

MODULE 5: DIVERSITY AND ECONOMIC ACTIVITY

This module is recommended for a training to migrants who are staying long-time in the host country and/ or are active community members.

Time: 1 hour

Objectives:

- Introducing the importance of diversity in the labour market.
- Introducing the importance of diversity in business world.
- Explaining the importance of diversity in regards to
 - staff composition
 - managerial team composition
 - workplace relations
 - general management
 - understanding the market – clientele – consumption and their needs
- Discussing SMEs and diversity.
- Presenting benefits and challenges of diversity in SMEs.

Materials:

Projector

Slide PP 5.1, PP 5.2

Flipchart

Markers

Cards/ paper

Tape

INSTRUCTIONS

- 1) Trainers ask the group to explain how they understand diversity in the labour market.
- 2) Trainers ask the group to share their thoughts on diversity in the labour market – is it important/ good/ useful and why?
- 3) Trainers take notes of the answers on the flipchart.
Or
Trainers pass cards/ paper and ask the trainees to write their answers. Trainers collect the answers and post them on the flipchart/ wall/ board.
- 4) Trainers discuss the responds.
- 5) Trainers ask the group to explain how they understand diversity in the business world and how it differs from diversity in the labour market.
- 6) Trainers ask the group to share their thoughts on diversity in the business world – is it important/ good/ useful and why?
- 7) Trainers take notes of the answers on the flipchart.
Or
Trainers pass cards/ paper and ask the trainees to write their answers. Trainers collect the answers and post them on the flipchart/ wall/ board.

- 8) Trainers discuss the responds.
- 9) Trainers present PP 5.1 & PP 5.2 and discuss them.
- 10) Trainers explain the importance of diversity specifically in regards to
 - staff composition
 - managerial team composition
 - workplace relations
 - general management
 - understanding the market – clientele – consumption and their needs.
- 11) Trainers discuss SMEs and diversity presenting the benefits and challenges of diversity in SMEs.
- 12) Trainers are encouraged to use any of the activities below, depending on their time, if they are implementing an extended version or not, and on what they find useful for the group, taking into consideration also if the group is newly-arrived migrants or migrants who have already been in the country for a long time. For the current version of 7hour training, it is recommended that they use only 1-2 activities. For migrants who have been staying for long time in the host country and/ or migrants who are syndicalised and/ or migrants who are active in their communities and/ or otherwise active in issues of integration in the workplace, all activities are recommended. For migrants who do not have such experience and/ or newcomers, activities A or/ and B are recommended.

Notes for trainers

Diversity in the labour market

Labour markets are increasingly becoming more diverse as a result of rising migratory and refugee movements, women's greater participation in employment, and growing recognition of other minorities and/or vulnerable groups, such as disabled persons, the elderly, children, the Roma and the LGBTQI+ community. The continuing internal migration of EU citizens from one member state to another is an additional factor contributing to the diversity of the workforce of EU societies.

According to the latest Report of the Department of Economic and Social Affairs of the United Nations, in 2017 there were around 258 million international migrants in the world, representing 3.4% of the total world population. Of these, almost 26 million were refugees and asylum seekers. In the European Union, there were 21.6 million international migrants, representing 4.2% of the EU-28 population. In the same year, the median age of international migrants was 39 years, which was lower than that of the overall population of host countries. In the EU, the median age of the population was 42.8 years.

Although migrants and refugees represent a small minority of the total world population and of individual countries, their contribution to the economy, society and culture of receiving countries is widely acknowledged to be invaluable. Nevertheless, especially in view of the economic crisis and the rise of extreme right and neo-fascist forces, migration and asylum are increasingly at the top of global, regional and national political agendas. The migration and asylum policies in many EU countries and their inadequate, ineffective or totally lacking integration policies and measures deprive migrant workers of basic labour rights and subject them to discrimination and extreme exploitation, including trafficking for labour and sexual exploitation. Thus, while, on the one hand, migrants are the largest contributors to the much-celebrated and valued diversity in the labour market, on the other, they are institutionally and systematically excluded from the benefits of this diversity, they are discriminated against and treated unequally. While it is more than apparent that this dichotomy poses considerable challenges for all relevant actors, enterprises/ employers and their organisations as well as the relevant government services have the largest share of responsibility in addressing these challenges.

Diversity in the business world

It is important to highlight that diversity in the business world concerns not only workforce and it is not limited to choosing staff members from diverse backgrounds/ with diverse characteristics. Employing staff members that belong to socially vulnerable groups is important, but it is not enough when they are restricted to low ranks. Diversity must also be reflected in the managerial team composition, it must guide the workplace relations and the general management and it must be taken into consideration in understanding the market – clientele – consumption and their needs as clients/ consumers are also a diverse group.

Research suggests that business leaders who have a customer perspective respond better to market progress, as they can better comprehend its needs and adapt to changes. Diverse working teams, especially when they reflect the market (customers and possible customers), are more likely to keep up with the market's changing needs and demands.

Moreover, research suggests that workers from socially vulnerable groups, such as ethnic minorities and LGBTIQ* persons, have a higher job – life satisfaction when their workplace is more diverse. This is because a more diverse workplace, in which workers from socially vulnerable groups participate, works away prejudices and discrimination, lifting workers' self-esteem and confidence. In a diverse workplace, workers from socially vulnerable groups are more likely to find a supportive environment. In such an environment, workers feel safe to voice unconventional ideas and thus, be creative and innovative.

Furthermore, research shows that having workers from socially vulnerable groups in the leadership improves problem solving, as their experiences add to their perspectives, improving the perspective of the company. In a diverse group, members can challenge and question one another, offering diversity of views, broader thinking and consideration of alternatives. In this way, the quality of work is also improved.

White men, from similar socioeconomic backgrounds, currently dominate the leadership of the business world. This causes companies to limit themselves in specific perspectives and results in rigidity and inflexibility.

SMEs and diversity

In 2010, the European Commission, in promoting diversity management in companies across Europe, launched the European Platform of Diversity Charters and published the "Practical Guide to launch and implement a Diversity Charter" (2015). The Guide encourages companies in Europe to sign a Diversity Charter on a voluntary basis for combating discrimination and promoting diversity in companies. Diversity Charters are adapted on the needs and priorities of each country and are culturally specific.

Diversity management is the strategic company/ organisation approach that includes initiatives and actions for creating a diverse and inclusive workplace, and promotes equal treatment and diversity awareness throughout the work process. This approach aims at improving productivity, competitiveness and reputation of the company/organisation as a whole, by recognising the positive particularities of all its employees.

While it is commonly accepted that large companies play the leading role in adopting diversity management policies, the big challenge is the adoption of such policies by small and medium-sized businesses (SMEs), in view of their sheer number and share of the market.

SMEs may each individually have limited staff, but together they employ 88.8 million people (66.8% of the active population in the EU). There are some 21.2 million SMEs in the EU-28 (99.8% of all European businesses). SMEs are thus the backbone of the EU economy. As such, they represent a powerful and decisive lever for change. Moreover, their operating scale renders them more flexible and more open to innovation. Due to their small size and greater flexibility, SMEs can achieve quicker results than larger corporate groups. Consequently, without the active involvement of SMEs, the drive for diversity management in the EU will be condemned to remain marginal.

The following specific characteristics of SMEs should be taken into consideration when related to diversity management policies:

- They employ small workforces (6.8 staff members on average), often including family members.
- They usually have limited or no Human Resource Management processes, means and time to implement efficient and integrated diversity policies.
- They have more urgent operational concerns and usually fear to commit to diversity because they consider diversity management policies too burdensome and too logistically and strategically demanding.
- They are often characterised by economic insecurity and, therefore, more urgent operational or even survival concerns than a diversified workforce.
- They often feel discouraged by the magnitude of the challenge. Diversity management is deemed as too intellectually and logistically demanding by SMEs.

In order to put some order to ongoing diversity initiatives and to promote the development and implementation of new ones, some fundamental guidelines were delivered specifically for SMEs through the “Diversity at work. A guide for SMEs”:

- Looking at your business: owners are encouraged to take time to consider the strengths, threats, weaknesses and opportunities their business face, set some goals about it (e.g. improving customer feedback) and define the steps to follow. SMEs do not need to start with big and complex strategies. Small initiatives can be a great start!
- Recruitment from a more diverse pool of talents: One of the key concerns for SMEs is recruitment, either not being able to get someone or employing the wrong person. This is because owners mostly use “word of mouth” and make recruitment decisions based on whether they “like” the person (gut-instinct).
- Getting new customers and accessing new markets: To reach a diverse customer base, requires employee diversity or at least an understanding of how diverse customers can be. This could be in terms of age, gender, faith, ethnicity, sexual orientation or ability, and an understanding of the changing motivations and lifestyles of the market place.
- Planning the business based on demand: This means essentially putting customer needs at the forefront of any business planning.
- Improving communication with employees: Research shows that whilst most SMEs, and particularly micro business, do benefit from an informal and flexible approach towards how employees are managed, this informal atmosphere can also be a problem for some staff who might not be able to get involved (for various reasons) and therefore become excluded.

- Getting a better image and reputation: Commitment to diversity (better employer, customer sensitive) can be used as a business tool in terms of reputation and winning business (particularly from larger and public sector firms).
- Evaluation: As with anything you do that affects the business, it is important to think about what impact it has had and for what cost (time, effort, resources).
- Getting help and support: For trusted advice, most owners tend to refer to their accountant, financial advisor, solicitor or a close relation. However, there are many other public and private institutions that offer professional help mostly for no cost or a minimal fee if you want personal support.

Benefits and challenges of diversity in SMEs

Diversity practices that are considered to be affective are focused on:

- Recruitment of employees with a wide range of backgrounds, characteristics and experiences.
- Development of a respectful environment in which the characteristics of each employee are respected and embraced.
- Provision of equal opportunities to all in order to achieve their full potential.

It has also been demonstrated that diversity increases productivity and enables companies more access to new and/ or specialised markets. The documentation of the link between diversity and productivity has led many companies to implement specific programmes and policies to encourage the recruitment, integration, promotion and retention of people who belong to migrants and other vulnerable groups.

Moreover, preventing and combating discrimination at work as well as respecting and promoting diversity are viewed as determining factors in improving quality at work for employees.

Consequently, the quality of work is perceived as a multidimensional concept, which takes into account the wider environment of the workplace and several specific characteristics of the job position including: gender equality, integration, polymorphism and non-discrimination, connection between the individual characteristics of workers and the requirements of employers in order to achieve the satisfaction of all parties at the workplace.

Companies/ organisations that apply active policies for diversity consider that respect for diversity within enterprises brings a competitive advantage as:

- It strengthens cultural values within the company.
- It enhances positive brand image and corporate reputation.
- It creates more incentives and therefore, greater efficiency among the staff.
- It enhances innovation and creativity among workers.
- Employee diversity can make firms more open towards new ideas and be more creative
- It helps to attract and retain top talents.
- It improves responsiveness to clients' needs and expectations.
- It supports access to new and/ or specialised markets.
- It contributes to the better adaptability of the company to change.

Challenges:

- People tend to feel more secure with what they already know and to fear difference. If not properly managed, diversity may cause feelings of distrust, dissatisfaction and conflict, which may also lead to increased costs if not treated properly.
- On the other hand, employees with a profile that is different from the norm may feel threatened too, if they face a hostile encounter.
- Also, employees with a profile that is different from the norm may feel ignored if their needs are not properly addressed.
- Interaction and communication between two or more different groups might be difficult if not properly addressed.
- Cultural differences must be bridged in a way that both/ all cultures are respected.
- Integration of employees with a profile that is different from the norm must be carefully and satisfactorily planned and facilitated.
- Recruitment challenges – SMEs cannot employ a big number of employees and often, they are family businesses.

Further reading:

Megan Smith & Laura Weidman Powers. *Raising the Floor: Sharing What Works in Workplace Diversity, Equity, and Inclusion*. The Obama White House. 28 November 2016.

<https://obamawhitehouse.archives.gov/blog/2016/11/28/raising-floor-sharing-what-works-workplace-diversity-equity-and-inclusion>

Vivian Hunt, Dennis Layton & Sara Prince. *Diversity Matters*. McKinsey Company. 24 November

2014. [https://boardgender.org/files/MyKinsey-DIVERSITY_MATTERS_2014 - print version - McKinsey Report.pdf](https://boardgender.org/files/MyKinsey-DIVERSITY_MATTERS_2014_-_print_version_-_McKinsey_Report.pdf)

Activity A: Identifying diversity in the labour market/ business world and its aspects

Time: 30 minutes

Materials:

Flipchart

Markers

Pens

Note-books

Projector

Slide PP 5.1 & PP 5.2

INSTRUCTIONS

1) Trainers ask participants to form groups or couples to discuss the following questions:

- Diversity in the labour market.
- Diversity in the business world.
- Do you think diversity in the labour market/ business world is important and why?
- How do you think SMEs can promote workplace diversity and why?
- What challenges do you think SMEs may have with diversity and how can they overcome them?

- 2) Trainers give couples/ groups 5 - 10 minutes for each question and ask them to share highlights of the conversation aloud.
- 3) **Trainers take notes on the flipchart.**
- 4) **Trainers show slides PP 5.1 & PP 5.2 and discuss them.**

Activity B: Sharing personal experiences

Time: 30 minutes

Materials:

Pens

Note-books

INSTRUCTIONS

- 1) Trainers ask participants to form groups and discuss their own experiences in the labour market as persons with different background(s) from the norm: Have they faced any difficulties and if yes, what kind of? How did such difficulties result? Do they think there could be a better outcome? How? How do they think they can contribute to a SME as persons with different background(s) from the norm?
- 2) Trainers give groups 15 minutes to discuss the above and ask them to share highlights of the conversation aloud.
- 3) Trainers take notes on the flipchart.
- 4) Group discussion.

Activity C – Case study

Time: 20-40 minutes

Materials:

Chart Paper

Markers

Handout 5.2

Notepads

Pens

INSTRUCTIONS

- 1) Trainers ask participants to form groups of 3-5.
- 2) Trainers distribute handout 5.2 to the participants and ask them to discuss it with their group.
- 3) Trainers ask the groups to present their responses.
- 4) Trainers discuss the responses of the groups and add to them, if necessary.

HANDOUT 5.2

You see a job vacancy at a company in your field. You have all requested qualifications and you decide to apply for the job. You are called to an interview. During the interview, you are asked how you can contribute to the company's development and why you think you should be selected among other candidates with equal qualifications. How do you respond?

TRAINERS NOTES

Trainees must be encouraged to identify their characteristics that make them a candidate that could enhance a company's diversity profile. Their migratory background is such a characteristic. Encourage them to identify more – for example, if they are a woman, a Muslim, a disabled person, an LGBTIQ* person, etc.

