



Why Diversity Matters

A glance at diversity in Germany and China, and why a stronger link between diversity and business performance deserves greater focus



Johanna Stepan
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In the course of StarRides' development, diversity has proven to be one of the most critical factors for success. First, the diverse ideas that come from having two joint venture partners, the China-based Geely Group and the German Daimler AG. When combined, the partnership proved to be advantageous when entering the premium ride-hailing market. Secondly, StarRides strives to foster diversity within the company.

However, the diverse nature that comes with a German-Chinese joint venture does not necessarily represent inclusion in German or Chinese companies. How can businesses use diversity to gain a competitive advantage and drive business performance?

Why the Current Discussion in Germany on Diversity Needs to Shift From Gender Equality to Business Performance

Discussion about diversity in Germany tends to center around gender equality in the workplace. Looking at the progress made in recent years, it is only reasonable that this topic is still at the very

top of the business and political agenda. The automotive industry in Germany provides a prominent example, with board rooms still being largely dominated by men. A recent study by Eurostat reveals that the percentage of women in management positions in the automotive industry in Germany is only 17% - low figures compared to the European average of above 30%.

Like many countries worldwide, Germany has a long way to go to achieve gender diversity in the workplace. The new initiative Stay on Board, for example, asks to bring change to board rooms by amending the current Stock Corporation Act (AktG) in Germany. According to the act, board members or supervisory board members are forced to resign their mandates when going on maternity or family leave. The initiative aims to open the door for more women in boards of large organizations, while maintaining a much-needed work-life balance.

The topic of diversity in Germany is, therefore, still treated primarily as a gender issue. Shifting the focus of the conversation to discuss the actual business benefit of promoting diversity, however, is expected to lead to a higher acceptance of the topic. That will,

in turn, lead to the desired result – a more diverse workforce and board room. Research suggests that diverse teams are more creative, making better decisions as different perspectives become part of the decision-making process. From my personal experience of working in the automotive industry for many years, having at least one woman in the board room makes the board operations more effective. In order to come to a rational decision, the board needs not only a diverse input, but also requires one person that efficiently channels these various voices toward a result. This characteristic is more associated with women than with men.

But research also points out that diversity has many more dimensions than gender, showing that Germany is only at the very beginning of making use of diversity's full potential.

Diversity in China, and Why Being a Woman in a Leadership Position is a Common Occurrence

In many Chinese companies of all sizes and across all industries, women often represent half of the workforce and leadership positions. Among others, the fact that women go back to work only several months after giving birth supports this trend. In China, either the woman's parents or her parents-in-law usually move in to take care of the household and the child. This gives both parents the opportunity to fully focus on their professional careers. In cases where parents cannot move in with their children and their grandchild, the grandchild often moves in with the grandparents, with the parents coming to visit for a day on a weekly or bi-weekly basis.

While Germany has a long way to go before women occupy half of the board positions, China's example shows the importance of childcare in order to achieve this goal.

Overall, in wholly-owned Chinese companies, diversity discussions in the business context are practically non-existent. However, this is not the case for German companies in China: The local entities are often impacted by the diversity discussions taking place in the headquarters in Germany. But while the focus in Germany is on gender diversity, German companies in China currently focus on promoting local talents and achieving a leadership team that consists of foreign and Chinese members equally. Today, leadership positions in large Sino-German organizations are still primarily occupied by foreigners. However, for an even better understanding of customer demands or business practices in China, companies need more local top executives, which will surely lead German companies in China to better business performances.

Why Diversity Matters

Today, it is no longer controversial that diversity boosts business performance. One reason for this is that, compared to a homogeneous workforce, diversity of ideas and points of view leads to more creativity and innovation. Innovation happens when patterns are questioned and looked at from a different angle. Diversity creates these angles. Furthermore, diversity allows companies to better understand their consumers: A commonly held argument is that only a diverse staff can design and sell products or services to a diverse group of consumers.

While it is not difficult to agree to the above, it seems to be incredibly hard to create diverse teams or boards. One reason is that, simply put, diversity can be exhausting. It is easier to have discussions with like-minded people, whereas the more diverse opinions, ideas and input you receive, the more heated and often longer the discussion can get. However, while a similar mindset might lead to quick results and ease decision making, it clearly promotes stagnancy over innovation and growth.

The fact that diversity can be exhausting is, however, only one reason for the slow progression in Germany. As previously mentioned, another reason is that the ongoing discussions focus too little on diversity's positive business impact, and too much on gender equality. Only when the focus will shift once again to diversity and its business performance benefits will the topic be more accepted by both female and male professionals, leading to more diverse workforces and board rooms.

Johanna Stepan is the Chief Strategy Officer (CSO) at the newly set-up Daimler and Geely Joint Venture, StarRides Technology, in Hangzhou. During her studies of International Business at the renowned Tongji University in Shanghai, Johanna learned to speak Chinese fluently and developed a special interest in the country. After working at Daimler for seven years in various strategic and operational positions in Germany, Singapore, and the US, she moved back to China and took over a leading role in setting up StarRides, the first Joint Venture between Daimler and Geely. StarRides is using technology to revolutionize the premium mobility services industry in China and is available in all major cities in China.



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