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Step by step, not all at once: planting diversity, equity, and inclusion seeds in hard ground

Jurgita Butkevičienė and Joana Ramanauskaitė

Case summary

After an export-oriented manufacturing small- and medium-sized enterprise (SME) signs a major contract with a new international partner, Diversity, Equity, and Inclusion (DEI) requirements emerge during supplier due diligence. What had previously been an informal and peripheral issue becomes a strategic condition for sustaining the business partnership. The case highlights tensions around reliance on an external Human Resource (HR) consultant to design and formalise DEI policies versus fostering internal managerial ownership; short-term compliance measures versus long-term cultural transformation; and informal, personality-driven practices versus systematic, organisation-wide approaches to inclusion. By adopting the perspective of an external HR consultant, learners are invited to critically consider the risks of outsourcing DEI functions in SMEs, consider questions of responsibility and the sustainability of externally driven change, particularly in contexts where decision-making authority has traditionally remained centralised and internal commitment remains limited. This teaching case addresses Sustainable Development Goal 8 (Decent Work and Economic Growth) and Goal 10 (Reduced Inequalities).

1. Legacy and leadership: ‘we built this by hand’

I arrived early on my first day at Baltic Components, a medium-sized, export-oriented manufacturing company. As a consultant from OVC

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Consulting / HR Hint Online, I was invited to work with the company in the role of an external Human Resource (HR) and Diversity, Equity, and Inclusion (DEI) consultant.¹ My task was to advise the company's managing director and top management team as they prepared to implement a newly signed partnership with a Northern European client. The mandate was clearly defined: I needed to assess existing HR and DEI practices, support preparation for supplier due diligence, and propose concrete next steps. I knew that at the end of the project, I would be expected to submit a recommendation on how the company should proceed – whether to continue external HR support, build internal DEI capabilities, or reconsider the scope of its DEI efforts.

The factory buildings were solid and practical – well maintained, though clearly showing signs of age. Everything was in order. The yard was quiet. As I stepped out of the car, I noticed Jonas Tirva, the Chief Executive Officer (CEO), watching from his office window on the second floor.

Tablet in hand, dressed in a dark blue suit with my hair neatly pulled back, I was aware of how I looked in that environment. Perhaps I seemed more at home in a modern office building in Vilnius than in a factory yard in a small Lithuanian town. After exchanging a brief greeting with the secretary, I was shown to the CEO's office for our scheduled meeting. As I stepped inside his office, I immediately felt the presence of authority.

I paused for a moment, and I took a deep breath...

Baltic Components recently signed an important contract with an international partner, bringing new expectations for its HR processes. During the onboarding process, the partner initiated a supplier due diligence review, requiring formal evidence of compliance with its code of conduct. The clause, brief yet non-negotiable, included provisions on non-discrimination, employee voice, and safe working conditions, as well as the possibility of audits upon request. Although such standards had never been formally documented within the company, they now became a contractual obligation. It was this requirement that prompted the decision to seek external HR support. Outsourcing HR was framed as the quickest way to prepare the necessary documentation and demonstrate compliance.

From our initial conversation, it was clear that Jonas Tirva expected assistance with contracts, onboarding, and documentation – nothing beyond that. That expectation was challenged almost immediately. I

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asked how hiring decisions were made, how conflicts were handled, and how employees could raise concerns, but when I mentioned inclusion, fairness, and psychological safety, the conversation slowed.

‘We need skilled workers,’ he said after a pause. ‘Welders and technicians. Not theories.’

Jonas Tirva was clearly sceptical and spoke about the early years as if he were passing on some wisdom. He described founding the company in the post-Soviet 1990s through hard work, debt, and perseverance. The team was small, and the risks were taken because there was no other alternative. Workdays were long with no clear boundaries between business and personal life. Financial crises hit one after another, and he even managed to navigate the sudden shift in export markets from Eastern to Western Europe during the Russian financial crisis of 1998. This experience shaped the company’s long-term export orientation and risk sensitivity. Over time, the company expanded from local production to international supply chains, while maintaining a lean organisational structure and direct, founder-led management.

He paused when he spoke about people – how salaries were always paid on time, even when money was tight, and how he remembered the names of those who had stayed from the beginning. When he spoke about fairness, he meant responsibility, endurance, and loyalty on both sides. For him, fairness was not a policy but a personal obligation. When I introduced the term Diversity, Equity, and Inclusion, he hesitated.

‘Diversity, equity, and inclusion practices? These sound like big-city ideas,’ he said. ‘That’s not how you keep a business afloat.’

It became clear that he did not reject the underlying values. Rather, he did not recognise his own practices within the formal language of DEI. His understanding of fairness was relational and experience-based, shaped by years of building the company from the ground up. The terminology of DEI – policies, reporting structures, frameworks – felt abstract and distant from the everyday realities of running a factory in a small Lithuanian town.

As the days passed, I began to understand how strongly this history shaped its leadership style. Authority was concentrated, but not silent. The top management team consisted of the CEO, Sales Manager, Production Manager, Purchasing Manager, and Finance Manager. They

met regularly to review operational performance, discuss emerging issues, and occasionally challenge assumptions. However, while debate was possible, final strategic decisions rested with the CEO.

On paper, the structure resembled a conventional management team. In practice, leadership operated through centralised oversight. Managers were expected to contribute expertise and recommendations, yet direction and approval ultimately flowed from the CEO. This model had provided stability for years, reinforcing clarity of responsibility and speed of execution.

The work was well organised, with clear instructions and a good understanding of operational responsibilities. Meetings were brief and focused on achieving results. No one openly challenged decisions, especially in front of Jonas Tirva. Authority was respected, and decisions, once made, were generally implemented without prolonged debate. On the surface, everything appeared to run smoothly.

At the same time, I noticed what was not being said. Younger employees spoke very little in meetings. Questions were raised privately, often in corridors or during breaks. Several people mentioned colleagues who had recently left the company. When I asked why, the answers were careful: better opportunities, different work culture, more flexibility.

In my informal conversations with employees, other topics slowly emerged. Some of them wondered how parental leave was handled in practice. Others asked about pay increases or professional development opportunities. A few spoke about wanting more trust and feedback, rather than close supervision. These were not demands, just quiet signals.

Most of these conversations happened away from managers' offices, where people felt safer speaking openly. As I listened, it became clear that the main challenge was not a lack of effort or loyalty, but a lack of space for dialogue. I began to question how much change could be achieved through outsourced HR support alone in a company where authority had always flowed in one direction.

2. Where ambition meets reality

To better understand my observations in Baltic Components, I decided to evaluate this case against the broader Lithuanian context. Since joining

the European Union in 2004, Lithuania has undergone rapid economic and institutional transformation (Lithuania Co-create, 2024). Over the past two decades, the country has developed a strong digital infrastructure and knowledge-intensive business sectors, and has become fully integrated into international markets, particularly through urban centres such as Vilnius and Kaunas (de la Bassetière, 2022; Lithuania Co-create, 2024; Vaiginienė, Urbien, & Butkeviiensšėčė, 2026).

In this environment, discussions around DEI have gradually gained visibility. In Lithuania, DEI discourse tended to focus less on racial diversity and more on age, gender equality, work–life balance, disability, and regional disparities (Ramanauskaitė, 2025). Formal DEI requirements have largely been shaped by EU regulations and multinational corporate standards, making inclusion increasingly linked to compliance and competitiveness in international markets (Diversity Charter, n.d.).

In large corporations operating in Lithuania, such as TELIA Lietuva, Ignitis group, Moody's, and SEB Bank, DEI initiatives have become more institutionalised. These organisations typically had dedicated DEI leads, formal inclusion policies, employee resource groups, and training systems aligned with EU best practices (Lazareva, 2023). In these contexts, DEI was not seen as optional; rather, it was integrated into policy, practice, and performance.

However, outside the main urban centres, a different organisational reality dominated. SMEs formed the backbone of Lithuania's export-oriented manufacturing economy. These firms were often founder-led, tightly managed, and strongly production-oriented. HR functions tended to be minimal or informal, and leadership remained highly hands-on. Operational stability and delivery performance were prioritised. Concepts such as inclusion or psychological safety were rarely formalised and often viewed as abstract or secondary to daily business operations.

Baltic Components, the company I had been invited to work with, fitted squarely within this second category. For years, it had operated without a dedicated HR department. There were no formal performance reviews, no structured feedback mechanisms, and no defined channels for employee voice. People management relied on long-established routines and direct supervision.

Until recently, this informal approach to people management had been sufficient. However, the pressure to address DEI did not originate from within the company. It stemmed from the procedural requirement linked to the company's export relationship as a newly signed international partnership introduced compliance expectations tied to participation in the partner's supply chain.

I learned that it was not an easy deal. Following a trade mission abroad, Tomas Tamaitis, the Sales Manager, negotiated the framework of the new agreement, which Jonas Tirva subsequently reviewed and formally signed. Among its standard commercial clauses, the agreement included a supplier code of conduct outlining compliance requirements. At first glance, these clauses appeared routine – similar to quality standards and delivery specifications the company was accustomed to meeting. However, during the onboarding and supplier due diligence process, their broader implications became more apparent. Alongside production targets and timelines were explicit references to workplace practices, reporting mechanisms, and alignment with partner values. DEI was not presented as a choice, but rather as an integral part of doing business within an international value chain.

Although the contract represented a significant growth opportunity, Baltic Components operated in a competitive segment of the manufacturing market. Several suppliers in Central and Eastern Europe offered comparable production capacity and cost structures. While Baltic Components had built a reputation for reliability and quality, it was not irreplaceable within the broader supply chain. This reality meant that non-compliance with partner expectations could weaken its position, particularly if competitors could demonstrate stronger alignment with international standards.

Internally, the discussions about these requirements were careful and, at times, tense. Tomas emphasised the strategic significance of the contract and the risks of non-compliance. Jonas Tirva, while protective of established routines, recognised the long-term importance of this partnership. After deliberation by the leadership team, Jonas Tirva agreed to seek external HR support.

Hiring an external HR consultant seemed like a practical compromise to Jonas Tirva. There was no ability to quickly establish an internal HR function, and there was little desire to disrupt existing routines. Outsourcing HR promised speed and flexibility, while preserving managerial control.

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On paper, it allowed the firm to meet external expectations without fundamentally changing the company's operations.

This was the environment I entered. My mandate was broad but fragile: to support core HR functions and introduce practices that would align the company with evolving workplace norms. Yet from the beginning, it was clear that DEI language sat uneasily in the organisation. Questions about fairness and inclusion were often met with silence or short answers. 'We treat everyone the same,' Jonas Tirva repeated more than once. For him, this was not a slogan, but truly a deeply held belief.

What followed was not open resistance. Actually, it was something quieter. Processes could be discussed, but attitudes were harder to reach. For some employees, particularly younger staff or those with experience abroad, the absence of clearer people practices was already noticeable. There were no structured performance reviews, no transparent criteria for promotion or salary progression, no formal channels for employee feedback, and no written policies addressing equal treatment or workplace concerns. For others, the topic felt distant or uncomfortable. As an external consultant, I found myself navigating between external expectations and internal habits, aware that my role allowed me to propose changes, but not to decide how far the company was willing to go.

This was the space where European ambitions around DEI met the everyday reality of an SME – careful, pragmatic, and shaped by decades of doing things a certain way.

3. A consultant in translation role

I had been working at OVC Consulting / HR Hint Online for several years, and had seen similar situations before. As one of the largest consulting companies in Lithuania specialising in organisational consulting, training, and outsourced HR services, my firm primarily worked with SMEs across Lithuania and the Baltic countries. Many of the firm's clients operated outside major cities and relied on external providers for core HR functions such as recruitment, onboarding, and administrative support. Few had the capacity to build internal HR departments, and even fewer had experience managing organisational change or inclusion-related issues.

In this context, my role was often less about introducing new concepts and more about translation – turning unfamiliar ideas into language that made sense within existing routines in the client firms. In this assignment, DEI was part of the mandate, but it was clear from the outset that it could not be introduced as a separate initiative. It would have to be framed through people management practices – clearer rules around performance, promotion, and employee voice.

During one of my first meetings with the top management team, I asked how performance feedback was typically handled.

Antanas Jonaitis, the Production Manager, shrugged. ‘If there is a problem, we talk to the person directly.’

‘And promotions?’ I asked.

Jonas Tirva replied, ‘We know who works hard. We see it every day.’

There was no written evaluation system, no documented criteria for advancement, and no formal channel for employee concerns. When I asked who would be responsible for overseeing DEI-related compliance, the room grew quiet. Mantas Narkus, the Finance Manager, suggested it might fall under administration. The Production Manager, Antanas Jonaitis, assumed it was part of operational oversight. Ultimately, Jonas Tirva concluded, ‘We’ll handle it as needed.’

It became clear that people management was not assigned to a specific function. It was embedded in everyday supervision and personal judgement.

A few weeks after my arrival, during a roundtable discussion with the top management team, several issues came to light more openly, largely due to my questions that encouraged this transparency. The managers shared an emerging resistance that was not always explicitly expressed but was nonetheless present. As several managers noted, the hesitation was not driven by hostility but by uncertainty and misunderstanding.

One management team member stated, ‘Hiring employees is already difficult. We’re in a small town, and there’s a real shortage of workers. Adding DEI to our strategy feels out of scope. Honestly, it sounds like something for companies with big budgets.’

Jonas Tirva nodded in agreement. ‘That’s exactly it. We’re not one of those companies.’

It would have been easy to interpret this caution as resistance to change. But that would have overlooked the context in which the company had been built. I understood that the CEO and his core team, with whom he had been working all these years, had established the firm during Lithuania’s rapid transition to a market economy, navigating instability, shifting trade routes, and regulatory uncertainty. Centralised decision-making and tight operational control were not merely their personal preferences, but survival strategies. For years, this approach had protected the company and its employees.

However, sitting at the roundtable and listening to the discussion, I realised that, for them, DEI was associated with hiring specialists, creating new departments, or introducing complex programmes, the types of investments they believed they could neither afford nor justify. My task, however, was far more limited: to work within existing structures and introduce small adjustments to how people were managed, without disrupting daily operations.

Time pressure added another layer of resistance. Several senior employees viewed DEI-related activities as additional tasks rather than part of their work.

‘I already work from eight to five, and often longer,’ the Purchasing Manager said. ‘Why would I add more? What difference would it actually make?’

These conversations made clear that the challenge was mainly about perception. Any progress would depend on whether DEI could be understood as relevant to everyday work, rather than as an external requirement imposed from outside the organisation.

I moved cautiously. I started with small, low-visibility steps: short check-ins with employees, one-on-one conversations, and simple anonymous feedback channels. I avoided language that sounded abstract or corporate. Instead of talking about ‘inclusion’, I spoke about stability. Instead of ‘equity’, I used the word fairness – the same word Jonas Tirva had used when describing his responsibility towards employees. I realised that introducing new practices would require speaking in terms that already resonated with the company’s existing values.

Over time, I began presenting recurring themes from these conversations with the top management team, relying on concrete examples rather than general principles.

During this period, I began to work even more closely with Tomas Tamaitis, the Sales Manager. He had negotiated the international contract and had become the primary internal interpreter of external expectations. While the agreement included a supplier code of conduct, referencing non-discrimination, employee voice, safe working conditions, and the possibility of audits, Tomas pointed out that these requirements were not isolated. Several of the company's larger international clients were themselves preparing for compliance with the European Union's Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). As these regulations expanded reporting and due diligence obligations for large firms, expectations increasingly extended downstream to suppliers. What appeared at first to be a contractual formality reflected a broader shift in regulatory governance across European value chains.

We crossed paths often – after meetings, during short check-ins, and while discussing staffing needs connected to upcoming orders. Over time, these conversations became more open. Tomas understood both the institutional pressure facing international partners and the operational limits of what the company was prepared to implement. He occupied a position between two systems: global compliance expectations and local organisational routines.

In our conversations, we talked through how different managers might react to change – who seemed open to discussion, who needed more time, and who would shut down if the language felt unfamiliar. Rather than pushing for formal programmes, we focused on small adjustments that would not draw immediate resistance, leaving more structured discussions for later, if space allowed.

One early experiment involved changing the format of team meetings by introducing rotational facilitation. The shift was subtle, but noticeable. Quieter employees were occasionally asked to lead discussions, which changed the usual rhythm of meetings. I also introduced a simple anonymous suggestion box and an email channel. Within a few weeks, feedback began to arrive, such as questions about safety procedures, requests for clearer role definitions, and interest in professional development.

None of these topics were new, but the fact that they were now being voiced felt significant.

These were not new or radical ideas. Similar issues had likely existed for some time. What felt different was that people were now choosing to share them, once a space – however small – had been opened.

4. Small steps toward structural change

A few months later I noticed that some attitudes started to change. The shift did not come all at once. It surfaced during a budget meeting, when we reviewed basic staffing data together. I presented simple graphs showing employee turnover by age group. Younger workers were leaving more quickly than others. Exit conversations, where available, pointed to similar themes: lack of feedback, limited development, and uncertainty about expectations. One comment stood out. An employee wrote that he had avoided asking questions since being criticised publicly after a mistake the year before.

‘He’s a good worker,’ Jonas Tirva said, looking at the numbers again. ‘I didn’t know he felt that way.’

The moment passed quickly, and the meeting moved on to costs and production targets. Still, the comment lingered.

In the weeks that followed, I continued to work within my limited mandate. Together with Tomas, I translated external expectations into operational language that felt more familiar to the leadership team. We avoided formal programmes and spoke instead about risks, continuity, and workforce stability. Small experiments were discussed, some cautiously accepted, others postponed. Not everything gained traction.

I also spent time speaking informally with mid-level managers, often during lunch breaks or short meetings. Rather than introducing new terminology, I asked how miscommunication affected safety, delays, or rework. Some managers listened with interest; others remained unconvinced. Time pressure was a constant concern.

Gradually, a few practices began to shift at the margins. Some meetings included a wider range of voices. Feedback reached me through informal channels that had previously been silent. **At the same time, resistance**

remained. There was no dedicated budget for HR or DEI activities, no internal owner, and no agreement on how far the company was willing to go. Progress depended heavily on personal willingness and on my continued presence.

As the end of my engagement approached, these tensions became more visible. Jonas Tirva acknowledged that external expectations were unlikely to disappear. He also made clear that the company could not afford disruption.

‘We’re not trying to become a tech startup,’ he said during one of our final conversations. ‘But I understand we can’t stay exactly where we are either.’

As my initial engagement came to an end, I prepared a final recommendation to the CEO. The company had taken some tentative steps toward more inclusive practices, yet these efforts were still informal and closely tied to my external role. There was no internal HR structure, no dedicated owner, and no agreement on how far the organisation was prepared to go.

My hope was that my recommendations would shape the next phase. One option was to extend external HR support and continue with small, experimental changes. Another was to advise the company to begin building internal HR and DEI capabilities, despite limited resources and uncertain readiness. A third option was to pause the initiative altogether, accepting the risk that misalignment with international partners and workforce expectations might increase over time.

Each path carried different costs, risks, and responsibilities. The question was not whether change was necessary, but how far the company was prepared to go – and who would ultimately own that change.

Questions for reflection

1. What factors led the company to outsource HR and DEI-related responsibilities? Drawing on the case facts, identify the market, organisational, and leadership factors that shaped this decision. How do these factors inform broader criteria for deciding when HR and DEI responsibilities should be outsourced versus developed internally in SMEs?

2. What are the main barriers to incorporating DEI into the company's structure and culture? Drawing on the case, identify leadership-, structural-, and cultural-level barriers. How do these barriers interact, and which appear most difficult to address in this organisational context?
3. What steps did the HR consultant take to introduce DEI-related practices into the company's culture and structure? Which actions appeared to gain some traction, and which encountered resistance or limitations? Why?
4. What conditions and levers enable or hinder the advancement of DEI in SMEs? What lessons can be drawn about the longevity of DEI-related change in resource-constrained, founder-led organisations, particularly when HR functions are outsourced?

Note

1. This case is based on a real-life scenario provided by OVC Consulting / HR Hint Online. While certain details have been adapted or fictionalised for educational purposes, the core events and challenges reflect actual experiences shared by the organisation.

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