



Strengthening Diversity, Equity, and Inclusion (DEI) in SME management

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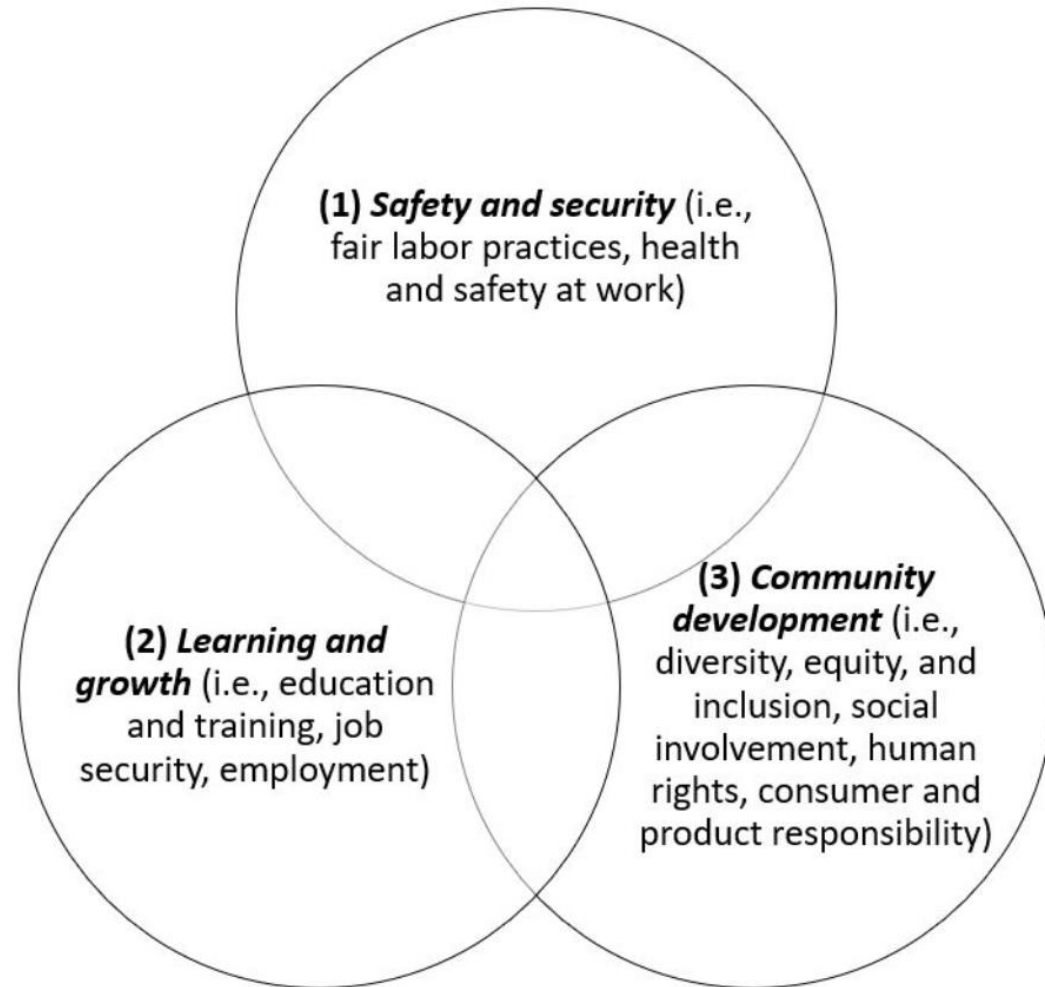
Why should we report and bother about diversity, equity, and inclusion, if we live in one of the most socially advanced and equal country in the world - Finland?

What is diversity and why to care about managing it?

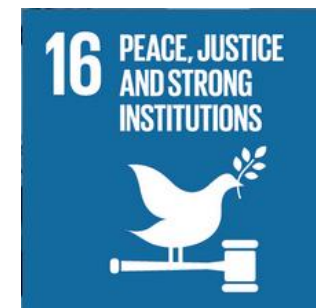
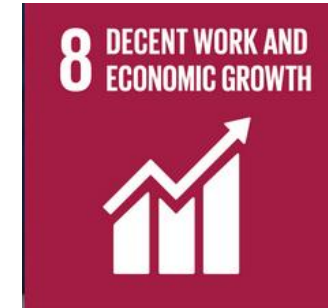


Diversity and its management is a part of social sustainability

Figure is based on work
by Ajmal et al. (2018)



More than half (11/17) of the United Nations' Sustainability Development Goals (SDGs) directly speak to social sustainability



Environmental cannot happen without social sustainability

- Socially disadvantaged people on the edge of or in poverty “will not interpret additional taxes as a means of countering climate change, but as an impediment to heating their homes adequately”
(Vallance et al., 2011, p. 345)
- Employees discriminated against, unhealthy, or working in poor conditions are unlikely to think about the firm’s strategy, which requires them to focus on a more efficient use of the firm’s resources, or to create innovations that will make the firm’s products more environmentally friendly
(Šilenskytė et al. 2024, p. 3)



Diversity = Differences

Gender (physical & identity)	Sexual orientation	Religion & beliefs	Race & Ethnicity	Culture
Age	Abilities (disabilities)	Learning style	Communication style	Personality type
Parental status	Education	Socio-economic status	Professional functions	Languages & Accents

Based on O'Donovan (2018) Diversity and Inclusion in the Workplace

Briefly about me



Business case: DM in organizations

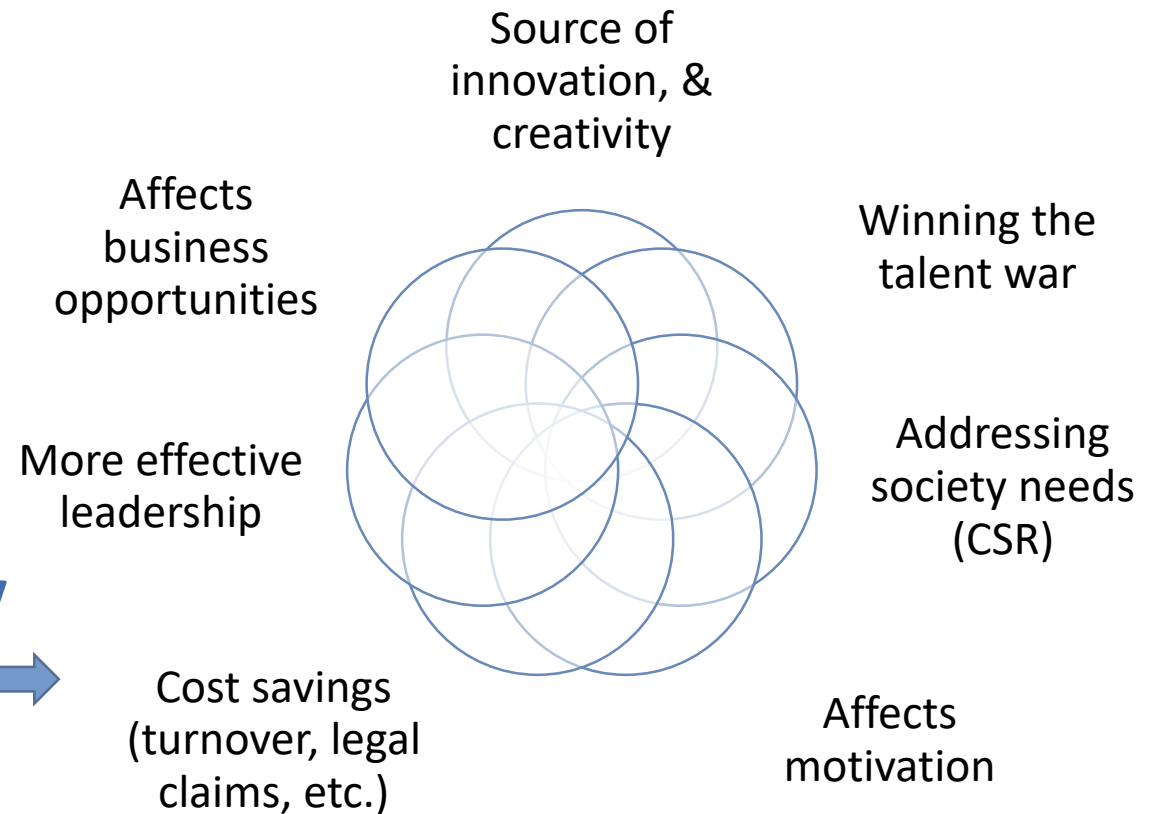
Diversity Management (DM)

is the practice of addressing (and supporting) multiple lifestyles and personal characteristics within a defined group

Source: www.businessdictionary.com

Good DM = Diversity + Equity + Inclusion (DEI) →

The Figure is based on O'Donovan (2018) Diversity and Inclusion in the Workplace



Diversity management is central to sustainability & its solutions

2019 AIB Executive of the Year Award winner Jim Hagemann Snabe, currently the Chairman at Siemens and Maersk

Challenging Assumptions



Solar Impulse 2



Engineers in aerospace industry said, it's impossible, so leaders of the project went to yacht industry, where engineers didn't know it's impossible

Managing the current



Leading the future



Inspire people to be part of something that is meaningful and ambitious

Empower people based on a common mindset and framework

Enable people to do their best in areas that are critical to achieving the dream

Regulatory case: DM is in CSRD & ESRN

Corporate Sustainability
Reporting Directive (CSRD)

European Sustainability
Reporting Standards (ESRS)

Applies to:

- Large firms
- Listed SMEs
- V-SMEs

Affects ALL SMEs, if
they are in value or
supply chain of
large firms

ESRS 2 - General Disclosures

ESRS 2 - Minimum Disclosure Requirements (MDR)

E1 - Climate Change

E2 - Pollution

E3 - Water and Marine Resources

E4 - Biodiversity and Ecosystems

E5 - Resource Use and Circular Economy

S1 - Own Workforce

S2 - Workers in the Value Chain

S3 - Affected Communities

S4 - Consumers and End-users

G1 - Business Conduct

Social justice case: DM is a good thing to do!
It is a moral obligation, now re-enforced by policy

Why SMEs may not want to go for DM?

- It is difficult! & lots of unknown
- No extra resources
- Diversity (especially invisible) is a source of many conflicts
- Risks to fail & negatively affect business
- Lack of skills
- Lack of diversity in the industry



<https://www.youtube.com/watch?v=GTPgiSz7-2Y>

- Need to change existing business management practices
- No external pressures, especially in Finland

DEI4SME – developing tool for DM in SMEs

<https://www.linkedin.com/company/dei4sme>

<https://dei4sme.eu/>

Project goals:

- Create an **open-access digital tool** for planning, implementing and monitoring Corporate Social Responsibility in line with CSRD
- Create **educational materials** on DEI management and on the use of the tool
- **Understand key challenges that SMEs face** while integrating and managing their DEI practices



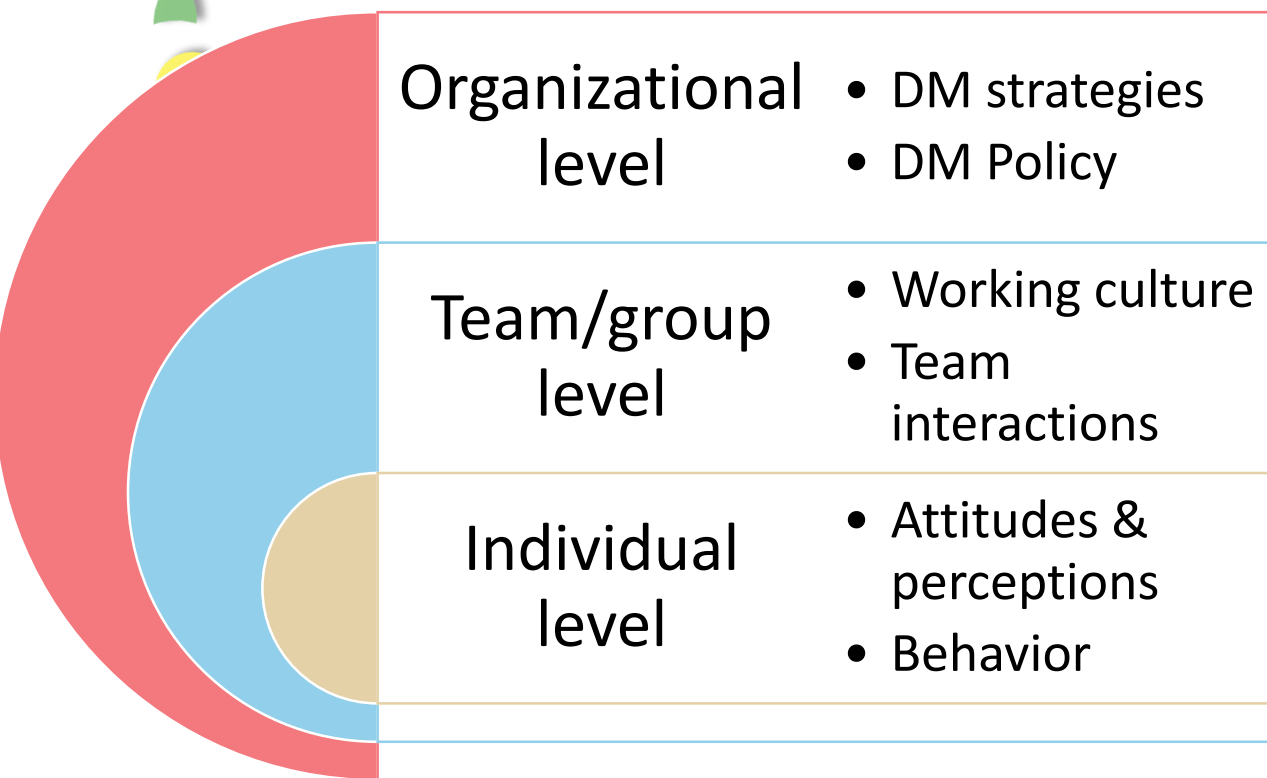
Let's co-create a digital tool for DEI management together, so it fits your needs.

Welcome to
fill **DEI Questionnaire** for Small and Medium Enterprise's (SME's) representatives (in Fi, SE, EN, LT, DE languages):

<https://link.webpolsurveys.com/S/54093E5B45A40BEC>

Activities & your engagement: surveys (now), focus groups(Autumn 2024), hackathons (Feb 2025), testing tool (2025-2026), teaching cases in the book (2026), learning materials (2026), sharing best practices in DEI (ongoing).

3 levels of Diversity Management



Diversity Management should establish structures and processes supporting individual performance, well-being, and their creativity at work regardless of their background.

Diversity Management should support people in learning how to raise doubts, discuss misunderstandings, problems, unpleasant aspects related to diversity, but **approach these conflicts in a suitable, respectful way**.

Diversity Management should support our efforts to reduce our biases, increase our awareness about them and their effects on ourselves and others.





Basic check list of DEI – to start with

- Inclusive language and spaces regarding gender identity
- Freedom to practice differences (clothing, partnerships, prayers)
- Pay gap monitoring
- Equity in accessing support, resources
- Monitoring biases & accessibility for training and development
- Flexibility of work hours & monitoring time when important meetings take time
- Engaging employees and partners in value chain in decision making (strategic and daily)
- Monitoring DEI requests, having process to report harassment
- Considering employee profiles you haven't considered before
- Having several languages in the workplace
- Solving conflicts with growth mindset

Real Finnish companies' reflections

How has your firm benefited from diversity and inclusion beyond legal compliance?

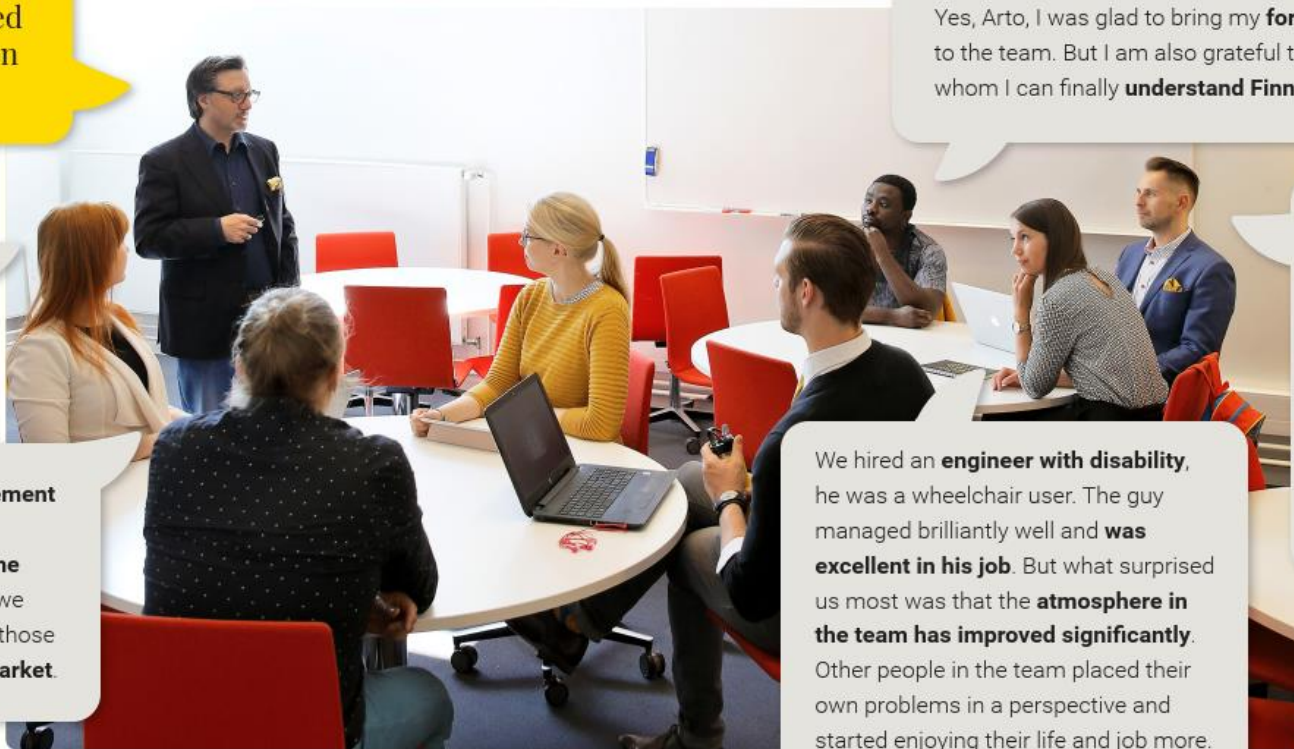
Quality of our decisions has improved when few foreigners and few more **females** joined our management team.

A woman who is **close to the retirement** didn't struggle with the newest technologies, instead, **she taught the team about existing solutions**, so we could filter ideas fast and test only those ideas that were really **new to the market**.

Yes, Arto, I was glad to bring my **foreign language** and market expertise to the team. But I am also grateful to Finnish colleagues because of whom I can finally **understand Finnish culture and language better**.

Since Mohammad joined our team, we managed to **enter new, lucrative markets**. Mohammad could speak some of the foreign languages and understand foreign cultures. This **helped us do the new market research** easier and find good local partners. Isn't it Mohammad?

We hired an **engineer with disability**, he was a wheelchair user. The guy managed brilliantly well and **was excellent in his job**. But what surprised us most was that the **atmosphere in the team has improved significantly**. Other people in the team placed their own problems in a perspective and started enjoying their life and job more.

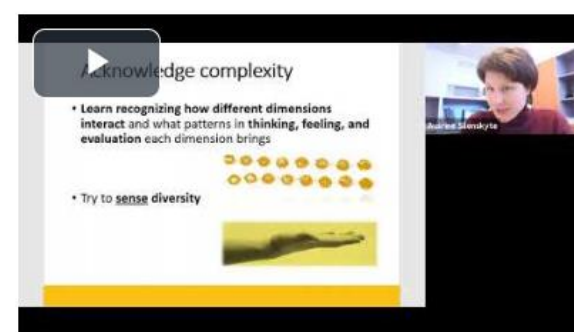


Useful training & learning resources on DM

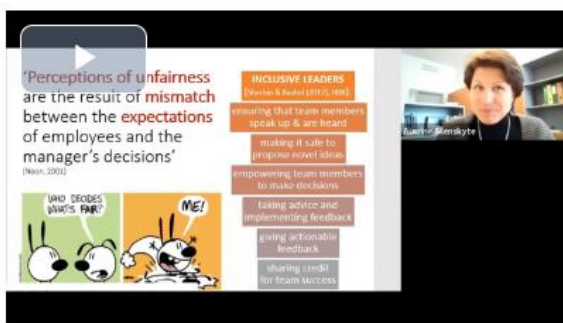
(open access, free)



[Video Lecture 1:](https://www.youtube.com/watch?v=NGcwSsw8A9w&t=15s)
Diversity concept in practice
<https://www.youtube.com/watch?v=NGcwSsw8A9w&t=15s>



[Video Lecture 2:](https://www.youtube.com/watch?v=kqLCGNQjvhc&t=3s)
Diversity management at various levels
<https://www.youtube.com/watch?v=kqLCGNQjvhc&t=3s>



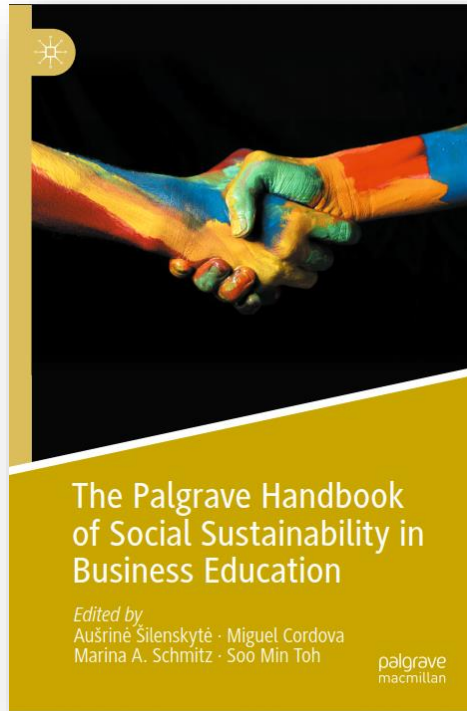
[Video lecture 3:](https://www.youtube.com/watch?v=yc9axBVCWlY&t=1s)
Making decisions related to DM in organizations
<https://www.youtube.com/watch?v=yc9axBVCWlY&t=1s>



[Video lecture 4:](https://www.youtube.com/watch?v=GreCQmMgQHY&t=18s)
DM implementation
<https://www.youtube.com/watch?v=GreCQmMgQHY&t=18s>

Useful training & learning resources on DM

(available on sale: <https://link.springer.com/book/10.1007/978-3-031-50168-5?page=1#toc>)



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