



An initiative of the European Union

# Diversity at work

8 steps for small and medium-sized businesses



For Diversity



Against Discrimination

# Introduction

The aim of this brochure is to help owners and managers of small and medium-sized enterprises (SMEs) to adopt and implement diversity policies and approaches within their business.

The guidance is designed to be flexible and general so that it can be applied to the majority of SMEs irrespective of sector or location and is mostly about formalising procedures to avoid staffing problems, freeing up time and increasing profitability.

The 8 points do not need to be considered in order but the first point is a natural introduction to the range of issues that follow.



# 1. Analysis

## Think about your business— its strengths, weaknesses, issues and needs

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. Before starting to implement diversity policies, consider the following:

- >> What is it that makes this 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 demographic, 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 old problems?
- >> How do we view equality laws (e.g. on the grounds of racial/ethnic origin, age, disability, sexual orientation, religion and belief)? Are they an intrusion to the business or an opportunity for change?

## 2. Recruitment

### Move away from staffing decisions based on personal values and 'gut instinct'

'I used to get too bogged down with whether I liked the person and their character rather than whether they would be able to do the job...'

Research has shown that negative outcomes result from an overemphasis on the business owner's personal values, attitudes and beliefs. Personal values can lead to costly recruitment mistakes and to discrimination (whether you know it or not) and this can result in legal problems that could terminate the business.

#### How to do it (Recruitment):

- >> Decide on the skills, knowledge and experience that the business needs to fill a specific job role
- >> Produce a 'job description' and a person specification that outlines the skills and experience needed for the role
- >> Check that the job description does not exclude anyone from applying because of racial origin, religious belief, gender, sexual orientation, age or disability
- >> 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 centre; national, local or 'community' newspapers; schools, colleges or universities; community organisations; 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 adverts
- >> Talk informally about the job to potential candidates. This will help to include people that may be worried about their age, gender and/or impairment, 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.

**Examples:**

SME 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.

## 3. New markets

### Explore new/potential markets

Consumer diversity requires staff diversity—not simply in terms of age, ethnicity, and ability, but to reflect 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 are limiting themselves to a fixed, known, market and are not benefiting from much broader market opportunities. This is a result of established business routines and a lack of internal diversity restricting new ideas.



### **How to do it:**

- >> Recognise the diversity and scale of the potential market place you can appeal to (the age range, the sexual orientation, the ethnic range, disability issues)
- >> 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
- >> Recognise the potential benefits in matching personality, age, background and style of front-line staff with customers/clients
- >> Discover and utilise new media opportunities (e.g. 'Pod Casting', local magazines, social groups) to focus marketing on new groups
- >> Consider workforce training and business accreditation in recognised qualifications and awards related to dealing with specific groups (e.g. Sign Language)

### **Benefits:**

Increased access to new markets with opportunities for product/service development and diversification.

### **Examples:**

SME Case study:

An office furniture supplier made a 'dramatic change in thinking' in relation to serving a pre-existing (but 'untapped') Asian customer base. A new, focused, marketing approach resulted in a 200% increase in business to this market.

## 4. Client/customer needs

### Put client/customer needs at the forefront of your business strategy and planning process

This will ensure that this broad diversity of customer/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). Build this feedback into a regular business review process

#### Benefits:

An evolving business strategy that reflects the (changing) needs of customers and clients.

#### Examples:

SME 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. Internal communication

### Develop strong internal communications systems

Many SMEs are constrained by poor communication between owner managers and staff. Strong internal communications systems should be developed to allow and 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. It is also important to have structured meetings with an agreed agenda (circulated beforehand) 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

#### Benefits:

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

#### Examples:

SME case study:

The introduction of an internal communications system within a manufacturing firm with a dominant male culture has enabled a 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 for those dropping off children at school was raised and a collective solution was proposed).

## 6. Image and reputation

### 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 organisations 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

- >> A one page review with staff on what diversity targets will help them over the year, with clear objectives (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 handbook or general firm guidelines, as you might do with health and safety issues
- >> Monitoring and recording information on your staff and customers. Start with this as a baseline for your strategy, 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.

**Examples:**

SME 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.

## 7. Evaluation

### Evaluate the potential costs and benefits of implementing diversity policies

The implementation of diversity policies will require time and resources and the 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, 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 diversity policies is essential to sustain existing programmes and to build the business case for greater investment, especially by 'non-users'.

### Example:

SME 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 formal procedures were put in place to define an open 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.

## 8. External support

### Seek external support to help you to adopt diversity processes and formalise Human Resources

One of the main problems for SME owners is that there are too many organisations offering advice. They are not sure who to turn to for expert, personal, advice. 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 a minimal cost in the case of public subsidised services (particularly those funded through the European Social Fund). Your local authority will be able to provide information on these. Trade organisations, 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 in the right direction.

It is also recognised that SME owners are often constrained by their own isolation and separation from business (and social) networks and that they seek the advice of other owners and look to these 'peers' for support.

#### How to do it:

- >> Start with a contact you 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 on-going review of these policies
- >> SME owners have reported positive experiences of learning from each other, particularly within a structured programme of business-to-business support—seek these networks out in your local area or use your supply chains to gain knowledge from other businesses



**Benefits:**

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

**Examples:**

SME Case study:

The adaptation of formal performance management processes (through external support) is helping to put training and development on the agenda in one SME. This is indicative of how a supported move from an informal to a formal approach can make the link in owners' minds between their key business drivers and a framework covering all aspects of employee recruitment, development and retention.

## Online resources to get you started

### **EU campaign 'For Diversity. Against Discrimination.'**

[www.stop-discrimination.info](http://www.stop-discrimination.info)

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

[www.ueapme.org](http://www.ueapme.org)

### **EU Documents on Diversity and Equality**

[http://ec.europa.eu/employment\\_social/fundamental\\_rights/public/pubst\\_en.htm](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](http://www.stop-discrimination.info)