

Presentation given by H.E. Ambassador Carlos Olguin, DPR of the Mission of Chile to the UN

On the Multi-Stakeholder Forum: “Women Economic Empowerment in the changing world of work” (01.30.2017)

Panel 4: Expanding opportunities for women in the changing world of work (i.e. the growing informality of work, technological change, and mobility).

This short presentation is not intended to be a comprehensive study of the situation of women in Chile. It’s a general overview to motivate and corroborate trends that some studies have identified concerning the behavior of markets and their effects on gender equity. Some sections will address the specific matter in question, i.e., informality in the Chilean labor market. However, it wouldn’t be possible to understand the general situation in Chile if we don’t consider some other statistical information, which, as we will see, explain some inequalities we observe in the use of technology or market mobility.

1. Legal framework:

Regarding the legal frame, Chile has advanced in a slow but comprehensive manner, setting laws and regulations to allow the development of gender equality. In this sense we can consider the following legislation intended to promote autonomy from an economic point of view: a) protection of the workers, b) regulation of new categories, and c) work and family. This compilation of regulations and programs has been provided by the Ministry of Women and Gender Equity.

a. Protection of workers:

- Administrative Statute (1945) that prohibits all type of discrimination that annuls or alter equal opportunities.
- Law N° 20.348/2009 amending the Work Code to require equal remuneration between men and women.
- Law N° 20.607/2012 amending the Work Code to sanction harassment at workplaces.

b. Regulations of new categories:

- Law N° 20.336/2009 that recognizes the right of household workers who reside in their workplace, to take holidays off.
- Law N° 20.786/2014 on working day, regulates the repose and the composition of the remuneration of private household workers.

Both laws are particularly important because they recognize activities that until then had remained invisible to the society and put an end to the lack of social protection, health and retirement funds endemic in this sector, and which disproportionately impacted female workers.

- Law N° 20.255/2011 that establishes a reform pension creating a system of 89 types of pensions, including a basic solidarity pension for the elderly and disabled and a bonus per child for women.

c. Work and family: meaningful progress has been made in the last five years:

- Law N° 20.166/2007 establishes the right for working mothers to breastfeed their children under two years of age, even if there are no designated crib rooms. In companies that have more than 20 female workers, it regulates the creation of a nursery. In both cases the company should provide alternative means to fulfill the mandate of the law.
- Law N° 20.399/2009 grants the right to a nursery to the father in the absence of the mother.
- Law N° 20.545/2011 grants parental leave for 24 weeks, of which the last six can be shared with the father, by a decision of the mother, for a half day or full day.
- Law N° 20.680/2013 incorporates the notion of shared care of children.
- Law N° 20.764/2014 amends the Labor or Work Code, eliminating discrimination, guaranteeing the equal rights of both parents and enabling an adequate distribution of family responsibilities. Parents are entitled to leave their workplace for one hour a day to feed children up to two years of age.

All these regulations were intended to remove barriers and give women the necessary space to achieve economic autonomy, protect them against discrimination and violence in the workplace, and move towards a shared responsibility between fathers and mothers in the care of their children.

d. Other programs and actions:

In addition to changes to the Chilean legal framework, women's economic empowerment plans and programs are also being promoted, in order to enable women to enter, advance and remain active in the labor market. Women have a labor force participation of 55.7% compared to 77.6% of men¹. We want to reach the levels of female labor force participation of developed countries, where 6 out of 10 women are formally employed, with all the benefits that carries, and with fair wages. The current gender pay gap means women earn 82% of what men do on average. Thus, the Chilean Government, through the Ministry of Women and Gender Equality, developed various initiatives to promote women's economic autonomy, such as the Good Practices Program and Decent Work for Gender Equality.

This initiative is part of the policies aimed at facilitating the inclusion, permanence, and development of women in productive activities. It is consistent with the objectives of the 2014-2018 Government program, especially regarding economic measures to protect citizens' rights and equal opportunities. It is through the Good Labor Practices of Gender that the norm 3262 originates, ruling the co-responsibility between parents in the care of the child and expanding the regulation of care by accounting for co-parenting and the balance between family and work life as promoters of decent work. The companies that comply with the set of practices promoted

¹ OCDE, Gender Equalities in the Pacific Alliance countries, August 2016.

by the program are given a special Seal of Recognition “Iguala-Concilia”² that certifies that the company meets ISO certified standards recognizing it respects, includes and promotes gender equality within its organization.

The Chilean Ministry of Women and Gender Equality also created the Program 4 to 7 in partnership with municipal schools, to offer childcare to working mothers in the first three income quintiles with children between the ages of 6 and 13. At the end of their regular school day, the children participate in specially scheduled workshops to support them in the absence of their parents. The program also includes leisure that allows for recreational, sport, social, artistic and cultural activities, which are in appropriate for their development needs and learning processes.

Another program is “Women Heads of Households,” which contributes to the inclusion and permanence in the labor market of female heads of households in quintiles 1, 2 and 3, through a process of work qualification with a gender approach and labor market intermediation. Along the same lines, a new training program in occupations and work insertion, Programa Capaz/Capable Program and the Capaz Emprande/Capable Start Program, were developed. The programs seek to train women and young people belonging to the first three income quintiles that possess basic minimum competencies in an occupation that will allow them to enter the formal or informal labor market

As part of the cultural changes promoted by the Government of Chile, gender awareness campaigns have been created focused on the elimination of violence against women and the elimination of gender stereotypes and roles that reproduce social inequalities against women.

In this context, the Chilean government has promoted advances in the inclusion of women in spaces previously occupied predominantly by men, as in the areas of Science and Mathematics. By promoting that women are as good as men and that they can also occupy important positions in these areas, women are allowed more access to traditionally high paying fields. This insertion also makes it possible to reduce the digital gender gap that, despite not affecting access to technology per se, poses barriers to entry that limit women’s knowledge, technological development, and innovation.

2. Overview of statistics concerning economic variables that affect women including informality in the Chilean labor market.

The second part of this presentation focuses on statistical information that helps us understand the situation of women in Chile. The main question we seek to answer is: “Does the level of education impact access to the labor market and higher earning potential”

² Iguala-Concilia meaning equal and reconcile.

Chile has a labor force of 8.74 million people of which 8.2 million declared they have a job or a remunerated activity.³ 36% of the labor force –2.9 million people-- work in the informal market, 70% of which are self-employed.⁴ Concerning informality by sectors, 45% of household workers, of which their vast majority are women, work informally, sparing the employers the responsibility of paying their share of the worker's "social coverage". In the Tourism and agricultural and husbandry sectors, which also have a great percentage of female workers, the informality is, respectively, around 28,9% and 27%, with the same consequences.

According to a study made in 2012 by the NGO Comunidad de Mujer (Women Community) sponsored by the Interamerican Development Bank⁵, 45.8% of women in Chile with an elementary education were working or were searching for work. This number rises to 53.9% in the case of women with incomplete secondary studies, 73.4% in the case of women that completed technical studies and 85.5% in the case of those with university degrees.

The same research shows that 44.9% of women with elementary education or lower, participated in the labor market, while men did it at 81.4%, with the same level of education. Meanwhile, 85.2 % of women with post-secondary education participated in the labor market compared to men's corresponding 88.8%.

Chile has around 1.8 million persons --38% of them women-- managing micro business, of which 52% work in a formal way --35% women-- and the remaining 48% work, for different reasons, in an informal capacity, of which 41% women⁶. According to the same sources, around 36% of all informal workers would welcome formal employment. Additionally, 83% of young people between 15 and 24 years of age tend to engage in the informal market and again, people with more advanced studies tend to engage in formal employment while those with less education engage in more informal employment. The result is that 13% of the small-scale entrepreneurs involved in the formal market earn more than US\$ 7000 monthly. Meanwhile, only 1.5% of the small-scale entrepreneurs involved in the informal sector can reach the same level of income.

Statistics from the OCDE⁷ confirm the aforementioned trends. In 2012, secondary education enrollment rate for females was 88.5% and for males 84.38%, but the post-secondary education enrollment rate that same year dropped to 84.4% for females and 74.69% for males. In contrast, in 2014, the labor market participation rate for females was 55.7%⁸, and for males 77.6%, which can be interpreted to mean that men tend to enter the labor market before women, and that women may have different opportunities and expectations towards the same market. The latter

³ Instituto Nacional de Estadística, edición N° 218, 30.12.2016. Empleo trimestral.

⁴ CIEDESS (CChC), August 2016, informalidad laboral por sectores económicos en Chile.

⁵ Comunidad de Mujer, Voz de Mujer, Banco Interamericano de Desarrollo, 2012, II Encuesta sobre Mujer y Trabajo en Chile.

⁶ Ministerio de Economía, 2013.

⁷ OP.Cit. OCDE, Gender Equalities in the Pacific Alliance countries, August 2016.

⁸ Idem, "The labour force participation rate of working-age (15 to 64 year old) women in Chile grew from 37.4% in 1996 to 55.7% in 2014".

is further supported by statistic that shows that in 2014 the gender pay gap was 18.3% higher in favor of men. It's worth noting, on the other hand, that 77.8% of women in Chile spend 3.9 hours at home doing non remunerated tasks, between Monday and Friday. Of that figure, 31.8% of them use an average of 2.6 hours to take care of older or sick relatives at home. In the case of men, they spend 2.9 and 1.6 hours, but with a much smaller participation in these household tasks: 40.7 % and 9.2% respectively.⁹

Concerning technological changes, studies show that there is a differentiated use of Internet between men and women, a difference which is more evident in countries like Chile, where there is a high use of ICTs. Gender differences among ages, the level of studies and income are evident.¹⁰ In general, we can say that young urban men and people with high incomes and education have more access to ICTs.

More specifically, studies show that the income effect that depends on gender and level of education is a determining factor in use of the Internet, meaning that women are disproportionately affected by this variable. In the case of Chile, this means that public policies should take note of this differentiation, notwithstanding that further studies are needed to corroborate the trend. It is going to be relevant to consider the new realities that come with the so-called "Millennials," young people between 18 and 29 years old, that no matter the gender, have prospects of better education and salaries, are imposing new consumption trends and use of ICTs. Their consumption decisions, and approach to work are changing the labor market. All things considered, during the last years, the trend has been towards general and leveled use of connectivity or use of information technology, communication and internet among women and men in the educational sector. Another good example arises in the micro or small enterprises, where 85% have installed offices at home, with an internet connection through which they perform their daily commercial and banking activities.

On the other hand, some statistics show that almost 32% of women work or participate in science and technology, but only 7% of women decide to study a professional career related to science.¹¹

Concerning mobility of the labor market in Chile, in general, we can say that when an economy as a whole is in good shape and growing, the mobility tends to increase under the assumption that the supply of employees for a new job want to get better jobs and higher wages. This was the case of Chile, before the economic crisis that reduced growth to a mere 1.5% of annual increase of the GDP¹². Now we observe a decrease in the percentage of people looking for new

⁹ INE, Instituto Nacional de Estadística, 2009, *Cómo distribuyen el tiempo hombres y mujeres en el gran Santiago*.

¹⁰ *Implicaciones de Género en la Sociedad de la Información: Un Análisis desde los Determinantes de Uso de Internet en Chile y México*, Martha Sánchez Galvis, Consultora CEPAL. *J. Technol. Manag. Innov.* 2010, Volume 5, Issue 1.

¹¹ OCDE, Chile, 2014.

¹² Central Bank of Chile, IMACEC press release 02.06.2017.

jobs, preferring instead the stability of their current job. The index of labor mobility in Chile¹³ that measures the confidence of finding a similar or better job in the next six months, according to the magazine ‘Workmonitor’, reached 119 points during the third trimester of 2016, two points lower than the same date the year before. The world average is 110 points. This confirms that in times of economic pressure there is less mobility in the labor market. However, it is interesting to observe that people between 45 and 54 years of age tend to stay at their jobs, but those in the range of 35 and 44 years present higher expectations of future economic prospects and hence are more likely to look for a better job.

A final word on this matter- there is very high mobility among the Young Millennials in Chile. In fact, until last year they tended to change jobs every year. As a point of comparison: in Brazil a job last between 2 or 3 years, while one in Argentina lasts 2.5 years; 2 years in Peru and 18 months in Colombia.

On the whole, mobility wouldn’t be a variable that can, alone, explain gender inequalities in the Chilean labor market. However, it is possible to say that when the economy is rising, there is a higher mobility, and that works in a positive way for both men and women, but when there is a market crisis, higher earners and less educated people tend to be terminated.

3. Conclusions

The main contradictions for gender equality in the Chilean labor market arise from a cultural paradigm that tends to favor men and has developed stereotypes that affect the access of women to opportunities and education. Women have to face not only inequalities that come from the cultural behavior of the society but also wages disparities¹⁴ and promotion barriers once in the labor market.¹⁵

Public policies regarding gender equality have been established in Chile since the beginning of the 90s, and have been accelerated since 2006 under the leadership of Michelle Bachelet. Laws and guidelines that specifically regulate the parity and protection of household and self-employed workers is a matter that should be revised and ameliorated.

Statistics clearly show that lack of education jeopardizes the future of a person and, in particular, women. Women’s economic empowerment therefore requires further promotion of educational opportunities for women.

¹³ <http://www.emol.com/noticias/Economia/2016/10/25/828226/Indice-de-movilidad-laboral-baja-por-desconfianza-en-encontrar-un-nuevo-empleo.html>, extracted 01.30.2017.

¹⁴ In higher positions, women earn 30.4% less than men. AMCHAM, Revista Bussiness Chile, Mujeres se abren paso, 05.03.2014.

¹⁵ Chilean Corporations have an average of 5.6% of women’s CEOs. The average in Latinoamerica it’s only 6.4%, according to Estrategia y Negocios, 07.14.2015.
<http://www.estrategiaynegocios.net/empresasymangement/management/859111-330/s%C3%B3lo-un-6,4-de-los-ceos-en-latinoam%C3%A9rica-son-mujeres>, extracted, 02.05.2017.

The complete elimination of informal employment, like the elimination of tax evasion, is impossible because it is human nature. From the point of view economics, informality, as long as it contributes and results in income for a household that otherwise would not receive earnings, is a positive element for the whole economy and, more importantly, for the people engage in it. However, that does not mean that there shouldn't be incentives to move towards a formalization of dependent work or commercial activity that provides protection, which there is, to force employers to fulfill applicable regulations.

But in the end, only a better education will help to break this circle of inequality, since less education invariably leads to fewer opportunities, less income and less empowerment. On the contrary, more education in conjunction with proper enforcement of appropriate regulations means that women can face equal opportunities at least in terms of accessing the labor market at the same level that men do and avoiding disparities in payment

According to the OCDE¹⁶, Chile will achieve gender equality around 2040, and this will mean that women will contribute to the GDP a further 0.14% points compared to the period which started in 2013. In clear terms, this will mean an increase in per capita GDP of around US\$ 1400 by 2040.

Another study elaborated by the Chilean economist Sebastian Edwards, indicates that the national income would increase between 15% and 20% if women were to have more access to the formal economy, while McKinsey&Company estimates a rise of around 14% of national internal product for Latin-American as a result of a substantial advancement of gender equality.¹⁷

Education is essential for the development of women and men but there should also be a change in the social and economic paradigms underpin our society. The Millennial generation is showing the behavior of what we think should be a better society.

¹⁶ Op.Cit. OCDE, Gender Equalities in the Pacific Alliance countries, August 2016.

¹⁷ Ministerio de Economía de Chile, INFORME FINAL "MAYOR INCORPORACIÓN DE LAS MUJERES EN LA ECONOMÍA CHILENA", 03.03.2016.