From structural racism to systemic solutions: racial equity in Brazil's banking industry

Do racismo estrutural às soluções sistêmicas: equidade racial no setor bancário brasileiro

Del racismo estructural a soluciones sistémicas: la equidad racial en la industria bancaria brasileña

ABSTRACT
The objective of this study is to identify and analyze strategies that can be implemented to promote racial inclusion in the Brazilian banking sector. This study proposes a systematized set of sectoral strategies to reduce racial inequality in the Brazilian banking sector, called "Systemic Strategies for Racial Equity." This integrated, industry-specific approach has not previously been listed in the literature, offering a new perspective on implementing diversity policies, not just at an organizational level, but considering the
industry as a whole. The qualitative research uses the case study strategy, focusing specifically on the Brazilian banking sector. Data collection procedures include semi-structured interviews with representatives of banking institutions, regulatory entities, and justice bodies, in addition to the analysis of institutional documents and secondary data. Data analysis follows the methodology of Gioia, Corley, and Hamilton (2013), involving first—and second-order coding to identify emerging themes, culminating in the aggregation of these dimensions into a theoretical model. Three main sectoral strategies were identified: the Legal Compliance Strategy, the Social Pressure Strategy, and the Recognized Excellence Strategy, which form the set of "Systemic Strategies for Racial Equity." Notably, these are not individual business strategies but sectoral ones that must be implemented and led by government institutions, regulators, or society. This study offers a theoretical contribution by proposing a systematized set of sectoral strategies to reduce racial inequality in the Brazilian banking sector. Socially, the research encourages discussion about the need for greater racial equity, highlighting the importance of comprehensive policies beyond isolated company actions.

**Keywords:** racial inclusion, racial equity, ESG, brazilian banking sector.

**RESUMO**

O objetivo deste estudo é identificar e analisar estratégias para promover a inclusão racial no setor bancário brasileiro, propondo um conjunto sistematizado de estratégias setoriais denominado “Estratégias Sistêmicas para Equidade Racial”. Esta abordagem integrada, específica para o setor, é inédita na literatura, oferecendo uma nova perspectiva sobre a implementação de políticas de diversidade em nível setorial. A pesquisa qualitativa, focada no setor bancário brasileiro, utiliza a estratégia de estudo de caso e envolve entrevistas semiestruturadas com representantes de instituições bancárias, entidades reguladoras e órgãos de justiça, além da análise de documentos institucionais e dados secundários. A análise dos dados segue a metodologia de Gioia, Corley e Hamilton (2013), identificando temas emergentes através de codificação de primeira e segunda ordem, culminando na criação de um modelo teórico. Foram identificadas três principais estratégias setoriais: Estratégia de Conformidade Legal, Estratégia de Pressão Social e Estratégia de Excelência Reconhecida, que compõem as “Estratégias Sistêmicas para Equidade Racial”. Estas estratégias devem ser implementadas e lideradas por instituições governamentais, reguladores ou pela sociedade. O estudo oferece uma contribuição teórica significativa ao propor estratégias setoriais para reduzir a desigualdade racial e, socialmente, incentiva discussões sobre a necessidade de maior equidade racial através de políticas abrangentes.

**Palavras-chave:** inclusão racial, igualdade racial, ESG, setor bancário brasileiro.

**RESUMEN**

El objetivo de este estudio es identificar y analizar estrategias para promover la inclusión racial en el sector bancario brasileño, proponiendo un conjunto sistematizado de “Estrategias sistémicas para la equidad racial”. Este enfoque integrado y específico del sector no se había incluido anteriormente en la literatura, ofreciendo una nueva perspectiva sobre la implementación de políticas de diversidad a nivel sectorial. La
investigación cualitativa utiliza un estudio de caso centrado en el sector bancario brasileño, con datos recopilados a través de entrevistas semiestructuradas con representantes de bancos, entidades reguladoras y órganos de justicia, así como el análisis de documentos institucionales y datos secundarios. La metodología de Gioia, Corley y Hamilton (2013) se emplea para el análisis de datos, identificando temas emergentes que culminan en un modelo teórico. Se identificaron tres estrategias principales: Estrategia de Cumplimiento Legal, Estrategia de Presión Social y Estrategia de Excelencia Reconocida, que forman las “Estrategias Sistémicas para la Equidad Racial”. Estas estrategias deben ser implementadas y dirigidas por instituciones gubernamentales, reguladores o la sociedad, no por empresas individuales. El estudio aporta teóricamente al proponer estrategias sectoriales para reducir la desigualdad racial y, socialmente, fomenta la discusión sobre la necesidad de mayor equidad racial mediante políticas integrales.

**Palabras clave:** inclusión racial, igualdad racial, ESG, sector bancario brasileño.

1 INTRODUCTION

In Brazil, racial inequality is a reality that permeates different social and economic spheres. Data from the Brazilian Institute of Geography and Statistics (IBGE) indicate that black and brown people represent 56.1% of the Brazilian population (IBGE, 2022). However, this representation is not reflected in the banking sector, where only 23.6% of workers are black, totaling around 107 thousand workers across the country. This disparity is even more evident when we observe that the share of white people in the banking sector is a significant 72.6% (SEEB-CGMS, 2022). The underrepresentation of black people in the banking sector highlights the structural racism that still permeates the professional environment. Racial inequality in the Brazilian banking system worsens in leadership positions. While black people represent 56.1% of the population and 23.6% of workers in the banking sector, their presence in management positions is negligible. Only 4.8% of management positions in financial institutions are held by black people, compared to 75.5% of white people in the same positions (CONTRAF, 2023). This disparity illustrates the difficulty in professional advancement faced by black people in the banking sector, highlighting a structural problem that goes beyond their simple presence in the workplace.

The importance of racial inequality in the Brazilian banking sector is multifaceted.
Firstly, racial inclusion is a matter of social justice, and representation at work must reflect the demographic composition of society to ensure equal opportunities. Furthermore, racial diversity in the workplace is associated with better organizational results, promoting greater innovation and creativity, which benefits the competitiveness and sustainability of organizations (Cox; Blake, 1991; Thomas; Ely, 1996). Adopting environmental, social, and governance (ESG) criteria reinforces the importance of diversity for corporate sustainability (Eccles; Ioannou; Serafeim, 2014). Well-implemented ESG practices, including racial diversity, can improve long-term financial performance, strengthen company reputation, and increase talent attraction and retention.

Currently, racial quota policies are predominantly applied in the public sector, not effectively covering the private sector. Law No. 12,990/2014 establishes quotas for black people in public competitions, boosting the hiring of black people in the public sector. This approach has shown positive effects on racial representation, but its restricted application to the public sector limits its benefits. In the private sector, the voluntary adoption of diversity policies has been insufficient to promote significant changes. The example of Santander illustrates this gap: despite diversity policies, 100% of the board of directors and 96% of the board of directors are made up of white people, with only 2% of directors being mixed race and no black director (Santander, 2023). This demonstrates that, even with declarations of commitment to diversity, practical actions have not been effective in substantially changing the racial composition of business leaders.

Therefore, the central question of this research is: how can companies in the banking sector be encouraged to reduce racial inequality? This study aims to identify and analyze strategies that can be implemented to promote racial inclusion in the Brazilian banking sector.

To achieve this objective, we adopted a qualitative approach (Creswell, 2010). The research strategy adopted is the case study (Dubois; Gadde, 2002), focusing specifically on the Brazilian banking sector. Data collection procedures include semi-structured interviews with representatives of banking institutions, regulatory entities and justice bodies, in addition to the analysis of institutional documents and secondary data. The interviews were carried out online, recorded and transcribed for analysis. Data analysis follows the methodology of Gioia, Corley, and Hamilton (2013), involving first
and second order coding to identify emerging themes, culminating in the aggregation of these dimensions into a theoretical model. This method is particularly suitable for understanding the complex dynamics of racial inequality in the Brazilian banking sector.

As a result, we identified three main sector-level strategies: the Legal Compliance Strategy, the Social Pressure Strategy, and the Recognized Excellence Strategy that form the set of “Systemic Strategies for Racial Equity.” We highlight that these strategies are not individual business strategies, but rather sectoral strategies that must be implemented and/or led by government institutions or regulators, or even by society.

As a theoretical contribution, this study proposes a systematized set of sectoral strategies for reducing racial inequality in the Brazilian banking sector, called "Systemic Strategies for Racial Equity". As far as we could verify, this integrated and sector-specific approach had not yet been listed in the literature. This work offers a new perspective when discussing the implementation of diversity policies not only at an organizational level, but considering the sector as a whole. Socially, the research encourages discussion about the need for greater racial equity, highlighting the importance of comprehensive policies that go beyond isolated company actions. By addressing racial inequality in a systemic way, this study seeks to promote a deeper debate and awareness of the urgency of effective measures to achieve true racial inclusion in the Brazilian banking sector.

2 THEORETICAL FRAMEWORK

2.1 CONCEPT AND IMPORTANCE OF ESG

Environmental, social and governance criteria (ESG) have gained increasing prominence in the global corporate scenario, being recognized as fundamental to the sustainability and long-term performance of companies. ESG refers to a set of standards used to measure a company's corporate responsibility and ethical impact. The environmental component (E) addresses how a company behaves in relation to the environment, including natural resource management practices and reduction of carbon emissions. The social component (S) refers to the company's relationships with its employees, suppliers, customers and communities. The governance component (G) concerns leadership
practices, auditing, internal control and shareholder rights (Eccles; Ioannou; Serafeim, 2014).

The importance of ESG criteria is increasingly clear in academic literature and in companies' sustainability reports. According to Eccles, Ioannou and Serafeim (2014), companies that adopt robust ESG practices tend to have better financial results in the long term, as they are able to mitigate risks, increase operational efficiency and strengthen their reputation. Furthermore, the integration of ESG criteria can attract investments, as investors are increasingly concerned about the sustainability and social impact of the companies in which they invest (Friede; Busch; Bassen, 2015).

The social component of ESG encompasses a range of issues, including working conditions, health and safety, human rights, diversity and inclusion. Among these aspects, racial equity has emerged as a crucial area of focus. Racial equity refers to the fair and equal treatment of all races, with an emphasis on correcting historical and systemic disparities that have marginalized specific racial groups (McGhee, 2021).

The literature points out that diversity and racial inclusion are not only issues of social justice, but also factors that can contribute to organizational success. Cox and Blake (1991) argue that racial diversity can lead to a greater level of innovation and creativity within companies, given that different perspectives and experiences can generate more varied and effective solutions to problems. Thomas and Ely (1996) add that an inclusive work environment, where all employees feel valued and respected, can increase worker engagement and productivity.

In the context of the banking sector, racial inclusion is particularly relevant. Financial institutions play a crucial role in the economy, and their ability to reflect the diversity of the population can influence broader economic equity. Studies indicate that racial diversity in companies is correlated with better financial and reputational performance (Hunt; Layton; Prince, 2015). Furthermore, the presence of black leaders in prominent positions can serve as an inspiration for other black professionals and help break down systemic barriers (Fernandes; Almeida, 2020).

Despite the clear advantages associated with diversity and inclusion, implementing effective actions in the social component of ESG faces significant challenges. One of the main obstacles is structural racism, a system in which public policies, institutional
practices, cultural representations, and other norms function in various ways, often reinforcing racial inequalities (Bonilla-Silva, 1997).

2.2 STRUCTURAL RACISM: CONCEPTS, THEORIES AND MANIFESTATIONS IN DIFFERENT CONTEXTS

Structural racism is a form of racism that is rooted in the very institutions of a society. It manifests itself through policies, practices, and cultural norms that result in continued inequities between racial groups. This type of racism is not just the result of prejudiced individual actions, but rather a system that maintains and reproduces these inequalities through various social, economic and political structures.

Therefore, the definition of structural racism goes beyond the existence of explicitly racist laws and practices, involving more subtle mechanisms that perpetuate inequality. A key theory that helps explain this phenomenon is that of the "institutionalization of racism", proposed by Carmichael and Hamilton in the 1960s. They argued that racism becomes institutionalized when it is so deeply embedded in institutions that it becomes invisible and normative, making racial disparities appear natural and inevitable (Carmichael; Hamilton, 1960).

In the corporate context, structural racism manifests itself through subtle institutional mechanisms that include, but are not limited to, recruitment and promotion practices. These practices often operate under a veil of neutrality but tend to disproportionately favor white candidates. The study by Pager and Shepherd (2008) is a crucial example in this discussion; it empirically demonstrates that black candidates with equivalent qualifications receive significantly fewer interview invitations compared to their white peers. This phenomenon, known as job market discrimination, illustrates how implicit biases and racial stereotypes can be incorporated into hiring practices, even without explicit intentions to discriminate.

Furthermore, in the public health sector, the implications of structural racism are evident in the disparities in access and quality of medical services offered to different racial groups. Williams and Mohammed (2013) explore this issue in depth, analyzing how implicit biases and institutional practices in healthcare systems contribute to lower quality
of care for Black patients in the United States. These disparities not only reflect differences in treatment within medical institutions, but are also amplified by broader socioeconomic factors that limit access to quality health care for these populations. Consequently, such practices lead to worse health outcomes for racialized groups, perpetuating a cycle of inequality that extends beyond the immediate medical context.

3 METHODOLOGY

This research adopts a qualitative approach, which, according to Creswell (2010), is a means of exploring and understanding the meaning individuals or groups attribute to a social or human problem. The nature of the research problem justifies the choice of a qualitative approach. Racial inequality is a multifaceted phenomenon that involves perceptions, experiences, and institutional practices. It is, therefore, essential to use methods that enable a rich and contextualized exploration of racial dynamics in the banking sector. According to Creswell (2010), qualitative research is appropriate when seeking to understand processes, events, and the perspectives of the individuals involved. Through this approach, it is possible to gain insights into how racial inequality manifests in the Brazilian banking environment and how individuals within this sector perceive and respond to these inequalities.

The elements of this qualitative research are described below: the research strategy, the data collection procedures, the data recording procedures, and the data analysis and interpretation procedures.

3.1 RESEARCH STRATEGY: CASE STUDY

The research strategy adopted in this study is a case study focusing specifically on the Brazilian banking sector. Creswell (2010) defines a case study as a research strategy that explores a specific case within a real context, using multiple sources of evidence. This strategy helps answer "how" and "why" questions, offering a detailed understanding of the phenomenon studied (Creswell, 2010, p. 210).
The case study is suitable for this research because it allows for a contextualized analysis of racial diversity practices and policies in the banking sector. Creswell (2010) points out that case studies are ideal for exploring complex problems and understanding the processes underlying specific events or situations. The focus on the Brazilian banking sector makes it possible to identify the particularities and particular contexts that influence racial inequality in this sector.

3.2 DATA COLLECTION AND RECORDING PROCEDURES

The data collection procedures used in this research include interviews and document analysis, following Creswell’s recommendations (2010).

Semi-structured interviews were conducted with representatives of banking institutions, regulatory bodies, and justice agencies. The interviews were recorded and transcribed online using the Microsoft Teams platform to facilitate analysis. This method made it possible to obtain information about the participants' experiences regarding racial diversity. The semi-structured interviews provided flexibility in data collection, allowing the interviewees to express their opinions more freely and in greater detail.

In addition, the research also used institutional documents, such as diversity policies, annual reports, and internal communications, as well as secondary data from regulatory and legislative sources. The documentary analysis complements the interview data, providing a broader context on racial diversity practices and policies in the banking sector. The documents provided a solid basis for understanding the formal policies and guidelines governing diversity practices in banking institutions.

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<th>#</th>
<th>Institution</th>
<th>Position / Contribution</th>
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<tbody>
<tr>
<td>1</td>
<td>Labor Prosecutor's Office</td>
<td>Lawyer (petition representing the Public Prosecutor's Office denouncing the existence of discrimination in the banking sector and demanding the opening of a Public Civil Inquiry, which later served as the basis for a lawsuit)</td>
</tr>
<tr>
<td>2</td>
<td>Superior Labor Court</td>
<td>Minister of the Superior Labor Court and later the first black President of the Superior Labor Court.</td>
</tr>
<tr>
<td>3</td>
<td>Caixa Econômica Federal</td>
<td>Vice President of Government</td>
</tr>
<tr>
<td>4</td>
<td>Labor Prosecutor's Office</td>
<td>Attorney General of the Labor Prosecutor's Office (moved an action against the banks)</td>
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</table>
3.3 DATA ANALYSIS AND INTERPRETATION PROCEDURES

The procedures for analyzing and interpreting the data in this research try to follow the assumptions of Gioia, Corley, and Hamilton (2013). The authors advocate a systematic approach to the development of new concepts and the articulation of grounded theories. The main objective is to bring qualitative rigor to conducting and presenting inductive research. This is achieved through systematic coding and analysis of informants' perceptions, allowing a clear link between the data collected and emerging theories (Gioia et al., 2013). This method is particularly suitable for exploratory studies, such as this one, which seeks to understand the complex dynamics of racial inequality. As this article works with a single case (the Brazilian banking sector) in its theoretical development, we followed the work of Dubois and Gadde (2002) as a methodological basis for theoretical development.

The data analysis process is divided into several stages, each crucial in building a robust and theoretically meaningful data structure. The first stage, first-order coding, involves the initial analysis of the raw data, staying true to the terms and expressions used by the informants (Gioia et al., 2013). At this stage, we made a low effort to condense the categories, resulting in many emerging categories. This process is similar to the "open coding" described by Strauss and Corbin (1998), where each data element is treated as potentially relevant.

In second-order coding, we began to look for similarities and differences between the first-order categories, reducing them to a more manageable number of themes. This phase involved a more profound theoretical analysis, where we treated the data at a more abstract level, developing themes and dimensions that could describe and explain the observed phenomena (Gioia et al., 2013). This process is similar to the axial coding of Seidel and Urquhart (2013), and it is here that the emerging concepts began to take shape.

<table>
<thead>
<tr>
<th></th>
<th>Central Bank</th>
<th>Director</th>
</tr>
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<tbody>
<tr>
<td>5</td>
<td>University of Brasília</td>
<td>Professor, specialist in the field</td>
</tr>
<tr>
<td>6</td>
<td>Banco do Brasil</td>
<td>Pension and Insurance Risk Manager (Mixed capital banking institution)</td>
</tr>
</tbody>
</table>

Source: Created by the authors.
The final stage involves aggregating the second-order dimensions into broader aggregate dimensions. These aggregate dimensions represent the highest level of abstraction in the data structure and provide the basis for building theoretical models (Gioia et al., 2013). The resulting data structure allowed us to organize the data visually, showing how it progressed from raw data to terms, themes, and, finally, theoretical dimensions.

In this study on racial inequality in the Brazilian banking system, the methodology of Gioia et al. (2013) is applied to analyze the data collected through interviews and documents. The analysis follows the steps described above, starting with first-order coding of the data from the interviews and documents, followed by second-order coding to identify emerging themes, and culminating in aggregating these dimensions into a theoretical model.

4 RESULTS AND DISCUSSIONS

Racial inequality in the Brazilian banking sector remains a critical issue, reflecting the urgent need for effective strategies to promote racial inclusion and equity. This section presents emerging findings on how companies in the banking sector can be driven to reduce racial inequality. Based on the methodology of Gioia et al. (2013), we identified, categorized, and conceptualized a set of three key strategies to address this issue in the sector: the Legal Compliance Strategy, the Social Pressure Strategy, and the Recognized Excellence Strategy. These strategies are called "2nd Order Themes" by Gioia et al. (2013). This group of strategies forms the "Aggregate Dimension," which we call "Systemic Strategies for Racial Equity," represented in Figure 1.

We emphasize that these strategies are not individual business strategies but rather sectoral strategies that must be implemented and/or led by governmental or regulatory institutions or even by society.
4.1 SYSTEMIC STRATEGIES FOR RACIAL EQUITY

The "Systemic Strategies for Racial Equity" refer to a set of sectoral strategies that can be implemented and/or led by governmental and regulatory institutions, or even by social pressure, to reduce racial inequality in a given sector. These strategies aim to ensure that the racial composition of employees in a specific industry, such as banking, reflects the demographic distribution of society. Furthermore, racial representativeness must be evidenced in terms of quantity and at the various hierarchical levels within organizations. In this way, we seek inclusion beyond simply filling quotas and promoting racial equity profoundly and comprehensively.

Interviewees highlighted the persistence of racial inequality as a result of structural racism. One interviewee stated: "Racial inequality in the banking sector is an undeniable reality. Many of us have witnessed cases where black people are passed over for promotions and growth opportunities, not because of a lack of competence, but because of a deep-rooted system of discrimination." This statement exemplifies how
structural racism perpetuates the exclusion of black people from positions of prominence and influence, keeping them in subordinate or invisible positions.

Implementing Systemic Strategies for Racial Equity is essential to combat this reality. One interviewee highlighted the urgent need to adopt measures that effectively promote racial equity: "We need robust and well-structured strategies to reduce racial inequality. It means including not only the implementation of quotas but also the creation of specific mentoring and professional development programs for black employees." This view reinforces the idea that strategies must be comprehensive and multidimensional, aimed at inclusion and the empowerment and professional growth of black people.

The merit fallacy is a crucial point to consider when formulating these strategies. One interviewee pointed out: "There is a mistaken belief that the banking sector is a meritocratic environment. However, this view ignores the systemic barriers that black people face in accessing the same training and development opportunities as their white colleagues." This statement highlights the importance of recognizing and dismantling the structures of privilege that perpetuate racial inequality, often masked under the veil of meritocracy.

Promoting a more diverse and inclusive work environment requires special care not to reinforce stereotypes or create new forms of discrimination. The adoption of Systemic Strategies for Racial Equity must be accompanied by continuous awareness-raising about the importance of diversity and the implementation of accountability mechanisms. As one of the experts suggested, "The strategies should include clear targets, continuous monitoring, and a culture of responsibility, where all members of the organization are committed to promoting racial equity."

In this way, the Systemic Strategies for Racial Equity offer a comprehensive and integrated approach to tackling racial inequality. They recognize the complexity of structural racism and the need for multifaceted interventions beyond superficial actions. If implemented correctly, these strategies have the potential to transform a sector, promoting a work environment that is fairer, more equitable, and more representative of society's diversity.
The strategies that make up this group are the Legal Compliance Strategy, the Social Pressure Strategy, and the Recognized Excellence Strategy, which are presented below.

### 4.1.1 Legal Compliance Strategy

The Legal Compliance Strategy is based on the implementation of legislation requiring the inclusion of a minimum percentage of black employees in companies in a given sector. This approach seeks to ensure that racial diversity is achieved through legal requirements, establishing penalties for companies not complying with the established quotas. The aim is to create a more inclusive and equal working environment, guaranteeing opportunities for racially marginalized groups. Quota legislation serves as a corrective measure to combat the historical and systemic barriers that prevent black people from accessing positions in specific sectors, especially senior management positions. This strategy not only imposes a legal obligation but also sets a minimum standard of diversity that companies must achieve, promoting cultural and institutional change.

An interviewee gives an example of the power of this strategy: "The implementation of the quota law has been fundamental in increasing the number of black people in public positions. However, the effect has been slow, as competitions are not often open, which slows down staff renewal." Another interviewee added: "Although renewal is slow, the presence of blacks in public positions has grown, which is an important step towards racial equity." These statements show that although the implementation of quotas has had positive effects, the pace of change has been moderate due to the infrequency of public tenders.

When considering the application of the Legal Compliance Strategy in the private sector, both opportunities and challenges emerge. One interviewee said: "The adoption of quota legislation in the private sector could significantly accelerate the inclusion of black people in various positions within banks. Given that this is an urgent issue, this approach is faster and more assertive." This view underscores the urgency of the issue and the efficiency that a legislative measure could bring to the private sector.
On the other hand, another interviewee said, "The implementation of quotas in the private sector could 'get people riled up.' There is a risk of significant resistance from some sectors of society who may not understand the need for or benefits of such a measure." This academic perspective points to the potential for business discontent and the need for adequate sensitization and communication to mitigate resistance and promote acceptance of quota policies.

A crucial point to note when implementing the Legal Compliance Strategy is the structure of quotas within organizations. One interviewee pointed out: "To ensure true inclusion, quotas should be applied by hierarchical stratum and not globally for the entire company. It ensures that black people also occupy middle and senior management positions, as well as management positions." This observation underlines the importance of a strategic and well-planned approach, where diversity is not limited to the lowest levels of the organizational hierarchy but permeates the entire corporate structure.

The Legal Compliance Strategy, therefore, presents itself as a powerful tool for promoting racial equity in a sector. The Brazilian public sector's experience shows that quotas can increase the representation of black people in important positions, although the pace of change can be limited by the frequency of competitions. In the private sector, quota legislation can offer a quick solution to a pressing issue but requires careful management to avoid backlash.

In addition, applying quotas must be carefully planned to ensure that representation reaches all hierarchical levels of the company. In this way, the implementation of quotas by hierarchical stratum promotes inclusion and the growth and professional development of black people, allowing them to reach positions of leadership and influence.

4.1.2 Social Pressure Strategy

The Social Pressure Strategy involves promoting campaigns and social movements encouraging the public to monitor and publicize racial diversity in companies through social networks and other platforms. This approach uses public pressure to hold companies accountable for a lack of diversity, encouraging them to adopt inclusive
practices to avoid criticism and boycotts. Public exposure and social embarrassment are powerful motivators for companies to commit to diversity. Through visibility and activism, social pressure acts as a collective vigilance mechanism, where civil society plays a crucial role in promoting racial equality. This strategy emphasizes the importance of transparency and accountability, encouraging companies to adopt diversity policies proactively.

The secondary data analysis reveals how some of Brazil's largest banking institutions still struggle to translate their diversity policies into meaningful racial inclusion. The example of Santander demonstrates how diversity policies do not always translate into significant numbers of racial inclusion. In its 2022 sustainability report, Santander revealed that, despite promoting diversity, the practical results are limited: 100% of the board of directors and 96% of the executive board are made up of white people, with only 2% of the directors being brown and no black directors (Santander, 2023). It shows that, despite declarations of commitment to diversity, the actions are not reflected in substantial changes in the bank's organizational structure.

Itaú also exemplifies this discrepancy between discourse and practice. In its 2022 sustainability report, the bank reported that 27.4% of its workers declare themselves black, but only 16.6% hold management positions, compared to 79.6% of whites in these positions (Itaú, 2023). It shows that, despite diversity policies, the inclusion of blacks in leadership positions is insufficient. The analysis of Itaú's data shows that the measures implemented so far have been unable to correct the historical and structural inequalities affecting the black population in the banking sector.

Interviews with banking professionals corroborate these observations and highlight social pressure's importance in driving real change. One bank executive recounted a revealing incident: "During an ESG presentation at an institution when they addressed the 'S' of the social part, they mentioned diversity policies. However, in the end, they showed a photo of the senior management team made up exclusively of white men. Someone in the audience questioned this inconsistency, which caused great embarrassment. Subsequently, the situation was widely publicized in the media, and the company was blasted on social media." This case exemplifies how social pressure can
expose and criticize inconsistent practices, forcing institutions to reconsider and realign their internal policies with public statements of diversity commitment.

Furthermore, society itself can and should demand that institutions practice racial equity. One of the interviewees pointed out: "I know many people who only consume products from 'cruel free' and environmentally friendly companies. It's time we broadened this awareness and started choosing companies that also practice racial equity." This statement underlines the power of consumers to influence business practices through their consumption choices. By preferring companies that promote diversity and racial inclusion, consumers can encourage more responsible corporate behavior in line with social justice values.

The Social Pressure Strategy is, therefore, a powerful tool for promoting racial equity in a sector. Through collective vigilance and demands for transparency, society can play an active role in transforming business practices. This approach not only increases companies' responsibility but also creates an environment where diversity is valued and encouraged.

The effectiveness of the Social Pressure Strategy lies in its ability to mobilize public opinion and use digital platforms to amplify demands for justice and inclusion. Activism on social media, for example, has proven to be a significant force in raising awareness and inducing corporate change. Society can expose disparities and demand concrete actions to correct inequalities by publicly pressuring companies. However, a challenge of this strategy is that there must be a more massive movement, and people need to mobilize to actively maintain constant pressure on companies. In addition, change may come more slowly than the urgency of the problem requires, which means that society must be prepared for a continuous and long-term effort.

4.1.3 Recognized Excellence Strategy

The Recognized Excellence Strategy involves the development of seals and certifications issued by renowned institutions, which recognize companies with exemplary racial diversity practices. These certifications are voluntary but highly valued and recognized by society, creating a positive incentive for companies to adopt clear and
transparent inclusion goals. Official recognition provides reputational and competitive advantages in the market, acting as a seal of quality that differentiates companies committed to racial diversity. This strategy uses the prestige and credibility of certifying institutions to promote adopting inclusive practices, encouraging companies to stand out for their efforts to promote racial equity.

To illustrate the implementation of this strategy, one of the interviewees discussed the need for support from professional associations and collective agreements to promote racial diversity practices: "We need the support of professional associations to create a collective agreement that promotes good racial diversity practices. Although it is not mandatory, this agreement would guide companies to align themselves with the best practices in the market." This statement highlights the importance of a joint effort between various stakeholders to foster a more inclusive and equitable business environment.

The existence of seals and certifications in other contexts provides concrete examples of how such recognitions can influence corporate behavior. The "Eu Reciclo" seal is a notable example in the environmental sector, encouraging companies to adopt sustainable recycling practices. Similarly, the corporate governance levels of companies listed on stock exchanges, such as B3's Novo Mercado, also serve as a benchmark of excellence that companies aim to achieve. These examples demonstrate that respected certifications can guide business practices and improve public perception of companies' commitment to social and environmental causes.

Creating a seal or certification for "Companies with Racial Equity in the Sector" would be a strategic measure to promote racial diversity in the private sector. This certification would need to be based on clear targets and indicators, prioritizing transparency and accountability. For example, certified companies should demonstrate concrete progress in hiring, promoting, and retaining black employees at all hierarchical levels and adopt inclusive policies and professional development programs for underrepresented groups. Transparency in the certification criteria and public disclosure of the results are essential to ensure the credibility and impact of this initiative.

However, it is crucial to note that the proliferation of certifications and seals on the market has led to a certain trivialization of these distinctions. For racial equity
certification to be effective and meaningful, it must be issued by a recognized and respected institution in the sector. Institutions such as the Central Bank of Brazil (Bacen), the Brazilian Association of Financial and Capital Market Entities (ANBIMA), and the Brazilian Federation of Banks (FEBRABAN) are examples of entities that could lend legitimacy to this certification. The credibility of these organizations would ensure that the racial equity seal makes a real difference to the consumer's perception of which institutions are genuinely committed to promoting diversity.

The Recognized Excellence Strategy, therefore, presents itself as a powerful approach to encouraging racial inclusion in the Brazilian banking sector. By rewarding and highlighting companies that implement exemplary diversity practices, this strategy not only improves the reputation and competitiveness of certified companies but also sets new standards of excellence for the sector as a whole. Creating a racial equity seal issued by a renowned institution would ensure that inclusion efforts are recognized and valued, promoting a culture of diversity that reflects Brazilian society.

4.2 INTEGRATED STRATEGY ANALYSIS

The "Systemic Strategies for Racial Equity" identified in this study represent a multifaceted approach to tackling racial inequality in a given sector. Each strategy offers a distinct and complementary avenue for promoting racial inclusion. The Legal Compliance Strategy establishes a minimum regulatory base, the Social Pressure Strategy mobilizes civil society to act as watchdogs and provide incentives for diversity, and the Recognized Excellence Strategy provides a positive incentive through recognition and certification.

Integrating these strategies creates an ecosystem of measures that can effectively reduce racial inequality and promote a more inclusive environment in the banking sector. The synergy between legal enforcement, social pressure, and official recognition creates a robust set of incentives and obligations that can transform companies' institutional and cultural practices.
Adopting these "Systemic Strategies for Racial Equity" not only meets the need for social justice and equity but also contributes to the sector's sustainable and competitive development by valuing diversity as an essential asset.

5 FINAL CONSIDERATIONS

Racial inequality remains a significant issue in the Brazilian banking sector, where the representation of black and brown people is disproportionately low compared to their demographic share. This research aimed to identify and analyze strategies that can be implemented to promote racial inclusion in this sector, addressing a critical aspect of social justice and organizational performance.

The results of this study identified three main strategies for sectoral implementation: the Legal Compliance Strategy, the Social Pressure Strategy, and the Recognized Excellence Strategy. These strategies, collectively termed "Systemic Strategies for Racial Equity," are designed to be adopted at the sector level, led by government institutions, regulators, or society, rather than individual businesses.

The Legal Compliance Strategy involves implementing legislation to include a minimum percentage of black employees, ensuring a more inclusive environment through legal obligations and penalties for non-compliance. The Social Pressure Strategy leverages public campaigns and social movements to hold companies accountable for diversity practices, using public pressure to encourage inclusivity. The Recognized Excellence Strategy promotes developing seals and certifications to recognize companies with exemplary diversity practices, providing positive incentives for adopting inclusion goals. These findings highlight the necessity of comprehensive and systemic approaches to combat racial inequality in the banking sector effectively.

Like any other research, some limitations affect this research. First, while providing in-depth insights, the study's qualitative approach may only capture part of the issue due to its reliance on a limited number of interviews and case studies. Second, the focus on the Brazilian banking sector limits the generalizability of the findings to other sectors or countries. Third, the reliance on self-reported interview data introduces potential biases, as participants may present socially desirable responses.
Future research could address these limitations by incorporating quantitative methods to validate and extend the findings across a larger sample. Comparative studies involving other sectors or countries could provide a broader understanding of racial inequality and effective strategies for addressing it. Longitudinal studies could offer insights into the evolution of racial diversity policies and their long-term impacts. Additionally, exploring the perspectives of different stakeholders, such as employees, customers, and community members, could enrich the understanding of the challenges and opportunities associated with promoting racial equity in the banking sector.
REFERENCES


