DEI 4 SME

Diversity Equity Inclusion

Managing Diversity in Smaller European Businesses:

Insights from DEI4SME Hackathons

2024-2025

Contributions

While the report is written by several colleagues, the survey has been developed, reviewed, tested and data collected by collective work of many within the DEI4SME project team. We briefly mention key contributions of all colleagues who were involved in implementing WP2, Activity 1 (Survey on DEI challenges for the under-represented groups), Activity 2 (Survey on DEI challenges for the SMEs), and Activity 5 (Report on DEI management in SME context framework).

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Definitions of the Main Concepts Used in the Surveys and this Report

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.

- **Diversity** refers to the representation or composition of various social identity groups in a work group, organization, or community.

- **Equity** involves providing resources according to the need to help diverse populations achieve their highest state of health and other functioning.

- **Inclusion** strives for an environment that offers affirmation, celebration, and appreciation of different approaches, styles, perspectives, and experiences.

Diversity & Identifications Explored:

Gender identity refers to one's deeply felt sense of being male, female, both, neither, or anywhere along the gender spectrum.

Belonging to the LGBTQIA+ community refers to an individual's lasting pattern of emotional, romantic, or sexual attraction to individuals of the same gender, different genders, or multiple genders.

Age refers to the length of time that an individual has lived or existed since birth.

Language refers to systems of communication used by humans to convey meaning through a combination of sounds, symbols, and gestures. An individual's native language refers to the language learned from birth. *Accent* refers to the distinct patterns of pronunciation, intonations, and speech characteristics associated with speakers or a particular language or dialect.

Caregiving refers to the provision of assistance, support, and care to individuals who are unable to fully care for themselves due to age, illness, disability, or other circumstances.

Education here refers to different types and contexts. Formal education: primary education, secondary education, higher education. Vocational education: vocational training programs, apprenticeship.

Religion refers to a system of beliefs, practices, rituals, and moral values centred around the worship of a divine or supernatural being.

Students or those with little previous work experience refers to one's current educational path (student) or one's who recently graduated and/or one's feeling that their work experience is minimal.

Ethnic background refers to one's affiliation with a group based on shared social, cultural (e.g. language, religion, food, or heritage), and historical experiences derived from a common national or regional background. Ethnic groups are distinguished by their specific beliefs, values, behaviors, and sense of belonging. Individuals may identify with multiple ethnicities.

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4.1 Reflections from Hackathon I (Finland & Online) on DEI in SMEs in Europe (student & company perspectives)

One of the most striking insights from Hackathon 1 was the disconnect between the political framing of DEI and its practical relevance for businesses—especially SMEs. DEI is often poorly defined and shaped more by personal attitudes than by strategic intent.

Although the EU promotes DEI through regulation, a clear gap remains between policy and business practice. Bridging this divide requires not only cultural change but also concrete, accessible approaches that demonstrate the value of DEI in everyday operations.

Notably, SMEs that engage with DEI meaningfully often do so quietly, while others hesitate—unsure of where to start or afraid of doing it "wrong." Another key observation was the uneven perception of DEI topics: while age inclusion or care responsibilities are often welcomed, subjects like LGBTQ+ inclusion tend to provoke resistance, sometimes perceived as "forced" or ideological.

These differences are not only thematic but also sector-specific. In Austria, a major blind spot exists in labor-intensive industries such as hospitality, retail, transport, and care—sectors employing many marginalized groups, often under precarious or structurally disadvantaged conditions, yet receiving the least DEI attention. In Finland, while having openness for diversity, inclusion to work environment and willingness to talk openly about DEI-related actions in business context remains limited to a few managers and companies.

The hackathon clearly demonstrated the power of cross-sector collaboration. Because DEI is not just an economic concern but a deeply societal one, it cannot be meaningfully addressed in isolation. Bringing together diverse perspectives—across industries, roles, and backgrounds—proved essential for building understanding, generating ideas, and identifying realistic entry points for action.

Because DEI is a societal issue that demands shared solutions, events like this play a vital role in turning principles into practice and translating abstract DEI goals into tangible, shared solutions.

It was amazing to be part of the hackathon and to see the enthusiasm and joy that many of the student participants showed during the event.

More reflections and stories from the Hackathon I (Finland & Online) are available online: https://dei4sme.eu/dei4sme-hackathon-finland/

4.2 Reflections from Hackathon II (Lithuania & Online) on DEI in SMEs in Europe (student & company perspectives)

The hackathon II had very well managed in-person and online session with great attendance from various stakeholders- students, scholars, educators, university top management team, high level government officials, business associations, MNE and SME managers or HR, people from the marginalised groups. A lot of inspiring speeches and presenters (e.g. from person with disability, HR manager and others), panel discussion, which allowed to see different perspectives DEI in SME. Smooth cooperation between Lithuania and Germany organising team members allowed to achieve a flawlessly run hackathon that delivered tangible solutions, inspired participants, and strengthened cross-border academic and business ties.

In planning the event, the organising teams from Lithuania and Germany adopted an intentionally personal, empathy-led approach to collaboration. Rather than exchanging only formal agendas and compliance checklists, coordinators shared their own and other stakeholders' motivations – ranging individual experience and motivation, to strengthening local SME ecosystems or improving student employability. This perspective-taking approached, operationalised in the form of written interviews and stories helped to maintain a shared sense of purpose. By grounding cross-border insights in individual stories and mutual understanding, the organisers modelled the inclusive mindset they hoped participants would practise during the hackathon itself.

Reflecting on students, companies and other stakeholders' perspectives, the DEI4SME Hackathon highlighted significant variations in how diversity, equity and inclusion (DEI) are addressed within Germany's and Lithuania's small- and medium-sized enterprises (SMEs). Four principal observations emerged.

I. Reflective Note on SMEs Experience at the DEI4SME Hackathon

1. Resource constraints limit systematic DEI activity in SMEs.

SMEs consistently prioritise immediate operational demands - production, client delivery, cash-flow management – thus DEI initiatives perceived as non-essential. Structured diagnostics, staff training or inclusive recruitment tools are often postponed because they compete with inventory costs, energy prices or invoices. Future support for SMEs will need to be lean, easily deployable and able to demonstrate short-term business benefits such as improved retention, market credibility or innovation capacity.

2. Inclusion issues are addressed informally and without DEI terminology

In practice, many SMEs already manage age-diverse teams, integrate Ukrainian refugees, employ people with various disabilities and accommodate returning parents. These cases are handled individually, without reference to a DEI framework. The absence of a shared vocabulary prevents organisations from consolidating lessons or sharing solutions. Providing common

language and simple measurement tools could convert isolated interventions into systematic organisational learning.

3. Diffuse responsibility weakens accountability

Hackathon II revealed that often there are no clear ownership of DEI: references ranged from chief executives to office administrators. Such diffusion, typical of flat SME structures, hinders consistent action and evaluation. A light-touch governance model - assigning one DEI contact with scheduled reporting to senior leadership was viewed a potential option. Embedding this role in operational decision points (procurement, recruitment, product design) rather than in a separate CSR function would strengthen accountability.

4. Interdisciplinary scope complicates stakeholder engagement

Because DEI spans legal, psychological, operational, marketing and ethical considerations, stakeholders find it broad and, at times, peripheral to core tasks. Communication that frames DEI as risk management, innovation stimulus or client-base expansion could gain attention more readily. Translating interdisciplinary concepts into discipline-specific value, for example, illustrating how inclusive design attracts new users or how team diversity reduces succession risk, could facilitate adoption.

Lessons learned and suggested steps:

- Develop and pilot a concise "DEI-Lite" toolkit (self-audit checklist, short staff briefing, starter metrics) tailored to SME capacity.
- Encourage each participating SME to appoint a designated DEI contact and integrate two to three inclusion indicators into existing review cycles.
- Establish a peer-learning circle through regional business networks to exchange low-cost inclusion practices.
- Produce function-specific briefs that express DEI benefits in finance, engineering, HR and other operational languages.

Reflecting on the DEI management in SMEs we noticed, that when DEI initiatives are pragmatic, owner-endorsed and framed as standard business improvement, SMEs are more likely to incorporate them into everyday practice, contributing to resilient and competitive growth across the sector.

II. Reflective Note on Student and Educator Experience at the DEI4SME Hackathon

1. Student Perspective

Participation levels confirmed that interdisciplinary events, while intellectually rich, do not automatically attract students. Many potential participants struggled to see how a hackathon on

DEI and small-business management would advance their immediate academic or career goals. Two observations stand out:

- **Extrinsic rewards unlock engagement.** Announcing a tangible financial prize for the winning team tipped the balance for undecided students. Once enrolled, they devoted significant after-hours effort, suggesting that the prize functioned less as payment for attendance and more as a signal that the organisers valued the work at a professional level.
- **Clarity of benefit sustains motivation.** Students who understood in advance that hackathon outputs could be cited in coursework, CVs or internship interviews showed higher persistence during intensive design sprints. Conversely, those who viewed the event as peripheral to their degree requirements drifted to peripheral roles.

Many students noticed an unexpected intrinsic gain - insight into real SME challenges and the satisfaction of proposing solutions with an immediate path to implementation. So extrinsic rewards and extrinsic incentives were essential for assembling a diverse, multidisciplinary cohort.

2. Educator Perspective

Faculty involvement hinged on two practical factors: institutional recognition and workload balance.

- **Alignment with attestation requirements.** Lecturers are more motivated for supervising extracurricular learning when activities meet defined attestation criteria. Clear documentation of learning outcomes, assessment rubrics and student hours would allow departments to treat hackathon supervision as valid teaching effort. Without that alignment, several staff indicated they would have been unable to release students or attend as mentors.
- **Professional reward and peer visibility.** Educators welcomed modest benefits - certificates, public acknowledgment - because these elements translate into promotion evidence. The hackathon thus became a low-risk opportunity to demonstrate innovative pedagogy.

Notably, faculty echoed the students' pragmatism: they praised the event's concise format, which haven't interrupted study process and appreciated work- life balance, as well as the way organisers' handled logistics, all of which minimised preparation overhead.

3. Lessons learned

1. **Make the value proposition explicit.** Both groups engage more readily when the organisers can articulate how participation advances grades, career prospects or attestation points.
2. **Balance interdisciplinary breadth with concrete deliverables.** The complexity of DEI can deter novices; anchoring tasks in specific SME scenarios kept the scope manageable and evidence-based.

3. **Use modest financial incentives strategically.** A prize need not offset every hour spent, but it underscores seriousness and adds a competitive spark that raises overall quality.
4. **Provide ready-to-use documentation.** Templates for learning outcomes, reflection logs and evaluation rubrics would help educators integrate the hackathon into formal curricula and justify their involvement.

In conclusion, the event demonstrated that a pragmatic incentive structure - financial awards for students, recognition credits for staff - creates the initial momentum required for interdisciplinary collaboration. Once engaged, participants discovered intrinsic value in addressing real-world DEI challenges within SMEs, suggesting that carefully designed extrinsic rewards can serve as an on-ramp to deeper, self-sustaining motivation.

More reflections and stories from the Hackathon II (Lithuania & Online) are available online: https://dei4sme.eu/dei4sme-hackathon-lithuania/