Leveraging Differences for Competition: An Exploratory Study[1]

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Summary

The issue of diversity is arising today due to two main reasons. First, companies competing in international markets face different cultures, languages, races and so on. Second, most domestic markets are becoming increasingly multiracial and multicultural.

This paper illustrates the results of an exploratory study and develops a model suitable for interpreting the current approaches to the diversity issue spread among companies. The new model, called the Leveraging Differences model, represents a wider approach compared to the previous ones as it considers the organizational, social and marketing viewpoints. The case studies of IBM, Microsoft, and Deutsche Bank will be discussed to verify whether the model could be effective for future quantitative research.

The analysis shows that the internal variety, made up of different skills, competencies, cultural orientation, and personal sensibility, is mainly used to better interact with the markets and to produce customized products. In conclusion, the Leveraging Differences model is quite complete and suitable for describing the current approaches to diversity.

Introduction

This paper illustrates the results of a qualitative and exploratory study aimed at developing a model suitable for interpreting the current approaches to the diversity issue spread among companies.

Diversity issue is a priority today as the increasing number of programs for managing diversity introduced into companies, publications, and conferences show. Most of the literature relate the quest for diversity to social phenomena such as immigration, aging population, and females coming into labour markets and examine the organizational rationale and advantages that come from diversity management practices.

Due to this, the models and the research available are centred on the exploration of organizational effects, in terms of organizational climate, and of social concerns, as the integration of minorities or the search for social legitimization. They miss to consider the competitive reasons and marketing advantages.

The diversity issue is presently less explored from a marketing point of view. This study aims at elaborating a model considering organizational, social, and, above all, marketing implications of the diversity issue.

Firstly, this research considers some fields of marketing literature based on the leveraging of differences in contemporary markets, namely the international marketing and the niche marketing approaches based on sexual orientation, social identities, and religious faith.

Secondly, it also analyzes the literature concerning the benefits of a heterogeneous organizational context in terms of knowledge creation potential and ability to reflect the external variety. And finally, it illustrates the studies about Diversity Management.

By exploring the marketing and organizational literature, two possible approaches to diversity have been identified: the Assimilating Minority and the Diversity Management models. A third approach, the Leveraging Differences model, has also been elaborated. It takes the concept of leveraging differences instead of integrating minorities or managing diversity into account and emphasizes the competitive and marketing advantages, namely to interact with diverse markets and to increase organizational creative and innovative abilities.

In order to test the model, three case studies of a qualitative nature will be discussed: IBM, Microsoft, and Deutsche Bank. The objective is to verify whether the model that considers more variables than the previous ones did, is suitable for understanding the diversity concern in the current context. If so, the Leveraging Differences model could represent the framework for future quantitative research.

1. Literature Review

1.1. Marketing literature

Marketing literature offers some important suggestions relating to the diversity issue: globalization, international marketing, marketing for niches based upon differences, the role of internal organizational variety to gain competitive advantage and global and intercultural communication.

In order to exploit the opportunities offered by the growing diversity within markets, studies concerning *international marketing strategies* and *marketing directed to emergent and niche segments based upon differences* are spreading.

The international marketing strategy

Global competition is ever increasing. At the end of the XXI Century, international trade and export were 10 times higher than in 1950; and in 2002, 65.000 headquarters and 850.000 branches of multinational companies were producing, selling, and buying at international level (Valdani, Bertoli, 2003).

A vastly complex marketing environment for both companies and consumers is emerging (Kotler et al, 1999). Companies of every sort need to understand the increasingly diverse needs of their domestic and foreign customers. The success depends on the ability to become customer-oriented and market driven in all that they do.

When going global, organizations deal with different languages, cultures, political and legal systems, business norms and preferences of customers, and face many obstacles, such as foreign government entry requirements, problems related to war, corruption, or nationalistic feelings, and costs connected to the marketing mix adaptation (Kotler et al., 1999; Perreault, McCarthy, 2002).

The cultural and social environment in particular affects the ways consumers in different countries think about and use certain products. Marketers deal with the cultural barriers in target country markets and try to build *cultural empathy* to establish long-term market position. Cultural empathy is achieved in a number of ways, such as undertaking continuous market research or hiring local personnel (Kotler et al., 1999).

To take advantage of international marketing opportunities, managers develop a strategic marketing plan, recognizing the customer targets and deciding the level of *standardization or adaptation* of the marketing mix to local conditions and cultural characteristics of customers.

Standardization of product, promotion, price and distribution channels is preferable with homogeneous needs and preferences. Companies can take advantage of features that transcend national culture, identifying transnational and *horizontal segments* of consumers with the same needs to satisfy with standardized products and a global marketing strategy. This permits the building of a greater global brand power and the exploiting of economies of scales and experience that keep down the price (Kotler et al., 1999; Valdani et al., 2000; Perreault, McCarthy, 2002).

Adaptation is an alternative strategy when consumers in different countries vary greatly in their product preferences, uses and conditions of product use, needs, perceptions and attitudes, shopping patterns, income levels and spending power, education. Different management approaches are needed for different country markets. Marketers are advised to identify carefully the diversity that do exist across national markets and tailor products and services to suit local tastes and preferences, by adopting a market-led and contextual approach (Kotler et al., 1999; Valdani et al., 2000; Jandt, 2001; Perreault, McCarthy, 2002).

Strategies aim also at creating an international marketing communication (Di Gregorio, 2003), global brand awareness and company global corporate identity (Morley, 2002; Tench, Yeomans, 2006).

The niche marketing strategy

In most countries the trend toward multiculturalism is making differences even more important to marketers (Perreault, McCarthy, 2002). In particular, the rise in human mobility

and immigration increases the ethnic and cultural diversity of a country's population and its labour market (Shoobridge, Mohr, 2006). There exist subcultures within dominant cultures based on economic or social class, ethnicity, race, or geographic origin (Jandt, 2001). Consequently, more marketers are using sub-cultural segmentation and niche marketing to reach diverse consumers and tailor efforts to distinct groups.

Among many studies on marketing based on differences, this section considers the ones concerning: a) sexual orientation; b) social identity; c) religion.

a) Marketing strategies based on *sexual orientation* lead for example to *gay marketing* experiences (Colacchio, Terzi, 2007). They are spreading in Europe and the USA, not only from specialized businesses but from firms in general. The aim is to establish a long-term relationship between the brand and this segment, responding to functional and symbolic needs. Research demonstrates that boomerang effects from heterosexual consumers are excluded when companies manage ad hoc channels and messages, and not extensively, for the segment (Colacchio, Mastrangelo, 2006).

b) Post-modern consumers seek the linking value related to *social identities* instead of the use value of products and services. Individuals gather in tribes, social networks that affect their consumer behaviour and preclude traditional consumer segmentation (Cova, Cova, 2002). In this view, society is composed by societal micro-groups, in which individuals share strong emotional links, a common subculture, a vision of life. The common denominator of postmodern tribes, such as sky-divers, in-line skaters or role game players, is a shared emotion, experience or passion. Marketing becomes *tribal marketing*, whose role is supporting and capitalizing the bond and relationship between the members of a tribe and designing products and services that hold people together as a group of enthusiasts or devotees. The organizational ability to successfully interact with *sub-cultural niches and tribes* represents a strategic resource to conquer specific segments and to differentiate the brand or product in markets in general (Colacchio, Terzi, 2007). This is especially true for small and medium sized companies, which can exploit the innovative potential of a niche.

c) Some research explored how *religious differences* and adherence to a particular faith significantly affect consumer behaviour (Essoo, Dibb, 2004). Highly devout consumers are less innovative, demanding and trendy compared to casually religious individuals, while Hindus, Muslims and Catholics give different importance to product quality, nutritional value, quality of service, information search. At a strategic level, religion can be used as a segmentation basis to design marketing tactics which reflect and are better suited to the characteristics of consumer behaviour in different religious groups.

Internal diversity and marketing strategy effectiveness

Some recent studies highlight the crucial role that the internal variety of a company plays in order to gain competitive advantages from the market diversity. Marketing to niches and emerging or minority segments requires a keen understanding of both broadly applicable principles and specific features. In reaching out diverse markets, some companies diversify their own staff and develop the ability to mirror the heterogeneous composition of the marketplace.

Some research (Shoobridge, Mohr, 2006) argue that a multi-ethnic workforce plays a crucial role for the *export performance* of a firm, but also for its domestic business, especially for services, such as the tourism sector. Ethnic diversity within the workforce allows firms to become more competitive by facilitating their internationalisation and their ability to reflect local needs and to follow indigenous business norms.

Furthermore, internal diversity, especially in the sales staff, is increasingly used in the *retail sector*, by employing front-line workers that share the same diversity as the specific community they serve (Foster, 2005).

Global communication and intercultural communication

Many studies have pointed out that in the international context company communication and public relations strategies could take into account a *local or polycentric approach* centred on adaptation and decentralization, or on the contrary a *global or ethnocentric approach* based on standardization and centralization (Grunig et al. 1995; Kotler et al., 1999; Heath, 2001; Gudykunst, Mody, 2002; Sung, 2003; Di Gregorio, 2003; Valdani, Bertoli, 2003; van Ruler, Verčič, 2004; Tench, Yeomans, 2006; Valentini, 2007). Adaptation and standardization of communication strategies concern objectives, messages, channels, tactics, evaluation (Tench, Yeomans, 2006). Sometimes, a middle-ground paradigm of *pattern standardization* is proposed, or local implementation under a global consistency (Valdani et al., 2000; Wakefield, in Heath, 2001; Gudykunst, Mody, 2002; Sung, 2003).

Standardization produces multiple benefits, such as lower communication costs, greater coordination of global advertising efforts and a more consistent worldwide company identity or product image (van Riel, 1995; Kotler et al., 1999; Valdani et al., 2000). This is possible when target consumers and cultural characteristics are homogeneous across different countries, the global brand awareness is powerful, and the advertising idea is transportable.

In other cases, adaptation is required to make communications more responsive to consumer needs and expectations within local markets. Also when naming a product, a company must

make sure its name will travel internationally (Kotler, 2003). Even in domestic markets tailored communications to particular communities, like the gay one, is particularly successful (Colacchio, Terzi, 2007).

There exist some specific principles to consider related to the cultural, political, media system and so on, peculiar of a nation. In particular communication influences and is influenced by *culture*. Hofstede (1980, 2001) identified five cultural dimensions by which cultures can be compared: power distance; social mobility; individualism-collectivism; masculinity-femininity; uncertainty avoidance; long-term orientation. Culturally congruent values at the core of advertising and communication messages enhance their effectiveness. For example, advertising in North America is more informative than that of Asian countries: in fact, people from individualistic cultures are more reliant on information cues than people from collectivistic cultures (Teng, Laroche, 2006). Properly matching advertising to the distinctive cultural values represents a vital component of international advertising and marketing.

International communication is increasingly developing specialized expertise in specific industry, public relations areas, and skills (Morley, 2002). With the increased diversity within domestic and international markets, the knowledge of different cultures and international business practices can help people to better communicate.

A communication strategy at global level could be inspired to *multiculturalism* or to *interculturalism* (Tench, Yeomans, 2006). Multicultural refers to the communication patterns across and between nations and cultures; intercultural communication refers to interaction between people who present different cultural background and symbol systems, so that an effort is made to reach a mutual understanding. It is often hindered by ethnocentrism, stereotypes or language (Jandt, 2001; Gudykunst, Mody, 2002).

Neuliep (2006) proposed a *contextual model* of intercultural communication that considers five contexts of interaction. The first is the *cultural* context, since the dominant culture permeates every aspect of the communication exchange. Second, the *micro-cultural* context: there exist minorities that differ in some way from the general macro-culture in which they coexist, most often because of race, ethnicity, religion or language. Third, the *environmental* context, including physical geography, architecture, landscape design, perception of privacy and time orientation, prescribes when and what specific rules apply. Fourth, the *perceptual* context concerns the individual characteristics of interactants, such as cognitions, attitudes and motivations. Finally, the *socio-relational* context is affected by the group membership of people and the roles they assume in the interaction.

The skill of appropriate intercultural sensitivity and adaptation is what all modern managers and marketers should develop and practice (Gesteland, 1999; Jandt, 2001) to effectively interact with domestic subcultures and niches and international customers.

1.2. Organizational literature

Organizational literature related to the diversity issue highlights the rising of knowledge based companies and of the requisite variety principle for organizing.

The knowledge based companies

Competition is increasingly based on knowledge (Nonaka, 1991; Drucker, 1994; Dagnino, 2000; Rullani, 2004). In knowledge based companies the core activities are the continuous generation and the application of abstract knowledge to business processes. Knowledge is created through social interaction, in formal and informal contexts (Nonaka, 1994).

By tapping the heterogeneous workforce in the global marketplace, companies could develop their own creativity potential for three main reasons. First, heterogeneity of skills, expertise and perspectives and less emphasis on conformity to norms of the past, have a *positive effect on the knowledge creation performance* of a company, as many researchers have pointed out (Ivancevich, Gilbert, 2000; Lockwood et al., 2005). Second, heterogeneity produces *better decisions in work teams* through a wider, and non-obvious, range of viewpoints, more critical and open analysis of issues, a broader and richer base of experience from which to approach a problem. And finally, a heterogeneous organizational system becomes more fluid, flexible, and able *to capture and to react to environmental changes in a faster way* (Cox, Blake, 1991).

The requisite variety principle

In sum, global competition, international and niche marketing strategies and the knowledge creation focus, call for a high degree of organizational heterogeneity. Weick (1979) defined the proper level of organizational diversity using the general system law of *requisite variety* formulated by Ashby (1956). "The law of requisite variety states that the variety within a system must be at least as great as the environmental variety against which it is attempting to regulate itself" (Weick, 1979:189). Organization systems call for internal variety in order to sense and interpret the equivocal information related to external variety.

When internal variety keeps pace with the external one, an organization could be more able to interact with customers, stakeholders, suppliers and to elaborate fitting solutions for them (Hon, Brunner, 2000). The variety of sources of knowledge and experience generates greater

creativity, innovation, higher decision quality and increased flexibility (Harrison, Klein, 2007). Furthermore, it could be able to better listen to its stakeholders and communicate with them, thanks to a similar cultural background that enhances and facilitates meaning sharing (Jablin et al., 1987) and stakeholders expectations inclusion into organizational aims (Grunig, Grunig, Dozier, 2002).

A representational workforce is qualified to understand many aspects of the world and different demographic or ethnic groups; better capture, keep and serve new customer groups and match the requirements of the existent ones; reflect organizational stakeholders that look inside the company and see people like themselves (Lockwood et al., 2005).

1.3. The Diversity Management

Companies and society facing growing diversity adopt different management strategies. Based on literature, it seems possible to identify two models: Assimilating Minorities and Diversity Management.

The *Assimilating Minorities approach* represents an anti-discrimination effort through a systematic and planned policy to recruit ethnic or racial minorities and female employees, promoting assimilation and equality (Ivancevich, Gilbert, 2000). It originated in the 1960s in Canada and the USA, historically characterized by a heterogeneous and multicultural society, with the Equal Employment Opportunity (EEO) laws and the Affirmative Action (AA) policies that established the compulsory hiring of certain quotas of minority people (Ivancevich, Gilbert, 2000; Bombelli, in Mauri, Visconti, 2004; Lockwood et al., 2005). It is a short-sighted and reactive strategy, based on quotas and compliance to laws and moral imperatives. The emphasis is primarily with internal employees and the responsibility of the policy is linked to the HR department.

In the 1980s, in literature and in practice, a wider concept was developed: the *Diversity Management (DM) strategy*. It represents the prosecution and enrichment of the anti-discrimination approach, by including all kinds of differences beyond mere political correctness and legal mandate: "The basic concept of managing diversity accepts that the workforce consists of a diverse population of people. The diversity consists of visible and non-visible differences which will include factors such as sex, age, background, race, disability, personality and workstyle," (Kandola, Fullerton, 1998 in Lorbiecki, Jack, 2000:19). DM is a long-sighted approach, adopted by choice, with a focus on business case and performance improvements. Quotas are adopted just in the initial part of the change process, as a formal step to involve the total workforce, or when there is an evident lack of a certain

category. Diversity of internal and external constituents is considered and the responsibility is spread at all levels and functions (Ivancevich, Gilbert, 2000; Kirby, Richard, 2000; Hon, Brunner, 2000; Lockwood et al., 2005).

The next section will show the business case for DM, focusing on the main reasons which encourage companies to invest in this direction, and will describe the critical elements and key factors of this practice.

The advantages of DM

The literature on the subject suggests that there is a link between DM and organizational competitive performance. Facilitating workplace diversity is increasingly seen as a vital strategic resource for competitive advantage. The final aim is maximizing the benefits of a diverse workforce in a changing marketplace and labourforce (Lockwood et al., 2005).

Organizations undertake DM programs for moral, legal and economic benefits (Cox, Blake, 1991; Barak, 2000; Lorbiecki, Jack, 2000; Hon, Brunner, 2000; Kirby, Harter, 2001; CSES, 2003; Lockwood et al., 2005; Cuomo, Mapelli, 2007).

First, the *moral* advantages are related to the improvement of internal commitment and organizational harmony and of social responsibility and reputation as prospective employers and "good corporate citizen", by promoting interactions with minority groups and countering prejudices and discrimination .

Secondly, the *legal* reasons consist in lowering litigations and preventing lawsuits.

Finally, the *economic* benefits are the following: lowering costs by reducing turnover and absenteeism rates, and enhancing job satisfaction and productivity that result from improved morale and team spirit; attracting and retaining the best talent from all backgrounds; encouraging innovation and creativity; improving customer satisfaction and gaining greater or new market share locally and globally through better understanding of diverse sets of customers and tailored communications with multicultural audiences; fostering the flexibility to face internal and external changes, such as integration problems after Mergers and Acquisitions.

Diversity means opportunity especially for marketing. The challenge that marketers face is gaining a better understanding of their increasingly important multicultural and diverse customers with the right product mix and selling strategies. Internal diversity reduces the psychological barriers that exist with regard to entering foreign markets, improves the ability to understand diversified market segments and adjust products to distinct customer requirements, fosters the ability to create trustful relationships and external networks, and

allows easier access to distributors and suppliers and to crucial information abroad, such as legal requirements and governmental procedures (Shoobridge, Mohr, 2006).

It seems clear that economic and marketing rationale dominates among the various reasons. Yet, just having diversity inside is not sufficient to produce benefits. Organizations must consciously recognize and manage it, undertaking a difficult cultural change (Cox, Blake, 1991; Barabino et al., 2001).

Critical elements of DM strategy

Next to the advantages produced by a DM strategy, there are some critical questions to consider that could threaten DM effectiveness: *political correctness*, and the *use of quotas of particular targets*.

Political correctness or tokenism brings to make-up interventions and a lack of commitment in promoting diversity. As a result, antagonism, resentment and reinforcement of stereotypes emerge (Lorbiecki, Jack, 2000; Ivancevich, Gilbert, 2000).

In order to enrich the diversity rate, companies sometimes reserve *quotas of the total employees to some particular targets* like women or ethnic minorities. In these cases DM is equating with the EEO or AA approach and produces three types of negative consequences (Kirby, Richard, 2000; Hon, Brunner, 2000; Von Bergen, Soper, Foster, 2002).

First, the *pygmalion effect*, where beneficiaries perceive their employment as attributable to their demographic status rather than to their real qualifications and suffer negative self-perceptions of competence, thus damaging their performance and satisfaction rates, Second, *reverse discrimination* against members of the mainstream group, who feel rejected and excluded from certain opportunities and perceive the minority employees as less qualified and having been favoured based on group membership rather than on personal competence. And finally the lowering of *standards for hiring and promotion* just to fill quotas.

Key factors for successful DM programs

Many studies offer analysis that highlight how to facilitate the success of a DM program: inclusiveness, training and communication, contingent approach, top management support, long term perspective, global focus.

First, to avoid the risks related to quotas, DM must be addressed as a matter of inclusiveness, without segmentations and categorizations (Von Bergen, Soper, Foster, 2002).

Second, to overcome ethnocentrism and resistance to change, the role of training and communication is critical, by promoting workplace diversity, learning about others' values,

improving cross-cultural communication and fostering individual and group sharing (Cox, Blake, 1991; Barabino et al., 2001; Shoobridge, Mohr, 2006). Furthermore, much of the success of DM programs depends on whether employees believe the programs to be fair and the process justifiable, resulting in more positive behaviour for both beneficiaries and majority members (Kirby, Richard, 2000).

Third, it is better to use a contingent approach. There is not a single, unique best way to manage workforce diversity in organizations (Dass, Parker, 1999; Barabino et al., 2001; Lockwood et al., 2005; Cuomo, Mapelli, 2007). The organization's approach and initiatives depend on a series of contextual factors, such as the internal and external pressure for diversity, the type of diversity in question, the managerial attitudes and perspectives, organizational culture and business needs. It is useful to analyze the organizational culture and human resource systems, to identify areas where changes are needed and then to assess and monitor the program, institutionalizing the cultural change (Cox, Blake, 1991).

Fourth, top management's support and genuine commitment is crucial to find resources, internal role models and legitimacy. Champions for diversity at lower organizational levels are needed and human, financial and technical resources must be provided in the long run. Visible commitment throughout the organization must go beyond sloganism, with the establishment of task forces, advisory committees, network groups or even a dedicated diversity manager who oversees the work company-wide (Cox, Blake, 1991; Lorbiecki, Jack, 2000; Hon, Brunner, 2000; Bombelli, 2001; Lockwood et al., 2005).
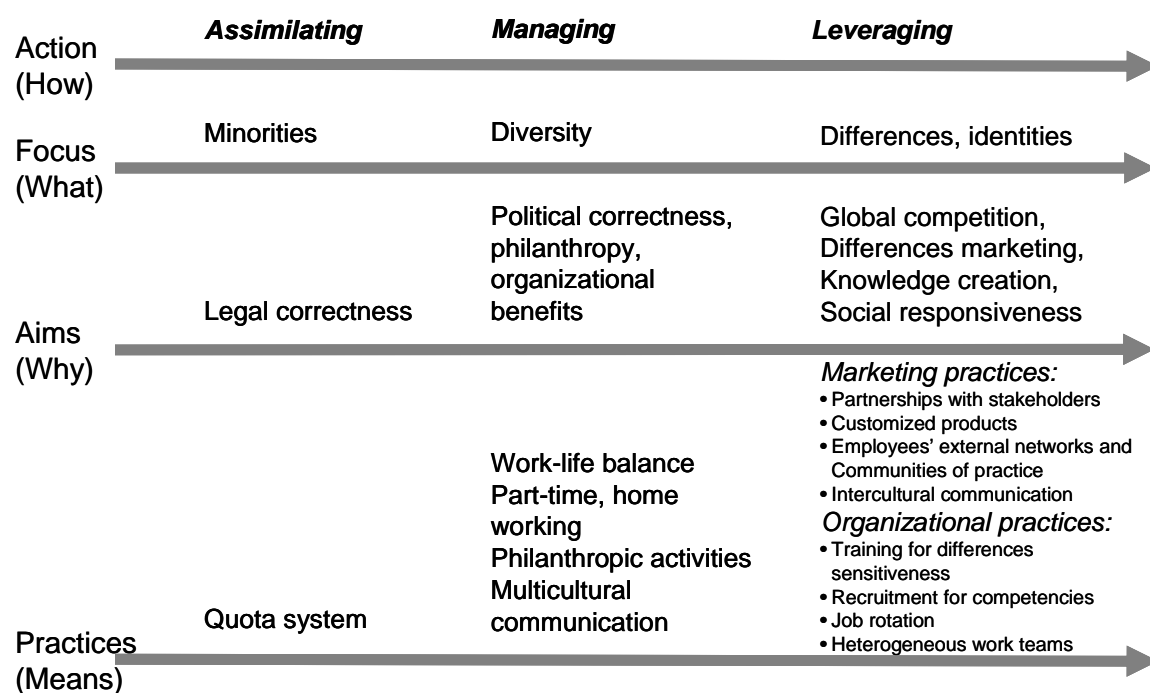
Fifth, a long term perspective is needed. Two serious obstacles are represented by economic pressures to demonstrate profitability and a limited company vision, short-sighted and internally-focused (Barak, 2000). In the short run, DM produces cost savings linked for example to lowering labour turnover or litigation costs. However, most actual business benefits result in the long term, such as access to talent, improved reputation and creativity. The investment in such an intangible good needs to be on-going and the management vision future-oriented (CSES, 2003; Cuomo, Mapelli, 2007).

Finally, the last point concerns the internal or global focus of the action. Many organizations limit their intervention to the internal environment. Yet, organizations need to expand their notion of diversity including also the larger system that constitutes its environment locally, nationally and globally (Barak, 2000). Each organizational member is required to make steps to involve more of the community and stakeholders (Hon, Brunner, 2000).

2. Research Questions

The literature review points out the marketing and organizational reasons for increasing heterogeneity in organizations, the necessity to have an internal variety reflecting the external one, the different concepts related to Assimilating Minorities and Diversity Management, the risks and the critical success factors of the latter. Based upon these elements, it is possible to make a proposal for a new model, Leveraging Differences that represents an evolution of the previous two (Figure 1).

Figure 1: From Assimilating Minorities, to Managing Diversity, to Leveraging Differences

	Assimilating	Managing	Leveraging
Action (How)			
Focus (What)	Minorities	Diversity	Differences, identities
Aims (Why)	Legal correctness	Political correctness, philanthropy, organizational benefits	Global competition, Differences marketing, Knowledge creation, Social responsiveness
Practices (Means)	Quota system	Work-life balance Part-time, home working Philanthropic activities Multicultural communication	*Marketing practices:* • Partnerships with stakeholders • Customized products • Employees' external networks and Communities of practice • Intercultural communication *Organizational practices:* • Training for differences sensitiveness • Recruitment for competencies • Job rotation • Heterogeneous work teams

The key concepts of the model are the action of *leveraging*, the focus on *differences*, the aim of gaining a *competitive advantage* and the *marketing and organizational practices*. The following pages will be dedicated to looking at these features in more depth.

The action: leveraging

The model is based on a proactive approach. People engaged in organizations, carrying differences, should not be just the target of managerial programs such as Assimilating Minorities and DM models. People are the protagonists that use their own differences and knowledge to interact with clients, suppliers, stakeholders and colleagues. This is what we suggest calling "*Leveraging Differences Model*".

Differences and identities are a source of richness for a company if people effectively use them. So the aim of leveraging differences strategy is to create the conditions for creativity and interaction with markets and stakeholders. It is not a top-down process but on the contrary it is a way of belonging to an organization.

The focus: differences

The central concepts are *differences and identities*. What we mean is the subjective variables such as competencies, abilities, and potential, instead of diversity in terms of objective or socio-demographic variables (Bhawuk, Triandis, 1996 in Hon, Brunner, 2000).

The management literature has suggested that organizations should *value* multiple and changeable identities brought by employees, suppliers, clients, and all stakeholders (Napolitano, 2007) to enhance marketing and organizational effectiveness and create a competitive advantage.

In the DM strategy, diversity is conceived as an object to be managed, creating an artificial division between 'those who manage' and 'those who are diverse' and losing the humanistic element. Actually, all people should be included to avoid disequilibrium of power and control (Lorbiecki, Jack, 2000; Kirby, Harter, 2001). That is why the terms differences, identities and variety, should be preferred in place of "diversity" (Kirby, Harter, 2001; Napolitano, 2007).

Identities and differences should become a deeply embedded organizational value, incorporated into the day-to-day activities and the human resources system (recruitment, training, performance appraisal, compensation and promotion) to empower an organizational culture that fosters a respectful, inclusive and knowledge-based environment (Hon, Brunner, 2000; Lockwood et al., 2005). In a work environment rich of differences the basic core of similarity is represented by *shared* organizational values and strategies in order to promote coherent actions on organizational goals (Cox, Blake, 1991; Barabino et al., 2001; Muzi Falconi, 2006; Cuomo, Mapelli, 2007).

The focus of the Assimilating Minorities approach and also of the DM strategy are gender, race, sex, religion, physical abilities, geographic origin, culture, and other personal and socio-demographic features of people that collaborate with the organization. Differences and identities imply focusing on competencies, skills, intellectual abilities and so on. All these are features that explicitly could influence the working and relational performance of a person and the ability to understand and interact with markets.

The aim: gaining a competitive advantage

The main reason of interest for differences is gaining a *competitive advantage* in a global and knowledge based competition in addition to social aims such as integrating minorities, equity, equality, philanthropy. This implies balancing competitive advantage and social responsiveness.

To gain competitive advantages, organizations leverage a multi-identities workforce and integrate a great variety of perspectives and competencies to reflect the external variety and to co-evolve with the markets. The aim is to implement marketing strategies focused on differences, such as the international and niche marketing practices.

To integrate social responsiveness, organizations can adopt a proactive approach towards social and political issues. According to the Corporate Social Responsiveness concept, companies and social context interpenetrate each other and all interdependences between economic and social sphere are recognized and enhanced. Companies have multiple boundary-spanning functions with all internal and external stakeholders and focus on relationship building strategies (Waddock, 2004).

The aim is to elaborate differences marketing strategies integrated with Corporate Social Responsiveness.

The practices: marketing and organizational means

The means by which reaching the leveraging of differences is the adoption of marketing and organizational means. Marketing practices specific of the model are partnership with representatives of stakeholder groups, development of customized products suitable for niches based on visible or invisible differences, hiring of people in the Marketing Department that reflect the external variety, employees' external communities of practice and networks, diversity awareness training programs for marketing employees, intercultural communication, marketing research involving diverse marketing targets, and the use of non traditional media such as advertising on local urban radio stations, minority publications, local festivals, ethnic events, and religious centres.

Leveraging differences organizational practices are training for all employees on differences sensitiveness, recruiting for competencies, job rotation, and heterogeneous work teams. These practices aim at creating a community that exploits the attributes of all people (Levin, 1991 in Hon, Brunner, 2000).

Furthermore, organizational practices like quota system, work-life balance, part-time work, working from home, facilities for disabled people, philanthropic activities, and multicultural

communication mainly aimed at spreading information about opportunities and special labour conditions belong to the two previous models. These all are practices aimed to give representation and to integrate members of underrepresented groups or with particularly needs into organizational system (Levin, 1991 in Hon, Brunner, 2000).

This research questions, first, if the current practices are near to the Assimilating Minorities and Diversity Management approaches or otherwise are similar to the Differences Leveraging model. Second, if the current approaches to diversity are focused on marketing advantages related to differences.

3. Method

The "Differences Leveraging Model" has been the point of reference for three explorative case studies conducted on three multinational companies: IBM, Microsoft and Deutsche Bank, and in particular on their Italian branches.

A qualitative analysis is coherent with the explorative nature of the study (Yin, 1994). The collected data could be used in order to formulate new hypotheses and for future quantitative research. Qualitative analysis seems to fit the study of diversity themes very well because it "maximizes the depth and the quality of input from participants by obtaining their own accounts of their subjective experiences" (Allen, 1995 in Hon, Brunner, 2000).

The data gathering was carried out in 2006 and was based on interviews and on document analysis. The interviews were conducted face to face and were open-response following a semi-structured set of questions on: DM mission and basic principles, managerial practices for valuing internal differences, categories of people taken into account for diversity policies, dedicated roles and organizational structure, internal and external communication activities, relationship with the corporate culture, values and business goals, differences marketing strategies, means by which Marketing Department interacts with diverse segments. Participants were asked to give examples, talk about experiences and problems. The semi-structured interviews allow us to gather data concerning the main topics of the study and also to ask clarifying questions and collect information from the specific experience. The documents collected were: company brochures and publications on diversity, material from seminars and training workshops, Intranet, corporate web sites.

4. Findings

There are today a great number of case studies which show how organizations have benefited from having implemented a diversity policy. We are considering now three organizational experiences: *IBM, Microsoft* and *Deutsche Bank*, describing the diversity mission, structure and marketing and organizational initiatives for each one. These three are global companies operating in sectors were human knowledge and face to face interactions with stakeholders represent strong competitive advantages.

IBM

IBM promotes a heterogeneous workplace since it believes it makes good business sense. Its Diversity and Inclusion strategy aims at including external diversity within its human resources pool to maximise talent, to catch and reflect new trends and the needs of different markets. In doing so, consumers can identify themselves with IBM and become more loyal and collaborative. IBM declares that DM represents *a strategic priority and a competitive edge*.

In the 1990s IBM overhauled its traditional one-company-one-blue-suit approach and engaged in this new challenge. Its global workforce diversity theme is "*None of us is as strong as all of us*". The issues that the company address worldwide are the following: awareness and acceptance of different cultures and sexual orientation; global market; diversity of the management team; advancement of women; integration of people with disabilities; workplace flexibility and balance. In Europe and the Middle East area, IBM focuses specifically on six key issues: gender, culture and ethnicity, sexual orientation, people with disabilities, generational diversity and work-life management.

The formal structure, created in 1995, includes *Diversity Councils* to foster and promote DM, with a cross-section of employees from each organizational key area. In addition, *task forces* have been set up to optimize satisfaction and creativity and to maximize the pursuit of market share from the constituency's community. These liaise with voluntary employees *Diversity Network Groups*, to encourage interaction both locally and nationally inside and outside the organizational boundaries, for example the Women in Technology Network and the Employee Alliance for Gay, Lesbian, Bisexual and Transgender Empowerment. In Italy there is also a specific Diversity Leader whose task is communicating and promoting the cultural change in the long term and coordinating initiatives, concerning the global guidelines. These initiatives follow those of the European headquarter.

IBM has established a number of initiatives to ensure that diversity is an integral part of the company at every level, and to demonstrate this commitment locally, nationally, and globally. First, *diversity training and internal communication activities* such as e-learning, resources on the Intranet and events. They help managers and employees to understand the company's policies and business case for diversity and to develop skills linked for example to cultural diversity and working in multinational teams. Furthermore, IBM offers *work-life balance resources* and actively supports *supplier diversity*. Externally, the company has established a series of *philanthropic partnerships* with associations, universities and institutions to bring in talent and to promote diversity, giving contributions, assistance and technology. IBM supports young students with mentorship, stage and funds worldwide to undertake technical studies and a future career in the IT sector, such as the EXITE camps -Exploring Interest in Technology and Engineering- aimed at introducing female students to technology. The *external communication* on diversity issues comprises events, publications, advertising and the corporate responsibility report. Workforce diversity is also part of the company *key performance indicators*.

Among marketing activities and programs, IBM involves *disabled people* to create new and assistive technologies. IBM has developed a talking Web browser for novice users, seniors and people with limited vision, and more recently, IBM has developed the *Mobile Wireless Accessibility solution* to improve the productivity and potential of visually impaired employees. This technology has been created and tested by IBM disabled employees themselves and has immediately become a business opportunity within external markets. The *LAMA project*, aimed at developing a communication system for people with auditory problems, is another example.

To create an extensive *dialogue with diverse markets*, IBM has established numerous *partnerships* with external associations and non profit institutions such as ASPHI for the integration of the disabled, the Business & Disability Network, *Sodalitas*, and *Fondazione Bellisario* for supporting women-owned businesses. Furthermore, it organizes important *events* such as *Handimatica* or *Diversity Day* with other organizations, and invites external stakeholders to internal events, for example, the workshop Diversity Agorà addressed to IBM managers and external interlocutors from the academic and business fields. Finally, it participates to events involving particular segments: for example, many IBM employees and clients have participated to the *GLBT Business Leader Forum*, in partnership with the European Gay Managers Association (Institutional Presentation, 2006; Diversity & Inclusion Prospectus, 2006; Corporate Responsibility Report, 2006; corporate web site).

Microsoft

In *Microsoft,* the DM policy has been in place since the 1990s but has only recently become a business priority. Microsoft pays particular attention both to internal and external variety. To effectively interact with external diverse markets, Microsoft promotes variety to identify the *multiple needs and expectations of its customers* and to create *customized products and services*.

Microsoft's diversity mission statement declares that the company is striving to understand and incorporate the differences each employee brings, so that a multicultural workplace is built and the growing diversity of the global marketplace is reflected. The organizational mission itself is "*realizing the potential of people*" in order to catch business opportunities and respond to social responsibility demand. The three core business drivers are talented employees, innovation with products and solutions and understanding of the rich variety within the customer base.

Concerning structure, Microsoft has created a community of employees affinity groups, called *Diversity Advisory Councils* that are initiated by employees and sponsored by executives, for example the Deaf and Hard of Hearing at Microsoft, the Native Americans at Microsoft and the Working Parents at Microsoft. They represent a source of mutual support, information and feedback. In addition, many of the Microsoft business groups have a *Diversity Leadership Team* that is led by an executive and implements the company's DM strategy within the specific context. Globally, the policy is supervised by a *Global Diversity and Inclusion Team.* In Italy, in 2006, a *Diversity Advisory Council* was established and a diversity manager was nominated to promote a deeper cultural change and to include all diversities.

The diversity strategy comprises multiple initiatives and areas of responsibility. The management of the *human resources system* is combined with *communication* both to an internal and external audience. *Targeted recruitment* efforts are addressed to people and students from diverse backgrounds, through events, workshops, education programs in high schools and career fairs. *Diversity training*, through seminars, on line tools and resources, is especially critical, to ensure that people continue to grow and prosper in a supporting environment. Moreover, Microsoft provides a wide range of *benefits*, healthcare options, financial incentives and personal and professional resources to help balance employees' work and private life.

The *communication* activities include events, publications as the Diversity Newsletter, speeches and advertising. Externally, the company offers scholarships, software and

mentorship to young diverse people, and funds and support to organizations such as the Native American Colleges and Universities and the American Association of People with Disabilities. Finally, Microsoft sponsors a variety of programs designed to help diverse *suppliers and minority- and women-owned businesses* succeed, such as the national award-winning "Build Your Business Tour" that provides educational technology seminars at no cost. In Italy the intervention is limited principally to women, with quotas objectives. For example, *Futuro@lfemminile* is a non profit project dedicated to women employees and external publics, in order to help them handle technology in their daily life.

Among marketing activities, *people with disabilities* has represented a source for generating new products and solutions to help individuals with the same problems since 1988. The new operating system *Microsoft Vista* has many functions to meet the needs of people affected by visual, motion and auditory problems and to facilitate intuitive use. It is also compatible with 300 assistive devices to successfully interact with a computer.

To capture significant information from markets, Microsoft has developed *partnerships* with numerous non profit organizations that operate with the disabled and represent the main interlocutors to create an external network and dialogue concerning these items. Furthermore, by organizing external IT training for this segment, Microsoft has the possibility to directly understand the needs of disabled people. Finally, it organises *ad hoc events* to keep in contact with different audiences and targets (Institutional Presentation, 2006; Intranet, 2006; corporate web site).

Deutsche Bank

The diversity mission is part of *Deutsche Bank* global corporate strategy and culture where all employees are supported and can serve the needs of international customers. The aim is to include a number of perspectives in order to generate new ideas and creative thinking and to grow in new markets, thanks to a refined cultural understanding.

In 1999 Deutsche Bank created a *Global Diversity Team* which, in cooperation with the business lines and top management, arranges global initiatives to increase the awareness of diversity and to change the company's culture towards an inclusive environment. In addition, *Employee Networks* across all levels help fostering diversity, by giving mutual advice and support and worldwide communication inside and outside the company, such as the Deutsche Bank Women's Network, the Family Network for Working Families and the Rainbow Group for Lesbian, Gay, Bisexual and Transgender People. In Italy the responsibility lies in the HR department, without a dedicated role.

The diversity strategy includes a lot of initiatives, such as mentorship, *internal and external communication*, graduate recruiting activities addressed to a varied pool of candidates, *diversity training*, performance management review process, creation of all faith rooms, networking events and internships for young adults of diverse backgrounds. Deutsche Bank encourages for example young students to develop a taste for financial studies and issues, with programs such as the "I Have a Dream" summer placement for students from African, the Caribbean and Asian backgrounds. As business interactions expand on an international level, the need for cultural sensitivity becomes apparent for Deutsche Bank. That is why the company has especially focused on cultural diversity and established training programs to overcome cultural barriers posed by its multinational workforce.

Furthermore, Deutsche Bank provides flexible programs, resources and tools to help employees create their own *balance between their work and personal lives*. In Italy, Deutsche Bank focuses only on general *diversity training* and on *cultural issues*. Workshops and training aim at developing skills to effectively interact with colleagues and clients from other cultures and countries. A rich program to facilitate the integration of expatriates has been adopted, so that when foreign employees come from abroad they find help in preparing the assignment and adjusting to the new cultural environment.

Concerning marketing strategy and activities, Deutsche Bank does not implement ad hoc programs and applications to capture different market segments because, in the company's view, there is a low level of racial, linguistic and ethnic diversity in the Italian banking markets at present. The only exception is represented by the employee networks that create a rich dialogue with external clients and stakeholders (Intercultural Business Communication workshop materials, 2006; Global Diversity workshop materials, 2003; Diversity Brochure, 2006; corporate web sites).

5. Discussion

Following, we discuss the evidences collected by referring to the variables which compose the Leveraging Differences Model.

The action: leveraging

IBM, Microsoft and Deutsche Bank aim at supporting a pluralistic culture, to make diversity an asset to performance and in the meantime avoid conformity. They have created strong identities through shared corporate values, strategies and goals, which represent the common

denominator for employees around the world. Diversity is part of the declared culture and corporate global strategy.

However, concerning the organizational aspects and creative processes in the three cases, the idea of one close-knit company overwhelming the single is predominant, since difference is not yet perceived and acted as a way of belonging and working to create shared knowledge. The focus is on *integration*, in certain cases on categories, and does not evolve towards the interactive sharing of ideas, practices and competences. For example, Deutsche Bank declares its objective of building a One-Bank Culture. Most practices treat people as targets, and not as actors.

On the other hand, with regard to marketing practices, there is some evidence concerning the use of more involving activities, such as the action of the diversity network groups or the creation of an extensive dialogue with markets through ad hoc events and strategic partnerships, where all employees can actively participate.

The focus: differences

In all three cases, the definition of diversity goes beyond race, gender and physical ability to include and value all facets that distinguish workers, especially *expertise and competence*. The three companies are aware that the mix of expertise and perspectives delivers the most original ideas and strongest results with regard to marketing and communication activities.

All companies *focus both on internal and external variety* as they own partnerships with local communities, associations, non profit institutions, universities, local and international discussion groups and diverse suppliers.

The aim: gaining a competitive advantage

All three cases considered encourage a culture of diversity, perceived as something more than complying with legislation. They seek to reflect the variety of stakeholders' expectations in all company areas. Common benefits expected from their diversity strategy are: to win the competition for the *best personnel*, in order to attract and to value skilled human resources from all segments of the workforce; to enhance the quality of *creative thought, innovation, group performance and decision making*; to meet consumer demands and approach various diverse market segments in local and global marketplaces; to improve *reputation* and support *stock prices*. In particular, IBM and Microsoft stress the necessity to bring in talent and to empower people in order to foster creativity, generate knowledge and interact with diverse markets.

The practices: marketing and organizational means

The gathered data show that in all three cases the diversity policy is driven by *commitment at all hierarchical levels*. Globally, the organizations present a central structure that gives the guidelines and coordinates the policy worldwide. Locally, the responsibility lies in the Human Resources department. The departments work in partnership with the top management.

Targeted recruitment and the *quota system* represent the first necessary step to eliminate cultural barriers and to foster organizational change. IBM appears to have the most complete inclusive approach as it aims to involve all people, with particular attention dedicated only to disadvantaged categories, such as the disabled. On the other hand, Microsoft and Deutsche Bank, referring to the Italian situation, apply a more limited approach. The former is still focusing on the woman target, while the latter principally stresses the cultural diversity. That is reasonable if we consider the Italian context, characterized by a limited diversification in the client and workforce pool. In sum, except IBM, in the Italian context, companies pay more attention to certain issues, depending on local and contextual needs.

Many practices found are near to the anti-discrimination and DM strategy approaches. IBM, Microsoft and Deutsche Bank offer rich *benefits and flexible working arrangements* as key tools to attract and retain employees worldwide and to satisfy their needs. As far as the internal context is concerned, the organizations we explored use both *training and internal communication activities* to inform employees and involve them in strategies. While externally, these organizations implement *philanthropic activities* and contribute in several ways to the local and global community, by providing essential and financial resources to groups and communities in need, supporting educational and cultural institutions, providing mentorship to youths or tutoring children in local schools. In addition, they *communicate externally* the issue of diversity mainly through annual reports, brochures and publications, advertising, events.

The research also highlights practices aimed at organizational development and marketing effectiveness. *Diversity network groups* are a means for networking, the creation of knowledge and the exchange of intellectual resources. They are also aimed at identifying marketing opportunities and involving members of the community in the design and creation of products and services. Tribes and diverse consumers are perceived as a source of competencies that forces marketers to lower the boundaries of a company and include them in its network and processes.

To capture external information and understand the needs of diverse consumers, IBM and Microsoft develop *strategic partnerships* and take part in or organize *external networking events and workshops* on diversity to build stronger links with the communities in which they work. This generates word-of-mouth within specific communities and is the perfect platform for designing niche communication strategies.

IBM and Deutsche Bank stress the relevance of *intercultural communication*. In particular Deutsche Bank invests in training activities to improve effective intercultural skills and knowledge. IBM and Microsoft promote *supplier diversity* in order to create an equitable competitive environment for businesses owned or managed by ethnic minorities, women and registered disabled and to develop customized products.

A further example is represented by the attention placed on the *disabled*, considered by IBM and Microsoft as an untapped source of talent and innovation in the IT sector. By involving employees and clients with disabilities, the two organizations have developed innovative solutions and assistive technologies for this segment, and offered education, technical support and mentorship to disabled students.

6. Conclusions

This paper presents a model for interpreting the diversity approach spread among companies. The literature review suggests that most studies deepen the organizational rationale and advantages of diversity programs. This study proposes a model for dealing with diversity that takes into account also a marketing viewpoint. The main feature is that the internal variety of an organization allows to capture the market differences and to develop successful marketing strategies at international or domestic levels. Three explorative case studies have been conducted in order to test the model and to prepare further quantitative analyses.

The analysis of IBM, Microsoft, and Deutsche Bank highlights that *companies refer to a wide concept of diversity*, including all kinds of differences. This emerges from their declaration on company diversity policy and from the inclusion of internal and external stakeholders in diversity initiatives. The main expected benefit from diversity programs is better *competition for talent,* a more *creative internal environment* and also the ability to develop products and services suitable for *diverse markets*. The declared diversity issues are aligned to the more advanced theoretical perspective.

A large number of organizational practices dealing with diversity are carried out by IBM, Microsoft, and Deutsche Bank, belonging to Assimilating Minority and to Diversity Management models, and are useful to improve the organizational climate and the social

legimacy. Also marketing practices for generating competitive advantages that refer to the Leveraging Differences Model, are quite widespread in the cases studied, particularly in IBM and Microsoft, probably because of the nature of their industry. Many marketing applications are aimed at leveraging differences, such as the development of customized products for diverse segments and the employees' external networks.

From the research method point of view, the case analysis highlights that the Leveraging Differences Model is quite complete and suitable for describing the current business orientation toward the diversity issue. It represents a wider approach than the previous ones, since it considers the organizational, social, and marketing features of the diversity issue. It could represent the theoretical background for further empirical and quantitative research.

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