

FINNISH SMEs'
PERSPECTIVES ON
WORKFORCE DIVERSITY

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Doan, Nguyen Thuy Duong

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ABSTRACT

Workforce diversity has been gaining popularity in the US since the 1960s. Giant companies worldwide have realized the benefits of workforce diversity despite having to deal with the challenges it brings. This study examines the workforce diversity situation in Finland through exploiting the perspectives of Finnish SMEs on workforce diversity. The focus will be on their experiences of a diverse workforce, benefits a diverse workforce brings and what challenges the SMEs are facing in relation to workforce diversity. The study also points out essential reasons why some SMEs hesitate to employ foreigners.

For the research, the author selects a deductive approach and qualitative research method to gain insights of the phenomenon. Secondary data is collected from books, journals, reports and other electronic sources. Primary data is gathered through semi-constructed interviews with nine representatives from Finnish SMEs in the Helsinki and Lahti region.

The study results indicate that Finnish SMEs who currently have a multi-cultural workforce seem to enjoy the benefits it brings despite some small communication challenges. They also promise to employ international talents in the future. Companies that do not have a diverse workforce claim that a lack of language and necessary skills are the biggest obstacles that restrain them from hiring foreigners. However, they still hold positive outlooks towards international job-seekers. For both kinds of companies, they all perceive a diverse workforce as being beneficial in delivering new ideas and creating relations with foreign markets. They also agree that communication is the biggest challenge when people from different cultural backgrounds work together.

The author also suggests some solutions to lower the difficulties in hiring foreigners through raising SMEs' awareness of the topic, improving integration of foreign students and redesigning Finnish language courses.

Keywords: workforce diversity, multicultural, human resources, Finland, diverse workforce, ethnicity

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1 INTRODUCTION

1.1 Research background

Workforce diversity dates back to the 1960s in the US when the birth rate declined and there was not enough domestic labor force to supply the recruiters' demand. Concurrently, as globalization was at its onset, immigrants came to the US, seeking employment. That is the very beginning of the diversity in the workforce and this trend will continue, and not only in the US. (Decenzo & Robins 2007, 11.)

The world since then has put a lot of efforts into maintaining this workforce diversity. Big companies such as Yahoo, Apple, and Intel have always recruited and retained a diverse population of employees. E.g., they may be white, and they may be Asian or any other race. Although these companies face huge challenges in managing their diverse workforces, they believe that workforce diversity contributes to their business success. (Yahoo 2014; Apple 2016; Intel 2016.)

Finland, in that context, is a country which has an aging population. It is facing serious labor shortage with a constant decrease in the labor age range (Statistics Finland 2015) and the government is expecting an increase in the immigrant labor force (Lindén 2007). However, how is the plan going on, especially in domestic medium and small-sized enterprises (SMEs)? Would they be willing to diversify their workforces? Would their organizations benefit from doing so? In other words, how do Finnish SMEs look at workforce diversity?

On the other hand, the author is saddened by her classmates' leaving Finland after their graduations. The author hopes to understand the nature of the Finnish labor market by looking closer into the current situation of domestic workforce diversity.

1.2 Thesis objective

This study targets discovering the way Finnish SMEs think of workforce diversity. Do they have a diversity in their companies? What benefits or challenges does workforce diversity bring to them? If they do not have a diverse workforce, what prevents them from having one?

So, the biggest research question is: What are Finnish SMEs' perspectives on workforce diversity?

Sub-questions:

- What is workforce diversity? How do Finnish SMEs perceive workforce diversity?
- What are the benefits and challenges that workforce diversity brings to Finnish SMEs? Do they have difficulties in adopting a diverse workforce?
- How do they perceive the level of workforce diversity in Finland?
- What could be done to enhance workforce diversity in Finnish SMEs?

1.3 Scope and limitations

Workforce diversity is a very broad definition and it has a lot of meanings, but only ethnicity diversity will be taken into consideration in the study.

This will be explained later in Chapter 2.

The study narrows its target down to SMEs in Finland. SMEs, by its definition, refer to enterprises which have less than 250 employees and an annual turnover of fewer than 150 million euros (European Commission 2005). Categories of SMEs are presented in the figure below.

Enterprise category	Headcount: Annual Work Unit (AWU)	Annual turnover	Annual balance sheet total
Medium-sized	< 250	≤ €50 million (in 1996 € 40 million)	≤ €43 million (in 1996 € 27 million)
Small	< 50	≤ €10 million (in 1996 € 7 million)	≤ €10 million (in 1996 € 5 million)
Micro	< 10	≤ €2 million (previously not defined)	≤ €2 million (previously not defined)

FIGURE 1. The category of micro, small and medium-sized enterprises (European Commission 2005)

The study aims at discovering Finnish SMEs' experiences and perceptions on workforce diversity. Furthermore, it suggests some solutions for challenges, however, it will not go further into the implementation phases of those solutions, such as financial requirements or execution timelines for the whole process.

1.4 Research methodology

1.4.1 Research purpose

Research purposes are classified into exploratory, descriptive and explanatory. An exploratory research is useful for gaining an

understanding of a phenomenon whose nature remains unsure. Meanwhile, a descriptive research, by its name, should describe characteristics of people, events or situations. Explanatory research, differently, focuses on finding the reasons why a phenomenon happens and analyzing the relationship between variables. (Saunders et al 2009, 139; Sue & Ritter 2012, 2.)

The main aim of the study is to gain a deep comprehension of the workforce diversity nature in Finnish SMEs, through how SMEs experience workforce diversity. Therefore, it should be considered an exploratory study, which is useful for discovering what is happening and gaining insights into a topic of interest. In addition, exploratory research is also flexible and can be changed in case new insights occur. (Saunders et al, 2009, 139.)

1.4.2 Research approach

Choices of research approach have an important influence on how the research is designed and conducted. There are two research approaches: inductive and deductive approach (Saunders et al 2009, 124). While the inductive approach encourages researchers to develop a hypothesis (hypotheses) from collected data, the deductive method enables researchers to test a hypothesis from existing theories. Regarding the nature of this research, the author presents existing theories including the definition and the benefits and challenges of a diverse workforce and then tests the theories through Finnish SMEs' perspectives. Therefore, the study pursues the deductive approach. Figure 2 below presents the research approach applied to the thesis.



FIGURE 2. Deductive approach applied to the thesis

1.4.3 Data collection

To support the exploration, the author will carry out a qualitative research. This will help the author understand the nature of workforce diversity and come up with solutions for the problems. The author focuses on gaining insights into the topic rather than generating a number-based result.

Saunders et al (2009) indicate that there are two popular sources of data for developing a thesis: primary data and secondary data. The study uses secondary data collected from books, academic journals, and reports for the theoretical framework. Primary data is collected from the interviews.

1.5 Thesis structure

The study starts with the theory part in Chapter 2 by defining workforce diversity and is followed by Chapter 3, where a diverse workforce's advantages and drawbacks are discussed. Chapter 4 describes the process of qualitative research and its result. Chapter 5 covers findings and recommendations from previous results. The author will conclude and give answers to the research questions in Chapter 6 as well as suggest further studies. Chapter 7 will give a brief summary of the thesis.



FIGURE 3. Thesis structure

2 WORKFORCE DIVERSITY DEFINITION

This chapter covers the definitions of workforce diversity and its dimensions. A choice of a dimension to work with is also discussed in this chapter.

2.1 Workforce diversity definition

It seems impossible to find an explicit definition of diversity as it refers to a lot of different meanings. There are different perspectives on the issues, which vary a lot in scopes. The definition itself and its scopes have been disputed among researchers over years. In the research *Global Human Capital Trends 2014* (Deloitte University Press 2014), 37% of 258 respondents admit that they tend to be weak in clearly defining what diversity means to their organization. Thirty-eight percent of them only commit to an adequate understanding of diversity in their workplaces. Although workforce diversity is a concept which has existed since the 1960s, its explicit and innate definition remains ambiguous to the modern world.

According to Daft (2015, 328), workforce diversity means a workforce made up of people with different qualities or belonging to different cultural groups. For this author, diversity refers to anything that could be differentiated including gender, race, age, physical ability, marital status, lifestyle and other dimensions. Daft also points out that workforce diversity has changed from a traditional to an inclusive approach. Traditionally, people used to think of diversity as noticeable traits such as gender, age, race or lifestyle, but nowadays the definition has been expanded to personalities or work styles. Likewise, in his book, Roosevelt (1991) believes that workforce diversity is not talking about race and gender only, but extending to age, personal background, education, personality, etc. The definition could be even more inclusive if it is adopted from Clemons' definition:

Workforce diversity is creating and managing an environment which enables anyone from anywhere to do their best, regardless of their differences and similarities (Clemons 2006, 22).

Meanwhile, other authors suppose that workforce diversity only makes sense if it is based on a contextual concept. For example, Barak (2014) supports the idea that there are only a few attributes which really make people belong to a more-or-less favored group which results in either negative or positive influences on their jobs' perspectives. Having the same idea, Konrad et al (2006, 199) suggest that workforce diversity is meaningful only when it is narrowly defined or dimensionalized (. Even though the authors give diversity an inclusive definition as "collective amount of differences among members within a social unit", they encourage researchers to limit within the realm of demographics. For example, different preferences for chocolate types should not be counted as a diversity attribute. (Konrad et al 2006, 196.) In some cases, organizations usually see their definition of workforce diversity only in terms of race and gender (Hubbard 2004, 4). Merriam-Webster (2016a) gives "diversity" a definition: "the state of having people who are different races or who have different cultures in a group or organization". This definition has limited the "diversities" down to differences in races and cultures.

2.2 Workforce diversity dimensions

As there are many definitions of workforce diversity, some authors and researchers have attempted to categorize diversities into levels and layers. Milliken and Martins (1996) try to group diversities to indicate the innate differences. Diversities are divided into two main categories: observable attributes including race, ethnicity, gender and age; and underlying attributes including values, skills and cohort membership. Figure 5 below demonstrates Milliken and Martins' classifications.

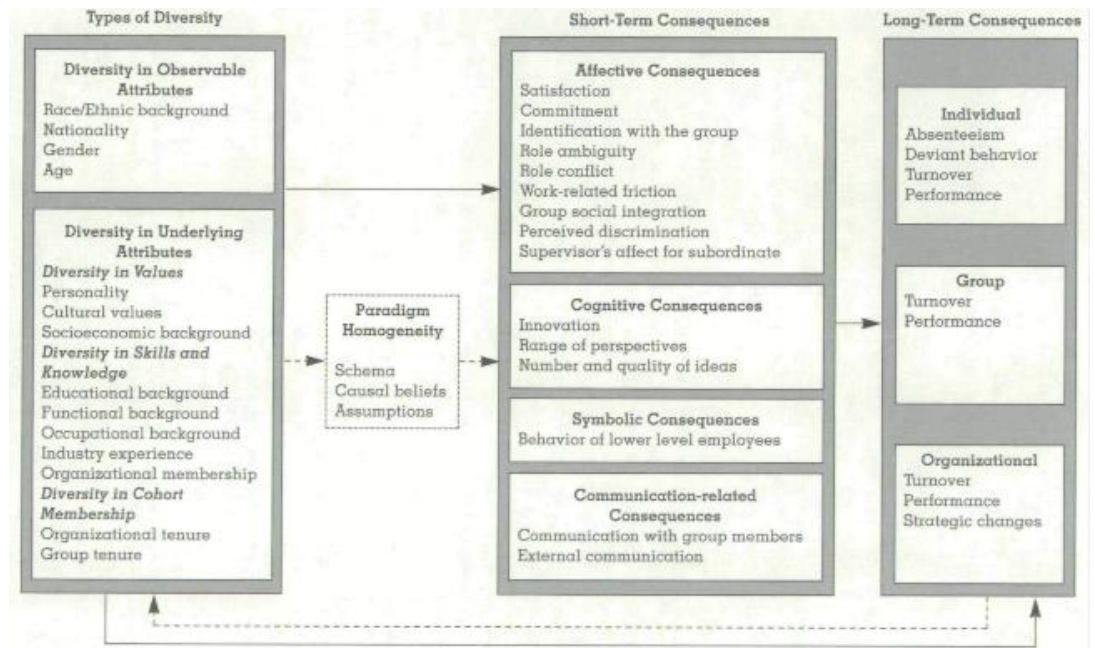


FIGURE 4. Effect of diversities in organizational groups (Milliken & Martins 1996)

Using different measurements and attributes, Gardenswartz and Rowe (2003) also develop a four-layer model of workforce diversity. These diversities are listed from internal to external level. They all have influences on a person's behavior or performance. Figure 7 illustrates Gardenswartz and Rowe's categorizations. Once again, one can see that diversity is a very broad and inclusive concept.

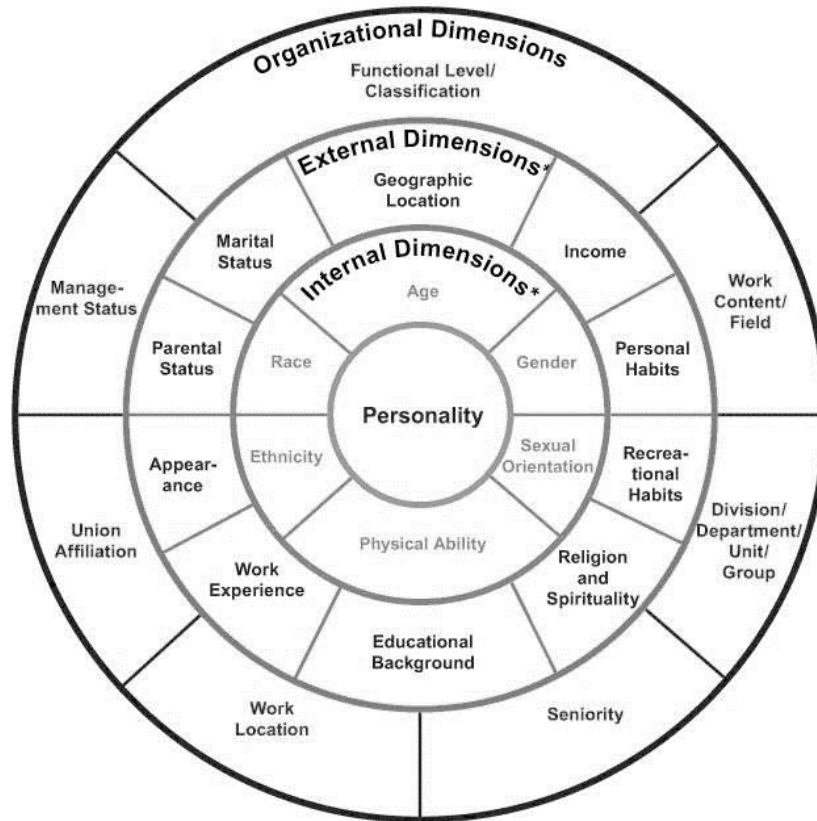


FIGURE 5. The four layers of diversity (Gardenswartz & Rowe 2003)

Due to the complexity of workforce diversity definitions, the study will not compare the differences of the definitions, but will choose which dimensions to work with. These dimensions are chosen to deliver meanings and values to the research purpose.

2.3 Choice of dimensions to work with

The author takes a closer look at race and ethnicity dimensions in the realization of their suitability to the research purpose. Even though “race” and “ethnicity” are popularly used today, it is difficult to clarify the true understanding of these concepts. Sometimes, they are even misused or cause confusions. Thus, there is a need to differentiate them and their classifications.

According to Williams (2012, 7), the concept of race dates back to the time when the Europeans discovered the new world and found different people with different skin color, customs, beliefs, and values. The concept was then developed and shaped by sciences, which leads to the categorization based on geography and physical features. Races are currently classified into nine groups: European, African, East Indian, Asian, Polynesian, Melanesian, and American Indians, Australian Aborigines, and Micronesian. Meanwhile, this author also accepts that the classification boundary is becoming ambiguous and it has not yet reached the consensus in science and sociology. (Williams 2012.)

Races and ethnicity sometimes cause confusions. Many researchers find these two concepts overlap and have a lot in common. Ethnicity is also a way to categorize human beings into groups but with different attributes. If race is based on the matter of geography and physical features, ethnicity is mainly based on cultural and traditional origins, values, languages, faiths, traditions and ancestry origins. (Williams 2012, 8.) Nationality can also be seen as an attribute of ethnic classification. Therefore, later in the study, ethnicity and nationality are sometimes used interchangeably.

After considering these definitions, the author realizes that ethnicity diversity makes more sense in the fast-paced society these days. As race is more general than ethnicity and it is more related to physical and geographical features, it makes less sense to the mental contribution to one's performance. In that context, ethnicity should work better because it is more relevant to cultural aspects which generate more values to the diversity in the workplace. In addition, on the onset of free movement in today's world, geographical factors have less important meaning than before. For all reasons above, the author will focus on only one factor in the thesis: ethnicity diversity.

3 WORKFORCE DIVERSITY – PROS AND CONS

This chapter discusses the main theoretical part of the thesis: how a corporation benefits from workforce diversity and what challenges are encountered.

3.1 Advantages

3.1.1 Attracting and utilizing talents

Human resource, or capital, has been proved to outweigh natural resources in economic development (Kuptsch et al 2006, 12). Thus, recruiting and retaining best talents have become crucial functions of human resource departments. While country borders are blurring with more legal frameworks to legitimate people's movements and right to work across the countries, companies and recruiters have more chances to access an international talent pool.

It is obvious that if a corporation allows itself to be open to a larger talent pool, they will stand a better chance to get the right talent for their organization. The organizations who limit themselves to a certain pool would need to look deeper into that pool, and to a lower talent level (Salomon & Schork 2003). According to a recent survey carried out by Economist Intelligence Unit (EIU), 82% of the respondents see workforce diversity as an access to an enriched talent pool (EIU 2014). Likewise, a report by the European Commission (2009) shows that more than half of the respondents (nearly 60%) agree that their organizations benefit from workforce diversity by attracting, recruiting and retaining best talents.

In addition, the companies who have diverse workforces seem to be more appealing to job-seekers. A survey conducted by Glassdoor, a virtual career community with more than 26 million members, indicates that two-thirds of the surveyed admit that workforce diversity is among the most important factors when deciding where to work (Glassdoor 2014).

3.1.2 Increasing productivity and creativity

There seems to be a connection between a diverse workforce and productivity and creativity in an organization. People with different backgrounds usually have completely divergent lives and occupational experiences. They are likely to have various approaches to an arising problem, creating more solutions and providing multi-dimensional perspectives.

In their research, Watson et al (1993) carried out a survey in which 173 upper-level students participated. The result indicates that culture-mixed groups out-perform the homogeneous groups even though they encounter some problems which slow down the process at first. In addition, when there are interactions between individuals from different backgrounds in a group, the so-called *kaleidoscope* thinking appears. This *kaleidoscope* thinking is the starting point for a creative synergy process. (Aleksy-Szucsich 2008.)

In July 2011, Forbes Insight (2011) carried out a research about the connection between diversity and innovation. The result points out that 56% of the surveyed executives agree that diversity boosts innovation. Many believe that a diverse workforce brings out unique and innovative ideas and perspectives with different skill sets for their product developments and solutions. In the same research, L'Oréal USA CEO states that "Diversity fosters creativity" and they (L'Oréal) should generate best ideas from all-levels of the companies. In general, top executives all agree that workforce diversity contributes to an organization's success by bringing out the new ideas that lead to innovation.

In a research in 2011, Chua points out that maintaining a culturally diverse workforce has a positive impact on an organization's creativity. It is not only about the different ideas and perspectives each individual brings, but also, one who is exposed to cultural diversities (e.g. living abroad) tend to successfully combine ideas from different cultures in some certain contexts. (Chua 2011.)

3.1.3 More markets for corporation

“To win in the market, you need to hire the market”, states Stoller (2013) in her newspaper article. In case a company has a workforce of people coming from different parts of the world, speaking different languages and grasping the local markets, it is a great advantage for the company to enter those local markets. More than that, as local markets are becoming more globalized than ever, customers tend to be more diverse as well. A diverse workforce then has a potential to identify those unique needs and wants, thus serve them better.

In a research carried out by Hewlett et al (2013), 45% of the surveyed companies who try to maintain diverse workforces report an increase in market shares in comparison with the previous year. Seventy percent of them confirm to have captured a new market. Having the same point of view, Krone (2007) presumes that an employee from a different background can get an access to and attract a diverse range of customers as the customers tend to feel that they belong and recognized.

It is also revealed from Pearson (2013), 70% businesses appreciate foreign language skills among their staff, which is considered extremely helpful in building trust with clients, customers, and suppliers.

3.2 Challenges

Workforce diversity itself is considered an asset in corporations and the current trend is to build a diversity agenda. However, it is a challenge to manage workforce diversity effectively, turning it into an organization's power to win over markets and leveraging talents rather than ending up creating a scattered workforce with clusters and communication failures.

3.2.1 Communication issue

Obviously, a diverse workforce does not have a mutual mother language, and that is one of the points where communication could go wrong. However, verbal language is only one aspect of communication. Other include non-verbal dimensions, different beliefs, or cultural values and they could all effect the communication among employees.

English is largely used in the business context, but even English-variation speakers (such as American English, British English, African English, etc.) misunderstand when having conversations due to different accents (Chaney & Martine 2011, 91-92). When one is able to speak a certain language, it does not mean that s/he could understand that language's nature. It does not only come down to the issues of the phoneme, words or accents, languages also contain other factors such as slang, linguistic styles, humor or proverbs (Chaney & Martin 2011) that are perceived inconsistently among native and non-native users.

It is even more complicated to analyze non-verbal dimensions' effects on communication. Non-verbal communication, including postures, body languages, distance, ways of touching, etc. is important in elaborating verbal messages and implying feelings (Ferraro 2006, 76). People from different cultures have their own ways to express these non-verbal dimensions. The problem arises when people want to express the same ideas but using different gestures; or same gestures but with different meanings.

Numerous researches have been conducted so far to point out that communication is closely connected to productivity, and that communication plays a central role in teamwork success. Clampitt and Downs (1993) note in their research that despite few discrepancies in perceiving productivity terminology, the surveyed employees from two organizations all agree that communication affects productivity at a level of "above average". Then, poor communication in a diverse workforce can definitely lead to a negative impact on employees' performances,

productivity and also morale. According to a survey by Accountemps (2013), poor communication accounts for 33% of all factors affecting unfavorably employees' morale.

3.2.2 Racism and resistance to change

Racism (sometimes used interchangeably with discrimination) is a sensitive subject in workforce diversity but sad as it is, it still exists. Merriam-Webster (2016b) defines racism as "poor treatment of or violence against people because of their race" or "the belief that some races of people are better than others". Statistics New Zealand (2012) indicates that workplaces have second highest possibility of racism or discrimination. It is reported that 4.3% of New Zealanders have experienced racism either at workplaces or while they are seeking or applying for jobs. Figure 7 below shows places where respondents felt discriminated.

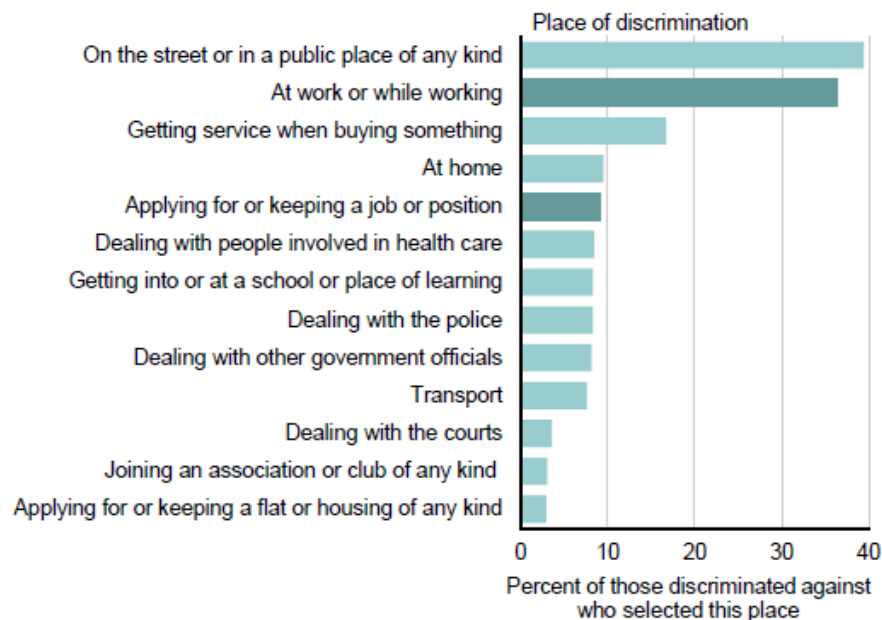


FIGURE 6. Respondents who felt discriminated against by place (Statistics New Zealand 2012)

A report named Race at Work 2015 also points out that 30% of 24,457 surveyed employees in UK's companies have reported to witness or experience racism in their workplaces (The Prince's Responsible Business Network 2015).

More seriously, racism includes severe actions such as bullying. Fox and Stallworth (2005) discover that racial or ethnic minorities have reported to witness or experience more bullying than whites do in their report, which more than 262 full-time employees in the US companies participated. Racism has a negative effect on job attitude, mental health, employees' morale and even physical health (Triana et al 2015) but it exists as a fact everywhere.

Allison (1999) notes that people tend to be attracted to similar individuals. Likewise, managers are more likely to hire people who are similar to them as well as to current staffs. People seem to be withheld from people who are different and they may be afraid of the differences it creates when the companies start to be diverse. (Schneider & Northcraft 1999.)

3.2.3 Management of workforce diversity

A diverse workforce is only at its ultimate if led well, therefore, management is a crucial factor to drive workforce diversity to success. There are different definitions of diversity management, but in general, it is about leveraging diversity for maximizing benefits and minimizing disadvantages. A report indicates that most of the companies in their survey promote workforce diversity and try to include diversity agenda in their strategies, but have trouble in making advantages of a diverse workforce. Even one-third of them are not ready for this matter and only one-fifth claim to be ready. (Deloitte University Press 2014.)

Management is by no means a simple strategy. It requires a lot of effort and skills from leaders or managers. Managing and building workforce diversity are not only recruiting a diverse workforce. In other words, a diverse workforce is just the tip of the iceberg and the main problem lies in

inclusion, which means you create a workplace environment where everyone feels respected and connected. As a result of inclusion, they are able to ultimate their competencies, resulting in creating values for the companies. (Bailey 2014.) Managers who succeed in leading a diverse workforce usually own essential leading skills, e.g., strong communication skills, a global mindset, understanding cultural stereotypes, appropriate listening or awareness of differences (Chuang 2013).

According to a research in retail industry in the UK, the challenges that leaders often face are different understandings of diversity management among leaders, concerns about legal requirements and a paradox in diversity agenda; leaders need to deliver fair treatment to all employees but must also respond to differences on the other hand (Foster and Harris, 2005).

3.3 International trend in workforce diversity

In a report called Why Diversity Matters (McKinsey&Company 2014), it shows that even though there are variations in countries and industries, in general, companies with ethnicity diverse workforces are 30% more likely to achieve a better financial performance. There is a positive link between ethnicity diversity and better financial performance with higher EBIT. That may be one of the rationales why companies are trying to include diversity agenda into their strategic development although they encounter a lot of difficulties.

Yahoo (2014) states on their Tumblr site that they will commit to building, developing and retaining a diverse workforce. Yahoo's current workforce, in terms of ethnicity, presents 47% of White, 43% of Asian and the rest are other minorities. These numbers, however, are criticized as "reflecting a lack of diversity" as the figures do not change much in comparison with last year (Goel 2014). The figure below shows Yahoo's workforce diversity in terms of ethnicity.

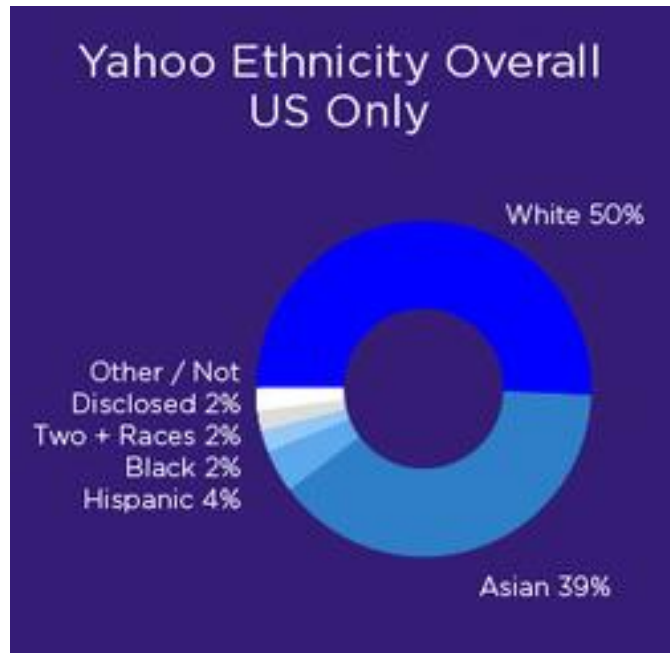


FIGURE 7. Yahoo workforce diversity in 2014 (Yahoo 2014)

Similarly, Apple (2016) agrees that “inclusion inspires innovation” and promises to “hire more inclusively”. They are proud of the progress they are making to diversify their workforce. Furthermore, they will put more effort in recruiting more people from the under-represented groups in the industry. Figure 8 illustrates Apple’s workforce diversity.

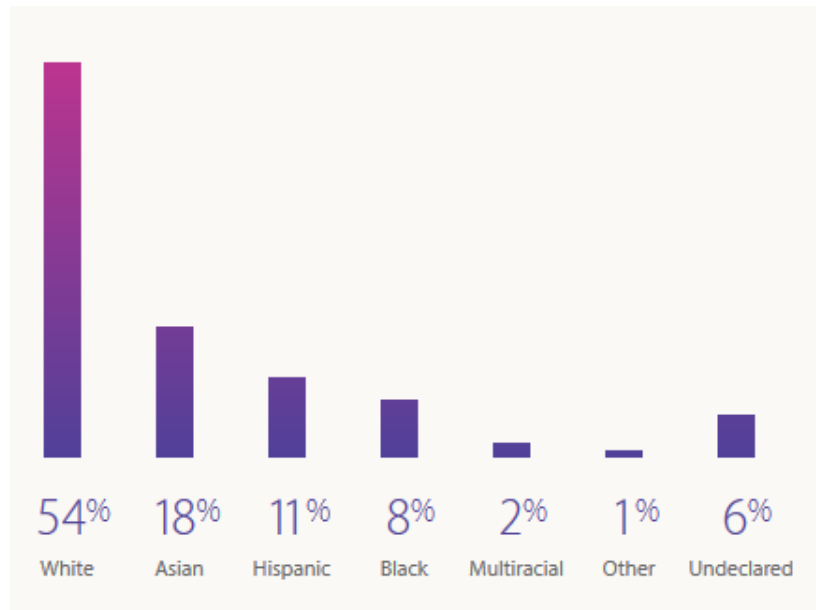


FIGURE 8. Apple workforce diversity in 2015 (Apple 2016)

Intel is also putting a lot of effort to achieve a diversity in their workforce. In 2016, they set a goal to achieve 45% diverse hiring in the US and to enhance the retention of current diverse employees. Figure 9 below presents Intel workforce's ethnicity diversity (Intel 2016).

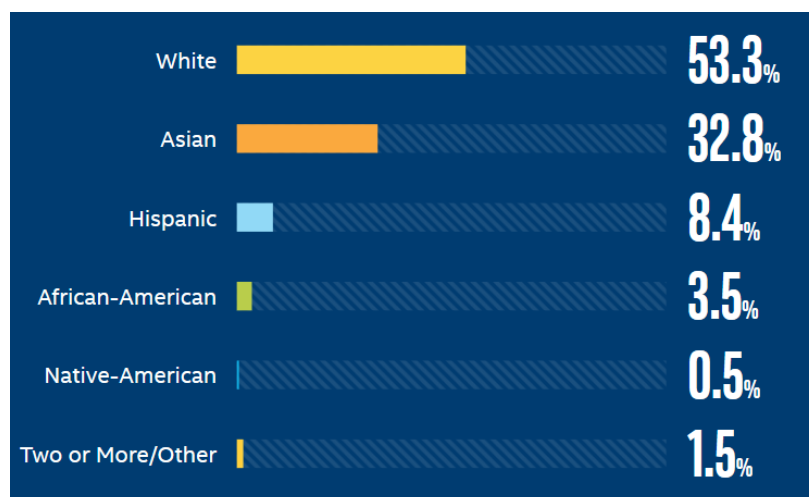


FIGURE 9. Intel workforce diversity in 2015 (Intel 2016)

3.4 SMEs and diversity

Currently, workforce diversity is an emerging topic on a global scale and giant companies continue making commitments to diversify their workforces using their available resources and budgets. Are SMEs making similar efforts to get advantages from workforce diversity or are they getting off the path? Apart from the mentioned challenges in the previous part, due to their innate characteristics, SMEs might encounter more challenges and even suffer from workforce diversity in comparison to large companies.

One reason comes to a lack of awareness. Back in 2008, the campaign For Diversity against Discrimination by European Commission reports the different levels of awareness of diversity benefits among SMEs. Micro-businesses are less likely to realize those advantages than larger companies. Furthermore, even SMEs in the European countries are, to some extent, aware of workforce diversity's benefits, they really struggle to create a diverse workforce.

Another reason is the size of SMEs. According to A Recovery on the Horizon Report (EC 2013), micro businesses (less than 10 employees) account for 92.1% of 20 million European SMEs. With such small company sizes, micro businesses definitely have troubles in diversifying the workforce, some even employ just family members (EC 2008).

A lack of available resources also creates troubles for SMEs in their attempt to build a diverse workforce. As they do not possess ample budgets, SMEs usually have problems in satisfying essential needs of culturally different staff such as religious meals or holidays. Some even think that a diverse workforce might do harm to the client loyalty as clients stand a chance to perceive workforce diversity as "political correctness". (EC 2008.)

4 QUALITATIVE RESEARCH

As stated at the very beginning, this study aims at discovering perspectives of Finnish SMEs on workforce diversity. Therefore, the qualitative method will be applied to explore underlying ideas and acquire data and information. Qualitative research, by nature, is involved in uncovering the meaning of a phenomenon (Merriam 2014, 5).

4.1 Process of design

The author designs and follows the path below (Figure 10) to complete the qualitative research based on theories collected in the previous courses provided by Lahti University of Applied Sciences. The whole process took about six months.



FIGURE 10. Process of designing qualitative research

4.1.1 Deciding research topic

The main idea of this topic originates from the author's observations. Many of the author's friends leave Finland after their graduation as they could not land any job interviews with the companies here in Finland. Then, the author's curiosity about workforce diversity situation in companies in Finland turned into a desire to carry out a research of the mentioned topic to find out how the companies are doing with the worldwide trend: diversifying the workforce. A lot of literature about this topic is also found and available in local libraries as well virtual libraries.

Then, the author consulted her supervisor to narrow and refine the topic by focusing on only Finnish SMEs. The supervisor also hinted at choosing qualitative research method instead of quantitative method to dig into a deeper understanding of the problem.

4.1.2 Selecting method of collecting data

Qualitative data provides much more in-depth information but collecting it is more time-consuming than quantitative data (Drew et al 2008, 336). The sample of data is more limited. Qualitative data is collected through secondary sources such as books, research or reports, and primary sources including observation, interviews or blogs (Kananen, 2015, 69).

Patton (2002, 40-41) suggests that for phenomenological research, the data collection method should be in-depth individual interviews. Deciding the sample size of data is a question that has been discussed for years without any concrete answer. However, to yield saturation, the sample should be at least 12 and it works best if the number of samples is kept under 20 (Guest et al 2006; Crouch & Mackenzie, 2006). For a balance of time and resource, the author was able to conduct nine interviews. Even though the number of interviews was not up to the expectation, the answers still yielded saturation.

In terms of structures, there are three types of interview with different standards and purposes Merriam (2014). From them all, the semi-structured interview is the best fit for this research because it creates a path for the interviews by a list of pre-determined questions but still opens up opportunities for both interviewer and interviewees to freely discuss any potential issues.

4.1.3 Designing interview questions

The questions were developed to understand the respondents' perspectives on workforce diversity in Finland. The study focuses on their

feelings, personal ideas, and experiences about the topic. Interview questions are categorized into themes in the figure below. Specific questions are found in Appendix 2.

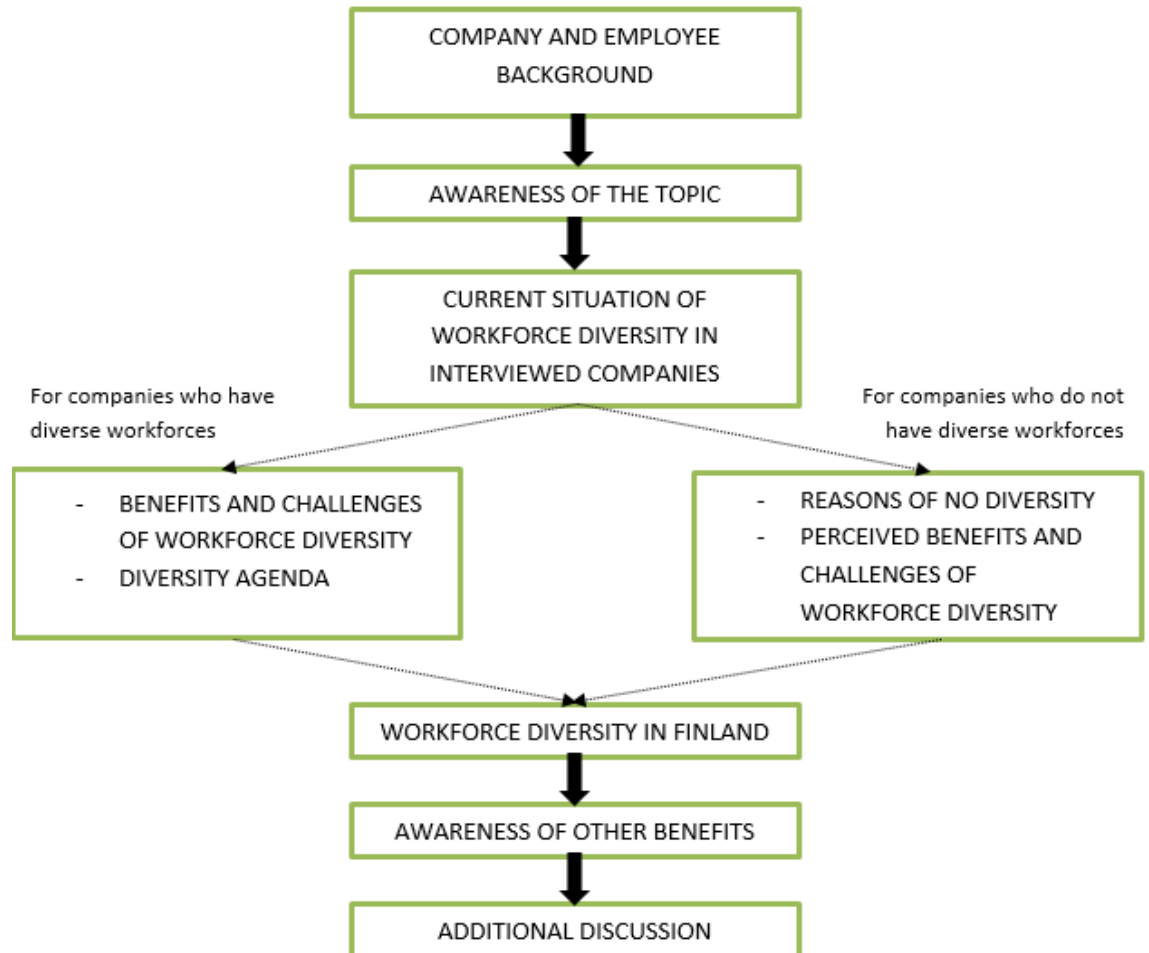


FIGURE 11. Interview themes

4.1.4 Conducting interviews

The interviews were conducted from February 24 to April 26, 2016. The interviewees were chosen both by sending random emails via internet search (for example www.startup100.net or www.liike.info) and chain sampling (snowball sampling) method.

There are some observations about these methods: the companies who have diverse workforces were more eager to talk about their situation and were easily reached through random emails. Contrastingly, the companies that do not have diverse workforces were not very willing to talk about the topic and could only be reached by personal contacts.

4.2 Research results

There were nine representatives of Finnish companies participating in the research. Most of the interviewees are CEO, founders and managing directors of these Finnish SMEs.

Eight out of nine interviews were conducted face-to-face while only one of them was done through Skype. There were no noticeable differences in the results when comparing these two methods.

All the interviews were recorded by an audio application with the permission of all participants. Field notes were also used during the interviews to capture the main contents of the respondents' answers. The answers are to be displayed in tables to summarize the main ideas of each respondent for each interview question. Table 1 below indicates the date, location and interview method.

TABLE 1. Interview date, location, and method

Participants	Date	Place	Method
Interviewee 1	February 24, 2016	Helsinki	Face-to-face
Interviewee 2	February 25, 2016	Helsinki	Skype
Interviewee 3	March 14, 2016	Lahti	Face-to-face
Interviewee 4	March 14, 2016	Helsinki	Face-to-face
Interviewee 5	March 15, 2016	Helsinki	Face-to-face
Interviewee 6	April 4, 2016	Lahti	Face-to-face

Interviewee 7	April 7, 2016	Lahti	Face-to-face
Interviewee 8	April 14, 2016	Lahti	Face-to-face
Interviewee 9	April 26, 2016	Lahti	Face-to-face

4.2.1 Interviewees' backgrounds

To open up the interviews, question 1 is used to understand studied companies' backgrounds and the interviewees' roles in their companies. The interviewees' roles in their companies 1 are shown briefly in the table below.

TABLE 2. Interviewees' roles in their companies

Participants	Answers
Interviewee 1	Founder.
Interviewee 2	CEO
Interviewee 3	Founder.
Interviewee 4	CEO.
Interviewee 5	Recruitment Manager.
Interviewee 6	Operation Manager.
Interviewee 7	Head of Lahti Unit.
Interviewee 8	Managing Director.
Interviewee 9	Managing Director.

The surveyed companies also vary in ages, industries, and employee population. Nearly half of the interviewed companies are older than 15 years old. The oldest company is 40 years old while the youngest has only been operating for 2 years. The companies chiefly have less than 50 employees working at the moment and some are in the micro business

size (less than 10 employees). In the research, no company has more than 50 employees. Table 4 and 5 below will successively summarize the interviewed companies' ages and employee population.

TABLE 3. Interviewed companies' age

< 15 years old	5 – 15 years old	> 15 years old
4	3	2

TABLE 4. Interviewed companies' employee population

< 10 employees	10 – 49 employees
3	6

According to the researched companies' profiles, information obtained from their websites also shows they are operating in different industries, e.g., recruitment, wastes-processing, cultural and language event organizing, car-parking technology, plastic-processing, etc.

Roles of interviewees in their companies are very similar: CEOs, managing directors, recruitment managers or operation managers who have an insight and essential roles in recruiting and making important decisions about their workforces.

4.2.2 Awareness of workforce diversity

Question 2 focuses on how familiar the term “workforce diversity” sounds to interviewees or what do interviewees think workforce diversity includes. The answers to this question are shown in Table 5.

TABLE 5. Interviewees' answers for question 2

Participants	Answers
Interviewee 1	Having different races or people from different countries.
Interviewee 2	Having different nationalities in your workforce, not only Finnish. Having both men and women working in the company.
Interviewee 3	Not very familiar with the term. Basic meaning: having different kinds of people and different generation.
Interviewee 4	Having people from different countries, different age, different levels, different wisdom or different positions.
Interviewee 5	Having people from different backgrounds, not only from different countries but also different cities or different studies. Having males and females. Having people with different use so that they can support each other.
Interviewee 6	People from foreign backgrounds. Somehow people still think it is for big companies only.
Interviewee 7	People come from different education lines. People with different skillsets.
Interviewee 8	Having employees from different backgrounds, cultures, and countries. Having different people in other ways as well.
Interviewee 9	Not very familiar with the term. Having different age groups, skills, genders, education background or having foreigners in a company.

Most of these SMEs' representatives are aware of the topic and have touched on it somehow during their work. Many of the employees are able to identify different dimensions of diversity. Some even think it includes all differences of one person in comparison to another (for example, wisdom, levels, positions, or in other ways).

However, the most recognizable dimensions from interviewees' perspectives cover nationality, cultural background, age, gender, and skillset.

4.2.3 Current situation of companies

The content of question 3 is to examine the current situation of workforce diversity in the surveyed companies, to see if they have foreign background employees or only Finnish people working in the companies. The summarized answers are shown in Table 6.

TABLE 6. Interviewees' answers for question 3

Participants	Answers
Interviewee 1	India, China, Russia, Hungary, Estonia, Spain and five Finns.
Interviewee 2	Finns, Vietnamese, American, Serbian, one Pakistani and one Brazilian.
Interviewee 3	Two Finnish working and two intern Russian students.
Interviewee 4	Irish, Iran, Afghanistan, Vietnam, Finland, Sweden, Russia, Thailand, India, France employees and Finnish volunteers.
Interviewee 5	All Finnish.
Interviewee 6	All Finnish. One intern from Romania last year.
Interviewee 7	All Finnish.
Interviewee 8	All Finnish.
Interviewee 9	All Finnish.

Half of the interviewed companies have a diverse workforce and the other half do not. Undoubtedly, this proportion is not seen to have any connections to the real situation in the Finnish labor market. The author tries to seek a balance between the companies with a diverse workforce and the companies without one. That is, to discover reasons why some companies are willing to hire international talents while some are not.

However, as discussed above, the companies who do not have a diverse workforce seem to be more reserved about the topic, making the contacting process extremely challenging.

4.2.4 Benefits and challenges of a diverse workforce

As shown in Figure 11, the backgrounds of the interviewed companies are different, so the author developed two different questions 4a and 4b. Question 4a is used only for the companies who have ethnicity-diverse workforces and question 4b is for the companies without workforce diversity. Question 4a aims at discovering experiences and feelings of the interviewees who are directly managing a diverse workforce. It focuses on benefits that workforce diversity brings and challenges that the interviewees are facing when they lead a multi-cultural team. The question also examines the possibility of continuing hiring foreign-background employees for their companies. The summarized answers are shown in Table 7.

TABLE 7. Interviewees' answer for question 4a

Participants	Answers
Interviewee 1	Our team wants to be international so we always keep international employees involved.
	Benefit: bring different issues to the table, foreigner job-seekers seem to have more motivation.
	Challenge: communication, e.g., misunderstandings and different working styles.
	Solution: build company's culture, communicate about the code of contact and missions.
	Continue to hire international talents as we want to go international.
Interviewee 2	The team works quite well in cooperation with others.

	Benefits: hard-working, foreigner employees tend to have great motivation and entrepreneur spirit, deliver a variety of viewpoints with different experiences and levels, beneficial for product development, international employees delivering more values in comparison with a heterogeneous team.
	Challenges: different cultural background, behave in different ways and bad communication.
	Solution: sit down and discuss with each other to overcome these challenges of a multi-cultural team.
	Continue to hire international employees.
Interviewee 3	Benefit: speak English when you have to, local knowledge and experiences from foreign employees.
	Challenge: different working styles and communication, different English levels.
	Solution: talk the issues through.
	Recruited the Russian because Russia is an interesting market. Like to have international students and more people helping my company.
Interviewee 4	It is crucial to have international people in the core team.
	Benefits: Help to find and bring other people from their culture and languages, bring together different skill sets to the table.
	Challenges: cultural differences are very hard to communicate, there were always conflicts over communication.
	Solution: Talk the issues through.
	I hired international employees as it is associated with the company concepts and mission, want to have more Finnish people in the team to understand the local culture. Not sure it is easy because Finnish people always have more options.

This part of the interview is essential to this research. With their experiences in managing a multi-national team, all of the above interviewees agree that bringing a multi-perspective viewpoint to the table is the most visible and important benefit of having a diverse workforce. In addition, this usually relates to an opportunity to expand the market or

export products to a certain market through gaining local knowledge and experiences from a foreign employee. Two of the participants also mention great motivation and value creation of foreign employees from their work experiences. One of them also supposes that an international talent pool will give an easier access to get the right employee for their team. Another respondent likes the idea of “having to talk in English” which is beneficial for self-development.

Surprisingly, one interviewee even asks for more Finnish employees in his team as they can help with the Finnish language and cultural aspects of their projects. This is understandable as one needs to grasp the local market while building his business there.

With question 4b, the author tries to find the rationales why some Finnish SMEs are not very willing to hire foreign-background employees. Besides, the interviewees will also show their knowledge about workforce diversity’s pros and cons even though they are not directly managing a multi-cultural team at the moment.

TABLE 8. Interviewees' answers for question 4b

Participants	Answers
Interviewee 5	Reasons: Ninety-nine percent of clients are Finnish companies, have problems if have to get our client to talk in English, language is the main problem, but only from the customers’ side, no problem with internal communication, IT team does not require the Finnish language as they do not have to contact clients.
	Perceived benefits: know the culture or the ways to do business of foreign markets, bring fresh ideas.
	Perceived challenges: misunderstanding, cross-cultural communication is difficult, different styles.
Interviewee 6	Reason: language barrier, clients’ demand that the drivers speak fluent Finnish, difficult internal communication, take time to translate documents into his language, driving work is something very Finnish, as

	<p>Finns are educated for very safe and great driving skills, people are not familiar with foreigners handling this job.</p>
	<p>Perceived benefits: bring new insight, think differently, good for development.</p>
	<p>Perceived challenges: always need to make sure everybody gets the same message, communication is the key.</p>
	<p>Like to work in a multi-cultural team. If someone wants to apply and speaks Finnish fluently and can drive, it does not and it should not matter where he is from.</p>
Interviewee 7	<p>Reason: no problem with different cultural backgrounds, the challenge is language.</p>
	<p>Perceived benefits: brings positive energy, Finnish are silent, quiet shy while others tend to be more energized, happier, and more open. Foreigner employees have a good attitude towards working, better motivation.</p>
	<p>Perceived challenges: Language barrier, lack of excellent driving skills.</p>
	<p>If I have the opportunity to hire a foreigner with good Finnish skills and basic education in the heavy car industry, electronics or fixing cars.</p>
	<p>Not many institutes in Finland educate these skills.</p>
Interviewee 8	<p>Reason: difficult to find necessary skills, not many universities provide education of plastic production (only 3 universities in Finland), have this problem even in finding Finnish employees.</p>
	<p>Perceived benefits: bring along an international atmosphere, boosting new ideas, innovation or product development.</p>
	<p>Challenges: get the message in different languages, conflicts as people are from different backgrounds, not sure there will be conflicts but afraid of a possibility to have conflicts.</p>
Interviewee 9	<p>Reason: Finnish language. 95% of our customers are Finnish, tasks related to sales, accounting and paperwork, main internal communication is Finnish. Nationalities or cultural backgrounds do not matter, as long as he or she could speak the languages.</p>
	<p>Perceived benefits: learn from each other, good to have someone with local native language.</p>

	Perceived challenges: cross-cultural communication, not only verbal speaking but also about working styles.
	Considering to hire a Russian because we have a translator but it is expensive for a full-time job and it is not very effective sometimes.

There are two challenges which respondents consider the biggest challenge when hiring an international talent: languages and skills. The number one reason is, without any doubts, the matter of language. The respondents agree that different cultural background does not really matter. As long as a foreigner get an adequate Finnish level to make internal and external communication, s/he is welcomed to join the company. If this matter is solved, they are happy to have foreigners on their staff.

Even though the above interviewees are not presently managing a diverse workforce, they still perceive some good and bad aspects of workforce diversity. Bringing new ideas and perspectives is the most noticeable pro that all employees mention. Three respondents think of product and market development. Two other mention good motivation and energy that foreigners can bring to company's atmosphere.

Communication issue, again and seemingly, is the biggest concern to these respondents when they have to manage a diverse workforce. They wonder about how the messages can get through in an explicit way when people do not speak a mutual mother tongue.

4.2.5 Workforce diversity in Finland from respondents' perspectives

Question 5 is used to ask about the interviewees' personal feelings and observations about Finland's situation of workforce diversity. Their answers are summarized in Table 9 below.

TABLE 9. Interviewees' answers for question 5

Participants	Answers
Interviewee 2	Lahti is not very good. There are more diversities in Helsinki, Oulu, and Tampere,
Interviewee 3	I think in Lahti is terrible, in Helsinki, it is better.
Interviewee 4	Start-ups are more open to international talent resources to have the right talent. If a company aims at being international at first, they tend to hire international employees. I guess the overall diversity proportion would be 20%.
Interviewee 5	In IT companies, there are actually a lot of diversities. Old-fashioned traditional Finnish company, there is still a lack of diversity. If the companies aim at exporting or having international activities, they will not require any language level so there are multi-background workforce there.
Interviewee 6	It really depends but in general, Finland is not doing so well, at least in comparison with Nordics countries.
Interviewee 7	It depends on the companies and the industries. Traditional companies do not have a lot of diversities.
Interviewee 9	In Lahti, it is not very diverse, about 10 – 15% foreigners in local companies. In Helsinki, there would be much more opportunities. In IT or high tech sector, there might be a lot of opportunities for foreigners.

From their own observations, the interviewees suppose that Finland is not doing very good in developing workforce diversity. In term of location, among Finnish cities, Helsinki is mentioned as the best practice for workforce diversity. In term of industry, many claim that IT/ICT companies have more opportunities for foreign-background job-seekers where language is not an actual obstacle. International companies, start-ups, and

companies who have vigorous import-export activities are promising lands for international talents.

4.2.6 Awareness of other benefits

Question 6 is used to discover feelings of the interviewees about some results found in worldwide studies about popular benefits of workforce diversities to see if it is a fit in the Finnish context. The interviewees are asked to give opinion expressions such as “agree” or “disagree”. The author uses three statements for this question.

- Statement 1: According to some studies, a diverse workforce is increasing their team’s performance, productivity, and creativity.
- Statement 2: A recent survey by EIU shows that 82% of the respondents see workforce diversity as an access to an enriched talent pool, which means they have more chance to get suitable talents for their companies.
- Statement 3: Glassdoor, a virtual career community with more than 26 million members, has indicated that two-thirds of surveyed admit that workforce diversity is among the most important factors when deciding where to work.

TABLE 10. Interviewees' answers for question 6

Participants	Statement 1	Statement 2	Statement 3
Interviewee 1	Strongly agree	Agree	Agree
Interviewee 2	Agree	Agree, employers will have more options to choose the right candidates	Properly true, foreign employees will have less chance to be isolated if the company has more nationalities working there.

Interviewee 3	Agree	Agree	Surprising. I never think of this before
Interviewee 4	Agree	Agree	Agree, but maybe only when employees have companies to choose. If one is hungry for work, he will pass this factor.
Interviewee 5	Agree, but depends on the team.	Agree. Usually I told the clients to focus on a candidate's skill and be open to international talent pools.	Surprising. It might be true elsewhere but not in Finland.
Interviewee 6	Agree	Agree	Agree
Interviewee 7	Agree	Agree	Agree
Interviewee 8	Partly agree. Creativity might increase but surely productivity will decrease	Agree	Might be true, but in Finland, the proportion would not be so high.
Interviewee 9	Agree	Agree	Surprising, I never think of it, but might be true for the young generation who wants new challenges.

The first statement seems obvious to the respondents. Almost all of them agree with the statement. One interviewee questions the certainty of good productivity of a diverse team, as there is the possibility of conflicts involved. They all agree with the second statement about how workforce diversity would open up more possibilities of right talent. The most

controversial statement is statement 3, where many respondents suspect if workforce diversity should be a factor to consider which workplace to join or at least it is not true for themselves.

4.2.7 Additional discussion

The author uses open questions to encourage the interviewees to discuss the topic more. Table 11 below will present some additional ideas collected from the interviewees during the interviews.

TABLE 11. Interviewees' additional ideas

Participants	Answers
Interviewee 1	Finnish people are still a bit skeptical about non-Finnish things. We are at the beginning to learn how to live with and accept those.
Interviewee 2	Our history is quite short in comparison with other European countries so people might be not very open to the international market yet.
Interviewee 3	The period is changing and there would be more opportunities for foreigners in Finland.
Interviewee 8	The younger generation might be more open because they have had experienced working with internationals.
Interviewee 9	The young generation may ask for more workforce diversity as they want to face new challenges.

According to these interviewees, the language issue is limiting the opportunity, but there are some hindrances coming out of the conversation such as histories and traditional mindsets. The interviewees also express an expectation in the younger generation who will open up more opportunities for workforce diversity in Finland.

5 FINDINGS AND RECOMMENDATIONS

5.1 Research findings and analysis

5.1.1 Companies' backgrounds and their current situation of workforce diversity

From Finnish SMEs' perspectives, their answers partly reveal internal benefits and challenges of a diverse workforce, whether they are or not directly managing one. It is also very easy to notice in this research that the companies that have a diverse workforce are quite young, operating in "modern" fields such as car-parking application, cultural event organizing, international student recruitment platform and IT software production. Meanwhile, the older companies articulate a homogeneous workforce in their companies and they mainly operate in more traditional industry such as electricity, waste processing, plastic production, etc. The table below summarizes the connection between the surveyed companies' backgrounds and their current situations of workforce diversity.

TABLE 12. Connections between the interviewed companies and their current workforce diversity situation

Company	Industry/Field	Diversity
1	Recruitment agency	Yes
2	Car-parking technology	Yes
3	Software production	Yes
4	Cultural event organizing	Yes
5	Recruitment agency	No
6	Waste collecting and treatment	No
7	Heavy vehicles and equipment	No
8	Plastic production	No
9	Wasting products sales	No

The companies that have already had diverse workforces seem to continue their diversity agenda, promising to recruit more international talents. The companies who do not have workforce diversity do not have any special needs to hire foreigners in the future but hold a good attitude towards them. As long s/he can speak the language and have professional skills they require, a position in these companies is totally possible.

5.1.2 Awareness of the topic

On a general level, this research finds that most interviewed participants have associated knowledge and experiences about the workforce diversity even though some interviewees are not showing a familiarity with the professional term (workforce diversity) but have been exposed to it to some extents.

In a similar situation to the US in the 60s, since 2013, Finland has observed an excessive rise in the number of foreign-language speakers. They account for 90% of the nation's population growth (Statistics Finland 2014). For this reason, people are becoming more familiar with the concept of a multi-cultural society, thus becoming well aware of a diverse workforce.

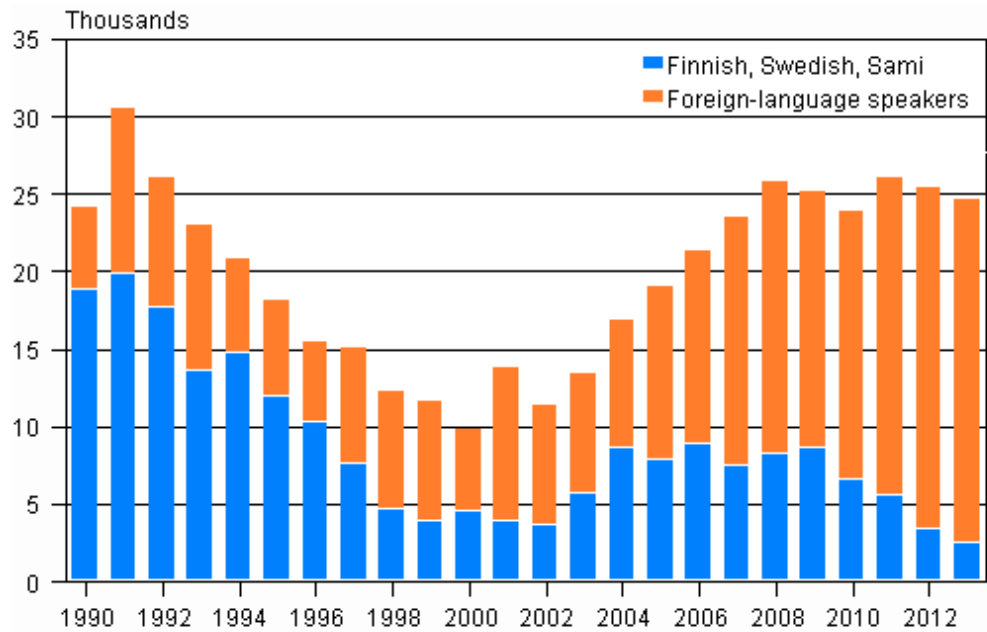


FIGURE 12. Change in the population by native language in 1990-2013 (Statistics Finland 2014)

The result shows that interviewees are capable of addressing different dimensions of diversity, which is quite suitable to the mentioned theory that there is not an explicit definition of workforce diversity. People still perceive it in many different ways according to their experiences and knowledge areas.

Nationality or ethnicity diversities were mentioned as the most recognizable dimension of diversity when most of the interviewees link workforce diversity with having foreigners or different cultural background employees in their companies. Skillset is mentioned as one of workforce diversity dimensions as well. Finnish employers also care about gender and age diversity in their workforce. Among all recognizable dimensions mentioned by the interviewee, skillset is most surprising to the author as the author has not thought of about it before. Two interviewees, in the later part of the interviews, insist that a good driving skill is something very Finnish by nature.

TABLE 13. Dimensions of workforce diversity mentioned by the interviewees

Dimension	Mentioned by interviewees
Nationality/Ethnicity/Cultural background	10 times
Age	4 times
Skill sets	3 times
Gender	3 times

5.1.3 Finland's situation of workforce diversity from interviewees' perspectives

Without any official explicit statistics, it is difficult to determine a certain level of workforce diversity in Finland. However, the mutual observation of the respondents is that Helsinki has the best situation of workforce diversity over other Finnish cities. It is a fairly obvious result. Helsinki is the capital city of Finland where there are 50,661 foreign residents, accounting for 8.4% of the city's population. The unemployment rate of foreign residents in Helsinki in 2011 is 18.4%, lower than that of the rest of Finland. (City of Helsinki 2013.)

	Helsinki	Helsinki Metropolitan Area	Helsinki Region	Rest of Finland
Labour force	33 606	59 062	65 036	60 385
Employed	27 408	48 669	53 732	45 347
Unemployed	6 198	10 393	11 304	15 038
<i>Employment rate (15-64 year olds),</i>	<i>52,9</i>	<i>56,0</i>	<i>56,6</i>	<i>51,4</i>
<i>Unemployment rate, %</i>	<i>18,4</i>	<i>17,6</i>	<i>17,4</i>	<i>24,9</i>

FIGURE 13. Foreign-language residents in terms of labor force on December 31, 2011 (City of Helsinki 2013)

There are also most job vacancies opening in Helsinki-Uusimaa region, outnumbering any other regions. By the fourth quarter of 2015, there have been approximately 9,000 job openings in Helsinki-Uusimaa region. (Statistics Finland 2016.)

TABLE 14. Job vacancies 2014/IV – 2015/IV (Statistics Finland 2016)

	Year/Quarter		Change
	2014/IV	2015/IV	2014/IV - 2015/IV
Major region			
Total (incl. Åland)	19 800	21 900	2 100
Helsinki-Uusimaa	7 500	9 000	1 400
Southern Finland	2 800	4 000	1 200
Western Finland	5 200	4 000	-1 200
Northern and Eastern Finland	4 200	4 900	600

IT/ICT sector is recognized by some respondents as an industry which may have a plenty of workforce diversity. Although there are no hints about an accurate figure of foreign-born employee proportion in this industry and most of the ideas are subjective observations, there are quite many discussions about this topic arisen among foreigners who have been living in Finland for a while. A lot of comments related to this topic are found in Quora (an ask-and-answer website) such as:

From my perspective, if you are a non-Finnish speaker, but have a very good handle on English, you can find work in the IT industry, teaching languages (mostly as freelancer), teaching at international day-cares, working as a graphic designer. Many companies, particularly IT companies, and some graphic design firms are internationalized here. (Erdman 2016.)

I have always been able to find some work but it hasn't been easy and the quality of the job positions when you can't speak their language is low, unless you are experienced in engineering or IT (Cessu 2016).

Empirical evidence aside, working in a technical role with no direct linguist customer contact, lack of Finnish skill should pose one no barrier whatsoever (Leskinen 2016).

Meanwhile, foreign-born job-seekers in Finland pose a noteworthy unemployment rate in comparison with the native-born. According to the data from Organisation for Economic Co-operation and Development (OECD), the foreign-born unemployment rate (16.8%) in Finland doubles the native-born unemployment rate (8.4%). Finland also makes it in top 5 among the surveyed countries that have the highest foreign-born unemployment rates and the biggest differences in unemployment rates between foreigners and natives. (OECD 2014b; OECD 2014c.)

Explaining the historic and traditional mindset aspect, Finns are said to be “protective/defensive mentality or ethos due to a continuous threat and the defence of a people and nation for survival” under two powerful countries rules, Russian and Sweden (Sippola 2007). Due to a new-born history and “forest” mindset, the fact that Finns seem not to be open and they are “sceptical about non-Finnish things” is totally understandable.

However, the interviewees think that the period is changing and international job-seekers are likely to get more opportunities as the new Finnish generation will be more open and have more experiences in working in multi-national teams.

5.1.4 Perceived benefits and challenges of workforce diversity

The most recognizable benefits of a diverse workforce for the interviewees are bringing brand-new thinking styles and creating connections in a foreign market. However, comparing with the theoretical part, the

interviewees hardly mention “increasing performance” or “productivity” of the team. Employers have also known those benefits (increasing performances and productivity or attracting and utilizing talents) but they seem to be unrealistic to the interviewees. The interviewees still hear or know of the benefits, but do not think of them as first thoughts. The last part of the interview shows an appropriateness to the findings above. It shows that when the second statement of benefits (employers see workforce diversity as a way to get the right talent) is addressed, a large number of interviewees agree with them, but they do not think of it as the most visible benefits. This benefit is apparently hidden and respondents only think of it in case someone brings it to light. Some even doubt whether increasing performances and productivity are certainly true. It is likely that their experiences show the opposite side when they need to take time to solve conflicts in an international team, which is highly associated with decreasing productivity. The answers also show that if there is not a special need which is relevant to new market invasion or going international, a wish to hire a foreign employee is not likely to come out.

The most challenging issue is the matter of the communication in forms of both verbal and non-verbal aspects, which is experienced by many interviewees. This demonstrates a correspondence with the theory that communication issues are seen to be the biggest problem of workforce diversity. Nonetheless, the result shows that leaders of diverse workforces do not tend to think it is a chronic trouble. It can be solved by consulting and talking the issues through. Racism and lack of management skills did not arise during this research, though.

5.1.5 Challenges in adopting a diverse workforce

As stated, language barrier and lack of skills are most crucial factors that Finnish employers have to consider when deciding to hire a foreigner or not.

On the other hand, the language barrier is a challenge for foreign job-seekers themselves. According to Language Difficulty Ranking report, Finnish is among the languages which have significant linguistics differences from English, and it is extremely difficult for English speakers to master the language. It takes one 1,100 hours of studying before a learner could be confident enough to have a conversation at the office's coffee machine. Meanwhile, other Nordic countries' language including Swedish, Norwegian and Danish are among the easiest languages to learn. (Foreign Service Institute 2016.)

The second reason that was disclosed during the conversations is actually quite surprising to the author. The respondents claim the lack of skills as one of the barriers for the foreigners to join the local workforces. For two respondents, a good driving skill is considered something very Finnish by nature and there is a possibility that foreigners take more time to learn. Two respondents think that there is not enough education offered in some industries such as heavy-truck fixing and plastic production in Finnish education institutes.

5.2 Recommendations

Based on data analysis, personal observations and personal talks with some business consultants (see Appendix 3), the author has come up with some solutions which could be implemented to enhance the diversity agenda in Finnish SMEs.

5.2.1 Assistance from universities and education institutes

Finnish universities and education institutes can consider A feasible plan to integrate international talents and develop their connections with local companies. While companies worry about the risk that a non-native employee may cause conflicts due to lack of cultural-related and language knowledge, this could be interfered in early stages when students are sent to Finnish working environments so that they could experience the cultural

differences and understand the requirements of their future works. Local companies will also have opportunities to have experiences in working with international students. This may lead to a better realization of benefits that a diverse workforce can deliver. For example, universities can design short practical training or projects (1 – 2 weeks) for international students to observe Finnish working environments.

5.2.2 Planning education for shorted skills and knowledge

Some interviewees claim that a lack of essential skillset in their industry is a challenge they have to face. Extracted from a published research by Ramboll (2014), the table below indicates top 20 bottleneck vacancies (jobs which have a huge gap between demand and supply) in the first six months of 2013.

TABLE 15. Finland's top 20 bottleneck vacancies in first half of 2013 (Ramboll 2014)

Rank	Bottleneck Vacancies ISCO-08	Number of Employed in Occupation 2010	Skills level (ISCO-08)	Geographical aspects
1	Nurse	51 226	HS	National (rural and urban)
2	Medical doctor	19 353 (2011)	HS	National (remote regions)
3	Practical nurses and personal care workers	77 244 (2009)	SNM	National
4	Sales worker and telemarketer	55 659	SNM	National
5	Special needs teacher	6700	HS	National (remote regions)
6	Social worker	11 019	HS	National (remote regions)
7	Dentist	4199	HS	National (remote regions)
8	Early childhood educator	16 012	SNM	National
9	Dental assistant	4935	HS	National
10	Cleaner	77 976	Elem	National (capital region)
11	Social work associate professionals	25 185	HS	National
12	Dental hygienist	1534	HS	National
13	Psychologist	4625	HS	National
14	Accountant and payroll clerk	28 869	HS	National
15	Laboratory nurses and radiographers	N/A	HS	National
16	Pharmacist	5073	HS	National
17	Speech therapist	1137	HS	National
18	Entrepreneur	N/A	N/A	National
19	Senior social worker and admin. manager	2076	HS	National
20	Chef and cook	22 182	SNM	National (urban regions)

The above vacancies are found “hard to fill”. Finnish universities and education institutes are fairly rapid in recognizing this gap in nursing and healthcare-taker, offering training programs to international students in the field. There are currently at least 10 universities of applied sciences who offer this program in English (Bachelors Portal 2016).

Likewise, education and social sector demand a huge labor force. This is a valuable opportunity for non-native job-seekers to fill the gap and education institutes might consider offering these skills and knowledge.

5.2.3 Raising employers' awareness

Comprehensively, companies usually only consider hiring a foreigner when there is a need for market expansion or in case the company aims at the international playground from the very beginning. Other benefits of a diverse workforce are still recognizable by employers to some extent, but only theoretically.

However, there are some relevant facts which are note-worthy. Due to the aging population, Finland will soon face a shortage of labor in all of the sectors (The US Department of States 2016) and there is an actual need for immigrant labor forces. Mr. Ikka Kajaste, Deputy Head of the Finance Ministry, in an interview with YLE Uutiset, emphasizes that massive retirement would be a “no laughing matter” (YLE Uutiset 2014a). Boston Consulting Group also says that Finland needs at least 400,000 immigrants by 2030 to serve the needs of the labor market (YLE Uustiset 2014b). Meanwhile, Finland is struggling in attracting foreign talents to build their career in this country (Kauhanen 2015).

Finland has woken up to the fact that when the post-war baby-boom age groups retire, it will face a labour shortage that its own younger generation will be unable to fill (Korpella 2015).

In addition, skilled foreign labour forces apparently contribute to host countries' innovation, technology progress, and entrepreneurship (OECD

2010). Meanwhile, skilful foreigners coming to OECD countries (including Finland) are on a sharp rise (OECD 2014a).

This kind of information should be passed through employers to raise the awareness of the topic. However, there are very few solid researches which prove the connection between a foreign labour force and positive economic developments in Finland context. Should there be more concrete empirical studies or evident of how a diverse workforce really bring benefits to a business in different aspects, there will be more opportunities to draw the attention of Finnish employers to the matter.

5.2.4 Language adaptation

As some interviewees say that the Finnish language is the greatest obstacle for both job-seekers and employers, the language requirement from employers and the actual level of job-seekers seem incompatible. According to the author's observations, students will occasionally not put a severe effort in learning Finnish until they realise the desire to stay in Finland. This usually does not happen in the first two years of their bachelor periods. Therefore, the importance of Finnish language should always be strongly emphasized in early stages of education.

In the capital city and big cities' regions, it is not difficult to find an intensive Finnish course, but it remains troublesome for non-native residents in remote Finnish cities. Many students claim that compulsory two-year Finnish (3 – 5 hours/week/term) courses during their bachelor years seem not enough for the professional working environment. Thus, universities and other education institutes may consider longer compulsory Finnish courses or offer intensive courses for those who wish to stay after their graduation to equip them with a better level of language. It is reported that the Finnish language takes one about a six-month intensive course to confidently communicate with co-workers in front of a coffee machine in a workplace (Foreign Service Institute 2016).

6 CONCLUSION

This chapter will conclude all analyzed data to form answers to the research sub-questions and the main question. Finally, there are some suggestions for further study to feasibly solve the emerging issues.

6.1 Answering research questions

What are workforce diversity and its dimensions? How is it perceived by Finnish SMEs?

Workforce diversity is theoretically a very broad definition and it may lead to misunderstanding when referring to the term. Its dimensions include gender, age, skills, nationalities, etc. Finnish employers come up with different answers to the question of workforce diversity definition, but ethnicity diversity seems to be the most visible dimension to them when they think of the term. They also emphasize skillset, gender and age diversity in Finland's context.

What are benefits and challenges that workforce diversity brings to Finnish SMEs? Do they have difficulty in adopting a diverse workforce?

From Finnish employers' perspectives, a diverse workforce is mainly beneficial for developing new ideas and expanding to foreign markets, leveraging international employees' different cultural experiences, languages, and mindsets. This is more beneficial for large companies, start-ups who target international markets and companies specializing in import-export activities.

Communication is perceived as the most obvious challenge for companies in managing a diverse workforce. Employers doubt about performance and productivity of a multi-cultural team as it takes time for people from different background to understand each other and cooperate smoothly.

In essence, two dominant issues which hamper foreign job-seekers are the lack of Finnish language and particular skill sets. Employers themselves hold a positive attitude towards international talents, showing that they do not hesitate employing a foreigner as long as he or she could adapt professional skills and knowledge (for example, in this study, they are good driving skills, knowledge of electricity and fixing heavy trucks, or plastic-making process, etc.) and a proficiency in Finnish language to serve their domestic customers and smoothly communicate internally, regardless of where he or she comes from.

How do they perceive the level of workforce diversity in Finland?

In short, interviewees believe that workforce diversity situation in Finland is not great, mainly because of Finnish language barrier. Helsinki is also expected to be in a better situation for international talents. In addition, IT or technology companies are seen to have more diversity as the language barrier is not strict.

Importantly, a bright prospect for international job-seekers in Finland is expected as there is currently a change in younger generation, who have more experiences in working in an international environment.

What could be done to improve diversity agenda in Finnish SMEs?

Universities and other education institutes are strongly believed to play a crucial part in promoting skilled international workforce. They could provide education in fields and industries which are considered “hard-to-fill” in Finland such as society- and education-related. Further than that, universities and other education institutes could give assistances to the international student through activities, for example creating connections, embedding students in the real Finnish working environment through short practices, promoting the importance of Finnish language skills in early stages and providing intensive Finnish courses after graduation.

The messages of a diverse workforce’s benefits and realistic situation of Finnish labor market in near future should be passed to Finnish

employers. Finland will soon face a severe shortage of labor when massive employees are going to retire while the young native generation will not be enough for the labor market's demand. Then, a skilled foreign-born labor force will be helpful in solving this problem.

Main question: what are Finnish SMEs' perspectives of a workforce diversity?

In general, all the sub-questions above have all given clues about the main research question. For the companies who currently have a workforce diversity, they all show positive feelings and gaining benefits from a multi-cultural workforce. They seem to continue with their workforce diversity agenda as it brings benefits and suits their companies' visions. For the companies who do not have a current multi-cultural team, they hold a positive attitude towards foreign job-seekers. If a candidate speaks good Finnish to communicate with clients or professional knowledge that they are looking for, he or she is welcomed to join the team. Communication issues are visibly biggest concern for all SMEs in the research, but employers who are currently managing a diverse team ensure that this is not a long-term problem and can be solved by internal feedback and communication.

6.2 Reliability and validity

Reliability and validity are essential factors in a research. In general, reliability examines whether the findings of a research will stay consistent if the same techniques or procedure analysis are used. Validity examines whether the findings are what the research is supposed to find. (Saunders et al 2009, 156 – 157.)

In the theoretical part, the secondary data is collected from trustful and reliable different sources. For the qualitative research, the author interviews nine representatives from Finnish SMEs. Due to their positions in the SMEs, all the interviewees are free to give good observations and valuable ideas about workforce diversity in their companies. The author

also explains clearly each question to the interviewees to ensure that all the interviewees understand the interview questions in the same way, thus enhancing the reliability of the result.

In addition, the interviewees are able to directly give decisions about their workforces, so their experiences and thoughts are exactly what the study looks for. All the information collected from the interviews sufficiently give sound answers to the research questions. This confirms the validity of the results.

6.3 Suggestions for further studies

As discussed above, this research urges a need for some further studies which points out a diverse workforce's contribution to a business and to national economy on a larger scale in the context of Finland particularly. There have been quite obvious empirical studies in other countries such as the US, which highlight workforce diversity's benefits bringing to a company or even to the nation. The US becomes a great example of a country that promotes and retains workforce diversities.

The author also detects a need to clearly examine the Finnish language level of foreign graduates in universities or vocational institutes to see how it is unmatched to employers' requirements. Based on that, education providers could consider and redesign their language courses to yield a better students' performance to the market demands in terms of language skills.

7 SUMMARY

The study focuses on exploring how Finnish SMEs think of workforce diversity in Finland through discovering their awareness of the topic, experiences with a multi-national team, feelings and observations. The study consists of two main parts: the theories and the qualitative research.

Using deductive approach, the author first presents some existing theories such as workforce diversity definition and its dimensions, drawbacks and benefits of workforce diversity and challenges SMEs may encounter in adopting workforce diversity. Then, the qualitative data is collected through personal semi-instructed interviews with nine representatives from local SMEs in Lahti and Helsinki region. After that, the data is analyzed and based on that, the author makes a comparison with existing theories and suggests some solutions for the issues.

To narrow down the scope of the research, after presenting definition and dimensions of workforce diversity in Chapter 2, the author makes a clear choice of dimension to work with: ethnicity diversity. This theme is kept consistent through the whole process. Chapter 3 continues with the theoretical part, focusing on discussing workforce diversity's pros and cons. It is the premise for the later qualitative research.

Chapter 4 describes the process of designing and conducting the research and how data is gathered. The results are also presented in the same chapter.

Chapter 5 covers findings from the collected data, including the author's observations and feelings about the topic. Based on these findings, the author recommends some solutions such as raising awareness of the Finnish employers about the topic, as well as additional actions universities should take to promote international students. However, the author does not go into further phases of implementation.

All research questions are answered in Chapter 6. Lastly, the author also suggests some further studies to open new insights into the topic such as

carrying out solid research about benefits of workforce diversity in the Finnish context and re-examining the language courses provided by the Finnish universities.

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APPENDICES

APPENDIX 1. Interview invitation letter

Dear Sirs

My name is Duong Doan, currently a senior student from Lahti University of Applied Sciences. At the moment, I am doing a research for my bachelor thesis *Finnish SMEs' perspectives on workforce diversity*. In my research plan, I am going to have semi-structured interviews with some representatives from Finnish SMEs to get a deeper understanding of workforce diversity in Finland nowadays and some emerging issues.

I am very interested in having a short conversation about workforce diversity situation of your company. The conversation should not take more than 30 minutes and can be conducted in person or via Skype.

Please do not worry in case your company does not have a diverse workforce at the moment, because I would like to talk to both kinds of companies, those with workforce diversity and those without. My main idea is to find out the current situation among SMEs and reason why some SMEs are not willing to take international talents into consideration. You are all welcomed to join my research!

If workforce diversity is your concern, please reply your most convenient time and revenue to have a meeting with me. Your information would be invaluable to my thesis. Should you have any questions or requests, please contact me via this email address. I am looking forward to hearing from you very soon.

Best regards

Duong Doan

APPENDIX 2. Interview questions

SECTION	PURPOSE	SPECIFIC QUESTION
1	Introduction, getting to know the organization (size, industry, age) and position of interviewee in the organization	<p>Could you please tell me some basic information about your organization, for examples year of establishment and number of employees?</p> <p>Would you mind sharing about your responsibility and position in your organization?</p>
2	Determine awareness level of topic	<p>Are you familiar with the term “workforce diversity”?</p> <p>What do you think about it (such as what it is about and what it includes)?</p>
3	Determine current situation of organization’ workforce	<p>How is the current situation of your workforce?</p> <p>Are there people with a different cultural background, or foreigners?</p> <p>How about the proportion of those in comparison with Finnish employees in your workforce?</p>
4a (If the company is having a diverse workforce)	Do they benefit from that or they have challenges and how they deal with it	<p>Do you realize any benefits of your team?</p> <p>Do you face any challenges in managing such a team?</p> <p>If there are challenges, how you solve it?</p>
	Determine if organization has a diverse workforce coincidently or they develop a diversity agenda and future development	<p>How come did you recruit those?</p> <p>Is there any diversity quota or agenda in your organization?</p> <p>How is the future policy?</p>

4b (If the company is not having a diverse workforce)	Reasons why they are not having a diverse workforce	<p>May I ask you what causes the situation of no diversity?</p> <p>Is there anything you find challenging to manage a diverse workforce?</p>
	Determine awareness of benefits/challenges of the topic	<p>Have you ever heard of benefits and challenges of a diverse workforce? What are they?</p> <p>Is there any of those fitting your organization's situation?</p>
5	Observation about Finland's situation of workforce diversity	With your own observations, do you have any idea about Finland's situation of workforce diversity?
5	Determine the awareness of other benefits	<p>What do you think about these statements?</p> <p>According to some studies, a diverse workforce is increasing their team's performance, productivity?</p> <p>A recent survey by Economist Intelligence Unit (EIU), 82% of respondents see workforce diversity as an access to an enriched talent pool, which means they have more chance to get suitable talents for their companies.</p> <p>Glassdoor, a virtual career community with more than 26 million members, has indicated that two-thirds of surveyed admit that workforce diversity is among most important factor when deciding where to work.</p>
6	Open questions	Would there be anything you'd like to add up to this matter?

APPENDIX 3. Personal talks with business consultants in Lahti regions

Question: How to improve diversity agenda in Finnish SMEs?

Business consultants' answers:

Business consultants	Answers
1	Universities should have a plan to promote international students. For example, they can implement some "short training" periods when international students are sent to companies, witnessing and learning working cultures in a Finnish company.
2	Universities could be more effective in creating more connections between international students and local companies. LAMKO or LAMKES need to find potentials out of international students.
3	These matters of diversities are not actually discussed in small companies, only in big companies, so maybe we could do something there [in small companies]. Universities definitely have big influences so they could implement some integration program for international students.