



**FIRST REPORT ON INDICATORS**  
.....  
**OF LABOUR AND EXCELLENCE**  
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**IN CHILE, 2003-2007**

# I

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## ANNEX I

### Conceptual bases for the preparation of a system of indicators on decent work

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## PROLOGUE

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At ILO, devising indicators to operationalize the concepts on which Decent Work is based has for a long time being a major concern. The following report is part of this perspective. It covers a pilot experience involving seven enterprises, winners of the Chilean National Award for Quality, given annually by the National Centre for Productivity and Quality (Centro Nacional de Productividad y Calidad - ChileCalidad), an institution whose tripartite Council includes the Production and Trade Federation (Confederación de la Producción y el Comercio - CPC) for the employers, the Central Workers' Union (Central Unitaria de Trabajadores - CUT) for the unions, and Government through the Ministries of Economic Affairs, of Labour, and the Chilean Economic Development Corporation (Corporación de Fomento de la Producción - CORFO).

The ILO is convinced that this task is today more important than ever, when the lessons learnt with the world economic crisis clearly show there will be no stable and sustained growth unless it is based on employment and working conditions ensuring Fundamental Labour Rights, quality employment, investment in human capital, social protection, non-discrimination, and social dialogue. That is, the basic conditions for enterprises and economies to be truly successful, competitive, and to contribute to the development of individuals and social communities.

The possibility of initiating this experience by applying Decent Work indicators was the outcome of the proactive construction of appropriate space and atmosphere in Chile among social and government players.

The foregoing is of the utmost social and political importance. With social players and Government agreeing to participate in the initiative to conduct the study, through the Tripartite Council of ChileCalidad, the content and precepts of Decent Work empirically made operative, will provide a more effective instrument for formulating public and private policies expressing such content, legally, economically, socially, and institutionally, and will facilitate their links to the various dimensions of economic and social development.

In the book *Por una Globalización Más Justa* (Towards Fair Globalization) published in 2004, and in successive International Labour Conferences, the ILO clearly points out that the concept of Decent Work is not solely a regulatory formulation, but also, and most essentially, a guide to develop strategies.

Accordingly, rather than being a purely technical question, the issue of the conceptual and metric operationalization of the notion of Decent Work and its components, has to do with its ability to be part of the formulation of development strategies in countries and regions.

With this in view, it should be underlined that the political and social importance of the assessment and follow-up of development lies in the support of empirical evidence. Democratic societies need to know whether or not they are progressing, and the use of empirical evidence favours such assessment, sustains decision-making, and fosters accountability vis-à-vis citizens.

For this purpose, it is important to involve social players and government, as in this study. Player involvement is fundamental, both politically and socially, for it adds legitimacy and validity to the lessons that can be drawn from studies of this type. The foregoing contributes to transparency and citizen capacity for deliberation concerning the type of society they are constructing. In those terms, the world of labour is a particularly important object of study.

As ECLAC points out, the availability of empirical information on the various dimensions of economic and social development, both in domestic and international terms, improves mobilization of financial resources, sensitizes national political and budget authorities as to the importance of particular policies, raises the technical quality of policy decisions, gains access to international comparisons, ensures regular data-gathering sources, and promotes better coordination among countries and agencies.

As a result, it is clear that at present there is no way to evade devising and applying measurement and information systems in any field of development; public policy is being increasingly formulated on the basis of concepts supported by national and international empirical grounds, in the framework of a globalized world. The foregoing is a sufficiently powerful argument to put the strength of our actions in becoming a more and more important part of these instruments to set up public and private policies at national and international level.

Even more important, however, is that it helps to improve the governance of development, insofar as it supplies players and policy-makers with common references regarding matters on the development agenda, a substantive base for social dialogue. In fact, the more reliable the information countries have for social players, the greater their ability to interact on objective grounds and, consequently, their capacity to make decisions.

What are the lessons left by the experience in Chile with the National Centre for Productivity and Quality?

First, that successful large-, medium-, small-, or micro-scale businessmen consider it a significant challenge to check the correspondence between their success and their employment and labour conditions. They are interested in sharing the design of studies and appreciate relationships with labour players and Government. The tripartite formula is for them an indispensable source of legitimacy and dialogue.

Secondly, confirmation that a process conducted from design to assessment with the involvement of labour, government, and business representatives is a plus, in terms not only of legitimacy but also of efficacy.

It was also shown that these pilot experiences can promote more extensive outcomes involving government and social players. In the present case, the study spurred interest among the businessmen involved, who discussed the possibility of drawing up an improved method that could furnish an instrument for their enterprises to conduct annual self-assessments to identify their progress in Decent Work. This initiative is currently being studied at enterprise level and the outlook for implementation appears auspicious.

Such outcomes as these demonstrate the efficacy of endeavours in this field. They broaden the ability of social players to create new ideas and thereby give rise to a chain of innovations adding value to studies on Decent Work in our societies.

This is an occasion to urge replicating a project of this type, which not only provides us with empirical information but also contributes to the development of new concepts and new notions about how to build Decent Work for fairer and more progressive societies.

I would also like to thank the Council of the National Centre for Productivity and Quality, the enterprises involved, and everyone who made this report possible.

This is an initial but significant contribution. Not only because it offers empirical outcomes in concrete cases, but above all because it opens a broad agenda for conceptual and methodological discussion, which undoubtedly contributes to endow countries and social players with empirical instruments to observe the development of labour affairs and their connection with economic and production processes, within the perspective of constructing fairer and more humane forms of development.

JUAN SOMAVIA  
ILO Director General

## PRESENTATION

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### DECENT WORK IN CHILE, TODAY

The present publication is the result of joint work by the International Labour Office (ILO) in Chile and ChileCalidad, based on their shared interest in making the concept of Decent Work operational in this country. Both institutions, from their different specific points of view, have contributed to this common project designed to devise Decent Work indicators in the certainty that such indicators will help to measure, follow-up, make comparisons, and thus achieve substantive progress in this regard. The ILO is the organization displaying the most important effort to study, establish, and monitor the issue. Among other efforts, the ILO has selected the indicators to be considered in the various areas of concern, and has recorded the progress made in member countries, in addition to a number of other initiatives aiming to encourage the creation of Decent Work programmes in various countries.

From a different angle, *ChileCalidad* shares this concern for Decent Work. It is a tripartite agency composed of business representatives through the Production and Trade Federation (CPC - *Confederación de la Producción y del Comercio*), unions through the Central Workers Union (CUT - *Central Unitaria de Trabajadores*), and Government, through the Ministry of Labour, CORFO, and the Ministry of Economic Affairs, which chairs it. Its mission is to promote excellence management in public and private enterprises, by using models and tools enabling them to improve competitiveness. One essential component of excellence management is concern for individuals, specifically people management within enterprises, with full respect for their dignity, rights, and duties.

The meeting of the notions of Decent Work and Excellence Management enabled us to complete the study presented in this publication. Linking both notions made it possible to focus on actual circumstances in certain enterprises, winners of the National Award for Quality, which kindly agreed to take part in the study. A first set of Decent Work indicators were applied at these enterprises, to obtain a concrete view of what happens at such enterprises.

The pilot experience below is a great step. It allows setting a starting point and a benchmark to continue advancing in the area of Decent Work. It is a useful and important milestone because the initial measurement of indicators will lead to new initiatives, expand knowledge, and include other organizations in the effort.

The study is important, furthermore, because it is the result of a consensus reached among workers, businessmen, public and international agencies, on a methodology to measure Decent Work. With this backing we can continue to advance with firmer steps.

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the Southern Cone of Latin America

## INTRODUCTION: CONSTRUCTING INDICATORS FOR EXCELLENCE IN WORK

In 1999, Juan Somavía, Director General of the International Labour Organization (ILO), described the conditions of decent work as “opportunities for women and men to obtain decent and productive employment in conditions of freedom, equity, security, and human dignity”.

In addition, the concept of excellence in management is being promoted by *ChileCalidad* (*Centro Nacional de Productividad y Calidad*) since 1996, when its activities began. *ChileCalidad* summons workers, businessmen, and civil servants to face the competitive challenges of Chile, offering support for firms and organizations to innovate in management. Its Board of Directors is composed of representatives of the main business trade association (*Confederación de la Producción y del Comercio*), the main union organization (*Central Unitaria de Trabajadores*), and the Ministries of Economic Affairs, Labour, and CORFO (*Corporación de Fomento de la Producción*), the Chilean Economic Development Agency. Its mission is to promote in Chile a movement for continuing improvement of management in public and private enterprises, raising quality and productivity, and strengthening labour relations. One of its main instruments is the National Award for Quality, which seeks to single out excellence in management of the candidate enterprises; to win the award the latter undergo rigorous assessment of their practices in a wide array of factors affecting both their competitiveness and their results.

In December 2006 *ChileCalidad*, in conjunction with the ILO, organized the Seminar “From Decent Work to Excellent Work”. Its aim was to show the virtuous links between excellence in management and respect for the principles of decent work. Through the testimony of executives and union leaders with successful Chilean enterprises, winners of the National Award for Quality, the organizers showed how people management connects with corporate results, until excellence is achieved.

As a result of the seminar, a forum for reflection and initiatives was created, under the name of “Consultative Committee”, which in the course of 2007 drafted proposals designed to have a positive effect by showing that excellence in management is inevitably linked to people management such that, respecting their rights, maximises their contribution to the construction of better enterprises. This Committee was composed of union leaders, business trade association leaders, leaders in the areas of people management at some of the enterprises winning the National Award for Quality, and other enterprises, consultants, and experts in the field.

In March 2008, the Board of *ChileCalidad* approved one of the initiatives adopted by the Committee, titled “Design of Indicators of Decent Work”.

Bearing in mind that the Director of the ILO, in his Report to the International Labour Conference in 2001, stated that “effectively to promote the objective of decent work for all, the Office must be capable

of measuring progress and deficiencies”, the ILO Office in Santiago showed an interest in supporting this initiative.

In this context, *ChileCalidad* and the ILO resolved to move ahead with a pilot experience that would contribute to devise a methodology for measuring the level of development of the components of decent work, operating by consensus and involving all social players and Government.

It was agreed to conduct a first exercise of an experimental nature to gain experience and to be followed by medium- to long-term actions. Under the supervision of the Board of *ChileCalidad*, a technical team designed a first set of decent work indicators to be applied to enterprises having won the National Award for Quality. The idea was to test at enterprises of this type, recognized for their excellence in the areas of economic and production management, the alignment of employment and working conditions equivalent to those encompassed in the concept of decent work.

To gain a more global perspective to serve as context for exercises at enterprise level, it was found appropriate to study these indicators at the aggregate national level, based on available official statistics. There was no expectation of setting up a comparative benchmark *vis-à-vis* the award-winning enterprises, given that the aggregate information provides neither the same types nor the same presentation of the data, and obviously cover a highly heterogeneous set of activities. Notwithstanding the limitations of the available aggregate information, this exercise supplies an overall aggregate panoramic view of Chile in the context of the agreed indicators for measuring decent work conditions.

The process of identifying the decent work indicators to be applied covered the various approaches arising in the course of international debate to advance in attaining this goal. Among them, outstanding proposals suggest defining by consensus a model which theoretically conceptualizes the desirable features of decent work, and against which countries could be measured. Development of such a model has been far from smooth, in particular owing to the different views of the participants in the tripartite discussion, the varied academic approaches to the problem, and the degrees of emphasis arising among the disciplines concerned.

A second approach aimed at identifying countries that could constitute models of decent work and provide a benchmark of best practice in other countries. The various levels of development, cultural characteristics, and different levels of overall productivity in each country hampered continuing with this methodological proposal.

In this context, *ChileCalidad* and the ILO decided to explore a third approach. To this end, rather than have a theoretical model or exemplary country as a benchmark, our own country was proposed as the benchmark to investigate the conditions characterizing labour in Chile today. Simultaneously, to enquire about experiences whose characteristics, from the point of view of decent work, could be conceptualized as good practices to be emulated by players involved in the tripartite discussion in Chile. Consequently, the main thrust of this paper is to foster discussion focusing on a first exercise designed to begin a process for preparing indicators to measure progress in decent work. The exercise is thus included in the long-term construction of a methodology and a system of indicators, which – as defined in the technical tripartite discussion – may within a reasonable period provide an agreed system to measure the progress of decent work in Chile.

Hence the importance of observing specific enterprises together with the general framework of the country. Although at this stage comparisons between the two levels could not be expected, on account of the reasons discussed above, it was a matter of laying the groundwork for a method that would later allow measuring the status of decent work at enterprise level, by comparison with the average

level of development of such status, in the same country and not compared with theoretical models or excessively different circumstances.

With this approach, *ChileCalidad* and the ILO agreed that the National Award for Quality provided a most important window of opportunity. In fact, a tripartite agency annually awards a prize for quality that, though they are not its main objective, includes labour conditions as a component of the notion of quality on which delivery of the prize is based. Naturally, the fairly limited universe of award-winning enterprises restricts its statistical significance. Something similar happens with the fact that most of the award-winning enterprises were classified as large-scale corporations and thus can hardly become benchmarks for small- and medium-scale enterprises. This, however, detracts neither from the suitability of the sample for an exercise of this nature nor from the methodology proposed.

In close collaboration with the *ChileCalidad* and ILO counterparts<sup>1</sup>, based on this central idea and the extensive international debates on the subject, a proposal was worked out to operationalize decent work by identifying six fundamental components, namely, job stability, earnings and productive employment, work and employment conditions, balancing work and family, social protection and social dialogue, and labour affairs. In turn, each of these components was broken down into a varied number of indicators on which information may be gathered by country and sector, on the one hand, and by excellence enterprise on the other.<sup>2</sup> To the extent that a benchmark for enterprises had to be devised, the components identified were the most important ones for each firm. Accordingly, components referring to particular situations of the general economy, such as e.g. child labour, were excluded. Also excluded were indicators of the status of the economy and the evolution of labour legislation, which, naturally, are important to understand the performance of particular components of each enterprise.

Representatives were summoned of the award-winning enterprises and of the public agencies responsible for generating the relevant information to analyse the indicators and assess the likelihood of obtaining necessary information. Such agencies included INE, the Labour Department, the Ministry of Planning (*Ministerio de Planificación –MIDEPLAN*), and the Superintendence of Social Security. Both enterprises and agencies confirmed the interesting and important nature of the methodological proposal, together with its feasibility, pointing out, however, the limitations of the exercise, as described above.

It was decided to set the study period as 2004-2007, in order to have a series appropriate for comparing and identifying trends. Initially, the possibility was examined of making a comparison, however partial, of indicator performance in the selected enterprises and in enterprises at aggregate national and sectoral level. However, as foreseeable, it was found that, strictly speaking, statistical conditions do not yet allow making a comparison of this type. This is much more difficult as regards excellence enterprises, for they compose an even smaller universe. At the same time, the available information on the national situation is not designed to establish an adequate comparison.

Notwithstanding the limitations, the pilot exercise has led to important outcomes, as summarized below:

1. The methodology applied seems promising. Taking the situation of the country as a point of reference and monitoring its evolution is fundamental to quantify progress in decent work.

<sup>1</sup> Operationalizing the decent work concept was also performed on the basis of existing proposals at ILO Santiago

<sup>2</sup> For details of the proposal for operationalizing the concept of decent work, please refer to Annex I of the present report

2. Constructing a universe of excellence enterprises as a benchmark for best practices is also promising. The number of enterprises, however, should be increased to attain the appropriate critical mass. At the same time, more continuous work with the enterprises is required, to ensure speedy generation of relevant information.
3. At national and sectoral level, technical bodies should be developed to address the problem and coordinate the development of categories for more appropriate follow-up of decent work conditions. For example, it would be desirable for the operations of the *Asociación Chilena de Seguridad* to make distinctions by occupational category and by sex. Similarly, the SOFOFA labour survey on remunerations might differentiate the various occupational categories and distribution by gender.
4. Operationalizing the concept of decent work, with the components and indicators given, is an appropriate methodology to implement networking software so that enterprises of different sizes can compare with national averages and possibly excellence enterprises. Naturally, this self-comparison could be improved to the extent that information on the national and sectoral situation might also improve, in the terms described above.
5. Conducting this study has also allowed leading the tripartite debate along a specific methodological course, which provides an opportunity for substantive enrichment.
6. The study could be replicated in countries having awards similar to the National Award for Quality.

In this context, the aim of the present report, based mostly on the work of Economist Eugenio Rivera Urrutia, project consultant, is to provide a preliminary X-ray of decent working conditions in Chile vs. the concept of excellence. A system of indicators was established for this purpose; it is shown in Annex I of the present paper. The report seeks to take advantage of the window of opportunity offered by *ChileCalidad*; that is, the existence of enterprises that were awarded the National Award for Quality and, given the relationship between excellence and good working conditions, allow beginning to work on the idea of putting together a benchmark with which to compare the situation at national level.

Thus, the first chapter reviews the behaviour of decent work indicators in Chile on the basis of statistics available from INE, the Labour Department, MIDEPLAN, the Superintendence of Pensions, the Superintendence of Social Security, SOFOFA, *Asociación Chilena de Seguridad*, and the Superintendence of Health Care. The second chapter is a summary of the study on the award-winning enterprises which took part in the initiative. Finally, a few preliminary conclusions are drawn.

Lastly, the important effort displayed by the enterprises which provided data for this initial exercise deserves to be underscored. They are Anglo American, *Servicio de Impuestos Internos* (Inland Revenue Service), Gerdau Aza, Embotelladora Andina, Ascensores Schindler, INDUMAC, Banco Santander, CODELCO El Teniente Division, and Banco Estado Microempresas. These firms, all winners of the National Award for Quality in different years and categories, thereby reaffirmed their commitment to excellence in management and to their collaborators, and are therefore worthy of the appreciation of their peers.

## 1. JOB STABILITY

In spite of current widespread argument over the benefits of job stability vs. broader ranges of flexibility, it seems clear that modern industry is in need of increasingly qualified workers; consequently, workers have to go through continuing training processes. Furthermore, the on-the-job training that workers receive is not consistent with short periods of employment. This could imply lack of concern for retaining the beneficiaries of processes by which workers become qualified. Simultaneously, the rapid rise of production during the expansion stage<sup>3</sup> induces firms to attract more and better workers, which tends to create job mobility. In construing the stability value, the specific sector of industry plays a role; in new and leading industries, job mobility reflects rapid sector expansion.

We have identified three indicators which account for this component: (i) Percentage of workers with less than one year in the job;<sup>4</sup> (ii) Average number of years that workers remain with the enterprise; and (iii) Percentage of workers who left the firm in the last year.

Table 1 shows information on job stability in Chile. The information is widely dispersed, but does provide a view on the subject. The percentage of workers with less than one year in the job, according to the Labour Survey of the Labour Department (*Encuesta Laboral de la Dirección del Trabajo-ENCLA*), and in the total universe, which includes from small- to large-size enterprises, rises to a figure of almost 18%.

To obtain a figure for workers who left the firm in the last year, we resorted to the annual survey conducted by SOFOFA on remunerations and other labour issues. High fluctuations are observed, in the range of 18% to 23%.

<sup>3</sup> The case of mining was highlighted during discussions with representatives of the award-winning enterprises, where employers are forced to argue over hiring workers, on account of the many projects under way

<sup>4</sup> During an interview with INDUMAC it was mentioned that this indicator was dependent on the nature of the contract. As they were significantly affected by seasonality, they needed to hire a percentage of temporary workers under fixed-term contracts. It seems necessary to leave out such workers when measuring this indicator

TABLE 1

**Job Stability – Enterprises – National Averages**

|                                                                                                                 | 2003 | 2004 | 2005 | 2006 | 2007 |
|-----------------------------------------------------------------------------------------------------------------|------|------|------|------|------|
| Percentage of workers with less than one year in the job <sup>a</sup>                                           | –    | 18.1 | –    | 17.6 | –    |
| Average number of years with the enterprise <sup>b</sup>                                                        | 7.3  | –    | –    | 7.8  | –    |
| Percentage of workers leaving the enterprise in the last year<br>Large-size industrial enterprises <sup>c</sup> | 17.9 | 21.3 | 26   | 19.8 | 23   |

Sources:

<sup>a</sup> ENCLA 2004 and 2006<sup>b</sup> Encuesta CASEN (CASEN Survey)<sup>c</sup> SOFOFA, *Informe de remuneraciones y materias laborales de la industria, 2003-2007* (Report on industrial remunerations and labour issues - 2003-2007)

Note: The information used refers to the year when the survey was conducted. Survey questions deal with the previous year, which information differs from that obtained in the survey for the appropriate year.

Non-existence in the ENCLA of the category “average number of years with the enterprise” led to referring to the National Socio-Economic Characterization Survey (*Encuesta de Caracterización Socioeconómica Nacional* - CASEN) conducted by the Ministry of Planning (MIDEPLAN). However, the nature and periodicity of the survey mean that the data available are insufficient.<sup>5</sup> That is why we added Table 2, which contributes additional information. The number of workers who have been with the enterprise from 1 to 5 years rose from 35.9% in 2002 to 40.8% in 2004, and fell to 37.4% in 2006. In addition, workers who have been with the firm from 5 to 10 years show a clear downward trend. Finally, percentages of workers with over 10 years with the enterprise are volatile.

TABLE 2

**Time with the enterprise**

|                                                                   | 2002 | 2004 | 2006 |
|-------------------------------------------------------------------|------|------|------|
| Percentage of workers with 1 to 5 years with the enterprise       | 35.9 | 40.8 | 37.4 |
| Percentage of workers with 5 to 10 years with the enterprise      | 23.7 | 20.2 | 17.9 |
| Percentage of workers with more than 10 years with the enterprise | 29.5 | 20.9 | 27.1 |

Source: Labour Department: Labour Survey

<sup>5</sup> Information on the national average is not available in ENCLA surveys; therefore we resorted to the CASEN Survey which included the question to the population surveyed in 2003 and 2006. CASEN makes a difference among numbers of years with the company according to the type of contract binding on the individual interviewed

## 2. EARNINGS AND PRODUCTIVE EMPLOYMENT

The second component of decent work is “Earnings and productive employment”. Decent work should provide an appropriate income in the static sense and, at the same time, address dynamic issues regarding the ability to continue providing adequate earnings. To this end, a training indicator was also included.

Three indicators account for this component: (i) Total average remuneration of executive, professional, and non-professional workers, broken down by gender; (ii) Increases in total average remunerations for executive, professional, and non-professional workers, broken down by gender; and (iii) Percentage of investment in training as proportion of wage mass.<sup>6</sup> The source of general information is the INE Supplementary Survey of Income.

The wage gap between genders is also a crucially important indicator in this component. Table 3 shows the evolution of average remunerations at national level by category of occupation and by sex.<sup>7</sup>

**TABLE 3**  
**Remuneration**

|                                     | 2003         | 2004         | 2005       | 2006         | 2007         |
|-------------------------------------|--------------|--------------|------------|--------------|--------------|
| Total remuneration                  | 1 187 629.01 | 1 033 977.24 | 916 387.69 | 1 077 058.33 | 1 045 371.00 |
| Executives                          |              |              |            |              |              |
| Men                                 | 1 344 078.20 | 1 139 953.32 | 995 194.19 | 1 162 516.20 | 1 143 049.00 |
| Women                               | 717 444.43   | 715 559.14   | 696 291.78 | 818 933.59   | 823 141.00   |
| Professionals                       | 635 267.74   | 589 948.14   | 616 063.23 | 651 768.11   | 618 898.00   |
| Men                                 | 821 170.91   | 723 912.70   | 765 645.89 | 821 494.80   | 774 747.00   |
| Women                               | 474 040.98   | 473 069.68   | 483 056.21 | 495 213.68   | 481 617.00   |
| Non-Professional                    |              |              |            |              |              |
| Office staff                        | 325 617.04   | 301 949.70   | 297 632.46 | 308 463.33   | 284 163.00   |
| Men                                 | 383 664.95   | 339 034.99   | 340 299.13 | 349 988.84   | 321 546.00   |
| Women                               | 268 936.46   | 262 312.18   | 254 781.12 | 268 327.01   | 250 473.00   |
| Craftsmen and operators             | 191 171.87   | 188 962.92   | 191 574.70 | 213 355.67   | 241 273.00   |
| Men                                 | 203 225.31   | 201 774.94   | 203 985.24 | 225 982.90   | 250 723.00   |
| Women                               | 117 123.03   | 118 204.35   | 120 663.84 | 136 353.21   | 157 715.00   |
| Unskilled workers and day labourers | 152 198.49   | 146 408.90   | 147 942.26 | 154 333.86   | 165 050.00   |
| Men                                 | 154 423.57   | 147 645.42   | 150 874.34 | 159 057.10   | 170 715.00   |
| Women                               | 141 712.98   | 141 138.16   | 134 439.93 | 135 073.66   | 147 560.00   |

Source: INE, Supplementary Survey of Income

Note: Average remunerations of workers with all types of enterprises

<sup>6</sup> The possibility was examined of including the “Total average income for selected occupations” indicator, by identifying 4 or 5 significant categories of occupations for lower-income workers with different enterprises, and comparing them with the average income in the respective fields. However, various objections were raised, among others: (i) How to select the occupations? and (ii) How to compare among the large variety of occupations?

<sup>7</sup> The CPI was applied as remuneration deflator

For detailed analysis of this information we have prepared a number of tables, as follows.

TABLE 4

**National comparison of average income gap by sex and by occupational category**  
(In percentage)

|                                     | 2003 | 2004 | 2005 | 2006 | 2007 |
|-------------------------------------|------|------|------|------|------|
| Executives                          | 53.4 | 62.8 | 70.0 | 70.4 | 72.0 |
| Professionals                       | 57.7 | 65.3 | 63.1 | 60.3 | 62.2 |
| Office staff                        | 70.1 | 77.4 | 74.9 | 76.7 | 77.9 |
| Craftsmen and operators             | 57.6 | 58.6 | 59.2 | 60.3 | 62.9 |
| Unskilled workers and day labourers | 91.8 | 95.6 | 89.1 | 84.9 | 86.4 |

Source: Table 3

Table 4 shows the proportion of the remunerations of women vs. their male colleagues in the various professional categories. In the case of executives, the substantial increase in the income of women is striking, compared with the income of men. Whereas the indicator stood at 53.4% in 2003, it rose considerably in 2004 and 2005, and stabilized in 2006 and 2007 at slightly over 70%.

Among professionals, the remuneration of women averaged 57.7% of the income of their male colleagues. In 2004 the proportion rose to 65.3%. Subsequently, however, the income of women in proportion to the income of men became volatile and finally settled substantially below the high level of 2005.

With the exception of “unskilled workers and day labourers”, the “office staff” category shows the smallest gap between the remunerations of the sexes throughout the period. *Contrario sensu*, the ratio of the remunerations of men and women in the case of “craftsmen and operators” evolved in fairly similar fashion to the case of “professionals”. Finally, it is worth noting that in the case of “unskilled workers and day labourers” the difference diminished significantly, though the peaks of 2003 and 2004 were not repeated.

TABLE 5

**Remunerations ratio of occupational groups: men<sup>a</sup>**

|                                                | 2003 | 2004 | 2005 | 2006 | 2007 |
|------------------------------------------------|------|------|------|------|------|
| Executives/Professionals                       | 1.6  | 1.6  | 1.3  | 1.4  | 1.5  |
| Executives/Office staff                        | 3.5  | 3.4  | 2.9  | 3.3  | 3.6  |
| Executives/Craftsmen and operators             | 6.6  | 5.6  | 4.9  | 5.1  | 4.6  |
| Executives/Unskilled workers and day labourers | 8.7  | 7.7  | 6.6  | 7.3  | 6.7  |

Source: Table 3

<sup>a</sup> Refers to the number of times by which the average remuneration of executives is higher than the remuneration of other categories.

Table 5 displays the ratio of the remuneration of male executives and of male professionals, office staff, craftsmen and operators, and unskilled workers and day labourers. The ratio of the remuneration of male executives and male professionals appears significantly stable. Though the gap was reduced in 2007, the reduction is not particularly significant. The executives/office staff ratio is more variable; however, by the end of the period the initial levels have not varied. On the other hand, in the case of the ratio of the remuneration of executives and that of craftsmen and operators, the gap is reduced significantly from 6.6 times in 2003 to only 4.6 times in 2007. Something similar happens in the ratio of the remuneration of male executives and that of male unskilled workers and day labourers.

**TABLE 6****Remunerations ratio of occupational groups: women<sup>a</sup>**

|                                                | 2003 | 2004 | 2005 | 2006 | 2007 |
|------------------------------------------------|------|------|------|------|------|
| Executives/Professionals                       | 1.5  | 1.5  | 1.4  | 1.7  | 1.7  |
| Executives/Office staff                        | 2.7  | 2.7  | 2.7  | 3.1  | 3.3  |
| Executives/Craftsmen and operators             | 6.1  | 6.1  | 5.8  | 6.0  | 5.2  |
| Executives/Unskilled workers and day labourers | 5.1  | 5.1  | 5.2  | 6.1  | 5.6  |

Source: Table 3

a Refers to the number of times by which the average remunerations of female executives is higher than the remunerations of other categories

Table 6 contains the same information as the preceding table, but for women. In the case of executives compared with professionals, the ratio is very similar to that of men. For company officers vs. office staff, the gap is narrower than in the case of men. The comparison between executives and craftsmen and operators is similar. What appears remarkably different from the case of men is the comparison between the remuneration of female executives and that of female unskilled workers and day labourers. The gap is substantially smaller than in the case of men.

TABLE 7

**Evolution of real average remuneration by occupational category broken down by sex and level of education**  
(Pesos of October 2007)

|                                     | 2003  | 2004  | 2005  | 2006  | 2007  |
|-------------------------------------|-------|-------|-------|-------|-------|
| Total remunerations                 | 114.9 | 100.0 | 88.6  | 104.2 | 101.1 |
| Executives                          |       |       |       |       |       |
| Men                                 | 117.9 | 100.0 | 87.3  | 102.0 | 100.3 |
| Women                               | 100.3 | 100.0 | 97.3  | 114.4 | 115.0 |
| Professionals                       | 107.7 | 100.0 | 104.4 | 110.5 | 104.9 |
| Men                                 | 113.4 | 100.0 | 105.8 | 113.5 | 107.0 |
| Women                               | 100.2 | 100.0 | 102.1 | 104.7 | 101.8 |
| Non-Professional                    |       |       |       |       |       |
| Office staff                        | 107.8 | 100.0 | 98.6  | 102.2 | 94.1  |
| Men                                 | 113.2 | 100.0 | 100.4 | 103.2 | 94.8  |
| Women                               | 102.5 | 100.0 | 97.1  | 102.3 | 95.5  |
| Craftsmen and operators             | 101.2 | 100.0 | 101.4 | 112.9 | 127.7 |
| Men                                 | 100.7 | 100.0 | 101.1 | 112.0 | 124.3 |
| Women                               | 99.1  | 100.0 | 102.1 | 115.4 | 133.4 |
| Unskilled workers and day labourers | 104.0 | 100.0 | 101.0 | 105.4 | 112.7 |
| Men                                 | 104.6 | 100.0 | 102.2 | 107.7 | 115.6 |
| Women                               | 100.4 | 100.0 | 95.3  | 95.7  | 104.6 |

Source: Table 3 and author's calculations

Note: Average remuneration of workers with all types of enterprises

Table 7 contains an index of the real evolution of remunerations by occupational category and by sex. The year 2004 was taken as reference for equalizing the information provided on excellence enterprises. What is striking, first, is the almost general fall of real remunerations in 2004. The category with most variation is undoubtedly that of executives, which fell from 114.9 in 2003 to 100 in 2004, and 88.6 in 2005. There is a marked rise in 2006 and a drop of a few points in 2007. The evolution described, however, becomes substantively different when the evolution of executive remunerations is examined by gender. Where the evolution for men resembles that of the general category, the course for women is substantially different. The starting point is of course close to the base year; this means that women's remunerations did not suffer the severe fall that men's remunerations did in 2004. Nor did they decline in 2005 as abruptly as for men. In 2006 women's remunerations experienced a remarkable change, which became more marked in 2007, although this time the increment was lower. This evolution confirms the closing gap between genders among executives.

Among professionals, women's remunerations remain unchanged. In 2007, the remuneration is barely 1.8% above the base year. For men, remuneration is volatile. In 2004 there is a sharp fall, which recovers in 2005 and 2006, but not returning to the level of 2003. In 2007 the remuneration of male professionals falls again.

In the case of “office staff” what stands out is first that there has been a sharp fall, at general level as well as for each gender. For men the index falls from 113 in 2003 to 94.8 in 2004. For women, the index passes from 102.5 in 2003 to 95.5 in 2007.

The category of “craftsmen and operators” follows a different course than do the other occupational categories. Though there is little variation in 2003 to 2005, there is considerable growth in 2005 and 2006. Indeed, in the case of men the index moves to 112 in the former year and 124.3 in the latter. The case of women is even more dramatic, for the index rises to 115.4 and 133.4 in 2006 and 2007, respectively. Finally, in the category of “unskilled workers and day labourers”, the gap between the sexes tends to widen.

The information compiled so far refers to average conditions and makes no distinction for size of enterprise. For this reason, Table 8 shows information from the records of the *Asociación Chilena de Seguridad*, on the evolution of average wages by enterprise size. Unfortunately, from the standpoint of the study’s aims, the records of *Asociación Chilena de Seguridad* make no difference for occupational category or gender.

TABLE 8

**Evolution of wages at enterprises affiliated to the Asociación Chilena de Seguridad, by size of enterprise**  
(Pesos of October 2007)

|                    | 2003    | 2004    | 2005    | 2006    | 2007    |
|--------------------|---------|---------|---------|---------|---------|
| Size of enterprise |         |         |         |         |         |
| 1 to 5             | 259 807 | 261 519 | 256 448 | 271 603 | 266 823 |
| 6 to 25            | 301 343 | 302 821 | 310 103 | 317 958 | 315 415 |
| 26 to 50           | 339 491 | 342 724 | 345 045 | 352 152 | 355 093 |
| 51 to 100          | 357 498 | 361 151 | 369 105 | 379 376 | 383 535 |
| 101 to 500         | 380 588 | 389 446 | 392 452 | 406 903 | 415 655 |
| More than 500      | 427 216 | 430 952 | 435 869 | 451 944 | 453 951 |
| National           | 377 318 | 381 467 | 386 634 | 403 488 | 405 761 |

Source: Asociación Chilena de Seguridad and author’s calculations

Table 8 emphasizes the positive correlation between size of enterprise and level of remuneration.

TABLE 9

**Number of times remuneration at enterprises of more than 500 workers is higher than average wages at other enterprises**

| Size of enterprise | 2003 | 2004 | 2005 | 2006 | 2007 |
|--------------------|------|------|------|------|------|
| 1 to 5             | 1.64 | 1.65 | 1.70 | 1.66 | 1.70 |
| 6 to 25            | 1.42 | 1.42 | 1.41 | 1.42 | 1.44 |
| 26 to 50           | 1.26 | 1.26 | 1.26 | 1.28 | 1.28 |
| 51 to 100          | 1.20 | 1.19 | 1.18 | 1.19 | 1.18 |
| 101 to 500         | 1.12 | 1.11 | 1.11 | 1.11 | 1.09 |
| More than 500      | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| National           | 1.13 | 1.13 | 1.13 | 1.12 | 1.12 |

Source: *Asociación Chilena de Seguridad* (Table 8) and author's calculations

Table 9 shows the relationship between wages paid by enterprises with more than 500 workers and other enterprises.

TABLE 10

**Evolution index: real average wages at enterprises affiliated to the *Asociación Chilena de Seguridad*, by size**

| Size of enterprise | 2003 | 2004  | 2005  | 2006  | 2007  |
|--------------------|------|-------|-------|-------|-------|
| 1 to 5             | 99.3 | 100.0 | 98.1  | 103.9 | 102.0 |
| 6 to 25            | 99.5 | 100.0 | 102.4 | 105.0 | 104.2 |
| 26 to 50           | 99.1 | 100.0 | 100.7 | 102.8 | 103.6 |
| 51 to 100          | 99.0 | 100.0 | 102.2 | 105.0 | 106.2 |
| 101 to 500         | 97.7 | 100.0 | 100.8 | 104.5 | 106.7 |
| More than 500      | 99.1 | 100.0 | 101.1 | 104.9 | 105.3 |
| National           | 98.9 | 100.0 | 101.4 | 105.8 | 106.4 |

Source: *Asociación Chilena de Seguridad* (Table 8) and author's calculations

Table 10 presents the evolution of real average wages by size of enterprise.

TABLE 11

**Average wages by size of enterprise in industry sector**  
(Pesos of October 2007)

| Size of enterprise                    | 2003    | 2004    | 2005    | 2006    | 2007    |
|---------------------------------------|---------|---------|---------|---------|---------|
| Enterprises with 1 to 50 workers      | 488 052 | 638 415 | 463 877 | 501 604 | 498 377 |
| Enterprises with 51 to 200 workers    | 696 863 | 712 782 | 564 864 | 582 907 | 522 227 |
| Enterprises with 201 workers and over | 811 953 | 728 606 | 613 208 | 717 572 | 602 702 |

Source: SOFOFA, Report on remuneration and labour issues (several years) and author's calculations

Table 11 provides information on the evolution of real average wages in industry by size of enterprise. The information is taken from the SOFOFA "Report on remuneration and labour issues" and is highly interesting. However, it excludes the remuneration of executives and makes no distinction between professionals and non-professionals. Similarly, no information is available by sex, all of which reduces the value of this information from the standpoint of our study.

The wide variation of the figures is remarkable and might be associated with the variation in the universe of enterprises included in the survey. The most disturbing figure is the behaviour of average remuneration at enterprises with 1 to 50 workers in 2004. In all other years, though variation is still significant, the figures are more reasonable.

Table 11 shows a sharp fall of average remuneration at enterprises with 51 to 200 workers and with more than 201 workers. In fact, the former fall from 696,863 pesos in 2003 to 522,227 in 2007, all in pesos of the same purchasing power. In the case of enterprises with more than 201 workers, there is a similar drop.

TABLE 12

**Number of times remuneration at enterprises of more than 201 workers is higher than average wages at remaining enterprises**  
(Pesos of October 2007)

| Size of enterprise                    | 2003 | 2004 | 2005 | 2006 | 2007 |
|---------------------------------------|------|------|------|------|------|
| Enterprises with 1 to 50 workers      | 1.66 | 1.14 | 1.32 | 1.43 | 1.21 |
| Enterprises with 51 to 200 workers    | 1.17 | 1.02 | 1.09 | 1.23 | 1.15 |
| Enterprises with 201 workers and over | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

Source: SOFOFA, Report on remuneration and labour issues (several years) and author's calculations

Table 12 shows the ratio of average remunerations at enterprises with more than 201 workers compared with other enterprises. The convergence between enterprises with more than 201 workers

and those with 1 to 50 workers is striking. In fact, while in 2003 the ratio was 1.66 times, the figure decreases to 1.21 in 2007. With regard to enterprises with 51 to 200 workers, although there are variations, the figures for 2003 and 2007 are extremely similar.

TABLE 13

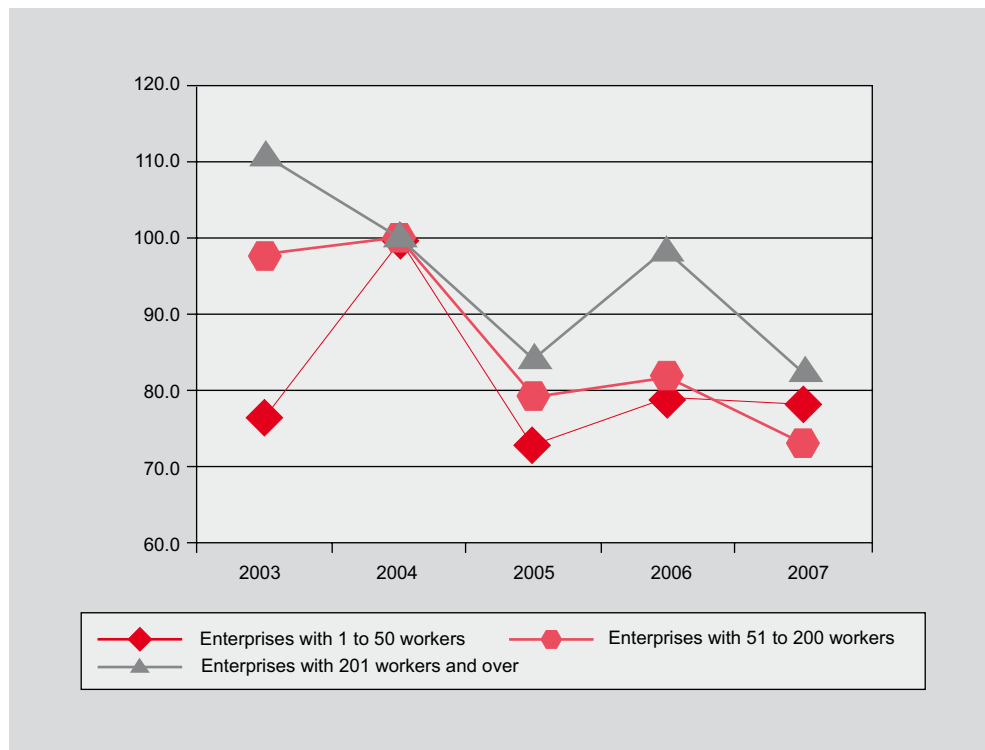
## Index of evolution of real average wages by size of enterprise in industry

| Size of enterprise                    | 2003  | 2004  | 2005 | 2006 | 2007 |
|---------------------------------------|-------|-------|------|------|------|
| Enterprises with 1 to 50 workers      | 76.4  | 100.0 | 72.7 | 78.6 | 78.1 |
| Enterprises with 51 to 200 workers    | 97.8  | 100.0 | 79.2 | 81.8 | 73.3 |
| Enterprises with 201 workers and over | 111.4 | 100.0 | 84.2 | 98.5 | 82.7 |

Source: SOFOFA, Report on remunerations and labour issues (several years) and author's calculations

CHART 1

## Index of evolution of real average wages by size of enterprise



Source: Table 13

Table 13 and Chart 1 show the sharp drop of remunerations in industry. However, the course of real average wages in the various categories is dissimilar. In fact, average remunerations at enterprises with

1 to 50 workers increase substantially in 2004; they fall abruptly in 2005, even lower than 2003 levels. They rise to some extent in 2006, keeping up the level reached through 2007, though well below the figures for 2004. Mean remunerations at enterprises with 51 to 200 workers improve slightly in 2004, only to fall abruptly in 2005 and even lower in 2007. Thus, in the latter year remunerations are 27 points below the level of 2004. Assessment of average wages at enterprises with more than 201 workers is comparable, although the extreme points for the period differ by close to 30 points.

**TABLE 14**

**Evolution of average wages by industrial sector**  
(In pesos of October 2007)

|                                            | 2005    | 2006    | 2007    |
|--------------------------------------------|---------|---------|---------|
| Chemicals, Petroleum, Rubber, and Plastics | 892 004 | 978 485 | 823 234 |
| Non-Metallic Ores and Basic Metals         | 806 503 | 865 560 | 622 699 |
| Pulp and Paper, and Printing               | 791 256 | 964 933 | 797 925 |
| Metal Products, Machinery, and Equipment   | 561 461 | 592 178 | 576 269 |
| Food, Non-Alcoholic Beverages, and Tobacco | 492 486 | 557 291 | 473 596 |
| Timber and Furniture                       | 473 616 | 616 254 | 545 262 |
| Textiles, Garments, Hides                  | 420 695 | 437 083 | 555 147 |

Source: SOFOFA, Report on remunerations and labour issues (2006-2008) and author's calculations

Table 14 shows the evolution of average wages in industry, broken down by sector. The first point which stands out is the substantial fluctuation of average remunerations throughout the period.<sup>8</sup>

<sup>8</sup> In 2005 the survey modified the categories in which industrial sectors are classified. For this reason the scope of the study is restricted to 2005-2007

TABLE 15

**Index of evolution of real average wages by industrial sector**

|                                            | 2005 | 2006  | 2007  |
|--------------------------------------------|------|-------|-------|
| Chemicals, Petroleum, Rubber, and Plastics | 100  | 109.7 | 92.3  |
| Non-Metallic Ores and Basic Metals         | 100  | 107.3 | 77.2  |
| Pulp and Paper, and Printing               | 100  | 121.9 | 100.8 |
| Metal Products, Machinery, and Equipment   | 100  | 105.5 | 102.6 |
| Food, Non-Alcoholic Beverages, and Tobacco | 100  | 113.2 | 96.2  |
| Timber and Furniture                       | 100  | 130.1 | 115.1 |
| Textiles, Garments, Hides                  | 100  | 103.9 | 132.0 |

Source: SOFOFA, Report on remunerations and labour issues (Table 14) and author's calculations

Table 15 shows the index of evolution of real average wages. Three industrial sectors suffered a substantial drop in the period under study. In contrast, the case of textiles underwent marked growth. As stated at the beginning of this section, training is a capacity-building indicator enabling workers to access better remunerations in the future.

TABLE 16

**Percentage of workers trained by size of industrial enterprise**

| Size of enterprise                    | 2005 | 2006 | 2007 |
|---------------------------------------|------|------|------|
| Enterprises with 1 to 50 workers      | 21.8 | 22.8 | 16.9 |
| Enterprises with 51 to 200 workers    | 26.8 | 23.5 | 38.9 |
| Enterprises with 201 workers and over | 44.2 | 67.9 | 69.4 |

Source: SOFOFA, Report on remunerations and labour issues (several years) and author's calculations

Table 16 shows the percentage of workers in industry trained each year. As expected, each year, enterprises with more than 201 workers train a substantially higher number of workers. In 2005 and 2006, enterprises with 51 to 200 workers tended to train a percentage of workers not much higher than enterprises with 1 to 50 workers. However, this situation changed considerably in 2007, when a gap of over 20 points arose between both types of enterprise.

TABLE 17

**Percentage of workers trained by industrial sector**

|                                            | 2005 | 2006 | 2007 |
|--------------------------------------------|------|------|------|
| Chemicals, Petroleum, Rubber, and Plastics | 46.0 | 69.6 | 55.6 |
| Non-Metallic Ores and Basic Metals         | 27.9 | 71.0 | 31.1 |
| Pulp and Paper, and Printing               | 71.8 | 69.7 | 66.7 |
| Metal Products, Machinery, and Equipment   | 46.2 | 77.0 | 38.8 |
| Food, Non-Alcoholic Beverages, and Tobacco | 43.7 | 60.4 | 75.4 |
| Timber and Furniture                       | 4.3  | 46.5 | 47.7 |
| Textiles, Garments, Hides                  | 15.3 | 35.7 | 48.4 |

Source: SOFOFA, Report on remunerations and labour issues (several years)

Table 17 shows the percentage of workers trained in industry, now broken down by sector. Again, there is remarkable variability in the percentage of workers trained during the period in the various fields of industry. In addition, the sector showing the most stable percentage of workers trained in the period is that of pulp and paper, and printing.

From another point of view, Table 18 presents the average amount invested in training per worker in the industrial sector, by size of enterprise. It is worth noting that in 2006 investment increased substantially in all enterprises, and then fell significantly in 2007. It is even more noticeable that in 2007 small-size enterprises spent more on training.

TABLE 18

**Annual amount invested in training per worker by size of enterprise  
(In Pesos of October 2007)**

| Size of enterprise                    | 2005    | 2006    | 2007    |
|---------------------------------------|---------|---------|---------|
| Enterprises with 1 to 50 workers      | 121 522 | 150 320 | 143 138 |
| Enterprises with 51 to 200 workers    | 145 299 | 183 207 | 117 537 |
| Enterprises with 201 workers and over | 149 364 | 181 284 | 133 616 |

Source: SOFOFA, Report on remunerations and labour issues (several years)

Table 19 shows the evolution of investment in training per worker. There is a contrast between small-scale enterprises and enterprises with more than 51 workers.

TABLE 19

**Index of evolution of the annual amount invested in training per worker by size of enterprise**

| Size of enterprise                    | 2005 | 2006  | 2007  |
|---------------------------------------|------|-------|-------|
| Enterprises with 1 to 50 workers      | 100  | 123.7 | 117.8 |
| Enterprises with 51 to 200 workers    | 100  | 126.1 | 80.9  |
| Enterprises with 201 workers and over | 100  | 121.4 | 89.5  |

Source: SOFOFA, Report on remunerations and labour issues (Table 18) (several years)

Table 20 shows the amount invested by industry in training per worker, broken down by sector.

TABLE 20

**Annual amount invested in training per worker by industrial sector  
(In Pesos of October 2007)**

|                                            | 2005    | 2006    | 2007    |
|--------------------------------------------|---------|---------|---------|
| Chemicals, Petroleum, Rubber, and Plastics | 221 260 | 343 769 | 191 810 |
| Non-Metallic Ores and Basic Metals         | 336 758 | 203 440 | 173 715 |
| Pulp and Paper, and Printing               | 225 146 | 235 760 | 144 326 |
| Metal Products, Machinery, and Equipment   | 139 363 | 103 996 | 92 244  |
| Food, Non-Alcoholic Beverages, and Tobacco | 89 213  | 101 147 | 119 406 |
| Timber and Furniture                       | 113 461 | 158 242 | 183 627 |
| Textiles, Garments, Hides                  | 126 996 | 78 413  | 59 278  |

Source: SOFOFA, Report on remuneration and labour issues (several years)

TABLE 21

**Index of evolution of the amount invested in training per worker by industrial sector**

|                                            | 2005 | 2006  | 2007  |
|--------------------------------------------|------|-------|-------|
| Chemicals, Petroleum, Rubber, and Plastics | 100  | 155.4 | 86.7  |
| Non-Metallic Ores and Basic Metals         | 100  | 60.4  | 51.6  |
| Pulp and Paper, and Printing               | 100  | 104.7 | 64.1  |
| Metal Products, Machinery, and Equipment   | 100  | 74.6  | 66.2  |
| Food, Non-Alcoholic Beverages, and Tobacco | 100  | 113.4 | 133.8 |
| Timber and Furniture                       | 100  | 139.5 | 161.8 |
| Textiles, Garments, Hides                  | 100  | 61.7  | 46.7  |

Source: SOFOFA, Report on remunerations and labour issues (Table 20) (several years)

As shown in Table 21, the indexes describing the evolution of investment in training per worker follow very different and fluctuating courses. Five of the seven sectors fell significantly in 2007 vs. 2005. By contrast, the “food, non-alcoholic beverages, and tobacco” and the “timber and furniture” sectors show marked increase compared with the base year. The “textiles, garments, hides” sector, on the other hand, not only had a sharp fall but is also, at the end of the period, the sector with the lowest investment per worker in training.

### 3. WORK AND EMPLOYMENT CONDITIONS

The ILO considered that a reasonable number of working hours and the presence of forms of contracts are part of the features constituting decent work. In relation to the first-named, according to Anker *et al* (2003), four aspects of decent work may be associated with the number of working hours. An excessive number of hours of work can have a negative effect on health, both physical and mental, and can hinder an appropriate balance between work and family life. Simultaneously, and frequently, an excessive number of working hours might be a sign of inadequate remuneration, just as few working hours might be a sign of inappropriate employment opportunities. In terms of the contract, more stable forms favour improved learning processes. In addition, the accident rate accounts for collective efforts in the labour process to reduce the number of accidents. Finally, fair treatment in work and employment implies absence of gender-based differences. We have identified indicators to deal with this component: (i) Average weekly working hours; (ii) Number of contracts by type (as defined under the Labour Code); (iii) Accident rate (measured according to definitions under Law 16 848); (iv) Distribution of occupations by sex, only for regular workers; and (v) Female share in executive positions.

Table 22 presents information on the share of the different forms of contract by type of enterprise. It is remarkable that in 2002 large-size enterprises have the lowest share of total open-ended contracts

(75.6%). This figure contrasts, in particular, with the medium- and small-size enterprises, where open-ended contracts total over 85%. For microenterprises, the share of open-ended contracts is approximately 80%.

TABLE 22

**Personnel by type of enterprise and form of contract**  
(In percentage)

| National Level       | 2002 | 2004 | 2006 |
|----------------------|------|------|------|
| Microenterprise      |      |      |      |
| Open-ended           | 80.1 | 89.5 | 82.1 |
| Fixed-term           | 6.1  | 5.3  | 8.1  |
| Work project or site | 2.4  | 0.9  | 3.9  |
| Fees and other       | 11.5 | 4.3  | 5.9  |
| Small enterprise     |      |      |      |
| Open-ended           | 86.3 | 83.3 | 74.2 |
| Fixed-term           | 5.6  | 7.9  | 10.6 |
| Work project or site | 3.8  | 4.5  | 9.6  |
| Fees and other       | 4.3  | 4.1  | 5.7  |
| Medium enterprise    |      |      |      |
| Open-ended           | 85.8 | 75.1 | 65.9 |
| Fixed-term           | 4.8  | 9.7  | 9.3  |
| Work project or site | 6.5  | 13.3 | 21.9 |
| Fees and other       | 2.8  | 1.9  | 2.9  |
| Large corporation    |      |      |      |
| Open-ended           | 75.6 | 76.5 | 68.8 |
| Fixed-term           | 10.8 | 13.8 | 12.8 |
| Work project or site | 11.4 | 8.4  | 13.3 |
| Fees and other       | 2.1  | 1.2  | 5.2  |
| Total                |      |      |      |
| Open-ended           | 79.6 | 77.3 | 69.6 |
| Fixed-term           | 8.6  | 12.0 | 11.2 |
| Work project or site | 9.3  | 8.9  | 14.6 |
| Fees and other       | 2.6  | 1.8  | 4.7  |

Source: Labour Department, Labour Survey

Unequal evolution is observed in 2004 between microenterprises and large corporations, on the one hand, and small- and medium-size enterprises on the other. In the former, the share of open-ended contracts increases. In large corporations, the variation is minor (75.6 to 76.5); however, at microenterprise level, the share of open-ended contracts rises from 80.1% to 89.5%. In addition, in medium- and small-size enterprises, the share of open-ended contracts decreases. The clearest case is that of medium-sized enterprises. In 2006 the decrease in the share of open-ended contracts becomes generalized and accelerates for all types of enterprise.

In medium-size enterprises the share of open-ended contracts falls most rapidly and abruptly. Indeed, the share of open-ended contracts in medium-size enterprises (65.9%) is even lower than in large corporations (68.8%). In microenterprises, although a trend cannot be identified, it is evident that open-ended contracts held a share of over 80% throughout the period.

The share of fixed-term contracts rose in the period. In 2002 this form of contract had a greater share in large corporations. In 2004 the share increases, then drops somewhat in 2006, though remaining fairly above the first year of the study. In other types of enterprise there is a widespread increase in the share of this form of contract, as was initially the case of large corporations.

Regarding contracts by work project or site, upon comparing 2002 and 2006 a clearly rising trend is seen in small-, medium-, and large-size enterprises. It is noteworthy that this form of contract is most significant in medium-size enterprises (21.9%), though clear trends cannot be identified.

TABLE 23

**Distribution of occupations by sex**  
(December of each year)

|                                     | 2003      | 2004      | 2005      | 2006      |
|-------------------------------------|-----------|-----------|-----------|-----------|
| Total employment: groups            | 5 774 516 | 6 026 627 | 6 155 358 | 6 427 753 |
| Men                                 | 3 718 628 | 3 834 466 | 3 915 699 | 4 038 494 |
| Women                               | 2 055 889 | 2 192 161 | 2 239 659 | 2 389 259 |
| Executives                          | 190 859   | 217 785   | 224 907   | 242 223   |
| Men                                 | 143 208   | 163 402   | 165 609   | 181 976   |
| Women                               | 47 651    | 54 384    | 59 297    | 60 247    |
| Professionals                       | 628 282   | 659 394   | 682 857   | 743 909   |
| Men                                 | 291 811   | 307 239   | 321 400   | 356 939   |
| Women                               | 336 472   | 352 154   | 361 456   | 386 970   |
| Non-Professional                    |           |           |           |           |
| Office staff                        | 837 762   | 915 025   | 977 673   | 978 004   |
| Men                                 | 413 885   | 472 727   | 489 895   | 480 678   |
| Women                               | 423 876   | 442 298   | 487 779   | 497 326   |
| Craftsmen and operators             | 1 086 048 | 1 105 092 | 1 111 589 | 1 139 013 |
| Men                                 | 934 004   | 935 674   | 946 015   | 978 540   |
| Women                               | 152 044   | 169 418   | 165 574   | 160 473   |
| Unskilled workers and day labourers | 302 532   | 355 896   | 381 781   | 379 479   |
| Men                                 | 249 564   | 288 277   | 313 647   | 304 743   |
| Women                               | 52 968    | 67 620    | 68 133    | 74 736    |

Source: INE, Supplementary Survey of Income

Tables 23 and 24 show the national distribution of employment, by sex. Slowly, the share of women in total employment tends to increase throughout the period. However, the position of the various categories is most uneven. There are clearly male-dominated activities, as in the case of “executives”,

“craftsmen and operators”, and “unskilled workers and day labourers”. In the case of executives, the share of men remains at approximately 75% during the period. A slight drop only appears in 2005. This finding contrasts with the case of professionals, where the share of women is larger than that of men through the period. Given that the executives group is largely composed of professionals, a larger share of women in this segment might be expected. It may be that such lack of consistency could be due, among other reasons, to the existence of women-dominated professions, which as a rule are less frequently found in executive positions.

TABLE 24

**Distribution of occupations by sex**  
(December of each year, in percentages)

|                                     | 2003  | 2004  | 2005  | 2006  |
|-------------------------------------|-------|-------|-------|-------|
| Total employment: groups            | 100.0 | 100.0 | 100.0 | 100.0 |
| Men                                 | 64.4  | 63.6  | 63.6  | 62.8  |
| Women                               | 35.6  | 36.4  | 36.4  | 37.2  |
| Executives                          | 100.0 | 100.0 | 100.0 | 100.0 |
| Men                                 | 75.0  | 75.0  | 73.6  | 75.1  |
| Women                               | 25.0  | 25.0  | 26.4  | 24.9  |
| Professionals                       | 100.0 | 100.0 | 100.0 | 100.0 |
| Men                                 | 46.4  | 46.6  | 47.1  | 48.0  |
| Women                               | 53.6  | 53.4  | 52.9  | 52.0  |
| Non-Professional                    |       |       |       |       |
| Office staff                        | 100.0 | 100.0 | 100.0 | 100.0 |
| Men                                 | 49.4  | 51.7  | 50.1  | 49.1  |
| Women                               | 50.6  | 48.3  | 49.9  | 50.9  |
| Craftsmen and operators             | 100.0 | 100.0 | 100.0 | 100.0 |
| Men                                 | 86.0  | 84.7  | 85.1  | 85.9  |
| Women                               | 14.0  | 15.3  | 14.9  | 14.1  |
| Unskilled workers and day labourers | 100.0 | 100.0 | 100.0 | 100.0 |
| Men                                 | 82.5  | 81.0  | 82.2  | 80.3  |
| Women                               | 17.5  | 19.0  | 17.8  | 19.7  |

Source: INE, Supplementary Survey of Income (Table 23)

The “office staff” category duplicates the case of professionals. Here, with slight variations, the share of women fluctuates around 50%.

The category of “craftsmen and operators” is the most male-dominated occupation and remains practically unchanged from 2003 to 2006. In the case of “unskilled workers and day labourers”, a fluctuation between 17.51% and 19.69% may be observed in the share of women.

#### 4. SOCIAL PROTECTION

The concept of decent work presupposes as a condition that the worker be protected against the various risks to which he or she is exposed. To this end, this component includes the following indicators: (i) Social security coverage, which is the percentage of workers protected by legal social security: health care, retirement, and unemployment insurance.

The status of the pension system can be seen in Tables 25 and 26. The number of contributors increases systematically over the period studied, from almost three million in 2003 to over three and a half million in 2007. However, compared with the gainfully employed population, the coverage of the system leaves much to be desired. This augured that many citizens would not meet the requirements for a minimum pension.<sup>9</sup>

**TABLE 25**

**Affiliates and contributors to the pension-fund system by sex**  
(December of each year)

|                               | 2003      | 2004      | 2005      | 2006      |
|-------------------------------|-----------|-----------|-----------|-----------|
| Gainfully employed population | 5 774 516 | 6 026 627 | 6 155 358 | 6 427 753 |
| Contributors                  | 2 982 805 | 3 036 987 | 3 321 793 | 3 474 839 |
| Gainfully employed men        | 3 718 628 | 3 834 466 | 3 915 699 | 4 038 494 |
| Male contributors             | 1 873 641 | 1 909 784 | 2 091 842 | 2 166 448 |
| Gainfully employed women      | 2 055 889 | 2 192 161 | 2 239 659 | 2 389 259 |
| Female contributors           | 1 109 138 | 1 127 203 | 1 229 951 | 1 308 391 |

Source: INE and Superintendence of Pensions

If one examines Table 25, one notes that the share of men in the total number of contributors to the system is larger, though a clear –if slow– trend is visible towards higher participation of women.

<sup>9</sup> This situation was crucial for the Government to decide to create the solidarity pillar of the pension system

TABLE 26

**Affiliates and contributors to the pension-fund system by sex**  
(In percentages)

|                                              | 2003 | 2004 | 2005 | 2006 |
|----------------------------------------------|------|------|------|------|
| Contributors/gainfully employed population   | 51.7 | 50.4 | 54.0 | 54.1 |
| Male contributors/gainfully employed men     | 50.4 | 49.8 | 53.4 | 53.6 |
| Female contributors/gainfully employed women | 53.9 | 51.4 | 54.9 | 54.8 |

Source: INE and Superintendence of Pensions (Table 25)

The share of contributors out of the total gainfully employed population, as shown is very low. However, a persistent increase is visible since 2003. As a proportion of the gainfully employed population of each sex, women contribute a higher percentage than men. In the case of unemployment insurance, there is a marked increase in the number of affiliates to the system, from slightly over two million to more than five million. However, contributors once more represent a very small proportion.

TABLE 27

**Affiliates and contributors to unemployment insurance by sex**  
(December of each year)

|                                                     | 2003      | 2004      | 2005      | 2006      | 2007      |
|-----------------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Affiliates to unemployment insurance <sup>a</sup>   | 2 118 718 | 3 113 028 | 3 941 173 | 4 645 937 | 5 330 798 |
| Men                                                 | 983 459   | 1 931 433 | 2 411 904 | 2 801 370 | 3 122 652 |
| Women                                               | 421 948   | 964 704   | 1 297 359 | 1 625 274 | 1 915 427 |
| Contributors to unemployment insurance <sup>a</sup> | 1 193 886 | 1 647 675 | 2 106 755 | 2 420 248 | 2 838 601 |
| Men                                                 | 578 915   | 1 088 581 | 1 392 886 | 1 577 538 | 1 823 749 |
| Women                                               | 232 244   | 483 781   | 636 322   | 777 944   | 924 961   |

Source: Superintendence of Pensions

<sup>a</sup> The sum of men and women does not tally with the total affiliates, because some information fails to specify sex

TABLE 28

**Percentage of contributors to unemployment insurance by sex**  
(December of each year, in percentages)

|                                                           | 2003 | 2004 | 2005 | 2006 | 2007 |
|-----------------------------------------------------------|------|------|------|------|------|
| Affiliates to unemployment insurance                      |      |      |      |      |      |
| Men                                                       | 46.4 | 62.0 | 61.2 | 60.3 | 58.6 |
| Women                                                     | 19.9 | 31.0 | 32.9 | 35.0 | 35.9 |
| Percentage of contributors out of total affiliates        | 56.3 | 52.9 | 53.5 | 52.1 | 53.2 |
| Percentage of contributors out of total affiliates: men   | 58.9 | 56.4 | 57.8 | 56.3 | 58.4 |
| Percentage of contributors out of total affiliates: women | 55.0 | 50.1 | 49.0 | 47.9 | 48.3 |

Source: Superintendence of Pensions (Table 27)

Health-care coverage appears in Table 29. Total contributors to ISAPRES (private health insurance) are equivalent to a small proportion of FONASA (public health insurance) beneficiaries. In addition, in 2003 and 2006 the number of contributors to ISAPRES grew at a very slow pace, to the point of suggesting a degree of stagnation. Whereas from 2003 to 2007 FONASA beneficiaries increased by almost 1.2 million beneficiaries.

TABLE 29

**Contributors to ISAPRES and FONASA beneficiaries**  
(December of each year)

|                                      | 2003       | 2004       | 2005       | 2006       | 2007       |
|--------------------------------------|------------|------------|------------|------------|------------|
| Contributors to ISAPRES <sup>a</sup> | 1 233 630  | 1 232 092  | 1 244 859  | 1 286 165  | 1 358 946  |
| Men                                  | 806 189    | 806 837    | 815 220    | 840 203    | 885 575    |
| Women                                | 427 441    | 425 255    | 429 639    | 445 962    | 473 371    |
| FONASA beneficiaries <sup>b</sup>    | 10 580 090 | 10 910 702 | 11 120 094 | 11 479 384 | 11 740 688 |
| Men                                  | 5 218 752  | 5 418 656  | 5 510 161  | 5 665 758  | 5 777 701  |
| Women                                | 5 361 338  | 5 492 046  | 5 609 933  | 5 813 626  | 5 962 987  |

Sources:

<sup>a</sup> Superintendence of Health-Care

<sup>b</sup> FONASA

## 5. SOCIAL DIALOGUE AND LABOUR AFFAIRS

The sixth component is social dialogue and labour affairs. The ability to organize in unions and to engage in collective bargaining are constituents of decent work. The following are proposed as indicators of this component: (i) Percentage of unionized workers by sex vs. total number of workers with the right to unionize; (ii) Percentage of workers engaging in collective bargaining.

Tables 30 and 31 present the total gainfully employed labour force. As evidenced in these Tables, only part of the total number has a right to unionize. Absolute figures prove the reduced number of workers unionized and involved in collective instruments.

TABLE 30

**Gainfully employed labour force, gainfully employed labour force with potential to become unionized, and number of workers involved in collective instruments**

|                                                                         | 2003      | 2004      | 2005      | 2006      | 2007      |
|-------------------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Total gainfully employed labour force                                   | 5 675 130 | 5 862 900 | 5 904 999 | 6 410 982 | 6 567 241 |
| Gainfully employed labour force with potential to unionize <sup>a</sup> | 4 849 564 | 4 979 719 | 5 054 172 | 5 477 846 | 5 622 264 |
| Men                                                                     | 3 298 663 | 3 335 792 | 3 376 302 | 3 627 100 | 3 683 805 |
| Women                                                                   | 1 550 891 | 1 643 938 | 1 677 870 | 1 850 746 | 1 938 459 |
| Unionized workers                                                       | 669 507   | 680 351   | 676 368   | 703 706   | 724 606   |
| Men                                                                     | 531 238   | 522 271   | 515 114   | 532 661   | 537 651   |
| Women                                                                   | 138 269   | 158 080   | 161 254   | 171 045   | 186 955   |
| Number of workers involved in collective instruments effective yearly   | 137 985   | 165 212   | 178 225   | 197 271   | 232 667   |
| Men                                                                     | 101 301   | 119 259   | 128 686   | 138 345   | 167 425   |
| Women                                                                   | 36 684    | 45 953    | 49 539    | 58 926    | 65 242    |

Source: DNT, Compendium of statistical sources

a Includes private sector wage-earners + Service workers + Self-employed workers (Source: ENE, INE; quarter Oct.-Dec.)

Excludes Civil service wage-earners, not allowed to form unions

Figures for Civil Service wage-earners for 1990 to 1995 are estimates based on the proportion of public and private sector wage-earners in 1996 to 2005

(Source: Studies Division, Labour Department, based on ENE, INE data)

As may be observed in Table 31, unionized workers total about 13% of all workers with the right to unionize. However, there is a broad gap between the men and women exercising this right. Notwithstanding, the share of unionized men in the total workers with a right to unionize, drops steadily in the period: from 16.1% in 2003 to 14.6% in 2007. In turn, the share of unionized women remains below 10% throughout the period, with a rise after 2004 tending to level off.

Participation in collective bargaining grows during the period to 4.1%. As in the previous case, men show more participation.

TABLE 31

**Percentage of unionized workers involved in collective bargaining of total workers with a right to unionize**

|                                                                           | 2003 | 2004 | 2005 | 2006 | 2007 |
|---------------------------------------------------------------------------|------|------|------|------|------|
| Percentage of unionized workers of total workers with a right to unionize | 13.8 | 13.7 | 13.4 | 12.8 | 12.9 |
| Men                                                                       | 16.1 | 15.7 | 15.3 | 14.7 | 14.6 |
| Women                                                                     | 8.9  | 9.6  | 9.6  | 9.2  | 9.6  |
| Percentage of workers involved in collective bargaining                   | 2.8  | 3.3  | 3.5  | 3.6  | 4.1  |
| Men                                                                       | 3.1  | 3.6  | 3.8  | 3.8  | 4.5  |
| Women                                                                     | 2.4  | 2.8  | 3.0  | 3.2  | 3.4  |

Source: DNT, Compendium of statistical sources (Table 30)

Figures in Table 31 on collective bargaining represent workers involved in collective bargaining each year. Hence Table 32 was added with information on the total number of workers covered by collective bargaining, during the year of the figure or in previous years, effective in the year of reference.

**TABLE 32****Percentage of workers involved in collective bargaining, national figures**

|                  | 2003 | 2004 | 2005 | 2006 |
|------------------|------|------|------|------|
| National figures | 4.5  | 5.2  | 5.4  | 5.4  |

Source: Labour Department

Note: These figures differ from the previous Table, as they refer to workers covered by collective bargaining, not to the figures calculated every year for workers covered by the bargaining beginning each year

The overall view provided in the present section is interestingly supplemented by sectoral information, specifically on the industrial sector. Indeed, Table 33 shows the percentage of unionized workers in industry, according to the labour survey conducted by SOFOFA in December of each year. The sharp drop in the percentage of unionized workers is clearly visible throughout the period. This figure decreases from 54.4% in 2003 to 39.3% in 2007.

**TABLE 33****Percentage of workers organized in unions, CUT affiliates, and involved in collective bargaining in industry**

|                                                         | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---------------------------------------------------------|------|------|------|------|------|------|
| Percentage of unionized workers                         | 54.4 | 49.9 | 43.1 | 41.9 | 41.6 | 39.3 |
| Percentage of workers affiliated with CUT               | 13.8 | 14.9 | 9.0  | 13.9 | 12.0 | 10.2 |
| Percentage of workers involved in collective bargaining | 45.8 | 53.9 | 46.6 | 49.6 | 58.0 | 47.7 |

Source: SOFOFA, Report on remunerations and labour affairs (2006-2008)

Note: Percentage of CUT-affiliated workers after 2005 are workers belonging to a union

The SOFOFA survey also estimates the percentage of industry workers affiliated with CUT (2003-2004) and then any union (2005-2007). Again, most visible is the sharp drop in this indicator: from a high of 14.9% in 2003 it drops to 10.2% in 2007 (2004 being the year showing least affiliation with a union).

Table 33 also provides information on the percentage of workers involved in collective bargaining. These figures are much higher than in other enterprises in Chile. The number of workers involved in collective bargaining varies from 45.8% in 2002 to 58% in 2007. This figure is probably linked to the relatively high percentages of unionized workers.

TABLE 34

**Percentage of unionized workers by size of enterprise**

| Size of enterprise                    | 2003 | 2004 | 2005 | 2006 | 2007 |
|---------------------------------------|------|------|------|------|------|
| Enterprises with 1 to 50 workers      | 2.9  | 13.3 | 16.8 | 16.4 | 10.7 |
| Enterprises with 51 to 200 workers    | 46.0 | 32.0 | 34.1 | 49.5 | 36.1 |
| Enterprises with 201 workers and over | 67.5 | 46.4 | 43.8 | 41.2 | 40.3 |

Source: SOFOFA, Remuneration and labour affairs Report (2006-2008)

As pointed out above, the SOFOFA Survey has the virtue of providing information broken down by size of enterprise and industrial sector. Table 34 shows the low percentage of unionized workers. Although the extremely low levels of 2003 are no longer valid, the percentage of unionization of enterprises with 1 to 50 workers varies from 16.8% in 2005 to 10.7% in 2007, with an apparently strong downward trend.

Enterprises with 51 to 200 workers, although in 2003 their percentages of unionization are well below those of enterprises with over 200 workers, tend to converge and in 2006 the percentage of unionization of the former is higher than that of the latter. Despite fluctuations, in the two last-named enterprise categories the downward trend of unionization is also clear-cut.

TABLE 35

**Percentage of workers involved in collective bargaining by size of enterprise**

| Size of Enterprise                    | 2003 | 2004 | 2005 | 2006 | 2007 |
|---------------------------------------|------|------|------|------|------|
| Enterprises with 1 to 50 workers      | 14.5 | 32.2 | 20.3 | 35.3 | 15.2 |
| Enterprises with 51 to 200 workers    | 43   | 44.9 | 35.7 | 55.5 | 42.0 |
| Enterprises with 201 workers and over | 59.8 | 57.4 | 52.7 | 58.6 | 49.1 |

Source: SOFOFA, Report on remunerations and labour affairs (2006-2008)

Table 35 shows the percentage of workers involved in collective bargaining in industry. Enterprises with 50 workers or less show a low percentage of workers involved in collective bargaining. In this category, however, there are major fluctuations. Figures appear to converge around 15% to 20% of workers involved in collective bargaining in uneven years, and 32.2% to 35.3% in even years. This degree of fluctuation is not apparent in enterprises with 51 to 200 workers or with more than 201 workers. At the former, the percentage of workers involved in collective bargaining ranges between 35.7% in 2005 and 55.5% in the following year. In the latter group, comprising the largest enterprises, the range moves between 49.1% in 2007 and 59.8% in the first year of the series.

TABLE 36

**Percentage of unionized workers by industrial sector**

|                                            | 2005 | 2006 | 2007 |
|--------------------------------------------|------|------|------|
| Chemicals, Petroleum, Rubber, and Plastics | 44.4 | 46.4 | 41.8 |
| Non-Metallic Ores and Basic Metals         | 45.5 | 40.5 | 38.3 |
| Pulp and Paper, and Printing               | 54.3 | 65.2 | 58.5 |
| Metal Products, Machinery, and Equipment   | 41.1 | 42.9 | 28.8 |
| Food, Non-Alcoholic Beverages, and Tobacco | 32.1 | 30.3 | 32.3 |
| Timber and Furniture                       | 56.0 | 65.8 | 64.2 |
| Textiles, Garments, Hides                  | 67.8 | 58.9 | 31.5 |

Source: SOFOFA, Report on remunerations and labour affairs (2006-2008)

Finally, Table 36 shows the percentage of workers organized in unions in industry. Two sectors stand out as showing higher and more stable percentages of unionized workers. These are “Pulp and paper, and printing” and “timber and furniture”. On the other hand, the sectors least organized in unions during the period are “food, non alcoholic beverages, and tobacco” and “metal products, machinery, and equipment”.

## REPORT ON DECENT WORK AT EXCELLENCE ENTERPRISES, WINNERS OF THE NATIONAL AWARD FOR QUALITY, 2004-2007

### 1. JOB STABILITY

A leading indicator of job stability is the percentage of workers with less than one year in employment. If we observe Table 37 it is clear that this indicator is 11.7% for 2007 (information collected from seven excellence enterprises). If we observe the period 2004-2007, in a universe of six enterprises, we note that the average percentage of workers with less than one year in employment rises over the period under study. In turn, the average number of years under employment in 2007 (out of a universe of seven enterprises) is 13.4 years.

TABLE 37

#### Job stability at excellence enterprises

|                                                                | 2003 <sup>a</sup> | 2004 <sup>b</sup> | 2005 <sup>b</sup> | 2006 <sup>b</sup> | 2007 <sup>b</sup> | 2007 <sup>c</sup> |
|----------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Percentage of workers with less than one year in employment    | 7.3               | 9.3               | 8.5               | 12.0              | 12.0              | 12.0              |
| Average number of years with the enterprise                    | 12.5              | 14.5              | 14.4              | 13.1              | 13.1              | 13.1              |
| Percentage of workers who left the enterprise in the last year | 9.6               | 8.4               | 8.4               | 8.0               | 8.6               | 8.9               |

Source: Data supplied by the award-winning enterprises  
Data contain the weighted average of the enterprises covered

<sup>a</sup> Data from 5 enterprises

<sup>b</sup> Data from 6 enterprises

<sup>c</sup> Data from 7 enterprises

Note: The line showing the percentage of workers who left the enterprise in the last year, in 2003 through 2007, covers 5 enterprises.  
The second column for 2007 covers six enterprises

What happens in the period 2004-2007?

On comparing 2004-2007 based on information from six enterprises, the average number of years with the enterprise drops gradually but steadily from 14.7 years in 2004 to 13.4 years in 2007.

A third indicator of job stability is “the percentage of workers who left the enterprise in the last year”. In this case, after 2004 the figure remains fairly stable. In 2003, however, it was considerably higher.

## 2. EARNINGS AND PRODUCTIVE EMPLOYMENT

Table 38 shows average earnings by occupational category and by sex at the excellence enterprises. The evolution of all occupational categories is positive.

**TABLE 38**

**Average earnings by occupational category and by sex**  
(Pesos of October 2007)

|                                  | 2004         | 2005         | 2006         | 2007         |
|----------------------------------|--------------|--------------|--------------|--------------|
| Executives                       |              |              |              |              |
| Men                              | 3 338 318.10 | 3 139 315.88 | 3 515 493.76 | 3 704 684.19 |
| Women                            | 2 031 310.87 | 1 993 592.36 | 2 026 964.04 | 2 053 222.51 |
| Technical (Professionals)        |              |              |              |              |
| Men                              | 1 441 621.73 | 1 482 651.32 | 1 574 724.78 | 1 576 237.07 |
| Women                            | 1 113 410.04 | 1 141 981.26 | 1 185 476.10 | 1 188 294.14 |
| Office staff (Non-professionals) |              |              |              |              |
| Men                              | 705 947.69   | 762 163.12   | 815 831.30   | 819 307.00   |
| Women                            | 533 837.80   | 540 116.31   | 557 094.40   | 540 939.94   |

Source: Information supplied by excellence enterprises

Note: Total average remunerations by occupational category. Averages weighted by number of workers in each occupational category and sex  
Information from three enterprises

Based on new tables, the information contained in Table 38 is examined in detail below.

Table 39 shows the percentage of the remuneration of women in respect of their male colleagues in the various professional categories. Throughout the period, the greatest differences appear in the category of Executives. Furthermore, despite some volatility, the remunerations of female executives tend to fall as a proportion of the remunerations of male executives.

**TABLE 39**

**Comparison of the average income gap between sexes**  
**by occupational category, excellence enterprises**

|                  | 2004 | 2005 | 2006 | 2007 |
|------------------|------|------|------|------|
| Executives       | 60.8 | 63.5 | 57.7 | 55.4 |
| Professionals    | 77.2 | 77.0 | 75.3 | 75.4 |
| Non-Professional | 75.6 | 70.9 | 68.3 | 66.0 |

Source: Table 38 and author's calculations

In the case of professionals, the situation is substantially different. Here, the remunerations of professional women fluctuate around 76% percent of the remunerations of professional men. Finally, for non-professionals, there is a clear trend towards widening the gap between the sexes. As for the other occupational categories, non-professionals are in an intermediate position

**TABLE 40****Ratio of male remunerations among occupational groups<sup>a</sup>**

|                          | 2004 | 2005 | 2006 | 2007 |
|--------------------------|------|------|------|------|
| Executives/professionals | 2.3  | 2.1  | 2.2  | 2.4  |
| Executives/office staff  | 4.7  | 4.1  | 4.3  | 4.5  |

Source: Table 38 and author's calculations

<sup>a</sup> Number of times that the average remunerations of executives are higher than those for other categories

Table 40 compares the remunerations of male executives and the remunerations of professional and non-professional men at excellence enterprises. Ratios remain stable, despite some fluctuation over the period.

**TABLE 41****Ratio of the remunerations of women among occupational groups<sup>a</sup>**

|                          | 2004 | 2005 | 2006 | 2007 |
|--------------------------|------|------|------|------|
| Executives/professionals | 1.8  | 1.7  | 1.7  | 1.7  |
| Executives/office staff  | 3.8  | 3.7  | 3.6  | 3.8  |

Source: Table 38 and author's calculations

<sup>a</sup> Number of times the average remunerations of executives are higher than for other categories

As may be observed in Table 41, for women, the executive/professional and executive/non professional ratios of remunerations tend to show a narrower gap.

Table 42 shows the evolution of average remunerations by occupational category and by sex. In the case of executives, variability is greater in men. In 2005 there is a considerable drop followed by a significant rise the following year. Average remunerations again rose substantially in 2007. The case of female executives is different. In fact, the fall in remunerations in 2005 is significantly more moderate; however, the improvement felt in 2006 and 2007 is also moderate. Thus, the gap between male and female executives widens in the period examined.

In the case of professionals, remarkably, real remunerations fail to decrease in the period. The gender situation in this occupational category reveals that in 2006 average remunerations for men rise significantly more than for women. At the end of the period, the gender gap is once more shown to widen.

TABLE 42

**Evolution of average remunerations by occupational category and by sex**

|                                  | 2004  | 2005  | 2006  | 2007  |
|----------------------------------|-------|-------|-------|-------|
| Executives                       |       |       |       |       |
| Men                              | 100.0 | 94.0  | 105.3 | 111.0 |
| Women                            | 100.0 | 98.1  | 99.8  | 101.1 |
| Technical (Professionals)        |       |       |       |       |
| Men                              | 100.0 | 102.8 | 109.2 | 109.3 |
| Women                            | 100.0 | 102.6 | 106.5 | 106.7 |
| Office Staff (Non-professionals) |       |       |       |       |
| Men                              | 100.0 | 108.0 | 115.6 | 116.1 |
| Women                            | 100.0 | 101.2 | 104.4 | 101.3 |

Source: Table 38 and author's calculations

In the case of non-professionals, the remunerations of men experience accelerated growth during the period, surpassing the rises in remunerations for other occupational categories. The case of women in this occupational category is different. Variations are substantially smaller and in 2007 the figures actually drop. This occupational category shows the largest gender-gap increase.

The last indicator defined as important for the “earnings and productive employment” component is the amount spent on training. Unfortunately, information could only be obtained for three companies for 2006 and 2007. Average expenditure equals 1.47% of the total wage figure for those two years.

### 3. EMPLOYMENT AND WORKING CONDITIONS

Table 43 shows information on average weekly working hours. A slight downward trend is observed, from 45.3 in 2003 to 44.8 in 2007.

TABLE 43

**Average weekly working hours in excellence enterprises**

|                              | 2003 <sup>a</sup> | 2004 <sup>a</sup> | 2005 <sup>a</sup> | 2006 <sup>a</sup> | 2007 <sup>a</sup> | 2007 <sup>b</sup> |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Average weekly working hours | 45.5              | 45.8              | 44.7              | 44.7              | 44.8              | 44.5              |

Source: Information supplied by excellence enterprises

<sup>a</sup> Information from three enterprises

<sup>b</sup> Information from four enterprises

Tables 44 and 45 contain personnel-related information at excellence enterprises by type of contract. The low share of fixed-term contracts and the non-existence of contracts by site and work project are noteworthy.

**TABLE 44****Personnel by type of contract**

|                     | 2003 <sup>a</sup> | 2004 <sup>b</sup> | 2005 <sup>b</sup> | 2006 <sup>b</sup> | 2007 <sup>b</sup> | 2007 <sup>c</sup> |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Number of contracts | 13 631            | 18 841            | 19 275            | 20 406            | 21 796            | 22 093            |
| Open-ended          | 13 120            | 17 990            | 18 409            | 19 269            | 20 591            | 20 878            |
| Fixed-term          | 511               | 851               | 866               | 1 137             | 1 205             | 1 215             |
| By work project     | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |

Source: Information supplied by excellence enterprises

<sup>a</sup> Information from four enterprises<sup>b</sup> Information from five enterprises<sup>c</sup> Information from six enterprises

Table 45 shows how the share of workers with open-ended contracts falls slightly.

**TABLE 45****Personnel by type of contract  
(In percentages)**

|                     | 2003 | 2004 | 2005 | 2006 | 2007 | 2007 |
|---------------------|------|------|------|------|------|------|
| Number of contracts |      |      |      |      |      |      |
| Open-ended          | 96.3 | 95.5 | 95.5 | 94.4 | 94.5 | 94.5 |
| Fixed-term          | 3.7  | 4.5  | 4.5  | 5.6  | 5.5  | 5.5  |
| By work project     | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  |

Source: Table 44

Table 46 shows accident-rate information.

**TABLE 46****Accident rate**

|                                             | 2003 <sup>a</sup> | 2004 <sup>a</sup> | 2005 <sup>a</sup> | 2006 <sup>a</sup> | 2007 <sup>b</sup> |
|---------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Accident rate (as defined under Law 16 848) | 1.29              | 1.29              | 1.29              | 1.29              | 2.645             |

Source: Information supplied by excellence enterprises

<sup>a</sup> Information from two enterprises<sup>b</sup> Information from three enterprises

Information on occupational distribution by sex appears in Table 47.

TABLE 47

## Occupational distribution by sex

|                  | 2004 <sup>a</sup> | 2005 <sup>a</sup> | 2006 <sup>a</sup> | 2007 <sup>a</sup> | 2007 <sup>b</sup> |
|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Executives       | 759               | 799               | 853               | 893               | 902               |
| Men              | 601               | 632               | 667               | 676               | 687               |
| Women            | 158               | 166               | 186               | 217               | 215               |
| Professionals    | 6 412             | 6 659             | 7 374             | 8 061             | 8 442             |
| Men              | 3 603             | 3 690             | 3 975             | 4 247             | 4 704             |
| Women            | 2 809             | 2 970             | 3 400             | 3 814             | 3 738             |
| Non-Professional | 10 973            | 11 029            | 11 236            | 11 708            | 12 039            |
| Men              | 6 790             | 6 675             | 6 737             | 6 751             | 7 066             |
| Women            | 4 183             | 4 354             | 4 499             | 4 957             | 4 973             |

Source: Information supplied by excellence enterprises

<sup>a</sup> Information from five enterprises

<sup>b</sup> Information from six enterprises

The scant share of women among executives is quite remarkable. This might result from the fact that two of the enterprises on which we have information for the 2003-2007 period are mining companies, an area where the share of female workers is generally a limited one.

TABLE 48

Occupational distribution by sex  
(In percentages)

|                  | 2004  | 2005  | 2006  | 2007  | 2007  |
|------------------|-------|-------|-------|-------|-------|
| Executives       | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Men              | 79.2  | 79.2  | 78.2  | 75.7  | 76.2  |
| Women            | 20.8  | 20.8  | 21.8  | 24.3  | 23.8  |
| Professionals    | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Men              | 56.2  | 55.4  | 53.9  | 52.7  | 55.7  |
| Women            | 43.8  | 44.6  | 46.1  | 47.3  | 44.3  |
| Non-Professional | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Men              | 61.9  | 60.5  | 60.0  | 57.7  | 58.7  |
| Women            | 38.1  | 39.5  | 40.0  | 42.3  | 41.3  |

In the case of professionals, the situation is substantially different. The share of men among all professionals is about 55%. In the case of non-professionals, the share of women is lower, though rising.

#### 4. BALANCING FAMILY AND WORK

Decent working conditions presuppose the availability of facilities to make work compatible with the obligations involved in raising a family. A core element of reconciling both activities is the availability of the following: (i) day care or payment of a bonus. By law, only enterprises employing more than 20 women are obliged to provide day-care facilities. To overcome this limitation, the proposal is to include the existence or otherwise of a bonus for those enterprises not bound by the foregoing obligation; (ii) Day care/nursery school benefits extending beyond the scope of the law (more than two years). (iii) Paternal leave: a percentage of the men who take up the benefit (benefit of additional days beyond what is provided by law). (iv) Breastfeeding (benefits in addition to what is provided by law).

Notwithstanding the importance of these indicators, the results obtained are limited by the fact that the enterprises consulted (seven) have day-care facilities, a bonus, or an agreement. Of these enterprises, only four have day care/nursery school benefits extending beyond what is provided by law (more than two years).

#### 5. SOCIAL PROTECTION

With regard to health insurance, workers with excellence enterprises are fully covered. Furthermore, in addition to general coverage, in certain cases they have supplementary coverage.

In terms of pensions, excellence enterprises have full social coverage. And in the case of unemployment insurance, created relatively recently, coverage is relatively low and linked to greater job stability.

TABLE 49

**Social security coverage: Excellence enterprises**  
(In percentages)

|                                                                             | 2003  | 2004  | 2005  | 2006  | 2007  |
|-----------------------------------------------------------------------------|-------|-------|-------|-------|-------|
| Percentage of workers covered by health insurance <sup>a</sup>              |       |       | 100.0 | 100.0 | 100.0 |
| Percentage of workers covered by pension insurance <sup>a</sup>             |       |       | 100.0 | 100.0 | 100.0 |
| Percentage of workers covered by unemployment insurance <sup>b</sup>        |       |       | 23.8  | 31.1  | 36.2  |
| Percentage of workers covered by occupational hazard insurance <sup>a</sup> | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: Information supplied by excellence enterprises

<sup>a</sup> Information from six enterprises

<sup>b</sup> Information from three enterprises

## 6. SOCIAL DIALOGUE AND LABOUR AFFAIRS

Table 50 shows information on unionized workers involved in collective bargaining at excellence enterprises. The high figures involved are notable.

**TABLE 50**

**Percentage of unionized workers by sex and involved in collective bargaining.  
Excellence enterprises**

|                                                                                 | 2005 | 2006 | 2007 |
|---------------------------------------------------------------------------------|------|------|------|
| Percentage of unionized workers of total number of workers entitled to unionize |      |      |      |
| Men                                                                             | 67   | 69   | 67   |
| Women                                                                           | 68   | 70   | 67   |
| Percentage of workers involved in collective bargaining                         |      |      |      |
| Men                                                                             | 95   | 94   | 94   |
| Women                                                                           | 95   | 94   | 94   |

Source: Information supplied by excellence enterprises

Note: Five excellence enterprises. Figures are weighted averages

# IV.

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## CONCLUSIONS AND CHALLENGES

### THE PILOT STUDY CONDUCTED ENABLES US TO IDENTIFY SEVEN IMPORTANT OUTCOMES:

1. Proof that it is possible to reach consensus among social players and government regarding the importance of measuring and the need to measure the progress achieved by enterprises and the country in general, in terms of components of decent work as a substantive aspect of the performance of these firms as regards quality, productivity, and competitiveness.

The above is based on the fact that the process conducted –which first started by proposing the issue to the tripartite Board of *ChileCalidad*, assessing its relevance, and examining criteria for formulating indicators– constitutes firm evidence regarding the possibility of overcoming possible fears among players as to the usefulness, objectivity, and contribution of this exercise.

2. Moreover, it is clear that a methodological proposal can be constructed that is appropriate for all parties and produces valid results for the study. In this case, the reference proposed for comparison of indicators by enterprise, the equivalent data in each area of activity in the country, and, in an overall context, aggregate data at national level.

A measurement criterion is thus worked out, which will in future allow comparing enterprises vs. the average situation of the various areas and at national level, rather than vs. theoretical models or countries with a different level of development.

The above provides an opportunity to measure over time the progress made by enterprises regarding the components of decent work, in relation to the mean level attained at sectoral and national level in their own particular area and national circumstances.

3. The feasibility of applying this methodology is limited, not in the potential for collecting relevant information from the enterprises, but in the insufficiencies of the national statistical system regarding the issues involved in this study, implying serious difficulties for comparison among enterprises, areas, and the national level.

For the same reason, the experience completed succeeds in detecting, together with the institutions acting as sources of information, what improvements are required in order to have appropriate data bases on decent work necessary for comparison with data gathered at enterprise level.

4. It is also shown that enterprises possess the basic information necessary for applying the suggested indicators. Although the enterprises in the pilot study were cases of “excellence” in terms of

productivity and competitiveness, and were owned by organizations larger than the national average size, which helped them to have the required information, the technical counterparts at these enterprises confirmed that such information was already available at most enterprises and for the most part could already be reasonably gathered from small-size enterprises.

5. It was confirmed that these “excellence” enterprises in productivity and competitiveness had good results in components of decent work. Although it could not be said that this positive relationship might be fundamentally accounted for by their “excellence”, given that their size and degree of modernity were similar to those of other enterprises not selected by the National Award for Quality (a fact that might otherwise have partly explained those results) it was verified, on the basis of additional sources for some indicators, that such correlation was not necessarily found in equally large and modern enterprises. Consequently, the “pilot” opens a possibility of measuring not only levels of “decent work” at enterprises, but also the possible correlation between such levels and outcomes of excellence in productivity and competitiveness.
6. The pilot experience showed that these enterprises were disposed to improve the method of analysis and operate a sort of proprietary software enabling them from time to time to measure their progress in the components of decent work. This outcome is one of the most important achievements that the pilot experience had aimed for. Indeed, it was not only a question of conducting a study to prove a methodology and provide evidence associated to a limited group of enterprises. It was, above all, a question of making headway in obtaining that government and social players place on their agendas the importance of creating with tripartite agreement experiences for measurement and progress in the components of decent work at enterprises and services in Chile. And, in addition, to arouse interest in observing possible correlations among those components and high levels of performance, productivity, quality, and competitiveness. Therefore the selection of enterprises acknowledged by *ChileCalidad*.
7. Other important outcomes also arise from the experience, e.g., among others, that initiatives for application of indicators to measure decent work gain legitimacy when they arouse an adequate degree of agreement among social parties; that it is important to have an institutional partner –in this case *ChileCalidad*– to facilitate the process leading to the foregoing result; and that the indicators arise from the average development of countries and their styles of development rather than from a theoretical model or a markedly different empirical model.

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### ANNEX I

#### Conceptual bases for the preparation of a system of indicators on decent work

##### 1. General

Various proposals have been made, notably the paper by Anker et al (2003), which aims to translate the concept of decent work into easily understood characteristics of such work, to identify statistical indicators of those characteristics, measurable with an acceptable degree of consistency, accuracy, and comparability among countries. The ultimate goal of the study was to provide grounds for attaining a minimum degree of general agreement regarding a basic set of indicators of decent work.<sup>10</sup>

In this context, the authors identified six key dimensions: (i) work opportunities; (ii) freedom of choice for employment; (iii) productive work; (iv) equity at work; (v) safety at work; and (vi) dignity at work. As the authors point out, the six dimensions selected are of importance to all individuals –men and women– in both high-income and low-income countries, and for work in traditional and modern sectors.

One important issue of the debate has been to identify existing relationships among the various dimensions of decent work and among decent work, poverty, and economic performance. Precisely, as Ghai remarks, essentially, “decent work represents an effort to look at the various dimensions of work within a single conceptual framework. The notion of decent work forces us to not only look at its various dimensions as a whole, but also explore the relationships among these dimensions of work, one in relation to the other” (Page 2). In this context, Anker *et al* (2003) suggested analyzing the relationship of decent work and: (i) reduction of poverty; (ii) the social dimensions of globalization; (iii) improvement of the quality of life.

On this basis, the authors proposed the following sets of indicators: (i) employment opportunities; (ii) unacceptable work; (iii) adequate earnings and productive work; (iv) decent working hours; (v) job stability and security; (vi) fair treatment in employment and work; (vii) safe work environment; (viii) social protection; (ix) combining work and family; (x) social dialogue and workplace relations; and (xi) socio-economic context for decent work.

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<sup>10</sup> For a detailed analysis of the various contributions, see Campero and Velasco (2006)

## 2. Operationalizing the concept of decent work

An ILO study (2008) provides an adequate and more specific starting-point for operationalizing the concept of decent work. The paper insists on the need to account for all workers and, in particular, the status of more vulnerable workers. It emphasizes the need to address the living conditions of workers and their families, not merely the conditions of productive and remunerated work and the workplace. The study holds that this interest is deeply rooted in the history of the ILO and gives as an example that in the Declaration of Philadelphia the principals stated that « poverty anywhere constitutes a danger to prosperity everywhere », and instructed the ILO to foster programmes designed to raise the level of living. Some of the aims explicitly mentioned were to extend the measures for social security so as to guarantee a basic income for those in need, and to provide full medical health-care; to protect childhood and maternity; to supply food, housing, and means for appropriate recreation and culture; and to guarantee equal educational and professional opportunities. Of special concern to the ILO is to enquire into the status of women at work, given that inequalities between men and women persist in all countries on a wide array of issues, including opportunities of access to employment, working conditions (including occupational health and safety), social coverage and protection, and participation in social dialogue. In addition, the report states that men and women workers have different needs and limitations; for example, the proportion of non-remunerated reproductive work, which is often performed by women and which raises an important gender barrier to participation in the labour market. Certain aspects of decent work may also be of particular interest to working women; for example, the report says, the protection of maternity is important to women only, whereas parental leave is of equal interest to men and women.

Workers and employers, without distinction and without prior permission, have the right to set up the organizations they deem appropriate, and to join these organizations with the sole condition of observing their bylaws. However, to succeed in making their concerns known and foster constructive social dialogue, workers must exercise their right to unionize. This points to the usefulness of completing information on union rights with statistics on the number of workers registered with the unions. Furthermore, indexes of unionization are devoid of meaning unless information is available on whether this freedom is or is not recognized.

In addition, the report states that decent work is not an isolated issue; on the contrary, it is intrinsically bound to sustainable economic and social progress and may in itself represent a factor of production contributing to overall development. Adverse economic and social conditions may hinder progress towards productive work and decent working conditions. Individual enterprises usually experience directly the effects of deteriorating economic and social conditions, with negative effects on growth and employment. Accordingly, economic and social settings propitious for the development of sustainable enterprises are an important element in achieving progress in terms of decent work. Such settings include, among others, the following factors: correct and stable macro-economic policy and good management of the economy; constant education, training, and learning; social justice and social inclusion.

The report is right in stating that statistical indicators of employment and working conditions are not in themselves sufficient to assess progress in terms of decent work and, as a result, must be supplemented with information on labour rights and on the legal framework for decent work. The Decent Work Programme emphasizes the rights of workers provided under international labour standards. Therefore, it is advisable to know to what extent national legislation protects such rights in practice.

### 3. Components of decent work

As we said earlier, Anker *et al* (2003) had proposed the following sets of indicators: (i) employment opportunities; (ii) unacceptable work; (iii) adequate earnings and productive work; (iv) decent working hours; (v) job stability and security; (vi) fair treatment in employment and work; (vii) safe work environment; (viii) social protection; (ix) combining work and family; (x) social dialogue and workplace relations.

As derived from the methodology already described, our report will concentrate exclusively on those indicators that can be obtained both for the enterprises comprised in the benchmark and for the national situation.<sup>11</sup> At enterprise level it is in many cases possible to identify indicators and have the necessary information to make decent work operational. Nevertheless, a correlation at national level cannot be found.

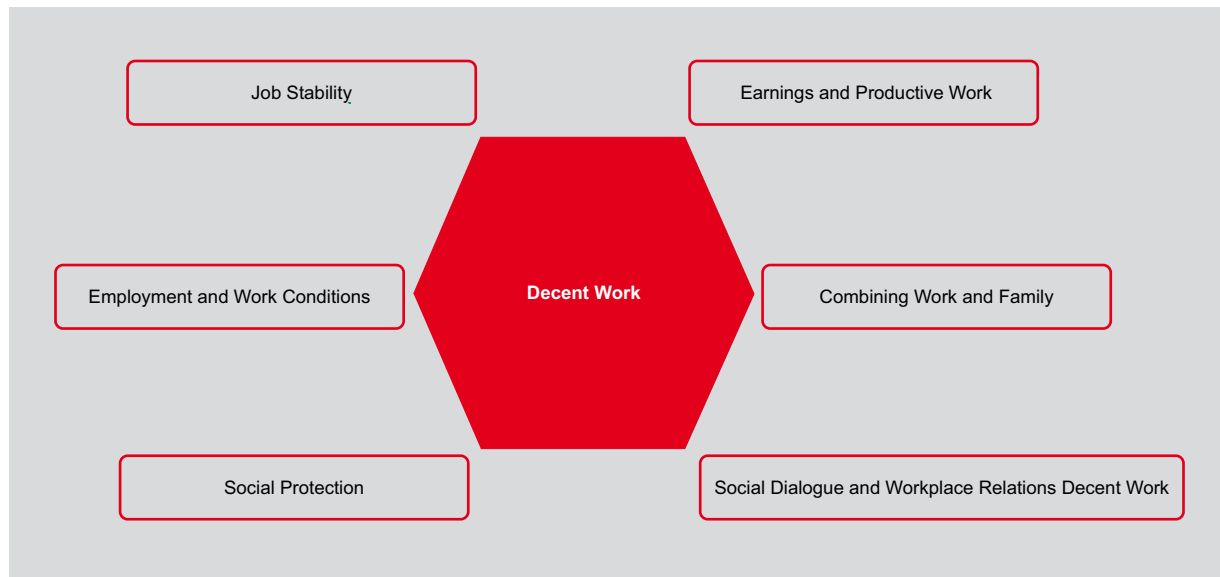
As a result, we have found it necessary to abstain from taking into consideration the first two sets of initial indicators by Anker *et al*. Specifically, the indicators concerned are: (i) employment opportunities, and (ii) unacceptable work. The former is not included as it refers to the opportunities of finding employment and, consequently, is not by definition related to the characteristics of decent work in an enterprise. The latter is not included either for it refers specifically to child labour, which is banned by our legislation. In addition, our report leaves out set number (xi) socio-economic context for decent work, partly owing to the criteria concerned and also because, rather than a specific set of indicators, the context helps to understand possible abrupt changes in certain indicators, in particular those associated with the economic cycle. We thought it preferable to add Annex II, showing the evolution of the main macro-economic variables, and Annex III, containing the substantive variations in labour legislation during the study period, which could have caused changes in indicators.

In this context, and as shown in Figure 1, we depart somewhat from the classification suggested by Anker *et al* (2003), and propose to operationalize decent work on the basis of six components.

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<sup>11</sup> As we said, the set of indicators for the various branches of industry are to be defined in the context of the third progress report

FIGURE 1

**Components of decent work**

Source: Prepared by author

### a) *Job Stability*

The first component is “Job Stability”. We have removed the concept of “security” or “safety” for eminently practical reasons, as it opens the possibility of confusing the concept with those of social security and safety at work.

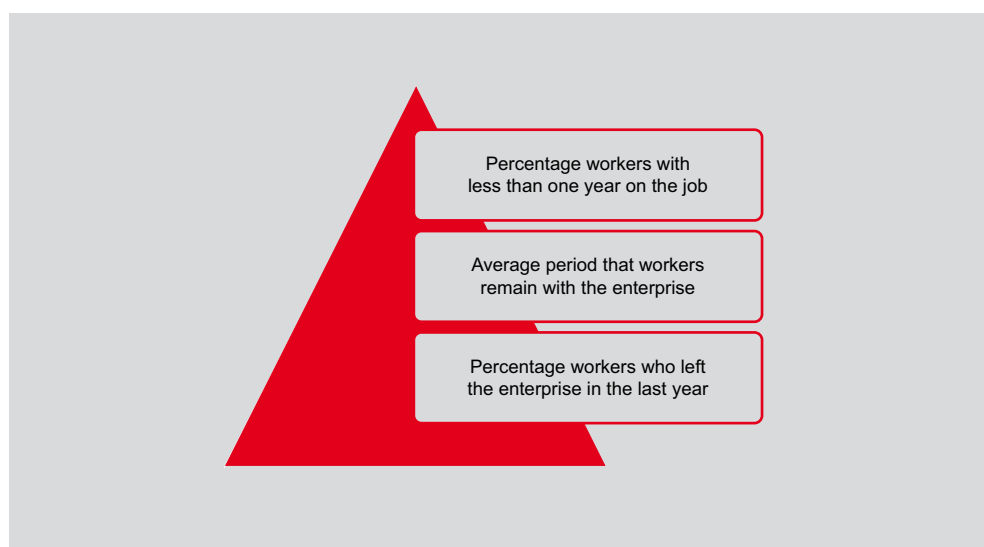
In spite of current widespread argument over the benefits of job stability vs. broader ranges of flexibility, it seems clear that modern industry is in need of increasingly qualified workers; consequently, workers have to go through continuing training processes. Furthermore, the on-the-job training that workers receive is not consistent with short periods of employment. This could imply lack of concern for retaining the beneficiaries of processes by which workers become qualified. Simultaneously, the rapid rise of production during the expansion stage<sup>12</sup> induces enterprises to attract more and better workers, which tends to create extensive job mobility. In construing the stability value, the specific sector of industry plays a role; in new and leading industries, job mobility reflects rapid sector expansion. We have identified three indicators which account for this component: (i) Percentage of workers with less than one year on the job;<sup>13</sup> (ii) Average number of years that workers remain with the enterprise; and (iii) Percentage of workers who left the enterprise in the last year.

<sup>12</sup> The case of mining was highlighted during discussions with representatives of the award-winning enterprises, where employers must argue over hiring workers, on account of the many projects under way

<sup>13</sup> During an interview with INDUMAC, attention was brought to the fact that this indicator depended on the nature of the contract. On account of major seasonal effects, enterprises are forced to hire a percentage of workers on a temporary basis both by site as well as for fixed term contract. It seems necessary to exclude these workers from measurement of this indicator

FIGURE 2

## Indicators of Job Stability

b) *Earnings and productive work*

The second component of decent work is “earnings and productive work”. Decent work should provide appropriate earnings in the static sense and, at the same time, address dynamic issues regarding the ability to continue to provide adequate earnings. To this end, a training indicator was also included. We have identified three indicators to account for this component: (i) Total average remunerations of executive, professional, and non-professional workers, broken down by gender; (ii) Increases in total average remunerations of executive, professional, and non-professional workers, broken down by gender; and (iii) percentage investment in training as proportion of wage mass.<sup>14</sup> The source of general information is the INE Supplementary Survey of Income.

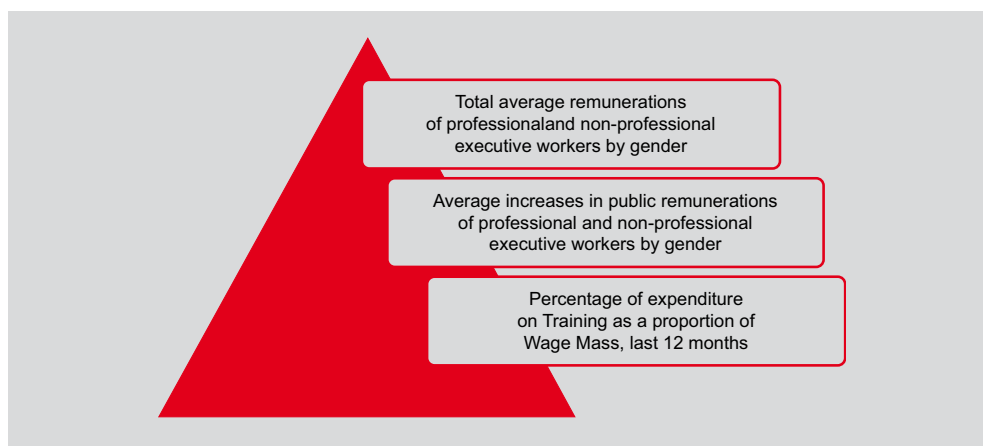
In discussion it became evident that the “non-professional” category did not account for the variety of activities in the various industries that fall into this category. Advantage was taken of the fact that the INE Supplementary Survey of Income makes a distinction among “office staff”, “craftsmen and operators”, and “unskilled workers and day labourers”, to fine-tune the comparison.

The remuneration gap between genders is also an indicator of crucial importance in this component.

<sup>14</sup> The possibility was examined of including the “Total average income for selected occupations” indicator, by identifying 4 or 5 significant categories of occupations for lower-income workers with different enterprises, and comparing them with the average income in the respective fields. However, various objections were raised, among others: (i) How to select the occupations? and (ii) How to compare among the large variety of occupations?

FIGURE 3

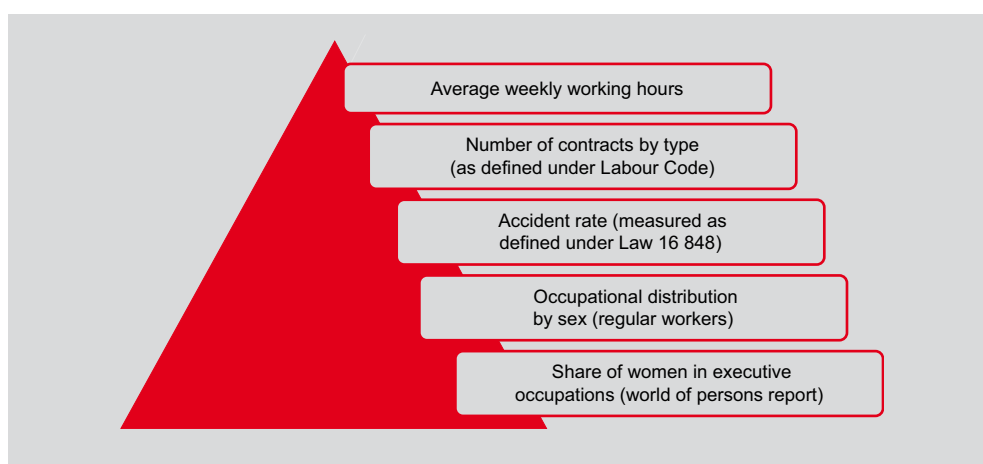
## Indicators of earnings and productive work

c) *Employment and working conditions*

The ILO has considered that a reasonable number of working hours and the presence of types of contracts are part of the features constituting decent work. In relation to the first-named, according to Anker *et al* (2003), four aspects of decent work can be associated with the number of working hours. An excessive number of hours of work can have a negative effect on health, both physical and mental, and hinder appropriate balance between work and family life. Simultaneously, and frequently, an excessive number of working hours might be a sign of inadequate remuneration, just as a small number of working hours might signal inadequate employment opportunities. Regarding the contract, more stable types favour better learning processes. Accident rate, in turn, accounts for collective efforts in the work process to reduce the number of accidents. Finally, fair treatment in work and employment implies absence of gender-based differences. We have identified indicators to account for this component: (i) average weekly working hours; (ii) number of contracts by type (as defined under the Labour Code); (iii) accident rate (measured according to definitions under Law 16848); (iv) distribution of occupations by sex (only for regular workers); and (v) share of women in executive occupations (with persons in charge). The source for these indicators is the Labour Survey conducted by the Labour Department.

FIGURE 4

## Employment and working conditions: Indicators

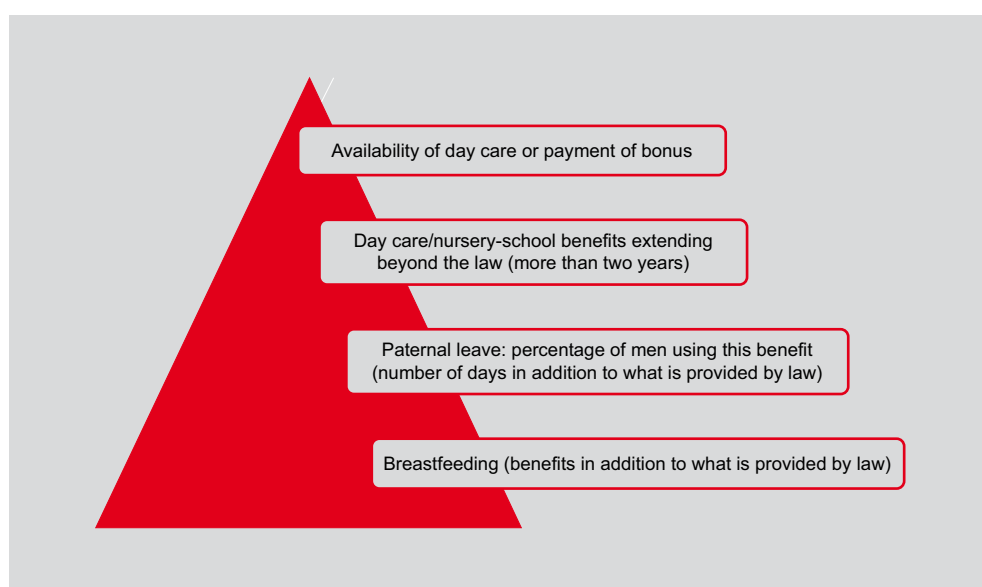


### d) *Balancing work and family*

Decent working conditions presuppose the existence of facilities to make working compatible with the obligations derived from forming a family. A key element in reconciling both activities is the existence of the following: (i) day care or payment of bonuses. By law, only enterprises with more than 20 women are bound to provide day care. To overcome this limitation we propose including the existence of day-care facilities or otherwise of a bonus for enterprises not subject to this obligation. (ii) Day care/nursery school benefits extending beyond what is required by law (two years); (iii) Paternal leave, that is, the percentage of men who use this benefit (number of days in addition to what is provided by law); (iv) Breastfeeding (benefits in addition to what is provided by law).

**FIGURE 5**

**Balancing work and family: Indicators**



### e) *Social protection*

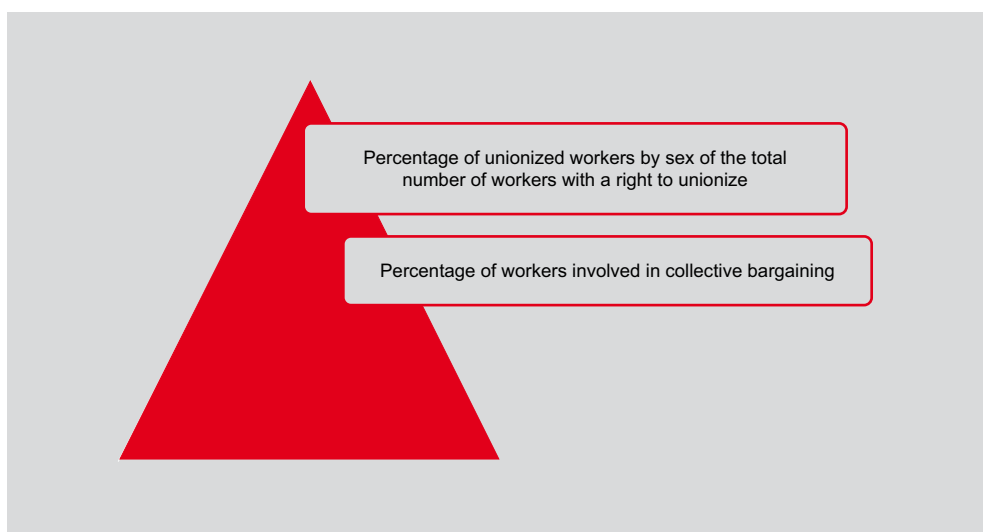
Decent working conditions suppose that workers are protected from the various risks to which they are exposed. In this context, this component includes the following indicators: (i) social security coverage, that is, percentage of workers protected by legal social security: health-care, pensions, and unemployment insurance; and (ii) proportion of workers covered by occupational insurance. The sources of information are the Superintendence of Pensions and the Superintendence of Health-Care.

FIGURE 6

**Social protection indicators***f) Social dialogue and workplace relations*

Finally, the sixth component is social dialogue and workplace relations. The ability to unionize and engage in collective bargaining are constitutive elements of decent work. The following indicators are proposed for this component: (i) percentage of unionized workers by sex over total number of workers with a right to unionize; (ii) percentage of workers involved in collective bargaining.

FIGURE 7

**Social dialogue and labour relations: Indicators**

## ANNEX II

### On compiling statistics

In close collaboration with *ChileCalidad* and ILO partners,<sup>15</sup> based on this central idea and on extensive international discussion, a proposal was developed to operationalize the concept of decent work by identifying six fundamental components, i.e. job stability, earnings and productive work, employment and working conditions, reconciling work and family, social protection, and social dialogue and workplace relations. In turn, each of these components was broken down into a varied number of indicators about which national information by sector might be gathered, as well as about the excellence enterprises, on the other.<sup>16</sup> To the extent that there was interest in developing a benchmark for enterprises, the components identified were those of importance to the enterprises. As a result, components related to situations pertaining to the economy in general, e.g. child labour, were excluded.

Representatives of the award-winning enterprises were convened, together with public agencies responsible for creating relevant information to study the indicators and assess the feasibility of obtaining necessary data. Among these entities were INE, the Labour Department, MIDEPLAN, and the Superintendence of Social Security. Both enterprises and institutions confirmed the interesting and important nature of the methodological proposal, together with its feasibility, mentioning however the limitations of the exercise as already discussed.

The decision was made that the study period would be 2004-2007, in order to have a series that would allow comparisons to be made and trends identified. Initially, enquiries were made into the possibility of attempting a comparison, even though partial, between indicator performance at the selected enterprises and at aggregate national and sectoral level. However, as foreseeable, it was clear that the statistical conditions to conduct a comparison of this type are not yet in place; the foregoing was even more difficult in the case of excellence enterprises, as they form an even smaller universe. At the same time, the information available on the country position is not designed for making appropriate comparisons. The following limitations are clear:

1. Regarding the statistical work by excellence enterprises, most noteworthy, first of all, is their excellent disposition towards this initiative.
2. Nine enterprises participated. Not all of them, however, had information for the period and it was decided to organize the information in two parts. The first part was a time series for the 2004-2007 period containing the information furnished by the largest group of enterprises, making sure that the number of enterprises covered was not altered in any of the tables in the series. The second contained available information on enterprises for 2007. This allowed increasing the size of the sample and obtaining information on a larger sample for the year. However, each table clearly identifies the information covered.
3. In respect of national information, the first general difficulty was the diverse nature of the available information. Part of it comes from administrative records, e.g. that generated by the *Asociación Chilena de Seguridad*. Another part comes from surveys, like the INE Supplementary Survey

<sup>15</sup> Operationalization was further performed on the basis of existing ILO proposals in Santiago

<sup>16</sup> For further details on making the concept of decent work operational, please refer to Annex I of the present report

of Income, the ENCLA of the Labour Department, and the SOFOFA survey of remunerations. Naturally, the information compiled refers to different universes, which hinders comparison.

4. In addition, and coming to more specific considerations, the source of information for the "Employment Stability" component came from ENCLA and included data on the percentage of workers with less than one year in employment and information on the percentage of workers with 1 to 5, 5 to 10, and over 10 years in employment. Unfortunately, this information was not available by size of enterprise, which hindered comparison with excellence enterprises. For the national economy, there is no information on the average number of years that workers stay with each enterprise. Only through CASEN -a survey of households, not productive entities- was information available on this item, but only for 2003 and 2006. Nor did ENCLA possess information on the "Percentage of workers who left the enterprise in the last year". The last-named shortcoming could be partially overcome with the SOFOFA "Report on remunerations and labour issues in industry", which supplied information on this indicator broken down by size of enterprise. Unfortunately, owing to the characteristics of this institution, the sample covered industry only.
5. Regarding the second component, "Earnings and productive work", which required information on wages and their annual variation, information was available from the INE Supplementary Survey of Income. This information is structured by occupational category and by sex, both dimensions of great importance to this study. For occupational categories, the distinction is relevant; by providing information on the ratio of earnings among occupational categories, important conclusions could be drawn on the wage structure in modern enterprises. In addition, the availability of this information by gender helped to address a crucial aspect of decent work, that of gender equity. For all these reasons, INE information was of considerable interest. The data, however, were not structured by size of enterprise, which hindered comparison with excellence enterprises, for the reasons already given. In this context, the monthly report of the *Asociación Chilena de Seguridad*, on "Behaviour of employment and remuneration at ACHS member enterprises", provides information on the evolution of average remunerations by size of enterprise, which helps to isolate the universe of large enterprises. Unfortunately, the information covers the average income of workers affiliated with the association, making no distinction by occupational category or by sex. For industry, SOFOFA also supplies information on remunerations. In this case, such information excludes the remunerations of executives and makes no distinction between professional and non-professional staff. Nor is there any information available by sex, all of which detracts from the value of such information in the context of the object of our study.
6. Major income differences found between genders raise a question regarding their causes. Are these differences the result of discrimination associated to gainful employment or do they stem from other spheres of social life? The *Global Gender Gap Report 2008* of the World Economic Forum, which aims to quantify gender disparities throughout the world, provides some indications in this context. It is worth noting that the report is not intended to work out the levels, but specifically the differences, between genders. On average, Chile ranks 65<sup>th</sup> with 0.6818, quite distant from Norway, in first place with 0.8239. In health-care and survival, Chile shares first place with several countries (with a score of 0.9796), and stands 26<sup>th</sup> in "political empowerment", with a score of 0.2467, compared with Finland in first place with 0.5577. Chile's performance in "educational achievement" is poor, ranked in the 81<sup>st</sup> place. Notwithstanding such low rating, the score of Chile is 0.9856, all in all quite close to the maximum score of 1 obtained by countries in the top places. Whereas in "participation and economic opportunity" Chile not only ranks 106<sup>th</sup> but has a score of only 0.5154, a long distance from such countries as Sweden (0.7842) or New Zealand (0.7792).

7. On reviewing in detail the information contained in the report, it is clear, according to the survey conducted for the same paper, that the remuneration of women is equal to 48% of the remuneration of men. These differences contrast with the closing of the gap separating the sexes in education. Indeed, according to the report, equity of access to primary, secondary, and tertiary education is total, suggesting that it is not education which explains the wage differences between genders.
8. The above is confirmed by the ECLAC Social Outlook. Its statistical annex shows wage differences between men and women by years of schooling. In this context, considering the gainfully employed population, in 2006 the mean income of women as a proportion of the mean income of men fluctuated between 77% for the population with 0 to 3 years of education and 61% for the population with 13 or more years of education, with an average of 72%. For wage-earners, the mean income of women as a proportion of the income of men fluctuated between 76% for the population with 0 to 3 years of education and 71% for the population with 13 or more years of study.
9. An additional element which should be taken into account in future is “women- dominated occupations” and “men-dominated occupations”. ENCLA confirms that the feminization of certain occupations would seem to explain certain differences. Social services and health-care services, for example, concentrate a major proportion of women workers: out of every four workers in enterprises of this sector, three are women. This is followed in order of importance by the area of financial brokerage and hotels and restaurants: in both, over 50% of all workers are women. Finally, at schools the share of women is practically equal to that of men. From this standpoint, the greater share of women in lower-waged activities might have an influence on the gender differences described.
10. Indeed, as a recent study by Uribe-Echevarría (2008) concludes, “the results show that although for men and women in the labour market the wage differences do not directly stem from the distribution of tasks by gender, as in the domestic field, they can be explained by the sex-based division of work in the production system. As foretold, employment in occupations and activities of women reduces the wages of both women and men. Accordingly, occupational segregation in the labour market plays a key role in explaining the gender wage gap. The interesting point is, however, that working in feminized occupations only reduces, and very significantly, the wages of persons with a higher education, whereas it has no influence on the remunerations of less- skilled workers. This result reveals that the factor responsible for the wage differences between men and women is fundamentally the vertical segregation of occupations; that is, the majority location of women in the lower echelons of professional careers, in the lower-level job positions and areas of responsibility. However, it also suggests that typically female professions or technical occupations fail to earn remunerations in the same way as work in male professional careers, even though skill requirements and other important factors in wage-setting are similar” (page 100).
11. Regarding the “employment and workplace conditions” component, which included indicators for gender participation in the various occupational categories, personnel by type of contract and weekly working hours, once more the main sources of information were the INE Supplementary Survey of Income and ENCLA, of the Labour Department. In the context of occupational distribution by gender, the first-named segregated the information by gender and by occupational category, but not by size of enterprise. The ENCLA survey, on the other hand, provides information by type of contract and by size of enterprise.

12. In connection with the fourth component, “Reconciling work and family”, information on the selected indicators could not be obtained.
13. In connection with the fifth component, “Social protection”, there is much information available. However, information by type of enterprise cannot be obtained.
14. Similarly, in the field of “Social dialogue and workplace relations”, general information is available but not associated with size of enterprise.



