Cultural diversity as a competitive factor for companies

The Bertelsmann Stiftung and the EU Commission call for intercultural dialogue

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Cultural diversity in the workplace pays off. This is the conclusion drawn by a recent Bertelsmann Stiftung study on the topic of "Synergy through diversity - Practical examples of cultural diversity in companies," which was presented in Berlin. When companies make strategic use of diversity, showing special appreciation for employees from different cultures, they may achieve higher revenues and be better able to attract ethnic customers.

The examples presented in the three categories studied -- "customer orientation and market access," "conflict reduction and satisfaction" and "cooperation and international success" -- show that companies can achieve lasting success in this context and that they regard cultural diversity as both a challenge and a competitive factor.

For instance, companies are economically successful when their employees are able to serve customers from the same cultural background or when they develop products geared to a specific culture. E-Plus AY YILDIZ created the first cellular phone brand specifically for ethnic Turks in Germany; Western Union has developed different strategies for different countries, in order to meet their specific needs for financial services.

Targeted diversity management also leads to understanding for cultural differences and reduces intercultural conflicts in cooperative endeavors. For example, ThyssenKrupp Steel trains so-called cultural mediators who facilitate constructive dialogue, both in day-to-day interactions and when decisions are made about foreign investments.

According to the Bertelsmann Stiftung study, German companies find that diversity has a more pronounced effect on the "soft" factors of customer satisfaction (67 percent) and company image (72 percent), with less influence
on "hard" factors like company profits (41 percent) and shareholder value (34 percent).

German companies differ in this respect from their foreign competitors. 44 percent of German companies reported that they practiced cultural diversity management, as opposed to 75 percent of European and 92 percent of American and British companies.

The study asked specialized staff and executives from the following 15 international companies about the benefits of cultural diversity: Deutsche Bank AG, ThyssenKrupp Steel AG, Festo AG & Co. KG, IKEA, Siemens AG, E-Plus, Deutsche Telekom AG, MEDIA CONSULTA, ARAMARK, Western Union, Metro AG, Carlson Wagonlit Travel, Daimler AG, Deutsche BP AG and IBM.

As she introduced the study, Liz Mohn, vice-chair of the Executive Board of the Bertelsmann Stiftung, observed: "By recognizing the strengths and abilities of people from other cultures, we are creating an important foundation for integrating them into the working world and society. We can quote statistics on what cultural diversity means to a company's bottom line, and employee satisfaction as well can be expressed in numerical terms. But if we want to know how well people from different cultures succeed in working creatively together, we need most of all to listen with our hearts."

Jan Figel', European commissioner for Education, Training, Culture, Youth and Multilingualism as well as patron of the European Year of Intercultural Dialogue, added: "We need to appreciate diversity in the workplace as a benefit that promotes innovation, growth and the ability to compete. By accepting diversity and appreciating people from every cultural background, we make full use of the talents of each individual. We offer everyone equal opportunities and the necessary means to succeed in a world that is changing at a breathtaking rate of speed."

Downloads

Study: Synergy by Diversity (2.6 MB)