

## DAY 4. DIVERSITY MANAGEMENT IN SMES

### 4.1 PRESENTATION OF DAY 4 ACTIVITIES AND EXPECTED LEARNING OUTCOMES

With a more specific knowledge of what Diversity Management actually is, the attention of this day will be mainly focused on SMEs and how DM may be particularly useful for small business realities. There will be described the main difficulties faced by SMEs but also the main opportunities that these have when approaching ethnic and cultural diversity. In the same realm, participants will get to know the **Guide for the Implementation of Diversity Management Practices in SMEs** of the European Union and will get to know better also the **Diversity Chapters** already existing in the different participant countries. Examples and good practices of Diversity Management in big corporations and in SMEs will be described and discussed. Finally, participants will continue to work on their Diversity Management project proposals.

The main expected learning outcomes for Day 4 are: 1. Learning to contextualize the previous acquired knowledge on Diversity Management for SMEs; 2. Identifying the particularities that characterize SMEs and the main opportunities and difficulties that these to implement Diversity Management initiatives; 3. Learning to elaborate concrete strategies of Diversity Management for SMEs and further improve management skills to implement it; and 4. Improving inter-sectorial communication skills to effectively involve all the possible partners involved in the process of supporting a Diversity oriented kind of culture.

### 4.2 THE IMPORTANCE OF DIVERSITY MANAGEMENT FOR SMES

A particular sector that may take advantage of the presence of a diversified workforce is the one of SMEs, with immigrant employees as well as with immigrant entrepreneurs owners of SMEs. This factor is particularly important because of the capacities and possibilities that these people with different ethnic and cultural backgrounds may have on developing new products and services (e.g. ethnic restaurants, specific beauty services, new transportation routes, among several others); revitalize activities in decline (local markets, tailor and shoemakers professions for example); addressing immigrant clients and therefore discovering new segment markets; and potentially expand economic activities across national borders (Ambrosini, 2012; Morgan et. al., 2018).

To understand the fundamental role of SMEs in the overall EU economy and the latent potentialities of this sector, we can refer to the **EASME, Executive Agency for SMEs** and the data published by the **SME Performance Review of the European Commission**<sup>6</sup>. According to the last 2016-2017 report, SMEs employed 93 million people, accounting for 67% of total employment in the EU-28 non-financial business sector, and generating 57% of value added in the EU-28 non-financial business sector. Almost all SMEs (93%) were micro SMEs employing less than 10 persons. Within the non-financial business sector, SMEs play a particularly important role in the accommodation and food services, business services and construction sectors, in each of which they accounted for more than 80% of EU-28 employment in 2016. The annual report, prepared on a yearly basis, provides a synopsis of the size, structure and importance of SMEs to the European economy as a whole, provides country comparisons and an overview of the past and forecasted performance of SMEs from 2008 to 2018.

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<sup>6</sup>For further information and data to be specifically presented during the training program for the five participant countries of the MIGRAID project: [https://ec.europa.eu/growth/smes/business-friendly-environment/performance-review\\_en](https://ec.europa.eu/growth/smes/business-friendly-environment/performance-review_en)

Another important source of information is the **Observatory of European SMEs**, established by the European Commission in December 1992. The latest Observatory survey was carried out at the end of 2006 and altogether included 16,339 SMEs (17,283 enterprises in total) that were interviewed. The main results showed that particularly because of the lack of knowledge and foreign markets, fewer than 1 in 10 EU SMEs reported turnover from exports (8%). From these, only 5% of EU SMEs reported to have subsidiaries or joint ventures abroad. These foreign business partnerships, nevertheless, seem to have a positive direct impact on employment in the home countries of EU SMEs: 49% of the involved SMEs confirmed that their partnership does not affect employment in their home country, while 18% reported that it increases and 3% that it decreases their respective employment in the home country. Although, many respondents signalled that competition in their respective sectors have increased, innovation to produce and commercialized new products is a challenge particularly because of the lack of skilled labour. Some of these issues are also faced by larger companies, however, these have the resources to attract and retain the best staff and foster innovation, SMEs usually do not. In this way an agenda focused on Diversity could offer SMEs a more effective approach to attract talents also from minority groups increasing market competitiveness through skills and greater innovation. A diversity agenda can also broaden the potential customer base, expanding the ability of SMEs to sell more products to more customers – a significant contribution when the workforce is too small to allow a diversity of employees (**Diversity for Talent and Competitiveness Report, 2007-2013**).

*Thus, some of the main benefits of implementing a Diversity approach in SMEs are: 1. Attracting, recruiting and retaining talent, especially from immigrants and minority groups; 2. Reducing absenteeism/employee turnover by creating a more emphatic work environment; 3. Increasing creativity/innovation; 4. Increasing client loyalty; 5. Improving business agreements with suppliers; 6. Increasing brand value; 7. Providing visibility/stakeholder trust; 8. Increase company profits; and 9. Accessing to new markets; 10. Supporting the compliance with national and European regulations on anti-discrimination issues; and 11. Conflicts' prevention in the workplace.*

Some SMEs suggest also that a diversity policy can help staff to feel that they belong within the company and thus increase the sense of loyalty and dedication to their job. Others point out that when employees with many years of experience work alongside new employees they can share their knowledge and skills and help young staff to develop more quickly. Those few SMEs that are internationally active can also better relate to and understand the greater diversity of clients, having the opportunity to access new markets. Overall, diversity has been recognised as helping to create a respectable and socially responsible brand also for SMEs.

On the other hand, nevertheless, there are a series of very particular conditions that characterize SMEs and that are perceived as difficulties to implement diversity management strategies and organizational changes in general, thus:

- 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 deem diversity management policies too onerous and also too logistically and strategically demanding;
- They are often characterized by economic insecurity, meaning that they have more urgent operational or even survival concerns than a diversified workforce;

- They often feel discouraged by the size of the challenge. Diversity management is deemed as too intellectually and logistically demanding by SMEs.

The small size of SMEs may seem a barrier to become more culturally diverse, however, it is this small size the one that allows them to have more flexibility and shorter times to implement a particular change or new process. Moreover, nowadays it is possible to receive training from different social partners such as European agencies, trade unions, business associations, academic institutions and to further access to public and private calls to get further funds that may encourage their diversity project. Finally, multinational corporations and large companies are definitely ahead on the experience of diversity but usually they willing to share their experiences, lessons learned and best practices with proactive SMEs.

### 4.3 HOW TO BUILD A STRATEGY ON ETHNIC DIVERSITY FOR SMEs

Just after the last Observatory survey, in 2008 the European Commission funded a study to find out what 'Diversity' means to SMEs. This study covered all 27 EU Member States at that time and consisted of questionnaires and interviews with SME owner/managers from all sectors and sizes. Some of the main results indicated that most SME employers do not recognise the language used by government organisations to describe the idea of Diversity; however, they do a great deal of things related to the actual idea of Diversity, such as flexibility around working hours to promote productivity.

In order to give some order to the initiatives that are already ongoing and to promote the creation and implementation of new ones, some fundamental guidelines were delivered specifically for SMEs through the "Diversity at work. A guide for SMEs"<sup>7</sup>:

**1. Look at your Business:** Take time to consider the strengths, threats, weaknesses and opportunities facing your business. Do this in relation to: • Workforce • Recruitment • Training • Communication • Management style • Customers • Worker Regulations and the Law. Set some goals about it (e.g. improving customer feedback) and define the steps to follow. You don't need to start with big and complex strategies but also with small initiatives.

**2. Recruit from a more diverse pool of talent:** One of the key concerns for SMEs is recruitment: either, not being able to get someone or employing not the more suitable person. This is because owners mostly use 'word of mouth' and make recruitment decisions based on whether they "like" the person (gut-instinct).

**3. Get new customers and access 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.

**4. Plan the business based on demand:** This means essentially putting customer needs at the forefront of any business planning.

**5. Improve 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.

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<sup>7</sup> For further information check also: "Turning Diversity Into Talent and Competitiveness for SMEs". *European Community Programme for Employment and Social Solidarity (2007-2013)*.

**6. Get a better image and reputation:** Use your commitment to “Diversity” (better employer, customer sensitive) as a business tool in terms of reputation and winning business (particularly from larger and public sector firms).

**7. Evaluate what you have done:** 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).

**8. Get 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 such as Municipalities, trade organisations, chambers of commerce, business owner networks, unions and professional associations.

#### **4.4 THE ROLE OF SOCIAL PARTNERS IN PROMOTING ETHNIC DIVERSITY MANAGEMENT AND MIGRANTS’ INTEGRATION**

It is at this point where the role of social partners such as trade unions, employers’ organizations, professional networks and civic associations, among others, becomes fundamental as an external support for SMEs in the promotion of diversity practices, the combat against discrimination, and the facilitation of the integration of immigrants in the labor market. The responses of these partners may vary from legal assistance in particular for (regular and irregular) immigrants to training in different business areas.

For example, during the study “**The Business Case for Diversity: Good Practices in the Workplace**” (2005) commissioned by the European Commission, it was signaled that the role of these intermediaries on promoting diversity in SMEs is mostly related to the provision of information and support on how to recruit the right person for a particular job position for example or other Human Resources Management issues. Another kind of support is by providing guidebooks, brochures, and other information materials in terms of labor legislation; diversity issues; mediation and negotiation mainly with immigrant workers; networking opportunities; and to a lesser extent, financial support for implementing diversity strategies and diversity awards.

However, more specifically, the responses of these social partners are very different in different countries, as it was showed by the empirical research undertaken by the project MIGRAID, where the responses in countries such as Denmark and France clearly showed to be very different to those in Cyprus and Greece e.g.

In Denmark in particular, trade unions, employers’ organizations and local public authorities are all well involved in the design of the integration path for immigrants and refugees; this is done through meetings where representatives from all branches try to identify the obstacles and define solutions for facilitating the process. They also promote diversity in the workplace, stating that cultural diversity can help to create a better, more dynamic and more attractive workplace.

In France for example, the four main Confederations of Trade Unions are committed promoting solidarity with foreign workers both at the legal level with the defense of acquired rights and at the social level trying to combat exclusion and exploitation. The associations create partnerships with public employment services, adult education organizations and companies. They carry out actions in the direction of the partners identified, exchanges between reference people of projects and professionals via technical committees, raising awareness of the actors, providing interpreters, training in French immigrants and refugees for example in terms of support for employment: assessment, construction of a professional plan, job research techniques, preparation of interviews,

meetings with employers, etc. There are also language and/or vocational training centers providing training and orientation courses. Lastly, they have developed a support on the workplace: accompanying migrants throughout the contract, liaison with the employer. Moreover, the network of companies and organization grouped through the Charte de la Diversité are among the most active ones in the promotion of diversity practices within the workplace.

Different, nevertheless, is the case of Greece and in particular of Cyprus; in both countries, trade unions in particular show to be involved in the promotion of diversity, the integration of immigrants and the combat towards discrimination. Specially in Greece, the educational and counselling programs of social partners are the most consistent effort in empowering working migrant populations. At the level of advocacy and policy making, social partners are involved in institutions such as the Economic and Social Committee (OKE) and the National Human Rights Commission (EEDA). Their involvement has actually contributed to the creation of a climate of social dialogue and have stated a clear condemnation of racism and discrimination in the workplace towards immigrants and, more recently, refugees, by a clear reference to the most recent general collective labor agreements.

In Cyprus the climate is even harsher, it does not exist a National Action Plan in terms of immigrants' integration, the resources in this topic are limited, and the role of trade unions and civic organizations becomes one of merely consulting without the support of employees and local/national authorities. In terms of the promotion of diversity within SMEs, the interference of social partners could be still seriously improved. The Report on the European Platform of Diversity Charters (that will be explained in the next subtitle) indicates for example a lack of interest of Cypriot companies and organizations to join the Platform. This gap of interest is not irrelevant with the prevailing migration system in the country as well as the lack of political will to combat discrimination and racism. It seems that diversity management in companies and organizations in Greece is not a priority as well, although some large companies have adopted diversity charters on their own initiative. The economic crisis hit hard both countries, Cyprus and Greece, and as a consequence during the recent years such situation not only fostered the rise of nationalist and racist, far right movements but also pushed to the background the regulation of social issues, diversity issues and diversity management.

#### **4.5 DIVERSITY CHARTERS**

Continuing the topic of where to get support outside of the own company/organization, it is necessary to mention one of the more important European initiatives to consider when speaking about Diversity. Thus, the **Diversity Charters**, that are voluntary initiatives that help companies and public institutions to unlock the potential of diversity in terms of race, ethnicity, sexual orientation, gender, age, disability and / or religion. Signing a Diversity Charter is a valuable starting point for companies wishing to start their journey in the field of diversity and provides a basis for developing pre-existing policies; this is because one of the main goals of these Charters is to promote the constant research and diffusion of the conscience of the problems linked to diversity, as well as to offer training and consultancy services.

Since 2005, seven Diversity Charters have been established in Europe, supporting and promoting best practices in managing diversity across thousands of multinationals, SMEs and public organizations. These Diversity Charters are based on the principle that Diversity Management, implemented through the respect and recognition of the diversity of workers, is a strategic indicator of good performance. Operating nationwide and financially sponsored by a number of public and private government organizations, the Diversity Charters also provide a "trademark" that indicates commitment to the issues of Diversity Management, and that may be very relevant for the company's reputation.

In 2010 the Diversity Charters across Europe joined together to create a platform funded by the European Commission for the project "*Support for voluntary initiatives for the promotion of diversity management at work in the EU*"<sup>8</sup>. Getting to know better the Diversity Charters present in the own country may become an important source of information for the initiatives of the participants, as well as a productive way to be part of a networking that is seriously interested in promoting diversity as a business strategy:

### **Denmark**

The Danish Charter for Diversity is the unifying body of several regional and local charters in Denmark. The Copenhagen Diversity Charter was launched in 2011 and reached 500 signatories in less than two years. In 2014 the experience from Copenhagen was passed on to the second and third city of Denmark, Aarhus and Odense, which set up diversity charters of their own with 640 signatories between them. For further information: [www.mangfoldighedscharter.dk/](http://www.mangfoldighedscharter.dk/)

### **France**

The French Charter of Diversity, launched on 22 October 2004, was the first document of its kind to be signed in Europe, paving the way for many other initiatives of the same kind. The Charter has been supported by large organizations, corporate networks and government agencies, and focuses on raising awareness among SMEs and micro-enterprises. The creators of the Charter were Claude Bébéar, AXA Managing Director and President of the Montaigne Institute and Yazid Sabeg, Chairman of the SSII Board of Directors. For further information: [www.charte-diversite.com](http://www.charte-diversite.com)

### **Italy**

The Charter for Equal Opportunities and Equality at Work was launched on 5 October 2009 after the initiative of the Sodalitas Foundation with the active support of the National Equal Council and the National Equality Council. The Steering Committee unites other ethical guidelines for Family/AIDAF, Women/AIDDA, Christians/UCID and Cooperatives/Imprint Ethics. The initiative was supported by the Minister of Labour and Social Policies, Maurizio Sacconi, and the Minister of Equal Opportunities, Mara Carfagna, at that time. For further information: [www.cartapariopportunita.it](http://www.cartapariopportunita.it)

## **4.6 SUCCESSFUL CASES OF ETHNIC DIVERSITY PROMOTION IN SMEs AND OTHER SOCIAL PARTNERS**

Successful cases of Ethnic Diversity (and other manifestations of Diversity) Management have been widely observed among big corporations and large companies. The implementation of such initiatives are favored by several particular characteristics of these companies such as the size itself, the amount of transnational activities and international exchanges, the variety of the markets in which they have activities as well as the variety of products and services offered, the complexity of their Human Resources Department (that in many cases comprises also a Global Mobility Department), the amount of human and economic resources that may be invested in diversity related activities, among others.

Although it would be difficult for SMEs to reply strategies or even single initiatives similar to the one of these business realities, undoubtedly they offer good examples, fruitful information and in many cases direct support for the small companies that are interested in developing a multiple steps-path towards Diversity Management. Some case studies from big companies may be found in Cocozza & Cimaglia (2010):

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<sup>8</sup> For further information on the platform: [https://ec.europa.eu/info/policies/justice-and-fundamental-rights/combating-discrimination/tackling-discrimination/diversity-management/eu-platform-diversity-charters\\_en](https://ec.europa.eu/info/policies/justice-and-fundamental-rights/combating-discrimination/tackling-discrimination/diversity-management/eu-platform-diversity-charters_en)

- **Kodak Corporate** has promoted an e-learning program on the broad theme of diversity and specifically on the prevention of harassment for all employees: <https://www.kodak.com/IT/it/corp/aboutus/careers/diversity/default.htm>
- **Deutsche Bank** has activated the program "Intercultural Diversity Program: a concrete support for the insertion of foreigners arrived in Italy from various countries in which the Deutsche Bank Group is based: <https://www.db.com/cr/en/our-people/diversity--management.htm>
- **Ikea** has devised a path to enhance diversity in order to stimulate reflection on the obstacles that may arise in the management and implementation of Diversity Management policies. With the project "Pluralità" (Sesto Fiorentino, Italy) the company has decided to enhance the heterogeneity of the workforce as a fulcrum on which to trigger change dynamics and stimulate the creativity of its employees. In pursuing this, the managerial levels have oriented the company policies towards a system of human resource management based on the creation of a representative body of the population in the area where the Store is located, thus activating intercultural integration processes between natives and foreign employees: [https://www.ikea.com/ms/it\\_IT/this-is-ikea/working-at-the-ikea-group/index.html](https://www.ikea.com/ms/it_IT/this-is-ikea/working-at-the-ikea-group/index.html) and <https://www.tesionline.it/default/tesi.asp?id=9103>
- **Accenture** has developed a complete strategy on Diversity Management. Notably, the company created a program called "Great Place to Work for Women", which aims to promote, recognize and enhance the female approach to work and the "gender difference" in terms of culture, skills, leadership style and how resource to generate real added value for individual individuals and organizations. Furthermore, it created a program designed to mentor minority college students called "Commitment to Empower Successful Students". Moreover, the company is very much committed with the training of its employees, many Accenture people have attended core training courses at the Q Center, outside of Chicago, Illinois, or at one of the regional training centers near London, England and Kuala Lumpur, Malaysia. At these locations, employees from around the world have the opportunity to gather and learn from each other, collaborate, and build professional collaborations. Such training, nevertheless, continues online with over 20,000 online courses, virtual classroom courses, and other learning resources to meet almost any business need: <https://www.accenture.com/us-en/company-diversity>

However, it is also possible to find successful example of Diversity Management practices within Employers' Organizations, Trade Unions and other kind of social partners, for example:

**AHEAD, Accompanying handicraft entrepreneurs against discrimination. Confartigianato. Roma, Italy:** Together with various other actors and involving direct beneficiaries (immigrants), this very ambitious initiative focused on supplying SMEs with proper instruments to promote a cultural change so to avoid the arising of discriminatory attitudes or behaviour. Through an integrated strategy, the Development Partnership carried out the following activities: 1. Direct interviews with a sample of immigrant employees; 2. Training program for employees on the needs and wishes of immigrants who are already tied to the labour market and of those who wish to start their own business; 3. Information campaign with the spreading of multilingual materials on the opportunities for the immigrants who intend to become entrepreneurs; 4. Drafting of business codes of behaviour; 5. Creation of an information desk within Confartigianato and UniCredit for the development of immigrant entrepreneurialism; 6. Publicity activities including opening and closing conferences, anti-discrimination and best practices manual; and 7. Training activities for 42 managers and employees. For further information: <http://www.immigrazione.confartigianato.it>

**Forum "Égalité des chances". Confédération Générale des Petites et Moyennes Entreprises – CGPME, France:** This campaign employed media, public events and training in the enterprises to promote diversity awareness, fighting stereotypes and rising employability. The initiative "Egalité des chances" formed part of the "Tour de France de la Diversité" and it brought together enterprises in

contact with people from areas with high unemployment and who face enormous difficulties in entering the labour market/finding their first employment. One of the main objectives was to animate a debate including regarding the advantages for a company to take the diversity as one of its organization pillars. <http://www.annemasse.fr/Economie/Emploi-et-egalite-des-chances/Forums-de-l-Emploi/FORUM-DE-L-EMPLOI-ET-DE-L-EGALITE-DES-CHANCES-DU-MERCREDI-25-AVRIL-2018>

**Proexport:** Association of Producers and Exporters of Fruit and Vegetables in the Murcia region of Spain: The partners decided to support and recognise the efforts of its workers of 104 different nationalities through the production and publication of an international recipe book entitled: “Sowing flavours”. In collaboration with NGOs and the Torre Pacheco Town Council, the process of compiling the workers’ recipes was organised to reflect the cultural diversity of the Murcia countryside and to provide readers of the text with the best tips for turning our kitchen into a melting pot of cultures. For further info: [www.proexport.es](http://www.proexport.es)

Different examples can be also found among SMEs or among companies that have started as SMEs: **Agromartín, Huelva Spain:** This agricultural company was born in the 70s as an SME and it is a good example of the way in which diversity management has improved the diversity of its workforce and the capacity to reach different foreign markets. With a part of its workforce made up of foreign workers, this company has done something as simple as being concerned on the characteristics of their workers, knowing about them, their personal situation, celebrating good news, birthdays, parties, etc., i.e. generating a good environment in the workplace, makes up for the loneliness that many workers far from their family and home feel. What a positive work environment produces are a more committed workforce and increased productivity. For further info: [www.agromartin.com/](http://www.agromartin.com/)

**Convers Télémarketing, Nice France:** It is a French call centre employing about 160 people. Convers Télémarketing has several specificities as a call centre. Firstly, it is specialised in a high added-value niche market (which is B2B telemarketing campaigns). Secondly, its workforce is unusually diverse and stabilised (with low turnover). Attracting and retaining employees with a strong intellectual profile independently of their ethnic origin and an atypical working hours-schedule and heavy responsibilities outside work was made possible by several of Convers Télémarketing’s specificities. The first specificity is that Convers Télémarketing offers à la carte working hours. Flexitime is a new type of work arrangement under which employees can choose when they work, subject to achieving total daily, weekly or monthly hours and subject to the necessary work being done. At Convers Télémarketing, according to their needs, preferences and wishes, employees can choose between 20, 25, 30 or 35 weekly hours. <https://www.societe.com/societe/convers-telemarketing-420018178.html>

#### 4.7 TEAMS WORK TOGETHER TOWARDS A COMMON DIVERSITY MANAGEMENT PROPOSAL

During the last part of **DAY 4** and following the work that they have developed during **Day 2** and particularly during **Day 3** with their own teams, participants will be asked to perfectly identify the **benefits and the difficulties** to implement their Diversity Management proposals in the organizational context that they have previously chosen. Furthermore, they will identify the most efficient ways to **involve different relevant social partners** that may work together to successfully implement their proposal, and will develop a brief **communication strategy** in order to promote the active participation of such stakeholders.

During this day participants will complement the analysis of their own case study and will enrich their proposals with concrete initiatives according to the guidelines proposed in the “**Diversity at work. A guide for SMEs**” (pages 44 and 45 of this Training Curriculum). Finally, they will be asked to filled in the **Diversity Checklist** as a further reference point (see the Manual “Turning Diversity into Talent and Competitiveness in SMEs” (pages 55 and 56, that can be downloaded from the website of the European Commission: <http://ec.europa.eu/social/BlobServlet?docId=1703&langId=en>); and will work on the format of the **Final Presentation** of their proposals for the last training day.