

For Diversity



Against Discrimination

**DIVERSITY**

in small and medium-sized enterprises

EUROPEAN CONFERENCE 2006

# **Diversity Strategies for SMEs: Opportunities and Challenges**

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An initiative of the European Union

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



# Introduction

- Aim of background paper
- The European context
- Key benefits
- Key challenges
- Way forward





## European Context

- EU uses two measures to define an SME:
  - Staff headcount: fewer than 250 persons
  - Annual turnover: no more than €50 million
- 23 million SMEs in the EU, providing 75 million jobs
- Play significant role in enabling EU to benefit from Diversity
- Valuing diversity is a business imperative to gain competitive advantage





## Key Benefits of Diversity in the Workplace

- Accessing high quality employees
  - Recruit and retain the best individuals
  - Diversity of backgrounds brings different skills and experiences and introduces new ideas and approaches
- Customer/client relations
  - Customers are more responsive to businesses they relate to
  - Better understand needs of different customers leading to more effective service delivery, trust and customer loyalty
  - Access new markets and source a wider range of customers
  - Consolidate and grow market share





## Key Benefits of Diversity in the Workplace

- Creating a diverse and inclusive working environment
  - Motivates employees, reduces absenteeism and improves productivity
  - Eliminating unfair treatment and grievances, leading to higher staff retention
  - Work-life balance a key aspect
  - Translates into an highly regarded employer that finds and retains skilled and versatile employees
- Reputation
  - Project positive image
  - High ethical standards and values enhances employer's reputation
  - Diverse employers attract a more diverse range of customers





## Key Benefits of Diversity in the Workplace

- Innovation
  - 26% businesses think that innovation and creativity one of key benefits of implementing a diversity policy
  - Introducing new ways of thinking and learning
- The use of non-financial criteria in contractual decision
  - Increasingly common for contractual decisions to take into account non-financial criteria such as diversity & equal opportunities
- Improved performance gain competitive advantage





## Key Diversity Challenges for European SMEs

- Lack of awareness of the whole diversity agenda
  - A large number of businesses have no diversity policy in place
  - Unaware of the benefits of diversity
  - Awareness training needed
  - Information needs to be provided to SMEs
- SME recruitment methods
  - May rely heavily on networking, word of mouth and personal recommendation to fill vacancies
  - Not always likely to result in a diverse workforce
  - Challenge: persuade SMEs of the benefits of putting more resources into recruitment





## Key Diversity Challenges for European SMEs

- Lack of resources
  - Limited resources in place for administration and human resources
  - No sole employee to deal with these matters
  - Often not sufficient resources to establish diversity as a separate project
- Changing business cultures in Europe
  - Introducing a diversity policy may involve a change in the culture and mindset of the business
  - Diversity needs to be managed effectively for it to be effective





## Conclusion

- SMEs have critical role to play for EU to benefit from diversity in the work place
- Diversity presents opportunities for improved business performance that outweigh implementation challenges
- Practical support and information would help SMEs in their Diversity journey

