



INTEGRATING CULTURAL DIVERSITY IN ORGANIZATIONS: RECRUITMENT AND SELECTION

Integrando Diversidade Cultural nas Organizações: Recrutamento e Seleção

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ABSTRACT

Given the still current scenario of disparity of opportunities regarding groups considered as minorities in several areas, such as education, income and work, cultural diversity in organizations remains relevant and fundamental in order to contribute to improve social conditions. To clarify the theoretical bias and encourage approaches on the topic, that is slowly gaining space, the basic concepts are first considered before going into the central focus of this work regarding potential organizational trends in the management of cultural diversity in Brazil and linked mainly to the processes of attraction and selection of talents. For this purpose, data from a recent survey of 109 Organizations in Brazil, allows to see how the concept management applied in an integral and uniform way in the organizational culture - and permeating all its processes – reflexes positively into business performance in addition to representing the practice of a social responsibility activity that is inherent to the subject. Moreover, results indicate the advantages in recruiting better talents, greater customer orientation, greater employee satisfaction and better decision making. This demonstrates that the gains reach, directly or indirectly, the organizational performance as a whole, and better, guided by principles that permeate an ethics of social responsibility that should be part of the organizational actions.

Keywords: Cultural diversity; Organizational culture; Organizational performance.

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INTEGRANDO DIVERSIDADE CULTURAL NAS ORGANIZAÇÕES: RECRUTAMENTO E SELEÇÃO

Integrating cultural diversity in organizations: Recruitment and selection

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RESUMO

Diante do cenário ainda atual de disparidade de oportunidades de grupos considerados minoritários em diversas áreas, como educação, renda e trabalho, a diversidade cultural nas organizações continua relevante e fundamental para contribuir com a melhoria das condições sociais. Para esclarecer o viés teórico e estimular abordagens sobre o tema, que aos poucos vem ganhando espaço, os conceitos básicos são primeiramente considerados antes de entrar no foco central deste trabalho sobre potenciais tendências organizacionais na gestão da diversidade cultural no Brasil e vinculadas principalmente à processos de atração e seleção de talentos. Para tanto, dados de uma recente pesquisa com 109 Organizações no Brasil, permitem verificar como o conceito de gestão aplicado de forma integral e uniforme na cultura organizacional - e permeando todos os seus processos - reflete positivamente no desempenho dos negócios além de representar a prática de uma atividade de responsabilidade social inerente ao sujeito. Além disso, os resultados indicam a vantagem em recrutar melhores talentos, maior orientação para o cliente, maior satisfação dos funcionários e melhor tomada de decisão. Isso demonstra que os ganhos alcançam, direta ou indiretamente, o desempenho organizacional como um todo, e melhor, norteados por princípios que permeiam uma ética de responsabilidade social que deve fazer parte das ações organizacionais.

Palavras-chave: Diversidade cultural; Cultura organizacional; Desempenho organizacional.

INTRODUCTION

The evolution of contemporary society manifests by constant accelerated changes. Technology, globalization and demographic growth are driving forces of this complex dynamic global process and, as the speed of these changes increases, organizations - public and private - need to adapt their development strategies towards macro trends. Deep social, economic, political and technological changes are, at the same time, causes and consequences of the great tendencies that, in their definition, count on three crucial factors: scope, strength and duration (Castells, 2002; Naisbitt, 1982; Santos et al., 2018).

However fast constant changes may bring great risks in relation to the future; so we may need to foster resilience that help to deal with uncertainty. Bringing diversity into this context enhances the identification of opportunities and threats for understanding events and the defining action plans by organizations (Van der Heijden, 2009). Diversity includes many aspects like gender, race, ethnicity or socio-economic background; and a multicultural environment may lead to a larger number of different perspectives that help to deal more efficiently with threats and opportunities, particularly in a *VUCA*¹ dynamical context like the one we are living today.

This paper seeks to identify cultural diversity as a trend in the labor scenario, starting from the analysis of the recruitment and selection processes of professionals by companies, with the objective of contributing for them to become aware and better prepare themselves to develop and incorporate diversity programs. For that, it will be necessary to present culture as a concept and its consequences in incorporating it into organizational theory and in our case in particular into Brazilian socio-economic-cultural development, analyzing the relevance of promoting and incorporating diversity management in order to provide better results, add value to organizations and dialogue about existing gaps that hinder a greater implementation of this management concept in the selection processes starting from opportunities found in both organizational and social spheres

The discussion about cultural diversity in organizations is relevant to the market scenario as it encourages organizational changes that applied in a cautious and well-structured way may lead to positive impacts for business and social environment, making it more fair and egalitarian and in the long term generate opportunities available to everyone as well as the academic environment, mainly in the areas of Psychology and Human Resources, since represents a contribution to the increase of available content on the topic that we believe is important but no so much widespread

1 BASIC IDEAS REGARDING ORGANIZATIONAL CULTURE

Cultural diversity has been gaining space in the academic and corporate environment, particularly in the last two decades, although the concept of culture has been debated by researchers for much longer, especially in anthropology. From the 1970s onwards, the theme began to be mentioned on organizational disciplines under the name of organizational culture or corporate culture. Since then, many works have appeared with different theoretical and methodological approaches with a range of concepts either complementary or mutually exclusive, revealing a lack of consensus on the topic among researchers persists in the area of organizational behavior. (Barale & Santos, 2017).

Culture is, therefore, a system of meanings that incorporates a structuring relationship of power - adding a vast stock of inventories, materials, behavioral repertoires, mental representations, social practices dynamically set in motion by different actors, generations and genders (Wolf, 1999, 2001); moreover already some time ago Linda Smircich (1983) pointed out three main trends for studies on organizational culture:

1. Under a functionalist and managerial character, several authors suggested that:

a. The Organizations have a culture that reveals phenomena within the institution, which can enhance (or not) organizational performance;

¹ VUCA = Volatile, Uncertain, Complex and Ambiguous.

b. Organizations can measure, manage, change or create culture depending on the application of methodologies;

c. Leaders shape and alter culture, these being their most primordial roles.

2. From a critical and socio-anthropological point of view - with the aim of combating the managementalist perspective - authors center their argument on the impossibility of intentional manipulation of the phenomenon in all its aspects. According to this trend, the organization is a culture of shared actions to be explained by expressive, ideational and symbolic aspects.

3. There are authors who believe in the existence of a single organizational culture (homogeneity), on the one hand, and other authors who, on the other hand, assume that there are multiple cultures within the organization (heterogeneity). From this dilemma, three different ways of understanding organizational culture emerged:

a. The Integration: The organization must have the same culture;

b. Differentiation: There are several groups that have different cultures in the organization;

c. Fragmentation: The convergence between the interests of different groups with different cultures allows, albeit temporarily, the sharing of values and attitudes in order to condition the actions of these groups in the organizational environment (Martin&Frost, 2001).

2 TRENDS IN RECRUITING AND SELECTING SEEKING INCREASING CULTURAL DIVERSITY

For the purpose of this study, it may be needed to first show that the search for increasingly diverse talents within the structure of organizations is now really gaining space in the agendas of meetings, since this represents a mindset transformation framework on its way; but first it is important to ask us what may be moving organizations to share this trend?

For this purpose one may seek deeper foundations of these process going on by considering the importance the three basic Platonic Values or principles of truth, beauty and goodness (ethics) regarding respect and appreciation of the human being when talking about diversity in order to promote socio-cultural enrichment; but on this paper however the focus will effectively be more on business results, on the competitive differential that appropriate corporate relationships may provide, after all, in the globalized and capitalist world in which we live, adding value and acquiring more resources, mainly financial, is an objective inherent to the business concept beside caring human resources.

According to the manual “How companies can (and should) value diversity” developed by the Ethos Institute of Business and Social Responsibility, the inclusion factor for diversity is directly associated with the quality of the relationship that organizations have with people who are in and out of them, which in turn has great weight in determining competitive advantage, especially in the scenario where there is greater availability of access to technological resources. It also highlights that this factor is critical to success, facilitates adaptation to the profile of clients, strengthens financial performance, reduces turnover in the organization, promotes improved productivity, increases job satisfaction, reduces legal vulnerability (related to labor actions based on discrimination), values the corporate image, makes the organization more flexible as it facilitates adaptation to changes arising from incorporations, mergers or even outsourced services and promotes adequate recognition. Regarding facilitating adaptation to the profile of customers, for example, the manual mentions that after hiring employees from the Chinese language, Banco Montreal, in Canada, increased its business within the Chinese community by 400%, between 1990 and 1995. But also reports that in order to establish a structure of the diversity program with an educational dimension that effectively results in the points addressed, the commitment of the management and the participation of the teams must be encouraged, establish the strategies that must be aligned with the defined objectives, define the evaluation metrics that they must be carried out periodically and promote the integration of the entire program into the business context (ETHOS, 2000)².

The McKinsey report “Diversity Matters” (2015)³, already high lightened the advantages in recruiting the best talents, greater customer orientation, greater employee satisfaction and better decision making as the main factors why different companies perform better, since these factors generate a kind of virtuous cycle of increasing

² <http://bit.ly/347Etuc>

³ https://www.mckinsey.com/insights/organization/~/_media/2497d4ae4b534ee89d929cc6e3aea485.ashx

returns. It also carried out a survey of 366 public companies from different sectors in the United States, Canada, Latin America and the United Kingdom, using composition of senior management and financial results data as metrics. The results showed that organizations with higher racial and ethnic diversity are 35% more likely to obtain financial returns above the average of their respective national industries, while those with higher gender diversity have 15%. In addition, an updated study after that one called “Delivering through Diversity” (2018)⁴ reinforces the link between diversity and company financial performance. Diversity hence may be considered one of the factors that generate competitive differential as it was found an uneven performance between companies in the same country and in the same sector of activity. Moreover very recently on the McKinsey report called “Diversity Matters: Latin America”(2020)⁵ based on a study of 700 of the most important Industries located in Brazil, Chile, Peru, Argentina, Colombia and Panama; seems to indicate that diversity makes all the difference, as was to be expected, to foster innovation and collaboration, better talent retention and happier work environments.

It is important to reinforce the idea that the increase in diversity in any dimension does not automatically imply more profit, but rather obtains more potential chances of success by making the most of the opportunities that different teams provide. Management that encourages and opens up new ideas promotes the search for differentiated solutions. Regarding this aspect, a survey by Hay Groups with 170 companies in Brazil⁶ concerning the perception of employees about diversity in the work environment reveals that organizations where diversity is valued employees become 17% more engaged and willing to perform beyond their activities than in organizations that do not encourage such an environment. In addition, showed half of the conflicts, leadership is best evaluated by employees and there is a maximization of 20% in high performance and effectiveness. Regarding financial performance, data from market climate surveys between 2010 and 2014 conducted by the group show that net revenue grew 4.5 times more in organizations with more motivated employees. No doubt organizations should seek to identify the factors that lead to the engagement of their employees to improve overall performance. However stresses the fact that in Brazil the progress in structuring the management of an environment diversity is still moving slowly as compared to more developed countries such as the United States and Canada, as a matter of fact still only 5% of companies seek to know if employees perceive diversity in the corporate environment, while the other countries mentioned, already reach for times this value.

In order to publish the practices already carried out by companies in Brazil, and also to encourage their expansion, EXAME magazine published in 2019 a first edition of a Diversity Guide, based on the analysis of 109 companies that promote best practices and development of inclusion of minority groups and on the highlights of the Ethos Institute's evaluation (technical partner in the initiative) - which addresses the topic of socio-environmental responsibility in organizations (EXAME Diversity Guide)⁷. The edition highlights 36 companies (which are located in 13 different sectors of the economy), promotes the mottos of “Everyone wins without racism”, “For an environment without prejudice”, “They can be whatever they want” and “Inclusion far beyond the quota”; and discloses that the results are more innovation, more profitability and more opportunities for all. More recently, the 2020 version of the survey⁸ showed that almost all of the 52 participating companies claim to promote diversity and inclusion as a sustainable way to achieve positive business results, although they may still have a long way to go.

Diversity seems to be today the most adopted trend as may be seen on the “Global Recruiting Trends 2018” (Linkedin Talent Solutions, 2018)⁹ reported that diversity is the most adopted trend, the result of a global average of 78% of acquisition and talent leaders and hiring managers who claim that this trend affects the way they hire. It was also shared the average percentage of the indicator in relation to some countries that stand out in the

⁴ <https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity>

⁵ <https://www.mckinsey.com/br/our-insights/diversity-matters-america-latina>

⁶ <https://gwa.com.br/cliente/hay-group/noticias/noticia-14-10-15.pdf>

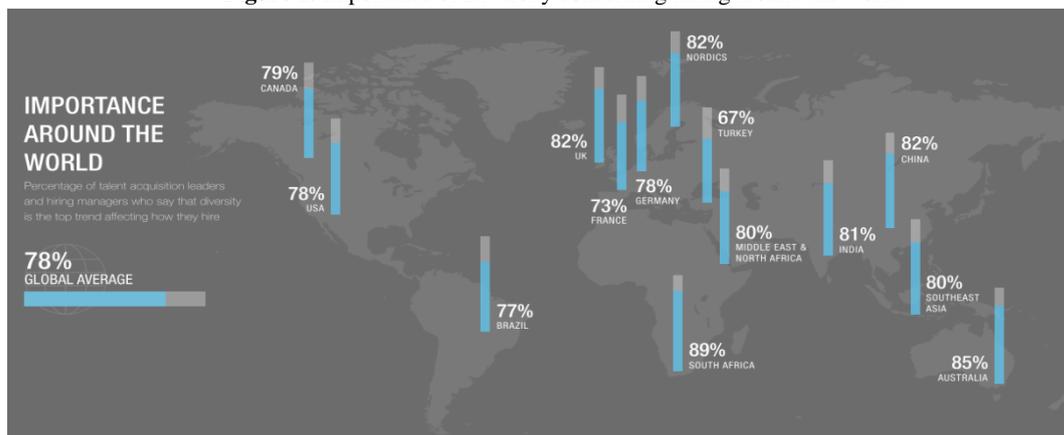
⁷ <https://exame.abril.com.br/negocios/as-empresas-premiadas-pelo-guia-exame-de-diversidade-2019/>

⁸ <https://www.ethos.org.br/cedoc/guia-exame-de-diversidade-divulga-resultados/>

⁹ <https://business.linkedin.com/content/dam/me/business/en-us/talent-solutions/resources/pdfs/linkedin-global-recruiting-trends-2018-en-us2.pdf>

subject, as shown in figure 1. Regarding interview techniques, it was reported that new techniques tend to complement traditional forms, such as online assessments soft skills (“social skills” - skills related to personality and which directly influence professional behavior) help to better know candidates, providing a more holistic image of them at the beginning of the process. This type of evaluation in the report is considered as the most used innovation in recruitment, with a representativeness of 59%. Focusing on soft skills such as cognitive flexibility, creativity and emotional intelligence may be considered a trend, since, when confronted with technological reality, hard skills (“technical skills”) are easily replaced.

Figure 1. Importance of Diversity concerning hiring around the world



Source: LinkedIn Talent Solutions (2018).

Encouraging a neutral selection with the objective of eliminating biases, preferences and even prejudices present in the processes is fundamental to bring a plurality of talents that bring different experiences, cultures, thoughts and ideas. For this to happen, information regarding gender, age, race / ethnicity and physical aspects, for example, are not considered. Moreover Artificial Intelligence (AI) and Machine Learning (ML) algorithms become facilitating allies for the diversity gap in the work environment, but it is important to ensure that previous data is not included since may impact information, after all, the software learns from the data and reproduces it automatically in order to propose solutions that assist in the decision-making process.

We know that the future is uncertain, but this shouldn't be a hindrance, since trends arise that may help to deal with uncertainties. Organizations use the brainstorming when they need new ideas or create creative solutions for their business, as well as other possibilities like Canvas and Design thinking. Bringing diversity into this context helps to potentiate the process, thus finding different driving forces (environmental forces that have implications where there is critical uncertainty); and finding them may made possible to identify patterns to understand the events and only then define action plans (Van de Heijden, 2009).

One may hence concluded that investment in diversity in the corporate environment is a path that could give rise to motivation, dedication and a more pleasant organizational climate for employees, creativity and innovation for business ideas and, consequently, better financial results for the organization. However, in order to actually foster development and progress as a result from this whole process, it is essential that the organization its culture as a solid base and no only as a strategy to obtain competitive advantage.

3 BARRIERS IN THE RECRUITMENT AND SELECTION PROCESS

Now the question arises regarding the fact that once known the benefits of including and managing the concept of diversity by the body of organizations why is taking so much time to see this in practice at organizations. According to a LinkedIn Talent Solutions survey (2018)¹⁰ regarding biggest barriers to promoting diversity, 38% of the problem consist in finding different candidates to interview, 27% in retaining different

¹⁰<https://business.linkedin.com/content/dam/me/business/en-us/talent-solutions/resources/pdfs/linkedin-global-recruiting-trends-2018-en-us2.pdf>

employees, 14% in getting different candidates to pass the stage interviews and 8% in making several candidates accept the job proposal. Moreover according to this survey that included 9000 recruiters and hiring managers from 39 countries “Diversity is the biggest game-changer and most embraced trend with over half of companies are already tackling it head-on”. Hence viewing these numbers, it is possible to infer that much of the difficulty is exactly in the recruitment and selection process, as well as changing the cultural mind set of the organizations.

The fact is that qualified labor has not been keeping pace with demand. The skill gaps highlight that educational and socioeconomic issues must be dealt as necessary social changes to promote effective change. In the meantime, employers must continue to compete for talent that as shown before is considered scarce by companies and in parallel, developing skills within their own organizations - and obviously taking care to retain them. As a matter of fact, regarding recruiting and retaining young talent, the Diversity Matters McKinsey report (2015) mentioned before already mentions that a survey of 2,700 employers shows that only about one third of them believe they are doing a good job.

As part of the searching process for attracting and selecting a diversity of candidates, it is essential to highlight that below that there is still the challenge to engage the high leadership of organizations on their impact on the management of diversity. For this purpose one needs to reinforce the importance of the Training and Development area in encouraging and updating leadership on the management process of their teams, which tend to be more diverse, and even to identify and eliminate attitudes rooted in this process that do not match the strategies outlined by the organization. In addition, it is important to understand that management goes beyond the concept of equality and surrounds the concept of equity since after all people are different and have different needs, and organizations need to foster alignment in order to achieve the desired success as recommended by Richard Barrett (2017).

4 METHODOLOGY

This paper started with a study regarding cultural diversity and its respective historical and socio-cultural conditions in determining the current situation of the labor market, focusing on the Brazilian scenario, aiming at obtaining more in-depth and specific knowledge. Given the broad nature of the theme, the approach then selected to guide the article was the Recruitment and Selection process, which allows the beginning of a diversity management. In addition included an analysis and comparison of the available labor market data, from the McKinsey & Company, LinkedIn and the Ethos Institute report mentioned before; as well as data from the National Household Sample Survey (PNAD) Continuous of the Brazilian Institute of Geography and Statistics (IBGE)¹¹ allows to easily observe significant differences between variables. The Continuous PNAD takes place through a sample of households in order to follow continuous information on the insertion of the population in the workforce, associated with demographic and educational characteristics as well as for the study of the socioeconomic development of Brazil. The information contemplates the period from 2012 to 2018 in order to portray a current context of the theme, although data prior to that period were approached to enable a comparative analysis of evolution.

In spite of the fact that they represent the majority of the population after 2005, according to population data consolidated by the Portrait of Gender and Race Inequalities collected annually by the Applied Economic Research Institute (IPEA) mentioned before, the various groups that represent cultural diversity actually represent a minority of the shareholders due to the difference in social treatment they still receive, so that access to job opportunities does not fall short of this reality.

CONCLUSIONS

The purpose of this study was to seek ways that may lead to encourage a change of context based on the positive results that management of cultural diversity provides in organizations, it was found that existing literature is still very limited regarding the vision of diversity focusing mostly on the gender diversity, which is essential but does not represent the concept of cultural diversity as a whole, particularly in developing countries

¹¹ https://agenciadenoticias.ibge.gov.br/media/com_media/ibge/arquivos/81c9b2749a7b8e5b67f9a7361f839a3d.pdf

like Brazil. It may be for this reason that the advances found, even at a slow pace, both in Brazil and in the world are related with exactly this category. According to data from the International Labor Organization (ILO)¹², in a global scenario, in particular female participation in the workforce grew still very slowly, on average, 0.5% in the period between 2012 and 2015 and 0.3% in the period between 2015 and 2018. In the Brazilian scenario, this share for the same periods increased by 1.16% and 1.82% respectively. Hopefully Goal 5 of Agenda 2030 may eventually help dealing with this challenge¹³, and also the OECD is keeping a closed eye on Gender Wage Gaps¹⁴.

We may finally conclude that, even though there is not yet enough work regarding the need for Integration Cultural Diversity in Organizations a change of Paradigm may now be very well welcome (Amaran, 2006) since global crises like the one we are living now with the Pandemia may open new alternatives for dealing with new challenges with the help of more powerful diversity teams that may help to improve Organizational Performance as a whole once they deal with appropriate motivation (Henkel, T., Marion, J, Bourdeau, D. 2019).

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¹² <https://www.ilo.org/global/topics/equality-and-discrimination/gender-equality/lang--en/index.htm>

¹³ <https://sdgs.un.org/goals/goal5>

¹⁴ <https://data.oecd.org/earnwage/gender-wage-gap.htm>