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CHRISTIAN ANTHONY PIERCE

AN EXPLARATORY ANALYSIS ON THE IMPACT OF FOREIGN WORKERS AT THE

MANAGEMENT LEVEL AND ABOVE IN SÃO PAULO

RIO DE JANEIRO

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Master's dissertation presented to the Instituto Coppead de Administração, Universidade Federal do Rio de Janeiro, as part of the mandatory requirements in order to obtain the degree of Master in Business Administration (M.Sc.).

Supervisor: Prof Vicente Antonio De Castro Ferreira, DSc

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ABSTRACT

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This paper presents a literature review and qualitative analysis to analyze whether foreign workers, at the management level and above, have an impact on innovation within organizations in São Paulo, Brazil. Innovation is seen as a benefit to organizations because of the value created from new ideas for processes and products. Because cultural diversity and its benefits are not often discussed in an academic environment, this offers an opportunity to discuss this topic in terms of a country is still developing diversity initiatives in organizations. Discussions around diversity in Brazilian organizations started in the 1990's and are still expanding to include all types of diversity. The qualitative analysis provides interviews with managers and above to understand whether they believe foreigners provide a positive impact. The findings show that cultural diversity does indeed provide a positive impact, albeit not necessarily directly to innovation. This provides a foundation for future research, including quantitative studies, to determine exactly how much innovation foreigners provide in organizations.

Keywords: Diversity; Innovation; Management; Brazil; Cultural Diversity; Foreigners; Impact

LIST OF ILLUSTRATIONS

LIST OF ABBREVIATIONS

TMT   Top Management Team

CEO   Chief executive officer

LGBT   Lesbian, gay, bisexual, and transgender.

EBIT   Earnings before interest and taxes

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INTRODUCTION

Jalal Armache defines diversity as: "learning from others who are not the same, dignity and respect for all, and about creating workplace environments and practices that encourage learning from others and capture the advantage of diverse perspectives" (Armache, 2012). This definition expands in way that goes much deeper that the conventional idea of "diversity in the workplace." Because of this deeper meaning of diversity, the literature reviewed for this paper has served to show not just the past works that have discussed the topic of diversity, but also the fact that this is a global, yet individual issue. Many countries are now dealing with have multicultural teams in organizations and businesses. Yet at the same time, businesses in these countries are still dealing with how to increase and enhance diversity among individuals. True diversity expands beyond what many organizations consider formal diversity groups.

Ultimately diversity can include age, culture, education, and job functions, in addition to the conventional minority groups: *Women, race, LGBT, and people with disabilities*. Having such diversity in organizations does not automatically mean the organizational performance will increase. Instead diversity can benefit an organization when it is managed well. In addition to the management of diversity from organizational leadership, employees must perceive that diversity is something beneficial for them. If the perception surrounding diversity is negative, then diversity initiatives will not be sustainable and may actually harm an organization. In order to mitigate the detrimental effects of diversity, maximize the benefits, and fill gaps in an organizations management of diversity it is important to also have an accurate scale that can measure perception.

When it comes to Brazil specifically, the diversity movement is something that has been developing over the past three decades. The first push into diversity came in regards to gender, then race, and people with disabilities. While there is an understanding of the LGBT community, diversity initiatives are not as active as seen in other countries, especially the

United States. There is also one specific gap; research has not been conducted in regards to cultural diversity. Therefore, using the city of São Paulo, Brazil as an example, there is a possible impact on innovation that can be perceived through cultural diversity from other countries.

This paper presents a qualitative approach in order to answer a question: Do foreigners, at the manager level and above, have an impact on innovation in organizations in the city of São Paulo? Because this is a topic that is based heavily on perception, it is important to understand data from a qualitative view. The findings show that Brazilians who work in São Paulo perceive a positive impact on innovation when working with a foreigner. Further research can better measure how much foreigners impact innovation in Brazil. Once this model and understanding are gained, they can be used in order for other countries to develop hiring strategies for foreigners.

1 LITERATURE REVIEW

1.1 DIVERSITY

Continuing with Jalal Armache, the literature review covers a foundation of diversity. It is extremely important to understand this because it is the management and perception of diversity that provides the most benefit for organizations. Diversity initiatives, when used only as a buzz phrase or "window dressing," may actually harm an organization instead of benefitting it. Armache is a great anchor to begin an initial look at diversity because he discusses the benefits, challenges, and ways that organizations can implement diversity. As globalization increases, the world will require more diversity. According to Armache, "a homogeneous workforce is not likely to come up with <u>creative</u> solutions to the problems faced by a national and world market…" (Armache, 2012) Diversity allows for a group to have a collective of knowledge that is enhanced by different experiences and backgrounds. Firms that want to generate creative ideas need employees from diverse backgrounds. In regards to diversity, Armache considers differences among people with respect to age, class, ethnicity, gender, physical and mental ability, race, sexual orientation, spiritual practice, and public assistance status. These differences are important in both the way people perceive themselves and others. The first notable benefit of diversity is perspectives. Employees from diverse backgrounds bring individual talents and experiences that helps the company as it adapts to different markets or demands. An understanding and appreciation of perspectives helps the company support its employees, as they feel they can give their honest opinion (Armache, 2012). The second benefit is the ability to attract the best talent, which helps the organizations market its product in easier ways. This also helps organizations build a globally competitive workforce, and attract those from completely different cultures. One surprising benefit of diversity is the avoidance of conflicts. While conflicts are often seen as negative, diversity can lead to healthy conflicts (Armache, 2012). One thing that diversity does for individuals is increase their tolerance. This

tolerance allows for companies to better manage the differences that may arise from diversity. Armache believes that having more diversity leads to employees to perform to their highest ability, and this will lead to higher productivity, profit, and return on investment (Armache, 2012). The last benefit is enhanced problem-solving efficiency. In this era, flexibility and creativity are keys to competitiveness, and diversity is critical to maintaining a competitive advantage. On the other hand, diversity provides a number of challenges that, if not properly managed, can ruin an organization. The first is a change in power dynamics. As diversity tends to increase, there is often increased tension among old employees since the environment and culture of their organization may start to change. This can lead to a clash between new and old employees, as unhealthy competition leads to power struggles. This can create a toxic environment and lead to high turnover, poor work attitudes, and perceptions of injustice. Another challenge is the diversity of opinions that individuals have. When people are used to working with a more homogenous group, it becomes difficult to transition to a more heterogenous groups as people will interpret things differently based on their perceptions and backgrounds. This can cause unnecessary friction as opinions may not be listened to or respected. Poorly implemented diversity can also lead to a perceived lack of empathy. This often comes from leaders who do not truly believe in diversity initiatives or do not respect or care for their employees. Even if the leaders do care for their employees, they need to ensure that they take action that ensures that employees perceive that they care. However, leaders must avoid a perception of tokenism. Tokenism takes place when an employee is hired over other clearly more qualified candidates in order to fulfill numbers (Armache, 2012). This can take the place of a quota system, which is likely to result in negative attitudes and feelings throughout the organization. Tokenism can be real or perceived, and either way is detrimental to organizations. The final challenge that Armache lists is participation. In order for an organization to capitalize on diversity, it needs the participation of individuals to share their

unique ideas. However, if there are barriers to this participation, then new and different ways of thinking will not be available. In the final portion of his paper, Armache discusses what is required of leaders and managers in order to maximize the benefits of a diverse organization. He reiterates that diversity is not about differences among groups, but rather about differences among individuals. It is important that individual needs should be considered when enforcing the company's policies and guidelines. Leaders must make it blatantly clear that the concerns of all diverse individuals are appreciated and respected. This lets people know that the environment is more of a meritocracy and that favoritism will not be tolerated. Another key attribute of this is empathy. Leaders must inspire openness and trust, and their success will be determined by the ability to motivate through words, to read nonverbal communications, and to interpret the hidden meanings in nonverbal communications (Armache, 2012). In order to empower everyone in the organization, leaders must convey that every individual contributes to diversity. This highlights that each employee is a fully participating and valued team member. Leaders must handle the balance of considering diversity opinions without showing favoritism, and this can be done through three different avenues: focused communication, political intelligence, and conflict resolution (Armache, 2012). Leaders cannot show favoritism, because favoritism exhibited by the leader will cause resistance from other individuals. The last action that a leader can take is to implement diversity management in the organization's reward system. This synergy lets employees know that diversity is not just a fad. Ultimately, leaders and managers will need to determine the best mix and plan for their own organization.

Leaders and manager should "make sure that the desperate pieces of a mosaic fit together in a harmonious, coordinated way, maximally utilizing the talents and abilities of each employee" (Sutanto, 2009). This is based on Palmer's three views of diversity. The first is to see it as a moral issue. People tend to increase or create diversity because it is the fair and right thing to do, otherwise known as "The Golden Rule." The second view is "Righting the Wrong,"

which sees acts like Affirmative Action end Equal Employment Opportunity as ways to correct injustices that were wrought upon minority groups like women and people of color. The third is "Valuing diversity," which shifts focuses from assimilation to valuing the differences that exist (Sutanto, 2009). This third perspective is seen as the best by Sutanto because the goal is to change organizational systems and culture so that the organization can become inclusive and move from being monocultural to being multicultural. This means that people have to be treated differently, in respect to who they are as an individual, in order for them to be able to fully contribute. The treatment adapts and changes over time, depending on the workforce.

Because the U.S. is often a model for the rest of the world, In the U.S. a monumental shift has come on three fronts: race, gender, and age. The percentage of white males in the workforce has decreased, while the percentage of people of color has increased. Women now make up more than 40% of the workforce, and people in the U.S. are living longer as well. These changing demographics pose both challenges and benefits to individuals and to organizations of which they are apart. In order to properly manage a diverse workforce, Sutanto says that the key variables an organization must consider are cultural distance, perceived similarity and a sense of control as well as culture shock (Sutanto, 2009). In order to demonstrate how to deal with diversity, Sutanto goes into his case studies of companies. He starts by using Coca-Cola as an example of how tapping into diversity can reveal new ways of viewing traditional problems and provide an avenue for a business to accomplish its goals. In order to increase its' top managers abilities to manage a global environment, Coca-Cola specifically recruited from ethnic backgrounds. This led to a CEO coming from Cuba, and other top managers coming from Brazil, France, and Mexico (Sutanto, 2009). Sutanto also mentions Hoechst Celanese, IBM, and Xerox as other organizations that champion diversity. In order to effectively manage a diverse workforce, Sutanto says that organizations must first secure top-management commitment to diversity. The CEO of Hoechst Celanese, Ernest H. Drew, is a

great example of this. He went on a diversity "crusade" which has achieved tangible payoffs for his company. Drew continuously traveled around the U.S. to meet with workers at Celanese production plants in order to emphasize the importance of diversity. In regards to his example, Drew noted that "When the CEO meets with employees, it signals that diversity is important" (Sutanto, 2009). Another great initiative that Celanese took was to include work force diversity as one of the four criteria that determine manager's salaries and bonuses. This means that managers readily see that diversity is not only an important organizational goal but benefits them personally. The last way that top managers commitment to diversity is shown is through extracurricular participation. They are required to join two organizations in which they themselves are a minority. This helps build empathy and break down stereotypes as managers see the ways which diverse members of an organization are similar to each other. Other ways that organizations can show a commitment to diversity is through diversity training. This can include hiring diversity managers for the organization, which allows for consistent and sustainable training. If internal training is not enough, another option is for organizations to send employees to additional education to allow them to be able to better communicate and work with diverse employees. These strategies, according to Sutanto, lead to six direct advantages for organizations. The first is that diversity provides increased productivity, since people feel respected. This limits negative actions and allows productivity to go up. An interesting competitive advantage is fewer lawsuits. Fewer lawsuits will occur in environments where people feel respected and truly valued. An organization that manages diversity well will also better retain business. A clear commitment to diversity is a sign to perspective suppliers and clients that the organization is focused on progress. A diverse employee group can also provide insight into the mindsight of a wide range of customers. Understanding diverse mindsights allows companies to create the largest possible talent pool for talent, and is able to attract talented candidates from all backgrounds. Finally, the organization will become an

"employer of choice." This means that word-of-mouth can provide a great image and branding for companies, and they can become known as great environments for minority groups. Sutanto concludes his piece with a strong statement, "In the future, no organizations will be able to afford those who cannot work successfully with diverse employees."

The focus on diversity, specifically in regards to leadership at the top of organizations, impacts an organization's overarching life cycle. Maly and Velinov (2016) believe that increasing diversity at the Top Management Team (TMT) and Board Diversity levels will lead to reduced groupthink and improve company performance during critical situations. The basis of the TMT perspective lies in the behavioral theory of the firm. This foundation suggests that managerial choices are influenced more by the limitations of managers as human beings versus rational motives. These choices can then influence the strategic choices that top executives make, which in turn determines board composition. Diversity can impact TMTs and company performance through seven different avenues: TMT size, gender, age, nationality, tenure, functions, education. The empirical data for this study was from 200 TMT members in the Czech Republic (Maly and Velinov, 2016). The results showed something quite interesting, that the organizational life cycle phase of maturity has a significant impact on the TMT Diversity. Out of the dimensions analyzed, only functional diversity was found to have a significant and positive impact on organizational performance (Maly and Velinov, 2016).

McKinsey's article, "Diversity Matters," looked at the relationship between the level of diversity in organizations and the financial performance. Diversity was defined as a greater share of women and a more mixed ethnic/racial composition in the leadership of large companies, while financial performance was measured as the company's average EBIT (Hunt, Layton, and Prince 2015). This is actually not the first report that McKinsey has done on diversity. The first was done in 2007, titled "Women Matter", and identified a positive relationship between corporate performance and elevated presence of women in the workplace

in several Western European countries (Hunt, Layton, and Prince 2015). The research for the 2015 report used data from 366 companies across 366 public companies among the United Kingdom, Canada, the United States, and Latin America. This data included the composition of top management and boards in 2014, as well as the EBIT from 2010 to 2013 (Hunt, Layton, and Prince 2015). The method used to measure the relationship between leadership diversity and financial performance was the Herfindahl-Hirschman Index (HHI). The HHI is a tool used to determine the level of competitiveness within markets and industries. It measures the size of a firm in relation to it industry. Therefore, the standard HHI is defined as the sum of the squares of the market shares of the largest firms within the industry. McKinsey used the HHI to differentiate diversity in companies that had the same number of executives outside the majority group, but where one executive team included a greater range of ethnic backgrounds (Hunt, Layton, and Prince 2015). An HHI of 1.0 means that a team has no diversity, and everyone is the same race or gender. After analyzing the data, companies in the top quartile for gender diversity were 15% more likely to have financial returns that were above their national industry median. For companies that were in the top quartile for racial/ethnic diversity, they were 35% more likely to have financial returns above their national industry median (Hunt, Layton, and Prince 2015). However, an important distinction is made. The relationship is not causal, yet there is a correlation between diversity and performance. This shows that companies that commit to diverse leadership are more successful. The opposite was also found to be true, that companies in the bottom quartile in both diversity categories underperformed the other three quartiles. In a breakdown by region, the US data set showed that gender diversity did not help performance until at least 22% of the senior executive was women. After this, for every 10% increase in gender diversity there was a .3% in EBIT margin. The UK showed greater performance, with a 3.5% increase in EBIT for every 10% increase in gender diversity. Note that for Latin America (specifically Brazil) this information was not available. The report also

found that women were still completely underrepresented in executive teams. For Brazil, the average percent of women in executive teams was only 6%. Racial diversity was almost as bad for Brazil, with 9% of the non-white labor force represented at executive management teams. This information on gender and race diversity for Brazil came from 67 companies (Hunt, Layton, and Prince 2015). While this underrepresentation is still a problem in Brazil, trends that show the link between diversity and performance is growing in importance. Specifically, talent shortages, purchasing power, and legal requirements are pushing the importance of the link across all markets. While organizations are trying to adopt ways to become more inclusive, many of them fail because they try to adopt a single diversity program for all minority groups. In order to have successful diversity programs, they need to be tailored to specific groups in order to make true progress. First, diversity management helps to win the war for talent (Hunt, Layton, and Prince 2015). There is a scarcity in three different types of talent: top, "interaction," and emerging market. Having a diverse leadership team can help organizations secure access to more sources of talent, have a competitive advantage in recruiting, and improve its global relevance (Hunt, Layton, and Prince 2015). This is also true because underrepresented groups have desired talent that is overlooked. A study, "The Power of 'Out'," found that LGBT recruits had more advanced degrees than heterosexual recruits (Hunt, Layton, and Prince 2015). Diversity positively strengthens customer orientation, as organizations are better able to expand their customer base. These organizations form a stronger bond with customers in two different ways: reaching key purchasing decisions and taking a customer perspective (Hunt, Layton, and Prince 2015). African Americans were expected to control $1.1 trillion by 2015, so a top team that reflects a demographic group like that is able to have a better understanding of their market decision behavior (Hunt, Layton, and Prince 2015). When corporate leaders have an accurate customer perspective, they are also able to respond to market development quickly. When is greater diversity and representation in organizations, employees are also more satisfied. This is

due to the positive attitudes and behaviors that are fostered in a workplace that is inclusive and supportive of individuals. Often there is reduced prejudice in these environments and employees can be themselves. Diversity in the workplace also drives innovation and allows for better decision making. Women and minorities on leadership teams enhance problem solving, as they add perspectives from different experiences (Hunt, Layton, and Prince 2015). Paul Block, CEO of Mersisant, said, "People with different lifestyles and different backgrounds challenge each other more. Diversity creates dissent, and you need that. Without it, you're not going to get any deep inquiry or breakthroughs" (Hunt, Layton, and Prince 2015). There is a correlation between diversity and better decision making in regards to two types of diversity, innate and acquired (Hunt, Layton, and Prince 2015). Innate diversity is reflected through gender, ethnicity, race, culture, sexual orientation and age. Acquired diversity is mainly through experience. When organizational leadership lacks innate or acquired diversity, or fails to foster a supportive climate, less ideas actually make it to the market. Finally, diversity improves the organizations brand and image. The article then transitions to the key steps for successful diversity programs. The first is for organizations to define a clear value proposition for having a diverse and inclusive culture. This means that a few clear targets should be set that balance complexity with cohesiveness. McKinsey notes that these targets should not be quotas. The second step is to establish a fact base. This means that the organizations current situation should be understood in terms of statistics and mindsets. Another part of this is to learn from external best practices instead. After a fact base has been established, it is important for an organization to create targeted initiatives, and differentiate them by diversity group. A governance model must then be determined, 1-2 flagship projects should be part of the rollout strategy. These projects should be monitored rigorously. Once the programs are rolled out, inclusion needs to be built, and organizations need to continuously address mindset barriers that may arise. This

includes a focus on reducing biases in the workplace. Doing so and having a more diverse organization will pay off in the short, mid, and long term.

In the last decade there has been a shift from "valuing diversity" to a much more focused approach, the "business utility of diversity" (Badal and Harter, 2014). This approach states that organizations are able to be more competitive in the global marketplace because a more diverse workforce promotes innovation and creativity.

Two main goals came from the business utility approach: 1. To further the gender diversity-performance relationship by testing gender diversity 2. To examine the role of employee engagement as a moderator of that relationship. Employee engagement was seen as the employee perception of the work environment and day-to-day interactions with coworkers. Other studies looked at the impact of gender diversity on organizational performance, yet this was the first to do so at the "business-unit" level (Badal and Harter, 2014). This makes sense, given that the unit-level offers a more accurate view of coworker relations. This level also allowed the true financial impact to be tested, rather than testing gender diversity effects in simulated environments. Two companies from two separate industries were chosen, one in retail and the other in hospitality. The proportional diversity index was used, which was the percentage of minority group members present within each business unit. Employee engagement was measured using the Gallup Q12 measure (Badal and Harter, 2014). This captured the psychological and contextual conditions that influence engagement in the workplace. In order to best understand financial performance, Comparable Revenue was used for the retail company and Net Profit for the hospitality company. The result of both companies showed that gender diversity and employee engagement are positively correlated with financial performance. With that said, the correlation between gender diversity and employee engagement was nonsignificant. This means that businesses that are gender-diverse may not be more engaged than businesses that are not. The conclusion was that because the independent

variables contribute to financial performance separately, businesses should focus on both a diverse workforce and a culture that keeps employees engaged. While this study was quite extensive, and looked at over 800 business units, it seems lacking in regards to overall organizational culture. Depending on the location of the business unit, cultural norms may be quite different, and not necessarily supported by the overall organizational culture or diversity initiatives.

The foundation to support sexual orientation diversity comes from the "business case for diversity," which bluntly states that diversity in the workplace will lead to lower costs and/or higher revenues, improving the bottom line. Badgett, Durso, Kastanis, and Mallory (2013) focus on how employers consider the economic benefits of adding lesbian, gay, bisexual, and transgender (LGBT)-supportive policies. The study reviewed 36 prior research studies, and through this concluded that there was a sufficient body of research to support the positive links between LGBT policies and outcomes that benefit businesses. However, there were no direct quantitative estimates of the impact on the bottom line. This conclusion turned the paper into a more qualitative study. This type of study seems more appropriate in order to better understand the perception and psychological impact that LGBT policies would have on employees. LGBT-supportive policies led to greater job commitment, improved workplace relationships, increased job satisfaction, improved productivity, and improved health outcomes. Some of the resulting organizational outcomes, which could also lead to higher revenues, were: 1. Lower health insurance costs. 2. Lower legal costs from litigation related to discrimination 2. Greater access to new customers 3. More business from individual consumers who want to do business with socially responsible companies 4. More effective recruiting of employees who want to work for an employer that values diversity 5. Increased creativity among employees that could lead to better ideas and innovations 6. Greater demand for company stock because of expected benefits of diversity policies (Badgett, Durso, Kastanis, and Mallory, 2013). These benefits make sense,

though I think that more research would need to be done in order to see how much of an impact litigation costs from discrimination have on businesses. Another key factor not truly discussed as impacting the bottom line is employee turnover. The article discusses that LGBT-supportive policies lowers turnover, but not to the extent that it lowers the cost of training new employees. Another point lightly touched on that the researchers could have discussed more is the formal disclosure of sexual orientation. A theme that the much literature focuses on that is also seen in LGBT research is the creativity and innovation that diversity brings to companies.

Another aspect of diversity to view is age and education. If, on average, older workers are less productive than their younger counterparts, then ageing has a negative effect on overall economic growth (Ilmakunnas and Ilmakunnas, 2011). Firms also face an issue due to most of their senior experts and leadership aging. This makes age an important variable to consider in regards to diversity, as firms look at ways to be able to transfer tacit knowledge. Age is also closely related to other dimensions of diversity, such as tenure and educational background. For example, it has been argued that longer experience can compensate for possible negative age effects on productivity (Ilmakunnas and Ilmakunnas, 2011). Employees may find it pleasurable to work in plants that are comprised of a heterogenous workforce. In regards to individual employee well-being, wages were expected to increase and be in line with a productivity increase, if age diversity has a positive effect on productivity. Therefore, unlike earlier analysis which looked at only the effects of diversity for the employer or the individual, this paper looks at both sides. This study was also new in the sense that it utilized a large linked employee-employer data set.

In contrast, many of the HRM studies were case study types. (Ilmakunnas and Ilmakunnas 2011) It is surmised that the effects of diversity can be modeled through preferences, strategies, or the production function. They do accept that diversity can have a negative consequence on productivity, if an employee's utility and work performance

negatively depend on the share of employees who are different from them (Ilmakunnas and Ilmakunnas, 2011). And while workers will often self-select a workplace with those who are similar to them, diversity does have perceived benefits. The argument has been made, for example, that younger workers can learn from older ones. On the other hand, have a group of individuals of similar age working together can have perceived benefits. This may be due to age similarity leading to increased career progress comparisons and rivalry, which if managed can lead to more individual effort and improved productivity. HRM studies mainly focus on how the individual reacts, yet at a work-group composition look at relational demography and group diversity (Ilmakunnas and Ilmakunnas, 2011). Relational demography is the extent to which an individual is different from other members within the same work unit. Group diversity in turn refers to the degree to which a work unit is heterogenous with regards to demographic characteristics. A large difference between the implications of these approaches is that group diversity can impact all members in a group homogenously, while individuals can be impacted differently by relational demographics. In one study mentioned, Grund and Westergård-Nielsen found that firms with mean age 37 years and standard deviation of 9.5 years have the highest value added per employee (Ilmakunnas and Ilmakunnas, 2011). This also showed that tenure diversity was positively related to average wage. Another study mentioned, Backes-Gellner and Veen, found a negative connection between age dispersion and productivity, yet there were positive age diversity effects in creative tasks and innovative companies (Ilmakunnas and Ilmakunnas 2011). Other previous research has shown that education diversity was negatively related to labor productivity. Data was drawn from the Finnish Linked Employer-Employee Data (FLEED) from 1900-2004 (Ilmakunnas and Ilmakunnas, 2011). The data was scrubbed to ensure that employers and employees could not be identified. The data was extensive, it covered the whole working age population and employer plant and firm. The analysis of productivity was carried out at the plant level. The industries focused on were mining, manufacturing,

energy, and construction. Plants were also restricted to those that had at least 20 employees. In regards to the age structure seen, the post-World War II baby boom was seen as having a large impact on pension policies in the 1990's. These pensions covered three areas: disability, unemployment, and reduction of working hours. However, with a change in policies in the early 2000's, it became important to consider the optimal age mixture of personnel. Two types of models were used. The first was a plant-level model used to assess the connection of productivity with the level and dispersion of employee demographics. The second was a model at the individual level, where the connections of earnings to the individual were sought. They hypothesized that if diversity has an impact on productivity at the plant level, it should also have an impact on earnings. For the plant level model, output by value added was *Y,* labor input by hours worked was *H,* and the other input for capital was *K*. They used these variables to then for an indicator for total factor productivity, TFP (Ilmakunnas and Ilmakunnas, 2011). For age dissimilarity, Harrison and Klein's typology was used (Ilmakunnas and Ilmakunnas, 2011). The property of this states that diversity is maximal when the employees are evenly divided to the extremes of the distribution and minimal when all of them are equal. The employee data was divided into three age groups: under 30, 31-50, and over 51 (Ilmakunnas and Ilmakunnas, 2011). The Blau index was also used in regards to age, and for education a two-dimensional approach was used. Age was still taken into considering with education, so a quadrant format was used, with age being split among under 50 and over 50. Education was either considered high or low. At the individual level, a similar wage equation was used. Demographic variables for this included: age and its square, education years, and a dummy for females. A dissimilarity index was also used to the difference a person had from all other employees in the same plant. The results for the plant-level analysis imply a 1.5% increase for a one-year increase in the standard deviation of age, but at a certain point the increase flattens (Ilmakunnas and Ilmakunnas, 2011). An explanation for the flattening out is that plants with an overall younger

work force have improved productivity faster than the plants with an older work force. From a qualitative perspective, average educational level has a positive effect, yet educational dispersion has a negative connection with productivity. After checking for robustness, it was concluded that at the plant level the age-productivity relationship is relatively flat. In regards to individual earnings, it was found that those are dependent on the extent that workers are different from others in the workplace. The overall evidence suggests that age dispersion is positively associated with productivity at the plant level. They also conclude that there is a positive educational effect, but the dispersion of education harms productivity. It seems that a limitation of this study is the fact that it is purely quantitative, without considering the differences of individual perceptions at every plant.

Leca and Vranceanu (2014) focus on inclusion from a global perspective. The diversity focused on is nationality, while showing how perception can impact the inclusiveness of teams. The focus on perception revealed certain gaps in diversity that a multinational company in Romania experienced (Leca and Vranceanu, 2014). The makeup of multinational companies is important to understand due to a dynamic global environment, which makes it attractive to hire those with international experience (both educational and professional). While an internationally diverse workforce means that employees may be able to better adapt to changing conditions, it does not necessarily mean the company will be successful. Similar to the discussions on diversity management, there was a focus on the creation of an inclusive environment in order for employees to work at their highest potential. An inclusion program is recommended as the solution to allow companies to be aware of employees' skills for inclusion and cultural diversity and use this information to offer support and feedback to fill gaps. An interesting way that this can be done is for teams to develop culturally appropriate strategies to manage process and tasks. Through this these multicultural teams can usually create their own culture. This creation of a new culture is a form of user innovation, which supports the idea

that multicultural teams perform better than monocultural in identifying problem perspectives and generating alternatives. Another point discussed is that a multicultural organization is characterized by full integration of minority groups. This integration is rooted in both diversity management and inclusion. When inclusion began being discussed, organizations assumed this meant that minority groups should adapt to the cultural requirements of the majority group. Yet this was unfair, and over time moral, ethical, and social responsibilities were gained towards minority groups. These responsibilities were both internal and external to organizations, and have transitioned to true inclusion. In order to understand whether there was inclusiveness in the organization studied, a Likert scale-based questionnaire was used. (Leca and Vranceanu, 2014) Two teams responded to the survey, the first being all male (6 Romanians and 4 Indians) and the second with one male and eight females (Six Romanians, one Hungarian, one Mexican, and one Peruvian) (Leca and Vranceanu, 2014). The results were interesting, as diversity was better perceived in the first team than in the second. Communication is the first group, which was more homogenous, was also seen as better. This may be because the more culturally diverse team has not had a chance to be integrated, or due to the lack of inclusion programs by the company.

Grivastaya and Kleiner (2015) consider the four broad benefits of workplace diversity: better work culture, improved creativity, less groupthink, and better relationships with customers (Grivastaya and Kleiner, 2015). These benefits come from cultural diversity, and a belief that culture is extremely diverse because everyone is an individual. The article does not focus on the need to have more diversity, but that diversity in organizations is a natural result of increased globalization. Therefore, it is not diversity itself that provides the benefits in the workplace, but the management of that diversity which allows organizations to utilize and maximize benefits. People from different cultures may all have the same skillset, so what sets them apart is their perspective in the work environment. There is a focus on Hofstede's cultural

dimension theory which divides cultures into five dimensions: 1. Uncertainty avoidance 2. Individualism 3. Masculinity/feminity 4. Power distance 5. Long-term orientation/short-term orientation: the extent to which future goals are regarded (Grivastaya and Kleiner, 2015). The first perceived benefit, a better workplace culture, is slightly different than what one may expect. Instead of a better culture being a place where everyone gets along, a better workplace culture comes from a more heterogenous office. A diverse workforce harbors the workplace culture, and leads to the second benefit. Creativity is another benefit of a culturally diverse workplace. This means that it is not the skill of an employee that provides a competitive advantage, but their perspective. Diverse perspectives and approaches to the same problem allow for innovative solutions. This is in line with the third benefit, less group think. "Homogenous teams tend to agree with each other's opinions, and get into the habit of *groupthink*" (Grivastaya and Kleiner, 2015). Groupthink hinders creativity, so having a more heterogenous group helps enable creativity. The final benefit that comes from cultural diversity is better relationships with customers, since a more diverse workforce is able to enter new markets in different countries and form relationships there. The first step to managing cultural diversity is to completely understand diversity. This means that employers should understand the "why" behind an employee's perspective, which can assist in making future decisions about an employee. This can also help managers better integrate themselves with employees who come from different cultures and customs (Grivastaya and Kleiner, 2015). Another key to managing cultural diversity in the workplace is to set specific goals and metrics to meet diversity standards. Most firms have a corporate diversity council, which allows TMT members to see and set forth the company's progress on diversity and statistics (Grivastaya and Kleiner, 2015). Having a specific goal for diversity also allows for a common vision that employees are able to work towards. Another way to manage diversity is by providing clear expectations and policies (similar to the understanding of contracts). A clear diversity policy ensures that there

are little to no surprises when it comes to handling different cultures. Employees must also be adequately trained in diversity policies so that they can handle the workplace environment and know how to deal with diversity among employees. It is recommended that Diversity should be added to the Knowledge, Skills, and Attitudes (KSA) list that Human Resources checks for new employees. For a manager, another way to handle cultural diversity is to be an adaptive leader. This is especially important when dealing with different cultures and recognizing power distances. Going back to the fact that every employee is an individual, everyone may need a different way of being handled managers must be adaptive to the needs of their employees. One of the most important ways to manage cultural diversity is to understand how to navigate conflicts. "Social categorization" may result from social biases, which causes cliques or groups to form (Grivastaya and Kleiner, 2015). This can hinder innovation as employees start to only associate with those like them and may be unwilling to help others. Though conflicts may be a good thing under the right conditions, a manager needs to be able to manage these in order to maintain cohesion among employees. The final point is to understand non-conventional career paths. This can help organizations also recruit from a wider talent pool.

Pitts and Jarry (2007) take a different approach through a focus on the public sector. This is due to the apparent gap in research on the public sector, yet is applicable to the private sector as well. The focus is on the United States, specifically schools in Texas. Principals and assistant principals were considered managers, while teachers were considered "street level" employees. In regards to diversity, ethnic diversity and its impact on performance was used. Ethnic groups in this context were African-American, Asian-American, and Hispanic. They believe that the nuanced approach that private organizations take can also be applied to public organizations. While 90% of federal agencies have a diversity management program, there is still a heavy use of diversity consultants in order to make these programs effective (Pitts and Jarry, 2007). At this point a question was posed, "If we do not understand what diversity

actually does in an organization, how can we understand how to manage it?" (Pitts and Jarry, 2007). In order to answer this, Pitts and Jarry decided to conduct one of the first large-N studies on diversity in public organizations. Since no model can accurately cover all factors that would be able to determine the relationship among diversity and performance, 3 specific types of performance were covered. The performance in public organizations is often very nebulous; goals are often ambiguous and sometimes conflicting. They are often monitored by political overseers, which can create a bureaucratic issue. Unlike private organizations, public organizations also have limited and tightly monitored resources. Three general clusters of diversity theory were discussed: social identification and categorization theory, similarity/attraction theory, and information and decision-making theory. Out of these theories, two predict that ethnic diversity will have a negative impact on outcomes while the third predicts a positive relationship (Pitts and Jarry, 2007). The social identification theory starts with the assumption that each individual wishes to maximize his or her self-esteem. In order to ensure high self-esteem, individuals compare themselves with others. This leads to the creation of in-groups and out-groups. Those in the in-group are seen as more honest and trustworthy than those who end up in the "out-group." Research, however, shoes that this perception of those in the out-group is inaccurate. Nevertheless, people tend to categorize and stereotype quickly, and in a diverse organization this leads to more out-groups than in-groups. This makes work processes much more difficult, and suggests a negative relationship between organizational diversity and work-related outcomes. Similarity/attraction theory focuses on another negative aspect of high diversity in organizations, since individuals with similar backgrounds or traits will look to congregate with each other. On the other hand, information and decision-making theory provides a perspective highlighting the positive benefits of diversity. This is due to the fact that diversity in an organization lends itself to generating creative or innovative ideas. The more information and viewpoints the group has, the more

likely it is that an optimal solution will be reached. Due to the presence of both positive of negative outcomes of diversity, it was hypothesized that if a performance outcome requires employees to work extensively with one another, that situation is perhaps more likely to produce a negative diversity effect. On the other hand, if a performance outcome allows or requires employees to work independently, then the diversity effect is more likely to be positive (Pitts and Jarry, 2007). The data were from all public-school districts in the states of Texas between 1995 and 2002. The three different models used included the Blau index, which allows for a calculation of the level of ethnic diversity among a group. The primary performance measure was the Texas Assessment of Academic Skills (TAAS) test. All students in the 11th grade in Texas had to pass this exam to receive a regular high school diploma. The dropout rate of students and rate of SAT scores above 1110 in order to measure low, middle, and high-end indicators. The potential contributors to performance were divided into resources and constraints, with a control variable for constraints by conducting a factor analysis of the standardized values of five indicators. These indicators were, the student dropout rate from the previous year; the percent of teachers with less than five years teaching experience, the percent of low-income students in the district, the percent of non-certified teachers, and the teacher turnover rate from the previous year. The results were interesting. The model indicated that teacher diversity was associated with fewer students succeeding. This means that as teacher diversity increases, more students drop out. For the SAT rate, the results were the same as the dropout rate, as teacher (street level employee) diversity increased, so did the number of students who did not go to college. The TAAS pass rate showed that there was no impact on performance due to teacher diversity. While the findings show partial support for the hypothesis, ultimately it shows that diversity leads to lower performance. With that said, this study seems to be limited in that it is purely quantitative. A more qualitative study would perhaps give an understanding of what principals (managers) can do in order to better manage

performance in schools as diversity increases. Another topic that the article could expand on are teaching methods. Diversity does allow a positive benefit in regards to creativity and innovation, but do not go into detail about this benefit.

Ortlieb and Sieben's article focuses on workplace diversity through a novel approach based on resource dependence theory. The typology that they define is focused on the employment of ethnic minorities in business. The reason for the new typology is that current models for diversity in organizations are too normative, not explanatory, and not proactive. They believe that past literature has shown why organizations aim at leveraging diversity, yet there is not a coherent framework that articulates why organizations pursue different diversity strategies. This article is the first to provide that framework, based on the idea that companies strive to control critical resources to survive (Ortlieb and Sieben, 2013). Therefore, organizations employ ethnic minorities to obtain critical resources. Through this, a better connection between workplace diversity and human resources. This is important because ethnic minorities are often employed in positions below their qualifications and underrepresented in management positions. The idea of resource dependence theory is that a quest to accrue critical resources is what drives organizational strategies. Resources are things considered critical if they are necessary for an organization to survive, if they are rare, or if their accrual is uncertain (Ortlieb and Sieben, 2013). In regards to people, critical resources can include know-how, individual behaviors, capabilities, and social networks (Ortlieb and Sieben, 2013). A central assumption of this theory is that behavior of individuals and groups is constrained by factors like cognitive capabilities and/or social influences. Resource dependence theory facilitates the critical resources that ethnic minorities control which would be important for organizational success. This leads to two different perspectives, the first being why ethnics minorities are employed, and the second looking at why companies would refrain from hiring them. The article then shifts to past arguments for hiring ethnic minorities. The first major idea of the past

was adaptation and cultural change. Later, other perspectives were added, such as hiring based on three perspectives. The first is discrimination and fairness, then access and legitimacy, and finally integration and learning. Antidiscrimination was explained by a moral basis, but the other two perspectives are purely business related. Based on these perspectives, there are three organizational strategic responses: defensive, accommodative, and proactive (Ortlieb and Sieben, 2013). Another two strategies outside the scope of the three perspectives are also used: resistance and reactive (Ortlieb and Sieben, 2013). An interesting tangent in literature is ethnic entrepreneurship, and the fact that ethnic minorities can benefit from "ethnic resources" (Ortlieb and Sieben, 2013). This leads to an expansion on the critical resources that can be obtained through hiring ethnic minorities. A quadrant system was used in order to explain the critical resources. On the Y-axis is the relevance of competence for job tasks, and the X-axis is the relevance of ethnic background for job tasks. The four categories of this quadrant are the following: 1. Mere labor 2. Competences not related to ethnic background 3. Ethnic background itself 4. Competences related to ethnic background (Ortlieb and Sieben, 2013). These main resource categories are then divided further. Mere labor considers employing ethnic minorities because of low labor costs and a perceived "right attitude to work." In this quadrant ethnic minorities will most likely have less bargaining power in order to negotiate with employers. Ethnic minorities will often be employed in undesirable positions and won't always complain openly, creating an appeal for employers to continue hiring them. Focusing on ethnic background itself can create a symbolic effect on internal and external stakeholders. In regards to internal stakeholders, ethnic minorities can contribute to higher group cohesion and performance. To external stakeholders, the presence of ethnic minorities signals compliance with equal opportunity and diversity principles. This helps the organization's public image and legitimacy, and assists in diversity on corporate boards. Competences not related to an ethnic background are ethnic minorities' professional skills. When looking at this quadrant, employers

look to hire purely based on the best qualified applicants. Competences related to an ethnic background are the knowledge, skills, and abilities based on their ethnic origins. The most apparent example of this is the ability to speak a foreign language. This allows employers to better connect with their customer base and those in foreign markets. Another important connection that competences related to an ethnic background provide are social bonds and networks. Finally, ethnically diverse competencies can increase problem solving, creativity, and innovation. For labor market resources, employing ethnic minorities contributes to the positive image of being an employer that obeys fairness dictates and discrimination prohibitions (Ortlieb and Sieben, 2013). This helps organizations better manage the labor market, as ethnic minorities see employers with a diversity philosophy as attractive. Once an employer has ethnic minorities in the organization, they are often able to attract other ethnic minorities through their employees' personal networks. In regards to resources, this allows organizations to control consumer market resources and supply market resources. In regards to financial market resources, companies may pursue this if shareholders or creditors are focusing on ethical or socially responsible investing. Good diversity reputation positively affects companies' financial performance (Ortlieb and Sieben, 2013). These other benefits of ethnic minorities tie into interfirm network resources as well. Based on these resources and benefits of ethnic minorities, five diversity strategies focused on ethnic minorities were proposed: exclusion, adding value through mere labor, antidiscrimination, and adding value through ethnic background, and learning. One approach listed is to apply one strategy to each of the four resource categories. However, they overrule this approach by saying that a combination of two or more resource categories is necessary to contribute to organizations strategic goals (Ortlieb and Sieben, 2013). The first strategy, exclusion, is somewhat surprising. This means that an organization does not hire ethnic minorities. Organizations may choose this strategy for two reasons. The first is they do not see the resources that ethnic minorities control as critical for their survival. Instead,

ethnic minorities are seen as deficient in the resources that will help the organization survive. The second reason is that organizations suppose that internal or external stakeholders expect minorities to be employed in the organization or in a particular job (Ortlieb and Sieben, 2013). The second strategy, adding value through mere labor refers to the mere working capacity attributed to ethnic minorities (Ortlieb and Sieben, 2013). Companies who utilize this strategy employ ethnic minorities wherever and whenever they are willing to work, for low wages or in unfavorable positions. The competences related to an ethnic background or the background itself are not seen as critical resources for companies that use this strategy. In contrast, and antidiscrimination strategy is used to gain access and legitimacy in regards to different markets. In this strategy, ethnic background is not the most important factor for hiring, yet this is a good thing. Through antidiscrimination, organizations aim to attract and retain the best-qualified candidates, period. With that said, an individual's ethnic background may be seen as a critical resource because the enhancement of equal opportunities in a publicly visible way supports this claim. This differs from the final two strategies, because they focus on the actual competencies that arise from an ethnic background. Organizations that focus on adding value through ethnic backgrounds see competencies that come from ethnic backgrounds as highly critical. These competencies have already been mentioned, and are things like language and cultural skills, personal contacts, and social networks. The final diversity strategy listed was learning. The learning consists of new perspectives and approaches to work that are essentials for process and product innovations (Ortlieb and Sieben, 2013). Organizations that utilize ethnic minorities using this strategy do not necessarily see the ethnic background as the critical resource, but the ways people handle tasks and manage problems because of their ethnic background. This framework is great in that in does not determine what are the critical resources for an organization. Instead the strategies and solutions are based on what organizations themselves deem to be critical for their own survival. This framework is able to be applied to both equality

and diversity perspectives. Future studies would benefit from a more specific and explicit contextualization through international comparisons (like Brazil and the U.S.)

1.2 UNLEASHING INNOVATION THROUGH DIVERSITY

Now that the foundation for diversity and its management has been laid, it is possible to see how that leads to innovation. When people perceive that personal diversity is positive, they are more likely to respect individual differences and perspectives (Tüz and Gü 2010). Workplace diversity, and a positive perception of that, is seen to lead to better decision-making, greater creativity, and innovation. The term "diversity management" was used in order to refer to systematic management of workplace diversity, and see it as relational rather than a structural model (Tüz and Gü 2010). This point is interesting; if diversity management is relational that the qualitative perception matters more than the quantitative benefit. This leads to the measure of "diversity climate" in organizations.

This "climate" refers to the psychological perspective and influences affective outcomes, such as satisfaction and involvement, and achievement outcomes (Tüz and Gü, 2010). One way to measure this is the Reaction to Diversity Inventory, accesses the general reaction and perception of employees (Tüz and Gü, 2010). Another instrument is the Diversity Perception Scale, which focuses on perceptions (based on the assumption that behavior is driven by perceptions of reality) (Tüz and Gü, 2010). The final instrument is the Diversity Climate Survey, which is a Likert scale-based test (Tüz and Gü, 2010). The overall study used two groups, one from the Association of Personnel Management in Turkey, and the second group was a group of managers and employees in Bursa (the fourth largest city in Turkey). Data from a total of 366 participants was used. A combined 4-part test was used in order to understand each participants perception of diversity. Results were not what I initially expected, but do make sense. The perception of participants showed the following: 78.1% and 56.6% believed that advantages to diversity were different perspectives and creativity, respectively. (Tüz and Gü

2010) 54.5% felt that a disadvantage of diversity is communication, while 67.8% believed communication was a benefit of homogenous teams (Tüz and Gü, 2010). While communication and conflict may seem like disadvantages to diversity, over time it seems that, with proper management, these factors would become advantages to different organizations.

While it can be theorized that diversity drives innovation in organizations, that can often be hard to show. Mayer, Warr, and Zhao use new product announcements, patents, and patent citations as measure of corporate innovation. Through this they discovered that corporate policies that promote more pro-diversity cultures (specifically those in regards to women and minorities) enhance future innovation and business efficiency. An interesting point is that the effect of these policies is stronger during economic downturns. It is also stronger in firms that are more innovative, highly value intangibles and human capital, have more growth options, higher cash flow, and stronger governance (Mayer, Warr, and Zhao, 2018). The overarching hypothesis is that firms that develop a diverse workforce and a culture of inclusion will have greater innovative efficiency, and that this efficiency ultimately leads to greater innovation output (Mayer, Warr, and Zhao, 2018). Innovative efficiency is enhanced by pro-diversity practices because a more diverse hiring policy increases the talent pool from which a firm is able to recruit creative employees. These employees offer a wider range of views, backgrounds and expertise which can help innovative problem solving and foster an inclusive culture. An interesting null hypothesis that is used is the following: pro-diversity policies are merely designed to make the company look better to the outside world, or at its worse, such policies are a managerial indulgence and the investment in such policies will result in shareholder value destruction (Mayer, Warr, and Zhao, 2018). The primary measure of innovation was the new product announcements from Capital IQ's Key Developments database. This database captures innovation that doesn't necessarily lead to patents. To measure firm's pro-diversity policies, the Morgan Stanley Capital International Environment, Social, and Governance (MSCI ESG)

STATS database was used. The MSCI ESG STATS records whether or not firms have a range of diversity policies and determines them to be "strengths" or "concerns." Some of the ways that the database determines the strengths and weaknesses of the policies are things like whether the CEO is a man or woman, whether women or minorities are promoted to key positions, whether minority groups are women have representation on the board, benefits that help provide work-life balance, programs focused on hiring disabled workers, and whether or not the firm has a progressive stance with policies for LGBT employees. Mayer, Warr, and Zhao reiterate that pro-diversity policies are closely related to the number of new product announcements per R&D dollar spent by a firm. What is interesting is that this research also shows that lagged changes in diversity policies positively predict future changes in innovative efficiency, but not the other way around. In further tests, specifically aimed at the 2008 financial crisis, the positive effect of pro-diversity policies on innovative efficiency was stronger than other times. A concern listed and nullified was a potential "Silicon Valley" effect, the idea that firms focused purely on technology and innovation would cause results to be inaccurate. Therefore, California-based firms were left out. Using Tobin's Q as a measure, tit was found that pro-diversity policies enhance firm value in the way that diversity drives innovation. This paper made three major contributions. First is that they document a positive effect of diversity-related policies on corporate innovation. The second contribution is that they show more favorable diversity-related policies enhance the positive effect that innovation has on firm value. Lastly, they demonstrate the positive value of corporate diversity policies during a financial crisis period (Mayer, Warr, and Zhao, 2018). Mayer, Warr, and Zhao also found that racial diversity added to three things: 1. Productivity 2. Return on Equity 3. Market Value. There is also evidence that more heterogeneous teams lead to greater levels of innovation. When there are greater levels of innovation, there are often more new products as well. New product announcements are greeted by investors with a positive stock reaction and lead to sustained

stock performance. A limitation of this was that they left out ethnic minorities. They define innovative efficiency as some measure of innovative output that is then scaled by a measure of resource inputs (Mayer, Warr, and Zhao, 2018). When including the MCSI ESG, the net strengths of diversity was calculated as *DIV= Diversity strengths- Diversity concerns* (Mayer, Warr, and Zhao 2018). *DIV* is positively related to the measures of both innovation output and innovative efficiency, which ultimately leads to increased productivity or innovation output. Even when controlling for Tobin's Q, they find a positive relation between Q and innovative efficiency. This is consistent with the idea that higher growth firms are likely to be more efficient innovators. In regards to corporate governance, stronger governance is seen to enhance innovation when pro-diversity policies are involved. A reason that pro-diversity policies are seen to also enhance innovation during times of economic distress is the trust that socially responsible companies are seen to have. In conclusion, pro-diversity policies increase future firm value.

In order to truly unleash innovation in their organizations, executives should embody and embrace differences and the power they provide. Hewlett, Marshall and Sherbin discussed new research that provides compelling evidence that diversity drives innovation. In their study, 1,800 professionals, 40 case studies, and a number of focus groups and interviews were used to look for two kinds of diversity: inherent and acquired (Hewlett, Marshall and Sherbin, 2013). Inherent diversity involves the traits that people are born with, such as gender, race and sexual orientation (the authors misspeak on race versus ethnicity). Acquired diversity involves traits you gain from experiences. Companies where leadership exhibited at least three inherent and three acquired diversity traits were found to be the most innovative; companies with 2-D diversity out-innovate and outperform others (Hewlett, Marshall and Sherbin 2013). This is because 2-D diversity creates an environment where outside the box ideas are welcome and heard. This helps unlock innovation and shows that leaders value differences, as senior people

are willing to support compelling ideas. What is surprising is that 78% of respondents actually said that they work at companies that lack 2-D diversity in leadership (Hewlett, Marshall and Sherbin 2013). For women, this meant a 20% less chance that they would win endorsement for their ideas, 24% for people of color, and 21% for members of the LGBT community (Hewlett, Marshall and Sherbin, 2013). The most important behaviors found that unlock innovation were the following: ensuring that everyone is heard, making it safe to propose novel ideas, giving team members decision-making authority, sharing credit for success, giving actionable feedback, and implementing feedback from the team (Hewlett, Marshall and Sherbin, 2013).

In today's globalized organizations, diversity is no longer just about creating a heterogenous workforce, but using that workforce in a way that can set a company apart and give it a competitive advantage in the marketplace (Rizy, Feil, Sniderman, and Egan, 2011). Most organizations have diversity and inclusion efforts that now shift, as different markets and cultures have varied definitions of what diversity means. At the executive level, leaders understand that the ability of their organizations to succeed is dependent on a diverse and inclusive workforce. This type of workforce is necessary to drive innovation, foster creativity, and direct business strategies (Rizy, Feil, Sniderman, and Egan, 2011). These different perspectives lead to new ideas, new services for clients, new products, and unique ways of approaching situations. In order to gain a better understanding of the role that diversity and inclusion plays in companies around the globe, Forbes surveyed 321 senior executives. These people had direct responsibility or oversight for their organization's diversity and inclusion programs. In regards to the size of the organizations, all worked for companies with annual revenues of more than $500 million. 40% worked for companies with annual revenues of $5 billion or more (Rizy, Feil, Sniderman, and Egan, 2011). The respondents were split among three different geographic categories: Americas (35%), Asia-Pacific (34%), and Europe/Middle East/Africa (31%) (Rizy, Feil, Sniderman, and Egan, 2011). In the survey, 85% of respondents

agree that a diverse and inclusive workforce is crucial to encouraging different perspectives and ideas that drive innovation (Rizy, Feil, Sniderman, and Egan, 2011). In organizations with more than $10 billion in annual revenues, 56% of respondents *strongly* agreed that diversity helps drive innovation (Rizy, Feil, Sniderman, and Egan 2011). Rosalind Hudnell, director of global diversity and inclusion at Intel stated, "Because of our diverse workforce, we've experienced a boost in productivity." This type of diverse and inclusive workforce helps to ensure that an organization's products and services are respectful of clients' cultures. Employee Resource Groups (ERGs) are vital to understanding what the end user in different regions or demographics are looking for. In an interview with the researchers, Frédéric Rozé, CEO of L'Oréal USA, highlighted the benefits of having executives and employees that represent the regions where L'Oréal operates, Rozé told Forbes.:

> "We have different brands that meet the diverse needs of our consumers, but another benefit of being a player in different regions is that you can pick up ideas from the outside and apply them to the business," (RIZY, FEIL, SNIDERMAN, and EGAN apud ROZÉ, 2011)

L'Oréal goes so far as to codify their belief on diversity management, DIVERSITY + INCLUSION= INNOVATION & SUCCESS.:

> The diversity of thought, industry, and multi-market backgrounds of the candidates that we recruit directly impact our ability to innovate and give us a foundation upon which we are able to help achieve our business goal of reaching a billion new consumers in the next 10 years. (RIZY, FEIL, SNIDERMAN, and EGAN apud Sumita Banerjee, vice president of talent recruitment at L'Oréal USA, 2011)

The L'Oréal USA case study continues to show examples of how diversity drives innovation in tangible ways, such as makeup lines that appeal to women of color. In shifting to a discussion on programs that focus on recruiting diverse talent, the article focuses on Mattel and AT&T. At Mattel, employees will receive a monetary reward when they refer new hires. AT&T, in addition to other tech firms, focus on getting more women and minorities into Science, Technology, Engineering, and Math (STEM) programs. This is done through

initiatives like the "Know and Grow" program. This leadership development program allows women and minorities to receive mentorship from senior executives. In order to measure the success of initiatives like this, 70% of respondents said their companies rely on employee reviews and feedback on policies (Rizy, Feil, Sniderman, and Egan, 2011). Maintaining these diversity and inclusion efforts helps organizations in another way as well, through lowering the entry barriers that can come through different languages, laws, and other cultural barriers. This is interesting, given that the top three focuses for diversity and inclusion efforts were the following: 1. Gender 2. Ethnicity/national origin 3. Race/color. Ethnicity/national origin is key for the large organizations that were interviewed. This is because: 1. It's important to foreign investors and clients to see themselves reflected in the company's junior and senior teams 2. Local hires can help overcome language barriers and navigate cultural nuances 3. It helps firms attract new talent (Rizy, Feil, Sniderman, and Egan, 2011). After attracting and retaining new, diverse, talent, organizations shifted priorities in their diversity/inclusion efforts. For three-year goals and objectives, 33% of respondents said that innovation was a priority. In 2009, Credit Suisse changed its global diversity strategy to allow regional CEOs and senior managers to create diversity programs that met the specific needs of their region (Rizy, Feil, Sniderman, and Egan, 2011). This autonomy empowered individuals in the organization and showed a true commitment to diversity. As the article begins to conclude, the discussion turns to who is responsible for the success of diversity and inclusion programs in organizations. 35% of respondents believed it is their CEO, and 69% of respondents stated that their organization has an internal board to oversee diversity/inclusion strategy and initiatives (Rizy, Feil, Sniderman, and Egan, 2011). These boards often use employee productivity, according to 77% of respondents, to monitor the success of initiatives. Senior executives were held accountable through a mix of performance reviews, bonuses, salary increases, and promotions (Rizy, Feil, Sniderman, and Egan, 2011). In regards to barriers in the workplace for diversity and inclusion,

respondents believe the top issue is that middle management fails to execute diversity programs adequately. The article does not provide an explanation for this, but there can be assumptions made as to why (this is also an area to further explore). In conclusion, organizations need to keep diversity and inclusion at the top of their priorities in order to be in a position to succeed in the globalized world.

The thought that management diversity might be linked to innovation is not a new concept, but that it is difficult to prove. Lorenzo, Voight, Schetelig, Zawadzki, Welpe, and Brosi used statistical methods to quantify the impact that different types of diversity have on organization's ability to generate new sources of revenue. Through this, a clear link between diversity and innovation was shown. The study looked at different sized organizations, as well as simple to complex companies. As seen in previous literature, diversity has the greatest impact in organizations that encourage openness and respect different perspectives in the work environment. This can be done formally, informally, or a combination of both. On the formal side, the efforts that companies undertake to make their management teams more diverse really pay off in regards to innovation. The study looked at 171 German, Swiss, and Austrian companies. It was conducted in the second half of 2016, with one-third of the companies having less than 1,000 employees, one-quarter having more than 10,000, and 42% ranging in between 1,000 and 10,000 (Lorenzo, Voight, Schetelig, Zawadzki, Welpe, and Brosi, 2017). The diversity and innovation links were calculated as Pearson's r correlation coefficients. The timing of this study was important because organizations have shifted from wanting just an understanding of the indirect benefits of diversity to an understanding of the direct financial benefits. Overall there were three major findings. The first is the positive relationship between management diversity and innovation is statistically significant, so companies with more diversity received more revenue from new products and services. The next, which seems to be extremely important in regards to specific types of diversity, is that innovation isn't limited to

a single type of diversity. Instead it can be attributed to managers who are female, from other countries, other industries, or other companies. At complex companies, management diversity seems to have a positive effect on innovation. As a company's size increases, so does the impact of diversity. When organizations have diverse management teams, openness to contributions from lower-level workers and an environment in which employees feel free to speak their minds are paramount in fostering innovation. After these major findings, it seemed diversity's connection to innovation is a hard thing to prove. However, as companies have expanded into what is being called "2D diversity," the connection between diversity and innovation has become more apparent (Lorenzo, Voight, Schetelig, Zawadzki, Welpe, and Brosi, 2017). 2D diversity refers to an organization's ability to incorporate acquired diversity, which includes individuals with cross-industry expertise and nonlinear career paths. The study first analyzed corporations using the Blau index with six areas: Gender, Country of Origin, Career path, Industry, Age, and Academic Background. The scores from these were then plotted against the company's innovation level. With this information that innovation revenue, the shares of revenues from new products and service in the most recent three-year period, rose with diversity (Lorenzo, Voight, Schetelig, Zawadzki, Welpe, and Brosi, 2017). The fact that there are other variables as well that can impact an organization's ability to innovate, like creativity of its R&D department, the executive team's attitude towards taking risks, and shareholder's support of new ventures (Lorenzo, Voight, Schetelig, Zawadzki, Welpe, and Brosi, 2017). However, even given these variables, management diversity influences innovation on its own. In the study, companies with Blau index scores above 0.59 (which was the median) generated 38% more of their revenues from innovative products and services than did organizations below the median. While four types of diversity that positively correlate with innovation were mentioned, it was shown that age diversity was associated with less innovation, and that academic background appears to have no impact on innovation. In complex companies, where there are so many risks

survival cannot be tied to just one source of revenue, diversity has an extremely important positive impact. There needs to be a mix among the management team in order to make the most optimal decisions. Industry background, country of origin, career path, and gender diversity account for up to 18% of the variation of innovation in these companies (Lorenzo, Voight, Schetelig, Zawadzki, Welpe, and Brosi, 2017). The German company Siemens is a great example of this mix. Out of its 20-person advisory board, 13 people don't work at Siemens, at least ten different educational backgrounds, six women, and four people from different countries. As discussed previously, organizational size does play a role in the impact of diversity. In companies with more than 10,000 employees, 41% of the variation in innovation is explained through the diversity in manager diversity (Lorenzo, Voight, Schetelig, Zawadzki, Welpe, and Brosi, 2017). Due to the emphasis of gender diversity in Europe, the article shifts focus to this issue. The study showed that companies with 8 out of 20 managers being female generated about 34% of their revenues from innovative products and services, in comparison to 25% for companies with only 1 out of 20 managers being female (Lorenzo, Voight, Schetelig, Zawadzki, Welpe, and Brosi, 2017). The article briefly touches on LGBT diversity as well, with 79% of survey respondents saying that they don't know the sexual orientation of the people who hold management positions at their companies. Companies that do not have LGBT initiatives in place also have less innovation. In order to amplify innovations in the work environment, five factors were emphasized. The first is participative leadership behavior. This means that managers genuinely listen to employees' suggestions and ideas, and will make use of them. Behavior such as this empowers subordinates and allows them to maximize their potential to the organization. Empowerment also comes through the second factor, openness to cognitive diversity. An openness allows employees to feel free to speak their minds, which builds constructive conflict. Using this factor, change starts with a question and not a decision. For organizations, strategic priority (from top management) is a factor that enables diversity to

drive innovation. Frequent interpersonal communication is also a factor that allow people from different backgrounds to come together and collaborate within an organization. Google does this through the use of company cafes (Lorenzo, Voight, Schetelig, Zawadzki, Welpe, and Brosi, 2017). The final factor is something that is not novel, yet it is still not universally implemented; equal employment practices. Out of these factors, 68% of survey respondents said that participative leadership is the most important, and a prerequisite to diversity-led innovation (Lorenzo, Voight, Schetelig, Zawadzki, Welpe, and Brosi 2017). Overall, organizations that ensure favorable work environments generate 33% of their revenues from innovative products and services, compared to 24% for companies that don't (Lorenzo, Voight, Schetelig, Zawadzki, Welpe, and Brosi 2017). In order to spurn more innovation from diversity, a five-step process for creating more diversity was proposed. The first is to analyze the status quo. The status quo for three different dimensions were considered: innovation, diversity, and enabling conditions. Being clear about where the organization is in regards to these three dimensions offers a baseline for where companies can grow. Innovation must be the first to consider and then the other two from there. After analyzing the status quo, it is important to define the target. This allows companies to better understand where they stand in relation to competitors in the market and whether they are behind, equal, or ahead in regards to innovation. This assessment also allows companies to figure out where they could benefit from a more diverse set of managers. Doing this may also result in a change of work environment. In order to reinforce the new target, organizations must ensure that they have clear key performance indicators (KPIs). Once the KPIs have been defined, organizations need to identify their gaps. This allows them to bridge their current state with their target. In most cases there are many, many gaps. Therefore, it is imperative of organizations to prioritize and determine which gaps need to be closed first. Once these gaps are determined, a roadmap for action is created. This is a complex plan, and organizations need to be specific in determining the implementation of this

action plan. Finally, organizations need to institutionalize the process. Once a process is institutionalized, it goes from being a one-off activity to a permanent part of company operations. This results in a much larger innovation benefit, and allows more than just the HR department to be involved. The discussion on management diversity boosting innovation has now moved from "whether" to "what now?"

1.3 DIVERSITY IN BRAZIL

In regards to Brazil, one of the first authors to focus on this is Maria Fleury, who is from the University of São Paulo. In order to understand what makes diversity management in Brazil different from other countries, it is first important to understand that history of the country. Fleury states that unlike its North American counterparts, Brazil was founded on the "binomial": exploration of tropical wealth and slavery (both enslavement of indigenous people and an extremely large number of Africans) (Fleury, 1999). As the country progressed it went through three categories of significant transformation: political, economic, and cultural. In political terms, transformation came through independence from Portugal and the proclamation of the Republic in 1889. (Fleury doesn't mention it, but the military dictatorship and subsequent return to democracy were also huge). Economically, the beginning of industrialization allowed for the formation of great urban centers in the south of Brazil. In cultural terms, the amount of European and Asian immigrants arriving brought knowledge and new traditions. Another key difference among Brazil and its North American counterparts is that the country embraced miscegenation (Fleury, 1999). This has led to a duality, while the country is culturally diverse it is extremely stratified. Prejudices exist, and access to opportunities in the educational system and the best positions in the labor market are defined by economic status and race. Even with this social issue, Brazilians did not take initiative to focus on minorities and cultural diversity in business. This shift originated in the U.S. and Canada, where the civil rights movements of the 1960s led to the promulgation of equal opportunity laws in regards to both education and

employment (Fleury, 1999). One thing to note is that the success of these programs is based on the economic growth of those countries (Fleury, 1999). Fleury goes on to make a distinction between diversity and cultural diversity, specifically. She considers diversity dimensions being gender, age, education, abilities, ethnic groups, religion, origin, breed, and language. The broad concept of cultural diversity, according to Fleury, is "a mixture of people with different group identities within the same social system." Social systems are characterized by majority groups and minority groups, with majority groups being those who historically received more economic resources and power in relation to other groups. There are three perspectives that cultural diversity can be studied: 1. The society level 2. The organization level 3. The individual level (Fleury, 1999). Regardless of perspective, the management of cultural diversity provides a way for all employees to reach and utilize their full potential. Management is important because differences in group identities among individuals interact with factors from each perspective, to create a diversity climate (Fleury, 1999). The individual outcomes can be divided into affective response variables and achievement variables. Response variables are satisfaction, organizational identification and job involvement (Fleury, 1999). Achievement variables are performance, job mobility, and compensation. Organizational outcomes are divided on the basis of the "expected directness" of impact into the first level and level. The first level consists of attendance, turnover, and work quality, while the second is profits (Fleury, 1999). This breakdown is also structured around the social psychological phenomena, which is able to account for the experiences and perceptions of both the majority and minority group members. According to Fleury, which is consistent with other literature on the implementation of diversity in business, there 5 key benefits. The first is that diversity allows businesses to attract and retain the best available talent from the labor market. Diversity also allows enhanced marketing efforts for targeted market segments. Managing diversity well promotes creativity and innovation, and through this can facilitate problem solving. Finally, diversity management

enhances organizational flexibility. Prior to and since Fleury's article, the subject of racial and gender inequalities has been the subject of intense discussion. In 1996, the National Program of Human Rights was created, aimed at implementing international declarations and acts related to human rights, in a Brazilian context (Fleury, 1999). Even though the organization had a great intent, it was not until the Brazilian government was confronted with accusations about the lack of accomplishments from local companies that an effective implementation of policies to promote employment opportunities was sought. In regards to private companies, these initiatives started in the 1990s only because subsidiaries of U.S. enterprises began to develop them (Fleury, 1999). This is a positive effect of globalization, yet also leaves to wonder what would have happened if Brazilian companies did not have the external pressure or influence. In order to better understand this, Fleury presents three different questions: 1. The origins of the program for management 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 firms? 3. Which were the main policies and practices effectively implanted in order to manage cultural diversity? In order to answer these questions, Fleury contacted 15 companies that were known to be developing programs aimed at managing cultural diversity. Out of those programs, only seven agreed to talk to Fleury, with successful data gathered from six. Five of the six were U.S. multinationals, and the sixth was Brazilian. Observations from the data were seen based on: Recruitment policies and personnel selection, training policies, and communication (Fleury, 1999). Brazilian recruitment policies took a gender approach, focusing solely on recruiting more women. This choice to focus on gender was justified by the company's perception that the (white) female population had a greater population that black Brazilians. This reflects the inequalities of Brazilian society, because companies found it difficult to find black employees for occupations which demanded higher education. It is interesting to note that Fleury found the perception of Asian Brazilians

ambiguous. At times they were considered minorities, and other times they were grouped in with white Brazilians. Outside of gender and race, companies did not acknowledge or search for other diversity dimensions. In order to illustrate her findings, Fleury uses a case study of company ALPHA. It is a U.S. company with branches in 22 countries, 17,000 people, 100 plants globally, and a revenue of $6 billion. Two of its plants are in Brazil, one for the chemical industry and the other for the equipment industry. The revenue from the two plants are about $150 million and around 500 people are employed. Its HR department plays a key role in ensuring competent employees are hired to make it the "center of excellence in the agro business" in Brazil (Fleury, 1999). ALPHA embraces the following aspects in regards to cultural diversity: 1. Recognition that people of different origins have different talents, abilities, and that they can all contribute to the company growth 2. Respect for the individual, independently of race, gender, religion or origin 3. Creation of possibilities for the development of the business and of the employees' careers, free from prejudices. ALPHA do Brazil was the first subsidiary outside of the U.S. to embrace ALPHA's focus on cultural diversity. The head of Brazil was on ALPHA's Corporate Council for the Minorities, and realized that the program would need to be adapted for Brazilian standards. One thing was made clear for the Brazilian market: managing diversity must add value to the company. The first step in doing this was to understand the composition of employees. It is important to note that ALPHA was the only company out of the six that had data on employees' race, gender, age, and origin (Fleury, 1999). In 1999, the company was predominately white, male, and from São Paulo. Due to this homogenous group, most did not perceive human resources policies, recruitment and selection as contributing to a culturally diverse environment. White men felt much more committed to the company objectives, and black people felt prejudiced. The prejudice was most felt in the performance evaluation processes. This feedback was used by company leaders to determine a joint definition of business targets and the competencies which would allow a more diversified

workforce to achieve those targets. If no practical results could be shown, it would jeopardize diversity efforts. Therefore, ALPHA developed a set of indicators in order to measure the effectiveness of the program. It is approaches like this, and not quotas or affirmative action, which Fleury believes will be the best way for companies to manage cultural diversity in Brazil.

In regards to the actual business culture in Brazil and how foreigners may perceive it, Edgard Cornacchione and Lliane Klaus discuss the idea of jeitinho (Cornacchione and Klaus, 2017). Jeitinho is seen as "the specific Brazilian approach to circumventing bureaucratic barriers and solving problems using informal networks of relationships and favors" (Cornacchione and Klaus, 2017). This idea still tends to permeate all levels of the Brazilian business culture. While within the country it can be perceived as both positive and negative, on a large scale it is mainly negative. Jeitinho often hinders the development of a more professional and ethical business culture, which can make foreigners cautious when entering the market. This mentally was created almost out of necessity due to the complex bureaucracy of the country, which has been ranked by PricewaterhouseCoopers (PwC) as the most time-consuming nation in the world in which to do taxes (Cornacchione and Klaus, 2017). Complex tax laws created an incentive for organizations to use "despachantes" (bureaucracy facilitators) in order to maneuver through these regulations (Cornacchione and Klaus, 2017). Often these maneuvers were illegal, yet seen as an imperative to complete tax processes. In addition to this circumventing of legal paths, clientelism and patrimonialism are practices that contribute to jeitinho (Cornacchione and Klaus, 2017). In Brazil, for jeitinho to prevail, this idea of favors among sympathetic parties must remain. This concept of favors may make the business landscape unfair, especially in regards to diversity in organizations. The favors conducted through jeitinho can enrich individuals involved but be detrimental to the firm and other employees. This can be even worse for underrepresented groups in an organization, who may not have many sympathizers or deep relationships with other employees. International

organizations with offices in Brazil are beginning to see less of a problem with jeitinho practices, but there is still many improvements to be made. Brazilian business leaders, and foreigners looking to work in Brazil, can accommodate an ethical cultural change in their organizations by doing some of the following: 1. Setting an ethical example for others to see 2. Not thinking "imperialistically" and using effective communication among all employees 3. Creating punishment systems for actions taken when employees in Brazil do not act ethically (Cornacchione and Klaus, 2017). In a Brazilian context, these actions can create an environment of fairness and transparency that helps foster diversity management.

Because Brazil has such a diverse population, it is key that human resources play an important role in organizations in order to properly manage diversity. Chiapetta, Serotini, de Oliveira, Martinez, and Gomes discuss this while also viewing how organizations in Brazil have implemented diversity on a larger scale (Chiapetta, Serotini, de Oliveira, Martinez, and Gomes 2011). The basis for diversity and human dignity in Brazil comes for the four fundamental objectives of the Federal Republic: 1. To build a free, just, and sympathetic society 2. To guarantee national development 3. To eradicate poverty and substandard living conditions and to reduce social and regional inequalities 4. To promote the well-being of all without prejudice as to origin, race, sex, color, age, or any other forms of discrimination (Chiapetta, Serotini, de Oliveira, Martinez, and Gomes 2011).

Within Brazil, there are three kinds of initiatives that can be created involving diversity. The first is to value differences that stimulate better relationships between employees and encourage the acceptance and understanding of diversity (Chiapetta, Serotini, de Oliveira, Martinez, and Gomes 2011). The other is to meet affirmative action policies through social pressure (Chiapetta, Serotini, de Oliveira, Martinez, and Gomes 2011). The final is to make diversity management a structured process to hire more diverse talent to obtain a competitive advantage (Chiapetta, Serotini, de Oliveira, Martinez, and Gomes 2011). Human resource

managers are integral in these initiatives by sharing these values with coworkers. For this paper, a case study approach was chosen in order to take an in-depth look at the diversity environment in Brazilian organizations (Chiapetta, Serotini, de Oliveira, Martinez, and Gomes 2011). This was also done due to the lack of research about diversity in Brazil. 15 companies were selected, with interviews being conducted with the CEO and a manager from each organization. All of these organizations were based in São Paulo. The initial results were disappointing, yet in the context of Brazil, expected. Only 4 companies had explicit diversity management policies (Chiapetta, Serotini, de Oliveira, Martinez, and Gomes 2011). In most of the organizations, diversity actually tended to be irrelevant, and thus it was concluded that diversity management often takes place only because of legal impositions (Chiapetta, Serotini, de Oliveira, Martinez, and Gomes 2011). Many of the human resource managers interviewed did not understand or truly grasp the concept of a "minority" (Chiapetta, Serotini, de Oliveira, Martinez, and Gomes 2011). One interviewee considered minorities as "those who present competence deficits" (Chiapetta, Serotini, de Oliveira, Martinez, and Gomes 2011). When looking at the demographic makeup of these organizations, it was found that most positions occupied by minority groups were in operation and maintenance. Interviewers were asked the difficulties that come with diversity management. The responses showed that managers were ill-equipped to manage diversity in their organizations. Ironically, some felt that conflicts occurred because of different races, genders, and cultures (Chiapetta, Serotini, de Oliveira, Martinez, and Gomes 2011). Even with those difficulties, interviewees did see many advantages that companies could gain from proper diversity management. Some of the most notable advantages were increases in creativity, innovation, and productivity (Chiapetta, Serotini, de Oliveira, Martinez, and Gomes 2011). The same companies that had formal diversity management policies saw the most benefit. These companies also had the most engaged human resource management teams and saw an improvement in competitiveness through diversity as well. It was concluded

that Brazilian companies that intend to focus on diversity should make diversity an organizational value, have top management involved, and identify ways to overcome challenges that diversity may pose (Chiapetta, Serotini, de Oliveira, Martinez, and Gomes 2011).

1.4 CULTURAL DIMENSIONS

Geert Hofstede defines culture as "The collective programming of the mind that distinguishes the members of one group or category of people from others" (Hofstede, 2011). This term is most often used when describing three different types of people: ethnic groups, nations, and organizations. In each of these groups, culture often is based on what people perceive. While previous researchers had proposed different ways of looking at culture, Hofstede developed "dimensions" of culture. He defined these dimensions as "an aspect of a culture that can be measured relative to other cultures." There are currently six dimensions based on the Hofstede Model: Power Distance, Uncertainty Avoidance, Individualism versus Collectivism, Masculinity versus Femininity, Long term versus short term orientation, and Indulgence versus restraint (Hofstede, 2011). Using these dimensions Hofstede and his team ranks countries and assigns a score to them, relative to other countries. The first, power distance, is related to the different solutions to human inequality. It is defined as the level that less powerful members of a society accept and expect that power is distributed unequally (Hofstede, 2011). Note that this perspective comes from a bottom up perspective, not top down. English speaking and Western countries tend to have lower power distances, while Latin American countries tend to have higher power distance scores (Hofstede, 2011). In face of an unknown future, the level of stress associated with this is what is known as uncertainty avoidance. This level tends to be higher in countries where there are strict laws and rules, lack of dissenting opinions, and an adherence to an absolute truth. Uncertainty accepting cultures are much more tolerant of opinions. Often this score is higher Latin American countries and lower in English speaking countries (Hofstede, 2011). The integration of individual people into primary groups

is the definition of the third dimension. In cultures that are highly individualistic, people are expected to look out for themselves. In the opposite, people are immediately assimilated into a larger group in exchange for loyalty. Individualism is most often seen in developed countries. The fourth dimension is related to gender. This dimension focuses on the value that each gender supposedly espouses. Assertive cultures are considered more masculine while feminine cultures are seen as more caring. This dimension also takes into accounts taboos which societies may hold onto. Masculinity is high in most western countries, while Latin American countries have a mix. Long-term versus short-term orientation is related to the focus of people's efforts. Long-term orientation has been seen in line with the ideals of Confucianism and is higher in Asian countries. In both the U.S. and Latin American countries, the culture is more short-term oriented. Finally, indulgence versus restraint is related to the gratification of desires. This dimension comes from the theme of "happiness research" (Hofstede, 2011). Indulgence stands for a society that allows relatively free gratification of basic and natural human desires related to enjoying life. Restraint means that a society has controls in place to limit the enjoyment and fun people receive. In both North and South America, indulgence tends to be high (Hofstede, 2011). Based on these dimensions, Hofstede preformed more research and found six dimensions to specifically used for organizational culture. The first is process-oriented versus results-oriented (Hofstede, 2011). This dimension is the most important in regards to organizational diversity. In results-oriented organizations, people tend to be more homogenous. Heterogenous cultures are often process-oriented. Strong cultures are often more results oriented (Hofstede, 2011). Another dimension is job-oriented versus employee-oriented. Employee-oriented cultures focus on the well-being of the people within the organizations, not just the job at hand. The third dimension is professional versus parochial. In this dimension, members of the organization identify strongly with their profession. On the opposite side of the spectrum, members derive their identity from their organization. This segues to the fourth

dimension, opens systems versus closed systems. Systems are the means and types of communication that the organization uses (both internal and external) and how easy it is for new people to come into the organization. Tight versus loose control focuses on the formality and punctuality within the organization. The final dimension is pragmatic versus normative. This dimension describes the way the organization deals with customers.

In terms of Hofstede's main dimensions, the below table shows how Brazil compares to two English speaking countries.
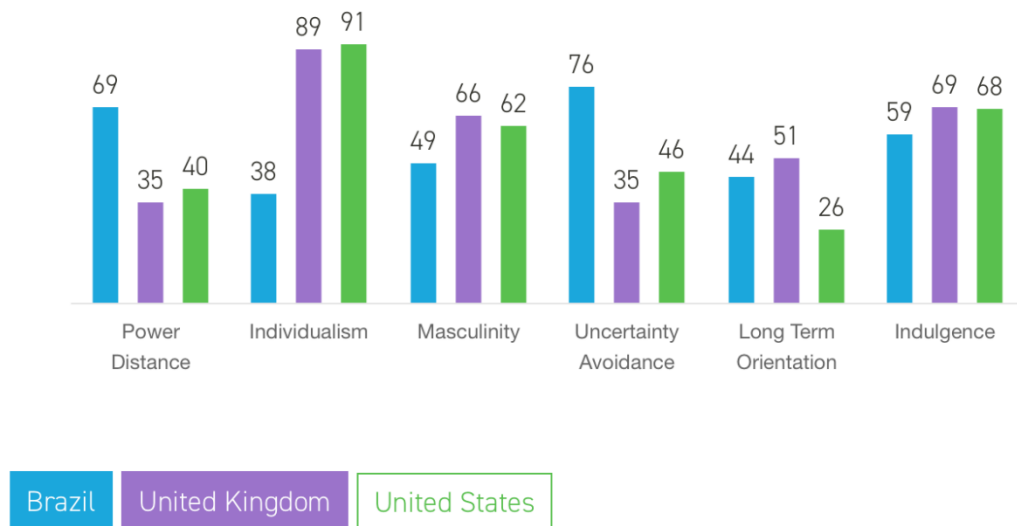
Source: Hofstede-insights.com

An interesting point to note is that Brazil was in contrast to these two countries with the exception of one dimension, indulgence. This is because all three countries tend to prioritize the gratification of happiness.

To better measure the perception of effects of cultural diversity in the workplace, Hofuis, van der Zee, and Otten (2015) propose the Benefits and Threats of Diversity Scale (BTDS). This model is different than others that have been proposed for one key reason. Other models assume that individuals are either pro or con diversity. However, BTDS suggests that

individuals can perceive many benefits of diversity, but this perception of benefits does not mean that they also perceive less threats. In regards to the perception of diversity, it is important understand how the majority of an organization first perceives diversity. This allows knowledge of perception allows diversity management strategies to be developed. Based on this, the BTDS has two advantages over other tools. The first is that its measurements of positive and negative attitudes towards diversity are on separate dimensions. This expands on traditional measurements that were just pro to con, since diversity may lead to positive and negative outcomes simultaneously. Second, the BTDS enables a ranking to be compiled of the benefits or threats perceived by employees. This provides much more detail and allows for existing literature to be augmented with the perception of workers. Diversification may be perceived as beneficial for organizations; thus, a focus needs to be on perceptions. This is due to increasing cultural diversity in markets and stakeholders. Another factor is the positive image that can be created when a company fosters diversity. The creative potential fostered by diversity seems to be the most important reason for organizations to increase diversity. In order to capture the benefits and threats perceived, two studies were used. The first was a series of interviews conducted with 19 employees in Netherlands' public service. Surprisingly, creative potential was not the highest benefit respondents felt that diversity provided, it was understanding groups in society. This element, empathy, is something that not many articles have explicitly said. The largest threat perceived by diversity was productivity loss. The second study was used to validate the BTDS. This study actually focused on cultural empathy, and focused on the perception of those with strong cultural empathy. It was hypothesized that these people would view diversity as interesting and inspiring. The other key trait of the second study was emotional stability, which was defined as an individual's ability to remain calm in intercultural situations and cope effectively with insecurities during intercultural interaction. For the second study a total of 1,295 respondents from Netherlands public sector were used. 57% were male, and 92%

had a college degree. The overall results mirrored those of study 1 in regards to the greatest perceived benefits and threats caused by diversity. Female respondents scored higher on benefits and lower on threats than male, showing more favorable attitudes towards diversity. The conclusion was interesting in regards to diversity management. By expanding on the perception of employees, the BTDS allowed an understanding of how organizations need to balance both benefits and threats, instead of isolating them and treating them as individual factors.

1.5 PSYCHOLOGICAL PERCEPTIONS

The role of the psychological contract and how it shapes the perception of diversity climate among employees is important to understand when discussing diversity. Psychological contracts are one of four different types of interpersonal arrangements and societal norms that full under contracts. The other types are normative, implied, and social (Sia and Bhardwaj, 2009). psychological contracts because the others can be shaped by larger groups. In contrast, Psychological contracts are what an individual believes they have agreed to, and not what they intend. This is important because a psychological contract may not be mutual; expectations from the employee may change over time while those of the organization may remain the same. Because psychological contracts are dynamic, two factors may cause the contract to be violated (Sia and Bhardwaj, 2009). The first is reneging on a contract, where the employer knowingly or unknowingly breaks a promise to the employee. The second is incongruence, which occurs when employers and employees have different understandings of what has been promised. In regards to the diversity climate, minorities and women can feel that a there has been a breach in psychological contract when they perceive organizations to be acting unfairly. In order to see the correlation between the perception of diversity climate and psychological contract, two different questionnaires were used. The first was the Perception of Diversity Questionnaire and the second the Compatibility of Psychological Contract Questionnaire. Out of the Perception

of Diversity Questionnaire dimensions three were used- Organizational Fairness, Organizational Inclusiveness, and Personal Diversity Value. The concluding findings found that there is a strong relationship of psychological contract with perceived diversity climate. (Sia and Bhardwaj 2009) In order to maintain psychological contracts without adverse effects, all groups need to be congruent in their expectations and understandings of each other and the organization.

1.6 THE DOUBLE SIDED SWORD OF DIVERSITY

It is not the diversity that allows for better business performance, but the management of that diversity that is key. An estimated $8 billion is spent annually by organizations on diversity training (Jayne and Dipboye, 2004). Much of this is focused on dedicated diversity management staff and benefits. Many of these organizations do so because of a belief that diversity is a business imperative and good for the bottom line. This leads back to the business case for diversity, which focus on three reasons for this expenditure. The first is that organizations must spend capital on diversity in order recruit the best talent. Having high performing, diverse talent also allows for organizations to deal with a more diverse customer base (larger market share). The final point is that demographic diversity unleashes creativity and innovation. Another reason is that attempting to increase diversity is the right and ethical thing to do. While it may be the morally correct action to take, this appeal is often not relevant to organizations who are looking to improve their performance. The findings articulated the difference between having diversity and managing diversity. The first point was that increased diversity does not necessarily improve the talent pool. As pointed out, this is because a more diverse pool does not lead to an increase in the task-related knowledge, skills, abilities, experiences, and other characteristics (KSAOs) (Jayne and Dipboye, 2004). In fact, diversity programs that do not balance diversity with KSAOs may actually harm the organization. A successful program will either identify candidates that have the right KSAOs, or have a pipeline

to grow KSAOs in people. The second point was that increased diversity does not necessarily build commitment, improve motivation, and reduce conflict. This is due to the fact that more diversity at first creates discord and less harmony, and unless properly managed will result in negative outcomes. At the group-level, increased diversity may not lead to higher group performance either. While increased diversity undoubtedly leads to increased creativity and innovation, they also propose the ways that diversity can hinder performance. They discuss two surveys that show that diversity is a "double-edged sword" (Jayne and Dipboye, 2004). While one side is the creativity and innovation, the other is communication breakdowns, low cohesion, and high turnover. Finally, diversity does not necessarily improve overall organizational performance. At the time, more group-level studies available, rather than organizational studies. However, those that they had showed that the results of diversity were mixed. Most interestingly, they propose an inverted-u in which the highest organizational performance results from moderate diversity. The next two parts discussed are the "Implications or Research and Theory for Diversity Programs" and "Actions Organizations Can Take to Manage Diversity Effectively" (Jayne and Dipboye, 2004). The first implication seems to be completely reasonable. The benefits of diversity are contingent on the situation. This makes sense, as there is most likely not a "one-size-fits all" approach that organizations can take in order to maximize the benefits of diversity. The second implication discussed seemed not as specific in regards to diversity, but applicable to business management in general. This implication is that successful diversity programs are based on specific goals with feedback provided on how well the programs achieve these goals. Any successful organization, regardless of diversity or not, needs specific goals with feedback in order to be successful. Another implication with deals with leadership of organizations in general is that the success of diversity initiatives depends on how they are framed. If an organization's leader frames something in a positive light, of course employees will be more receptive to it. The first way diversity initiatives can be framed is the

integration-and-learning approach, which sees the diversity program as a way for reframing tasks and processes of the organization. The access-and-legitimacy perspective shows the diversity program as the strategy of entering markets by hiring employees who are similar to customers. The third frame is the discrimination-and-fairness perspective, which focuses more on the internal benefit to the company. This frame focuses on discrimination as a way of eliminating discrimination and providing equal opportunity. The final frame deals with employees as individuals, and states that diversity initiatives are more likely to succeed when employees identify with their teams and organizations (Jayne and Dipboye, 2004). Regardless of frame, tasks and rewards in organizations must foster cooperation rather than competition. The actions needed by organizations in order to manage diversity effectively are straight forward, yet may be difficult to implement. The first is that an organization must build senior management commitment and accountability. If the senior management and leadership is not committed to upholding diversity standards or keeping middle management accountable for addressing diversity issues will cause the program to fail. Another action that should be taken is for the organization to conduct a thorough needs assessment. To truly be effective, a diversity initiative must be tailored to the situation. This is done through a need's assessment of the people, jobs, and organization and ensures that issues related to diversity are framed accurately and that the proper interventions are identified. Interventions can include things like mentor programs for women and people of color, so that they are properly trained and prepared for executive level positions. The next two actions can be tied together. The former is to develop a well-defined strategy tied to business results, and the latter is to emphasize team-building and group process training. If the strategy, goals, and objectives of an organization are clear and well defined, then it will be an easier process to emphasize team-building and group process training. The final action is to establish metrics that will allow the organization to evaluate the effectiveness of diversity initiatives. This action is where the HR department of the organization

should be focused. Overall, this is extremely beneficial because of the gaps that it identifies in how diversity is addressed in organizations.

As seen in the literature review, there are many types of diversity in organizations. These different types all need to be managed efficiently in order for businesses to maximize the benefits diversity can provide. This is why it is important to understand cultural diversity, and the benefits that foreign workers can provide in Brazil. If these people do not have the proper support or are not properly utilized on their team or in their organization, then effort to recruit and hire them would be wasted. To understand the impact that these foreign workers can have by providing diversity in Brazil, there are key factors that need to be understood. The first is whether organizations in Brazil embrace diversity. Only if there is an initial embrace of diversity can organizations begin to differentiate and understand the perceptions and unique traits of individuals. Once it is found that organizations embrace diversity, it can then be seen whether these organizations, and the team members within, understand the difference between cultural and ethnic diversity. This is further refined by whether or not foreign workers are beneficial, and positively impact innovation in Brazil.

Types of Diversity

Age	Gender
Culture	Race
Disability	Sexual Orientation
Education	

2 METHODOLOGY

Because of the nature of the topic discussed, and the lack of general research in Brazil, the methodology used in this research was qualitative. This came in the form of semi-structured interviews. The choice was based on a few key factors. Semi-structured interviews allow a list of general questions to provide a foundation for a deeper discussion from interviewees. This method also helps eliminate the biases that the researcher (being a foreigner) may have about the Brazilian business environment. This allowed interviewees to discuss perspectives and experiences which the interviewer may not have realized.

Another factor is past literature and research. Based on Rizy, Feil, Sniderman, and Egan (2011), Sia, Bhardwaj (2009) and Hofstede's research, questions for the structured portion of the interview were developed. The out of the perception of Diversity Questionnaire also provided inspiration for this. A third factor was type of information. Because of the focus of this research, the ability to collect qualitative information was more important than quantitative data, interviews were better. The final point that validated the use of interviews was the literature on Brazil. In all three articles used in the Brazilian section of the literature review, qualitative research was conducted. This type of research, specifically interviews, were extremely important in *Diversity Management: Challenges, benefits, and the role of human resource management in Brazilian organizations.* Interviews captured the perception of employees in Brazil. Because the idea that foreign workers increase innovation in Brazil is more of a perception than a direct cause, it was important to capture this in a way that allowed for a proper analysis. A questionnaire would have been able to capture a direct answer, but not truly analyze the why behind the interviewee's perception. Interviews allowed for an in depth analysis, and also uncovered other aspects for further research as well.

A survey, in the form of a questionnaire as mentioned above, is great when a large amount of data needs to collected. However, a survey often does not allow for individual

experiences to be truly articulated. Therefore, interviews were preferred. In order to provide a balance of personal opinion and perception in a qualitative way while still using a survey, questions focused on two key factors. The first was a focus on theory first, then data. Through this focus, theory was developed primarily through the literature read and reviewed. After the theory was developed, data was then used to corroborate the theory. The second factor was the decision to verify versus falsify the hypothesis. Because this hypothesis is based around perception, and there is not a great way to quantify perception, it was better to focus on verifying the positive perception that foreigners impact innovation, rather than trying to disprove this theory quantitatively. This topic is exploratory; therefore, a custom interview structure was created.

The best city in order to interview employees in different organizations was São Paulo. This is because São Paulo is one of the largest cities in the world, with a municipal population of 12.04 million and a metropolitan region of 21.24 million inhabitants (São Paulo Turismo, 2017). São Paulo is the home to 17 of the 20 largest banks in Brazil, 38 of the largest private companies with national investors, and hosts the headquarters for 63% of the international organizations in Brazil (São Paulo Turismo, 2017). As a business hub, São Paulo offered an ease of access to interviewees who fit the profile for this study.

Interviews were conducted with 6 people, 5 Brazilians and on foreigner (an American). Positions of the interviewees ranged from Manager to Partner, with four different industries: Technology, Automotive, Human Resources, and Venture Capital. Four out of the 6 interviews were conducted face-to-face. This allowed for the richest data to be captured in terms of body language and non-verbal communication. The two over-the-phone interviews were convenient to schedule, and while there was no body language seen, the interviewees clearly and articulately expressed their views. The 5 interviews, with Brazilians who were not all originally from São Paulo, were enough to determine common themes among perceptions. The sixth

interview was included in order to understand if a foreigner's perception was similar or different to that of the Brazilian interviewees.

The key questions, based on perspectives, that the research sought to determine were:

1. Do organizations in Brazil embrace diversity?

2. In Brazil, is there an understanding of the difference between cultural and ethnic diversity?

3. Do Brazilians think that foreigners are beneficial for their work teams?

4. Do foreigners positively impact innovation in Brazil?

Interviews were then transcribed and analyzed based on themes from past research. It was important to have a non-Brazilian interviewee as well, as this offered a different perspective.

A weakness in going about the research using this methodology a control of variables. Because the interviews were conducted with diverse individuals, these different experiences may offer a number of different answers. While even being asked the same questions, interviewees may go off in completely different tangents, creating a wide range of perceptions. In order to help overcome this issue, explanatory probes were used to further explore certain comments. This further probing allowed for common themes and similarities to be seen among the interviewees. Probing was also another technique that helped overcome the interviewer's own biases. Another weakness is the fact that all interviewers worked in São Paulo. While São Paulo is an important business hub in Brazil, it may not necessarily represent the perception of managers from other regions or cities. The same can be said for the interview of the foreigner. The perception of an American professional may be very different when compared to that of another foreigner. In this sense, a Colombian professional may be able to better assimilate into an organization when compared to an American professional. This may be due to similarities in cultural dimensions when looking at Brazil. Another issue is race, since all interviewees were

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white. However, this is also due to the fact that at the management level and higher, there is very little racial diversity in Brazil. These points provide an opportunity for future research. This research could investigate which foreign workers would provide the best boost to innovation for organizations in Brazil. The way to overcome this weakness is to also make a clear understanding based on diversity. Because of past research and definitions on diversity, any foreigner, regardless of where they are from, would create a more heterogenous environment in an organization. This heterogenous mix is what would possibly correlate with innovation.

Another reason that this method avoids the pitfall of variables is because this is a new topic in Brazil. Because cultural diversity has not yet been discussed among organizations, this paper provides a general foundation on one perceived benefit of cultural diversity. Further research, as mentioned before, can be refined from this.

3 RESULTS AND DISCUSSION

Interviewee	Gender	Age	Nationality	Race	Education	Minority Group
A	Female	27	Brazilian	White	Bachelor	Yes
B	Male	33	Brazilian	White	Master	No
C	Male	36	Brazilian	White	Master	No
D	Male	36	Brazilian	White	Master	Yes
E	Male	38	Brazilian	White	Bachelor	No
F	Male	29	American	White	Master	Yes

The results of the interviews provided answers to the four main questions asked in the methodology, as well as the overarching question of the paper. Three interviewees were fairly representative of the Brazilian workforce at the management level and higher: male, white, and well educated. The other three interviewees fell into three distinct minority groups: Interviewee A is a woman, Interviewee D is gay, and Interviewee F is non-Brazilian. With the exception of race, this diversity allowed for six unique perspectives. While diverse individuals, the overall perceptions of the interviewees presented themes that supported previous literature on the topic.

3.1 DO ORGANIZATIONS IN BRAZIL EMBRACE DIVERSITY?

Interviewee	Industry	Position	Headquarters	Diversity Statement
A	Technology	Manager	USA	Yes
B	Human Resources	Director	USA	Yes
C	Human Resources	Partner	Brazil	Yes
D	Technology	Manager	USA	Yes
E	Automotive	Manager	Germany	Yes
F	Venture Capital	Associate	UK	Yes

In each of the interviews, each interviewee acknowledged that their organizations had some type of diversity and inclusion statement. It is important to note that wording of the

question. These are in organizations in Brazil, not necessarily Brazilian organizations. Only Interviewee C worked for an organization with the global headquarters in Brazil. Most interviewees listed 4 main groups that were covered under their statement: Women, Black people, disabled people, and members of the LGBT community. Interviewee D specifically mentioned an additional group, Veterans. While this group can be considered minorities, this is mainly recognized in the United States, with the connotation "Veteran" referring to service members from the U.S. military. Brazilian organizations do not offer the same recognition.

3.1.2 MANAGEMENT OF DIVERSITY

While each organization had a specific diversity and inclusion statement, it was important to see if policies were in place based on this statement. This management of diversity allowed a look into whether the organization truly understand how to support underrepresented groups, and whether foreigners were supported by any of those initiatives. Interviewees A and D came from organizations that had established diversity and inclusion programs. Interviewee A's organization had programs to train and develop low income candidates, women, black, and disabled candidates. The low income program is the most extensive, offering a two year internship that teaches English and business fundamentals. As stated earlier, Interviewee D mentioned that his organization recognizes five main minority groups. In Brazil, his organization has events to recruit minorities and affinity groups within the organization, but did not elaborate on the groups. One topic to note is Interviewee D mentioned that his organization does not use quotas for hiring, a practice not openly seen in the U.S. but controversially practiced in certain places here in Brazil. While Interviewee B also worked for an organization with headquarters in the U.S., the management of diversity was not yet setup. At the time of the interview, there were two more weeks before Interviewee B's organization began any diversity initiatives. It will be interesting to see how this organizational diversity program develops, because within Interviewee D briefly mentioned

two groups, cultural minorities and religious minorities. If this organization actually supports these two groups, it will be interesting to see how they cater to each, and other minority groups as well.

Interviewee C is a partner in a relatively small organization. There are 62 employees, and while there is a diversity and inclusion statement there does not seem to be a specific policy for minority groups. Instead, this organization has an overarching mental health program. In the realm of psychological contracts, this approach may work. Yet at the same time, if the focus is specifically on mental health and not understanding the diversity of individuals in the organization, the root cause of mental health issues may not be fully realized. As the organization grows and becomes more heterogenous, it will be important to expand into true diversity and inclusion policies. This will do two things for this organization, allow support for more diverse employees and allow for better relationships with clients. Given that this is in the Human Resources industry, diversity management is extremely important for the success of this organization.

The approach of Interviewee E's organization seems great at first. Instead of focusing on specific minority groups, the organization states it offers equal opportunity for everyone. This type of policy, while outstanding because of a perceived lack of bias for hiring, does not discuss how minorities are supported once they are within the organization. A lack of clarity and management of diverse individuals can lead to the negative side of having a heterogenous mix within an organization.

Interviewee F comes from a small organization as well. It is based in the UK, and its presence in Brazil is minimal. Because of that, while the organization does have a formal diversity and inclusion statement, there are no policies in place to support minorities within the offices. While this may not seem like a current issue for the organization, it may run into

the same problems as Interviewee E in the future. As it is in the Venture Capital industry, this may cause loss in new perspectives and opportunities.

3.2 IN BRAZIL, IS THERE AN UNDERSTANDING OF THE DIFFERENCE BETWEEN CULTURAL AND ETHNIC DIVERSITY?

All interviewees agreed that there was a difference between cultural and ethnic diversity. This is an important distinction in regards to knowing and managing diversity within individuals. While these two types of diversity can overlap, ethnic diversity includes a shared heritage.

Each interviewee discussed these differences in terms of the cultural diversity of foreigners, with two of the interviewees specifically elaborating the cultural differences among Brazilians. Interviewee A discussed her experience as a "non-Paulista" (Brazilian not from São Paulo), and the adjustments she had to make when she moved to São Paulo for work. Interviewee C is a "Carioca" (a person from Rio de Janeiro) and also noticed a cultural difference among Brazilians. He noted that, "We have people from Rio. So, we have two or three more people from Rio. We have people from Goiâna, Tocantins, Recife in the Northeast, and Belem da Para. I think we have more outsiders than actually from Sao Paulo." In a country as culturally diverse as Brazil, these two interviewees bring up an important point in the overarching scope of the diversity discussion. Working among people from different regions of the same country also allows for a heterogenous mix of perspectives.

3.3 DO BRAZILIANS THINK THAT FOREIGNERS ARE BENEFICIAL FOR THEIR WORK TEAMS?

Interviewee	Industry	Position	Previous Foreign Experience
A	Technology	Manager	No
B	Human Resources	Director	Yes
C	Human Resources	Partner	No
D	Technology	Manager	Yes
E	Automotive	Manager	Yes
F	Venture Capital	Associate	Yes

After knowing that the interviewees had a basic understanding of the difference between cultural and ethnic diversity, interviews shifted to focus on the perception of foreigners in the workplace. All interviewees have regular interactions with foreigners, either among foreign coworkers who are here in Brazil or international across their organizations. There were two interviews that carried slight biases, the first being Interviewee F as he is a foreigner. The other was Interviewee C. Although Interviewee C works for an organization that was started and based in Brazil, one of the co-founders is Australian.

Overall the perception is that foreigners are beneficial for work teams. The largest benefit seen is also similar to the discussion on Hofstede's Cultural Dimensions. Interviewees felt that the foreigners in their organizations added focus and pragmatism to their teams. These benefits were associated with colleagues who were American, European, or Indian. Interviewee D discussed working among coworkers who were from other Latin American countries. He noted that while they did not offer the perceived benefits as other, the similarities among cultures could make it easier to work with them. He discussed a difficulty in having to adapt and be more formal with non-Latin foreigners. Overall, the responses that interviewees gave in regards to the benefits provided from cultural diversity is in line with previous literature on the benefits of diversity.

Benefits of Foreigners in Brazil
Creativity
Focused Objectives
Clear Communication
Pragmatism

An important aspect that was discussed among interviewees A, B, C, and E were the benefits that Brazilians bring to organizations when they themselves are foreigners. Interviewee A discussed a case of knowledge sharing between her and a colleague in India, where her experience and perspective could be used to solve a similar problem. Interviewees B, C, and E noted that in contrast to the formality of Americans or Europeans, their cultural difference helped create a more flexible work environment. Another key benefit was work ethic while abroad. These interviewees stated specifically how they themselves and other Brazilian colleagues would work longer hours. Interviewee B stated that he had witnessed his mother working 60 hours to provide for his family, so while in the U.S. he worked 60 hours in order to have a better quality of life. During his time in the U.S., Interviewee E had supervisors who were impressed at his ability to easily adapt when contracts or schedules changed. He noted that this was a stark contrast to the German company he currently works for, where the environment is very rigid.

Benefits of Brazilians Abroad
Adaptability
Flexibility
Work Ethic

Interviewee F's comments acknowledged that working with Brazilians had these perceived benefits, but could also have a negative side. Most notably, the benefit of flexibility, when not managed correctly, could lead to a lack of urgency and punctuality. A lack of punctuality and reliability, when perceived as negative, ties into the "jeitinho Brasileiro" mentality. To mitigate this and receive a maximum benefit, effective feedback must be given.

3.4 DO FOREIGNERS POSITIVELY IMPACT INNOVATION IN BRAZIL?

For the interviews, innovation was defined as a novel idea or product. Most interviewees did not see the creative perspective that foreigners offered as innovation. Interviewee B best summed up the general sentiment, "Well I don't see as innovation. I just see it as a different way of doing stuff. It's a change of habits and culture. I don't see it as the word innovation."

Among interviewees, what seemed to positively impact innovation the most were not foreigners working in Brazil, but the experience that Brazilians brought back to the country after their time abroad.

Interviewee C felt that foreigners could offer creativity, but were limited in providing innovation in the Brazilian market. He discussed the difficulty that his co-founder had when first arriving in Brazil because his sales tactics were based on how he had worked in Australia. Interviewees, including, Interviewee F, saw language as a barrier that could also hinder innovation in Brazil. This was due to a lack of cultural understanding that could occur from not being able to learn about different facets of Brazilian society.

In contrast to the perceptions seen among the Brazilian interviewees, the actions of Interviewee F show that foreigners do have the potential to positively impact innovation in Brazil. This is seen through the startup Interviewee F has created, which offers a unique and new fitness platform for people in Brazil. Interviewee C also admitted that while he saw a limitation, his organization would not have been created had it not been for a foreigner.

While this provides a mixed perception of innovation, it does concretely show that there is a perception that foreigners provide creative perspectives.

3.5 IS THE PERCEPTION OF HOFSTEDE'S POWER DISTANCE ACCURATE?

Interviewee	Hofstede's Understanding
A	No
B	No
C	No
D	No
E	No
F	Yes

In regards to the scope of this paper, Power Distance was the cultural dimension seen as most important in determining the perception of the benefits that foreigners provided in organizations in Brazil. Most interviewees were unaware of Hofstede's cultural dimensions, so after hearing the definition of power distance gave their answers. Interviewee A felt that Brazilians in general were less likely to take initiative and make decisions on their own. Yet within her organization, she felt that employees were empowered due to the organizational culture. Interviewee B perceived part of the difference among Brazil and "Western" cultures was that Brazilians hold in their elders in high respect and regard. Interviewee D felt that Brazilians, on a whole, did not feel empowered because of how the country's history of colonialization and slavery impacted the culture. Interviewee E said that in his experience many organizations in Brazil are still hierarchical, and that supervisors still expect to be referred to as "Mister or Sir".

As an American, Interviewee F offered a different perspective that still confirmed the accuracy of the Power Distance. He felt that while Brazilians who have studied or worked abroad may adapt different cultural traits, in general most Brazilians do not tend to have the assertiveness or ownership that Americans have in the work environment.

Understanding that the perception of power distance is accurate, both Brazilians and foreigners working at organizations in Brazil can better empathize with each other in order to maximize the benefits that come from diversity.

3.6 WHAT IS THE NEGATIVE IMPACT OF FOREIGNERS?

Some of the interviewees discussed a negative of foreigners being their inability to adapt to the way of life here in Brazil. The biggest difficulty was the ability to speak Portuguese. Prior to working in Brazil, Interviewee F had a foundation in both Portuguese and Spanish. It was Interviewee E who articulated about this topic the most. While others discussed the negative in terms of power distance, Interviewee E discussed two additional ideas. The first was ethnocentrism. The second was lawlessness. Those who are ethnocentric may be extremely hard to work with because they refuse to adapt to local customs. This includes the refusal to learn and speak Portuguese, which can severely hinder their ability to contribute to teams. They may also not enjoy other aspects about living in Brazil, and become toxic as they wait to leave the country for their next work destination.

The bad stereotype of "gringos" who come to Brazil can be the disrespect for laws. Interviewee C also mentioned situations where foreigners can be extremely disrespectful because they see Brazil as a hedonistic paradise. This can lead to illegal activity, possible jail time, and a negative perception of Brazil once they tell colleagues from their home country. In order to mitigate these negatives, organizations need to have the proper support structure for foreigners who wish to work in Brazil. This can include language training, cultural education, and a local advisor to help the foreigner properly settle.

4 CONCLUSION

Ultimately, this objective of this paper is to serve as a foundation for future conversations in regards to diversity, with a focus on cultural diversity, in Brazil. Because organizations, and the teams within, are becoming increasingly multicultural, it is extremely important to understand what cultural diversity truly is. From that foundation and understanding, managers and above in Brazilian organizations can begin to formulate or enhance strategies for foreigners in their organizations. Three current recommendations are proposed, followed by current weaknesses on the topic, and after future areas for study. The first recommendation is for Brazilian businesses that do not have foreign workers. In order to develop and maintain a competitive advantage, regardless of being a national or multinational organization, opportunities need to be made available for foreigners. With these work opportunities comes a development program. This program includes language training prior to onboarding, and a formal education on the cultural intricacies of Brazil. Hofstede's cultural dimensions and information can be used in order to develop this program. With this infrastructure, organizations can win the war for diverse talent. The final recommendation is for companies that already have foreigners within the organization. In order to provide the most benefit for organizations, the individuals must be leveraged in a way that allows them to use their international connections. Even if the organization itself has not yet scaled to expand outside of Brazil, best practices and ideas from other countries can be adapted and used in Brazil. This does not mean that foreigners are smarter or more capable than Brazilians, just that they offer a different perspective. The same would most likely be the case for a Brazilian that worked in another country. A perception that foreign employees are welcome team members must be maintained. This perception is generated from the leadership at the top of the organization. The example set by the CEO will set the standard for organizational culture and be emulated by employees.

A glaring weakness on the topic is the broad use of the term foreigner, because a foreigner is anyone who is not Brazilian. This means there is no differentiation among the individuals from specific countries, so there is an assumption that any foreigner may positively impact innovation. An account for individual differences, which lies at the center of diversity, is not available. Future research could present case studies or look at the specific impact that certain countries have on Brazilian organizations (i.e. what is the impact of a German manager versus American, Chinese, etc.) Because interviews were conducted with professionals only in São Paulo, future research could expand to include other cities in Brazil. Even though one Brazilian organization was used during the interviews, an emphasis could also be placed on the impact of foreigners in only Brazilian organizations. Another opportunity for future research is a quantitative analysis of how much innovation a foreigner can provide for Brazilian organizations. This value, "innovation," can be tied into product development and financial performance. By understanding how much value foreigners bring, Brazilian organizations can best balance the dynamics of their teams to maximize innovation, productivity, and efficiency. This model could then be refined and modified in a way that provides value for all organizations who are looking to manage multicultural teams. To conclude, it would behoove Brazilian organizations to adopt the mindset seen with multinationals, or as L'Oréal describes it, us the equation DIVERSITY + INCLUSION= INNOVATION & SUCCESS (Rizy, Feil, Sniderman, and Egan 2011).

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