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Diversity Equity Inclusion

Managing Social Sustainability in an SME: A simulation

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Managing Social Sustainability in Business: A Simulation

In this simulation assignment, you will use a **digital tool for social sustainability in business** <https://tool.dei4sme.eu> to learn how firms integrate social sustainability into business strategy, people management, product or service development, and reporting. You will simulate real managerial decisions, practice social sustainability reporting, and reflect on how companies can promote fairness, inclusion, and accessibility while still growing their business.

Learning Outcome & Personal Benefits

By completing these simulation assignments, you will gain hands-on experience and be able to:

- integrate social sustainability into business management and strategy, especially in smaller firms, to support their responsibility and business development efforts;
- make realistic decisions concerning social sustainability in the context of small- and medium-sized enterprise (SME); and
- prepare social sustainability reports according to several reporting standards and best practices.

Preparing for the Simulation

You will act as a group of **managers** and use the digital tool to assess, plan, and report social sustainability practices for a company. As a group, you will complete four activities, all imitating decisions and actions to be made in firms when managing social sustainability. If you are doing these activities for a real firm, consider presenting your outputs to the case company, too.

You can choose **one of the following options (please consult with your instructor, which option will be used in your class, course, or training)**:

1. **Create a fictional company (which qualifies as an SME)** of your choice, or
2. **Select an existing company (which qualifies as an SME)** and base your work on publicly available information about it.
3. Your instructor might have **invited an SME or several of them to collaborate with you and receive your ideas and consulting for them**. In such a case, please proceed with the case company/-ies that will collaborate with your cohort.
4. Your instructor may **ask you to find an SME in your area or abroad to work with you** on this activity, benefiting from insights and documents you generate for them.

In either case, you will use these sections of the digital tool:

- Planning templates and examples in the **“Learn and Plan”** section: <https://tool.dei4sme.eu/en/learn-and-plan/>
- **Report**: Choosing the **Social Sustainability Reporting Form** or/and **VSME Standard Report** forms: <https://tool.dei4sme.eu/en/report/>

Exercise 1: Define Your Company

Start by clearly describing your chosen firm.

If your firm is fictional, define its industry, size, customers, and main activities.

If your firm is real, briefly describe its business model and context using public information.

Think about:

- what kind of social sustainability challenges this firm might realistically face, and
- why these challenges are typical for small and medium-sized enterprises (SMEs), which often lack formal structures or dedicated sustainability staff.
- To start reflecting on the opportunities and challenges of social sustainability in SMEs, you are welcome to browse through and read some of the cases presented in this open-access case repository: <https://dei4sme.eu/teaching-cases/> or consider reading introductory chapters in Šilenskytė, A., Fletcher, M., Butkevičienė, J., & Jayton, C. (Editors) (2026). [Diversity, Equity, and Inclusion in Small and Medium Enterprises: Concepts, Cases, and Managerial Perspectives](#). Edward Elgar Publishing. ISBN: 978 1 03536 123 6.

Output: A word file entitled ‘**Exercise 1-and your team’s name**’. The file includes:

- A brief description of your firm: industry, size, customers, and main activities.
- Analysis of what kind of social sustainability challenges this firm might realistically face, and
- why these challenges are typical for SMEs.

Exercise 2: Explore Social Sustainability Practices and Their Application to Your SME (“Learn and Plan”)

Before you start the exercise, individually, please, explore the “**Learn and Plan**” section of the digital tool.



You can explore these resources in your preferred languages!

These materials explain **four areas of engagement with social sustainability in business** and provide **practical examples** and templates.

Next, your team is welcome to **simulate a strategic meeting** where you all will assess the firm's engagement with social sustainability and develop the plan for improvements.

Before you complete this exercise, agree on the roles of team members: who is the manager of the firm? who is responsible for business development? who is responsible for marketing and sales? and etc. Choose these roles based on the size of the SME that you are working for. If you are doing this for the real company, consider discussing these roles with actual managers and choosing these roles according to the existing positions.

- **Based on the materials in the digital tool and the analysis you gathered in Exercise 1, please complete an assessment of your case firm in each area of engagement with social sustainability (see the rectangular marking in the screenshots below indicating links to 'Check your engagement...' pages).** Please collaborate with your team to discuss and negotiate each item until you reach a consensus on the acceptable assessment. If you are working for the real case company, it may be beneficial to gather opinions on the items from the SME managers or even involve them in the assessment. Save the results: You can take a screenshot of the results or copy the text with the results from the website. As a result, you will have four (4) reports about your firm from this activity.



Social sustainability in daily work and routines

WHAT THIS MEANS

Make inclusion a normal part of daily work — how you listen, meet, give feedback, and collaborate. Small, regular habits beat big one-off projects.

HOW TO ENGAGE

- Check your engagement level in daily inclusion practices
- See examples of integrating social sustainability in daily work
- Plan my actions to develop inclusive daily work 

WHY IT PAYS

Inclusive micro-practices increase employee voice, creativity and problem-solving, especially valuable for small teams that need everyone's ideas.



Managing people in a socially sustainable way

WHAT THIS MEANS

Apply fairness and inclusion to all people-management activities: how you write job ads, shortlist, interview, promote, pay and terminate.

HOW TO ENGAGE

- Check your engagement level in socially sustainable people management
- See examples of managing people in a socially sustainable way
- Plan my actions to strengthen social sustainability in people management 

WHY IT PAYS

Fair, visible processes help you attract and keep scarce talent and avoid disputes—key for European SMEs competing with larger employers and serving diverse markets.



Compliance and governance of social sustainability

WHAT THIS MEANS

Understand the EU context (e.g. CSRD/ESRS) and local laws on equality, anti-discrimination and work environment. Even if you are not directly in scope, larger customers will ask SMEs in their supply chains to demonstrate progress.

HOW TO ENGAGE

- Check your engagement level and choose a development path
- See examples of compliance and governance of social sustainability
- Plan my actions to strengthen compliance and governance of social sustainability 

WHY IT PAYS

Make social sustainability part of the business model—how you design services, enter markets, and define success. European evidence links inclusive practices to innovation and resilience; diverse boards and inclusive leadership support long-term performance.



Social sustainability in strategic management

WHAT THIS MEANS

Make social sustainability part of the business model — how you design services, enter markets and define success.

HOW TO ENGAGE

- Check your engagement level with social sustainability in strategic management
- See examples of social sustainability in strategic management
- Plan my actions to strengthen strategic management with social sustainability 

WHY IT PAYS

Connecting social goals to your core offer strengthens brand, customer trust and innovation, and improves access to EU buyers and finance that increasingly prioritise social performance.

- Based on these assessment results and further analysis of the firm, discuss with your team (1) how your firm should work to improve its social sustainability and (2) why and how these improvements would support both business goals and social sustainability.
- Through this discussion, **identify at least one specific goal and relevant actions for achieving this improvement in each area of engagement** that is most relevant to your firm. When working on the development plan for each area of engagement, please utilize planning forms (see oval markings in the screenshots above) indicating the location of “**Plan my actions....**” forms that can be either downloaded as a pdf and filled offline or filled online and downloaded as a pdf.
- Briefly explain:
 - why these practices matter, and
 - how they could realistically be applied in your firm and help improve the engagement level with social sustainability while positively affecting business.

Output:

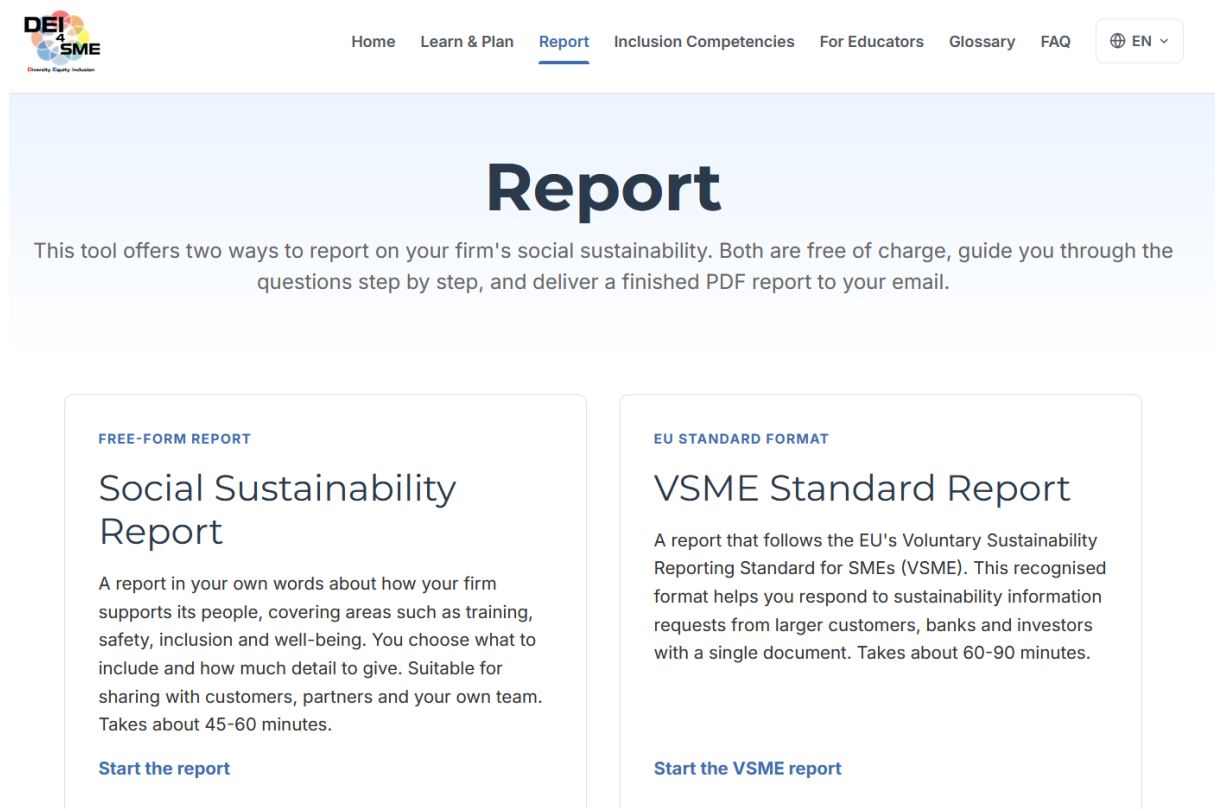
(1) Word file entitled ‘**Exercise 2-and your team’s name**’. The file includes:

- Assessment results that are saved for each area of engagement (see the screenshot above with the rectangular markings of the sections to be used in this exercise ‘Check your engagement...’), followed by a written explanation of why selected practices that you

- included in filled action plans (marked in an oval in the screenshots above) fit the case firm and how they will improve its social sustainability AND business operations.
- (2) Filled action plans for each area of engagement (4 pdfs with the filled forms, marked in an oval in the screenshots above).
- (3) Optional: Recording of this meeting simulation, if this exercise is done outside of the classroom.

Exercise 3: Prepare a Social Sustainability Report

Using materials from exercises 1-3, information that you gathered about the firm, and the digital templates in the tool for reporting—the **Social Sustainability Reporting Form** and **VSME Standard Report**—prepare a report for your firm.



The screenshot shows the DEI 4 SME reporting tool interface. At the top, there is a navigation bar with links: Home, Learn & Plan, Report (highlighted), Inclusion Competencies, For Educators, Glossary, and FAQ. A language dropdown menu shows 'EN'. The main heading is 'Report'. Below it, a text block states: 'This tool offers two ways to report on your firm's social sustainability. Both are free of charge, guide you through the questions step by step, and deliver a finished PDF report to your email.' There are two main options presented in boxes:

- FREE-FORM REPORT**: **Social Sustainability Report**. A report in your own words about how your firm supports its people, covering areas such as training, safety, inclusion and well-being. You choose what to include and how much detail to give. Suitable for sharing with customers, partners and your own team. Takes about 45-60 minutes. [Start the report](#)
- EU STANDARD FORMAT**: **VSME Standard Report**. A report that follows the EU's Voluntary Sustainability Reporting Standard for SMEs (VSME). This recognised format helps you respond to sustainability information requests from larger customers, banks and investors with a single document. Takes about 60-90 minutes. [Start the VSME report](#)

You can explore these forms in your preferred languages!

Download the report questions, discuss them with your team, and gather all needed information for filling out the report. Meet with your team to complete this task together. Consider how your different team roles can help you report about different areas of the firm's operations.

Output:

- **Social Sustainability Report** and/or **VSME Standard Report** filled out for your case firm. Please confirm with your instructor should you fill out one or both forms. For the SME operations, only one type of report is typically needed.

Exercise 4: Reflect on Firm's Strategy and Long-Term Impact

Reflect on how social sustainability connects to **strategic management and business development**. Study materials in **the Learn & Plan section, especially cases such as Finvacon, Vilpe, Vaasan Kortelihuolto, and others (see screenshot below)** concerning social sustainability in the strategic management of the firm, and apply those to your case firm.



Social sustainability in strategic management

WHAT THIS MEANS

Make social sustainability part of the business model — how you design services, enter markets and define success.

HOW TO ENGAGE

- [Check your engagement level with social sustainability in strategic management](#)
- [See examples of social sustainability in strategic management](#)
- [Plan my actions to strengthen strategic management with social sustainability](#)



WHY IT PAYS

Connecting social goals to your core offer strengthens brand, customer trust and innovation, and improves access to EU buyers and finance that increasingly prioritise social performance.

Consider questions such as the following:

- How might a **purpose-driven** or **shared-value** business model benefit your firm over time? Can your firm develop such a business model, or does it already do so? What role does social sustainability play in it?
- Discuss how such changes would affect its stakeholders.

Output: Word file entitled '**Exercise 4-and your team's name**'. The file includes:

- A brief transformation plan for your case company considering integrating social sustainability into the business model and strategic management of the firm.



The use of AI

The use of AI is allowed in this activity and can support you in completing the task, e.g., summarizing some company materials, improving the language, etc.

However, reports that are based on general AI-generated text without case-focused analysis of the specific company case will not be accepted. The materials should be case-specific and should make sense across the outputs, i.e., while these are different exercises, they should be completed accumulatively by building on each other and making sense when taken together.

It would be ideal if students included in each output a commentary on how AI was used.

About the Digital Tool & Some User Tips

This digital tool is for **managing, reporting and learning about social sustainability**.

This tool will help small and medium enterprises (SMEs) to integrate social sustainability (including issues such as learning and development, safety, and diversity, equity, and inclusion) to enable their business development and growth.

Moreover, a tool enables SMEs to easily report their activities concerning social sustainability and therefore comply with the EU social sustainability reporting requirements in an easy and resource-efficient way.

The needs for such a digital tool were identified through extensive data that was gathered through 2 surveys and 8 focus groups in Austria, Finland, Germany, and Lithuania. The identified needs were addressed through research work at the University of Vaasa, which developed the digital tool.

The digital tool has:

- ‘Learn & Plan’ section with 4 assessment tools on how the firm engages in each area where they can embed social sustainability, forms for planning actions, and plenty of examples and resources for learning.
- Social sustainability reporting form (built on best sustainability reporting practices)
- VSME-aligned social sustainability reporting part that follows VSME requirements and legal language
- Individual inclusion competency assessment tool that also provides steps for personal development based on answers submitted
- Educator’s guide on how to use this tool for teaching.

Social sustainability and VSME reporting forms have the functionality of a ‘returning user.’

Once you have generated reports, two files come to your email: one with the report and one file that you can save and re-upload next time you fill out the report.

Returning user?

If you have previously generated a report, you can upload your .dei4sme file to pre-fill the form with your previous answers.



[Click to upload](#) or drag and drop

.dei4sme file (max. 1MB)

[Or start with a blank form](#)

This saves you lots of time when reporting annually or in case you would like to fix something in the generated report, since everything that you have written in the form gets refilled online once you upload that file. This function ensures tool compliance with the GDPR requirements, as no data is stored in the tool, but makes it easy for the user to use the tool repeatedly.

You can download the questions of reporting forms and get familiar with the process before starting to report:

Print this guide and gather the information you need before starting the form, so you can prepare.

[Download all questions](#)
so you can prepare

For further tips and information, please visit FAQ: <https://tool.dei4sme.eu/en/faq/>

Also, welcome to check out **Glossary** for less familiar terms: <https://tool.dei4sme.eu/en/glossary/>