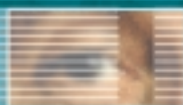
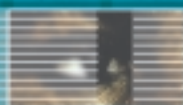
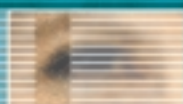


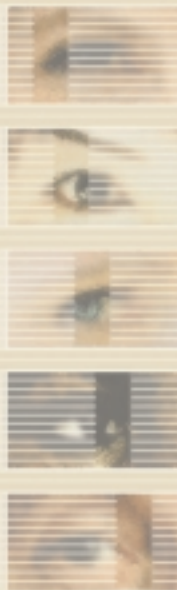
Social, Racial  
and Gender  
Profile of the  
500 Brazilian  
Largest Companies  
and Their  
Affirmative Actions



INSTITUTO  
**ETHOS**

December, 2003

# **Social, Racial and Gender Profile of the 500 Brazilian Largest Companies and Their Affirmative Actions**



**Research made by Instituto Ethos  
and performed by Ibope Opinião from  
July 17<sup>th</sup> to September 17<sup>th</sup>, 2003,  
in partnership with Eaesp/FGV-SP, Ipea, ILO  
and Unifem, sponsored by Banco Safra,  
CPFL Energia and Philips do Brasil,  
with institutional support by Inter-American Foundation.**

**December, 2003**

## **Social, Racial and Gender Profile of the 500 Brazilian Largest Companies and Their Affirmative Actions**

is the version into English for *Perfil Social, Racial e de Gênero das 500 Maiores Empresas do Brasil e Suas Ações Afirmativas*, published by Instituto Ethos also in December, 2003, and distributed to its associates free of charge.

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### **Sponsored by**

Banco Safra, CPFL Energia and Philips do Brasil

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### **Our acknowledgements for the cooperation given by Hélio Santos, Rachel Moreno, Reinaldo Bulgarelli and Rede Saci/USP in evaluating the research data.**

Press run: 2,500 copies  
São Paulo, December, 2003.

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# I N T R O D U C T I O N

**T**he research **Social, Racial and Gender Profile of the 500 Brazilian Largest Companies and their Affirmative Actions** was made by Instituto Ethos, in partnership with Escola de Administração de Empresas de São Paulo da Fundação Getúlio Vargas (FGV-EAESP), Instituto de Pesquisa Econômica Aplicada (Ipea), the International Labor Organization (ILO) and the United Nations Development Fund for Women (Unifem), institutionally supported by the Inter-American Foundation (IAF) and sponsored by CPFL Energia, Philips do Brasil and Banco Safra.

By such initiative, Ethos intended to launch a look on diversity and equality in the companies, encouraging them to develop actions and contributing to surpass lack of equality.

The research, made by Ibope Opinião from July 17<sup>th</sup> to September 17<sup>th</sup>, 2003, intended to raise the profile of the 500 largest companies acting in Brazil according to the *Annual Report* of the economy newspaper *Gazeta Mercantil*, by verifying the gender and race composition, the presence of disabled persons and the age and education level of the employees in all hierarchical levels. The study also intended to make a survey on the companies' initiatives in favor of diversity and equality. Several questions addressed to the presidents of the organizations aimed at identifying their perception on the situation of women, negroes<sup>1</sup> and individuals over 45 years old working in the company.

The conclusion drawn shows the need for a substantial development in promoting gender, race, age diversity and equality in the treatment of all groups existing in the companies. White men with a high education level in the main executive offices prevail, which has already been verified in the first research of this kind made by Ethos in 2001 and published in January, 2002, which was restricted to the board of directors and presidents of the 500 Brazilian largest companies.

This research states a reduced presence of women and negroes in the companies if compared to the participation of such groups in Brazilian society or even in the economically active population. Women participation rate in the board of directors level is 9%, whereas negroes participation rate is 1.8%. Such percentages are higher to the extent the hierarchical levels are lower. Women have a 28% participation in the supervision level and a 35% participation in the employees' team, whereas negroes are 13.5% among the supervisors and 23.4% in the employees' team. Such results state that one of the challenges to be faced is the difficulty of those groups in climbing their career ladder.

The rates relative to the presence of disabled people in the companies are promising for an inclusion process which is only beginning, although being still not enough when compared to the percentage registered in the country.

<sup>1</sup> "Negroes" is the word used by Instituto Brasileiro de Geografia e Estatística (IBGE) to define the population group formed by black people and mulattoes. See further information in "Methodology".

According to the perception of the companies' presidents, 74% of the companies do not have any negro in the board of directors, and 58% of them do not have any women in such hierarchical level. The reduced participation of those two groups in higher offices confirms several statistics data on their situation in the labor market. According to Instituto Brasileiro de Geografia e Estatística (IBGE – Brazilian Institute of Geography and Statistics)<sup>2</sup>, for instance, the average monthly salary of the women working population, with 11 or more years of education corresponds to 57.1% of the average salary of the men population under the same conditions. In the Southeastern region there are 42.8% more men than women with an income higher than five minimum salaries. Furthermore, the women are only in a higher number in the categories with an income up to two minimum salaries.

Further, according to IBGE, the average monthly income of the negro working population is 50% less than the average salary of the white population. Besides, each additional educational level entitles the white to an increase by 1.25 minimum salary, whereas the negroes are only entitled to an increase by 0.53 of a minimum salary.

The result verified in the research related to the initiatives taken by the companies in favor of diversity is promising: 40% of the ones that answered have reported to promote such actions. Until recently, the relevance of this subject has been practically ignored in the Brazilian business sector. However, the result also points out that although the companies are already carrying out such practices, they can and should promote their practices in favor of inclusion, acknowledgment and valuing of diversity.

Among the initiatives, however, few organizations arrange according to priority the hiring of people over 45 or have clear policies to promote racial or gender diversity. We have noticed the existence of affirmative action and inclusion projects, mainly those for disabled persons, which indicates that many companies have already put into practice social responsibility actions to meet diversity criteria.

Besides, the results of this research show clearly the need to strengthen diversity promotion taking into consideration equality of opportunities for all racial groups and for both genders, that means, diversity with equality.

## Methodology

### OBJECTIVE OF THE STUDY

To raise the social, racial and gender profile of the employees of the 500 Brazilian largest companies, per revenue, according to the classification provided by the *Annual Report of Gazeta Mercantil*.

### METHOD EMPLOYED

Quantitative research, pursuant to the application of a questionnaire to be filled in.

### UNIVERSE

All the employees of the 500 companies indicated.

### SAMPLE

247 questionnaires filled in.

The research was made by Ibope Opinião through the questionnaire sent by mail to the companies' presidents. Ibope was also in charge of monitoring the receipt, filling in and return of the questionnaires by the companies and tabulating the results.

The first part of the research presented to the organization's director several questions on his perception about the situation of women, negroes and people over 45 years old working in the company. Such part of the research also listed policies and affirmative actions in favor of those



groups as well as of disabled people and ex-convicted in order to be indicated the ones possibly adopted by the company.

The second part of the questionnaire requested information on all the company's employees relative to gender, race, age group and intellectual education, among other characteristics. It was divided into four panels, one for each hierarchical level, thus designated: **executive staff**, including the president, vice-presidents and directors; **senior management staff**; **supervision, management and coordination staff**; and **employees**, to identify the non-management employees.

The panels of the executive staff and senior management requested separate information while the supervision and employees level only requested the totals of each group.

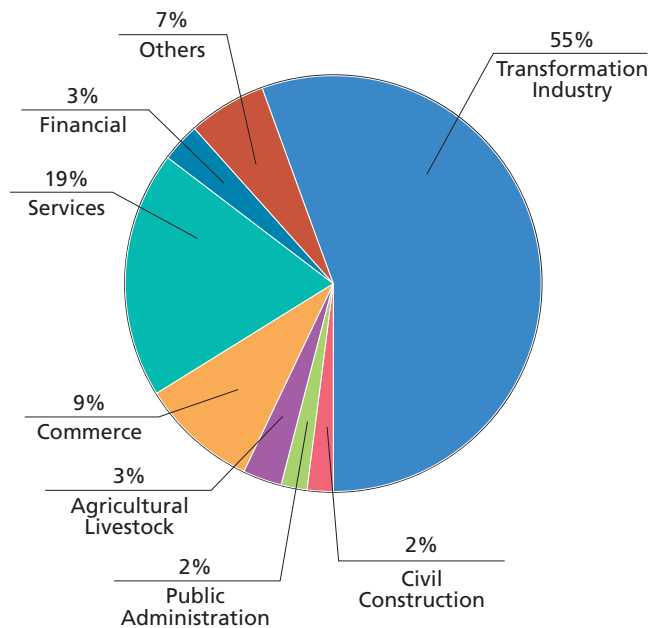
The classification adopted in this study to designate the races was according to Instituto Brasileiro de Geografia e Estatística (IBGE), the official body for Brazilian national statistics: white (branco), for a white person; black (preto), for a black person; mulatto (pardo), for a person of mixed black and white ancestry or black and Brazilian Indian ancestry; yellow (amarelo) for a person of Asian ancestry; and Indian (indígena), for a Brazilian Indian or descendant of a Brazilian Indian. The population formed by the black people and the mulattoes is called Negroes (negros), and they are put together because both groups have the same social and economical characteristics.

The sample comprehended 247 questionnaires filled in, equivalent to 49.4% of the total sent, with data about a universe of around 1.2 million employees. Some companies have not filled in the questions about one or more staffs, thus resulting in the variation of the sample size, according to the following chart.

Hierarchical Level	Companies (questionnaires filled in)	Total Employees
Executive staff	246	3,688
Senior management	221	33,283
Supervision, management and coordination	213	88,172
Employees	222	1,045,454
<b>Total</b>	<b>247</b>	<b>1,170,597</b>

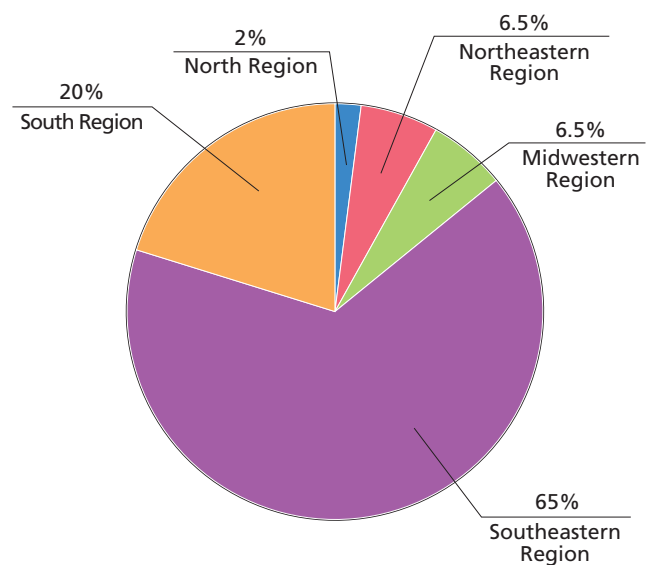
**PRIMARY ACTIVITY SECTOR**

The transformation industry concentrates the majority of the companies answering the research, corresponding to 55% of the total, followed by the services companies with 19% and the commerce activity with 9%.



**LOCATION OF THE COMPANY'S HEAD OFFICES**

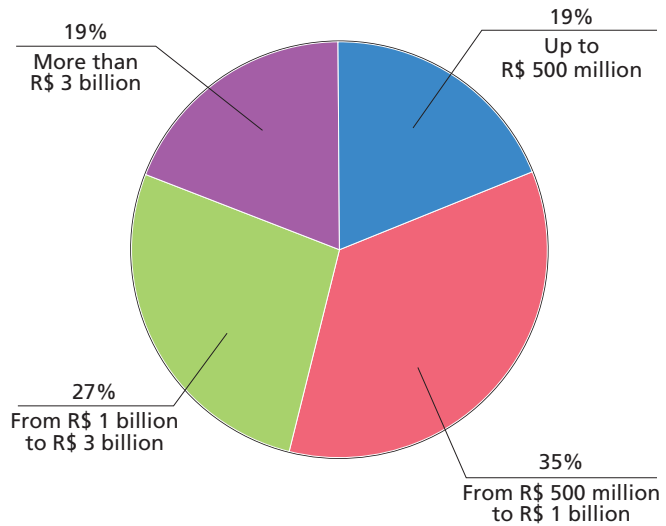
The largest universe of the sample is located in the Southeastern Region – 65% of the total. The South Region represents 20%, whereas the North, Northeastern and Midwestern Regions correspond, together, to 15% of the organizations.





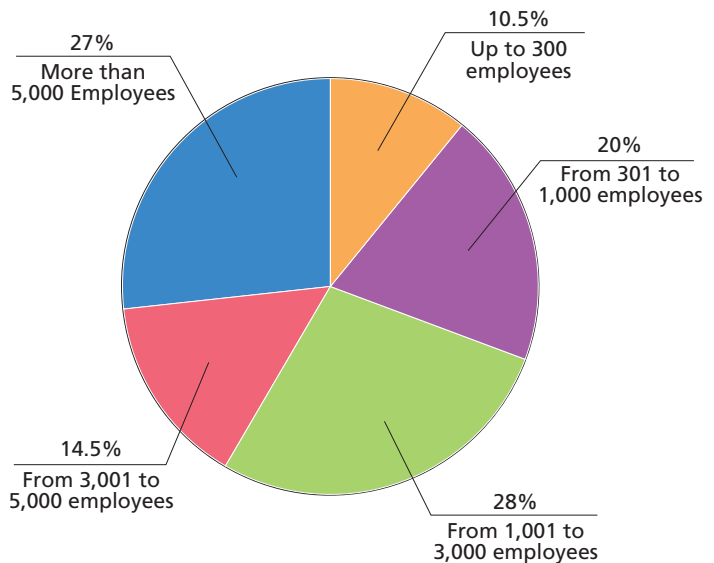
**SIZE PER REVENUE**

About one fifth (19%) of the companies have a billing higher than R\$ 3 billion, however, the majority (35%) is in the range from R\$ 500 million to R\$ 1 billion.



**NUMBER OF EMPLOYEES**

The majority of the companies (42.5%) has from 1,001 to 5,000 employees and 27%, more than 5,000. One third has up to 1,000 employees, and some of them would be considered medium size companies if the criteria adopted in the research had not been the billing.



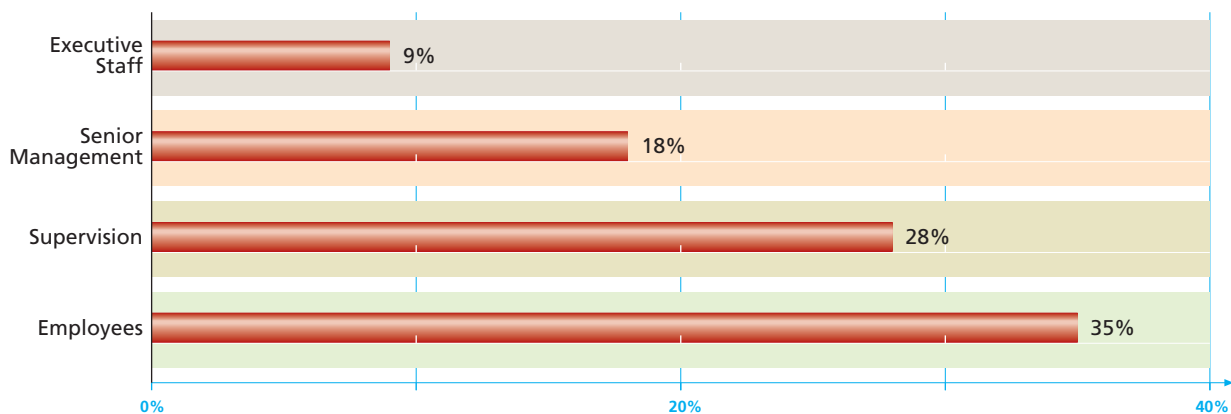
# R E S U L T S

From the 500 questionnaires sent to the companies, 247 have been filled in, i.e. 49.4% of the envisaged universe. Such return rate is much higher than the average in the researches involving executives, between 5% and 10%.

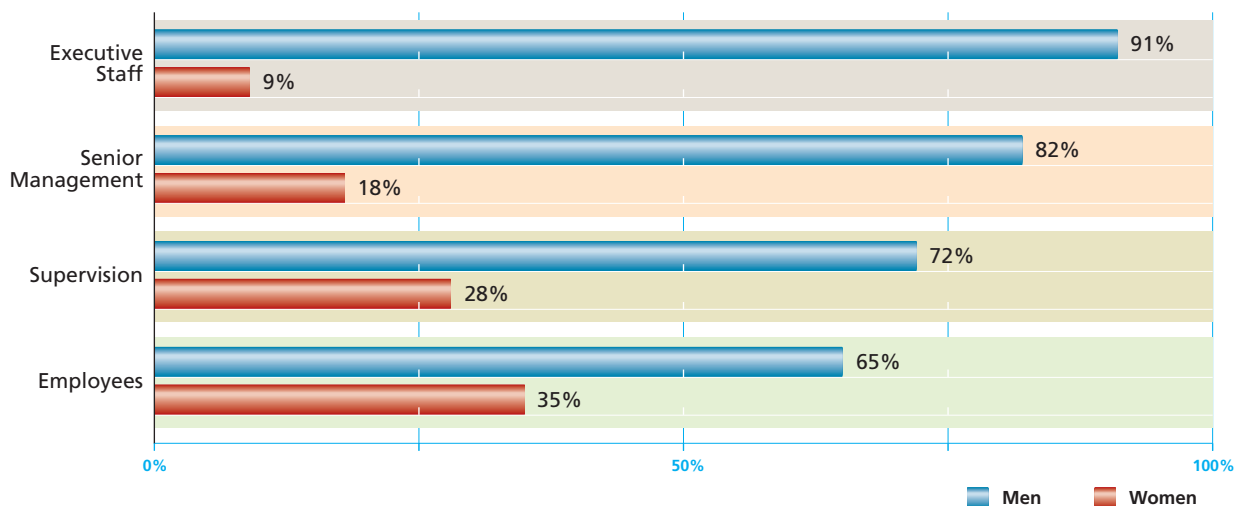
## Overview

The first results submitted by us provide an overview on the presence of women, negroes and disabled people in the companies in the four hierarchical levels, as well as the age group and education level of all the employees involved in the study.

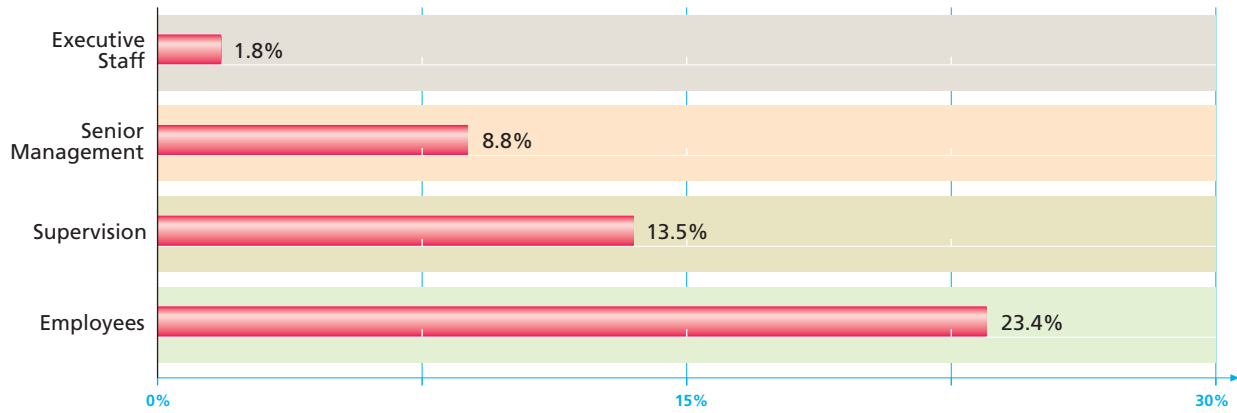
### Women Participation in the Companies



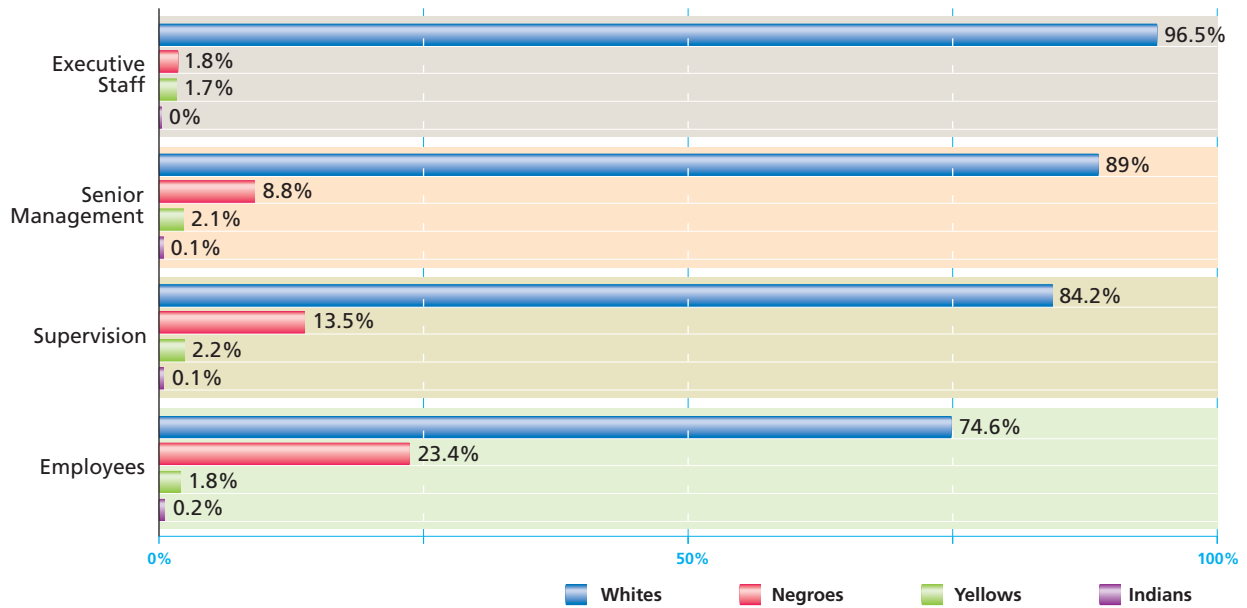
### Distribution per Gender



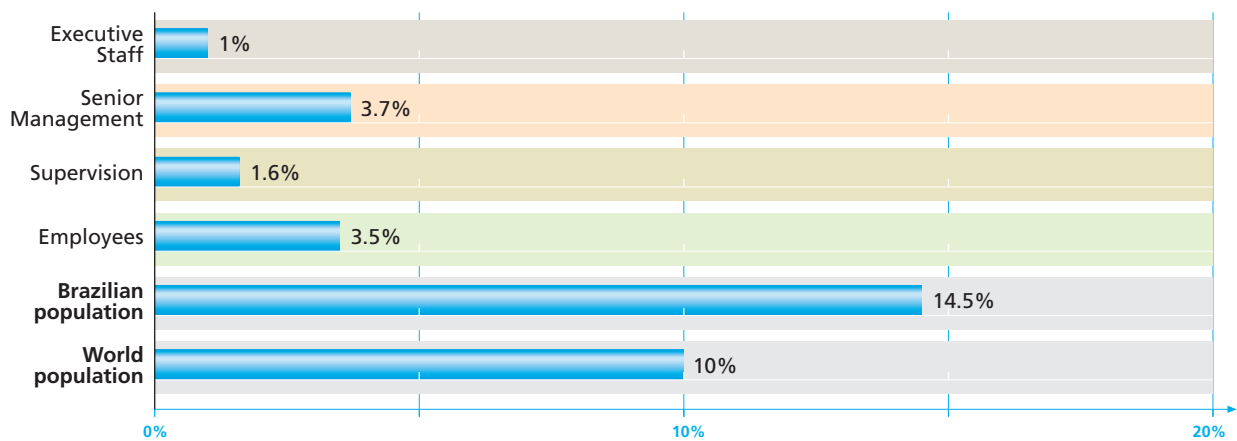
### Negroes Participation in the Companies



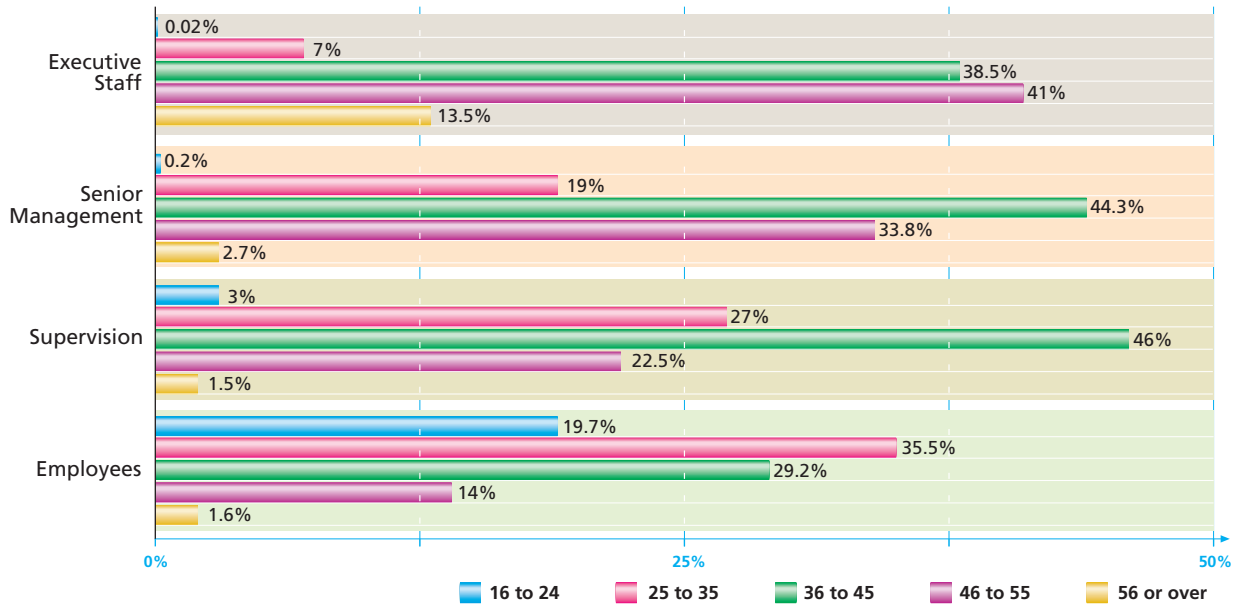
### Distribution per Race or Color



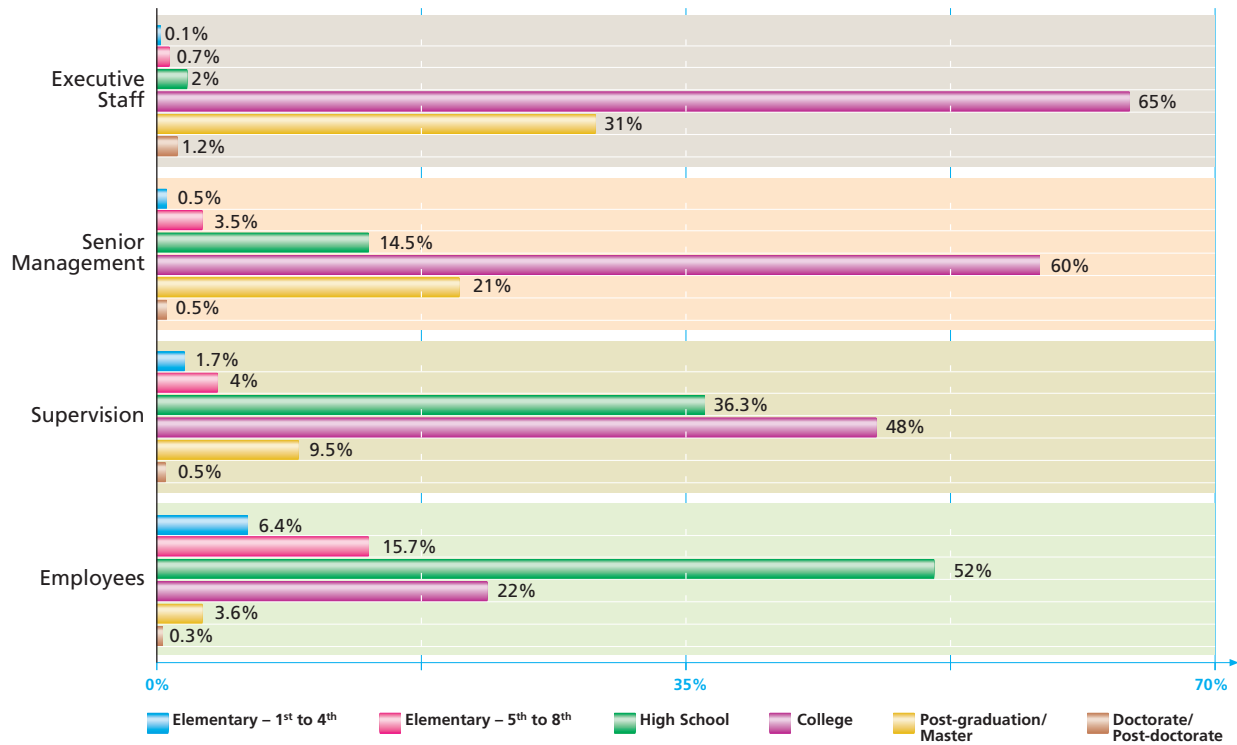
### Disabled People Participation in the Companies



### Age Group



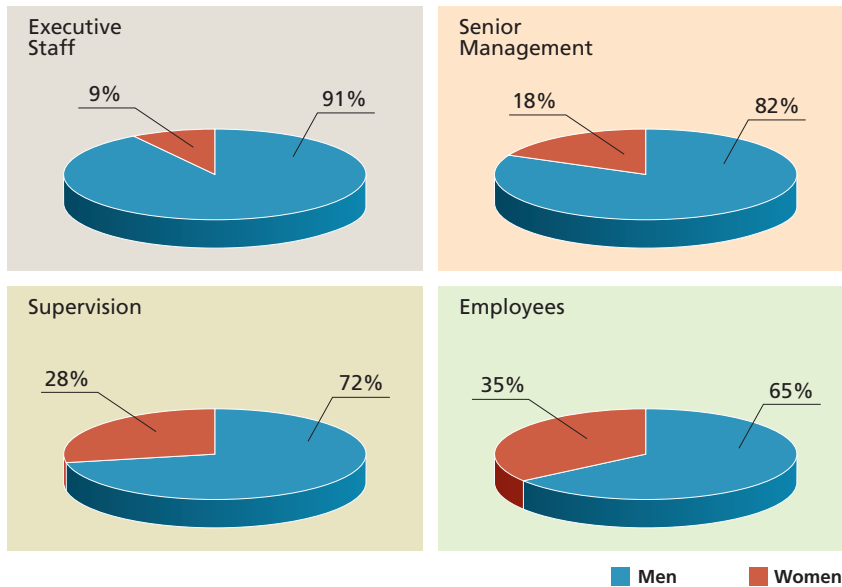
### Education Levels



Subsequently, we present the results according to the composition per gender and race, age, length of service in company, education and international background, relationship with shareholders and presence of disabled people in the different hierarchical levels.

Each item further contains a comparison of the data included in this research regarding the executive staff to the ones obtained in the research Social, Racial and Gender Profile of the Boards of Directors of the Brazilian Large Companies, made by Instituto Ethos in 2001, focusing only on the companies' boards of directors.

## Composition per Gender



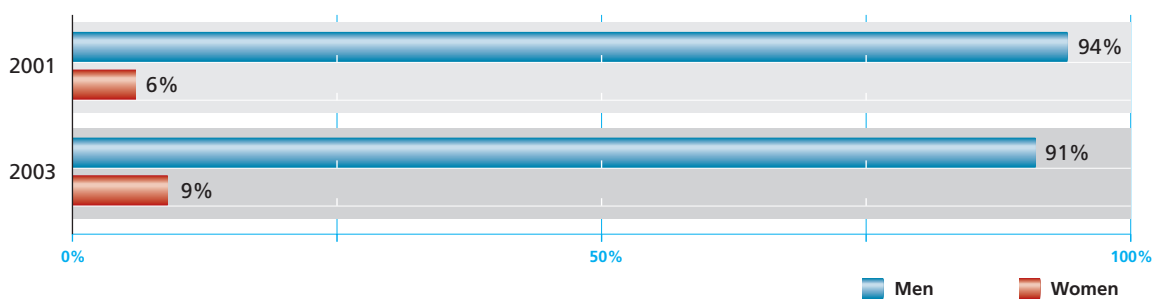
The presence of women in the sample companies is lower to the extent the hierarchical level is higher: 35% in the employees, 28% in the supervision, management and coordination staff, 18% in the senior management staff and 9% in the executive staff.

Those percentages – calculated as from objective information furnished by the human resources department of each company – are far below the women percentage in the Brazilian company, that is, 50,8%. They are

also lower than the women participation in the economically active population (41.4%) or in the working population (40.7%).

It should be also pointed out that among the economically active population with a college education, 52.3% are women, whereas in the working population, 35.4% of the women have 11 or more years of education, while the men under such condition are only 24.8%. That situation is not reflected in the composition of the companies' leadership staffs.

### COMPARISON



Considering the first research made by Instituto Ethos, there is a variation which may indicate a trend to an increase in women participation in the companies' executive staffs. However, it is necessary to take into

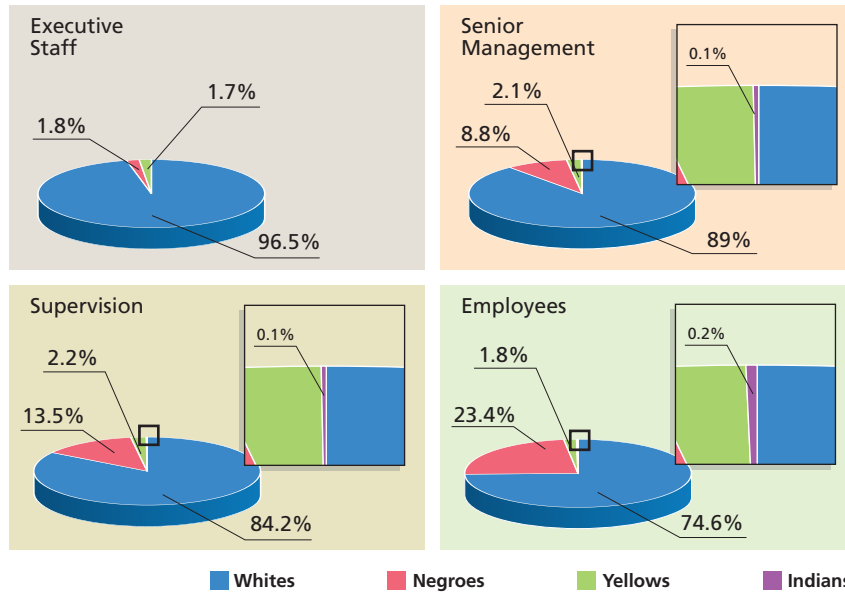
account that such data is relative once the samples shown are of different sizes: 89 of the 500 largest companies answered the first research whereas this one was answered by 247.

*Negro women situation comes to one's attention – it is the most unfavorable one, according to the objective data of the research about woman's presence in the senior management and in the executive staff. In absolute numbers: only 372 out of 6,016 women in the senior management are negroes (blacks or mulattoes); among 339 women of the executive staff, only three are negroes. That data indicates the need to adopt measures which ease the climbing of such group in the companies.*

#### Situation of negro women in the executive and senior management staffs

	%	Nr. of cases	Total Nr.
Executive	0.1	3	3,688
Senior Management	1	372	33,283

## Composition per Race



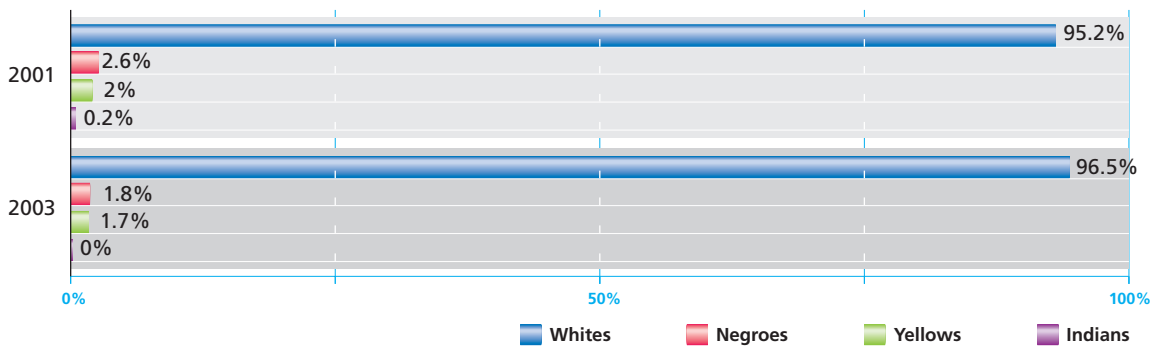
The companies that informed negroes participation in their personnel have presented the following percentages: 23.4% in the employees, 13.5% in the supervision, management and coordination staff, 8.8% in the senior management staff and only 1.8% in the executive staff.

The low participation of negro people in the companies composing the research sample comes to one's attention more than women participation. Brazil has a self-perceived negro

population of 46%, of which 5.6% are blacks and 40.4% mulattoes. The economically active population has a 43.3% negro universe, and the main indicators show that the negroes correspond to 45% of the working population.

The failing in answering the question about the employees' color or race ranged between 23% and 27%, which shows a certain difficulty of the companies in dealing with the matter. Having furnished full information may have changed the chart presented.

### COMPARISON



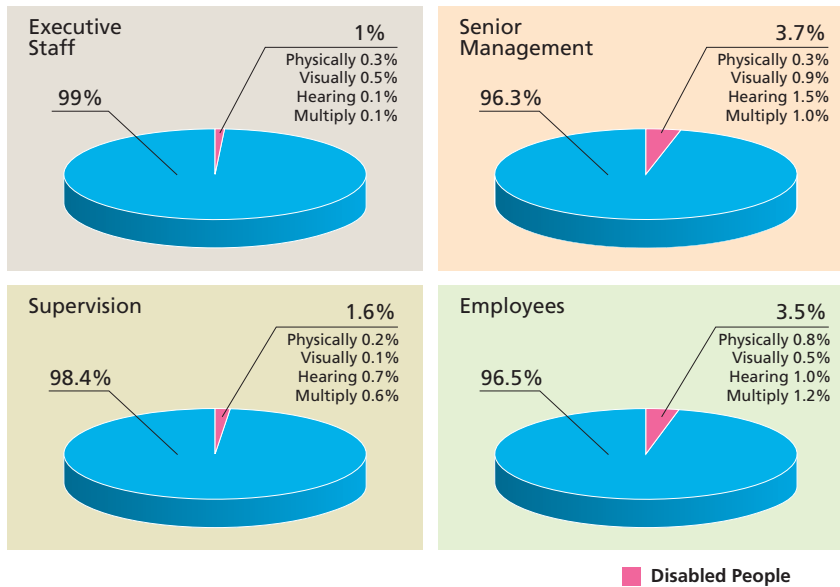
The composition of the executive staff per race has presented no significant changes between the results of the research made in 2001 and these ones. The slight variations noted can be explained by the difference between the sample sizes.

The report published on the 2001 research only informed the percentage of white

executives in comparison to the executives of "other races". To compare the results of the two studies it was necessary to take the data of 2001 and split them. The difference between the results published at that time and the ones used in this comparison is due to the fact that the blank answers to this query in both researches have been disregarded.

Although the yellows represent only 0.4% of the Brazilian population and the blacks 5.6%, the research shows three times more yellows (1.7%) than blacks (0.5%) in the executive staff. The yellows are also more present than the blacks in the senior management staff (2.1% against 1.6%), and in the supervision, management and coordination levels (2.2% against 1.9%). Only in the employees team the total number of blacks (6.3%) exceeds the number of yellows (1.8%).

## Disabled People



We were faced with a high percentage of lack of answers to the question about the existence of disabled people in each hierarchical level: 29% in the board of directors, 44% in the senior management, 45% in the supervision, management and coordination and 45% in the employees.

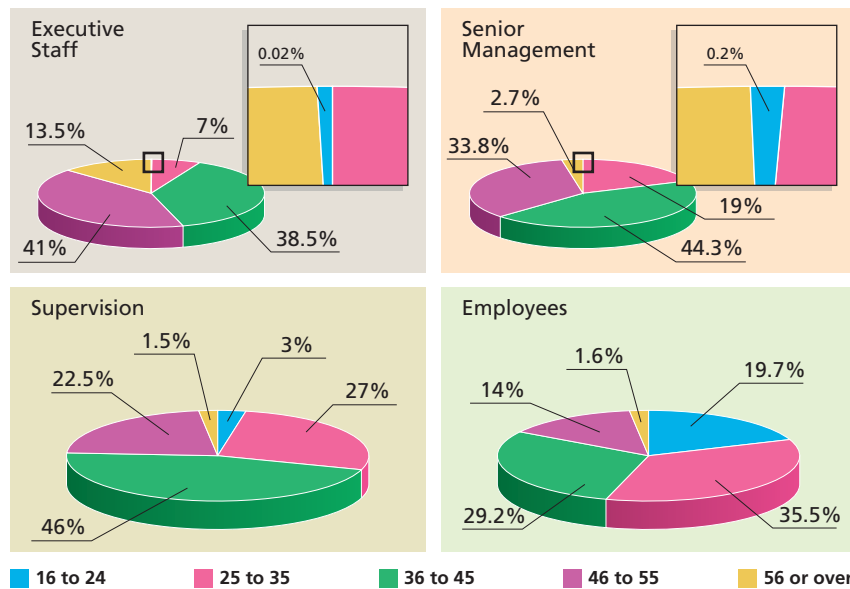
The companies that answered still register a low percentage of individuals under such condition once there are 24.6 million disabled in Brazil, that is, 14.5% of the population; however, the disabled are found in all hierarchical levels.

The inclusion of the disabled in the labor market is supported by legislation which sets forth, among other issues, the existence of a quota system, according to article 93 of Law 8.213, of 1991, whereby "the company with 100 or more employees must fill in 2% to 5% of their positions with rehabilitated disabled people or habilitated disabled people, on the following proportions: up to 200 employees, 2%; 201 to 500, 3%; 501 to 1,000, 4%; more than 1,000, 5%".

About 610 million people worldwide – 10% of the world population – bear some kind of physical or mental disability, according to an estimate of the World Health Organization (WHO). 386 million of this group (62%) belonging to the economically active population. Further, according to WHO, 80% (488 million people) live in developing countries.



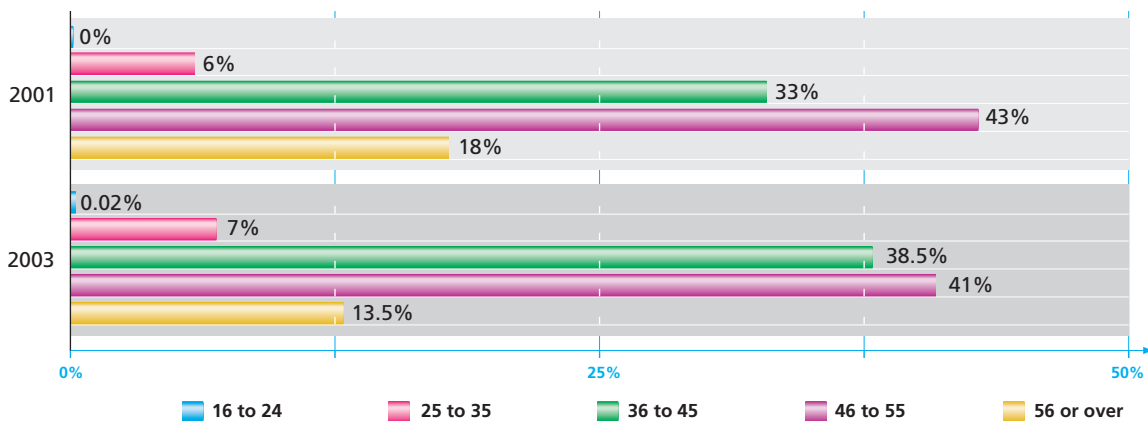
## Age group



The individuals 46 years old or over are majority in the executive staff, forming a 54.5% universe, 13,5% being 56 years old or over.

The youngest, with up to 45 years old, occupy the majority of offices in the lower hierarchical levels: 84.4% among the employees, 76% in the supervision, management and coordination staff, and 63.2% in the senior management.

### COMPARISON

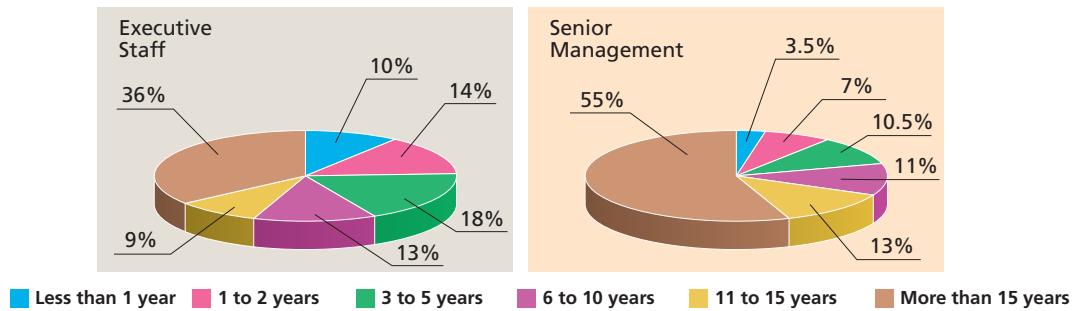


By comparing the present data with those presented in the 2001 research on this item, we have noted a significant change in the age groups of 36 to 45 and of 56 or over which may indicate a trend to a rejuvenation of the

companies' executive staff. There would be another indication of such possibility in the length of service in company registered in both researches, as may be verified in the following item.

*It is noted a great lack of equality between the 46 to 55 age group and the 56 or over age group, not only in the executive staff (from 41% to 13.5%), but also in other hierarchical levels: 33.8% to 2.6% in the senior management, from 22.5% to 1.5% in the supervision and from 14% to 1.6% in the employees. Such panorama requires actions for people aged 56 or over.*

## Length of Service in Company (Executive Staff and Senior Management)

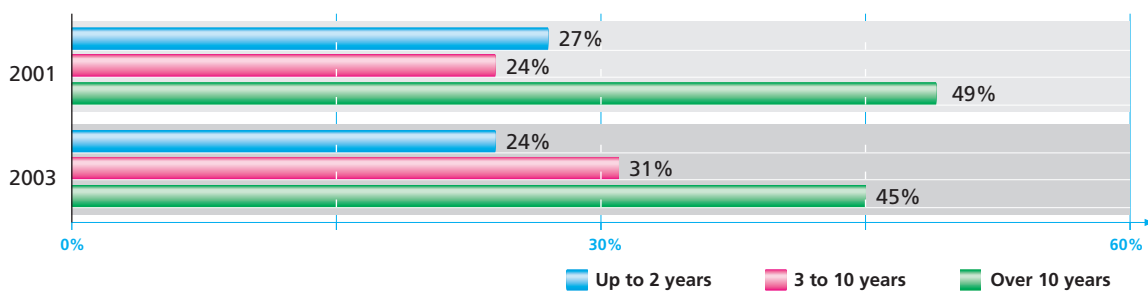


The senior management's universe (68% of the staff) is greater than the board of directors' universe (45% of the staff) with 11 years or more in the company. Thus, it is not unsuitable to suppose that individuals with more length of service in the company, therefore older, do not climb the ladder and are surpassed by professionals with less length of service in company.

The comparison with the results obtained in 2001 presented below seems to indicate so.

It has also come to our attention the fact that 42% of the directors have only been working for five years in the company, thus indicating that a substantial part of them has been brought from outside the company.

### COMPARISON

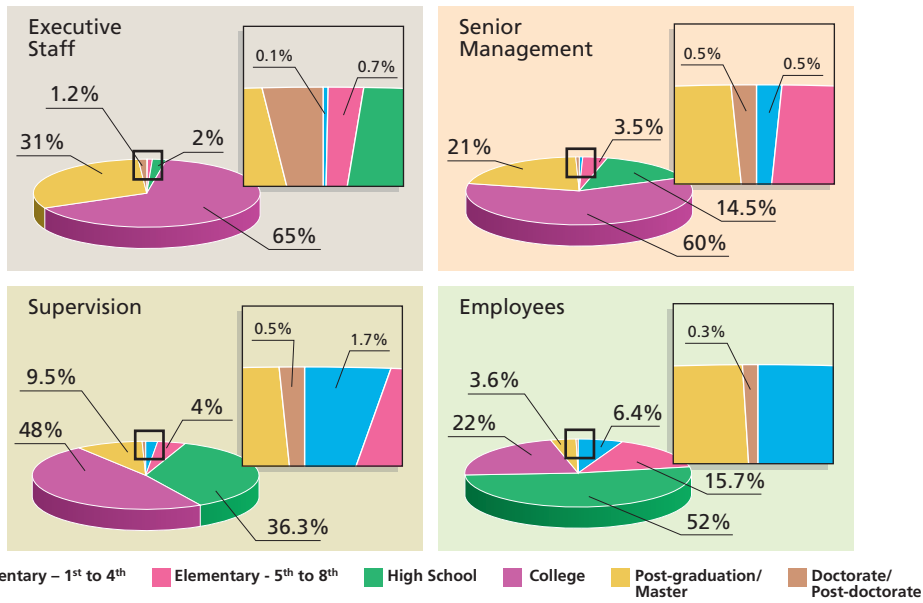


Considering the results of the 2001 research, it is noted an increase in the 3 to 10 years group in the company, from 24% to 31%, and

a reduction in the universe of over 10 years, from 49% to 45%.

*The majority of the negroes belonging to the executive staff (53.8%) has more than 15 years in the company and only 37.4% of the white executives and 29.7% of the yellows are under the same conditions. That means the few negroes to reach top positions take longer to make so than the executives of other races.*

# Education

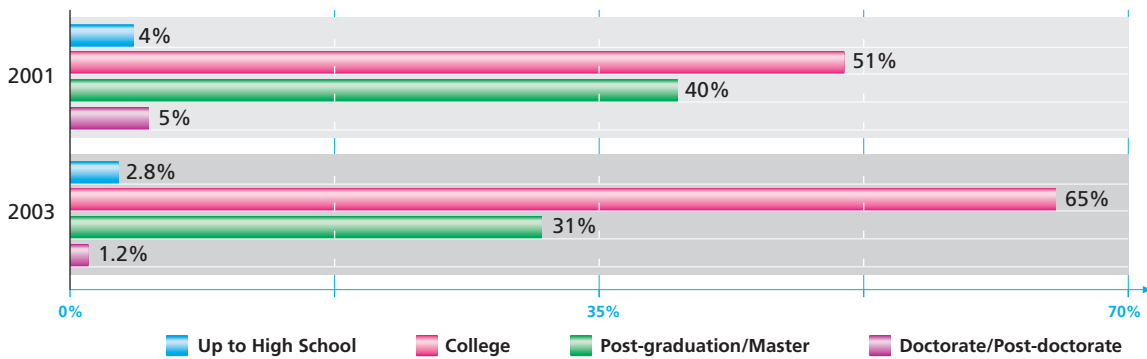


From those who answered this query, almost all the directors (97.2%) and the majority of the managers (81.5%) have college degree.

In spite of the clear relation between hierarchical level and education level, it may

be verified that 2% of the directors and 14.5% of the managers have graduated from high school, whereas 0.8% of the directors and 4% of the managers have graduated only from elementary school. On the other hand, more than half of the supervisors and one fourth of the employees have graduated from college.

## COMPARISON

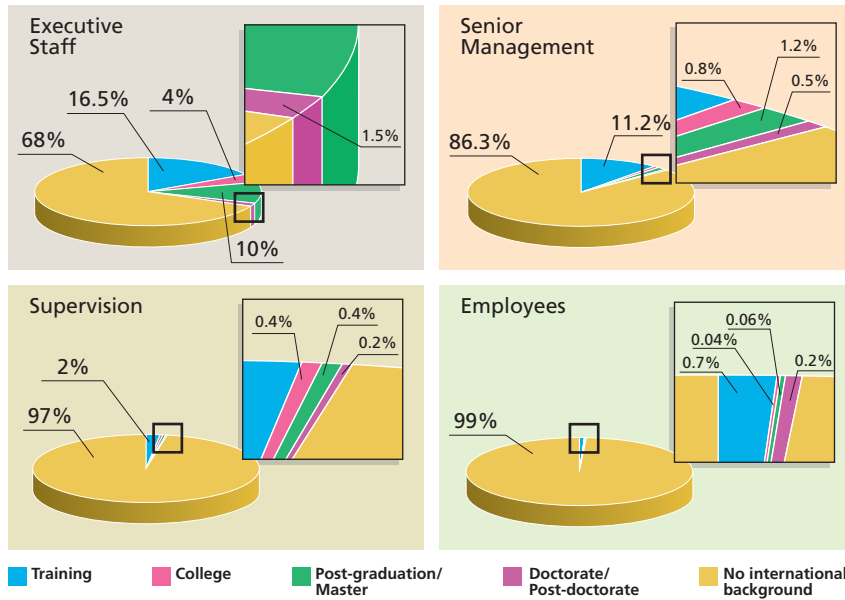


Considering the first research of Instituto Ethos, it can be verified that, from 2001 to 2003, the percentage of directors with a superior education has increased significantly. However, those with post-graduation/master

education and with doctorate have dropped. Nevertheless, as it has already been mentioned, the conclusions obtained when comparing the data from both studies should be relative once the samples are different.

*The most outstanding racial group among the directors with post-graduation or master are the mulattoes: 44.7% of them are in such education level, followed by the yellows, 40.5%, the whites, 31.9%, and the blacks, 21.5%.*

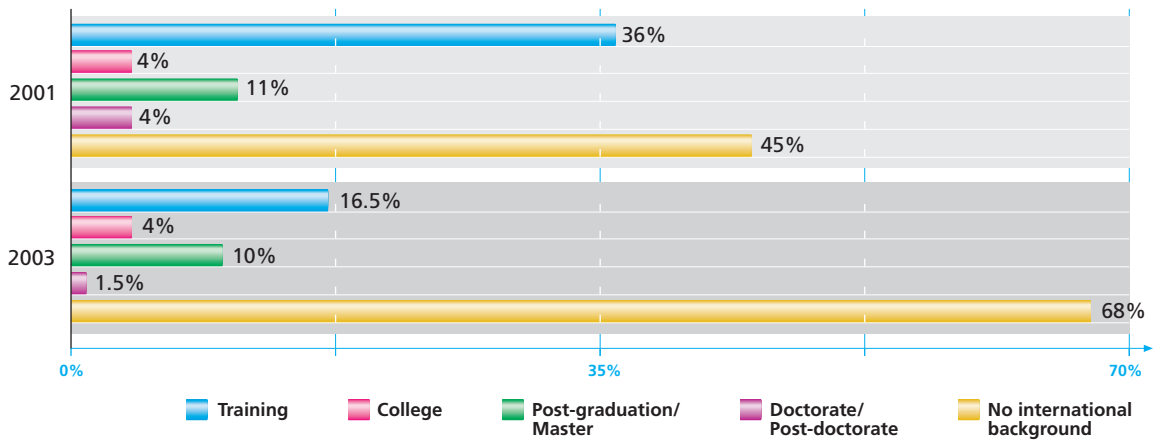
## International Background



The percentage of directors with a course or training abroad is clearly higher than the one of employees from other hierarchical

levels in the same conditions, which indicates that this is a differential competitive issue for the career climbing.

### COMPARISON



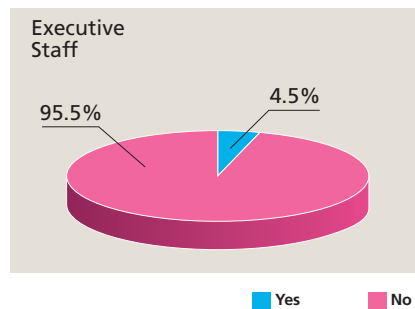
By comparing the two results of the studies of Instituto Ethos, we verify that the number of directors that have not made any course abroad has increased significantly. The major part of such difference is due to the great reduction in the group of those who

attend or have attended a training course in another country.

However, it is important to compare those data with the due restrictions, and not to forget that they were collected from samples of different sizes.

*Apart from the companies which have not provided information on the issue (24% did not answer this item), it is concluded that the racial group which has the greatest percentage of executives in the board of directors who attended course abroad are the yellows, with 42.5%, followed by far by the whites (16%) and by the negroes (7.7%).*

## Relationship with Shareholders (Executive Staff)

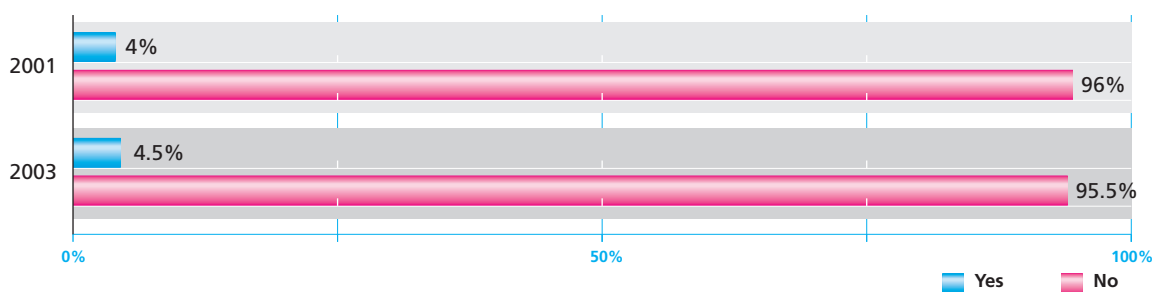


The companies were asked whether the executives had any family relationship with shareholders holding more than 5% of the company's shares, or if they held such number of shares in the company. Considering only the companies that answered this item,

we note that only 4.5% of the executives are under one of those conditions.

That information indicates that almost all boards of directors of the big companies was formed according to professional criteria.

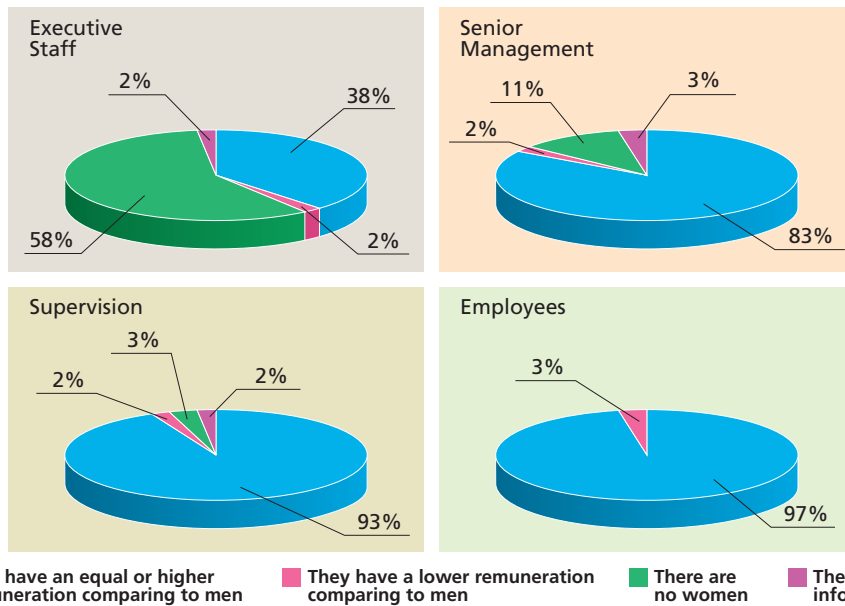
### COMPARISON



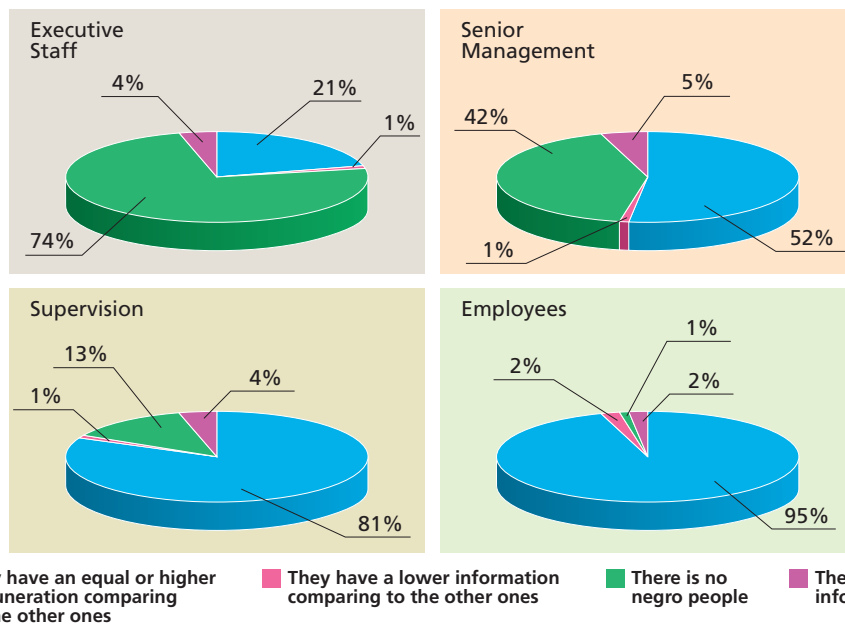
Despite the difference in the sample sizes of the two researches, the result is practically the same.

# The President's Perception

## About women situation in the company



## About negroes situation in the company



This part of the questionnaire requested that the president gave his opinion on women and negro people situation in each hierarchical level of the company.

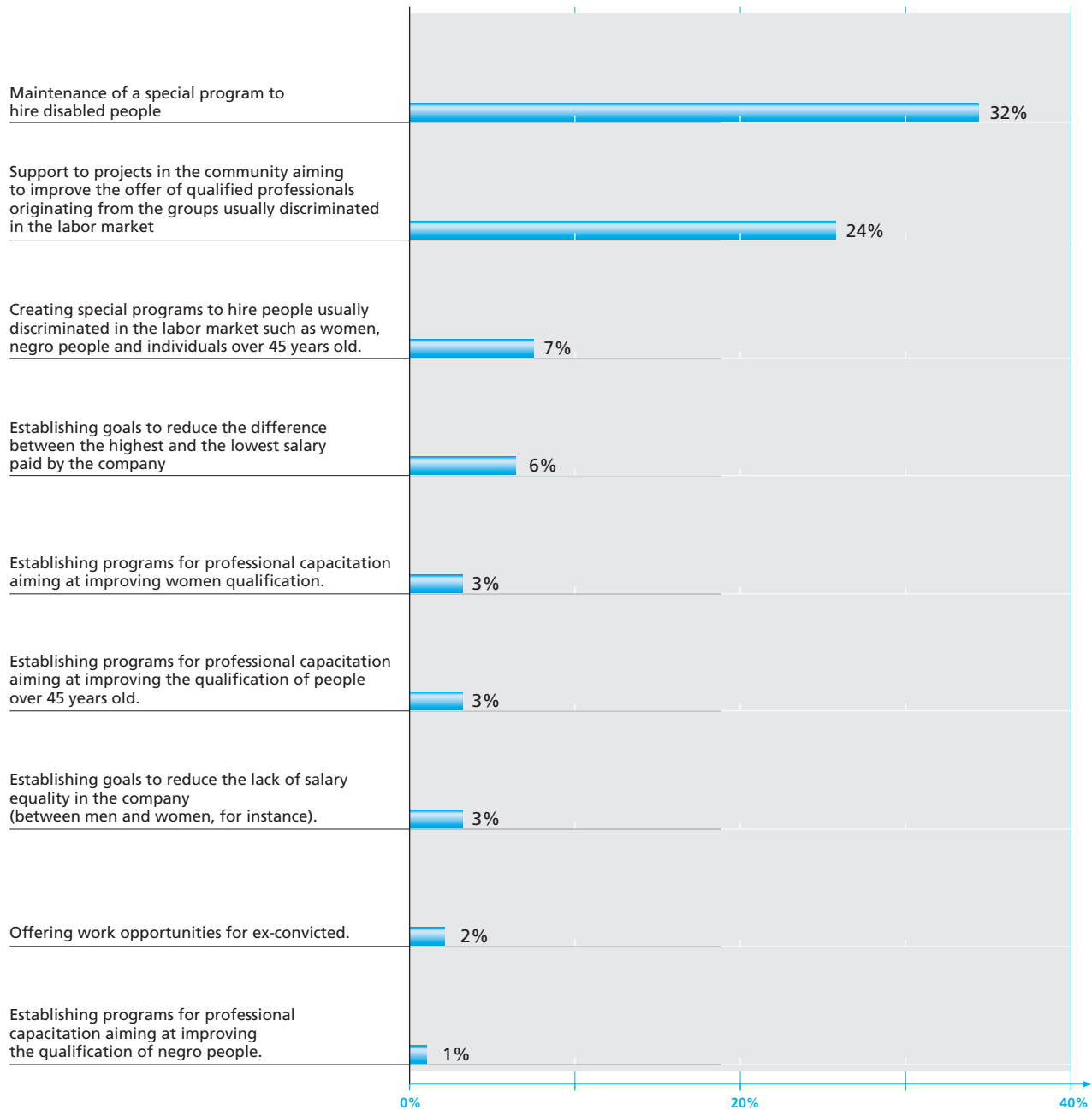
The answers indicated that 58% of the companies stated on the sample have not any women in the board of directors and 2% allege not to have such information. In absolute numbers, only 98 companies of the sample affirm to have women in their executive staff, which results in an average of 3.5 women directors by company.

The negro people situation is even worse: 74% of the companies do not have any negro

people in the executive staff whereas 4% do not have such information. The 22% affirming to have negro directors correspond to 54 companies. Since the research indicates only 52 negro persons in the board of directors in the whole sample, there is, on average, less than one negro director in each company which assures to have negro persons in the executive staff.

The rate of entrepreneurs declaring not to have negro people in the senior management level is high (42%), and it should be noted that 1% of the entrepreneurs admit not to have negro people even among the employees.

## Promoting Equality



From the companies of the sample, 40% allege to develop some kind of policy or affirmative action to make up for the disadvantages of the social groups traditionally discriminated.

According to the result obtained from a list with nine options presented in the questionnaire, the maintenance of a special program to hire disabled people is the most divulged affirmative policy, practiced by 32% of the companies. Probably, such ample adhesion is due not only to the legislation which ensure disabled inclusion, but also or

mainly to a change in the mentality with the growing valuation of social responsibility.

A significant support is provided to community projects to improve the offer of qualified professionals deriving from the groups usually discriminated in the labor market, mentioned by 24% of the companies. On the other hand, only 1% of the companies allege to maintain programs to improve the professional capacitation of negro people, which constitute 43.3% of the economically active population.



## THE IMPORTANCE OF DIVERSITY FOR THE COMPANIES

*The data obtained by this research reinforce the idea that to promote action in favor of diversity in the companies is necessary. For that reason, we have decided to attach to this study a summary of the main issues focused by the manual Como as Empresas Podem (e Devem) Valorizar a Diversidade (How the Companies May – and Should – Value Diversity), published by Instituto Ethos in September, 2000. However, we noted that only promoting diversity is not enough; it is also necessary to promote equality.*

**T**he present economic scenario strongly requires not only productivity and competition, but also an ethical and legal performance by the companies.

In view of the growing availability of technological resources, the competitive advantage of a company shall be determined to a great extent by the quality of the relationship maintained with people, internally and externally, such quality being directly related to the inclusion or exclusion of different social groups.

Diversity is frequently more associated to gender and race. However, the companies have been expanding the concept and considering issues such as social and economic condition of the employees, as well as their age, marital status, nationality, sexual orientation, disabilities, work style and world view, among other differences.

Valuing and practicing diversity, fighting against discrimination and prejudice are principles of business social responsibility.

### **CRITICAL SUCCESS FACTOR**

Implementing efficiently strategies for labor diversity may be a decisive factor in business success. Diversity policies increase competition when enabling that companies take advantage of all the potential resulting from positive differences among their employees. There is also a growing trend towards valuing the brands and assets produced by organizations with a diversified image and social responsibility.

### **ADAPTATION TO THE CLIENTS' PROFILE**

The companies' workforce shall include diversity and changes within their clients and markets to remain competitive in the global economy.

The companies with diversified labor are better prepared to place their products and services at the market, serving more and more distinct and demanding consumers.

### **STRENGTHENED FINANCIAL PERFORMANCE**

Several international studies indicated that the diversity programs have a positive influence on a good financial performance by the companies. The diversity programs also have a differential factor for many companies in attracting new investors.

### **REDUCTION IN ROTATION**

The experience undergone by several companies shows that the attention given to diversity may result in a reduction in labor rotation.

### **IMPROVEMENT IN PRODUCTIVITY**

A diversity environment tends to be more stimulant and productive, favoring new projects and solutions. Valuing diversity contributes to a positive environment which fights against intolerance, stimulates cooperation and synergy among the professionals of the organization about their common objectives. Therefore, an environment reinforcing employees' binding to work and their identification with the company.

### **INCREASE IN WORK SATISFACTION**

When evaluating the reach of the programs including equal opportunities for development, non-discrimination and respect, it is concluded that the employees with an encouraging environment at work are more pleased with their professional activities and more loyal.

### **LESS LEGAL SUSCEPTIBILITY**

The companies that establish diversity programs and management methods directed to ascertain and prevent potential situations involving discrimination are less susceptible to legal requirements.

### **VALUED CORPORATE IMAGE**

By stating the presence of a macro trend in valuing diversity in different countries, it is of utmost and strategic importance to practice it internally. This subject has been constantly discussed in the media, especially in case of racism or sexual discrimination in the companies. The publicity of a discriminatory practice may be extremely negative for the organization, affecting its image before consumers and public opinion. On the other hand, if diversity is present in the company's activities, making such company a good place to work at, with an open and inclusive environment, the company's image in the market may improve.

### **GREATER FLEXIBILITY**

Mergers, acquisitions and spin-offs of companies have been more and more frequent. There is also a growing trend towards outsourcing operations. A pluralist organization culture favors adaptation to such changes. Many times, such processes require that groups with different cultures and characteristics be together. A diversity promotion policy may make the company more flexible, increasing its capacity to become adapted to new situations.

### **PROPER RECOGNITION**

Encouraging diversity means reinforcing talent and individual potential, thus the company becomes more capable to evaluate and promote its employees based on their actual qualification. A discriminatory environment may repress talents and compromise the company's capacity to recognize properly the performance of its employees and directors.

## HOW THE COMPANY CAN ENCOURAGE DIVERSITY

Follow up information on your employees, identifying the discrepancies and changes in comparable situations involving women, negro people or other groups relevant for the company.

Commit itself to hire and promote people with different experiences and perspectives.  
Recruit your personnel under diversified forms and sources.

Adopt diversity as a guideline for development, maintenance, career and remuneration policies of the company's personnel.

Include diversity in your integration programs, favoring the surpassing of hierarchical barriers and penetration of groups already internally organized.

Promote regular training and communication actions for all employees.

Turn diversity practice into part of the periodical evaluation of all administrators and employees.

Measure your need for external support and hire experts and technically qualified institutions to help in implementing diversity policies.

Seek to multiply diversity culture among the other companies of your field of activity by means of associate entities or entrepreneur unions.

Implement initiatives to spread your diversity policy among your partners, consumers, clients, suppliers and in the communities where you act.

Establish partnerships and exchanges with entities and institutions of the community directed to promote diversity.

Reinforce the company's community relations.

Make sure that the diversity principles are guiding the advertising and marketing campaigns. Also, make the institutional marketing of your initiatives in favor of diversity valuing.

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