



Danielle Carusi Machado and Cecilia Moreira Borges

INTRODUCTION

In this paper, we will present data about Brazilian employers' human resource programs and benefits as they affect the quality of employment for workers. We will discuss six dimensions of employment quality. The information presented has been selected primarily from five data sets: Pesquisan Nacional por Amostras de Domicilio (PNAD) [a national survey of household sampling], Pesquisa de inovação tecnológica (PINTEC) [a national survey of technology innovation], Instituto de Pesquisa Econômica Aplicada data (IPEAdata), OECD, and Ministério do Trabalho e Emprego (MTE) [Ministry of Work and Employment].

Organizations that want to remain employers-of-choice must periodically assess how shifts in the business environment might impact the effectiveness of their talent, management strategies, policies, and programs. Globalization and changes in the age composition of the workforce are two important 21st century trends that can have a significant impact on the need to customize and adjust core strategies and practices. Employers around the world are challenged by the need to establish talent-management policies and practices that are both globally strategic and relevant to specific country contexts. Forward-thinking employers are considering:

- How might shifts in the economic structure and age composition of the workforces in different countries affect the next generation of human resource policies and practices?
- How might these policies and practices support the sustainability of great places to work?

What does “mind the gap” mean?

Train stations across England play recorded messages to remind passengers that they should “Mind the Gap.” These words of caution urge train travelers to pay attention to the space between the door of the train car and the platform in the station for safe commutes and travels.

For this series of our research publications, we have adopted the phrase, “Mind the Gap.” The Mind the Gap series aim to remind employers to pay attention to any gaps that might exist between employees' priorities and needs and employers' allocation of workplace-based resources. Our Mind the Gap papers also aim to help our readers become aware of such gaps in quality of employment in other country contexts.

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The Sloan Center on Aging & Work in Boston, in collaboration with the Middlesex University Business School in London, created the Mind the Gap series to provide employers with basic employment-related information country-by-country. There are two types of papers in the Mind the Gap series.

Employee Series: This series examines the perspectives that adults of different ages have about employment and the assessments that they make about their employment experiences. These papers focus on one central question: *Does age affect employees' preferences for an idealized job and their assessments of their employment experiences?*

Employer Series: This series examines the prevalence of human resource policies and programs at workplaces in a selected country. Because most talent-management strategies and programs are age-neutral, we compare the availability of selected human resource policies in practices in the targeted country with the availability of similar policies and practices in a small number of countries with approximate economic circumstances. These papers focus on one core question: *How does the availability of human resource policies and programs in the targeted country compare with other countries?*

Although papers in both series focus on a single country, when the information contained in two or more papers are considered in tandem, it is possible to consider whether employees' perceptions of their employment experiences vary from country to country.



Quality of Employment: Dimensions of a “Good Job” and a “Good Place to Work”

Most people would agree that “good jobs” are a “good thing.” High quality jobs offer benefits to employees and to the organizations where they work.

- **Benefits for Employees:** The quality of employment affects the health and well-being of employees. Research confirms that poor-quality jobs (such as jobs requiring extreme work hours or jobs that are very demanding – particularly those where employees do not have access to the resources they need to meet those demands) are associated with negative outcomes, including high stress levels and physiological reactions, like cardio-vascular problems.¹
- **Benefits for Employers:** Employers often connect the quality of employment they offer to employees to their employer-of-choice strategies. There is some evidence that the adoption of policies and practices that promote the quality of employment available to employees is related to positive outcomes for organizations, such as customer satisfaction and organizational performance.² Employer-of-choice strategies can result in enhanced employee engagement that, in turn, can be linked to organizational outcomes, including financial measures. For example, higher employee engagement can reduce costs such as those associated with unwanted turnover. One study found that 59% of highly engaged employees report that they “intend to stay” with their employers in comparison to the 24% of disengaged employees who “intend to stay.”³ A number of studies have linked employee job satisfaction with positive performance indicators. *Fortune* reports positive relationships between being recognized as a “great place to work” and stock indices.^{4,5}

In this paper, we focus on eight important dimensions of the quality of employment:

- Fair, Attractive, and Competitive Compensation & Benefits
- Opportunities for Development, Learning & Advancement
- Wellness, Health & Safety Protections
- Opportunities for Meaningful Work
- Provisions for Employment Security & Predictabilities
- Workplace Flexibility
- Culture of Respect, Inclusion & Equity
- Promotion of Constructive Relationships at the Workplace

The following sections of this paper use the quality of employment framework as a structure to discuss the perspectives of employers about their employment situations.

QUALITY EMPLOYMENT IN BRAZIL:

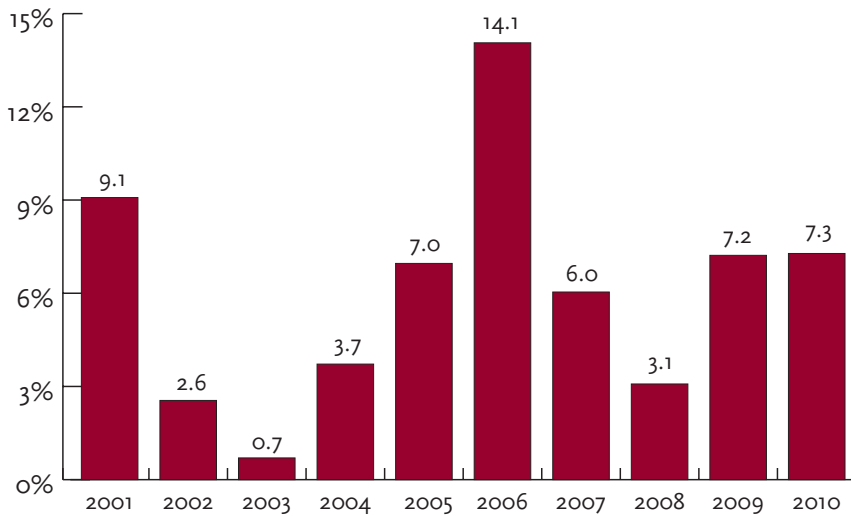
I. Indicators of Fair, Attractive, and Competitive Compensation & Benefits

► *Compensation and benefits are distributed in a fair and equitable manner, meeting most of employees' basic economic needs.*

- Brazil significantly increased its minimum wage in 2006 by about 14.1%.⁶ (See Figure 1)
- The Brazilian minimum wage has gradually increased from 2001 to 2010. The minimum wage in 2001 was R\$ 284 (\$165 US) and reached its highest value in March 2010 at approximately R\$ 510 (\$285 US). (See Figure 2)⁶



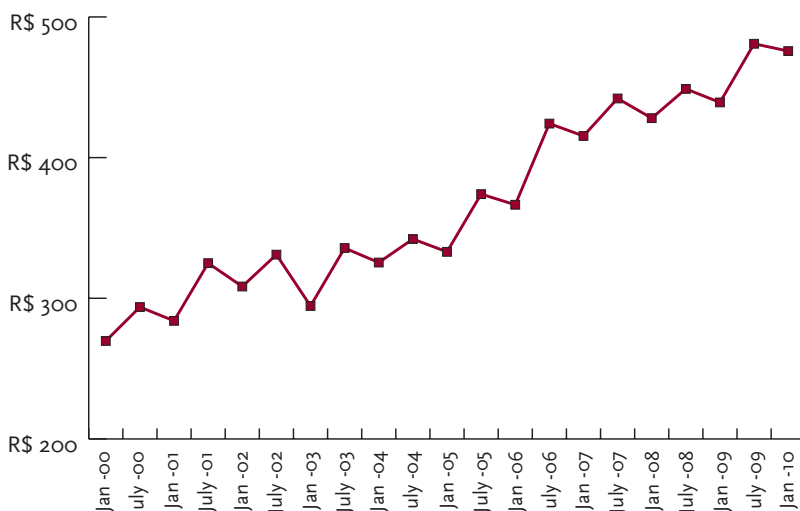
Figure 1: Annual Average Minimum Wage Increase (%), 2001-2010*



Source: IPEAdata (2010)⁶

The minimum wage has increased since 2001, with a major increase in 2006 (14.1%).

Figure 2: Minimum Wage Average (R\$), 2000-2010



Source: IPEAdata (2010)⁶

While oscillating over time, the Brazilian minimum wage has increased approximately 70% overall from 2000-2010.



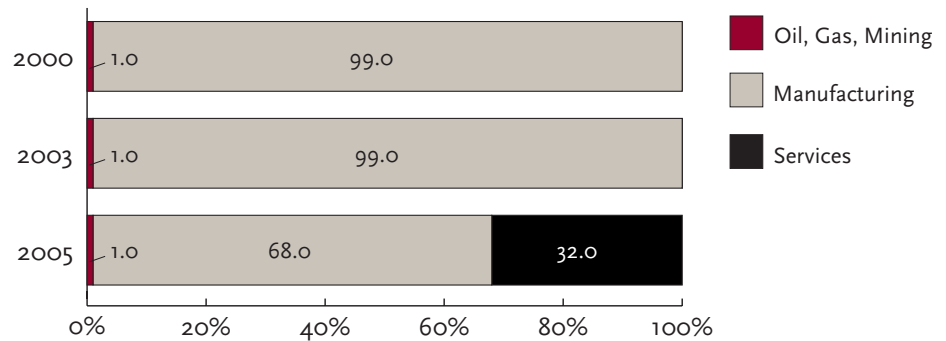
The majority of expenditures on internal activities of research and development occurred in the manufacturing sector during 2000, 2003 and 2005. Data for the service sector was not available for 2000 and 2003.

II. Indicators of Opportunities for Development, Learning & Advancement

- ▶ *Opportunities for the development of expanded skills and responsibilities are available.*

- The majority of expenditures on internal activities of research and development occurred in Brazil’s manufacturing sector in 2000 and 2003 (99%).⁷ (See Figure 3)
- In 2005, 32% of Brazil’s Research & Development expenditures were in the Services Sector.⁷
- The amount spent on research and development increased 36% from 2000 to 2003, and 104% from 2003 to 2005. For 2005, the amount spent was approximately R\$ 10.4 million (\$4.3 US million).⁷

Figure 3: Expenditures on Internal Activities of Research & Development by Sector*

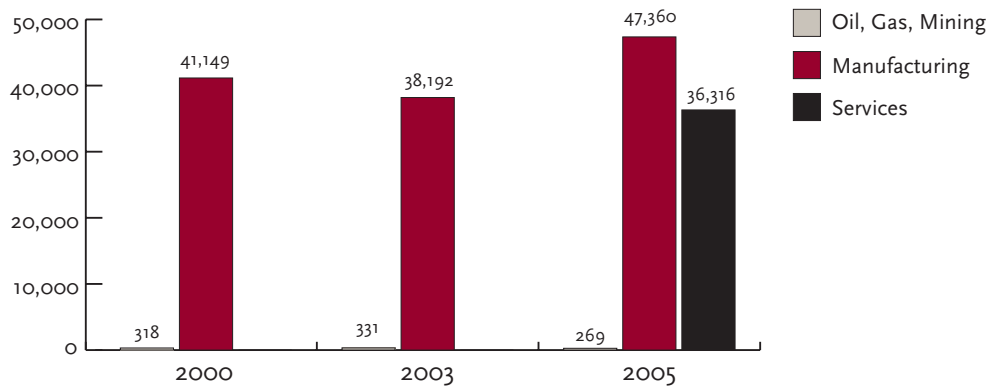


*2000 survey gathered information from 7,214 firms, 2003 survey gathered information from 4,941 firms, and 2005 survey gathered information from 6,168 firms

Source: PINTEC (2000, 2003, 2005)⁷

- The number of workers participating in internal activities of research and development is much higher in the manufacturing sector than in the oil, gas, and mining sector, for 2000, 2003 and 2005.⁷ (See Figure 4)
- There is no available data for the service sector for 2000 and 2003. In 2005, the number of workers in the service sector participating in those activities was relatively high compared to those in the oil, gas, and mining sector.⁷

Figure 4: Number of Workers Participating in Internal Activities of Research & Development



The number of workers participating in internal activities of research and development in the manufacturing sector was higher than in the oil, gas, and mining sector in 2000, 2003, and 2005. (Data unavailable for the service sector for 2000 and 2003.)

Source: PINTEC (2000, 2003, 2005)⁷



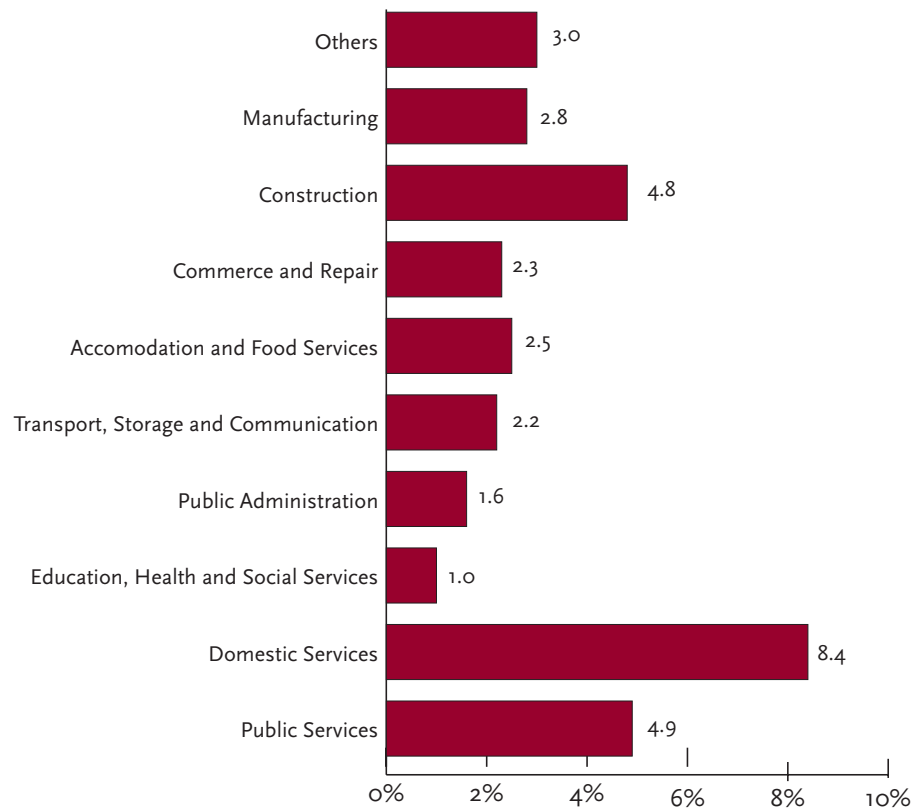
Employers of domestic services and public services offered the most housing supplements, 8.4% and 4.9%, respectively, in 2008.

III. Indicators of Wellness, Health & Safety Protections

► *Well-being is promoted through workplace policies, and social protections are offered in case of illness.*

- As shown in Figure 5, employers in domestic services and public services offer the most housing supplements— about 8.4% and 4.9% respectively. Only 1% of employers in education, health, and social services sectors offer housing supplements to their employees.⁸
- In 2008, the average percentage of Brazilian employers that paid a housing supplement was only 3.5%.⁸

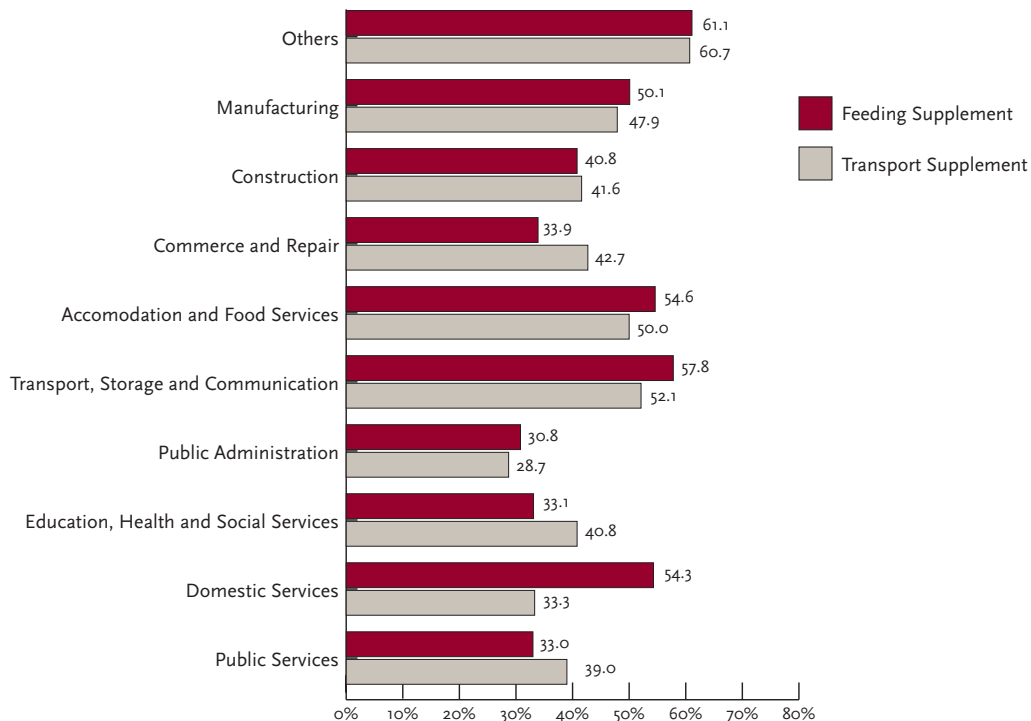
Figure 5: Employers Offering Housing Supplements by Sectors (%)



Source: PNAD (2008)⁸

- As shown in Figure 6 and Figure 7, the average percentage of employers of all sectors paying transportation and food supplements are 44.5% and 46.1% respectively, and the average percentage of employers of all sectors paying health & rehab and education supplements is 16.3% and 2.5% respectively.⁸

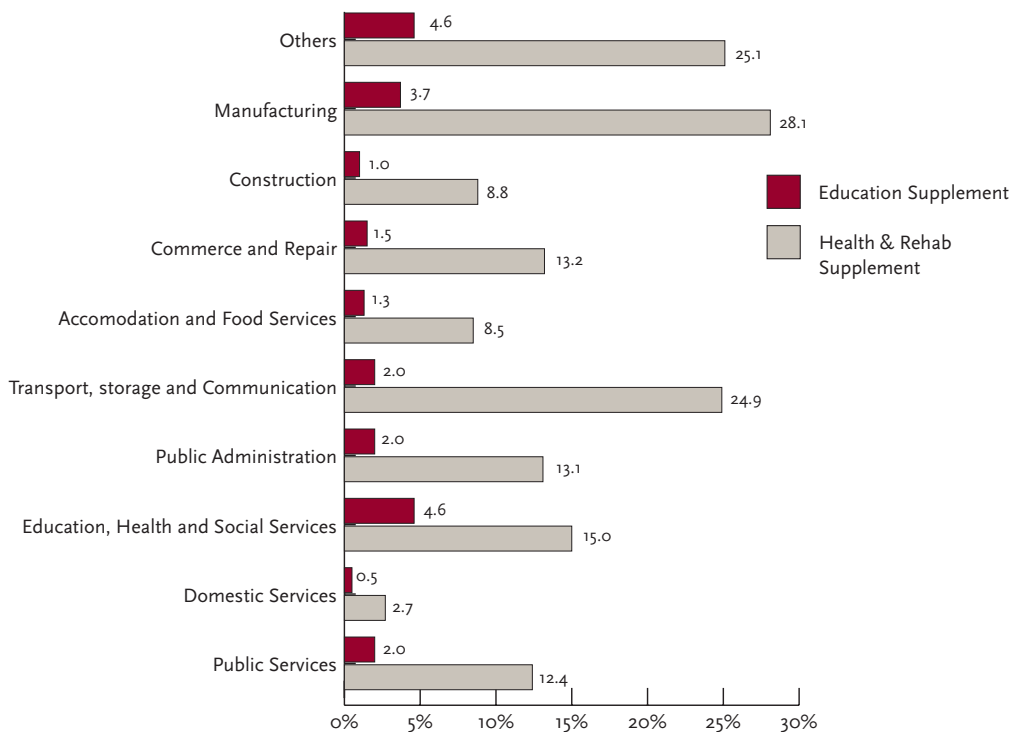
Figure 6: Employers Offering Transportation and Food Supplements by Sector (%)



Employers offer more transportation and food supplements, compared to housing supplements.

Source: PNAD (2008)⁸

Figure 7: Employers Offering Health & Rehab Supplements and Education Supplements by Sector (%)



Employers in the manufacturing sector offer more health & rehab, and education supplements.

Source: PNAD (2008)⁸

IV. Indicators of Opportunities for Meaningful Work

- ▶ *Opportunities for meaningful and fulfilling work are available.*

This dimension is omitted due to lack of data availability.



V. Indicators of Provisions for Employment Security & Predictabilities

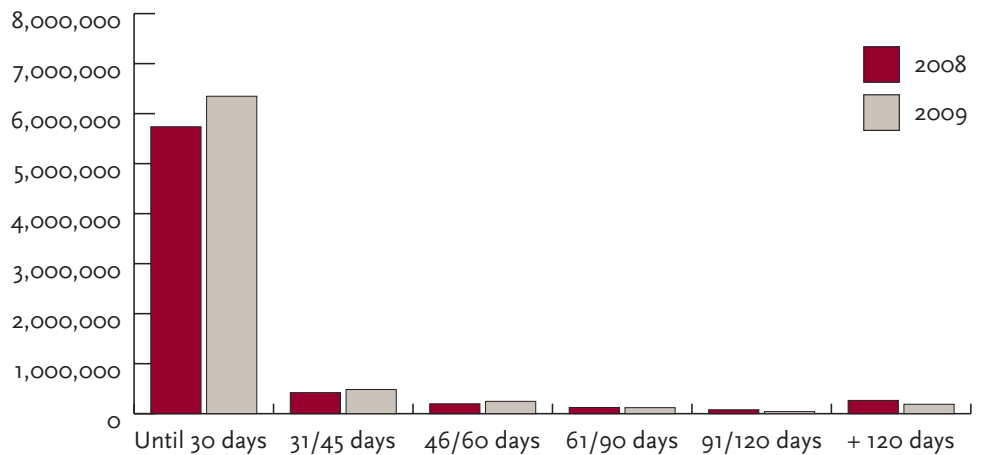
- ▶ *Terms of employment are communicated clearly, with an emphasis on smooth transitions through jobs and careers.*

- Brazil ranked 9th in employment protection in 2008, according to data from OECD.⁹
- The number of Brazilian workers insured by unemployment insurance increased about 10% from 2008 to 2009 (6.8 million to 7.4 million).¹⁰ (See Figure 8)



Most insured workers in Brazil receive 30-day unemployment insurance.

Figure 8: Average Time Insured Workers Receive Unemployment Insurance Benefits, 2008 & 2009



Source: MTE (2010)¹⁰

VI. Indicators of Workplace Flexibility

- ▶ *Options, choice, and control over work conditions and hours are available.*

This dimension is omitted due to lack of data availability.



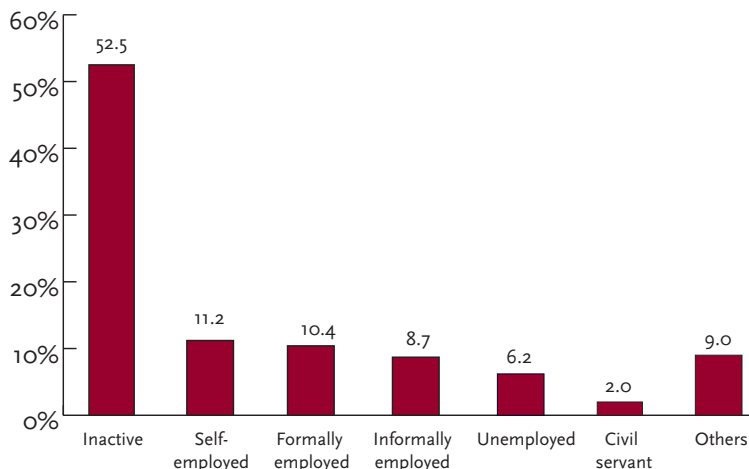
VII. Indicators of Culture of Respect, Inclusion & Equity

- ▶ *Diversity, inclusion, and employee personal growth are valued.*

- Unemployment among disabled Brazilians was lower than the general population for the year 2000 (about 6.2%).¹¹ This trend can be explained by labor legislation that establishes quotas for disabled employees in large companies.¹¹ (See Figure 9)
- The annual average income is still higher for men than women, but this difference decreased from 1995 to 2008.⁸ (See the Brazil Public Policy brief for information on the annual average income by gender).¹² This is due to a major increase in formal education for women and a reduction in female discrimination in the labor market.⁸
- Brazil's average annual income is still higher for white employees compared to black employees, just as the income difference between men and women still exists. (See the Brazil Public Policy brief for information on the annual average income by race).¹² This race differential is larger than the gender one, and reflects that opportunities for blacks did not increase in the same proportion as they have for women.⁸



Figure 9: Distribution of Disabled Population, 2000



Source: Febraban (2006)¹¹

The rate of unemployment among disabled individuals is lower than the average rate among the general population. This is due to labor legislation that establishes quotas for disabled employees in large companies.



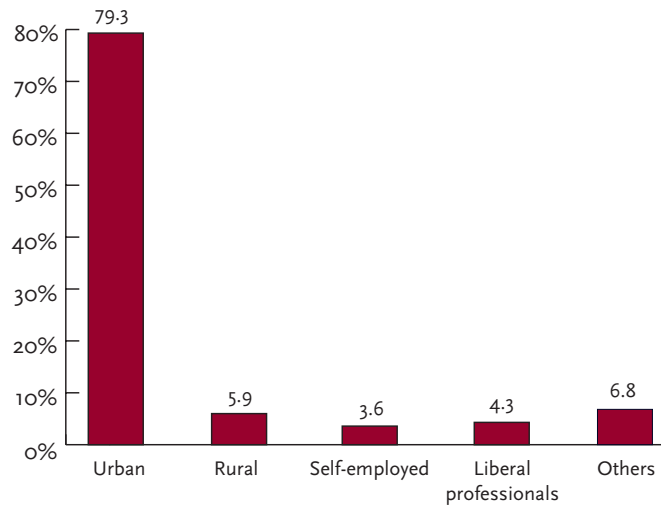
The great majority (79.31%) of Brazilian workers are affiliated with an urban labor union.

VIII. Indicators of Promotion of Constructive Relationships at the Workplace

► *Interactions with supervisors and coworkers are professional and respectful.*

- About 16% of Brazilian workers employed at non-agricultural activities between the ages of 25 and 55 are affiliated with some kind of labor union, according to data from the PNAD 2008.⁸
- The majority of Brazilian workers (79.31%) are affiliated with an urban labor union and 5.99% are affiliated with a rural labor union.⁸ (See Figure 10)

Figure 10: Distribution of Workers Affiliated by Type of Labor Union



Source: PNAD (2008)⁸

SUMMARY: MINDING THE GAP

In Brazil, employer's policies and programs affecting employment quality vary by sector and employee characteristics. Employers in the manufacturing sector are more likely to provide opportunities for learning and advancement than in the oil, gas, and mining sector. In 2005, service sector employers provided significant opportunities for learning, as well.

Because Brazilian employers follow strict labor legislation, they provide high levels of employment protection, compared to many other countries. Data also show that the number of employees protected by unemployment insurance has increased over the past two years.

As a measure of inclusion and equity, employers have been minimizing the wage differences between women and men and blacks and whites over the past 15 years. However, disparity is still significant.

Note: It is essential to mention the lack of data available to measure Brazilian human resource programs in employment. This deeply affects the conclusions of this study.

CONCLUSION: CLOSING THE GAP

Far beyond these dimensions of employment quality promoted by Brazilian employers, there is still much to do to fulfill employee expectations. Despite public policies that are already in effect, wage inequality in Brazil remains an important issue and is highly correlated with different opportunities among workers.

ABOUT THE INSTITUTE

Established in 2007 by the Sloan Center on Aging & Work, the Global Perspectives Institute is an international collaboration of scholars and employers committed to the expansion of the quality of employment available to the 21st-century multi-generational workforce in countries around the world.

The Global Perspectives Institute focuses on innovative and promising practices that might be adopted by employers and policy-makers.

The Institute's research, publications, and international forums contribute to:

- ▶ a deeper understanding of the employment experiences and career aspirations of employees of different ages who work in countries around the world;
- ▶ informed decision making by employers who want to be employers of choice in different countries; and
- ▶ innovative thinking about private-public partnerships that promote sustainable, high quality employment.

In addition to the Mind the Gap series, the Global Perspectives Institute publishes a Statistical Profile Series that highlights workforce demographic trends in different countries and a Global Policy Series that focuses on selected workforce policy in certain country contexts.

For more information on SCAW publications, please visit us online at:
www.bc.edu/agingandwork

The Sloan Center on Aging & Work at Boston College promotes quality of employment as an imperative for the 21st-century multi-generational workforce. We integrate evidence from research with insights from workplace experiences to inform innovative organizational decision making. Collaborating with business leaders and scholars in a multi-disciplinary dialogue, the Center develops the next generation of knowledge and talent management.

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Danielle Carusi Machado
Universidade Federal Fluminense

Danielle Carusi Machado is a social economist and is currently Associate Professor at Federal Fluminense University (Niterói – RJ, Brazil). Her research fields are education economics, labor economics, and development economics. She teaches Labor Economics and Econometrics courses in the university and conducts research on educational quality and labor policies in Brazil.

Cecilia Moreira Borges
Marter's student
Universidade Federal Fluminense

Cecilia Moreira Borges is a master's student at Federal Fluminense University and is writing a master thesis in labor economics.

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1 For example, see:

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2 For example, see:

Allen, T. D., Eby, L. T., Poteet, M. L., Lentz, E., & Lima, L. (2004). Career benefits associated with mentoring for protégés: A meta-analysis. *Journal of Applied Psychology*, 89(1), 127-136.

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3 Towers Perrin. (2005). *Winning strategies for a global workforce: Attracting, retaining and engaging employees for competitive advantage*. Stamford, CT: Towers Perrin. Retrieved from <http://www.towersperrin.com/tp/getwebcachedoc?webc=HRS/USA/2006/200602/GWS.pdf>

4 Great Places to Work Institute. *What makes a great place to work: Financial results*. Retrieved from <http://www.greatplacetowork.com/great/graphs.php>

5 Unfortunately, most of the research linking employer-of-choice strategies with business outcomes tends to focus on correlational relationships. Such studies do not definitively establish that being a "best place to work" causes positive organizational performance; indeed, it also might be true that high profits and strong financial growth cause higher employee engagement and foster perceptions that a particular workplace is an employer of choice.

- 6 Instituto de Pesquisa Econômica Aplicada data (IPEADATA). (2010). *Monthly real minimum wage*. Retrieved May 5, 2010, from www.ipeadata.gov.br
- 7 Instituto Brasileiro de Geografia e Estatística (IBGE). (2010). *Pesquisa de inovação tecnológica (PINTEC) 2000, 2003 e 2005*. Retrieved May 10, 2010, from www.ibge.gov.br
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- 9 OECD. (2010). *Indicators of employment protection*. Retrieved May 19, 2010, from <http://stats.oecd.org/index.aspx?DatasetCode=KEI>
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- 12 Machado, D. C. & Borges, C. M. (in press). *Brazil: Public policy*. Global Policy Brief No 14. Chestnuthill: The Sloan Center on Aging & Work, Boston College.

Mind the Gap Series:

MTG01: United States, Employee
MTG01: United States, Employer
MTG02: Japan, Employee
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