

Supplier Diversity Introduction

'Supplier diversity' is a business practice that encourages diversity in the supply marketplace by encouraging the purchase of goods and services from businesses owned by, or that assist, underrepresented groups.

Diversity Australia Council, 2023

What is Supplier Diversity?

Supplier diversity programs are proactive business programs which encourages the use of women-owned, ethnic/minority-owned, veteran-owned, LGBTQ-owned, disability-owned, and small businesses as suppliers. Supplier diversity originated in the United States, where policy favouring minority owned businesses has been in place for decades. In Australia, most supplier diversity programs are referred to as Indigenous procurement and/or social procurement. Companies actively looking to run supplier diversity programs through social procurement will typically group social enterprise, disability enterprise, sometimes minority owned businesses under the social procurement program.

Why is it important?

Increasingly, companies around the world are adopting specific actions to make significant change in the world, and one way to do this is through a commitment to supplier diversity. Supplier diversity plays a pivotal role in fostering a more inclusive and equitable business environment by deliberately integrating businesses owned by individuals from diverse backgrounds, including minorities, women, Indigenous people, and other underrepresented groups, into the supply chain.

This intentional approach enhances economic opportunities for historically marginalised communities and contributes to a more resilient and innovative business eco system. Supplier diversity promotes fair competition, drives economic growth in diverse communities, and creates a supply chain that reflects the broader diversity of the society in which a company operates. Beyond compliance and social responsibility, embracing supplier diversity enhances corporate reputation, attracts a wider customer base, and ultimately strengthens the overall

sustainability and success of businesses, aligning them with the values of an increasingly diverse and socially conscious global marketplace.

Supplier diversity is important, particularly to government, because of the role minority owned businesses and social/ disability enterprise play in marginalised communities. For example: -

- Indigenous Businesses are “40 to 100 times more likely to employ Indigenous employees than non-Indigenous businesses and organisations,”
- Women owned businesses are more likely to employ women, and,
- Social enterprises are a business model that priorities community benefit over shareholder wealth generation.

References

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