

U.S. and Europe lead global efforts to diversify suppliers

Companies that are concerned about diversity in their supply chains also promote it among their employees.



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U.S. and European companies are at the forefront of initiatives to ensure they have a diverse network of suppliers, adopting policies that are a natural extension of both greater awareness of their supply chains and a commitment to creating more inclusive workplaces.

[Research](#) by IESE's [Anna Sáez de Tejada Cuenca](#), Gemma Berenguer of the Universidad Carlos III de Madrid and Natalia Costas Lorenzo of consultancy Management Solutions examined supplier diversity initiatives in companies included in the Fortune Global 500 ranking in 2020 and 2022.

The research found that, overall, North American companies lead the way in implementing diversity programs, but that Europe is gaining ground. At the other end of the spectrum, firms from East and Southeast Asia — the majority of the list of companies — have little demonstrated interest in the issue.

Some of the principal findings:

- Of the 117 North American companies among the Fortune Global 500, 86% had supplier diversity programs in 2022, up from 79% in 2020. Western Europe had 43 companies on the list: 35% of them had diversity programs in 2022, up from 28% in 2020.
- Though Asia was home to 214 companies among the Fortune Global 500, only 7% had specific supplier diversity programs in 2022; in 2020, that percentage was 5.4%.
- By sector, finance and healthcare companies most actively pursued diversity, either as a distinct program or as part of their supplier code of conduct. Healthcare, with 72%, was the sector with the highest proportion of supplier diversity programs, followed by motor vehicles and parts (51%) and technology (50%). Among general supplier codes of conduct, 60% of firms in the financial sector made mention of supplier diversity, followed by healthcare with 56%.

Location informs approach

Firm location played a role not only in the interest in diversity but also in the approach taken and the groups targeted for inclusion.

Companies implemented supplier diversity in two ways: by creating specific supplier diversity programs and/or by embedding diversity requirements into supplier codes of conduct (SCoC). The programs tended to be more proactive and targeted, and some included small subsets of suppliers, such as firms owned by individuals of a specific ethnic minority. Supplier codes of conduct, with their goal of fostering ethical conduct all along the supply chain, covered a wide range of topics beyond diversity.

ALSO OF INTEREST: [Beyond Diversity](#), the new report from our research-based magazine with keys to promote diversity and inclusion in companies.

In the U.S., where the concept of supplier diversity grew out of the 1960s Civil Rights movement as a way to reverse long-standing discrimination against companies owned by ethnic minorities and women, companies leaned more toward supplier diversity programs. In Europe, firms tended to fold diversity goals into their supplier codes of conduct.

Gender, disability, ethnicity common dimensions

Broadly speaking, supplier diversity policies attempt to increase the number of relationships a company has with suppliers that are owned or operated by people belonging to disadvantaged groups.

While definitions of disadvantaged groups varied by country and region, gender was by far the most common characteristic mentioned: 96% of the companies with a specific supplier diversity definition referred to gender, much more than any other dimension.

There were a number of other dimensions commonly included under the diversity umbrella. In addition to gender, those with more than 100 mentions in the research data were: disability, sexual orientation, age/generation, ethnicity, race, gender identity, nationality, religion/creed and veterans (disabled or not).

But there were also differences, rooted in varied cultural and historical contexts and demographics. For example, many companies worldwide referred to ethnicity, but this involved different concepts in different places (such as immigrants in Europe and Aboriginal peoples in Australia). In definitions of diverse suppliers, U.S. firms sometimes included those owned by military veterans. Age was mentioned in places such as Asia and Europe, but less so in North America. Sexual orientation was often referenced by firms in Western Europe and North America but not in other regions.

Portrait of a responsible company

What also emerged from the research is that it is a certain type of company that pays attention to supplier diversity, just as it does to diversity among its own employees and sustainability among its suppliers.

Of the Fortune Global 500, companies that reported some form of data on employee diversity (e.g., gender or racial composition of their workforce) were much more likely to have a supplier diversity program than those that did not. Likewise, companies with supplier sustainability programs were also more likely to have supplier diversity programs. Companies lacking in sustainability initiatives were also generally lacking in diversity initiatives.

Supplier diversity initiatives, not surprisingly, respond to a more inclusive and sustainable view of the firm.

SEE ALSO: [5 steps to put your suppliers on the path to sustainability](#), a guide by Joan Fontrodona.



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