SOCIAL IMPACT THESIS
ON EMPLOYABILITY

OPPORTUNITIES FOR SOCIAL IMPACT BUSINESSES IN BRAZIL
Artemisia is a pioneer nonprofit organization in the development and support of social impact businesses in Brazil. The organization supports businesses focused in the economically vulnerable population and that achieve positive impact through their main activities. Its mission is to identify and boost entrepreneurs and social impact businesses that can become a reference in building a fairer and more ethical Brazil. Artemisia has supported over 500 initiatives throughout Brazil with its different programs, with over 180 social impact businesses intensely accelerated, including 57 businesses in Education and Employability in the last 8 years. Founded in 2004 by Potencia Ventures, Artemisia has a national reach, with offices in São Paulo.

Potencia Ventures is a social impact fund focused on business models that improve the lives of low-income persons. Kelly Michel founded Potencia Ventures in 2002 to support initiatives that promote and build strong entrepreneurship ecosystems in emerging markets. In 2009 Potencia launched an investment portfolio focused on Education and Employability. Potencia Ventures works together with Occam Advisors, an investment consulting company based in Portland, Oregon, to identify, implement and manage investments in funds and in individual businesses.
WHY EMPLOYABILITY?

Employability is an urgent topic. In Brazil, access to education, professional qualification and decent and fair job opportunities are far from ideal. Transcending the current economic situation, this reflects a history of strong inequality and low social mobility. On top of that, the new job market tends to increase inequality, unless we do something about it now.

We live in a society that still fails to offer equal opportunities. This failure is due to many barriers, across multiple dimensions.

Focusing on the economically vulnerable population – which is disproportionately affected by employability problems in the country – this thesis seeks to explore the nature of these barriers, to understand the real needs of this population and to identify social impact business opportunities that may complement or boost the impact of public policies, improving employability of the country.
To inspire entrepreneurs, investors and all those who pursue or are interested in the topic and who want to support existing or help create new solutions for positive impact on employability in Brazil.

In short, our motivation is to shed light on the issue of employability in Brazil, helping understand the factors that affect employability in the country and sharing possible solution paths with those who want to contribute to reduce inequality through business models.
This thesis aims to present the main challenges regarding employability that the economically vulnerable population in Brazil faces, and to map opportunities for the development of social impact businesses that can support the reduction of inequality and bring improvements to their lives.
METHODS

+100 studies and sources analyzed — desk research

20 interviews with sector players
GLOSSARY

FORMAL EMPLOYMENT
Formal workers are employees whose employers signed the employee’s workers card according to the Brazilian labor laws (CLT) and those in self-employment or business owners registered with the federal government’s National Register of Legal Entities (CNPJ). Formal workers pay for Social Security, which entitles them to benefits such as retirement pension, sick pay and paid maternity leave. Formal employees are also entitled to a minimum wage and maximum working week of 44 hours, among other rights. (Source: IBGE and CLT)

INFORMAL EMPLOYMENT
Informal workers are those who either work as employees without legal record of that work (workers card signed by their employer) or self-employed workers and employers not registered in the CNPJ. Without official record, those workers are not entitled to benefits such as retirement pension, sick pay, paid maternity leave, or most labor rights. (Source: IBGE)

EMPLOYED PERSONS
Persons who, during a reference week, worked at least one full hour in work paid in either money, goods or benefits (housing, food, clothing, training, etc.) or yet in work without pay but aiding the economic activity of a household member. Also included are those who had paid work from which they were temporarily away during that week. (Source: IBGE)

UNEMPLOYED PERSONS
Persons classified as unemployed in the reference week are those without occupation during this period, but who have taken some effective steps to get a job in the 30-day reference period, and who are available to start work in the reference week. Also included are those unemployed persons who are available to start work in the reference week and have not taken effective action to get work within the 30-day reference period because they have already found work starting after the reference week. (Source: IBGE)

WORKFORCE
The workforce includes all persons above 14 years of age who are classified as either employed or unemployed according to the above criteria. (Source: IBGE)
Basic Education

Basic education is the foundation of lifelong learning and human development, on top of which countries can develop other levels and modalities of education and training. In Brazil, according to the national Education Guidelines and Bases Act, basic education encompasses early childhood education, primary school and high school. (Source: UNESCO-IBE and Education Guidelines and Bases Act)

Higher Education

Comprises the highest level of education – according to the national Education Guidelines and Bases Act. Higher education covers sequential courses for students who have completed high school, as well as undergraduate (tertiary), graduate and extension programs. Higher education is provided in public or private institutions. (Source: National Education System and Education Guidelines and Bases Act)

Vocational Education

Vocational (or Professional) education includes programs of initial and continuing education and professional qualification courses (FIC courses). They may be offered together with high school (vocational high school programs or complementary courses), Youth and Adult Education (EJA) or after high school. (Source: INEP. Technical Summary - Basic Education Census 2018)

Technical Education

Technical education is another term in Brazil for vocational high school programs, designed to qualify the student as a worker in various industries (agriculture, manufacture, trade and services) through technical courses. (Source: UNICAMP)

EAD

The Brazilian acronym EAD stands for distance learning, a teaching modality in which the student is not physically in a traditional classroom. Classes are taught and attended remotely, either in real time or not. (Source: SambaTech)

Services

Services refer to intangible goods, which are usually consumed at the moment of their production. The service industry is quite heterogeneous regarding the activities (such as transportation; administrative and complementary professionals; information and communication), the size of the businesses, the average worker’s pay and the intensity in the use of technologies. (Source: IPEA - Federal Government and IBGE)
# GLOSSARY

## TRADE
Trade is essentially the exchange, purchase and sale of goods, services and/or money for other goods, services and/or money, nowadays almost entirely intermediated by currency. Brazilian official statistics segments trade into wholesale trade; retail trade; and trade and maintenance of vehicles, motorcycles and parts. *(Source: MEC - Federal Government and IBGE)*

## DOMESTIC WORKER
A person who works in the household of one or more employers, paid in money or benefits. *(Source: IBGE Library)*

## PRIVATE SECTOR EMPLOYEE
A person who works for a private sector employer (who may be a natural person or a business entity), usually with a defined working time, and is paid in money, goods or benefits. *(Source: IBGE Library)*

## PUBLIC SECTOR EMPLOYEE
A person working for the federal, state or municipal government, including those entities controlled by the government, such as foundations and government agencies. *(Source: IBGE Library)*

## EMPLOYER
A person who works in their own business, employing at one person, regardless of additional help of an unpaid worker. *(Source: IBGE Library)*

## SELF-EMPLOYED
A person who works in their own business, alone or with a partner, but without employees. *(Source: IBGE Library)*

## UNPAID FAMILY WORKER
A person who works without pay, in support of a household resident relative who is employed. *(Source: IBGE Library)*
ABOUT THE THESIS

There is a large supply of data on employability, although with a limited focus on the low-income population. National data includes information by race, gender and geographic region, but often cross-references with income are lacking.

This thesis is a living document that can be updated according to changes in the market and the needs of the target audience. It is not an academic work.

As a key issue for the economy and wellbeing, employability is often the subject of new laws and public policies. It is essential to be aware of the changes. There is room to consider new solutions.

There are many concepts that allow for different uses and definitions, such as occupation, economic sector, socio-emotional skills and unconscious biases. There is no definitive consensus in academia or official data sources about their use.

DATA UNDER CONSTRUCTION

CONCEPTS

TRANSFORMATION

Social Impact Thesis on Employability | Artemisia 2019
# INCOME SEGMENTATION

BRAZILIAN POPULATION

<table>
<thead>
<tr>
<th>Monthly household income per capita</th>
<th>Number of people</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to R$182</td>
<td>9.2 million</td>
</tr>
<tr>
<td>R$182 – R$162</td>
<td>12.5 million</td>
</tr>
<tr>
<td>R$163 – R$291</td>
<td>30.1 million</td>
</tr>
<tr>
<td>R$292 – R$441</td>
<td>33.6 million</td>
</tr>
<tr>
<td>R$442 – R$641</td>
<td>33.8 million</td>
</tr>
<tr>
<td>R$642 – R$1,019</td>
<td>30.7 million</td>
</tr>
<tr>
<td>R$1,020 – R$2,480</td>
<td>10.5 million</td>
</tr>
<tr>
<td>&gt; R$2,480</td>
<td>Number of people</td>
</tr>
</tbody>
</table>

112.4 million people live with up to R$ 22 a day

60% of Brazilians

Source: Estudo do Plano CDE com base nos dados do Censo IBGE (2010).
(*The difference in totals is due to missing values - people who have no individual income or who have refused to answer).
SOCIAL IMPACT BUSINESSES

Businesses that intentionally offer solutions, with scale-up potential, to social and environmental problems that affect the economically vulnerable population.

MAIN CHARACTERISTICS

FOCUS ON ECONOMICALLY VULNERABLE PERSONS
they are designed according to the needs and characteristics of the low-income population they serve.

INTENTIONALITY
they have an explicit mission of promoting social impact and are managed by ethical and responsible entrepreneurs.

SCALE-UP POTENTIAL
they may increase their reach through organic growth, replication in other regions through other actors or by spreading key knowledge about the business by other entrepreneurs, organization and through public policies.

PROFITABILITY
they employ a robust model that assures profitability without relying on donations or subsidies.

SOCIAL IMPACT RELATED TO MAIN ACTIVITY
their main product or service directly generates social impact; this is not a side project or initiative, but their main activity.

DIVIDEND MAY OR NOT BE PAYED
a social impact business may or may not pay dividends to the shareholders; this is not a defining criteria for a social impact business.
HOW BUSINESSES PROMOTE IMPACT

From this perspective, in Artemisia’s view, businesses can generate social impact through five main dimensions:

- Decreasing transaction costs
- Promoting development opportunities
- Enabling income growth
- Decreasing conditions that cause vulnerability
- Strengthening good citizenship and individual rights

“Poverty is the deprivation of an individual’s basic abilities, not simply the fact of earning less than a pre-established threshold.”

Amartya Sen, Nobel Prize in Economy
EMPLOYABILITY AND SOCIAL IMPACT
Employability is the ability to access and maintain paid work that meets personal, financial security and professional advancement needs.

Thus, the goal of promoting employability goes beyond dealing with fluctuations in employment as a result of crises. The focus must be on creating opportunities for:

• Increase work-related well-being through access to more rewarding jobs
• Decrease inequality
• Increase productivity by improving job qualifications

Employability is not just about having a job, it's about having and keeping up a good job.
Having a job is a way of being included in society

Work is a fundamental aspect of modern life. A profitable occupation is necessary to gain access to the rights and needs of modern society, including products and services associated with health, entertainment, cultural growth, and social interaction. Work experience can also be itself an opportunity for intellectual growth, inclusion and acquisition of social meaning and self-realization.

“We have to consider the symbolic importance of work in a social context, where professional activities are the core of social life, taking up at least one third of all available time.”¹

“An adequately paid job, performed under conditions of freedom, equality and security, capable of assuring a **decent life**.”

(UN)
Work is the subject of global regulations, agreements and goals that aim to ensure decent work conditions and fair wages for everybody.

Decent Work

The concept of Decent Work was formalized by the International Labor Organization (ILO) in 1999 and is considered a fundamental condition for overcoming poverty, reducing social inequalities, ensuring democratic governance and sustainable development.

The four dimensions of decent work are:

1. Respect for workers’ rights
2. Promoting productive and quality work
3. Increasing the social protection net
4. Strengthening social dialogue
Universal Declaration of Human Rights (1948) – Art. 23:

1. Everyone has the right to work, to free choice of employment, to just and favorable conditions of work and to protection against unemployment.

2. Everyone, without any discrimination, has the right to equal pay for equal work.

3. Everyone who works has the right to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

4. Everyone has the right to form and to join trade unions for the protection of his interests.
And is currently part of the Sustainable Development Goals (SDG)

**GOAL 8.** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

- **8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- **8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- **8.6** By 2020, substantially reduce the proportion of youth not in employment, education or training.
EMPLOYABILITY & IMPACT

But the world still faces the challenge of generating sustainable socioeconomic development, with full and productive employment and decent work for all.

+192 million unemployed persons in the world.¹

+1.4 billion workers in vulnerable jobs.¹

+60% of workers are in the informal job market.¹

430 million workers from emerging and developing countries living on wages between US$ 1.90 e 3.10 a day.¹

World News

Although unemployment is falling around the world, this is not yet true for all countries, especially those experiencing economic recessions. In addition, there are concerns about the quality of working conditions and the persisting gender gap.

ILO: unemployment falls around the world, but working conditions do not improve

NEET youths have dropped in half, but still reach 220,000

improvements in the job market promoted a substantial reduction in the number of young people not in education, employment, or training. In 2013, at the height of the economic crisis, they were over 441,000. But the new numbers may hide delicate job situations

Jobless in France, forgotten by the EU

Global unemployment falls, but gender disparity persists

GDP falls and unemployment rises in Argentina
SITUATION IN BRAZIL
Employability in Brazil

In Brazil, working is a social right according to the Constitution, and the Consolidation of Labor Laws (CLT) is the main instrument of guarantee and protection of worker rights since 1943.

Despite the country having laws protecting employee rights, with guarantees and benefits such as minimum wage and paid vacation, a significant portion of the Brazilian population has no access to work with these characteristics. Thus, when looking at employability in Brazil, it is necessary to understand the benefits and limitations of different forms of work and their impacts on the economically vulnerable population.

SOCIAL RIGHT TO WORK
(Federal Constitution)

Art. 6th. Social rights under this Constitution include education, health, food, work, housing, transportation, leisure, security, social security, protection of motherhood and childhood, and assistance to the helpless.
The work situation in Brazil is analyzed according to the principal occupation of a person.

**Domestic worker:** a person who works in the household of one or more employers, paid in money or benefits.¹

**Private sector employee:** a person who works for a private sector employer (who may be a natural person or a business entity), usually with a defined working time, and is paid in money, goods or benefits.¹

**Public sector employee:** a person working for the federal, state or municipal government, including those entities controlled by the government, such as foundations and government agencies.¹

**Employer:** a person who works in their own business, employing at one person, regardless of additional help of an unpaid worker.¹

**Self-employed:** a person who works in their own business, alone or with a partner, but without employees.¹

**Unpaid family worker:** a person who works without pay, in support of a household resident relative who is employed.¹

Of 170 million people aged 14 years or older in Brazil, 106 million are employed or looking for a job.

Among the 210 million Brazilians, over 170 million are at least 14 years old and thus considered to be of working age (potential workforce). Of these, only 106 million are in the workforce, that is, are looking for an occupation or are already employed.

Of the 64 million people out of the workforce, 4.8 million are deemed discouraged workers, meaning that they would like to have a job but have given up looking for or are waiting for answers from employers.¹

There are 106 million persons in the Brazilian workforce, of whom:¹

- 12% are unemployed (12.8 million )
- 6% are underemployed, due to working insufficient hours (7.3 million )

¹IBGE. PNAD Contínua - 2º trimestre de 2019 – Mercado de Trabalho.
Among those employed, almost half are employed in the private sector, and a quarter are self-employed.

Of the more than 93 million people who are employed in Brazil:¹
- 44.8 million are employed in the private sector.
- 24.1 million are self-employed.

HIGH INFORMALITY RATES

These two occupations have high rates of worker informality.¹
- Private sector employees: over 11.5 million do not have a signed workers card (25% of the total).
- Self-employed: 19.4 million do not have a CNPJ (80% of the total).

¹ IBGE. PNAD Contínua - 2º trimestre de 2019 – Mercado de Trabalho.
Businesses of up to 49 employees employ 40% of workers in formal jobs.

Several regulatory and fiscal barriers limit the growth and productivity increase of small businesses in Latin America, creating a gap in mid-sized, vibrant growing businesses.¹ As a result, most jobs are in small businesses, often with low productivity and little opportunity for professional advancement.

With social, economic and technological changes, job distribution among economic sectors is changing.

The role of manufacturing, agriculture and construction in job creation has declined in the last 10 years.

Together, industry, agriculture and civil construction represent 25% of jobs in Brazil. However, over the last 10 years, these sectors have decreased in percentage of jobs created:

- Manufacturing: -3.8%
- Agriculture: -1.1%
- Construction: -1.2%

The decline in their participation in job posts has several causes, including the technological advances that made it possible to reduce the need for workers in certain activities and the economic crisis in Brazil over the last 5 years. Trade and services are expanding the sectors where jobs are increasing.

Trade has increased job posts by 1.5% over the last 10 years, whereas services grew by 4.7%.
The service sector generates the most formal jobs today, followed by commerce and public administration.

Brazil currently has an estimated **46.2 million formal jobs**, of which 16.7 million are in the service sector (e.g., medical services, transportation, education) and 9.2 million in the trade (wholesale and retail) sector.

---

Distribution of formal employment by industry¹

- **36.24%**: Service sector
- **19.94%**: Trade
- **19.87%**: Public administration
- **15.35%**: Construction
- **3.97%**: Other services
- **3.24%**: SIUP
- **0.92%**: Manufacturing
- **0.46%**: Mining

¹RAIS, 2017.
Despite some sectors having open positions, many of them are not filled by the unemployed.

There are six times more people enrolled in the National Employment System (SINE) than the number of job positions filled.

The main reason given by employers for not filling positions is the lack of qualifications of candidates enrolled in the selection processes.

Although this partly reflects the deficiencies in training and education of candidates, entrepreneurs and civil society organizations argue that the requirements of selection processes may not be appropriate for the positions, and that many skills required could be learned by workers after hiring.

¹Ministério do Trabalho e Emprego: Boletim de Políticas Públicas de Emprego Trabalho e Renda, Fev./2019.
When talking about employability in Brazil, it is not appropriate to restrict the analysis only to those who are formally employed; we must also consider the different types and forms of occupation, the varying degree of qualification of the population, geographical and demographic aspects, and access to information, among others.

Looking at economically vulnerable persons facing employability challenges is understanding what barriers prevent them from accessing and maintaining jobs that bring about personal fulfillment – that are suitable to their interests and skills – and financial stability, from the perspective a decent remuneration that grows in proportion to their evolution in a career.
A portrait of unemployment in the press
The Brazilian press portrays the current critical situation of unemployment by focusing on the number of unemployed people and the groups that are the most affected.

Unemployment in Brasil hits 12.5%, affecting 13.2 million workers, according to IBGE

Unemployment among young people in Brazil reaches the highest rate in 27 years, according to ILO

Persistent unemployment, informality and discouragement: recession is longer among the poor than the rich
EMPLOYABILITY CHALLENGES IN BRAZIL
Employability Challenges in Brazil

A professional career is different for each person and comprises different stages, such as early childhood education, basic education, acquisition of professional skills, job application, hiring, keeping a job, re-hiring and establishing a self-employed career.

Not all people go through all these stages and in the same sequence, and the freedom of choice and career opportunities are different, limited by many factors that often overlap.

Understanding the influence of these factors on the employability of economically vulnerable persons illuminates existing barriers, as well as the real needs of this population. Only based on this deep understanding is it possible to examine ways of generating positive impacts for both individuals and the labor market as a whole.
EMPLOYABILITY CHALLENGES IN BRAZIL

- Job qualifications
- First job and professional experience
- Career planning
- Selection processes and competence assessment
- Job market re-entry
- Formal and informal job markets
- Diversity and inclusion
EMPLOYABILITY CHALLENGES IN BRAZIL

Job qualification

First job and professional experience

Career planning

Selection processes and competence assessment

Job market re-entry

Formal and informal job markets

Diversity and inclusion
JOB QUALIFICATIONS AND EMPLOYABILITY ARE COMPLEMENTARY

Being prepared for the job market requires training in key competencies, which are scrutinized by recruiters and which enable one to perform one’s duties.

Several studies show that education and employability are complementary themes: access to quality education – from early childhood to adulthood – makes it possible to reduce inequalities and break the cycle of poverty by expanding access to better employment opportunities.

“[…] Brazil is not only one of the countries in the world with the highest degree of inequality in education, but it is also one of the countries with the highest sensitivity of wages to the educational level of the worker. These two factors together make the contribution of educational inequality to wage inequality in Brazil also one of the highest in the world.”¹

¹ IPEA. Texto para discussão nº 377 – Os determinantes da desigualdade no Brasil.
“Competencies are the structural modalities of intelligence, or rather actions and operations that we use to establish relationships with and between objects, situations, phenomena, and people we wish to know. The skills derive from the acquired competencies and refer to the immediate plane of know-how. Through actions and operations, skills improve and articulate, enabling new reorganization of competencies.”

Several competencies are developed in an integrated way throughout life

The core competencies required for personal and professional relationships are continually developed throughout life from early childhood.

Despite the possibility of compartmentalizing competencies for explanatory purposes, most of these skills are acquired most efficiently if stimulated together.

Here we will address cognitive, socio-emotional and technical competencies in regard to employability.
COMPETENCY TRAINING

COMPETENCY TRAINING

COMPETENCY
Cognitive competencies are related to the process of knowledge acquisition. Cognition involves various factors such as thought, language, perception, memory, reasoning, generalization of learning etc.

SOCIO-EMOTIONAL
Socio-emotional competencies are related to traits and behaviors in interacting with others. They include skills such as critical thinking, empathy, creativity, communication, emotional stability and resilience.

TECHNICAL
Technical competencies relate to the ability to perform certain services and job assignments. These are competencies obtained through education and training, applied and improved through work experience.

Competency acquisition – encompassing a variety of cognitive, technical, and socio-emotional learnings – is critical to employability. Competency evaluation is the main hurdle to first employment, and competencies impact on job quality and performance and are the main cause of layoffs and of difficulties in obtaining a new job.
COMPETENCY TRAINING

COMPETENCY
Cognitive competencies are related to the process of knowledge acquisition. Cognition involves various factors such as thought, language, perception, memory, reasoning, generalization of learning etc.

SOCIO-EMOTIONAL
Socio-emotional competencies are related to traits and behaviors in interacting with others. They include skills such as critical thinking, empathy, creativity, communication, emotional stability and resilience.

TECHNICAL
Technical competencies relate to the ability to perform certain services and job assignments. These are competencies obtained through education and training, applied and improved through work experience.

Competency acquisition – encompassing a variety of cognitive, technical, and socio-emotional learnings – is critical to employability. Competency evaluation is the main hurdle to first employment, and competencies impact on job quality and performance and are the main cause of layoffs and of difficulties in obtaining a new job.
Cognitive skills are gradually and cumulatively acquired from childhood.

**Most cognitive skills are learned and practiced in formal basic education.**

A learning gap at this stage is perpetuated throughout personal and professional life, and is one of the main challenges for the Brazilian workforce, attributed to the lack of effectiveness of public education systems in Brazil.

“**Knowing how to learn has already proved more important than knowing a particular task.**”

Sidney Zamel, Director of Marketing and Products at Dell¹

---

81.45%\textsuperscript{1} of basic education students in Brazil are in public schools, where they develop their basic cognitive competencies.

In 2018, Brazil had 181,939 schools of basic education. Municipalities manage most – approximately two thirds (60.6%) – of primary schools, followed by the private network (22.3%).

Among basic education schools, most offer the early stages of education – the early years of elementary school and preschool, with 112,146 (61.6%) and 103,260 (56.8%) schools, respectively. Secondary education, on the other hand, is offered by only 28,673 schools (15.8%).

Regarding infrastructure for learning and development of cognitive skills, only 51.2% of all schools have a library or reading room. This proportion in public schools is 45.7%, whereas in private schools it is 70.3% .\textsuperscript{2}

\textbf{Participation of the public and private school networks by number of basic education students:}\textsuperscript{3}

\begin{itemize}
\item \textbf{Preschool or kindergarten:}
  \begin{itemize}
  \item Public: 74.1%
  \item Private: 25.9%
  \end{itemize}
\item \textbf{Primary education:}
  \begin{itemize}
  \item Public: 83.2%
  \item Private: 16.8%
  \end{itemize}
\item \textbf{Regular secondary education:}
  \begin{itemize}
  \item Public: 87.0%
  \item Private: 13.0%
  \end{itemize}
\end{itemize}

\textsuperscript{1} RESUMO TÉCNICO - CENSO DA EDUCAÇÃO BÁSICA 2018
\textsuperscript{2} Notas Estatísticas: Censo Escolar 2018.
\textsuperscript{3} IBGE, PNAD Contínua 2018.
And the evaluations show that the performance of these public students leaves a lot to be desired.

Prova Brasil, which measures the performance of students at the end of the first and second halves of primary education and of secondary education in Portuguese language and Math tested 5.4 million students in 2017. The disparity of scores between public and private school students increases with years of education.¹

→ 5th year of primary education:

<table>
<thead>
<tr>
<th>Language</th>
<th>Public Schools</th>
<th>Private Schools</th>
<th>Points Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portuguese</td>
<td>209.13 points</td>
<td>241.62 points</td>
<td>32.49 points</td>
</tr>
<tr>
<td>Math</td>
<td>218.56 points</td>
<td>251.82 points</td>
<td>33.29 points</td>
</tr>
</tbody>
</table>

→ 3rd year of secondary education:

<table>
<thead>
<tr>
<th>Language</th>
<th>Public Schools</th>
<th>Private Schools</th>
<th>Points Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portuguese</td>
<td>259.45 points</td>
<td>314.75 points</td>
<td>55.3 points</td>
</tr>
<tr>
<td>Math</td>
<td>259.39 points</td>
<td>329.48 points</td>
<td>70.9 points</td>
</tr>
</tbody>
</table>

36% of students who have completed high school in public schools have enrolled in a college.

For private students, the percentage more than doubles: 79.2% .¹

¹ IBGE. Síntese de Indicadores Sociais, 2018.
There have been advances in education indicators, however universalization and quality challenges persist.

Statistics show that the country is making progress in reducing illiteracy rates and increasing education of its population: more Brazilians are reaching high school and college.

However, 11.8% of 15- to 17-year-olds are out of school, and 36.5% of 19-year-old Brazilians did not complete high school. Among those, 62% no longer attend school and 55% have stopped studying in elementary school.²

---

¹IBGE, PNAD Contínuo 2019.
And each educational level has its specific challenges to address

<table>
<thead>
<tr>
<th>EARLY CHILDHOOD ED.</th>
<th>PRIMARY EDUCATION</th>
<th>SECONDARY EDUCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Not enough places offered, only 34.1% of children enrolled.¹</td>
<td>• very low levels of achievement in Portuguese (37%) and Math (12%).²</td>
<td>• Only 59.2% of young people completed this stage at the appropriate age.¹</td>
</tr>
<tr>
<td>• Teachers lack qualifications: 77.5% had higher education.¹</td>
<td>• Only 75.9% of students complete this stage at the appropriate age.¹</td>
<td>• Shortage of 300 thousand teachers.³</td>
</tr>
<tr>
<td>• CDE class (lower-middle income and less) demand for childcare is mainly met by the informal market.</td>
<td>• Teachers are poorly trained and encouraged.</td>
<td>• Public school is seen as under stimulating, disorganized and unsafe⁴.</td>
</tr>
</tbody>
</table>

² Qedu, com dados da Prova Brasil.
³ Prospectiva, para Potencia Ventures e Instituto Inspirare, 2013.
⁴ CEBRAP, 2013.
The fact is that a portion of the youths reach working age lacking cognitive competencies. The lag in cognitive competencies restricts the choice of the economically vulnerable person. It reduces their chances of enrolling and completing higher education, achieving proficiency in technical and socio-emotional skills and accessing and retaining better professional opportunities.

Public policies that encourage education, decreasing the lag and the dropout rates in primary and secondary education and improving the quality of education will prepare people better to enroll in higher education and join the labor market.²

Three out of ten Brazilians are limited in reading, interpreting texts, identifying irony and performing mathematical operations in everyday life situations – and are therefore considered functionally illiterate. In 2018, they comprised 29% of the population aged 15-64 years.¹

---

¹ Instituto Paula Montenegro e Ação Educativa. INAF BRASIL 2018 - Resultados preliminares.
Youth and Adult Education (EJA) is the main public policy facing this problem.

Youth and Adult Education (EJA) is a type of education that encompasses both primary and secondary levels of basic education in Brazil. This modality is intended for young people and adults who did not continue their studies and for those who did not have access to elementary and/or high school at the appropriate age.

EJA offers the elementary school curriculum to people aged 15 and over and high school to those aged 18 and over.

In 2018, 3.5 million people attended EJA, including:

- 60% in elementary school.
- 40% in high school.

EJA is predominantly made up of students under 30 years old, accounting for 62.2% of enrollments.

Up to 30 years of age, 57.6% of enrollments are male. However, over 30 years of age, female students account for 58.2% of enrollments.
But in the last decade, the offer of adult education has decreased, and with it, the opportunities to increase youth and adult qualification.

Several factors contribute to the decrease of supply and demand for this type of education:

- Social scientists consider that marginalization and the absence of perspectives of social change affecting populations living in extreme poverty promote the lack of motivation and the difficulties they face in schooling.¹

- Education funding scholars argue that the weighting factor of EJA in Fundeb’s (a federal trust that supports municipal and state basic education) calculations is too low and discourages state and municipal managers from investing in EJA, as the maintenance costs of EJA classes are not lower than those of other classes. Moreover, high dropout rates in EJA tend to make it unpopular among school leaders.¹

Estimated annual amount transferred by Fundeb per student (2019):²

- Full-time preschool: R$ 4,729.45
- Primary school II: R$ 3,984.52
- Secondary school: R$ 4,547.55
- EJA: R$ 2,870.94


**Falling EJA offer**

Number of schools with primary education EJA fell 34% in a decade.

<table>
<thead>
<tr>
<th>Year</th>
<th>Schools with primary education EJA</th>
<th>Schools with secondary education EJA</th>
<th>Total schools in Brazil</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>14.6%</td>
<td>3.4%</td>
<td>255,445</td>
</tr>
<tr>
<td>2018</td>
<td>8.6%</td>
<td>3.4%</td>
<td>286,014</td>
</tr>
</tbody>
</table>

Source: Inep/Microdados do Censo da Educação Básica (2009 a 2018)

Infográfico elaborado em: 11/02/2019
Given this situation, the quality of basic education is still a pain for employers

52% of the business owners interviewed (CNI) point to educational shortcomings originating from basic school education as a major obstacle to workers’ qualifications.¹

In the last 20 years, Brazil has made large progresses in including segments of the population that, for a long time, lacked access to formal schooling. However, the quality of formal education remains the major challenge to be addressed.

Adequate basic education of workers has the potential to boost the competitiveness and productivity of businesses.

The acquisition of specific technical competencies in modern and technologically advanced economies depends on the appropriate mastery of skills originating from formal basic education.¹

Therefore, investment in developing cognitive skills becomes essential for economic and social advancement

Brazil has not yet achieved universal access to basic education, and there are significant learning gaps at this educational stage. The resulting gap in cognitive competencies impacts the job market, affecting several domains and compromising income generation and quality of life improvement for individuals, and prosperity and economic growth for businesses.

Adequate development of cognitive competencies is tightly linked to the development of technical and socio-emotional competencies in affecting the employability issue.

“In a changing, developing, contradictory society, with professionals in various stages of cognitive, emotional and moral evolution, everything is more complex and difficult. An imperfect school system is the reflection of an imperfect, hybrid, contradictory society.”

José Moran (ECA-USP)
COMPETENCY TRAINING

COMPETENCY
Cognitive competencies are related to the process of knowledge acquisition. Cognition involves various factors such as thought, language, perception, memory, reasoning, generalization of learning etc.

SOCIO-EMOTIONAL
Socio-emotional competencies are related to traits and behaviors in interacting with others. They include skills such as critical thinking, empathy, creativity, communication, emotional stability and resilience.

TECHNICAL
Technical competencies relate to the ability to perform certain services and job assignments. These are competencies obtained through education and training, applied and improved through work experience.

Competency acquisition – encompassing a variety of cognitive, technical, and socio-emotional learnings – is critical to employability. Competency evaluation is the main hurdle to first employment, and competencies impact on job quality and performance and are the main cause of layoffs and of difficulties in obtaining a new job.
Competency acquisition – encompassing a variety of cognitive, technical, and socio-emotional learnings – is critical to employability. Competency evaluation is the main hurdle to first employment, and competencies impact on job quality and performance and are the main cause of layoffs and of difficulties in obtaining a new job.

**COGNITIVE**
Cognitive competencies are related to the process of knowledge acquisition. Cognition involves various factors such as thought, language, perception, memory, reasoning, generalization of learning etc.

**SOCIO-EMOTIONAL**
Socio-emotional competencies are related to traits and behaviors in interacting with others. They include skills such as critical thinking, empathy, creativity, communication, emotional stability and resilience.

**TECHNICAL**
Technical competencies relate to the ability to perform certain services and job assignments. These are competencies obtained through education and training, applied and improved through work experience.
WHAT ARE SOCIO-EMOTIONAL COMPETENCIES?

THERE ARE MANY DEFINITIONS

“Socio-emotional skills pertain to the behavioral domain or arise from personality traits, and are usually considered to be ‘soft’.”¹

“A skill set to deal with one's emotions, relate to others, and pursue goals in life.”²

“Skills [that] help us solve the social and emotional issues that we face in everyday life. This includes collaborating with colleagues to carry out a project, planning for the family’s future with a spouse, or having the energy and passion to learn something new – such as using a mobile device, for example.”²

“The social and behavioral skills of the candidate. They are linked to their emotional competencies and communication and interaction skills in the job setting, easing the integration of professionals with their team, as this skill set helps them understand the best way to build solid relationships.”³

¹Desconectados: habilidades, educação e emprego na América Latina/Marina Bassi, Matías Busso, Sergio Urzúa, Jaime Vargas.
²Instituto Ayrton Senna. Estudo especial sobre alfabetismo e competências socioemocionais na população adulta brasileira.
³ManpowerGroup.
Broadly speaking, *socio-emotional competencies* refer to the ability to *mobilize, articulate and put into practice knowledge, values, attitudes and skills* to relate to others and oneself, as well as to set and achieve goals and face adverse situations in a creative and constructive manner. These are personal abilities that manifest in each one’s thoughts, feelings and behaviors. They can also be developed through formal and informal learning experiences and turn out to be important drivers of lifelong results.

Instituto Ayrton Senna (Competências para a vida)
The time of socio-emotional competencies in the job market

More and more there is talk of and concern with socio-emotional competencies in the workplace. Also called "21st century competencies" or "soft skills", these abilities are already among the most sought after by recruiters:

![Value attributed to each competency by employers (%)](image)

1 Desconectados: habilidades, educação e emprego na América Latina/Marina Bassi, Matías Busso, Sergio Urzúa, Jaime Vargas.
Similar to the cognitive, socio-emotional competencies start to develop during childhood

Historically, educational systems have focused on cognitive skills. However, education scholars today argue that cognitive and socio-emotional skills are closely linked to the integral development of the human being and, therefore, develop together.

The Common National Curriculum Framework, which defines the organic and progressive set of core learning that all students must develop throughout the stages and modalities of basic education, will enter into force in 2020, incorporating socio-emotional aspects into the general competencies of basic education:

2. Exercising intellectual curiosity and using a scientific approach, including employing research, reflection, critical analysis, imagination and creativity to investigate causes, formulate and test hypotheses, formulate and solve problems and create solutions (including technological solutions) based on the knowledge of the different areas;

9. Exercising empathy, dialogue, conflict resolution and cooperation, respecting and promoting respect for others and human rights [...];

10. Acting, both personally and collectively, with autonomy, responsibility, flexibility, resilience and determination, making decisions based on ethical, democratic, inclusive, sustainable and fellowship principles..

¹ Oliver John, pesquisador da Universidade da Califórnia, em Berkeley.
And formal basic education has an important role

Bringing the school environment closer to the development of socio-emotional competencies creates room for more complete learning and affects well-being throughout life.

Twenty-first century schools need to figure out how to inspire their students as they learn. With guided studies and projects, for example, it is possible to help students learn what they like to study, how they prefer to learn, what makes them quit, what they often miss, and which emotions overwhelm them when they fail or are provoked. And also encourage them to find out what their dreams are and how to achieve them.

The results of this change in posture are felt in the classroom itself: More responsible, focused, and organized students learn about one-third more Math in an academic year. For Portuguese, the effects are similar, and more open and assertive students boost their learning by a third.¹

²OCDE. Programa Internacional de Avaliação de Estudantes (Pisa) 2015.

STUDENTS’ WELL-BEING:

8 in 10 Brazilian students say they feel a lot of anxiety in tests, even when they consider themselves well prepared for it, and 56% of them say they get very tense when they study.²
Studies show that many roles will be performed by machines in the future. It is precisely the socio-emotional competencies that differentiate humanity from robots, and thus they are sought by businesses.

The competitive advantage of companies is no longer the product they have, but the service and experience they deliver to their customers.

And it is professionals with socio-emotional competencies who have the skill set to achieve greater and better results, including in leadership.

9 in 10 are hired for their technical skills and fired for their lack of behavioral skills.¹

Socio-emotional competencies are sought regardless of sector and paygrade

Socio-emotional competencies are not needed just for leadership positions. Because they are directly related to emotions, behavior and dealing with others, such competencies – e.g. teamwork or dealing with the public/clients – are key in most jobs, including those most accessed by the lower income population.

![Level of difficulty of businesses in finding competency](source: plotted from EDH results (IDB, 2010))

1Desconectados: habilidades, educação e emprego na América Latina/Marina Bassi, Matías Busso, Sergio Urzúa, Jaime Vargas.
Studies indicate that repetitive and routine jobs, such as X-ray analysis, are the most likely to be automated. This does not mean that doctors will cease to exist: separating the activities of physicians in a repetitive and routine component and a more interactive and unpredictable one (such as listening and talking to patients), the second component will become increasingly necessary.

Non-routine jobs, which will be more difficult to automate, involve socio-emotional competencies:

- **Emotion**: Emotion plays an important role in human communication (think of the doctor sitting with the patient’s family), and is critically involved in virtually all forms of nonverbal communication and empathy. It also plays a role in helping us prioritize what we do. Emotion is not only complex and subtle, but it also interacts with many of our decision processes.

- **Context**: Human beings can easily take context into account when making decisions or interacting with others. The openness of context is particularly interesting. For example, every piece of news can change the context (large or small) in which we operate. Moreover, changes in context can change not only how factors interact with one another, but can introduce new factors and fundamentally reconfigure their organization.

¹Stephen M. Kosslyn. Harvard Business Review. Are You Developing Skills That Won’t Be Automated?
For this reason, investing in this area can generate relevant return to Brazil as socio-emotional skills directly impact job retention and employee performance, as explained previously.

**US$11 average return**

for each US$1 invested in developing **socio-emotional competencies**¹

---

Therefore, education and employability need to adapt to the need for socio-emotional development.

From the education perspective, the acquisition of these skills has been assimilated among the goals of the National Common Curriculum Framework, with the understanding that training children and youth in these skills will yield better professionals in the future. As the importance of socio-emotional competencies is acknowledged, their development has become one of the priorities of employability promotion programs.

“Data from the World Economic Forum shows that 75% of children in primary school today will work in companies that do not yet exist. Developing these skills can help them figure out how to work in the future. In addition to their individual gain, there is also a gain for society.”

Tonia Casarin, winner of the Singularity University award¹

COMPETENCY TRAINING

COGNITIVE
Cognitive competencies are related to the process of knowledge acquisition. Cognition involves various factors such as thought, language, perception, memory, reasoning, generalization of learning etc.

SOCIO-EMOTIONAL
Socio-emotional competencies are related to traits and behaviors in interacting with others. They include skills such as critical thinking, empathy, creativity, communication, emotional stability and resilience.

TECHNICAL
Technical competencies relate to the ability to perform certain services and job assignments. These are competencies obtained through education and training, applied and improved through work experience.

Competency acquisition – encompassing a variety of cognitive, technical, and socio-emotional learnings – is critical to employability. Competency evaluation is the main hurdle to first employment, and competencies impact on job quality and performance and are the main cause of layoffs and of difficulties in obtaining a new job.
Competency acquisition – encompassing a variety of cognitive, technical, and socio-emotional learnings – is critical to employability. Competency evaluation is the main hurdle to first employment, and competencies impact on job quality and performance and are the main cause of layoffs and of difficulties in obtaining a new job.

COMPETENCY TRAINING

COGNITIVE
Cognitive competencies are related to the process of knowledge acquisition. Cognition involves various factors such as thought, language, perception, memory, reasoning, generalization of learning etc.

SOCIO-EMOTIONAL
Socio-emotional competencies are related to traits and behaviors in interacting with others. They include skills such as critical thinking, empathy, creativity, communication, emotional stability and resilience.

TECHNICAL
Technical competencies relate to the ability to perform certain services and job assignments. These are competencies obtained through education and training, applied and improved through work experience.
TECHNICAL COMPETENCIES

knowledge and skills for the job market

Technical skills relate to the ability to perform certain services and duties in a job or position and are commonly used as a criterion for defining the characteristics of a position or job opening.

These competencies are acquired through formal education and training, and are applied and improved through job experience:

• **Formal education (vocational, technological or higher education):** professional qualification.
• **Courses:** technical knowledge (e.g., specialist courses or continuing education).
• **Languages:** foreign languages.
• **On-the-job practical training:** “on the job learning”
The chance of being employed and earning more increases progressively with the level of education

Technical qualifications increase the chances of being employed as well as the amount of salary received. This trend is worldwide, according to a study by the OECD, and Brazil is one of the countries in which the correlation between these components is strongest. However, several factors influence this “journey towards education and employability”, such as gender, parental education, and whether or not the worker is an immigrant.¹

Brazilians with higher education are 25% more likely to be in the workforce than those with only an elementary education.

The higher the level of education, the greater the participation in the workforce.

In 2017, the participation in the workforce of women who completed higher education was 2.5 times higher than that of women without complete elementary education; for men, the participation was 1.5 times larger for those with college education compared to the least educated.

Women's higher education, however, does not suffice to bring them to the workforce in a greater or similar proportion to men: in 2017, women's participation was 52.7%, whereas that of men was 72.5%.¹

¹IBGE Síntese de Indicadores Sociais, 2018.
And the salary of a college-educated is, on average, 5.7 times higher than that of an uneducated Brazilian

Having a college degree does not guarantee a job, but it puts the worker in ever-greater wage advantage. The average wage gap between the Brazilian with and without a college diploma is the largest among the 40 countries analyzed by the OECD.

Years of experience – which increase income for all levels of education – also has a greater effect for those with higher education, facilitating career advancement and access to better opportunities.

**Average wages by level of education (R$) – 2018¹**

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Average Wage (R$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illiterate</td>
<td>859.81</td>
</tr>
<tr>
<td>Up to primary</td>
<td>1,339.91</td>
</tr>
<tr>
<td>Incomplete secondary</td>
<td>1,365.43</td>
</tr>
<tr>
<td>Complete secondary</td>
<td>1,823.34</td>
</tr>
<tr>
<td>Incomplete tertiary</td>
<td>2,217.82</td>
</tr>
<tr>
<td>Complete tertiary education</td>
<td>4,911.66</td>
</tr>
</tbody>
</table>

**Increase in income per year of experience, %²**

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Increase in Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to highschool</td>
<td>1</td>
</tr>
<tr>
<td>College degree</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Over the past 10 years there has been a significant increase in the number of Brazilians with access to higher education

The 2017 Higher Education Census reports a total of 8,286,663 undergraduate enrollments, an increase of 56.4% compared to 2007. Over the past 10 years, the number of students in undergraduate courses rose by 49.7%, whereas the number of students in technology courses grew by 141%. In the same period, bachelor degree courses offered increased by 65.6%.¹

BRAZIL AND THE WORLD

However, the number of adults with higher education in Brazil (18%) is about half that observed in the OECD country average (39%), or even in Argentina (36%).²

¹INEP. Censo da Educação superior 2017 - Divulgação dos principais resultados.
This growth is due to the increase in private institutions and to distance learning

Of the 2,448 higher education institutions in Brazil (2017), 87.9% are private and offer 92.4% of the places in higher education. Thus, unlike in basic education, in higher education the private network has three out of four undergraduate students (more than 6 million students).

GROWTH OF DISTANCE LEARNING

In 2007, distance learning accounted for 7.0% of undergraduate enrollment. In 2017, distance learning increased by 17.6%, serving more than 1.7 million students, a **21.2% share of undergraduate students in Brazil**.

Whereas, for classroom instruction, 74.5% enrollments are bachelor programs, in distance learning 31.4% enroll in baccalaureate programs, 36.6% in licentiate (teacher degree) programs and 32.0% in three-year technological degrees.

Most wanted courses (enrollments in both in public and private institutions):

1. Law (879,234)
2. Pedagogy (714,345)
3. Administration (682,555)
4. Accounting Sciences (362,042)
5. Civil Engineering (346,827)
6. Nursing (295,126)
7. Psychology (249,956)
8. Physical Education (185,792)
10. Physical Therapy (164,016)

Private education is more accessible to economically vulnerable youth than public institutions

The performance in the National High School Exam (ENEM) gives access to higher education programs at several public universities through the Unified Selection System (Sisu), and is also used to select for scholarship programs and student loans.

Statistics show that lower-income students perform below the average in ENEM. Affirmative actions, such as racial quota policies and bonus points for students from the public basic education system are increasing this group’s access to universities.

ENEM performance (2017): poorest and richest students¹

¹Estadão. No Enem, 1 a cada 4 alunos de classe média triunfa. Pobres são 1 a cada 600. Disponível em: https://www.estadao.com.br/infograficos/educacao,no-enem-1-a-cada-4-alunos-de-classe-media-triunfa-pobres-sao-1-a-cada-600,953041

Social Impact Thesis on Employability | Artemisia 2019
Despite improved access, there are still high dropout and late graduation rates in higher education

56% of students who entered college in 2010 failed to graduate.¹

Dropouts may be related to many factors:
- The Brazilian higher education model, requiring students to pick a career at age 18;
- High cost of education and need to work (e.g., dropouts among FIES grantees is 34%);
- Problems keeping up with the content, due to gaps in basic education.

“This number reflects how the culture of striving for higher education is recent in Brazil, where there is a bottleneck in basic education. The country’s effort to increase access to higher education was interesting, but a learning gap persists.”

Ernesto Faria, Executive Director of Interdisciplinarity and Evidence in Educational Debate (Iede)

Dropouts in higher education
Trajectory of students who enrolled in college in 2010

They enrolled in 24,603 programs in 2,209 higher learning institutions

56% did not graduate in the program in which they enrolled originally

1,392,586 students

84% were enrolled in private institutions
1,161,836

16% were enrolled in public institutions
230,750

34% graduated
858,298

10% had not yet graduated in 2015
252,049

56% did not graduate in the program in which they enrolled originally

1,392,586 students

84% were enrolled in private institutions
1,161,836

16% were enrolled in public institutions
230,750

34% graduated
858,298

10% had not yet graduated in 2015
252,049

Source: Infoetr

¹G1. Metade dos calouros na faculdade em 2010 trocaram de turma, de instituição ou abandonaram o curso. Disponível em: https://g1.globo.com/educacao/noticia/metade-dos-calouros-na-faculdade-em-2010-trocaram-de-turma-de-instituicao-ou-abandonaram-o-curso.ghtml
As a result, only 19.2% of the workforce have undergraduate degrees

The workforce today is mostly made up of people without higher education: 
- 33.9% completed high school,
- 8.2% completed elementary school, and
- 22.8% did not complete elementary school.

On the other hand, the labor market still lacks jobs that require high qualifications: more than 1/3 of workers with higher education (45.5% of employees in the private sector) hold positions that do not require higher education.

“The results show that, although the number of workers with higher education in the Brazilian labor market has been growing, part of this contingent cannot obtain a job compatible with their level of education. Thus, despite having an unemployment rate below the other categories, more than a third of the highest-ranking individuals are in jobs that do not require their level of knowledge.”

---

1. IBGE. PNAD Contínua – 2º trimestre 2019.
2. IPEA. Nota Técnica: A evolução da população ocupada com nível superior no mercado de trabalho. 4º trimestre de 2018.
Vocational education provides a way of accessing the job market faster.

**Vocational Education**: Programs aimed at speeding up access to the job market.

Types:

- concurrent or integrated technical courses at high school level
- courses after high school, considered a shorter (3 years) college-level course
- Initial and continuing education courses focusing on specific skills, directed towards adults.

Private schools account for most vocational education enrollments (40.5%), followed by state and federal schools (38.6% and 19.2%, respectively).

Vocational education is predominantly made up of students under the age of 30, representing 78.4% of enrollments. With the exception of students over 60, for all other age groups there is a predominance of female enrollment in vocational education. The largest difference observed between the sexes is in the 40-49 age group, with 60.7% of enrollments being women.¹

In 2018, 1.9 million students enrolled in vocational education.

Federal and state public policies encourage obtaining shorter professional qualifications

At the federal level, the National Program for Access to Technical Education and Employment (Pronatec) is the main policy aimed at expanding the offer of vocational and technological education through technical and financial assistance actions.

State governments also have their own initiatives. In São Paulo, the Minha Chance program offers technical and vocational programs and seeks to adapt their content to the demands of the local labor market. Businesses registered under this program may include classes required to train students they wish to hire.
And online or hybrid courses relevant to those entering the job market have increased

Access to online courses is already a reality in Brazil. According to the EAD.BR Census (2016), government-accredited courses offered only remotely or with some classroom attendance enroll more than 770 thousand students, whereas free courses (including corporate courses), enroll more than 2.9 million students. Free courses offer the possibility of supplementing a professional's CV to meet the demands of selection processes.

How to ensure the quality and practical component of online courses is still a matter of debate, as they have expanded so rapidly and already are training new professionals for the job market.

---

<table>
<thead>
<tr>
<th>Course Type</th>
<th>Free Corporate Courses</th>
<th>Open, Non-corporate Courses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career introduction</td>
<td>709.853</td>
<td>643.409</td>
</tr>
<tr>
<td>Specialization</td>
<td>9.716</td>
<td>452.903</td>
</tr>
<tr>
<td>Training in operations</td>
<td>97.974</td>
<td>297.472</td>
</tr>
<tr>
<td>Refresher courses</td>
<td>181.636</td>
<td>210.230</td>
</tr>
<tr>
<td>University extension classes</td>
<td>132.574</td>
<td></td>
</tr>
<tr>
<td>Training in social and behavioral skills</td>
<td>78.873</td>
<td>46.119</td>
</tr>
<tr>
<td>Languages</td>
<td>758</td>
<td>38.951</td>
</tr>
<tr>
<td>Other</td>
<td>2.147</td>
<td>1.590</td>
</tr>
<tr>
<td>Preparatory for college admission exams</td>
<td>20</td>
<td>1.590</td>
</tr>
</tbody>
</table>

---

¹Centro Regional de Estudos para o Desenvolvimento da Sociedade da Informação (Cetic), ²Censo EAD.BR, 2016 (ABED).
New opportunities, such as in technology, may appear as a result of online courses.

The technology segment in Brazil currently has 5,000 openings in startups alone. Considering the entire technology ecosystem, companies could open up to **70,000 new positions by 2019** – a demand that is far from being met due to a lack of skilled professionals.

According to Amure Pinho, president of the Brazilian Association of Startups (Abstartups), in order to attract professionals, companies have begun regarding **technical course diplomas** more liberally. Positions such as software developer, previously reserved for graduates in Computer Science and Engineering, are now open to professionals with technical backgrounds.¹

**“The candidate can draw a recruiter’s attention with just an online course or a short specialization.”**
Mateus Pinho, Marketing Director at Revelo¹

Other technical skills, such as English proficiency, act as filters in job selection

Only 5% of Brazilians report some knowledge of English, with the youngest most affluent reporting the most knowledge. According to estimates, a person proficient in a second language can command a salary 60% higher than those who speak only Portuguese.

However, many positions require this skill, which, in addition to selecting candidates with the necessary technical knowledge, can serve as a social filter to select candidates with a higher income and better schooling.

Brazilians who claim to have some knowledge of English (2013)¹

<table>
<thead>
<tr>
<th>Age Group</th>
<th>18-24 years</th>
<th>25-34</th>
<th>35-50</th>
<th>Middle class</th>
<th>High income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes (%)</td>
<td>10.3%</td>
<td>5.2%</td>
<td>3.5%</td>
<td>3.4%</td>
<td>9.9%</td>
</tr>
</tbody>
</table>

Despite not always being necessary for the job or for employer satisfaction

Among 452 Human Resources (HR) managers at companies with more than 500 employees in Brazil, Colombia and Mexico, 52% do not consider English to be a core competency for their work, although 50% say mastery of the English language allows mobility (promotion) within the organization.²³

Other competencies, mainly socio-emotional, are considered more relevant by the HR sectors – and are also seen as having greater disparity between importance and satisfaction levels.

Importance and satisfaction with these skills in top-level positions¹

<table>
<thead>
<tr>
<th>Skill</th>
<th>Importance</th>
<th>Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teamwork</td>
<td>92%</td>
<td>64%</td>
</tr>
<tr>
<td>Problem solving</td>
<td>91%</td>
<td>65%</td>
</tr>
<tr>
<td>Public communication</td>
<td>87%</td>
<td>67%</td>
</tr>
<tr>
<td>Reading and writing abilities</td>
<td>85%</td>
<td>65%</td>
</tr>
<tr>
<td>Critical thinking</td>
<td>82%</td>
<td>61%</td>
</tr>
<tr>
<td>Similar previous experience</td>
<td>82%</td>
<td>66%</td>
</tr>
<tr>
<td>Basic Math</td>
<td>68%</td>
<td>64%</td>
</tr>
<tr>
<td>Use of English</td>
<td>38%</td>
<td>38%</td>
</tr>
<tr>
<td>International culture</td>
<td>27%</td>
<td>35%</td>
</tr>
</tbody>
</table>

¹British Council, 2015.
²O Estudo Latino-Americano de Habilidades profissionais
³O panorama do treinamento no Brasil 12ª edição (2018), Integração Escola de Negócios.
Employers also invest in technical skill training

According to a panel of 452 HR managers at companies with more than 500 employees in Brazil, Colombia and Mexico, 58% of their companies have training programs. 68% of their companies are considering increasing their investment in training over the next 3 years, compared with only 19% in the United Kingdom.²

44% of the training offered by companies is in technical skills.¹

Providing employees with skills and training is not only a strategy for increasing productivity and improving the workplace, but also a way of retaining talent.

Distribution of training expenses for operating personnel by competency¹

- Socio-behavioral: 26%
- Technical: 30%
- Mandatory (safety) courses: 44%

Companies with training program²

- Brazil, Colombia & Mexico: 84%
- UK: 63%

Adapting training to company needs and job specifics

Most corporate training programs use classroom courses (72%), due to physical interaction requirements of practical training.

However, similar to courses enrolled by private individuals, distance learning is becoming a significant portion of corporate training, accounting for 23% of training in the trade industry.¹

In Brazil, investment in training is a higher fraction of payroll costs than in the US

### Business training expenses in Brazil and the US

<table>
<thead>
<tr>
<th></th>
<th>Brazil</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>As a fraction of the payroll</td>
<td>10%</td>
<td>4%</td>
</tr>
<tr>
<td>As a fraction of gross revenue</td>
<td>0.63%</td>
<td>1.43%</td>
</tr>
</tbody>
</table>

¹O panorama do treinamento no Brasil 12ª edição (2018) 
Associação Brasileira de Treinamento e Desenvolvimento, Integração Escola de Negócios, Carvalho & Melo Consultoria Empresarial.

* Inclui também ONGs e Adm. Pública Direta; **Treinamento prático no local de trabalho (on the job); ***Gerentes, supervisores e alta liderança.

---

### Type of training delivery

<table>
<thead>
<tr>
<th></th>
<th>Classroom</th>
<th>Remote</th>
<th>Mixed</th>
<th>Practical**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacture</td>
<td>23%</td>
<td>7%</td>
<td>14%</td>
<td>56%</td>
</tr>
<tr>
<td>Services</td>
<td>17%</td>
<td>10%</td>
<td>17%</td>
<td>56%</td>
</tr>
<tr>
<td>Trade</td>
<td>14%</td>
<td>8%</td>
<td>23%</td>
<td>55%</td>
</tr>
<tr>
<td>Average*</td>
<td>19%</td>
<td>9%</td>
<td>16%</td>
<td>53%</td>
</tr>
</tbody>
</table>

### Training by role in the organization

<table>
<thead>
<tr>
<th></th>
<th>Leadership***</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duration (hours)</td>
<td>41%</td>
<td>59%</td>
</tr>
<tr>
<td>Investment</td>
<td>51%</td>
<td>49%</td>
</tr>
</tbody>
</table>

---

¹O panorama do treinamento no Brasil 12ª edição (2018)
Associação Brasileira de Treinamento e Desenvolvimento, Integração Escola de Negócios, Carvalho & Melo Consultoria Empresarial.
Despite it being now understood that technical skills are most easily acquired through experience and professional training, most companies still select candidates based on technical qualifications in their CVs.

For this reason, acquiring technical skills is a competitive differential in the labor market, and enables higher income jobs, especially in the case of the higher education diploma.

“The pattern of core technical competencies, which applies to both professional search and business HR demands, demonstrates the key role businesses play in defining which knowledge is most relevant and a priority for attracting talent or providing opportunities for their employees to be protagonists of the transformation.”

Relatório Pesquisa Retrabalho - TERA
FINANCIAL ASPECTS OF PROFESSIONAL QUALIFICATION
The development of cognitive, socio-emotional and technical skills depends on the access to opportunities since early childhood. Basic education will directly influence young people's chances of accessing quality higher education, of developing better technical skills and of being recruited to jobs that are more rewarding both personally and financially.

Most Brazilian families do not have enough income to access the best training and education opportunities: ¹

The average monthly income of Brazilian families is R$ 5,426.70.

However, a quarter of the households earn less than two minimum wages per month. Among the poorest households, which earn up to R$ 1,908, 24.3% of income comes from retirement, pensions and social programs.

¹IBGE. Pesquisa de Orçamentos Familiares (POF) 2017-2018.
On average, Brazilian families apportion 4.7% of their expenses to education

In 2008-2009, education accounted for 3% of family expenses. Today, this amount already reaches 4.7% of the total.

Among the lowest income families (up to R$ 1,908 monthly), education accounts for just 1.9% of outlay.

In the highest income bracket (over R$ 23,850), the share of education in expenses is 5.1%.

Education expenses showed a significant difference between urban (4.9%) and rural (2.3%) households.

These expenses include tuition and other school fees for basic education or undergraduate higher education, other courses and educational activities (such as remedial, IT, language and other classes), textbooks and technical magazines, and school supplies (school bag, lunch box, etc.).¹

¹IBGE. Pesquisa de Orçamentos Familiares (POF) 2017-2018.
The performance of private schools in the college entrance exams and in basic education tests demonstrates is generally better than public schools. Moreover, the monthly tuition correlates with the exam scores: the higher the tuition, the higher the expected grade in ENEM.

Considering the average family income of Brazilians and the percentage they spend on education, most Brazilians lack access to quality basic education for financial reasons.

---

**Performance of students of schools with 61 students or more in the 3rd year of high school (ENEM 2017)**

<table>
<thead>
<tr>
<th>School tuition</th>
<th>Expected score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to R$1,000</td>
<td>540,90</td>
</tr>
<tr>
<td>R$1,001-1,500</td>
<td>564,25</td>
</tr>
<tr>
<td>R$1,501-2,000</td>
<td>590,67</td>
</tr>
<tr>
<td>R$2,001-3,000</td>
<td>611,28</td>
</tr>
<tr>
<td>above R$3,000</td>
<td>632,05</td>
</tr>
</tbody>
</table>

1 Folha de São Paulo. 1 a cada 3 escolas de ricos tem nota no Enem abaixo do esperado.

* Folha de São Paulo compared Enem’s averages per school in 2016 and 2017 with the tuition values of 398 private schools in SP, in 2017
Still, access to higher education has increased with the support of scholarships and loans.

Increased access to higher education over the past 10 years has been driven by the increase in public scholarships and loans to attend private universities. As these private institutions concentrate over 90% of higher education places and acceptance is usually less competitive, it is through them that the low income population have been able to access higher education.

![Graph showing the share of private school enrollment with some type of funding or scholarship (Brazil 2009-2017)]

46.3% of enrollments in the private network include scholarships or loans.

¹INEP. Censo da educação superior, 2017.
Mostly offered through public policies

**FIES:** The federal government Student Financing Fund provides loans and grants to undergraduate students enrolled in courses with tuition. *

**ProUni:** The University for All Program offers full and partial scholarships in undergraduate and vocational courses in private higher education institutions.

* In 2019, FIES was reformulated with new rules, fees and payment methods.
But they need to be complemented by policies that decrease undergraduate dropout rates

Dropout rates in higher education are high in Brazil, especially in private schools. Support systems, such as college housing and other measures that decrease student travel time to school, freeing up time to study, as well as tutoring and remedial classes, would make a positive difference. Indeed, these should be offered not just to new entrants and unprivileged students, but to everyone who needs them. Such a support network also fosters interaction between students and teachers, making incoming students feel welcomed into a group and encouraged to participate.¹


Some reasons for dropout:²

- **Low quality of basic education:** basic education provides insufficient competencies for the student to adapt to and following a high education program

- **Shortcomings of permanence policies:** even with scholarships or loans to pay for tuition, many students drop out because they lack the financial means to support themselves

- **The early choice of the profession:** students must pick a career at a very young age, due to the structure and regulation of Brazilian education

- **Teachers unprepared for the challenge:** there is a lack of training geared towards the demands of the new student population, and also of the job market

²Instituto Lobo para Desenvolvimento da Educação, da Ciência e da Tecnologia.
“Thus, to consider the significant increase in the number of places in higher education as a policy for overcoming educational inequalities, it is necessary to make sure that students, especially low-income students, are being supported. For a real opportunity of social mobility to exist, it is necessary that these students not just enroll, but remain in the programs and manage to achieve a good university education.”

– Silvio Luiz da Costa e Sonia Maria Barbosa Dias
EMPLOYABILITY CHALLENGES IN BRAZIL

Job qualification

First job and professional experience

Career planning

Selection processes and competence assessment

Job market re-entry

Formal and informal job markets

Diversity and inclusion
Young people face the greatest challenge to join the labor market

Young people between 14 and 24 years old are the group with the highest unemployment rate in Brazil.

By the end of 2018, of 12.7 million Brazilians between 14 and 17 years old, only 2.4 million were in the workforce. However, most in this age group are still of school age and are not yet interested in finding jobs.

The most serious situation is among 18- and 24-year-olds, who already make up the large contingent of job seekers – often without success. The unemployment rate among these young people with little or no experience is more than double the overall rate.¹

In the first quarter of 2017, at the height of the economic crisis, young people between 18 and 24 had an unemployment rate of 27.3%, i.e., more than 1 in 4 were out of work.

10.9 million young people neither study nor work (NEET), but are not necessarily inactive

Several statistics highlight the fact that 23% of the population aged 15-29 neither study nor work. The NEET concept leads to the interpretation that these young people “are doing nothing” or “don’t want to work”.

However, for some of these young people, especially those who are socioeconomically vulnerable¹, the real situation is that their time is taken up by unpaid activities:

- 36.3% are looking for a job
- 44% are taking care of relatives
- 79% are engaged in housework.³

In addition, the main reason they report for not looking for employment according to men (44.4%), and the second reason for women (32.1%), is the lack of available occupations where they live. Among women, this reason only lagged behind: “I had to take care of household chores, children (s) or other relatives” (34.6%).

² IBGE Síntese de Indicadores Sociais, 2018.
³ BID. Millennials en América Latina y el Caribe: ¿Trabajar o estudiar?.

Social Impact Thesis on Employability | Artemisia 2019
Those who do seek jobs report facing several barriers to professional opportunities

“And there's the cost of looking for a job. There’s the cost of transportation, then of setting aside time to look for a job and attend interviews. It's an activity that takes time and money, and if they don't believe they'll find a job, they don't even look for it.”

Daniel Duque, researcher at the Brazilian Institute of Economics at Fundação Getúlio Vargas (Ibre/FGV).

“I can't even hope to get a job that is the same level as someone who got into the job market before me.”

Bruno Santos, 19, worked for two and a half years as an informal employee and, now that he has finished high school, is looking for an opportunity with a formal contract.

“Looks like I'm going in circles. They don’t hire me because I haven't continued studying, and I can't go to college because I don't have a job.”

Thaiane Giovanini, 18, wanted to attend biomedicine in the university, but to do that she needs a job.

“I feel like I'm a beggar, because I don’t know if it should be like this, I feel uncomfortable. I don’t want to disturb someone’s work to apply for a job. It feels pointless, because there is no result.”

Caio Araújo, 23, has never worked formally and is looking for his first formal job.

---


Young people cannot get a job because they have no work experience.

But how to get experience if no one gives them their first chance?
Lack of work experience restricts young people’s access to many job openings

A common complaint of first job applicants is the requirement of prior experience – a qualification that is hard to show in their first job application.

A large proportion of young people first join the workforce in informal occupations – without a contract or a signed workers card – and thus without legal recognition of their work experience.

Whereas working any paid job helps one to acquire some relevant professional attitudes – such as punctuality, responsibility and initiative – the nature of informal jobs makes it difficult to document and prove this experience acquisition in selection processes for formal jobs.

1 McDonald’s e Trendity. “Nós acreditamos nos jovens”.

of Brazilians claim that the requirement of previous experience is the largest barrier to getting their first job.¹
Which decreases their chances of learning on the job

Many employers choose to hire “experienced” professionals as a way to integrate them more quickly into the business and ensure that they already know how to perform the job.

This choice by recruiters restricts the opportunities for young people entering the job market and may represent a waste of talent for employers.¹

“Thus, segregating candidates for a position between ‘the inexperienced’ and ‘the experienced’ can be a mistake that will waste potential talent simply by not adopting a training policy that adequately prepares those who have never exercised a profession.”

Cleber Andriotti Castro, HR and Business Consultant²

¹McDonald’s e Trendity. “Nós acreditamos nos jovens”.
Despite today’s high unemployment rates, the struggle of young people to join the job market is not a recent challenge. To meet this challenge, public policies of apprenticeship and internship were developed, to enable young people to gain professional experience while still attending school (basic and higher education).

**Apprenticeship**
The apprenticeship contract is a paid employment contract up to two years, in which the employer undertakes to provide an apprentice with structured technical and vocational training appropriate to their physical, moral and psychological development, while the apprentice undertakes to perform the tasks necessary for this training.

**Internship**
A supervised stage of instruction developed in the workplace, which aims to prepare for work students enrolled in institutions of higher education, vocational education, high schools, special education, or in the final years of elementary education in youth and adult education.
Apprenticeship seeks to combine access to a first job, professional qualification and income generation

In apprenticeship, young employees make the transition from studying to the job market, already earning a salary and acquiring experience directly relevant to their job.

In Brazil, the Apprenticeship Act, enacted in 2000 and regulated in 2005, created a program focused on training young people 14-24 years of age on the job coupled with theoretical training in an area related to the job.

- **Company**: businesses of any kind, with 7 employees or more, are required to hire apprentices (at a quota of 5 to 10% of current employees whose duties require vocational training).

- **Apprentice**: Applicants are teenagers or young adults (14 to 24 years old) currently enrolled in school or high school graduates, who choose to enroll in apprenticeship programs.

**TECHNICAL-VOCATIONAL TRAINING**
Central to the Program, the training should be offered by the business to apprentices and comprise theoretical and practical activities, organized in tasks of increasing complexity, and be applicable to the activities developed in the employer. The goal is to provide the apprentice with basic vocational qualifications.

- Technical-vocational training is provided by technical and agrotechnical schools of education, **System S or non-profit entities**.
Overall the program has admitted more than 3.5 million young people, despite many businesses failing to meet their quotas.

From January to September 2017, 310,989 young people were admitted as apprentices. This accounts for 33.09% of the places that should be filled in the country (939,731 places), if all eligible companies fulfilled their minimum apprenticeship quota of 5%. *¹

The sectors that admitted the most apprentices in 2018 were:

- Mining (32.1%)
- Public utilities (22.2%)
- Manufacturing (13.1%)
- Services (10.1%).

¹Admission potential: based on the minimum quota (5%) of eligible businesses according to Law nº 10.097/2000. Number calculated in June 2017.


Apprenticeship is an important source of income and a first step to obtaining qualification and employability

The apprenticeship program increases the qualification and employability of youths:

76% of program graduates are studying or have a job

23% of program graduates are enrolled as undergraduates

Studies indicate that the program increases hiring in formal positions for an indefinite period, decreases turnover and increases wages (albeit from a lower starting salary). However, it does not appear to increase the apprentices' ability to accumulate general or specific experience in the labor market.

81% of young people helped their family financially while working as apprentices.

The income from the program also provides these young people with an incentive and a chance to focus on their training.

“Broadening the range of opportunities for teens, especially the most vulnerable, is essential. Boys and girls want to join the world of work and build new pathways for their lives, their families and their communities.”

Luciana Phebo, coordenadora do UNICEF

---

¹ CIEE e DataFolha: Aprendiz CIEE – O que nos disseram os jovens que concluíram o programa.
² IPEA. A aprendizagem e a inserção de jovens no mercado de trabalho: uma análise com base na RAIS. Brasília, 2016.
But there is limited choice of careers, with 50% of the places and programs directed to administrative functions

This concentration of careers is associated with a low share of young apprentices joining the companies where they are apprenticed, since most of them move to different positions after leaving the apprenticeship.¹

There are obstacles to expanding the technical-vocational apprenticeship course options:

• new curricula must be approved by the federal government
• new apprenticeship classes can only be opened if there are open apprenticeship positions in businesses.

According to the Ministry of Labor, this concentration in administrative positions (40% office assistants and 17% administrative assistants) may be a sign that apprenticeship is still a path to which young people adhere out of necessity rather than to follow an aptitude.²

---

¹IPEA. A aprendizagem e a inserção de jovens no mercado de trabalho: uma análise com base na RAIS. Brasília, 2016.
For businesses, there is a low apprentice retention rate after they complete the program: only 25% are hired.

Businesses and trade associations criticize some aspects of the apprenticeship program:

- The apprenticeship quota is not adequate for small and medium businesses, which lack enough workers to mentor these young people during the program;
- Half of apprenticeship contracts are not completed, and only 25% of apprenticeships are hired by the companies where they apprenticed, compared with 75% in apprenticeship programs in Europe²
- Many companies hire apprentices, because they are cheaper labor, for positions requiring less qualifications and have no interest in training or hiring them after they finish the program³

---

¹CIEE e DataFolha: Aprendiz CIEE – O que nos disseram os jovens que concluíram o programa.
³Interviews with specialists.
Internships are another way in which young people can obtain work experience

The internship is intended for students from 16 years old, enrolled in institutions of higher education, vocational education, high schools, special education, or in the final years of elementary education in youth and adult education.

It is very common among undergraduate students (76.6%), and is a key step in the development and learning of the student. It is also the first contact with the daily activities of the chosen career, allowing the student to experience in practice what they learned in the classroom.

PROVISIONS OF THE NEW INTERNSHIP LAW²

- Workload: four to six hours per day (20–30 hours per week);
- Paid rest;
- Internship Commitment Term;
- Accident insurance;
- Limit to the number of interns in a business;
- Less working hours on exam days.

THE NUMBER OF INTERNS IN BRAZIL

INCREASED 47.1% BETWEEN 2010 AND 2017¹

339,000 in 2010

498,000 in 2017

---


And it generates income, which can help pay for higher education

The share of interns receiving scholarships in Brazil fell from 60.7% in 2010 and 66.4% in 2016 to 58.7% in 2017.

Many students at private universities use paid internships to pay their tuition while also increasing their chances of being hired.

"For the student, the internship experience helps them mature and enriches their professional and personal toolset. That's why it's important to do internships in more than one company, to network and facilitate entering the job market after graduating.”¹

In addition to improving the chances of obtaining a formal job after graduating,

The internship allows the exchange of experiences and ideas between students and employees. Depending on the intern’s dedication and performance, some companies often hire him as a permanent employee after graduation, or even before.

In a survey, 38% of interns were not hired due to lack of open positions in the business, and 25% because hiring was not an option – such as in public agencies, which require a public and open competition to hire.¹

¹EXAME. Vagas de estágios no Brasil cresceram 13% no primeiro semestre. Disponível em: https://exame.abril.com.br/carreira/numero-de-vagas-de-estagios-aumentou-13-no-primeiro-semester/

²CIEE. 44% dos estagiários repensam efetivação por falta de identificação com empresa. Disponível em: https://portal.ciee.org.br/empresas/44-dos-estagiarios-repensam-efetivacao-por-falta-de-identificacao-com-empresa/
According to a study by the Inter-American Development Bank in Latin America and the Caribbean, the public policies implemented in recent years have helped the educational and labor insertion of their young people.

For example, efforts have been made to increase coverage and reduce dropout at all levels of education. Similarly, vocational training initiatives were particularly favorable to youth employability.

Nevertheless, the region still has a long way to go in relation to the quality and relevance of the education offered. Further efforts are needed to reduce more the rate of teen pregnancy and other risky behaviors that are strongly linked to school drop-outs, workforce inactivity among women and looking for jobs too early, among men.¹

¹BID. Millennials na América Latina e no Caribe: trabalhar ou estudar?.

The co-existence of public policies and high unemployment rates show the size of the challenge for young people in the labor market.
Nonetheless, most remain optimistic regarding their career prospects. Overall, young Brazilians are optimistic about education and employability.¹

These young people lack, on top of better opportunities for education and work experience, guidance and information. The transition from school to work is a time of uncertainty, and lack of information about the labor market can undermine choices and compromise the future and the fulfillment of these educational and professional dreams.

77% of young people aspire to achieve higher education.

80% young people expect to attain their desired job.

¹BID. Millennials na América Latina e no Caribe: trabalhar ou estudar?
EMPLOYABILITY CHALLENGES IN BRAZIL

Job qualification

First job and professional experience

Career planning

Selection processes and competence assessment

Job market re-entry

Formal and informal job markets

Diversity and inclusion
What do young people know about the job market?

Overall, young people do not have sufficient information about labor market choices and the pay they can earn at each level of schooling, which may lead them to make the wrong decisions about investing in their education.

The transition from school to work is a time of uncertainty in the lives of young people, and the lack of information about the labor market shown by young people in Latin America and the Caribbean indicate the need for measures to enable them to make their educational decisions. According to the IDB, these interventions can leverage young people’s technological access and knowledge by providing information through digital platforms, complemented by virtual mentoring and vocational and career guidance programs.¹

¹BID. Millennials na América Latina e no Caribe: trabalhar ou estudar?.

Social Impact Thesis on Employability | Artemisia 2019
Studies show that young people from disadvantaged socioeconomic backgrounds tend to face more difficulties making decisions about what to do, as economic constraints may limit their possibilities. These young people have lower expectations of professional success, which decreases their motivation in choosing an occupation.

Parents also play an important role in career choice. Parents from disadvantaged socioeconomic classes tend to find it difficult to perceive work as a source of satisfaction, as they often perform jobs with low pay and low recognition. Contact with situations of professional insecurity and exposure to negative discourses about the world of work, possibly experienced in these family environments, may decrease an individual’s educational investment. This can make young people resist engaging in projects that require persistence, such as the process of vocational exploration.¹

Choosing a career is a difficult time, especially when just studying is not an option.

Most Brazilians join the labor market early, due to the need to have a personal or family income. In 2015, 29.2% of young people, aged 15-29, had started working at 14 years of age. Also, 90% of young people were 19 when they started working.¹

However, on average, young Brazilians join the formal market, that is, they have their first workers card signed, at 28.6 years.²

“It’s a very high number. Work before the age of 14 is illegal and generally informal, with all its disadvantages. This young person either does not study or study little, which compromises his future and that of the country, because there are high chances of having low productivity.”

- João Saboia, professor Instituto de Economia, UFRJ

¹CEERT. No Brasil, 44% começam a trabalhar antes dos 14 anos. Disponível em: https://ceert.org.br/noticias/crianca-adolescente/14779/no-brasil-44-comecam-a-trabalhar-antes-dos-14-anos
The need for short-term income may restrict future opportunities.

The choices for socioeconomically vulnerable youths are few. The formal job market has barriers to entry for inexperienced young people, and the need for income pushes many of them to informal work.

"Many young people have had to help sustain family income by entering the job market early. This has impacted their ability to accumulate human capital and obtain higher earnings in the future."

-Sérgio Firpo, professor at Insper

of new jobs attained by young people are informal.¹

But for young people, today’s needs are more pressing than tomorrow’s.

For economically vulnerable households, many working on informal jobs, spending and budget decisions are made daily. Their income is enough to pay for the most urgent expenses, and the balance, if any, may or not be saved, according to their personal character.

Regarding their financial mindset, some young people are considered planners (50%), and some disorganized (45%), according to their distinct behaviors in relation to education and work.¹

¹ Plano CDE; JP Morgan; e FGV EAESP. Segmentação em inclusão financeira no Brasil


"In the periphery, it is much harder to think about the future, to have dreams. You're always thinking of the present because you don't know if you'll have anything to eat today."

Thiago Torres, 19, resident of the Brasilândia slum and a student at USP²

PLANNERS
Most have completed high school and are formal workers.

DISORGANIZED
Most have dropped out of high school and there is a higher share of jobless.
Therefore, it is not possible to draw a single profile of low-income youth

When analyzing economically vulnerable youths concerning their education and jobs, one must consider that they encompass a variety of behaviors, family structures, financial conditions and dreams.¹

---

**FOCUSED**
Know what they want and pursue their goals beyond expectations, planning their career paths. This is the profile of the "heroic" among the low income youths.

**DETERMINED**
Know what they want, and went after na education, chose a career, but lack knowledge about the job market and are uncertain on how to proceed.

**UNDECIDED**
Put energy in their education, but have not decided on a path, so they postpone the decision. Financial needs eventually causes them become “fighters”.

**FIGHTERS**
Need to help support their household, so they go after any job, but lack a plan or a vision for the future: change jobs for “any R$50”.

---

¹Entrevista com especialista.
For those who can access higher education, lack of professional guidance and opportunities for try-outs make choices difficult.

The need to ensure that young people make more informed decisions about their future has been incorporated into the Common National Curriculum Framework. The document established as one of the purposes of contemporary high school that the school that welcomes youth needs to be structured to:

“Review the support given to young people to help them recognize their potentials and vocations, identify perspectives and possibilities, build aspirations and goals for present and future vocational training and insertion, and develop an entrepreneurial, ethical and develop a responsible stance to move into the world of work and in society at large.”
of high school seniors have not yet decided which career they want to pursue.¹

Decisions are made based on research and conversations about the career

When not offered by schools, economically vulnerable youths have little access to career counseling services.

- **37%** have read materials about their intended career;
- **32%** have talked with friends and people who work in the area;
- **20.68%** took vocational tests on websites or educational institutions.

According to experts, a combination of these three would be the best approach to choose a career: finding out about the training required and opportunities for a given career, getting to know the job and verifying if one’s skills and interests are aligned with the chosen career path would be ideal.¹

It's harder when the youth is the first in the family to obtain a higher education

The lack of peers in elite careers and the competition from higher income youths in university entrance exams for the public institutions are barriers for low-income young people to plan their professional future.

Among those receiving federal government support, 44.3% would be the first in their families to attain a tertiary degree.

“"In the lower classes, the family has a different role than in the middle class. In the middle class, the task set for young people by their families is to study to get into an university. In the lower classes, to enter an university is a dream, but not an obligation.”

Silvio Bock, Doctor of Education and Director of the Nace Center for Education Assistance and Consulting

“When I announced this, people were amazed. It was not common in my context to aim for such a high position [judge]. It's as if I was doing something astonishing, people made a point of pointing out that I was poor and black, as if I had no chance of making it.”

Adriana Queiroz, former cleaning lady and Judge at the 1st Civil Court and at the Childhood and Youth Court of Quirinópolis (GO)

Social Impact Thesis on Employability | Artemisia 2019
On the one hand, the 18-34 year olds try to start their own business – in all, more than 15 million people in this age group are doing so – but this age group has a low share of the established businesses (15.8% of the total).¹

51% of the new ventures belong to young people from 18 to 34 years.¹

Entrepreneurship is also a way for young persons to seek financial independence. The motivation of 41% of young people who become individual microentrepreneurs is to pursue this independence, followed by the need for a source of income (28%).

EMPLOYABILITY CHALLENGES IN BRAZIL

Job qualification
First job and professional experience
Career planning
Selection processes and competence assessment
Job market re-entry
Formal and informal job markets
Diversity and inclusion
Selection processes are the gateway to job openings and are increasingly strategic.

In the globalized world, the biggest competitive differentiator for companies is to have the best talent for each job.²

Selection processes arose from the need for companies to think about the systematization of mechanisms that would make it possible to produce more efficiently and productively, in the face of increasing market competition after the Industrial Revolution.

Businesses did not see recruitment and selection as strategic to the business. Selection, in most cases, consisted only of resume analysis and an interview.

Gradually, these processes became more scientific, considering technical skills and skills to fill positions³. More recently, aspects of human and psychological relationships have been incorporated into processes, looking not only at cognitive and technical skills, but also at socio-emotional competencies and the candidate’s adherence to the position and, especially, to the company.

¹Recrutamento E Seleção Por Competências. Autores: Ieda Maria Vecchioni Carvalho; Antonio Eugênio Val. Ieda Maria Vecchioni Carvalho; Antonio Eugênio Val.
³ Gupy. O guia completo de recrutamento e seleção para sua empresa.
Companies sometimes unsuccessfully seek to find the best talent for jobs.

Studies show that increasingly people are seen as the most valuable assets within an organization, simply because without them there is no work, no change, no evolution. Also because, even with the advancement of technology and robotization, human work will always be essential.

In Brazil, many entrepreneurs point out the difficulty of finding the right candidates to work in their companies.

In the technology sector, for instance, around 70,000 people a year are expected to be demanded 2019 and 2024, and universities only train 45,000 people a year.¹

In addition, currently, the country has nearly 20 million active companies, of which 93.7% are micro and small, and microentrepreneurs report that attracting and retaining talent is an obstacle to business growth.²

Reinventing selection processes to find candidates who also have socio-emotional skills.

selection processes have always tried to avoid high employee turnover, a costly process for employers. With the perception that 9 out of 10 professionals are admitted for technical competencies and dismissed for socio-emotional ones, the approaches had to adapt to the new reality. Businesses are increasingly focusing on selection processes that go beyond mere resume analysis and interviewing. Integrity testing, personality analysis, digital steps, and gamification are some of the tools adopted to identify candidate profiles, map competencies and technical and behavioral skills, and then define who best fits the job.
And demanding that human resources professionals take ownership of the assessment of new skills

Demanding new competencies in selection processes requires not only appropriate methodologies, but also professionals skilled in applying them and in identifying the candidates that best fit the desired profile.

There are a number of metrics used to evaluate technical skills, such as curriculum analysis and testing, but the development and dissemination of metrics and indicators for socio-emotional skills such as creativity, leadership, emotional intelligence, and problem solving of complex problems are still lacking.

“How will HR departments evaluate socio-emotional skills if they have not been trained in socio-emotional skills?”¹

Table 4: Comparing skills demand, 2018 vs. 2022, top ten

<table>
<thead>
<tr>
<th>Today, 2018</th>
<th>Trending, 2022</th>
<th>Declining, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analytical thinking and innovation</td>
<td>Analytical thinking and innovation</td>
<td>Manual dexterity, endurance and precision</td>
</tr>
<tr>
<td>Complex problem-solving</td>
<td>Active learning and learning strategies</td>
<td>Memory, verbal, auditory and spatial abilities</td>
</tr>
<tr>
<td>Critical thinking and analysis</td>
<td>Creativity, originality and initiative</td>
<td>Management of financial, material resources</td>
</tr>
<tr>
<td>Active learning and learning strategies</td>
<td>Technology design and programming</td>
<td>Technology installation and maintenance</td>
</tr>
<tr>
<td>Creativity, originality and initiative</td>
<td>Critical thinking and analysis</td>
<td>Reading, writing, math and active listening</td>
</tr>
<tr>
<td>Attention to detail, trustworthiness</td>
<td>Complex problem-solving</td>
<td>Management of personnel</td>
</tr>
<tr>
<td>Emotional intelligence</td>
<td>Leadership and social influence</td>
<td>Quality control and safety awareness</td>
</tr>
<tr>
<td>Reasoning, problem-solving and ideation</td>
<td>Emotional intelligence</td>
<td>Coordination and time management</td>
</tr>
<tr>
<td>Leadership and social influence</td>
<td>Reasoning, problem-solving and ideation</td>
<td>Visual, auditory and speech abilities</td>
</tr>
<tr>
<td>Coordination and time management</td>
<td>Systems analysis and evaluation</td>
<td>Technology use, monitoring and control</td>
</tr>
</tbody>
</table>

On the candidate side, preparation begins with writing a resume

Writing a resume with the qualifications desired by recruiters and demonstrating work experience, particularly early in their careers, is the first barrier facing job seekers.

58.5% of young people looking for a job pointed out as their main hurdle developing an attractive curriculum.²

Doubts also arose from the difficulty of summarizing the required qualifications and identifying required information.

“This is my resume. The photos show my experience to the agencies. After all, how will I prove that I have experience if [employers] do not sign an employment contract or provide a certificate? Also, if a client refuses to pay, I have the photos as proof.”

Giuliana da Silva Borges, 19, works as a receptionist at fairs, exhibitions and events¹

---


But they face the need for social capital

Social capital is the network of relationships that can be used to start and build a professional career. Many jobs tend to be filled by referral or recommendation, so a good network is beneficial.¹

The strong social segmentation in Brazil makes it difficult for low-income individuals to have opportunities to establish social networks outside their segment. As a result, their social capital usually does not favor access to better career opportunities.

Unconscious biases influence human behavior, demonstrating that different people act according to preferences based on aspects of identity, and this type of influence is not generally perceived and, precisely because it is unconscious, can even lead individuals to act against their conscious convictions.¹

Recruiters, like anyone, have their unconscious biases that often undermine the diversity of profiles within companies. The more subjectivity there is in the selection processes, the greater the likelihood that the evaluation will be biased by the evaluators' prejudices (conscious or not).

Biases that manifest as prejudice towards several vulnerable groups

Unconscious biases harm especially socioeconomically vulnerable people.

Given the stereotypes and prejudices that residents of the peripheries, such as blacks, women, LGBTQ + etc. live daily, being approved in selection processes becomes an even greater challenge.

For example, according to LinkedIn, female profiles that appear in listings are 13% less likely to be analyzed individually than male profiles.¹

---

**Affinity bias:** This is the tendency to better evaluate those who look like us. That is, recruiter-like profiles regarding gender, age, race, social class.²

**Perception bias:** This occurs when people believe and reinforce stereotypes with no concrete basis in fact. E.g., two candidates the same qualifications receive different scores.²

**Confirmation bias:** A willingness to look for information that confirms our initial assumptions and ignore information that puts our beliefs in check.²

**Halo effect:** Propensity to be influenced by a single positive or pleasant information, becoming much more willing to positively evaluate the rest of the information, even if it is not positive.²

**Group effect:** Tendency to follow the group’s behavior so as not to deviate from the current standard.

---


²Fonte: Regina Madalozzo, PhD em Economia pela Universidade de Illinois Urbana-Champaign (UIUC) e especialista em Economia do Trabalho. In PwC, Insper, + Mulher 360 e ONU Mulheres. Vieses Inconscientes, equidade de gênero e o mundo corporativo: lições da oficina “vieses inconscientes”.

Social Impact Thesis on Employability | Artemisia 2019
Thus, some people feel that they cannot apply for these positions.

Businesses wishing to attract more diverse candidates and avoid unconscious biases in their selection processes need to adapt all communication (visual and language) and criteria for the position so that those people who have always been excluded from these spaces feel that they actually have a chance to be selected.¹

The history of “no’s” that socioeconomic vulnerable people have lived through makes them choose not to try a particular job when they lack confidence in their chances of success.

According to a study by LinkedIn, women apply for 20% fewer jobs than men through their social network – indicating that they only look for the jobs for which they really feel qualified, whereas men try their luck even when they lack the required qualifications.²

---

¹ Interview with a specialist in DIVERSITY AND INCLUSION.
EMPLOYABILITY CHALLENGES IN BRAZIL

- Job qualifications
- First job and professional experience
- Career planning
- Selection processes and competence assessment
- Job market re-entry
- Formal and informal job markets
- Diversity and inclusion
Of the 12.8 million unemployed, 26.2% have been looking for a job for over 2 years.

Currently, 11.8% of the Brazilian workforce is unemployed. More than a quarter (26.2%), or 3.35 million people, have been looking for work for at least two years.

---

Job search time¹

- Less than 1 month (14.0%)
- Between 1 month and 1 year (26.2%)
- Between 1 year and 2 years (14.2%)
- Over 2 years (45.6%)

¹ IBGE. PNAD Contínua – 2º trimestre 2019.
Of the 12.8 million currently unemployed in Brazil, ¹

34.2% are between 25 and 39 years old

22.8% are between 40 and 59 years old.

Specifically, those between the ages of 40 and 59, according to Cimar Azeredo, IBGE’s Labor and Income coordinator, form a group traditionally more resistant to unemployment, due to their a higher qualifications and greater potential to start their own businesses successfully, even if an informal business.

However, between the second quarter of 2014 and the second quarter of 2018, there was an increase of 131% in this group’s unemployment rates.²
Many are already breadwinners and have previous work experiences.

Heads of household – whether women, men or both – are those responsible for supporting and making the decisions in the household.

The unemployment of people with such responsibility is concerning, affecting directly the quality of life of their dependents – children, youth and the elderly.

In the labor market, 25-59 year olds make up nearly 80% of the workforce and generally have the advantage of work experience over younger people.
But they may have a hard time getting back into formal jobs

It is common for older workers, especially those with low-income, to have attained lower levels of education than young workers, due to the recent expansion of basic education coverage and access to higher education.

However, because they have been in the labor market for a longer time, they have an edge in professional experience, socio-emotional skills and knowledge of how to perform their tasks.

According to employers, more mature professionals have the advantage in terms of company loyalty (95%), commitment to work (89%) and emotional balance (88%), compared to young people.

In contrast, they tend to lag young people in creativity (31%), adaptation to new technologies (31%), besides having higher health care and dental costs (30%).

75% of businesses choose young over mature (50+) candidates on otherwise equal terms.¹

¹FGV EAESP. Envelhecimento nas organizações e a gestão da idade.
The unemployment of a family member impacts the household income, increasing the vulnerability of the member’s dependents. However, work is not only a source of livelihood, it also plays a central role in people’s mental health and social inclusion. Unemployment exposes people to a situation of psychosocial vulnerability, as it compromises their ability to build social bonds and preserve a certain routine in their daily lives.

Moreover, unemployment often challenges family identities, sometimes causing changes in the roles that each person plays in the family, especially in families that follow a patriarchal logic in which a man’s identity is tied to his role as worker and provider.¹

¹Jornal da USP. Por que o desemprego é muito mais do que um problema econômico?. Disponível em: https://jornal.usp.br/ciencias/ciencias-humanas/por-que-o-desemprego-e-muito-mais-do-que-um-problema-economico/ - Belinda Mandelbaum e Marcelo Afonso Ribeiro, Instituto de Psicologia (IP) da USP.

Unemployment has negative impacts on workers’ income and health

“A job is an inclusion in time, in the city. Especially for the low-income worker, when they lose their job, they become isolated at home”

Belinda Mandelbaum, Professor, Department of Social and Work Psychology, Institute of Psychology, Universidade de Sao Paulo
To return to employment, workers, even those with previous experience, need retraining to fill gaps in their technical skills.

In the last two years, **60% of the 11,800 positions offered in the joint efforts of large companies weren’t filled**. Difficulty in communicating, doing math, lack of basic computer and English skills and too few years of education are obstacles to hiring.

According to recruitment firms, finding a new position tends to be more difficult for those with just elementary education, aged less than 20 or over 45 years, and who have been unemployed for over a year. Among the 13.4 million unemployed in the first quarter of this year, [...] 635,000 are considered difficult to be hire by recruiters, in LCA economist Cosmo Donato’s estimate.¹

Self-employment becomes an alternative for these workers

The difficulties in joining the formal job market make workers look for options to be able to work and pay their bills. Self-employment or launching their own business may be tried in these situations as a result of need, rather than opportunity.

Statistics show that the proportion of self-employment increases with the age of the workers.

Share (%) of self-employed persons by age group (2012-2019)¹

¹PNAD contínua apud Instituto iDados. Disponível em: https://idados.id/posts/7745/distribuicao-das-categorias-de-trabalhadores-ocupados-por-faixa-etaria.
Who, however, lack the experience to navigate this new mode of working

If qualification lacking for formal salaried jobs, the reality is no different for workers entering self-employment.

Success in selling one’s services depends on offering competitive quality, in which case training in entrepreneurship technical skills offers an important differential. Those who move from employment to self-employment have much to gain from training in managing their own businesses.

Federal, state and municipal public policies seek to address this problem with technical training programs associated with entrepreneurship, such as Escola do Trabalhador (Worker’s school, federal government), Via Rápida (Fast Track, Sao Paulo State) or Bolsa Futuro (Scholarship for the Future, Goias State).

23.9% of early stage entrepreneurs have finished only elementary school.¹

22.5% of established entrepreneurs have not even finished elementary education.¹

41% of Brazilians have informal jobs

Informality is a reality of the Brazilian labor market and tends to increase in times of crisis. Informal work comprises:

INFORMAL EMPLOYEES
Employees without a formal contract, be it in formal or informal businesses or in domestic work.

INFORMAL SELF-EMPLOYED
Self-employed workers or small business owners without a CNPJ or who do not pay social security, employers in the same situations, and unpaid family workers.

“Informality is a historical feature of the Brazilian labor market, therefore an important marker of inequality. As a result, it generates a large contingent of workers without access to social protection mechanisms linked to formalization, and restricts access to basic rights such as minimum wage and retirement pay.”¹
Informal workers are mainly “self-employed without CNPJ” and “without a formal contract”

Self-employed workers without CNPJ, also called “independents” (autônomos) comprise many different occupations, ranging from the popcorn cart owner, to the construction worker, to gigs as a receptionist, to drivers working for ride-sharing and delivery apps.

Private sector employees without a formal contract, more than just informal, are illegal. These workers perform the same roles as formal employees, but without their job benefits.

Informal workers by type, 2019 (thousand persons)¹

- Employees without contract: 19,420
- Domestic workers without contract: 850
- Self-employed, no CNPJ: 4,525
- Employers, no CNPJ: 11,658

1 IBGE. Pnad Contínua, 2019.
They work in a variety of economic activities, but especially in trade and services.

The lack of formal job opportunities for the entire population, especially for the most vulnerable, causes 27 million Brazilians to obtain their income in the informal labor market, with its many forms of self-reliant, mobile, temporary, irregular, precarious work.

In sheer numbers, most informal jobs are in services and commerce, but in construction, agriculture and domestic services, the predominant form of work is informal.

<table>
<thead>
<tr>
<th>Economic Activity Group</th>
<th>Persons Employed (x1,000)</th>
<th>Percentage of Formal Work</th>
<th>Percentage of Informal Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other services</td>
<td>62%</td>
<td>38%</td>
<td>24,334</td>
</tr>
<tr>
<td>Trade and repairs</td>
<td>62%</td>
<td>38%</td>
<td>17,585</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>72%</td>
<td>28%</td>
<td>11,848</td>
</tr>
<tr>
<td>Education, health and social services</td>
<td>78%</td>
<td>22%</td>
<td>10,511</td>
</tr>
<tr>
<td>Agriculture</td>
<td>31%</td>
<td>69%</td>
<td>8,703</td>
</tr>
<tr>
<td>Construction</td>
<td>37%</td>
<td>63%</td>
<td>7,039</td>
</tr>
<tr>
<td>Domestic work</td>
<td>30%</td>
<td>70%</td>
<td>6,257</td>
</tr>
<tr>
<td>Public sector</td>
<td>79%</td>
<td>21%</td>
<td>5,126</td>
</tr>
</tbody>
</table>

¹IBGE Síntese de Indicadores Sociais, 2018, tabela 1.25.
The causes of informality are varied and date back to a historical social and regulatory process of the Brazilian job market.

Labor market institutions in Brazil have never reached all the workers. Ever since the establishment of a free job market in the country, a sizable portion of the working population was never able to join it formally.

**FINANCIAL COSTS OF FormALIZATION**
Many small businesses, with low productivity and low incomes, may become unviable or far less attractive with the taxes brought on by formalization.

**COMPLEXITY AND LACK OF INFORMATION**
Brazilian law is among the most complex in the world; many entrepreneurs may not be aware of what needs to be done or how to comply with all legal obligations, and learning can take time that they do not have.¹

**LACK OF TIME**
Getting a formal job from unemployment can take 3 years, versus a few months for an informal job. Turnover is higher in the informal market.²

**VISIBILITY RISK**
For informal entrepreneurs, formalization means getting on the radar of government, often in contexts that are very distrustful of authority.³

**WEAK ENFORCEMENT**
Informal businesses are often tolerated (viewed as models of liberality in overregulated markets or due to fears of increasing unemployment). However, models indicate that greater oversight would increase formality without increasing unemployment.²

---

³ Cardoso, (2016) Informality and public policies to overcome it. The case of Brazil Sociol. Antropol.06.02: 321–349.
Informality affects the general population, but it affects most the lower income strata, women, the black or brown population and the least educated.¹

60.8% of employed persons with no education or incomplete elementary school were in informal jobs, whereas, for employed persons with higher education degrees, informality was 19.9%.²

The black or brown population have a greater participation of the informal work (46.9%) than whites (33.7%).²

89% of young people's first jobs are informal.³ Between 2012 and 2018 the proportion of young people contributing to Social Security fell from 36.5% to 28.5%.⁴

62.4% of informal workers live outside metropolitan regions, where there are fewer options for formal jobs.¹

---

² IBGE. Síntese de Indicadores Sociais, 2017.
Informal workers are not entitled to the benefits and are outside the protections offered to formal workers under Brazilian labor law. Employees with a formal contract have access to rights such as:

**MINIMUM WAGE**
Lowest wages that employers can legally pay their employees.

**PAYED ANNUAL VACATIONS**
30 days leave per year, during which employees are paid one third more than their usual salary.

**UNEMPLOYMENT INSURANCE**
Temporary financial assistance to unemployed workers fired without prejudice.

In addition, both formal employees and self-employed workers contribute to Social Security, ensuring access to social security benefits such as age or disability retirement, sickness allowance, and paid maternity leave.
And they earn half the income of formal workers, subject to greater fluctuations.

Informal workers are not entitled to the minimum wage and their income is uncertain, subject to fluctuations, such as in absences due to sickness or reduced pay in times of crisis.

In addition, the average monthly income in informality has a gap to formal average income of 60% for the self-employed.

Average monthly income per person (R$), 2019¹,²

<table>
<thead>
<tr>
<th>Category</th>
<th>Formal self-employed</th>
<th>Informal self-employed</th>
<th>Formal employee</th>
<th>Informal employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income (R$)</td>
<td>3,104</td>
<td>1,312</td>
<td>2,169</td>
<td>1,427</td>
</tr>
</tbody>
</table>

¹ IBGE. Pnad Contínua, 2019.
² IBGE. Síntese de Indicadores Sociais, 2017.
Informality negatively impacts both workers and the economy

The informal economy proceeds without official recognition, putting informal workers outside the protection of existing laws, exposing them to more risks and depriving them of resources available to formal workers.

**RISKS**
- Workers may lack safe, decent and healthy working conditions, such as minimum pay, rest periods and non-exposure to risks.
- They also lack a social safety net to help them weather unemployment spells or necessary breaks in paid work, such as maternity leaves.
- Experience is undocumented, and informal work can actually decrease the chance of getting a formal job.
- The lack of unionization of informal workers makes them voiceless, making it difficult to demand better working conditions.

**RESOURCES**
- Informal businesses have trouble getting loans at favorable rates, which limits their growth.
- Informal businesses have trouble setting up in an efficient manner, and rarely offers quality training; together with its unofficial character this also tends to inhibit their growth.
- Businesses in the informal sector tend to be smaller and evade taxes, making informality a subsidy to keep small and less productive firms.
Efforts to bring these workers into formality are crucial

Public policies are seeking to increase the share of formal work, especially targeting especially the self-employed.

**Simples Nacional** | Created in 2006, this policy aims to reduce taxes and cut red tape for micro and small businesses, unifying 8 federal, state and municipal taxes in one and decreasing the tax rate by up to 40%, depending on business revenue and industry. Companies making up to R$ 180 thousand in revenue pay a tax rate of 4%.

**Microempreendedor Individual (MEI)** | Created in 2008, it sought to include self-employed professionals in the formal economy. Upon registration as “individual micro-entrepreneurs”, these people register in the federal CNPJ, allowing them to open bank accounts and access subsidized credit. With a maximum revenue of R$ 81 thousand, MEI do not pay federal taxes other than a flat rate of approximately R$ 50. MEIs are entitled to paid maternity leave, paid sick leave and retirement pay.

**Minimum wage rises** | The increase in the wage mass resulting from real minimum wage corrections over the past decade seems to have indirectly increased the incomes of informal workers, encouraging them to formalize their activities. This is suggested by the correlation between increased formality and minimum wage.¹

---

¹Cardoso, (2016) Informality and public policies to overcome it. The case of Brazil Social. Antropol. 06:02: 321–349.
EMPLOYABILITY CHALLENGES IN BRAZIL

- Job qualifications
- First job and professional experience
- Career planning
- Selection processes and competence assessment
- Job market re-entry
- Formal and informal job markets

Diversity and inclusion
Working diversity into companies is both a correction of injustices and an opportunity for business

Diversity goes beyond simply having diverse people work together. It is about including the minorities and seeking a common ground among differences and similarities between human beings and professionals. Diverse businesses tend to perform better financially than less diverse ones. Businesses with gender diversity are 15% more likely to outperform the average, and ethnic diversity can boost results by 35%.¹ Studies indicate that inclusion and equality policies for people with disabilities and LGBTQ+ also tend to positively influence business outcomes.¹

“[Diversity] is not about including those left out because they're different. Their exclusion is the result of an injustice, and not because they’re "misfits" and those who are included are perfect.”²

Reinaldo Bulgarelli, Diversity Specialist

² Instituto Ethos, “Inclusão e Diversidade” https://www.ethos.org.br/cedoc/inclusao-e-diversidade/#.XaO0j0ZKjIU
However, this is still a nascent movement in Brazil.

Blacks are in only 6.3% of management positions and 4.7% of executive boards of the 500 largest companies in the country.¹

Among Brazil’s 500 largest companies, only 2% of the staff are people with disabilities, and only 3 persons are in the executive level.¹

Although women are the majority in the early stages of their careers, their participation falls as they rise – they occupy only 13.6% of executive positions.¹

61% of LGBTQ+ employees in Brazil say they hide their sexuality from colleagues and managers. This often leads to behavioral changes and discomfort in the workplace.²

People living in the periphery of large cities have access to 100x fewer positions than residents of central regions³ and are often passed over in selection processes just because of their address.

¹Perfil Social, Racial E De Gênero Das 500 Maiores Empresas Do Brasil e Suas Ações Afirmativas, 2016.
²Out in the world: securing LGBT rights in the global marketplace.
³USP/Projeto ReSolution-2019

Social Impact Thesis on Employability | Artemisia 2019
The unemployment rate of blacks historically is higher than that of whites

Among the 12.8 million unemployed in Brazil:¹

34.7% are white  64.3% are black  
(52.1% brown and 12.2% black)

Whereas the Brazilian unemployment rate is 12%, it is lower for the (self-declared) white (9.5%) and higher for blacks (14.5%) and browns (14.0%).¹

“During the crisis, unemployment has increased for everyone, but highest among blacks and browns. This was a crisis that affected the construction sites, the blue collar. And it is the black or brown population that mostly holds this type of occupation. The crisis caught a lot of low-income people, the less affluent population.”

Cimar Azeredo, Work and Income coordinator, IBGE’s.²

¹ IBGE. PNAD Contínua, 2º trimestre de 2019.
And this difference often starts with the job selection processes

Selection processes tend to favor the same candidate profile: HR departments are mostly made up of white people who lack access to diverse contact networks, besides suffering unconscious biases that lead them to choose whites over blacks with equal or better job qualifications.

Selection also occurs by defining criteria in the position description that often are irrelevant for the job, but that result in favoring a certain candidate profile. It is what happens, for instance, with ‘English proficiency’, claimed by only 5.1% of Brazilians.

“Usually, and that has happened to me a lot, recruiters call you [for an interview] for your resume and, at the interview, you feel that there are barriers, related to your being a black woman. This is the first hurdle, having a selection process that really has no bias.”

Viviane Elias Moreira, Business Continuity Coordinator at AIG Seguros

72% of Brazilians believe that skin color influences corporate hiring.²

---

³ British Council e Instituto de Pesquisa Data Popular. Demanda de Aprendizagem de Inglês no Brasil.
Once hired, inequality persists in the income of blacks and whites in Brazil

Racial inequality in Brazil is a historical phenomenon that manifests in various issues related to employability, such as access to higher education, different unemployment rates, unconscious biases in the selection process, and different salaries for similar positions.

In 2019, 55.7% of the Brazilian population aged 14 and over declared themselves black (46% brown and 9.7% black) and 43.3% white.¹

The average income of these groups was quite different: ²

- **R$ 1,570 for blacks**
- **R$ 1,606 for browns**
- **R$ 2,814 for whites**

The difference in average income might have been explained by the inequality of education between blacks and whites. Except that data from the São Paulo Metropolitan Region reveals that racial/skin color differences in average hourly earnings persist even for the same level of education (2016): ³

<table>
<thead>
<tr>
<th>Incomplete High School</th>
<th>non-blacks: R$ 8.23</th>
<th>blacks: R$ 7.60</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Graduate</td>
<td>non-blacks: R$ 27.05</td>
<td>blacks: R$ 17.71</td>
</tr>
</tbody>
</table>

¹IBGE, PNAD Contínua 2018;
²IBGE, PNAD Contínua 2017;
³Secretaria de Planejamento e Gestão / Convênio Seade-Dieese / Ministério do Trabalho/FAT.
Which is reflected on the organization charts: the higher the position, the fewer black persons

Despite being the majority in the population, it is still rare to see black persons in Brazil occupying leadership positions in companies. Diversity in the workforce can be beneficial – greater employee satisfaction, improved decision making – but this has not yet been properly internalized by most Brazilian businesses.

According to a McKinsey study:³

companies in the top quartile in racial and ethnic diversity are 35% more likely to earn financial returns above the national average for their sector.

"[...] I don't think any young black man from the periphery, wherever he is, has a hard time understanding that if he has enough talent, he can be a good soccer player. [...] On the other hand, finding a young black man from this same periphery who might have role model from a CEO, whichever it is, is much more complicated. Maybe that is what makes this difficult, for people to even dream that this is possible."

Maurício Rodrigues, Bayer Vice President, Finance, Latin America²

---

³ Instituto Ethos. Perfil social, racial e de gênero das 500 maiores empresas do Brasil e suas ações afirmativas, 2016.
The number of employed women increased by 1.4 million between 2012 and 2018

In the same period, this number for men was only 194,000

Women are the majority in the Brazilian population (51.7%) and in the Brazilian working age population (52.5%). However, they still are minority in the workforce and among employed workers: ¹

44% of the workforce
43% of the employed workers

The entry of women in the job market is a worldwide trend in recent decades. However, there are still significant differences with men regarding:

- Types of position
- Salary
- Career progression
- Weekly working hours
- Household chores and duties

The average wage of women between 25 and 49 years old is 79.5% of men’s wages:

WOMEN  R$ 2,050
MEN  R$ 2,579

The wage gap persists regardless of educational level and position: among elementary school teachers, women received 90.5% of men's wages; female lawyers receive 71.8% of male lawyers’ wages.²

¹IBGE. Síntese dos Indicadores Sociais. 2018.
Women have more education, but this is not reflected in their career progression

On average, women are more qualified than men: the educational advantage of women is evident from the analysis of indicators that measure the grade retention and the educational level of the adult population.

Still, this educational advantage is not enough to achieve results compatible with their qualifications in the job market.¹

There is an organizational bottleneck, with the share of women decreasing as leadership (and paygrade) levels increase.

---

¹ IBGE. Estatísticas de Gênero Indicadores sociais das mulheres no Brasil. 2018.
² Instituto Ethos. Perfil social, racial e de gênero das 500 maiores empresas do Brasil e suas ações afirmativas, 2016.
Maternity is a barrier: 48% of women leave work before their child’s first birthday

The percentage of terminations of women employees in the month of return from maternity leave is 15%, reaching 48% by the baby’s first birthday.¹ This problem impacts the entire economic chain, as more than 28 million households are headed by women².

Maternity decreases the likelihood of being employed: about 65% of women 25-44 were employed, but when considering those with a child up to one year old, that share drops to 41%.²

Moreover, average salary decreases by 1/4 for women who remain in the job market after maternity: ³

<table>
<thead>
<tr>
<th>WOMEN WITHOUT CHILDREN</th>
<th>WOMEN WITH CHILDREN</th>
</tr>
</thead>
<tbody>
<tr>
<td>R$ 2,115.39</td>
<td>R$1,560.50</td>
</tr>
</tbody>
</table>

TERMINATIONS AFTER MATERNITY LEAVE

Most terminations after maternity leave are without cause and at the employer’s initiative. However, they are quite influenced by the mother’s education:

- 51% → incomplete elementary school education
- 53% → complete elementary school
- 49% → complete high school
- 35% → beyond high school

The 120-day maternity leave in Brazil is insufficient to maintain mothers in the job market, indicating that other policies (such as daycare expansion and preschool) may be required to achieve this goal, especially for women with less education.¹

² IBGE, PNAD, 2015.
³ Idados, com base no IBGE, 2018.
And having a double shift – paid work and housework – is still a mostly female challenge

In 2016 in Brazil, women spent about 73% more hours than men caring for people and/or performing household chores.¹

This behavioral difference is reflected on men’s and women’s work hours and patterns:

- **Women work on average 4.8 hours per week less than men in paid jobs**, because they spend part of their time on chores and caring for people.² This is mentioned as one of the factors in the gender wage gap.²

- **Black or brown women were most often employed part-time, (31.3%), compared to 25.0% of white women. In turn, only 11.9% of white men were employed part-time, and 16.0% of black or brown men.¹**

---

¹ IBGE. Estatísticas de Gênero Indicadores sociais das mulheres no Brasil. 2018.
People with disabilities (PwD) face barriers to obtain professional qualifications, such as a lack of accessibility in educational institutions; a lack of adequate transportation for commuting; a lack of trained professionals to support them; and low availability of accessibility equipment.

This reflects on the education of PwD in the country:

- Only 6.7% of the PwD graduated from college, while the overall average was 11.3%.
- 17.7% of PwD completed high school or attended higher education institutions without graduating, vs. a population average of 24.6%.

Access is increasing: In 2010, students with disabilities accounted for 0.12% of those enrolled in higher education. In 2017, that number was 0.4%.²³
Businesses have quotas for inclusion of PwD, but in general, positions are entry level

The federal Law 8,213/1991 determines employment quotas for persons with disabilities, according to the number of employees (up to 200 employees, 2%; over 1,000 employees, 5%).

However, the positions are not evenly distributed among the levels and roles within the businesses. Within the 500 largest companies in Brazil, the average percentage of employees with disabilities is 2%, distributed as follows:¹

- Executive level: 0.64%
- Staff: 2.33%

According to a survey of the job portal Vagas.com, 61% of positions set aside for people with disabilities are for junior staff positions. Only 3% of positions offered to people with disabilities are for coordinator, supervisor, manager or director.³

companies hire people with disabilities just to comply with the quota law.⁴

### Distribution (%) of people with and without disabilities in Brazil’s 500 largest companies¹

<table>
<thead>
<tr>
<th>Position</th>
<th>Non-PwD</th>
<th>PwD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apprentices</td>
<td>99,17%</td>
<td>0,83%</td>
</tr>
<tr>
<td>Interns</td>
<td>99,94%</td>
<td>0,06%</td>
</tr>
<tr>
<td>Trainees</td>
<td>99,40%</td>
<td>0,60%</td>
</tr>
<tr>
<td>Junior staff</td>
<td>97,67%</td>
<td>2,33%</td>
</tr>
<tr>
<td>Supervisors</td>
<td>99,11%</td>
<td>0,89%</td>
</tr>
<tr>
<td>Managers</td>
<td>99,59%</td>
<td>0,41%</td>
</tr>
<tr>
<td>C-Suite</td>
<td>99,36%</td>
<td>0,65%</td>
</tr>
</tbody>
</table>

---

¹ Instituto Ethos. Perfil social, racial e de gênero das 500 maiores empresas do Brasil e suas ações afirmativas, 2016.
² Lei nº 8.213/1991, art. 93.
⁴ I.Social em parceria com Catho, ABRH Brasil e ABRH-SP. Profissionais de recursos humanos – expectativas e percepções sobre a inclusão de pessoas com deficiência no mercado de trabalho, 2017-2018.
Seeing the person is key to include and remove barriers to PwD

The number of PwD positions offered is increasing

Formal employment for people with disabilities increased 5.5%, reaching 441,300, or 1% of all jobs in Brazil.¹

Hiring PwD does not mean there is inclusion in the workplace. Several types of investment in inclusion measures are needed to overcome barriers:

ARCHITECTURAL BARRIER
Make the entire physical structure of the workplace accessible, with adequate planning of furniture, height of objects etc.

COMMUNICATION BARRIER
Enable effective communication for PwD through accessible materials (Braille, sign language, etc.), technologies and employee training.

ATTITUDINAL BARRIER
Train all employees to counter unconscious biases.

"Companies that don't invest on well-being are not promoting an environment that makes these people feel they belong. For instance, arranging for people with reduced mobility to work from home a few days a week can be a very important factor in their well-being."²

Formal jobs by type of disability and gender (2017)

¹ RAIS, 2017.
² Entrevista realizada com especialista do setor de RH.
The LGBTQ+ community still faces discrimination in the job market, both starting and advancing their careers

The Brazilian LGBTQ+ (lesbian, gay, bisexual, transvestite, transsexual and queer) community comprises approximately 9% of the population (18 million people).¹ Gestures of exclusion and discrimination are still common, even in formal work environments.

LGBTQ+ community numbers on the labor market:

35%  
LGBTQ+ interviewees stated that they had suffered either veiled or direct discrimination in the workplace. Of these, 12% say the discrimination was by people in leadership positions.²

82%  
LGBTQ+ respondents say that there is still a long way to go for companies to welcome them better. Only 32% said they felt welcomed into the current company.²

90%  
of transgender people in Brazil end up resorting to prostitution due to lack of access to the formal market.³

“I learned that some people didn't talk to me at the company because there is a suspicion that I'm a homosexual.”

Interviewee

¹Associação Brasileira de Gays, Lésbicas, Bissexuais, Travestis e Transexuais; ²Linkedin/2019 ³Associação Nacional de Travestis e Transexuais (Antra)
Young people and adults from the peripheries suffer from spatial segregation, affecting their access to job opportunities. The peripheries offer fewer jobs compared to the central regions. Thus, its residents end up having to apply to positions far from their homes, increasing their logistic costs (in time and money), which impacts their quality of life. Read more in the Social Impact Thesis on Mobility.

Comparing residents from different regions of São Paulo, it is possible to observe the correlation between region vs. available jobs:

A resident of the Avenida Paulista area (a central region) can reach over 1.3 million jobs within a 30-minute radius by public transportation. ¹

Within a radius that can be traveled in the same time, a resident of Cidade Tiradentes (in the periphery of the city) can access just over 13,000 jobs. ¹

¹ USP/Projeto ReSolution-2019
Children’s school performance is influenced by the infrastructure, services and other factors that support learning (e.g., meals at the school, free transportation, free school uniforms, library, computers and duration of school). In addition to living far away from jobs, they are also far from resources needed to increase their qualifications, further undermining their future prospects. Periphery students stay up to 4 hours less in the school. Peripheral school teachers often claim to suffer from a lack of school infrastructure and a lack of pedagogical plan.

“This student [black, poor, dwelling in the peripheries or slums] seems doomed to perform poorly as he enters the school system.”

1Artigo Educação na periferia de São Paulo: ou como pensar as desigualdades educacionais?.
2Centro de Estudos da Metrópole de São Paulo.
Children of parents at the bottom of the economic pyramid are more likely to attend a school where the quality of the education is mediocre. As a result, only low-paid jobs, where there is little chance of wage growth are left to them, as a result of their poor qualifications.

Poor education curtails the options in the job market, perpetuating of the poverty cycle

More than a third of those born among the poorest 20% in Brazil remain at the bottom of the economic pyramid, while only 7% make it to the richest 20%. ¹

Up to 9 generations

would be required for the offspring of one of the Brazilians among the poorest 10% to reach the average income level in the country. The estimate is similar for South Africa and is only second to Colombia, where it would take 11 generations. ¹
"Those who live on the outskirts with a non-ideal education will have to bear with very poor quality jobs and very low wages." ¹

**Employability specialist**

"When looking for a job it's hard not to have worthy experiences to offer, even more after losing positions to people from other regions of the city simply because they don't live in the periphery."²

**Young unemployed woman**

¹ G1: Jovens são os mais afetados pela piora do mercado de trabalho e comprometem futuro da Previdência; ² G1: Na busca por trabalho, jovens de comunidade pobre de Curitiba omitem lugar onde vivem em entrevistas de emprego.
Flexibility, automation and demographics are major trends in the future of work

Changes in labor legislation, trends such as “pejotization” and the shared economy are already changing employment dynamics: on the one hand, opening new opportunities in the labor market, but also impacting the quality of life of those who work.

Increased automation and task sophistication in all sectors of the economy should reduce the cost of entrepreneurship, make training more accessible, and increase focus on socio-emotional and technological skills. Technology will also cause the demise of some occupations and the emergence of new ones, requiring new qualifications.

Demographic changes caused by lower fertility rates and increased life expectancy should also change labor supply and demand, increasing the demand for services related to health and well-being.
Labor reform has introduced new modes of working, still incipient but growing

**INTERMITTENT WORK**
Allows hiring an employee for occasional hours. Examples include: a technician who performs periodic maintenance or a sales clerk who is called to cover periods of high demand. The contract is non-exclusive, allowing the workers to enter into contracts with several employers.

**TELECOMMUTING**
Formalizes the (formerly irregular) situation in which the employee works from home, without physically going to the company.

**PART TIME**
Creates new work hour regimes, besides 44 hours per week, such as 30 hours without overtime and 26 hours with up to 6 hour of overtime.

**EXTENDED WORKING HOURS**
12 hours of work followed by 36 hours off.

---

**Ratio (%) of admissions through intermittent or partial contract and standard contracts¹**

<table>
<thead>
<tr>
<th>Year</th>
<th>Intermittent</th>
<th>Partial</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017*</td>
<td>0.31</td>
<td>0.26</td>
</tr>
<tr>
<td>2018</td>
<td>0.45</td>
<td>0.45</td>
</tr>
<tr>
<td>2019**</td>
<td>0.84</td>
<td>0.52</td>
</tr>
</tbody>
</table>

¹CAGED.

* Dezembro de 2017 (reforma aprovada em Novembro de 2017).
** Até agosto de 2019.
On the one hand, flexibility can bring advantages

In theory, making employment contracts more flexible can increase the employability of groups that find it more difficult to access jobs today:

**PART TIME**
People who need to reconcile different activities, such as women who want to reconcile work and motherhood, can work shorter hours.

**TELECOMMUTING**
People who live away from work or have difficulty moving can reduce their financial and physical costs by accessing their jobs remotely.

**INTERMITTENT WORK**
Specialized professionals, whose duties are intermittently required, such as a periodic maintenance technician, can divide their time among several employers.
But the immediate result of this measure is to reduce job security

Most intermittent contracts are for low-skilled positions, especially in trade, which are not easily allocated to multiple employers.

However, the adoption of new employment contracts is still too incipient to assess their positive or negative effects.

“...In the contract it was stipulated that they would not call me every day, pay per hour worked and give three days advanced warning... as I had no other gig, I was doing nothing, at their disposal. And at the end of the month, I couldn't make a minimum wage."  

- Heloísa Mendonça. El País, 18/08/2019
Outsourcing, hiring service companies to perform work in another business, has given place to ‘pejotization’ – employees registered as individual microentrepreneurs (MEI), doing critical work without being part of any business but their own. Reasons for employees to adhere to this situation may include:

• the desire to have more control over their careers, choosing their gigs at their convenience.
• tax cost reduction, due to the tax incentives to microentrepreneurs.

On the other hand, more vulnerable and low-skilled professionals may be negatively impacted by pejotization, which may decrease their security as they lose access to several employee protections offered by labor law.
In addition, applications have transformed profile of the self-employed worker

Growing smartphone penetration in Brazil, coupled with the spread of big data and artificial intelligence algorithms, are creating a new business environment for freelance professionals. Of the 23.8 million self-employed, 17% already have apps as their main source of income. In addition, 17 million people regularly earn income through an app, either to increase income from their main activity or to supplement their wages.¹

Client allocation apps allow professionals to reach more clients, optimize the distance between jobs and maximize the productivity of their time.


Revista Exame (abril 2019) No.1183, with data from Instituto Locomotiva.

3.8 million of freelancers use apps as their main source of income.
One example of the impact of apps is on deliveries, which turned into a form of exploitation of informal work by formal companies.

According to researchers in Universidade Federal do Rio de Janeiro, the typical bicycle deliveryman works 12 hours a day and earns R$ 935, often sleeping on the street. Motorcycle couriers also go on long workdays and have no formal job record, but get much higher yields than bicycle couriers. However, by ignoring work and safety regulations such as break times and working hours, those professionals endanger their own life and that of others.¹

¹Revista Exame (abril 2019) No.1183, com dados do Instituto Locomotiva; Estadão Conteúdo, 15/09/2019 (Renato Jakitas e Tiago Queiroz); BBC News Brasil 22/05/2019 (Leandro Machado).
Automation begins to change the way we work

The growing tech ecosystem, offering software as a service (SaaS) in all aspects of private and business life, illustrates the rapid change that is already happening in Brazil.

Solutions to accelerate or customize learning for different audiences and levels of education, reduce business selection bias, eliminate queues, facilitate access to products and services, take care of health, interact with colleagues and connect with people of similar interests, among many others, are already facilitating and improving the way we work. Many of these solutions remove repetitive and tedious activities from our workdays or simplify decision making. But it also means that the definition of work is increasingly fluid.¹

"Most companies (86%) and professionals (85%) surveyed said that the impact of technological innovation has totally or partially affected their work in the last five years.”

¹Re-trabalho – Relatório Pesquisa 2018; Tera e Scoop&Co
What will happen to today’s professions in the next 10 years?

About 50% of today’s professions can be automated to some degree, with 60% having at least 30% automation. In Brazil, this represents up to 30 million positions in the formal job market.

Completely routine activities (such as a elevator attendant) are highly likely to be retired, as are some tasks from other professions. Meanwhile, other professions will gain importance, such as in HR.

The speed of automation should vary across countries according to their specific characteristics – such as the cost of implementing automation, labor market dynamics, and social acceptance of change.

For Brazil, consultancy McKinsey & Co estimates the loss of about 15% of activities performed today, in an intermediate scenario of automation adoption.¹

Demographic trends, such as an aging population and greater participation of women in the workforce; social trends, such as greater access to education; and economic trends, such as rising incomes of the populations of emerging countries, should promote job creation in various sectors.

McKinsey & Co projects 390 to 590 million new jobs worldwide between 2016 and 2030, primarily in:¹

- Sales;
- Health care;
- Infrastructure and construction;
- Technology;
- Education;
- Energy efficiency and renewable sources;
- Change of housework into paid work;
- Entertainment.

How to maximize employability?

The work environment will continue to evolve: learning and training become attitudes, rather than projects.

As cognitive functions are automated, we will be more called upon to make judgments and decisions.

The ability to interact with technology will grow in importance.

The ability to interact with other humans will also become more critical.¹

Social entrepreneurs will continue to be essential in developing solutions that integrate the bottom of the economic pyramid into the wider society.


Social Impact Thesis on Employability | Artemisia 2019
Based on the challenges presented in the previous chapters, which illustrate the barriers and needs of the economically vulnerable population in the topic, we identified opportunities for socially impacting businesses that can contribute to reduce these barriers – either by providing access to or by complementing or qualifying public offerings related to employability.
DEVELOPMENT OF COGNITIVE COMPETENCIES

Foster the development of cognitive skills in students, decreasing dropout, and bridge the skills gap between youth and adults.

Socioeconomically vulnerable students have poor performance in exams and learning assessments, as a result of dropping out of school or of graduating with gaps in their cognitive skills (such as interpreting, reflecting, abstract thinking and generalizing learning). Such gaps hinder their access to the acquisition of technical qualifications and to better career opportunities and along their professional careers, from youth to late adulthood.

SOLUTIONS

• Apply methodologies that develop cognitive skills for different age groups from early childhood.

• Develop tools that promote adaptive education and enable students to boost their learning in basic education.

• Train and enable teachers in using new educational methods.

BUSINESS EXAMPLES

MUNDO 4D

Offers educational solutions that, through a technology education curriculum for primary school students, focuses on the development of both cognitive and socio-emotional skills.

www.mundo4d.com.br

GEEKIE


www.geekie.com.br

ISGAME

Teaches, from children to older adults, how to develop 2D games. In addition to promoting digital inclusion and intergenerational integration, the programming and use of games helps prevent cognitive disorders in the elderly.

www.isgame.com.br

PLAYMOVE

Developed PlayTable, an interactive and multidisciplinary desk that promotes the development of cognitive and motor coordination skills of children between 3 and 10 years old.

www.playtable.com.br
Empower candidates and professionals to cope with changes in the job market by acquiring skills such as critical thinking, empathy, creativity, emotional stability and resilience.

Increasingly, the job market requires professionals with better socio-emotional skills. With the progress and democratization of technology, the socio-emotional skills of employees and the ability to generate positive customer experiences are what differentiate businesses. Professionals from all walks of life who know how to work in groups, empathize, communicate clearly and effectively, employ their creativity, make decisions based on ethical principles, and who display resilience become more likely to access better career opportunities.

SOLUTIONS

- Offer approaches that help develop socio-emotional competencies in basic education.
- Promote the development of socio-emotional skills in the workplace.

BUSINESS EXAMPLES

LUDIE

Provides tools for socio-emotional development in schools, focusing on teacher training and the integration of all those involved in the process.

www.ludie.com.br

MUNDO 4D

Offers educational solutions that, through a technology education curriculum for primary school students, focuses on the development of both cognitive and socio-emotional skills.

www.mundo4d.com.br

PRANAH

Partners with teachers, parents and students, sharing learning tools that can improve school performance and develop 21st century skills much faster and with more fun.

www.pranahblog.wordpress.com

ESCOLA DE VOCÊ

Online course for developing soft skills for women. Created in 2014 as a research project to measure the impact of socio-emotional skills development on women's well-being, self-esteem and careers.

www.ead.escoladesevoce.com.br
TRAINING IN TECHNICAL COMPETENCIES

Educate candidates and workers in technical skills – such as languages, technologies, entrepreneurship, etc. – required for professional activity and to acquire a competitive edge in the labor market.

Technical skills are still the main criterion for selection of resumés. They also tend to be used as a parameter for career progression, and help workers become more competitive in self-employment. Applicants may independently seek and pay for technical qualifications (languages, technology training, etc.), but employers also often value and invest in training their employees.

SOLUTIONS

- Provide certified technical training at an affordable cost.
- Connect people with technical background to job opportunities.
- Provide in-company technical training.

BUSINESS EXAMPLES

4YOU2

In order to equalize access to language learning, 4YOU2 offers affordable English language courses in locations situated in periphery areas or within easy reach from work. 
www.4you2idiomas.com.br

CARAMBOLA

Provides technology training, bridging the gap between available positions and qualified professionals. During the training cycle, participants are hired and work on real projects and, in the end, they can be hired by the clients themselves. 
www.carambola.com.vc

EDUSIM

Aiming to bring English teaching in a scalable and accessible format, Edusim has developed a digital assistant (ChatClass) that offers personalized learning with native teachers, focusing on conversation and cultural exchange. 
www.edusim.com.br

CREHANA (Peru)

Online and accessible platform for vocational courses that develop creative skills. Originally from Peru, it now also operates in other Latin American countries, including Brazil. 
www.crehana.com
ACCESS TO AND PERMANENCE IN HIGHER EDUCATION

Prepare young people for access to higher education and assist in the permanence and inclusion after admission.

Having a higher education diploma confers a significant salary advantage and increases the chances of being employed in Brazil. However, the country still has a low proportion of the workforce with this level of education. People in a situation of economic vulnerability find it more difficult to enroll, follow the classes and graduate in higher education, as well as obtaining an education that is attuned to the demands of the job market.

SOLUTIONS

- Supporting students in choosing and enrolling in undergraduate programs through vocational guidance and experimentation and preparation for college entrance exams.
- Promote student engagement with their programs through by adapting teaching methodologies and the content of university courses.
- Facilitate access to universities through scholarships and loans.
- Help universities to identify reasons and implement plans to decrease dropout rates.

BUSINESS EXAMPLES

GEEKIE


www.geekie.com.br

REDAÇÃO ONLINE

An online platform that corrects preparatory essays for ENEM, entrance exams and civil service selection exams, with detailed comments and chat with teachers.

www.redacaonline.com.br

LETROS

Aiming to promote literacy in Brazil, Letrus connects linguistic, teaching and digital intelligences, offering students a more effective way to reach their full potential for writing and reading.

www.letrus.com.br

QUERO BOLSA

A solution that facilitates accessing and staying in college, helping the students obtain scholarships in more than one thousand institutions all over Brazil.

www.querobolsa.com.br

Social Impact Thesis on Employability | Artemisia 2019
Enable better career choices and career planning for young people to join and navigate the job market.

In general, the choice of career is based on low-quality information and, for low-income young people, is influenced by the need to generate income in the short term. Most young people do not have access to career guidance or career planning assistance that gives them access to decent jobs and opportunities for personal and professional development and growth.

**SOLUTIONS**

- Improve the quality of the process of career choice and planning.
- Help young people join the job market in careers that are aligned with their personal interests.
- Assist connections among young professionals and their access to better job opportunities.

**BUSINESS EXAMPLES**

**TAQE**

An application that prepares professionals for the job market and offers job openings aligned with the candidate’s profile. With interactive classes and quizzes, users discover their potentials, earn points, and unlock real job openings.

[www.candidatos.taqe.com.br](http://www.candidatos.taqe.com.br)

---

**EMPREGO LIGADO**

A platform that allows searching for job openings for free and in places near the residences of the candidates.

[www.empregoligado.com.br](http://www.empregoligado.com.br)

---

**SOPHOOS**

Promotes the exchange of expertise and knowledge through online mentoring, fostering professional development for both the mentor and the mentoree.

[www.sophoos.com.br](http://www.sophoos.com.br)

---

**EDUJOB**

A platform that connects recruiters to apprenticeship or internship candidates. For the candidates, it offers continuous learning based on the development of their own personal and professional skills. For businesses, it offers more assertiveness in selection.

[www.edujob.com.br](http://www.edujob.com.br)
DIVERSITY AND INCLUSION IN THE JOB MARKET

Improve selection processes to ensure greater equity of opportunity and enable inclusion and career growth of minorities and vulnerable groups.

Minorities and vulnerable groups – such as residents in the periphery of large cities, women, afro-descendants, people with disabilities, LGBTQ+ – often are not selected for employment opportunities despite their qualifications, as selection processes perpetuate unconscious biases. Once in employment, these groups still face barriers to inclusion, accessibility, and career progression, usually earning lower wages than their non-minority peers.

SOLUTIONS

- Facilitate the inclusion of minorities and people from vulnerable groups in companies and support the retention of these employees.
- Decrease conscious and unconscious biases in corporate recruitment.
- Train the human resources sector to include minorities and people from vulnerable groups.

BUSINESS EXAMPLES

**EGALITÊ**
Platform that helps people with disabilities enter the job market and supports companies in the planning and development of an assertive inclusion project.
www.egalite.com.br

**JOBECAM**
Interactive platform that connects companies to professionals through video recruitment and blind interviews, reducing recruiters’ unconscious biases in evaluating candidates, making the process fairer and more efficient.
www.jobecam.com

**BLEND EDU**
Offers personalized consulting that shows how to establish a team of different genders, races, sexual orientations, ages and origins.
www.blend-edu.com

**GANBATTE**
Through a methodology focused on soft skills, attracts, recruits, selects, develops and helps businesses retain young professionals from minority and vulnerable groups (low income; afro-descendants; women; LGBTQ+; PwD; refugees and homeless) for positions of internship and CLT in companies.
www.ganbatte.com.br
QUALIFICATIONS UPDATE AND JOB MARKET SECURITY

Update qualifications of unemployed adults to allow them to access new job opportunities and, for those who are working, increase their job security.

An increasing proportion of Brazilian workers are over 40 years old. Often, this public faces ongoing challenges in keeping their jobs or finding new positions because they are not keeping up with new demands and technologies. Many of these workers are heads of household and deal with strong income-generating pressure that impacts their physical and mental health. When self-employed, they lack support to start formalized and profitable careers.

SOLUTIONS

- Support the job mobility through networking, training or flexible working hours.
- Promote retention of older professionals by re-training them for new roles and the use of new technologies.
- Promote generational exchanges within the company, leveraging the expertise of older professionals and also updating them.
- Provide mental health services in the corporate environment and promote employee happiness.

BUSINESS EXAMPLES

MATURIJOBS
Platform that connects people over 50 to job opportunities, promotes networking and offers personal and professional development.
www.maturijobs.com

VITTUDE CORPORATE
A platform that connects psychologists to patients, both for face-to-face and online care, has developed Vittude Corporate, which encourages companies to invest in the mental health of their employees, offered as a corporate health and wellness benefit.
www.corporate.vittude.com

E-RECOMEÇO
Platform that supports job seekers through tips and content.
www.e-recomeco.com.br

SENIOR UP
Connects professionals of all generations to foster multigenerational labor market experiences.
www.seniorup.com.br
PROFESSIONALIZATION OF INFORMAL WORKERS

Provide better personal and professional opportunities for informal workers through training, formalization and support.

More than 40% of Brazilian workers are in the informal market – e.g., self-employed workers without CNPJ; ride-share drivers; house cleaning professionals; employees without a contract. Besides earning lower incomes, they lack labor benefits such as unemployment insurance, sick pay, maternity leave, etc. These workers seek and pay for their own training and certifications, whether to grow their businesses or to access better career opportunities.

SOLUTIONS

- Support the formalization of informal workers.
- Promote professionalization of self-employed workers in the activities they already perform.

BUSINESS EXAMPLES

MEI FÁCIL

Complete digital platform that supports the Brazilian microentrepreneur in everyday issues. It offers free information to overcome bureaucratic barriers and simplified financial services at a low cost.

www.meifacil.com

DALEGIG

Digital platform that connects musicians with the marketplace and helps professionals fully manage their careers, achieving fair compensation.

www.dalegig.com

TELLA

App for self-employed vendors that helps control and increase sales, as well as decrease client delinquency.

www.play.google.com/store/apps/

CELEBRAR

Virtual events producer that brings together service providers on a single platform and assists them in learning to manage the business and increase their income.

www.celebrar.co
FINANCIAL SOLUTIONS FOR EDUCATION AND EMPLOYABILITY

Offer or enable affordable credit and financing at low rates for education and training to improve professional qualifications.

The lack of adequate financial solutions for the economically vulnerable population is one of the main obstacles to accessing quality education and better professional opportunities. In order to enroll in quality schools, attend higher education, take technical courses or to become an entrepreneur, financial instruments that offer affordable interest and payment terms and that do not demand documents and formalities that are beyond the low income public.

SOLUTIONS

- Supporting financial planning for investment in education.
- Providing access to student credit, with different forms of eligibility assessment and payment models.
- Providing access to education through income share mechanisms (loans with amortization contingent on future income).

BUSINESS EXAMPLES

CARAMBOLA
Provides technology training, reducing the gap between position requirements and professional qualifications. Along the training course, participants are hired and work on real projects and, in the end, they may be hired by the clients themselves. [www.carambola.com.vc](http://www.carambola.com.vc)

RESILIA
Offers training for the technology market, connecting trainees with hiring opportunities at partner companies. Tuition payment only starts once the professional is employed. [www.resilia.work](http://www.resilia.work)

BARKUS
Their purpose is to democratize access to personal finance knowledge, avoiding escalating debt and encouraging young people to invest. [http://barkus.com.br/site/](http://barkus.com.br/site/)

BUDDY4STUDY (Índia)
With operations in India, they aim to build bridges between scholarship providers and students seeking scholarships. [www.buddy4study.com](http://www.buddy4study.com)
SOCIAL IMPACT THESIS
ON EMPLOYABILITY

OPPORTUNITIES FOR SOCIAL IMPACT BUSINESSES IN BRAZIL

Lead partner

Supported by

ARTEMISIA

POTENCIA VENTURES
ANNEX I
PUBLIC POLICIES
COGNITIVE SKILLS DEVELOPMENT

Common National Curriculum Framework (Federal): focuses on acquisition of competencies and on reducing dropout rates by allowing students to build their education within formative pathways according to their interests and incorporating vocational itineraries. Criticisms include:

• Formative pathways are not taken into account in the high school graduation assessment (ENEM), effectively removing the flexibility of the curriculum.

• Lack of clarity about the content of formative pathways and of competence in the schools to assemble those pathways.

• The common (compulsory) part of the curriculum is bloated, reducing the effectiveness of the formative pathway system.

MAIN CHALLENGES

I. Large gap in public education.

II. Many students fail to complete high school.
DEVELOPMENT OF SOCIO-EMOTIONAL COMPETENCIES


SENAI: introduction of socio-emotional competencies in the curriculum (Mundo do Trabalho Methodology) in technical training courses.

MAIN CHALLENGES

I. High turnover related to lack of socio-emotional competencies.

II. HR have trouble assessing socio-emotional competencies in candidates.
TRAINING IN TECHNICAL COMPETENCIES

Main Challenges

I. Low proportion of students enrolled in vocational training

II. Lack of technical training in entrepreneurship

III. Lack of alignment of trainings offered with market demands.


Novotec (state – SP): introduction of vocational education in public high school to increase employability and decrease student dropout.

Etec (state – SP): offers vocational itinerary for high school and vocational courses in the evening. It serves 208,000 students (13% of the students in the public high schools in São Paulo).

FATECs (state – SP): 3-year post-secondary technical and vocational courses (equivalent to ISCED4). They serve 80 thousand students/year.
ACCESS TO AND PERMANENCE IN HIGHER EDUCATION

Quotas for public school students at public universities (federal and several state governments).

Training for university entrance exams through distance learning offered by Escola Virtual de Programas Educacionais (EVESP) (State – SP).

Free language courses at language study centers and at EVESP (State – SP).

MAIN CHALLENGES

I. Difficulty of low income people to enroll and stay in higher education.

II. Low percentage of population with tertiary education.
DIVERSITY AND INCLUSION IN THE JOB MARKET

Meu Emprego Trabalho Inclusivo (State - SP): offers people with disabilities vocational training, and offers businesses, professional intermediation and HR support to inclusion actions. It also provides vocational assessment and counseling and training in attending interviews.

Racial quotas for admission to public universities and public competitions.

Quotas for transsexuals in the entrance exam (Bahia State University).

Quotas for people with disabilities in medium and large companies (Law No. 8.213/91).

People with disabilities Act mandates businesses to provide accessibility conditions for people with disabilities.

MAIN CHALLENGES

I. Minorities and vulnerable populations have difficulty accessing job positions, suffer an income gap and have lower chances of promotion.
LABOR MARKET REQUALIFICATION AND REDUCTION OF CHURN

MAIN CHALLENGES

I. Workers older than 40 years face difficulties in finding a new job.

II. Lack of opportunities to improve qualification and professionalization in freelance careers.

Escola do Trabalhador (Federal): Free training by distance learning, offers 30 courses in 12 technological axes, with certification by the University of Brasilia.

Via Rápida (State – SP): Short-term vocational courses offer to improve qualifications required by local employers.

Bolsa Futuro (State – GO): Short-term vocational courses, include a R$ 75 conditional transfer to decrease dropout rates.

PNMPO (Federal): subsidized credit for small businesses and self-employed workers. It allows the new entrepreneurs to get the resources and tools to start their business.
MAIN CHALLENGES

I. Over 40% of workers are in the informal job market.

II. Their income is half the value of formal workers’.

III. Informal workers have few training opportunities.

PROFESSIONALIZATION OF INFORMAL WORKERS

Escola do Trabalhador (Federal): free training by distance learning, offers 30 courses in 12 technological axes. Any citizen may register.

National Oriented Productive Microcredit Program (Federal): subsidized credit program for small businesses and self-employed workers. It seeks to finance both formal and informal entrepreneurs, focusing on loans to individuals (95% of loans).
FINANCIAL SOLUTIONS FOR EDUCATION AND EMPLOYABILITY

**FIES** (Federal): subsidized educational loans. For applicants with a family income of up to 3 minimum wages, the interest rate is 0%. Above that, the rate varies by bank.

**Prouni** (Federal): partial or full scholarships for students enrolled in private colleges. Requires a minimum score of 450 points in the National High School Exam and is limited to students with a family income of up to 3 minimum wages who have completed high school in the public system.

**MAIN CHALLENGES**

1. Lack of resources to study is one of the main barriers to education for the low-income population.