Engaging Small and Medium Enterprises in Managing Diversity

Social and Economic Drivers - Constraints, Insights and Recommendations

Prepared for:

The Diversity Principles Section
The Department of Immigration and Multicultural and Indigenous Affairs

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About ICDR Australia Pty Ltd

Intercultural & Community Development Resources (ICDR) Australia Pty Ltd was established in 1997 to provide consultancy services focusing on increasing the ability of people to interact effectively and assist business in reaping the benefits of workforce diversity. We work with our clients to attain the best possible results through providing services and products in community and organisational development, adult education, training, human resources management and coaching.

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1.1. Project Objectives

The Context:

Australia's population is becoming increasingly diverse. In 1997, the Australian Bureau of Statistics reported that almost a quarter of the Australian population was born overseas, and a further 27 percent had at least one parent born overseas.

This diversity creates unique opportunities for Australia from a social as well as an economic perspective. People born and educated overseas often have linguistic and cultural skills and insights which, when recognised and utilised, have the potential to put Australia at a distinct advantage in business at both a national and international level.

In 2000 the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) conducted research on managing diversity in Australia. This was followed in 2001 by work to develop a business case and resources for diversity management. As much of this work focused on large business enterprises, questions have been raised about the relevance of these diversity issues and resources to Small and Medium Enterprises (SMEs). DIMIA, in collaboration with the Council for Multicultural Australia, commissioned this project to identify the particular needs of SMEs and the economic and social factors which make engagement in diversity management worthwhile.

The Objectives:

The objectives of this project were identified as:
- Identify economic and social drivers of diversity management relevant to SMEs in order to lay a foundation to engage SMEs in managing diversity;
- Identify tools and resources to provide support; and
- Report on outcomes and issues for the engagement of SMEs in managing diversity.

1.2. Methodology

To meet these objectives the following methodology was developed:

- Review diversity management materials;

- Identify key themes for engagement of SMEs in diversity management;

- Involve peak organisations to attract SMEs to discussions about diversity management;
- Facilitate five Think Tanks in urban and regional New South Wales, the Australian Capital Territory and urban and regional South Australia to explore ideas, barriers and approaches to managing diversity in SMEs;
- Compile findings from these Think Tanks into a report that summarises the key findings and makes recommendations to progress the work.

In order to identify key themes for engagement of SMEs, the assistance and guidance of members of the Business Working Group of the Council for Multicultural Australia was sought. In addition, strategic alliances were formed with key individuals and organisations to recruit participants for the Think Tanks and to create momentum for follow-up initiatives.

1.3.   The Participants

The Australian Bureau of Statistics (ABS) defines SMEs as independently owned and operated, closely controlled by the owner/managers who contribute most, if not all, of the operating capital and with the principal decision-making functions resting with the owner/managers.

For the purpose of this project, SMEs were defined as organisations with around 50 employees. Based on this definition, the Stakeholder Organisations recruited participants from their networks representing companies with as few as 5 employees to companies with more than 50 employees, focusing on individuals they felt were most likely able to contribute to the discussion. Actual participants in the Think Tanks, therefore, represented a wide range of SMEs, as defined by the ABS and in line with this project. In addition key stakeholders and government departments participated and contributed their thoughts.

1.4.   Aim of the Report

The aim of this report is as follows:
- Identify key areas for motivation, buy-in and gateways for the engagement of SMEs in managing diversity;
- Make recommendations regarding the suitability and relevance of current managing diversity models and other materials to create practical resources for managing diversity in SMEs; and
- Identify potential areas of collaboration with peak organisations and stakeholders.

1.5.   Think Tanks

Four Think Tanks were organised and facilitated in Riverland, Adelaide, Sydney and Canberra. A fifth Think Tank in the Hunter region needed to be

cancelled due to recruitment difficulties exacerbated by the timing of the project. Other feedback was sought through a presentation and informal discussion at a function organised in Newcastle, through the Productive Diversity Project of the Newcastle and Hunter Migrant Resource Centre and the Local TAFE.

The Think Tanks took the form of a luncheon with a guest speaker, to provide a context and practical examples of managing diversity in order to generate discussion. Guest speakers represented Australian organisations actively involved in managing diversity. Following the presentations, participants were engaged in a facilitated discussion around the two key questions below:

1. What are key issues or points to engage SMEs in managing diversity?
2. What tools and resources do SMEs require in order to manage diversity?

1.6. Review of existing managing diversity models and resources relevant to the Think Tank findings

The review focused on managing diversity models presented in the research conducted by Monash Mount Eliza Business School for DIMIA in 2000. Its findings discuss benefits of diversity as well as issues and challenges and strategies for managing diversity. The report provides a concise picture of managing diversity in Australia from a corporate perspective and relates these to the circumstances of many SMEs. It provides examples of diversity strategies and identifies challenges to managing diversity.

The review also included the *Managing Diversity - a Guide to Implementation of the Office of Training and Further Education in Victoria*, a document describing examples of practical tools and strategies.

In addition, the article *Bleak House or Bright Prospect? Human Resources Management in Australian SMEs* by Retha Wiesner and Jim McDonald provided background to comments made by participants with regard to developing tools for managing diversity for SMEs from a Human Resources perspective.

Two reports from the Council of Small Business Organisations in Australia (COSBOA) were relevant to this project because of the strong focus on the role of the community in managing diversity for SMEs that emerged from all of the Think Tanks.

Lastly, the Australian Business publication *Business Priorities 2001* provided insights into linking managing diversity to issues relevant to SMEs.

1.7. Economic and Social Drivers for Small and Medium Enterprises to manage diversity

Economic Drivers

Economic drivers for SMEs to manage diversity were identified in the Think Tanks as:
- Bottom line improvement;
- International links and market opportunity;
- Innovation;
- Addressing labour market needs through migration;
- Increasing opportunity;
- Minimising risk;
- Answering the "what is in it for me" question;
- Availability and affordability of resources;
- Incentives;
- Positioning managing diversity as an investment; and
- Developing human capital.

Social Drivers

Social drivers for SMEs to manage diversity were identified as:

- Harmony and respect in the workplace;
- Identifying and utilising skills;
- Developing community cohesiveness;
- Corporate social responsibility;
- Visible CEO commitment to corporate social responsibility;
- Community involvement;
- Synergistic relationships between employers and employees;
- Supporting country specific businesses; and
- Elimination of exploitation of workers.

Although the economic and social drivers have been listed as separate items for SMEs, they do not necessarily stand alone and are very much interlinked. Initiatives to engage SMEs in managing diversity should, therefore, not only address economic and/or social drivers, but also need to be collaborative efforts between SMEs and business organisations, communities and community organisations, unions and governments. This is supported through comments such as: "This is not something we can get SMEs to do only - it is a concerted effort between government and business and a coalition between peak bodies" (Canberra participant); "Establish a non-discriminatory community focus" (Riverland participant); "Links with communities - increase overall capacity" (Adelaide participant); "Community involvement - local government projects, universities, TAFEs, business." (Sydney participant).

1.8. Constraints and Insights

In addition to the economic and social drivers, the following constraints and insights into managing diversity in SMEs emerged:

- SMEs don't have abundant time and resources to implement initiatives;
- Many owners and operators of SMEs often have not had the opportunity to engage in formal management training;
- SMEs often don't have the capacity to engage in formal Human Resources Practices or undertake strategic planning;
- SMEs are fearful of government regulation and additional bureaucratic burdens;
- SMEs see themselves as integral parts of their geographic and demographic communities. Therefore, community views and perceptions could influence the need for, and the level of uptake of, managing diversity initiatives in SMEs; and
- Managing diversity for SMEs needs to be positioned as a collaborative community initiative and involve trusted traditional sources of information, support and services for SMEs.

These constraints are indicative of the need for governments to take a facilitative role with stakeholders, rather than a direct role in the development of tools and resources for managing diversity in SMEs. This facilitative role enables business service organisations, peak bodies, community-based groups and organisations with credibility in the SME environment to enhance their current portfolios of information, resources and services to include managing diversity initiatives.

1.9. Motivation, buy-in and gateways

Motivation and buy-in

Based on the economic and social drivers and constraints and insights, SMEs will be motivated and buy-in to managing diversity when they understand the "what's in it for me" question. This is likely to occur when SMEs are convinced that managing diversity is:

- Tied to incentives;
- Cost effective;
- Practicable;
- Measurable;
- Integrated into traditional SME development resources and tools and delivered by trusted traditional sources;
- Involve geographic and demographic communities; and
- Non-bureaucratic and not compulsory.

Gateways

Gateways to engage SMEs in managing diversity emerged as organisations seen as trusted, traditional non-government sources of SME information such as:
- Chambers of Commerce;
- Business Enterprise Centres;
- Business Service Organisations;
- Sector specific peak bodies or associations;
- Employment and recruitment agencies;
- Accountants;
- Local training providers and TAFE colleges; and
- Organisations providing information and resources around international trade and export.

In addition, participants also identified country specific, multicultural and Indigenous Chambers of Commerce, community-based organisations and service clubs as key in linking economic and social drivers.

1.10. Applicability of managing diversity models, tools and resources for SMEs

The following broad areas in current managing diversity models in large organisations are applicable to SMEs:

- Leadership and management development;
- Recruitment and retention (as a gateway to improving overall human resource management and development)
- Increasing organisational performance;
- National and international market positioning;
- Risk management; and
- Quality systems.

1.11. Areas of collaboration

Collaborative relationships around managing diversity and SMEs can be developed and nurtured with organisations that have existing relationships with SMEs to do what they know best, and assist them to enhance their tools, resources, knowledge and services to include managing diversity as an imperative.

Current collaborative projects focusing on SMEs have been established with stakeholders and the following agencies:

- NSW Department of Education and Training - Education and Training Access;
- Australian Business Limited;
- The Bankstown/Fairfield/Liverpool Business Enterprise Centre;
- The Macarthur Business Enterprise Centre;
- The Common Good Program of the NSW Chamber of Commerce;
- Employers Making a Difference; and
- Diversity@work.

New areas for collaboration:

Possible new areas for collaboration have been identified with the following organisations:

- Business SA;
- The Council of Small Business Organisations of Australia;
- Industry Training Advisory Bodies;
- The Australian National Training Authority;
- Business schools at university and TAFE level
- The Rotary, Lions and other Service Clubs;
- Chambers of Commerce and sector specific associations;
- The Institute of Chartered Accountants;
- Certified Practicing Accountants (CPA) Australia;
- Community based organizations;
- Job Network and Recruitment Agencies; and
- Workcover South Australia.

1.12. Conclusions

Based on the findings of the Think Tanks and the review of the selected models, the following can be concluded:

- Managing diversity messages to SMEs need to answer the "what is in it for me" question.

- Awards are a useful way to create an incentive for SMEs to manage diversity.

- Other incentives need to be tangible and tied to providing assistance with implementation of specific SME based initiatives.

- Economic and social drivers to engage SMEs in managing diversity do not stand alone and are interlinked.

- Strategies and initiatives to engage SMEs in managing diversity need to address both economic and social drivers.

- Gateways for engaging SMEs in managing diversity are traditionally trusted, often non-government, organisations providing SME support, information and services, such as Chambers of Commerce and Accountants.

- Gateways for engaging SMEs in managing diversity are also organisations that are closely linked to and part of geographic and demographic communities such as Service Clubs and country specific associations.

- Tools and resources for SMEs to manage diversity need to be cost and time effective, relevant and practicable, and linked to or integrated into current available tools and resources and their delivery mechanisms.

- SMEs will respond to quality framework approaches that are measurable, positively influence the bottom line and can be implemented with few or no bureaucratic burdens.

- SMEs identify DIMIA's role as one of coordinating access to information and resources, and facilitating collaborative projects between agencies and organisations identified as gateways to SMEs. DIMIA is able to enhance SMEs' capacity to develop managing diversity tools and resources relevant to their services and assist SMEs in managing diversity.

- SMEs prefer a one-stop-shop approach for information, resources and incentives on managing all dimensions of diversity.

1.13. Recommendations

Based on the above conclusions, it is recommended that:

- The business case for managing diversity in SMEs is made by developing sector and industry specific case studies and examples of how SMEs benefited from managing diversity.

- Key individuals involved in implementing initiatives described in the case studies and examples are identified and a mechanism to provide access for consultation with these individuals be developed.

- An inventory of collaborative projects on managing diversity in SMEs throughout Australia is conducted. The inventory should focus on managing diversity in SMEs and employment and other programs specifically geared to migrants, Indigenous Australians, women, mature

aged workers and people with a disability to identify links, resources, methodologies and areas for cross fertilisation. This would enable a coordinated approach to managing diversity and SMEs.

- A one-stop-shop mechanism be developed to provide information, relevant tools and resources and access to experts on managing diversity with regard to:
  - Gender;
  - Disability;
  - Indigenous people;
  - Mature aged workers;
  - Migration;
  - Demographics and community profiles;
  - Multicultural marketing;
  - Human resources management;
  - Employment and recruitment;
  - Education and training and vocational education and training;
  - Recognition of overseas gained skills and qualifications;
  - Leadership and management development;
  - Import and export readiness;
  - Outcomes and resources developed by current and future collaborative projects; and
  - Incentives available through government departments.

  This mechanism could be the Australian Diversity Website currently being constructed by DIMIA, linking pertinent information from other government organisations.

- An evaluation is conducted on the impact of managing diversity inclusive training packages as developed by Australian Business Learning on management practices of SMEs.

- Collaborative pilot projects be pursued with:

  - The Institute of Chartered Accountants or CPA Australia to develop a mechanism to position managing diversity as an investment strategy for SMEs.

  - Business SA to demonstrate community inclusive strategies for managing diversity and SMEs in regional Australia.

  - Business Services Training to include managing diversity as a key component in their Small Business Professional Development Program.

- COSBOA to identify effective communication strategies and messages on managing diversity in SMEs.

- Chambers of Commerce to develop managing diversity management and leadership development opportunities for owners/operators and managers of SMEs, and develop non-competitive managing diversity peer groups, learning circles and networks.

- The Australian Chamber of Commerce and Industry to develop an SME Managing Diversity Award.

- Multicultural and Indigenous Chambers of Commerce to involve country specific and Indigenous businesses in SME networks.

- Service Clubs such as Rotary and Lions to assist in disseminating managing diversity information and resources throughout local clubs across Australia.

- Local Rotary or Lions Clubs to demonstrate how collaborative community based initiatives involving organisations such as Migrant Resource Centres, Multicultural Resource Centres, local Job Network providers and local training organisations enable SMEs to engage in managing diversity.

- An Industry Specific Association such as the Service Stations Association of Australia to identify appropriate mechanisms to develop a quality framework for managing diversity in this industry.

1. Project Objectives

1.1. The Context

Australia's population is becoming increasingly diverse. In 1997, the Australian Bureau of Statistics reported that almost a quarter of the Australian population was born overseas, and a further 27 percent had at least one parent born overseas.

This diversity creates unique opportunities for Australia from a social as well as an economic perspective. People born and educated overseas often have linguistic and cultural skills and insights which, when recognised and utilised, have the potential to put Australia at a distinct advantage in business at both a national and an international level.

Productive diversity, a term used by Cope and Kalantzis[i] in 1997, is defined as "a system of production that uses diversity as a resource". Managing diversity - implementing strategies and initiatives to create organisational cohesion in order to use diversity to benefit the organisation - results in productive diversity.

DIMIA, through its Productive Diversity Partnership Program, aims to highlight the social and economic benefits of Australia's diversity.

In 2000, in partnership with business leaders, business educators and management consultants, DIMIA identified theoretical and practical issues in diversity and corporate awareness of diversity in the Australian workplace. Research was conducted on leadership and diversity and case studies highlighting the business benefits of diversity were developed. In addition, tools for skill development and tools to assist in developing diversity interventions along with a 360° self-report instrument were also developed. A National Conference entitled "21st Century Business - Delivering the Diversity Dividend" was held in the autumn of that year, bringing together Senior Corporate Executives and Human Resources Professionals, Business Educators and Diversity Managers and Practitioners to review and discuss the outcomes of these projects. In addition, the Conference provided a forum for the discussion of the tools and strategies employed to lead a diverse workforce.

Most of this work focused on Corporate Australia and questions arose as to whether the issues identified and the tools developed were relevant to Small and Medium Enterprises. DIMIA, in collaboration with the Council for Multicultural Australia, therefore commissioned this project to identify the particular needs of SMEs and the economic and social factors which make engagement in diversity management worthwhile.

1.2. The Objectives

The objectives for this project were identified as:
- Identify economic and social drivers of diversity management relevant to Small and Medium Enterprises (SMEs) in order to lay a foundation to engage SMEs in managing diversity;
- Identify tools and resources to provide support; and
- Report on outcomes and issues for the engagement of SMEs in managing diversity.

2. Methodology

2.1. Methodology

To meet these objectives the following methodology was developed:

- Review diversity management materials;

- Identify key themes for engagement of SMEs in diversity management;

- Involve peak organisations to attract SMEs to discussions about diversity management;

- Facilitate five Think Tanks in urban and regional New South Wales, the Australian Capital Territory and urban and regional South Australia to explore ideas, barriers and approaches to managing diversity in SMEs; and

- Compile findings from these Think Tanks into a report that summarises the key findings and makes recommendations to progress the work.

In order to identify key themes for engagement of SMEs, the assistance and guidance of members of the Business Working Group of the Council for Multicultural Australia was sought. In addition, strategic alliances were formed with the following key individuals and organisations in order to recruit participants for the Think Tanks and to create momentum for follow-up initiatives:

- The ACT Chamber of Commerce;
- The Indigenous Business Chamber;
- The Multicultural Business Chamber;
- Australian Business Limited;
- The Productive Diversity Program Hunter and Albury-Wodonga;
- Business SA.

Due to recruitment difficulties exacerbated by the timing of the project, the Think Tank organised for the Hunter did not take place. The two participants registered for this Think Tank participated in Sydney. Other feedback was sought through a presentation and informal discussion at a function organised in Newcastle, through the Productive Diversity Project of the Newcastle and Hunter Migrant Resource Centre and the Local TAFE. Participants at this function were given fax-back questionnaires. No questionnaires were received, although some input was received through the informal discussion following the presentation.

2.2.   The Participants

The Australian Bureau of statistics (ABS) defines SMEs as independently owned and operated, closely controlled by the owner/managers who contribute most if not all of the operating capital and with the principal decision-making functions resting with the owner/managers. It also applies different size categories according to industry sector. For example, a small organisation in manufacturing is defined by the ABS as having less than 100 employees, while in the retail, wholesale, construction and service industries it is defined as less than 20 employees (ABS 1999).

For the purpose of this project, SMEs were defined as organisations with around 50 employees. Based on this definition, the Stakeholder Organisations recruited participants from their networks representing companies with as few as five employees to companies with more then 50 employees, focusing on individuals they felt were most likely able to contribute to the discussion. Actual participants in the Think Tanks therefore represented a wide range of SMEs as defined by the ABS and in line with this project. In addition, key stakeholders and government departments participated and contributed their thoughts.

In the Riverland Think Tank there was a total of 10 participants. There were six participants from local businesses representing the health and employment and training sectors, one participant representing a stakeholder organisation, two members of the Business Working Group of the Council for Multicultural Australia, and a DIMIA representative.

In the Adelaide Think Tank there were a total of 27 participants. There were 20 participants from local businesses representing the IT, health, education, import and export, food, printing and manufacturing sectors. In addition, State and Commonwealth Governments were represented, a representative from the local stakeholder organisation, two members of the Business Working Group of the Council for Multicultural Australia, and a DIMIA representative.

There were a total of 21 participants in the Sydney Think Tank. There were 12 participants from local businesses. Of the 12, four participants represented

their local Business Enterprise Centre as well as their individual views as small business owners. Two participants represented business interests from a disability perspective, others represented the education, employment, retail, business services and manufacturing sectors. In addition, state and commonwealth governments were represented, two representatives from the local stakeholder organisation, two members of the Business Working Group of the Council for Multicultural Australia, and a DIMIA representative.

In the Canberra Think Tank there was a total of nine participants: one representative from the construction industry, the resources sector, law enforcement, the local Chamber of Commerce and state government, a representative from the stakeholder organization, as well as one member of the Business Working Group of the Council for Multicultural Australia and a DIMIA representative.

A full participant list is provided as Appendix 1.

3. Aim of the Report

This report was written following the Think Tank discussions and a review of managing diversity models, including research reports commissioned by DIMIA in 2000, and themes that emerged from the Think Tanks.

The aim of this report is to:
- Identify key areas for motivation, buy-in and gateways for the engagement of SMEs in managing diversity;
- Make recommendations regarding the suitability and relevance of current managing diversity models and other materials to create practical resources for managing diversity in SMEs; and
- Identify potential areas of collaboration with peak organisations and stakeholders.

4. Think Tanks

The Think Tanks took the form of a luncheon with a guest speaker, to provide a context and practical examples of managing diversity in order to generate discussion. Guest speakers represented Australian companies actively involved in managing diversity. None of these companies could be classified as SMEs under the ABS definition. Following the presentations, participants were engaged in a facilitated discussion around the two key questions below:

1. What are key issues or points to engage SMEs in managing diversity?
2. What tools and resources do SMEs require in order to manage diversity?

Each of the Think Tanks generated a number of sub-questions, determined by location, participant make-up and focus of the guest speaker presentation. These sub-questions assisted in the formulation of responses to the main questions.

Following is an overview of what happened at each of the Think Tanks and key issues raised.

4.1. Riverland

At Riverland Think Tank, because of the smaller number of participants, an informal discussion ensued. Three questions emerged. What is the value of diversity? What are the creative ways to present the value of diversity? What does this mean for SMEs?. These three questions shaped the ongoing discussion, and resulted in the creation of a model for valuing (cultural) diversity in the workplace for SMEs. The model at the end of this section distils the discussion and was refined by Bob Goreing of Business SA.

The Riverland Think Tank differed from the other Think Tanks in that much of the discussion focused on cultural diversity and the impact of migration and refugees, not only on business but also on the community as a whole. In general, migration was seen as a welcome source of workers and new community members, but participants identified language barriers as challenges in the areas of Occupational Health and Safety, Health and Critical Control Point regulation and other safety and manufacturing processes, as well as community acceptance.

The social driver for managing diversity in the Riverland emerged as developing community cohesiveness. This is demonstrated in the comments related to establishing a non-discriminatory community focus to develop a process of community acceptance, linking initiatives to community events and involving community leaders in delivering workplace specific training as well as acting as "ambassadors" or conduits for information between employers and country specific communities. Participants believed that specifically focusing on "contributing", "doing the right thing" and "feeling good" and increasing inclusion and non-discriminatory practice in the community as a whole would engage SMEs in managing diversity.

Language training was seen as very important in bringing about community cohesiveness and a strategic first step in managing diversity, if linked to community initiatives. Participants identified that often there was a lack of awareness of existing funding sources for language and literacy training and that cost and time associated with English language training was seen as a disincentive for business.

The economic driver for managing diversity was identified as addressing labour market needs through migration, increasing opportunity and minimising risks. The discussions focused largely on how this could best be accomplished, what tools and resources would be required and how cost could be contained. It was suggested that all initiatives needed to be measurable in relation to the bottom line, and a Productive Diversity Index could be a useful tool. Participants also identified that incentives and underpinning support through Business SA, federal and state governments and Job Network providers would be useful.

The following tools for managing diversity were suggested:
- Case studies demonstrating the how, why and benefits;
- Tailored training for risk management and Occupational Health and Safety;
- The development of a community wide approach;
- Diversity self-help groups and non-competitive business peer groups;
- Diversity Strategy as a requirement for the procurement of government contracts;
- Flexibility in operation, ie arrangements not legislated; and
- Measurement tools such as a *Productive Diversity Index*.

Model for valuing (cultural) diversity in the workplace (for SMEs)

Needs	Risk management		Balancing risks	Is it possible to measure these risks?	Actions
		Internal • Operational level	• Communications based issues eg OHS, compliance obligations in health or environment • Work practices, work satisfaction, team relationships etc	• In productivity terms? • In dollar terms?	• Training and induction eg literacy, report writing, OHS • Championing, mentoring • Management buy-in eg management training, developing team approaches, new work practices
	Identifying opportunities	BUSINESS DEVELOPMENT External • New business opportunities	Market issues • Access to new markets, eg skills to prepare products in culturally sensitive manner • Business networks • Product research, market intelligence and product differentiation	Is it possible to measure these opportunities? • In market share terms? • In product recognition terms? • In dollar terms?	Actions • Differentiating opportunities from risks, eg identifying multilingual as an opportunity rather than a risk • Facilitating business development by releasing the benefits of cultural diversity in the workplace
Wants	Benevolent / esoteric		• Developing corporate image • Acting socially responsibly • Recognition programs	Is it possible to measure the benefits? • In terms of licence to operate? • In dollar terms? • In community recognition terms?	Actions • Developing champions • Providing business to business support in networks • Promoting and recognising social responsibility Business SA partnering DIMIA and other stakeholders to access SMEs, build networks and provide program support.

Developed by Bob Goreing, Business SA.

4.2.   Adelaide

Because of the number of participants in the Adelaide Think Tank, the group was divided into three subgroups discussing the core questions. Additional sub-questions focusing on how workforce diversity can be used to benefit business, ways to manage diversity more effectively, the social and economic benefits of diversity and the tools and resources SMEs require were generated.

Each group then reported back to the large group, and any key points were recorded.

Group one had predominantly health and IT participants. The group stated that in order to manage diversity, one needed to focus on communication and to transcend the sector specific language. Participants reported that it was also imperative to create more cultural awareness in order to be able to communicate effectively. Participants also agreed that diversity enabled them to know their markets better as well as providing an opportunity to improve on the bottom line.

In order to engage SMEs they felt it was important to assist with overall change-management, showcase managing diversity values, and publicise changes that worked as well as those that did not work. It was also noted that education in schools is important, although this may take a generation for changes to take hold.

This group identified that respect for people, and identifying and publicising the things that bring people together rather than those that divide, should be a core message, followed by modelling appropriate behaviour and mentoring/coaching programs as tools for change.

Group two identified the link between customer needs and specifically designed products and services to reach people from diverse backgrounds. It raised questions around specific marketing approaches in both a national and international context.

In relation to the workforce, this group recognised that a diverse workforce creates synergy and vigour in design and innovation, and that those individuals' skills and contributions needed to be valued. In order to engage SMEs in managing diversity, they believed that SMEs needed to be encouraged and shown how managing diversity stimulates innovation and enhances productivity, how to recruit for diversity and how to maximise on the value that a person brings.

They also felt that managing diversity needed to be recognised through quality frameworks such as *ISO 9000* (see Appendix 3), although participants

identified that this should be made more meaningful and less cumbersome to implement.

Their suggestions for tools were very pragmatic and focused on skill registers, knowledge management systems, professional development, training and the development of networks and resource people, experts and champions for managers and owners of SMEs. Specific tools such as business planning tools focusing on managing diversity and multicultural marketing, recruitment tools to enable inclusive recruitment, case studies and website and language resources were suggested.

Group three seemed to focus more on the human resource aspects of managing diversity. They felt it important to clarify to SMEs how good human resources practice and managing diversity benefits an SME by giving examples that could be built upon.

They believed that in order to engage SMEs in managing diversity, one should focus on the benefits rather than the challenges – in particular on the value adding of skills recognition and utilisation. They believed that it was very important to give examples on how to recruit for diversity and how to go about identifying and recognising skills and tools to support this.

Additional suggestions for tools focused on creating mentoring and trainee systems to include managing diversity, as well as tools for mentors on the "how to's" of diversity. They also felt that often it was better to go and see "an example of others in action" rather than read about it. This group also raised the importance of a quality framework such as *ISO 9000.*

The social driver for managing diversity in the Adelaide Think Tank emerged as harmony and respect in the workplace, and identifying and utilising skills for the benefit of the individual as well as the organisation.

The economic driver for managing diversity emerged as bottom line improvement, international links and market opportunity and innovation.

4.3.   Sydney

Participants in the Sydney Think Tank were asked the two core questions and reported on these questions through two smaller groups. The answers were then recorded and any ensuing discussion noted.

Issues or points to engage SMEs in managing diversity differed from those raised in Riverland and Adelaide only in approach. Participants in Sydney indicated that managing diversity strategies for SMEs aligned to business growth would impact positively on communities, particularly when they resulted in collaborative projects with local governments, universities and TAFEs. However, they believed that big corporations should assist in driving managing diversity in SMEs by including them in their corporate community

involvement strategies whereas Riverland Think Tank participants felt that a comprehensive community driven strategy would be more effective. This difference in approach may reflect the need for different strategies for urban and regionally based SMEs.

The Sydney participants also identified a number of constraints to managing diversity, more so than the Adelaide and Riverland Think Tanks. Constraints ranged from lack of time and resources, to the need for management and leadership skill development in owner/operators of SMEs. Participants also identified that SMEs, unlike big corporations, don't always have strong Human Resources practices. It was believed that many of the managing diversity strategies in big corporations' Human Resources practice deal with problems not perceived to be relevant to SMEs. Participants believed that in order to engage SMEs in managing diversity one needed to focus on other business imperatives such as business opportunity and leadership/management necessity. This was further enforced in comments made referring to SME managers making decisions and taking personal risks that would benefit from increased leadership and management skills.

Tools and resources required to manage diversity in SMEs emerged as communication strategies geared to industries and managers/operators with positive messages, and examples of managing diversity strategies that worked, as well as industry awards. Participants also identified the need for affordable education and training packages inclusive of diversity messages, plus "how to's" and incentives and rewards for doing the right thing.

The social drivers emerging from the Sydney Think Tank focused on corporate social responsibility, visible CEO commitment to corporate social responsibility initiatives and community involvement, whereas the economic drivers focused on answering the "what is in it for me" question, and availability and affordability of resources and incentives.

4.4. Canberra

The Canberra Think Tank was informal and a free flowing discussion around the core questions ensued. Canberra participants, more so than participants in other Think Tanks, voiced that they believed diversity in the workplace to be an old concept with a new focus and prominence. The old concept of cultural understanding flowing out of the community sector has been replaced by a new focus on business imperatives linked into communities.

Canberra participants indicated that in order to engage SMEs in managing diversity, both the "push" and the "pull" factor needed to be addressed – the "push' factor tied to a meaningful, simple and cost effective quality assurance framework, not a legislative approach, with ample tools, resources and incentives. This would ensure that managing diversity is seen as 'do-able', and not something that is too hard.

According to participants the "pull "factor consists of developing examples that appeal to the "pocket" of SMEs and an effective marketing campaign that includes all dimensions of diversity and does not leave anyone out. Positioning managing diversity as an investment, not as a cost, was identified as a key message. In addition, participants referred specifically to including Indigenous Australians and people with a disability as an integral part of the message.

Tools and resources identified by Canberra participants focused on setting up a help-line with information, success stories and resources to provide support. They believed that targets and quotas could be helpful, although they were fearful of this turning into a bureaucratic burden. They were looking for simple and cost effective tools. Participants identified peak bodies and Business Enterprise Centres as key in delivering messages and assisting in skill development. Service Clubs such as Rotary and Lions were identified as good existing community based networks for SMEs. Participants felt managing diversity positioned as a cause would readily engage these Clubs as allies, and would assist in communicating messages to smaller businesses and throughout the community.

The social drivers emerging from the Canberra Think Tank focused on the synergistic relationship between employers and employees, the importance of community involvement and the support of country specific based businesses through engagement and the elimination of exploitation of workers. Participants believed unions needed to be part of the discussions and the solutions.

The economic drivers emerged as positioning managing diversity as an investment, answering the "what is in it for me" question, growing a business through harnessing and developing the potential of employees through focusing on human capital.

5. Review of existing managing diversity models and resources relevant to the Think Tank Findings

5.1. Publications Reviewed

The review focused on managing diversity models presented in the research conducted by Monash Mount Eliza Business School for DIMIA in 2000 [ii]. Its findings discuss benefits of diversity as well as issues, challenges and strategies for managing diversity. The report provides a concise picture of managing diversity in Australia from a corporate perspective. It provides examples of diversity strategies and identifies challenges to managing diversity.

The review also included *Managing Diversity - a Guide to Implementation* of *the Office of Training and Further Education in Victoria* [iii], a document describing examples of practical tools and strategies.

In addition, the article *Bleak House or Bright Prospect? Human Resources Management in Australian SMEs* by Retha Wiesner and Jim McDonald provided background to comments made by participants with regards to developing tools for managing diversity for SMEs from a Human Resources perspective.

Two reports from the COSBOAiv v were relevant to this project because of the strong focus on the role of the community in managing diversity for SMEs that emerged from all of the Think Tanks.

Lastly, the Australian Business publication *Business Priorities 2001* provided insights into linking managing diversity to issues relevant to SMEs.

5.2. Identifying the links

Benefits, Challenges and Strategies

In *Diversity Management: Benefits, Challenges and Strategies[vi]*, Da Gama Pinto, et al, describe Australian examples of managing diversity initiatives. The examples focus on recruitment and retention, increasing organisational performance, improved market place understanding and higher-quality problem solving in teams.

The challenges to managing diversity identified by Da Gama Pinto (*a common definition for diversity, uncertainty about diversity initiatives, legal compliance or competitive advantage, does diversity management mean differential treatment, management homogeneity)* apply to SMEs. Throughout all of the Think Tanks, participants alluded to these challenges through comments such as "where does this all lead to?" and "is there a problem?" and "keep it practical" and" "it is not just about culture and language but also nature and type of work".

The Think Tank discussions indicate that SME solutions to these challenges and strategies, in order to be relevant to SMEs, need to be linked to their social and economic drivers for managing diversity. These social and economic drivers are further explored in section 7 of this report.

Critical Success Factors

The *Managing Diversity, a guide to implementation[vii]* published by the Office of Training and Further Education, Department of Education, Victoria, lists the following five critical success factors to managing diversity (in education):

- Client satisfaction;

- Innovation;
- Quality systems and assurance;
- Resource allocation and acquisition; and
- Human resource management and development.

The following parallels what can be drawn between these five critical success factors, and what was learned from Think Tank participants.

Client Satisfaction and Innovation

SMEs are very aware of market dynamics within their industries. They are aware of vulnerabilities in the marketplace and many small businesses operate in continuous survival mode.

SMEs recognise managing diversity as an opportunity to expand markets, access new markets and prepare for export. Participants also recognised that managing diversity could provide them with a strategic business advantage.

Quality Systems and Assurance

SMEs would like to see accreditation/recognition of managing diversity initiatives presented in a way that is meaningful to them, such as tax incentives, funding sources and underpinning support. However, many participants voiced fear of a legislative approach, indicating it would undermine initiatives and would quickly place managing diversity into the "too hard" category. Implementation of Quality Assurance, for example, was perceived as being forced, with the consequence that no-one recognised its value.

Resource Allocation and Acquisition

Many participants also felt that incentives geared to acquisition of English language skills in the workplace, and programs to assist in workplace adaptation with regards to people with a disability should take priority. The perceived cost and time commitment involved in current programs however, was seen as a disincentive. Assistance in dealing with language and literacy barriers – particularly around Occupational Health and Safety (OHS) training and Hazard and Critical Control Points (*HACCP*) in manufacturing – was seen as a high priority. Participants voiced very strongly that Indigenous people and people with a disability should not be left out of the picture.

Human Resource Management and Development

SMEs don't have strong Human Resource practices. Participants indicated that in the SME arena, employment is driven by need, and

recruitment is often conventional and ad hoc. Participants indicated that, therefore, SMEs are more responsive to the skills of diverse people and cultural background of individual employees often becomes secondary or not important. Although many participants reported unfamiliarity with immigration requirements and policies and recognition of skills mechanisms, this does not deter SME managers from making decisions and they are not afraid to take risks.

Recruitment and Human Resources tools, geared to inclusive practice and managing diversity, were identified as useful to develop skills not only in inclusive recruitment, but also overall SME Human Resources practise.

The study conducted by Wiesner and McDonald[viii] supports these findings, and concludes that the ability to compete in a constantly changing environment is viewed as key to the survival and growth for SMEs. 'The challenge for owners/managers of SMEs lies in the creation of organisational systems that facilitate flexibility, innovation and speed'. The study identifies that Human Resource practices and participatory Human Resource practices are only moderately represented in SMEs, with a significant number of SMEs not having a strategic plan. Wiesner and McDonald cite the following four reasons:

- SME managers seem to be unaware of the links between Human Resource practices and organisational performance;
- SME managers don't see these practices as practical within the context of a small organisation;
- The cost of implementing a new practice is an issue; and
- The absence of Human Resource managers in SMEs will continue to impact on the uptake of Human Resource practices in SMEs.

Participants suggested that managing diversity becomes an integral part of business planning tools, resources and processes available to SMEs.

To engage SMEs in managing diversity, the findings of Wiesner and McDonald need to be heeded. Throughout all of the Think Tank discussions, issues of cost, time and practicability around managing diversity were raised.

Engagement in Community

The COSBOA's final report to the Department of Family and Community Services on "*Small business and community participation[ix]",* echoed much of what was said during the Think Tanks in relation to the unique position of SMEs. The central tenet of the report is that small businesses see themselves as an indistinguishable part of the community, and make an enormous contribution, both in cash and in kind to the wellbeing of a community. A participant in Sydney contributed that large corporations are

able to define community from within, often being communities in their own right. This distances them from, and makes them less dependent on, their immediate geographic and demographic communities. SMEs are integral parts of their communities and are much more susceptible to community pressures and issues; they take their social role very seriously.

The central findings of the COSBOA report, *Speaking Easy, Government Communication with Small and Ethnic Businesses[x],* echoed participants' opinions that country specific businesses lose out on information and opportunities for input in regards to government policy in general, and opportunities to help shape communities.

Participants, in particular those in regional South Australia and regional New South Wales, felt very strongly that in order to get SMEs to embrace diversity management, a collaborative community approach involving business service organisations, Job Network organisations, local training organisations and community groups including ethnic community groups is needed. For example, participants suggested that ethnic groups assist in training employees in the meaning of safety labels and instructions, in cooperation with local training organisations.

Cost of Compliance and Excessive Burden of Regulation

When looking at *Business Priorities 2001, Issues identified by member companies of Australian Business Limited for the 2001 Federal Elections[xi],* key issues for SMEs are identified as "the cost and complexity of tax laws, and the continuing excessive burden of government regulation." These issues were echoed throughout the Think Tank discussions. In order for SMEs to manage diversity, it should not become a bureaucratic burden. SMEs need to see returns for dollars spent. It needs to be something that people use because it makes sense, not something that becomes too hard, and tied to compliance. At the same time, participants indicated that it was imperative not to hide or overlook that there will be problems in implementing managing diversity. It was suggested that tools be developed in order to cope with managing the change to managing diversity.

6. Economic and Social Drivers for Small and Medium Enterprises to manage diversity

6.1. Economic Drivers

Economic drivers for SMEs to manage diversity were identified in the Think Tanks as:

- Bottom line improvement;

- International links and market opportunity;
- Innovation;
- Addressing labour market needs through migration;
- Increasing opportunity;
- Minimising risk;
- Answering the "what is in it for me" question;
- Availability and affordability of resources;
- Incentives;
- Positioning managing diversity as an investment; and
- Developing human capital.

6.2. Social Drivers

Social drivers for SMEs to manage diversity were identified as:

- Harmony and respect in the workplace;
- Identifying and utilising skills;
- Developing community cohesiveness;
- Corporate social responsibility;
- Visible CEO commitment to corporate social responsibility;
- Community involvement;
- Synergistic relationships between employers and employees;
- Supporting country specific businesses; and
- Elimination of exploitation of workers.

Although the economic and social drivers have been listed as separate items, for SMEs they do not necessarily stand alone and are very much interlinked. Initiatives to engage SMEs in managing diversity should, therefore, not only address economic and/or social drivers, but also need to be collaborative efforts between SMEs and business organisations, communities and community organisations, unions and governments. This is supported through comments such as: "This is not something we can get SMEs to do only - it is a concerted effort between government and business and a coalition between peak bodies" (Canberra participant); "Establish a non-discriminatory community focus" (Riverland participant); "Links with communities - increase overall capacity" (Adelaide participant); "Community involvement - local government projects, universities, TAFEs, business." (Sydney participant).

7. Constraints and Insights

In addition to the economic and social drivers, the following constraints and insights in to managing diversity in SMEs emerged:

- SMEs don't have abundant time and resources to implement initiatives;

- Many owners and operators of SMEs often have not had the opportunity to engage in formal management training;
- SMEs often don't have the capacity to engage in formal Human Resources Practices or undertake strategic planning;
- SMEs are fearful of government regulation and additional bureaucratic burdens;
- SMEs see themselves as integral parts of their geographic and demographic communities. Therefore, community views and perceptions could influence the need for, and the level of uptake of, managing diversity initiatives in SMEs; and
- Managing diversity for SMEs needs to be positioned as a collaborative community initiative and involve trusted traditional sources of information, support and services for SMEs.

These constraints are indicative of the need for governments to take a facilitative role with stakeholders, rather than a direct role in the development of tools and resources for managing diversity in SMEs. This facilitative role enables business service organisations, peak bodies, community-based groups and organisations with credibility in the SME environment to enhance their current portfolios of information, resources and services to include managing diversity initiatives.

8. Motivation, Buy-in and Gateways for SMEs to manage diversity

8.1. Motivation and buy-in

Based on the economic and social drivers and constraints and insights, SMEs will be motivated and buy in to managing diversity when they understand the "what's in it for me" question. This is likely to occur when SMEs are convinced that managing diversity is:

- Tied to incentives;
- Cost effective;
- Practicable;
- Measurable;
- Integrated into traditional SME development resources and tools and delivered by trusted traditional sources;
- Involving geographic and demographic communities; and
- Non-bureaucratic and not compulsory.

8.2. Gateways

Gateways to engage small and medium enterprises in managing diversity are traditionally trusted non-government sources of SME information such as Chambers of Commerce, Business Enterprise Centres, Business Service

Organisations, sector specific peak bodies or associations, employment and recruitment agencies, accountants, local training organisations and TAFE colleges. These organisations can deliver specific 'managing diversity' messages related to their areas of expertise. For example, accountants could assist in positioning managing diversity as an investment. Business Enterprise Centres could assist in integrating managing diversity concepts into business planning, marketing and other business development tools. Sector specific peak bodies, or associations such as the Service Stations Association of Australia, could develop case studies that demonstrate the benefits and strategies implemented to manage diversity in businesses representing their sector.

Country specific, multicultural and Indigenous Chambers of Commerce could play a pivotal role in facilitating country specific and Indigenous SME involvement within the larger SME community to bring their specific issues to the table. These Chambers need to strike a fine balance in order to avoid marginalisation of their work within the broader network of Chambers. In addition, these Chambers could facilitate connections between country specific SMEs and Service Clubs to link country specific SMEs into the broader community as well as informal community based SME networks.

Job network providers and training organisations providing employment and recruitment services and workplace-based training were also identified as possible gateways. These organisations could assist in addressing and simplifying issues around recognition of skills and overseas gained qualifications for SMEs by identifying pathways, providing assistance and support and recognition of prior learning services.

Training organisations and TAFE colleges providing workplace-based training could incorporate managing diversity as an integral part of their training materials in order to increase managing diversity skills at all levels of the organisation.

Nationally accredited training materials used by these organisations are developed and endorsed by Industry Training Advisory bodies such as Business Service Training, as part of the National Qualifications Framework. Engaging this body in including managing diversity as an integral part of these materials would ensure consistency throughout Australia.

Service Clubs such as Lions and Rotary were identified as existing community based business networks for SMEs. Engaging these Clubs in delivering positive messages, using their existing structures for dialogue around the benefits and challenges of managing diversity and positioning managing diversity in SMEs as a "cause", would create a vehicle to position the managing diversity agenda both in the SME as well as the community environment.

Organisations involved in assisting business to prepare for export and international trade, such as Austrade, could play a pivotal role in engaging SMEs in managing diversity. The opportunity for a comprehensive approach to

managing diversity is explicit, as SMEs recognise the opportunity for utilisation of skills internal to the organisation, and external to the geographic and demographic community as a key to capitalise on export and international trade opportunities.

9. Applicability of Managing Diversity Models and Tools and Resources for SMEs

The following broad areas in current managing diversity models in large organisations are applicable to SMEs:

- Leadership and management development;
- Recruitment and retention (and as a gateway to improving overall human resource management and development);
- Increasing organisational performance;
- National and international market positioning;
- Risk management; and
- Quality systems.

The Australian Centre for International Business (ACIB), in partnership with the Department, has developed tools and resources for large organisations to address a number of these areas. However, in order for these tools and resources to have value for SMEs, they need to be aligned to economic and social drivers for SMEs and delivered through identified gateways in order to engage SMEs in managing diversity.

For example, in the *Managing Diverse Human Resources Effectively Business Model*[xii] ACIB outlines key steps in action areas useful to a Human Resources manager in a large organisation. Conceptually, these steps could be valuable in an SME context, however, the task of implementing 'managing diversity' initiatives in an SME would fall on the owner or manager and would make this model impracticable within the SME context.

Likewise, ACIB's *Adding Value to HRM: A Business Model for Managing Diversity*[xiii] identifies seven steps for action through human resource management. These steps are applicable but not always practicable in an SME environment.

These models could be made useful for SMEs if they were brought in line with the SME context. For example, participants in the Think Tanks stated that SMEs often lack the opportunity or time to engage in strategic planning as well as training and education. Strategic goal setting and training and education are identified as key steps to engage in managing diversity in the ACIB models.

Including managing diversity as integral parts of business planning tools for SMEs may enable SMEs more easily to engage in managing diversity. Likewise, including managing diversity as an integral part in training and development opportunities, such as training materials developed by Business Services Training the business services *Industry Training Advisory Body*, may be a more effective strategy to engage SMEs in managing diversity.

Also, although the online availability of tools and resources was identified as useful, the form in which they are available on the ACIB website are not necessarily SME friendly, as the documents are quite large and not printable from the site.

Following are tools and resources suggested in each of the above six identified areas, linked to identified gateways.

Leadership and Management Development

Leadership and management development needs for managers in corporations and SMEs may not differ, but how one engages SME managers in leadership and management development opportunities does differ.

Think Tank participants indicated a lack of time and resources and the need for value for money. Strategies to develop leadership and management skills in SMEs need to be cost and time effective. Participants suggested peer groups, self help groups, mentoring and coaching programs, as well as integrating managing diversity into existing management-training programs such as the Business Training Packages developed for the business services *Industry Training Advisory Body.*

Peer groups, mentoring and coaching programs could be designed and delivered in collaboration with Chambers of Commerce and providers of workplace-based training. Whilst self-help groups could emerge out of collaborations developed with Service Clubs, collaborations could also be established with Industry Training Advisory Bodies, to ensure integration of managing diversity concepts and skills into nationally accredited training packages.

Recruitment and Retention

Recruitment and retention issues can be addressed by developing pragmatic tools: diversity inclusive recruitment tools, workforce skills inventory tools, workforce climate surveys, diversity inventory tools and knowledge management tools that are relatively easy to use whilst demonstrating more inclusive recruitment and retention practices. Measurement and benchmarking tools, and examples of how an organisation benefited, could also act as precursors to the adoption of better human resources practices in general. Case studies, examples and accessible (internet-based) resource people will assist SMEs in implementation, interpretation and follow-up.

These tools, case studies and examples could be developed in collaboration with Job Network agencies and Chambers of Commerce. Internet-based resource people - or a "Diversity Help Desk" - could provide online consultations through DIMIA's Australian Diversity Website.

For example, ACIB's *Toolkit for Diversity Management: Using diversity climate surveys*[xiv]*,* could be reviewed and adapted for applicability in an SME context, and scoring and feedback could be received through DIMIA's Australian Diversity Website.

Information in regards to recognition of overseas gained skills and qualifications, and relevance of these skills in the context of SMEs, could be made available through Job Network agencies, training organisations and Chambers of Commerce. It was also thought useful to publish links with pertinent state government agencies and recognition bodies such as the National Office of Overseas Skills Recognition (NOOSR) on DIMIA's Australian Diversity Website.

Case studies describing utilisation of overseas gained skills and qualifications could be made available in a number of formats as examples of how other businesses have benefited and capitalised on these skills.

In addition, reviewing training materials for Assessors and Workplace Trainers to include managing diversity approaches could influence workplace assessor and trainer practice in the Vocational Education and Training System. These reviews could be conducted by *Quality Endorsed Training Organisations* which are often associated with Chambers of Commerce.

Organisational Performance

Organisational performance issues could be addressed through assisting in the review of current *Business Planning Kits* and seminars to include diversity as a key strategy to developing a successful business, in addition to developing case studies, examples and resource people. Chambers of Commerce, Business Enterprise Centres and sector specific peak bodies and associations could drive this initiative as they already provide assistance in business planning and business development to SMEs.

International and National Market Positioning

To address resource requirements in the area of international and national market positioning demographic information, country specific market research and multicultural marketing strategies and initiatives, plus examples and case studies could be made available on the DIMIA Australian Diversity Website. Information on how to engage with country specific communities could be developed in collaboration with Migrant Resource Centres and other organisations with close links to multicultural communities. These organisations

could also facilitate opportunities for interaction and exchange in the area of training and development related to risk management issues. Austrade could assist SMEs with conducting workforce skills-inventories and how these skills could be used as part of their work in preparing SMEs for export opportunities.

Risk Management

Risk management issues identified by Think Tank participants focused on English language in the workplace and Occupational Health and Safety and Health and Critical Control Point regulations. Participants suggested that community leaders could act as "ambassadors" in their communities and assist in training as well as developing collaborative initiatives with local training providers and communities, and local multicultural organisations and Migrant Resource Centres. SMEs and Service Clubs could co-sponsor community based language classes.

Participants identified *Quality Systems* as useful tools if they were meaningful and not legislated. A *Diversity Index* could be developed and introduced as a *Quality System* alongside current *Quality Systems*. Industry Specific Peak Bodies and Associations would be ideally positioned to ensure industry relevance and to assist SMEs in implementation.

10.   Areas of collaboration

10.1. Examples of collaborations

Collaborative relationships around managing diversity and SMEs can be developed and nurtured with organisations which have existing relationships with SMEs to do what they know best, and assist them to enhance their tools, resources, knowledge and services to include managing diversity as an imperative.

The following initiatives are current collaborations between government and business services organisations and others. This list is by no means exhaustive and is added to provide examples of what collaborations may look like.

NSW Department of Education and Training - Education and Training Access:

The Migrant Skills Strategy of the NSW Department of Education and Training's Productive Diversity in the Workplace Program is a component of this strategy. The program aims to increase the utilisation of overseas gained skills in the workplace through the implementation of productive diversity principles under the following two objectives:

- Employers and employees are aware of the benefits to be derived from productive diversity in the workplace; and
- Mainstream workforce management policy and practices encompass productive diversity principles.

The Department funds a project with The NSW Labor Council, Australian Business Limited and The Premiers' Department. In addition, it funds two regional projects through the local Migrant Resource Centre in the Hunter, and through the Multicultural Resource Centre in Albury/Wodonga.

As this project's focus is primarily on recognition and utilisation of overseas gained skills and qualifications within a NSW context, value could be added by negotiating to disseminate information and resources flowing out of this project throughout Australia.

Australian Business Limited (ABL)

The Diversity Project at ABL provides training design and delivery, advice and consulting services, workplace based research such as audits and assessments and design and implementation of intervention and measurement tools. As part of this above project, Australian Business Learning, a division of ABL and a registered training organisation is reviewing training materials for Front Line Management and Assessment and Workplace Training to include diversity concepts and skill development opportunities specific to the training package.

Developing a partnership between the Australian Business Diversity Project and the Australian Centre for International Business could provide SME insights into the Centre's managing diversity tools and resources.

The Bankstown/Fairfield/Liverpool Business Enterprise Centre (BEC) Services to Business Migrants

The BEC was established by the New South Wales state government in 1989 as a not-for-profit community based company and supported by the federal government to provide support and advice to new and existing businesses. Its Board of Directors is representative of government, business community, education and business professionals and is representative of the Southwest Sydney region of Bankstown/Fairfield/Liverpool.

The BEC is represented on the state government's Greater Western Sydney Economic Development Board [GWSEDB] on the Fairfield and Liverpool City Councils. The BEC is also a member of the Ethnic Community Council and the Southwest Sydney Migrant Interagency committee.

The BEC has a contract with the state and federal government to deliver quality training, advice and business development and mentoring.

The BEC office is located in Fairfield and has sub offices in Bankstown and Liverpool, which are the heart of multicultural Sydney. One hundred and thirty three countries are represented in this region and over 60% of businesses are owned and operated by people from non-English speaking backgrounds. This has given the BEC the unique ability and expertise to provide a range of services to intending business migrants and new arrivals to enable them to more easily assimilate into their new business and domestic environment. The expertise, support and advice provided by the BEC also enhances the establishment and operation of a viable business.

The BEC services are not limited to the Sydney region, as they are part of a national network of 138 centres. This enables the BEC to identify business opportunities and the most appropriate location for the establishment of new business by migrants across Australia.

The Macarthur Business Enterprise Centre

The Macarthur BEC has a similar strategy to that of the Bankstown/Fairfield /Liverpool BECs.

Feeding SME managing diversity information, tools and resources into this national network may assist these and other BECs to enhance their capabilities and may encourage other centres to engage in a similar service.

Common Good Program of the NSW Chamber of Commerce

The Common Good is an innovative program that was launched by the Chamber of Commerce (NSW) in 2000. This program has been developed to assist the Australian business community to pursue social and environmentally responsible practises, while building long-term competitive advantage.

Through a series of specially designed projects, the Common Good will showcase those Australian companies that have adopted corporate social responsibility as a core component of their business strategy. The program will also develop the business case for corporate social responsibility by identifying a range of assessment tools that can assist Australian businesses to measure the returns that corporate social responsibility can deliver.

Developing a clear link between the business case for managing diversity and SMEs and the business case for corporate social responsibility may assist in identifying how large companies could best include SMEs in their corporate and social responsibility initiatives and assist in driving managing diversity in SMEs. (Sydney Think Tank)

Employers Making a Difference (EMAD)

Employers Making a Difference was initiated by a group of employers who reaped the benefits of employing people with a disability and who want to share these benefits. EMAD assists businesses to understand the case for employing people with a disability by providing services to assist business to become "disability confident" and promoting inclusive business.

Diversity@work

Divesity@work is a not-for-profit incorporated body providing a one-stop solution that enables employers across South East Australia to hire more Indigenous people and people with a disability.

Creating networks for these organisations and other bodies or programs, focusing on breaking down barriers to employment for Indigenous people, mature aged workers and people with a disability to share information and strategies and to develop shared managing diversity resources, may result in more general awareness and better outcomes.

10.2. New areas for collaborations

Business SA

Business SA proposes a pilot project aimed at encouraging and promoting diversity in the workplace for SMEs, aligned with the model developed out of the Riverland Think Tank discussion by Bob Goreing. The project will allow for the development of innovative and new practices in areas such as business networking, education and the delivery of an appropriate set of tools to support diversity in the workplace. This project proposes to be different in that the links with communities will be central to the development of these strategies and tools.

The Council of Small Business Organisations of Australia (COSBOA)

Because the research conducted by COSBOA proved to be relevant to this project, COSBOA may be interested in developing a project focusing on delivering managing diversity messages to SMEs. Their strong links with SMEs, their understanding of the SME position in a community and their insights into communication difficulties with SMEs and governments could be invaluable in delivering managing diversity messages to SMEs. This project could focus on developing effective communication links with SMEs, and in particular country specific SMEs around messages of managing diversity in SMEs.

Industry Training Advisory Bodies

Industry Training Advisory Bodies (ITABs), in particular the Business Services Training area of the Business Services Industry Advisory Body, may be made

aware of Australian Business Learning. This may assist them to identify pathways for influencing other business training materials such as their *GROW* program and the Small Business Professional Development Program currently under development, therefore building managing diversity capacities at every level of an SME.

The Australian National Training Authority

The Australian National Training Authority may be approached to drive a specific SME and managing diversity agenda within the Trainee and Apprenticeship Training System and the Vocational Education and Training System in general. This may be tied to their current desire to engage with SMEs.

The Rotary, Lions and other Service Clubs

National Executives of these organisations could be approached to assist in disseminating managing diversity information and resources throughout the local clubs across Australia. Local clubs could then be supported by linking them with community based organisations such as Migrant Resource Centres and Multicultural Resource Centres, local Job Network providers and training organisations to engage in community based activities around managing diversity and SMEs.

Chambers of Commerce and Sector Specific Associations

Chambers of Commerce could be approached to develop networks, peer groups and formal and informal managing diversity and leadership development opportunities.

In addition, they could also be approached to become the principal vehicle for launching an Australia wide SME communication campaign on the opportunities of a diverse workplace, and be the vehicle to deliver awards and associated incentives.

A coached, self-paced, self-directed educational program could be offered through Chambers of Commerce as a formal managing diversity learning opportunity. *The Personal Effectiveness in Diversity Program*[xv] developed, piloted and evaluated[xvi] as part of the research conducted by the Department of Immigration and Multicultural Affairs in 2000 could be adapted to the SME context.

These organisations could also be approached to develop a managing diversity quality framework relevant to industry sectors within SMEs.

Certified Practicing Accountants Australia or the Institute of Chartered Accountants

Certified Practicing Accountants Australia or the Institute of Chartered Accountants could be approached to assist in positioning managing diversity as an investment strategy for SMEs. Information could then be disseminated through their networks.

Community-based Organisations

Community based Multicultural and Migrant Services organisations could be approached to develop SME networks, resourced by Job Network Agencies, Business Enterprise Centres and Service Clubs to assist in developing managing diversity skills in SMEs.

Job Network and Recruitment Agencies

Job Network and recruitment agencies could be approached to assist in recognition of overseas gained skills and qualifications and in developing inclusive recruitment and retention practices in SMEs.

Developing an Inventory

It may be useful to develop an inventory of collaborative projects focusing on managing diversity and SMEs and employment and other programs specifically geared to migrants, Indigenous Australians, women, mature aged workers and people with a disability throughout Australia to identify links, resources, methodologies and areas for collaboration to enable a coordinated approach to managing diversity and SMEs.

11. Conclusions

Based on the findings of the Think Tanks and the review of the selected models, the following can be concluded:

- Managing diversity messages to SMEs need to answer the "what is in it for me" question.

- Awards are a useful way to create an incentive for SMEs to manage diversity.

- Other incentives need to be tangible and tied to providing assistance with implementation of specific SME based initiatives.

- Economic and social drivers to engage SMEs in managing diversity do not stand alone and are interlinked.

- Strategies and initiatives to engage SMEs in managing diversity need to address both economic and social drivers.

- Gateways for engaging SMEs in managing diversity are traditionally trusted, often non-government, organisations providing SME support, information and services, such as Chambers of Commerce and accountants.

- Gateways for engaging SMEs in managing diversity are also organisations that are closely linked to and part of geographic and demographic communities such as Service Clubs and country specific associations.

- Tools and resources for SMEs to manage diversity need to be cost and time effective, relevant and practicable, and linked to or integrated into current available tools and resources and their delivery mechanisms.

- SMEs will respond to quality framework approaches that are measurable, that positively influence the bottom line and that can be implemented with few or no bureaucratic burdens.

- SMEs identify DIMIA's role as one of coordinating access to information and resources and facilitating collaborative projects between agencies and organisations identified as gateways to SMEs to enhance their capacity to develop managing diversity tools and resources relevant to their services and assist SMEs in managing diversity.

- SMEs prefer a one-stop-shop approach for information, resources and incentives on managing all dimensions of diversity.

12.   Recommendations

Based on the above conclusions, it is recommended that:

- The business case for managing diversity and SMEs is made by developing sector and industry specific case studies and examples of how SMEs benefited from managing diversity.

- Key individuals involved in implementing initiatives described in the case studies and examples are identified and a mechanism to provide access for consultation with these individuals is developed.

- An inventory of collaborative projects on managing diversity and SMEs throughout Australia is conducted. The inventory should focus on managing diversity in SMEs and employment and other programs specifically geared to migrants, Indigenous Australians, women, mature

aged workers and people with a disability to identify links, resources, methodologies and areas for cross fertilisation to enable a coordinated approach to managing diversity in SMEs.

- A one-stop-shop mechanism be developed to provide information, relevant tools and resources and access to experts on managing diversity with regard to:

  - Gender;
  - Disability;
  - Indigenous people;
  - Mature aged workers;
  - Migration;
  - Demographics and community profiles;
  - Multicultural marketing;
  - Human resources management;
  - Employment and recruitment;
  - Education and training and vocational education and training;
  - Recognition of overseas gained skills and qualifications;
  - Leadership and management development;
  - Import and export readiness;
  - Outcomes and resources developed by current and future collaborative projects; and
  - Incentives available through government departments.

  This mechanism could be the Australian Diversity Website currently being constructed by DIMIA, linking pertinent information from other government organisations.

- An evaluation is conducted on the impact of managing diversity inclusive training packages as developed by Australian Business Learning on management practices of SMEs.

- Collaborative pilot projects be pursued with:

  - The Institute of Chartered Accountants or CPA Australia to develop a mechanism to position managing diversity as an investment strategy for SMEs.

  - Business Services Training to include managing diversity as a key component in their Small Business Professional Development Program.

  - Business South Australia to demonstrate community inclusive strategies for managing diversity and SMEs in regional Australia.

- COSBOA to identify effective communication strategies and messages on managing diversity, and SMEs capitalising on their findings and the findings of this report and their relationship with SMEs.

- A Chamber of Commerce to develop managing diversity management and leadership development opportunities for owners/operators and managers of SMEs, and develop non-competitive managing diversity peer groups, learning circles and networks.

- The Australian Chamber of Commerce and Industry to develop an SME Managing Diversity Award.

- Multicultural and Indigenous Chambers of Commerce to involve country specific and Indigenous businesses in SME networks.

- Service Clubs such as Rotary and Lions to assist in disseminating managing diversity information and resources throughout local clubs across Australia.

- A local Rotary or Lions Club to demonstrate how collaborative community based initiatives involving organisations such as Migrant Resource Centres, Multicultural Resource Centres, local Job Network providers and local training organisations enable SMEs to engage in managing diversity.

- An Industry Specific Association such as the Service Stations Association of Australia to identify appropriate mechanisms to develop a quality framework for managing diversity in this industry.

Appendix 1. Participants

Riverland District - Berri, South Australia - November 29, 2001

1. Nino DiSisto, CEO, Riverland Regional Health Service.
2. Bob Goreing, General Manager Policy, Business SA.
3. Bruce Lieven, Statewide Group Training SA.
4. Diane Minnis, Training Manager, River Murray Training.
5. Mathew Mayes, Project Officer, Riverland Development Corporation.
6. Ken Smith, Business Development Manager, Riverland Development Corporation.
7. Mike Woosnam, Team Leader Job Matching, MADEC.
8. Sophia Provatidis, Member, Council for Multicultural Australia.
9. Randolph Alwis, Member, Council for Multicultural Australia.
10. Patricia Snigg, Assistant Director, Diversity Principles Section, Department of Immigration Multicultural and Indigenous Affairs.
11. Caroline Pinto, ICDR Australia Pty Ltd. (Facilitator).

Adelaide, South Australia - November 30, 2001

1. S. McSeveney, Director Equity Adjusters (CSA) Pty Ltd.
2. Rosalind Neil, Managing Director, Rosalind Neal Real Estate.
3. Joy Bedford, Principal, Our Lady of Sacred Heart College.
4. Leigh Twining, General Manager, Pilkington BPA - Decorated.
5. Lucy-Ana D'Aloia, Consultant Access and Equity, Workcover Corporation.
6. Keith Brown, CEO, Workcover Corporation.
7. Joy De Leo, Executive Director, Multicultural Affairs, Department of the Premier and Cabinet South Australia.
8. Dan O'Leary, eResourcing_Technology Recruitment, TMP Worldwide.
9. Dennis Wall, Executive Director, IT Council of South Australia.
10. Margaret Nowlon, Executive Aide, IT Council of South Australia.
11. Tony Cochiarro, Chairman, Office of Multicultural Affairs.
12. John Tanti, Managing Director, Tanti Group of Companies.
13. Peter Karytinos, Director, Olympic Industries.
14. Kathryn Conder, Director, Conder Consulting.
15. Maria Gaganis, Director Administration, Gaganis Brothers Pty Ltd.
16. Nathan Paine, Policy Advisor, Business SA.
17. Dr. Ross Bensley, Manager Organisational Development, Schefenacker.
18. Catherine Chong, Director, Integrated Care Services.
19. Ernest Orel, Director, Finnsbury Printing.
20. Glenn Smith, State Director, Department of Immigration Multicultural and Indigenous Affairs.
21. Paul Garaghty, Director, First Choice Restoration and Cleaning.
22. Vic Ronse, General Manager, REDC Multimedia.
23. Greg Toop, Executive Chairman, International Hotel Management.
24. David Bohn, Managing Director, Four Sticks Pty Ltd.
25. Randolph Alwis, Member, Council for Multicultural Australia.

26. Sophia Provatidis, Member, Council for Multicultural Australia.
27. Patricia Snigg, Assistant Director, Diversity Principles Section, Department of Immigration Multicultural and Indigenous Affairs.
28. Caroline Pinto, ICDR Australia Pty Ltd. (Facilitator).

Sydney, New South Wales, December 6, 2001

1. Than Lan Bui, Director, Bankstown Fairfield Liverpool Business Enterprise Centre.
2. Karen Nicholl, NEIS Project Manager, Macarthur Business Enterprise Centre.
3. Warren Sedman, Executive Director, Bankstown Fairfield Liverpool Business Enterprise Centre.
4. Mike Rodgers, Centre Manager, Wynn Tresidder Retail - Neeta Shopping Centre, Fairfield.
5. Bruce Mclennan, Director, Brucemac Pty Ltd.
6. Michelle Woodhouse, Human Resources Manager, Coats Australia.
7. Matt Johnston, Managing Director, Choice HR Pty Ltd.
8. Caroline Davidson, Senior Policy Officer, Premiers Department.
9. Suzanne Colbert, CEO, Employers Making a Difference.
10. Susan Hughes, Account Manager, Employers Making a Difference.
11. Rhonda McGuire, Manager, Business Enterprise Centre St. George and Sutherland Shire.
12. Tim Anderson, Manager AB Learning, Australian Business Limited.
13. Joan Napoli, Senior Advocate, Australian Business Lawyers.
14. Cathy Johnston, Manager, Productive Diversity Program, Newcastle and the Hunter.
15. Sue McCluskey, Site Manager, Wesley Uniting Employment, Newcastle.
16. Rita Lee, Community Liaison Officer, Department of Immigration Multicultural and Indigenous Affairs.
17. Robert Elliott, CEO, BP Taxation Services.
18. Serenella Prelaz, Diversity Manager, Ford Motor Company of Australia Limited.
19. Benjamin Chow, Member, Council for Multicultural Australia.
20. Sophia Provatidis, Member, Council for Multicultural Australia.
21. Patricia Snigg, Assistant Director, Diversity Principles Section, Department of Immigration Multicultural and Indigenous Affairs.
22. Caroline Pinto, ICDR Australia Pty Ltd. (Facilitator).

Canberra, Australian Capital Territory, December 11, 2001

1. Lindsay T. Burke, Managing Director, Endoxos Pty Ltd.
2. Greg Bowler, Business ACT.
3. Ian Macara, Legal Council and Board Secretary, ActewAGL.
4. David Morphet, Workplace Relations Director, ACT and Region Chamber of Commerce.

5. Laurie Hutchison, Executive Officer, Australian Federal Police Association.
6. Mike Kinniburgh, Managing Director Indigenous and Multicultural Business Chambers of Australia Ltd.
7. Leny Plonsker, Human Resources Employee Relations Coordinator, Autoliv Australia Pty Ltd.
8. Randolph Alwis, Member, Council for Multicultural Australia.
9. Patricia Snigg, Assistant Director, Diversity Principles Section, Department of Immigration Multicultural and Indigenous Affairs.
10. Caroline Pinto, ICDR Australia Pty Ltd (Facilitator).

Appendix 2. Participants' contributions

NOTES – RIVERLANDTHINK TANK
Berri, SA. 29 November, 2001:

Core Questions:

1. What are the key issues or points to engage SMEs in managing diversity?
2. What tools and resources do SMEs require in order to manage diversity?

Discussion Sub-questions:

- Valuing diversity - the meaning of value;
- Creative ways to present this;
- Three-dimensional concept - what does this mean for SMEs?

Discussion Focus:

- Employment is driven by need - labour market;
- Cultural background often becomes secondary or not important - need for workers primary - could promote cultural diversity in the community.
- Immigration programs;
- Refugees - because there is work available;
- How does cultural diversity add to business?
- How feasible is it that a production worker gets asked for an opinion? If you have that market, you will because it is market driven;
- Specialist network - using workforce differently;
- Set of skills can be injected into an area that needs the expertise.

- Dimensions of diversity:
  3 drivers:
  - Risk management - teams. Loyal workforce, internal objectives;
  - Increase opportunity - new markets, links to communities;
  - Benevolence/esoteric - feeling good. Contributing - doing the right thing.

Tools:

- Internal: identify the groups;
- Different approaches to different businesses: tools need to be designed to accommodate these differences;
- Occupational Health and Safety issues;
- Language barriers;
- *HACCP* and processes;
- Non-familiarity with immigration and compliance issues;

- Not clear about benefit - cost associated with things - extra time associated with training;
- Representative workforce - ie. supermarkets and banks;
- Smaller companies are closer to the issues - in regional communities;
- The bigger the company gets, the easier it is to approach it as rhetoric;
- Requirement of diversity strategy to get government contracts could help, but only if it is relevant to the business;
- Extra funding for workers in non-traditional functions;
- We don't want to legislate - mostly reactive;
- Incentives and underpinning support - sharing and support - business to business;
- Facilitate a diversity self-help group;
- Cost factor needs to be reduced for small businesses;
- Take diversity out of "competitive arena" by developing "business peer groups" collegiate groups;
- Teams - SME can be counterproductive - don't segment. Balance being inclusive of all;
- Tailored training focused on risk management and OHS;
- Train community reps to provide training - translated videos;
- English language skills should take priority. Cost and time is a disincentive;
- Establish a non-discriminatory community focus on:
    - Process of community acceptance
    - Positive outlook on skills people bring
    - Positive outlook on work ethic
    - Overt recruitment of community leaders to act as "ambassadors"
    - There is a timeframe involved.
- Focus on champion employers:
    - how
    - why
    - benefit;
- Link into community events;
- Measure impact of productive diversity on bottom line. Develop a PD Index;
- Lack of awareness for specific funding sources to address issues of diversity in the workplace, ie. language and literacy training;
- Develop strong links with Business SA /DIMA/Job Network.

NOTES – ADELAIDE THINK TANK
Adelaide, November 30, 2001

Core Questions:

1. What are the key issues or points to engage SMEs in managing diversity?
2. What tools and resources do SMEs require in order to manage diversity?

Discussion Sub-questions:

- How can we use workforce diversity to benefit our business?
- Are there ways to manage diversity more effectively?
- What are the social and economic benefits?
- What tools and resources do SMEs require?

Group 1.
- IT and health have sector specific language. One needs to transcend that to be able to work with diversity;
- Diversity is an opportunity to know your market better;
- Provides opportunity to improve on the bottom line;
- Need to be able to understand "languages" and cultural backgrounds - awareness.

Group 2.
- Help to know customers needs;
- Design services and products to reach people from diverse backgrounds more effectively;
- What marketing approach is useful;
- Rise to the challenge about managing diversity - it prepares one to have the adaptability to meet needs externally;
- A diverse workforce creates synergy and vigour in design and innovation;
- Valuing individuals where skills can be drawn upon;
- International link;
- Give recognition for managing diversity such as *ISO 9000* - needs to be more meaningful.

Group 3.
- Competitiveness in business;
- Attracting staff - employer of choice;
- Motivation - why people do manage diversity - why not;
- Benefits and remuneration - workplace culture - job satisfaction;
- To become more competitive - attract skilled people;
- Give examples others can build on or learn from.

Key Points for Engagement:

Group 3.
- Language barriers - demonstrate to give people a go anyhow;
- Diversity in recruitment panels - examples on how this may work;
- Attitudes toward negative impact are changing - Mitsubishi example of newsletters in languages of employees could be emulated by SME;
- Skills recognition- bilingual skills - benefits for individual. Use by business in a positive way;

- Get outcomes - use all skills you need - identify and recognise.

Group 1.
- Paradigm shift - focus on bottom line improve. Most SMEs know this - help in change management;
- Showcase managing diversity values;
- Education in schools - takes a generation to change. Publicise changes that worked/did not work.

Group 2.
- Encourage - improves competitiveness;
- Demonstrate how it adds value - how it stimulates innovation and how it enhances productivity;
- Assist in how not to be insensitive;
- Use diversity to market test products;
- Links with communities/ skills of staff assist in marketing - increase overall capacity;
- Artisan/craftsmanship - value what a person has (recognition/maximising of skills;
- Know who you have on staff and what their skills are;
- Actively recruit for diversity.

Tools and Resources - What do they look like?

Group 2.
- Skill registers - knowledge management systems;
- Professional development for managers/owners – training;
- Promote ownership of ideas;
- Resources: CD/Video/written;
- Case studies;
- Diversity champions;
- Business clusters to collaborate on collective diversity;
- Business planning documents to include focus on diversity - and multicultural marketing strategies;
- Team practices and guidelines to include managing diversity strategies;
- Quality frameworks adapted to included managing diversity;
- Recruitment tools;
- Expert consultants;
- Website resources and language resources.

- Group 3.
- Mentoring and trainee system to include managing diversity;
- Packages for mentors with "how to's";
- Toolkits;

- Videos;
- ISO standard;
- Go see examples of others, rather than only reading about them.

Group 1.
- Leadership/ walk the talk/modelling and mentoring/coaching;
- Recognising throughout the business - top down;
- Position ourselves as customers - walk a mile in someone else's shoes;
- Look at similarities;
- Respect; identify what brings us together rather than what sets us apart;
- Influence teaching areas - small business development.

NOTES – SYDNEY/REGIONAL NSW THINK TANK
NORTH SYDNEY, 6 December, 2001

Questions:

1. What are the key issues/points to engage SMEs in managing diversity?
2. What tools and resources do SMEs require in order to manage diversity?

Key Issues/Points to engage SMEs in managing diversity:

Group 1.
- Diversity surveys - how they relate and what you do with them;
- Hearts and minds through tax credits;
- Looking at what competitors are doing with diversity;
- Promoting the benefits;
- SMEs don't have strong HR practices - not resourced. Focus on other imperatives;
- Time is a big factor - SMEs deal with survival issues;
- Cultural businesses/ethnic business - fear of government;
- Lack of management skills in SMEs;
- Cultural restrictions;
- Diversity needs to be tied to core business;
- Communication - government, other groups, key effectiveness of program. Shape attitude;
- Enhance management skills inclusive of diversity;
- Focus on growth - better communities - positive outcomes;
- Delineate the difference between leadership and management. Leadership includes diversity;
- Values, expectations;
- SME operators are often not trained managers;
- Deal with problems/issues before you deal with solutions;
- Provide resources to SMEs, ie. leaflets/workshops - depends on implications;

- It is about the business and where it sits;
- Larger corporate companies are able to define the community from within – they are often communities in their own right;
- Large corporate companies to help SMEs embrace diversity - through corporate community involvement;
- Internal philosophy linked to external providers of goods and services - tied to contract management;
- Regional areas - issues on small numbers;
- Resistance to change;
- Diversity not seen as relevant;
- Not confronted with issues;
- SMEs are more responsive to skills of people from diverse backgrounds;
- Are more aware of vulnerabilities in the market place;
- Decision-making is closer - managers take risks - their own risks.

What tools and resources do SMEs require in order to manage diversity?
- Good news stories;
- Communication strategies;
- Industry specific information;
- TV;
- Speaking at business forums;
- Diversity surveys;
- Retail - disability community guide. Decrease risk increase knowledge of legislation;
- Something easy - one stop shop - "agency" forum and network;
- Focus on opportunity;
- Look at other models as successful;
- Driven from top;
- Community Relations Commission involvement;
- Driven by business - not by government;
- Industry award programs;
- Newspaper articles;
- Education and training packages;
- Make these accessible and affordable;
- Incentives in the form of tax concessions to buy resources, vouchers, rewards for doing the right thing;
- Community involvement - local government projects, universities, TAFE, business;
- Make it a standing issue at CEO meetings.

Final thoughts contributed by participants:
- CEO of SME must be committed;
- It has to be easy to implement;
- One-stop shop for sharing information;

- Understand cultures and provide ongoing support;
- Answer the "what is in it for me" question;
- Lead by example and show success stories;
- Research successful models - what made them successful? Including EMAD;
- Diversity benefits for SMEs are rooted in the community;
- Identify and advertise testimonials, good news stories;
- Couch diversity as a leadership/management necessity - emphasise networks;
- Business needs to drive it - community responsibility;
- Drive corporate social responsibility;
- Consumer choices based on agreement with corporate values;
- Understand and address the fears SMEs have around diversity.

NOTES – ACT THINK TANK
Canberra, 13 December 2001

Questions:

1. What are the key issues or points to engage SMEs in managing diversity?
2. What tools and resources do SMEs require in order to manage diversity?

Key issues or points to engage SMEs in managing diversity:
- Push/Pull factor
  - Pull: Money - appeal to the pocket to hook SME - focus on rewards - target businesses - develop examples;
  - Match demographics to those you sell to;
  - Marketing diversity - not just culture and language but also nature and type of work, ie. people with disabilities.
- Push:
  - Don't hide or overlook that there will be problems in implementing - develop tools to cope with that;
  - Targeting recruitment;
  - Indigenous Australians should not be left out of the picture.
- Awareness and education programs;
- Quality assurance example - forced and no-one recognised the value;
- This is not something we can get SME to do only - it is a concerted effort between government and business and a coalition between peak bodies;
- Old concept with a new focus and prominence.
- Small business needs to see it gets something for its dollar, ie. accreditation;
- Needs to be something that people use - not something that becomes "too hard";
- "Bang for buck";
- Recognition of cost of compliance;
- Is there a problem?

Tools and resources SMEs require in order to manage diversity:

- Awareness, assistance, education;
- Support from government - in many languages - needs to have relevance to business,
- Business people will fix things - need an incentive based program;
- Help -line with information and resources to provide support;
- Simple and cost-effective tools;
- Position productive diversity as an investment, not as a cost - use peak bodies;
- An "Emilies' list - targets and quotas;
- Communicating to smaller businesses;
- Success stories;
- Recognition;
- Involve service clubs like Rotary, Lions - position it as a cause;
- Involve Business Enterprise Centres;
- Non-bureaucratic burden - keep it practical;
- A "how to" manual with a practical focus geared to small business;
- Address Productive Diversity also from an employee perspective. Link employee responsibility;
- "Hop on someone else's bus" - link it to other initiatives;
- Unions have a responsibility.

Final thoughts as contributed by participants:

- Adopt diverse strategies so that business can adapt;
- Address the "what is in it for me" question;
- Where does this all lead to, awareness - all understand the human capital;
- Government assistance for employers to offer incentives/assistance. Mix and mingle cross-culturally to bring out the best in people, break down barriers - access to interpreters without having to spend money;
- Communication/recognition of all stakeholders;
- Interpreting the business case for small business;
- Keep it simple and practical;
- Remember the synergistic relationship between employer and employee - no extra burdens;
- Recognition of skills and qualifications;
- Problems around exploitation need to be addressed - exploitation needs to stop - bring unions into discussion;
- "Dob" in an exploiter;
- Broad diversity - include all forms, include religious diversity;
- Harness the potential of your employees and let them grow with your business.

Appendix 3. Glossary of Terms

Industry Training Advisory Body (or ITAB), also called **Industry Training Advisory Board** – an organisation, usually an incorporated association or company recognised as representing a particular industry and providing advice to government on the vocational education and training needs of its particular industry. There are both national and state and territory industry training advisory bodies.

Quality-endorsed Training Organisation (or QETO) – a registered training organisation which has been granted recognition by a state or territory recognition or training authority on the basis of its implementation of a quality system. Once quality-endorsed, a registered training organisation can receive delegated powers of self-management for the scope of its registered operations and self-management of accreditation of its own courses within the parameters set by the Australian Recognition Framework.

Business Planning Kits are tools to enable a business to develop a business plan. These tools provide a step-by-step approach to develop an organisation's vision and mission, an environmental analysis, strategic goals, financial planning, resource requirements and action plans.

Quality System is a network of processes made up of elements. *Elements* include responsibilities, authorities, relationships, functions, plans, policies, procedures, practices, processes, and resources. The purpose of a quality system is to satisfy quality requirements and to assure that customers receive quality products and services.

ISO 9000 is a set of standards for quality management systems that is accepted around the world.

Hazard Analysis and Critical Control Point, or HACCP (pronounced hassip) is a program for the food industry focusing on preventing hazards that could cause food-borne illnesses by applying science-based controls, from raw material to finished products.

Diversity Index indicates the diversity of an organisation's workforce as compared with the diversity of the local or national population.

GROW is a program designed to assist small business operators to consider the growth and employment potential of their businesses and, where appropriate, to take action to realise this potential. GROW involves participants in making a number of strategic decisions about their businesses. A set of six workbooks has been developed which cover: making better business decisions; planning growth; financing growth; hiring staff; rights and responsibilities as an employer; and managing people and performance.

Appendix 4. References

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