

Cultural Diversity in the Small and Medium Enterprises in Germany - An Analytical Study of the Public Policies

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Abstract - Diversity is a reality, it is evident that German policy makers have organised a prudent policy to garner the benefits of diversity for the corporations as well as for the society. However, since the latest wave of migration in Germany, it has become imperative to study the aims and achievements of diversity management in the German society. This paper uses Small and medium enterprises as a variable to analysis the extent of success achieved by diversity management initiatives and policies in Germany.

Keywords - Cultural Diversity, Small and Medium Enterprises, Public Policies.

I. BACKGROUND

The liberal philosophies of social organisation aspire to achieve harmony. Be it within a state, community or at the global level. However, there is little doubt that without a basic understanding of culture and its implications on human interactions, mutual coexistence is not possible. Ironically, in a situation of politicisation of the migrant issue and increasing xenophobia it has become evident to comprehend the cause and effect relationship between social organisation and culture. The proven social and economic benefits of diversity are being overshadowed by politics of populism which is often confused with Nationalism. Hence, cultural diversity is seen as both an opportunity as well as a challenge.

The aging Europe needs more workers, however, immigration can only be one of the alternatives. Moreover, as Coleman (2006) has argued, the demographic decline in Europe is so sharp that it cannot be managed solely by migrants, these demographic changes will also cause a decline and a sharp increase of the average age of the workforce¹. Immigrant workers have already become an important German corporations, contributing significantly to the economy. Data suggests a formidable increase in immigrant workforce in Germany. For example the in 2004, almost 7% of all employees in Germany have foreign nationality. More than 100.000 highly skilled foreigners with a university degree work in Germany.¹ Zimmermann (2005) notes that in spite of the rising

importance of migration, the issue is still controversial and the understanding of the effects of international labour mobility is rather limited. Research on the economic consequences of migration has mainly focused on labour market effects and, more precisely, on the question whether immigrants depress wages and increase unemployment of native workers. This evident fact was observed by the UNECE in its report called *International Labour Migration, Economic Growth and Labour Markets: The Current State of Affairs*.

This report puts forth five central arguments. First, societies in Europe have been transformed by their intense and multi-faceted immigration experience in the sixty years after World War II. Second, enlargement of the European Union as a process has also facilitated migration as an activity both inside Europe as well as globally. These two initial arguments have to be understood with the perspective distinct features of migration in different European countries. For example, Germany has mostly seen migration of people who claim ethnic German origin and at the same time German public policy has accommodated the economic and social challenges by – has placed migration high on the European agenda. Third, Temporary migration of workers, especially highly skilled workers, is increasingly growing in importance, while traditional migration networks appear to be losing their significance. Fourth, More restrictive migration policies towards asylum seekers, refugees and unskilled workers has increased the volume of illegal immigration and human trafficking. Fifth, the report acknowledges the fact the migration debate in Europe is dominated by economic impacts for the receiving countries.

European labour markets is going through a paradoxical situation, on the one hand average employment in Europe

¹ Europe's Demographic Future: Determinants, Dimensions, and Challenges(2006) David Coleman

is rising and on the other hand, there is an alarming shortage of high skilled labourers. This contemporaneous paradox urges policy makers to take sensible and responsive actions. It is not that Europe is doing anything, the recent changes both at the European Union level and the German level have attempted to accommodate migrants with required skill sets and developed policy frameworks to recognise certifications worldwide. However, the cardinal problem is the dilemma to choose between 'US' and 'THEY'. This dilemma can be explained as the sociological phenomena where xenophobia is political capital, and diversity is social capital. The rise of right wing populist political parties have threatened integration as a process in both business and in daily life. These issues are discussed in detail in the next chapter.

Economists across Europe have consensually argued for an immigration policy highly qualified workers from across the globe. Rothgang and Schmidt, (2003) have emphasised that industrialised countries are involved in a constant competition for highly skilled labourers. In addition, Europe's societies are ageing, placing their pay-as-you-go social security systems under considerable demographic pressure. It is increasingly realised by the public that a regulation of future immigration that is tailored to attract young and economically successful migrants can alleviate some of the demographic burden associated with an ageing population (Bonin et al., 2000).

Europe is going through one of its many inflows of migrants and refugees. Apart from the fact that this is not something new, it is also true that it has hit Europe at a turbulent time. The Euro zone crisis has aggravated the feelings of populism, xenophobia and the resultant 'otherisation' of the migrants. These factors have made this wave of migration one of the most challenging ever. What is this challenge? Is it a refugee crisis? Or a migrant crisis? Or is it the failure of social acceptance of public policies?

It is in the above mentioned context that Germany becomes a crucial reference point as well as a battleground for intellectual ideas. Germany being the most populous country and an economic giant cannot afford to be just another bystander. The implications of cultural diversity at the European Union level are largely influenced by the big economies like Germany. This research attempts to examine how the German society can prudently and harmoniously enhance social acceptability of public policies, beliefs and traditions of the established culture to that of the migrants.

The refugee crisis in Europe has been portrayed as a polemicized and turbulent issue. The impact of migrants on the European level and European Union's reaction to it has been shaped to a great extent by the German

influence². Germany has seen diverse composition of migrants and asylum seeker on its soil in the last three decades, this has resulted in a socially pertinent question about what are the best ways to accommodate diversity. Migration to Germany has been dominated by people who claim German ethnic origin for most of recent history. However, there is a sense of urgency in addressing how the latest wave of migration is different in terms of composition of migrants and their impact on the society in general and on the corporate sector in particular.

The next simmering debate emanates from business management theories. Most of the management science are American in origin and do not address how cultural diversity can be accommodated at work place. Comparatively, a European idea of business management is basically extension of social policy³. There are a number of companies such as BMW who has been working to transform cultural diversity as an integral part of their business management, however, migrants (especially first generation) mostly work with Small and Medium Enterprises or are engaged in small trade or services. The interactions between different cultural groups in a society and the perceived discontentment make it a challenge for policy makers in both the public and the private sectors to accommodate multicultural population/staff and achieve efficient and effective outcomes for the organisation/society. as the FAZ(2015) report has shown In the last two decades increasing ethnic diversity amplified the numbers of ethnic minorities has been observed in German companies giving a rise to multicultural employment, which has inevitably made the German workforce culturally more diverse. Grin and Köppel, (2004;.,2008;), as well as Amadeo(2013) have argues that as increasing diversity is a fact now, managers have to pay special attention to managing diversity of language, culture, age, gender, religion or ethnicity. It has also been argued that diversity might have positive as well as negative impact on the organisation. Which leads to the logical conclusion that diversity must be managed in a manner which is methodologically sound and empirically efficient. Włodarczyk (2011) emphasised that there are two major factors in diversity management in this regard. First is integration of diverse individuals in a company and second is the impact of this diversity on teamwork. The next important aspect dealing with management theories and diversity management is motivation.

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² The German influence includes its role as a state as well as a society, which has profound social, political, ideational and economic implications

³ It is true that there is no singular business model or philosophy followed in Europe, however the distinctiveness in work culture is notable.

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II. REVIEW OF LITERATURE

The focus of this research is on the intercultural interactions within society in general and at workplace in particular. Because, both the former and the later can never be understood in isolation. However, this paper will attempt not to redefine the concepts dealing with social and organisational behaviour. Rather, it will attempt to quantify their impacts and critically comprehend their impact on the social or organisational acceptability of policies.

Conceptualising Multiculturalism and Cultural Diversity: Theory and Practice

The literature pertaining to multicultural, assimilation and intercultural model of social organisation suggest different means to achieve the similar aim of social harmony. Though, they are entirely different in their viewpoints on how and where this social evolution will reach. The classification of these three approaches has been briefly explained in the work '*Interculturalism: Europe and Its Muslims In Search Of Sound Societal Models*' edited by Michael Emerson. This book explains how these three models are operating in different countries of Europe in relation to the Muslim migrants.

Emerson explains the multicultural model as the approach which accepts diversity in all spheres of life, and at the same time it does not attempt to enhance cross cultural dialogue. Each cultural group is free to practice their beliefs and maintain their faith. But, the state does not form policies to restrict the cultural distinctiveness by any means. Rather, the state plays an active role in encouraging this distinctiveness. However, it does not mean that multiculturalism is synonyms to pluralism. Multicultural societies have a clear cut understanding of pluralism and social organisation is shaped by communities interacting with each other, maintaining their distinct way of living.

Further, the assimilation model promotes a monolithic concept of citizenship. Assimilation can be understood by three aspects. First, by its aim, which is to create a clear differentiation between culture and citizen, second it keeps policy making aloof of ethno-cultural dimensions and third

by expecting from the individual to shed his/her past identity and accept the identity and establishing 'one of us' feeling in both host society and the migrants. This book has a special focus on Interculturalism. Defining interculturalism as a sympathetic and respectful approach towards ethno cultural and religious minorities. It is seen as a social philosophy which connects the special needs of the disadvantaged with needs of the host society. Such needs can be learning the language or 'watering down the excessive distinctiveness or segregation for example the urban concentration of minority groups'. Emerson has divided this study among five countries (Netherlands, Belgium, Germany, United Kingdom, and Spain) in Europe and an analysis of social policy at EU, National and Local (municipal) level has been done.

Emerson has argued that interculturalism and accommodating cultural diversity by a country shall be seen in a relationship with the political organisation i.e. federalism in Germany, geographical location and historical background i.e. proximity to Spain and Poland leads to two very different kinds of socio political influence. Impact of European Union in the form of various guidelines and other influences are also taken into account while analysing the extent of cross cultural tolerance.

A list of policy variables have been put forth for comprehending the impact of cultural diversity and policy making on each other. They are citizenship and political participation, Education, Housing, Health Care, Employment, Policing, Allowance of Islamic practices and symbols. However, limitations restrict the explanatory power of this arduous work. The fact that state level analysis inevitably ignores the local variations and subtle influences that a community exercises on the individual. For example, local industries will encourage specialisation in certain skills, these skills will be acquired by generations of people living in a particular region. When a migrant tries to assimilate in this community, lack of these skill sets might affect this process. Additionally, the socio-economic conditions in the migrant's native state has already shaped a worldview which is mostly not in congruence with the host society. In such cases, state level analysis limits itself to governmental policies and is devoid of tacit control of communities over individuals. The author acknowledges this dimension and states that –

"Broad characterizations that country X is more multicultural and country Y is more assimilationist may be true, but this does not imply homogeneity in either case. At the micro level it is everywhere a matter of individual choice to assimilate or to withdraw into a separate community, or to integrate into society and the labour market, while maybe still marking one's ethno-religious-cultural identity with symbols or styles of clothing. Yet there will also be a macro reality in the most predominant

societal model, and at the policy level explicit or implicit choices have to be made, which will fit somewhere on the spectrum between multiculturalism and assimilation”

-Interculturalism: Europe and Its Muslims in Search of Sound Societal Models

Multiculturalism and Cultural diversity in Germany

Michel Emerson (2007) argues that Germany is a complex federal case and compares the impact of local level politico-administrative measures in Berlin and Hamburg. It acknowledges a transition in the German society from a traditional and ethnic society to an open society mentions the policy measures at federal as well as municipal level to manage cultural diversity. Whereas at the federal level the traditionally very ethnic condition for naturalization has given way to a more open, residence-based criterion, especially for those born in Germany of immigrant parents. A transition can be seen towards an intercultural approach which is reflected in establishment of Consultative structures such as the German Islamic Conference.

The writer also mentions the assimilatory tendencies of the Education policies, at the same time acknowledging that Islamic religious education has been introduced in state schools in Berlin. This can be interpreted as an attempt to balance cultural assimilation with intercultural knowledge and an attempt to educate future citizens about the historical backgrounds of different cultures they will interact with in the future. Nonetheless, such a policy can never be called only multicultural or intercultural. But certainly a tilt towards intercultural understanding is gaining ground in Germany.

The simmering issue of head scarfs presents an interesting case for comparison between two cities of the same country, Germany. Where Berlin excludes these in public employment including schools, whereas Hamburg is more liberal and has no such general ban.

Another important observation of this book is the delineation of civic policies to the federal policies. It shows how local political, socio-economic, historical and demographic factors lead to different policies from the federal level.

The divergence from federal level to municipal level is observed in Berlin and Hamburg. In varying ways both cities have a long history of familiarity with diversity and a general tendency towards more pragmatic and even inclusive policies at the local level can be seen. Hamburg has a different perspectives of looking at migrants from Berlin. This perspective is most visible in two factors. First, deficiencies to their potential and second, their intercultural competencies. It is a general perspective in Hamburg to emphasise on the need of mutual intercultural learning in society as a whole. In Berlin a new law on

integration and participation is being put into place, albeit against strong resentment from some segments of the political class.

Alongside these multiple and diverse developments, the major trends in public opinion and political discourse are going in a distinctly right-wing populist direction, with openly racist arguments about defending European values against the Muslim invasion. The large attention attracted by Chancellor Merkel's declaration that “multiculturalism has completely failed”³ in Germany is interpreted by the authors of this chapter as symptomatic of this tendency, notwithstanding the fact that the Chancellor was at pains to say in the same speech that “Islam was now part of Germany”, this latter phrase being largely ignored. But in March 2011, the new Minister of the Interior, Hans-Pieter Friedrich, declared on his first day in office that “Islam in Germany is not something substantiated by history at any point”, and that successful integration required “a clear awareness of the Western Christian origin of our culture.”

The above paragraph explains dilemmas of German politicians and policy makers. On the one hand multiculturalism is seen as a failure by some, on the other hand inter-culturalism or any other social philosophy will take time to gain political currency and provide deliverables. In such a scenario, it is evident to look for social policies which can accommodate diversity. The current research aims to do the same. However, this research will be limited to comprehending diversity at workplace, the repercussions of workplace environment and organisational behaviour by culturally distinct individuals, in many ways mirror how the societal fabric is being woven. For examples, the xenophobic or conservative ideologies can be seen at the streets too, but to quantify them and other factors at institutional level will help in drawing verifiable and sustainable conclusions.

A historical examination of migration to Germany is pertinent to demystify the contemporary demographic profile of the country. This historical analysis also outlines the sanction behind policies as well as transformation in societal attitude. Rainer Münz and Ralf E. Ulrich (*Changing Patterns of Immigration to Germany, 1945-1997*) classify six waves of migration into Germany since the Second World War. The first wave started in the 1950's when out of 50 million people living in Germany, 8 million were post war refugees and expellees (Vertriebene). This phase was primarily dominated by people of German origin who can directly and unswervingly trace their belongingness to German ethnicity. The next wave was the migration of labourers of foreign origin. The 1950's were a turbulent decade for Germany, it needed capital and labour to rebuild itself. Societal reorientation was most evident, when most Germans realised that nationalism and xenophobia can never be allowed to become their national identity. But,

the real recruitment of labourers happened in the 1960's. 1960-61 was an important and idiosyncratic landmark in many aspects in German history, including migration. As the Berlin wall was constructed, inflows of labourers from the other side stopped. Government agencies had no options but to organise labour recruitment on formal and large scales.

The events of 1960's are of significant interest because in the subsequent years the labour migration was stopped and the events which followed made cultural diversity a reality in Germany. Such events include consolidation among migrant communities, family reunion, children born to foreigner parents in Germany among others. These events had great impact on German society in general and business corporations in particular.

A major feature of migration in Germany is the ethnic German claims of the migrants. In all the six phases mentioned above the migrants shared some or the other ethnic German link. This process reached its peak in the 1980's and 1990's when the world events were witnessing fall of the 'iron curtain'. The disintegration of USSR also led to the dismantling of the restrictive travel regime, and now the central and eastern European countries can communicate with a new ease. As a reaction to it, the German migration laws become more restrictive for both ethnic Germans and asylum seekers. This is seen as the sixth phase of migration in Germany. It was in the post 1980's period that the government had to deal with an increasingly culturally diverse country and policy makers felt the need to recalibrate these policies. The culmination of which was finally seen in the amendments to the citizenship laws in the year 2000 and the ratification of European convention on nationality in 2005.

The European union nationality convention and the changing demography of workforce in Germany necessitated new changes in migrant and citizenship policies and laws which resulted in the new immigration law in 2005 (Gesetz zur Steuerung und Begrenzung der Zuwanderung und zur Regelung des Aufenthalts und der Integration von Unionsbürgern und Ausländern).

"With this Germany declared itself as a country of immigration. Integration was defined as a legal duty. The law aimed to simplify the current procedure: many different residence titles for specific purposes, which even experts described as being complicated were simplified into two: the temporary residence permit (befristete "Aufenthaltsurlaubnis") and the permanent settlement permit (unbefristete "Niederlassungserlaubnis"). Furthermore, the law aimed to simplify the corresponding processes. Moreover, it was the first time that language courses became a legal requirement."

(<http://www.domid.org/en/migration-history-germany>)

Andre Laurent in his work "The Cultural Diversity of Western Conceptions of Management"⁴ has laid down the management perspective on cultural diversity. The author's central argument revolves around the premise that every manager sees management principles through their own perspective. This research attempts to establish the dominant factors in decision making through studying in comparative methodology how nationality effects decision making. The study was conducted through a questionnaire containing fifty-six questions and a five scale opinion as answers. The findings of this study established that that the national origin of European managers affects their views of what proper management should be and that national culture seems to act as a strong determinant of managerial ideology. Motivated by the initial findings the study further ventured into comprehending national ideology and believes to comprehend why managers from different countries behave differently.

Situating diversity in the Administrative Cob-Web

Public policy lies at the centre of the cob web of social organization. In a modern society, neo liberal governance principles influence the interactions between business corporations and public authorities. Germany, however is a unique example where both these units work in tandem to achieve the goal of diversity management. In such a social setting the exchange of perspectives on diversity and the meaning of it becomes crucial to attain legitimacy for public policies and initiatives and at the same time play a cardinal role to enhance social acceptance of such policies. This paper is an attempt to study these interactions in the last ten years and whether they have been successful in legitimizing diversity as an essential variable in social organization.

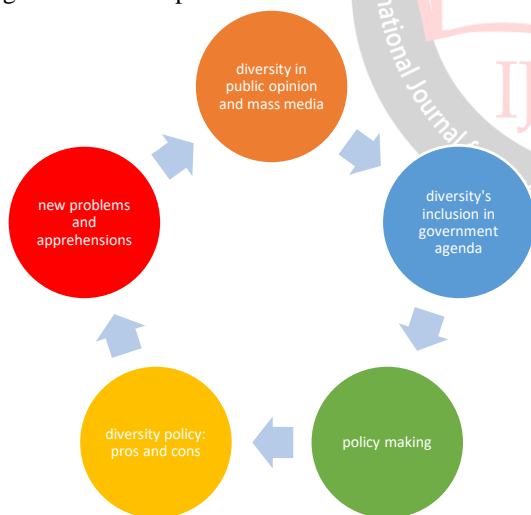
Cultural diversity is a dependent variable, it depends on the demographic changes enforced by history, location, social attitude and global influences. The different waves of migration into Germany have shaped the current dynamics of diversity to a great extent. Philosophers and theorists have attempted to organise the study of diversity through various stand points. Firstly, diversity is seen as a variable in social organisation at the same time it becomes a determinant for organising social systems as well. In the case of Germany, diversity management has now become a full-fledged part of public policy making. However, legal instruments to enforce compliance are not the primary tool of enforcing this acceptance in Germany. The diversity

⁴ The Cultural Diversity of Western Conceptions of Management
Author(s): André Laurent Source: International Studies of Management & Organization, Vol. 13, No. 1/2, CrossCultural Management: II. Empirical Studies (Spring - Summer, 1983), pp. 75-96 Published by: Taylor & Francis, Ltd. Stable URL: <https://www.jstor.org/stable/40396954> Accessed: 14-01-2019 09:34 UT

charter and other such measures depend on the keenness of the participants to accept diversity as an important factor in both private sector as well as the society as a whole. This approach presupposes that a society which has been based on liberal values accepts pluralism and respects it. This chapter will attempt to analyse how the incentivisation of diversity as an asset works to influence business outcomes. By business outcomes, what is meant is the overall wellness of a workplace. It includes employee motivation as a result of acceptance as a part of a larger group, benefits in forms of non-monetary gains such as better work place management, ability to deal with changing market dynamics, adaptation to the needs and challenges of different markets etc.

III. DIVERSITY AS AN ADMINISTRATIVE ISSUE IN GERMANY

Public administration in the German political system is dealing with diversity through a multi-dimensional strategy. This strategy has three main participants; the civil society, the corporates and the municipalities. Public administration can be imagined as a cobweb connecting society, government and all possible participants in a political system. It cannot be overemphasised that policy making is a cardinal function of administration. As argued earlier Diversity as a social phenomenon needs to be managed, this process of managing diversity starts with the need to manage new and changing demographics and resultant effects on society. In the realm of new public management this process can be understood as:



Policy making for diversity management has gone through five stages in Germany. First, with constant infusion of migrants from both Europe and neighbouring areas throughout the 20th century lead to a comparatively rigid framework of citizenship along with balancing the need of labourers which was both flexible and uncertain. This phase saw a public policy which invited labourers to work in Germany but never promised citizenship to them. However, there existed a parallel quest in the post war German society to accommodate ethnic Germans as

citizens whenever possible. As the circumstances changed cultural diversity as a result of increase in multi ethnic population lead to a liberal approach which attempted to comprehend, analyse and at times, alter public opinion about migrants and resultant diversity. Conversing the issue of cultural diversity into a mass question and hence into an agenda for public policy making. It is natural that the role of media/civil society and other community organisations became a major force for the inputs to be provided in this policy making process.

Third and most important was the actual policy framework which came into being. German diversity policy can be seen as an amalgamation of traditional beliefs and societal needs. Traditional beliefs in the form of a nation state based on ethno-cultural heritage has played a cardinal role in diversity policy framework in Germany. At the same time a modern, liberal and market based economy like Germany has to develop a framework which is immigrant friendly, talent based and which confirms to the values of the European Union. This aspect will be dealt in detail in the following section.

Fourth is the issue of policy implementation and feedback, here, the non-government entities play a larger role. First and foremost the civil society including diversity professions, corporate entities and the academia has long been enablers of diversity management in Germany. A prominent example of this is the 'Intercultural cities' project.

"Cities can gain enormously from the entrepreneurship, variety of skills and creativity associated with cultural diversity, provided they adopt policies and practices that facilitate intercultural interaction and inclusion. The Council of Europe has analyzed the experience of a range of cities across the continent which are managing diversity as an asset, rather than as a threat.

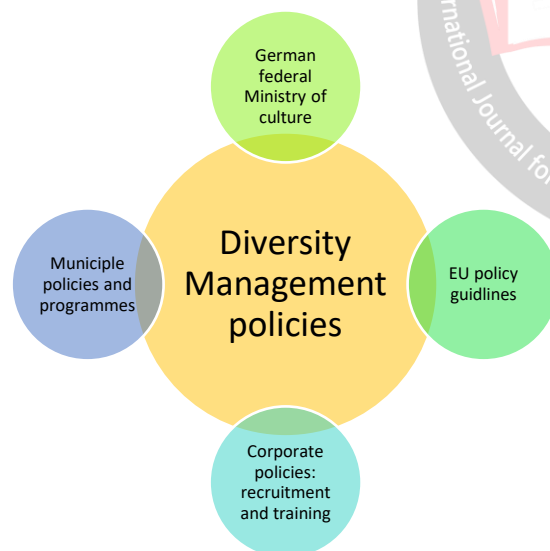
The collective input of these cities has shaped a unique concept to migrant/minority integration called Intercultural integration. The concept is supported by extensive research evidence and a range of international legal instruments.

*The Intercultural cities programme supports cities in reviewing their policies through an intercultural lens and developing comprehensive intercultural strategies to help them manage diversity positively and realise the diversity advantage. The programme proposes a set of analytical and practical tools to help local stakeholders through the various stages of the process."*⁵

There are five main features of German diversity policy. First, the diversity policy is cosmopolitan and includes pluralism as an important determinant of policy making. For example, German diversity policy is not restricted to

⁵ Council of Europe' 2016 (www.coe.int/en/web/interculturalcities/about)

any particular group either public or private. Neither is it specifically focusing on one terminal for feedback. The diversity charter is a great example of the same. Second, demographic changes have shaped policy frame work in more ways than one. The demographic realities have led to constant alteration in the federal government's outlook towards diversity. It is more so in the last decade. It can be argued that demographic changes such as concentration of migrants in urban centers have led to municipalities becoming increasingly responsive to immigrants, they have played an active role in increasing cross cultural interactions and building trust in culturally diverse individuals. Third is the evident fact that Germany is a welfare state focusing primarily on security of the citizens. This coupled with the strong emphasis on social justice, makes policy making sensible and responsive towards issues such as gender, class and culture. The German constitution article 3 mentions equality for all. Fourth, is the changing socio economic conditions, where one in every five German is at the risk of poverty, has created serious vulnerabilities towards populism and xenophobia by alienating the citizens. Administrative machinery in Germany deals with a structural approach, the lander is an important participant in diversity policy. The administrative structure can be comprehended in a concentric manner as ideational inputs are parallel provided by all actors whether sub national, national and supra national. As municipalities, the federal government as well as the European Union.



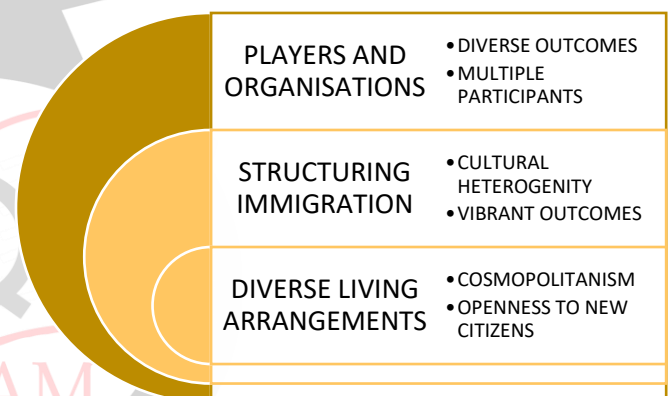
Inclusion as an important Social Responsibility

The Federal Government also aims to create equal opportunities for people with diverse backgrounds. It is working towards an inclusive society in which everyone can participate equally: at school, at work, and in leisure time. This requires comprehensive accessibility and the aim is to remove both obstacles in buildings, on streets and paths and social hurdles, such as access to the labour market.

In 2007 Germany was one of the first states to sign the United Nations Convention on the Rights of Persons with Disabilities, with a national action plan structuring its implementation. Among other things, it envisages intensive preparation measures for working life for severely disabled youths. Going beyond the action plan, a federal participation law was enacted in 2017.

The elderly constitute a further group whose needs and potential the Federal Government particularly has in mind. More than every fifth person in Germany is aged 65 years or older. Their wealth of experience is considered beneficial to society. Their ways of life have likewise diversified and changed; overall elderly people are considerably more active today than in the past. They are frequently also still integrated in the labour market. As meeting places, 540 multigenerational houses promote an intensive dialogue between old and young, bringing together people of different ages.

IV. IMPLEMENTATION OF DIVERSITY POLICY IN GERMANY



The implementation of diversity policy in Germany can be grouped in three phases for comprehensiveness. The abovementioned diagram represents these three principle areas. Firstly, diversity policy entails an inclusive approach where it incorporates all the stake holders in the society. The stake holder approach is a natural phenomenon in a liberal society like Germany. Additionally, this approach is not based on legal compulsions but voluntary contributions. Inclusiveness also makes cooperation and policy review smoother. This has been a demonstrated feature of the German political system. Diverse outcomes and participants make diversity a socially accepted phenomenon. A variety of immigrants from world over can be incorporated instead of their ethnicity, gender, race etc.

Multiple participants representing various diverse interests, communities and sections of the society operating in an incentive based policy framework, find it remunerative to engage with an open mind and toleration with other such groups. This has led to enhanced societal interaction and limits the possibilities of conflicts.

Second, a well-structured migration policy enabled the host society to clearly define and implement policies right from the beginning.

The Diversity charter

The policy makers in Germany came up with a diversity charter in the year 2006, it was a result of wide and in depth consultations with all stake holders including senior managers of corporate entities, academicians, public policy experts and civil society. The aim of this initiative was to comprehend diversity as a factor in the changing dynamics of business and society. These changes were predominantly concerned with inflow of migrants in Europe. additionally, the global scenario were Japanese and Chinese business models and sales of similar products were becoming a new challenge for the German companies, a dire need was felt to transform how diversity was portrayed in the society. As Ana-Cristina Grohnert argues *"Diversity, as challenging as it might sometimes appear, is ultimately the foundation for the adaptability of an organization"*.⁶

Another important factor was the USA's example of achieving the best of minds from across the globe and how Germany could more effectively do the same. At the same time, rise of populism and xenophobia in new EU members stood a danger to the German political system as well.

The diversity charter is a consensus based exercise, which by its very nature deflates the possibilities of conflicts. This factor pertains to the basic premise of cause and effect relationship between public policy and social acceptability. Being an exercise by the companies itself, it puts the impetus on them to comprehend, analyse and assess diversity for their organization and reach their own conclusions. As the study team to review the charter mentions:

*"We do not intend to use this study to make judgements about specific approaches. Every participant in the study has answered the questions from their own personal point of view and based on the individual situation of their organisation. We present the findings, provide interpretations and highlight as yet unresolved questions. The idea that there could be a single, perfect way to deal with diversity in the workplace would be a contradiction in terms."*⁷

The fact that the diversity charter is an open, inclusive and evolving initiative, makes it organic to changes by all stakeholders of the German society. The charter has grown in both reach and depth over the last decade. However, the greatest challenge facing managers is their own limitations with regard to culture and how they perceive culture.

Nevertheless, diversity management has gained a momentum in Germany and there is no denying the fact that as more and more sociological research acknowledge the fact that diversity bring efficiency and effectiveness to the corporates, the charter will gain more takers in the form of SME's as well as the civil society.

V. CONCLUSION

Increasing immigrants in corporations: in the last decade, German social attitude towards diversity has been changing, howsoever evident is the rise of right wing, populist agenda might seem, Germany is still one of the most diverse countries of Europe and majority of Germans still believe in the fundamental liberal values on which their society is based. As far as the German SME's are concerned, diversity management has gained currency among more than two thousand companies till date. The most interesting reason for this acceptance has been the role of municipalities and stakeholder approach acquired by them. The writer would also propose that Germany is already a reference point in the realm of diversity policy across Europe. As even after having strict citizenship laws, the culturally diverse population in Germany is considerably well equipped and harmonies than most of the other European countries. The paper focused on Germany as a reference point because of two factors. First, having manageable extent of diversity and second, the willingness of the corporates to work with their government. This factor has led to social acceptance of diversity policy in Germany and holds better its ground when it comes to delivering on promises in the future.

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