



HR LANDSCAPES:

Chile – Growing with Equality

| FELIPE CARNEIRO



Chile is one of the most developed and well-organized countries in Latin America. The country declared its independence from Spain in 1818, and in 1973 a military coup against President Salvador Allende resulted in 17 years (1973-1990) of military rule under the command of General Augusto Pinochet. With a population of 17 million people, Chile today is a democratic country with Michelle Bachelet as the current president.

Chile is divided in 15 regions, with Santiago as the capital, the largest city and the country's political and financial center. Today Chile is considered a developing country and by 2020 is expected to have the same revenue standards as first world countries. This is the result of two decades of strong economic growth (average of 5.2% per year) and decreasing poverty (from 29% to 12%) and reduced criminal indexes. These solid results have been achieved by the stable political and economic model adopted by the country. There is no other country in Latin America that has a chance of achieving these standards in such a short term.

As a result, in a region not usually considered stable for investors, Chile represents a safe place for external investors, having achieved the investment grade more than 10 years ago. Copper is still Chile's top exported product, responsible for 45% of the country's exports; however copper made up 70% of the country's exports in the early 70's which shows how Chile is diversifying. According to the Heritage Foundation, Chile is one the 10 most open economies in the world.

As most other countries today, Chile has also suffered with the recent economic downturn, with an increasing inflation rate (9.5% per year) that still needs to be controlled; however, the country is recovering fast in comparison to many of their neighbors in Latin America.

Labor relations in Chile are generally cooperative and the strike rate is low. The labor environment, like the Chilean economy in general, supports free market principles, and the labor market is the most flexible in the region. Compared to its neighbors, Chile has one of the lowest employment taxation rates, which is currently around 3.8% of employee's salary.

Some of the recent changes in the employment law include a reduction in the work hours per week, from 48 to 45 (2005) and the implementation of a program to increase female participation in the workforce, called "growing with equality," The program provides incentives for companies that hire women and grants certification for those companies by giving them a "stamp of equality". Chile also has a youth employment program in which 50% of the minimum wage for workers between the age of 15 and 25 years is subsidized by the Federal Government.

Good news is all we can expect to hear from Chile in the next decades, so stay tuned! 🌐

About the Author: Felipe Carneiro is a Principal Consultant with Jeitosa Group International. He has over 10 years of experience working with most of the major ERP HR and Payroll systems throughout North and South America. He can be reached at felipe.carneiro@jeitosa.com.

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