



# DOING BUSINESS IN A MULTICULTURAL WORLD: CHALLENGES AND OPPORTUNITIES

A Joint Report by  
The United Nations Alliance of Civilizations  
The United Nations Global Compact Office



ALLIANCE OF CIVILIZATIONS

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## Foreword

**As business has gone global over the past few decades, its role in spreading values has gained importance.** Through commerce, trade and investment, and the exchange of ideas and knowledge, business has become a major actor across cultures and people.

Business success today has much to do with a company's ability to understand and respect the communities in which it operates. This is reflected in cultural initiatives, partnerships with communities, greater emphasis on "conflict-sensitive" business practices and celebration of diversity in the workplace.

There are more than 6,000 participants from over 130 countries in the United Nations Global Compact. All of them aspire to embrace universal values while respecting cultural diversity. Many have programmes to support cultural understanding and dialogue, as well as multicultural management teams and workplaces.

Business is often at the forefront of creating space where people from different cultures meet and cooperate. The process of learning to work together is not always free of tensions, and mistakes are made. But overall, business has become a critical force in support of cultural understanding, building bridges between cultures and people by offering the prospect of economic opportunity.

The mission of the United Nations Alliance of Civilizations and the role of business in supporting this agenda are even more important as economic decline increases social tensions. The risk that the current decline will undo progress is real and worrisome. We need to redouble our efforts and to build on our progress. Business has a major role in this.

We very much hope that with this publication we give impetus to the idea of supporting cross-cultural understanding, inspire other businesses to scale up efforts and provide the foundation for new activities.



Mr. Marc Scheuer,  
Director  
*UN Alliance of Civilizations Secretariat*



Mr. Georg Kell,  
Executive Director  
*UN Global Compact Office*

**“Bridging divides helps keep the peace. It also gives the economy a boost by making societies more stable for investors. That is why the Alliance is working with the UN Global Compact to help corporations foster tolerance. Businesses know that in today’s globalized world, they have to be able to compete in multicultural environments.”**

*—H.E. Mr. Ban Ki-moon, United Nations Secretary-General*



## Executive Summary

One of the most remarkable aspects of global economic integration is the rapidly growing interaction among people and communities around the world. In some ways, this interconnectedness has brought us closer together and diminished our differences. But it has also heightened awareness of our differences, and in some cases created opportunities for political conflict in which cultural differences are used to divide and polarize populations.

As a key player in global economic integration, business has an important stake in facilitating cooperative relations among peoples. Growing tensions and polarization along cultural, religious and ethnic lines undermine stable, sustainable business environments, and can be targeted directly at companies. At the same time, successfully managing diversity – among employees, customers and other stakeholders – is increasingly recognized as an imperative for business success.

Businesses also have a vital role to play in fostering intercultural understanding and dialogue, given their role in building economies, their position as places of shared purpose and identity, and their pioneering work in cross-cultural management, motivated by a “bottom-line” need to understand and leverage the diverse perspectives of their stakeholders. Through these efforts, business can actively contribute to promoting peace.

The stake and the role of business in fostering intercultural understanding and dialogue can be seen in a variety of concrete, innovative actions that companies have taken to manage cross-cultural diversity issues in the workplace, the marketplace and communities. In some cases, civil society organizations have facilitated the role of business in building cooperative intercultural relations.

These examples suggest that business, governments and civil society have a common interest in promoting intercultural understanding and dialogue, and that business and society would benefit from sharing experiences, good practices and lessons learned in the private sector.

### The Report

For these reasons, a group of senior business leaders, together with NGOs and government representatives, met in a corporate working session at the First Forum of the United Nations Alliance of Civilizations, held in Madrid in January 2008, to consider the role of the private sector in promoting intercultural understanding and dialogue. Participants of the session agreed that business is an important actor for promoting intercultural understanding, dialogue, and cooperation, which contribute to stability and growth, and they called on companies and governments to collaborate to explore these issues.

A survey of UN Global Compact signatory companies conducted in June 2008 on the subject of Business and Peace underlined the view that companies recognize the importance of the proactive contribution they can make to peace and development.

Based on these interactions with the private sector, it became clear that there was a need for additional guidance regarding the potential role of business in this area and the kinds of activities that companies should undertake.

The UN Alliance of Civilizations and the UN Global Compact Office have therefore developed this report in order to provide companies and others with a **useful tool** to:

- *Explore* the cross-cultural challenges that companies are facing in an increasingly globalized world, and understand why intercultural relations are important for business.
- *Highlight* good practices and lessons learned by companies, as well as by business associations and non-governmental organizations (NGOs), in which business has played a constructive role in fostering intercultural understanding, mutual respect and cooperative relations.
- *Stimulate ideas* about opportunities for practical, collaborative initiatives that could be undertaken.





**The question is this:** How can business, as a key player in the process of global economic integration, which has brought individuals and cultures into unprecedented proximity, contribute to cultures of understanding, respect and cooperation?

This report represents a first foray into this subject. It is exploratory, not comprehensive. It reviews a wide spectrum of private sector activities, to uncover areas of shared concern and possible collaboration.

In this way, it is an initial step in a process of engaging the private sector and of identifying ways that collaboration with the Alliance and the Global Compact can help companies address the cross-cultural issues facing their business and contribute to intercultural understanding in ways that benefit business and society.





**“The private sector has a vital role in generating new ideas that address intercultural issues. Think of SILATECH, take the case of “Dialogue Café” as true examples of crucibles for progress, innovation and greater connectedness amongst people which is what the Alliance is all about.”**

*—H.E. Mr. Jorge Sampaio, the UN High Representative for the Alliance of Civilizations, former President of Portugal*

“Every time I open a newspaper, I am reminded that we live in a world where we can no longer afford not to know our neighbours.”

—Yo-Yo Ma, Artistic Director and Founder, The Silk Road Project

To inform the report, the partners reached out to companies from around the world, including Global Compact participants and its Local Networks, informing them of the outcomes of the joint working session at the UN Alliance of Civilizations Forum in Madrid and inviting them to submit input on company experience with cross-cultural challenges and examples of “good practice” in promoting intercultural understanding.

Additionally, contact was made with a number of business organizations, NGOs, academic institutions and intergovernmental organizations, including United Nations Educational, Scientific and Cultural Organization (UNESCO), Office of the High Commissioner for Human Rights (OHCHR), and the International Labour Organization, working in the related areas of sustainability, human rights, diversity and business and peace, in order to explore aspects of their activities that relate to promoting intercultural understanding.

The report was presented at a special working session of the UN Alliance of Civilizations Second Forum in Istanbul in April 2009, where companies, government representatives and civil sector organizations explored how they could cooperate to further their mutual interest in positive intercultural relations.

### The Partners

The UN Alliance of Civilizations (AoC) was established in 2005, at the initiative of the Governments of Spain and Turkey, under the auspices of the United Nations. It aims to improve understanding and coopera-

tive relations among communities across cultures and religions and, in the process, to help counter the forces that fuel polarization and extremism.

The first phase of the Alliance started with the creation by the UN Secretary-General of a High-level Group of 20 eminent personalities mandated to produce a report exploring the roots of polarization between cultures and societies worldwide and proposing practical recommendations to address this growing trend. The High-level Group presented its Report to Secretary-General Kofi Annan in November 2006.

In April 2007, UN Secretary-General Ban Ki-moon appointed Jorge Sampaio, former President of Portugal, as High Representative for the Alliance. This marked the beginning of the second phase of the Alliance of Civilizations, with the development of an action-oriented implementation plan focusing on initiatives and projects in the areas of youth, media, education and migration.

Since then, the Alliance has launched a number of programmes aimed at building bridges across cultural divides, including, a) a youth initiative that provides seed funding to outstanding youth-led projects aiming to enhance intercultural and inter-religious dialogue; b) a Rapid Response Media Mechanism initiative, which includes an online resource for journalists covering stories about cultural, religious and political tensions between communities, and across borders ([www.globalexpertfinder.org](http://www.globalexpertfinder.org)); c) an online clearinghouse of best practices, policies and

resources to support efforts in media literacy and teaching about religions and beliefs.

The Alliance benefits from the backing of a Group of Friends — a community of over 100 countries and multilateral organizations — which support the Alliance in its actions and objectives, and engage in the Alliance by developing and implementing their National Strategies for Cross-Cultural Dialogue.

Launched in 2000, the **United Nations Global Compact** is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, the environment and anti-corruption.

Business simply cannot thrive if society fails. Proactive policies and practices that respect human rights and ensure safe and decent workplace conditions, environmental protection and good corporate governance are creating sustainable value and benefits for companies, workers, communities, investors and society at large. They also are enabling business to attract and retain skilled workers, save costs, enhance productivity, create trust and build brands.

Increasingly, business executives understand that the moral case for corporate responsibility has been complemented by a strong business case. Environmental and social issues are material to a company's long-term performance, and the Global Compact provides a unique strategic platform for business to address these and advance their commitments to sustainability and corporate citizenship.

This understanding is reflected in the growth of the Global Compact, which today stands as the largest corporate citizenship and sustainability initiative in the world, with over 6,000 corporate participants and stakeholders from over 130 countries. Approximately half of Global Compact's participants stem from developing countries and over half of the Compact's business participants are small and medium-sized enterprises (SMEs) with less than 250 employees.

**The UN Global Compact has two objectives:**

- Mainstream the 10 principles in business activities around the world
- Catalyze actions in support of broader UN goals, including the Millennium Development Goals (MDGs)



With these complementary objectives in mind, the Global Compact has shaped an initiative that provides collaborative solutions to the most fundamental challenges facing business and society.

Intercultural understanding is key to a number of Global Compact principles, including, but not limited to, its human rights principles (Principles 1 and 2), which ask business to respect and support the protection of internationally proclaimed human rights, and Principle 6, which is focused on the elimination of discrimination in respect of employment and occupation. The UN Global Compact has also been leading efforts to foster constructive dialogue between business and other stakeholders on issues related to business and peace and has developed practical resources to support participating companies in adopting and implementing conflict-sensitive business practices.

“Off went his ambassadors to every corner of the Mediterranean where the green banner of the Prophet flew... Emir after emir received them with courtesy and accepted their proposals. Agreement after agreement was brought back with pride and satisfaction to the Doge. His imperial neighbours to the East and West... might accuse him of treachery to the Faith. But for Pietro, true Venetian that he was, **commerce was always preferable to bloodshed – and a good deal more profitable as well.**”

— On Pietro Orseolo II, Doge of Venice (991-1008 C.E.)  
*A History of Venice, John Julius Norwich, 1982*

# Part I

## Intercultural Dialogue and Understanding: The Stake and Role of Business

As one of the main ways that people interact across national, cultural and religious lines, and as a key player in the process of global economic integration, business has an important stake and role in fostering positive cross-cultural relations.

Throughout history, doing business has been a principal motivation for people to interact across borders and cultures. Before people began to travel for leisure in the late 19th century, they travelled primarily in two capacities – as religious pilgrims and as commercial traders.

From the ancient trading routes of the Silk Road that traversed more than 8,000 kilometres across central Asia from China to India, the Middle East and Europe, to the explorations of Arab merchants in Africa and Asia in the 11th century, to the trading empire of the Venetian Republic, to the communities of African entrepreneurs that have boomed in southeast China during the first decade of this century – to name just a few examples – commerce has consistently resulted in the interaction of people and cultures from every corner of the world. While warfare and colonization have sometimes been the means or result of these encounters, international commerce has historically been characterized by peaceful interaction, constructive exchange and cross-fertilization of cultures and ideas that have given humanity some of its most enduring achievements.

Yo-Yo Ma has called the Silk Road trading routes, which resulted in perhaps the first

global exchange of scientific and cultural traditions, the “Internet of antiquity”. “Resources, information and innovations were exchanged between so many cultures over so many hundreds of years that it is now often difficult to identify the origins of numerous traditions that our respective cultures take for granted.” Today, the current wave of economic globalization, powered by the actual Internet, has made the business world more interconnected than ever and, at the same time, brought individuals all over the world into unprecedented proximity.

The world economy is continually becoming more interconnected. One indication is the growing diversification in the direction of global foreign direct investment flows. Fifty years ago, flows were almost entirely from the developed to the developing world. By contrast, the 2006 World Investment Report by the UN Conference on Trade and Development (UNCTAD) focuses on “the rise of foreign direct investment (FDI) by transnational corporations (TNCs) from developing and transition economies.” As noted by UNCTAD, “This phenomenon has been particularly marked in the past ten years, and a growing number of TNCs from these economies are emerging as major regional – or sometimes even global – players. The new links these [companies] are forging with the rest of the world will have far-reaching repercussions in shaping the global economic landscape of the coming decades” [*UNCTAD World Investment Report 2006*].



The diversification of global economic activity has been accompanied by unprecedented levels of international travel and Internet connections. In 2008 there were more than 924 million international tourist arrivals, a 50 per cent increase from 610 million a decade earlier. The number is expected to reach 1.6 billion by 2020 [UNWTO *World Tourism Barometer, January 2009*]. It is estimated that in 2008, nearly one quarter of the world's population, about 1.4 billion people, used the Internet on a regular basis. By 2012, this number is expected to reach more than 1.9 billion, or 30 per cent of the world's population. China surpassed the US in 2007 to become the country with the largest number of Internet users [IDC *Digital Marketplace Model and Forecast, 2008*]. Nearly 85 per cent of Internet users use it regularly,

and nearly 250 million households have high-speed connections, with Latin America the fastest-growing market for broadband services [bizinform.com]. As the Internet "becomes truly ubiquitous and the number of mobile users continues to soar", it "has also become more deeply integrated into the fabric of many users' personal and professional lives", with Web searches, e-mail and participation in online communities among the most popular Internet activities [John Gantz, chief research officer at IDC, IDC press release, June 25, 2008].

As a result of these developments, in today's world we are each likely to encounter people and cultures that we would never have encountered a generation or even a decade ago.

This increasing global interconnectedness has several **implications for business**.

## 1. THE BUSINESS STAKE IN INTERCULTURAL DIALOGUE AND UNDERSTANDING

Globalization of business operations and the interconnectedness of people around the world – including a company’s employees, customers, investors, governmental and NGO networks, and other stakeholders – give business a stake in the state of cross-cultural relations.

### A. Managing Cultural Diversity as a Business Imperative

First, to be successful in an inter-connected world, businesses of all sizes and in every country must be able to compete effectively in diverse, multicultural environments.

As a result, business is at the forefront of dealing with the many and complex cross-cultural challenges of operating in a global environment. Companies must manage diverse workplaces, appeal to a wide range of diverse and increasingly demanding customers and consumers in the marketplace, manage international supply and distribution chains and business partnerships, and maintain relationships with governmental authorities and community groups from every country where they do business.

The ability to manage this diversity is increasingly recognized by companies as a business imperative for a number of reasons, *inter alia*:

- Creating a diverse and inclusive workplace can determine a company’s ability to attract, retain and motivate the best talent, helping to ensure that each person can contribute his or her skills, knowledge and perspective to the success of the business.
- A capacity to recognize and respond to the diverse and changing needs of customers in the marketplace is fundamental to the creativity and flexibility that fuel innovation, ensuring continued demand for a company’s products and services.
- The ability to manage critical relationships with government authorities and local communities is necessary to ensure that the company has a “license to operate” in diverse markets around the world.

The failure to recognize, respect and effectively reflect cultural differences in the workplace, the marketplace or the commu-

nity can be a source of wasted talent, missed market opportunities, failed business deals and a reduced “license to operate” in the community.

As a result, cross-cultural understanding is at a premium for many businesses. Significant resources are spent on market research to understand the needs and preferences of increasingly segmented groups of consumers from different countries and cultures. Cross-cultural training for managers is widespread. And developing a new generation of corporate leaders with global perspective and understanding is identified by the world’s largest companies as one of their leading challenges.

One trend that reflects the growing need to effectively manage diversity is the emerging concept of “inclusion”. With the aim of creating more effective, high-performing organizations, more and more companies are focusing on creating “inclusive” workplaces, in which the diverse skills and perspectives of all their people are recognized and valued as a source of business insight and creativity. (See Workplace section for further discussion of the concept of inclusion.)

Beyond the workplace, there is growing interest in how inclusive attitudes and behaviours can affect business competitiveness more broadly. In this view, a company’s success depends on its ability to effectively manage all its relationships with the diverse array of stakeholders on which the business depends – customers, employees, business partners and the communities in which it operates. Establishing business relationships based on understanding, respect, trust and dialogue will better enable a company to respond intelligently and flexibly to change and diversity in the global business environment. Seen from this perspective, inclusiveness is not a “nice to do” but a concept fundamental to business success.

### B. The Impact of Polarization on the Business Environment

Second, business operates best in an environment of social stability. Heightened tensions along cultural, religious or ethnic lines, like most conflict, is bad for business. Such tensions can increase uncertainty, impede operations, limit growth opportunities





and intensify risk and its associated costs. Moreover, when a society is in conflict, a company's reputation and ability to operate can quickly be undermined if the company is seen to identify with or favor one group to the exclusion of others — among its employees, consumers or other stakeholders.

Conflicts are exacerbated when potentially negotiable disputes over resources or political control are exacerbated by "identity politics" — when leaders or radical groups, supported by the media, paint polarized images of society with one group historically and inevitably pitted against another, creating seemingly intractable, identity-based conflicts that take hold of the popular imagination. "The stark and tragic images of 'ethnic cleansing' in places as different as Central Africa and the Balkans have placed identity at the heart of today's debate on the

causes of conflict" [*The Business of Peace, International Business Leaders Forum, 2000*].

The rise in this type of "identity conflict" can also be seen at a broader, international level. This is in part as a reaction to globalization itself, and it potentially undermines an open global business environment.

Many fear that economic integration — carrying with it Western culture, the material values of the marketplace and impersonal bureaucracy — threatens to destroy local cultures and traditional values and ways of life. These fears cannot be ignored. They have contributed to a rise in ethnic conflicts within countries and to growing nationalism. They have also contributed to a resurgence of religious fundamentalism in various forms, including Islamic, Christian and Hindu fundamentalism. In this environment, the idea of a "clash of civilizations"

– the notion that the world is composed of distinct, mutually exclusive cultures that are on a collision course – has become a widely accepted, if distorted, explanation for the challenges facing the world. These trends have fueled a rise in extremism that has significantly affected the environment for business and economic growth.

The global threat of violent extremism, or terrorism, has resulted in the imposition of a myriad of rules by national governments and international organizations such as the Organization for Economic Cooperation and Development (OECD) restricting the movement of people, the import and export of goods and production inputs, and the transfer of funds through the financial markets, which, while often necessary, can be costly and disruptive for business. In some sectors, increased visa controls reduce access to highly skilled migrant workers. And increased security measures to protect employees and facilities, along with high insurance premiums, also impose new costs and complexities. All of these considerations and measures have made doing business more complicated than ever, potentially affecting productivity. Violent events can also, at least temporarily, affect consumer and investor confidence.

Moreover, companies can themselves become targets, especially when the general mood of a host population is negative toward the country or culture associated with the company. And through the Internet, issues spread rapidly, have no borders and can influence individuals' beliefs and actions on a wide scale.

For example, during each period of heightened conflict in the Middle East, such as in Occupied Palestine Territory and Iraq, there have been repeated calls by Muslim consumer groups in countries around the world for boycotts of the products of US- and Europe-based companies, as a protest against US and other governments' foreign policy in the region.

In another example, when the Torch Relay running up to the 2008 Beijing Summer Olympic Games (with the theme of "one world, one dream") was interrupted by protesters representing a range of political issues – including particularly visible attacks in France that led Chinese security officials to extinguish the torch several times in Paris – large-scale counter-protests in China and elsewhere were accompanied by a campaign to boycott French firms in China.

In Mexico, the Zapatista National Liberation Army declared in 1994 that NAFTA is a "death sentence" for the indigenous population, demanding that fertile lands be returned to the indigenous and poor campesinos as the material basis for organizing their lives and culture.

Situations like those cited above testify to the conclusion of the report by the High-level Group of the UN Alliance of Civilizations that tensions across cultures have spread beyond the political level into the hearts and minds of populations.

Such events are not likely to disappear. In response to events in Gaza in early 2009, the head of the Association of Muslim Restaurant Operators in Malaysia told reporters at the country's National Mosque, "This is... a small wave, but we expect it to become a tsunami later on. We need to keep up the pressure until these... companies go bankrupt. We will boycott until a solution is found."

These tensions do not bode well for the business environment. Growing resentments among people can fuel political conflict, as well as government and popular action against business as a means of protest.

Business therefore has a vital interest in combating polarization and supporting peaceful cross-cultural relations – in local markets and internationally – to help ensure an open global business environment.



**“The world of business provides an ideal setting for building strong bridges of understanding between countries and cultures.”**

—Keith Reinhard, *President, Business for Diplomatic Action*

## **2. THE ROLE OF BUSINESS IN FOSTERING INTERCULTURAL DIALOGUE AND UNDERSTANDING**

Business also has a role to play in promoting dialogue and fostering intercultural understanding.

First, to the extent that conflicts and resentments are fueled by economic deprivation and inequality, business investment and the economic activity, jobs, income and opportunities that it generates can make a vital contribution to creating an environment of stability and peaceful relations among cultural, ethnic or religious groups in a society.

Second, doing business can also be a powerful incentive for bringing people together across national and cultural lines, creating relationships based on a shared sense of identity and purpose, overcoming differences that, in the wider society, are more difficult to surmount. We will look at cases in which the workplace is used to educate and to encourage dialogue and understanding among employees of various religious and cultural backgrounds. We will also look at the work of several organizations that actively forge business links across communities on either side of the divide in areas of conflict as a means of building peaceful relations over the long-term.

Last, as discussed above, because successfully managing diversity is a modern business imperative and because companies are at the forefront of dealing with cross-cultural issues globally — in the workplace, the marketplace and communities — companies have potentially relevant experience, expertise and tools for helping to foster intercultural understanding.

In summary, because of their role in building economies, their position as places of shared purpose, identity and cooperation to achieve common goals, and their pioneering work in cross-cultural management motivated by the business imperative to operate effectively in a diverse global environment, companies have a potentially significant contribution to make in helping to build intercultural understanding in the broader society.

They also have a choice. A company’s impact on cross-cultural relations can be positive or negative, depending on how it manages these relationships in the business environment. As employers of people from various cultural and religious groups, as

marketers to customers of various cultural backgrounds and as members of culturally diverse communities, companies have the choice either to exacerbate cross-cultural tensions or to help reduce them by encouraging diversity and tolerance. A company can intensify cross-cultural tensions if, for example, it discriminates in the workplace, shows lack of respect for indigenous communities, markets products or services that undermine local cultures, or conducts community programmes that exclude a particular group. Companies can contribute

to positive intercultural relations through efforts to support diversity in the workplace, responsible approaches to marketing, and support of community projects that encourage tolerance in the wider society [*The Business of Peace*, IBLF, 2000].

So companies have a responsibility to manage the cross-cultural diversity challenges they encounter in ways that foster understanding and cooperative relations — for their own benefit and that of society.

### 3. INTERCULTURAL UNDERSTANDING AND SUSTAINABILITY

In response to the challenges of globalization, many businesses recognize the need to collaborate with international actors in the current global context, where social, political and economic challenges (and opportunities) — whether at home or in other regions — affect companies as never before. Common goals, such as building markets, combating corruption, safeguarding the environment and ensuring social inclusion, have resulted in unprecedented partnerships and openness among business, government, civil society, labour and the United Nations.

Indeed, more and more companies are embedding corporate social responsibility into their policies and processes based on the conviction that the environmental, economic and social sustainability of communities are part of ensuring long-term business sustainability.

In an interconnected world, in which we are increasingly aware of our differences, it could perhaps be said that *building cultures of*

*understanding, respect and cooperation*, undermining the stereotypes that deepen patterns of hostility and mistrust among societies, is an *increasingly pressing aspect of the global sustainability challenge*.

As discussed above, business has both a stake and a role to play in helping to address this challenge. Polarization and cross-cultural tensions can raise barriers to business operations and are a growing threat to an open global business environment. At the same time, because companies operate increasingly in a global arena, they have had to learn to manage cultural diversity as a competitive imperative. As a result, companies have developed skills and tools that are highly relevant for fostering cross-cultural understanding.

So for their own success and to help ensure the sustainability of the wider communities and world in which they operate, companies have an interest in supporting efforts to promote intercultural understanding, tolerance and cooperative relations.

### 4. RELEVANT PRINCIPLES AND AREAS OF ACTIVITY

If fostering intercultural understanding is indeed part of a sustainable approach to doing business, to what extent is this reflected in **existing** efforts to promote sustainable business practices?

The topic of doing business in a way that reflects and promotes intercultural understanding and respect touches on several existing principles and areas of work relative to corporate responsibility and sustainability — including human rights, workplace rights and diversity, business and peace,

and sustainability evaluation and reporting frameworks.

On one hand, these principles and activities form the foundation for business initiatives to promote intercultural understanding. On the other hand, they do not directly address or encourage business activity in this area. As a result, while many companies are active in all of these areas, they might not have considered how fostering intercultural understanding could be part of their sustainability vision and programmes.

<sup>1</sup>For a plain language description of the relevance for business of the human rights in the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights see **Human Rights Translated, A Business Reference Guide** (Monash University Castan Centre for Human Rights Law, International Business Leaders Forum, Office of the UN High Commissioner for Human Rights, and the UN Global Compact, 2008).

<sup>2</sup>For guidance on how companies can systematically address human rights issues from a management perspective, see **Integrating Human Rights into Business Management** (Business Leaders Initiative on Human Rights, UN Global Compact, and Office of the UN High Commissioner for Human Rights) and **A Human Rights Management Framework** (Business Leaders Initiative on Human Rights, International Business Leaders Forum, UN Global Compact, and Office of the UN High Commissioner for Human Rights).

## A. Sustainability Reporting Frameworks

Most frameworks for evaluating and reporting corporate sustainability performance include principles and indicators for business practices that are *environmentally, economically* and *socially* sustainable. For example, the Global Reporting Initiative's Standard Disclosure includes 79 performance indicators on human rights, labour practices, society, product responsibility and economic impacts. None of these, however, directly addresses issues surrounding cultural rights or cross-cultural tolerance and dialogue. This raises two possible areas for further work:

- How can companies be encouraged to consider cross-cultural relations issues as they review their business activities to ensure sustainability relevant principles and indicators for inclusion in existing definitions of and frameworks for sustainability?
- One way that business might promote cross-cultural understanding is by ensuring that its CSR programmes are themselves relevant and appropriate in various cultural contexts. Work is already being done in this area, for example, by the Caux Roundtable. The Caux Roundtable is an international network of business leaders who work with business and governments to affirm the necessity of moral values in business decision-making to achieve a sustainable world community. Through its Principles for Business and its programmes, the Caux Roundtable draws on the ethical ideals of world traditions, to effectively communicate and promote ethical business practices.

## B. Human Rights

There is a rapidly growing body of work that addresses business' role in respecting and supporting human rights, in the workplace, in the marketplace and in the broader society. Among the core values that Global Compact signatory companies are asked to embrace, enact and support is the protection and promotion of human rights, as reflected in the Universal Declaration on Human Rights (UDHR).

The Global Compact points out that companies have the potential to impact, positively or negatively, virtually the full

range of internationally proclaimed human rights<sup>1</sup>. The best way to become aware of and avoid the risk of interfering with human rights and to identify opportunities to support human rights is to undertake due diligence<sup>2</sup>. Due diligence includes such steps as having a policy commitment to human rights, undertaking training of employees on human rights, undertaking risk and impact assessments, having an effective grievance mechanism to handle human rights disputes, and reporting on progress in implementing human rights. Human rights can be relevant for business in the workplace (safety and health, freedom of association, forced labour, non-discrimination, and access to basic health, education and housing), in the marketplace (labour standards in the supply chain, product safety, use and misuse of products), and in the community (preventing forcible displacement, protecting livelihoods, contributing to public debate, use of force in security measures).

Culture is also an aspect of human rights. The UDHR refers to the right of everyone (Article 22) to realize his "economic, social and cultural rights indispensable for his dignity and the free development of his personality" and his right (Article 27) "freely to participate in the cultural life of the community".

In November 2001, shortly after the events of 9/11, the **Universal Declaration on Cultural Diversity** was adopted by 185 Member States of UNESCO. Referring to the UDHR, it asserts that intercultural dialogue and respect for cultural diversity and tolerance are an "ethical imperative, inseparable from respect for human dignity". It states that cultural diversity is the "wellspring of creativity" and "one of the roots of development", and that "Policies for the inclusion and participation of all citizens are guarantees of social cohesion, the vitality of civil society and peace." UNESCO Secretary-General Koïchiro Matsuura noted the view of many countries that, in a troubled global context, the Declaration is a vital ethical framework "at a time when it is more urgent than ever to assert the equal dignity of all cultures" [*Preface, "Cultural Diversity: Common Heritage, Plural Identities", UNESCO, 2002*].

It is interesting to note that some of the ideas expressed in the Universal Declaration on Cultural Diversity are echoed in corporate diversity policies, where diversity and

inclusiveness are seen as keys to creativity and innovation, long-term business growth, and a company's ability to operate successfully in society.

Perhaps intercultural understanding is an area where business objectives and international ideals meet, and where there might be room for greater cooperation between the public and private sectors to promote this aspect of human rights.

### C. Workplace Diversity and Inclusion

Workplace diversity is a highly developed field within the corporate human resources discipline in many countries, one that is shaped in part by national legislation and international guidelines on fair treatment and non-discrimination in the workplace. This report does not aim to describe or address this extensive body of work.

Rather, the report will highlight diversity issues emerging from global economic integration, e.g. with regard to religion and immigration, and how evolving company responses to these diversity challenges — including the growing concept of inclusion — might offer opportunities and new approaches for fostering intercultural understanding in the wider society.

### D. Business and Peace

Business and peace is also a growing field. As a voluntary initiative, the United Nations Global Compact has a long record of advocacy and engagement on the role of business in conflict resolution and peacebuilding. Since 2001, the UN Global Compact Office has been leading efforts to foster constructive dialogue between business and other stakeholders on these issues. It has developed a number of practical resources including *Business Guide to Conflict Impact Assessment and Risk Management*, *Conflict Prevention and Revenue-Sharing Regime*, and *Enabling Economies of Peace: Public Policy for Conflict-Sensitive Business Practice*. These resources support companies in developing and implementing conflict-sensitive business practices.

This report is focused on one particular aspect of this field — the “relational” issues that underlie conflict and peacebuilding, and how business can play a role in building trust and a shared sense of identity and purpose among communities in conflict or tension.

## Conclusion

Promoting dialogue and understanding among cultures, nations and religions has always been a challenge to our society. Given our rapidly growing global interconnectedness, this is truer today than it has ever been.

The challenge is even more urgent in the current context of a global financial crisis and economic downturn, in which cross-cultural polarization could fuel the resentments that feed conflict. In an article calling for global economic cooperation to avoid conflicts, Felix Rohatyn and Allison Stanger argue, “The globalization of finance, technology and information mean that the fates of countries and of individuals are interwoven in unprecedented fashion. The unraveling of those connections could be more disruptive and more devastating, and on a more massive scale, than anything we have ever collectively experienced” [*IHT*, October 24, 2008].

Today's global companies were built and will continue to depend on an open global economic environment. It is therefore in the interest of international business to promote the impulses for tomorrow's open society, and to foster the understanding, respect and dialogue among peoples that will help to give globalization “a human face”.

As companies formulate the sustainability vision and programmes that are most relevant for their business, they might therefore consider what stake and role they have in helping to meet the global challenge of fostering intercultural understanding and dialogue.

The next section of this report takes a look at some concrete examples of cross-cultural challenges companies are facing and how they have played a positive role in fostering intercultural understanding — in the workplace, the marketplace and communities.

# Part II

## Examples of Good Practices and Lessons Learned: How Business Can Promote Intercultural Dialogue and Understanding

The aim of this section is to present some examples of cross-cultural issues business is facing and to highlight some concrete, innovative initiatives by companies, as well as by business associations and NGOs, aimed at fostering intercultural understanding through business.

This section presents a number of examples of good practice and lessons learned that were submitted. It does *not* represent a comprehensive review of all relevant issues encountered by business or of company initiatives undertaken. There are no doubt numerous business initiatives to promote intercultural understanding that have not been captured in this report. Identifying more of these is one possible area of future work.

Through the examples presented here, the partners intend to identify some key issues, areas for further investigation, and possible opportunities for collaboration between companies, international organizations, NGOs and governments.

### Structure

The examples of good practices and lessons learned are organized into three broad categories, each addressing an aspect of the business environment in which cross-cultural issues arise, and in which companies and other organizations have taken initiatives to foster intercultural understanding through business. Clearly, these areas are not mutually exclusive and a number of examples touch on more than one.

- **Workplace:** Employees
- **Marketplace:** Business networks and customers/consumers
- **Community:** Local communities and the broader society where companies operate

### Scope

- **Actors:** The examples below include activities by individual companies — multinational and local — as well as by business associations and NGOs facilitating business action in this field. Collective groups often provide impetus or context for business action.
- **Activities:** A number of examples touch on business activities in the related areas of human rights, conflict resolution and diversity management. The aim is not to reiterate existing work in these areas but to identify aspects of this work that relate specifically to promoting understanding and respect among diverse cultures.

### The Workplace: Cultivating Understanding among Employees and in Leadership

Managing diversity in the workplace is a well-developed business discipline in the field of human resources. It is *not* the task of this report to restate all of the valuable work already done in this area. However, the growing **globalization of the workplace** is posing new management challenges for businesses.

On one hand, companies are facing increased risk of conflict in the workforce due to, *inter alia*, the influx of new immigrant communities, growing religious consciousness in the workplace, and the act of doing business in conflict or post-conflict areas.

If not well-managed, these issues can result in costly losses in productivity; damage to a reputation as a good place to work, affecting a company's ability to recruit, retain and motivate talent; and a reduced "license to operate" in society, potentially exposing a company to regulation and legal action.

On the other hand, a diverse workplace is increasingly seen by international companies as an **opportunity** — a critical competitive asset for business leadership in the global marketplace.



First, a diverse workforce is increasingly seen as a necessary condition for understanding and responding effectively to a diverse marketplace, a source of vital market insight into the needs and preferences of diverse customers. Second, evidence has also shown that diverse teams enhance creativity and innovation; they outperform less diverse teams and are better at problem-solving. A diverse workplace is also an increasingly important asset for attracting the best new talent. Finally, the need for global companies to conduct relations with a wide and growing array of stakeholders — including governments and civil society organizations at the local, regional and global levels — increasingly means that they require business leaders with the ability to work with people from various countries, backgrounds and cultures.

Workplace diversity is also a growing **expectation** of shareholders and regulators. Activist shareholder groups are creating pressure for companies to include the demographics of a company's employee base, senior management and board of directors as part of company financial reporting. In the US, the 2009 administration is being lobbied to include this information as part of the information that companies are legally required to file with the U.S. Securities and Exchange Commission.

In response to these risks, opportunities and expectations, individual companies and the discipline of diversity management itself are evolving and developing new practices and principles to manage new intercultural challenges in the global workplace.

## 1. DEALING WITH WORKPLACE CHALLENGES

### Religion in the Workplace

Religion is a major component of what we consider our culture, and religious diversity and expression in the workplace is a growing intercultural-relations issue for companies, driven by several trends in demography and public life:

- **Demographics:** Increasing levels of *migration*, much of it to seek work opportunities, are bringing religious diversity to societies that might previously have had a sense of religious homogeneity — from Charismatic Christians migrating to the US from Latin America, to Buddhists from East Asia working in the Middle East, to Muslims from North Africa and Turkey working and living in France and Germany. At the same time, a growing percentage of the *global talent pool* is from developing countries.
- The increasing **role of religion in public life** is reflected in the workplace. “Religion and spirituality, for many employees, are no longer a part of their lives that they leave at home...for these employees [it] is a way of life — their religion and spirituality define who they are” [SHRM, *Religion and Corporate Culture*, 2008]. This includes more and more young talent. As a result, religious inclusiveness is becoming a growing factor in employee recruitment, retention, productivity and satisfaction.

- **Globalization of operations** is creating situations in which corporate employee policies and practices developed in the religious context of the company's home market (e.g. with regard to gender equality or holiday schedules) might run contrary to religious requirements in other markets.
- The **Internet** and **outsourcing** have increasingly connected employees with shared, including religious, interests globally.

As a result of these trends, **religious discrimination in the workplace** is an emerging area of concern and action, both for employees and for regulators.

In Europe, an EU Directive adopted in 2000 directs member states to enact, by 2003, legislation prohibiting, *inter alia*, religious discrimination in employment. The UK was one of the first to enact relevant legislation, and several lawsuits have been filed under it.

In the US, this area is governed by Title VII of the Civil Rights Act, which prohibits discrimination on the basis of religion and requires companies to make “reasonable accommodation” for the religious practices and beliefs of employees. In 2007, the Equal Employment Opportunity Commission (EEOC) received 2,880 charges of religious discrimination under Title VII, up from 1,709 charges in 1997. It reported resolving

2,525 charges, recovering \$6.4 million in benefits for charging parties.

Studies conducted in the US have also shown a marked **discrepancy between the views of employers and employees** on this issue. A 1999 survey of employees conducted by the Tanenbaum Center for Interreligious Understanding found that a significant number of religious persons felt that their workplaces were hostile or at least unaccommodating to their religions. By contrast, a 2001 study of company HR professionals conducted by Tanenbaum and the Society for Human Resource Management (SHRM) found that employers generally believe that there is little religious discrimination in the workplace and that they are doing a good job of accommodating religious workers. A follow-up study by SHRM in 2008 revealed that this discrepancy still exists and that HR professionals are still grappling with identifying religious-diversity issues and how to address them.

A 2001 literature review by the International Labour Organization (ILO) recorded anecdotal information on religious discrimination in the workplace around the world, while noting (with the exception of Northern Ireland) a general lack of systematic data on this subject. It recommended more thorough study of experience globally, as a basis for making recommendations to governments on how to combat religious discrimination at work [*Literature Review for Religious Discrimination in the Workplace by Morris Lipson, In Focus Programme on the Promotion of the Declaration on Fundamental Principles and Rights at Work, ILO, Geneva, 2001*].

Several recent cases of employee disputes in meat-processing facilities in the US illustrate the kinds of issues a company can face.

In October 2008, The New York Times carried a front-page article about a Brazilian meat-processing company, JBS, with facilities in Nebraska and Colorado, that ran into trouble when an influx of workers from Somalia led to disputes among management, the new Somali workers and the existing Latino workforce over how to accommodate prayer time for Muslim employees without disadvantaging other employees or slowing production. Following protests, walkouts and firings, the issues remain unresolved [*Somali Influx Unsettles Latino Meatpackers*, Kirk Semple, *The New York Times*, October 16, 2008]. The workplace disputes echoed friction in local communities, where tens of thousands of

Somali refugees fleeing civil war have settled in the US since the 1990s, with a large concentration in the Midwest.

At the same time, Muslim workers at a poultry company in Minnesota sued and won the right to have prayer time and not to handle pork products. And in August 2008, the Retail, Wholesale and Department Store Union negotiated a new five-year contract at a Tyson Foods poultry-processing plant in Tennessee in which Labour Day was replaced by Eid al-Fitr as one of its members' eight annual paid holidays; following some controversy prompted by the decision, the contract was amended to also include Labour Day.

### **The Tanenbaum Center for Interreligious Understanding: supporting good workplace practice on religion**

"When we talked to companies in the late 1990s, they said that religion wasn't an issue," says Dr. Georgette Bennett, President of the Board of Directors at the Tanenbaum Center for Interreligious Understanding, a secular, non-sectarian organization dedicated to "preventing the violence perpetrated in the name of religion...and overcoming religious intolerance in workplaces and schools". "Now it's a hot topic for business," she continues.

Tanenbaum provides advice and tools to help corporate human resources departments manage this "neglected" aspect of diversity and create religiously inclusive work environments. It has a long list of corporate clients, including Fortune 500 companies such as American Express, BP, CitiGroup, General Motors, IBM, Merck & Co., PriceWaterhouseCoopers and Shell Oil.

The Center cites several examples of issues that companies face and possible options for responding:

- **Creating a written company policy** regarding religion in the workplace. In the 1999 US employee survey conducted by Tanenbaum (cited above), 60 per cent of religious workers surveyed said they felt their employer discriminated on the basis of religion, 20 per cent felt that they or someone they knew had been directly affected, 47 per cent of these were considering leaving their job and 50 per cent said it affected their productivity. In this environment, the existence of a written policy can go a long way in establishing a sense of trust.

“The important thing is to create a safe space where people can discuss religious issues, because the issues are there. Open dialogue demystifies these issues, diffuses tensions and allows employees to bond over these basic human questions. Through measures like these, I believe that **business can become a model of inclusivity and mutual respect that can impact the wider community.**”

—Dr. Georgette Bennett, President, Board of Directors,  
Tanenbaum Center for Interreligious Understanding



“A person’s work life, like their culture, is fundamental to their human dignity. Through these programmes to help integrate refugees into the local world of work, Manpower believes that it is **creating economic opportunity for both refugees and employers** while fostering the mutual understanding and respect that will enrich the work and lives of all those involved.”

— Charles Bartels, Director, Global Social Responsibility, Manpower Inc.

- **Religious holidays:** Institute “floating” holidays or holiday-swapping among employees, or assign general holidays on the basis of annual employee polls to determine which are the most important.
- **Creating flexible break times** for religious observance. Experience has shown that time taken out for prayer and meditation is typically quite short.
- **Setting up prayer rooms:** This can be a helpful initiative but it must be done the right way. The rooms should be designated in a way that is friendly for all religious or spiritual uses (e.g. as a “room for meditation, reflection and prayer”). It is also important to communicate openly about their establishment, using it as an opportunity to educate employees about the groups that might want to use it.
- **Employee “network” or “affinity” groups based on religion** — as for any group in the workplace — can be very useful as a forum to identify and discuss workplace issues, a recruitment attraction, and a pool

of understanding about appealing to that religious group in the market.

One company that has taken several innovative initiatives to ensure a religiously inclusive workplace is IBM, the world’s largest information technology company offering hardware, software, IT services and business consulting. One of its initiatives involved security procedures for veiled Muslim female employees, who were allowed to have two identity cards — one for most day-to-day security purposes, bearing a photograph of them veiled, and one in which they are unveiled — that would be taken by a female photographer and shown only to female security guards.

In another example, **General Motors**, which is one of the world’s largest automakers, manufacturing cars and trucks in 34 countries, decided to conduct a forum on religion for employees. A panel with one employee from each religious group represented in the workplace discussed what their experience had been in practicing their beliefs in the workplace. The session had a very high level of attendance and active participation in



discussion. Reaction following the session was highly positive, with many employees expressing gratitude and relief that they had been given the chance to explain their perspectives or to better understand those of others.

### Immigration

People of all backgrounds are becoming increasingly mobile and seeking economic opportunity in other countries. According to the International Organization for Migration (IOM), “Migration is one of the defining issues of the twenty-first century.” The IOM’s report *World Migration 2008: Managing Labour Mobility in the Evolving Global Economy* examines how globalization is creating an “unprecedented context in which human mobility seeks to find expression on a genuinely global scale”, and seeks to identify policies and strategies that “might better match demand for migrant workers with supply in safe, humane and orderly ways”.

Migrant workers are a growing category of employees in many countries and are a vital resource for many businesses, providing needed labour and skills. But integrating individuals from new immigrant groups into the workplace can also pose challenges, especially when they represent ethnic, religious or cultural backgrounds that are not well understood in the host community.

Examples of good practice in managing the cultural integration of immigrant workers:

#### **Manpower Inc.: creating opportunity for refugee immigrants**

Manpower Inc. is a leading global employment services company with a network of 4,500 offices in 80 countries. Each year, it assists some 400,000 businesses of all sizes with permanent, temporary and contract recruitment, training, outplacement and outsourcing.

Recognizing the need for diversity as a catalyst for creativity, business success and sustainable communities, the company actively attracts workers from all backgrounds and works with individuals to explore their capabilities and potential.

As part of its commitment to developing socially inclusive work environment, the company undertakes programmes to provide a “bridge” to employment for many who would otherwise be unemployed, including refugee immigrants. According to the company’s website, tens of millions of people are identified as refugees, forced far from their homes without any opportunity to earn a living and support their families.

To help address this challenge, Manpower partners with businesses, governments and NGOs to help provide refugee immigrants with direct work opportunities and access to

employment services, and undertakes special initiatives to foster cooperation, acceptance and tolerance among cultural, ethnic, religious and other groups in the workplace.

At the global level, Manpower has joined with a number of companies in support of the UN High Commission for Refugees (UNHCR) Ninemillion.org campaign to provide education and skills to the world's refugee children. Below are some examples of related initiatives at the national level:

- In Argentina, when the Buenos Aires municipal government launched a programme to become the first city in Latin America to provide formal support to refugees, Manpower helped by developing and implementing strategies to integrate refugees into the city's workforce. Company volunteers worked with refugees from Colombia, Cuba, Senegal, Nigeria, Eritrea, Guinea and Pakistan. A number of these underwent inter-personal skills assessments and interview-training sessions, with some going on to find jobs through Manpower, including positions as sales representatives, call-center operators and hotel employees.
- In Sweden, Manpower works with the local government in Stockholm on a programme to integrate refugees, especially those from the Middle East and East Africa, into the Swedish world of work. Participants in the programme receive Swedish-as-a-second-language training and are placed with a local employer for an "internship" that provides practical vocational experience and a low-risk opportunity to learn about the world of work in the local culture. In two years, 300 people have participated in the programmes with a post-programme employment success rate of 60 to 80 per cent.
- In the US, Manpower partnered with two non-profit organizations, Upwardly Global and The List Project, to connect Iraqi refugees to professional jobs in the US, offering a first-of-its-kind career orientation and networking workshop in Washington, D.C., and working with employers to help them discover and understand the wealth of experience and skills that the immigrants bring to the local labour market.

The success of these programmes has led to their expansion. For example, a new two-year programme in Stockholm will help an additional 360 refugees, and the US programme has led at least one major corporate client to initiate its own recruitment and development programmes for Iraqi refugees.

### **Business in the Community: managing the "new" diversity in Northern Ireland – integrating workers immigrating from Central and Eastern Europe**

Business in the Community is a membership organization in the UK that engages member companies in programmes to improve their positive impact on society. BITC Northern Ireland (BITC NI) has 240 member companies.

BITC NI states, "The single greatest impact on the Northern Ireland economy and labour market in the past ten years has undoubtedly been the arrival of migrant workers from Central and Eastern Europe. These workers have provided a massive boost to local employers as they are generally perceived to be hard working, reliable and they help to cover the shortages of the local labour markets. However, employing migrant workers brings with it a new set of challenges."

To increase awareness and understanding of these issues and to help businesses deal with them, Business in the Community Northern Ireland has published a *Voluntary Code of Practice* and an *Employer's Guide on Employing Migrant/Overseas Workers*, and provides a platform for issues to be raised and dealt with. The Voluntary Code recommends, *inter alia*, that employers ensure that migrants' "basic cultural needs" are met, by taking measures to help existing staff better understand the cultures of migrant workers, to increase all employees' skills in dealing with cultural differences through "cultural diversity awareness" training, and to provide mechanisms and opportunities for ongoing support and dialogue, including the appointment of a liaison.

As a result, a number of leading employers have signed up to the Voluntary Code which is viewed as a set of tangible actions that employers can take to make a real difference. The Code has also been adopted in England as a standard for employers in rural communities who face similar issues.

## Going into New Markets

As noted in Part I of this report, one aspect of global economic integration is the continual rise in foreign direct investment and merger and acquisition activity, and the fact that the sources and direction of FDI are diversifying. As a result, more and more companies are facing situations where *they* are immigrating into a community.

### Sabancı – Kordsa Global: communicating global business standards across cultures

Founded in 1973 in Izmit, Turkey, Kordsa Global is the world's largest supplier of nylon and polyester industrial yarn, fabrics and single-end-cord, serving primarily the tire and mechanical rubber goods markets. It operates 10 manufacturing facilities in nine countries on five continents, serving customers worldwide.

Over the past 35 years, Kordsa Global has expanded through strategic acquisitions and joint ventures, including, for example, partnerships with DuPont in the US and Latin American, and the acquisition of several production enterprises in China, Indonesia and Thailand in 2007.

As operations have globalized, the company has taken care to introduce its business strategies in a manner that is sensitive to local cultures. Nonetheless, it has found that cultural differences can create barriers to change as the company attempts to communicate and implement its business strategies, policies and standards with local teams. Particularly in Asia, cultural and linguistic differences meant that it was difficult to establish trust and open communications, leading to issues with executing policies for quality assurance, continuous improvement and customer service.

In order to overcome these challenges, the company took a series of actions at the corporate and local levels as part of a Global Integration Plan. At the corporate level, all expatriate and executive managers went through cross-cultural management training at leading universities in Turkey and Europe. It also established employee exchange programmes between headquarters and subsidiary companies, and created global "networks" for various processes – including Safety and Health, Sales and Operations Planning, Production and Human Resources



– in which employees from every site are regularly connected to exchange their experience, ideas and questions. At the local level, regular employee meetings and locally adapted communications, training and awards programmes all helped to build a common basis for understanding and trust. In the marketplace, more frequent customer visits with more tailored messaging helped to communicate the company's commitment to being a reliable supplier of the highest quality. Local community projects also demonstrate how its presence can benefit everyone.

As a result of these actions, local teams became more receptive to learning and more focused on personal and professional



development, quality standards were more easily implemented, customer relationships improved, and the company increased its global management capabilities.

The company learned that understanding and respect for local cultures must be a priority for a global company, and that the only way to implement change is to demonstrate its benefits while listening to, and learning from, your audience.

**The Abu Dhabi National Energy Company (TAQA): mainstreaming inclusion and diversity**

The Abu Dhabi National Energy Company (TAQA) was founded in 2005 with the objective of becoming a global leader in the energy sector. As of February 2009, with 2,800 employees representing 41 nationalities, the company is operating in 14 markets across the world, from India to Canada, Ghana to Morocco, and Abu Dhabi to the United Kingdom.

Recognizing that the company's success is dependent on the efficient management of its diverse workforce, TAQA has developed a comprehensive policy that promotes diversity and inclusion throughout its operations around

the world. TAQA provided the following programmes to fully implement the company's commitment to diversity and inclusion.

- **Training and Events:** All managers and relevant employees receive training to help them understand the diversity and inclusion policy and comply with the global best practice people management standards. TAQA also provides training for all employees to help raise awareness of diversity and inclusion issues while managers and leaders will also be provided with tailored training programmes and practical "how to" guides for managing diversity and inclusion. TAQA offers a series of workshops to increase knowledge of other cultures and to better address negative stereotypes existing around employees from certain groups.
- **Confidential Hotline:** TAQA is creating a confidential hotline to enable employees to access support and guidance if they are experiencing bullying and harassment.
- **Communications:** E-forums and intranet sites are used to facilitate global discussion



“Infosys was founded to leverage the power of globalization in the flat world. As a global corporation operating in multiple geographies, diversity will enable us to build confidence and trust in the mind of our employees and customers.”

—N.R. Narayana Murthy, Chief Mentor, Infosys

on a range of diversity and inclusion topics and share feedback, knowledge and experience. A mechanism to provide anonymous feedback is also being set up. Discussion forums on a global and local basis have provided a further means of communications and employees enjoy the opportunity on an annual basis to provide feedback through CSR audits with results being used to assess progress, identify new development priorities and recognize successes.

#### **MAS Holdings: managing diverse workforce through gender empowerment**

Founded in 1986 and headquartered in Colombo, Sri Lanka, MAS Holdings (MAS) operates 29 intimate and active apparel, fabric and accessories plants in seven countries including China, Vietnam, Indonesia, Mexico, India and Sri Lanka and employs 40,000 people worldwide. Starting in 2003, MAS introduced the Go Beyond programme at apparel plants in Sri Lanka, India and Vietnam to provide its seamstresses with career development opportunities, health and lifestyle education, awards and local

community development programmes. This programme was built on 17 years of best practices and was aimed at empowering women in the workplace and beyond. By far the majority—92 percent of MAS employees are female, just as in the apparel industry as a whole.

The major beneficiaries of these programmes are women from predominantly rural backgrounds between the ages of 18 and 28 who are employed by MAS' Apparel Manufacturing Units. Many have limited knowledge about important issues such as sexually transmitted diseases. A large number of these women do not recognize their own importance to the sustenance of their families, the company and their country. “Go Beyond” strives to give them this knowledge through various means, and to empower them to “go beyond” the traditional limits placed on them.

In addition to eradicating rural poverty through empowerment of its female employees, the Go Beyond programme made some other important contributions. First, before the Go Beyond programme, the variety and funding of trainings and community participation were at each plant manager's

discretion. Go Beyond created a framework to standardize, improve and track the results of the employee programmes at each plant, with a particular focus on women's issues. Second, the empowerment of women in the workplace has further strengthened Mas Holding's efficient management of its diverse workforce. By participating in the Go Beyond programme, female workers from different communities (both in India and Sri Lanka) have learned to appreciate each other's culture.

### **Infosys: building trust with diversity in a virtual workplace**

Founded in 1981, Infosys Technologies is a leading global provider of IT consulting and software services, based in Bangalore, India, with more than 50 offices and development centers around the world and 106,000 employees comprising 70 nationalities. Infosys pioneered the Global Delivery Model (GDM), which led to the rise and success of offshore outsourcing of IT services from India.

The GDM business model is based on the principle of taking work to the location where the best talent is available, where it makes the best economic sense with the least amount of acceptable risk. This means working without borders. In developing and delivering an IT solution to a client, some 70 per cent of the work is typically conducted away from the client's location in Infosys offices in different parts of the world, wherever the greatest competencies are located. As a result, teams are continually working across locations and cultures, in a "virtual" space with each other and with the client, to provide cutting-edge technology solutions and 24/7 service.

In this virtual work environment, where success is data- and innovation-driven, two things are essential: first, to recruit and retain the most competitive talent from the widest possible diversity of backgrounds; and second, to establish a strong sense of trust — among employees, as well as with clients and all stakeholders.

To meet these challenges, Infosys places a high priority on an organization-wide commitment to a core set of values — openness, honesty, fairness and transparency. It also actively fosters the creation of an inclusive workplace, where each employee has the opportunity to make a valued contribution.

All employees are trained in Infosys core values and in diversity management. They are encouraged to focus on commonalities and to leverage differences toward productive teamwork. They also learn how prejudices can block professional success and are given principles and techniques for helping to break down barriers that arise. Affinity networks among employees of various backgrounds are also encouraged. And management is held accountable for success in this area; recruiting and retaining a diverse, multicultural workforce is an important element in a CEO's performance "scorecard", as is the creation of an inclusive work environment. The company has even developed its own patented "inclusivity index" to measure performance on this indicator.

Infosys believes that this focus on diversity and inclusion is one of the main reasons for its high rate of customer satisfaction, with 97 per cent of its business coming from existing customers.

### **The Workplace in Areas of Conflict**

When a company works in an area of conflict, it must often manage a workforce that reflects the divisions in the broader community. Below are examples of challenges that companies in this situation have faced and how they have created workplaces where people from different sides of these divides can work productively together — ensuring that the company can continue to operate, and contributing to better understanding in the wider community.

### **Newmont: building trust within a diverse workforce and community at a mine in Indonesia**

PT Newmont Nusa Tenggara is the Indonesian subsidiary of US-based Newmont mining company. Newmont operates the Batu Hijau copper/gold mine in Sumbawa, Indonesia. The mine employs 7,000 national and expatriate employees and is culturally, religiously and ethnically very diverse. Expatriate employees represent approximately 3 per cent of the total workforce, originating from the US, Australia, New Zealand, Japan and South Africa. Most national employees are Muslims but with various cultural and ethnic backgrounds since they come from different parts of Indonesia. The majority



are from the host Sumbawa ethnic group, followed by Sasak, Bima, Dompu, Javanese, Sulawesi and others.

This diversity has created challenges for the company and the workforce. Tensions rooted in cultural misunderstandings, religious differences and ethnic rivalries have led to incidents between national employees and expatriate employees, between local employees and national employees, and between employees and the local community.

To improve the situation, the company undertook a variety of initiatives to improve understanding and cooperation, including: encouraging interaction at cultural events; instituting a non-segregated housing complex and encouraging employees to live outside the company's housing; conducting cross-cultural understanding (CCU) training for expatriate employees and dependents; conducting local language courses for national employees; providing mosques for Muslims and a community hall for Christians; and organizing mine tours to increase community understanding about the mine and its diverse workforce.

As a result of these actions, conflicts and tensions dropped dramatically. "We now rarely have religious or cultural issues among our employees," states Leigh Taylor, Batu Hijau General Manager.

The company testifies that this experience was a lesson in the vital importance of cross-cultural relations. "Doing business in a multicultural setting requires willingness from all parties to coexist, that is, to accept and respect cultural differences and expectations, and share common interests. Cross-cultural training should be an important component of all pre-employment induction programmes."

“The Strategic Professional Development (SPD) programme of Deloitte LLP (“Deloitte U.S.”) provides a platform for **aspiring bilingual professionals to excel while utilizing their cultural and language capabilities**. It helps them go beyond their daily activities and become a differentiating factor for Deloitte and its subsidiaries. In the past three years, this programme has grown from 24 professionals to over 450, helping to shape the next generation of leaders.”

—Clarence Kwan, National Managing Partner,  
U.S. Chinese Services Group - Deloitte LLP



## 2. CAPACITY-BUILDING: SHAPING A NEW GENERATION OF BUSINESS LEADERS

### Intercultural Skills Development for Businesspeople

As companies attempt to address the challenges of diversity in the business environment, cross-cultural awareness, understanding and skills are increasingly recognized by companies as critical management capabilities and vital to ensuring the future of their businesses. In response to practical business needs, intercultural training is a growing phenomenon, including specialized programmes developed by or in partnership with leading schools of management.

Several examples of innovative programmes are described below:

#### Deloitte Touche Tohmatsu (DTT): strength from cultural diversity

Deloitte Touche Tohmatsu and its member firms are one of the “big four”<sup>1</sup> – the four largest international accountancy and professional services organizations. It operates as a global network of member firms in 140 countries providing audit, consulting, financial advisory, risk management and tax services.

In order to bind its extensive network of independent member firms, the company has developed a set of four global shared values, one of which is “strength from cultural diversity”. As an organization that serves clients in every part of the world, relying on the insights of a global network of professionals, Deloitte believes that an inclusive culture is fundamental to its business.

Managers are measured for performance on this principle, and one of the ways that it is implemented is through cultural awareness and networking programmes designed to build cross-cultural understanding, skills and exchange among its teams. Two of these programmes are described below:

- **Global cross-cultural training for Deloitte member firm partners:** DTT has developed a specialized training workshop in cross-cultural management for the organization’s most senior member firm management worldwide. The training is provided both in the Global New Partner Programme, which annually brings together 500 new member firm

partners from around the world, and in a Leadership Development Programme for experienced partners. More than half of 10,000 member firm partners worldwide have attended the workshop.

In these programmes, Deloitte member firm partners assess and discuss their own cultural orientations using a tool called the Cultural Perspectives Questionnaire (CPQ), which reveals the range of differences that can exist in their cultural orientations regarding the environment, relationships, activity, human nature and time. They then identify actual cultural challenges faced in their business and practice applying a practical framework – the Map-Bridge-Integrate (MBI) approach – for managing these challenges, bridging differences in values and orientations to optimize team performance.

The tools have been developed by the international management school IMD, in Lausanne, Switzerland, and the workshop was presented as a leading practice to members of the IMD Corporate Learning Network at a recent conference.

According to DTT’s global leadership development director, Dr. Dan Kerr, a variety of tools exists for cross-cultural training, but the critical factors, and what distinguishes the Deloitte approach, are: first, a commitment to building on the ideas of diverse colleagues throughout the organization; and second, providing practical tools to help member firm partners apply the cross-cultural insights to actual business problems.

- **Chinese Services Group:** In 2006, the Chinese Services Group (“CSG”) of Deloitte U.S. which co-ordinates with Deloitte China and subsidiaries of Deloitte U.S. to assist US companies investing and operating in China, created a Strategic Professional Development (SPD) programme to build and highlight the professional and cross-cultural skills of its Chinese-English bilingual professionals. Over the course of one year, they are exposed to the range of business services of Deloitte U.S. subsidiaries and given cross-cultural training skills

<sup>1</sup> Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity.

# “Working in tune with people from other parts of the world is not something that most people have been prepared and developed for.”

—Dr. Mansour Javidan, Dean of Research at Thunderbird School of Global Management and President and CEO of the GLOBE Foundation

that they can then use with clients. For Deloitte U.S. and its subsidiaries, this is an investment in the future of their organization, developing the next generation of leaders, who combine first-hand business experience with cross-cultural skills.

Deloitte U.S. believes that its commitment to creating diverse teams that can work collaboratively has helped the organization to succeed in the marketplace, by better enabling its subsidiaries to address its clients' complex business issues.

## **Business for Diplomatic Action: CultureSpan workshop**

Business for Diplomatic Action (BDA) is a non-partisan, non-profit organization established in 2002 to help improve relations between Americans and people from other cultures, supporting business-led initiatives designed to build bridges of cooperation, respect and mutual understanding across cultures and borders. The BDA board includes global companies such as American Airlines, Hilton, McDonald's, Microsoft, PepsiCo and Time Warner.

One of the BDA signature programmes is the CultureSpan workshop – an intensive one-day “cultural fluency” course that helps executives to develop a global mindset based on a deep, fact-based understanding of cultural similarities and differences, giving them tools to build effective global teams and to make global decisions that

work across diverse cultures. The workshop draws on in-depth cross-cultural analysis conducted by the GLOBE (Global Leadership and Organizational Behavioral Effectiveness) research programme of the Thunderbird School of Global Management. GLOBE identified nine cultural attributes that have important managerial implications (such as assertiveness and future orientation) and collected data on these attributes through surveys of and interviews with 17,000 managers in 62 countries. The data was cross-referenced to reveal potential challenges and opportunities when dealing among any of the cultures studied. The workshop has been used by a number of companies as well as by governmental organizations. It has been used to enhance the success of expatriate assignments, international joint ventures, employee team-building efforts and global marketing programmes.

Dr. Mansour Javidan, dean of research at Thunderbird and president and CEO of the GLOBE Foundation, says that the GLOBE research distinguishes the CultureSpan workshop because it is based on systematically collected data on different cultures, rather than on anecdotal information and personal experience.

Dr. Javidan believes that business could collaborate with governments and NGOs on the development of cross-cultural educational programmes. “Most citizens grow up as uni-cultural people. As adults, they are then put in environments where they have to work with people from different cultures,



often driven by business. Stress and stereotyping can be among the natural human reactions to this situation. International businesses, which have long had to address cross-cultural issues as a practical matter, could make a useful contribution to the development of cross-cultural education for young people.”

### Inspiring Understanding Through Young Professionals

Companies are also participating in exchange programmes that build intercultural understanding and skills for young professionals, while building bridges to new markets. A couple of innovative examples are described below.

#### Philippines Business for Social Progress: ‘YuPPeace’—young Muslim professionals for business and peace

Philippines Business for Social Progress (PBSP), founded in 1970, is the largest corporate-led non-profit social development foundation in the Philippines, with more than 200 corporate members. The PBSP Business and Peace Programme enlists business support for peacebuilding initiatives in the Autonomous Region in Muslim Mindanao (ARMM), to help improve the lives of people where ongoing conflict has destroyed infra-

structure, undermined development and imposed a deep sense of marginalization.

One component of the programme is the **Young Muslim Professionals for Business and Peace internship initiative, or YuPPeace**, in which company internships are provided each year for young Muslim professionals from business, government and community organizations in the ARMM. Currently, 12 companies participate, including global companies HSBC, Unilever, Nestle and Shell.

The internships enhance the skills of the interns, build the competitiveness of Muslim businesses and help the host companies create a culturally diversified workplace and greater cultural understanding and sensitivity in management practices and policies.

Examples include: an intern from a hardware and construction supply company in Cotabato City who served as an intern in the human resources function of Unilever Philippines; an intern from a family telecommunications business in Tawi-Tawi who worked as a telemarketer in Nestle Philippines; and a community banking officer who interned at HSBC, acquiring a range of banking-system skills.

Host companies report that the programme has demonstrated the value of reflecting the diversity of society in the workplace. Not only did the interns show tremendous commitment to the business,

“What we know is that people everywhere want to feel that their backgrounds and perspectives and cultures are being respected and valued. **Building inclusive mindsets should be a part of every aspect of our lives; we must think more inclusively about strategies for our companies, our communities and our society.**”

—*Effenus Henderson, Chief Diversity Officer, Weyerhaeuser Company*

but it helped to break down barriers and misunderstandings about doing business in Mindanao. They also made real contributions to corporate projects. The intern-sending organizations in Mindanao, found that the rewards in terms of new skills and practices were valuable to their operations.

Interns have testified that the programme has given them new opportunities, skills and confidence that they can contribute to development and peace in the region.

**Arab-American Business Fellowships:**  
**young professional exchange for understanding**

The Arab American Fellowship Programme (AABF) – a joint initiative of Young Arab Leaders (YAL) and Business for Diplomatic Action (BDA) launched in 2007 – is an annual exchange programme designed to expose young professionals to one another’s cultural and business environments in order to foster mutual understanding, respect and dialogue between Arab and American societies. Targeting high-potential young executives, the programme encourages the development of a dialogue between business leaders in diverse regions of the world, creating an environment in

which informed opinions and knowledge flow in both directions.

In 2008, 22 young Arab and American executives travelled for three weeks to gain exposure to the business practices, culture and way of life in the US and several Arab countries of the Middle East/North Africa region respectively. They visited leading companies, schools and universities, non-profit organizations and local media. They also took part in cultural activities and had the chance to exchange personal views and impressions with each other and with the leadership and employees of visited organizations.

Participating companies and organizations included, *inter alia*, The Dow Chemical Company (a lead sponsor of the programme), Sesame Workshop, Bloomberg LP, Boeing, Microsoft, MidAmerican Energy and Rudin Management and Related Companies in the US, Tatweer and Dow Chemical IMEA in Dubai, and Global Investment House in Kuwait.

For lead sponsor Dow Chemical, the Fellowship programme is an important way to demonstrate commitment to, and to build relationships and understanding in, an important part of the world for its business. The Dow Chemical Foundation also provides support for the YAL Arab and American Dialogue programme. John Dearborn, president



of Dow Chemical IMEA says, “As the Middle East continues to emerge as a dynamic region, we are delighted to sponsor the AABF programme, which will allow young Arabs and Americans to gain insights into the rich, diverse and evolving business environment and culture of the US and the Arab world.”

Fellows from each side said that the experience reshaped their views of the other, breaking previously held stereotypes

and providing new, sometimes surprising insights. Many were surprised by how much they had in common with their counterparts, including basic values such as honesty, hospitality and the importance of family, and a belief in how business can contribute to economic growth and vitality. They also gained a greater appreciation of how the US and the Arab world are themselves highly diverse.

### 3. INCLUSION: A BUSINESS APPROACH TO DIVERSITY THAT COULD IMPACT COMMUNITIES

Workplace diversity, as a business management field, is changing. As discussed in Part I of this report, more and more companies and human resources professionals are targeting not just the achievement of a “diverse” workplace, where different groups in society are fairly represented in the workforce numerically, but an “inclusive” workplace, in which all employees and the diverse perspectives they bring are recognized, respected and valued for their unique contributions to the organization’s objectives.

This work is about embedding in the culture and management routines of an organization the attitudes and behaviours that will foster an inclusive way of doing business, in order to create more effective, high-performing organizations. Management based on the principle of inclusion clearly has the potential to enhance the role of companies in fostering understanding, respect and cooperative relations across different cultures.

Going further, however, a group of leading experts in the field of diversity management believes that the concept of inclusion has relevance far beyond companies — that the process of building inclusive mindsets could be a transformative approach to cooperative endeavours in any organization, and a principle of interaction in society.

The **Institute for Inclusion** was founded in 2003 as a resource and think tank with the mission to “impact the world” by “working with organizations across all sectors” to make inclusive mindsets and behaviours common practice.

The Institute is working to develop a common language, framework and set of behaviours and practices that foster an inclusive environment. As an interim step, it

has defined 10 “principles of inclusion” that could be adopted by individuals, organizations, communities and institutions, locally and globally. These include, *inter alia*, commitments to:

- Recognize and broaden the spectrum of human differences as a source of strength
- Enhance individual and collective competence to collaborate across cultures and groups
- Bring individuals’ talents, skills and perspectives together to complement and enrich each other

According to Frederick A. Miller, a leading authority on diversity and inclusion and co-founder of the Institute for Inclusion, because of the bottom-line imperative not to waste valuable resources, business is ahead of other sectors in creating cross-culturally inclusive organizations, where the unique contribution of each person is recognized and valued. “In this environment, companies cannot afford to tolerate prejudices that blind an organization to one or another group’s contributions.”

Based on experience with organizations across all sectors, Miller’s belief is that the work companies are doing to create inclusive environments can provide a model and basis for similar work in communities.

#### WHAT IS INCLUSION?

“Inclusion is engaging the talents, beliefs, backgrounds, capabilities and ways of living of individuals and groups when joined in a common endeavour.

“Inclusion creates a culture of belonging in which similarities and differences are valued and honored for the improvement of our enterprises, our society and the world.”

Institute for Inclusion  
(<http://www.instituteforinclusion.org>)

## The Marketplace: Intercultural Understanding in Relationships With Customers, Suppliers and Business Partners

As in the workplace, companies are increasingly working across cultures in the marketplace: collaborating with international business partners, managing global supply and distribution chains, and marketing their products and services to culturally diverse customers and consumers.

### 1. ADAPTING PRODUCTS AND SERVICES TO CULTURALLY DIVERSE CUSTOMERS

Global economic integration has led, in part, to rising incomes and exposure to globally available products. As a consequence, people in markets around the world, at every stage of economic development, are increasingly sophisticated consumers and customers. Companies must understand and respond to the needs and preferences of an increasingly diverse consumer base, making products, services and marketing campaigns appealing, relevant and appropriate to each group in the global marketplace. As a result, companies invest millions of dollars in market research alone.

There are numerous examples of how companies have failed to adapt their products and marketing to the cultures in which they are operating, inadvertently causing offense to their customers or consumers.

In one example, a television advertisement by a leading tissue brand for a new “anti-viral” tissue showed a Buddhist monk walking through a peaceful park saving various animals from harm, after which he blows his nose into a tissue that “kills germs” as a humorous contrast. Many complaints were lodged by Buddhists, for whom it is offensive to make light of the sacred tenet of creating “no harm”. In another example, a leading fashion company produced a line of jeans featuring verses from the Qur’an on the back pockets, meaning that people would sit on them, which is sacrilege to Muslims. In response, the company agreed to offer a worldwide apology, recall the jeans and dispose of them, institute changes to their design process, and conduct sensitivity training to prevent such incidents in the future. In a final example, a leading quick-serve restaurant chain issued numerous apologies and paid out more than \$10 million in damages in India when it was discovered that their

“vegetarian” French fries were cooked in beef tallow, which is forbidden for Hindus.

On the other hand, there is a growing number of examples of companies and industries that are actively creating products and services that are not only culturally sensitive but that proactively cater to the special needs of cultural and religious groups in society and in the markets where they do business. For companies that undertake such targeted activities, they are seen as vital to ensuring the continued relevance and appeal of their products and brands to important groups of customers and to creating goodwill for their businesses. While undertaken for business reasons, they also benefit society by respecting and responding to the needs and values of diverse communities. Some examples from several industries:

#### Information Technology

##### Microsoft: preserving language diversity through information technology

Founded in 1975, Microsoft is a worldwide leader in information technology, providing software, services and IT solutions to business, communities and individuals.

For Microsoft and the entire IT industry, meeting the needs of a diverse global community is both an opportunity and a challenge. While developments in IT are unlocking powerful economic and educational prospects for people in more cultures and geographies than ever before, there are still many people who cannot access IT due to language barriers.

One of the main expressions of culture is language. There are approximately 6,000 languages and another 5,000 dialects spoken around the world today. However, if alarm-



ing trends continue, scientists predict that by the end of this century half of all human languages will face extinction.

In 2004 Microsoft launched the Local Language Programme (LLP), an initiative that allows communities to use globally recognized work- and education-enhancing tools while maintaining the use of traditional languages.

Through Community Glossary Projects, the company works with governments, academia and volunteers to translate Office and Windows into consistent, culturally appropriate terminology for previously under-served language groups. Once complete, the glossary forms the basis of a Language Interface Pack (LIP), which can be freely downloaded and installed from the company's LLP website. For some users, the programme provides access to computers for the first time; for others, it is a chance to improve productivity and self-expression by

working and learning in the language they are most confident in.

More than 60 translations have been created under the programme, including 12 in sub-Saharan Africa. In Nigeria, Microsoft has supported translations in Hausa, Igbo and Yoruba, which can be used by more than 60 million people across West Africa.

When asked about the programme, Microsoft's Citizenship Manager for Nigeria, Jummai Umar Ajiojola, commented that it was "just the beginning" for the Local Language Programme and called on stakeholders of other language groups to take up the challenge to preserve and protect their languages.

In Africa, Microsoft will continue to use the LLP in combination with other developmental initiatives under the global Unlimited Potential programme to further extend digital inclusion, foster much needed IT skills and stimulate the growth of local, native-language-based IT economies.



## Financial Services

### Sharia-compliant banking products

Sharia-compliant banking products represent a rapidly growing segment of the consumer financial industry. According to Standard & Poor's, Islamic banking has expanded by more than 10 per cent annually over the past decade. The World Bank reports that more than 300 institutions are providing Sharia-compliant financial services. This includes global banking groups such as Citigroup, HSBC, Deutsche Bank, Standard Chartered and ABN AMRO, which have created Islamic finance units, some of which, such as HSBC Amanah and Citi Islamic, are separately branded. They offer a wide range of products, such as loans and mortgages, insurance, mutual funds and bonds, which help investors and consumers conform to Islamic tenets, including a ban on interest, intended to achieve greater social justice. In 2007, Ford Motor's \$848 million sale of Aston Martin to a Kuwait-based bank required Sharia-compliant financing, and Caribou Coffee, the second-largest specialty coffee chain in the US, is owned by a Sharia-compliant private equity firm based in Bahrain.

Financial products aimed at other traditions are beginning to appear as well, including a Dharma Global Index launched in 2008 and run according to Hindu and Buddhist principles, and several Christian-oriented socially responsible investment funds.

### HSBC: diversity as central to a company's brand and culture

HSBC is one of the largest banking and financial services companies in the world, with more than 10,000 offices and 325,000 employees in 86 countries and territories in Europe, Asia, the Americas, the Middle East and Africa. HSBC offers a comprehensive range of financial services to over 100 million personal, commercial, corporate, institutional, investment and private banking clients.

With this scale and scope of operation come cultural differences and geographic challenges. Promoting intercultural exchange is therefore a key priority for HSBC. Understanding diverse perspectives is a core element of HSBC's brand, heritage and culture.

Reflecting the diversity in its global customer base, respect for different points of view is central to HSBC's brand as "the world's local bank". Launched in 2002, the brand was developed following worldwide consumer research which found that, while people appreciate the value of international organizations and services, they question the prevailing "one size fits all" global model. Consumers want to be treated as individuals, and to feel that companies care about them, recognize their needs and understand what makes their community unique.

In support of its brand theme, HSBC's global "Points of View" advertising campaign is based on recognizing and understanding customers' values and priorities in life so that HSBC can better serve them. The campaign has evolved over the years, with the most recent advertising focused on real-life financial decisions that people make at key life stages, whether it is marriage, buying a first house, or backpacking around the world.

Another practical way that the bank aims to serve the diverse needs of the global marketplace is through HSBC Amanah, the global Islamic financial services division of HSBC, which develops Islamic financial products and services for retail, corporate, institutional and High Net Worth Individual customers.

Reflecting its dedication to serving a diverse global customer base, HSBC also has a long-standing commitment to creating a diverse and inclusive environment in the workplace. In 2007, the bank launched a Global People Survey to measure and track employee views on a range of themes. On diversity, the 2008 survey showed that 70 per cent of employees feel that diverse perspectives are valued, exceeding the "Best in Class" benchmark.

An example of this work at the national level is in India where, HSBC achieved a 10 point increase in its Global People Survey score for diversity, reaching 77 per cent which meets the "Best in Class" benchmark.

One of the challenges HSBC faces is the size and reach of its worldwide operations. By placing respect for diversity at the core of its business, HSBC believes that it is contributing both to its own success and that of its customers and employees and the communities it serves.

## Consumer Products

### The Coca-Cola Company: marketing during Ramadan

The Coca-Cola Company operates in more than 200 countries and territories with different cultures, political systems, religions and histories. The company believes that it can only build a sustainable business if the communities in which it operates are sustainable, and it continually strives to do business in a way that furthers multicultural understanding, and enhances its reputation with all consumers.

One of the company's core beliefs is to add value through its brands and its people, and it puts a strong emphasis on engaging consumers in a way that is culturally-sensitive and that builds trust with the communities in which it operates. As Ahmet Bozer, the President of the Coca-Cola Company's Eurasia and Africa Group, notes, "successfully operating in a multicultural way is the oxygen of our company"

At Coca-Cola, diversity is a business strategy that is a source of innovation and creativity. As a consumer facing company, the diversity of the company's workforce has to reflect the diversity of the societies in which it does business.

By way of example, the Eurasia and Africa Group's leadership team comprises 17 managers with 12 different nationalities and a diversity of gender, race and religion. Similarly, the company's Operating Committee comprises 10 senior executives with 7 nationalities. The success of Coca-Cola's business in over 200 countries ultimately depends on its ability to connect with a multitude of communities, cultures, geographies, religions and languages. And that is only possible if its own workforce reflects that diversity.

From Ahmet Bozer's perspective, "In order to be successful in a multicultural environment, you need to demonstrate respect, sensitivity, open mindedness, and a genuine interest in understanding differences between people".

The brand values and optimism inherent to the brand of Coca-Cola allow the company to work across cultural differences and to connect meaningfully with consumers. One example of this connection is the celebration of occasions that bring communities together, such as the Thanksgiving or Christmas

holidays, the Chinese New Year, or the "iftar" meal during Ramadan.

For Coca-Cola's Eurasia and Africa Group, which covers a large number of countries with significant Muslim populations, Ramadan represents a time of connection and optimism, when people try to live more positively, embracing the human values of support, respect, sharing and tolerance. As a result, Coca-Cola's mainstream advertising and promotional campaigns are accompanied by social and community activities, along with employee events, reflecting the important Ramadan values of charity and sharing with family and friends. These activities include the organization of Ramadan evening festivities, the distribution of gifts to mothers in particular, and the provision of food and beverages and charitable donations (zakaat) for the poor and needy.

### Tourism: Facilitating Cross-cultural Experience

In his opening remarks at the International Conference on Tourism, Religions and Dialogue of Cultures, held in Cordoba, Spain, in October 2007, the Secretary-General of the World Tourism Organization (UNWTO), Francesco Frangialli, spoke of tourism's potential to contribute to mutual respect and understanding among peoples. "Like the world's great religions, tourism carries with it the values of exchange... and of tolerance". He pointed to the Qur'an, which explains "how we learn through travel by discovering the differences that exist between people and places, and that in doing so we are able to place things into better perspective".

Mr. Frangialli suggested that tourism promotes peace in two ways: first because "it is impossible to feel enmity for someone you know personally, or that you have hosted or visited, and whose concerns you have come to understand through direct contact" and, second, because tourism businesses and destination communities have a common interest in shared development projects that promote economic growth while preserving the environmental, social and cultural values of destination communities on which the tourism is based. The role of tourism in promoting international understanding, peace and prosperity has also been recognized by the UN General Assembly (A/RES/56/212).





Article 1 of the UNWTO Global Code of Ethics for Tourism, Tourism (GCET), endorsed by the UNWTO General Assembly in 1999 and then officially recognized by the UN General Assembly in 2001, expresses the tourism sector's adherence to these principles: "The understanding and promotion of the ethical values common to humanity, with an attitude of tolerance and respect for the diversity of religious, philosophical and moral beliefs, are both the foundation and the consequence of responsible tourism." The Code goes on to call on visitors and host communities to learn about and show respect for each other's traditions.

The tourism industry has taken some steps to put these principles into practice in the context of their sustainability initiatives.

Founded in 2000 with the backing of United Nations Environmental Programme (UNEP), UNESCO and UNWTO, which currently hosts the Secretariat, the Tour Operators' Initiative for Sustainable Tourism Development (TOI) is an association of leading international tour operators fully engaged

in advancing UN system goals of sustainable development in respect of tourism and pragmatically dedicated to helping tour-operating businesses design and conduct environmentally, economically and socially sustainable tours, supporting healthy destination communities, which are critical to their success.

Tour operators act as intermediaries between visitors and local destination communities and hence have a central role to play in fostering informed, respectful and mutually beneficial relations between them. The CEO of each TOI member company signs a Statement of Commitment to Sustainable Tourism Development, which, *inter alia*, commits members to conserve cultural heritage, respect the integrity of local cultures and collaborate with local communities.

In its projects with destination communities, TOI works to: establish close links with all stakeholders in the community, based on open and transparent dialogue in which the vision of the destination community is the primary focus; ensure compliance with all applicable laws and regulations; combat all il-



legal or exploitative forms of tourism; develop awareness and active involvement of visitors in the protection of the natural, social and cultural environment; and encourage better understanding and mutual respect between host communities and visitors.

Below are several examples of initiatives by individual TOI member companies aimed at ensuring that their products facilitate improved cultural understanding between visitors and host communities.

### **TUI: building professional relationship between small local suppliers and visitors in Sri Lanka**

TUI Travel PLC is Europe's largest travel company. TUI UK supports the Travel Foundation, an independent UK charity that aims to help the outbound travel industry manage tourism more sustainably.

One problem that travellers and local communities face is the sometimes negative experience that arises from the interaction between visitors and local vendors, resulting in disrespect and stereotyping on both sides. To counter this phenomenon in Sri Lanka, the Travel Foundation supports Learning Involving and Nurturing Community (LINC) on the LINC Project Beruwela, where a pilot project at one resort involved 72 micro-enterprise beach operators and local hotel staff and management in a six-month process of trustbuilding and skills-development. In addition to six months continuous counselling, one month of intensive training was provided for the beach operators in such areas as customer relations and service standards; cross-cultural management; guiding techniques, and health and safety.

The aims of the project were to improve the experience of visitors, to eliminate physical and mental barriers that restrict opportunities for local communities dependent on tourism, and to establish cordial relations based on mutual respect between the formal (local and international) and informal sector of the tourism industry. As a result of the programme, tourist complaints at the pilot resort are down to zero, the local beach operators have reported a 20- to 30 per cent rise in income, and a village fund has been set up to provide emergency funds to local families in need.

### **TLB Destinations: encouraging travellers to learn about the communities they visit**

TLB Destinations, founded in 1996, is a Lebanon-based tour operator that invites travellers to experience the cultural, historical and natural diversity of the Middle East. The company has a broad approach of ensuring that its activities benefit the local community economically, environmentally, socially and culturally.

To meet the specific challenge of combating misperceptions some visitors have about the region, the company makes a conscious effort to build bridges of understanding and cooperation between visitors and local communities. TLB works exclusively and closely with local suppliers, including their tour guides, who are from various cultures and religions in the destination communities and are trained in how to manage cross-cultural issues. Visitors are encouraged to make overnight stays in local homes and to support local community projects, e.g. through the purchase of local handicrafts from women's cooperatives in Jordan. They also undertake educational activities, holding awareness-raising events for visitors about local heritage and traditions. In these ways, TLB ensures that the experience is positive for both sides, increasing mutual understanding and respect.

This approach has helped TLB ensure that it can continue its operations based on positive relationships with host communities while offering a unique experience for its customers.

### **Kel 12: conducting tours and promoting mutual understanding**

Kel 12, based in Italy, was "born" in the Sahara 25 years ago and is a leading operator of tours in the Sahara and many other "off-the-beaten-track" routes around the world from the Middle East to Tibet, South America and the Pacific. With the mission of "satisfying the curiosity of travelers", the company is committed to conducting its tours in a way that promotes mutual understanding. Kel 12 works with local guides and anthropologists to shape and conduct its tours, and it distributes an Ethical Chart to all customers along with their travel documents which, *inter alia*, emphasizes the importance of open and respectful attitudes when encountering faraway cultures, to ensure that both sides are enriched by the experience.

## 2. PROMOTING GLOBAL SUSTAINABLE BUSINESS PRINCIPLES ACROSS CULTURES

International companies typically have wide-spread networks of suppliers that are highly diverse in terms of size and business culture. Sustainable supplier management includes promoting supplier diversity and conducting relationships with cultural sensitivity. At the same time, these relationships present an opportunity to encourage sustainable business practices, including supplier business' respect for cultural diversity. As discussed in Part I, one cross-cultural challenge for companies is ensuring that its sustainability principles and programmes are relevant and appropriate in various cultural contexts. Below is an example of an initiative aimed at meeting these challenges through culturally-sensitive promotion of sustainability in the supply chain.

### **TITAN Group: promoting global sustainability principles across a culturally diverse supply chain**

Founded in 1902, TITAN Group is an independent multiregional producer of cement and other building materials, headquartered in Greece, with production and distribution operations in 12 countries. Committed to responsible business practices, the company was the first in Greece to sign up to the United Nations Global Compact.

One way that international companies can have a positive impact on society is to help instill sustainable business practices not just in their own operations, but also in those of their networks of suppliers. The challenge is how to make global sustainability principles – such as respect for human rights and protection of the environment – meaningful and relevant to the vast array of small- and medium-size enterprises (SMEs) in the different countries and cultural contexts that make up these networks. TITAN, for example, has some 10,000 suppliers, mostly SMEs, in countries in Southeast Europe and the Middle East. For these businesses, the global language of “corporate social responsibility” (CSR), and

the benefits of adopting sustainable business practices are not always self-evident.

To address this issue, in 2006, TITAN was one of four companies (together with Hewlett Packard, Volkswagen and L’Oreal) that spearheaded the Supply Chain Laboratory, an innovative project aimed at finding practical ways to promote responsible business practices among the companies’ extensive and diverse networks of suppliers.

In the first phase of the project (2006-2008) TITAN, in collaboration with more than 30 other companies around the world, conducted an investigation of the perspectives and needs of its suppliers in this area – analyzing supply chain audits and holding local workshops and focus groups. They then created materials and tools to “translate” global sustainability principles into practical, user-friendly, culturally appropriate and colloquial local language materials and tools for use by producers and suppliers in working together on these issues.

In December 2008, these materials and tools were launched in a new interactive web-based Portal for Responsible Supply Chain Management ([www.csr-supplychain.org](http://www.csr-supplychain.org)). The Portal will be supplemented by other activities to help ensure local relevance, including: a series of national “road shows” to help local suppliers identify their own sustainability priorities and processes, a mentoring programme, and a supplier task force that will evaluate how the Portal is used and recommend future work.

Through this project, TITAN and its partners believe that they are taking an important step in meeting their companies’ sustainability goals by fostering cross-cultural understanding and cooperation with suppliers around the world on sustainable business practices.

### 3. FOSTERING COLLABORATIVE BUSINESS PARTNERSHIPS IN AREAS OF CONFLICT

In addition to innovative marketing initiatives targeting diverse customers, and culturally sensitive promotion of sustainability principles with diverse suppliers, cooperative intercultural relations can also be promoted in the marketplace through innovative business partnerships in conflict or post-conflict situations. Joint business ventures that are undertaken across conflict divides can serve as bridges between communities that have otherwise ceased to interact. Sometimes this is the indirect result of business activities undertaken primarily for profit. Sometimes entrepreneurial collaboration, or business dialogue, is deliberately encouraged as a means of laying the foundations for peace.

The NGO International Alert studies and supports these activities. International Alert's 2006 publication *Local Business, Local Peace: the Peacebuilding Potential of the Private Sector* includes a chapter on "Local business as connectors: rebuilding relationships across conflict divides". The text and case studies show how, aside from generating economic growth, joint business activity and dialogue across conflict divides can support the "relational dimension of peacebuilding [fostering] peaceful relationships and mutual confidence."

In conflict situations, when reduced social, cultural, economic and political interaction create space for prejudice and mistrust, business can sometimes be the first to open channels for "sustained peaceful interaction with 'the other side'", allowing individuals to increase their understanding of each other's perspective and, over the long term, regain confidence and trust in each other.

Below are two examples of activities profiled by International Alert, in Kosovo and in Sri Lanka, where business ventures and business dialogue have fostered peaceful relations across conflict divides.

#### **Mercy Corps: defusing stereotypes through business cooperation in Kosovo**

Mercy Corps is an international NGO that works to alleviate poverty through fair socio-economic development. In Kosovo, it has focused on creating linkages between entrepreneurs to help communities learn to coexist by interacting in mutually beneficial ways, as they did before the conflict.

During the period 2000-2002, Mercy Corps brought Kosovar Serb and Albanian businesspeople together in a number of cooperative ventures, with the aim of breaking down the negative stereotypes and prejudices that each group had of the other, and of ensuring that inter-ethnic tolerance and cooperation were integrated into the economic development process.

Projects included, *inter alia*, assisting mills producing animal feed run by Kosovar Serbs to establish links with buyers and raw material suppliers run by Kosovar Albanians; and facilitating a system for Kosovar Serb dairy farmers to sell to Kosovar Albanian dairy-processing facilities that both sides felt was secure and fair. They also held several three-day conferences of agribusiness and peacebuilding, which included trust- and confidence-building activities such as active listening – opportunities to exchange personal experiences of the conflict and social events in cultural settings, such as an Albanian restaurant or an Orthodox monastery.

In the view of Mercy Corps, "The relationship between buyer and seller or producer and processor all involve human interactions that are at the center of the peacebuilding process."

#### **Business for Peace Alliance: trust-building through business dialogue**

In addition to business activities themselves, trust can be built through business dialogue, as in the context of business associations.

In Sri Lanka in 2002, after lengthy consultations and with the support of International Alert and UNDP, business members from regional chambers of commerce across the island established a network, the Business for Peace Alliance, to promote trust-building and joint initiatives among Tamil, Sinhalese and Muslim businesspeople. Regular bimonthly meetings and visits to each other's chambers created "a strong spirit of fellowship and ongoing ideas for joint ventures and technology transfer programmes".

Illustrating the impact of this kind of dialogue, one member of the group recalled: "It took time to understand each other's experiences. We had the feeling that they were terrorists. Their appearance intimidated us. There was a

# “As groups learn to work together, cultural stereotypes are shattered and the former enemy is demystified and humanized.”

—Daniel Lubetzky, Founder and Chief Executive Officer, PeaceWorks

*feeling of anger that these people had caused such devastation...but then we found that we could sit and talk with them. Within seconds, we realized there were common problems.”*

From these early beginnings, the Business for Peace Alliance incorporated in 2006 as a not-for-profit company owned by 25 regional Chambers of Commerce. Similar groups have been established in other areas, such as the Caucasus Business Development Network in the South Caucasus.

Finally, International Alert also records how market spaces — typically informal and created spontaneously on borders of a political divide as a way of securing a living — play a vital role in peacebuilding by creating “neutral spaces” that require predictable and trustworthy behaviour from all participants. For example, in markets in Nigeria and the Caucasus traders and other businesses have acted as “connectors”, building social capital and networks between ethnic groups, sometimes over generations. In several instances, traders even protected members of rival ethnic groups in the market during violent outbreaks; the ties that enable this to take place starkly contrast with the conflict outside the market.

Below are two further examples of how business can be used to bridge communities in conflict — one in which a for-profit company has made fostering peace part of its business mission, and one in which a civil sector organization dedicated to peacebuilding is pursuing this aim in part through encouraging entrepreneurial collaboration and capacity-building.

## PeaceWorks: a ‘not only for profit’ health food company

Established in 1994, PeaceWorks Holdings LLC is a US-based gourmet and healthy foods company that pursues profit and peace by fostering business ventures between neighbours striving to coexist in conflict regions. The company creates and purchases from cooperative business ventures between food producers and manufacturers operated by Israelis, Palestinians, Egyptians, Jordanians, Turks, Indonesians and Sri Lankans.

The PeaceWorks website states the idea that guides it: “Mutually beneficial economic initiatives can create good relations between rivaling peoples in the same way that business partners anywhere profit from cooperation in today’s marketplace. In this manner, cooperative business ventures that capitalize on the strength of each partner can enable the conditions necessary to achieve long-lasting cultural understanding.”

The company’s flagship joint venture, which produces a line of tapenades, involves Israelis, Palestinians, Egyptians and Turks trading together. It also produces a range of sauces that are a cooperative venture among Christians, Buddhists and Muslim producers and manufacturers in Indonesia.

In 2000, when an outbreak in violence led to travel restrictions for Israelis to the West Bank, its local joint venture’s trading partners who were Palestinian citizens of Israel acted as aggregators helping to gather olives and olive oil from their Palestinian counter-

parts in the West Bank. Over the course of 15 years, the partners have continued to find ways to preserve their relations, allowing PeaceWorks to stay in business, retain most employees and grow in size, and sustain a long-lasting partnership that has fostered understanding and ties among the people involved. The company believes that this collaboration is a testament to the power of business to forge strong partnerships, and to how workforce diversity can be a great asset in regions with conflict.

**The Peres Center for Peace Business and Economics programme: nurturing peaceful relations through cross-border business ventures**

The Peres Center for Peace is an independent, non-profit, non-partisan NGO founded in 1996 to build peace through socio-economic cooperation and development, and people-to-people interaction. Believing that business cooperation is a core part of the “infrastructure of peace”, the Peres Center Business and Economics Department works mainly with the Palestinian and Israeli business communities, and also with the business communities in Egypt and Jordan, on integrated initiatives to foster business links that will contribute to economic development while advancing cooperation and mutual understanding. This work includes several types of activity:

- Initiating business-to-business activities, bringing Palestinian and Israeli professionals in specific sectors together (e.g. agriculture, tourism, information technology) in fora where they can look at opportunities for working together.
- Capacity-building and training programmes, offering skills-building workshops and seminars that enhance the capabilities of Palestinian businesspeople. In some cases, support is provided by international companies, as in a training workshop conducted by Intel for Palestinian technicians on systems maintenance for large institutions such as hospitals.
- Research on economic policy issues affecting the business environment e.g. a study entitled “Untapped Potential”, documenting the potential business opportunities



in various sectors that could be unleashed through greater cross-border economic cooperation. Such research is presented to local, regional and international decision-makers, in order to encourage policy that facilitates better trade conditions.

- Tourism has a special role to play in contributing to local economic growth and cross-border cooperation, and in facilitating dialogue and intercultural understanding. In 2004, the Tourism4Peace Forum was established, with Palestinian, Israeli, Jordanian and Egyptian tourism professionals, to discuss common issues and cooperate on projects, including the development of joint marketing activities.

The Peres Center has also supported the establishment of the Israeli-Palestinian Chamber of Commerce which held its first conference in early 2009, with the participation of over 60 Israeli and Palestinian businesspeople.

Through these activities, the Peres Center has repeatedly observed that Palestinians and Israelis are open to working together and, given how the region’s economies are intertwined, that cross-border business and economic activity is mutually beneficial.

**“Promoting understanding between different cultures, languages, religions and nations has always been a challenge to our society. It will therefore continue to be an important goal for international corporations to encourage individuals and institutions worldwide who provide these impulses towards tomorrow’s open society.”**

*—Konstanze Carreras, Social Responsibility,  
Corporate Communications, BMW Group*



## The Community: Actively Promoting Intercultural Understanding in Society

In addition to their business relationships with employees, business partners and customers, companies must manage their relationships with communities and governments and address environmental, economic and social issues of mutual interest.

There are several ways that companies can promote intercultural understanding in the wider community: through social investment or philanthropic support for social programmes that target intercultural understanding, through managing the impact of their core business in a way that is sensitive to local cultures, and through advocating with decision-makers for policies that will encourage positive intercultural relations.

### 1. INTERCULTURAL UNDERSTANDING AS A CORPORATE SOCIAL INVESTMENT PRIORITY

As part of their philanthropic or corporate responsibility programmes, companies create or support programmes aimed at improving the lives of people in communities where they operate. More and more, companies are taking a “strategic” approach to community giving, making targeted “social investments” to address critical community needs that relate to the company’s business and sustainability priorities, and working in partnership with government and civil society groups. A few companies have made intercultural understanding a core theme of their sustainability or philanthropic vision and programmes.

#### **BMW Group: promoting intercultural learning**

The BMW Group is a globally leading producer of premium automobiles, with a worldwide production and marketing network including 17 production facilities in six countries.

Intercultural learning has been an important element of the BMW Group’s social activities for more than a decade.

The Group’s activities in this area, targeting adults and young people, currently include two core programmes, launched together in 1997: the BMW Group Award for Intercultural Understanding and the LIFE collection of intercultural learning materials.

“Through Mondialogo, Daimler is displaying what has been moving its employees for years and what the company really cares about: the dialogue and exchange between cultures for a peaceful future.”

—Dieter Zetsche, CEO, Daimler

The Award for Intercultural Learning rewards “new ideas and exemplary projects that address these issues and make an innovative contribution to international understanding”. The contest is held each year, with submissions invited from the public on a wide range of topics, and proposals submitted from around the world. Winners are selected by a jury representative from the fields of science, research and education. Below are a few examples of projects which have won the award in recent years:

- 2004 – **The Global Studies Programme:** A project by three professors from Germany, India and South Africa, which gives students a fascinating and highly instructive opportunity to develop new perspectives through periods of study in different countries.
- 2005 – **Learning together, Living together: A Pioneer Model for Integrated Arab-Jewish Schools:** Unique integrated bilingual (Hebrew-Arabic) schools which help to overcome the estrangement between the two communities that has built up over generations.

The core of the LIFE program is a continually updated collection of theoretical and practical ideas and materials on the subject of inter-

cultural learning by scientists and educators, which is freely available to the public.

The central task of all these programmes is to address the challenge of perceiving foreign people and cultures as normal everyday phenomena in our modern society.

The Group believes that the worldwide response to the Award, along with the highly positive response of teachers to the LIFE materials, testifies to the value of the programme.

**Daimler: ‘Mondialogo’ partnership with UNESCO: promoting intercultural understanding and exchange among young people around the world**

Daimler AG is a globally leading producer of premium passenger cars and commercial vehicles in the world. The company states: “As a globally operating company with more than 270,000 employees worldwide, Daimler appreciates the importance of open relationships free of prejudices across all language and cultural barriers. Such relationships are crucial to our business success.”

The **Mondialogo initiative** is a partnership with UNESCO that seeks to encourage young people everywhere in the world to experience intercultural dialogue as an enrichment of their lives. The initiative consists of two international competitions for high school and college students, as well as an Internet portal in five languages.





- **The Mondialogo Schools Contest** is an opportunity for high school students to learn to work together with students from another continent. Schools worldwide are invited to form a team and are assigned a partner team from another country, with whom they work on a project that is submitted for appraisal by an international jury. Since 2003, the Mondialogo Schools Contest has involved more than 96,000 students from 144 countries, making it the largest worldwide school contest in support of intercultural dialogue.
- **The Mondialogo Engineering Award** calls on engineering students from developing and industrialized countries to work together in teams to develop sustainable project ideas that address the UN Millennium Development Goals. In its third round (2008/2009), the contest has reached a record number of participants: 932 project proposals were submitted from 94 countries, 123 more submissions than in the previous round (2007).

- **The Mondialogo Internet Portal** invites young people to “Join the intercultural community” to exchange views and cultural insights. The Portal has more than 38,000 registered users in 170 countries.

The level of participation in these programmes and the high quality of the contest entries are a testament to the power of fostering global dialogue. Through them, Mondialogo represents an important element of Daimler’s contribution to the UN Millennium Development Goals.

#### **CISCO: Dialogue Café**

CISCO – a leading communication and collaboration company is partnering with the Alliance of Civilizations to launch Dialogue Café. The project is based on a radical but simple idea: ordinary people have more in common than not and given the opportunity they will explore their common interests even across radical geo-political divides.

“Through media, younger kids can understand another country. They may not be able to pinpoint it on a map, but **they understand there is a slightly bigger place than just their block, and that there are other people that are very different sometimes than they themselves may be.**”

—Gary E. Knell, President and CEO, Sesame Workshop

<sup>1</sup> life-size imaging on high definition video screens, offering both the visual and aural impression that people who may be on the other side of the world are actually sitting in the same room as each other.

Dialogue Café will link via Telepresence<sup>1</sup> a diverse group of citizens from around the world, creating a new space for social innovation and exponentially expanding our ability to solve problems and innovate as a global community. It will help to “change people’s perception of each other by providing opportunities to improve understanding of culture and between cultures”.

The Dialogue Café development is being supported by an international multi-sector consortium of partners, committed to exploring this new frontier of connectivity and cross-society collaboration, enabled by cutting-edge technology and most importantly driven by ordinary people. Cafés have long served as breeding grounds for great debate and grand designs.

The Café proof of concept is starting with research on pilot cafes in New York, London, Istanbul and the Middle East.

### **Sesame Workshop: Respect & Understanding Initiative – starting early to foster global citizenship**

Sesame Workshop, the non-profit educational organization behind the television show *Sesame Street*, has aimed to make a meaningful difference in the lives of children worldwide by addressing their critical developmental needs using media. Sesame Workshop receives funding from companies and corporate foundations such as American Greetings and McDonald’s.

Respect for cultural diversity has been a central aspect of Sesame Workshop programming since it began in 1968.

In addition to its own “flagship” programmes, the organization produces 20 local co-productions around the world that are tailored to the culture and unique educational needs of the region.

One of its featured programming themes is **Respect & Understanding**. The website introduces this aspect of their programming: “Our world is full of amazing diversity. Travel the globe and explore different cultures and traditions, both near and far, that will help your child appreciate and understand the world.” Under this priority, programmes are developed in countries around the world that foster international understanding among children. Some examples:

- In Northern Ireland, *Sesame Tree* fosters sharing and openness among children, encouraging them to ask questions candidly, even about difficult or sensitive topics.
- In Indonesia, *Jalan Sesama* brings people together despite their differences, celebrating “unity through diversity”.
- In Mexico and much of Central and South America, *Plaza Sésamo* introduces children to the many thriving cultures of Latin America.
- In India, *Galli Galli Sim Sim* builds bridges across varied religions and socio-economic levels.

In 2004, Sesame Workshop and the **Merrill Lynch Foundation** joined forces to address the fact that there were “very little media available to children that would help them make sense of our ever-changing world”, by launching a project to develop a programme that would “answer the need for a child-oriented global awareness curriculum”. The result was **Panwapa**, a multimedia initiative that helps children “gain empathy for others while encouraging a broader international perspective”. Offered in five languages, the Panwapa website lets children create custom avatars and safely “travel” to visit other Panwapa Kids around the world, as well as watch interactive movies, learn words in other languages and go on international treasure hunts. Based on the enthusiastic response to the program from teachers, Sesame Workshop has developed a set of curriculum materials to help them incorporate it into classroom lessons.



“Every view of the world that becomes extinct, every culture that disappears, diminishes a possibility of life.”

— Octavio Paz, winner of Nobel Prize in Literature, 1914-1998

**American Express Partners in Preservation: preserving the world's diverse cultural heritage**

American Express is a leading global payments network and travel company, founded in 1850.

As one of the world's largest travel companies, American Express realizes the importance of preserving cultural heritage and historic sites for future generations. Cultural heritage forms our individual, local and national identities, and shapes relationships with our neighbours and communities around the world. Historic preservation has therefore been a cornerstone giving theme of the company since the early 1980s, with more than \$10 million contributed over the past 10 years to help preserve more than 100 historic sites in 62 countries.

With heritage sites receiving more visitors than ever, tourism has become the lifeblood of many iconic sites around the world and of the communities where they are located. Enhancing the visitor experience at these sites while protecting and preserving them is critical for their survival.

Therefore, in 2006, the company extended its historic preservation efforts by partnering with the World Monuments Fund on the Partners in Preservation programme. The programme helps preserve historic sites around

the world by funding conservation while promoting sustainable tourism practices: opening up newly restored historic areas; improving movement and overcrowding at sites; studying the impact of tourism on communities; creating new visitor centers with high-tech educational facilities; and implementing environmentally responsible projects.

The company also supports organizations and projects that preserve or rediscover important cultural and artistic works — from dance, theater, music, film and the visual arts — in order to provide access and enjoyment for current and future audiences. The emphasis is placed on preserving works that represent a range of diverse cultures.

One example is the company's support for the Asociacion Civil RESPONDE in Buenos Aires, Argentina. In Argentina, 40 per cent of small rural towns are in danger of disappearing due to the migration of their inhabitants to urban areas in search of work. The programme works to slow and reverse this trend by encouraging economic and social development within rural towns. Under the programme, a Socioeconomic-Cultural Center is set up in each selected town and the community is organized in the development of sustainable rural tourism programmes. The aim is to create new economic drivers that will revitalize and preserve each village for generations to come.



### **Silk Road Project: intercultural understanding through artistic exchange**

The Silk Road Project is a not-for-profit artistic, cultural and educational organization founded in 1998 by the cellist Yo-Yo Ma. The Project takes its inspiration from the historic Silk Road trading route network that stretched from the Mediterranean to the Pacific from the first millennium B.C.E. through the middle of the second millennium C.E., linking diverse cultures and peoples and promoting an unprecedented sharing of ideas, art, science and innovations.

Inspired by this age-old tradition of cross-cultural exchange, the Project presents musical performances, leads workshops for students and develops new musical and multimedia works by composers and arrangers from around the world. The project

also conducts residencies with leading universities and museums to promote cross-cultural and interdisciplinary interaction with students and faculty. Its overall vision is to “connect the world’s neighbourhoods by bringing together artists and audiences around the globe”.

The Project’s activities encompass artistic collaboration, performance and education. The Silk Road Ensemble is a collective of internationally renowned musicians, composers, arrangers, visual artists and storytellers who collaborate on a diverse range of musical and multimedia projects, and present innovative performances.

In addition to support from individuals and foundations, the Silk Road Project has worked with corporations including The Ford Motor Company, American Express, Mikimoto, and Morgan Stanley.

## 2. BUILDING TRUST WITH LOCAL COMMUNITIES

Another way that a company can promote intercultural understanding in society is by managing the impact of its core business in a way that is sensitive to local cultures.

### **Weyerhaeuser: building long-term relationships with Aboriginal communities in Canada**

Weyerhaeuser Company is one of the world's largest forest products companies, with offices or operations in 13 countries and customers worldwide. To carry out its business, the company operates mills, develops products, manages forests and conducts trade.

Canada is a very important market for Weyerhaeuser, and Aboriginal communities are an integral part of the communities where it operates. Weyerhaeuser harvests a significant portion of the annual allowable cut in Canada, much of which is from public land and in areas where Aboriginal groups assert they have rights or title. In addition, the company draws on these communities for employees, suppliers, customers and contractors.

Recognizing that the needs and perspectives of Aboriginal people are therefore relevant to many of the company's decisions, the company has adopted a policy and series of initiatives designed to build long-term positive relations with these communities.

A critical element of the policy is to "acknowledge Aboriginal cultures, heritages and traditions, respect their rights and understand Aboriginal points of view". Initiatives undertaken include increasing direct employment and retention of Aboriginal peoples in the workforce, supporting contract opportunities and purchasing a level of goods and services from Aboriginal businesses, investing in education and training, enhancing interaction with local community groups and leaders to promote mutual respect, and inviting Aboriginal input into business plans.

The programme has helped to establish mutually beneficial cooperation between the company and Aboriginal communities in Canada. Several years ago, in Western Ontario, for example, Weyerhaeuser signed a letter of intent with the Wabigoon First

Nation that outlined principles governing the relationship, including trust and respect for the Wabigoon culture. This has, in turn, led to a growth in the community's logging initiatives, the provision of seedlings for the company's forest renewal programme, and the development of a local supply distribution company that provides it with cleaning products.

### **Endesa S.A.: Pehuén Foundation – fostering social development based on respect for local culture in Chile**

Endesa is Spain's largest electric utility and the leading international private electricity company in Latin America. The company's approach to sustainability in its Latin America operations is based on an awareness of their responsibility to provide a basic public service in ways that are creatively and sensitively adapted to meet local needs.

Following extensive stakeholder consultation, Endesa has identified integration (or "rooting") of the company into the fabric of local communities as one of two main challenges, together with combating climate change, facing the company over the next five-year strategic planning period (2008-2012).

One programme designed to meet this challenge is located in Chile. In 1992, Endesa began construction of the Pangué hydroelectric facility in the Alto Bio-Bio region of Chile. To help ensure that the local indigenous Pehuenche community can participate in the benefits of the project, the company established the Pehuén Foundation, led by a consultative board of representatives from the company, community leaders and other local stakeholders, to help provide the community with tools for economic, social and cultural development. Along with assistance and training in the areas of infrastructure micro-enterprises, education, agriculture and tourism, the Foundations helps to support the community's cultural identity and build capacity in the area of cultural heritage management.

Activities include, for example, the building of a traditional Pehuén home where people can appreciate and learn traditional

construction and social customs, and the publishing of books of traditional stories. Training is also offered to develop bilingual teachers of Pehuén culture, and funding is provided for creating traditional clothes and musical instruments. In this region, where natural and cultural heritage are deeply linked, the Foundation also supports the development of sensitive tourism, providing tourists with camping areas that allow them to experience both the natural and the cultural richness of the region, supporting respectful contact with Pehuenche's communities and their traditional rituals and customs, and providing training for local tourist guides.

The company believes that by supporting local economic and social development that is based on respect for the local culture, it has itself gained the respect of the local community, contributing to the long-term sustainability of its operations and achievement of its business objectives.



### 3. ADVOCACY: ENGAGING IN POLICY DIALOGUE TO ENCOURAGE INTERCULTURAL UNDERSTANDING

While this is a sensitive and more limited area of activity, in some cases companies also engage individually or collectively in policy dialogue and advocacy with governments to address issues that threaten the society and business environment.

There are a number of examples of how the private sector has advocated for the peace and improvement of relations between communities in conflict. In the Middle East, the Peres Center for Peace lobbies decision-makers for the creation of a more open regime for trade, investment and movement of people in the region to support cross-border business and development. In Sri Lanka, the Business for Peace Alliance also advocates with political leaders for peacebuilding measures. In Cyprus in the late 1990s and early 2000s, the Brussels Business Group – a group of high-level Greek and Turkish Cypriot businesspeople who gathered to discuss issues of shared concern pertaining to the Cyprus conflict – made a series of joint

statements to media and political leaders that became very influential and strengthened pro-settlement political forces. In post-conflict situations, the private sector has also supported, with varying degrees of success, truth and reconciliation commissions in South Africa, Chile and Guatemala.

In one example that does not relate to a specific violent conflict, Business for Diplomatic Action – whose aim is to help improve relations between Americans and the rest of the world – has presented business community perspectives on public diplomacy issues to the US government and is supporting a study by the Brookings Institution to plan for a public-private interagency public diplomacy center.

If cross-cultural polarization is an important challenge facing society and business, the private sector has an opportunity to use its cross-cultural experience to advocate for and collaborate with governments on initiatives to promote intercultural understanding.

## Part III Conclusions and Looking Forward

Valuable feedback on the report was received from companies, intergovernmental organizations and civil society organizations, as well as discussions from a special working session organized during the Alliance of Civilizations Second Forum in Istanbul (April 2009). It appears that businesses are grappling with the same cross-cultural challenges that governments and society are facing. To face these challenges, a number of companies are developing concrete, innovative responses to meet these challenges and to foster understanding and cooperative intercultural relations in the business environment. They are working to create inclusive environments in the workplace, to understand diverse customers, to cooperate more effectively with suppliers and venture partners in different markets, and to reflect the cultural values of communities in which they operate. A few companies have even made intercultural understanding a theme of their sustainability vision and social investment programmes.

Some common themes emerge about the role of business in promoting intercultural understanding. Because of its bottom-line imperative to bring people together to achieve a common goal, business can act as an important “connector” across divides, providing a forum for overcoming stereotypes, “demystifying” the other through dialogue, building trust and creating a sense of common purpose. Because of the growing need to manage diversity in a globally interconnected world, business is in some cases leading the way in learning to value difference and to create inclusive mindsets that reflect the perspectives of its diverse employees, customers and other stakeholders in society.

As highlighted during the Istanbul Forum, a number of companies provide cross-cultural training programmes and develop human resources policies in order to integrate diversity

and inclusion in their business operations. To promote these issues in the marketplace, some companies have already utilized their core competencies. Contributions from business in improving stakeholder relations through culturally sensitive marketing practices and dialogues have proven to be successful at the community level.

Business representatives, the UN Alliance of Civilizations and the UN Global Compact recommend seizing the opportunity to promote intercultural understanding and dialogue on the sustainability agenda. This will improve collaboration among governments, business and civil society, in addressing environmental, economic and social challenges. There is also a need to identify best practices in fostering intercultural understanding and dialogue and sharing those practices among a wide range of companies across the globe. In addition, business representatives recognising the critical role of education suggested that governments and academia could support better educational programmes for cross-cultural learning as well as exchange programmes for young people.

The UN Alliance of Civilizations and the UN Global Compact were inspired by the business community’s interest and support in establishing an affinity group composed of business, civil society organizations, and business associations. This group would provide partners with a platform for discussing relevant private sector activities, opportunities for partnerships, and sharing best practices.



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# The ten principles of the United Nations Global Compact

## Human rights

- Principle 1** Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2** make sure that they are not complicit in human rights abuses.

## Labour

- Principle 3** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4** the elimination of all forms of forced and compulsory labour;
- Principle 5** the effective abolition of child labour; and
- Principle 6** the elimination of discrimination in respect of employment and occupation.

## Environment

- Principle 7** Businesses are asked to support a precautionary approach to environmental challenges;
- Principle 8** undertake initiatives to promote greater environmental responsibility; and
- Principle 9** encourage the development and diffusion of environmentally friendly technologies

## Anti-corruption

- Principle 10** Businesses should work against corruption in all its forms, including extortion and bribery.

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### About the UN Global Compact

Launched in 2000, the UN Global Compact is a both a policy platform and a practical framework for companies that are committed to sustainability and responsible business practices. As a multi-stakeholder leadership initiative, it seeks to align business operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption and to catalyze actions in support of broader UN goals. It is the world's largest voluntary corporate citizenship initiative, with over 5,000 signatories based in more than 130 countries. For more information, please visit [www.unglobalcompact.org](http://www.unglobalcompact.org).

### About the UN Alliance of Civilizations

The Alliance of Civilizations seeks to reduce tensions across cultural divides that threaten to inflame existing political conflicts or trigger new ones. Working with its global network of government partners, the Alliance promotes policies and initiatives aimed at improving relations between diverse cultural groups. It also works at grassroots level, promoting innovative projects in education, youth, media and migration in order to build trust, reconciliation and mutual respect among diverse communities. For more information, please visit [www.unaoc.org](http://www.unaoc.org).