

Key Findings in Brief

The 2018 Reinhard Mohn Prize on "Living Diversity – Shaping Society" is meant to bring new momentum and perspectives to how Germany lives diversity and shapes society. The present study "The Diversity Factor – How Cultural Diversity Impacts Innovations in Germany" examines the question of whether and how cultural diversity affects the innovative power of both companies and society. There is much to suggest that a culturally diverse workforce – e.g. people with different experiences, mindsets and interpretive contexts – fosters creativity and innovation.

The current publication is based on evaluations of empirical studies that examine the correlation between cultural diversity and innovation. This analysis of the literature was carried out using a narrow definition of cultural diversity, one that includes, in particular, the dimensions of "ethnicity," "religion/world view" and "nationality." Innovation was measured in each study based on the number of patents, patent citations or companies' self-assessments of their product and process innovations or overall factor productivity. The results of this research were then considered more deeply in interviews and conversations with business experts, public administrators and civil society leaders.

Key findings

- There are few empiric studies on how cultural diversity in Germany affects the innovative power of businesses and the country's various regions.
- Most of these studies suggest a positive correlation between cultural diversity and innovation.
- Some studies show that the correlation between cultural diversity and innovation is stronger than for other diversity indicators (e.g. age and gender).
- Immigrants' qualifications influence the correlation between cultural diversity and innovation, with higher qualifications exhibiting a greater positive correlation.
- The more diverse a team is in terms of its members' native countries, the more positive the impact on innovative power.

- The positive correlation between cultural diversity and innovation is most apparent in studies that examine cultural diversity at the level of corporate boards and senior management.
- Companies that actively engage in diversity management generally do so by taking all diversity characteristics into account (e.g. age and gender in addition to heritage/ nationality).

Based on the results of the individual primary studies along with the interviews and talks with business experts, the following recommendations can be made:

- Not only should businesses engage in diversity management that focuses on cultural
 diversity, so should communities and regions. Diversity management of this sort should
 be seen as an interdisciplinary task that actors from the business community, political
 sphere, public administration and civil society should all address to the same degree.
- An exchange of experiences on diversity management should be promoted, especially among small and midsized companies, but also among communities and regions.
- Immigrants should be supported in gaining higher qualifications, for example through further training, in order to make optimal use of the diversity factor.

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