

Competitive advantage in multicultural companies in industry

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Abstract. *In an increasingly globalized world, multiculturalism has become a defining feature of contemporary organizations, particularly in the industrial field. Multiculturalism reflects the acknowledgement of diversity and the encouragement of equitable practices within organizations and society. The topic is highly significant in contemporary context, as global interconnectedness brings employees from diverse cultural backgrounds into the same workplace. When managed effectively, multiculturalism fosters inclusivity, mutual respect and cooperation, creating the foundation for a sustainable competitive advantage. Through globalization, companies gain opportunities for knowledge exchange, innovation and organizational adaptability. However, it also presents some challenges such as cultural homogenization and integration difficulties. Theoretical frameworks emphasize that cultural diversity is not only a structural characteristic of organizations but also a dynamic process of interaction, learning and co-creation. Companies that integrate multiculturalism advance beyond simple tolerance toward meaningful collaboration, where diversity becomes a strategic resource. For industrial companies, multicultural teams bring distinctive approaches to problem solving, technical innovation and adaptation to global markets. Diversity supports creative solutions, more efficient communication and stronger brand recognition, contributing also to employee satisfaction and retention. The paper contributes to the topic by providing a practical perspective through case analysis. By examining real-world examples, it highlights how industrial companies leverage multiculturalism to strengthen their competitive positioning. The findings illustrate that a well-managed multicultural workforce generates innovation, operational efficiency and long-term organizational growth, demonstrating that multiculturalism is not an optional practice but a strategic necessity in today's industrial landscape.*

Keywords: Multiculturalism, Competitive Advantage, Globalization, Innovation, Industrial Companies.

How to cite: BURTEA, A.-M., VASILE, A., & GHICULESCU, L. D. Competitive advantage in Multicultural Companies in Industry . *International Conference of Management and Industrial Engineering*, 12. <https://doi.org/10.56177/12icmie2025.144>

Introduction

In today's globalized economy, multiculturalism has emerged as a defining characteristic of industrial organizations. The integration of employees from diverse cultural, ethnic and professional backgrounds has become unavoidable as companies expand operations across borders, establish global supply chains and enter new markets. This trend is particularly pronounced in industrial sectors such as automotive and aerospace, where large multinational companies operate in complex, highly competitive environments. Multiculturalism in this context is more than a social responsibility or a compliance measure – it represents a potential source of sustainable competitive advantage through innovation, creativity, adaptability and enhanced market responsiveness [1], [2].

The importance of multiculturalism lies in its dual impact. On the one hand, it enhances knowledge exchange, problem-solving and organizational flexibility, contributing directly to industrial competitiveness. On the

other hand, it also brings challenges, such as communication barriers, cultural misunderstandings, and the risk of conflict if diversity is not managed inclusively [3]. Therefore, exploring how industrial companies integrate and manage multiculturalism is vital for understanding the mechanism through which diversity translates into tangible competitive advantage.

The paper combines a literature-based theoretical review with qualitative case studies of BMW, Airbus and Stellantis. The analysis considers diversity strategies, governance models and organizational impacts to highlight best practices and identify both benefits and limitations. The main idea is to show how multiculturalism contributes to competitive advantage in industrial companies and under what conditions it generates sustainable organization value.

Hypotheses testing: The study tests the following hypotheses: H1. Multiculturalism, when paired with inclusive practices, fosters innovation, adaptability and enhances industrial competitiveness; H2. The effectiveness of multiculturalism as a strategic resource depends on governance structures and leadership commitments; H3. Mismanaged multiculturalism can produce integration difficulties that weaken organizational performance, but these risks can be mitigated through structured inclusion programs. This study addresses the research gap concerning how multiculturalism is operationalized as a strategic resource in industrial contexts, guided by the following research question: under what conditions does multiculturalism generate sustainable competitive advantage?

Literature review

The study of multiculturalism in organizations has evolved significantly over the past decades, moving from a focus on diversity as demographic descriptor to understanding it as strategic resource driving innovation and competitive advantage. Early research by Cox [3] emphasized the need to balance cultural integration with recognition of individual identities, suggesting that diversity alone does not automatically yield benefits unless accompanied by inclusive management practices.

Recent theoretical developments reinforce this perspective. The Resource-Based View positions culturally diverse knowledge and experiences as valuable, rare and inimitable organizational resources, providing firms with a source of sustainable competitive advantage [4]. Complementary theory, such as Social Identity Theory, explains the risks, challenges and potential conflicts, highlighting the importance of effective inclusion mechanisms [5].

Empiric studies demonstrate that when multicultural teams are well-managed, they consistently outperform homogeneous teams in problem-solving, innovation and decision-making quality [6], [7]. Specifically, studies from 2020 onward showed that cultural intelligence enhances global team performance and mediates the relationship between diversity and innovation [8]; inclusive leadership correlates with higher employees engagement, satisfaction and retention, creating a competitive advantage in talent-intensive industries [9], [10]; organizations that systematically integrate diversity into their governance, recruitment and operational strategies achieve measurable improvements in productivity and creativity [11], [12].

Despite these findings, gaps remain in literature. Most studies focus on general organizational settings or quantitative correlations, while industry-specific case studies in sectors such as automotive and aerospace are limited. This creates a need for detailed, practice-oriented research that examines how multiculturalism is operationalized in industrial contexts and the mechanism through which it contributes to competitiveness. This paper addresses this gap by analyzing three industrial companies – BMW, Airbus and Stellatis – using a qualitative case study approach. By linking theoretical frameworks with a real-world practice, the study investigates whether and how multiculturalism produces competitive advantage and identifies the conditions under which this advantage is maximized or undermined. This approach allows a deeper understanding of both opportunities (innovation, market adaptability) and challenges (integration difficulties, communication barriers) associated with multiculturalism in industry.

Methodology

The study employs a qualitative, interpretive case study methodology, appropriate for exploring complex organizational phenomena such as multiculturalism, where contextual factors and management practices significantly influence outcomes [1], [4]. This approach allows for in-depth understanding of how industrial companies operate multiculturalism and translate it into competitive advantage.

Research design: BMW, Airbus and Stellantis were chosen because they represent leading industrial companies in the automotive and aerospace sectors, each with distinct approaches to managing multicultural workforces.

Data sources: Secondary sources including corporate reports, environmental, social and governance, sustainability disclosure, industry surveys, press releases and academic literature were analyzed [10], [13], [14], [15].

Analytical Framework: Each case was examined through three lenses: Diversity policies and programs (recruitment, training, employee networks); Governance and leadership structures (advisory boards, inclusion committees), Organizational outcomes (innovation, market adaptability, employer branding). Also, a four-dimensional scoring framework was developed. Each company was assessed across the following categories: Innovation (capacity for product, process and technological innovation resulting from multicultural collaboration), Market Adaptability (ability to understand and respond to diverse global employees from diverse backgrounds), talent retention (success in attracting, developing and retaining employees from diverse backgrounds), employer branding (reputation as an inclusive and attractive employer in global rankings and external recognition). The scoring approach is: 1 – very weak evidence of multicultural contributions, 2 – limited evidence of isolated initiatives, 3- moderate evidence with ongoing but uneven initiatives, 4- strong evidence with consistent policies and outcomes, 5 – very strong evidence with integrated policies, proven outcomes and external recognition.

Research and further discussion

In the context of automotive and aerospace industries, diversity, equity and inclusion have become pivotal in shaping organizational cultures, driving innovation and enhancing competitiveness. Leading companies such as BMW Group, Airbus and Stellantis have implemented comprehensive diversity, equity and inclusion strategies that foster inclusive workplaces and align with their strategic goals. Below is an in-depth analysis of their initiatives, governance structures and outcomes.

BMW Group

BMW Group employs over 150,000 individuals of more than 110 nationalities. The company has established a five-dimensional framework encompassing gender, age, abilities, sexual orientation and a cultural background [16].

Diversity policies and programs:

- Intercultural apprentice programs: BMW promotes global mobility and knowledge exchange among apprentices [16].
- Pride BMW Group – A network supporting LGBTQ+ inclusion and networking within the company [17].
- Managerial training on unconscious bias: training programs designed to foster inclusive leadership by addressing unconscious biases [16].
- AI-powered inclusion tools: the ‘joyful diversity with AI’ challenge aims to develop AI Solutions that support diversity, equity and inclusion in the workplace [18].

Governance and leadership:

Diversity, equity and inclusion efforts at BMW are overseen by dedicated task forces that report to HR leadership. Diversity KPIs are integrated into executive performance metrics and internal audits and employees’ surveys are conducted for continuous monitoring.

Outcome and competitive advantage:

The company’s inclusive culture has led to increased talent attraction and retention, particularly among engineers. Additionally, enhanced innovation in electric mobility and sustainable vehicles has strengthened BMW’s global employer brand.

Airbus

Airbus employs approximately 157,000 people of over 160 nationalities.

Diversity policies and programs:

- Balance for Business: an employee’s resource group focused on promoting gender diversity and supporting the progression of women into leadership positions [14].
- ADAPT network: an employee’s resource group aimed at changing perceptions, building a supportive network and providing assistance to individuals with disabilities [19].
- Neurodiversity recruitment: inclusive hiring programs targeting neurodiverse individuals, particularly in IT and engineering roles [20].
- Scholarships and apprenticeships: programs designed to support underrepresented groups in entering the aerospace industry [14].

Governance and leadership:

Airbus’s diversity, equity and inclusion programs are aligned with strategic goals through executive sponsorship and inclusion councils. Diversity metrics are incorporated into corporate dashboards to monitor progress.

Outcome and competitive advantage:

Airbus has archived a 21% representation of women in its workforce and 22% in executive positions as of 224. Multicultural teams have facilitated efficient collaboration on major projects such as A350 and A380, leading to improved innovation and reduces risks.

Stellantis

Stellantis, with a workforce of over 280000 employees globally integrates French, Italian and American corporate cultures.

Diversity policies and programs:

- Gender targets: aiming for 30% women in leadership roles by 2030, with incremental goals set for 2025 and 2040 [21].
- Cross-cultural leadership programs: training programs designed to enhance leadership skills across geographically dispersed teams.
- Employee inclusion networks: networks that promote engagement and support for minority groups within the company
- Environmental, social and governance - linked diversity reporting: diversity metrics are integrated into environmental, social and governance disclosure to ensure transparency and accountability.

Governance and leadership:

Stellantis has established transitional diversity, equity and inclusion frameworks to facilitate post-merger integration. Central inclusion committees standardize policies across the organization and early-stage metrics are employed to monitor the impact of diversity, equity and inclusion initiatives.

Outcome and competitive advantage:

The company's diversity, equity and inclusion efforts have facilitated smoother post-merger integration, reduced conflicts and improved employee engagement and collaboration. Ongoing governance development ensures the sustainability of these advantages.

The contribution of multiculturalism to competitive advantage in the three study cases are presented in Figure 1 below. Data internal scoring based on case analyses. The evaluation of each dimension was based on an interpretive assessment derived from the qualitative analysis of the secondary data.

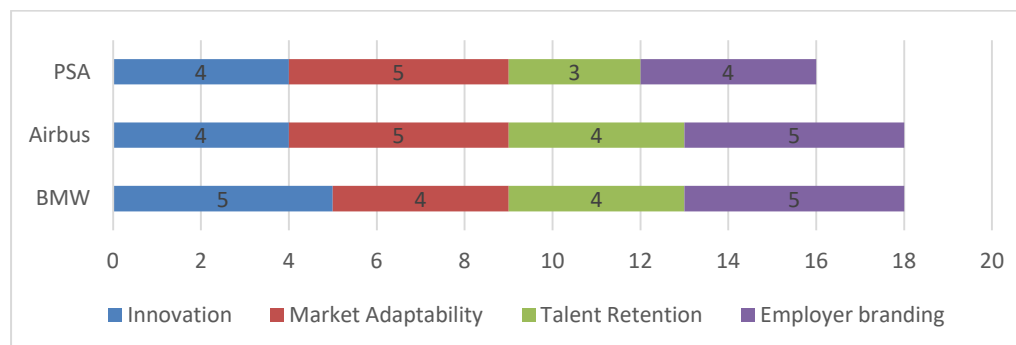


Figure 1: Contribution of Multiculturalism to Competitive Advantage

Source: Author's own contribution

Figure 1 shows how each company gains competitive advantage through multiculturalism on four dimensions: Innovation, market adaptability, talent retention and employer branding. BMW has very high scores on innovation (5) and employer branding (5), fact that proves that cultural diversity at BMW contributes primarily to technological innovation and a strong global reputation as an attractive employer. Airbus excels in market adaptability (5) and employer branding (5) indicating that multiculturalism helps them respond to global markets and strengthen their external image. Stellantis has good score on market adaptability (5) but lower on talent retention (3), suggesting challenges in retaining employees especially in the post-merger period. However, diversity supports cultural integration and adaptability across markets. In conclusion, the figure 1 allowed to see how the companies obtain competitive advantage, e.g.: BMW – competitive advantage through innovation and brand, Airbus- competitive advantage through global adaptability and brand, Stellantis -competitive advantage more through adaptability and multicultural integration but with challenges in talent retention.

Limitations:

The main limitations identified and supported by literature reviewed are:

- Communication barriers and cultural barriers- language differences, indirect communication styles and nonverbal cues can lead to misinterpretation and conflict within teams.
- Implicit bias and stereotyping - cultural stereotypes, subtle or overt can damage collaboration, especially when unaddressed or consciously reinforced [22].
- Conflicts and psychological tensions cross-cultural teams often face conflicts stemming from differing norms and expectations, without psychological safety, these can disrupt team performance.
- Resistance and identity threats - diversity initiative may provoke backlash from majority groups who perceive threats to status, fueling resistance rather than inclusion.
- Ineffective diversity training - some mandatory training programs may backfire or fail to lead to meaningful change without thoughtful design and voluntary engagement.

Strategies for mitigation:

To transform multicultural potential into sustainable competitive advantage, companies should:

- Invest in cultural intelligence training – enhancing leadership cultural intelligence helps in navigating complexity in improving overall organizational performance [6].
- Establish strong, inclusive governance structures – inclusion councils, diversity task forces and metrics integrated into performance dashboards ensure accountability and strategic alignment with diversity goals
- Cultivate psychological safety and open communication - encouraging psychological safety enables teams to leverage differences rather than be hindered by them [6].
- Design inclusive training programs that empower – training should focus on choice and personal growth rather than compliance, avoiding triggering resistance and fostering genuine engagement.
- Combat stereotypes and promote inclusive norms – policies and culture must intentionally counter stereotypes and ensure inclusion is extended to all groups, reducing social identity threats.

Conclusion

The study demonstrates that multiculturalism, when effectively managed can serve as a significant source of competitive advantage in industrial organizations. Through an in-dept qualitative analysis of BMW Group, Airbus and Stellantis, it is shown that comprehensive diversity, equity and inclusion strategies positively influence innovation, market adaptability, talent retention and employer branding. The case studies presented BMW that excels in fostering innovation and strengthening its global employer brand through intercultural programs, AI-driven inclusion tools and strong governance mechanisms. Airbus demonstrates high market adaptability and robust inclusive governance structures to facilitate collaboration on complex aerospace projects. Stellantis shown strengths in market adaptability and post-merger integration, through talent retention remain a challenge, highlighting the importance of governance and cultural sensitivity leadership development.

Despite these successes, challenges persist, including communication barriers, implicit bias, identity threats and the potential ineffectiveness of poorly designed diversity training. To fully harness the benefits of multiculturalism and to transform it into competitive advantage, organizations must invest in cultural intelligence training, cultivate psychological safety, establish strong governance structures and implement inclusive training and policies that actively counter stereotypes.

Overall, the findings indicate that multiculturalism is not merely a moral or regulatory imperative but a strategic asset. When embedded into organizational culture and operations, it enhances innovation, operational efficiency and global competitiveness reinforcing the importance of deliberate and sustained diversity initiative in automotive and aerospace industries.

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