The management of culture diversity: lessons from Brazilian companies

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Abstract
Despite the extremely diversified cultural context in which Brazilian enterprises operate, the issue of cultural diversity is new in their agenda. The emergence of this theme is much more related to the need of creating competitive advantages by developing diversified competences, usually following policies which are established by the headquarters of local subsidiaries, than attending to legal procedures, as happens in the USA and Canada. Departing from a conceptual elaboration about cultural diversity and its management, this paper presents the results achieved in research among leading Brazilian firms. The points that emerge as conclusions can be generalized for other countries.

I. Introduction
In the year 2000, Brazilians won’t just be celebrating the entrance into a new millennium, but also the 500 years of their existence in the Western world.

Discovered in 1500, Brazil was a colony of Portugal up to 1822, occasion of its independence. Differently from the colonies of North America: the USA and Canada, the project of colonization of Brazil, as well as most of Latin American countries was founded on the binomial: exploration of the tropical wealth (sugar cane, wood, minerals and coffee) and slavery – in the beginning the natives that inhabited and later the black people brought from Africa.

During the nineteenth century, Brazil went through significant transformations:
• In political terms. Independence from Portugal, instauration of monarchy and finally, in 1889, the proclamation of the Republic;
• In economic terms. Beginning of the industrialization process and formation of the great urban centers in the south of the country;
• In cultural terms. The European (Italian, German, Spanish, French) and Asian (mainly Japanese) migrants, coming initially for the plantations of coffee and later for the industries in urban centers, these immigrants had a superior educational level compared to the local population and, in the case of the Europeans, especially Italian and Spanish, the political tradition of anarchism as well.

Throughout its history, certain cultural patterns have been developed as a consequence of the formation of a culturally diversified population, with great miscegenation through marriage among races. On the other hand, it is a society where manual work was always devaluated and relegated to the slaves and the poor white people. With the industrialization and urbanization processes, a more heterogeneous middle class appeared in the Brazilian scenario, but devaluation of manual work still remains.

Therefore, an extremely contradictory society emerged. Brazilians value their diversified origin, including their African roots, present in the music and in the food, for example, they like to imagine themselves as a society without prejudices. But on the other hand, it is a very stratified society, where access to opportunities in the educational system and to the best positions in the labor market are defined by the economic and racial origin.

In this extremely diversified and contradictory context, the issue of cultural diversity is rather new in the agenda of Brazilian enterprises.

The emergence of this theme in Brazilian companies is much more related to the need of creating competitive advantages by developing competences, usually in compliance with policies established by the local subsidiary headquarters, than following legal procedures, as happens in the USA and Canada.

Starting with a conceptual elaboration about cultural diversity and the challenges of managing such diversity, this paper presents the results achieved in research among leading Brazilian firms.

II. Conceptualizing cultural diversity
The subject of minorities and cultural diversity has been an important theme in North America – USA and Canada. Since the 1960s, the political movements in favor of racial integration led to the promulgation of laws seeking the equality of educational opportunities and employment for all.

In the USA, the affirmative action was promulgated by the end of the 1960s, as an answer to the racial discrimination observed in companies and teaching institutions. According to federal determinations, the companies that had contracts, or that received resources or other benefits from the government, should assess the diversity present in their employees and establish goals to balance this composition in terms of the different existing groups in the labor market. These groups included: women, Hispanics, Asians and Indians (handicapped people were included after 1991) (Agocs and Burr, 1996, p. 32).
In Canada, the Employment Equity Act and the Federal Contractors Program, promulgated in 1966, were drawn in similar ways to the American affirmative action. According to Agocs and Burr (1996), these acts aimed at achieving a broad scope not only by improving the numerical representation, through recruiting, but also by promoting fairer employment systems, and trying to influence the discriminatory cultural patterns existent in organizations.

In a recent article, Jain (1998), evaluating these programs in different countries (USA, Canada, India, Malaysia, South Africa, Britain and Northern Ireland), concludes that economic growth is a precondition to success of these programs and legislation is a necessary, but not sufficient, condition for success.

With a more pragmatic approach, the management of cultural diversity was an organizational answer to the growing diversification of labor force and to the need for competitiveness. In 1985, data projected by Hudson Institute Study, for the year 2000, estimated a manpower for the USA with different characteristics: the white man would decrease his participation and in the new jobs created, the largest participation would be of the white women’s group followed by black men and women.

Subbarao (1995) observed that the diversity of labor force is an international phenomenon, either in the developed countries or in the developing countries. There are several dimensions when considering what diversity is, gender, age, education, abilities, ethnic groups, religion, origin, breed, and language. Mamman (1995) and Nilson (1997) agree with the broad concept of cultural diversity, that includes not only race and gender, but also ethnic groups, origin area, age, etc.

How to conceptualize cultural diversity? We define diversity as a mixture of people with different group identities within the same social system. These social systems are characterized by majority groups and minority groups. Majority groups are groups whose members historically got advantages in terms of economic resources and power in comparison to other groups.

Therefore the theme of culture diversity can be studied on different perspectives – at the society level, at organization level, and group or individual level. In all of them, culture patterns, expressing values and power relations have to be scrutinized and analysed.

According to Thomas (1996) the management of cultural diversity implies a holistic focus in order to create an organizational environment that allows all the employees to reach their full potential in pursuing the company goals. It is not a package with ready solutions, nor a program to solve the discrimination issue.

Cox (1994) holds that differences in group identities among individuals (both physical and cultural identities) interact with a complex set of individual, intergroup and organizational factors (the diversity climate) to determine the impact of diversity in both individual and organizational outcomes. The individual outcomes which are predicted by the model are divided into affective response variables (satisfaction, organizational identification and job involvement) and achievement variables (performance, mobility and compensation). Organizational outcomes are divided on the basis of the expected directness of impact into first level (attendance, turnover and work quality) and second level (profits).

Central to this model is the notion that the presence of diversity in organizations will have an impact on effectiveness at both the individual and organizations levels and that the organizational context for diversity is pivotal in determining whether the overall impact of group identity differences on effectiveness will be positive or negative. Other features of the model are that it is structured around social psychological phenomena, which have clear applicability across many dimensions of group identity (i.e. not only gender and race, but nationality, job description, religion, class and so on), and it is applicable to the experience of both majority and minority group members of organizations. For example, the tendency for unmanaged diversity to lead to heightened intergroup conflict between majority and minority group members will potentially lower the affective outcomes of work for men of both groups (Knomo and Cox, 1996).

According to Cox, management of cultural diversity means to plan and implement organizational systems and practices to manage people so that potential advantages of diversity are maximized while its disadvantages are minimized (Cox, 1994). For us, managing diversity means to add value to the organization.

Among the potential benefits from diversity management, the following are mentioned by the author:

- attracting and retaining the best available human resources (talents), in the context of a labor market;
- enhancing marketing efforts, towards diversified market segments;
- promoting creativity and innovation;
- facilitating problem solving;
- enhancing organizational flexibility.
In other words, the main objective is to manage labor relations, employment practices and the composition of workforce in order to attract the best competences among the so-called minority groups. This is done through recruitment policies that incorporate criteria related to the cultural diversity of the labor market.

However, if there is a best way to challenge dominant cultural patterns, this is not clear at all. Several human resources policies, like training programs, aiming at the creation of awareness and change in people’s behavior, are achieving no more than a relative success.

III. Management of cultural diversity in Brazilian organizations

The subject of racial and gender inequalities has been the object of intense discussions in Brazil, led by groups defending the rights of the black people, women and homosexuals. The debates generally rebound upon the media and government spheres; however, little concrete measures have been taken.

In 1996, the National Program of Human Rights was created, aiming at the implementation of acts and international declarations related to human rights, which have a Brazilian adhesion. One of those is the ILO 111 Convention on employment discrimination, ratified by the local government in 1965. It was only in 1995 that the Brazilian Government, while participating in the ILO Conference, confronted with the accusations presented by representatives of Brazilian workers about the non-accomplishment by local companies of the assumed commitments, requested ILO’s technical cooperation for the formulation and effective implementation of policies to promote employment opportunities and treatment (Brazil Ministry of Labor, 1996).

Therefore, governmental measures to combat employment discrimination are very recent. In our opinion they dash into an implicit cultural barrier, the non-acceptance of prejudice and racial discrimination. As we have already mentioned, Brazil is quite a heterogeneous country, fruit of several migration flows since the moment of its formation, thus being part of its national ideology to conceive of itself as a country without prejudices.

The concern of the Brazilian companies with the management of cultural diversity is also quite recent. Initiatives in this sense started in the 1990s. The great majority of companies that are developing programs are subsidiaries of US enterprises.

Aiming at a better understanding of this theme, not only from an academic point of view, but also to subsidize consultancy work, we have accomplished an exploratory research in Brazilian companies. Three questions oriented the research design:

1. The origins of the program for the management of cultural diversity, how was it implemented in the company?
2. In the cases of subsidiaries, what were the differences between the programs implemented in the head offices and the ones developed in the Brazilian firm?
3. Which were the main policies and practices effectively implanted in order to manage cultural diversity?

In terms of methodological procedures some elucidations are necessary: to accomplish this research, we contacted 15 companies, known through seminars or media to be developing programs aiming at managing cultural diversity. Of these, only seven agreed to talk to us about the program; the others did not want to participate in the research, claiming that their program was either very embryonic or even disabled.

Initially, we present the data collected in six companies in which we interviewed the manager responsible for the program and gathered the information available in documents. As far as the other company is concerned, we are developing an action-research project that will enable us to elaborate a deeper analysis.

Out of the first group, five of the researched companies are subsidiaries of US multinational companies and one is a Brazilian company. The actions developed by the companies are still in their initial phase. Subsidiaries are monitoring what is happening in the head office, regarding the definition of policies and practices and then assessing its feasibility and possible adaptation to the Brazilian reality.

Table I, synthesizes the main data collected. Some observations can be drawn from this table:

- Recruitment policies and personnel selection. Companies are investing in projects for diversifying their labor force, based on a gender approach; in other words, they are recruiting more female workers. Additionally, one of the companies is also including black people in its diversification strategy.
- Training policies. Companies have been sending their managers to their head offices for training, in order to achieve greater awareness of cultural differences but only one Brazilian company is effectively developing programs in that way.
- Communication. Companies are investing in internal communication projects, with
the purpose of disclosing the diversity program objectives to all employees.

Those companies are trying to develop their own approach for the implementation of cultural diversity programs, adapted for the Brazilian reality. Their choice to begin the program with women, increasing the female participation in the employees' chart composition is justified by the fact that an educated female population is available for several professions. Blacks are considered to be more difficult to be found for occupations which demand higher educational level, reflecting the inequalities present in the Brazilian society. In the last few years there is clear evidence of women's educational ascension, and we believe that the cultural barriers for incorporating female workers to Brazilian organizations are lower than the barriers for the black people's incorporation. The appraisal of Asian-rooted people is ambiguous; they are generally considered as well educated, sometimes they are seen as minority groups, other times they are not.

In synthesis, the concept of cultural diversity adopted by those companies is still quite restricted, dealing with gender and race only.

The case of the company ALPHA

ALPHA is a subsidiary of a US company. It has two plants in Brazil, one for equipment industry and the other one for the chemical industry.

The headquarters of the company is in the USA, with branches in 22 countries; it employs 17,000 people in approximately 100 plants around the world, its revenue is US$6 billion. The company began its activities in the USA at the end of the nineteenth century, producing and marketing agricultural equipment.

Aiming at increasing its revenue and enlarging its global market share, the company is heavily investing in technology and human resources management. Its mission, objectives and strategies are communicated to all employees and through a biannual research about organizational climate, the company tries to monitor employees' perceptions and expectations.

In Brazil, the company has been operating since the 1970s, with two plants in the region of São Paulo. Annual revenues are about US$150 million; employment figures range around 500 people. The mission of the company in Brazil is "to be recognized as a center of excellence in the agro business" and its employees' competences are considered a key issue to reach its future objectives. The human resources area plays an important role in this strategy.

The first insights on the issue of diversity management appeared in the US office, during the 1980s, starting with a legal and financial approach. In the 1990s the Corporate Council of Minorities was created and diversity started to be considered as part of the business strategy and to be disclosed as an important value for the whole company.

For ALPHA, the concept of cultural diversity embraces the following aspects:

• recognition that people of different origins have different talents, abilities and that they can contribute to the company growth;
• respect for the individual, independently of race, gender, religion or origin; and

<table>
<thead>
<tr>
<th>Diversity concept</th>
<th>Diversity practices in Brazilian companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers/communication 778 employees</td>
<td>Focus: non exclusion workplace</td>
</tr>
<tr>
<td></td>
<td>HO - Diversity means no discrimination</td>
</tr>
<tr>
<td></td>
<td>Quantitative data and indicators about personnel</td>
</tr>
<tr>
<td></td>
<td>Each subsidiary develops its own program</td>
</tr>
<tr>
<td></td>
<td>Diversity is considered as a strategic issue to obtain competitive advantage</td>
</tr>
<tr>
<td>Chemical 1,531 employees</td>
<td>Global concept - local practice</td>
</tr>
<tr>
<td></td>
<td>HO - Diversity policies well developed, includes race and gender</td>
</tr>
<tr>
<td></td>
<td>Quantitative data and indicators about personnel</td>
</tr>
<tr>
<td>Textile 600 employees</td>
<td>Respect for differences</td>
</tr>
<tr>
<td></td>
<td>HO - Underway for a long time and well developed program includes race, gender and homosexuals</td>
</tr>
</tbody>
</table>

Although there are no explicit recruitment policies aimed at increasing diversity the workforce is diversified; identification and elimination of career promotion barriers; diversity approach is focusing only on women - to be expanded afterwards; diversity training in USA; starting internal training programs; communication about diversity programs; recruitment and career policies towards women.

Equal opportunities for women and blacks; career and promotion are focused mainly on women; training programs about diversity.
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• creation of possibilities for the development of the business and of the employees’ careers, free from prejudices.

In the USA, the main strategies to manage diversity were:
• training for diversity awareness;
• leadership development;
• recruitment and selection policies.

A manual was elaborated and all subsidiaries are supposed to adopt it as a guide for managing cultural diversity. ALPHA do Brazil was the first company of the group to adopt the program outside of the USA. The main executive of the Brazilian subsidiary was involved in the activities of the Corporate Council for the Minorities and brought the manual aiming at its adaptation to the Brazilian reality.

During an internal workshop involving the subsidiary’s main leaders, it was decided that the manual would not simply be translated and adapted but the subsidiary would develop its own approach and concepts for valuing diversity in Brazil. The following proposal was made – the concept of diversity is related, mainly, to the recognition and respect of the employees’ individuality – managing diversity aims to the development of the competences necessary for the business growth and success.

In other words, managing diversity must add value to the company. Then, the company should develop an action-research project, supported by consultancy work, where diagnoses should subsidize the establishment of goals and actions.

The first step was to know its employees’ chart composition. It is interesting to note that in the other Brazilian firms studied, none had available data about their employees’ composition in terms of race, gender origin, etc. Data collected from ALPHA do Brasil are shown in Table II.

This initial survey showed a very homogeneous picture of the company labor force. It is composed of white men, relatively young, most of them born and educated in the São Paulo region. Following the processes of selection, training and career promotions during one-and-a-half years, this profile became even more prominent.

As a second step, research was conducted among the employees, aiming at gathering their perceptions about cultural diversity. It was observed that most of them do not perceive human resources policies, recruitment and selection, training and career promotion to contribute to a culturally diversified environment; they also observed that the company does not invest in the formation of diversified work teams. The white men feel much more committed to the objectives of the company than the other groups, black people feel more prejudiced against than other groups, mainly in performance evaluation processes.

These pieces of information turned out to be quite a shock to the company leaders and confirmed their decision to develop their program, with its own strategies and indicators. The starting point of this program is the joint definition of business targets and identification of the necessary competences aiming at a more diversified labor force, to achieve these targets. This implies, for example, the recruiting of women with formation in agronomy for the commercial area, because they can bring relevant contributions to this function. It was decided to recruit people in other regions of the country as well and not only in São Paulo and to schedule internal rotation from the administrative area to the operational and vice versa.

Through encounters and training programs, people are becoming gradually more aware of the invisible barriers in the organization. But, the communication program is still limited to an internal newspaper that deals with the matter; it was observed that if there are no practical results to be shown, this communication process will become empty, jeopardizing the project.

ALPHA is developing a set of indicators (quantitative and qualitative), in order to measure the effectiveness of this program; these indicators are related to achieve business targets. Indicators of inputs (related for example with recruiting a diversified labor force, job rotation, and so on) are being combined with indicator of outputs (adding value to the organization). In our opinion, the case of ALPHA exemplifies the position taken by Brazilian companies concerning the subject of cultural diversity. Although the program has been introduced by incentive of the parent company, there was the need to develop a local approach, adapted to the Brazilian reality. In other words, if the

### Table II

Data from ALPHA do Brasil

<table>
<thead>
<tr>
<th>Race</th>
<th>%</th>
<th>Gender</th>
<th>%</th>
<th>Age</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>83.1</td>
<td>Female</td>
<td>8.7</td>
<td>15–20 years</td>
<td>3.7</td>
</tr>
<tr>
<td>Black</td>
<td>15.8</td>
<td>Male</td>
<td>91.3</td>
<td>21–30 years</td>
<td>27.2</td>
</tr>
<tr>
<td>Orientals</td>
<td>1.0</td>
<td></td>
<td></td>
<td>31–40 years</td>
<td>46.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>41–50 years</td>
<td>19.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>More than 50</td>
<td>3.0</td>
</tr>
</tbody>
</table>
concept is defined globally, the practice is conceived locally and has to be consistent with the strategy of the business. The methodology of action-research has provided good results.

IV. Final comments

In a country like Brazil, a quite heterogeneous society, with great social inequalities, the theme of cultural diversity assumes great importance. Denouncing the popular image of a society free from prejudices, democratic and equalitarian views spotlight this theme and open a field for important debates.

From a company point of view, however, this subject cannot be dealt with with the same legal focus that can be found in North American countries, that is to say, setting quotas to guarantee minorities’ access to work positions. In our opinion, the only way to approach this subject is to focus on the company competitiveness showing how a policy of managing cultural diversity can bring out or develop new competences, adding value to the business.

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