The Power of IE&D in the Supply Chain:
Unlocking Resilience and Growth

Introduction

In 2020, many companies expanded their focus toward building effective inclusion, equity, and diversity (IE&D) efforts. However, as the state of the U.S. economy and company layoffs have since dominated headlines, focus on IE&D has waned. Despite this, the business case for IE&D remains strong.

As one of the workplace's most critical functions, supply chain management directs the flow of goods and services from their origin to the end consumer. Disruptions in the supply chain can have far-reaching consequences, harming individual companies and impacting global economic stability. Strengthening a company's supply chain workforce is key to building a resilient company to withstand national and global disruptions. Fostering a robust IE&D initiative can be a powerful tool for developing adaptable, innovative, and ultimately more successful supply chains.

To explore this critical topic, the SHRM Foundation, SHRM, and the Association for Supply Chain Management (ASCM) partnered to gather data from more than 1,400 supply chain workers, supply chain managers, and HR professionals from organizations with supply chain departments across the United States to determine the state of IE&D in supply chain, its impact on businesses' bottom lines, and best practices for leveraging the power of IE&D across the supply chain and beyond.

The Current State of IE&D in Supply Chain

While a majority of companies with supply chain departments report having IE&D initiatives (62% of supply chain managers and 54% of HR professionals), only 29% of supply chain managers and 20% of HR professionals believe their companies are **very effective** at achieving IE&D goals within their supply chain workforce. Interestingly, a higher percentage of supply chain workers themselves (45%) feel their company is very effective in this area. This data suggests a clear gap between leadership perception and employee experience regarding IE&D efforts in supply chain management departments.

How effective has your company been at achieving IE&D related progress within your supply chain staff or department?

■ Very effective ■ Somewhat effective ■ Not at all effective

Supply chain workers

45%	45%	10%

Supply chain managers

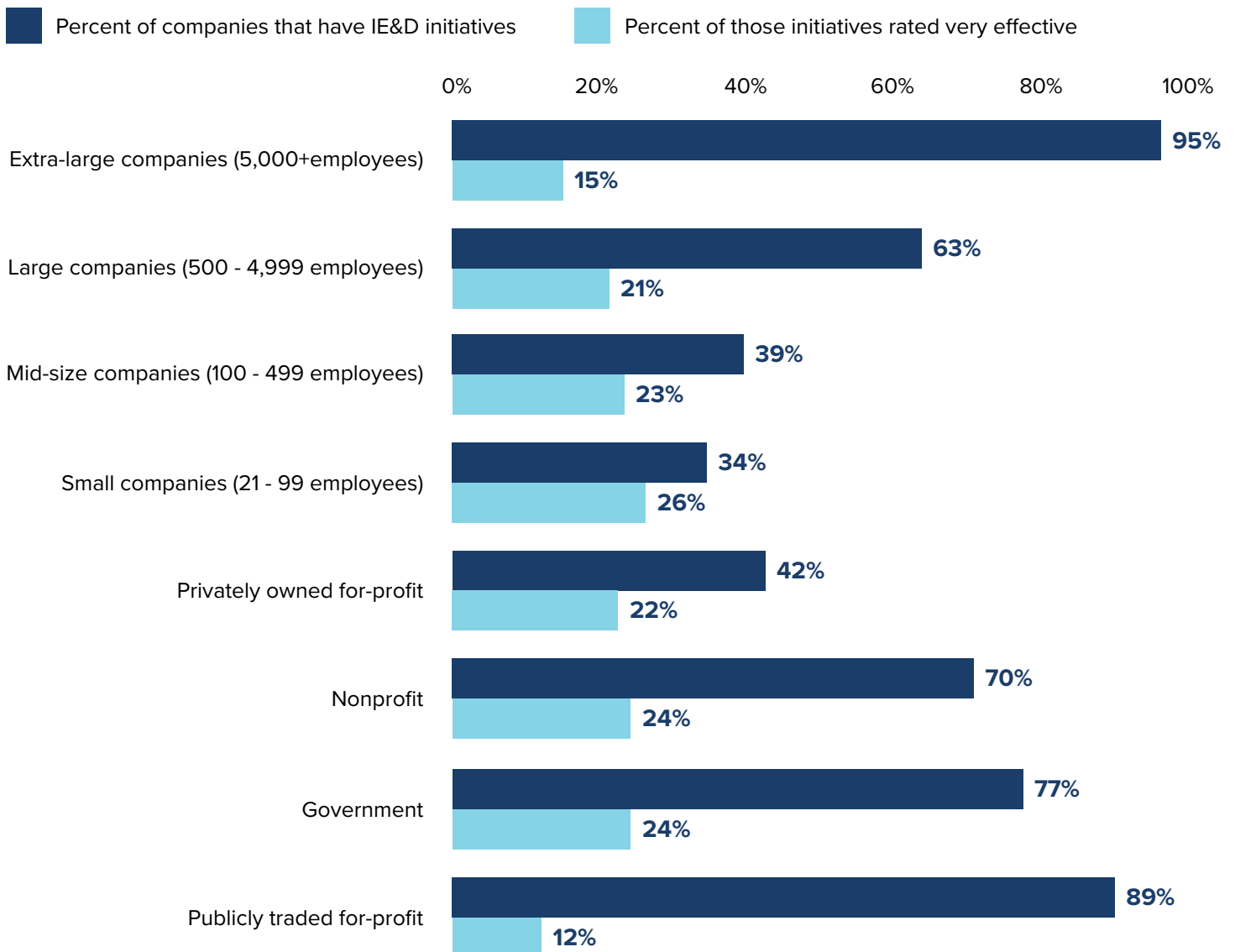| 29%	58%	13%

HR professionals

20%	65%	15%

Unsurprisingly, larger companies and publicly traded companies are the most likely to have IE&D initiatives. More than 90% of extra-large companies (those with 5,000+ employees) and 89% of publicly traded for-profit companies have IE&D initiatives. However, when assessing how effective these initiatives are, these companies were rated similar to other types of companies where IE&D initiatives were less common, demonstrating that simply having an IE&D initiative alone does not guarantee it will be effective.

While large and publicly traded for-profit companies with supply chain departments are the most likely to have IE&D initiatives, the quality of these programs lags behind others.

■ Percent of companies that have IE&D initiatives   ■ Percent of those initiatives rated very effective

Extra-large companies (5,000+employees)
- 95%
- 15%

Large companies (500 - 4,999 employees)
- 63%
- 21%

Mid-size companies (100 - 499 employees)
- 39%
- 23%

Small companies (21 - 99 employees)
- 34%
- 26%

Privately owned for-profit
- 42%
- 22%

Nonprofit
- 70%
- 24%

Government
- 77%
- 24%

Publicly traded for-profit
- 89%
- 12%

How IE&D Fuels Competitive Advantage in Supply Chain

When IE&D is implemented effectively, supply chain managers report their company outperforms competitors.

Supply chain managers from companies with very effective IE&D practices report that their supply chain department performs better than those of their competitors. In fact, among supply chain managers who work at companies with very effective IE&D practices, 73% report that their company's supply chain department performs somewhat or much better than their competitors' versus only 44% of supply chain managers who work at companies with ineffective IE&D practices. These differences highlight a significant relationship between strong IE&D practices and superior supply chain performance.

73%

of managers at companies with **very effective** IE&D practices say their company's supply chain performs **somewhat or much better than competitors'**.

44%

of managers at companies with **ineffective** IE&D practices say their company's supply chain performs **somewhat or much better than competitors'**.

Turnover and recruitment are at greater risk when supply chain lacks effective IE&D.

HR professionals at companies rated very effective at achieving IE&D-related progress among their supply chain staff were significantly more likely to say their supply chain department, on average, has low turnover compared with those who rated their company as ineffective at achieving IE&D-related progress in supply chain.

> Companies with very effective IE&D practices are more likely to say their supply chain department experiences low turnover, according to HR professionals.

When asked to describe their supply chain department's turnover over the past 12 months, more than three-quarters of HR professionals at companies with very effective IE&D initiatives said they experienced low turnover.

■ Low turnover   ■ Average turnover   ■ High turnover

Companies with very effective IE&D initiatives

| 77% | 19% | 4% |

Companies with ineffective IE&D initiatives
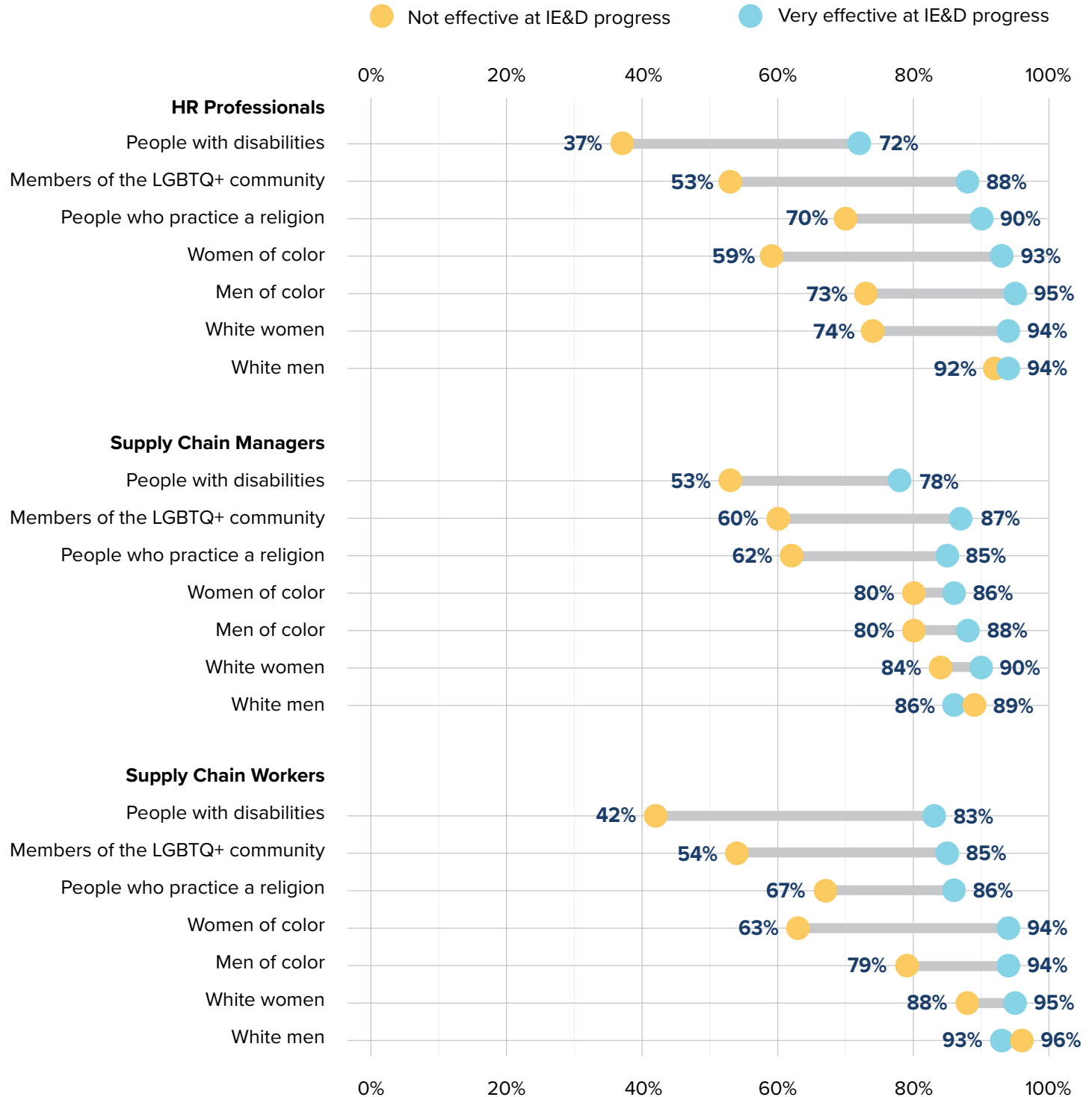
| 51% | 35% | 14% |

What's more, supply chain managers, supply chain workers, and HR professionals all agree that they are less likely to recommend their workplace to specific groups when they perceive their company's IE&D efforts within the supply chain department are ineffective. This sentiment is strongest regarding recommendations to members of the LGBTQ+ community and those with disabilities.

Percentage who would recommend their company's supply chain department as a "great place to work" for various types of workers.

Results show differences between HR professionals, supply chain managers, and supply chain workers at companies rated as very effective at making IE&D progress in their supply chain department compared to those rated as not effective at all.

Legend: ● Not effective at IE&D progress ● Very effective at IE&D progress

HR Professionals

Worker type	Not effective	Very effective
People with disabilities	37%	72%
Members of the LGBTQ+ community	53%	88%
People who practice a religion	70%	90%
Women of color	59%	93%
Men of color	73%	95%
White women	74%	94%
White men	92%	94%

Supply Chain Managers

Worker type	Not effective	Very effective
People with disabilities	53%	78%
Members of the LGBTQ+ community	60%	87%
People who practice a religion	62%	85%
Women of color	80%	86%
Men of color	80%	88%
White women	84%	90%
White men	89%	86%

Supply Chain Workers

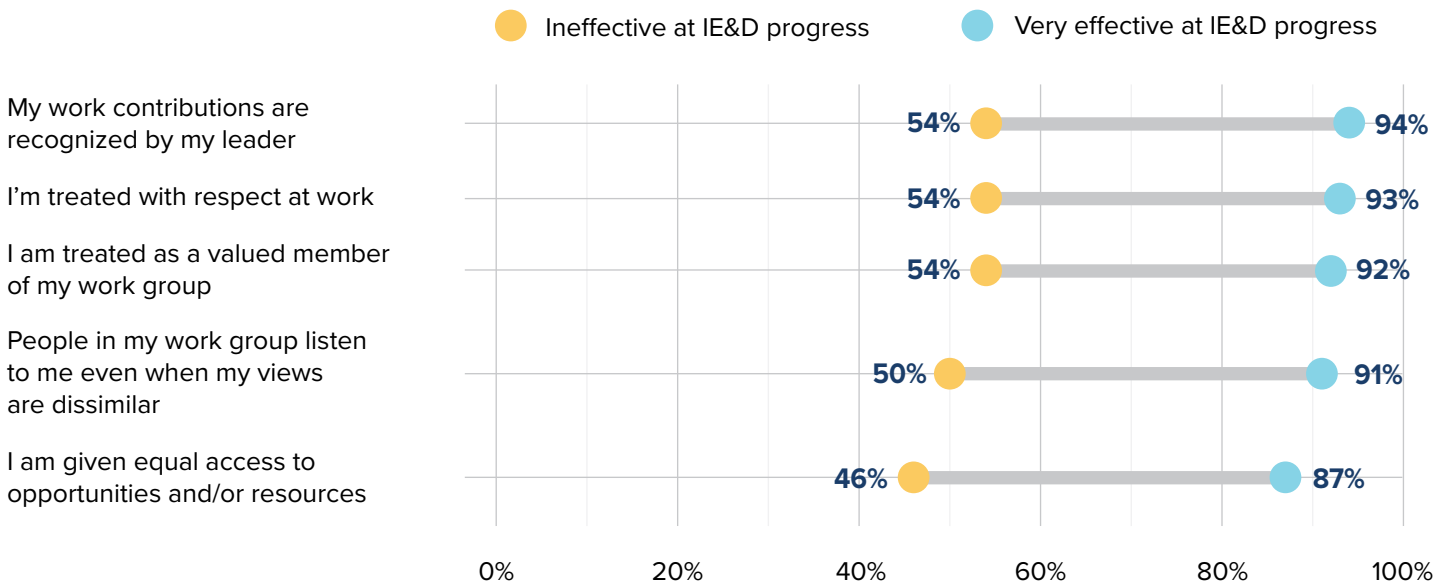| Worker type	Not effective	Very effective
People with disabilities	42%	83%
Members of the LGBTQ+ community	54%	85%
People who practice a religion	67%	86%
Women of color	63%	94%
Men of color	79%	94%
White women	88%	95%
White men	96%	93%

Supply chain workers are less satisfied at companies that do not prioritize IE&D, driving burnout and turnover.

Company culture plays a significant role in the employee experience. Supply chain workers who feel their company is very effective at making IE&D-related progress in their department report more positive workplace experiences than those who feel their company is not effective.

Percentage of supply chain workers who agree with each statement about their company's culture

Workers at companies rated as ineffective at making IE&D progress in their supply chain department were much less likely to agree with each statement compared to those at companies rated as very effective.

● Ineffective at IE&D progress ● Very effective at IE&D progress

Statement	Ineffective	Very effective
My work contributions are recognized by my leader	54%	94%
I'm treated with respect at work	54%	93%
I am treated as a valued member of my work group	54%	92%
People in my work group listen to me even when my views are dissimilar	50%	91%
I am given equal access to opportunities and/or resources	46%	87%

0%   20%   40%   60%   80%   100%

Additionally, investment in IE&D-related initiatives appears to play a role in employee retention. Supply chain workers who say their company is not effective at achieving IE&D-related progress in their department are over 4 times more likely to say they often felt they wanted to quit in the past six months compared with those in companies with strong initiatives. This trend is even more pronounced for women and workers of color.

6X more likely
to say they want to quit

Women in supply chain departments at companies that are not effective at IE&D are over 6 times more likely to say they often felt they wanted to quit in the last six months than women who are at companies that are very effective at IE&D (62% versus 10%).

10X more likely
to say they want to quit

Supply chain workers of color at companies that are not effective at IE&D are over 10 times more likely to say they often felt they wanted to quit in the last six months than workers of color at companies that are very effective at IE&D (43% versus 4%).

Similarly, 54% of supply chain workers who report their company is not effective at making IE&D-related progress in their department said they often felt burned out (compared with only 12% at very effective companies), 33% said they felt less engaged by their daily work (compared with only 11% at very effective companies), and 25% said they often felt excluded at work (compared with just 6% at very effective companies). This finding highlights the vital importance of IE&D for building an engaged workforce.

Compared with workers who rate their company as very effective, those who feel their company is not at all effective at making IE&D-related progress in their supply chain department are:

4.5X more likely to say they often feel burned out.

Over 4X more likely to say they often feel excluded at work.

4X more likely to say they often felt like they wanted to quit in the past six months.

On the other hand, supply chain workers who work for companies that are very effective at IE&D are 7.5 times less likely to say they will look for a new job outside of their current company in the next 12 months.

Supply chain workers also notice when their company's senior leadership takes IE&D seriously. Sixty-eight percent of supply chain workers who agree their senior leaders care about making meaningful IE&D progress said it is unlikely that they would voluntarily quit their jobs in the next year compared with 33% of workers who disagree their senior leaders care about meaningful progress who said the same. Supply chain workers are also more likely to feel engaged when their direct supervisor communicates the value of IE&D to employees often (67%), compared with only 43% when their direct supervisor never or rarely communicates this information. **In other words, when IE&D is treated like a priority, workers notice and respond.**

Companywide prioritization of IE&D initiatives has a significant influence on their perceived effectiveness within the supply chain department. When HR professionals say their company highly prioritizes IE&D, they are almost 2.5 times more likely to say their company is very effective at making IE&D-related progress in their supply chain department. Yet, just 24% of supply chain managers and 21% of HR professionals report a high companywide prioritization of IE&D. Worse still, about 1 in 10 supply chain managers (13%) and HR professionals (9%) say IE&D is not a priority at all for their company.

Successful IE&D is Driven by Integration Across Multiple Business Operations, Leadership Involvement & Accountability, and IE&D Training

While many companies' IE&D initiatives focus on just a few areas, the most successful have a variety of initiatives that span multiple business operations and the employee experience.

For many companies that currently have IE&D initiatives or are planning to introduce them in the future, recruitment is their top focus. In fact, 80% of HR professionals from companies that currently have or plan to offer an IE&D initiative said their initiative(s) have or will have a focus on recruitment.

The most effective IE&D programs, however, appear to touch many business functions across the company. HR professionals who report their company is very effective at achieving IE&D-related progress in their supply chain department say their company's overall IE&D initiatives span more than twice the number of business areas than those from companies that are not effective. These results suggest that IE&D-related success in supply chain departments must extend beyond supply chain operations and permeate the entire company culture for the best results.
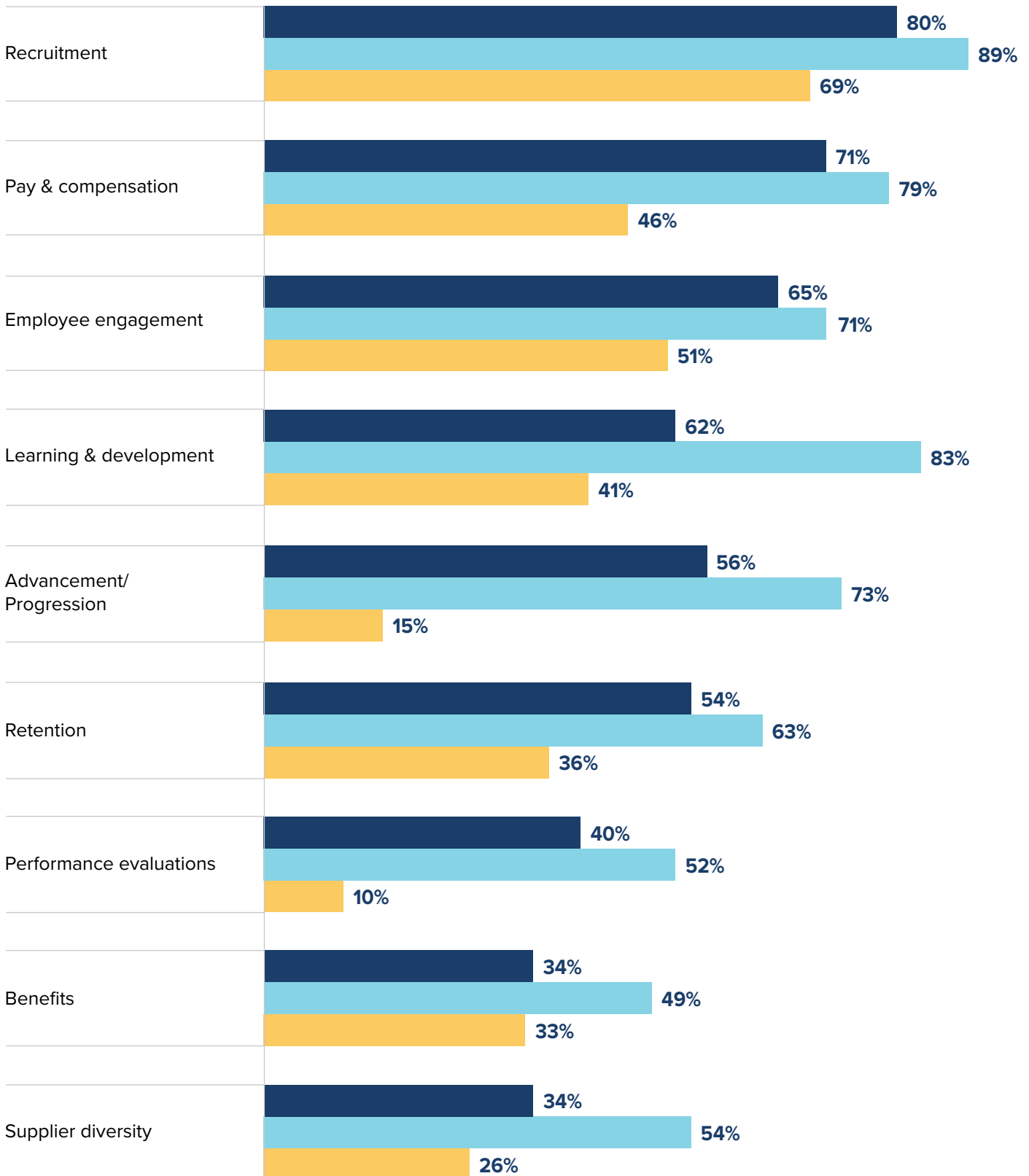
Business functions IE&D initiatives focus on, according to HR professionals

Percentages displayed represent selected business functions. Respondents could select multiple options.

Legend: ■ Overall   ■ Very effective at IE&D progress   ■ Not effective at IE&D progress

Recruitment
- Overall: 80%
- Very effective at IE&D progress: 89%
- Not effective at IE&D progress: 69%

Pay & compensation
- Overall: 71%
- Very effective at IE&D progress: 79%
- Not effective at IE&D progress: 46%

Employee engagement
- Overall: 65%
- Very effective at IE&D progress: 71%
- Not effective at IE&D progress: 51%

Learning & development
- Overall: 62%
- Very effective at IE&D progress: 83%
- Not effective at IE&D progress: 41%

Advancement/Progression
- Overall: 56%
- Very effective at IE&D progress: 73%
- Not effective at IE&D progress: 15%

Retention
- Overall: 54%
- Very effective at IE&D progress: 63%
- Not effective at IE&D progress: 36%

Performance evaluations
- Overall: 40%
- Very effective at IE&D progress: 52%
- Not effective at IE&D progress: 10%

Benefits
- Overall: 34%
- Very effective at IE&D progress: 49%
- Not effective at IE&D progress: 33%

Supplier diversity
- Overall: 34%
- Very effective at IE&D progress: 54%
- Not effective at IE&D progress: 26%

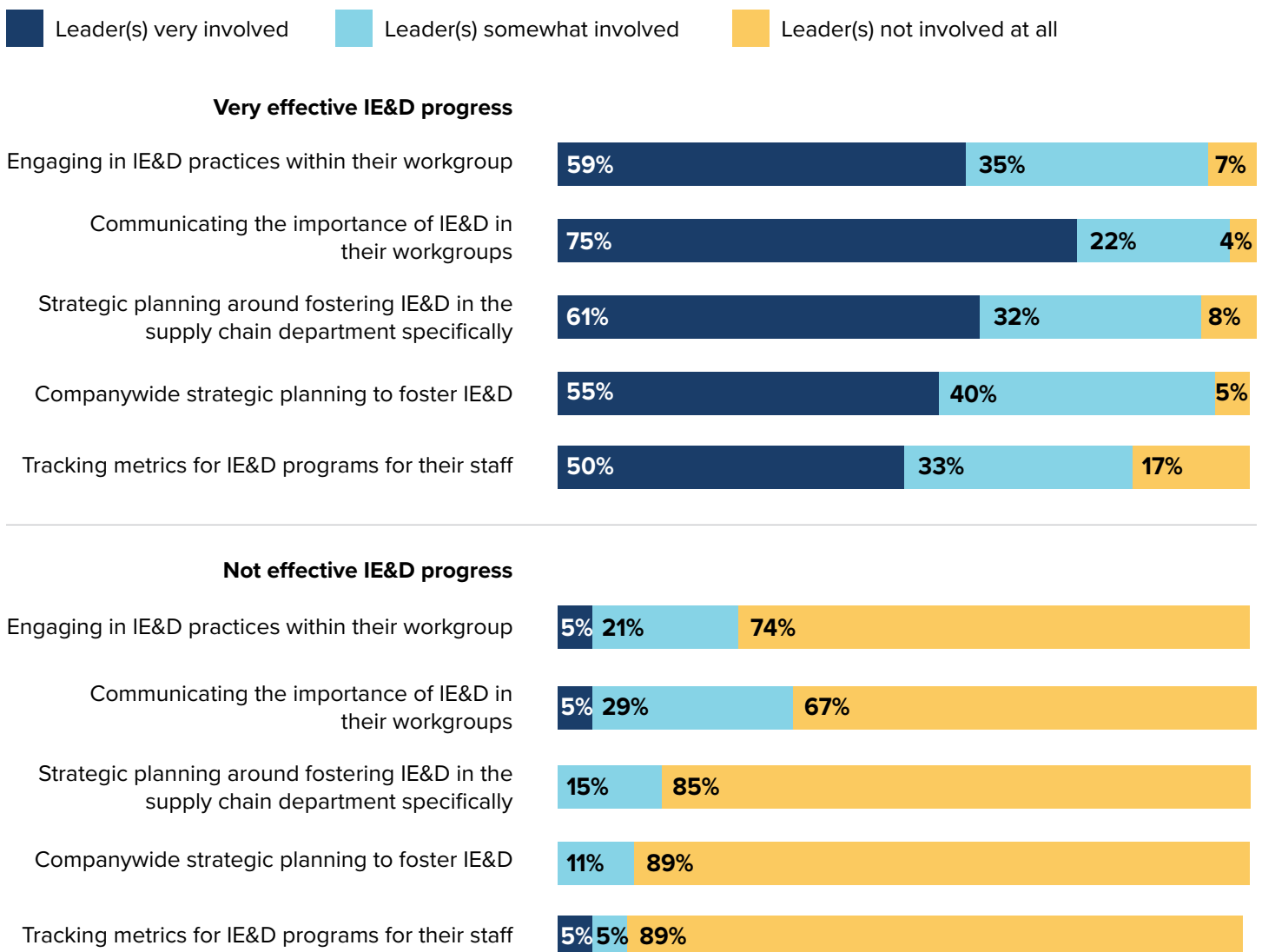# Supply chain leadership's involvement is key to driving IE&D-related success.

Leadership involvement is critical for making progress and achieving success in any company initiative. IE&D is no different, and supply chain managers report major differences in IE&D success at their companies when leaders are involved in IE&D-related tasks within the supply chain department.

Most supply chain managers at companies rated not effective at making IE&D-related progress in their supply chain departments say their company's supply chain leader or leadership team are not involved at all in supply chain IE&D activities, including tracking metrics and engaging in companywide planning to foster IE&D. In contrast, supply chain leaders at companies rated very effective at achieving IE&D-related progress are much more involved in these efforts. Notably, three-quarters (75%) of managers at these companies say supply chain leaders are very involved in communicating the importance of IE&D to their workforce.

> **Differences in level of supply chain leader involvement between companies rated as very effective at making IE&D-related progress in their supply chain department and those rated as not effective.**

Results shown represent supply chain managers' ratings of their department's leadership team involvement in the following activities

■ Leader(s) very involved   ■ Leader(s) somewhat involved   ■ Leader(s) not involved at all

Very effective IE&D progress

Activity	Very involved	Somewhat involved	Not involved at all
Engaging in IE&D practices within their workgroup	59%	35%	7%
Communicating the importance of IE&D in their workgroups	75%	22%	4%
Strategic planning around fostering IE&D in the supply chain department specifically	61%	32%	8%
Companywide strategic planning to foster IE&D	55%	40%	5%
Tracking metrics for IE&D programs for their staff	50%	33%	17%

Not effective IE&D progress

Activity	Very involved	Somewhat involved	Not involved at all
Engaging in IE&D practices within their workgroup	5%	21%	74%
Communicating the importance of IE&D in their workgroups	5%	29%	67%
Strategic planning around fostering IE&D in the supply chain department specifically		15%	85%
Companywide strategic planning to foster IE&D		11%	89%
Tracking metrics for IE&D programs for their staff	5%	5%	89%

Fostering IE&D in a company's supply chain department may also depend on how acutely involved the department is in the company's overall IE&D strategy. Supply chain managers at companies identified as making poor IE&D-related progress say that supply chain leaders are not as involved in IE&D strategic planning as leaders from other business units. In fact, 63% of supply chain managers from these companies say their supply chain leaders are less involved in companywide IE&D planning compared with leaders from other departments or teams within their company.

Furthermore, companies that are struggling to make any IE&D-related progress within their supply chain department may find that their first hurdle is getting their own leadership team's support.

Two major barriers to IE&D progress in supply chain departments are a lack of leadership buy-in and insufficient investment in IE&D strategy and initiatives. This is reported by both supply chain managers and HR professionals in companies with poor IE&D performance. Without strong leader support and involvement, the chances of meaningful IE&D progress remain limited.

Holding supply chain leaders accountable for IE&D-related progress can greatly increase the effectiveness of IE&D initiatives.

In addition to leaders being involved in supply chain IE&D progress, companies that hold leaders accountable for IE&D are much more effective at making progress toward their goals. For example, 36% of companies that hold supply chain leaders accountable for meeting IE&D targets or goals are rated as being very effective at making IE&D-related progress in their supply chain department, compared with just 12% of companies that do not hold supply chain leaders accountable, according to HR professionals.

3X more likely
to be rated very effective

Companies that hold supply chain leaders accountable for meeting IE&D goals are 3 times more likely to be rated very effective at making IE&D-related progress in their supply chain department when compared with companies that do not hold supply chain leaders accountable.

Accountability mechanisms for supply chain leaders on IE&D progress can vary widely. One common practice, according to HR professionals, is tying IE&D targets to performance reviews, bonuses, and promotion eligibility for supply chain managers and executives. This approach leads to greater leadership involvement in companywide IE&D efforts. When held accountable, supply chain leaders are nearly twice as likely to actively participate in IE&D planning, as noted by both supply chain managers and HR professionals.

Additionally, supply chain managers report that when their leaders are held accountable for IE&D-related progress, those leaders are more likely to engage in behaviors that push others to achieve IE&D goals, including:

Nearly 4X more likely

to hold other leaders accountable for fostering workplace IE&D (51% versus 13%).

Over 3X more likely

to promote sponsorship and mentorship programs to help advance underrepresented employees (52% versus 17%).

Over 2.5X more likely

to integrate IE&D-related behaviors into performance evaluations (57% versus 21%).

Furthermore, among those who say their company is not at all effective at making IE&D-related progress in their supply chain department, a lack of leadership accountability is the No. 1 barrier to fostering IE&D according to supply chain workers (29%). Twenty-seven percent of supply chain managers and 34% of HR professionals also agreed this is a major barrier at their company.

Despite accountability leading to positive IE&D progress, there are many companies that do not hold their supply chain leaders accountable. In fact, just 36% of HR professionals say their company holds supply chain leaders accountable for meeting IE&D targets or goals.

Training can be an effective tool in IE&D strategy.

IE&D training is common in today's supply chain departments. In fact, just 4% of supply chain managers and 4% of HR professionals say their company does not offer any training to address IE&D-related behaviors and skills.

While IE&D training is very popular, offering training alone is not the sole solution to effective IE&D in supply chain today. In fact, companies offering only training without any other IE&D initiative in their supply chain department are less effective than companies that offer both training and IE&D initiatives together. HR professionals from companies with a supply chain department that has at least some IE&D training but offers no other IE&D initiatives are 3.5 times more likely to say their company is not effective at making IE&D-related progress in their supply chain department than those from companies that have both training and other initiatives. Supply chain managers at similar companies are also twice as likely to say their company is not effective at making IE&D-related progress in their supply chain department than those from companies that offer both IE&D training and initiatives together.

Compared with companies that have both IE&D initiatives and training in their supply chain department, companies that only provide training are:

3.5X more likely
to be rated as not effective at achieving IE&D-related progress in supply chain by HR professionals.

2X more likely
to be rated as not effective at achieving IE&D-related progress in supply chain by supply chain managers.

Comparing the perceived effectiveness of IE&D training against how often this training is received shows a clear relationship between these factors for both supply chain managers and workers. Thirty-eight percent of supply chain managers and 51% of workers say training on IE&D-related topics is very effective when it is delivered several times per year. When training is delivered once per year or less, only 18% of managers and 30% of workers say it is very effective.

An Action Plan for Meeting IE&D Goals

Addressing IE&D-related challenges and gaps in supply chain departments is not an easy task, especially as each business is unique in its needs and challenges. Luckily, results from this research show that this undertaking is often worth the effort as both employers and employees benefit from these investments. Using insights and examples of success identified through this research, companies may consider the following strategies to help them successfully address IE&D challenges in their supply chain departments.

Strategy 1: Establish buy-in and involvement at the highest levels.

Leadership buy-in and prioritization are essential for the success of IE&D initiatives in supply chain departments. When buy-in is hard to come by, it harms the company's ability to make progress toward IE&D targets and goals. Where senior leadership buy-in is one of the greatest barriers to making progress, both supply chain managers and HR professionals are more likely to say their company is not effective at achieving IE&D-related progress in their supply chain department. Conversely, supply chain managers from companies with highly effective IE&D outcomes cite strong leadership buy-in and involvement as key differentiators. Leadership buy-in and commitment can determine success or failure no matter how much work is put forth by the rest of the company.

Strategy 2: Create IE&D goals and hold leaders accountable for achieving them.

As with any initiative, setting goals and being held accountable is critically important for achieving success. Results from this research show that companies are 3 times more likely to be very effective at achieving IE&D-related progress in their supply chain departments when supply chain leaders are held accountable for these achievements. Accountability can take many forms and look different depending on a company's needs and structure. Many companies that hold supply chain leaders accountable for IE&D-related progress report connecting IE&D accountability to monetary incentives (such as merit increases and bonuses), advancement opportunities, and performance metrics to help them achieve these goals.

Strategy 3: Demand that supply chain is part of the conversation.

While IE&D and related topics are often relegated to other departments such as human resources, it is crucial that supply chain departments and their leadership be involved in planning IE&D strategy. Results from this research show large departmental and company returns when supply chain leaders are involved in these planning efforts. Supply chain departments are 11 times more likely to be effective at making IE&D-related progress when supply chain leaders are involved in companywide IE&D planning, according to supply chain managers.

Strategy 4: Be creative in how IE&D can be applied across different business operations.

When companies think about IE&D, they often focus first and exclusively on recruiting underrepresented groups. However, recruiting can be difficult for a variety of reasons such as low turnover at small companies, a geographic location with little diversity in the community, or other challenges. Instead of focusing exclusively on recruitment, companies can consider ways to bolster IE&D initiatives through other parts of the business. For example, by offering benefits that place greater consideration for women's needs, such as child care assistance or maternity leave options above legal requirements, companies send a signal to these workers that their experiences and needs are important. Additionally, supporting methods that allow employees to express and celebrate their identity, such as those offered through employee resource groups (ERGs), can better allow employees to feel they are included and that they belong at the company.

Strategy 5: Use training as a resource, not as the sole solution.

Despite controversies surrounding IE&D training, data demonstrates its effectiveness in driving better IE&D initiatives in supply chain departments. For example, when supply chain leaders and managers receive IE&D training, they are more likely to often display behaviors that reflect IE&D best practices, such as treating all employees with respect or acting to address discrimination and exclusion. Additionally, supply chain managers are nearly 3 times more likely to say their company is very effective at achieving IE&D-related progress in their supply chain department when training is offered more often than once a year.

Methodology/Demographics

SHRM and ASCM recruited a U.S.-based sample of 1,442 participants to participate in the survey between October 2023 and December 2023. Respondents included 447 supply chain managers, 298 supply chain workers, and 697 HR professionals. Supply chain managers and workers were recruited through ASCM's members and customers. HR professionals were recruited through SHRM's Voice of Work panel. HR professionals were required to work in a company with employees responsible for supply chain management for at least three years. The data is unweighted.

About SHRM

SHRM is a member-driven catalyst for creating better workplaces where people and businesses thrive together. As the trusted authority on all things work, SHRM is the foremost expert, researcher, advocate, and thought leader on issues and innovations impacting today's evolving workplaces. With nearly 340,000 members in 180 countries, SHRM touches the lives of more than 362 million workers and their families globally. Discover more at SHRM.org.

About SHRM Foundation

SHRM Foundation empowers Human Resources as a force for social good. As the nonprofit arm of SHRM, the world's largest HR professional society, the Foundation believes that HR holds a unique position to lead change in the face of complex challenges within the world of work. The organization mobilizes and equips HR to ensure the prosperity and thriving of talent and workplaces. The Foundation works by widening pathways to work for more skills-first candidates and more kinds of talent; tackling societal challenges, with a current focus on workplace mental health and wellness; and strengthening the HR field with even more diversity, growth, and readiness to address these needs. SHRM Foundation works with SHRM, courageous partners, and bold investors to generate awareness, action, and impact to build a world of work that works for all. Discover more at SHRMFoundation.org.

About ASCM

The Association for Supply Chain Management (ASCM) is the global pacesetter of organizational transformation, talent development and supply chain innovation. As the largest association for supply chain, ASCM members and worldwide alliances fuel innovation and inspire accountability for resilient, dynamic and sustainable operations. ASCM is built on a foundation of world-class APICS education, certification and career resources, which encompass award-winning workforce development, relevant content, groundbreaking industry standards and a diverse community of professionals to create a better world through supply chain. To learn more, visit ASCM.org.