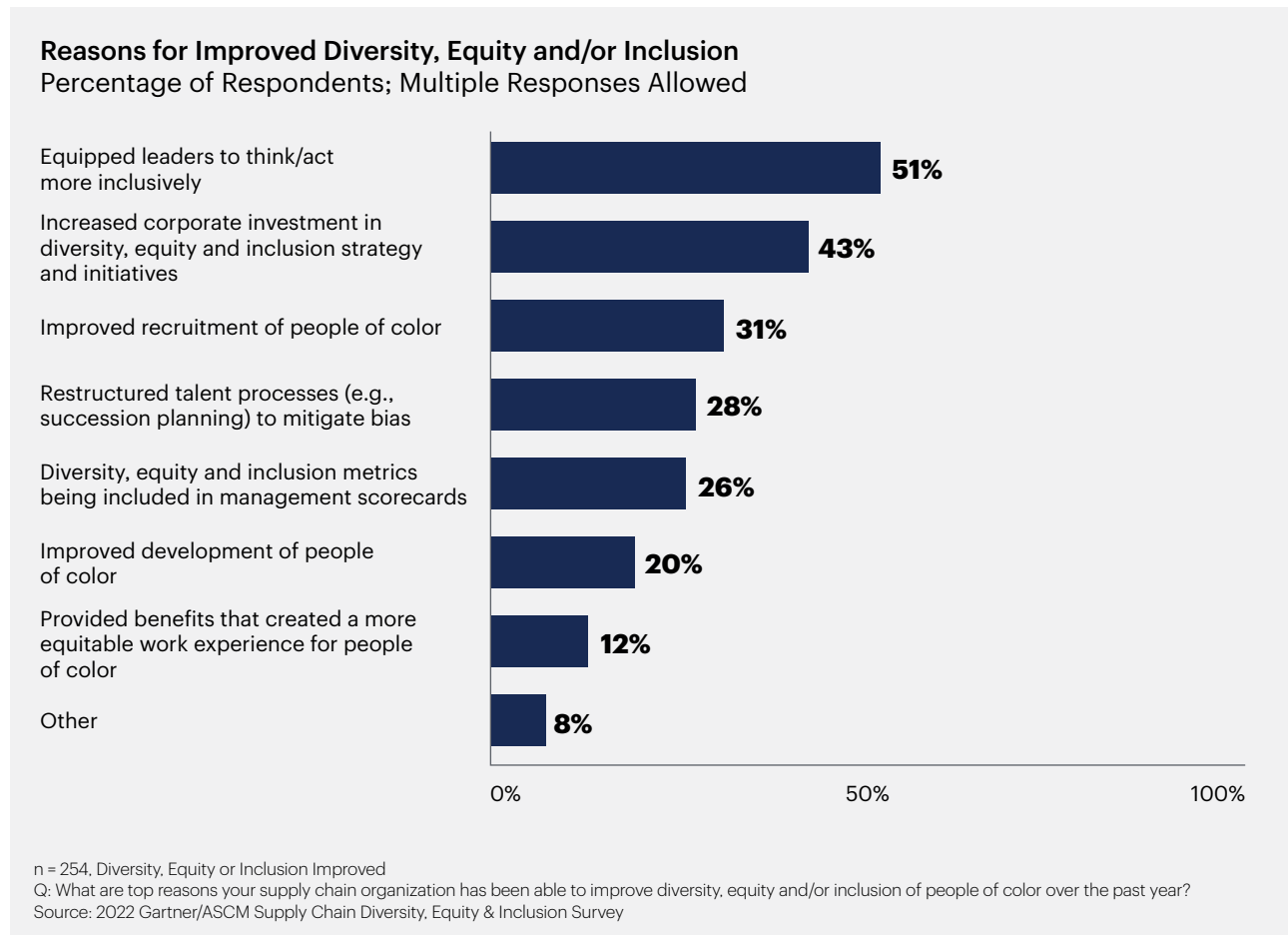
More than half of supply chain leaders have DEI objectives or formal targets, but are their commitments translating into action? Encouragingly, the answer appears to be a resounding “yes.” Yet many continue to struggle with identifying which DEI initiatives to invest in and what will have the most impact. According to our survey, recruitment, learning and development, and employee engagement are the types of initiatives/objectives most often in place in supply chain organizations (Figure 3). Recruitment initiatives might focus on diverse interview panels or diversity referral programs; learning and development initiatives could focus on diversity mentorship programs or inclusive leader training; and employee engagement initiatives often center around employee resource groups (ERGs) or DEI newsletters.

Figure 3. Recruitment, L&D and Employee Engagement Are Top DEI Investment Priorities



Our survey also sought to understand why certain supply chain organizations are seeing progress in DEI outcomes for people of color, where others haven't. The top reason (at 51%) is “equipped leaders to think/act more inclusively” (Figure 4).

Figure 4. Inclusive Leadership Is Top Reason for Improved DEI Outcomes for People of Color



Although there was not a distinct top reason for why DEI has not improved for people of color, 38% cited talent processes favoring Caucasian employees, 35% cited lack of development programs for leaders to think and act inclusively, and another 35% cited lack of DEI metrics to drive accountability.

Action Item

Complement or replace unconscious bias training with organization-specific examples of observed noninclusive behaviors, rather than one-size-fits-all examples. Show leaders specific, concrete examples of how inclusive behaviors can be embedded into general leadership behaviors, rather than teaching inclusivity as an isolated skill. To truly sustain behavior change, embed bias mitigation efforts into existing processes (e.g., succession management). Making small tweaks to processes helps nudge leaders away from unintentional biases and prompt inclusive behavior.

About the Survey

Gartner and the Association for Supply Chain Management (ASCM) surveyed 384 participants at companies from US\$10M to over US\$10B in revenue primarily in the U.S., Canada and Europe. The survey ran 1 December 2021 through 31 December 2021 and captured high-level data on broad diversity, equity and inclusion dimensions (ethnic/racial minorities, women, LGBTQ+, physical ability and others) and initiatives.



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