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Understanding Brazil's Workforce in a Troubled Time



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Understanding Brazil's Workforce in a Troubled Time

**Thiago Cardoso, Henrique Hypólito, Christian Orglmeister, Rainer Strack, and
Carsten von der Linden**

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AT A GLANCE

As Brazil struggles with recession, Brazilian companies need to focus on the quality of their workforce.

A PREFERENCE FOR “SOFT” REWARDS

Brazilian workers care more about the experience of work than about salary or benefits—an attitude that now prevails in many parts of the world. Brazilians are particularly interested in being recognized for their work, in learning and career development, and in having a good work-life balance.

RECRUITMENT AND RETENTION IMPLICATIONS

As they compete for talent, Brazilian companies should listen to what their workers are saying about what matters to them in the workplace. The talent war in Brazil will increasingly be won by companies that know how to use the Internet and that tap into workers’ personal and professional networks. In addition, flexible, high-opportunity work environments will provide an edge at a time when many Brazilians are dissatisfied with their jobs and open to something new.

GIVEN THEIR COUNTRY'S ONGOING economic woes, it may not be possible for Brazilian companies to use compensation as a lever to motivate employees. The good news is that they may not have to.

What Brazilian workers care about most on the job is being appreciated for the work that they do, followed by learning and career development, work-life balance, and relationships with colleagues and superiors. In the value that they place on “soft” versus compensation-related workplace factors, Brazilians are a prime example of a trend that has emerged globally. (See Exhibit 1.) In fact, nothing compensation related is among the top ten factors that contribute to Brazilians' satisfaction at work, according to a joint survey conducted by The Boston Consulting Group and The Network.

EXHIBIT 1 | Top Ten Indicators of Happiness on the Job

HOW DIFFERENT WORK FACTORS RANK IN IMPORTANCE

	BRAZIL	LATIN AMERICA	WORLD
Appreciation for one's work	1	3	1
Learning and career development	2	1	6
Good work-life balance	3	2	3
Relationships with superiors	4	9	4
Relationships with colleagues	5	10	2
Company's values	6	6	10
Company's financial stability	7	4	5
Opportunity to lead and take responsibility	8	5	11
Employer reputation	9	13	14
Interesting job content	10	12	9

■ Job content and opportunities
 ■ Work environment
 ■ Company reputation and image

Sources: BCG/The Network Web survey 2014; BCG analysis, 2016.

Note: Respondents were asked to rate the importance of more than two dozen workplace factors. Rankings reflect the average grade given for each factor shown at the left. Total sample size in Brazil was 11,282; total sample size globally was 203,756 (representing 189 countries).

Felipe Tavares is a good example. He was relatively new to the workplace when his high score on a public-service exam earned him a job offer from a government bank in Rio de Janeiro. At the time, Tavares was working long hours in the treasury department of a private bank, a stressful job that didn't leave much time for anything else. Tavares jumped at the government bank's offer, which was stable, paid well, and—most important—gave him more personal time. Now 32, Tavares has married and started a family—and he has not sacrificed professional success, having been promoted several times. “It made all the difference,” Tavares says of his current work situation. “It just suits a married lifestyle better.”

Our insights into Brazilian attitudes emerge from a global survey conducted by The Boston Consulting Group and The Network in the spring of 2014. This year, amidst a struggling Brazilian economy, BCG revisited the survey data—which included more than 11,000 Brazilian responses—to develop a further understanding that might be useful to employers. We also conducted fresh interviews with a variety of workers in Brazil.

Broad Agreement on What's Important

Brazilians' emphasis on the work experience rather than a job's financial rewards holds not just for skilled workers and office workers. It is a sentiment also found among people in management, including middle managers, executives, and owners. And it applies regardless of education level, company size, or industry.

Aquileo Silva, 33, who has handled recruiting for several capital markets firms, says he started to become aware of the attention to work-life balance and other non-financial factors in 2009 or 2010—well before the current economic problems arrived. “There were fewer questions relating to money and compensation” than there had been just a few years earlier, says Silva, whose primary recruiting experience has been with entry-level job candidates in their twenties. “The questions were more, ‘How many hours do you work here?’ and ‘Do you work on the weekends?’” Silva says that millennials in Brazil also expect a lot of feedback on their work and prefer to be coached in an atmosphere that feels collegial, rather than being managed in a more formal way.

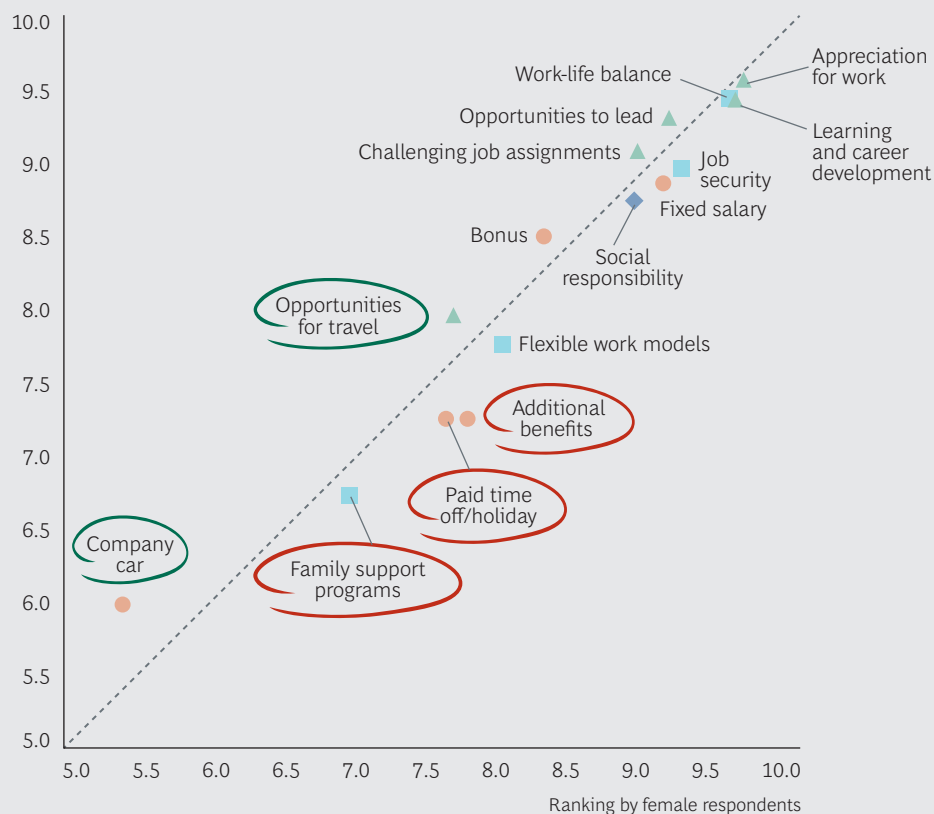
Brazilians' emphasis on work experience rather than a job's financial rewards applies regardless of education level, company size, or industry.

Attitudes toward the workplace in Brazil don't vary much by gender or marital status. In terms of their compensation packages, women (who represent just over a third of the survey sample) are slightly more likely than men to say they are interested in getting more time off and additional benefits like company-provided food and beverages (usually mandatory in Brazil, though the generosity of this benefit varies). Men are more likely to see value in company-provided cars. But there is very little difference in most other areas. (See Exhibit 2.) Even when it comes to flexible work models—which are often designed specifically to meet the needs of women, especially those with young children—women are only marginally more likely than men to regard them as a priority.

Married couples attach slightly more importance than single workers to family support programs and meal coupons. In other areas, however, there is little difference between what married couples and singles say is important to them at work.

EXHIBIT 2 | Brazilian Workplace Preferences by Gender

Ranking by male respondents



■ Job content and opportunities ■ Work environment
■ Company reputation and image ■ Compensation package

Source: BCG/The Network Web survey 2014; BCG analysis 2016.

Note: Total sample size was 11,282.

Job-Hunting Methods

Brazilians looking for work most often turn to job search websites and company websites to get information or to see what's available. (See *Job Seeker Trends 2015: Channels, Search Time, and Income Change*, BCG report, December 2015.) They also use their own personal and professional networks, which can be highly effective. Of course, it's mainly more experienced workers who are likely to have an extensive network to tap into when searching for a job. For example, after the US agribusiness company he was working for closed its local Brazil office, Ricardo Aranha, 51, decided to go into business as a consultant. The two biggest clients he now has—a French company dealing in animal feed and a Brazilian company selling tropical wood—both came to him through his personal network. “Personal contacts are still fundamental,” Aranha says. “The chance you have when you know somebody, or when somebody you know knows somebody, is just exponentially better.”

Asking for leads from friends, fellow alumni, and former colleagues is a tactic used not just by executives. Every kind of worker in Brazil, from senior managers to man-

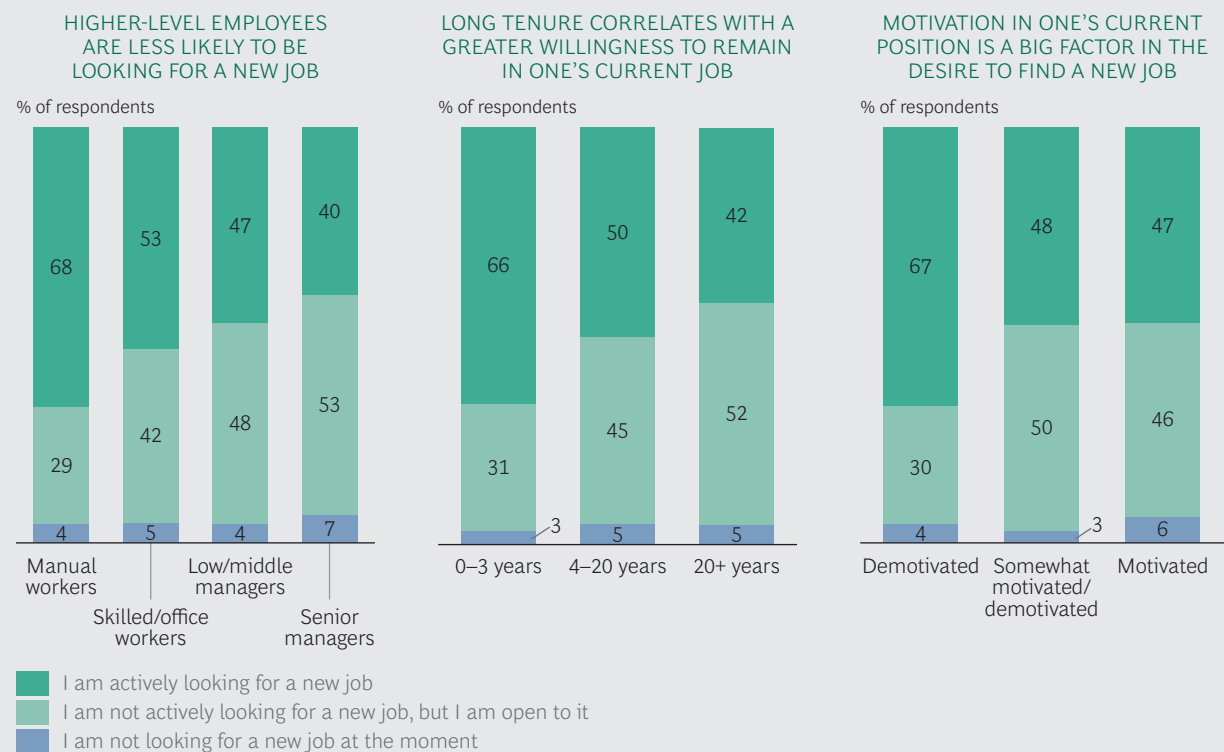
ual workers, sees the value of personal contacts, and everyone except manual workers sees the value of using business networks as well. And it's likely that the importance of networking will increase with rising unemployment. Brazil's economy shrank and its unemployment rate rose for much of 2015. Unemployment stood at 7.6% in January of 2016, compared with 5.3% a year earlier.

Dissatisfaction in the Workplace

Our survey suggests that many Brazilian workers are not happy with their work situation. Of respondents who are self-employed, 40% said they are actively looking for a new job, as are 29% of respondents employed by a business or some other organization.

The large proportion of people actively looking for work among those who are not self-employed suggests a lack of stability that Brazilian employers may have to address. This share is especially high among those whose tenure on the job is short. (See Exhibit 3.) For instance, two-thirds of those with three or fewer years with their current employer described themselves as actively seeking a new job, compared with 42% of those with more than 20 years' service. Lower-level employees (including skilled workers and office workers) were likewise much more likely than senior managers to say they were actively job hunting. Another group that is active-

EXHIBIT 3 | Brazilians Actively Looking for a New Job



Sources: BCG/The Network Web survey 2014; BCG analysis, 2016.

Note: Total sample size was 11,282.

ly looking is workers who describe themselves as demotivated in their current position; 67% of these are active job seekers, compared with about 48% of more motivated workers.

Neither length of service nor seniority is a lever that organizations can easily pull. But executives may be able to take steps to increase worker motivation, perhaps by addressing the interest that Brazilian workers have in recognition, career development, and work-life balance. Ricardo Aranha, for instance, prevailed on his previous employer to let him work from home on days when he wasn't meeting with clients, rather than make the slow, 25-kilometer drive to the company's office through São Paulo's clogged thoroughfares.

In terms of recruiting, the same preferences that apply to Brazilian workers in general apply to those who are actively looking for a new job. This is information that companies can use in planning their recruitment strategies. The only new factor among the top ten priorities for active job seekers in Brazil is job security, which basically replaces employer reputation in importance. Silva, the financial executive, has noticed this increased concern about job security and attributes it to "a new kind of fear" that, in a deep recession, it won't be possible "to find a job that is sustainable." (See the sidebar, "Five Best Practices of Human-Capital Management in Brazil.")

FIVE BEST PRACTICES OF HUMAN-CAPITAL MANAGEMENT IN BRAZIL

In addition to considering worker preferences, companies in Brazil should focus on five areas:

- **Workforce Planning.** People requirements should be based on the business's demands in headcount and capabilities—but also in terms of expected productivity improvement per function.
- **Talent Management.** This should include recruitment, the introduction of new challenges, a fair and transparent appraisal process, and promotions linked to performance.
- **Talent Retention.** Most important is the identification and retention of high performers. As the economy slows down and headcount reductions become necessary, it is critical to avoid losing the most valuable talent; these people should be identified and treated accordingly.
- **Leadership's Ability to Deal with People Issues.** Dealing with employees skillfully and professionally is not a strength of every management team. But it must become one in a time of economic challenge.
- **HR's Business Savvy.** People in HR must strengthen their understanding of what matters to the business, including the expected productivity levels of each function.

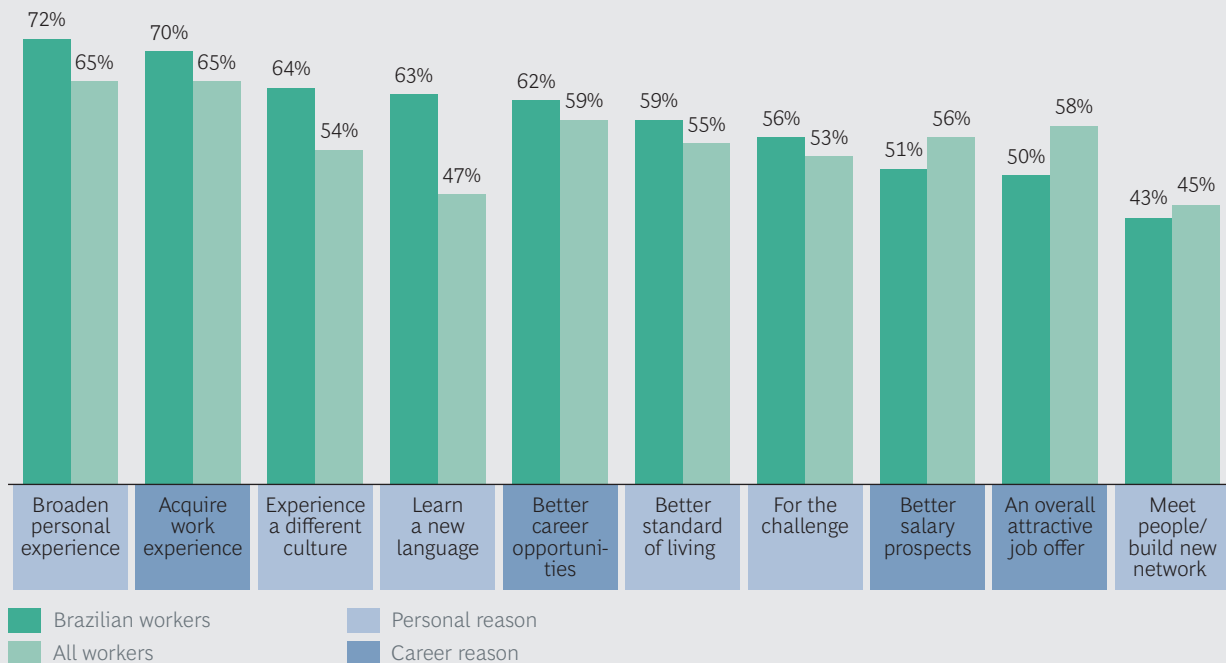
Interest in Working Abroad

A majority of Brazilians—61%—say they would be willing to work abroad. This is similar to the willingness of people to work abroad in other rapidly developing economies, but it is less than the willingness of Latin Americans in general (76%)—a difference that may be rooted in the fact that Portuguese, unlike Spanish, is not commonly spoken outside of Portugal and Brazil. Willingness to work abroad is considerably higher among Brazilians who have PhD degrees (75%) than among those with only secondary degrees (45%). It is also higher among middle managers and senior managers (both 67%) than among office workers and manual workers (55% and 46%, respectively).

Financial factors of course play a role in the thinking of anyone considering emigrating for work, regardless of country of origin. But for Brazilians, these factors matter a little less and personal factors matter a little more. For instance, Brazilian workers are far more likely than workers generally (63% versus 47%) to consider working abroad in order to learn a new language. (See Exhibit 4.) They are also more likely to cite the appeal of experiencing a different culture (64% of Brazilians versus 54% of workers generally) and of broadening their personal experience (72% versus 65%).

Valdirene Inocencio exemplifies several of these motivations. She moved to New York in 1992, at age 24, both to learn English and to put herself in contention for a job at one of Brazil’s high-end international tourist hotels. Once in New York, she found herself drawn to the people she met—“wonderful warm people,” many of

EXHIBIT 4 | Reasons for Working Abroad



Sources: BCG/The Network Web survey 2014; BCG analysis, 2016.

Note: Total sample size in Brazil was 11,282; total sample size globally was 203,756 (representing 189 countries).

them fellow immigrants—and to American culture. Now 47, Inocencio has held a succession of management jobs at hotels and hospitality companies in New York; in 2005, she became a US citizen (though she retains Brazilian citizenship). “Maybe if I had gone to Ohio I would have left after a year,” she says. “But the plane landed in New York City. It doesn’t get any better than this.”

In keeping with their emphasis on a job’s nonfinancial attributes, Brazilian workers who say they would consider an overseas position aren’t as focused as workers elsewhere on their salary prospects or the overall attractiveness of a job offer. It isn’t that Brazilians don’t factor in compensation when contemplating a move: half or more say they would. (Inocencio, for example, doesn’t downplay the importance of salary, saying, “I want to be able to make a living, want to be able to afford nice things.”) But compensation-related factors do matter slightly less, on average, to Brazilians than to non-Brazilians.

Job type has a big impact on Brazilians’ willingness to work abroad. For instance, people who work in sales, media, human resources, or education may not gain much, if any, advantage by pursuing a job overseas, and Brazilians in those fields tend not to be interested in working abroad. By contrast, more than 70% of those in IT, engineering, or science say they would take a job outside of Brazil.

The countries in which Brazilians say they would be most interested in working are, in order of preference, the US, Portugal, Canada, France, Spain, and Germany. Brazilian workers are like workers everywhere in citing New York, London, and Paris as their top-three preferred cities (although Brazilians differ from the overall global workforce in putting New York ahead of London). The fourth-most-popular city, Lisbon, undoubtedly owes much of its appeal to its Portuguese-speaking identity. (Globally, Lisbon ranks twenty-ninth among the most desirable cities in which to work.)

For all their professed openness to working abroad, Brazilians aren’t doing a lot to make it happen, especially compared with people in other countries. Among non-Brazilians who say they are willing to work abroad, roughly one in four has taken at least some preliminary steps toward doing so: they have spent time scanning overseas job postings, or they have applied for, been interviewed for, or been offered an overseas position. By contrast, fewer than one in ten Brazilians who say they would be willing to work abroad has taken any of these steps. And only 1 in 100 Brazilian workers has started the process of obtaining a visa. So it may be that for now, overseas work is what might be called *um sonho* on the streets of Rio or São Paulo—a pipe dream.

Nationwide Problems: Productivity and Talent Gaps

Up until the last few years, the new millennium had largely been good to Brazil economically. Yet most of the country’s growth was due to increases in the working population, not to greater productivity. (See *Brazil: Confronting the Productivity Challenge*, BCG report, January 2013, and “Creating Value in Brazil’s No-Growth Environment,” BCG article, November 2015.) Between 2001 and 2013, for instance, only 22% of Brazil’s GDP growth resulted from productivity gains, defined as the value

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added by individual workers. By contrast, over the same period, 89% of China's GDP growth, 83% of India's, and 37% of South Africa's came from productivity growth. Put another way, for well over a decade, the average worker in those other emerging markets has been making a bigger contribution to GDP growth than has the average worker in Brazil.

Usually, as emerging-market countries get better at fine-tuning their industrial processes and using their invested capital, their productivity improves. That this has not happened in Brazil as quickly as in other emerging markets is a function of several factors, including Brazil's underdeveloped infrastructure, its low level of capital investment, and deficiencies in its institutional framework (especially in education).

In addition to recession and low productivity, Brazilian companies face the challenge of finding the right talent. In a 2015 survey by Manpower, an HR consulting firm, 61% of hiring managers in Brazil said they were having trouble filling their open positions. That was the fourth-highest percentage of managers reporting hiring problems among the 42 countries surveyed. (The average for all countries was 38%.) Good technicians, tradespeople, and machine operators are particularly hard to find in Brazil, according to Manpower's survey. There are also talent shortages in engineering and IT.

Implications for Employers

A lot of these problems are structural, and they lie outside the control of Brazil's employers. But there are still things employers can do in the critical area of workforce competitiveness.

With respect to identifying talent, Brazilian companies must take a multipronged approach. This includes using the Internet—now the largest repository of job seekers—to find candidates for open positions. But companies should also look for ways to tap into personal and professional networks, such as by offering rewards to employees whose referrals result in new hires. In addition, companies can partner with organizations that have strong business ties, including business schools and universities offering graduate degrees in such fields as science and engineering.

The other challenge is giving the most talented candidates a reason to join one's own company instead of a competitor's. Although it would be naïve to say that compensation isn't important, the workforce preferences revealed by our survey indicate that the classic reward mechanisms of salary, bonuses, and other compensation-related benefits are not enough. A clear recruiting advantage will go to companies that know how to say thank you for a job well done, that look for ways to help their staff achieve a desirable work-life balance, that create a collegial atmosphere, and that have a reputation for emphasizing skills and career development. If companies can make their work environments compelling for some of the same reasons that working in a foreign country is compelling, they'll be that much further ahead of the game. Moving in these directions will improve a company's odds of winning the talent war and pushing past its rivals when better economic times arrive.

In addition to recession and low productivity, Brazilian companies face the challenge of finding the right talent.

About the Authors

Thiago Cardoso is a principal in the Rio de Janeiro office of The Boston Consulting Group. You may contact him by e-mail at cardoso.thiago@bcg.com.

Henrique Hypólito is a senior associate in the firm's Rio de Janeiro office. You may contact him by e-mail at hypolito.henrique@bcg.com.

Christian Orglmeister is partner and managing director in BCG's São Paulo office. You may contact him by e-mail at orglmeister.christian@bcg.com.

Rainer Strack is a senior partner and managing director in the firm's Düsseldorf office. You may contact him by e-mail at strack.rainer@bcg.com.

Carsten von der Linden is a principal in the firm's Munich office. You may contact him by e-mail at vonderlinden.carsten@bcg.com.

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For Further Contact

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