



An initiative of the European Union

Diversity at work

8 steps for small and medium-sized businesses



For Diversity



Against Discrimination

The aim of this Brochure

The aim of this brochure is to help owners and managers of micro, small and medium-sized enterprises (MSMEs) who are new to the issue of diversity to adopt some form of approach, or for those already involved to build upon what they have already achieved. The guidance is designed to be flexible and general so that it can be applied to the majority of MSMEs irrespective of sector or location. The different suggestions are presented in such a way to allow companies of any size to select some or all of the ideas to establish a tailor made approach to diversity. Considering that micro companies represent over 90% of all SMEs, this information is designed so that it can be used selectively by those with very little resources to spare and by those who already have established formal diversity procedures in place. The guide focuses on the basic elements of diversity: how to avoid staffing problems, generate new business, free up time and increase profitability. The 8 points in the “What You Can Do” section do not need to be considered in order but the first point is a natural introduction to others that follow.



Introduction to Diversity Management

Diversity management refers to a set of conscious practices which acknowledge, tolerate and value difference. Diversity management at the workplace is: an ability to recognise that the differences between people in the workplace and in the marketplace can be turned into business opportunities.

Diversity management means: getting the most out of the people who work for you, not missing out on the talent of people who could work for you, maximising existing markets, providing the potential to expand into new ones and avoiding the types of problems that could seriously affect or even close your business.

General Case Study Example of Diversity at Work to set the Scene

A small furniture manufacturer found it difficult to employ staff with high quality craft skills and its traditional market place was in decline. After adopting a recruitment process aimed at reaching a broad target audience, which included contacting local community and ethnic groupings (done with local authority support), they diversified their workforce by employing skilled trade people from the Asian community.

These new recruits not only allowed the firm to keep up with their existing contracts but also, through their cultural knowledge and linguistic skills, allowed the firm to expand into new markets within the Asian community and increased their turnover by 200%.

What you can do

1. Look at your Business

Research has shown that very few SME “owner managers” have time to think about business development as they are constantly involved in day-to-day activities.

Take time to consider the strengths, threats, weaknesses and opportunities facing your business before starting to implement diversity policies.

Do this in relation to:

- >> **Workforce** – skills, experience, knowledge, culture, age, ethnic origin ... ideas and talent come more from a diverse group!
- >> **Recruitment** – how to avoid errors in employment
- >> **Training** – get the most out of staff and boost morale.
- >> **Communication** – how do people in the firm know what they are doing, how to contribute ideas and how to behave to each other or customers?
- >> **Management style** – how to delegate responsibility and use time resources?
- >> **Customers** – how to establish a larger more diverse base and to take into account client’s feedback?
- >> **Worker Regulations and the Law** – how to get free help and to win new public sector contracts by proactive diversity management

Micro to medium-sized companies can spend as much time as is needed to think about these points and start with a few simple objectives of what you might want to do once you have gone through the different issues – this can be as small as one objective, for example, related to thinking about better recruitment, to considering all aspects of the business. If you have not thought about this before start small, if you are already on the way, keep going and expand your objectives.

Once you have one or as many objectives as you like the following points will help to bring them to life or at least refine them for further action.

2. Recruitment

Research shows that one of the key problems for small businesses is recruitment: either not being able to get the right person or employing the wrong person. This is because owners use “word of mouth” and make recruitment decisions mostly based on whether they like or dislike the person.

Move away from recruitment decisions based on just your personal values and “gut instinct”, they can still count, but approach the hiring of new employees in a more logical way.

Personal values and attitude can lead to costly recruitment mistakes and to discrimination (whether you know it or not) and this can result in legal problems that could close your business.

But get it right and it is more likely you will get someone who you can trust, who can do the job, who contributes to the business and will offer a valuable (sometimes) alternative view point to you. And if you want to win contracts from larger (especially government) organisations, they may even require you to use a diversity approach anyway!

How to do it:

Decide on the skills, knowledge and experience that the business needs to fill a specific job – from these:

- >> Produce a “job description” (providing details on tasks, charges, responsibilities) which outlines the skills and experience needed for the role (a person specification) – if you are uncertain get help (your chamber, local business support, other members of staff, your craft or professional association, local government – see point 8).
- >> Check that the job description does not exclude anyone from applying because you specified they must be from a certain background, racial or ethnic origin, culture, location, age, religion, gender, or not have a disability – however there are certain requirements you can make depending on the job which the law will allow if essential to the tasks involved. If you are uncertain get help.

- >> Adapt your methods where possible to allow (and encourage) as many people to apply as possible, (different languages, web sites that are accessible to blind and partially sighted people, flexibility of interview time or location).
- >> Avoid “word of mouth” recruitment processes. Consider a range of advertising methods such as: job centre; national, local or “community” newspapers; schools, colleges or universities; community organisations; commercial recruitment agencies; news boards in retail outlets; website/internet; trade or professional organisations; government institutions.
- >> State that you welcome applications from all sections of the community.
- >> 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 will also lead to better staff retention and increased innovation/motivation.

Example Case study:

A small high tech company faced competition in attracting good staff from larger, high-profile, firms in the sector. In response they widened their recruitment channels and moved away from “word of mouth” methods. This meant producing a formal job specification for new vacancies (with input from existing staff) and adopting a selection process based on a scoring system, related to the match between the specification and the personal profile of the applicant.

By approaching it in a logical way it allowed them to recruit from a much wider age range than they had done previously, and exploit the experience of an older workforce which the larger companies were overlooking. Plus they were able to apply for contracts from government organisations that required businesses implementing diversity management.



3. Customers and New Markets


Diversity management will provide you with the potential to explore new markets and provide existing customers with a better offer.

To reach a diverse customer base requires staff diversity or at least an understanding of it. This could be in terms of age, ethnicity, and ability and an understanding of the changing motivations and lifestyles of the market place, in all its forms. Big firms have done this for a long time, targeting different markets (ethnic minorities for example) by using personnel with an affinity to a particular customer base, they have also been maintaining customer loyalty and increasing their turnover within their existing customer base by the same methods.

However, research shows that many SMEs are being constrained by focusing on their existing market base. This limits them to a fixed, known, market, which whilst they may have a good personal relationship also leaves them vulnerable and they are unable to benefit from potential broader opportunities.

How to do it:

- >> Recognise the diversity and scale of the potential market place you can appeal to (such as the age range, the sexual orientation, the ethnic range, disability issues, cultural habits of different communities) – could your product or service be adapted to appeal to different niche markets?
- >> Research the needs of potential new different customers (on websites, utilising the diversity of your own staff, friends or family with specific knowledge of other cultures).
- >> Micro businesses and SMEs can have a much more intimate relationship with customers than larger firms. Exploit this relationship and get feedback from customers and develop advertising materials that are accessible and acceptable to all.
- >> Recognise the potential benefits in matching personality, age, background and style of staff who are dealing with customers. Or at least develop some personal knowledge of the people you are dealing with so that you not only can relate to them but also avoid offending them. This is the hook that will catch them and bring them back.

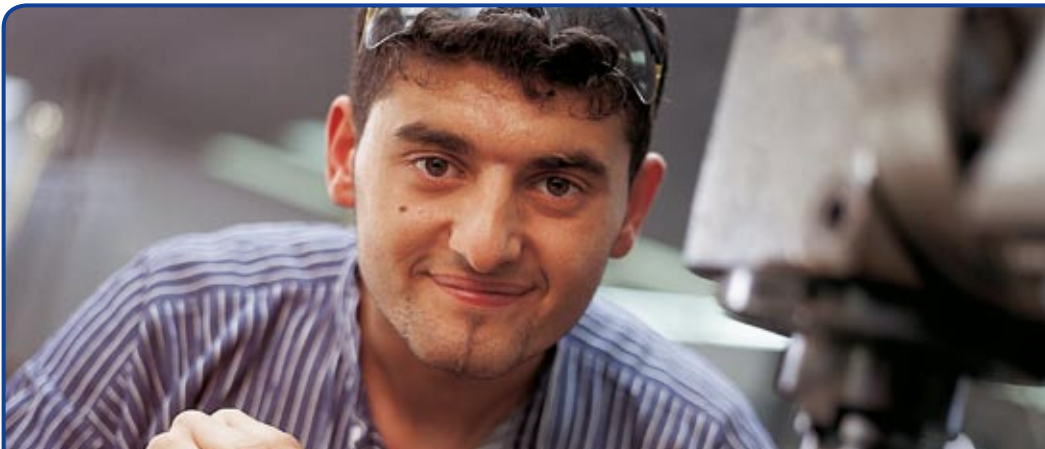
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- >> Discover and utilise new media opportunities (e.g. “Pod Casting”, local magazines, radio, social groups) to focus marketing on new groups. If uncertain get help.
 - >> Some basic training to facilitate dealing with a diverse customer base, for yourself and your staff will help. (finding out about customs and activities of certain groups, about business accreditation in recognised qualifications and awards related to dealing with specific groups).

Benefits:

Increased access to new customers, increased loyalty of existing customers, with the potential for product/service development and diversification for niche markets.

Example Case Study:

A surveying firm could not get access to large sections of its local community to value properties for sale or rent. After looking into the culture of the residents through some simple questions to the local government and an internet search, they realised that their male staff were not being permitted into houses where only females were present. Making sure their female member of staff targeted these areas soon solved the problem.



4. Planning the Business

Some firms can take the activity of feeding customer information into the way the business operates further, by linking customer needs to a business strategy: essentially putting these needs at the forefront of any business planning.

This will ensure that this broad diversity of customer need is reflected within any planning to improve the business; requiring your business to consider how to respond (in terms of staff profile, staff creativity, staff attitudes and staff training and development needs).

This can be as sophisticated as the owner wishes and can range from using customers wishes (gained through informal social interaction) to improve access to a product or service (for example for older clients who have restricted mobility), to conducting structured market research through a customer data base to inform future product or service diversification and a training strategy for staff.

How to do it:

- >> Find out what a diverse range of your customers (and potential customers) require to make them more satisfied – through informal discussions or more formal survey approaches.
- >> Feed this information into your planning and development for the business: try to deliver what people want (within economic reason) from a range of different perspectives so that changes to your business are in line with a diverse range of market demands and do not exclude (where possible) potential customers.
- >> Try to maintain this type of feedback into your plans on a regular basis, either by a professional communication system via Internet or by an annual questionnaire for customer feedback.
- >> If you review your business on a regular basis build this feedback into it, or consider it in relation to other regular occurrences (annual accounts dealing, assessing your cash flow on a quarterly basis, etc).

Benefits:

An evolving business strategy (approach) that meets the (changing) needs of customers and clients, higher turnover and better reputation.

Example Case Study:

An accountancy firm developed its client approach through a bi-annual strategic review process (linked to the business plan), which evaluated how well the business met the previous plan and identified changes that needed to be made. This whole process begins with clients, through an annual satisfaction survey and continues through regular informal discussion/consultation with clients.



5. Communication within the Business

Research shows that whilst most SMEs, including micro businesses, do benefit from an informal and flexible approach towards how staff are managed and business is conducted, this informal atmosphere can also be a problem for some staff who might not be able to express themselves and therefore become excluded. This issue should be tackled in a structured and logical way.

Even though managers of small and micro businesses often have the opportunity to communicate with their employees on a daily basis, it has been proven that a structured approach for allowing communication is essential: as clear internal communication channels promote the “free flow” of ideas, knowledge, information and solutions.

How to do it:

- >> Regular staff meetings (these can have a business or social focus) but make sure they do not exclude people either by time or location. Where possible it is important to have structured meetings, with an agreed agenda, that are managed to allow fair and equal contribution. If these procedures are not possible, then at least try to designate a regular time, even if only for a few minutes when staff can meet and have an input on a particular issue.
- >> Where formal staff meetings are not feasible, allow and encourage employees to suggest ideas, anonymously if necessary (e.g. bulletin boards, “drop box”).
- >> Always ensure that where sensitive issues are being dealt with or where staff require it, confidentiality is protected.

**Benefits:**

The recognition (and application) of a diverse range of ideas, knowledge and perspectives held within the firm, increased staff involvement, commitment and better morale.

Example Case Study:

The introduction of an internal communications system within a manufacturing firm with a dominant male culture enabled sharing of ideas and concerns from all members of the workforce. This included a simple anonymous discussion section on their intranet (where an issue of dealing with flexible working hours for those dropping off children at school was raised and a collective solution was proposed for both male and female employees). This resulted in a dramatic reduction in unofficial absenteeism and increased productivity.

This example has also been adopted in firms that do not have IT resources by using a simple suggestion box for written comments.

6. Image and reputation

Use your commitment to diversity as a business tool in terms of reputation and winning business (particularly from larger and public sector firms). For micro firms diversity means showing you are a good employer by having a small amount of paper work in place as evidence, which in turn will boost your reputation amongst other firms and within your local community.

Large private sector firms and public organisations increasingly require micro businesses and SMEs to submit information on their diversity policies when tendering for contracts, which has been proven to assist firms in winning projects.

How to do it:

- >> Through the development of formal diversity policies. This means even though you may already do most of the things suggested in this brochure it is important to keep a record of what you do. This could simply be a small sign stating your commitment to dignity at work for all in your firm or a one page list of the things you already do in recruitment or training. If you do it have some evidence to show it.
- >> If you want to take the next step it is possible to set some goals of what you want to accomplish. List targets you want to achieve over the next year produced with the help of staff.
- >> If you have any training for yourself or staff planned show how this might include some diversity issues (this could simply be learning about the different cultural habits of potential new customers) and make a note of this for your records.
- >> If you are recruiting staff write down what you have done to follow some of the diversity approaches, this is for evidence but also so you can see what has worked and simply repeat it in future.
- >> Some SMEs can include diversity statements in their handbook or general firm guidelines, similar to health and safety issues. Micro firms can produce a brief statement that diversity and promoting dignity at work is being

undertaken in the workplace. This can be worded to fit the workplace and be part of your documentation evidence. If you are uncertain get help.

- >> For some SMEs monitoring and recording information on staff and customers is very useful to show the range of people employed and served. This can act as a baseline for a strategy, with an annual review to assess and reflect movement towards increased diversity. However, for micro businesses it would be just as useful if you could state that you are aware of the range of people you deal with (covering old, young, background, male, female, etc.) so that you can show your experience and knowledge of the people you come into contact with (a simple percentage breakdown would do).
- >> Recording very specific information about people is a sensitive issue, so keep it at a general level and if you are uncertain get help.
- >> For some SMEs it is possible to state the sort of activities they do as part of a commitment to Social Responsibility and they will use this as a visible tool to attract clients and raise their status. For micro businesses try to record any activity you do that shows your commitment to community activities (time, resources or money) as part of your pledge towards diversity.

Benefits:

Increased linkages with local/national/international supply chains and improved business opportunities. A better understanding of what it is you already do, with some (formal) recorded evidence.

Examples Case Study:

A surveying firm found that in trying to compete to become a preferred supplier for a local authority they had to provide a basic diversity audit of staff and existing clients. As they did not already have this in place the tendering process required far more work than expected. However, once done this was then in place to win future contracts.

7. 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). The same is true for diversity; otherwise you may not be able to see the benefit.

Evaluation should be a joint process to help owners, managers and staff to understand why these approaches are being undertaken. Assessing what has gone on is also good for keeping people involved and encouraging any future approaches.

How to do it:

- >> Before and after you adopt any of the approaches listed in this brochure, set goals for your business (better staff relations, increased productivity, a happier workplace, larger customer base etc.) Then you can make a judgement on the impact and whether it has been successful in relation to your expectations. This can be done in a very specific way with a clear set of targets related to turnover and demographics of your markets or simply by getting feedback from staff.
- >> Think about what you have put into the process in terms of time and resources. This could be as simple as a few minutes reading this brochure and deciding to have a discussion with staff to a complete package of diversity assessments and baselines for your business.
- >> Compare the benefits that have occurred set against the resources you have put in regarding issues like filling a vacancy; 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/creativity and improved reputation.
- >> Make a judgement on what you think has been worth the resources, but this will take time and needs to be considered as an investment in the business. Don't expect results overnight; changes can take several months or even a year. Keep it simple and manageable within your own resources and commitment.

Benefits:

A regular assessment of what has been done and what has been achieved in terms of diversity approaches is essential to make a judgement on the scale and level of activity that you are involved in, to show to staff, customers and potential contractors what can be achieved and to make the business case for any future investment.

Example Case Study:

In the case of a car parts supplier the owner was encouraged to consider the time and resources involved in making sure that procedures were put in place to define an appraisal process, develop an open and fair recruitment strategy and establish a monthly meeting agenda. The owner was able to assess the potential benefits (and measure future benefits) in terms of overcoming staffing problems that were damaging the profitability of the business. This was then reviewed a year later and the justification for the commitment of the resources, based on increased success of the business, was very clear.



8. Get Help

Throughout this brochure there are a range of suggestions as to what can be done to achieve some form of approach towards diversity, but inevitably it does not have all the answers and where people feel they are struggling to understand what they can do or want to take issues further, it is essential that they get help.

For trusted advice most owners tend to refer to their accountant, 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 (in the case of public subsidised services funded through the European Union). Your local authority will be able to provide information on these.

Trade organisations, chambers of commerce, unions and professional associations are very useful sources of information, particularly if you already pay for their services and you have regular contact as in many EU countries.

In many cases your financial institution (bank) will be able to point you in the right direction.

Other business owners and managers are always a useful source of advice in a local community for micro businesses and SMEs.

How to do it:

- >> Start with a contact you trust and find out who is best placed to help you or look at the web pages highlighted at the end of this chapter and find a contact for your trade association, chamber of commerce or local authority in your area. There is a lot of free information available, which you should use first.
- >> At local business meetings or events you can informally discuss your views on diversity with other owners or managers in the area, or at trade fairs with potential contractors from outside the area. Seek out business to business networks or use your supply chains to gain knowledge from other businesses.
- >> You might find it useful to discuss the needs of your business with someone who is external to the local business support network who will be able to see your organization through new (and independent) "eyes".

- >> For micro businesses and those without a formal Human Resource role, make sure you seek help that does not just talk about diversity approaches, but that makes the link between the approaches and the benefits it can bring to your business through practical, specific advice.
- >> If you use a specific person outside the business to offer support, try to get them to follow through the process in terms of implementing any changes or providing an assessment of how successful the new approach was.

Benefits:

The benefits of seeking help are to provide you with confidence to do what you can and learn from others, so that you will not let uncertainty stop you adopting some of the approaches highlighted in this brochure.

Example:

In a lot of cases micro businesses and SMEs already undertake many approaches to diversity. The problem is that they do not recognise them as this, describe them in a different way or language, or have no way of showing that they actually do it (formal evidence). Following through some of the suggestions highlighted in this brochure and getting help to do so will solve this problem and allow the business to get the maximum benefit from the approaches used.



Online resources to get you started

EU campaign “For Diversity. Against Discrimination.”

www.stop-discrimination.info

European Association of Craft, Small and Medium-Sized Enterprises (UEAPME)

www.ueapme.org

EU Documents on Diversity and Equality

http://ec.europa.eu/employment_social/fundamental_rights/public/pubst_en.htm

Local Government Across Europe

<http://www.lgib.gov.uk/index.html>

European Chamber of Commerce

<http://www.eurochambres.be/>

European Trade Union Confederation

<http://www.etuc.org/>

Anti Discrimination Tips across Europe

<http://www.socialeurope.com/mandiv/en/policy.html>

EU Costs and Benefits of Diversity Report 2004—European Commission

<http://www.stop-discrimination.info/5322.0.html>

www.stop-discrimination.info

Publisher: European Commission, DG Employment, Social Affairs and Equal Opportunities, 1049 Brussels, Belgium

Design & Layout: MEDIA CONSULTA International Holding AG, Wassergasse 3, 10179 Berlin, Germany, www.media-consulta.com

The contents of this publication do not necessarily reflect the opinion or position of the European Commission.