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# Ethnic Diversity Management in Companies

Research on Diversity in Finland's Startup Environment

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<p>This paper represents an empirical research on ethnic diversity, its importance and benefits and also what is the situation of diversity in Finnish startup environment. Due to globalization, migration, aging population and shrinking labor market organizations and managers in Europe are facing new challenges while recruiting the staff. Historically being predominantly homogenous countries, EU state members started to revise their rather protectionist attitude and accept workers from different countries. To be successful in diversity implementation, managers and especially HR office, have to perform certain activities like, trainings and special recruitment policies. In 2010 EU Commission started a Diversity Charter to encourage companies around EU to voluntarily engage in diversity implementation and to harvest its benefits. Finland in its turn joined in 2012, however according to EU report Finland was not focusing on ethnical diversity, having only 8% of the respondents prioritizing ethnic diversity. Helsinki being an important startup hub, represents a bit of different dynamics. In the second part of the paper a survey was performed and analysed to understand the diversity culture within Finnish startup. As diversity drives creativity and innovation, startup companies accept much easier people with different background. The results showed that respondents were aware of diversity benefits and somehow agreed to diversity being treated fair within the organization. The management on the other hand was not encouraging diversity promotion in organization, and there was no diversity training. Thus, the paper concludes that introducing proper diversity training to management and company's employees will improve diversity culture in Finnish startup and will help companies use its emerging benefits as a competitive advantage.</p>	
Keywords	Diversity management, ethnic background, competitive advantage

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## **1 Introduction - definition of problem, context, relevance**

While performing your daily routine, checking your online social media account and watching your favourite series on Netflix or being anxious to learn news about Brexit and new US president's policies you realize that world has been dramatically changed in the last decades, as globalization took over us, and we feel to be part of the world, rather than part of one country. Technology has definitely played a significant role in supporting this move, but it feels as there is something more. Suddenly our planet does not seem to be so huge anymore, people are traveling all around the world, trade is reaching the highest levels, and we all are connected. This made us realise that all people - no matter where they are coming from, no matter what language they speak and what is their physical appearance – are equal, and everybody has their basic need and right to dignity, respect and recognition of his uniqueness. Voicing the importance of diverse cultural values is in vogue, and diversity thinking gains more and more popularity. On the other side, the changes that diversity management is advocating for, are not easy and quick to implement, as people are usually very resistant to changes, and there is no sufficient training and detailed objective on diversity in many companies.

In Finland more than anywhere in Europe (as it will be shown further in my research) big corporations are very reluctant to hire people with different ethnic background. Lack of fluent or even close to native Finnish language skills are used as main criteria to reject the foreign-born applicant, however very often the organisation is just not open and is not ready to employ foreigners. While discussing my intention to write my thesis on diversity and how I think diversity management can be useful in Finnish companies, one of my Finnish colleagues, expressed his hesitance and partial disagreement of the topic relevance. Working in a Finnish company which has only Finnish staff he thought that the company had no need of people with different ethnic background, and that mixing people from different countries could cause only conflict, and it will reduce efficiency. All these made me more curious about the diversity topic and motivated me to go into deeper research, to see the origins of this concept, why is it important and how it managed in our day-to-day businesses.

I have been volunteering for different startup events in Finland where I saw a rather more diverse workforce, and in generally a much more open and inclusive environment. Thus, along with qualitative research on diversity management concept

and EU legal strategy towards diversity, I decided to conduct a quantitative study, to get a better overview of diversity in Finnish start-up environment. I also think that startups are very important nowadays as they bring us innovation, they usually focus on filling the market gaps, and thus diversity management concept is even more beneficial to them.

I consider this research very relevant for Finnish businesses as it will describe the importance of diversity at any organisation. Second, it will explore start-up diversity from inside through questioning representatives of Finnish start-ups. Scaling will be done in order to analyse current situation and propose some recommendations, as Finland is important hub for start-up companies right now, but without proper diversity landscape this picture might be challenged.

## **2 Literature Review**

The sources for the literature review were used from secondary data, mostly available online. Since there is a lot of information on this topic, I have used only sources with high general trust such as academic papers and books, and scientific journals. The articles used were selected from well renown journals such as peer-reviewed academic journals: *The International Migration Review*, *Quality & Quantity*, *Academy of Management Journal*, *American Behavioral Scientist*, among others, as well as journals published by universities as *Harvard Business Review*, *The Executive* and others. The data used for graphs was collected from online pages of public institutions such as Eurostat (EU), the OECD and European Commission.

The research reports on diversity, which were the core source and inspiration of this thesis, were issued by two trusted and globally recognised companies: McKinsey and Thomson Reuters (known previously as Reuters). McKinsey & Company is a global management consulting company which elaborates various analyses to advise companies on their performance and management decisions. (McKinsey, 2018) Thomson Reuters provides expertise in technology and financial intelligence to support managers in different fields. (Reuters, 2018)

### **2.1 Ethnic Diversity overview**

#### **2.1.1 Diversity management foundation**

Until a few decades ago Europe was engaged in serious and many times tragic competition among the nations, each of them trying to impose its dominance and economic, linguistic, cultural or ethnic superiority. For centuries Europe was perceived as a part of the world where countries and cultures despite being close neighbours always tried to protect themselves from other country's "influence", to maintain their independence and territory and to differentiate themselves. (Archdeacon, 1992)

The disastrous effects of World War II however changed European nations' perspective. The foundation of European Economic Community (EEC) brought a huge wind of change in regards of migration of labour, freedom of movement, and European identity. In desperate need of qualified workers EEC encouraged labour mobility between the member states, the workers however still were supposed to have valid work permits and were expected to return to their country when the times were tough. The creation of European Union in 1992 finally set the freedom of movement for all member states and the notion of European citizenship has been set forth. (Koikkalainen, 2011)

With a constant Intra-European migration and a recent huge wave of Middle Eastern and North African immigrants, European countries have become much more diverse. According to European statistics of population, in 2011 approximately 51 million people residents in the EU-28 declared to be born outside of the country they were living at that moment (eurostat, People in the EU – statistics on origin of residents, 2015). As a result, employers, business managers, or government representatives, are facing a rather unfamiliar and still controversial diversity-related issues. Thus, in an attempt to find the best solution and answers to the new arising questions they turn to American colleges, as "America has been a leader in practicing and studying diversity" (Chen, 2011).

USA, as opposed to Europe, was practicing intensive immigration for more than 2 centuries. Only between 1900 and 1920 14,5 million immigrants were admitted to the US (USCIS, 2012). American past can be portrayed from the one hand, as evolution of a multicultural society, where immigrants, especially the second generation, were fully integrated, and where natives and foreigners were building the history together. From the other hand, the rights and equality status were something that people, especially racial and ethnic minorities, fought for long and victories were harvested bit by bit and one step at a time.

Anti-discrimination movement in 1950's in USA resulted in a historical change of legislation. Executive Order of 1961 by President Kennedy required employers to take "affirmative action" to end discrimination. Title VII of 1964 Civil Rights Act prohibits discrimination in employment and thus starts a new era where employers will look for the best ways to comply with law. The new Equal Employment Opportunity (EEO) and Affirmative Action (AA) programs have been designed by specialists and have been improved and upgraded in time and turned to what we call today by Diversity Management. EEO and AA managers transformed practices that were meant to follow requirements of law to a new discipline, arguing that diverse workforce is one of the most important tools for businesses to obtain future growth and success. (Kelly & Dobbin, 1998)

### 2.1.2 Why diversity is important

Generally, when scholars and managers refer to diverse workforce they refer to the group made of individuals with a wide range of characteristics and experiences. Thus, as people differentiate themselves by gender, age, race and ethnicity, religion, and disability, there are accordingly notions of gender diversity, age diversity, ethnic diversity, cultural diversity, and so on.

This research paper explores and emphasizes ethnic diversity because it brings greater benefits (see below) and challenges at the same time. Ethnic diversity is also called cultural diversity and it represents a group of individuals with different national and cultural backgrounds. In a predominantly homogenous country ethnic diversity is not always embraced with open arms, as it is directly linked to immigration and it often raises social insecurity and identity dilemma in natives. Inside organizations, where predominant ethnic majority are natives of the country, recruiters and managers tend to employ people similar to themselves, with the same appearance, opinions and beliefs and thus sometimes unconsciously avoiding diversity. Therefore, it is important to stress the fact that diversity and inclusion are not only a current social responsibility trend, but it is more and more regarded as a differentiating factor in organizational competitiveness.

### 2.1.3 Diversity management as competitive advantage

Although derived and born from previous EEO and AA policies, diversity management is argued however to be strategically different. Affirmative Action (AA) and Equal Opportunity (EEO) approaches aimed to protect excluded minorities, and thus their tactic was mostly anti-discriminatory directed. Diversity management strategy otherwise underlines and promotes cultural differences as a favourable environment for innovation, progress and business prosperity, therefore diverse workforce is seen as a competitive advantage. Diversity management thus is not just a policy focused on under-represented minorities, but “it is seen as an inclusive policy, and one which therefore encompasses the interests of all employees, including white males” (Wrench, 2007).

Diversity management creates a competitive advantage in multiple areas within the company and the main are: creativity, talent acquisition, problem-solving, organizational flexibility. Let's analyse them one by one.

#### Creativity

Advocates of diversity point out that culturally diverse teams increase team creativity and innovation as every individual comes with unique experience, distinct cultural background, different beliefs. Creativity and innovation emerge as a final picture of the puzzle, where bits of various information and suggestions come together to create a new and useful idea. (Baumgartner, 2016)

#### Talent acquisition

It was forecasted already in the 1990s that due to the shrinking labour pool, attracting and retaining the best employees across different demographic and ethnic groups and especially from abroad is the second competitiveness issue (Cox & Blake, 1991). It is worth to mention that currently some of the well-known American brands, with the headquarters in USA, such as Microsoft, Google, Oracle, McDonald's, PepsiCo, for example, are managed by foreign-born CEOs (Gillenwater, 2016).

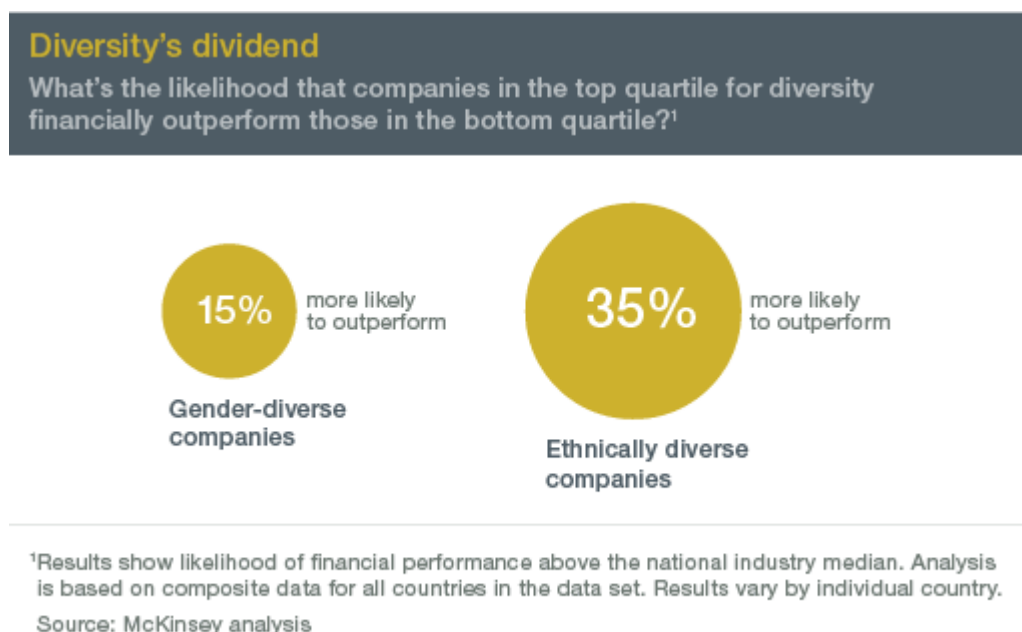
To be appealing enough for foreign candidates, companies should however create a favourable environment, secure fair treatment and ensure that every employee is valued for its uniqueness. Thus, for example, the survey conducted by recruiting company Glassdoor has shown that organisations which have proven their commitment to diversity are considered more attractive to candidates of different nationalities (Glassdoor, 2014).



### Problem-solving

Just the same as in the creativity argument, problem solving is improved when people with diverse backgrounds have various sources of information, like attitudes and knowledge, and come together and cooperate. More sources of unique information for a group or organization lead to more informed decisions. “Core values” however have to be common for all the members of the group to promote organizational goals and to fasten the decision process. (Cox & Blake, 1991)

Presently, there are emerging more reports and researches in favour of diversity. One of these, *Diversity Matters*, conducted by McKinsey & Company, confirms and accentuates once again that organisations with more diverse workforces have greater financial results than homogenous ones. The project lasted several years and included 366 publicly listed companies from different industries in the United Kingdom, North and Latin America (USA, Canada, Brazil, etc). The metrics used in research were financial outcomes versus boards and top management composition. As highlighted in Figure 1, the results concluded that the top 25% of companies with greater ethnic diversity are 35% more likely to have greater financial results compared to other national competitors. While gender diverse companies raise performance by 15% it is apparent that ethnic diversity brings much more benefits to the whole organisation and therefore should be given much more attention. (Hunt, Layton, & Prince, 2015)



Source: <http://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>

Figure 1. Results of financial performance in diverse workforce companies by McKinsey analysis

The McKinsey report indicates that diverse companies are more successful in bringing aboard top talents, excelling in customer and employee satisfaction, taking better decisions, and have a global mindset. Diversity is important because due to fast evolving technology, quick access to internet, high speed air and rail transport, people are deepening their connection to the global world, and businesses must react quickly to external changes. (Hunt, Layton, & Prince, 2015)

In September 2016 another big multinational mass media and information corporation announced its commitment to diversity. Thomson Reuters launched a new Diversity & Inclusion (D&I) Index, which is used to rank the top 100 publicly listed companies around the world with the most diverse and inclusive workplaces. The D&I Index is measured by 24 metrics across 4 main categories: Diversity, Inclusion, People Development and News Controversies. The Index is then calculated by comparing each company with its competitors on every metric level. Thus, it is assumed that the companies with a higher Diversity & Inclusion Index will show a better performance in time than those with lower ranking scores, or not keeping track of these measures at all. Thomson Reuters are confident that diversity and inclusion metrics help financial professionals in gaining company insight and in making better investment decisions. (Thomson Reuters, 2016)

#### 2.1.4 Immigration as response to demographic and social change

As pointed out previously, globalisation and EU free movement policies are encouraging migration and multiculturalism. Since early 2000s however, the rise of arguments and backlash against multiculturalism has been striking across European states. In 2000 in Netherlands journalist Paul Scheffer stated in his article “The multicultural drama” that ethnic minorities are represented in huge numbers in unemployment, poverty and criminal activity statistics and blamed politicians responsible for multicultural policy for being blind to these facts (Vertovec & Wessendorf, 2010).

In 2007 The Economist’s columnist Bagehot wrote:

*“...when applied to British politicians or their policies, “multiculturalism” is almost as derogatory a term as “socialist” or “neocon”. (Vertovec & Wessendorf, 2010)*

The global financial crisis in 2008 and its consequent long stagnation and weakness of EU economy has awakened many nationalist parties promoting protectionism and even closing the borders. Thus, for example, in 2016 UK citizens voted to leave the EU and one of the most popular campaigning claim was that EU migration to the UK does not benefit the British jobseekers. “It is not good for our quality of life, it is not good for social cohesion in our society, and our population, inexorably headed towards 70 million or 75 million, will not make this a better, richer or happier place to be” said Ukip leader Nigel Farage on 27 February 2016. (Giannangeli, 2016)

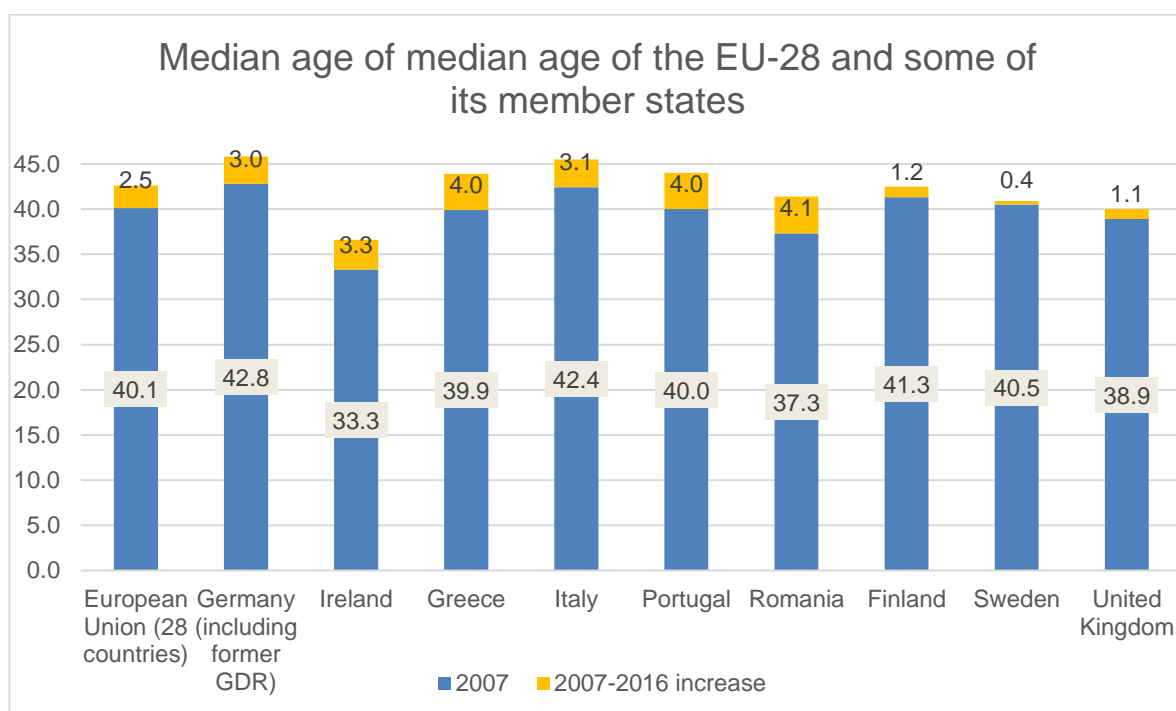
In Finland a member of parliament Olli Immonen, who is also a member of populist and nationalist Finns Party posted on his account Facebook on July 25, 2015 a very outspoken comment (which was made in English, ironically) against multiculturalism:

*“ I'm dreaming of a strong, brave nation that will defeat this nightmare called multiculturalism. This ugly bubble that our enemies live in, will soon enough burst into a million little pieces... We will fight until the end for our homeland and one true Finnish nation.” (Winneker, 2015)*

However, what politicians and their supporters opposing immigration and diversity do not take into consideration and completely ignore is the fact that Europe is facing the biggest demographic and labour market challenge – its ageing population. The demographic balance of the EU states is changing, and the arrow is closer to the end of age range. (Johnson & Turner, 2016)

In order to analyse the real impact of above mentioned EU demographic and labour market challenge and actually to point how important and crucial will be ethnical diversity for solving this, let us first take a look over statistical data. Population age may provide us main overview over researched topic. Why it should be important to monitor the age of population - mainly because older population requires more governmental support. Businesses will also be affected by demographic change, as they will need to adapt to the needs of older employees and deal with shortage of resources by luring the best candidates across the globe.

According to Eurostat information the median age of the EU-28 population was 42.6 years on January 2016. In the EU States, the average age was varying from 36.6 years (in Ireland) to 45.8 years (in Germany). In Finland, the median age was 42.5 in 2016. Between 2001 and 2016 the median age in the EU-28 increased by 4.3 years, rising from 38.3 years to 42.6 years. Between 2007 and 2016 the median age expanded in continue in all of the EU States, adding up to 4.0 or more years in some countries as for example Portugal, Greece and Romania (see Graph 1). (eurostat, Population structure and ageing, 2017)



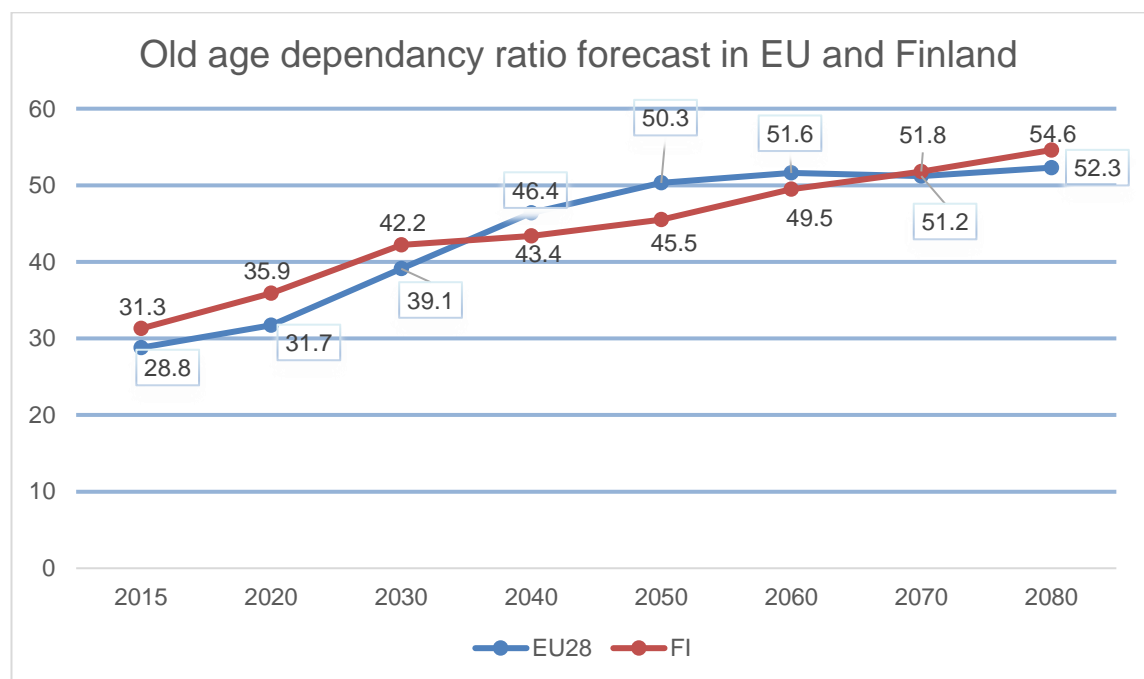
Source: The figures from this graph are derived from Eurostat

[http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo\\_pjanind&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo_pjanind&lang=en)

**Graph 1: Median age of EU28 and some its members states population, 2007-2016 (years)**

The rise in the number of older people is favoured by better health care and therefore higher longevity, as life expectancy has increased. Between 2016 and 2080, it is estimated that the proportion of the working-age population will steadily decrease until 2050 before it stabilizes to some extent, while the elderly will probably be the largest part of the total population: the elderly, aged 65 years or more, will reach 29.1% of the EU-28 population by 2080, compared to 19.2% in 2016. (eurostat, Population structure and ageing, 2017)

On 1 January 2016, the old-age dependency ratio for the EU-28 was 29.3%, meaning that, there were about up to four persons of employable age for every person aged 65 or over. Age dependency ratios are used to study the level of support offered to older persons by the working age population. It represents a ratio between the number of elderly economically inactive persons (aged 65 and over) and the number of working age persons. Because of the age group population movement, it is estimated that the old-age dependency ratio in the EU-28 will almost double from 29.3% in 2016 to 50.3% by 2050 (see Graph 2). Thus, according to current demographic trends, there would be slightly less than 2 people to support each person over 65 years old. Moreover, by 2080 the age dependency ratio is going to rise by 2% in EU28 and by 9.1% in Finland, compared to the ration of 2050. Thus, it can be observed that Finland's demographic situation does not reflect a better picture, but its older population will continue to rise, reaching an even higher ratio than the EU28 60 years from now. (eurostat, Population structure and ageing, 2017)

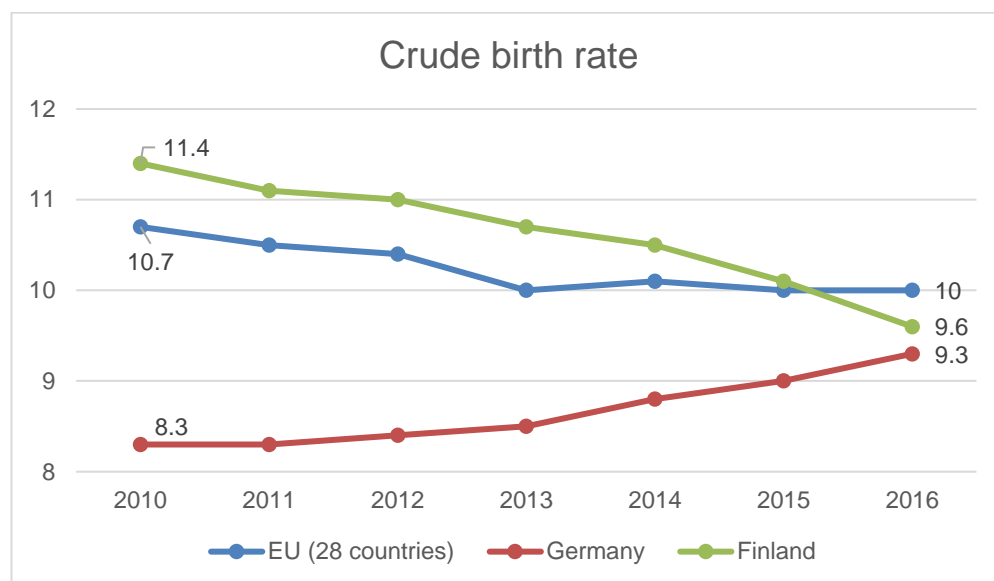


Source: The figures from this graph are derived from Eurostat  
<http://ec.europa.eu/eurostat/web/products-datasets/product?code=tsdde511>

Graph 2: Old age dependency ratio forecast in EU and Finland

On the other hand, steady declines in fertility over many years have contributed to the aging of the population, and with fewer births, the proportion of youth decreased in the total number of population. In the last decades, Europeans have generally had fewer children, and this in part explains the slow growth of the EU-28 population. In 2016 in

EU-28, there were born approximately 5.1 million children, representing a crude birth rate of 10 (the number of live births per 1 000 persons). To compare previous data, the EU-28 crude birth rate was 10.7 in 2000, 12.8 in 1985 and 16.3 in 1970. The crude birth rate is the ratio of the number of live births during the year to the average population in that year (per 1 000 persons). Germany is one of the few countries where crude birth rate had risen from 2010 to 2016 by 1 unit (see Graph 3). Finland however had a more dramatic decrease than the EU, falling by 1.8 from 11.4 in 2010 to 9.6 in 2016. (eurostat, Population structure and ageing, 2017)



Source: The figures from this graph are derived from Eurostat  
<http://ec.europa.eu/eurostat/web/products-datasets/-/tps00112>

Graph 3: Crude birth rate of EU28, Germany and Finland

The impact of this rapid population aging is significant both for the labour market in Europe and Finland, as well as the EU and Finnish businesses. These demographic trends require European governments to review their migration policies, and consider immigration, as an important factor in keeping the population size and their economy constant. In the same time, due to shrinking workforce, the significance of the staff acquisition beyond the state's border and effective diversity management will be essential for organizational competitiveness. (Johnson & Turner, 2016)

In this way we can see the direct connection between the obvious need of immigration and high-quality diversity management. As it was already mentioned the European Union is characterised by strong cultural identity in almost each nation. To stimulate different nations' work together, to integrate them in the same working environment,

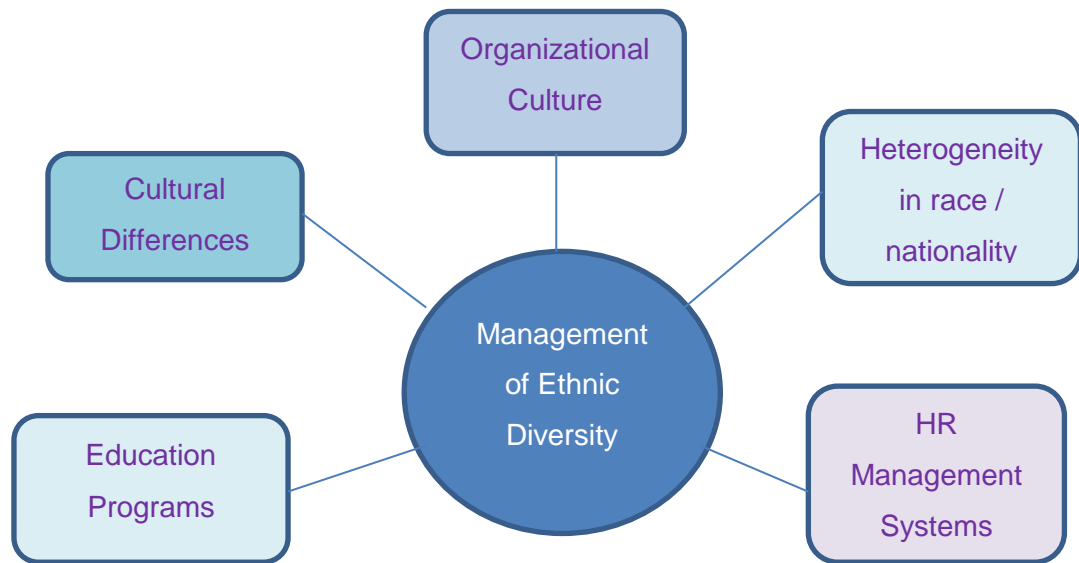
and create cross-cultural teams - that will be the main challenge of diversity management in Europe. At the same time immigration into Europe (including Finland) can be a solution not only to aging population but to competitiveness in the highly globalized world. To deliver high quality products designed for global markets companies should understand different customers around the world and the right diversity strategy can be the key to this.

## 2.2 Diversity management in organizations

### 2.2.1 Commitment to Diversity Management

In a world full of different nations, groups, religions and cultures, there will always be separate ways of thinking and judging. However the most important problems on the globe are still common. Global warming, pollution, economic situation, poverty or recovery from recession are not problems of a nation but of the entire global population, so leaders from various countries must cooperate in order to resolve those issues. In the same way inside organisations people from diverse cultural backgrounds with different views have to come together and collaborate towards one goal – the organization's benefit. Here is when diversity management is most relevant, since it brings awareness of the differences in culture, in feeling and thinking, and it tries to use these differences as assets in the company's favour.

Implementation of Diversity Management practices involves various kinds of activities and many times it requires the change in organizational structure and its culture (see Fig.2). Change comes with education. Nowadays many Fortune 500 corporations and the vast majority of American institutions spend a lot of time and money into diversity training and education (Chen, 2011).



Source: The Executive, Vol. 5, No. 3 (Aug. 1991), pp. 45-56, Cox & Blake

Figure 2: Spheres of Activity in the Management of Cultural Diversity

The most important goal of the educational program is to train management on how to value diversity, first - to raise awareness of differences and then to hire and integrate people of various cultural background. Thus, while accepting cultural differences, the company should promote knowledge and acceptance and use the advantage of the opportunities that diversity provides.

HR department plays the most significant role in this process because it is the body that organises recruitment, trainings, performance appraisals, compensations and promotions. Setting a diversity competent environment in a company is not a short-term journey though, but is a commitment. Thus, HR departments have to establish a Human Resources Diversity and Inclusion Plan, where they outline its objectives, a set of actions and practices to be taken during a year or more. The plan is designed to support the main focus areas, such as: talent acquisition, retention and training for awareness. The plan can outline current practises, sets the goals and then describes what is going to be the strategy to achieve the targets for each focus area. Setting a Diversity and Inclusion Plan represents a proof of the organization's engagement in creating a company with diverse and diversity aware staff.

### 2.2.2 Diversity and Organizational Culture



Organizational culture is described as a “collective programming of the mind” that makes members of one organization think and act differently comparing to others. It was created and nourished by the people who together form this group. Organizational culture however can be observed not only by the members of this organization, but also by the other stakeholders, partners, suppliers, customers who relate to this company. (Hofstede, Hofstede, & Minkov, 2010)

Strong organizational cultures are still influenced by cultural elements of the country it was founded or it is located. Thus, for example, big American multinational companies, despite having offices in various countries across the globe still sometimes carry the principles of American way of organizing and doing things mixed inside their organizational culture. National culture at the same time is always present in all the subsidiaries of the multinational organization, as it was shown in the Hofstede research. The answers from the research related to power distance index, for example, given by IBM employees, located in different countries had revealed no information about the IBM corporate culture, but rather different nations’ behavioural characteristics. (Hofstede, Hofstede, & Minkov, 2010)

Despite their frequently strong correlation, organizational and national cultures should not be regarded as identical phenomena but as two types of cultures, having different roots. National culture is acquired by the person in his early stage of life, in childhood, when he is surrounded by his family, friends and schoolmates and it consists of basic values and beliefs. The person gets introduced to organizational culture, on the other hand, as an adult with formed values, so the person will learn the organizational practices at the company, i.e. how the work is organised, what is the relationship between the manager and employee and even between employees themselves, and thus, individuals with various ethnic backgrounds will form the same organizational culture. (Hofstede, Hofstede, & Minkov, 2010)

Diversity Management strategy, herein aims to impact the organizational culture by creating an inclusive corporate culture, which attracts and promotes talents with different background and creates inclusive atmosphere for everyone. The emphasis in managing cultural diversity therefore is shifted from a common collective set of views and beliefs of entire group of people to appreciation and recognition of each individual’s differences and talent (Green, M., A., & K., 2002). Most organizations and scholars however emphasise that it is very important for the manager to have the proper training

as well as personal openness towards cultural diversity, so the organization could harvest the benefits of a sustainable culturally diverse staff (Holmgren & Jonsson, 2013).

### 2.2.3 Benefits, Issues and challenges of diverse cultural values

Diversity benefits are basically the reasons why diversity is important. Most of these benefits were discussed in chapter 2.1 above. However, besides the positive economic outcomes emerging from diversity as a competitive advantage, there are also other positive influences of various kinds. In addition to already listed benefits, diversity is proven to add a psychological benefit to the workforce environment. One study argues that a diverse environment promotes possibility of open expression of personal viewpoints and openness regarding specific cultural behaviours (Hofhuis, van der Zee, & Otten, 2015). Therefore, diversity climate contributes to acceptance, tolerance and non-judgemental attitude, which in the end leads to positive feelings of inclusion in the group, higher job satisfaction, and wider knowledge sharing. It is apparent that in diverse organisations employees are not afraid to be different, they feel more relaxed and feel important and valued.

Another benefit of diversity is the possibility of outstanding targeted marketing strategy, due to cross-cultural understanding, along with knowledge of local culture specifics. A splendid example is globally known brand McDonald's, which has a "think global, act local" concept (Vignali, 2001). Thus, in USA a usual for breakfast McDonald's Sausage McMuffin with Egg (Figure 4), which looks like a hamburger, has been totally changed, in terms of design, for Mexico, and is called Desayuno Especial Mexicano (Figure 5). The Mexican version contains Spicy Mexican scrambled eggs, a sausage and muffins, which are not laid in a hamburger, but rather placed separately on a plate.



Source: [http://www.mcdonalds.ie/iehome/food/more\\_food/breakfast/sausage\\_mcmuffin\\_egg.html](http://www.mcdonalds.ie/iehome/food/more_food/breakfast/sausage_mcmuffin_egg.html)

Figure 4: McDonald's Sausage McMuffin



Source: <http://www.mcdonalds.com.mx/menu/desayunos/desayuno-mexicano>

Figure 5: Desayuno Especial Mexicano

Despite the considerable amount of benefits in support of diversity, there are also some issues and challenges, which diversity is facing. Cultural conflict is one of the negative outcomes of diversity and it is the strongest argument that the opponents of diversity always use. It appears when individuals from different cultures, or a native and a foreigner, encounter difficulties in understanding the other person's habits or customs. While meeting the new culture or point of view, the person is going through different burst of emotions, and if he lacks knowledge and sensibility, the individual tends to reject new ways and that creates a clash (Hofstede, Hofstede, & Minkov, 2010).

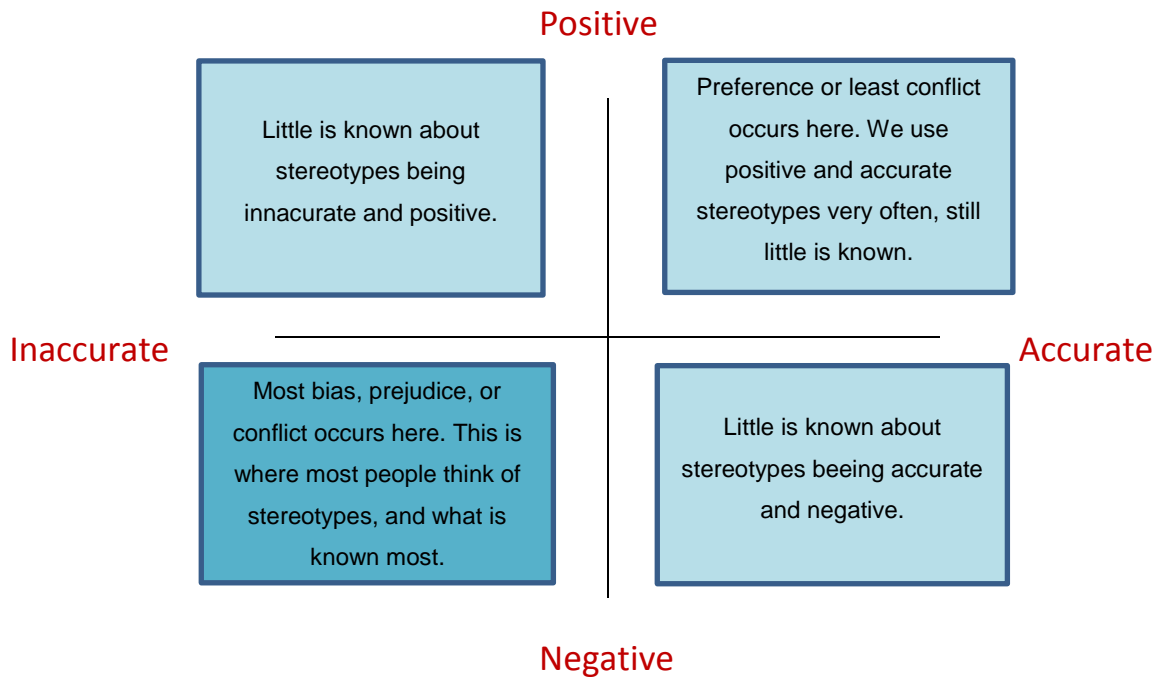
According to *Harvard Business Review*, most successful multicultural teams are those where managers get involved early, set norms and acknowledge cultural gaps at the early stage. In case the cultural conflict arises in teams or departments, it is very important that managers are trained and can recognise the root cause of the conflict and thus intervene and resolve it in a way, convenient for the situation, but with cultural background in mind. (Brett, Behfar, & Kern, 2006)

Another diversity management challenge which is encountered particularly in European countries, is that initial diversity management practises were created for Americans, which have same "American identity" while Euro-Diversity and "European identity" is quite a new thing, and values and cultures are not similar. European Diversity Researcher and Consultant Michael Stuber points out that American "Stand up and speak out" does not represent the majority of Europeans' values. Therefore, programs that are common in USA, such as networking and team-building, are not always easy

to implement. Some European cultures, like Finnish or other Nordics, do not have a notion of small talk, are less emotional and value personal space a lot, and thus trainings with role playing and personal engagement are very hard to apply. (Stuber , 2007)

Common language can represent another challenge. In USA English usually is the first language, and if not the case, using and hearing it on daily basis makes the speaker acquainted with local proverbs and expressions. In European countries English is a second or a third language and coming from different countries people tend to translate their local jokes and expressions which do not always make sense and can create even tensions at times.

Stereotyping is another type of issue, associated with diversity and meeting unfamiliar cultures. Stereotypes are often linked to prejudice and discrimination, by depicting a negative exaggerated trait or group behaviour. Some scholars believe that using stereotypes can lead to misunderstanding and misinterpretation, while others believe stereotyping is normal. Yueh-Ting Lee (in Chen, 2011) argues that if we prize diversity and value our differences, we should not completely disregard stereotypes, as they are outlining uniqueness in human groups. Thus, according to the two-dimensional EPA Model (see Fig. 6) stereotypes can be divided into 4 groups based on evaluation (positive or negative) and accuracy. Inaccurate and negative stereotypes create the most prejudice and conflict, and thus should be always avoided. (Chen, 2011)



Source: Chen, Sheying. Diversity Management: Theoretical Perspectives and Practical Approaches, 2011. ProQuest Ebook Central

Figure 6: EPA Model - Evaluation and Accuracy of Stereotypes.

Positive and accurate stereotypes about a group of individuals may help us in getting to know the particularities and uniqueness of that group and in the same time value and treasure human differences more. On the other hand, even accurate and positive stereotypes can sometimes hurt the feelings of stereotyped individuals, who may not possess the same character or inclination to a certain activity as his peers. Here for example if we use the stereotype “All people from Asia are good at math” to every individual coming from Asia, we will not expect the person to be an artist, actor, painter or another creative profession, because we will assume that all Asians love math and want to be engineers, IT geek, or another numbers-inclined professional. Thus, experts recommend us to learn how to control our stereotyping. Stereotypes, therefore, could be a good starting point while learning about a certain group, but we should obtain more personal information about an individual before creating an opinion about him/her.

## 2.3 Non-discrimination and diversity strategy in EU and Finland

### 2.3.1 Legal base

Non-discrimination and equal opportunities, especially as means to promote employment, are among the priorities in the European Union agenda. Non-discrimination is presented in Treaty on the Functioning of the EU (TFEU, Articles 18 and 19) and Title III of the Charter of Fundamental Rights of the EU, which form the primary law of the EU. Thus, non-discrimination statement in the top level of community standards of the EU constitutes a fundamental pillar. Furthermore, the EU has also issued additional directives to make sure that the principles of equal treatment in the employment sector are applied.

- Directive 2000/43/EC of the Council of the European Union prohibits outlaws racial or ethnic origin discrimination in employment and in the social benefits and protection areas, including education and access to and supply of goods and services.
- Directive 2000/78/EC bans discrimination based on disability, age, religion or belief and sexual orientation in the areas of access to employment (including recruitment and promotion), access to employment training, and other working involvement at employer's organisation.
- Directive 2004/113/EC regulates the principle of equality between male and female workers in the access to and supply of goods and services.
- Directive 2006/54/EC implements the equal opportunities and fair treatment principals of men and women in employment and occupation. It also combats sexual harassment and introduces stronger sanctions for discrimination
- Recently, Directive 2014/95/EU, adopted by the EU Council in September 2014 which entered in to force on 6 December 2014, obliges firms with 500 employees or more to publish their diversity policy reports.  
(European Commission, Diversity within small and medium-sized enterprises, 2015)

The institutions and authorities of the Member States and the Union are assisted by the European Union Agency for Fundamental Rights in implementing EU legislation on combating discrimination. In addition to primary and secondary law as well as case law upholding non-discrimination in the field of employment and labour, the EU also promotes diversity through European Platform of Diversity Charters.

In Finland the Non-Discrimination Act (21/2004) was introduced to implement the EU Framework Directive in Finnish law and to “foster and safeguard equality”. In 2014 the

2004 Act was repealed with the 1325/2014 Non-Discrimination Act, which came into force on January 1, 2015. This act prohibits all kind of discrimination and different treatment on the grounds of ethnic origin. Different treatment in employment however, as well as service relationships under public law, and work experience placements and other equivalent activity, is justified if the treatment is founded on genuine and determining requirements concerning the type of occupational tasks and their performance, and the treatment is proportionate to achieve the legitimate objective. (ILO, 2016)

The introduction of the ground-breaking EU Directive on the disclosure of non-financial and diversity information (Directive 2014/95/EU) has set a clear course towards greater business transparency and accountability on social and equal opportunity issues. Finland in its turn applied Amendment 1376/2016 and Amendment 1441/2016 to the Accounting Act. According to the reporting legislation, the corporate listed companies employing more than 250 people should elaborate and publish reports containing information on the company's diversity policy and its results on implementation. Companies, therefore now have a reporting obligation, but at the same time they can choose themselves how they want to compile it, in terms of reporting framework, format and content. The first diversity reports should be published in 2018 during the 2017 fiscal year. (CSR Europe and GRI, 2017)

### 2.3.2 Diversity Charters

In 2010, the European Commission launched a European Diversity Charter platform to support voluntary initiatives of developing and adopting diversity management practices across Member States. The platform allows signatories to meet three times a year to share their experiences and to establish common working tools. The platform now brings together over 7100 signatories from 20 Member States that have assumed the principles of the Charter at national level. More than 14 million employees already benefit from the voluntary commitment of signing companies and institutions in the field of diversity management. (European Commission, Overview of Diversity Management implementation and impact amongst Diversity Charter signatories in the European Union, 2014)

France was the first country to launch the Diversity Charter in 2004. Montaigne Institute issued a report "Les oubliés de l'égalité des chances" (By the Wayside of Equal

Opportunity) and drafted a document that was similar to what is known in USA by “Commitment to Diversity”. This document was apparently first European Diversity Charter. Belgium and Germany joined France in 2005 and 2006. Spain and Italy embraced the diversity movement at work in 2009. These countries submitted report with results of their work to the European Commission and thus, in 2010 EU platform of Diversity Charters was founded. In 2012, five countries adopted the Charter - Poland, Luxembourg, Finland, Ireland and Estonia. In 2014, the Czech Republic and Denmark followed. Hungary joined in 2016, as well as Slovakia, Croatia and Slovenia in 2017. The Diversity Charter in Romania is waiting for some more signatories and is expected to be launched officially on April 18, 2018. (European Commission, Diversity Management in Central and Eastern Europe, 2017)

A Diversity Charter usually is a one-page text that stipulates the actions to be taken by the signing company to promote diversity, equal opportunities and non-discrimination at work. This voluntary initiative can be embraced by any organization regardless of its activity and size. There are also many additional advantages that come along with signing: access to a network of progressive business owners and managers, as well as access to publications, events, conferences and latest supportive tools. (European Commission, Diversity within small and medium-sized enterprises, 2015)

Finnish Charter of Diversity was opened with 18 signatories in October 2012. The charter is managed by FIBS, one of the leading networks in Finland promoting corporate responsibility trainings and events. The organization that signs the Charter promises to provide equal opportunities, recognize and use individual competencies and needs, have fair systems of personnel and client management, and announce the goals and achievements of their diversity management to stakeholders (see Appendix 1). FIBS provides the members with diversity management know-how, networking opportunities, peer support and mentoring, and other tools, which are aimed at enhancing the capability of organizations to manage diversity and inclusion. (FIBS, 2015)

### 2.3.3 Current tendency of managing ethnic diversity in Finland

In 2014 the European Commission conducted a study across eleven EU members to reveal what were the values that diversity management generated for businesses after signing the charter. The report concluded that overall, the Diversity Charter stands as



an important starting point to embark on the diversity journey and is a useful frame base to develop ambitious further diversity management strategy. The report revealed that main target groups (see Figure 7) of combined EU companies' diversity initiatives were on gender equality (48%) follow by age diversity (46% for senior, 45% for young people), disability (44%) and racial or ethnic background (28%). (European Commission, Overview of Diversity Management implementation and impact amongst Diversity Charter signatories in the European Union, 2014)

## Your diversity initiative concerns?

% of signatories – results by classes „persons employed“

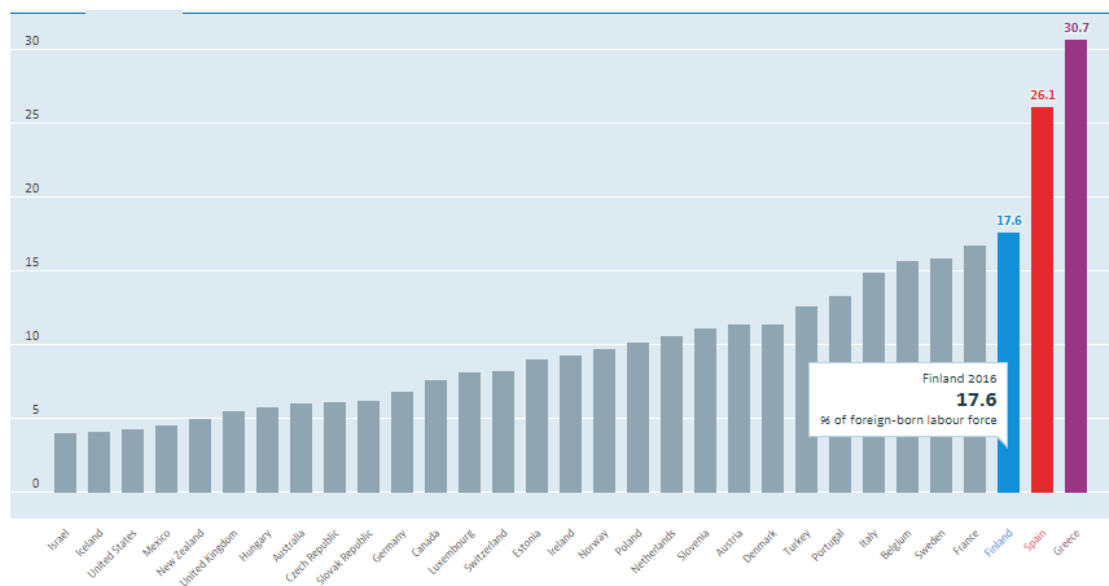
	EU 11	AT	FR	GE	IR	IT	LU	SW	ES	PL	EE	FI
Young people (aged under 26)	45%	53%	49%	45%	20%	19%	64%	56%	28%	54%	71%	31%
Seniors (aged over 50)	46%	65%	52%	55%	20%		61%	50%	20%	47%	57%	23%
Gender equality	48%	73%	43%	65%	80%	65%	95%	100%	29%	69%	86%	15%
Disability	44%	63%	47%	65%	70%	24%	49%	69%	28%	44%	43%	38%
Sexual orientation	16%	45%	13%	45%	70%	7%	36%	63%	20%	18%	29%	8%
Gender identity	15%	50%	13%	30%	40%		31%	63%	29%	13%	29%	
Racial or ethnic background	28%	70%	28%	60%	50%	10%	53%	100%	24%	26%	57%	8%
Religion or personal beliefs	19%	53%	18%	20%	30%	2%	42%	50%	21%	21%	29%	15%
Other	6%	5%	3%	25%	10%		8%	19%	18%			8%

Source: [http://ec.europa.eu/justice/discrimination/files/diversity\\_report2014\\_en.pdf](http://ec.europa.eu/justice/discrimination/files/diversity_report2014_en.pdf)

Figure 7: Results on diversity initiative concerns question

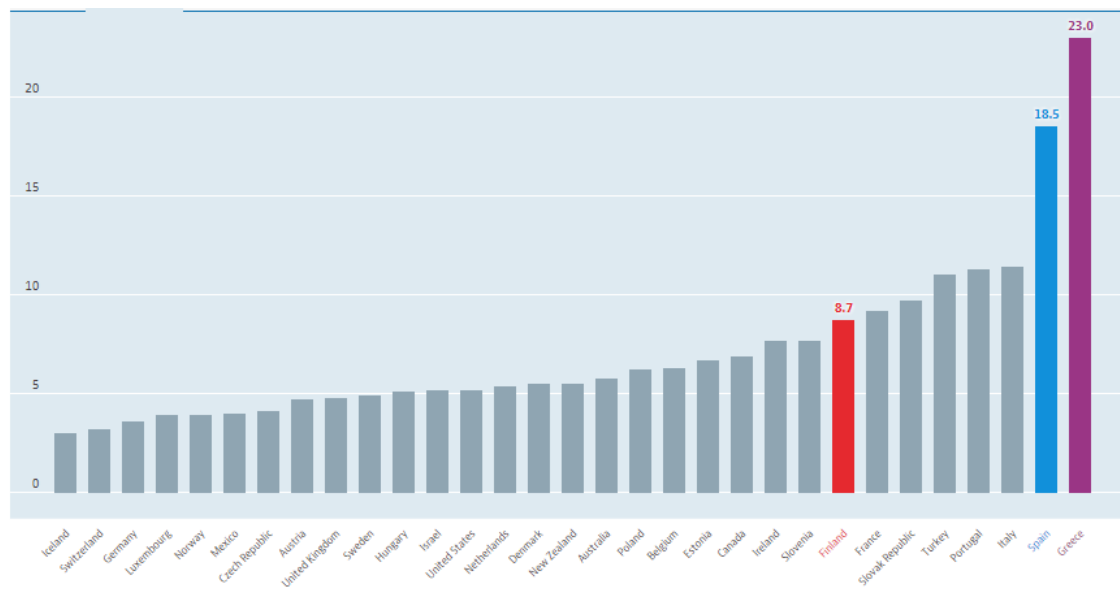
The priorities of each country however were substantially different from one to another. Thus, diversification of its staff in terms of racial and ethnic background was a 100% target in Sweden, while in Finland only 8%. It is possible to argue that the numbers could differ due to the fact that the charter in Finland has been active for two years in 2014 while Swedish Diversity Charter was launched in December 2010. However, Ireland and Estonia, which also joined the platform in 2014 had two of the highest numbers regarding ethnic diversity enrichment: 50% and 57% respectively (European Commission, Overview of Diversity Management implementation and impact amongst Diversity Charter signatories in the European Union, 2014).

Meanwhile, according to OECD statistics Finland is in third place among 31 OECD states with the highest unemployment rate of its foreign-born population (see Figure 8) with a total of 17.6%. Thus, Finland comes right after Greece and Spain. However the last two countries already had their native-born unemployment very high with 23% in Greece and 18.5% in Spain, while in Finland native-born unemployment was 8.7% in 2016. If we create a ratio we will see that foreign-born unemployment is 2 times higher than natives born in Finland, 1.41 times higher in Spain and 1.33 in Greece. Analysing these numbers, we can see that Finland is failing behind in integrating immigrants in the labour market (OECD, 2018)



Source: <https://data.oecd.org/migration/foreign-born-unemployment.htm#indicator-chart>

Figure 8: Foreign-born unemployment among OECD countries, 2016



Source: <https://data.oecd.org/migration/native-born-unemployment.htm#indicator-chart>

Figure 9: Native-born unemployment among OECD countries, 2016

Therefore, with a high immigrant unemployment rate and very low rate of ethnic diversity inclusion among the corporates and public enterprises, Finland still has a lot to learn from peer countries in terms of inclusion and equal opportunities for individuals of various ethnic background.

## 2.4 Startup ecosystem in Finland

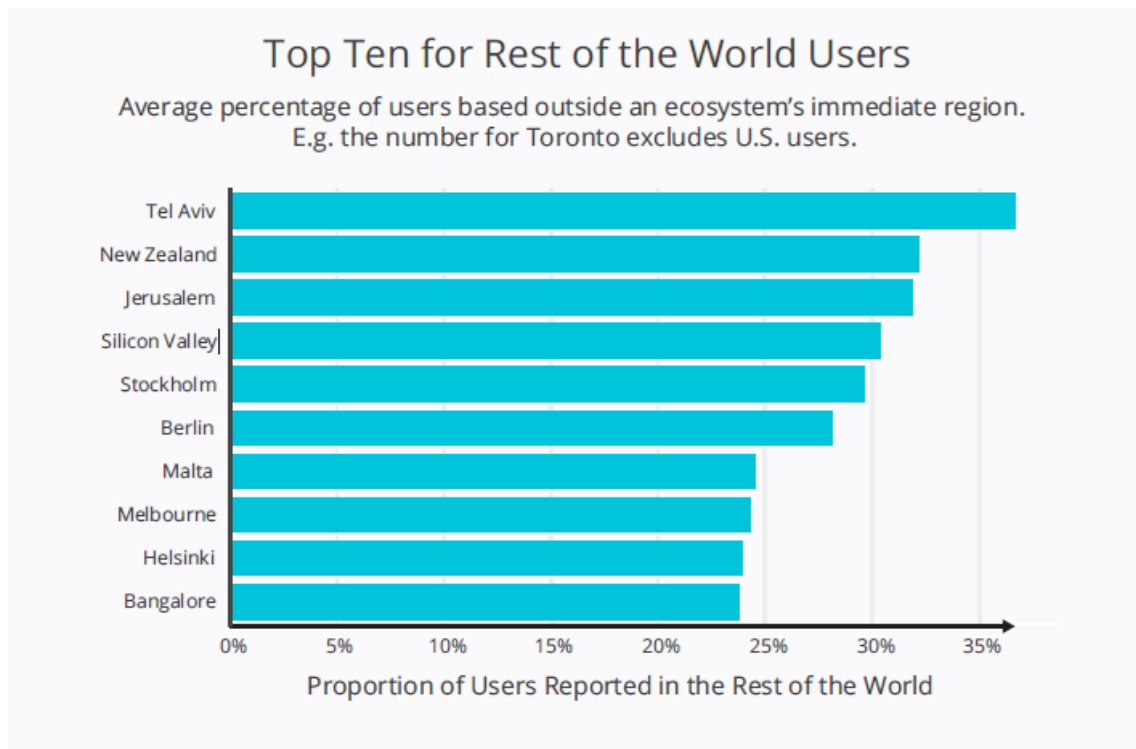
Inspired by the tremendous success of Nokia, which once grew to a leader position in a telecommunication business, young entrepreneurs in Finland are eager to follow the “giant’s” steps. Most of the Finnish startups however are pursuing recognition in gaming industry, as few of them gained already international success and are well-known around the world. Thus, one of the first Finnish gaming company which gained global fame with its Angry Bird game is Rovio Entertainment. Rovio grew from startup to a major brand, launching the Angry Birds cartoon, Angry Birds playground, toys and others. Supercell was rapidly coming after and is nowadays known for its game Clash of Clans. This popularity of their colleagues motivates fresh startups to believe in success and to continue to innovate, persevere and move forward.

Entrepreneurial culture in Finland is very developed, students being the primary and most important drivers of startup environment. Thus, for example Slush, one of the leading technology startup conference in Europe, was created by students from Aalto

University, and is since organised every year solely by the volunteering students. Slush offers new found companies the chance to meet investors, to find funding or some new partners and employees. In late 2017 at Slush event participated 2,600 startups and 20,000 attendees from 130 countries. The goal of the event is to help startups succeed and to promote innovation and cooperation. (Flinkman, 2017)

Startup Sauna is another well-known community of entrepreneurs in Helsinki. It is a non-profit foundation and its goal is to improve and uplift the startup ecosystem in Finland. The organisation has different activities but most known is for being an accelerator for seed-stage startups. Organizers also provide trainings where young entrepreneurs are coached by other accomplished business people, investors, professors and even by their peers. Some of the most promising startup owners even flew to Silicon Valley to learn some lessons from their USA counterparts. The aim of the trainings is to inspire young people to create remarkable and competitive products on the market, and in the same time to improve their techniques of pitch for investors. (Cord, 2014)

Helsinki Metropolitan Area (Helsinki, Espoo and Vantaa) was included recently in a Global Startup ecosystem study organised by Startup Genome in 2017, which compared new companies' opportunities for global competitiveness in 55 biggest city areas. Although Helsinki was not among the top twenty most successful startup ecosystems, it occupied a leading position in other perspectives. With its metropolitan population of 1,4 million, Helsinki region was one of the smallest ecosystems analysed in the report. Therefore, due to its small internal market, startups focus directly to go global, to extend the market and circle of customers.



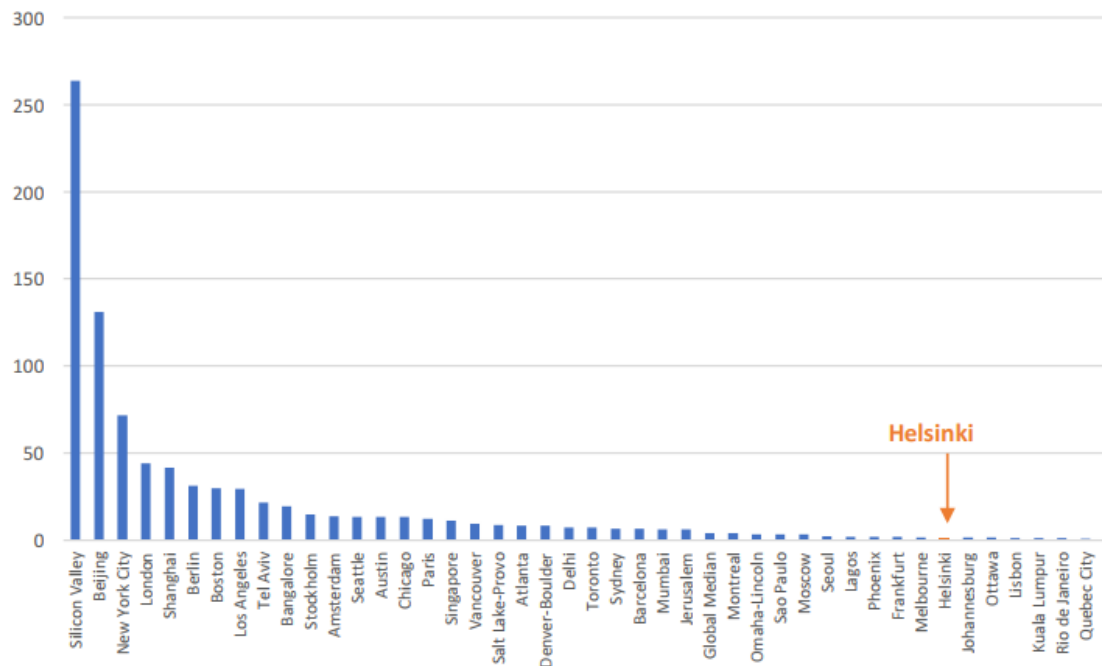
Source: <https://startupgenome.com/report2017/>

Figure 10: Top Ten for the rest of the world customers

In the above Figure 10 we can see the chart of the top ten cities with startups whose customers are based outside its own ecosystem's region. This excludes the neighbouring region or their continent: for example, for Berlin and Helsinki, customers in Europe are excluded. Helsinki occupies ninth place in this chart and this proves that small economy should not be always regarded as a disadvantage, but rather an incentive to go beyond the borders. (Startup Genome, 2017)

Helsinki also does well at the Startup Experience criteria, as its startups use around 2 advisers with equity investment per company. Thus, Helsinki is in third place, in this ranking, above giants like Silicon Valley, which have around 1.78 advisers per startup. The ecosystem is again on the third place at the early-stage funding per startup, however this is due to the small number of startups in the region. Overall Helsinki ecosystem value at \$1.5 billion is however comparably small (see Figure 11) and according to the report Helsinki needs more valuable exits (through IPO or acquisition) and catch the global know-how to produce unicorns (startups with value of over \$1 billion) to increase resource attraction. (Startup Genome, 2017)

## Global Distribution of Ecosystem Value (\$B)

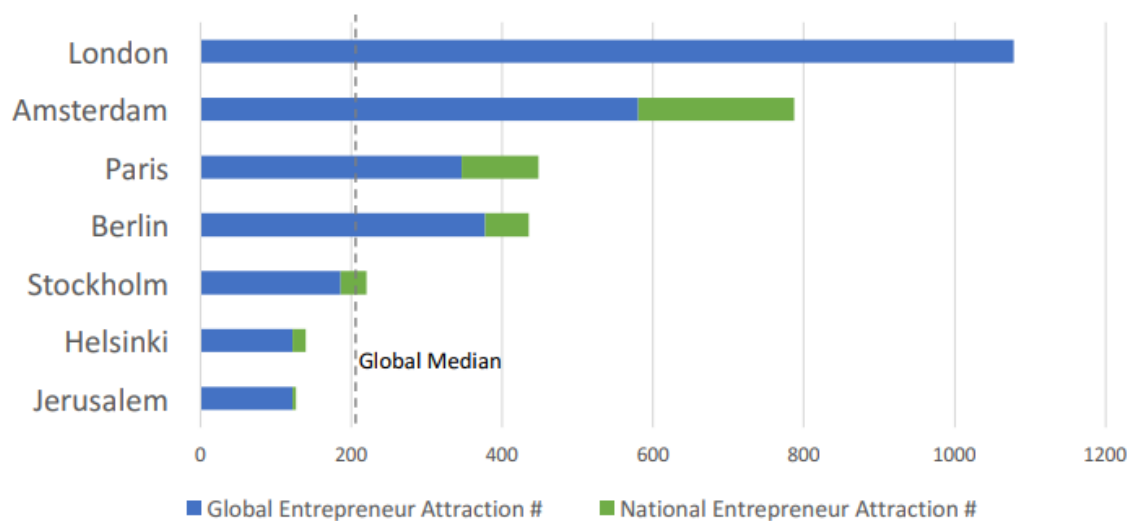


Source: <https://startupgenome.com/report2017/>

Figure 11: Global Distribution of Ecosystem Value

Taking in consideration its small size, Helsinki exceeds the global median in entrepreneurs entering the ecosystem ratio. When talking about absolute numbers however, Helsinki still needs to attract a considerable amount of founders and figuring out how to invite and encourage immigrant founders - should be a priority.

## Helsinki Needs to Attract More Entrepreneurs



Source: <https://startupgenome.com/report2017/>

Figure 12: Entrepreneurs Attraction

The report concludes that despite being successful in reaching the global market, having a strong community and somewhat accessible funding, Helsinki still needs to invest in international entrepreneurs' engagement and enlargement of the talent pool, combined with creating unicorns and increasing exits to generate the global attraction. (Startup Genome, 2017)

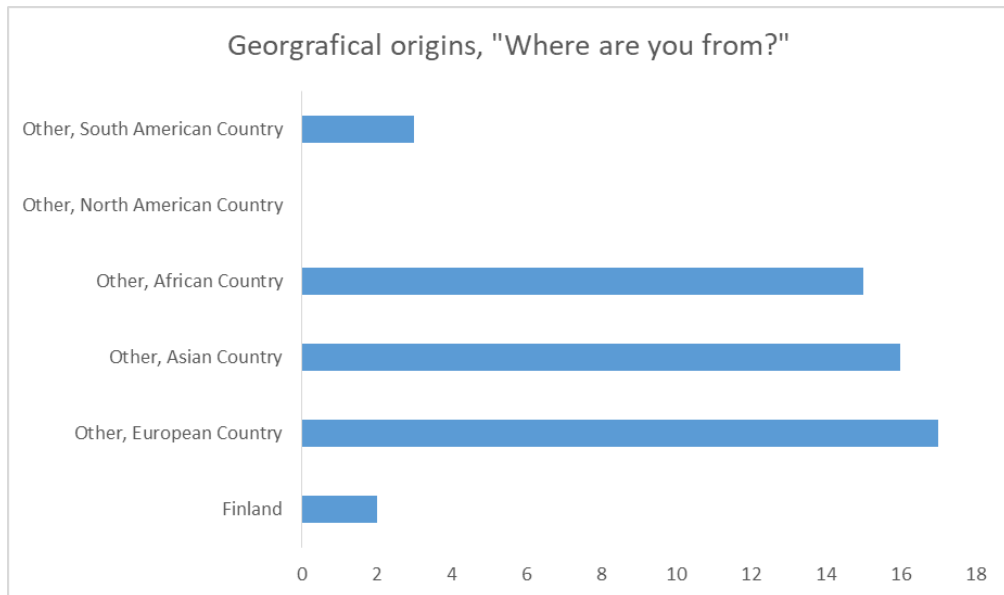
### 3 Case study on Diversity in Finnish startups

#### 3.1 Methodology and process

In order to research the diversity inside the Finnish startups, I decided to perform market research through questionnaire interviewing. Taking into consideration the dynamism and technology friendly behaviour in startup environment, I considered on-line approach to be more successful. The questionnaire was created on Metropolia university elomake platform, see Appendix 2, and was distributed on one of Finland's Facebook Communities. To simplify data analysis process, mostly closed questions were selected. As a result, 53 people answered the survey.

#### 3.2 Results and analysis of the survey

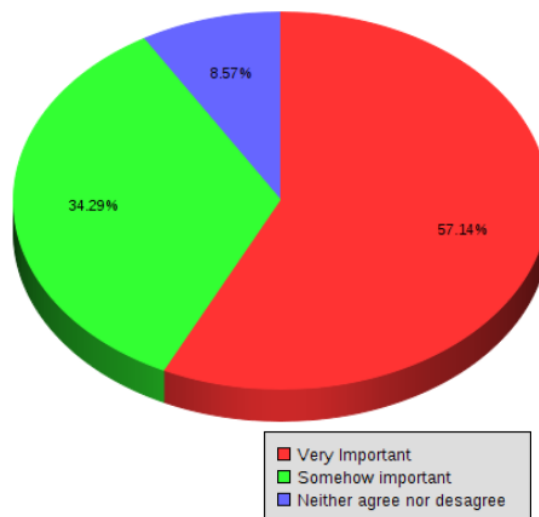
Our survey starts with searching more about geographical origins of our respondents. Graph 4 provides us with detailed overview over respondents' origins. We can see that Finnish start-up eco-system attracts a lot of international talents, as majority of the respondents are from Europe, Asia and Africa, and only small part is represented by Finnish people. This picture may not represent the actual overall proportion of employees' origins in Startups, but in my case, it was a good outcome, as I mostly was interested to see how foreigners feel and find the startup environment.



Source: Thesis survey

Graph 4: Geographical origins of the respondents

The next step was to understand overall perception about researched topic. While asking the question "Do you think diversity is important?" we can see that 57% of respondents confirmed that diversity is very important concept, 34% still agree about importance but at a lower level, and only 8% from respondents consider that diversity is just a general topic.



Source. Thesis survey

Graph 5. Important on Diversity in Start-up industry

Taking in consideration that our research topic targets start-ups environment, as a next step we decided to confirm connections of our respondents to start-ups in Finland.



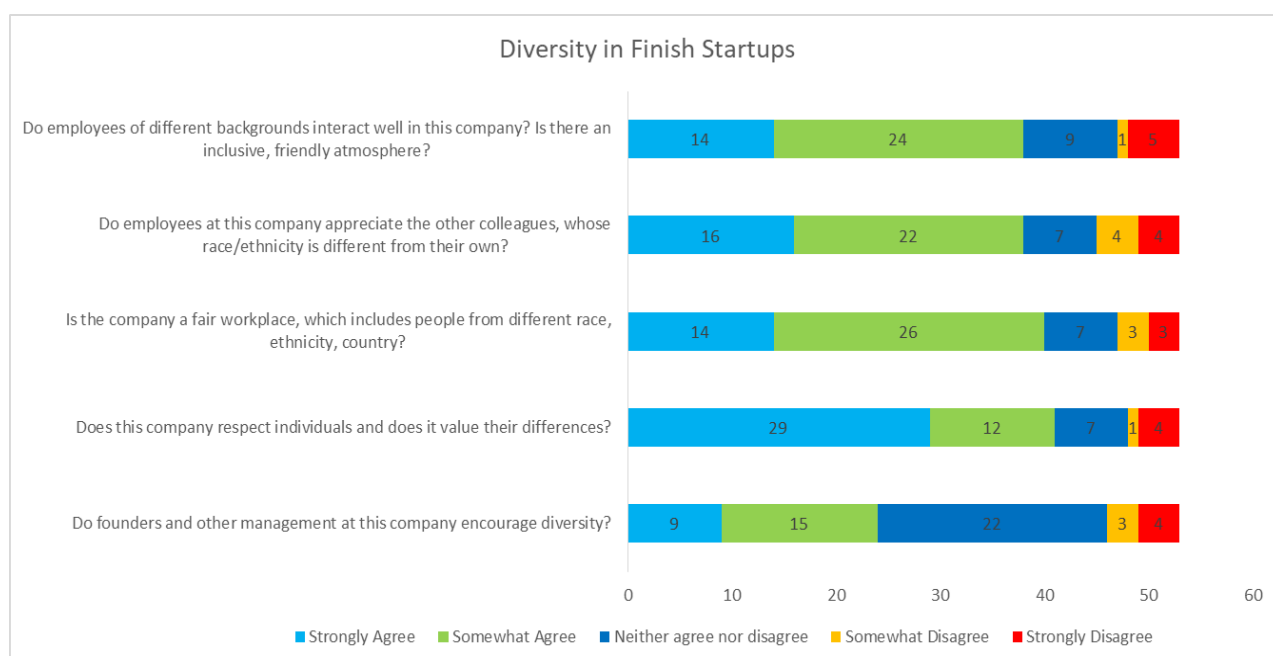
Thus, we can see that more than 87% from our respondents were working in start-up company in Finland.

Do you work or have you worked in a startup company in Finland?				
	Yes		No	
	87%		13%	

Source. Thesis survey

Graph 6. Respondent's connection to Finnish start-ups

Graph 7 represents *core of our research* as it studies diversity behaviour inside the Finnish startups.



Source. Thesis survey

Graph 7. Core of practical survey – Diversity in Finnish Start-ups

Core questions started with understanding of collegial, friendly environment inside the company. We can see that most of respondents opted for *Somewhat agree*, instead of *Strongly agree* about friendly atmosphere at their workplace, and it directly underlines that although there is certain friendly connection between employees, the atmosphere is not perfectly harmonious.

The following question is similar to the former one but goes deeper into interpersonal relationships. It targets directly racial / ethnicity aspects. We can observe the same

responding pattern, where more people *Somewhat agree* with this statement, instead of *Strongly agree* in being appreciated by the company despite being race / ethnicity differences.

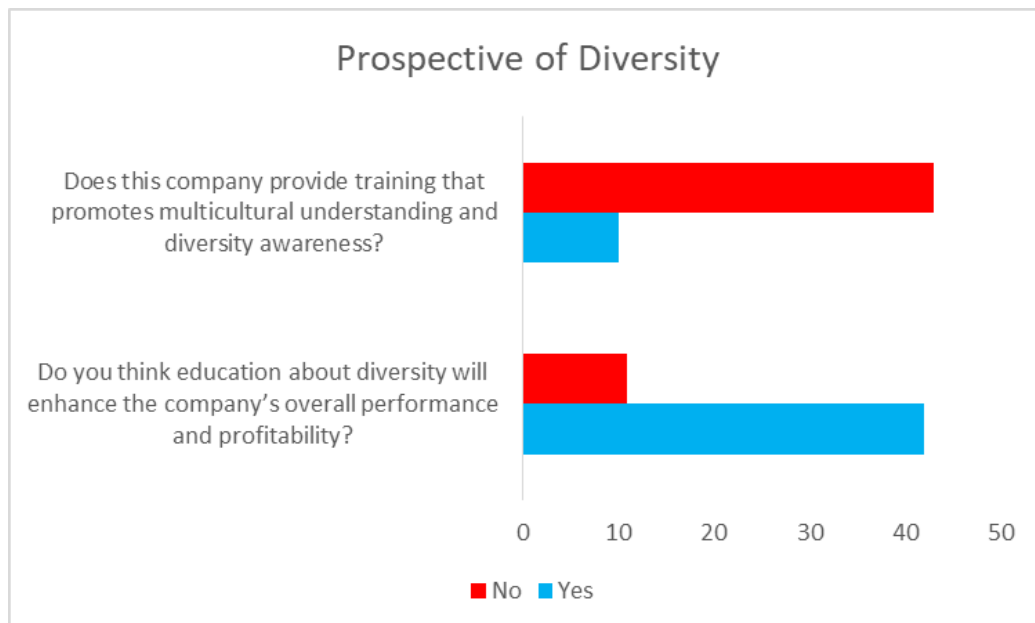
The next question which targets fair workplace environment, keeps the same responding pattern, as more people replied with *Somewhat agree*, instead of *Strongly agree*, to the statement of company being fair workplace, including people from different race, ethnicity, countries.

The question of company respect and valuing individuals, can be considered as a turning point in our survey, as more people confirmed that they are *Strongly agree* that the company respects individuals and does value their differences. Even though this question is the only one where majority of respondents selected *Strongly agree* option, it shows interesting fact that start-up companies are born with the vision of embracing diversity and inclusion. They communicate this vision to their employees, who are aware of it, as can be seen within the survey. However, implementation of this vision is not performed properly, as in all other questions a majority of respondents selected an option below the absolute agreement.

Last question in our main set was targeting management style in encouraging diversity. Surprisingly we notice that most of respondents do not express any opinion in regards of leadership team encouraging diversity. People are confused, they do not perceive any specific managerial strategies that would encourage inclusion. This result is unexpected and describes no evident commitment to diversity.

The main summary of these core questions is that on individual level employees in Finnish startups show some diversity-oriented behaviour, but it is not strongly expressed. Although company values are oriented towards diversity, employees are aware of it and can confirm it, the managerial (founder's) leadership strategies are far from targeted point, as most respondents pointed that diversity is still not encouraged within their companies.

In this survey I decided to go little further in asking respondents if there are any trainings organised inside the companies, and what is their personal opinion over possible connections between diversity and company performance.



Source. Thesis survey

Graph 8. Prospective of Diversity

It is possible to observe that majority of respondents confirmed that their companies do not provide any trainings to promote multicultural understanding and diversity awareness. This is mostly explaining results register in the core part of this research. Although start-ups promote diversity, and employees are informed and recognise these values, without proper diversity training employees and especially management lacks the day-to-day practical skills.

Thus, survey showed us that low level of leadership encouraging diversity and lack of training are two main problems. The task of implementing the diversity culture within the Finnish startups belongs to managers and founders, as respondents confirmed that proper training about diversity will enhance the company's overall performance and profitability.

#### 4 Conclusion

This research, which is mainly about ethnic diversity, starts from analysing the very beginning of diversity management era in USA, when executive Order of 1961 by President Kennedy required employers to take "affirmative action" to end discrimination. Thus, Equal Employment Opportunity and Affirmative Action are the first pillars of today's concept of Diversity Management.

It was proven by McKinsey that diversity brings a high set of benefits to the company such as increasing creativity and problem-solving, enlarging the pool for talent acquisition, improving organizational flexibility and job satisfaction. As all of these are quantitative parameters, strategic global organizations decided to introduce standardized indexes to measure every company using the same methodology. Thus, Thomson Reuters launched its new Diversity & Inclusion (D&I) Index, which is ranking the top 100 publicly traded companies globally with the most diverse and inclusive workplaces.

It was identified that HR department plays the most significant role in implementing Diversity culture within organisation as managers and employees should be educated towards proper diversity acceptance and personal openness toward cultural inclusion may be the key to diversity implementation. Overall company strategy should be also structured in the way to promote diversity.

Diversity concept started in United States of America, as it is directly connected to American demographics. However, in last decades European Union also realised the importance of proper anti-discrimination policies within Europe. Based on this need, legislative framework was strongly developed to include equal opportunities and diversity into regular vocabulary.

Diversity was promoted by EU not only via legislation however. In 2010, the European Commission launched a European Diversity Charter platform to support voluntary initiatives of developing and adopting diversity management practices across Member States. This platform is already implemented in most EU countries and Finland launched it in 2012. In 2014 the European Commission conducted a study across eleven EU member states to research what were the values that diversity management generated for businesses after signing the charter. Ethnic background diversity initiatives were prioritised only in 28% of company respondents across EU, and 8% in Finland. This highlighted the need of additional information spreading and acknowledgement trainings on benefits of ethnic diversity in Finnish society.

Thus, the two main diversity problems in Finland are: lack of ethnic diversity initiatives and high unemployment rate of foreign-born residents. The solution to these issues could be directly related to that of Startup Entrepreneurs' attraction, as Helsinki right

now is an important global startup hub, but without a proper ethnic diversity program it can quickly lose ground in this competitive field.

In order to understand the real-life aspects of Finland's startup environment, this paper performed a market survey regarding ethnic diversity. Among respondents, the majority were expatriates in Finland, who were directly connected to the startup community.

While interpreting results of our survey's core analysis we identified a very interesting situation: our respondents were aware of ethnic diversity and of high importance to respect individuals and value their contribution. Companies' leadership teams however were not fully encouraging diversity. The respondents did not also strongly agree on overall fair working atmosphere in the companies, and somehow agreed on ethical / racial differences being appreciated. On the other hand, it was interesting to see that almost all respondents confirmed the importance of trainings in promoting multicultural understanding and diversity awareness and the fact that this can enhance the company's overall performance and profitability.

Thus, in my opinion there is a certain gap between the vision communicated by the start-up companies and their in-market practices. All respondents were highly aware of the importance of diversity and the high outcomes it brings, but in the same time, respondents claimed average results for existing diversity environment. I consider that introducing proper diversity training to management and company's employees will improve diversity culture in Finnish startups and will help them harvest all the emerging benefits that diversity offers.

The performed survey brings an important value in understanding diversity in Finnish startups, as it highlights the fact that although Helsinki is an important startup hub on the international map and it attracts a lot of 'big brains', the diversity culture is still in its beginnings. It is extremely important to understand that this must be improved, as without a proper diversity and inclusion culture Finnish startup economy might lose its leading position.

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## Finnish Diversity Charter



### DIVERSITY CHARTER FINLAND

An organization supporting diversity ensures equal opportunities, rights and treatment for all. It appreciates and utilizes the variety of know-how amongst its staff, the needs of all its stakeholders, and manages its operations successfully. The Charter includes the principles of social responsibility – fair and inclusive organization, customer orientation, transparent interaction and co-operation, as well as fair management.

By signing this Charter we pledge to develop management and service practices supporting diversity within our own organization. By doing so, we also strengthen our reputation as a responsible organization.

#### WE OFFER EQUAL OPPORTUNITIES

We ensure equal treatment and opportunities for all our employees, customers and partners, regardless of their age, gender, nationality, ethnic background, language, worldview, religion, health, disability, sexual orientation, political view, socioeconomic status, marital status etc., which may lead to discrimination.

#### WE RECOGNIZE AND UTILIZE INDIVIDUAL KNOW-HOW AND NEEDS

We strengthen inclusiveness in our organization by building a corporate culture that is based on respect, fair treatment and mutual trust. We also strive to create procedures and working conditions that allow all employees to use their work-related skills and knowledge, and that support their well-being. In addition, we strive to ensure that our services and products are accessible to all. By recognizing individual differences and the potential individuals have, we will have an opportunity to improve our operational capacity.

#### WE MANAGE OUR EMPLOYEES AND CUSTOMERS WITH FAIRNESS

We set the goals for diversity management and define the actions to reach them. We evaluate and develop our procedures to pursue equality and justness. We maintain continuous dialogue with our stakeholders in order to respond to changes taking place in our operational environment. All our employees are allowed to fully utilize their individual work-related capabilities, competences and skills. We develop the availability and accessibility of both our products and services. Through these actions, our organizational competitiveness and productivity have the potential to increase.

#### WE COMMUNICATE OUR GOALS AND ACHIEVEMENTS

We declare our diversity management commitment in both our internal and external communications. We also openly and clearly communicate our goals and achievements to all our stakeholders.

The responsibility for implementation of this Charter lies with everyone working within our organization.

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Signature and name clarification

Organization and date

**Diversity in Finnish startups****WHERE ARE YOU FROM?**

- ☐ Finland
- ☐ Other, European Country
- ☐ Other, Asian Country
- ☐ Other, African Country
- ☐ Other, North American Country
- ☐ Other, South American Country

**DO YOU THINK DIVERSITY IS IMPORTANT FOR THE BUSINESS?**

- ☐ Very Important
- ☐ Somehow important
- ☐ Neither agree nor disagree
- ☐ Somehow not important
- ☐ Totally unimportant

**DO YOU WORK OR HAVE YOU WORKED IN A STARTUP COMPANY IN FINLAND?**

- ☐ Yes
- ☐ No

**CAN YOU NAME THE ORGANIZATION?****DO FOUNDERS AND OTHER MANAGEMENT AT THIS COMPANY ENCOURAGE DIVERSITY?**

- ☐ Strongly Agree
- ☐ Somewhat Agree
- ☐ Neither agree nor disagree
- ☐ Somewhat Disagree
- ☐ Strongly Disagree

**DOES THIS COMPANY RESPECT INDIVIDUALS AND DOES IT VALUE THEIR DIFFERENCES?**

- ☐ Strongly Agree
- ☐ Somewhat Agree
- ☐ Neither agree nor disagree
- ☐ Somewhat Disagree

- ☐ Strongly Disagree

**IS THE COMPANY A FAIR WORKPLACE, WHICH INCLUDES PEOPLE FROM DIFFERENT RACE, ETHNICITY, COUNTRY?**

- ☐ Strongly Agree  
☐ Somewhat Agree  
☐ Neither agree nor disagree  
☐ Somewhat Disagree  
☐ Strongly Disagree

**DO EMPLOYEES AT THIS COMPANY APPRECIATE THE OTHER COLLEAGUES, WHOSE RACE/ETHNICITY IS DIFFERENT FROM THEIR OWN?**

- ☐ Strongly Agree  
☐ Somewhat Agree  
☐ Neither agree nor disagree  
☐ Somewhat Disagree  
☐ Strongly Disagree

**DO EMPLOYEES OF DIFFERENT BACKGROUNDS INTERACT WELL IN THIS COMPANY? IS THERE AN INCLUSIVE, FRIENDLY ATMOSPHERE?**

- ☐ Strongly Agree  
☐ Somewhat Agree  
☐ Neither agree nor disagree  
☐ Somewhat Disagree  
☐ Strongly Disagree

**WHY DIVERSITY MATTERS?**

- ☐ It boosts creativity and innovation  
☐ It provides fair and equal opportunity to everyone  
☐ It widens the pool of talent  
☐ Improves financial performance  
☐ I don't really know

**DOES THIS COMPANY PROVIDE TRAINING THAT PROMOTES MULTICULTURAL UNDERSTANDING AND DIVERSITY AWARENESS?**

- ☐ Yes  
☐ No

**DO YOU THINK EDUCATION ABOUT DIVERSITY WILL ENHANCE THE  
COMPANY'S OVERALL PERFORMANCE AND PROFITABILITY?**

☐ Yes

☐ No