

Women
Entrepreneurship
Knowledge Hub

Perceptions of Supplier Diversity

Media Analysis and the
Experience of Change Agents



Women Entrepreneurship Knowledge Hub

WEKH.CA

[@WEKH_PCFE](https://twitter.com/WEKH_PCFE)

DIVERSITYINSTITUTE@RYERSON.CA

TED
ROGERS
SCHOOL
OF MANAGEMENT

DIVERSITY
INSTITUTE

brookfield
institute
for innovation + entrepreneurship

Funded by the
Government of
Canada

Canada

The Women Entrepreneurship Knowledge Hub (WEKH) is a national network and accessible digital platform for sharing research, resources, and leading strategies. With ten regional hubs and a network of more than 250 organizations, WEKH is designed to address the needs of diverse women entrepreneurs across regions and across sectors. In response to COVID-19, WEKH adopted an agitator role connecting women entrepreneurs and support organizations across the country and led network calls and training sessions. WEKH's advanced technology platform, powered by Magnet, will enhance the capacity of women entrepreneurs and the organizations who serve them by linking them to resources and best practices from across the country.

With the support of the Government of Canada, WEKH will spread its expertise from coast to coast to coast, enabling service providers, academics, government, and industry to enhance their support for women entrepreneurs. Ryerson University's Diversity Institute, in collaboration with Ryerson's Brookfield Institute for Innovation + Entrepreneurship and the Ted Rogers School of Management, is leading a team of researchers, business support organizations, and key stakeholders to create a more inclusive and supportive environment to grow women's entrepreneurship in Canada.

Authors

Patricia Faison Hewlin, PhD
McGill University

Sandra Urbina Chang
McGill University

Haoran Wang
McGill University

Fiorella Rojas Vizarrata
McGill University

Zohreh Hassannezhad Chavoushi, PhD
Ryerson University

Contributors

Julia Cerone
McGill University

Hanna Oosterveen
McGill University

Advisory Partners

Tracy Joshua
Kellogg

Mary Anderson
Women Business Enterprises Canada

Cassandra Dorrington
Canadian Aboriginal and Minority Supplier Council

Date published:

November 2021

Sponsors

The sponsors of this project include the: Government of Canada, Social Sciences and Humanities Research Council.

Funded by the
Government of
Canada

Canada



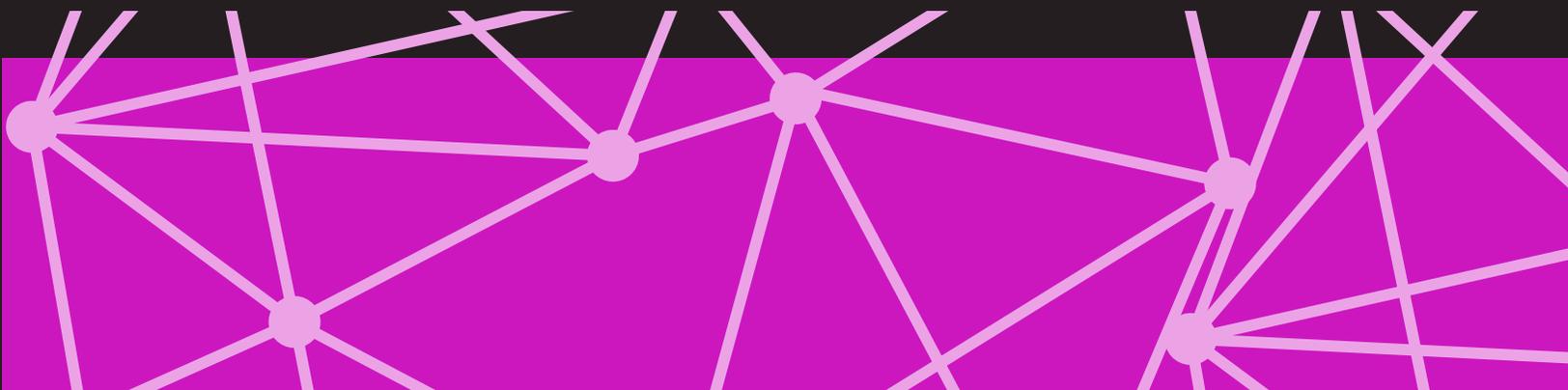
Social Sciences and
Humanities Research
Council of Canada

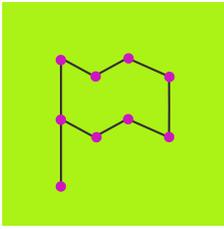
Conseil de recherches
en sciences humaines
du Canada

Canada

Contents

<u>Executive Summary</u>	i
<u>Introduction</u>	1
<u>Overview of Supplier Diversity</u>	2
<u>Study Methodology</u>	11
<u>Quantitative Findings</u>	12
<u>Qualitative Findings</u>	15
<u>Conclusion and Recommendations</u>	28
<u>References</u>	30





Executive Summary

In Canada, entrepreneurship by women, racialized people, and Indigenous Peoples is on a steady rise, but these entrepreneurs face unique challenges in successfully competing in the marketplace to enter into public and private sector contracts. The concept of supplier diversity centres on the idea that small and medium-sized enterprises (SMEs) owned by women, Indigenous Peoples, and racialized people have value-adding capabilities not only for the larger corporations they do business with, but also for the national economy as a whole.¹ A supplier diversity strategy can offer an organization numerous benefits, including opportunities to expand into new markets, increased employee satisfaction due to inclusive practices, increased flexibility in the supply chain, and the ability to respond to diverse customer needs. While there is an increasing number of supplier diversity programs, many Canadian organizations still lack the policies and mechanisms to properly incorporate supplier diversity within their procurement processes.² Furthermore, gaps exist between the targets and implementation of government programs.

This report outlines a two-part study on perceptions and attitudes toward supplier diversity. First, the report provides a comparative analysis of how topics related to supplier diversity are covered by the mass media and at procurement conferences in the United States and Canada. Second, the report highlights key takeaways from a qualitative analysis of data from 27 in-depth interviews with corporate directors, leaders of non-profit organizations, and legislators from the supplier diversity ecosystem in the

U.S. and Canada, with a focus on the role and experience of “change agents” involved in supplier diversity programs.

The media analysis shows that supplier diversity is still a novel topic in Canada, and that compared to the U.S., Canada is far behind on media exposure surrounding supplier diversity issues. Furthermore, the majority of media exposure in Canada consists of press releases from corporations that won supply diversity awards. Because there is less focus on entrepreneurship and smaller players in this coverage, it does not succeed in generating more interest in SMEs and local communities.

The analysis of qualitative interview data focuses on two main areas: supplier diversity champions or “change agents” (professionals who promote supplier diversity in their industries and sectors), and “supplier diversity programs” themselves. The “change agents” section of this report focuses on the experiences and perceptions of the people championing supplier diversity in their field, including their roles and responsibilities, motivations, challenges, characteristics, and impact. In interviews, change agents described their responsibilities as including, but not limited to, mentoring others in the field, networking to expand supplier diversity awareness, creating economic opportunities for diverse suppliers, and connecting procurement to social impact. They tend to be motivated by core values of fairness and diversity, self-identification with the cause, and an awareness of the potential impacts for both businesses and communities. These individuals tend to enter their line of work by

volunteering or taking part-time and full-time jobs, leveraging their transferrable skills, and identifying a need and a potential to fill it.

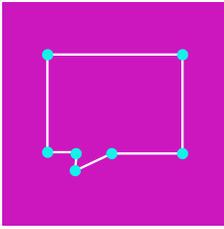
However, supplier diversity change agents face several challenges as well, including a lack of awareness around supplier diversity programs, as well as difficulties influencing stakeholders, obtaining and retaining budget allocations for supplier diversity programs, establishing relationships with new suppliers, and accessing a limited supply of diverse suppliers. Personal metrics that change agents use to measure their impact include recognition, such as invitations to procurement conferences, and changing perspectives about supplier diversity in the community.

When analyzing supplier diversity programs, qualitative data reveals that these programs can benefit organizations in several ways. A supplier diversity program can open the door to new high-quality suppliers, improve an organization's brand value, and ultimately lead to better performance by fostering innovation and lowering costs. On a larger scale, supplier diversity programs help promote economic development in communities by feeding new and better businesses into the community's ecosystem. When implementing a supplier diversity program, key factors for success include corporate alignment on overarching goals, buy-in at all levels of an organization (including executive leadership), effective communication both internally and through outreach, and adoption of best practices.

However, supplier diversity champions report several barriers, such as lack of information and awareness about supplier diversity programs, misunderstandings of the program as discrimination or preferential treatment, aversion to perceived risks around changing practices, and hesitation among suppliers to self-identify with underrepresented groups. These dynamics create challenges when executing supplier diversity programs.

Effective practices in successful supplier diversity programs include building partnerships among suppliers and organizations, expanding the program to other supplier tiers, implementing mentorship programs to support both entrepreneurs and change agents, increasing both internal and external dialogue and engagement, analyzing data to improve understandings, and carrying out development programs for suppliers. However, there is room for improvement when it comes to processes for acquiring new suppliers. Nonetheless, there are various supports available from NGOs, industry actors, stakeholders internal to an organization, and formal training programs.

Finally, evaluating the impact of a supplier diversity program allows organizations to determine the effectiveness of their programs and adjust their practices in an informed way. Key metrics for measuring the impact of supplier diversity programs include spend analysis, number of suppliers, application opportunities (the number of opportunities created for suppliers to compete and the number that were successful), and growth in the number of employees of a supplier.

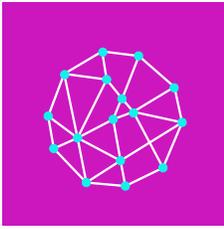


Introduction

Canada has the second highest level of starting a business in the world,^{3,4} and entrepreneurship by women, racialized people, and Indigenous Peoples is on a steady rise.^{5,6} At the same time, women, Indigenous, and racialized entrepreneurs face unique challenges in successfully competing in the marketplace to gain access to capital and entry into public and private sector contracts. These entrepreneurs often form strategic alliances that facilitate authenticity and alignment with unique cultural and community-based ties that shape decision making and entrepreneurial motivation

Supplier diversity programs aim to encourage the purchasing of goods and services from firms owned by women, Indigenous Peoples, and racialized people,⁷ and these programs are steadily increasing in Canada. However, many Canadian organizations still lack the policies and mechanisms (e.g., diverse supplier networks) to properly incorporate supplier diversity within their procurement processes.⁸ There are also gaps between the targets that have been set for government programs and their implementation. In general, supplier diversity programs are better established in the U.S. than in Canada.⁹

This report outlines a two-part study on perceptions and attitudes toward supplier diversity. First, the report provides a comparative analysis of how topics related to supplier diversity are covered by the mass media in the United States and Canada. Second, the report highlights key takeaways from an analysis of qualitative data from 27 in-depth interviews with corporate directors, leaders of non-profit organizations, and legislators in the supplier diversity ecosystem in the U.S. and Canada, with a focus on the role and experience of “change agents” (individuals who are tasked to promote and implement initiatives that directly benefit the success of diverse suppliers) involved in supplier diversity programs.



Overview of Supplier Diversity

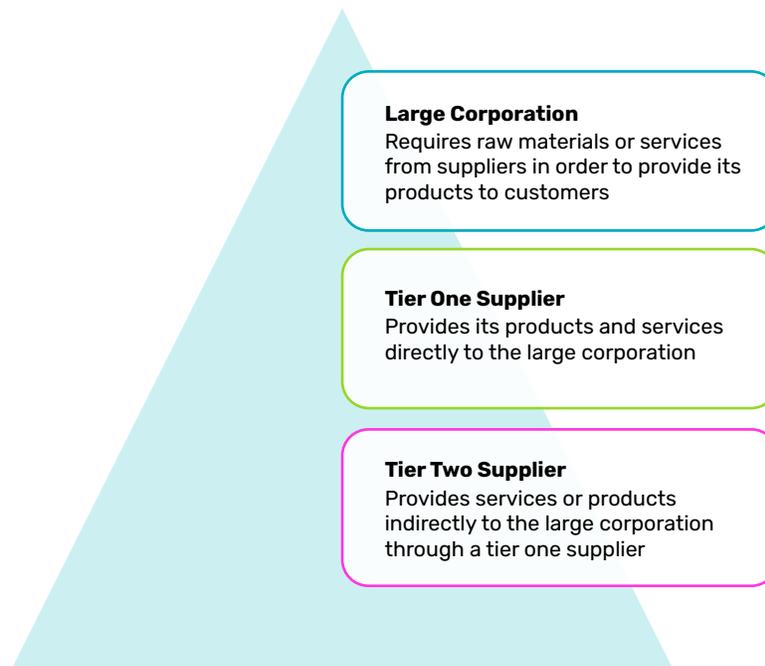
The supply chain

To understand supplier diversity, we must first understand the supply chain. A supply chain refers to the entire process of providing raw materials to a manufacturer, manufacturing a product, and finally delivering finished goods to consumers using a network of distributors.¹⁰ The Conference Board of Canada breaks down the different tiers within a single supply chain within the operations of a single organization. As depicted in Figure 1, it is possible for each organization to be

supported by more than a single supplier, as the tier one supplier that supplies a large corporation is in turn supplied by a tier two supplier, who may be themselves supplied by a tier three supplier, and so on. The suppliers provide the organization with both direct and indirect products and services, depending on which tier the supplier is categorized in. It is important to note that the number of supplier tiers can exceed that depicted in Figure 1; for instance, there could be a tier three as well as a tier four supplier.¹¹

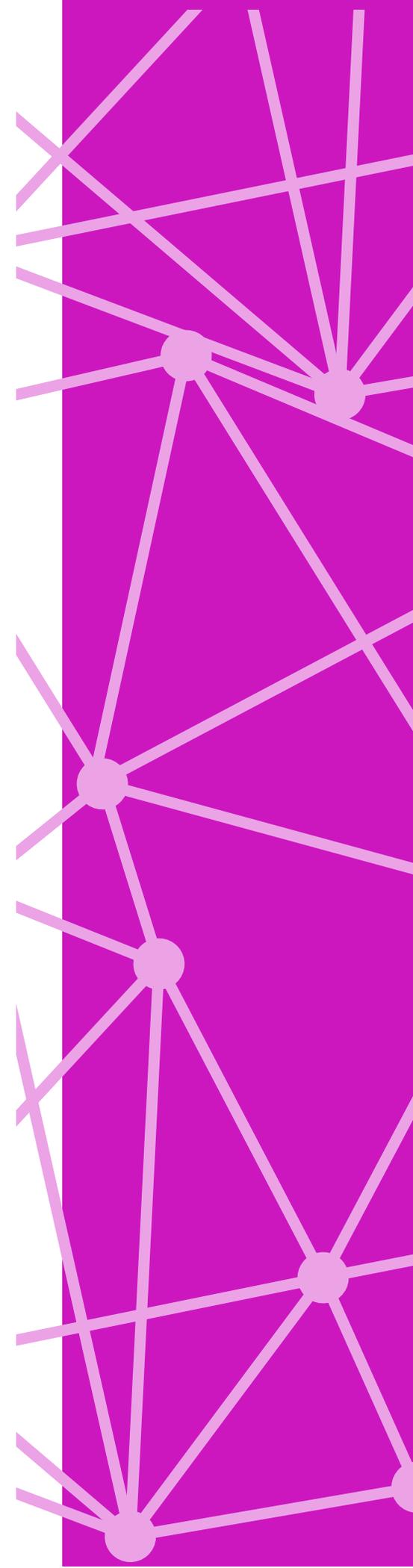
FIGURE 1

The supply chain hierarchy



Source: Conference Board of Canada. (2017). *The business case for supplier diversity in Canada*. https://cfc-swc.gc.ca/ab-ans/wwad-cqnf/sdr-rdf/supplier_diversity-diversification_fournisseurs-en.pdf

In this report, we use the term “diverse supplier” to refer to a business that is owned, operated, and controlled at a minimum of 51% by one or more women, Indigenous Peoples, and/or racialized people.¹² “Supplier diversity” refers to a strategic business process aimed at providing companies owned by women, Indigenous Peoples, and racialized people equal opportunities to become suppliers to major corporations across Canada and the U.S.¹³ It is important to note, however, that the United States has been largely successful in implementing supplier diversity initiatives since the 1960s, while Canada has not.¹⁴ The concept of supplier diversity centres on the notion that small and medium-sized enterprises (SMEs) owned by women, Indigenous Peoples, and racialized people have value-adding capabilities not only for the larger corporations they will serve, but also for the national economy as a whole, and thus they present the opportunity for mutually beneficial relationships (or win-win outcomes) among the involved parties.¹⁵ Thus, by establishing diversity as a core principle in their supply chain practices, organizations will be able to capitalize on the opportunities for competitive advantage and community engagement.¹⁶



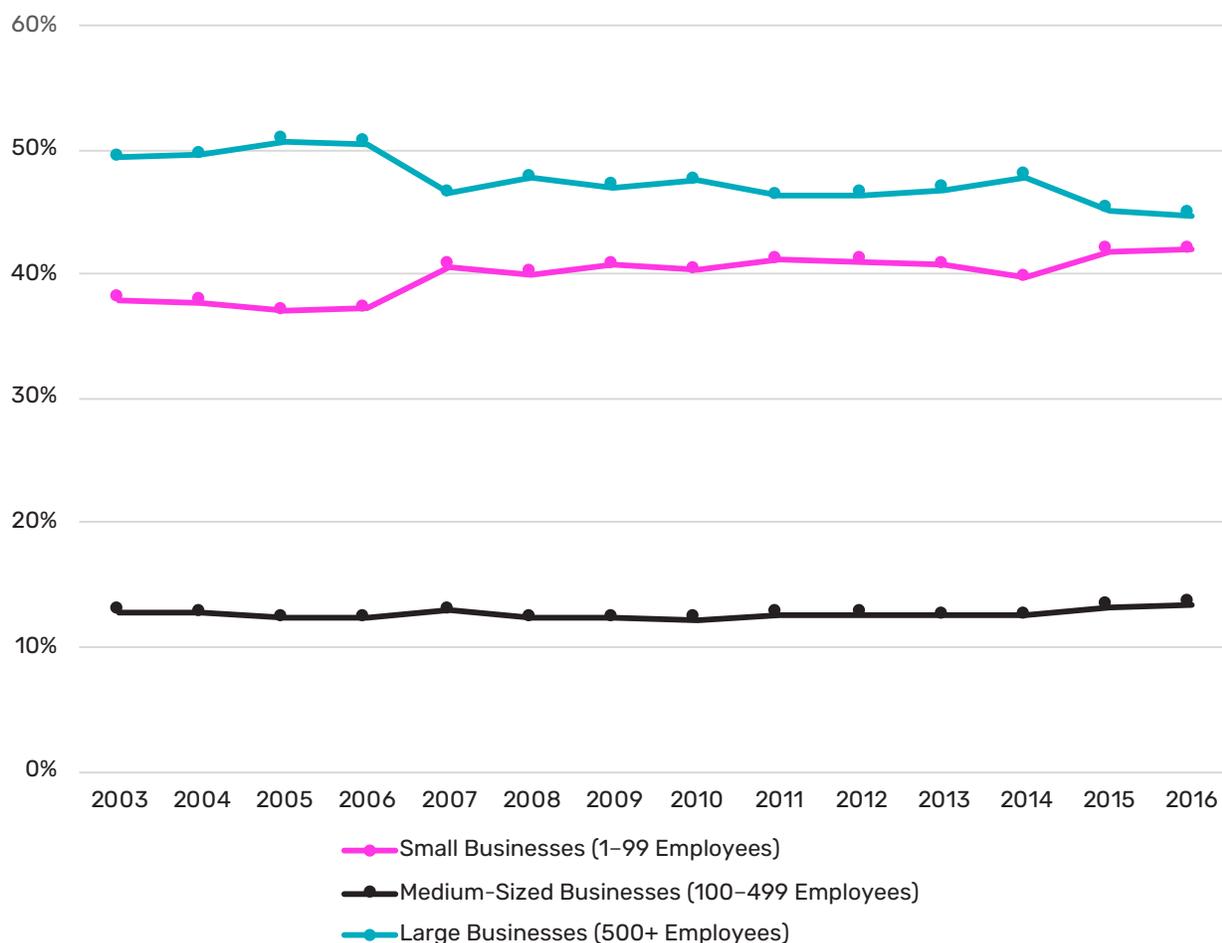
SME demographics and statistics in Canada

Small and medium-sized enterprises (SMEs) are majority contributors toward the nation's economy. As of December 2019, there were around 1.23 million employer businesses in Canada. Of these, 97.9% (n=1.2 million) were small businesses, 1.9% (n=22,905) were medium-sized businesses, and 0.2% were large businesses (n=2,978).¹⁷ The contribution of SMEs to economic production is measured by the value added to the gross domestic product (GDP) of the country.

Statistics Canada recently estimated the GDP contribution generated by the private sector by business size from 2003 to 2016. Figure 2 illustrates the trends in the GDP contributions of small, medium, and large businesses during the period of 2003 to 2016. As shown, in more recent years (2011 to 2016), the contribution has tended to remain stable, with small businesses contributing an average of 41.0%, medium-sized businesses contributing an average of 12.8%, and large businesses contributing an average of 46.2%.¹⁸

FIGURE 2

Contribution to GDP by business size, Canada, 2003–2016



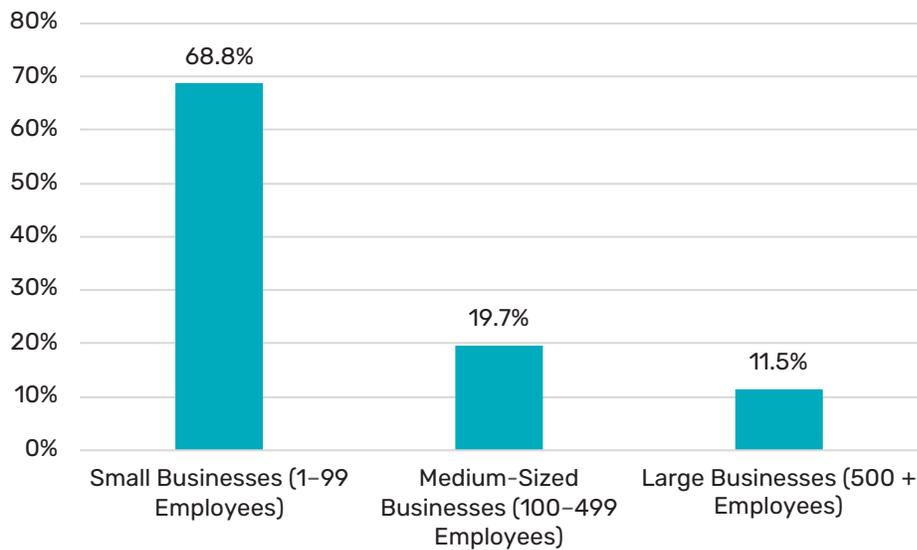
Source: Government of Canada. (2020). *Key small business statistics - 2020*. https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03126.html

In addition to their contribution to GDP, SMEs contribute a huge share of net employment in the country. In 2019, 12.3 million people in Canada were hired by private sector businesses, including for 8.4 million (68.8%) employed in small businesses, 2.4 million

(19.7%) in medium-sized businesses, and 1.4 million (11.5%) in large businesses. Figure 3 depicts the distribution of employees in private sector businesses.

FIGURE 3

Distribution of private sector employees by business size, 2019

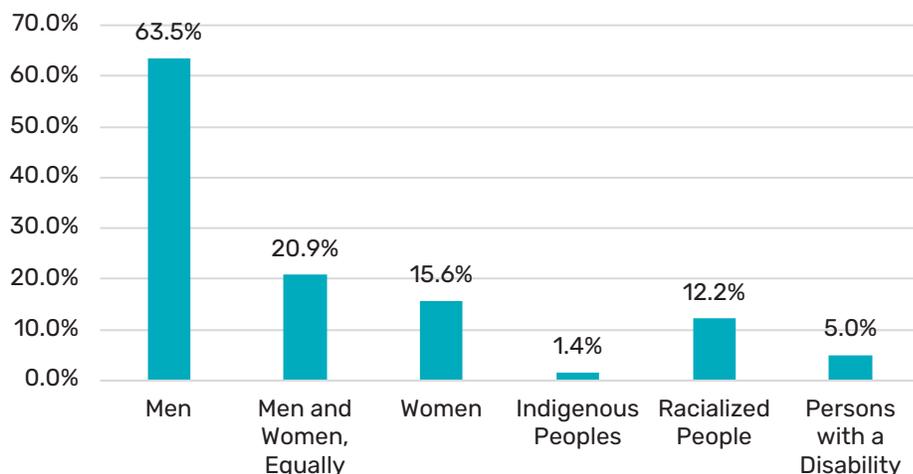


Source: Government of Canada. (2020). *Key small business statistics - 2020*. https://www.ic.gc.ca/eic/site/O61.nsf/eng/h_03126.html

The distribution of SME ownership is not equal among all Canadians, and the underrepresentation of some groups—classified by Statistics Canada as women, Aboriginal persons, visible minorities, and persons with a disability—among business owners is not a new phenomenon. As depicted in Figure 4, in 2017, 63.5% of small and medium-sized enterprises were majority-owned by men, while 15.6% were majority-owned by women. In terms of the other three

categories, 12.2% were owned by racialized people [visible minorities], 1.4% by Indigenous Peoples [Aboriginal people], and 0.5% by persons with disabilities. It is important to note, however, that the categories of men and women are mutually exclusive in this accounting, and thus sum to 100%, while the remaining four categories are not mutually exclusive and therefore do not sum to 100%.¹⁹

FIGURE 4
SMEs by majority ownership



Source: Statistics Canada. (2017). *Survey on financing and growth of small and medium-sized enterprises*. <https://www.ic.gc.ca/eic/site/061.nsf/eng/03087.html>

As evidenced by Figure 4, ownership of SMEs is four times higher for men than it is for women. Although women start businesses at twice the rate of men, they fail to achieve the same success in terms of growth,²⁰ which may be related to the lack of promotion of supplier diversity in Canada, as SMEs

owned by women make up less than 5% of all suppliers to Canadian governments (including municipal, provincial, and federal) and corporations.²¹

Supplier diversity in Canada today

The Government of Canada has adopted policies and regulations to facilitate SMEs' involvement in public procurement. For example, the Procurement Strategy for Indigenous Business (PSIB) is a national initiative from Indigenous Services Canada that increases federal contracting opportunities and improves access to federal procurement processes for Indigenous businesses.²² Another example is Procurement Assistance Canada (PAC) in Public Services and Procurement Canada (PSPC), which supports SMEs by encouraging their participation in federal government procurement.²³ PAC works with SMEs to resolve their key challenges and constraints by understanding and reducing the barriers that prevent SMEs from participating in federal procurement. They advise government buyers and policymakers on SME concerns and recommend improvements to procurement tools and processes to encourage SME participation in federal procurement. PAC also assists the government in bridging the gap between supply and demand by bringing forward the concerns and challenges of SMEs in the federal procurement process.

However, supplier diversity still has not proven to be a widely adopted practice in Canada. In a study conducted by the Canadian Centre for Diversity and Inclusion (CCDI), it is reported that among 242 Canadian organizations (including non-profit, government and public sector, healthcare, education, and for-profit companies), only 39.1% had implemented a supplier diversity program or initiative.²⁴ In another report, the Conference Board of Canada reported that

there is a significant discrepancy between private and public sector organizations with regards to the degree to which businesses are implementing supplier diversity initiatives. Specifically, 51% of private sector enterprises were implementing supplier diversity programs, while only 21% of public sector enterprises were doing the same.²⁵

These numbers contrast with findings on corporations in the United States, signifying that there is the potential for a vast expansion of supplier diversity programs in Canada. In the United States, approximately 95% of Fortune 500 companies implement supplier diversity programs²⁶ as an attempt to exploit new markets and leverage supplier diversity as a source of competitive advantage. Furthermore, Paul Larson's research has found that Canadian organizations that operate as a subsidiary or parent company of an American firm are more likely to implement supplier diversity initiatives than Canadian organizations that do not have any connection to the United States.²⁷ It is important to note, however, that in the United States, supplier diversity initiatives are reinforced through legislation. In fact, the Women Business Enterprises Canada Council (WBE Canada) states that public support from the government "by promoting the business case for supplier diversity" is strongly positively correlated with the success of these initiatives. The same study also highlights that in the United States, approximately 80% of multinational corporations specifically require the implementation of supplier diversity programs, particularly regarding their tier one and tier two suppliers.²⁸

Benefits of implementation

Studies have shown that organizations benefit from the implementation of supplier diversity programs in the following ways:

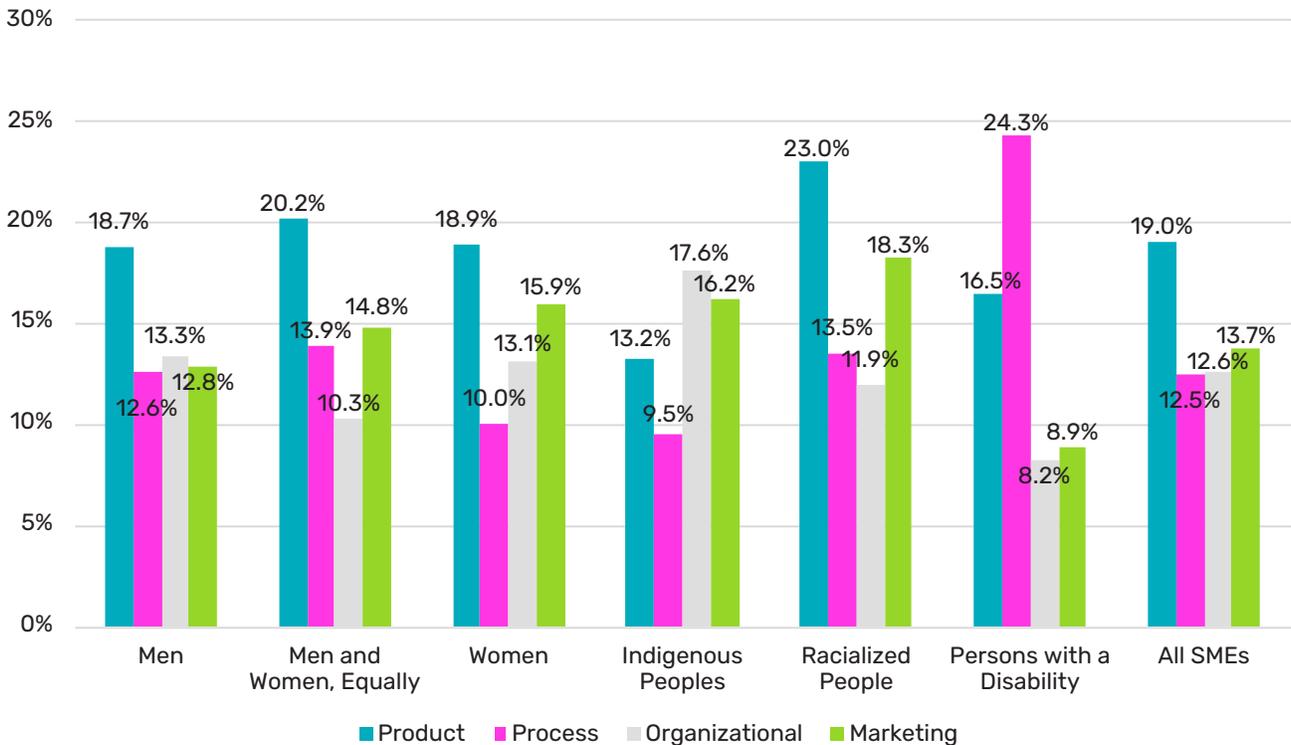
Improved innovation in the supply chain

Research shows that increased levels of diversity can enhance effective innovation in companies.²⁹ The same holds true for diversity in suppliers. The innovations implemented by diverse owners of SMEs can offer new and creative solutions to meet a company's supply chain needs. Diverse SME owners in Canada have demonstrated innovation in various areas that can also stream into bigger companies. Figure 5

details the types of innovations implemented by SMEs between 2015 and 2017 by ownership category. The graph shows that 15.9% of women-owned SMEs presented innovation in the realm of marketing, relative to 13.7% of all SMEs. Additionally, 17.6% of Indigenous-owned SMEs presented innovation in organizational methods, relative to 12.6% of all SMEs. Finally, 24.3% of SMEs owned by persons with a disability introduced innovation in their processes, relative to only 12.5% of all SMEs.³⁰ A supplier diversity strategy can open the door for an organization to benefit from these innovative suppliers.

FIGURE 5

SMEs (%) introducing at least one innovation, by type of innovation and majority ownership, 2015–2017



Source: Statistics Canada. (2017). *Survey on financing and growth of small and medium enterprises*. <https://www.ic.gc.ca/eic/site/061.nsf/eng/03087.html>

Improved quality of supply chain

Adding diversity to the supply chain enables an organization to access a rich pool of suppliers to leverage in operations. An increase in the number of suppliers increases flexibility and decreases risk in the supply chain. For instance, should a product offered by one supplier suddenly become unavailable, an organization can easily leverage the offerings of its other suppliers. This diversity among suppliers also presents the organization with an opportunity to interact with unfamiliar perspectives, ultimately fostering creativity and the possibility of innovation.³¹

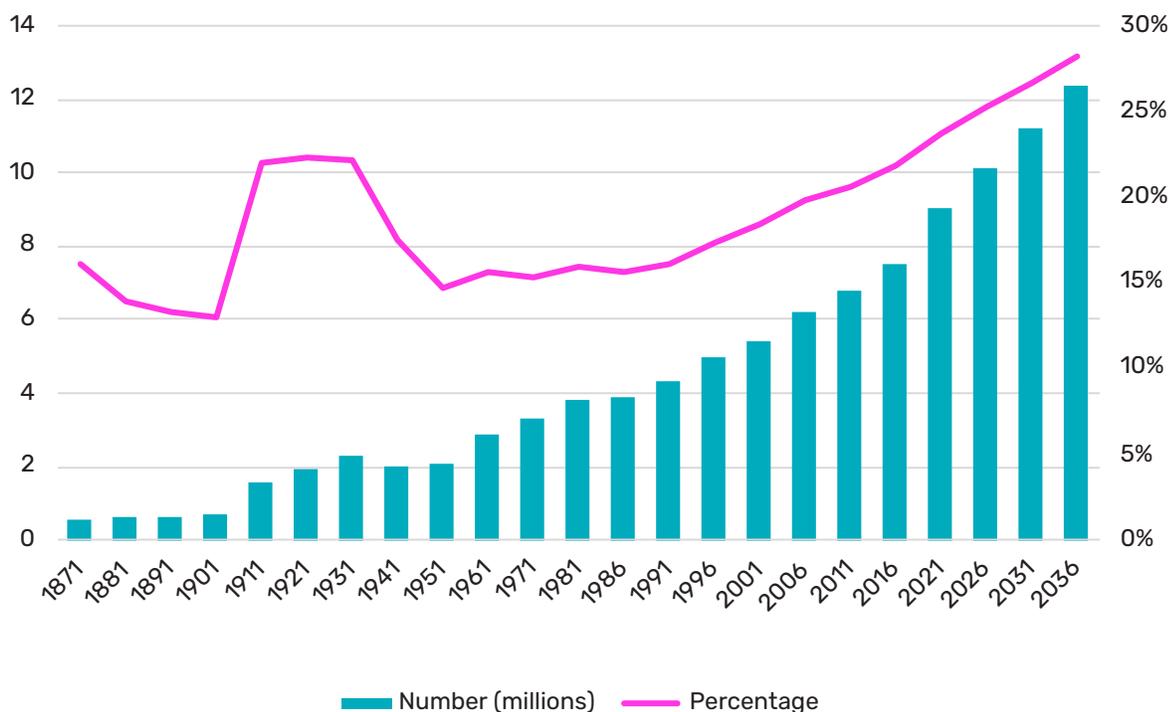
Ability to respond to customer needs

Canada's population is diverse and increasing every year. The 2016 Census of Population conducted by Statistics Canada shows that immigrants account for 21.9% of the

population, slightly more than one-fifth of Canada's population. As depicted in Figure 6, this percentage will continue to rise in the long run, potentially reaching between 24.5% and 30% by 2036.³² This expected perpetual increase in the diversity of the Canadian population will directly impact expectations around workplace practices. In order to reflect the diversity present in the population and ultimately to meet diverging consumer demands, organizations must be cognizant of the importance of supplier diversity. Through the implementation of inclusive and diversity-promoting practices, organizations will be better equipped to meet the expectations of their consumers, not only in terms of their brand image, but also with the diversity of high-quality goods and services that they are able to supply. A supplier diversity strategy can help an organization remain relevant to Canada's increasingly diverse population.³³

FIGURE 6

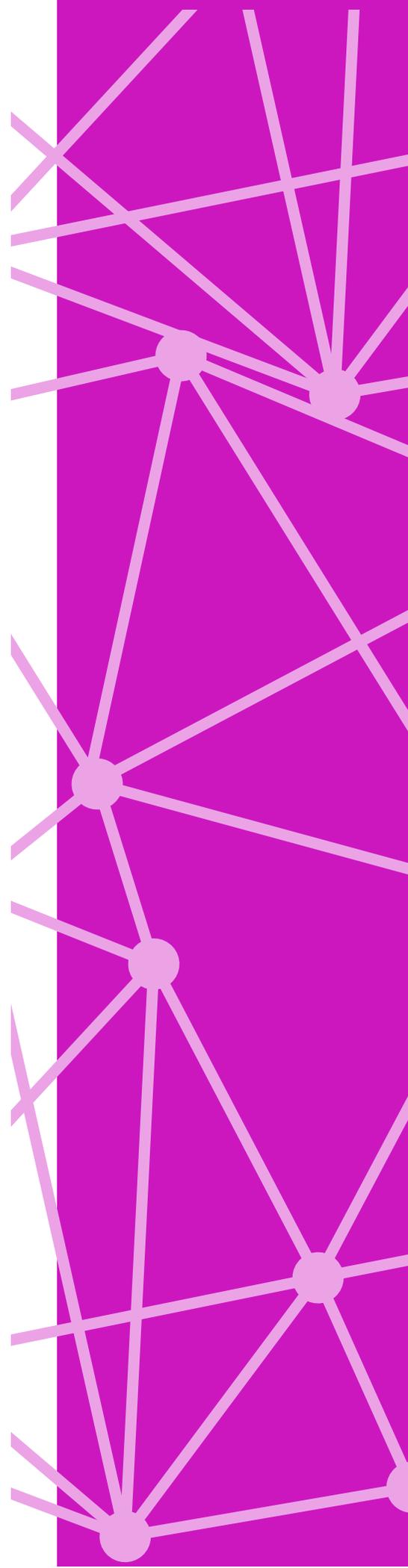
Foreign-born population in Canada, 1871–2036

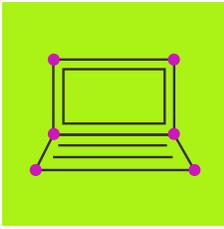


Source: Statistics Canada. (2017). *Immigration and ethnocultural diversity: Key results from the 2016 Census*. <https://www150.statcan.gc.ca/n1/daily-quotidien/171025/dq171025b-eng.htm?indid=14428-1&indgeo=0>

New opportunities

Finally, the incorporation of supplier diversity programs can enable an organization to expand its sphere of operations into new and untapped markets. This is due to the fact that, in the long run, a diverse supply chain will enable the organization to attract new business opportunities. Having access to new opportunities enables an organization to expand its operations and financial returns, which, by consequence, also helps feed and sustain the national economy.

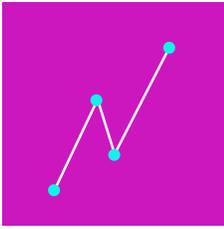




Study Methodology

This report explores perceptions of supplier diversity in Canada through a media analysis and interviews with key informants. Two sets of data were collected between 2018 and 2019. First, the research team conducted a media analysis of the difference in media exposure of supplier diversity topics between Canada and the U.S. The selection criteria included any news articles, opinion pieces, and press releases that contained the phrase “supplier diversity” or “supply diversity” and were available online or in the print media database. Second, the team collected data through observation and interviews. The team engaged in over 100 informal communications with procurement professionals in online and offline forms and participated as observers at three industry events: WBE Canada’s Automotive Access Event & Award ceremony in 2018, Canadian

Aboriginal and Minority Supplier Council (CAMSC)’s Diversity Procurement Fair in 2018, and Supply Chain Management Association Ontario (SCMAO)’s Annual Conference in 2019. After gaining insight from exploratory conversations with 69 change agents in supplier diversity from Canada and the United States, the research team developed a series of interview questions to explore more deeply the following key topics related to the experience of supplier diversity change agents: the role of organization (e.g., support from leadership and external partners); implementation of supplier diversity programming; factors that motivate change agents to perform their roles, including impact and benefits; and the future of supplier diversity in Canada.



Quantitative Findings

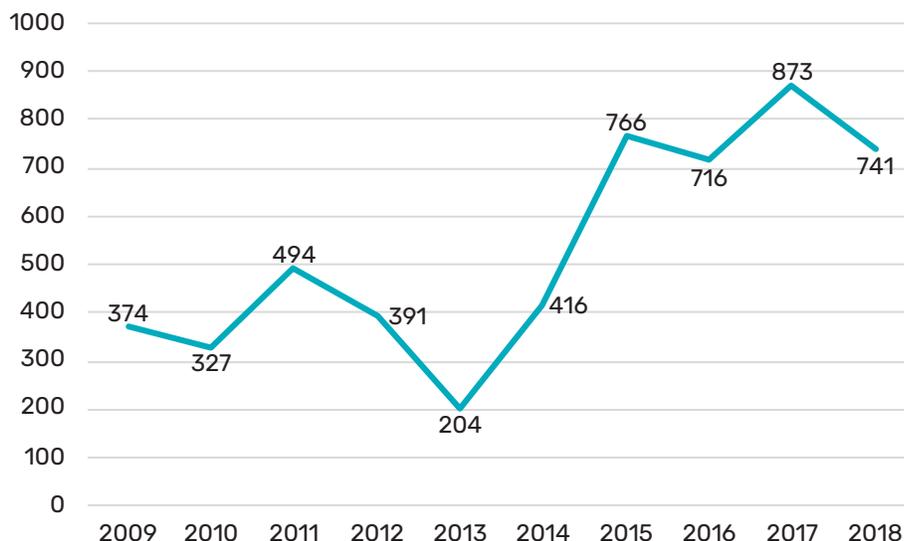
The media analysis revealed that supplier diversity is still a novel topic in the industry in Canada.

The main search term used to find media coverage was “supplier diversity.” The term “procurement” was not used for the media analysis, as the term “procurement” would be too broad without the term “diversity.” If an article is about procurement and relates to diversity, the term “supplier diversity” will be typically used in both Canadian and U.S. contexts. Many influential Canadian entities use the term “supplier diversity,” including the federal government, corporations, and NGOs. It is unusual to find an article that has the words “procurement” and “diversity” but does not mention the term “supplier diversity.”

Although the total number of articles that mentioned “supplier diversity” doubled from 2009 to 2017, the majority of media exposure in Canada consists of press releases from companies that have received recognition for supplier diversity. Canadian media coverage lacks the in-depth and insightful articles discussing action plans and implementation strategies that are found in U.S. media coverage. Furthermore, the growth from 2009 to 2018 has not been continuous, and media coverage of these topics in Canada continues to lag behind coverage in the U.S.

FIGURE 7

Number of articles related to supplier diversity in Canada, 2009–2018

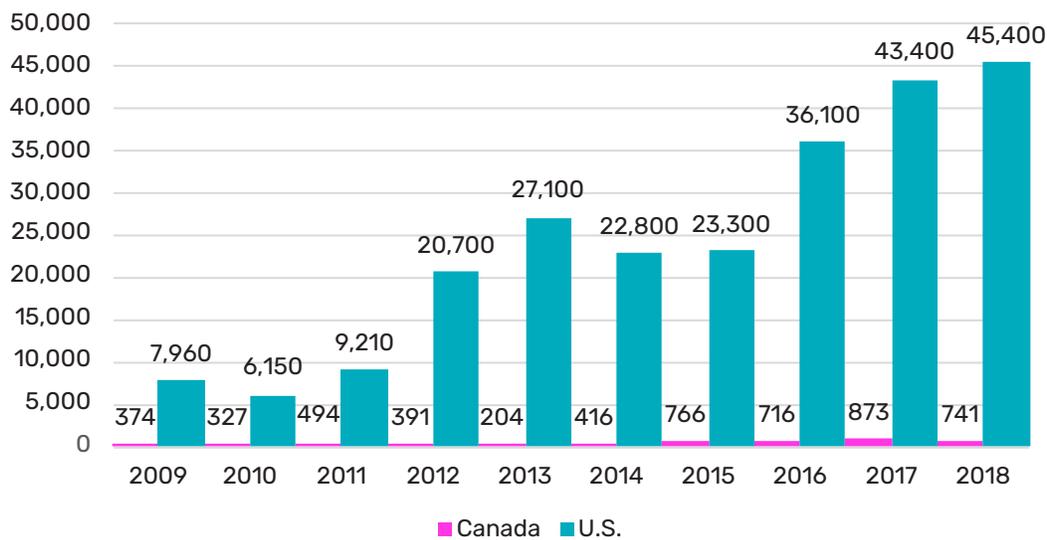


There is a huge gap between media coverage of supplier diversity topics in Canadian and U.S. media, which indicates a lack of awareness of supplier diversity issues in Canada. One factor that could contribute to this gap is the difference in size of the media industry in the two countries. However, even after factoring out the size difference, the gap persists. If the two countries had equal-sized media industries, U.S. media would still contain 74% more discussion related to supplier diversity topics compared

to Canadian media. This demonstrates that Canada remains in the early stages of promoting supplier diversity, with a focus on engagement and education. Figure 8 shows the number of articles related to supplier diversity in Canada and the U.S from 2009 to 2018.

FIGURE 8

Number of articles related to supplier diversity in Canada and the U.S., 2009–2018

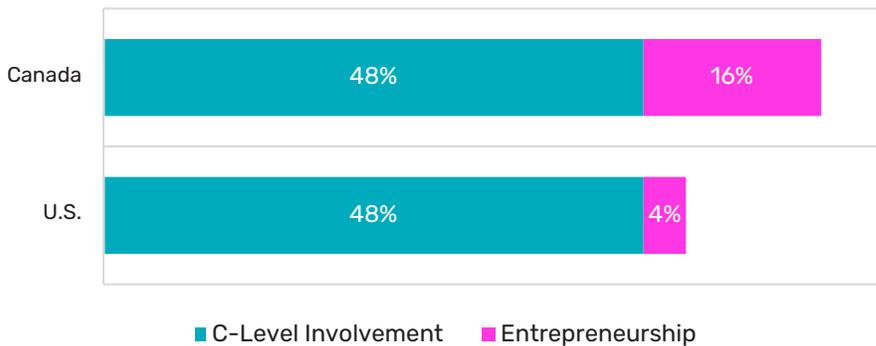


Another trend revealed in the media analysis is that a quarter of the articles from Canada focus on entrepreneurship, while those from the U.S. have four times less focus on entrepreneurship. Coverage in both countries is equally focused on C-level engagement. This finding is based on an analysis of keywords. The analysis team chose two key topics, (1) entrepreneurship and (2) CEO engagement, to understand how different topics are reflected in media discussion

in the two countries. To achieve this, the words “CEO” and “C-suite leadership” were added to the search for “supplier diversity.” The same exercise was done with the words “entrepreneurship” and “entrepreneur.” The percentage of articles related to each topic in coverage from Canada and the U.S. is displayed in Figure 9.

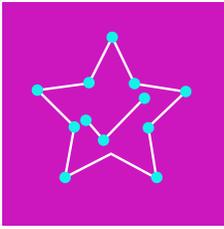
FIGURE 9

Representation of entrepreneurship and C-level involvement in media discussions of supplier diversity



The media analysis provides evidence to illustrate a gap between the U.S. and Canada in terms of general awareness of issues related to supplier diversity. In the U.S., policies enforced at various levels of government create demand and incentivize more participation in supplier diversity programs. More local media organizations in the U.S. are involved in the discussion, as

some policies have a regional focus or target a specific industry. In contrast, in Canada, coverage mainly focuses on corporate players and does not succeed in generating more interest in SMEs and local communities. The increase in exposure seen in Canada has not been strong enough to engage more corporate, social, and governmental partners in the conversation.



Qualitative Findings

The qualitative analysis is based on transcripts of interviews with 27 key informants representing multiple stakeholders in the supplier diversity arena, including corporate directors, leaders of non-profit organizations, legislators, and diverse suppliers in Canada and the U.S. Of these informants, 41% were from a corporate environment, 26% were from NGOs, 15% were from various levels of government, and 19% were certified diverse suppliers. Among interviewees, 83% identified as women and 17% identified as men. The interviews were conducted by phone and lasted between 45 and 60 minutes each. The interview team (three of the co-authors) followed a set of qualitative procedures to identify the core themes that emerged from the data. After each interview, the interview team met to discuss emerging observations and develop a shared understanding of what they were learning from each informant. Interviews were professionally transcribed in sets of three to five interviews in order to initiate an open coding procedure³⁴ for identifying common themes that emerged from the data. The interview team identified two overarching themes with corresponding sub-themes:

- > the experiences of change agents, the professionals who promote supplier diversity from their industries and sectors
- > supplier diversity programs per se, including insights, practices, and recommendations for future change agents

The next two sections discuss the predominant sub-themes within the “change agents” and “supplier diversity programs” themes, respectively.

Change agents

The analysis of the qualitative data revealed that change agents primarily discussed their responsibilities, challenges, personal motivations, and strategies for implementing supplier diversity programs.

Roles and responsibilities

MENTORING

One of the main components of a change agent’s role is coaching and mentoring diverse suppliers. Across interviews, we found two groups: companies that have developed a structured program for mentoring, and others that have not yet done so but that provide mentorship in an informal manner. Either way, supplier diversity champions seek through their mentorship to ensure that suppliers not only get into the supply chain, but most importantly, that they remain and grow there:

Mentorship is probably the bigger component, so that they’re able to compete within different spaces.

NETWORKING

In many cases, the change agent’s role goes beyond the office to expand awareness of supplier diversity. Change agents tend to join multiple organizations, approach corporations, speak with students, and engage in other networking activities. They become champions of supplier diversity inside and outside of their organizations:

My role is to advocate for supplier diversity, not just across Canada, but also for the various organizations

who are there to make sure that supplier diversity is here to stay in Canada.

CREATING ECONOMIC OPPORTUNITIES

By identifying relevant diverse suppliers for their organization, change agents understand the importance of their role in creating opportunities for these businesses to grow and prosper. Whether for a one-time opportunity or a lasting opportunity, the key is creating a match between what their organization needs and what suppliers offer:

My role is to identify suppliers to bring into the organization to have them grow and prosper, and really, bottom line, to help our bottom line from purchasing goods and services.

CONNECTING PROCUREMENT TO SOCIAL IMPACT

The specifics of the role may depend on the sector (corporation, government, or NGO); however, the general objective of leaders in supplier diversity is to address procurement through a social impact lens. Specifically, they create a bridge between diverse suppliers and the requirements of procurement departments:

So, the key to this is that my responsibility is probably best captured as being a single point of contact for diversifiers to drive inclusion within our supply chain activities.

Career path

TRANSFERABLE SKILLS

Most of the supplier diversity change agents we interviewed mentioned that “supplier diversity” is not typically considered a formal career path. However, once they understood the main objective, the responsibilities, and the challenges, they discovered that they

were in their position due to the skills they had developed in their past professional experiences. They leveraged these capacities in order to succeed in the role:

I believe that experience (change management) of understanding stakeholders’ engagements and impacts and getting buy-in to change has also contributed to me making that change champion role.

PROMOTIONS ALONG THE WAY

Many of the people now involved in a supplier diversity role began their work when they were given an initial opportunity to “experiment” with the topic. Many interviewees stated that they began in the field by volunteering, then moved to part-time positions, and in some cases, eventually moved to full-time positions. However, at the time of the interview, some interviewees did not yet have a full-time job in the field:

Prior to that, it was a partial role ... in addition to a full-time role, so, as years progressed we saw ... that we needed a full-time person within the supplier diversity [field] dedicated to supplier diversity.

EXPERIENCE

All interviewees agreed that their personal and/or professional experiences brought them to where they are now. Their different experiences made the change agents able to identify needs and potential opportunities to meet those needs:

When I came into the bank, I [did] know those challenges, you know, how those resellers and suppliers outside the bank, you know, look at the challenges in coming into business with the bank.

Challenges

Change agents described the challenges that exist both within and outside of their organizations. The challenges mentioned by the interviewees include the following:

LACK OF AWARENESS

Particularly in Canada, interviewees stated that, despite Canada being a diverse country, businesses were not aware of supplier diversity programs and their potential benefits. It is essential to improve understandings of the different aspects of supplier diversity programs: who is a diverse supplier, how a supplier diversity program works, what are its potential benefits, what are the profiles and tasks of the people involved in this role, and other factors:

I'm finding a lot of our corporations are not aware of what a supplier diversity program [is], what it entails, why we should do it. So, there's a lot of awareness that still needs to be [disseminated].

INFLUENCING STAKEHOLDERS

Establishing a supplier diversity program in a corporation requires getting buy-in from as many internal stakeholders as possible: users, management, sourcing, and buying. It is important that everyone understands the value the program can create for the organization and for suppliers in order to collaborate and create synergies between them.

When we are trying to ask staff to do things in a different way ... getting buy-in from senior leadership and front-line staff is a key challenge.

COSTS

There are many costs involved in supplier diversity programs, including both financial and human resources. When asking for internal resources to put towards a

program, change agents encounter certain limits. These limitations make it difficult to create full-time roles for supplier diversity champions:

And I think in many organizations, supplier diversity is a very easy budget line item to cut because we're a cost centre, most of us don't use metrics to actually sell the relevance of our role in your organization.

ESTABLISHING NEW RELATIONSHIPS

Finding good suppliers takes significant time and effort; thus, change agents regularly field the question of why they should cut successful relationships with current suppliers to try new suppliers. This fear of the unknown and of changing the status quo limits the intentions and actions of agents in implementing supplier diversity programs:

Well, first and foremost is [that] it's hard to get new suppliers in your supply chain. ... We have a very mature supply chain with some very ingrained and concrete relationships. So, to introduce new suppliers into your supply chain becomes very difficult because there are just relationships that have been well established with proven track records.

LIMITED SUPPLY

An additional external challenge is the limited supply of "diverse suppliers." It is also important to identify the suppliers that do not manufacture their own products and are just traders. Even if a corporation takes the initiative to look for diverse suppliers, many times they are unable to find suppliers that meet their needs in terms of product type, quantity, quality, or other criteria:

Trying to find suppliers that fit my commodity ... as a large corporation within Canada and using global-

sometimes our needs are very diverse and very, you know, we supply all of Canada. Sometimes, to find a national supplier, there's not always the availability there.

These companies are profitable. It's profitable to the bank. And so other people say, okay, you know, we've been missing—we've been missing the mark, our market niche.

Motivations

CORE VALUES

Change agents are motivated by their personal values—which they recognize as fairness, honesty, and integrity—which are aligned to the cause they are fighting for: diversity. Change agents recognized the importance of aligning their values to their work in supplier diversity in order to stay true to themselves and stand up for what they believe. Only then do they feel they have real power to inspire others to do the same. Their drive is to create a fair environment for those who have less opportunities to succeed, and this represents a personal reward:

Diversity has always been near and dear to my heart, no matter what it's been. Being equitable and fair, and not only just in the office space, in our office space and in our communities, and in our own backyards.

I love to help. And then, to make it even better, my work requires that as well. So, this makes, for me, very authentic. I can be myself. I can be myself at home, and I can be myself at work.

ECONOMIC DRIVERS

The economic impacts of supplier diversity programs are also clear to change agents. These impacts are found not only in terms of employment and economic growth for underrepresented communities, but also for corporations engaging with diverse suppliers. Potential benefits to corporations include new opportunities, innovations, new customers, and better products or services:

MAKING AN IMPACT

Change agents are inspired to empower underrepresented groups for several reasons. They have a desire to pay it forward and make an impact in the community; thus, seeing small businesses thrive and have equal opportunities in procurement represents a personal reward to them:

I like helping people, and so I've actually become very involved... it's just nice to be able to pay it forward and help some of these companies get noticed and get business.

SELF-IDENTIFICATION WITH THE CAUSE

During interviews, we learned that many change agents are motivated by self-identification with underrepresented communities or by past personal or professional experiences. Having faced at some point in their lives situations where they were judged for their race, context, religion, or gender made them understand the issue very clearly and believe in the power of supplier diversity:

So, from a personal perspective, I'm an African American man who's been in corporate America for almost 22 years. I know that the only way for minorities and particularly women to achieve economic parity is through ownership and entrepreneurialism.

Personal characteristics

The many challenges change agents may face in their roles (such as little commitment from corporate leadership and internal organizational resistance to change, among others) makes supplier diversity a tough arena to champion. Despite this, change

agents are passionate about their mission. We asked interviewees about their motivations and found two main characteristics that allow champions to thrive in their roles: authenticity and courage.

BELIEVING WITH PASSION

It takes true passion and commitment to push for such a cause and be vocal about the positive impacts of a diverse supply chain. This passion gets translated into conviction, which is fundamental to getting buy-in from senior leadership and gaining internal trust at all levels:

I would say that the word that's most commonly used to describe me is "authenticity" or "authentic." And that's because you have to believe with a passion and enthusiasm that you can make a difference and you can transform.

HONESTY AND CLARITY

Transparency is key to building meaningful and long-lasting relationships with small businesses and engaging the corporate world to support supplier diversity. Because "supplier diversity" is a novel term, it is crucial that change agents clearly communicate their message to every stakeholder, internal and external. Some interviewees commented on the importance of not only sharing what their program and supplier diversity in general can improve, but also what cannot be done, in order to manage expectations:

I try to be open and honest, and I try to make sure that all the work we do respects all of our stakeholders. Because in the end, if it's not a win-win for all, we're not going to be able to achieve what we have.

COURAGE

Courage is crucial to challenging the status quo and being vocal about support for inclusion in the supply chain. Interviewees

mentioned the need for courage to overcome resistance, make changes, and find solutions, especially in risk-averse or traditional organizations. Several times they will receive "no" for an answer, or complex issues will not be addressed or approved quickly. It takes courage to persist and keep pushing the barriers:

There's an element of courage in challenging the status quo. I think some of the opportunity for small and diverse businesses is in challenging long-existing vendor relationships and perceptions. It's easier to just keep doing what you're doing and not challenge that.

STANDING UP FOR THE CAUSE

Change agents also demonstrate courage with their real conviction to stand up for a cause that is not yet very well known. Change agents acknowledge that while they are not necessarily experts, they are committed to bringing awareness to supplier diversity with honesty and patience, with openness to continue learning, and with passion to achieve their goals:

It's courage in that it's an uphill battle, in that we're still very much in that kind of educational stage now where it requires a lot of tenacity and dedication and courage to commit to taking this on.

Impact

The personal metrics cited by interview participants are drastically different from the organizational metrics used to analyze the impact of their work. Getting recognition from society and diverse suppliers, creating a shared mindset with internal and external stakeholders, and building long-lasting relationships are the most fulfilling results for change agents at a personal level. They shared many stories about making a difference for diverse suppliers in the community.

RECOGNITION

Recognition from multiple parties is viewed as an indicator of the impact of supplier diversity champions. Many participants mentioned that they experienced the fact of being invited for the interview as positive reinforcement for themselves moving forward:

I guess how I'm perceived. Even just being invited to have a conversation with you today suggests to me that [laughter] something I've said has resonated with somebody.

Two of the major channels the research team used to connect with supplier diversity champions were networking events and procurement conferences. Some interviewees considered the invitation to share their experience at these events as a crucial validation from their industry.

Any recognition, to be asked to speak at different conferences is a good way to evaluate if you're moving the needle, if you get any kind of press or recognition within the industry, and—I guess those are the other things.

SHARED MINDSET

As change agents, changing perceptions and aligning expectations would be the optimal objectives within and outside of their organizations. Creating shared mindsets about supplier diversity has been mentioned as a key personal metric, especially in the government sector:

I think also it's [also important] how much the community starts to understand what we're doing and then rally behind that ... and talk about what the benefits are for them.

Supplier Diversity Programs

Benefits

Executing a supplier diversity program can benefit an organization in several ways. For the company itself, it provides access to new high-quality suppliers, improves its brand value, and ultimately leads to better performance. On a larger scale, supplier diversity programs help promote economic development in communities, as there are new and better businesses feeding into the community's ecosystem.

NEW HIGH-QUALITY SUPPLIERS

Interviewees cited the value of supplier diversity in increasing the number of new high-quality suppliers. Enterprises run by women, Indigenous Peoples, and racialized people were viewed as important sources of insights and knowledge that would not be available to organizations without their involvement:

We've now had access to a much broader pool of talent and organizations that we wouldn't otherwise have come across. And that's probably one of the biggest ways [we benefited].

So, when we bring in diverse suppliers, we are bringing, you know, the diverse thinking and diverse knowledge from those suppliers, correct.

BRAND VALUE

Participant statements indicate that having a diverse pool of suppliers benefits the brand value of an organization on several levels. The company performs better with more diverse suppliers, while the breadth of the community is also developed, which makes clients feel confident and proud of the organization as a whole:

It translates into the company ... doing better. It translates into our communities looking better. And our clients being very satisfied with the company, feeling good and proud about the company that they bank with. So, that's... I mean, that's what I think the company is getting.

IMPROVED PERFORMANCE

Change agents perceive that increasing the diversity of suppliers also increases the quality of solutions within an organization. According to interviewees, increasing the number and diversity of suppliers stokes competition, which leads to more innovation and lower costs:

Having increased or changed up competition. Increase in the competition and pushing each other to look for new, innovative solutions that they can offer to the city. Like, that's where I—from my perspective, I see the benefits.

COMMUNITY DEVELOPMENT

Interview participants from the government explained how supporting suppliers from different communities in turn helps promote economic development in those communities:

The more work that these certified diversified members get, ... [it] allows them to grow and expand, [and] they're more likely to reach back out into their diverse communities and help out.

Key factors for implementing supplier diversity programs

When implementing a supplier diversity program, there are several key factors to ensure its effective adoption. In particular, interviewees cited that corporate alignment, buy-in from all stakeholders, effective communication, and following best practices

are the backbone of a successful supplier diversity program.

CORPORATE ALIGNMENT

According to change agents, supplier diversity needs to be tethered to an overall interest in diversity and inclusion throughout an organization. This way, the organization's supplier diversity decisions are supported by the overarching goals of the organization, which strengthens the organization's integrity as a whole:

I think that there has to be sort of a fit with the culture, openness to diversity and inclusion as well. The willingness and desire to expand diversity and inclusion to include the supply chain, and making sure that that aligns well with the organization's overall objectives is very key.

You need to understand ... your company's direction. What is that one area that you want to target? Is it women? Is it minorities? Is it a person with disability? So, what aligns with your business commitment as well as the commitment with upper management and down? Because this can't just be my initiative as a supplier diversity manager. It has to be the whole company.

It should never be set on the side of the desk, or it should never be an add-on program. It has to be connected into the objectives of the organization.

CORPORATE COMMITMENT

Interviewees described that members from all levels of an organization need to be committed to the success of the supplier diversity program for it to be implemented effectively. This means that the goals of executive leadership also need to be aligned with the supplier diversity program:

The company or entity needs to have buy-in from the executive leadership into an understanding of the supplier diversity [program] and its commitment. It also needs to be part of the measurement of your buyers. Buyers who are rewarded for doing business with diverse suppliers should get increases or bonuses.

Every leader in the organization has to have a vision to support that program. If they don't support the program, then it will be challenging to implement it.

EFFECTIVE COMMUNICATION

Relatedly, participants also cited that in order to align corporate culture and get buy-in from different levels of the organization, there needs to be clear internal communication of supplier diversity decisions. This also means having an effective outreach system to identify diverse suppliers.

It's a process... that way, it's in direct communication throughout the company what we're doing, why we're doing it, and how it aligns with our commitment and the commitment of our leadership—that is also aligned as well.

Set up a good outreach system so that you can identify diverse suppliers and you have a way to track them and a way for people within your organization to see a list of people that are applicable to your industry.

ADOPTING BEST PRACTICES

In order to implement supplier diversity programs without an organizational policy, organizations need to adopt best practices to prove the importance of and effectively execute the program. Some of these measures include understanding the

supplier diversity business model and what is needed for it to operate, identifying KPIs to measure the success of the program, and involving multi-disciplinary teams of lawyers and business specialists to create a sound program:

We need a policy written out, but we also need to establish metrics to show results. Trying to work on understanding your vendor base is actually also important to how the metrics are going to work out.

[I would] bring together lawyers, employment specialists from the city, so that every different perspective I could think of that could have a role in figuring out how to do this in the absence of a policy. We would pilot social procurement approaches. Learn from those approaches and then test them, build our policy based on our own evidence and experience.

Barriers to implementation

Interviewees cited that even when implementing various measures to support a supplier diversity program, there are sources of resistance. Lack of information about supplier diversity programs, discrimination issues, risk aversion, and hesitation among suppliers to identify as diverse lead to challenges executing a supplier diversity program.

LACK OF INFORMATION

According to interviewees, there is a lack of awareness about the importance of prioritizing a diverse group of suppliers in Canada, which in turn diminishes these suppliers' visibility in the market. In order to change the tide, communication about supplier diversity to all stakeholders needs to improve:

So, I think that's one thing, why should they? So, it's communicating

the importance of doing it. There are people that don't know about it, or—maybe it's not that they don't care. That's too harsh. It's just they don't know about it and no one's really ever talked to them so they don't see the importance of it.

I think the visibility of supplier diversity in Canada isn't as high as it could be. So, in essence, there's lots going on ... talking about the fact that in the federal budget, there were some statements made about women-owned businesses—which is great. But, I think in Canada ... we are a long way behind the U.S.

DISCRIMINATION ISSUES

Prioritizing suppliers that are owned by women, Indigenous Peoples, and/or racialized people is sometimes construed as giving preference to certain suppliers, rather creating equitable opportunities. This misunderstanding is linked to a lack of awareness of the benefits and importance of supplier diversity programs:

Resistance is lack of knowledge. Most people think that it doesn't create a benefit. Some people think there's a preference. Why are we making a preference [for] women? Why are we making a preference for minorities?

And the first feedback was, you know what? "We actually think that the supplier diversity is reverse discrimination," I don't know if I'm going to get 100, 200, but where there's one there's usually more resistance behind it that's reflective of community thinking.

We had a very difficult time. It took us five or six years to get the automotive industry to recognize women, and ... I faced really insulting conversations from managers and directors who

basically said white women didn't need a preference program.

RISK AVERSION

Change agents pointed out that there is some resistance to adopting supplier diversity programs from corporations and governments due to risk aversion. It is seen as a safer option to conserve existing procurement practices instead of innovating:

The [government] had a purchasing scandal a number of years before around computers. So, there was no interest to be risky or innovative in procurement. So, that's why attempt number one failed. No buy-in and risk aversion given past experience.

SUPPLIER SELF-IDENTIFICATION

Another barrier to the implementation of supplier diversity programs is that some diverse suppliers do not want to be categorized as such, most likely to avoid social stigma. Diverse suppliers have faced discrimination as groups categorized as "different" or as recipients of handouts:

From the woman-business-owner side, sometimes they say, "I don't want to participate, because I don't want anybody to look at me as being different, or look at it as it's a handout, because I don't want a handout."

ACQUIRING NEW SUPPLIERS

According to change agents, there is room for improvement when it comes to acquiring new suppliers. Particularly, it can be challenging to certify diverse suppliers and find people who actively work to procure new diverse suppliers:

It is harder ... to show the value [or] the purpose of certification. But if that number doesn't grow, then we're going to have to rethink the entire policy.

Some of the constraints are [that] there are very few people out there actively trying to get new suppliers on board, and so I said earlier, in order to grow the program, you need to either spend more with who you have or get more, and so [those are] some of the challenges that we face in that area.

Effective practices

Some effective practices that improve the chances of making a supplier diversity program work for NGOs, corporations, and suppliers include building partnerships, implementing mentorship programs, expanding the program to more supplier tiers, increasing dialogue and engagement, analyzing data, and carrying out development programs. An essential practice that could be improved upon relates to acquiring new suppliers.

BUILDING PARTNERSHIPS

Interviewees cited the importance of building alliances and synergies with diverse suppliers and other complementary organizations. By building these partnerships, organizations can interact with more diverse suppliers and can also bid on larger opportunities:

[We] use the interactions we have with suppliers that come from attendance [at] various events put on by our partner organizations, like WBE Canada as well as Connect International in Canada.

[There is a need for] more partnerships and alliances, so that if you're a mid-size organization, diverse organization, if you partner with someone from another organization with complementary skills, you have the ability to bid on larger opportunities.

EXPANDING TIERS

Change agents also discussed the importance of expanding the program to other tiers of current suppliers. This is seen to increase the benefits of supplier diversity programs:

One of the things that I think would really help this tremendously is, first of all, if the corporations that have supplier diversity programs required that the tier-two, tier-three suppliers also adopted a similar strategy.

I think that one of the things that we're working on is our tier-two inclusion program. We don't ask all of our suppliers to report tier-two spend. I think that the opportunity to not only grow that supply base ... as it relates to requiring them to report, but also helping that supply base to build their own programs.

MENTORSHIP PROGRAMS

Mentorship programs also help bolster supplier diversity programs by supporting both diverse entrepreneurs and change agents in their role. For diverse suppliers, this is important because it ensures their businesses are prepared to operate at the level required for big corporations, and for change agents, it is important because they can be supported in securing diverse suppliers:

Having good leaders in the space to be able to mentor folks like myself to help us ... help organizations, help them get up and running is also extremely important.

For example, you know, almost more than five years back, we had this program called mentorship program, we used to bring in 10 suppliers in a year and coach them to help them grow their businesses.

We have one of the longest-standing mentor programs. We call it Diverse Supplier Development Program. It's in its third generation, been going for over 20 years, where we match up a diverse supplier with a purchasing executive.

DIALOGUE AND ENGAGEMENT

Interviewees explained that it is essential to communicate the intent and result of an organization's supplier diversity program both internally and externally. This way, corporations become aware of the economic advantage of engaging with diverse suppliers, diverse suppliers can expand their businesses, and internal teams can have a consistent voice:

So, it's really about making corporations here aware that the more that they engage in the local supply chain, especially with underrepresented groups, is how they're going to really help us build our economy.

I think where we're effective is that we really got the dialogue going until, you know—because there's no magic bullet, there's no one approach that's going to fit it all. Each procurement is different, subject to different trade agreements.

I'm improving my communication internally. I'm looking for ways ... to get the information that we're doing to all the departments that need to know. So, improving my communication for my sales, for my units, my locations. So, they, in turn, can also be my voice.

DATA ANALYSIS

According to interviewees, using diverse data tools allows organizations to analyze and better understand suppliers. These findings enable more efficient connections between different actors with various needs:

I think our strengths are that we have a really good measurement system in place. ... Our diverse suppliers are all logged in a database and they're vetted.

We're using this matchmaker tool, which is really great because it's really a partnership between the state government, our major corporations here, and their suppliers to be able to help our women business owners, which may be as small as maybe a company at \$250,000 in annual revenue up to, you know, \$50 million. And so, we find that that model is really effective.

DEVELOPMENT PROGRAMS

Development programs were also cited as an important component in the effective implementation of a supplier diversity programs. Such programs encourage diverse suppliers by offering programs in realms such as financing and training to improve their capabilities and ultimately succeed. In this way, a supplier diversity program can go beyond providing opportunities to diverse suppliers by actively contributing to building their capacity to take the opportunities:

So, it's the trainings, the capacity building. We have trained hundreds of staff over the course of the last year on this.

I mean, we have a very robust supplier development curriculum that's built around five key touchpoints, which [are] financial literacy, operational excellence, talent acquisition, tier-two inclusion, and then processes. So, we do a lot of training with our suppliers directly on those five aspects because those are the five touchpoints that we believe are most critical to their success.

Support

INTERNAL STAKEHOLDERS

Interviewees emphasized the importance of internal buy-in and commitment within an organization, in order to leverage internal resources as much as possible. They also agreed that if diversity is part of an organization's culture, then there is support from the top and from colleagues to implement supplier diversity initiatives:

There are about 6,000 team members that participate in six different employee resource groups. So, we actually have employee resource groups that align really nicely to diverse—to our supplier diversity organization.

INDUSTRIES

The participation and collaboration of various corporations among industries is important to creating awareness and sharing best practices, which facilitates the implementation of supplier diversity programs. One example of this collaboration is the Financial Service Roundtable in the United States:

Getting all the banks and insurance companies, all the financial-services-type companies together to start working and, you know, in the financial services sector, and everybody starts working together with supplier diversity.

TRAINING RESOURCES

Due to the novelty of the concept in Canada and the challenges faced by leaders in supplier diversity, more than simply economic resources are needed to drive these programs forward. It is also necessary to access knowledge through educational materials, best practices, lessons learned, supplier showcases, and other strategies to support supplier diversity teams.

Furthermore, it is equally important to create outside advocacy organizations that help suppliers in terms of capital:

I actually would like to be formally trained on it. Actually, within the training certification ... supply chain management type of certifications from the executive leaders. I've actually looked into formalized training around it.

NGOS

Organizations such as the Women Business Enterprises Canada (WBE Canada), Canadian Aboriginal and Minority Supplier Council (CAMSC), and Canada's LGBT+ Chamber of Commerce (CGLCC) can provide companies with relevant information and connections. In the United States, important associations are the National Minority Supply Development Council and We Connect International:

There are a number of individuals from each of the associations, whether it be CAMSC, CGLCC, or WBE, that are more than happy to come out and speak to your company about supplier diversity.

Evaluation and impact

Evaluating the impact of a supplier diversity program allows organizations to adjust their practices in an informed way. Measuring spend, number of businesses, application opportunities, and employment opportunities allows organizations to determine the effectiveness of their programs. Specific to NGOs, looking at the number of contracts, engagement activities, and corporate member statistics can help them bolster their supplier diversity programs.

SPEND ANALYSIS

Spend analysis is the main metric for evaluating how much the value of the contracts for diverse suppliers is increasing in a determined period. It is also important

to take the context into account when conducting a spend analysis:

Over the last couple of years, we've been trying to show how much spend we're having with the diverse spenders. ... So, it's kind of like if everything has to be kind of measured in the context. But in the last two years, we've had an increase in contract values being spent on diverse spenders.

We set annual targets based on our overall spend. And we can very quickly deduce if we hit that target or we didn't. So, we do a quarterly report so we know how we're tracking and that's how we're able to measure it.

For me, myself, I report on a monthly/quarterly basis, print information for spend, how many suppliers in different categories, growth. Is there an increase or decrease? Knowledge of why there is an increase or decrease.

NUMBER OF BUSINESSES

To understand if policies and initiatives are effective, interviewees noted that it is useful to track the number of diverse suppliers in the value chain:

The second goal is trying to increase the number of suppliers ... in the supply chain, right. How do we increase ... the diverse supply in the supply chain?

So far, we have been counting, you know, the number of ... diverse suppliers we had before we put the policy in place versus now as the policy is [being] implemented.

APPLICATION OPPORTUNITIES

Interviewees also noted that measuring the real application of diverse suppliers in the supply chain helps measure a program's

impact. For NGOs, this means the number of opportunities created for suppliers to compete and the number of suppliers that were successful. For companies, this means comparing the number of opportunities given to diverse suppliers compared to the number of times they were invited to participate in events:

The numbers of opportunities that we create for suppliers to compete, whether they're successful or not, that we've actually created that opportunity.

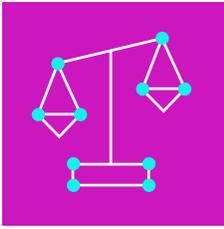
So, we do have a target within procurement around how many opportunities they give to diverse vendors to how often we invite them to participate in events. Obviously, longer [term] we'd like to look also at how many people are winning them. But for the moment, we want to make sure we just get people.

EMPLOYMENT OPPORTUNITIES

Evaluating how much a diverse supplier's business has grown in terms of revenue is a strong indicator of growth. However, measuring growth in a diverse supplier's number of employees is a more robust gauge of the impacts of supplier diversity programs:

I mean, one of the ways ... that we show the impact is based on how many more people have been employed or how many more people have been trained as a direct result of being awarded larger contracts.

We are looking at the number of employment training opportunities that are created through this program. Ultimately, we are looking [at a] broader systems change initiative; one of the outcomes is the extent to which we are able to motivate the rest of the system, the other public sector institutions, to do the same thing.



Conclusion and Recommendations

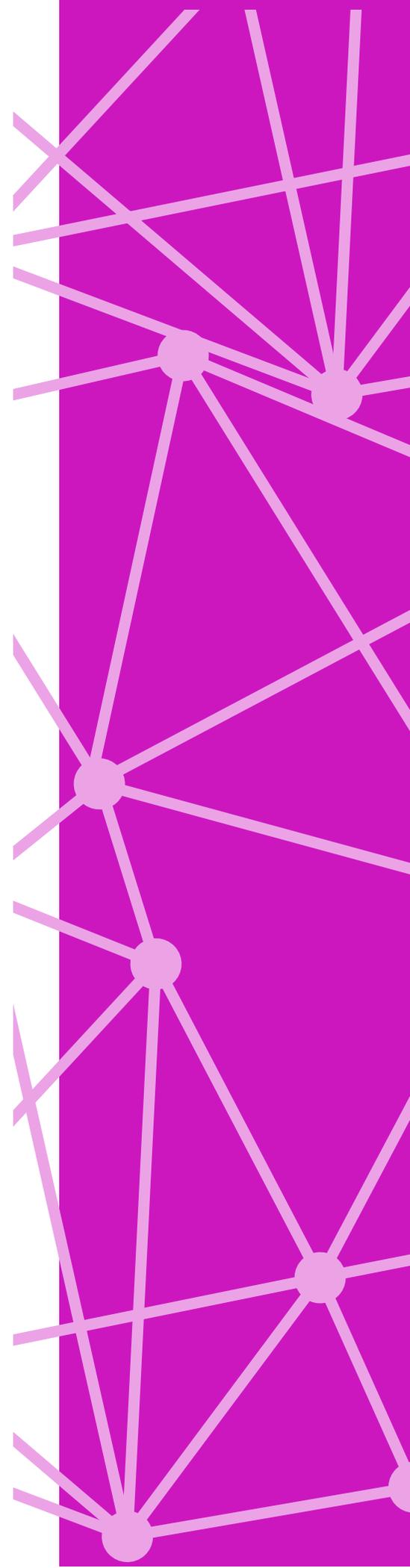
This study explored perceptions of and attitudes toward supplier diversity and provided a comparative analysis of how topics related to supplier diversity are covered in the mass media in the United States and Canada. The results of the study are twofold. First, the media analysis revealed that supplier diversity is still a novel topic to the industry in Canada. Compared with the U.S., the huge gap indicates a lack of awareness of supplier diversity issues in Canada. Second, this report highlighted themes derived from interviews conducted with corporate directors, leaders of non-profit organizations, and legislators working in the supplier diversity ecosystem in the U.S. and Canada. The qualitative data from these interviews was analyzed to reveal perceptions around two main areas: supplier diversity change agents and supplier diversity programs. The themes derived from the qualitative data reveal that change agents have a range of experiences in terms of their responsibilities, challenges, and motivations. The findings also reveal that supplier diversity programs offer several benefits, such as brand value and improved communication. Although barriers to implementation remain, several key factors were identified that can facilitate the implementation of supplier diversity programs. It is important to measure the impact of supplier diversity programs based on the change agents' points of view as well as the overall impact of these programs in terms of the number of opportunities created and businesses supported.

The COVID-19 pandemic has also had an impact on every part of many organizations' operations, which makes it all the more critical to resolve supply chain obstacles and pay more attention to supplier diversity. In this situation, diverse suppliers can be considered as a solution for companies seeking to fill supply chain gaps or find innovative ways to meet the company's needs. For SMEs, on the other hand, the COVID-19 pandemic has created different kinds of hardships. In Canada, it was reported that as of August 2020, revenues had decreased by about 30% or more for almost one-third (30.8%) of businesses, and by about half for 15.5% of businesses.³⁵ It is also reported that SMEs expect to face a variety of obstacles, such as fluctuations in demand (31.4%) or insufficient demand (29.2%) in spring 2021.³⁶ These negative impacts of the pandemic are exacerbated for diverse business owners (or diverse suppliers), which makes it imperative for organizations to support diverse business owners. Contracts with diverse suppliers create an infusion of money that can mitigate the economic hardships that diverse SME owners face and so better support their businesses.

To conclude, we make the following recommendations to increase supplier diversity:

- > In the Canadian institutional context, regulations and policies that pertain to supplier diversity in large organizations should be improved.

- > Data collection and metrics to assess supplier diversity should be improved. Government should collect and monitor fulsome data on existing of supplier diversity programs or initiatives among private- and public-sector enterprises in Canada.
- > Organizations should set specific goals to implement supplier diversity in their supply chains.
- > Larger organizations should recruit diversity professionals and experts in their supply chain departments.
- > The engagement of SMEs in public procurement should be improved. SMEs' perceived barriers to accessing procurement contracts should be reduced by providing mentoring and training sessions for them.
- > The essential capacity of SMEs to engage in public procurement should be improved. It's suggested that SMEs should have strategic orientation and be equipped with critical resources.



References

- 1 Government of Canada. (2017). *The business case for supplier diversity in Canada*. Status of Women Canada. https://cfc-swc.gc.ca/abu-ans/wwad-cqnf/sdr-rdf/supplier_diversity-diversification_fournisseurs-en.html
- 2 Larson, P. D., Gallagher-Louisy, C., & Armenio, L. (2016). *Supplier diversity in Canada: Research and analysis of the next step in diversity and inclusion for forward-looking organizations*. Canadian Centre for Diversity and Inclusion & University of Manitoba. <https://ccdi.ca/media/1066/ccdi-report-supplier-diversity-in-canada-updated-4072016.pdf>
- 3 Government of Canada. (2019). *Indicators and targets: Helping Canadian firms start up, scale-up, and grow*. <https://www.ic.gc.ca/eic/site/062.nsf/eng/00092.html>
- 4 Shepperd, V. (2019). *Canada was just ranked the best country in the world for social entrepreneurship*. MaRs. <https://www.marsdd.com/news/canada-was-just-ranked-the-best-country-in-the-world-for-social-entrepreneurship/>
- 5 Business Development Bank of Canada. (2019). *A nation of entrepreneurs: The changing face of Canadian entrepreneurship*. https://www.bdc.ca/EN/Documents/analysis_research/bdc-etude-sbw-nation-entrepreneurs.pdf?utm_campaign=Changing-faces-Study-2019--EN&utm_medium=email&utm_source=Eloqua
- 6 The Conference Board of Canada. (2015). *Indigenous entrepreneurs on the rise, with regional challenges and opportunities*. Intrade GlobeNewsWire. <https://www.globenewswire.com/news-release/2020/06/15/2048059/0/en/Indigenous-entrepreneurs-on-the-rise-with-regional-challenges-and-opportunities.html>
- 7 Richard, O. C., Su, W., Peng, M. W., & Miller, C. D. (2015). Do external diversity practices boost focal firm performance? The case of supplier diversity. *The International Journal of Human Resource Management*, 26(17), 2227–2247.
- 8 Larson, P. D., Gallagher-Louisy, C., & Armenio, L. (2016). *Supplier diversity in Canada: Research and analysis of the next step in diversity and inclusion for forward-looking organizations*. Canadian Centre for Diversity and Inclusion & University of Manitoba. https://umanitoba.ca/faculties/management/faculty_staff/media/SD-in-Canada-CCDI-2016.pdf
- 9 Larson, P. D., Gallagher-Louisy, C., & Armenio, L. (2016). *Supplier diversity in Canada: Research and analysis of the next step in diversity and inclusion for forward-looking organizations*. Canadian Centre for Diversity and Inclusion & University of Manitoba. https://umanitoba.ca/faculties/management/faculty_staff/media/SD-in-Canada-CCDI-2016.pdf
- 10 Corporate Finance Institute. (n.d.) *Supply chain*. <https://corporatefinanceinstitute.com/resources/knowledge/strategy/supply-chain/>
- 11 The Conference Board of Canada. (2017). *The business case for supplier diversity in Canada*. https://cfc-swc.gc.ca/abu-ans/wwad-cqnf/sdr-rdf/supplier_diversity-diversification_fournisseurs-en.pdf
- 12 Larson, P. (2012). *Supplier diversity in the GTA: Business case and best practices*. DiverseCity: The Greater Toronto Leadership Project. <https://www.yumpu.com/en/document/read/52344023/supplier-diversity-in-the-gta-business-case-and-best-practices>
- 13 Shah, M., & Ram, M. (2006). Supplier diversity and minority business enterprise development: Case study experience of three US multinationals. *Supply Chain Management: An International Journal*, 50, 219–229.
- 14 Government of Canada. (2017). *The business case for supplier diversity in Canada*. Status of Women Canada. https://cfc-swc.gc.ca/abu-ans/wwad-cqnf/sdr-rdf/supplier_diversity-diversification_fournisseurs-en.html
- 15 Government of Canada. (2017). *The business case for supplier diversity in Canada*. Status of Women Canada. https://cfc-swc.gc.ca/abu-ans/wwad-cqnf/sdr-rdf/supplier_diversity-diversification_fournisseurs-en.html
- 16 Bateman, A., Barrington, A. & Date, K. (August 2020). *Why you need a supplier diversity program*. Harvard Business Review. <https://hbr.org/2020/08/why-you-need-a-supplier-diversity-program>
- 17 Government of Canada. (2020). *Key small business statistics – 2020*. https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03126.html
- 18 Government of Canada. (2020). *Key small business statistics – 2020*. https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03126.html

- 19 Government of Canada. (2020). *SME profile: Ownership demographic statistics*. https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03115.html
- 20 Statistics Canada. (2019, April 3). *Research blog: Women-owned businesses in Canada*. <https://www.statcan.gc.ca/eng/blog/cs/wob>
- 21 Pencak, S. (n.d.). *Supplier diversity: The strategic tool for women owned businesses*. Canadian SME Business Magazine. <https://www.canadiansme.ca/supplier-diversity-the-strategic-tool-for-women-owned-businesses/>
- 22 Government of Canada. (2020). *Indigenous business and federal procurement*. <https://www.sac-isc.gc.ca/eng/1100100032802/1610723869356>
- 23 Public Services and Procurement Canada. (2020). *Procurement support for businesses*. <https://buyandsell.gc.ca/procurement-support-for-businesses>
- 24 Larson, P. D., Gallagher-Louisy, C., & Armenio, L. (2016). *Supplier diversity in Canada: Research and analysis of the next step in diversity and inclusion for forward-looking organizations*. Canadian Centre for Diversity and Inclusion & University of Manitoba. <https://ccdi.ca/media/1066/ccdi-report-supplier-diversity-in-canada-updated-4072016.pdf>
- 25 The Conference Board of Canada. (2017). *The business case for supplier diversity in Canada*. https://cfc-swc.gc.ca/abu-ans/wwad-cqnf/sdr-rdf/supplier_diversity-diversification_fournisseurs-en.pdf
- 26 Women Business Enterprises Canada Council. (2018, Sept. 13). *How supplier diversity works*. <https://wbecanada.ca/supplier-diversity/how-supplier-diversity-works/>
- 27 Larson, P. (2012). *Supplier diversity in the GTA: Business case and best practices*. DiverseCity: The Greater Toronto Leadership Project. <https://www.yumpu.com/en/document/read/52344023/supplier-diversity-in-the-gta-business-case-and-best-practices>
- 28 Women Business Enterprises Canada Council. (2018, Sept. 13). *How supplier diversity works*. <https://wbecanada.ca/supplier-diversity/how-supplier-diversity-works/>
- 29 Bassett-Jones, N. (2005). The paradox of diversity management, creativity and innovation. *Creativity and innovation management*, 14(2), 169–175.
- 30 Statistics Canada. (2017). *Survey on financing and growth of small and medium enterprises, 2017*. <https://www.ic.gc.ca/eic/site/061.nsf/eng/03087.html>
- 31 The Conference Board of Canada. (2017). *The business case for supplier diversity in Canada*. https://cfc-swc.gc.ca/abu-ans/wwad-cqnf/sdr-rdf/supplier_diversity-diversification_fournisseurs-en.pdf
- 32 Statistics Canada. (2017). *Immigration and ethnocultural diversity: Key results from the 2016 Census*. <https://www150.statcan.gc.ca/n1/daily-quotidien/171025/dq171025b-eng.htm?indid=14428-1&indgeo=0>
- 33 Chavoushi, Z. H., Campbell, A., & Cukier, W. (2021). *Supplier diversity and Canadian women-owned SMEs*. Women Entrepreneurship Knowledge Hub. Forthcoming.
- 34 Locke, K. (2001). *Grounded Theory in Management Research*. Thousand Oaks, CA: Sage.
- 35 Statistics Canada. (2020, Nov. 13). *Canadian survey on business conditions*. <https://www150.statcan.gc.ca/n1/en/daily-quotidien/201113/dq201113a-eng.pdf?st=CuDUborm>
- 36 Statistics Canada. (2021, March 5). *Canadian survey on business conditions, first quarter 2021*. <https://www150.statcan.gc.ca/n1/en/daily-quotidien/210305/dq210305b-eng.pdf?st=1gnPE-d3>

