



DEI4SME NEWSLETTER

edition 2



DIVERSITY, EQUITY, AND INCLUSION IN SMALLER EUROPEAN BUSINESSES: KEY INSIGHTS FROM THE CROSS-COUNTRY SURVEY

Why explore DEI?

Across Europe, small and medium-sized enterprises (SMEs) are facing growing regulatory pressure to take meaningful steps toward social sustainability, and especially diversity, equity, and inclusion (DEI)¹. There are many studies promising positive outcomes to firms who engage with the DEI. But in many cases, DEI remains a vague aspiration, something viewed as optional, symbolic, and in some countries a politically sensitive topic. Some firms feel overwhelmed by the terminology. Others are unsure whether taking action will even result in added business value.

To clarify what DEI looks like in practice, two coordinated surveys were conducted: one capturing the perspectives of SME owners and leaders in European companies, the other reflecting everyday

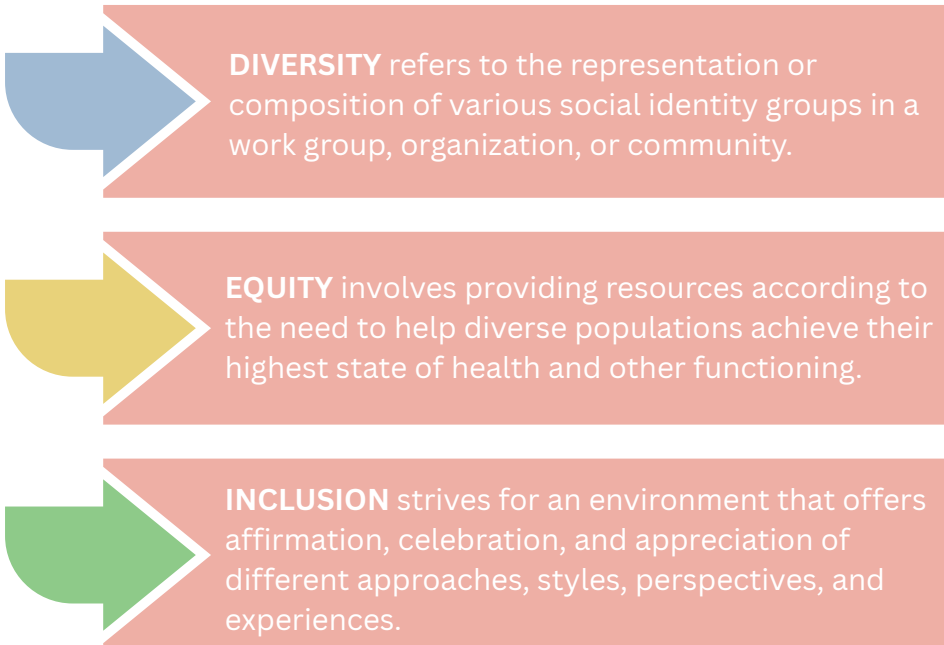
¹ Diversity, equity, and inclusion (DEI) is a conceptual framework that promotes the fair treatment and full participation of all people, especially populations that have historically been underrepresented or subject to discrimination because of their background, identity, disability, etc.

experiences of employees working in Europe. The surveys were conducted simultaneously, but there is no correlation between the respondents of survey one and two, i.e., the employees answering are not necessarily those of the firms surveyed. But, together, they reveal where intentions align and where meaningful gaps remain between how inclusion is presented, practiced, and perceived in smaller European firms' context.

This work does not frame DEI as a branding tactic or merely ethical checkbox. Instead, it highlights where even modest improvements could build more stable, resilient workplaces, benefiting employees and SMEs alike.

What did we ask and who answered?

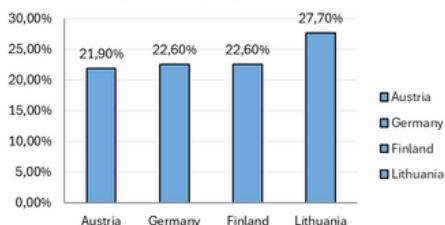
The surveys collected responses from SMEs and employees across Austria,



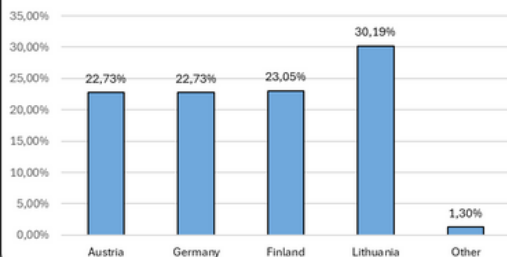
Germany, Finland, and Lithuania. One focused on company-level views of DEI: whether it is seen as a priority, who is responsible for it, and how it integrates (or not) into daily operations. The second explored

individuals' experiences in the workplace: their sense of inclusion, fairness, support at work, and their evaluations of DEI actions currently taken by European firms.

Country of Company's Head Office



Respondents' Country of Residence

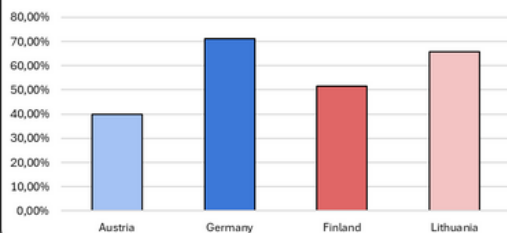


Together, these two perspectives reveal a shared aspiration for inclusive work cultures, but also significant mismatches in perception, ownership, and practice.

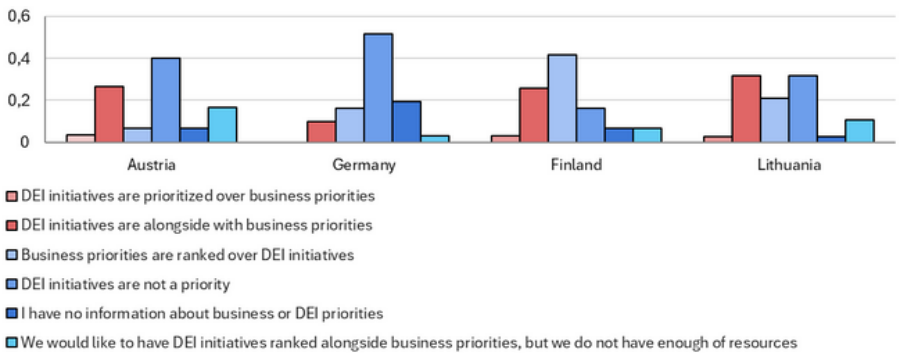
DEI awareness exists – but actions are inconsistent

According to the **SME survey**, leaders generally express support for the principles of diversity and inclusion. Many say they believe in the value of having a diverse workforce and recognize that different perspectives bring creativity, innovation, and broader problem-solving. However, this awareness often remains theoretical.

Workforce Diversity and Inclusion Helps Developing Our Business

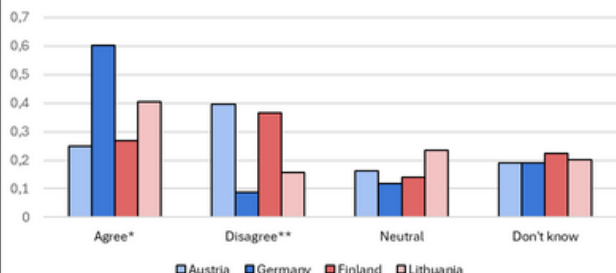


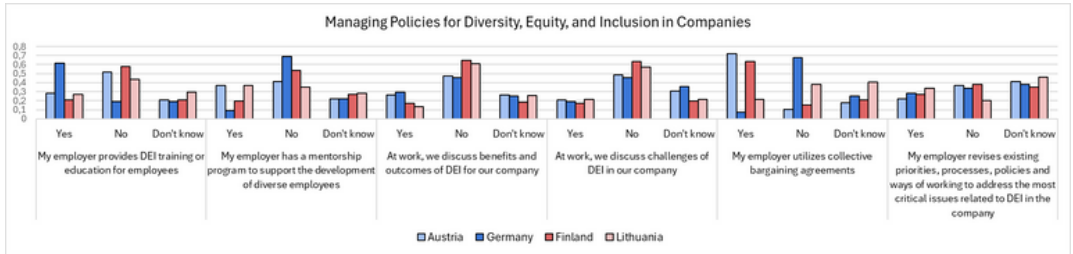
DEI priority rank



In practice, the **employee survey** revealed that few companies have concrete DEI strategies. Policies tend to be informal, undocumented, or reactive, such as addressing issues only when a problem arises. Many employees reported not knowing whether their company had any DEI practices at all, or whether managers were trained to deal with inclusion-related issues. Without clear structures and follow-through, DEI often remains aspirational.

Employer has Policies & Practices to Manage Diverse Gender Identities



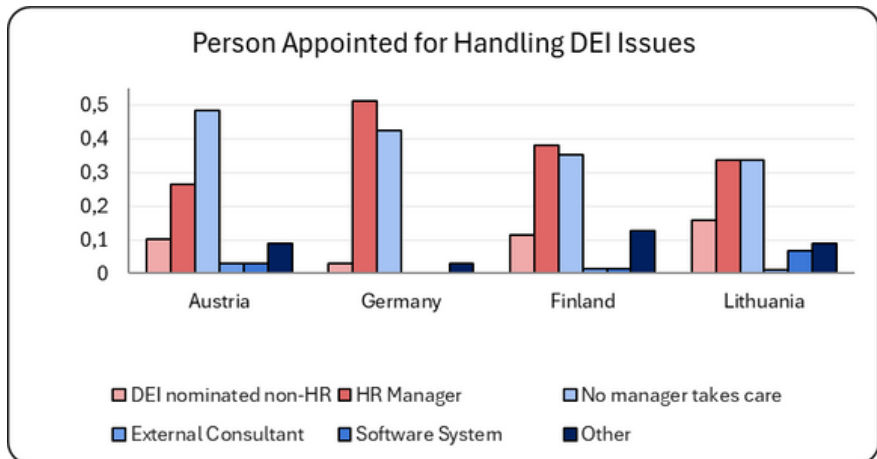


Responsibility often falls to HR, or no one

When asked who is responsible for DEI in their workplace, **working individuals provided widely varied answers**. In some cases, DEI was reportedly handled by HR, though often without a clear mandate or resources. In some companies, no one was officially in charge.

This lack of accountability poses a major barrier to progress.

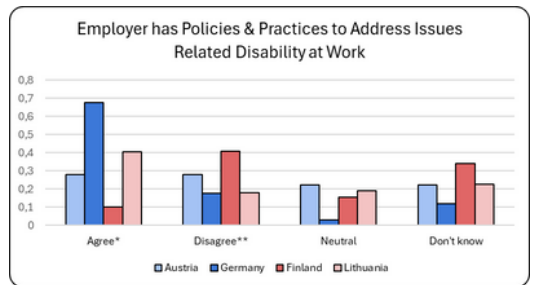
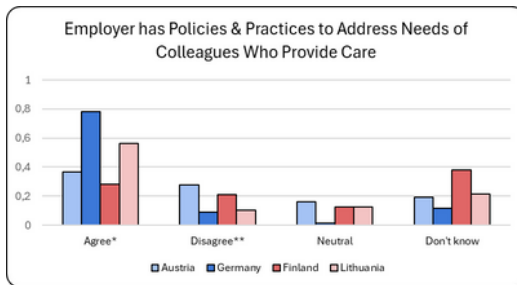
Without a designated role or person responsible for DEI, even the best intentions tend to get lost in the shuffle of day-to-day operations. Employees notice this absence, and many reported they did not know who to approach with concerns or suggestions related to fairness, bias, or cultural needs.



Inclusion is practiced until specific needs arise

On a general level, many employees said they feel welcomed at work. But the **employee survey data** shows that inclusion often fades when specific needs arise. For example, those with caregiving responsibilities may not have flexible arrangements. People from different religious backgrounds may not feel they can observe important holidays freely. Workers with health conditions or disabilities often struggle to get basic accommodations.

This points to a difference between “general inclusion” and “practical inclusion.” One issue is to feel welcomed socially; another issue is to know your workplace will adjust or support you when real needs come up. When these supports are absent, employees may remain silent, withdraw, or eventually leave the organization.

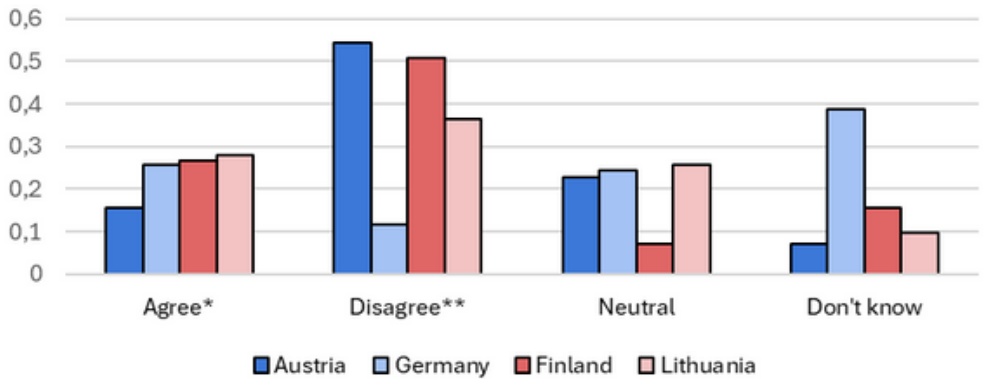


DEI is only for special occasions or awareness days

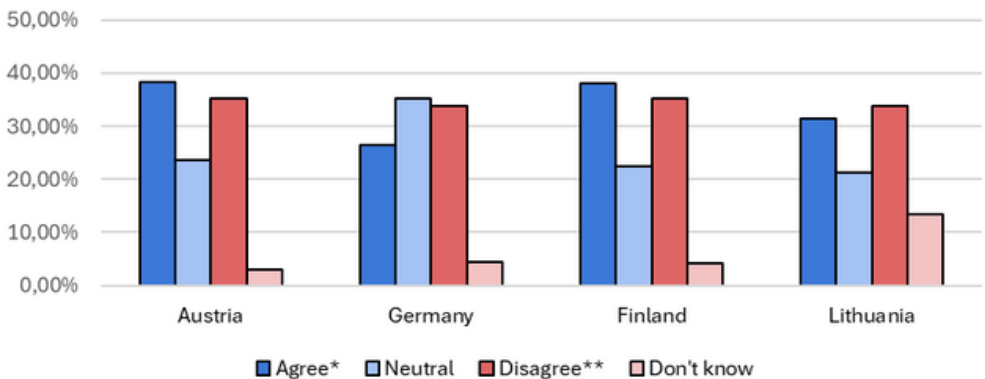
Only some employees reported that DEI is reflected in their company’s mission, values, or leadership messaging, according to responses from the employee survey. In many

cases, inclusion is treated as a peripheral concern that is handled on the side or only mentioned during awareness days or external campaigns:

Companies in My Country of Residence are Aware How to Address DEI at Work



DEI Part of Company's Identity



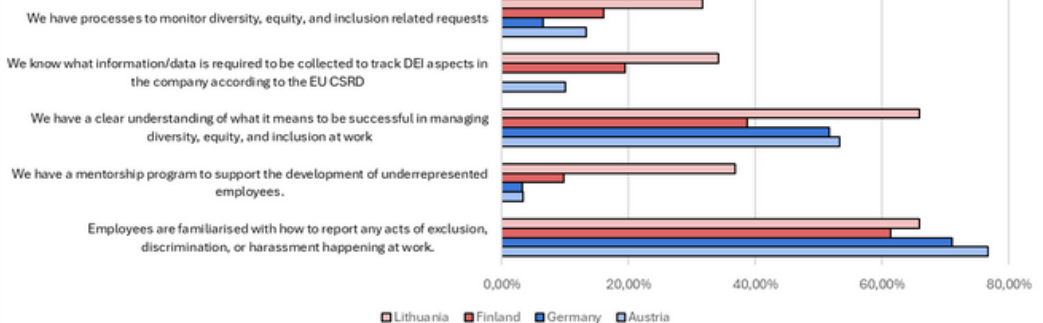
“When DEI is part of how a business defines success, it becomes easier to act on.”

But without embedding DEI into the DNA of a company, it cannot grow roots. Employees are more likely to trust and engage with inclusion efforts when they see it reflected at every level, starting from hiring practices and performance reviews to how the company talks about itself publicly.

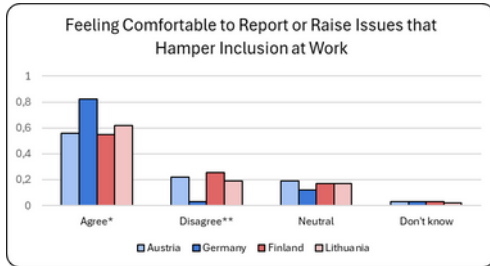
Two different realities reported by managers and employees

Perhaps most importantly, the surveys reveal that employees and managers live different workplace realities and without visiting the other, it becomes increasingly difficult to align these perspectives. SME leaders, according to their own survey, may believe the company is doing enough to be inclusive, especially if no complaints are being voiced. But employees, as captured in the employee survey, may remain silent because they do not feel safe or empowered to speak up. Or they may simply feel that nothing would change, even if they did.

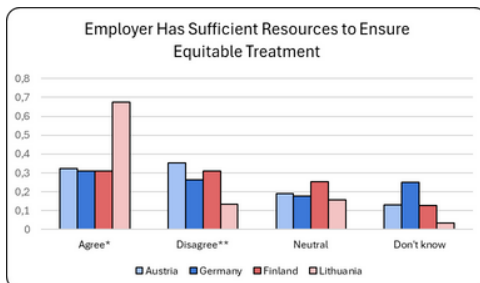
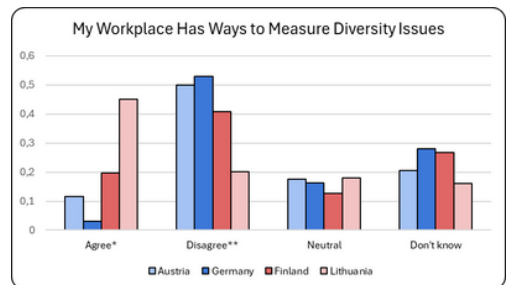
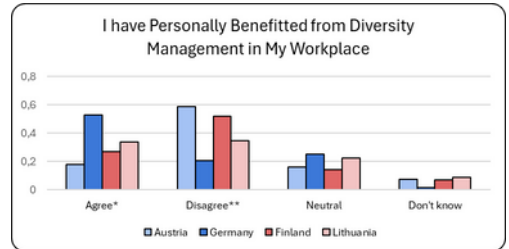
Manager views on DEI in company



Employee views on DEI in company



While formal DEI programs may seem massive commitments for some SMEs, the **employee survey** shows that even basic visibility and responsiveness go a long way. Some employees reported that they did not know whether their employer even had enough resources to manage inclusion related concerns, while others downright disagreed to having benefitted from diversity management at their workplace. This does not always signal a lack of intention, it often signals a lack of communication or follow-through.



This mismatch creates a “perception gap” that can quietly erode trust and morale.

Without regular, open communication, and without systems for gathering and acting on feedback, companies risk underestimating the lived experiences of their workforce.

What is the DEI status in smaller European companies in conclusion?

The findings from both surveys show that perfection is a distant dream, instead, visible, thoughtful, and consistent actions are needed. Meaning that SME leaders do not need to create entirely new departments to show commitment to DEI. What is required is clearer ownership of DEI action and issues, better communication, and small but purposeful steps that fit into existing operations.

The **employee survey** highlighted that many staff members are uncertain

whether inclusion policies even exist, or if they are meant to benefit from them. This uncertainty stems not only from the absence of formal strategies but also from a lack of two-way communication and often compliance-based perspectives on DEI. Employees frequently expressed that while their workplace might feel inclusive on the surface, it was unclear what support structures were available to address specific needs.

At the same time, **SME leaders in their own survey** acknowledged both limited resources and a general desire for practical DEI guidance. Many showed interest in doing more but struggled with where to begin, especially without dedicated staff or external help.

Fortunately, both sides seem aligned on one point: small actions matter, and they can lead to big improvements in trust, retention, and team cohesion.

A way forward with DEI practices: small actions with big impact

Based on insights from both the **employee** and **SME** surveys, the following practices could act as some low-barrier steps SMEs can adopt:

- **Assign visible DEI responsibility and inform on it**, even if informally. Employees need to know who they can go to with questions or concerns. According to the employee survey, workplaces with even a loosely defined contact person had higher reported confidence in DEI responsiveness.
- **Make accommodations visible**. Employees frequently noted that while inclusive policies might exist, they were not publicly communicated. Having flexible work arrangements or support for caregivers as part of onboarding or
- employee handbooks can normalize use without stigma.
- **Embed DEI into daily business culture**. This includes incorporating inclusion reminders into staff meetings, such as calling silent employees to share their opinion and reminding that their inputs matter; updating job ads with inclusive language, or publicly acknowledging holidays or observances from multiple cultures. The SME survey showed that companies often believe their culture is inclusive, but without active signals on inclusive practices adopted, employees may not perceive it that way
- **Treat DEI as an investment in retention**. Many SME owners worry about cost, yet replacing staff due to preventable dissatisfaction is far more expensive than maintaining inclusion through small, targeted efforts.

Ultimately, the most powerful change does not come from new programs, it comes from clarity, credibility, and culture. When employees feel heard, and leaders feel equipped to act, DEI becomes more than an ideal or a greenwashing act. It becomes a working part of how the company operates every day and brings tangible benefits to business and employees.

You are welcome to read the full report



[Read the full report](#)

The survey summary for this Newsletter was prepared
by **Aaron Kiverä**, University of Vaasa, Finland.

DEI4SME

Diversity **E**quity **I**nclusion



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