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McDonald's faces scrutiny over Brazil pay

By Samantha Pearson in São Paulo



Brazil's lower house of Congress is to hold a public hearing over allegations that fast-food chain [McDonald's](#) broke the country's constitution by paying staff less than the minimum wage.

Lawmakers are due on May 10 to discuss claims that McDonald's reduced workers' pay outside peak hours, resulting in wages below [Brazil's minimum monthly salary](#) of R\$622 (\$340), the lower house said on Tuesday.

"There have been situations where the worker receives less than the minimum monthly salary, which is in clear violation of the constitution," said deputy Sabino Castelo Branco from the PTB party, who proposed the hearing after tip-offs of the alleged infringement from a union.

Brazil's unions have earned a reputation for militancy, which, along with the country's rigid labour laws and high recruitment costs, has proved a challenge for foreign companies trying to break into the country's fast-growing consumer market.

Lawyers said it would be the first time the lower house had called a public hearing to discuss the matter.

The company, the world's largest restaurant group by revenues, vehemently rejected the claims, saying it pays employees for all the hours they work and provides salaries equal to or above the minimum wage.

"The company has a commitment to obeying labour laws and follows that which is provided and recognised by the law," said the [Arcos Dorados](#) group, which operates McDonald's 662 restaurants in Brazil.

Despite a large number of independent eateries in Brazil, chain restaurants have shown the fastest growth and are expected to gain market share due to a boom in shopping mall development.

According to Euromonitor, the McDonald's, Habib's, Bob's and Giraffa's brands hold more than 50 per cent of total chain food service sales in Brazil.

Fabio Lupatelli, a lawyer in São Paulo specialising in labour legislation, said that if the public hearing next month showed McDonald's had broken any laws, prosecutors or the unions themselves could file a civil lawsuit against the company.

"Our labour legislation is 71 years old and very old-fashioned. It is very protective, protecting employees much more [than employers]," said Mr Lupatelli.

Brazil's labour laws give generous employee benefits while also making it hard for companies to hire and fire. The cost of employing a worker in Brazil is almost double the base salary because of additional mandatory taxes, benefits and contributions.

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1. [Report Liz Alexandrita](#) | April 11 5:33pm | [Permalink](#)
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Phocus,

It's easy to say Brazil has socialist unions and our labour laws are "generous" to the employees when in U.S. the minimum wage is \$7.25 per hour, while in Brazil is \$1.93. I'd like to see an American living with \$340 per month in São Paulo.

If the track you talk about is the same one U.S. had been and led it to economical collapse and political crisis, then thank you, this is not a track Brazil should be led.

2. [Report Phocus](#) | April 11 3:46pm | [Permalink](#)

Farewell to Brazil as it heads down the dead end road of union led socialism. Look for years of strife and pain, before crumbling and requiring a new strong leader to put the country back on track. We here in the US know, we are about to turn the corner ourselves, back to freedom and away from socialism and union thugs. We will be here when you have had enough Brazil.

3. [Report Alfred Hussein Neuman](#) | April 11 3:37pm | [Permalink](#)

McDonald's has a very long history of providing work to employees with marginal-skills, and providing multiple benefits to employees. Many companies get exemptions from various rules, including wages.

[peterrockbend](#) | April 11 12:16pm | [Permalink](#)

"The company has a commitment to obeying labour laws and follows that which is provided and recognised by the law," said the Arcos Dorados group, which operates McDonald's 662 restaurants in Brazil."

maybe Arcos Dorados does, but McDonald's has a history of abusing labor laws. when i applied for a job there in 1964 the USA minimum wage was \$1.25 but McDonald's was paying \$.85. why? the restaurant industry had an exemption back then to the minimum wage rate for wait staff because they traditionally received tips. right. at Mickey D's, on a FIFTEEN CENT hamburger, the counter staff was getting TIPS? my friend that took the job said he never saw a penny in tips and quit after a month to join me pumping gas. now there was a job with a future
