

PURPOSE

The aim of this module is to familiarize you with and to raise awareness on issues related to diversity management at the enterprise level, especially with regard to the Diversity Charters and also to provide some practical advices and a brief step by step guide on diversity management in SMEs entrepreneurial environment.

KEYWORDS

Managing Diversity: *It is the strategy, including initiatives and actions by businesses and organizations, which is used for creating a diverse and inclusive workplace, including the promotion of equal treatment and diversity awareness throughout the work process.*

Diversity Charter: *Written agreements that include basic principles to respect and encourage diversity, which bind ethically but not legally companies and other co-signatories.*

Good Practices: *Working methods, initiatives or actions adopted by businesses and organizations, particularly in relation to employment relationships and working conditions, which have received positive assessments in producing results and therefore, are considered to be good examples to be imitated by others.*

5.1: Introduction

Preventing and combating discrimination and managing diversity at work are priorities for many businesses and organizations in both private and public sectors. There are various companies and operators planning actions and taking initiatives in relation to anti-discrimination and diversity management. Such actions and initiatives are acknowledged as good practices when they produce positive results. Here, unity will present and analyze specific examples of good practices by both private sector businesses and public enterprises.

5.2: Diversity on businesses and Diversity Management

In recent decades, significant changes have been made in the composition of the workforce from lower professional hierarchies to higher levels of administration. For example, there is an increase in the participation in the workforce of women, persons of different nationalities, and other socially vulnerable groups. In this context, the question has been asked why a company should be interested in diversity.

Beyond the fact that discrimination is illegal and ethically wrong, it has been also proven that diversity is increasing productivity, giving companies more access to new market segments. Managing diversity is not limited to a simple recruitment practice or to better hierarchical upward opportunities, e.g. to women or to other persons who belong in socially vulnerable groups. As it has been found that diversity can enhance productivity, many companies have implemented specific programs and policies

to encourage the recruitment, integration, promotion and retention of people who belong in socially vulnerable groups.

The older programs for equal opportunities (the so-called 'positive action') of the 1970s that were applied to the Anglo-Saxon area for the recruitment and professional development of women and other persons belonging to socially vulnerable groups were often limited to the Human Resources Department and were not applied to whole company and its environment. In other words, even if equal treatment and positive action legislation helped socially vulnerable groups to gain access to jobs they had not previously accessed, their exclusion from hierarchically superior posts within the company did not allow them for full and their equal participation.

Nowadays, companies that apply active policies for diversity consider that respect for diversity within enterprises has the following advantages: a) it strengthens cultural values within the company; b) it enhances corporate reputation; c) it creates more incentives and therefore, greater efficiency among the existing staff; and d) it enhances innovation and creativity among workers. Therefore, beyond the legal and ethical implications in which non-respect for diversity and discrimination at work may result, many companies see diversity management as an opportunity to increase productivity and competitiveness. An effective diversity management shapes the prerequisites for a dedicated staff and has positive results in terms of creativity, problem solving and improvement of customer relationships.

Raising awareness on diversity, though necessary, is not sufficient in itself to talk about managing diversity. Managing diversity is "the active and conscious development of a strategic, communication and administrative process of future orientation and value-driven, which accepts and uses certain differences and similarities as a perspective in a company, a process that adds value to the company." Diversity management involves the incorporation of ideas and practices into the day-to-day operations of a company.

The most common example used to illustrate the difference between diversity management and past positive action/equal opportunities programs is that of the giraffe's home: "Imagine your organization as a giraffe house. Equal Opportunities Policy has been very effective in opening the door of the giraffe's house to the elephant, but the house will not be better for the elephant unless there are a number of important conversions inside the house. Without them, the house will remain a house designed for giraffes and the elephant will not feel "at home."

5.3: The Diversity Charters

Charters of diversity are voluntary initiatives aimed at encouraging businesses and public organizations to adopt diversity-enhancing practices, highlighting their benefits. Businesses or

organizations that subscribe to a Charter of Diversity are committed to developing and implementing policies of diversity and equal treatment in all fields. The signing of such a charter is a good starting point for businesses wishing to adopt such policies and it is also a reference framework. Since 2005, twelve (12) charters of diversity have been signed by small and medium-sized enterprises and public bodies in the European area, at national level (Austria, Germany, France, Spain, Poland, Italy, Sweden, Luxembourg, Belgium, Estonia, Ireland and Finland). The companies or organizations of these countries are behind of the initiatives to sign these texts. In 2010, these charters were brought together and created a European platform funded by the EU with the aim of disseminating this practice also in other EU member states.

5. 4. Diversity Management in small and medium sized enterprises

In September 2006, the European Commission organized a conference under the title “Diversity in small and medium sized enterprises.” Its key objectives were to respond to the needs of SMEs in regards to awareness raising, information and training on diversity issues. The main materials developed for the participants in the conference included a brochure titled 'Diversity at work - 8 steps for small and medium-sized businesses':

FIRST STEP: ANALYSIS

Think about your business – its strengths, weaknesses, issues and needs.

Research has shown that very few SME owners or managers have time to think about business–development, as they are constantly involved in day-to-day activities. Before starting to implement diversity policies, ask yourself the following questions:

- What is it that makes business strong?
- What weakens this business?
- What problems have recently occurred within this business?
- Are we getting the most out of our managers and staff? Do we have the right mix of skills and experience to meet operational and market demands?
- Does my management style allow others to take responsibility and be productive?
- How diverse is the market place? Is it becoming more or less diverse with demographics, technology and lifestyles change? Are we responding?
- How diverse is the workforce e.g. different characteristics, styles and approaches, working practices, new ways of looking at problems?

- How do we view equality laws (e.g. on the grounds of gender, racial/ethnic origin, age, disability, sexual orientation, religion and belief)? Are they an intrusion to the business or an opportunity for change?

SECOND STEP: RECRUITMENT

Move away from staffing decisions based on personal and subjective values.

Research has shown that negative outcomes result from an emphasis on the personal values, attitudes and beliefs of the business owner. Personal values can lead to costly recruitment mistakes and to discrimination (whether conscious or not), which may result in legal problems that could harm the business.

How to do it (Recruitment):

- Describe the skills, knowledge and experience that the business needs to fill a specific job or role.
- Design a “job description” that outlines the skills and experience needed for the job.
- Check that the job description does not exclude anyone because of their racial origin, nationality, religious beliefs, gender, sexual orientation, age or disability

Additional Steps for Small and Medium Sized Enterprises (SMEs)

- Adapt your methods to allow (and encourage) disabled people to apply.
- Avoid “word of mouth” recruitment processes. Consider a range of advertising methods (e.g. job center, national, local or “community” newspapers; schools, colleges or universities; community organizations; commercial recruitment agencies; news boards in retail outlets; website/internet).
- State that you welcome applications from all sections of the community
- Do not give age limits or ranges in job advertisements.
- Talk informally about the job to potential candidates. This will help to include people that may be worried about their age, gender and/or disability, etc.

Benefits:

A better match between your business needs, job roles and staff profiles. This can also lead to better staff retention and increased innovation.

THIRD STEP: NEW MARKETS

Explore new/potential markets. Consumer diversity requires staff diversity – not simply in terms of age, ethnicity, and ability, but also in terms of reflecting the changing motivations and lifestyles of the market place, in all its forms.

Research indicates that many SMEs are being constrained by focusing on their existing market base. This means that these firms limit themselves to a fixed, known market and they do not benefit from much broader market opportunities. This is a result of establishing routines and a lack of internal diversity restricting new ideas.

How to do it:

- Recognize the diversity and scale of the potential market place you can appeal to (the age range, the sexual orientation, the ethnic range, disability).
- Research the needs of the different groups within the potential market place.
- Seek feedback from clients/customers across target markets and develop advertising materials that are accessible to all.
- Recognize the potential benefits of matching personality, age, background and style of front-line staff with customers/clients
- Discover and utilize new media opportunities (e.g. “pod Casting” local magazines, social groups) to focus marketing on new groups.
- Consider workforce training and business accreditation in recognized qualifications and awards related to dealing with specific groups (e.g. Sign Language of the Deaf).

Benefits:

Increases access to new markets with opportunities for products/service development and diversification.

FORTH STEP: CLIENT/CUSTOMER NEEDS

Put client/customer needs at the forefront of your business strategy and planning process. This will ensure that the broad diversity of customers/client need is reflected within the planning process; requiring your business to consider how to respond (in terms of staff profile, staff creativity, staff attitudes and staff training and development needs).

How to do it:

- Feed diversity market research directly into product and service developments

- Develop accessible external communications systems that allow for feedback and new ideas from customers/clients (both existing and new). Integrate the feedback into a regular business review process

FIFTH STEP: INTERNAL COMMUNICATION

Develop strong internal communication systems

Many SMEs are constrained by poor communication between owner managers and staff. Internal communication systems should be developed to allow and promote the free flow of ideas, knowledge, information and solutions.

How we do it:

- Plan regular staff meetings – these can have a business or social focus – but make sure they do not exclude people either because of time or location. It is also important to have structured meetings with an agreed agenda that is facilitated to allow fair and equal discussion.
- Allow and encourage staff to suggest ideas, anonymously if necessary, through written and verbal channels. (e.g. bulletin boards, “drop box”)
- Use the appraisal system for staff feedback.
- Ensure that staff confidentiality is protected.

The recognition (and application) of the diversity of ideas, knowledge and different perspectives holds within the business and increases staff involvement and commitment.

SIXTH STEP: IMAGE AND REPUTATION OF THE ENTERPRISE

Use your commitment to diversity as a business tool in terms of reputation, PR and winning business (particularly from larger and public-sector firms)

Research has shown that large firms and public organizations increasingly require SMEs to submit information on their equality and diversity policies in tenders for work.

Having these policies in place has shown to assist SMEs in winning contracts for work.

How to do it:

Through the development of formal diversity policies – but keep it simple:

- Prepare with your staff a brief review of the diversity whose implementation over the year will help employees (e.g. flexible working around religious holidays).

- Set out a training plan and record any training related to diversity issues.
- Specify the measures you have put in place to select and recruit new staff.
- Include diversity statements in your brochures, handbooks and company guidelines, as you might do with health and safety issues.
- Monitor and record information on your staff and customers. Start with this as a baseline for your strategy, coupled with an annual review to assess and reflect your movement towards increased diversity. For a lot of EU member states data collection of a personal nature is a very sensitive subject – indeed in many countries no such data is kept by employers.

Benefits:

Increased linkages with local/national/international supply chains and improved business opportunities.

SEVENTH STEP: EVALUATION

Evaluate the potential costs and benefits of implementing diversity policies.

The implementation of diversity policies will require time and resources and its benefits need to be highlighted. Evaluation should be a joint process to help owners, managers and staff to understand why these steps are being undertaken, to sustain commitment to the process and encourage future development of these policies.

How to do it:

- Think about what you will need to put into the process (costs) in terms of management time and business resources.
- Think about what the outcomes might be e.g. improved communications, better staff relations etc.
- Think about the potential benefits e.g. solutions to labour shortages; avoiding staff problems such as stress and absenteeism; access to new markets; improved performance in existing markets; access to talent; getting the most out of existing staff; increased innovation and creativity; improved reputation.
- Review this on an annual basis.

Benefits:

Effective, systematic measurement of the costs and benefits of workforce policies is essential to sustain existing programs and to build the business case for greater investment, especially by “non-users.

EIGHTH STEP: EXTERNAL SUPPORT

Seek external support to help you to adopt diversity processes.

Most owners tend to refer to their accountant, solicitor or close relations. However there are many other public and private institutions that offer professional help; mostly at minimal cost in the case of public subsidized services (particularly those funded by the European Social Fund). Your local authority will be able to provide information on these. Trade organizations, chambers of commerce and professional institutions are also very useful sources of information, along with mainstream union institutions. In many cases, your financial institution (bank) will be able to point you to the right direction.

How to do it:

- Start with a contact you can trust and find out who is best placed to help you.
- Discuss the needs of your business openly with an external contact who will be able to see your business through new (and independent) “eyes”.
- Work with the contact to identify links between the key business issues and specific HR policy areas and to develop formal HR policies and approaches.
- Discuss these policies with other managers and staff members.
- Engage the contact in the development, implementation and ongoing review of these policies.

Benefits:

The benefits of a more formal approach are highlighted throughout this document.