

The Case for Implementing a Supplier Diversity and Inclusion Program beyond the Ethical Value

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Abstract : The supply chain industry has integrated the need for supplier Diversity and Inclusion (D&I), mostly from an ethical and moral argument. In addition, in some countries, it is also a legal requirement for companies reaching a certain size. As a matter of fact, a lot of successful companies have developed a Corporate Social Responsibility Program that encourages diversity and inclusion in the supply chain, such as building strong relationships with minority owned businesses (women, LGBT, veterans, etc.). Outside ethical and legal perspectives, it is also worth researching the economic and financial benefits of pursuing such efforts. Through surveys of purchasing and supply chain managers in their current roles as well as review of some case studies on supplier based D&I programs, it becomes apparent that a financial return on investment is to be expected as well for companies who make a concerted effort to grow their D&I programs. The study explores the levers to increase shareholder value and business efficiencies. Finally, the research highlights the competitive advantage related to a broad minority based supplier network. The benefits manifest themselves in the areas of competitiveness, innovation, and collaboration. The economic reward ends up being at the forefront of those programs while being an opportunity for organizations to become 'a good citizen'.

Keywords : diversity, inclusion, purchasing, supplier

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