



Synergy by Diversity

Real Life Examples of Cultural Diversity in Corporations

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Foreword

Globalization encompasses more than just increased competition between countries, regions and – of course – companies. Increasingly, it also allows us to live in a world in which cultural and regional borders are dissolving more and more. Whereas, in the past, passport checks or border barriers made travel a major undertaking, today people travel from one country to another without any problems. We have seen nations and cultures come together since the fall of the Iron Curtain, and particularly with the unification of Europe.

As we come to know other cultures, we see how these positive effects of increasing Europeanization and globalization are enriching our lives. And the changes carry over to other areas: In the workplace, globalization now brings us ever closer in contact with colleagues and partners from other continents. An increasingly complex network of economic ties means that a company's executives and employees are inevitably involved in the international arena. Entrepreneurial activities now require global understanding – a knowledge of international contexts and diverse cultural values – as well as the social skills necessary for doing business all over the world. With cultural diversity comes the obligation to question ourselves and the way we do things. It is not about “them”, but about all of us.

Any change is a challenge, but also an opportunity. In the past, a country or company could remain apart and opt out of global competition,

instead focusing on domestic markets; today, however, even small and medium-sized enterprises need to have an international presence, whether they are customers, suppliers, distributors or manufacturers. Twenty-five years ago, the business world was far less complicated and dynamic than it is today, and the workforce still relatively homogeneous; now, the workplace and the interactions between companies are marked by cultural diversity. Turning our back on globalization is no longer an option; we must instead meet it head on, and take an active role in shaping it.

The diversity of our workforce clearly offers untapped resources for success in the international marketplace. Employees from other cultures are indispensable if a company is to thrive; they are needed particularly as we work with foreign partners, seek access to foreign markets, and develop products for a specific target group. They are familiar with the political background, they understand the cultural values of their home countries, they can help their colleagues become more sensitive to other religions, and they know the right tone to take when dealing with foreign partners and customers. But what else is required if we are to understand each other in a way that transcends language barriers and national borders?

Most important of all are respect and appreciation for other cultures, world views and religions – which means much more than merely tolerating differences. Genuine appreciation

means understanding and accepting. It is particularly important in this regard for companies to establish an internationally oriented corporate culture. By viewing this as a part of their corporate social responsibility, they lay a firm foundation for integrating people with different cultural backgrounds. This also includes showing respect for every employee, regardless of age, gender or religion.

A corporate culture based on partnership encourages identification with the company and its goals. A mission statement and a common understanding of leadership are useful guidelines, but they must not rob employees of their cultural roots. All members of the corporate community must feel accepted and be encouraged to contribute their talents and skills. This allows each individual to develop to the fullest in the workplace and unleashes the motivation and creativity required for successful competition in the international arena. These are the hallmarks of a corporate culture that respects differences and seeks to integrate all of its members by inviting participation. And this is how we will achieve synergy by diversity. ■

Liz Mohn

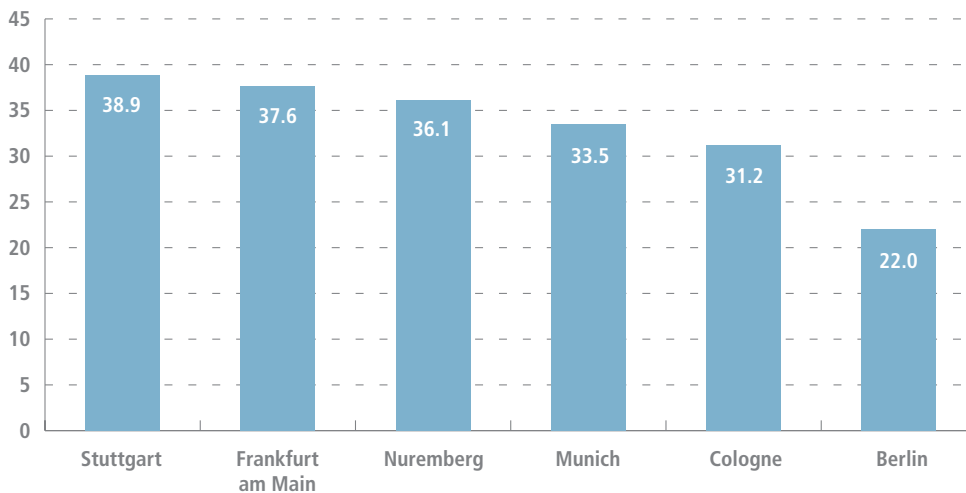
Liz Mohn, Vice-Chair of the Bertelsmann Stiftung
Executive Board, Gütersloh



Synergy by Diversity: Our Mission



German residents from an immigrant background



Source: Federal Statistical Office, 2007 Microcensus. Figures in percent.

| Bertelsmann Stiftung

People differ in myriad ways: In their language, values, age, educational background, gender, ways of thinking, socioeconomic background, occupation, likes and dislikes, marital status – the list goes on and on. Such differences range from visible characteristics to traits that are not readily apparent, from characteristics that are relevant to the work setting to those that play a role in interpersonal relationships. The task of diversity experts and practitioners is to highlight and harness these differences. For companies, diversity can usher in a host of diverging work and leadership styles and differing processes and systems; but it can also help employees to recognize what they have in common and identify with each other and the company. The goal of diversity management is to shape and use the potential inherent in these factors in the most productive way possible.

Cultural contact through globalization

The increasingly international character of economic relationships has forged links between suppliers in different parts of the world and led to transnational mergers and acquisitions and global strategic alliances and networks. German exports and imports have shown a steady increase, reaching record levels in 2006. That year, according to the German Federal Statistical Office, Germany exported goods worth € 893 billion, while imports totaled € 734 billion. A

study conducted by Ernst & Young shows that the transactions market is booming, and it is expected to continue to grow further over the next one to two years. In 2005, there were 1,488 transactions involving German companies, for a total volume of US \$145.1 billion.

Turning to the automotive industry, Mercer predicts that by the year 2015, with increasing value added, 77 percent of production will be accounted for by international cooperative ventures rather than in-company production, as compared with 65 percent in 2002.

As economic activities become more international, the workplace is becoming more and more culturally diverse. People in the business world are increasingly encountering others from different countries, regions and even continents, both within and outside their own companies. Cultural differences are now a fact of life in international business; hypothetical business partners like Mr. Müller in Düsseldorf and Ms. Xu in Beijing speak two different languages, live in very different cities and are citizens of countries that are worlds apart.

Cultural contact through migration

Even at home in Düsseldorf, however, Mr. Müller's work brings him into contact with people from a variety of cultures – such as his

colleague Ms. Schmidt, an ethnic German from Romania who moved to the Rhineland region ten years ago, or his supplier Mr. Ceylan, a Düsseldorf native with Turkish parents. Clearly, migration and European integration are also instrumental in leading to more diverse workplaces. The Federal Statistical Office has begun to compile statistics on the people in Germany who come from an immigrant background; they account for approximately 15.3 million out of Germany's total population of 82 million, or 19 percent (9 percent have foreign passports, while 10 percent are German citizens). The percentages are substantially higher in large cities; in Munich, for example, this group is 33.5 percent of the population. Moreover, it is no longer only "guest workers" on the production line who come from a different cultural background, but also staff ranging from sales personnel to supervisors in the development department.

The General Act on Equal Treatment (Allgemeines Gleichbehandlungsgesetz, AGG) spurs debate

The General Act on Equal Treatment has triggered a sometimes surprisingly heated discussion. Perhaps this is because the related EU initiative has raised a topic Germans have always

preferred to avoid: discrimination in Germany. However, we need to eliminate discrimination in order to achieve greater respect and appreciation for diversity. Setting aside the more general question of the quality of this legislation, it has clearly given welcome new impetus to the diversity debate. Company representatives who were once mystified by the term "diversity" ("Does that have something to do with diversification?") are now familiar with the concept and learning more about the potential opportunities and benefits it entails. The task now – and this is one of the main reasons for this volume – is to demonstrate what cultural diversity has to offer a company and how we can encourage its positive effects.

What can companies hope to gain from diversity?

It is essential to avoid pigeonholing people based on their ethnic background or native language; we need to recognize and respect our partners and the diverse characteristics that make them who they are.

Any company that is

- _ striving for innovations to set it apart from the competition,
- _ moving into new markets to sell its products abroad,

Synergy effects and how they manifest themselves

Synergy effects	Elements	Perspective	Measures
Conflict reduction and satisfaction	Employee satisfaction, increased motivation, reduced turnover	Discrimination and fairness approach	Quota system, nondiscriminatory hiring, guidelines for work hours
Customer focus and market access	Customer focus, opening up new markets, developing target group-specific products	Market access and legitimacy approach	Assigning employees according to cultural background
Cooperation and international success	Creativity and innovation, development into a learning organization	Learning and effectiveness approach	Adapting the corporate culture in terms of structures, processes and self-understanding



- _ appealing to new customer groups within its home country, seeking to increase its market share, and
 - _ trying to retain high-potential executives to ensure its future success
- needs to embrace diversity.

Diversity means

- _ different points of view,
- _ cultural and country-specific skills,
- _ an understanding of diverse customer groups, and
- _ opportunities for employees to develop to their full potential.

In the most recent international study conducted by the Bertelsmann Stiftung, companies reported synergy effects through diversity in the following three areas:

- _ Conflict reduction and satisfaction
- _ Customer focus and market access
- _ Cooperation and international success

Conflict reduction and satisfaction

The three categories listed above echo the approach taken by Thomas and Ely, who have conducted a number of American studies on diversity management. Our category “conflict reduction and satisfaction” resembles the discrimination and fairness approach, which seeks to integrate minorities primarily by setting quotas to ensure equal opportunity; this fails to meet

the criteria of true diversity management. The focus here is on avoiding or smoothing over conflicts – as in the General Act on Equal Treatment.

This perspective tends to view cultural differences as a problem rather than an opportunity, and is rooted in an inadequate understanding of the issue. This lack of understanding is a problem our earlier study showed to be more pronounced in Germany than in other countries. Nevertheless, if minority groups, in particular, are to feel comfortable, it is essential that people be allowed to work and be accepted regardless of where they come from. Less conflict also means less pressure and stress and hence greater satisfaction, an increased sense of belonging and higher motivation for employees.

A customer focus and market access

Taking a positive approach, more and more companies are responding to the diversity of their customer base by mirroring that diversity in their workforce. Sales, marketing and service departments are especially likely to hire personnel from the same cultural backgrounds as their customers. Companies that pursue this approach, which focuses on increasing market access and legitimacy, see this as a way of providing better services to their foreign markets and customers. Often called “ethnic

marketing”, this represents a way of reaching the 15.3 million people in Germany who come from an immigrant background, whose annual purchasing power ranges between € 20 million and € 40 million. One strategy is to establish branch offices in largely Turkish districts and staff them with ethnic Turkish customer service personnel, who speak the customers’ language and have a better understanding of their needs and customs. Another is to develop products and services with the needs of certain cultural groups in mind, whether those groups are the Turkish population at home or the Chinese market abroad.

Cooperation and international success

Finally, when companies opt for the approach that focuses on learning and increasing effectiveness, their hope is that intercultural exchange will enhance the development of the organization as a whole. The company’s capacity for learning is of central importance; diverse perspectives, methods, experiences, knowledge and skills motivate employees to learn from one another, to take advantage of new ideas, and to develop new initiatives. The result is a competitive advantage derived from increased creativity and innovation. This is not just a matter of encouraging the development of products targeted to specific groups; it also stimulates a pro-

ductive problem-solving approach that opens up entirely new vistas. Achieving such openness to new ideas requires enormous effort, since both organizational structures and human nature tend to favor what is familiar. The corporate culture is of critical importance in making a spirit of change an integral part of the organization.

The purpose of compiling these real life examples

The Bertelsmann Stiftung study “International Status Quo of Cultural Diversity Management”, referred to above, showed that Germany has a long way to go in this area. Particularly striking was the finding that the effects of cultural diversity, and especially its economic benefits, are not well understood in our country. In this book, we have chosen to introduce the best practices of companies that are leading the way in cultural diversity management. Their experiences clearly demonstrate the synergy effects of cultural diversity – synergy in the sense of innovative solutions that could not be achieved by a homogeneous workforce.

In the following chapters, executives from human resources departments and other areas share what they have learned. The participating companies are 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 and Carlson Wagonlit Travel. We also conducted interviews with Prof. Eckard Minx (director of the Daimler Society and Technology Research Group), Michael Schmidt (member of the Board of Management of Deutsche BP AG), Ralf Kern (director of research at IBM Deutschland Entwicklung GmbH) und Dr. Taylor Cox, Jr. (a pioneering researcher on issues of diversity management), asking them about their personal experiences of and opinions on cultural diversity. Susanne Justesen and Eva Kaiser-Nolden address the question of what conditions are required for companies to be able to take advantage of diversity in order to pursue innovation, and they explore how best to measure whether those conditions are present.

Our thanks go to everyone who participated in our interviews and to all of the authors involved in this publication. They have made a significant contribution toward achieving the ideal of cultural diversity. ■

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New Perspectives through Diversity: Diversity Management at ARAMARK

“Our efforts at promoting diversity have had a favorable effect on issues like customer satisfaction, employee turnover and absenteeism.” ARAMARK

In the summer of 2005, the catering company ARAMARK officially identified the principle of international and multicultural diversity, one it had long lived by, as an explicit and comprehensive human resources and business strategy to be pursued throughout the company. Guided by the motto “New perspectives through diversity”, we are committed to recognizing and promoting the diversity of our employees and seeking to use that diversity to enhance our company’s strength. We have since taken a number of steps that have established diversity as a clearly visible corporate principle. Reflecting the success of these efforts, in November 2006, ARAMARK won the coveted “Caterer of the Year” award in recognition of its diversity management program.

Globalization provides an international and multicultural company like ARAMARK with a variety of opportunities: new markets, new business relationships, new networks. Today, broad-based success requires sensitivity to other cultures. A company that is committed to equal treatment for all is particularly attractive to employees from different cultural backgrounds. They feel respected and integrated and know that they have opportunities for advancement, which leads to increased effort, motivation and creativity. A culture of positive values also attracts potential employees who have valuable skills and inno-

vative ideas to contribute. For a company like ARAMARK, the economic benefits of cultural diversity are obvious.

ARAMARK introduced diversity management in 2005 as a way to creatively and productively tap this valuable resource. According to Uli Böpple, director of human resources, “The goal of our company’s diversity management is to encourage all of our employees to embrace the idea of diversity, to ensure respect for different cultures and values, and to promote these principles as we work with our partners, suppliers and customers.” As a first step, we issued “Against discrimination, in favor of diversity”, a statement outlining our commitment to diversity, which was affirmed by the Board of Directors and subsequently by every ARAMARK executive. They thereby committed themselves to fighting discrimination and showing respect for all employees, customers and suppliers, regardless of cultural background, nationality, ethnic origin, religion, world view, skin color, gender, age or disability. This commitment has now been signed by all 6,000 ARAMARK employees. In addition, ARAMARK has signed the Diversity Charter for German companies.



Promoting diversity and combating discrimination

ARAMARK has taken a number of measures to highlight the importance of mutual respect, which is critical to the company's long-term success. They include the following:

1. Measures for identifying and preventing discrimination
2. Measures for recognizing, promoting and tapping employee potential
3. Measures involving more than one area

The first category includes a review of employment contracts and collective wage agreements to eliminate any potentially discriminatory wording. Another important innovation was the establishment of a complaint hotline so that discrimination and other conflicts can be identified and resolved as soon as possible. In order to make use of our employees' hidden potential, we set up a database with information on their abilities and talents, such as foreign language skills and other expertise. This information can be helpful for assembling project teams, filling open positions or recruiting young talent or executive staff. The third category includes efforts to promote cooperation and to find ways of integrating foreign employees into the company.

Successful together: Best practices

Since launching our diversity management program in the summer of 2005, we have also conducted extensive training for employees at every level to explore the topic of diversity and increase sensitivity to and appreciation for personal differences. A variety of projects have been set up to identify employee potential, to increase motivation by showing appreciation and respect, and to make a real contribution to the company's success.

Example 1: A kitchen assistant from Thailand becomes a product developer and instructor

We were looking for employees from Thailand who could help us develop authentic sauces to use in dishes prepared in a wok. We found a Thai kitchen assistant in our catering service for Deutsche Bank in Frankfurt-Sossenheim who agreed to test and adjust our recipes and help us create Thai sauces. It was also evident that she would welcome new challenges. She was ultimately offered a job instructing the kitchen managers from the recipe team in authentic Thai cooking and working with them to develop recipes and cooking methods for a "Thai week" that ARAMARK held in its company restaurants all over Germany. Some of its culinary highlights have become a permanent part of these restaurants' menus.



Example 2: Success by focusing on customers and guests: Diversity at the Pirelli company

Our positive attitude toward diversity and our multicultural expertise enhance our active efforts to reach to our customers and guests. One of our customers, the Pirelli company, is an example of this. It turns out that surprisingly few employees were eating at the company restaurant, despite the wide variety of meals available. An analysis revealed the reason: Many of the company's employees were of Turkish origin. As Muslims, they eat only dishes that are "Halal" or permissible under Islamic law, which rules out pork, among other things. ARAMARK's on-site manager drew up a plan that would accommodate this group's dietary needs. Now Turkish employees can choose from meals with Halal certification as well as Turkish specialties like Adana kebab, lahmacun and borek. In addition, pork is now prepared and served separately from other types of meat.

The success of these changes has been reflected in increased traffic and sales. The average number of guests per day rose by nearly five percent in 2007 relative to the previous year. Sales went up as well, increasing by an impressive 8.9 percent.

Example 3: Overcoming language barriers: Employees' "diverse" involvement

Inspired by diversity training sessions she had attended, one of ARAMARK's district managers came up with a "diverse" idea for her customer's staff party: Prior to the event, she drew up a list of the nationalities of the customer's employees and found ARAMARK staff of the same nationalities to work at the party. Aside from its German employees, ARAMARK contributed a total of ten languages and nationalities to the event, with people from as diverse countries as Afghanistan, Bosnia, France and Poland. Every guest was sure to be understood, since our employees wore identifying tags with their country's flag, attached to a cord in Germany's colors of black, red and gold.

Conclusions and outlook

These are only a few examples of our many successes since we introduced our diversity management program. Another is our retraining project for inmates at the Cottbus correctional facility, in which aspiring cooks work together with ARAMARK trainees to prepare for the IHK (Chamber of Industry and Commerce) examination. We also had great success catering for the Soccer World Cup events in 2006, thanks to the team spirit and commitment of our international staff. In addition, many new customers have been won over by our international and multicultural approach, which allows us to tailor our staff, language and cuisine to the nationality, culture and related needs of each customer. Cultural diversity is a clear competitive advantage, one that ARAMARK will continue to make full use of in the future.

Our efforts at promoting diversity have had a favorable effect on issues like customer satisfaction, employee turnover and absenteeism. One of our next steps will be to introduce a balanced scorecard to monitor this success in quantitative terms. Against the background of current demographic trends, we will continue to focus on promoting cultural diversity – among our employees, customers and partners, as well as when planning our menus. In addition, we plan to devote more attention to the issues of aging and health management.

The success of diversity management crucially depends on the active support of all concerned. Our experience so far has shown that our personnel across the board affirm the ideal of diversity and are pursuing that ideal with motivation, conviction, creativity and enthusiasm. ■

Company:

ARAMARK Holdings GmbH & Co. KG

Industry:

Catering & Service Management

Author:

Victoria Kohler

Head of Diversity and Labor Law

Co-author:

Uli Böpple

Director of Human Resources

Employees in Germany (2006):

Approx. 6,000 from more than 95 countries

Homepage:

www.aramark.de

Synergy by diversity:

Customer focus and satisfaction

Target group-specific products

Opening up new markets

Increasing sales

Employee satisfaction and motivation

AY YILDIZ: The E-Plus Bilingual Approach to Reaching Turkish Customers

“Cultural and linguistic factors play a primary role in communication.” AY YILDIZ – E-Plus



German companies discover a new target group: Germany's Turkish population

Germany is now home to some 2.7 million Turks, who have become an integral part of German society. Having come to Germany in the 1950s and 1960s as “guest workers”, they occupy a wide variety of social and economic positions today and contribute a great deal to the country's cultural diversity and economic development. The three generations of Turks who now live in Germany have a combined purchasing power of approximately 17 billion euros – which makes them an increasingly interesting target group for German companies. Experience has shown that this group is willing to spend money, is open to new technologies, and is brand-conscious. This makes Turks living in Germany an attractive potential customer base not only for the IT and food sectors, but also for financial services and the fashion industry. Businesses like banks and insurance companies are increasingly tailoring their message to the Turkish culture in hopes of expanding their customer base. Other industries and companies are following suit. The ethnic market is booming.

E-Plus speaks Turkish: AY YILDIZ doguyor!

In 2005, even before it was clear that a boom was on the horizon, the E-Plus group was one

of the first German companies to recognize how significant ethnic Turks might be as potential customers. As part of its multi-market strategy, this Düsseldorf company launched AY YILDIZ, the first cellular telephone brand specifically intended for German residents of Turkish descent. This was a groundbreaking initiative, as the cell phone industry had never before offered products tailored to the needs of Turks in Germany. Two factors contributed to the success of AY YILDIZ: Its products were geared specifically to its target group, and it was a multicultural company with a bilingual corporate philosophy that permeated every aspect of its operations. Its sales, marketing, public relations and advertising are in tune with the demonstrative nature of the Turkish population and with Turkish values, traditions and history, but they are not designed to create a “parallel universe”.

To become and remain successful, AY YILDIZ had to develop its own unique way of communicating with its customers. Cultural and linguistic factors play a primary role in this connection. From its brand name (which means “moon and stars”) to its philosophy, from its marketing and commercial activities to its employee base, AY YILDIZ is Turkish in character, which is what sets the company apart and fosters its success. A company’s communications efforts always need to be aligned as closely as possible with the cul-

tural views of the respective target group. Thus, simply adapting existing E-Plus campaigns to Turkish consumers was not an option.

While ethnic Turks tend to be a self-contained group with a strong sense of community, they also want to be accepted as part of German society. On the other hand, they appreciate being addressed in Turkish. Doing justice to all of these considerations is a difficult balancing act, a challenge E-Plus was able to meet by launching AY YILDIZ.

The central role of bilingual communications

Language

Bilingual communications are central to the AL YILDIZ approach, and from the very beginning the company has used both the German and the Turkish languages. The core bilingual components include the company’s employees, service hotline, telephone answering system and point-of-sale service. The bilingual principle and the cultural approach extend into every department – whether it be sales, marketing, public relations, advertising or human resources – which enhances the credibility and accessibility of AL YILDIZ products for potential customers. All 30 members of the team are of Turkish descent, which means that they not only under-

stand the group they are targeting, but they are part of it and able to integrate Turkish culture into every department, for example through communications at the point of sale and Turkish humor, which infuses the company's advertising and marketing activities.

Because the Turkish media reach so many people of Turkish origin, they are especially important for multicultural companies. All AY YILDIZ press communications are released to the appropriate media outlets in both German and Turkish. Even the public relations department has a German-Turkish team available to answer journalists' questions. Marketing and sales activities are also conducted in both languages, as is advertising on the street. Ads in print media and on television are in either German or Turkish, depending on the media outlet. The bilingual principle makes it possible to reach all three generations of ethnic Turks. It also avoids the kind of split between Turks and Germans that might result if communications were monolingual.

Emotions

The appropriate emotional tone to take is quite different when addressing Germans and Turks. While Turks prefer a very personal approach, many Germans would regard this as an invasion of privacy. The dialogue in advertisements in the Turkish media establishes a personal relationship, which is essential in the Turkish culture. Both marketing and advertising are very emotional in nature – colorful, full of life, albeit for German sensibilities perhaps too sentimental or loud – and leave little distance between the advertiser and the potential consumer.

AY YILDIZ business activities reflect an awareness of the fact that ethnic Turks do not always

set clear boundaries between business and personal relationships. It is not unusual for AY YILDIZ press conferences during the month of Ramadan to conclude with a shared meal, allowing participants to break their fast together, or for the holiday proceeds from text messages to be donated to needy children in Turkey. Personal closeness, emotions, values like family and community are not merely part of the artificial world of advertising, they are reality – and they are essential for developing the sense of affinity among potential customers that leads to decisions to buy.

Social responsibility

Ethnic Turks have a pronounced sense of social responsibility, which is rooted in their traditions and religion. This, too, is reflected in AY YILDIZ. In 2006 AY YILDIZ established an initiative called "El ele" (hand in hand) aimed at facilitating communication between teachers and parents of Turkish children. A successful pilot program was conducted at two schools in Berlin and Frankfurt, and the initiative was expanded for the 2007/2008 school year to include three more schools. Initial responses indicate that this project has had a very positive effect on the image of AY YILDIZ throughout the Turkish community.

Conclusions

In the space of only two years, AY YILDIZ has achieved more than 80 percent name recognition among its target group. It has done so by continually stressing the special character of the AY YILDIZ brand, which stands not only for affordable cell phone service but also for sensitivity to Turkish life in Germany. Special rates for service along with bilingual marketing, PR and commercial activities have produced strong customer loyalty, which has, in a very short

period of time, led to the emergence of an independent AY YILDIZ community.

AY YILDIZ has established itself as a clearly defined cell phone brand under the umbrella of E-Plus market strategy. As the prototype of an ethnic company that is closely attuned to its target group, it is leading the way for other companies and has become an essential player in Turkish-German economic relations. ■

Company:

AY YILDIZ Communications GmbH
(wholly owned subsidiary of E-Plus
Mobilfunk GmbH & Co. KG)

Industry:

Cellular telephones/Telecommunications

Author:

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Employees in Germany (2006):

32

Homepage:

www.ayyildiz.de

Synergy by diversity:

Customer focus and satisfaction
Target group-specific products
Opening up new markets



Speaking of Diversity: Dr. Taylor Cox Jr. – Researcher, Consultant and Diversity Pioneer

“I believe the key is to create a team environment in which the potential problems of diversity are minimized while the potential benefits are unleashed.”

Dr. Taylor Cox Jr.

What does cultural diversity mean?

Cultural diversity is not as simple as just observing that all people are unique. It means that people have differences of social group identity, such as differences of national origin, race, gender, work specialization and so on, that represent social-cultural distinctions and that have significant impact on their life experiences, including work.

How do you personally deal with cultural differences?

In my own life I try (not fully successfully) ...
... to be proactive: People do not naturally welcome or seek out contact with other people whom they perceive to be culturally different, but because I value it, I try to proactively create and maintain contact with people who are unlike me in significant ways, such as education, social class, national origin or race.
... to make differences discussable: One of the worst barriers to positive cultural diversity is the unwillingness of people to openly talk about differences and the dynamics of cultural difference.

Without this kind of openness, the pitfalls of diversity are magnified and the potential benefits are less likely to be realized.

What are the key benefits of cultural diversity for companies?

The types and amount of potential benefit will vary depending on the type of company. For example, companies that market to end consumers have a huge incentive to maintain and leverage the insights from a diverse workforce to enhance their marketing strategies. This potential benefit is not nearly so potent for a firm with industrial customers.

Most organizations have a potential for creativity, innovation and problem-solving benefits from a diverse workforce, especially because some of the problems of organizations are intra-organizational “people” problems. An example of this is the challenge of creating new team structures from workers of two different organizations during mergers and acquisitions. Cultural diversity in people is highly correlated with language diversity. In a global economy,



Dr. Taylor Cox Jr. – Researcher, consultant and diversity pioneer

increasing the proportion of one's workforce that is multilingual is a significant resource and can be a competitive advantage.

Also, I think in most cases, being able to hire and retain people from the entire labor pool with equal success is a potential competitive advantage. The best and brightest are not overly concentrated in certain cultural groups.

How do we best respond to the dual forces of diverse teams (on one hand more complex and difficult, and on the other, potentially more creative and better problem solvers)?

I don't think of this in terms of finding an ideal level of diversity which balances the need for cooperation, common understanding, or goals and so on with the need for different perspectives and life experiences. Rather, I believe the key is to create a team environment in which the potential problems of diversity are minimized while the potential benefits are unleashed. This, of course, is the core goal of "managing diversity" efforts.

One of the most intriguing research studies along this line is the classic one of Harry Triandis and colleagues on diversity and problem solving done in the 1960s. They found that diverse teams actually performed worse on problem-solving tasks when they were untrained on their differences. With training, however, the diverse teams outperformed the homogeneous teams by a significant margin.

Is there any possibility for a return-on-investment calculation on the benefits of diversity?

In some cases, there are opportunities for this. For example, in a private publication ("The Economic Value of Diversity", August 2007), New York consulting firm Katzenbach Partners describes an energy company that derived a bottom-line benefit of 39–50 million dollars mostly by concerted efforts to tap an underserved Hispanic market in Texas.

As another example, when firms are able to reduce unwanted turnover or absenteeism through diversity-related interventions, the ratio

of cost savings to dollars invested can often produce highly positive returns. However, let me say that, in general, I am not a strong proponent of this kind of formal ROI analysis concerning diversity-related change efforts. My reasons are twofold. First, the isolation of specific effects of diversity-related change work on something as complicated as profits or net surpluses of firms is extremely difficult. Usually, too many things are changing at once to really know the impact of any one effort. Secondly, too much focus on this motive for diversity work takes attention away from what I believe are more straightforward reasons, such as to ensure fairness, to remove diversity-related barriers to productivity (such as stereotyping), and to reduce poverty (with all of its associated ills).

Is cultural diversity a relevant topic only for international organizations?

I think that clearly the challenges of cultural diversity are relevant within countries. For example, virtually all organizations have diversity of gender, work function, age cohort and other human group affiliations which have social

and cultural importance. Therefore, the basic tenets of the cultural diversity work are applicable domestically as well as internationally, and this is true not just here in the United States.

What are the most important points of a diversity management program?

First, the single most critical thing is senior leadership. This means being a visible and consistent communicator on the subject, role modeling diversity-supportive behaviors, integrating diversity management with other aspects of the business strategy and holding people accountable for the necessary organizational changes.

Second, one needs an ongoing education plan for the workforce for continuous learning about diversity dynamics and how to build diversity competence.

Third, diversity-relevant research should be reviewed and new research created to help build the case for investment in diversity interventions, to guide planning and to evaluate progress.

Fourth, all people-related practices and systems must be reviewed and changed as necessary to ensure that they are diversity supportive.

Finally, there must be sustained follow-through. This includes relentless implementation, accepting that the work is never finished and a commitment to continuous improvement on stated goals.

How does cultural diversity relate to other dimensions of diversity?

As indicated previously, I believe workplace diversity is about differences of social identity groups working together in a defined social system. If one adopts this approach, I would argue that nearly all workplace diversity is a form of “cultural” diversity in the sense that different social identity groups tend to have different norms of behavior and ways of thinking (that are related to their social-cultural group) in at least some areas that are relevant to work. The differences among groups are the source of both the potential drawbacks and the potential benefits of diversity in workgroups. ■

Dr. Taylor Cox Jr.

Former tenured professor of organizational behavior and human resource management at the University of Michigan, recently retired as an active professor. Founder and president of Taylor Cox and Associates, Inc., a research and consulting firm specializing in organization change and development work for clients with culturally diverse workforces and markets. One of his previous books, *Cultural Diversity in Organizations: Theory, Research, and Practice*, was a co-winner of the National Academy of Management’s 1994 Book Award. The prize is given to the book judged to have made the greatest contribution to the field of management science. He is known as one of the “diversity pioneers” in research and practice in the United States.

Diversity at Deutsche Bank: BANKAMIZ Provides Services for Turkish Customers in Germany

“Deutsche Bank was quick to recognize that true cultural diversity in the workplace – and the creativity it unleashes – is a breeding ground for fostering innovative ideas and finding optimum ways to meet customers’ needs.” **BANKAMIZ – Deutsche Bank**

Deutsche Bank is committed to promoting and strengthening diversity as an essential component of its future-oriented corporate culture. Diversity requires mutual respect and openness, as well as an appreciation for the unique character of each individual. Why does Deutsche Bank care about diversity? One reason is that as a global enterprise it employs some 75,000 people of more than 130 nationalities in 74 countries; it also serves a diverse group of customers in pursuing its own economic success.

Deutsche Bank recognized early on the potential that is inherent in diversity. It established a global diversity team in 1999 to carry out initiatives aimed at promoting diversity within the company. Its understanding of different cultures and the creativity that results from multicultural understanding have led to innovative ideas for solving problems. The benefits of the Deutsche Bank approach to diversity for its external affairs are reflected in its innovative target group marketing, which is a major factor in the company’s ongoing success. The diversity-conscious approach is a crucial part of the company’s corporate culture and management guidelines. One example of its commitment to this issue is the Diversity Charter for companies in Germany, which was initiated by Deutsche Bank and three other leading German companies in December of 2006.

Within Deutsche Bank, diversity management is regarded not simply as a project, but as a continuing responsibility to its employees and customers that provides valuable opportunities. It also offers a way to respond to social and economic changes and to devise customer-specific services in the light of those changes. Several of Deutsche Bank’s successful business ideas demonstrate the positive and innovative effects of its diversity management program. We describe below a new division of Deutsche Bank called BANKAMIZ (Turkish for “our bank”) which offers our Turkish private customers in Germany a range of banking services specifically geared to their needs. Our Turkish BANKAMIZ staff, all of whom are bilingual, have a unique opportunity to tailor their services to the lives and circumstances of their customers, who now include three generations of Turks in Germany.

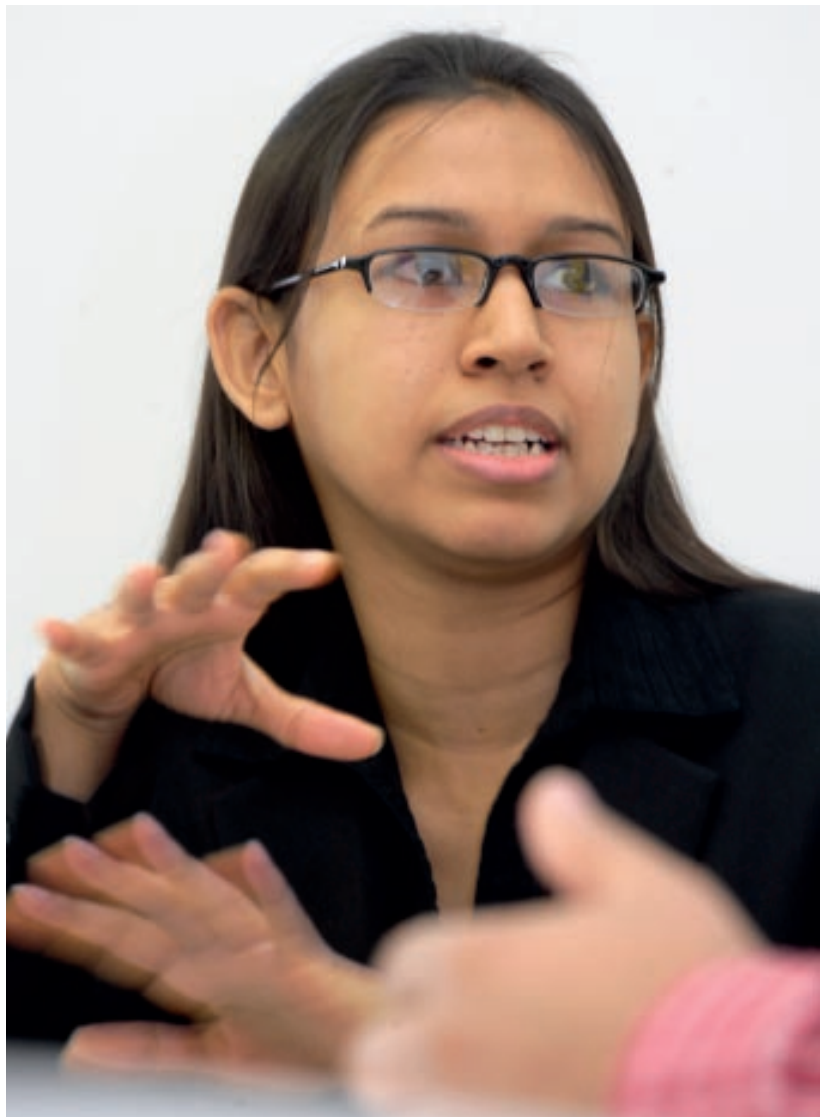
A combination of solid financial expertise, cultural sensitivity and language skills lays the groundwork for a relationship of mutual trust, with our BANKAMIZ personnel acting as a link between the bank and its customers. At the same time, our employees help to mediate between the German and Turkish cultures while also contributing to cultural diversity within the company; this in turn leads to innovative products and encourages more openness among

non-Turkish employees as well. The enthusiasm and passion of the Turkish employees and their entrepreneurial approach to seeking new customers enriches the atmosphere at the Deutsche Bank branches that offer BANKAMIZ.

BANKAMIZ is a response to changes in how Turks in Germany view their future

The last few years have seen a distinct change in the assumptions of Germany's Turkish population. The first generation of "guest workers" expected to stay in Germany only temporarily, intending to return to their families in Turkey after a few years. As it turned out, however, the center of their lives shifted to Germany, and their families came to join them. For most of the young people of the second and now third generations, there is no longer any question of returning to Turkey. They were born in Germany and regard Germany as their home – but Turkey as well. Turks in Germany find themselves part of two different cultures and find their own unique ways to balance these two worlds.

As these changes have occurred, the needs of the Turkish population in Germany for banking services have grown. It is no longer enough for us to offer simple and standardized "one size fits all" approaches that treat all customer groups alike. BANKAMIZ is Deutsche Bank's response to an increasing need for Turkish input into Germany's financial and economic world. BANKAMIZ offers its Turkish customers services tailored to their needs, while creating skilled jobs for Turks in the financial sector. This gives our customers and our employees a distinct sense of having finally arrived!



At present, 30 Deutsche Bank branches have highly qualified and competent Turkish senior customer service representatives. These employees speak the language of their Turkish customers and share their cultural background. They understand the needs and wishes of these customers and can offer them the most appropriate financial services to meet those needs.

Deutsche Bank's portfolio is constantly being expanded to include products specifically geared to the bank's Turkish customers. For example, certain BANKAMIZ branches offer special accounts with certain benefits and a bank card displaying the nazar boncuk "eye of Allah." In Turkey this motif is considered good luck in warding off harm and the "evil eye." Credit cards are also available with images from Turkey, such as a photograph of the Bosphorus Bridge in Istanbul. Developing these products requires in-depth cultural knowledge.

Along with providing Turkish advisors and specialized products, we take into account the mentality and needs of our Turkish customers in other ways. Central to our success is our targeted marketing of BANKAMIZ, which also requires Turkish expertise. We plan to begin promoting BANKAMIZ in the Turkish media in Germany in early 2008. The name Deutsche Bank will be mentioned in radio, television, and movie theater advertising and commercials, but the BANKAMIZ's special services and mission will also be highlighted. BANKAMIZ is already accessible via a Turkish call center and a bilingual BANKAMIZ Web page. In addition, we participate in local and regional events in the Turkish community, including everything from Turkish street fairs to providing Iftar meals, the traditional breaking of the fast, for customers during Ramadan.

Positive effects on business

What can we learn from one year of BANKAMIZ about the positive effects of cultural diversity at Deutsche Bank? First, a company that is not used to operating in and with a variety of cultures would have a very hard time implementing this sort of initiative. It should be kept in mind, however, that diversity is not the same thing as running an international business.

Diversity management means more than that. If companies are to be attractive employers, it is becoming more and more important for them to demonstrate their openness to new approaches and different ideas, and to show that they are really capable of integrating other cultures into their organizations, for example by setting up teams including members from a variety of countries. Companies that manage to do these things will thrive in a world marked by increasing internationalization and globalization, where customers' needs must be addressed in a very individualized way. Deutsche Bank was quick to recognize that true cultural diversity in the workplace – and the creativity it unleashes – is a breeding ground for fostering innovative ideas and finding optimum ways to meet customers' needs. The BANKAMIZ success demonstrates that it has chosen the right path. ■

Following customary usage by Turks in Germany, we use the terms "Turks" and "Turkish" here to refer to all Turkish or Turkish-speaking people as well as all individuals of Turkish origin, regardless of their citizenship.

**Company:**

Deutsche Bank – BANKAMIZ

Industry:

Financial services provider

Authors:

Ergün Akinci

Member of BANKAMIZ Board of Management

Dr. Patrik Pohl

Member of BANKAMIZ Board of Management

Tanja Wollenhaupt

BANKAMIZ Sales Strategy

Employees in Germany (2006):

26,401

Homepage:

www.deutsche-bank.de

www.bankamiz.de

Synergy by diversity

Customer focus and satisfaction

Target group-specific products

Opening up new markets

Increased sales

Employee satisfaction and motivation

Larger pool of applicants

Cultural Diversity at Carlson Wagonlit Travel: A Determining Factor for Success

“Cultural diversity means much more than the mere coexistence of different cultures and nationalities.”

Carlson Wagonlit Travel

Cultural diversity as a corporate value

Carlson Wagonlit Travel (CWT) provides services for business travelers throughout the world.

We handle the day-to-day aspects of business travel and provide support for effective travel management – such tasks as negotiating with service providers, optimizing internal processes, drawing up travel guidelines and providing for security during business trips. Diversity is part of life at CWT: Our customers are multinational and so are our corporate teams. While the business travel market is becoming increasingly standardized and globalized, it remains essential to recognize and encourage personal and cultural diversity, and to take active steps to incorporate diversity into our philosophy and business processes. It is only by upholding the principle of diversity within our company that we are able to encourage others to do the same.

Cultural diversity means much more than the mere coexistence of different cultures and nationalities. Cultural diversity encompasses not only nationality, but also religion, age, world view, education and sexual orientation. It shapes our private lives as well as the workplace. It is

a valuable resource that helps us to remain in tune with the market and our customers – although its significance often goes unrecognized. It can be an effective management tool with a positive effect on employees, customers and business partners.

However, an international study conducted by the Bertelsmann Stiftung’s Competence Center Corporate Culture / Leadership has shown that Germany lags behind every other European country in dealing with cultural diversity. Only 44 percent of German companies tap the potential of programs for managing cultural diversity, while 75 percent of European companies and an impressive 92 percent of American and British companies do so. Although German executives certainly recognize the benefits of these programs, they often stop short of making the principle of diversity a cornerstone of their corporate culture. At Carlson Wagonlit Travel, however, cultural diversity is the very foundation of our business as a global provider of services for business travelers. Without an appreciation for cultural diversity, we could not do business in this specialized market. Our customer base is international. We conduct negotiations all over



the world, not only with our customers – business travelers and their companies – but with other service providers as well. CWT employees develop thriving business relationships and conduct successful transactions because they all recognize and appreciate national, cultural and personal differences. This is reflected in the way our customers and business partners do business.

A very different aspect of cultural diversity involves the insecurities felt by many business travelers. They are anxious about exposing themselves to other cultures, different customs, and unfamiliar living conditions. An international CWT study of business travelers and corporate travel managers, called the CWT Business Travel Indicator, revealed that business travelers have qualms about traveling to certain regions. They worry particularly about the Middle East (74 percent of business travelers), Africa (53 percent), Latin America (46 percent), and the Asia-Pacific region (38 percent). It should come then as no surprise that safety and security are a crucial component of CWT's services. CWT offers a range of products and services to inform companies of potential risks and help locate and

assist travelers in crisis. CWT supplies clients with destination intelligence, travel alerts and incident reporting, to keep companies and their travelers informed of potential and actual risks before, during and after a business trip. CWT provides extensive information so that its customers can fully experience and appreciate cultural diversity. On the economic side, these efforts have led to increased customer satisfaction.

Cultural diversity within the company

Our employees' varied talents and skills allow us to take innovative and creative approaches, which benefit both our customers and the company. Every member of the corporate family is treated with respect.

Some examples of the effects of cultural diversity at CWT:

- CWT's teams are international: Our German locations alone bring together employees from 17 different countries. When discussions are held with customers or business partners from other countries, regions or cultures, we make sure to include employees who are familiar with the conditions in these regions

and understand the language. This creates an atmosphere of mutual trust and openness.

Effect: Our employees from different cultural backgrounds work with their German colleagues to develop innovative solutions for the benefit of the company.

- CWT University in Paris offers employees a comprehensive range of training programs, including cross-cultural training.

Effect: Cooperation and communication within our multicultural teams have improved substantially.

- We have affirmed that respect for cultural diversity is integral to our organization; CWT was the first German company in the travel sector to sign the Diversity Charter.

Effect: Our customers and employees have recognized that we are serious about this issue.

- At present, only one third of executive positions in Germany are held by women. CWT promotes effective communication and productive cooperation between men and women. One of our initiatives in this area is our Women@Work mentoring program: Women in positions of leadership at CWT offer support and advice to their female colleagues who are considering accepting executive positions.

Effect: Our female employees have become more motivated after recognizing that top positions are open to them, too. Nearly half of all executive positions at CWT are now held by women.

- CWT does not automatically exclude applicants for trainee and leadership positions because they lack formal qualifications such as a specific educational background. If they have the necessary skills, they are encouraged to apply even if they lack formal training.

Effect: We have found that, when hired, these employees are highly motivated and contribute greatly to the company; they recognize that

they have been given a unique opportunity and are all the more committed to their jobs.

- We offer our employees a variety of options for scheduling their work hours (part-time, job sharing, working from home). In this way we help them find an ideal work-life balance to suit their individual circumstances.

Effect: These options promote long-term performance, motivation and health among our employees.

- Under our corporate social responsibility program, all CWT employees are currently compiling best-practice examples, suggestions and proposals in response to the question “How can we embody the principles of cultural diversity within our company?” At the end of 2007 we will choose several of these to be implemented worldwide during 2008.

Effect: This initiative offers all of our employees an opportunity to participate in the diversity management program by contributing their ideas. They are the experts on cultural diversity. We are already receiving very creative suggestions.

Cultural diversity: A model for success

The changing composition of Germany’s population is reflected in our workforce. We work together successfully because we embrace our differences in gender, age, nationality and education, and put them to good use.

We also derive significant economic advantages from our support for cultural diversity. As a global travel management company, we can maintain successful relationships with our ‘international customers and business partners only if we recognize and appreciate the cultural differences we encounter every day, differences that continue to exist even in a world of increasing globalization. ■

**Company:**

Carlson Wagonlit Travel
CWT Beheermaatschappij B.V. Germany

Industry:

Travel services provider

Author:

Martina Egger
Vice President of Strategic Sales and Account
Management, Marketing Central and Eastern
Europe

Employees in Germany (2006):

696

Homepage:

www.carlsonwagonlit.com/de

Synergy by diversity:

Customer focus and satisfaction
Target group-specific products
Opening up new markets
Employee satisfaction and motivation

Speaking of Diversity: Michael Schmidt – Member of the Board of Management of Deutsche BP AG

“I can’t think of even one area – from accounting to marketing – that doesn’t benefit from diversity.”

Michael Schmidt

Mr. Schmidt, what has your personal experience been with cultural diversity?

I have spent my entire career as an international executive, and so I have always had contact with different kinds of people. I have found that different cultures give you different perspectives on an issue. You see it through different lenses. This helps you recognize problems or factors that your own cultural background would not allow you to see. The more different ways of looking at things, the better.

Could you give us some concrete examples?

International companies often assume that they can do things the same way everywhere in the world, for example in human resources. This goes smoothly 80 percent of the time, but in the remaining 20 percent of cases it simply doesn’t work. You have to be conscious of cultural differences when assessing risks or dealing with different ideas about power distances, for example. Being aware of such differences can also be economically profitable.

How does that work?

First of all, it is important to be nonjudgmental, in other words to avoid saying, “I think this kind of culturally determined behavior is good but

another kind is bad.” I have to take value judgments out of the picture and say instead, “This is just different, and that is a good thing.” I look at what is behind a given behavior, the messages it sends, but I don’t judge, and I adjust my own behavior accordingly. The most important thing is awareness: I need to make co-workers aware of what they don’t know and what they may be doing wrong – perhaps unconsciously – when they interact with people from another culture. Some people have initially complained that our diversity management program is just one more new initiative that means more work. But diversity management does not imply working more, but working differently. And when they recognize its economic benefits, employees are quickly won over.

Where does your company see these economic benefits most clearly?

I can’t think of even one area – from accounting to marketing – that doesn’t benefit from diversity. For example, we take advantage of our cultural diversity and our knowledge of diversity in designing the convenience stores attached to our gas stations. If you have a store in the Kreuzberg section of Berlin, for example, where many immigrants live, and the only meat you carry is pork, then it is obvious that business will not go well. An awareness of our Turkish customers’



Michael Schmidt –
Member of the Board of
Management of Deutsche
BP AG, Director of Human
Resources and Managing
Director of BP RP

preferences lets us respond appropriately. Differences in culture are one example, but we also take gender differences into account – we also consider women’s needs when we design our gas stations.

How about departments with less customer contact, like accounting?

At first glance, of course, cultural diversity would seem to be less important in these departments. But we need to keep in mind demographic trends and the resulting dearth of qualified personnel. Employees with an immigrant background and women in technical occupations offer an additional pool of potential employees.

What have you already accomplished in the area of diversity management, and what is next on the agenda?

One of our three major divisions, our marketing company, provides extensive training for recruiters to ensure that hiring is carried out as objectively as possible and that factors like an immigrant background are not considered a drawback. We are also working to include diversity as a consideration when hiring executives. Diversity management needs to be part of every process and every department. It cannot be

successful as an isolated program. This is why management has set certain goals, such as workshops on cultural diversity. However, we decided not to establish quotas.

Is diversity management relevant for small and medium-sized businesses as well, or does it only pay off for international companies like BP?

I would recommend it to any company, absolutely. My impression, though, is that some small and medium-sized enterprises take a very different view and assume that this is something that only concerns large international corporations. In companies like that, people who don’t fit the mold are often considered a nuisance. This is, of course, nothing new and not surprising, but companies miss out on a great deal by taking that attitude! ■

Michael Schmidt

Member of the Board of Management of Deutsche BP AG, Director of Human Resources and Managing Director of BP RP.

Since August 1, 2007, he has also headed BP Group’s HR Global Operations Europe.

Homepage: www.deutschebp.de/home.do

Cultural Diversity at Deutsche Telekom

“Diversity allows us to develop products and services that are specifically tailored to the increasingly specialized needs of our customers.” **Deutsche Telekom**



We uphold the principle of diversity in our workforce and the markets we serve. The success of Deutsche Telekom as an international company is closely associated with the diversity of its employees and markets. Demographic shifts, changing values, growing competition and an increasingly diverse customer base pose ever new challenges to our business. As one of Europe's largest telecommunications providers, Deutsche Telekom is represented in some 50 countries and employs 250,000 people, 80,000 of them outside of Germany. Accordingly, our company's employees come from socially and culturally diverse backgrounds. Our customers and business partners are increasingly diverse as well. We at Deutsche Telekom believe that it is very important to respect and appreciate every culture and to recognize diversity as a significant factor as we work to continue our economic success. Diversity is our watchword.

At Deutsche Telekom, diversity management means being open to a wide range of differences and remaining conscious of how they affect our interactions every day. But it involves more than simply recognizing and respecting such differences. It is a comprehensive approach based on mutual respect, a strategy that takes advantage of the strengths inherent in diversity – whether in terms of gender, age, sexual orientation, disability, ethnic heritage or culture.

In our efforts to promote diversity, we take into consideration each business unit's particular circumstances and Deutsche Telekom's special situation. Our goal is to be the most customer-friendly company in our industry. An appreciation for the diversity of our employees and customers brings us a good step closer to achieving that goal. Diversity allows us to develop products and services that are specifically tailored to the increasingly specialized needs of our customers.

Our diversity strategy

The comprehensive approach to diversity management in place today at Deutsche Telekom has a long history; it is rooted in our positive experiences with programs to promote the advancement of women and equal opportunity for all. Our diversity program officially began in 2004, the same year the Board of Management adopted a corporate policy that defined diversity and laid down binding guidelines for implementing the policy at national and international levels.

We identified the following steps for implementing our diversity strategy: "raising awareness", "experiencing diversity's benefits", "expanding skill sets" and "integrating diversity into corporate processes". Articles in employee periodicals, dedicated pages on the company intranet and afternoon programs devoted to this topic help to make employees more sensitive to issues of diversity. Special events and employee networks highlight the benefits of a diverse environment. With the help of workshops and e-learning options, our staff members develop the skills they need to work together with a

wide range of colleagues and to lead diverse groups. We review our internal processes to ensure that performance is the deciding factor in professional advancement and pay increases. Our strategy affirms the ideal of diversity in our company's everyday affairs and as an integral component of our corporate culture. In late 2006, Deutsche Telekom also issued a public pledge to uphold this ideal. As one of the four companies that initiated the Diversity Charter and one of the first to sign it, we are actively seeking to promote a corporate landscape and society marked by mutual respect and appreciation.

Cultivating an open atmosphere

Making use of personal and cultural differences in a positive way means recognizing and taking advantage of the diversity of our employees and what they have to offer. To that end, we have initiated a variety of activities aimed at making the ideal of diversity an integral part of our company's human resources processes. For example, the trainees at all of our sites engage in projects related to diversity. As part of the program "Training goes diverse", trainees developed a Web page for a Slovakian village, a project that helped to familiarize them with international business processes and gave them insight into dealing with different cultures. What they learned through this experience has also been helpful to them in their interactions with culturally diverse customers. Deutsche Telekom offers Internet-based diversity training programs for employees (e-diversity) as well as workshops for executives and expert staff. Feedback indi-



cates that these programs have increased awareness and knowledge of diversity. They provide tools for encouraging more positive behavior and facilitating cooperation with diverse colleagues and customers.

Diversity management at Deutsche Telekom reflects the multidimensional nature of diversity, which encompasses more than merely gender and age. In South Africa, for example, where black women in particular have historically been a disadvantaged group, T-Systems has helped young black women gain a foothold in the largely male-dominated IT industry. T-Systems founded Tirisano, an IT enterprise run by black women that gives women extensive training, along with the opportunity to become shareholders in the company and hence a voice in its future. This project contributes to the value chain and enhances the image of T-Systems, which is regarded as an attractive employer particularly by black workers because of its support for historically disadvantaged groups.

Equal opportunity for women and men is a focus of Deutsche Telekom's efforts to promote diversity. Cross-mentoring programs provide

additional opportunities for women to come together to discuss their experiences. Development programs give female executives new options for professional and personal advancement. Thanks to these and other initiatives, there has been a four percent increase in the number of women in executive positions over the past eight years, and their numbers continue to rise.

Success in our markets

Deutsche Telekom sees the diverse needs of individuals and cultural groups as an opportunity, and it focuses on a number of target groups. Multilingual services are available in some of its stores; for example, one Telekom shop in Berlin offers its customers products and services in six different languages. At the second-largest Telekom megastore, located in Cologne, customers can choose to have a Turkish-speaking staff member help them with their purchases or orders. Special cell phone offers are designed specifically for customers of Turkish origin; plans are available with reduced rates for calls to Turkey. In addition, T-Mobile offers an extensive range of ring tones, real tones and sound logos with a Turkish connec-

tion. Newly introduced flat country rates are a response to a demand for discounted calls to foreign countries (such as Russia, Turkey, Croatia, Romania) and have helped to expand our customer base. We have already seen sales to this group go up, and Deutsche Telekom has achieved higher name recognition among Turks.

Another example of Telekom's market-oriented diversity management is its "ethnic handbook", which underscores the importance of showing respect and consideration for other cultures. It points out, for example, that employees of Deutsche Telekom should remove their shoes when entering the home of a Muslim customer. It offers advice for dealing appropriately with surprising or disconcerting situations. One customer branch office established an intranet platform with interviews about how different people celebrate Christmas. These initiatives promote mutual understanding and sensitivity in a diverse environment. Feedback from our customers has been extremely positive. Satisfaction within the company has increased as well; the atmosphere in the workplace has improved as employees have gained confidence in dealing with other cultures.

Outlook

As we uphold the principle of diversity, we recognize and affirm the differences and commonalities among our employees, customers and business partners. This attitude is favorable to innovation and a customer-oriented approach. However, diversity management cannot be successful as an isolated strategy. Only by making it part of human resources and the corporate culture of Deutsche Telekom will we be able to use the potential of our employees and markets to the fullest. Our accomplishments in recent years have encouraged us to expand efforts to promote diversity, and we intend to provide the necessary tools for our employees and executives to take part in this process. It is crucial that everyone at Deutsche Telekom become involved. Promoting diversity requires active participation on the part of all concerned. ■

Company:

Deutsche Telekom AG

Industry:

Telecommunications, information technology

Author:

Maud Pagel
Head of Diversity at Deutsche Telekom

Employees in Germany (2006):

159,800

Homepage:

www.telekom.de

Synergy by diversity:

Customer focus and satisfaction
Target group-specific products
Opening up new markets
Employee satisfaction and motivation

METRO AG: A Head Start through Diversity. Diversity Management as Part of a Sustainable Human Resources Policy

“Borders may disappear, but cultural differences remain.” METRO AG

The METRO Group is one of the largest and most international commercial enterprises in the world. It currently employs some 270,000 people at more than 2,400 sites in 31 countries. Our employees come from over 150 nations; 140 countries are represented in Germany alone. We view this cultural diversity as an asset. Our business benefits from our employees’ diversity, both cultural and otherwise. Our employees, working every day at the interface between the company and its customers, are crucial to our success. With these things in mind, we have chosen the slogan “A head start through diversity” as our guiding principle.

It is our conviction that the diversity of METRO Group’s customers, whether in terms of their age, gender or ethnic origin, must be reflected in the composition of our staff. As a successful commercial enterprise dedicated to meeting the needs of a diverse customer base, the METRO Group needs to have an equally diverse group of employees and must cultivate an open-minded, tolerant and international culture of cooperation in its operations and stores.

We understand diversity to be more than just ethnic diversity; our corporate and personnel strategy is based on recognition of the entire spectrum of individual differences. However, we shall focus here on ethnic diversity for purposes of illustration.

Employees from an immigrant background

Demographic trends affect us through our customers and employees. We are dealing with an ever more diverse range of customers, one group being customers from an immigrant background, so we need employees from foreign and immigrant backgrounds who can mediate between cultures – people who can understand, advise and serve our diverse customers. Accordingly, the ethnic diversity of our customer base is reflected in the METRO Group’s personnel structure. Seven percent of a total of about 140,000 METRO Group employees in Germany and nine percent of our 8,600 trainees are foreign nationals. All told, more than 140 different nationalities are represented among METRO Group personnel in Germany. With roughly 20 percent of our employees coming from an immigrant background, our personnel structure reflects social reality. Our company’s employees offer valuable resources: Language skills, intercultural competence and the ability to interact and work with people from other cultures. We make good use of these resources.

In order to expand these assets, the METRO Group has committed itself to being an equal opportunity employer. It guarantees equal access and equal chances for advancement to all applicants and employees, regardless of gender, age



or ethnic origin, and encourages employees to cooperate with each other as partners in the workplace. This approach has enabled us to hire from a larger pool of potential employees and thus avoid a labor shortage. To underscore our commitment in this area, in 2007 we also signed the Diversity Charter for companies in Germany.

However, we need to take certain steps to integrate new employees from other cultures into our company, which is why we launched our “Newin” program in the summer of 2007. Its objective is to convey our corporate culture to newly hired colleagues, enabling them to communicate the company’s “spirit of commerce” to our customers. Under this program, new employees of the METRO Group (newcomers) have the opportunity to work with experienced colleagues (insiders) and reap the benefit of their insights, networks and experience. New employees are not the only ones to profit from this arrangement, our “insiders” also derive valuable information and intercultural skills from their new colleagues, particularly those from an immigrant background.

To further promote these skills among all of our staff, two years ago we designated “intercultural competence” as one of seven core competences to be considered when evaluating METRO Group executives and designing training programs. For several years now, English has been the common business language used within the Group.

With the help of events like our “workshop on the future”, the METRO Group is constantly looking for ways to make better use of its

employees’ cultural and ethnic diversity to achieve our corporate goals. These efforts have already shown some initial results, producing valuable ideas on such questions as how to improve our human resources activities and how to ensure that our products are culturally sensitive.

Customers from an immigrant background

Because customers from an immigrant background have different cultural experiences and attitudes, their way of life and consumption habits differ as well. Businesses must be capable of great flexibility, sensitivity and innovation to adjust to such differences. Borders may disappear, but cultural differences remain. Products will need to change to adjust to changes in population structure. We are already seeing ethnic product lines, particularly for Turkish and Eastern European customers. The expertise of our company’s culturally diverse personnel is extremely valuable in this context.

Using the resources provided by our staff, we have already achieved impressive success. One example is our intercultural competition entitled “Together: Commerce unites cultures”, which we launched in 2007 in Berlin as a pilot program. The competition has three main objectives:

1. Improving business relations with international customers,
2. Demonstrating that we value our employees by consulting them in their areas of expertise
3. Encouraging integration by assembling culturally diverse employee teams



Our goal was to motivate our employees to give more thought to these common issues in their lives and to encourage them to find solutions. We also hoped to link the areas of human relations and day-to-day business.

We are pleased to report that all of these goals have been achieved. A total of 100 employees met in 16 culturally diverse teams and formulated business ideas which were then presented to us. We received an extraordinarily broad range of suggestions. To list some examples: One idea was to include in our inventory selected bestselling products manufactured in different countries. It was also recommended that we consider our customers' purchasing habits when determining package size, and make sure to stock the appropriate sizes. In practical terms, this means offering large-scale packages and multiple-purchase discounts.

It was felt that a specifically ethnic presentation of goods was not necessary for the end customer, but that this sort of marketing would be a good idea when selling to wholesale customers. Another proposal was to offer multilingual in-store maps as an orientation aid, along with an electronic welcoming message in several languages. We were urged to participate in cultural events such as the Carnival of Cultures, a well-known street fair in Berlin, where customers and store employees might even cook together as a way of promoting closer relationships.

Another idea was to offer foreign customers the support of advisors from their own ethnic group; this idea has already been put into practice. In the METRO Cash & Carry stores in Berlin, for example, Italian, Turkish and Vietnamese restaurant owners are assisted by people who come from their own countries and speak the same

language; the advisors help them select items and inform them of new products. This service has received exceptionally positive feedback from our customers and has dramatically increased customer loyalty and satisfaction.

The strategy pursued by the METRO Group's human resources department is to secure and develop an employee base that is motivated and diverse, in terms of both age and ethnic origin. The Group has committed itself to a long-term course of proactively addressing the social challenges of demographic change with a view to finding positive solutions. Some may consider this a difficult and unpleasant course, since it requires a lasting change in our corporate culture and in the attitudes and behaviors of our employees. However, initial evidence has shown that this is the right path.

If we hope to meet the challenges of the future and reduce the potential risks of demographic change, while also taking advantage of the opportunities such change entails, there is no alternative to the course we have chosen. ■

Company:

METRO AG

Industry:

Retail sales

Author:

Rouben Halajian

Head of International Human Resources Policy

Number of employees in Germany (2006):

130,221

Homepage:

www.metrogroup.de

Synergy by diversity:

Customer focus and satisfaction

Target group-specific products

Opening up new markets

Employee satisfaction and motivation

Eva Kaiser-Nolden: Measurable Effects of Cultural Diversity on Company Performance

“A company needs to be actively engaged in creating the conditions that enable diversity to have a positive effect on a team’s success.” **Eva Kaiser-Nolden**

How does cultural diversity affect companies? And how can we measure whether cultural diversity leads to success?

Diversity can enhance creativity and innovation, but it may also heighten conflict and increase turnover. Research has shown both positive and negative effects on a group’s performance. The concrete effects of diversity on group performance depend primarily on two sets of influences. First, there are team processes such as individuals’ perceptions of themselves and their fellow team members, the kind of conflicts the team experiences, a sense of belonging and the motives for dealing with diversity. Second, the organizational context also affects the relationship between diversity and performance, for example the organization’s culture, the company’s business strategy and personnel guidelines and processes.

How do team processes affect the relationship between diversity and performance? If diversity is to enhance performance, there must be agreement between how individual team members view themselves and how others in the group perceive them. The members of the team size up each other in a process of identity negotiation, assessing such aspects as the skills each person brings to the group. The frequency, causes and types of conflicts experienced by the team are also of critical importance. If the members of a team have different areas of expertise, any conflicts tend to be productive and task-oriented. On the other hand, divergent values are more likely to lead to emotional conflict, which is detrimental to performance. Also important are cohesion and a sense of belonging. If employees identify strongly with their team, then cultural diversity means better performance. But if an individual’s identification with his or her own ethnic group takes precedence, the team’s performance will suffer.



Also significant, finally, are the reasons for focusing on interpersonal differences. If the goals are to recognize each person as an individual, promote integration and learn from others' skills and experiences, then a team's diversity can be beneficial over the long term. If the motivating factor is to avoid accusations of discrimination or to improve access to markets, diversity is less likely to produce positive results.

Accordingly, a company needs to be actively engaged in creating the conditions that enable

diversity to have a positive effect on a team's success. As a first step, the following questionnaire can be used to determine whether these conditions are present.

However, it is also important to determine a team's actual performance so that it can be compared with conditions within the team. Where can the necessary data be obtained? One option is to use indicators from the company's performance management system; the team's performance can be defined as the average of

No.	Question	Definitely agree	Agree somewhat	Neither agree nor disagree	Disagree somewhat	Definitely disagree
1	I have a good sense of my fellow team members, especially their strengths and weaknesses.					
2	The colleagues in my team have a good sense of me, especially my strengths and weaknesses.					
3	Our team often experiences conflicts, sometimes of an emotional nature.					
4	Our team rarely experiences conflicts.					
5	Our team rarely experiences conflicts, and when we do it is because we disagree about a substantive issue.					
6	I attach more importance to cohesion within my team than to solidarity with people from my country.					
7	Our team pays attention to the skills and experiences of each team member and to what we can learn from each other.					
8	Our team is careful not to discriminate against social minorities and to treat everyone fairly.					

individual performance assessments or the degree to which departmental goals have been achieved. Another fairly straightforward option is to use the standard human resources figures on turnover and absenteeism to assess individual working groups.

Finally, we need to determine how much cultural diversity actually exists. Cultural diversity may refer to nationality and language, but also to a company's culture or the culture of a single department. Nationality is too narrow a measure of cultural origin, since it fails to take into account individuals with an immigrant background. A pragmatic and relevant criterion in the work context would be the number of languages team members speak fluently.

The three factors thus identified – team processes (see questionnaire above), team results (team performance, turnover and absenteeism) and cultural diversity (e.g., the number of languages spoken fluently by team members) – can provide important insights about the progress and benefits of the company's diversity management (such as greater diversity and improved team results), and it can be useful to compare these with similar results from all of the relevant working groups.

To that end, a study design using an experimental and a control group would be particularly helpful. This involves determining the status quo, applying cultural diversity measures to a treatment group and comparing that group with an otherwise similar company unit. Confounding factors, which would bias the results of a conventional pre/post comparison, are kept relatively constant by this method.

The approach outlined above reduces the complex area of diversity management to its essential components and minimizes the time and effort required for companies to measure their results. ■

Additional literature:

Kochan, Thomas, et al. (2003): The Effects of Diversity on Business Performance: Report of the Diversity Research Network.

Centre for Strategy & Evaluation Services (2003): Methods and Indicators to Measure the Cost-Effectiveness of Diversity Policies in Enterprises. Final report.

Eva Kaiser-Nolden

Eva Kaiser-Nolden was responsible for the conceptual development of advisory and training services at Ford and provided strategic advice on diversity management to one of the world's largest providers of logistics services.

Homepage: www.way2vision.de



Cultural Mediators at ThyssenKrupp Steel AG

“We regard the interplay among diverse cultures as a strength and an opportunity to boost creativity and productivity.” ThyssenKrupp Steel AG

The Corporation

ThyssenKrupp Steel AG (TKS) is Germany’s largest steel manufacturer, producing approximately 14 million metric tons of crude steel each year. The company specializes in the manufacture and sale of high-grade flat products made from quality steel. Including the results of its subsidiaries in the service, finishing and processing sectors, ThyssenKrupp Steel sales reached € 10.7 billion during the past fiscal year (October 1, 2005, to September 30, 2006) and its employees numbered more than 38,000.

The company’s headquarters are in Duisburg, where it operates one of the world’s largest and most productive integrated steel plants. Other TKS production sites are located in several European countries, China, the United States and Mexico. An integrated steel plant with a projected capacity of five million tons of steel per year is currently under construction in Brazil.

ThyssenKrupp Steel’s most important customers are in the automobile and construction industries as well as the fields of mechanical engineering, packaging, and electrical and household appliances.

Corporate culture and cultural mediators at ThyssenKrupp Steel AG

“We regard the interplay among diverse cultures as a strength and an opportunity to boost creativity and productivity”, says Dieter Kroll, human resources director for ThyssenKrupp Steel AG. With headquarters in Duisburg, the company is located in a region that is home to a large number of immigrants, and this is reflected in the fact that roughly 16 percent of TKS employees come from an immigrant background. TKS has a long tradition of integrating foreign employees into its workforce. Its commitment to integration is manifested in its labor-management agreement regarding equal treatment for all, its participation in European initiatives like the Xenos Project (which IG Metall, the metalworkers’ trade union, was instrumental in launching) and its many training activities.

Intercultural competence is crucial to the success – both economic and otherwise – of a company with a multicultural workforce. This means being able to communicate with colleagues from different backgrounds, recognizing potential sources of conflict and developing a set of tools for resolving differences. This is where our cultural mediators come in. Their work focuses on the following:



1. Recognizing problem areas (raising awareness and sensitivity to potential problems)
2. Seeking nonviolent conflict resolution (clarifying issues, negotiating and proposing possible solutions)
3. Acting as an intermediary in day-to-day interactions
4. Raising employee awareness of potential conflicts stemming from cultural differences, with the goal of preventing such conflicts and strengthening the corporate culture

Training shop stewards to serve as cultural mediators

Since 2002, some 70 shop stewards at TKS have undergone training as cultural mediators. They

have learned to facilitate dialogue and handle conflicts arising from employees' diverse cultural backgrounds. A total of 120 hours of training are required, which sometimes necessitates changing vacation schedules or trading shifts, although the company makes every effort to allow time off for this purpose. The main topics dealt with during training include the following:

- _ Establishing and promoting a culture of mutual trust at work and in social interactions
- _ Creating a network of measures to ensure that conflicts are handled in a constructive manner
- _ Taking active steps to encourage communication
- _ Modeling constructive behavior in conflict situations



- _ Promoting civic engagement as a component of the corporate culture
- _ Identifying role models: Employees with successful careers who come from different cultural backgrounds

Everyone who has participated in this training is enthusiastic about the work of cultural mediation. Having been elected by their departments as shop stewards, they are a logical choice to serve in this capacity as well.

Cultural mediators: What they do and how they benefit the company's bottom line

One example: Our Muslim colleagues fast during Ramadan. In accordance with the rules of their faith, for 30 days they refrain from eating during the day and break their fast after sundown. This requires changes in the work routine, affecting the timing of employee breaks, for example. While it might appear a simple matter for colleagues to work out such adjustments among themselves, in fact cultural differences like this can lead to conflict.

This is the sort of situation addressed by cultural mediators. Before conflicts arise, they help to explain differences between cultures and build a foundation of mutual trust. As a result of their

efforts, culturally motivated conflicts have declined substantially. Work processes run smoothly when the members of a team work well together, resulting in increased productivity and profitability. The cultural mediators meet regularly to discuss their work and plan initiatives such as discussion evenings and cultural events, which are held in the company setting as well as in the city of Duisburg; these meetings contribute to the long-term success of this program.

The cultural mediators at TKS are currently addressing issues related to the new integrated steel plant currently being built in Brazil: Equal opportunity in the workplace, health and safety, and international standards for core working hours. Right now, Brazilian engineers, technicians and skilled workers are working with their colleagues at the Duisburg plant and undergoing further training. Integrating these Brazilian colleagues into their new surroundings, eliminating prejudices on both sides and creating an open working atmosphere are challenges for all TKS employees and are a particular responsibility for our cultural mediators.

To meet these challenges, cultural mediators need to be well informed. They took part in a one-week workshop on Brazil's geographical, political and social conditions and are now passing on what they have learned to their fellow employees, seeking to increase the flow of information in the plants and facilitate cooperation among multicultural colleagues. They are currently planning a German-Brazilian evening as an opportunity for people to become better acquainted and discuss their respective experiences. The goal is to promote team spirit and help both sides gain insight into culturally influenced behaviors, some of which they may have found irritating in the past.

Our colleagues from Duisburg and Brazil have the opportunity to share information with one another as they work together in a multicultural team. From the perspective of the company, it is very important to have this sort of ongoing exchange of know-how and to take advantage of

culture-specific skills and expertise. All of these factors play a role in ensuring a timely and successful startup of the Brazilian plant, which in turn will increase the profitability of the entire project.

Conclusions

In 2005, Peer Steinbrück, then minister president of North Rhine-Westphalia, awarded the Duisburg Prize for Tolerance and Civil Courage to the initiator of the cultural mediator project, Annegret Finke, who is also head of the shop stewards' committee, in recognition of the significant contribution made to society by the cultural mediators at TKS. She called the award "an honor and an incentive" and observed, "At the end of a shift, our cultural mediators do not leave their responsibilities behind at the plant with their hard hats – they take them along into society, into the neighborhood, into organizations and clubs."

Our cultural mediators are the concrete embodiment of ThyssenKrupp Steel's international and regional corporate culture. It is clear to TKS's leadership that the work done by these cultural mediators enhances the atmosphere at the workplace and promotes communication among employees, leading to greater efficiency and higher profits. ■

Company:

ThyssenKrupp Steel AG

Industry:

Steel

Author:

Ayten Hamdemir

Coordinator of Human Resources

Employees in Germany (2006):

38,000

Homepage:

www.thyssenkrupp-steel.de

Synergy by diversity:

Employee satisfaction and motivation

Conflict prevention

Cultural Diversity and Intercultural Competence at Festo AG & Co. KG: Ready for Global Cooperation

“Cultural diversity is already an aspect of many companies; the next step is to recognize it as a valuable resource and put it to good use.” **Festo AG & Co. KG**

Cultural diversity at Festo AG & Co. KG

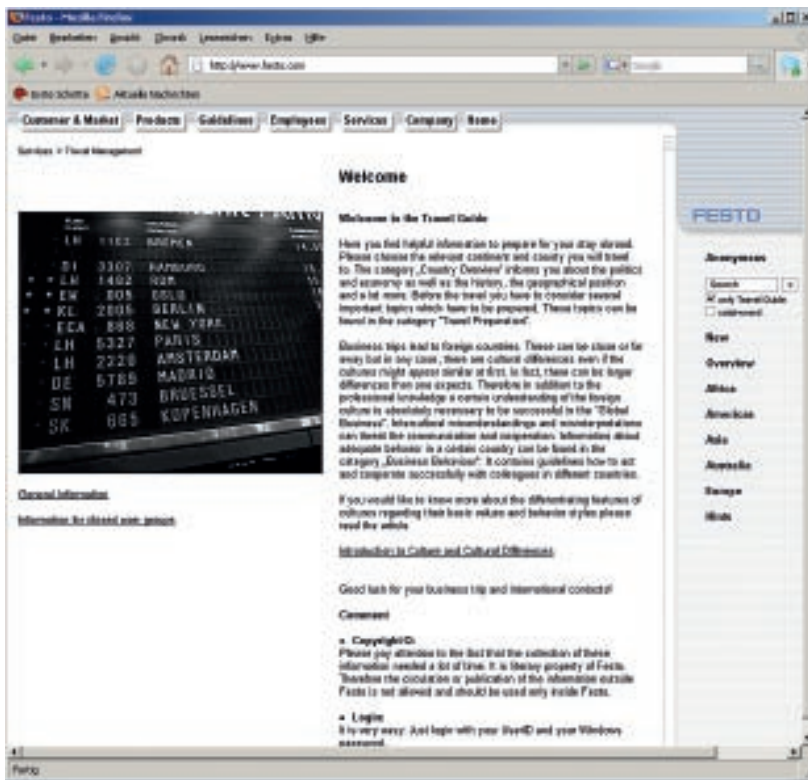
Festo AG was founded in 1925 as a family-owned business in Esslingen am Neckar, still home to its headquarters. Today Festo is one of the world's leading manufacturers of pneumatic and electrical automation technology. With 12,000 employees in 56 regional subsidiaries, we provide expert advice and professional support and service to more than 300,000 customer companies. Festo Didactic offers basic and further training on all aspects of automation technology, and its advisory services make it a valuable service provider for industrial customers.

A number of developments during the past few years have led Festo to attach increasing importance to cultural diversity and its management. As we have shifted from the role of component supplier to that of a partner in creating added value, we have developed a network of close links to customer processes. Our employees at home and abroad have more and more contact with each other. As research and development, logistics and production are carried out at the global level, there is a growing need for travel and on-site cooperation. Intercultural competence and cultural diversity within the organization are therefore indispensable.

Festo has responded to these developments in a number of ways. We have set up a Web-based information portal to assist our employees as they prepare for a foreign assignment. We have also developed programs aimed at providing information and raising employee awareness of the relevant issues, and we have organized training workshops focused on certain target groups. These are all part of a holistic approach at the operational level, aimed at increasing sensitivity, providing information and changing behavior.

Becoming more sensitive to cultural diversity

A variety of initiatives focused on cultural diversity and today's globalized world have been launched at Festo in an attempt to make intercultural learning an integral part of our corporate culture. For example, the “family day” we hold every two years included an exhibition devoted to the various cultures represented in our company. This gave our employees and their families a chance to learn more about their colleagues from other countries who now live and work in Germany. People from some 40 different countries are currently employed in a variety of positions at Festo; their country- and culture-specific insights are invaluable as our business becomes increasingly international.



Start page, Festo Travel Guide

Many of them contributed to this exhibition by providing information or materials for display. These materials offered visitors a new perspective on their knowledge of and experiences with other cultures. The exhibition was very well received, drawing an estimated 800 visitors seeking to know more about the diverse cultures represented at Festo. Since the response to the exhibition was so positive, we decided to initiate a series of such events, to be held at regular intervals, to examine aspects of various cultures.

Our Travel Guide provides valuable information for foreign assignments

We have set up an information portal on Festo's intranet called Travel Guide, which is intended to help our employees prepare for an assignment abroad. The portal is available to all Festo employees everywhere in the world in English; English is the company's second language, after German, and is used for our international communications.

The Travel Guide start page contains a link to a page called "Introduction to Culture and Cultural Differences."

The Travel Guide contains a description of each country where Festo maintains a regional subsidiary. In addition to providing basic informa-

tion the country (industry, politics, history, visa requirements, etc.), it addresses the topic of business behavior: How important is it to be on time? What should you keep in mind when you are invited to a business dinner or a dinner party? What considerations are important for successfully concluding a business transaction? How do you greet someone in Argentina or Turkey? It also provides helpful hints on appropriate business attire, preparing for and leading meetings, and conducting successful negotiations. Training staff and speakers will find advice on planning technical presentations to be given in another country.

Employee responses to the Travel Guide have been exceptionally positive. As one of our project engineers observed, "The Festo Travel Guide makes me feel more confident. Now I know what pitfalls to avoid." Another colleague added, "The Festo Travel Guide tells you what you need to know so that everything will go smoothly and helps you to understand other cultures."

The portal is no longer used only by those who will be traveling abroad, but also by employees in Germany whose jobs involve communications with other countries or hosting individuals or groups from abroad. They are particularly interested in information on national holidays,



welcoming rituals and recommendations for gifts.

The Travel Guide is a valuable tool for dealing with cultural diversity within the company, but it is also a multicultural accomplishment in itself: A number of employees from various cultures participated in editing the texts found on the portal, and the information pages were sent to the respective regional subsidiaries for corrections before being uploaded. This multistep, intercultural process ensured optimum quality and up-to-date information.

Changing behavior through training workshops

We decided to hold workshops geared to specific target groups in an effort to increase our employees' self-assurance as they interact with foreign colleagues and business partners. We chose the Goal Attainment Scaling (GAS) method, which allows us to determine the existing level of intercultural competence of Festo's employees and then to assess how much their skills have improved after they have participated in a workshop.

Four groups were identified to participate in training, ranging from employees who do not travel, but have international contacts, to executives with frequent assignments abroad. Interdisciplinary and intercultural teams set goals for each group. Participants filled out a

questionnaire on their existing intercultural skills; a comparison between their current situation and the desired level of competence formed the basis for planning the workshop.

The workshops included intercultural issues in oral and written communications, such as the proper form of address, how to deal with criticism and the respective culture's attitude toward time. Participants anticipating a foreign assignment focused on behavioral issues, using practical examples taken from the workplace. The goal was to gain skill in recognizing and resolving conflicts stemming from cultural differences. We relied mainly on the critical incident technique which was developed in the United States in the 1940s. Critical incidents are real-life events that have led to irritation, misunderstanding or conflict, causing confusion for the individual concerned. Such issues often stem from a clash of different values and norms underlying the words and actions of people from different cultures.

We made a point of including employees or training staff from the respective target culture in these workshops, which allowed us to obtain direct feedback from that culture's perspective and helped participants to recognize their own behavioral patterns. As one of our participants, from the international production support department, pointed out, "The role-playing we did during the workshop helped me realize how differently people from other cultures approach a task."

A comparison of intercultural skills before and after a workshop showed significant improvement. In all target groups a sizeable number of people reported having acquired new knowledge of other cultures. The workshops clearly provided their participants with new information,

but they also made them more open to thinking about situations in a foreign cultural environment that they might previously have been reluctant to address.

The importance of intercultural competence at Festo is also reflected in our “balanced score-card” (BSC), which identifies global and open thinking as a strategic goal, in keeping with the employee- or learning-based approach. Increasing intercultural competence is a significant step toward reaching that goal.

Conclusions

Developing intercultural competence is a central task for human resources as we become an ever more global and multicultural company. With greater competence in this area, our employees are more confident in their increasingly frequent interactions with people from other cultures, and this leads to greater success in their business dealings. As we seek to enhance intercultural competence within our company, however, it is important not to focus on one area to the exclusion of all others. We need to take a holistic approach, addressing the three aspects of “increasing sensitivity, providing information and changing behavior” as we work to change the corporate culture. Cultural diversity is already an aspect of many companies, the next step is to recognize it as a valuable resource and put it to good use. ■

Company:

FESTO AG & Co. KG

Industry:

Industrial and process automation;
basic and vocational training

Authors:

Yvonne Salazar
Training and Consulting
Marina Zavarzina
Training und Consulting

Employees (2006):

Approximately 12,000 employees worldwide,
roughly 50 percent of them in Germany

Homepage:

www.festo.de

Synergy by diversity:

Customer focus and satisfaction
Opening up new markets
Employee satisfaction and motivation

Susanne Justesen: The Important Role of Diversity in Innovation

“Be aware of the available diversity in a group.”

Susanne Justesen

Diversity is becoming increasingly important as a means for innovation in the business world of today. In this chapter I define diversity as the availability and use of multiple knowledge domains, which can be understood based on demographic, professional or cultural differences. In this definition, “chemical engineering”, “Danish”, “marketing”, and “woman” all represent different knowledge domains (differences) that may be available to a group. Each such knowledge domain thus represents a unique set of perspectives (ways of understanding the world or a given problem) and skills (ways of dealing with the world or solving a particular problem).

Some groups that I studied had more than thirty, even forty, different knowledge domains available to them within the group, but only made use of two or three of them. They were thus defined, according to the approach described above, as homogeneous groups – even if by most other standard measures of diversity they would be characterized as highly diverse. Another group had only ten knowledge domains available to them, but they actively made use of eight of these. According to my definition, such a group was much more diverse. Cultural diversity is therefore not merely about how many different cultures are represented in a group, but how the group applies and uses the knowledge (perspectives and skills) represented by each culture.

Innovative and not-innovative innovation processes

By focusing on the role of diversity in innovation in my studies, I have identified three different approaches to diversity: 1) innovative practice, where the group actively made use of a diversity of knowledge domains in its innovation process; 2) not-innovative, but learning practice, where the group grew increasingly homogeneous over time, but less experienced group members learned from more experienced group members, and 3) innovation processes that neither were innovative nor produced learning, because one or maybe two domains were allowed to dominate the group and thus quickly turned the group into a very homogeneous entity. In one group with members from four different countries, the Danish knowledge domain quickly grew to dominate other domains, and the skills and competences from other cultural knowledge domains remained largely unused.

Be aware of the available diversity in a group

We tend to assume that if we put together groups with a high degree of diversity, the diversity available is also used. But all too often, groups tend to make use of only a very small fraction of the knowledge domains available in the group.

If we want to manage diversity for innovation, we need to dedicate the necessary time and resources to a) identify the knowledge domains available within a group; b) ensure awareness among group members as to which knowledge domains they have access to within the group; and c) see to it that knowledge is exchanged and combined between the many different knowledge domains in the group.

Benefit actively from diversity in innovation processes

In the more successful groups, members were aggressively challenging each other, constantly and persistently, and they kept exchanging knowledge and viewpoints until they understood enough between them to be able to combine knowledge and experiences between domains, which is exactly what innovation is all about. In one of the groups studied, challenging and then combining highly specialized Japanese knowledge with highly specialized American knowledge proved crucial. In the process, team members came up with a radically new biotech solution.

In the less innovative (and more homogeneous) groups, people would tend to treat each other very nicely; group discipline was high; only one conversation would take place at any given time; people would nod politely and listen when

attitudes and viewpoints were being exchanged. Only rarely would group members actively challenge each other, because they simply agreed on many of the important issues. And how do you challenge the present if everyone agrees?

To ensure that decision-making in the innovation process is innovative, we need to challenge each other. Diversity thus not only makes different types of knowledge available, but also provides a natural playground for challenging each other. Diversity ensures conflicts, discussions and difficult decision-making – and cultural diversity even more so. If we do not challenge ourselves, and each other, we are more likely to reproduce the past rather than innovating the future. Diversity, and especially cultural diversity, is one of the primary means for us to do so. ■

Susanne Justesen, PhD

Innovation advisor in INNOVERSITY COPENHAGEN. Did a research project about the role of homogeneity and diversity in organizational innovation for her PhD at Copenhagen Business School.

Homepage: www.innoversity.org

Different? That's Good!

Diversity the IKEA Way

“We believe that the participation and cultural diversity of our employees are the keys to our future success.”

IKEA

The groundwork was laid back in 1943

IKEA's diversity management builds on its corporate culture. Well-known aspects of that culture include flat hierarchies and quick decision-making processes, as well as a first-name basis throughout the company. These things, however, reveal only part of the close relationship between management and employees and the success that IKEA has achieved.

The company's mission statement pledges to offer every employee an equal opportunity for professional and personal advancement, in the interest of creating a better everyday life “for ourselves and our customers.” “For ourselves” comes first, even before the company's customers, because we recognize that we can only be of benefit to our customers to the extent that our employees are part of the equation.

For IKEA, the term “culture” means more than just ethnic or national origin. Our day-to-day encounters with customers reveal differences in their family situations (for instance, whether or not they have children), where they live (urban or rural, apartment or house), their home region (Hamburg or Munich, for example), and so on. Moreover, experience has shown that stereotypes tend to lead to mistaken assumptions. For example, a furniture salesman is unlikely to

succeed in selling dark wood furniture and plaid upholstery in Munich, since – despite common misconceptions – Munich is a modern market.

Diversity management as a logical consequence

IKEA's diversity statement begins with these words: “IKEA is a value-oriented company founded on high ethical standards and humanist values. We are committed to a strong and vital IKEA culture. Our culture promotes the realization of the potential of every individual and appreciates the diversity of all people.” IKEA was one of the first international companies to formulate such a mission statement to guide its human resources department.

This international statement inspired IKEA organizations at the national level to begin collecting and analyzing data on their employees' backgrounds. It is now clear that it was the right decision to place responsibility for the implementation and design of the diversity management program with the country-level organizations. Social circumstances in each country have produced different results. In the Scandinavian countries, for example, there is no need to address the issues of childcare and a balance between family and work, although these are priority issues for IKEA in Germany.

Why should a company devote its energies and resources to this sort of management concept? In business, success is directly dependent on customers, and we cannot survive if customers choose not to buy our products. The range of differences in people's living situations includes their place of residence (urban, rural), their taste (traditional, modern), their ethnic background, age and so on. Customers who shop at our furniture store in Berlin-Spandau are not identical to those from Erfurt or Walldorf. All of these things need to be taken into account when we decide what products and services to offer.

Our first attempt to reach out to customers from a different cultural background proved unsuccessful. Our furniture stores showed rooms decorated in the "Oriental" style, which drew a large number of interested shoppers – but unfortunately not the Turkish customers we were hoping to attract. What had gone wrong? The interior designers involved in the planning were German, and they were showing their concept of Oriental decor. The conclusion to be drawn from this experience? We need designers from different cultures and backgrounds so that we can offer our customers a wide variety of options. If we lack diverse personnel, then we will not have the necessary sensitivity and cultural background to appeal to different groups.

Diversity as a challenge for the company

In a changing society, how is it that IKEA always seems to offer precisely what the customer wants? Only when our employees reflect the society around us and contribute insights from their own personal lives will our customers find just what they are looking for, products we hope





will enhance their lives. Thus the employees at the various IKEA sites are as diverse as their customers. It would be a serious flaw in our hiring policies if we failed to recruit Turkish staff to work in our furniture stores in Berlin-Spandau or the Frankfurt area.

In accordance with our philosophy, we also encourage our employees to become actively involved in promoting diversity. Each store has a diversity team made up of employees who have volunteered to help develop and implement programs geared to the local environment. One member of each group is chosen to participate in meetings at the national level. Their projects and ideas are presented in a kind of “swap meet” that allows participants to learn from each other. Employees take advantage of their own personal experiences in proposing projects, and their varied cultural backgrounds are a major advantage.

In one instance, a Turkish employee observed that many of her colleagues whose native language was not German failed to read posted notices or the internal IKEA newsletter. Her own experiences as a Turk in Germany had made her especially sensitive to this kind of problem. She came up with the idea of a mentoring program to promote reading skills in which two colleagues with the same native language (for example Turkish or Vietnamese) are paired with each other. They meet once a month for breakfast at the employees’ cafeteria. The German speaker tells his colleague about what is going on in the company, and they read newspapers and posters together. This idea was introduced at

the national meeting and can now be copied by other sites. It has helped to integrate colleagues who do not speak German; not only do they now have more access to information, but they are also better able to contribute to the day-to-day life of the company.

At the national level, a diversity officer collects into a handbook all of the ideas and programs contributed by the German sites. These projects are also posted on IKEA's intranet in what is known as the toolbox. Using search terms such as "parental leave" or "German as a foreign language", employees can find ideas, projects and activities, along with contact information, cost estimates and reports on others' experiences. Users can rate projects on a scale of one to five stars and add their comments. Employees are able to post new ideas whenever they like, which allows them to be disseminated and implemented throughout the company.

Implementation at work

Proposals for promoting cultural diversity range from simple "done in a day" ideas to changes in work procedures to long-term projects. Here are some examples:

Done in a day:

- _ Labeling meals in the employees' cafeteria to accommodate dietary restrictions (vegetarian, without pork).
- _ Offering meals outside normal cafeteria hours during Ramadan so that employees can eat after a day of fasting.
- _ Employees have flags on their name tags showing what languages they speak. A list

of all multilingual colleagues is available at every information stand, cash register and exchange desk so that help can be summoned in case of difficulty in communicating with a customer.

Changes in work procedures:

- _ The welcome folder for new employees includes both the diversity statement and the list of employee ideas in the appropriate foreign language.
- _ New colleagues are mentored by colleagues from their own culture.
- _ Company parties have culturally based themes.

Long-term projects:

- _ Promoting employee networks. IKEA personnel have founded the first intercultural and interreligious employee network in Germany, called MosaikCoolTour.
- _ A quarterly diversity magazine.
- _ Diversity management and antidiscrimination workshops as a regular part of executive training programs.

All of these measures have been developed in cooperation with the employee networks and are tested in at least one of our furniture stores before being included in the handbook or toolbox. We have found that these suggestions are readily accepted and implemented beyond the individual site.

However, activities aimed at promoting diversity are only one component of the work done by the employee networks. They devote just as much



effort to projects seeking to facilitate a balance between family and work, modules for promoting health, efforts to integrate the disabled, campaigns for equality for homosexuals, and many others. There is a wide range of ideas, and all of them are given equal consideration and support.

Outlook

We are confident that with the help of our employees, we will be able to continue to respond flexibly to social changes. Our annual employee surveys (with a participation rate of 80 percent) show that 78 percent of respondents believe that IKEA offers a positive environment for people of different backgrounds, attitudes and personalities, and that everyone is afforded equal access to further training and leadership positions. Agreement with these statements has been rising slowly but steadily, by one percentage point a year over the past three years. This reflects success in integration and appreciation for cultural diversity at IKEA.

The advantages for IKEA as a company are obvious: For years we have ranked number one in our customers' estimation – despite the fact that our society is constantly changing and the market is narrowing.

We believe that the participation and cultural diversity of our employees are the keys to our future success. We are reminded of the words of Ingvar Kamprad as we face the challenges to come, words that are very much in tune with our corporate culture: "Most things still remain to be done – a glorious future!" ■

Company:

IKEA Deutschland GmbH & Co. KG

Industry:

Furniture business

Author:

Xenia Mohr
Diversity Manager

Employees in Germany (2006):

12,444

Homepage:

www.ikea.de

Synergy by diversity:

Customer focus and satisfaction
Target group-specific products
Opening up new markets
Employee satisfaction and motivation

Western Union and Cultural Diversity

“Cultural diversity is no longer a question of whether, but of how.” Western Union

Western Union’s corporate philosophy and culture rest squarely on the principle that everyone around us, whether employees, customers or cooperating partners, is to be treated with equal respect and dignity, regardless of their ethnic or cultural origin, nationality, gender, religion, beliefs, values or world view. For Western Union, it is self-evident that cultural diversity is not just a factor to be kept in mind, it needs to be actively promoted. Our business model is predicated on the recognition that we live in a multicultural, globalized world. Thus cultural diversity is no longer a question of whether, but of how. Having understood that promoting cultural diversity is economically advantageous for us as a company, we face the question of how we can embrace diversity in our efforts to achieve international success as a provider of money transfer services.

Together with its affiliated companies Orlandi Valuta, Vigo and Pago Fácil, Western Union offers money transfer services at over 320,000 sites in 200 countries and regions. Because of our global presence, our international customer base is exceptionally diverse. Our customers in the “sending countries” are multicultural as well; most of them are immigrants living and working far away from home who send money back to their countries of origin to support their families and friends. Immigrant commu-

nities differ from country to country, and it is important to consider more than just cultural background when reaching out to potential customers. We also need to keep in mind their relationships to the host country and their current living situations. Their needs for financial services change with the length of their residence in their adopted country. Accordingly, our teams develop a separate strategy for each country, taking into account the unique features of each community.

The first decision to be made is the extent to which communications should be targeted to a given ethnic community; other questions include which messages to convey, what advertising motifs to use, and what community activities to support. Different services may be offered depending on the corridor (a term that refers to transfers between two countries, such as Germany – Turkey). Drawing up an individual strategy for each country obviously requires a great deal of time and effort, but it is worth it because it allows us to target our resources efficiently and results in a higher return on our investment. Western Union is recognized as a pioneer and expert in so-called ethnic marketing. For us, this means identifying, reflecting and reinforcing the unique features of a target group in our communications with that group.



Cultural diversity in the German market

The German market is not only very important to Western Union, but complicated as well. More than 15 percent of Germany's population comes from an immigrant background (German Federal Statistical Office 2006), and the demographic structure of this group is quite varied. There is no point in taking a one-size-fits-all approach when reaching out to different ethnic communities. And addressing only the largest immigrant groups – for example, concentrating on Turkish consumers – would mean ignoring a large part of our customer base. While Turks constitute the largest group of immigrants in Germany, they represent only a fraction of the total immigrant population. Indeed, it should be noted that recent years have brought larger numbers of immigrants from other countries, such as Poland.

We currently target over 55 nationalities in about 25 languages in our communications. Such cultural diversity requires a profound understanding of the environment in which our customers live and who they are, as well as close links to their daily lives. Only then will we be able to identify their constantly changing needs. In short, speaking the language of our customers and taking part in their communities are the cornerstones of our ethnic marketing strategy.

Speaking the language of our customers

This approach is rooted in an intensive dialogue with our employees, cooperating partners and customers. Since 2003, Western Union has been working with independent local ethnic advisors, known as community consultants, who serve as a link between our company and immigrant communities. The consultants are part of these communities and keep us abreast of opportunities for the company to serve as a sponsor, help us to include ethnic media in our customer relations activities, and provide feedback on needs that are relevant to the products we offer. We also expanded our team in Germany in 2003, which allowed us to diversify and optimize our marketing efforts. We are now able to individualize our activities and no longer need to focus as much attention on more general advertising.

All of our marketing staff in Germany is of foreign origin, and 11 nationalities and 18 languages are represented among the 32 employees at company headquarters in Frankfurt (worldwide: 5,900 employees from 70 countries). One of our first steps was to establish a multilingual customer hotline, which is currently available in nine languages. The cultural diversity of our employees helps bring us closer to our customers.



The benefits of culturally sensitive market research and communications

We have also invested more in ethnic market research in Germany over the past few years. Ethnic market research involves adapting the usual methods to the culture of the respondents (carrying out in-depth interviews in the respondent's native language and bearing in mind group-specific communication patterns and local circumstances). This is crucial when targeting products to the needs of certain communities. Our most recent market study showed that most immigrants have access to the Internet and that Internet use is on the rise, not least for communicating with loved ones at home.

As a result of these findings, we introduced our online money transfer service in Germany in 2007 and began to work with our largest sales partner, Postbank, to establish an online banking service for our customers with checking accounts.

In communicating with our customers, we take advantage of every relevant option in the local community. This includes traditional advertising in ethnic media and in public places with con-

siderable foot traffic, event marketing, cooperative initiatives with ethnic partners as well as ethnic public relations efforts and multilingual materials at the point of sale. Using feedback from our community consultants and market research, we carry out regular evaluations to determine how efficient and effective our activities have been. Our findings have encouraged us to make more use of new types of advertising over the past few years. In 2007, for example, we began to run commercials on foreign television stations that can be received by satellite in Germany. We have also expanded our cooperation with service providers in the tourist industry that concentrate on specific ethnic groups.

There is clear evidence that close ties to ethnic communities and insight into their local circumstances increase our understanding of our customers' needs. Since we began working with independent consultants, which has allowed us to target our marketing efforts more precisely, Western Union's market recognition among Germany's immigrant population has grown dramatically – among Turks by over 30 percentage points, among Serbs by nearly as much. The importance of market recognition, as opposed to

market presence, is reflected in statistics on new customers: 62 percent of new customers report that they learned of Western Union's services through word of mouth, only 43 percent through point-of-sale marketing and fewer still, 35 percent, through advertising. In order to expand our overall customer base, we are also investing heavily in efforts to promote customer loyalty, for example with a program that offers free telephone minutes and discounted fees.

We provide support for the cultural life of immigrants in Germany and seek to assist them in their daily lives as they navigate the difficult course between integration, on the one hand, and their own traditions and backgrounds on the other. Accordingly, many of our activities have a charitable component (cultural events, courses to promote integration, sponsorships). In 2007, we received an award from the embassy of Ghana in recognition of our support for the Ghanaian community in Germany. We have also joined the "Diversity as Opportunity" campaign. We are convinced that initiatives like these are not only welcomed by our customers, but also constitute an important and necessary contribution to society as a whole. We make it possible for immigrants to transfer money, mostly in small amounts, to support their loved ones at home. Our position as the market leader in international money transfers is proof that we have chosen the proper course.

Cultural diversity is a fundamental principle for Western Union. Our commitment to this ideal and our efforts to promote it, even going beyond our own business interests, is a major focus for Western Union and a significant factor as we compete with other companies. It is our conviction that as a globally active company we are responsible for conducting our business in a way that promotes sustainable development and contributes to a better society. ■

Company:

Western Union Deutschland

Industry:

Financial services

Author:

Claus Josten
Country Director

Employees in Germany (2006):

32

Homepage:

www.westernunion.de

Synergy by diversity:

Customer focus and satisfaction
Target group-specific products
Opening up new markets

Speaking of Diversity: Prof. Eckard Minx – Director of Daimler Society and Technology Research Group

“Globalization challenges us to question our attitudes. That’s why it’s so exciting!” Prof. Eckard Minx

Prof. Minx, your Society and Technology Research Group focuses on what your customers will look like in the future, how they will live, what stores they will shop in and how cars will be sold. What role do cultural differences play in this context? In other words, how culturally diverse will the cars of the future need to be?

There are two things we have to distinguish here: Before asking ourselves which regional characteristics need to be taken into consideration in developing new products, we first need to understand exactly what those regional characteristics are. To do so, we need people who have a very good understanding of a given culture; if possible they should themselves be from that culture.

This is becoming increasingly important in our research. It is like the question Galileo asked

long ago: “Do we need to look at nature or to read books about it?” I say, “We need to look at nature!” This requires people who can truly see and understand. The combination of technical expertise and cultural background knowledge is crucial. Our colleagues have these combined resources. But there is another dimension as well. One of our scholars wrote his dissertation on the question of how changes in cultural technologies, in this case PlayStation and similar devices, might affect the use of instruments in the cars of the future – this is at a different level, but it also means looking at the features of a specific culture.

Does that mean that people from the countries in question are also involved in your market analyses?

Not necessarily from those countries, but someone with knowledge of the region or country.



Prof. Eckard Minx – Director of Society and Technology Research Group, Daimler AG

It might also be someone who has acquired expertise or knowledge in some other way, for example in college or by living in the region for an extended period. Of course, it would be ideal to have someone from the area.

What are the challenges intercultural teams face?

To name one example: A major challenge is the language problem – when you are unable to communicate in your native language. For instance, at one point I used the word “okay” incorrectly when I was talking with my American colleagues. Much later one of them pointed this out to me and asked whether I was unaware that for them “okay” basically meant “I guess that’s all right, if you can’t think of anything better.” After that we reached an understanding about the use of the European “okay” and the American “okay.” This is just to say that you

need to make a conscious effort to agree on language so that teams will know what they are talking about. This is an issue that is often underestimated in terms of the time it takes and the possibility of misunderstandings.

In the case you just described there was some irritation, so you went over to the meta-level to reflect on what had occurred. How important is it for a team to engage in that kind of reflection?

It is essential if a team is to be successful. We have done that from the very beginning; even today, after working together for a good 14 years, we still sit down and reflect on our work on a regular basis. We discuss questions like these: What has improved? What is still causing difficulties? How can we find new ways of working together? More than anything else, it is important to be open and sensitive about stereotypes.



We think about these things as a team, focusing on the cultural characteristics of the regions in question, for example, but also on metaphors from the world of art.

Going back to the issue of culture: In connection with globalization there is the theory that business processes are becoming more uniform around the world, cultures are converging, and before long cultural differences may not even be an issue.

What do you think?

Timothy Ong, Brunei's representative to the Asia Pacific Economic Cooperation forum, has pointed out that what distinguishes Asians from the rest of the world is not so important. Rather, what is more important is what Asians have in common with everyone else. I agree that our commonalities are more important, but it is not always easy to identify them. It is only human to focus on differences. At a very early age we are already paying more attention to our differences than to the characteristics we share. Institutions are no different in this regard. When I look at manage-

ment theory, it often seems to be based on the assumption that we are all androids, basically identical whether we work in Europe, Africa or Asia. There is no doubt that it is easier to deal with things that are the same than with differences, especially since we often fail to understand those differences, and we may need to adapt without knowing what the consequences will be. This is why openness to cultural diversity continues to be critically important. Globalization challenges us to question our attitudes. That's why it's so exciting!

Diversity management tries to institutionalize an awareness of differences and commonalities as part of every business process. Do you think this is a good idea?

In order to anchor that awareness in people's minds, you have to keep the discussion going on all fronts, and make a real effort to bring them into the discussion. Little will happen if we leave these things to chance. So there is no question, I think conscious and deliberate diversity management is very important.

One final question: In your personal life, have you had any particularly significant experiences with cultural diversity?

Yes, there have been a number of relevant experiences in my family. Two examples: My grandfather was born in Ireland, although my grandparents spoke German at home. When I was a small child I thought that my grandmother was speaking English. She wasn't, though – it was Low German dialect. In spite of that misunderstanding, I came to appreciate at an early age the pleasure of understanding someone speaking another language. In the last several years my family has also had a very valuable experience sponsoring our South African “son” who joined our biological children as part of our family. He is now 17 years old and living in Cape Town, but we still see each other regularly. We feel as responsible for his development as we do for our own children. ■

Prof. Dr. Eckard Minx

Since 1992, Director of Daimler Society and Technology Research Group; member of the Executive Board of the Gottlieb Daimler and Karl Benz Foundation; holds a PhD and degrees in economics and business; Honorary Professor at the Berlin University of Applied Sciences (FHTW).

Cultural Diversity at MEDIA CONSULTA

“Specialized knowledge of the respective target country is essential for the success of our international projects and campaigns.” MEDIA CONSULTA

For MEDIA CONSULTA, integrating diversity is both a principle and a strategic approach. Since it was founded in 1993, MC – now the largest independent public relations and advertising agency in Germany – has sought to make communications more effective by bringing together all of the relevant disciplines. MC combines under one umbrella all aspects of modern communications – public relations, advertising and the media, corporate publishing, television production, interactive communications, event management, as well as sports, youth and music marketing – and devises integrated campaigns for customers from the worlds of business, politics, the media and sports. Employees from a variety of disciplines and fields have worked closely together from the very beginning. Given a corporate culture that has always sought to integrate diverse groups, it has been only logical to expand the agency’s efforts to include cultural diversity as well. MEDIA CONSULTA, with branches in Berlin and Cologne, has become a pan-European network with 44 subsidiary and affiliated agencies in all 27 EU countries, the EU candidate countries and every significant international economic center.

Greater knowledge through cultural diversity

Cultural diversity is by no means limited to our international subsidiaries and business partners. Of our 230 employees at MEDIA CONSULTA in Berlin and Cologne, 40 are citizens of countries other than Germany or come from a non-German background. With employees speaking 11 different native languages, from Dutch to Turkish to Russian, we can be assured of excellent communications with our international customers – and not only in terms of language. Specialized knowledge of the respective target country is essential for the success of our international projects and campaigns. Soft knowledge of the local culture is extremely helpful as well. Employees from the culture in question can provide us with soft knowledge, which ultimately benefits our customers. A relevant example is our team working with the EU Directorate General for Enlargement. Not only is this a very multicultural group – including a Frenchwoman, a Ukrainian, a Bulgarian woman who lived in Croatia for a number of years and three Germans, one of Czech ancestry – but it also has special connections to the Eastern European

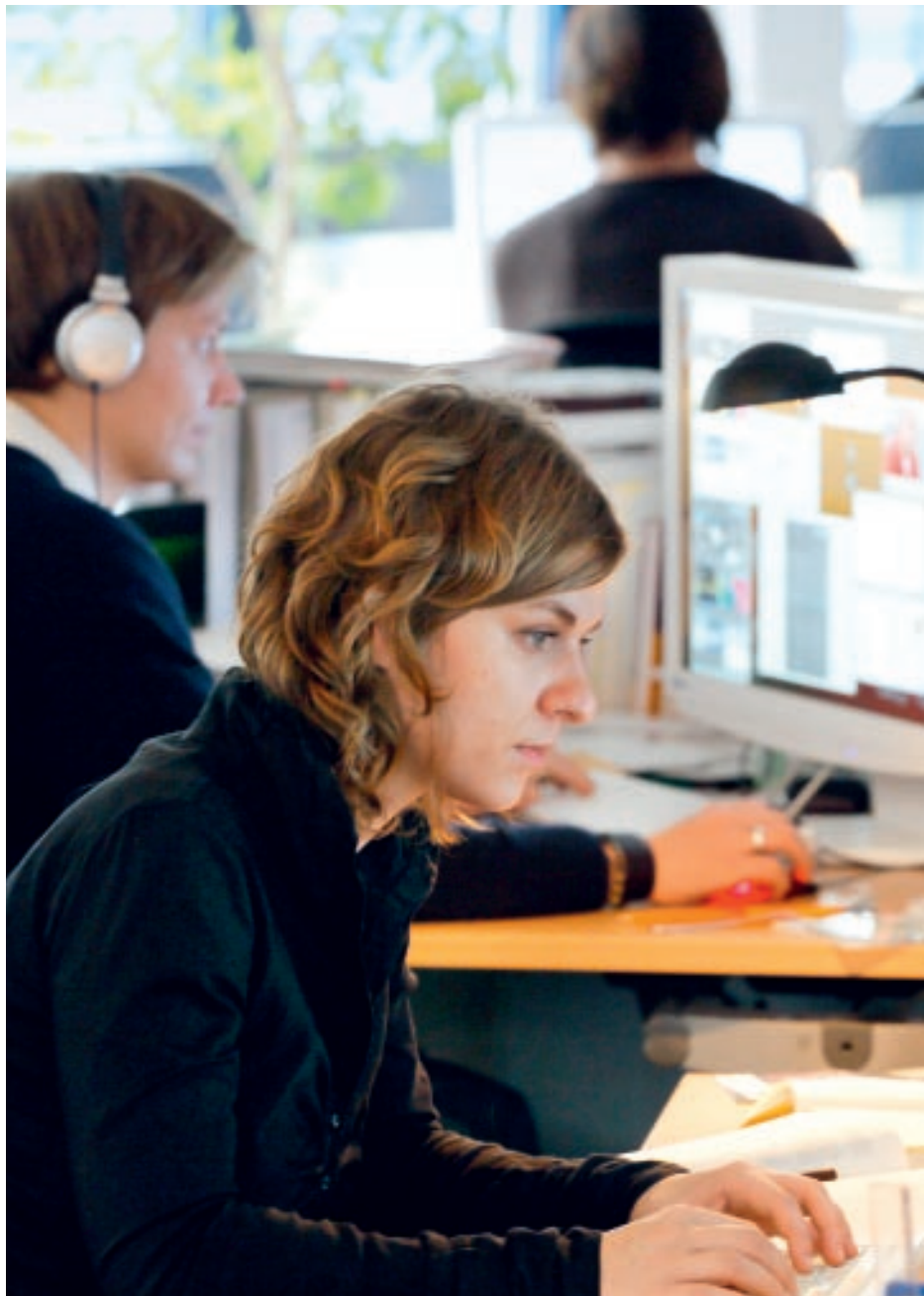
countries; the team's members are well versed about those countries and their cultures and able to ensure that their customers' needs are met.

The basis: Appreciating cultural diversity

As a result of our customer-focused approach, over the years MEDIA CONSULTA has come to view itself as a multicultural organization, which is reflected in its corporate statement on social responsibility: "MC is committed not only to working toward environmental protection, promoting health education, providing assistance to the Third World and supporting education and science, but also to the social goal of fighting discrimination", reads the statement, and we do more than pay lip service to these objectives. "More than a mere fig leaf, our social values are genuine guidelines for behavior throughout the MC network", observes Harald Zulauf, managing director and CEO. "Accordingly, our policy is to refuse any jobs that violate these principles." By signing the Diversity Charter, Harald Zulauf has committed MC to establishing a working environment within the network that is free of prejudice and marked by mutual respect and appreciation for every individual, regardless of gender, race, nationality, ethnicity, religion, worldview, disability, age, sexual orientation and identity.

Diverse customers, multi-cultural employee teams

MEDIA CONSULTA's customers have also taken note of its commitment to diversity; foremost among those customers are the German federal government and the EU Commission, whose official responsibilities include promoting respect



for diversity. They have chosen MC, the market leader in political communications, to conduct their relevant campaigns. The agency's multicultural background and its understanding of its mission underpin its extraordinarily successful public relations strategies and advertising campaigns, such as its campaign promoting the European Year of Intercultural Dialogue in 2008. "For the EU Commission, our credibility is based not only on the fact that we offer a large number of EU languages, but also on our multicultural team, which includes members from Finland, France and Germany", says team leader Yasmin Love, whose own background as a German-American with Korean ancestry reflects the agency's multicultural character. A Belgian and an American are among the staff members working on the EU information campaign "For diversity. Against discrimination." Chosen by the German government to publicize its National Integration Plan, MEDIA CONSULTA is also implementing its initiative called "Youth for Diversity, Tolerance and Democracy" aimed at fighting right-wing extremism.

The benefit for MEDIA CONSULTA: Multicultural teams enhance creativity

Who better to design hard-hitting, persuasive antidiscrimination campaigns than an agency with a multicultural staff? Who better to serve international institutions like the United Nations or the EU Commission than an international network like ours? The cultural diversity that gives MEDIA CONSULTA a competitive edge has blossomed from our consistent focus on our customers' needs. Economists are clearly on the mark when they point out that companies should reflect the diversity of their customers; internal diversity is a significant economic factor. Of course, in the service industry cultural diversity is most apparent in a company's dealings with the outside world. Thus it is not surprising that the highest percentage of non-German employ-

ees is found in departments like international public relations. One would expect to find less diversity in such areas as human resources, accounting or the central office. At MEDIA CONSULTA, however, even departments that have little contact with customers are far from homogeneous in their makeup, which demonstrates that our corporate culture of diversity is not based merely on a narrow calculation of our own self-interest. Rather, diversity has become part and parcel of how we work together.

In a communications agency, language has always been the catalyst that ignites this process. Whether the languages in question are based on the Roman alphabet or on characters or ideograms, a diverse cultural background leads to more creativity. In MC's design department, for example, our Korean employee Jin-A Ryou always seems to come up with creative ideas quite different from those of her colleagues. Multicultural teams have a similar effect in other departments as well, leading to a wider range of ideas. The economic benefits of such contributions are difficult to quantify, but in any case we experience them first hand every day at work.

Benefits do not emerge out of thin air: Steps for promoting cultural diversity

Knowledge of different cultures, foreign language skills and the appropriate social skills are essential for managing a pan-European network like MEDIA CONSULTA, and this also applies to its German headquarters. The qualifications required of employees, including German employees, have changed. Since not every colleague in Berlin or Cologne speaks German, team members sometimes speak English with each other. Printed materials and computer software need to be available in different languages. However, there are other challenges in addition to such workaday concerns. A lack



of fluency in German clearly interferes with how a colleague is integrated into a new living situation. We offer a number of programs at our own MC Academy to address such problems: language courses and workshops in German, English and French, as well as an “evening language corner” with lectures on politics, economics, the media and science, held in English or French.

The MC network exchange program offers even more opportunities for international and intercultural experiences. Employees from the level of junior advisor on up may work for up to three months at one of our 44 network agencies around the world, where they can gain professional experience, exchange information and expand their skills at working in an international context. At the same time, the program builds an international and intercultural network of personal relationships whose value, while difficult to quantify, can hardly be overestimated, given the ongoing task of integrating under a single umbrella all of the various communications services MEDIA CONSULTA provides to its customers. ■

Company:

MEDIA CONSULTA International Holding AG

Industry:

Advertising and public relations

Authors:

Ute Gunsenheimer

Managing Director

Helmut Spörl

Head of the Political Editorial Department

Employees in Germany (2007):

230

Homepage:

www.media-consulta.com

Synergy by diversity:

Customer focus and satisfaction

Target group-specific products

Opening up new markets

Employee satisfaction and motivation

Cultural Diversity – A Necessity? Experience of a Human Resources Manager at Siemens AG

“For global companies, there is no alternative to cultural diversity.” **Siemens AG**

For a number of years now, German companies, like their peers in other countries, have been expected to include an abundance of pictures in their business reports. Photographs of a diverse group of employees – of different ethnicities, ages, genders – are particularly important as a means of underscoring the company’s global potential. Do these pictures reflect reality? Is diversity the norm for German companies?

Understanding the political implications of antidiscrimination laws is certainly important – indeed, essential – in a company’s public presence not only in the United States, but also in the European Union. But does presenting a diverse image also benefit companies in a recognizable way? And can such benefits be achieved through action at the corporate level?

This chapter examines from the perspective of a human resources director the opportunities and risk of cultural diversity within a unit at Siemens AG headquarters. It is based on the experience of the author over a period of some 15 years spent in the field of international human resources. Among other assignments, he worked in Germany from 2000 to 2004 oversee-

ing employees from five countries (later seven) – cultural diversity at its best!

Global processes, global teams

Usually the issue of assembling multinational working groups is one confronting human resources staff when a company is in the process of harmonizing its global operations (for example, when introducing IT systems in a multinational corporation).

International teams may be warranted when a regional presence is needed, when seeking local acceptance for the company or when personnel cannot communicate in the local language and require someone who can in order to “open doors.” Members of such teams generally remain part of the chain of command of their respective organizations while being “only” under the functional authority of the respective process leader. The quotation marks reflect the fact that while this system reduces opportunities for access, it also makes it much more difficult to provide process leadership. The human resources organization we focus on here was charged with introducing an IT-supported management

development system worldwide and later implementing a leadership excellence system focusing on the same personnel. The system was developed by the company's international development experts under the leadership of the relevant technical department; all of the staff were German. The project managers directed the process in a centralized manner, taking advantage of the company's global resources and knowledge of regional factors.

The second step was to implement the system in more than 190 countries throughout the world. While the methodological (software-supported) approach was the same everywhere, the system required the use of local resources; hence, we had to convince first the regional human resources departments and then regional management that the project would benefit them locally. We decided to add a consulting role to the technical department's regular responsibility for corporate governance. In addition to technical expertise, this required considerable knowledge of regional and cultural differences. Accordingly, we set out to assemble a multinational team within the technical department in Germany.

Promoting integration in multinational teams

Members were selected based not only on their technical expertise in the field of management development, but also on their ethnic background and ability to serve as consultants. In accordance with the project plan, the initial focus was on Europe and Asia. All of the employees were recognized experts in their home countries (Argentina, England, Finland, Germany, India, Slovakia, Spain, the United States) – but in their native languages.

We had initially agreed to use English as our working language, which put team members on an unequal footing; native speakers of English had an advantage over their colleagues in terms of fluency and vocabulary. Meanwhile, several of the Germans felt that team members should



learn German if they were working in Germany, not least because they would be expected as human resources personnel to communicate with German employee representatives. So we arranged for German language classes. Since language classes only make sense if students practice what they have learned, some of the work meetings were then held in German – which in turn made the English speakers feel inadequate. Imagine language-conscious native speakers of English laboriously communicating in what they perceive to be inadequate German. All of this back and forth took time that we really could not spare.

It also became clear that our foreign colleagues had not left their cultural idiosyncrasies back in their home countries; for example, the Indians were firmly rooted in their caste identities (Brahmins and warriors), which sometimes made it difficult for them to accept each other. Moreover, we recognized very early on that equality between men and women is not a given in every culture, which complicated the team-building process.

All of these things meant devoting enormous amounts of time to bilateral discussions and coping with frustrations during the first phase of our work. However, more frequent contacts between team members outside of the work setting helped the teams to come together and increased their willingness to understand and accept their cultural differences. We also went back to using English as our working language, although German increasingly became the dominant language in private interactions.

The positive results of our on-site work as advisors helped us to forget all of these struggles; indeed, there was no alternative. Within a year and a half we succeeded in introducing a software-based central management development system in well over 100 countries as well as enlisting the necessary participation on site and acquiring the data we needed. The legal requirements of certain countries left us speechless, and we would never have achieved what we did without the excellent cooperation that went on between the central office and regional staff.

Leadership and cultural diversity

The tasks of managing this sort of organizational unit and assembling an international group of

employees pose certain challenges. Experience living in other countries and a willingness to engage constructively with foreign cultures are helpful. However, the fundamental requirements for intercultural cooperation are an awareness of differences, the ability to listen and observe, and – at least in the initial phase – the option of devoting twice the usual amount of time to personnel management. A lack of understanding of other people and their attitudes is not always the result of cultural differences, however. People from the same culture differ as well.

So what topics should be dealt with at regular employee meetings? Is the arrogance of one individual, which causes complaints from his peers, a function of a different culture or simply bad behavior? Is a failure to meet goals a result of an employee's unsatisfactory performance, or have unrealistic goals been set because the employee's culture frowns on voicing questions or reservations when goals are discussed with superiors? Is overactive participation in discussions a cultural issue, or is the employee in question simply an egomaniac who talks too much? Was the German employee rude to his Spanish colleague, or are we dealing here with a difference in mentalities? And is the conflict between the Belgian woman and her British colleague the result of a difficult romantic relationship, chauvinism or poor performance on the job? What if the executive sees a deadline looming, loses all patience with real or supposed cultural differences, and simply insists that certain goals be met?

The real benefits of cultural diversity will come only when employees are given latitude to take advantage of their strengths. This requires placing trust in employees' abilities, just as employees need to develop trust in their leadership. This managerial relationship, albeit perhaps more fragile among international teams, is fundamentally no different from a situation involving only German personnel.



The investment is worth it

For global companies, there is no alternative to cultural diversity. The only decision to be made, based on the task at hand, is what kind of cooperation should take place. Executives who head multicultural teams need solid preparation, particularly for the additional personal time and effort required. The distinct advantage of multicultural teams lies in their repertoire of behaviors, which allow for more creative options. Management personnel need to recognize and take advantage of those options. Anyone who has been part of a multicultural team will agree that this sort of cooperation produces in the group a high level of intrinsic motivation and performance. It is clear that the skills required to manage personnel effectively at the national level are applicable to an international team; they simply need to be employed in a more intensive and conscious way. ■

Company:

Siemens AG

Industry:

Electronics

Author:

Ralph-R. Küntscher

Until 2004, Vice President, Corporate Human Resources, Corporate Area Leadership, Development and Cooperation at Siemens AG. Today, owner of the consulting firm HR-Businesslink (www.hr-businesslink.com)

Siemens employees in Germany (2006):

160,000; worldwide 475,000

Homepage:

www.siemens.com

Synergy by diversity:

Customer focus and satisfaction

Creativity in team processes

Employee satisfaction and motivation

Speaking of Diversity: Ralf Kern – Director of Research at IBM Deutschland GmbH

“I believe that innovation and creativity are only possible through heterogeneity, by bringing together a variety of people with different opinions and different kinds of knowledge.” **Ralf Kern**

Cultural differences can play a major role in product development and design. How culturally diverse does something like software need to be?

My personal opinion is that software needs to be as diverse as the people who are going to use it. This poses a major challenge, and it is important that members of the development team have different approaches to gaining knowledge and come from backgrounds with different experiences. A culturally diverse team is better able to fulfill these requirements. However, it would be an oversimplification to assume that an individual from a given cultural background will necessarily have certain skills. People and cultures are more complicated than that.

What is your personal understanding of culture? Do you mean national culture, regional culture, organizational culture, individual culture? What is most striking for you as a team leader?

I am particularly aware of individual culture, but also of our strong corporate culture at IBM. Corporate culture sets a certain course;

the task, you might say, is to develop uniform values. When our executives interact with employees, I notice that they attach a great deal of importance to the individual's strengths and culture. Indeed, our management culture is all about strengthening the individual.

You head international teams and often work with teams in the United States. How important is it to have some background knowledge of the culture in question in order to design work processes that will be successful?

Knowledge of cultural factors is extremely important, since there are frequently differences in the way team members in the United States – to take one example – behave and interact with one another as compared with team members in Germany. They approach problems differently, often in a more playful manner. IBM offers a training program called “Shades of Blue” which is geared to executives involved in international work. The program helps to identify how certain people act and why. Among other things, it encourages participants to accept diversity, while at the same time they learn how to deal with differences and avoid misunderstandings.

Ralf Kern – Director of Research
at IBM Deutschland GmbH



It is important to be aware of these cultural differences. Knowledge and experience make it easier to work together with people from diverse cultural backgrounds.

Isn't it possible that providing information about cultural norms reinforces stereotypes?

It would be wrong to interpret everything in the light of cultural norms. To express it in terms of clichés, there are probably “Japanese Italians” and “Italian Japanese”, as well as Germans who act like Americans. These workshops are intended to expand horizons, and I personally have found them to be very helpful. One of the questions they address is “What does a word like “yes” mean for another culture?” But the first important step is to become more aware of your own culture and your own behavior.

When there are cultural differences in how the members of a team behave and how they approach problems, which culture wins out when it comes to international cooperation?

I would say that the result is a good mix. It depends on the makeup of the teams and how they reflect what is going on at the time, particularly with respect to intercultural cooperation.

Is there a certain point on the spectrum between complete heterogeneity and complete homogeneity that you would regard as ideal when assembling a team?

I believe that innovation and creativity are only possible through heterogeneity, by bringing together a variety of people with different opinions and different kinds of knowledge. The goal is to come up with truly original ideas. Diversity provides a team with new perspectives. In this sense homogeneity is a drawback. But when you are working on a product that needs to be of a certain quality and finished by a certain date, homogeneity can often be helpful. So a distinction should be made depending on the context and the specific requirements to be met.

Speaking of context: IBM is a large international corporation. To what extent is diversity management relevant for small and medium-sized businesses or for companies that are not involved in international cooperation?

I consider diversity management to be very important, particularly for creativity and innovation. As I pointed out earlier, diversity offers a team new perspectives. It is crucial for small

and medium-sized enterprises as well to deal with diversity, rather than to say, “I’m going to continue to do things as I always have”, in hopes that nothing will change. The world is moving faster and faster, the speed of change is accelerating, and diversity is the only answer.

How do you personally deal with cultural differences?

I find it incredibly exciting and positive to see this kind of cultural diversity, which allows you to see things you might otherwise fail to recognize. Of course it can be hard work at times, but it is always productive. ■

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Synergy by Diversity: Our Conclusions

The companies represented in this volume have shown how they value, promote and make use of cultural diversity. Their activities in this area span a wide range, as do the economic benefits they derive from that diversity. We can draw a number of interesting conclusions:

Diversity: A fact, a challenge and an opportunity

All of these reports have one thing in common: They underscore the importance of cultural diversity as a challenge and (economic) factor for the future and stress the need for a proactive approach to this issue. These companies see no alternative to integration and making use of the cultural diversity that exists in and around their organizations. They emphasize the fact that their customers, markets, employees and business partners are all culturally diverse. This is not only a challenge, but an opportunity, as we see from the positive effects of diversity described here: New markets have been opened up, organizational structures and leadership styles have changed, employee satisfaction has increased, innovative products have been developed – each of these companies highlights diversity as a competitive advantage. This supports the business case that researchers have made for diversity management – the economic benefits of diversity – as a driving force that leads to proactive initiatives. It also shows that these

companies go beyond the discrimination and fairness approach mentioned in our introduction that restricts itself to equal opportunity and does not yet recognize the potential of diversity.

We should also note that the authors have not focused on quantifying the benefits of diversity, but have instead presented qualitative arguments. It is difficult to identify precisely what cultural diversity means in monetary terms, but it is possible in some cases, for example, to calculate the additional sales made to certain target groups. It would be helpful if economists were to conduct further research into the benefits of cultural diversity in the workplace and the necessary conditions for reaping those benefits. As the saying goes, “What gets measured gets done!”

What kinds of synergy could diversity generate in your company?

The market

Our examples show a strong trend toward the market access and legitimacy approach, also mentioned in the introduction, which stresses a customer focus and cultural diversity as a tool for opening up new markets. Companies “mirror” their customers (for example ethnic Turks), using their employees’ cultural expertise to anticipate their customers’ needs and to establish a particular image. This approach is common among companies that deal with consumer



goods and have a culturally diverse customer base. The economic advantages, as described in this volume, are quickly apparent: New markets, higher name recognition among the respective target group, products and designs that speak more than one “language” – appealing to Turks as well as Germans, for example. However, in order to promote and make good use of cultural diversity throughout a company, it is important that employees from immigrant backgrounds are not limited to working with certain “niche markets.” Culture is not the only factor to be taken into consideration. This is where

the third option, the learning and effectiveness approach, comes into play. Here the entire organization learns to understand and deal with diversity. This approach requires an open and tolerant corporate culture, with structures, processes and self-image in tune with a diverse environment. There is already some evidence that this kind of a corporate culture is emerging in the companies described here, all of which could be considered pioneers exploring diversity. **Which new markets can your company open up?**



Diversity within diversity

What do we mean when we talk about the German consumer or the Turkish employee? The examples presented in this volume demonstrate that companies are able to differentiate not only between groups, but also within groups. Groups defined by cultural criteria are not homogeneous; they differ in terms of their members' age, gender, consumption patterns, income, education, leisure activities, and so on. As a consumer, does a 15-year-old native German have more in common with a 15-year-old immigrant or with a 70-year-old native German? In order to implement a successful diversity management policy, we need to keep in mind the many aspects that make up each individual. Culture is only one of many possible differences. If we fail to recognize this, we risk creating stereotypes, which can have negative consequences for all concerned and prevent a company from reaping the benefits of cultural diversity. The companies involved in this project often indicate that they view cultural diversity in the context of other factors, such as age and gender. It is also clear from their practical examples that they do not think of "culture" exclusively as the culture of a specific country. They make other distinctions – for example, taking into account regional differences within a country or identifying cultural diversity in terms of language skills – rather than reducing cultural diversity to the issue of national culture alone.

What differences are most significant for your company?

A holistic strategy rather than isolated measures

Many of our authors mention concrete initiatives like training courses and workshops, which underscores the fact that the benefits of cultural diversity do not simply appear of their own accord from one day to the next. It is crucial to take action. Company processes, structures, hiring procedures, personnel development, product development and the corporate mission statement – all of these and more need to be examined through the lens of diversity. Which structures hinder rather than help? How can we create the conditions that will support heterogeneous teams, particularly during the initial team-building phase? The list of questions is long, but one thing is clear: Cultural diversity management means more than merely the existence of diversity or making haphazard attempts to promote and utilize that diversity. It requires a holistic corporate strategy. All of the companies highlighted in this project have embedded their initiatives in an overarching strategy that encompasses the executive suites as well as the lower levels of the hierarchy. The Bertelsmann Stiftung study cited in the introduction also emphasizes the importance of coordinated and sustained action as part of a comprehensive strategic program.

How can you actively encourage and take advantage of diversity in your company?

Support at the executive level

The executives quoted in these pages have stated quite clearly that they are consciously engaged in promoting and managing cultural diversity. They take a top-down approach, characterized by active communications, workshops for management teams, set targets, links from diversity management to strategic management, and so on. It is, after all, the leaders who set the guidelines and allocate the resources. Several also point out the need for a bottom-up process – providing channels for feedback, organizing competitions, forming networks – to encourage the lower levels of the hierarchy to become involved as well. All of these are crucial to successful diversity management.

Are your company's leaders also leaders in diversity management?

Twelve perspectives

We could go on at great length about some of the points made by our guest authors – the target groups and cultures involved, the benefits of cultural diversity, the activities in which companies are engaged, and much more. But one thing is clear: Each of these companies knows that cultural diversity gives them a competitive edge. Each of these companies has discovered synergy by diversity!

It is our hope that you, the reader, will be inspired by the examples presented here. Perhaps your company, too, will be motivated to take advantage of the synergy that cultural diversity can bring to an organization. ■

Dominik Sandner, Petra Köppel

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Information and Initiatives

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www.synergy-by-diversity.de

Charta der Vielfalt
www.vielfalt-als-chance.de

EU Campaign: For diversity.
Against discrimination
www.stop-discrimination.info

European Year of Intercultural Dialogue 2008
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Heinrich Böll Stiftung, Project "Migration –
Integration – Diversity"
www.migration-boell.de

International Society for Diversity Management
www.idm-diversity.org

Society for Intercultural Education, Training
And Research
www.sietar.org

XENOS – Living and Working in Diversity
www.xenos-de.de/Xenos/Navigation/english.html

Impressum

Publisher:**Bertelsmann Stiftung**

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Production:

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Brahmsplatz 1/3
1040 Vienna
Austria
www.prove.at

Content editing and coordination:

Dominik Sandner

Content consulting:

Peter Grundner

Copy editing:

Ingrid Draxl, Doris Fina,
Rudolf Jan Gajdacz (team 4media&event)

Translation:

German Language Services, Seattle

Design and typesetting:

Pia Glombiewski,
Artgerecht Werbeagentur, Bielefeld
Markus Diekmann, Grafik Design, Bielefeld

Illustration credits:

Thomas Kunsch, Bielefeld
Photo Disc

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