Employment Preferences of Favela Residents

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Abstract

We document employment preferences of workers at the margin of informality using open-ended questions and discrete choice experiments in Brazil's largest favela complex. Stated preferences emphasize pay and tangible job benefits rather than meaning or purpose, while primary complaints center on poor management, customers, and inflexible schedules. Workers exhibit high valuations for all formal sector amenities on average—unemployment insurance, parental leave, and termination notice—as well as for learning opportunities, but lower for non-formal sector amenities such as shorter commutes. Valuations vary systematically by employment sector in ways consistent with sorting: formal workers value formal amenities most, the self-employed value them least or not at all, and the informally employed exhibit mixed valuations. These patterns are also consistent with learning and endowment effects, for which we find suggestive evidence.

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1 Introduction

What do workers at the margin of informality value at work? We answer this question using novel survey data on the employment preferences of residents of Brazil's largest *favela* complex. Recent work shows that workers value job amenities beyond wages, including meaning and purpose (Ashraf et al., 2025) and scheduling flexibility (Mas and Pallais, 2017), but this evidence is predominantly from developed countries. Models of informality emphasize compensating differentials between formal and informal employment (Meghir, Narita and Robin, 2015; Haanwinckel and Soares, 2021), yet direct evidence on the preferences of workers at the formal-informal boundary remains scarce. We combine open-ended questions with discrete choice experiments to estimate willingness to pay for amenities specific to formal employment (unemployment insurance, parental leave, and termination notice) and for highly ranked attributes not specific to it (learning opportunities and commute time).

We report four findings. First, open-ended responses suggest that workers value formal employment benefits, flexibility, and learning opportunities. Second, workers' primary complaints about current or past jobs center on poor management, difficult customers, and inflexible schedules. Third, discrete choice experiments reveal high willingness to pay in forgone wages for all formal sector amenities on average: 34% for unemployment insurance, 24% for parental leave, and 18% for termination notice. Learning opportunities are valued at 28% and shorter commutes at 12%. Fourth, valuations vary systematically by employment sector in a way that is consistent with sorting. Formal sector workers value formal sector amenities most, while the self-employed value them least (parental leave) or not at all (termination notice). The informally employed exhibit mixed valuations—unemployment insurance (UI) as highly as formal workers, but not termination notice, similar to the self-employed—while the unemployed value UI and learning opportunities most. These patterns are also consistent with learning on-the-job (about the value of amenities) and endowment effects. We find suggestive evidence for both.

These results indicate that pay and other tangible benefits, rather than meaning or purpose, drive labor supply decisions for workers on the cusp of informality, and that workers sort, especially into self-employment, based on their preferences for sector-specific amenities. The role of learning and endowment effects in shaping the supply side of informality merits further investigation.

2 Context and Research Design

Labor markets in Brazil. Substantial informality characterizes the Brazilian labor market: 38% of workers are in the informal sector (IBGE, 2025). Formal employment requires a signed work card (*carteira de trabalho*) that registers the worker's employment history and guarantees access to labor rights (Ulyssea, 2018). These rights include paid vacation, a thirteenth salary (annual bonus), severance protection, social security contributions toward retirement, and regulated working hours. Those without a signed *carteira* lack these protections, but typically enjoy greater flexibility in schedules and hours.[1]

[1] See Online Appendix E for additional details on institutional definitions (e.g., what termination notice entails in Brazil), data limitations, and experimental design choices.

Favelas in Rio de Janeiro. Brazilian favelas are urban neighborhoods of dense informal settlements, home to around 1.4 million people in the city of Rio de Janeiro alone. Using data from the 2010 Brazilian Census, Table A.1 shows that favela residents are less likely to be literate (84% vs. 92%), less likely to self-identify as white (33% vs. 57%), and have substantially lower per capita income (R$383 vs. R$1,376) than non-favela residents. Our study took place in *Complexo da Maré*, Brazil's largest favela complex with a population of 130,000 people. Table A.1 shows that Maré's characteristics align closely with other favelas in Rio, suggesting that our findings generalize to similar contexts.

Sample. We surveyed 700 Maré residents aged 18–30 who are working or actively seeking employment. We recruited participants through door-to-door household surveys, visiting all households building-by-building during weekday evenings and weekend afternoons. We collected responses from one eligible individual per household across three collection waves between September and November 2025. Table A.2 presents summary statistics for our sample. Among respondents, 76% are female with an average age of 24, 75% identify as Black or mixed-race, and 74% were born in Maré. Over half (56%) have children, and 19% receive the Bolsa Família cash transfer. Regarding employment, 61% are currently employed, with formal sector workers comprising 30% of the sample and informal sector workers comprising 17%; 14% are self-employed. The remaining 39% are unemployed. About half (52%) are actively searching for jobs. Average monthly wages among those with work experience are R$1,573, close to the R$1,606 reservation wage among those who never worked.

Open-ended questions. Following a growing economics literature, we elicit what is top of mind for workers by asking open-ended questions about employment preferences (Haaland et al., 2024). This method avoids leading participants toward answers based on researcher-determined categories. We instructed surveyors not to provide specific examples and to write down participants' answers as closely as possible to what they actually said. We present data from three open-ended questions: (i) *Dream job:* "What would your dream job have or offer you? Tell us some characteristics your dream job would have.," (ii) *Value in job:* "Besides salary, what else do you look for in a job?," (iii) *Dislike in job:* "What do you like least in your current [last] job?" We analyze these open-text responses in two complementary ways. First, we present word clouds showing the most frequently mentioned terms in the raw data, excluding connectors and articles. Second, we systematically code all responses into non-mutually exclusive categories and conduct qualitative analysis. Online Appendix C explains the coding process.

Discrete choice experiments. We estimate willingness to pay for different job amenities using five discrete choice experiments. In each experiment, we showed two hypothetical jobs side-by-side, "Job A" and "Job B", which featured a wage and benefits specific to formal employment in Brazil (unemployment insurance, parental leave, and termination notice), as well as attributes that are not specific to formal employment (learning opportunities and commute time; see Figure B.3). The two jobs were described as involving

identical tasks and responsibilities but differed in the wage and one non-wage attribute—the job with the amenity featured a randomly assigned lower wage relative to the job without it.[2] As in Mas and Pallais (2017), "Job A" mirrored the respondent's job to make the options realistic to respondents, but surveyors did not explicitly inform them of this. We used a large wage difference span uniformly distributed from −30% to +30%, ensuring that even large valuations would be within the support of the experimentally-assigned wage differences.[3] We define the willingness to pay for amenity a as the amount of money that makes respondents indifferent between the two jobs, and express it as a share of the wage for the job without the amenity. See Online Appendix E for details.

3 Results

We present four findings about favela residents' preferences over employment arrangements based on open-text responses and our discrete choice experiments.

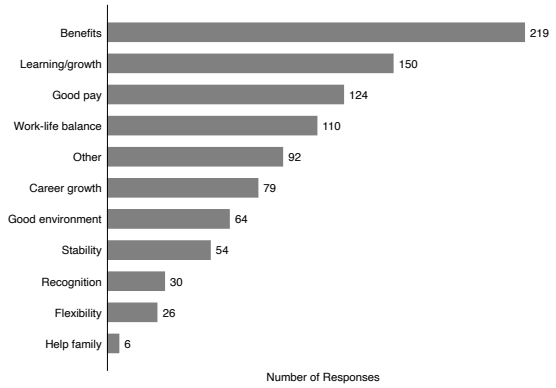
Finding 1: Formal employment benefits, learning opportunities, schedule flexibility, and adequate pay are the attributes most frequently highlighted by workers. When describing what they value most in a job, benefits such as health insurance and meal vouchers are the most frequently mentioned attribute (31.3%), followed by learning and professional growth opportunities (21.4%) and good pay (17.7%) (Figure 1a). Frequently mentioned terms include "learning," "experience," "benefits," "health," "insurance," "salary," "growth," "knowledge," and "development" (Figure B.1a). A similar pattern appears when workers describe their dream job, with adequate pay (45.7%), working in a desired profession or field (31.7%), schedule flexibility (19.1%), and formal benefits (18.7%) among the most frequently mentioned attributes (Figure 1b). Frequently mentioned terms include "salary," "schedule," "voucher," "food," "stability," "health," "benefits," and "flexible" (Figure B.1b). Only 8 respondents mention characteristics related to intangible attributes, such as "helping others."

Finding 2: Workers' primary complaints about their jobs center on dealing with difficult clients or colleagues, schedules, and workload. Figure 1c shows that management and organizational problems are the top complaint (16.3%), including poor management, lack of support, being assigned multiple job functions, and poor communication. Difficult customers, clients, or patients rank second at 15.7%, followed by inflexible schedules at 12.5%. Excessive work hours appear in 11.9% of responses, while physical and mental exhaustion is mentioned by 8.4%. Notably, direct complaints about compensation appear in only 6.2% of responses. Consistent with these patterns, popular terms include "schedule," "clients," "workload," "hours," and "people" (Figure B.1c).

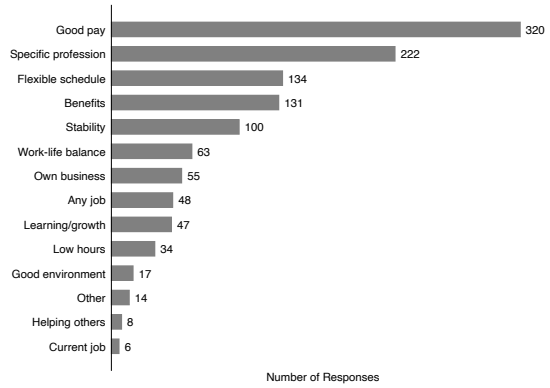
[2]The exception was the attribute commute time, for which the alternative commute time in Job B and its corresponding wage were randomized regardless of whether they might be dominated options. We converted commute time to a "shorter commute" amenity in the analysis that follows.

[3]We increased that range to [-60%, +60%] near the end of data collection upon noticing that a substantial share of respondents always chose the same option; we collected only 78 observations under the expanded range.

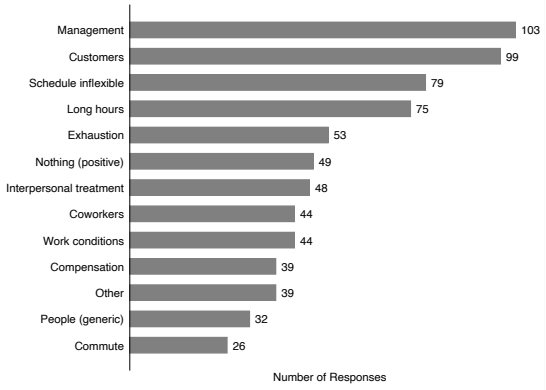
Figure 1: Frequency distribution of open-text response categories



(a) Value in job



(b) Dream job



(c) Dislike in job

Notes: Panel (a) shows the frequency of responses to "Besides salary, what else do you look for in a job?" (N = 700). Panel (b) shows the frequency of responses to "What would your dream job have or offer you?" (N = 700). Panel (c) shows the frequency of responses to "What did you like least about your most recent job?" (N = 631). Categories are non-mutually exclusive.

Finding 3: High willingness to pay for formal sector job amenities. Column (1) of Table 1 presents our estimates of willingness to pay for job amenities in the pooled sample.[4] Favela residents are willing to pay up to 33.6% in forgone wages to obtain unemployment insurance, 24.3% for parental leave, and 18.3% for termination notice. They are also willing to pay up to 28.5% in forgone wages for learning opportunities and up to 11.8% for shorter commutes.

Finding 4: Preference heterogeneity consistent with sorting, especially into self-employment. Columns (2)-(5) of Table 1 show our willingness to pay estimates for job amenities separately by respondents' employment sector, while Columns (6)-(8) show p-values testing the difference between formal vs. informal (6), informal vs. self-employed (7), and formal vs. unemployed (8) valuations. Formal sector workers value formal sector amenities the most, while the self-employed value these the least (parental leave) or not at all (UI and

[4]See Online Appendix D for a formal definition of willingness to pay, how it relates to respondents' preference parameters for amenities, and how we estimate these preference parameters leveraging the discrete choice experiments. Appendix Figure B.2 shows the experimental variation used to identify the preference parameters that inform our estimates of willingness to pay.

termination notice). Informal workers' valuations align with formal workers for some amenities (UI and parental leave) but resemble the self-employed for others (termination notice). The unemployed value learning opportunities the most, shorter commutes the least. These patterns are consistent with workers sorting into sectors, especially into self-employment (or out of wage work), based on preferences for job amenities.[5]

Table 1: Willingness to pay for job amenities among favela residents

		Heterogeneity by respondent current employment						
		Wage work				P-values for difference test		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All	Formal	Informal	Self-empl	Unemployed	(2)=(3)	(3)=(4)	(2)=(5)
Unemployment insurance	0.336***	0.375***	0.338***	0.097	0.393***	0.599	0.004	0.759
	(0.021)	(0.040)	(0.064)	(0.069)	(0.042)			
Parental leave	0.243***	0.210***	0.302***	0.185***	0.267***	0.127	0.108	0.242
	(0.020)	(0.032)	(0.056)	(0.053)	(0.038)			
Termination notice	0.183***	0.260***	0.108	0.014	0.189***	0.023	0.308	0.162
	(0.020)	(0.035)	(0.071)	(0.086)	(0.039)			
Learning opportunity	0.285***	0.212***	0.215***	0.286***	0.393***	0.955	0.362	0.000
	(0.022)	(0.031)	(0.057)	(0.057)	(0.041)			
Shorter commute	0.118***	0.125***	0.218***	0.158**	0.028	0.218	0.503	0.080
	(0.023)	(0.032)	(0.074)	(0.063)	(0.049)			
N	2170	670	380	330	790			

Notes: This table shows estimates of willingness to pay for job amenities estimated for all respondents in Column (1) and separately estimated by respondent employment sector in Columns (2)-(5). Columns (6)-(8) show p-values for a test of equality between the coefficients indicated in each column. We estimate preference parameters from a logit regression where the outcome variable is a dummy for whether the respondent chose the job with the amenity, and the explanatory variables are the random log wage gap (wage gap = wage of job with amenity / wage of job without it), and five amenity dummies. WTP estimates are expressed as percentages of the wage for the job without the amenity and are based on the attention sample. An observation is a respondent × amenity experiment pair. A visual display of the experimental variation underlying estimates in Column (1) is shown in Appendix Figure B.2. Standard errors shown in parentheses are clustered at the respondent level and bootstrapped with 1,000 replications. See Online Appendices C and D for details. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

4 Discussion

We document employment preferences of workers at the margin of informality using open-ended questions and discrete choice experiments in Brazil's largest favela complex. Pay and other tangible benefits are the most prominent terms in stated preferences, while complaints about current jobs center on poor management and schedules. Most but not all workers are willing to pay for formal amenities, and preference heterogeneity by employment sector suggests sorting, especially into self-employment, based on their preferences for sector-specific amenities. Preliminary evidence of learning and endowment effects points to promising avenues for understanding informal labor supply.

[5]This evidence is consistent with respondents' stated job search behavior, including on-the-job search. Appendix Table A.4 shows that most job seekers are looking for either formal employment or for self-employment opportunities. We see no systematic sectoral sorting by demographics (Appendix Table A.3) and limited evidence of preference heterogeneity by demographics (Appendix Table A.6). The only notable difference is that women value parental leave more (31%) than men (7.5%). The patterns in Appendix Table 1 are also consistent with preference-shaping forces, such as learning on-the-job (about the value of amenities) or endowment effects. We see suggestive evidence of both. On learning, Appendix Table A.7 shows that the high valuation for parental leave among those currently self-employed is driven by respondents who previously worked in the formal sector. On endowment effects, Appendix Table A.8 shows that willingness to accept (i.e., wage increase needed to forgo an amenity among those who have it in their current job) is higher than willingness to pay for all amenities.

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Supplemental Appendix

Employment Preferences of Favela Residents

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A Online Appendix A: Supplementary Tables

Table A.1: Rio de Janeiro summary statistics (2010 Census)

	Non-favela	Favela	Maré
Population	4,888,663	1,391,953	129,715
Literacy Share	0.92	0.84	0.83
White Population Share	0.57	0.33	0.38
Income Per Capita (in 2010 Brazilian Reais)	1376.35	382.87	395.38

Notes: This table shows summary statistics for neighborhoods in the city of Rio de Janeiro from the 2010 Brazilian Census. Favelas are neighborhoods defined as subnormal agglomerates (*aglomerados subnormais*) in the census classification. Non-favela comprises all other census tracts. Maré comprises the favela complex where we collected the data for this study.

Table A.2: Maré survey summary statistics (September-November 2025)

	Full Sample		Discrete Choice Sample	
	Mean	SD	Mean	SD
Female (0/1)	0.76	0.43	0.77	0.42
Age	23.82	3.74	23.90	3.74
High School (0/1)	0.65	0.48	0.64	0.48
Born in Maré (0/1)	0.74	0.44	0.74	0.44
Black or mixed race (0/1)	0.75	0.43	0.74	0.44
Has Children (0/1)	0.56	0.50	0.56	0.50
Working (0/1)	0.61	0.49	0.62	0.49
Formal Worker (0/1)	0.30	0.46	0.30	0.46
Informal Worker (0/1)	0.17	0.38	0.17	0.38
Self-Employed (0/1)	0.14	0.34	0.14	0.35
Unemployed (0/1)	0.39	0.49	0.38	0.49
Never Worked (0/1)	0.10	0.30	0.10	0.30
Searching for Job (0/1)	0.52	0.50	0.51	0.50
Reservation Wage (R$)	1606.46	1123.63	1625.27	1173.26
Monthly Income (R$)	1573.95	818.89	1596.79	828.09
Receives Cash Transfer (0/1)	0.19	0.40	0.20	0.40
Observations	700		649	

Notes: This table shows summary statistics for our survey conducted between September-November 2025. The *Discrete Choice* sample excludes 51 observations due to a coding error in the discrete choice questions.

Table A.3: Demographic distribution of employment sectors

	Sector				
	Formal	Informal	Self-employed	Unemployed	Total
N	196 (30.2%)	113 (17.4%)	91 (14.0%)	249 (38.4%)	649 (100.0%)
Female	0.73 (0.44)	0.81 (0.39)	0.71 (0.45)	0.79 (0.41)	0.77 (0.42)
Black or Pardo	0.74 (0.44)	0.77 (0.42)	0.74 (0.44)	0.73 (0.44)	0.74 (0.44)

Notes: This table shows the gender and race composition by employment sector for respondents in the discrete choice experiment module.

Table A.4: Type of job searched for (columns) by employment sector (rows)

	Formal	Informal	Internship	Public sector	Self-employment	Youth apprentice
Formal	77.1	0.0	4.2	4.2	6.2	8.3
Informal	84.2	0.0	0.0	0.0	10.5	5.3
Self-employed	55.6	0.0	5.6	5.6	27.8	5.6
Unemployed	63.2	0.9	5.9	3.7	9.9	16.4

Notes: This table shows percentages that represent the distribution of job types sought by workers in each employment sector. Rows sum to 100%. Cells with 0.0% indicate no job seekers in that category targeted that job type. The target categories "Gigs/Self-employment" (N=1 by informal workers) and "Informal" (N=2 by informal workers) are combined in this table due to a survey coding change during data collection.

Table A.5: Within-respondent job choice variation

	Chooses job with amenity			
	Always	Never	Sometimes	Total
	(1)	(2)	(3)	(4)
N	203 (31.3%)	12 (1.8%)	434 (66.9%)	649 (100.0%)
Formally employed	0.31 (0.46)	0.00 (0.00)	0.31 (0.46)	0.30 (0.46)
Informally employed	0.18 (0.38)	0.08 (0.29)	0.18 (0.38)	0.17 (0.38)
Self-employed	0.10 (0.31)	0.33 (0.49)	0.15 (0.36)	0.14 (0.35)
Unemployed	0.41 (0.49)	0.58 (0.51)	0.36 (0.48)	0.38 (0.49)
Female	0.85 (0.36)	0.58 (0.51)	0.74 (0.44)	0.77 (0.42)
Black or Pardo	0.80 (0.40)	0.67 (0.49)	0.72 (0.45)	0.74 (0.44)
Max random wage gap	0.19 (0.18)	0.45 (0.25)	0.25 (0.19)	0.23 (0.19)
Min random wage gap	-0.16 (0.12)	-0.13 (0.19)	-0.15 (0.13)	-0.15 (0.13)

Notes: This table shows summary statistics for respondents who always, never, or sometimes choose the job with amenity across all five discrete choice experiments. Estimates for Table 1 are based on respondents in Column (3), which compose the attention sample.

Table A.6: Willingness to pay for job amenities by respondent demographics

	(1)	(2)	(3)	(4)
	Female	Male	Black	Not Black
Unemployment insurance	0.353***	0.290***	0.326***	0.368***
	(0.028)	(0.036)	(0.023)	(0.056)
Parental leave	0.310***	0.075*	0.248***	0.227***
	(0.026)	(0.043)	(0.022)	(0.046)
Termination notice	0.188***	0.172***	0.179***	0.196***
	(0.025)	(0.034)	(0.021)	(0.047)
Learning opportunity	0.317***	0.210***	0.267***	0.344***
	(0.028)	(0.033)	(0.023)	(0.055)
Shorter commute	0.124***	0.103***	0.109***	0.148***
	(0.028)	(0.038)	(0.026)	(0.055)
N	1595	575	1565	605

Note: This table shows willingness-to-pay (WTP) estimates for each amenity, expressed as percentages of the wage of the job without the amenity separately by respondent demographic group. See notes in Table 1 for details. Standard errors shown in parentheses are clustered at the respondent level and bootstrapped with 1,000 replications. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table A.7: Willingness to pay for job amenities by past experience in formal employment

	With past formal employment			Without past formal employment		
	(1) Informal	(2) Self-employed	(3) Unemployed	(4) Informal	(5) Self-employed	(6) Unemployed
Unemployment insurance	0.288***	0.100	0.449***	0.378***	0.100	0.282***
	(0.055)	(0.107)	(0.066)	(0.116)	(0.153)	(0.076)
Parental leave	0.310***	0.279***	0.312***	0.291***	0.120	0.229***
	(0.075)	(0.081)	(0.063)	(0.094)	(0.080)	(0.088)
Termination notice	0.099	0.129	0.209***	0.125	-0.056	0.008
	(0.150)	(0.097)	(0.060)	(14.156)	(0.410)	(0.697)
Learning opportunity	0.117*	0.347***	0.410***	0.285***	0.234***	0.306***
	(0.065)	(0.088)	(0.057)	(0.095)	(0.069)	(0.083)
Shorter commute	0.158*	0.072	0.076	0.244**	0.208**	0.150
	(0.094)	(0.095)	(0.078)	(0.121)	(0.103)	(0.110)
N	130	150	305	250	180	295

Notes: This table shows willingness-to-pay (WTP) estimates for each amenity, expressed as percentages of the wage of the job without the amenity, separately by respondent employment sector, indicated in each column, and by whether the respondent had a previous formal sector job, Columns (1)-(3) or not, Columns (4)-(5). See notes in Table 1 for details. Standard errors shown in parentheses are clustered at the respondent level and bootstrapped with 1,000 replications. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table A.8: Willingness to Pay versus Willingness to Accept

	Ever worked		Currently working	
	(1) WTP_{a^*}	(2) WTA_{a^*}	(3) WTP_{a^*/a^0}	(4) WTA_{a^*/a^0}
Unemployment insurance	0.248***	0.447***	0.230***	0.394***
	(0.035)	(0.044)	(0.036)	(0.042)
Parental leave	0.207***	0.279***	0.192***	0.252***
	(0.037)	(0.031)	(0.039)	(0.030)
Termination notice	0.005	0.309***	0.038	0.284***
	(0.052)	(0.035)	(0.052)	(0.035)
Learning opportunity	0.232***	0.297***	0.164***	0.270***
	(0.036)	(0.032)	(0.041)	(0.032)
Shorter commute	-0.048	0.223***	-0.016	0.222***
	(0.057)	(0.031)	(0.057)	(0.033)
N	1980	1980	1380	1380

Notes: This table shows estimates of relative willingness to pay (WTP) for and willingness to accept (WTA) to forgo job amenities for different sub-samples. WTP is calculated using workers who do not currently have the amenity; WTA is calculated using workers who currently have it. The sub-samples are workers who have ever worked (currently or previously employed) and workers who are currently employed only. The sample is restricted to respondents in the attention sample. See Online Appendix D and notes in Table 1 for details. Standard errors shown in parentheses are clustered at the respondent level and bootstrapped with 1,000 replications. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table A.9: What Respondents Value Most in a Job (N=700)

Category	Description	Example Response	N (%)
Benefits	Formal employment benefits (food voucher, health insurance, transportation)	"Health insurance coverage for me and my family" "Having a formal contract with worker protections"	219 (31.3)
Learning/growth	Opportunities for learning, gaining experience, and personal development	"Learning new skills and gaining experience" "Gaining knowledge and developing myself"	150 (21.4)
Good pay	Adequate salary, income, or financial independence	"Just the salary itself is most important" "Financial independence and good income"	124 (17.7)
Work-life balance	Quality of life, reasonable hours, time management, peace	"Quality of life and work-life balance" "Few hours so I have time for my family"	110 (15.7)
Other	Miscellaneous values that don't fit other categories	"Just having any job is what matters" "Being able to maintain myself is enough"	92 (13.1)
Career growth	Professional advancement opportunities, career trajectory, promotions	"Professional growth within the company" "Growing inside the organization over time"	79 (11.3)
Good environment	Positive work atmosphere, respect, organization, good colleagues	"A good work environment with pleasant people" "Working with a good team of colleagues"	64 (9.1)
Stability	Job security and employment stability	"Stability and security in my position" "Knowing I have stable employment"	54 (7.7)
Recognition	Recognition of work, respect, feeling valued	"Recognition for my work contributions" "Being valued for what I do at work"	30 (4.3)
Flexibility	Schedule flexibility, accessibility, easy access	"Flexibility in my work schedule" "Having some flexibility in how I work"	26 (3.7)
Help family	Ability to help and support family members	"Being able to help out at home financially" "Supporting my daughter with what she needs"	6 (0.9)

Notes: This table shows the categories and example responses for the open-text question "What do you value most in a job?" Examples are English translations of Portuguese responses. Categories are not mutually exclusive; respondents could mention multiple values. All 700 respondents provided answers.

Table A.10: Dream Job Attributes (N=700)

Category	Description	Example Response	N (%)
Good pay	Good salary level, remuneration, ability to support family (excluding "fixed salary" which indicates stability)	"A good salary that allows me to live comfortably" "To earn well and support my family's needs"	320 (45.7)
Specific profession	Mentions a specific job, occupation, or professional field	"I would like to work as a doctor in healthcare" "To be a chef in the kitchen, which I love"	222 (31.7)
Flexible schedule	Flexible hours, Monday-Friday schedule, no weekends, ability to choose shifts	"Flexible schedule so I can manage my time" "Working Monday to Friday without weekends"	134 (19.1)
Benefits	Formal employment benefits (food voucher, health insurance, signed contract)	"Food voucher and health insurance coverage" "Benefits like transportation voucher and dental plan"	131 (18.7)
Stability	Job security, employment stability, "fixed salary"	"Job stability and security for the future" "A fixed salary I can count on every month"	100 (14.3)
Work-life balance	Time with family, quality of life, comfortable location, peace	"Quality of life and time for my personal life" "More time to spend with my children"	63 (9.0)
Own business	Working for oneself, having own business or being independent	"To work for myself and have my own business" "Being independent and working on my own"	55 (7.9)
Any job	Just wants any employment without specific requirements	"Any job would work for me right now" "I just need a job, any job is fine"	48 (6.9)
Learning/growth	Opportunities to learn and grow within the job (not studying for a profession)	"Growth opportunities within the company" "Opportunities for professional development"	47 (6.7)
Low hours	Reduced total working hours, not wanting long workdays	"Few hours of work per day, not too many" "Not having to work long hours every day"	34 (4.9)
Good environment	Positive work atmosphere, recognition, respect, good teamwork	"A good work environment with nice people" "Recognition and respect for my contributions"	17 (2.4)
Other	Miscellaneous responses including purpose, satisfaction, or unclear goals	"A sense of purpose in what I do" "Prosperity and visibility in my field"	14 (2.0)
Helping others	Social impact, helping people, care work	"To help people who need assistance" "Saving lives through my profession"	8 (1.1)
Current job	Already satisfied with current employment	"This is already my dream job" "I struggled to get this job and it's perfect"	6 (0.9)

Notes: This table shows the categories and example responses for the open-text question "What would your dream job offer you?" Examples are English translations of Portuguese responses. Categories are not mutually exclusive; respondents could mention multiple attributes (54.7% mentioned two or more). All 700 respondents provided answers.

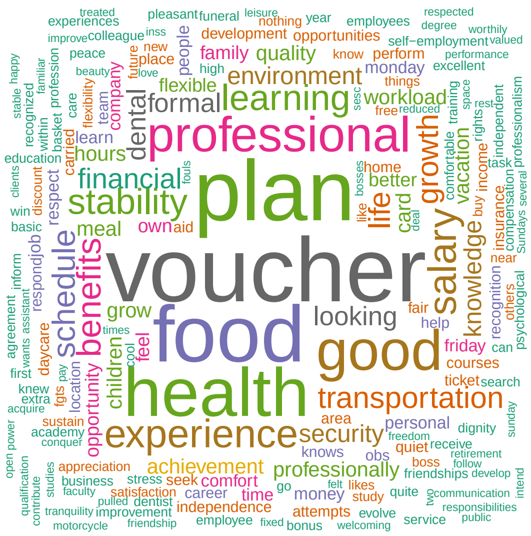
Table A.11: Worst Aspects of Work (N=631)

Category	Description	Example Response	N (%)
Management	Boss/supervisor issues AND organizational problems (multiple functions, lack of support, excessive demands)	"Bad management by coordinators with accumulation of job functions" "Complete lack of dialogue and communication with supervisors"	103 (16.3)
Customers	Difficult customers, clients, patients, or dealing with the public	"Annoying and difficult customers every day" "Difficult patients who don't follow medical advice"	99 (15.7)
Schedule inflexible	Working weekends, holidays, nights, early mornings, or irregular schedules	"Having to work on weekends and holidays" "The 6x1 schedule with only one day off per week"	79 (12.5)
Long hours	Excessive work hours, overtime, or very long shifts	"The workload was extremely high with too many hours" "Constant overtime and extra hours beyond my shift"	75 (11.9)
Exhaustion	Physical and mental demands, stress, heavy workload	"Physical and mental exhaustion from the job demands" "Heavy lifting and physical effort all day long"	53 (8.4)
Nothing (positive)	Positive responses indicating satisfaction with job	"I like everything about my job" "I love my job and wouldn't change anything"	49 (7.8)
Interpersonal treatment	Mistreatment, discrimination, lack of respect, toxic environment	"Lack of respect from supervisors and management" "I experienced racism and discrimination at work"	48 (7.6)
Coworkers	Issues with colleagues, team dynamics, workplace conflicts	"Problems with coworkers who didn't cooperate" "Cliques and exclusive groups that excluded others"	44 (7.0)
Work conditions	Physical environment (noise, standing, weather), or specific disliked tasks	"Standing for long periods of time all day" "Having to clean bathrooms and dirty facilities"	44 (7.0)
Compensation	Low salary level, late payments, or lack of benefits	"The salary was far too low for the work required" "Payment was always delayed by weeks"	39 (6.2)
Other	Job instability, lack of formal contract, and miscellaneous concerns	"Not having a formal employment contract signed" "The instability and lack of security in the position"	39 (6.2)
People (generic)	Generic complaints about "people" without specifying who	"The people I had to deal with" "Having to deal with people"	32 (5.1)
Commute	Distance to work, transportation issues, or traffic	"Was too far from my home" "Spending many hours on public transportation"	26 (4.1)

Notes: This table shows the categories and example responses for the open-text question "What did you like least about your most recent job?" Examples are English translations of Portuguese responses. Categories are not mutually exclusive; respondents could mention multiple aspects (19.5% mentioned two or more). Percentages are calculated among 631 non-null responses since only those with some work experience answered this question.

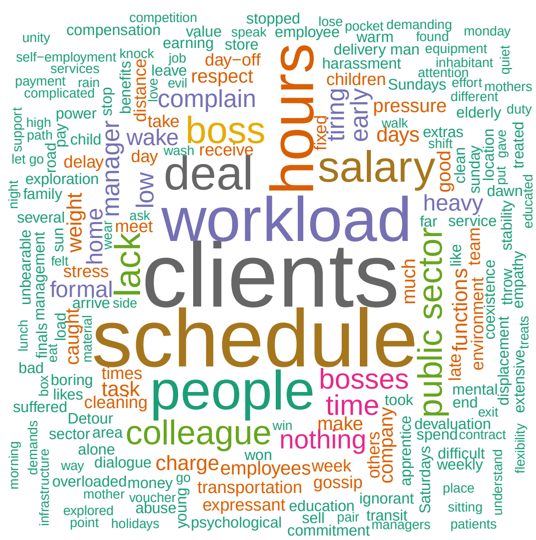
B Online Appendix B: Supplementary Figures

Figure B.1: Open-text responses word clouds



(a) Value in job

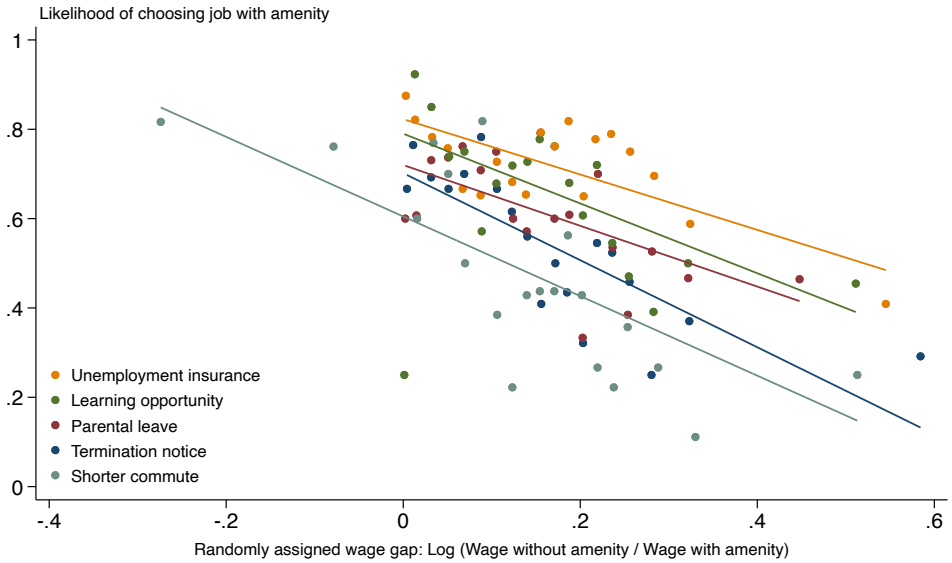
(b) Dream job



(c) Dislike in job

Notes: This figure presents word clouds constructed from responses to the following questions: "Besides salary, what else do you look for in a job?" (N = 700; Panel a); "What would your dream job have or offer you?" (N = 700; Panel b); and "What did you like least about your most recent job?" (N = 631; Panel c). Word size reflects the frequency of each term.

Figure B.2: Demand for job amenities



Notes: This figure plots binscatters, separately for each amenity experiment, of a dummy indicating whether a respondent chooses the job option with the amenity in the experiment (y-axis) and the randomly assigned wage gap, reported as the log difference between the job with amenity and the job without. The sample excludes respondents who never worked, always-takers (i.e., respondents who always chose the job with amenity across all five amenity experiments) and never-takers (i.e., respondents who never chose the job with amenity across all five amenity experiments).

Figure B.3: Discrete choice experiment screen: Example for *termination notice*

The jobs below are identical, except for salary and termination notice.

Carefully analyze the information below and indicate whether you would prefer Job A or Job B.

	Job A	Job B
Total monthly salary	**R$ 2200.00**	**R$ 2174.30**
Unemployment insurance	No	No
Commute time	I don't commute (work from home)	I don't commute (work from home)
Termination notice	**No**	**Yes**
Maternity leave (4 months) / Paternity leave (5 consecutive days)	No	No
Learning opportunity	No	No

Remembering that termination notice is when the employer communicates in advance to the employee about the intention to terminate the employment relationship.

◯ I prefer Job A

◯ I prefer Job B

Notes: This figure shows an example screen for the discrete choice experiment that varies termination notice. Respondents chose between two hypothetical jobs with identical tasks and responsibilities. Job A mirrored the respondent's current or most recent job across all attributes. Job B differed from Job A only in termination notice (highlighted in bold) and in salary. The salary difference between Job A and Job B was randomly drawn from a uniform distribution ranging from −30% to +30% of Job A's salary. Starting November 19, 2025, we expanded this range to −60% to +60% to better capture higher valuations, affecting 78 observations. Surveyors handed tablets directly to respondents, who selected their preferred job privately to minimize social desirability bias.

C Online Appendix C: Survey Details

Survey design. Our survey has four blocks. First, we collect detailed employment history, including employment sector, formality status, occupation, wages, hours worked, commute time, and job benefits. For those not currently employed, we ask about their most recent job, and for those who have never worked, their reservation wages. Second, we administer comprehensive open-ended questions about job aspirations and preferences to capture respondents' dream job characteristics, what they value most in jobs beyond wages, difficult aspects of work, reasons for job transitions, and barriers to desired employment. We also ask respondents to rank eight job amenities by importance (benefits, remuneration, work location, payment method, work environment, contract type, work schedule, and initiative/autonomy) and assess their knowledge of formal employment benefits. Third, we implement a discrete choice experiment to elicit the willingness to pay for job amenities. Fourth, we collect demographic and socioeconomic information, including age, gender, race, place of birth, education, whether they have children, and receipt of government transfers. Participants entered a prize draw for one of five R$200 prizes (≈USD40) as compensation for their time.

Data collection. We recruited and trained surveyors from the local community, who administered our door-to-door survey. This approach minimizes inattention and ensures respondents understand the questions. The surveyors received training on survey implementation and strategies to mitigate social desirability bias or experimenter demand effects. They provided neutral instructions and informed respondents only that the study concerned job preferences of young people in Brazil without emphasizing specific hypotheses. During the discrete choice module, the surveyors handed the tablet directly to respondents, allowing them to provide their answers privately. This procedure ensures anonymous decision-making and reduces concerns about surveyor observation or evaluation. We did not inform surveyors about the study's hypotheses or expected effects, further limiting the scope for experimenter demand effects.

Coding of open-ended questions. We employed AI-assisted qualitative coding to analyze the open-text questions. We used Claude AI (Anthropic, Sonnet 4.5) with extensive human oversight and iterative refinement, combining the efficiency of automated text analysis with the nuance and domain expertise of human judgment. Tables A.9-A.11 present detailed category definitions, example responses, and frequencies for each variable. After the initial coding round, we reviewed frequency distributions to identify over- or under-represented categories and examined random samples of coded responses per category to check accuracy. When we identified miscoded responses, we provided explicit corrections to the AI engine for any miscategorizations (e.g., "Response X should be coded as Y, not Z" or "Split category A into subcategories A1 and A2 based on this distinction"). The final coding achieved coverage rates of 86.9%-98.0% across variables, with only 2.0%-13.1% of responses categorized as "Other." Responses could be assigned to multiple categories, as they often mentioned several aspects in a single answer.

Attention sample. To ensure that our amenity valuation estimates are not biased by inattention, estimates in Table 1 are based on the 434 respondents (67% of the sample) who sometimes chose the option with the amenity, sometimes the option without it. We refer to these as "switchers", in contrast with those who always choose the job with the amenity ("always-takers") and those who always choose the job without it ("never-takers"). Our rationale is that switchers pay close attention to the wage differentials. Online Table A.5 shows switchers' demographic composition and distribution across employment sectors is nearly identical to the overall sample: 31% are in formal wage work (30% in overall sample), 18% in informal wage work (17%), 15% are self-employed (14%), and 36% are unemployed (38%). On demographics, 74% are women (77%), 72% are Black (74%). All valuations are larger in the full sample than in the attention sample, as expected.

D Online Appendix D: Theory and estimation

Preferences. Respondent i derives indirect utility V_j^i over job j considered by her, which features wage w_j, amenity bundle Γ_j, and idiosyncratic taste ξ_j^i. Respondents derive log indirect utility $\beta \ln w_j$ from job j's wage, and indirect utility δ_a from each amenity a included in job j's amenity bundle:

$$V_j^i = \beta \ln w_j + \sum_{a \in \Gamma_j} \delta_a \times (k_{aj} = 1) + \xi_j^i \tag{1}$$

Probability of choosing job with amenity. Idiosyncratic taste parameters ξ_j^i are drawn i.i.d. from a Type-I Extreme Value distribution. Consider two jobs that differ only in one amenity a^* and wages. Let a^* denote the experiment to value amenity a, j^1 the job that has the amenity, and j^0 the job that does not, such that $k_{a^* j^1} = 1$ and $k_{a^* j^0} = 0$. Then the probability that respondents choose job j^1 is:

$$P(V_{j^1} > V_{j^0}) = \frac{\exp[\beta \ln(w_{j^1}/w_{j^0}) + \delta_{a^*}]}{1 + \exp[\beta \ln(w_{j^1}/w_{j^0}) + \delta_{a^*}]} \tag{2}$$

Logit regression. Equation 2 specifies our logit regression on a sample of respondent × experiment pairs with five experiments per respondent, one for each amenity. The outcome variable is a dummy for whether the respondent chose the job with the amenity in the amenity's respective experiment. The dependent variables are $\ln(w_{j^1}/w_{j^0})$ – which we randomize, identifying slope β – and five amenity dummies, whose order is also random, and which identify five δ_a intercepts.

Indifference condition. Consider two jobs that offer the same amenities except one, a^*, and offer different wages. Let j^1 denote the job that has amenity a^*, and j^0 the job that does not, such that $k_{a^* j^1} = 1$ and $k_{a^* j^0} = 0$. Solving for the wage ratio that would make respondent i indifferent between the two jobs, and noting that $\mathbb{E}[\xi_{j^0}^i - \xi_{j^1}^i] = 0$ in the population, gives:

$$\ln\left(w_{j^1}/w_{j^0}\right) = -\delta_a^*/\beta \tag{3}$$

Willingness to pay. Let preferences over job amenities be defined as in equation 1, yielding the indifference condition described by equation 3. As in Maestas et al. (2023), let V_{a^*} be the value, in Brazilian reais, that makes respondents indifferent between a job with amenity a that pays $w_{j^1} = w_{j^0} - V_{a^*}$ and a job that does not have amenity a^* and pays $w_{j^0} = w_{j^1} + V_{a^*}$. Then willingness to pay is defined as the value V_{a^*} for the amenity as a fraction of the wage for the job without the amenity w_{j^0}. That is, the share of wages that respondents are willing to pay to obtain the amenity. Solving for V_{a^*} in $\ln[(w_{j^0} - V_{a^*})/w_{j^0}] = -\delta_a^*/\beta$ and expressing it as a fraction of w_{j^0} gives:

$$WTP_{a^*} \equiv \frac{V_{a^*}}{w_{j^0}} = 1 - \exp\left(-\delta_a^*/\beta\right) \tag{4}$$

Endowment effects. Equation 1 assumes that respondents value amenities equally regardless of whether they already have them. In this case, respondents' willingness to pay (WTP_{a^*}) in forgone wages to get amenity a^* equals respondents' willingness to accept (WTA_{a^*}) in extra wages to forgo amenity a^*. However, WTP_{a^*} and WTA_{a^*} need not coincide if there are endowment effects or if respondents sorted into their current jobs based on their preferences for amenities. To test if $WTP_{a^*} = WTA_{a^*}$, we re-estimate the preference parameters in equation 2 interacting the random wage gap and the amenity dummies with indicators for whether the respondent has the amenity in their current job. This interacted specification gives the preference parameters for Appendix Table A.8.

E Online Appendix E: Additional Details

Experimental design details. We used the wage and amenities from respondents' current job if employed, or most recent job if not. For respondents with no prior work experience, "Job A" was presented as a standard formal sector position. This position included the reservation wage, unemployment insurance, termination notice, parental leave, learning opportunities, and a commute time of 1-2 hours. We randomized the question order to address potential anchoring effects and informed respondents that their answers were anonymous. All job options were presented using neutral framing (Mas and Pallais, 2017).

Defining employment sectors. We code a respondent as a formal worker if they perform wage work with a signed work card or if they participate in the youth apprenticeship program at the time of the survey. The youth apprenticeship program in Brazil is a formal sector type of employment by law even though some respondents reported not having a signed work card. We code a respondent as an informal worker if they perform wage work without a signed work card, but are not self-employed. We code a worker as self-employed if they work on their own (*"conta própria"*) or operate a business, whether they hire other workers or not and whether they are formally registered as a business or not. The unemployed are those without a current job.

Termination notice. In Brazil, termination notice can take different forms. In cases of dismissal without just cause, the notice period may be either worked or paid out in lieu. If worked, the employee continues working for up to 30 days and is entitled to either a daily two-hour reduction in working hours or seven consecutive days of paid leave. If paid out, the employee is immediately released from work and receives payment for the notice period along with severance. When an employee resigns without fulfilling the notice period, the employer may deduct up to one month's wages. Brazil uses a proportional notice system that extends the base 30-day period by three days for each completed year of service, up to 60 additional days (90 days total). These provisions are established in the Brazilian Labor Code (Decree-Law No. 5,452/1943) and Law No. 12,506/2011.

Data limitations. Limitations in publicly available Census data prevent us from comparing employment characteristics across favelas, non-favelas, and Maré. For details on Brazilian favelas and employment barriers in these regions, see Angeli, Matavelli and Secco (2023) and Ferreira, Monge-Naranjo and Pereira (2025).