

Employment Relations in Chile: Evidence of HRM Practices

Les relations de travail au Chili : résultats de l'examen des pratiques de GRH

Relaciones laborales en Chile: Evidencias de la práctica en gestión de recursos humanos

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Résumé de l'article

Cet article fait état de résultats d'une étude empirique sur les pratiques de GRH (gestion des ressources humaines) dans les entreprises chiliennes dans le but de jeter un éclairage sur la compréhension des relations de travail, particulièrement au vu d'une littérature restreinte sur le sujet. L'analyse repose sur une recherche sur la culture organisationnelle et les pratiques de GRH auprès d'un échantillon non probabiliste de 2000 travailleurs et travailleuses chiliens employés dans des organisations de la région métropolitaine du Chili.

L'argument principal soutenu dans cet article est à l'effet que les pratiques de GRH au Chili sont révélatrices d'une perspective normative dans le discours contemporain en matière de GRH et dans lequel les gestionnaires conçoivent la nature de la relation d'emploi comme étant de l'ordre du contrôle ouvrier. Alors que les processus de GRH sont articulés selon une rhétorique de l'émancipation du travailleur, les pratiques en cours perpétuent plutôt un courant de subordination qui a historiquement forgé les relations de travail au Chili. L'analyse est structurée autour d'un discours conceptuel sur les pratiques de GRH et d'un discours contextuel des dynamiques sociales et de la nature historique des relations de travail au Chili.

Les résultats suggèrent que la rhétorique organisationnelle est fortement influencée par le crédo néolibéral, dans lequel les organisations sont décrites comme proposant un discours « managerial » qui fait la promotion de leurs techniques de management d'avant-garde et de la technologie. De même dans le discours, les travailleurs et travailleuses sont considérés comme des actifs de l'organisation et appréciés comme tel. En pratique toutefois, les travailleurs et travailleuses se disent insatisfaits des relations d'emploi sur une base individuelle et des pratiques discrétionnaires de GRH qui les obligent à « voir à leur propre bien-être ». Les hiérarchies et le pouvoir « managerial » émergent comme éléments centraux des relations de travail et des pratiques en GRH, où le pouvoir de l'autorité et le statut de classe dictent les dynamiques organisationnelles et les relations sociales. En fait cela reflète les schémas de relations sociales caractérisant le Chili.

De tels résultats constituent une source de données pour des analyses plus larges des pratiques de GRH au Chili, particulièrement pour explorer les perceptions des travailleurs et travailleuses concernant leurs relations d'emploi. Davantage de recherche sera toutefois nécessaire, tant aux niveaux national que régional, pour colliger des données qui permettront une meilleure compréhension nationale et favoriseront des comparaisons régionales.

Employment Relations in Chile: Evidence of HRM Practices

Jenny K. Rodríguez

This paper presents empirical evidence about HRM practices in Chilean organizations with the aims of providing an overview of employment relations and adding to limited existing literature. Research was conducted in a sample of 2000 Chilean workers in the Metropolitan Region. The paper argues that HRM practices in Chilean organizations illustrate the normative perspective of modern HRM discourse, where managers understand the nature of employment relationships to be the control of workers. While HRM processes are articulated under a discourse of worker emancipation, in reality, discursive practices perpetuate patterns of subordination that have historically shaped employment relations in Chile.

KEYWORDS: Chile, developing countries, employment relations, HRM, Latin America

Introduction

With the recent boom in International Human Resource Management (Welsh, 1994; De Cieri, Cox and Fenwick, 2007), it could easily be assumed that an abundance of empirical research has already been undertaken in the field. However, it is not the case with developing countries, where empirical work remains limited (Budhwar and Debrah, 2001). In the Chilean case, literature generally focuses on business from the perspective of employers and entrepreneurial activity (Abramo, 1991), neglecting worker perspectives. For instance, articles discuss the associative/corporative dimension of entrepreneurial action (Campero, 1984), morphological aspects of entrepreneurs, such as social origin, kinship and lifestyle (Martínez and Tironi, 1985), ownership and business policies (Montero, 1990, 1997; Abarca, Majluf and Rodríguez, 1998), and employer/State relationship (Muñoz Gomá, 2000). A few have moved towards a discussion of employment relations with a clear focus on HRM (Koljatic and Rosene, 1993; Acuña, 2005; Rodríguez *et al.*, 2005), but the lack of empirical evidence limits their contribution.

This paper presents empirical evidence about worker perceptions of human resource management (HRM) practices in Chilean organizations, adding to limited existing literature. The paper is divided into six sections. After this introduction, the second section provides a theoretical discussion of employment relations (ER) and HRM where a framework helpful to understanding culture, work and organization in developing countries is presented. The third section provides an overview of

employment relations and HRM practices in Chile, using key historical periods. The fourth section discusses methodology. Key findings are analyzed in the fifth section and the final section concludes.

Employment Relations and HRM

HRM aims to identify the most suitable set of philosophies, processes and procedures to regulate employment relationships (Abbott, 2007). However, years of debate on theoretical foundations and scope have highlighted subtleties associated with its meaning to the point where discursive shifts have become fundamental in understanding the term. For instance, personnel management was replaced with HRM as a “new and improved” term (Legge, 2005: 220); these days, “human capital management” is the new buzzword (Baron and Armstrong, 2007). It is no longer about a set of tasks but rather a set of strategic imperatives linked to competitive advantage and optimal organizational performance (Boxall and Purcell, 2000; Losey, Meisinger and Ulrich, 2005). New economic and market structures have led to the current post-industrial phase where attention is centred on developing analytical frameworks and practices to contest conventional views of the relationship between work, workers and organizations (Hewitt, 2005).

Knowledge-driven and high performance work systems have seen a new model of employment relations emerge; one where the employment relationship struggles to prioritize both industrial relations and HRM (Guest and Conway, 1999) amid challenges of organizational efficiency. Strategies used by management to tackle these challenges raise many questions; for instance, the concern over organizational efficiency takes management on the path of strategies that disempower and deskill workers by subordinating them to employers’ authority (Braverman, 2003). HRM can be used as the means through which this subordination is organizationally legitimized because HRM practices have historically reflected prevailing conceptualizations of work, and are used by organizations to increase performance (Chan, Shaffer and Snape, 2004).

The power of HRM was hinted by Mayo’s (1949) conclusion that work satisfaction is reliant to a large extent on informal social patterns of work groups. These findings helped develop practices to nurture work satisfaction hence combining people management techniques with expected outcomes. Practices such as personnel planning, training plans, performance assessment and reward management systems were considered as a firm step in strengthening the psychological contract, which is strongly associated with increased commitment and has a positive impact on business performance (Guest and Conway, 2002).

Currently, HR capitalization is paramount because unilaterally thinking about organizations increases the risk of workers’ detachment. This shift comes as workplaces are said to embrace a degree of customization where business performance, growth and sustained personal development are equally prioritized (Flamholtz, 2005). Traditional employment relations have changed; a new form of psychological

contract is sustained by ideas of managerial unitarism, where HRM is at one side of the spectrum and industrial relations at the other. Whilst unitarist HRM is said to promote worker independence and empowerment, industrial relations is seen as an outdated proposal based on interest groups. Given the implications this has on re-conceptualizing commitment in a market-driven economy, to some extent, we could argue that the psychological contract is no longer valid because workers interact directly with the market.

Culture, Work and Organizations in Developing Countries

The previous section provided a good starting point to position the ER/HRM in developing countries, particularly in Latin America. Much of the literature on HRM in Latin America highlights the relevance of paternalism, authority and class, and resulting distinctive Latin American features that dominate managerial practices, which seem inconsistent with the HRM debate as it is found in the literature.

Interest on the impact of national features in business models and organizational practices was highlighted by Hofstede's (1980) research, which undoubtedly challenged universalist notions of management by raising questions about the impact of national and regional cultures to understand the relationship between culture, work and organizations. However, his work failed to account for the different dimensions that influence organizational structures, work dynamics and HRM practices. Even if there are recognizable elements of convergence and divergence, a crossvergence approach (Ralston, 2008) seemed more prevalent given the hybridity of organizational reality. Hence, addressing the complexity of these dimensions helps to provide insight into the functional dimensions of culture and their impact on the articulation of ER/HRM practices, and to explain patterns of consistency and variability.

A useful framework is proposed by Smith (2005), which brings together the interaction between institutional, social, and cultural dimensions and how they create organizational forms and employment relations. He accounts for complexity by differentiating system, societal and dominance effects. System effects tackle the convergence dimension and refer to the impact of political economy. These are "effects that come through common social relations or purposes" and "ways of working that are diffused as common standard" (Smith, 2005: 612) which take employers and workers onto the social relations that fulfil the expectations of these relations and ways of working. Conversely, societal effects tackle the divergence dimension and accounts for the "nationally specific culture and institutional codes" (p. 613), highlighting the relevance of cultural relativism and acknowledging that dynamics between workers and employers have a historical baggage which is "the product of institutional genesis" (p. 614). Finally, dominance effects make reference to economic power and how it impacts a society's ability to originate ideas and successfully diffuse them as best practice (Sturdy, 2004). This framework highlights relevant dimensions useful in the analysis of organizational phenomena in developing countries, particularly given the argument presented here that cultural and socio-historical characteristics permeate organizations and are perpetuated by ER/HRM practices in Chile.

Employment Relations and HRM Practices in Chile: A Historical Overview

Social stratification and legislation have historically modelled employment relations and HRM practices in Chile. Social stratification is the root of the style of people management present in Chilean organizations (Gómez, 2001; Gómez and Rodríguez, 2006) and is traced to differences based on race, social status, and ownership established during colonial times (Martínez and Tironi, 1985) and further developed with the hacienda and its symbolic meaning that linked kinship, caste and power. Relationship dynamics between patron and servants, whilst overly hierarchical, were also ambivalent, where authoritative and oppressive actions were disguised under the veil of paternalistic protection (Gómez and Rodríguez, 2006). Legislation, on the other hand, has strictly regulated the labour market and changes in industrial relations patterns (Morgado, 1999). Four main historical periods are relevant to this discussion; an initial stage pre Labour Code, a second stage in 1931-1973, a third stage in 1973-1990 and a last stage after 1990.

Pre Labour Code

There was no labour legislation during this period and employment relations were regulated by the country's Civil Code. Large haciendas were owned by wealthy families that controlled most land and resources and landlords allowed peasants to live and work their land as permanent tenants or seasonal workers in return for loyalty and produce. Analyzing work relations of tenants in the nineteenth century, Dominguez (1867) compared their conditions to those of slaves, reporting that workers lacked freedom and were subjected to the whim of landlords. For instance, salaries were determined by landlords and payment could be done in the form of allowances for more produce for personal consumption. In addition, work ended at the will of the landlord. These precarious practices were sustained by friendship and *compadrazgo* networks, with workers moving haciendas based on the will and help of landlords. Likewise, the importance of perceived affiliations determined the place of workers within the scale of treatment. This signalled the start of the pattern of people management, where details such as familial/political/social affiliation (i.e., where you are from and who you know) became central to jobs.

Work changed with the development of the nitrate field industry, yet poor treatment remained due to absence of labour legislation, the low skilled nature of the jobs, their remote locations and a focus on production. A popular recruitment technique in mining involved using intermediaries who used deception to attract peasants (Morris, 1967). Abuse, threats and indiscriminate dismissals were also common practices, with workers said to be in labour submission (Salazar, 1989) mainly as a result of the normalization of oppression, which made it difficult to leave the exploitative cycle.

The increasing dominance of the thriving nitrate field industry inhibited the development of work ethics (Montero, 1997); in practice this meant there were no rules but the rules of the employer. For instance, there was no job security or safety, and history accounts for many deaths with no further investigation or accountability

to employers. After many strikes and public protests, the first bills dealing with workers' rooms (1906), chairs (1914), the launch of pension and retirement funds for the Armed Forces, work-related injuries (1916), Sunday rest (1917), nursery provision (1917) and prevision for railway workers (Walker, 1997) were implemented.

Worker Movement Power (1931-1973)

During this period, employers were relegated socially and politically, and both State and workers became dominant actors (Dávila, 1996). In organizations, employers stuck to paternalistic roles of authority. For example, Fuchs and Santibañez's (1967: 82) study found that employers understood "worker participation" as related to certain issues, such as decisions about the best time for lunch. However, 90% of employers in their sample opposed or gave low priority to suggestions that workers participate in decisions on technological change, training and promotion.

In the 1970s, a worker participation programme was implemented, which culminated in the publication of a document establishing guidelines for worker representation as counsellors and executives at different administrative levels (Zapata, 1976: 89). Workers were in a favourable position as labour legislation protected their interests (Chaná *et al.*, 1973). All rights and prerogatives awarded by law were irrevocable and the 1966 Immobility Law established the principle of "just cause," allowing workers to appeal against dismissals in court (Edwards *et al.*, 2000: 192). Conversely, this made employment relations reliant on State intervention, to the extent that the law became the central, and even exclusive, source of labour regulation and dictated employment relations (Ugarte Cataldo, 2008).

In matters of collective bargaining, the law awarded workers faculty to discuss organizational issues with employers, surpassing the previous power employers had of withholding information. Strikes gained strength as powerful mechanisms of punishment and the law protected workers by pursuing abusive employers. Similarly, the State imposed clauses to contracts that forbade violation of terms. During this period, unions progressed and developed a practical agenda to reform working conditions (Drake, 2003: 149-150). However, HRM was not developed as the Government regulated production conditions, quantity and quality.

The Military Regime (1973-1990)

Dramatic changes in legislation and the regulatory framework of employment relations occurred during this period. Employment labour rules were reversed, prioritizing demands of employers (Montero, 1997) who enjoyed the benefits of deregulation and privileges (Durán-Palma, Wilkinson and Korczynski, 2005). Changes included increasing the role of employers in regulating individual contracts and collective bargaining, and reducing dismissal restrictions (Campero, 1984; Durán-Palma, Wilkinson and Korczynski, 2005). The Labour Code was also modified with reforms that included a systematic and radical reduction of individual and collective labour rights (López, 2005). According to Abramo, Montero and Reinecke (1997: 152), changes in labour legislation aimed to eradicate what was considered to be a worker-protective

approach. Union action went from defensiveness, used during the first years of the regime, to resistance, a strategy used to cope with worker repression and lack of protection (Campero and Valenzuela, 1984).

In 1973-1979, basic constitutional liberties were suspended and both collective bargaining and union activities were made illegal and subsequently eliminated (Aranda, 1979; Remmer, 1980). A 1979 Labour Plan changed industrial relations legislation, particularly the power balance between actors (Durán-Palma, Wilkinson and Korczynski, 2005: 65), limiting union action to the realm of organizations by reducing protection to workers on strike and reinstating dismissal without justification of cause. This affected worker perceptions about unions, their willingness to unionize, and generally their ability to demand better work conditions.

The economic model imposed after 1974 saw employers gain back power and made them the centre of national life (Dávila, 1996). Much investment went into modernizing larger organizations (Montero, 1997); however, labour practices remained at the level of disciplining and control (Coloma and Rojas, 2000). Economic power was again centred on some families and large financial conglomerates, such as the Cruzat-Larrain, Alessandri-Matte, Angelini and Luksic groups, and the traditional patron-centred model of employment relations regained prevalence.

During the 1980s, the technocratization of organizations (Silva, 1991) shifted importance towards technical knowledge and skills. This approach saw organizational development and work flexibilization imperatives translated into distorted HRM practices that put pressure on workers to reach production quotas. For instance, in 1973-1979, employment in the export industry increased (Urzúa Troncoso, 1981), but practices such as temporary contracts and sub-contracting became popular, generating feelings of job insecurity and translating into workers' perceived sense of defencelessness.

Return to Democracy (After 1990)

Labour reforms in the 1990s brought many changes. However, a key element was that organizations had the autonomy to regulate their own labour relations (Montero, 1997). Changes such as reinstating unionization and the right to strike antagonized employers, who saw strikes as an instrument of appropriation, compensations as an increase in contract costs, and negotiation as polarization of employment relations (1997: 196). Consequently, HRM practices were scarce as organizations showed general short-term employment strategies (Muñoz Gomá, 1995). The Labour Code was modified in 1994 and reformed in 2001, but changes have been considered to be more cosmetic than substantial (Walker, 1997).

Reforms have been insufficient to move away from the legacy of the dictatorship (Durán-Palma, Wilkinson and Korczynski, 2005). Practices continue to favour employers and the main element of labour legislation is the unrestricted faculty of employers to manage businesses (Walker, 1997: 21). For instance, legislation continues to facilitate dismissal, organizations remain powerful in processes of collective bargaining and

patterns of authoritarianism remain present in employment relations (Abramo, Montero and Reinecke, 1997; Malatrassi, 2005; Núñez and Aravena, 2005), which makes HRM practices retain many of the historical patterns that promote worker fear and insecurity. In turn, strong reliance on the Labour Code and on legislation more generally make both organizations and workers establish highly bureaucratic relationships where most issues are resolved by threatening to take or taking legal action.

HRM is not fully understood. For instance, from an employer's perspective, flexibility is understood as the easiness with which employers can hire or dismiss workers when faced with market fluctuations (Espinosa, 2001). Similarly, unionization remains contested. The 2006 Labour Survey reported that only 8% of organizations were unionized and had fluctuating membership (Dirección del Trabajo, 2006). HRM challenges are still associated with equal opportunities, particularly overcoming issues of class/social categories that hinder social mobility, individual accomplishment and career progression.

Overview of Research Methodology

The current research explored work cultures in Chilean organizations, with a particular focus on organizational culture and HRM practices. The research captured the perceptions of workers regarding dimensions of work (i.e., their relationship with peers and managers) and HRM practices (i.e., perceptions about their experiences of recruitment and selection, training and development, rewards, and participation).

Research was conducted in a non-probabilistic sample of 2000 Chilean workers actively employed in organizations in the Metropolitan Region of Chile. Sample size was determined using the common statistical parameter of representation of 10% of the universe. Recent data available from the Instituto Nacional de Estadísticas in Chile at the time of the survey indicated that the active working population in the Metropolitan Region was 1,950,469. Consequently, a sample of 2000 was defined, of which 1299 questionnaires (65%) were retrieved.

Workers were approached individually and through contacts, inviting them to participate. Due to worker scepticism at being asked for detailed organizational information, as well as the focus of the research on the views of workers, only general organizational background was requested. This decision was also rooted in the findings of three pilot runs of the questionnaire conducted with 10, 15 and 17 participants respectively, which included post-discussion sessions where participants were asked to comment on the questionnaire and the process. The first pilot group found the information sheet to be "suspicious" because of the use of the word confidential, which some participants argued "made them feel insecure," with some noting that it gave the impression that "the information could be used against them if their bosses found out they had participated in the study." It was then agreed to prepare a pitch, explaining the purpose of the study. This was successfully tested in the second and third pilot runs.

A general profile of the sample can be established indicating that of the total cohort of 1299 participants, 45.8% were women and 54.2% were men. The majority of participants were between 25-34 years of age (see Table 1). Most had attended higher education although the majority had not completed it (see Table 2).

TABLE 1
Distribution of Participants by Age

Age range	Distribution
15-24	20
25-34	45
35-44	21
45-54	9
55-64	3
65 or more	0.4
Did not respond	1.6
Total	100.0

TABLE 2
Distribution of Participants by Educational Background

Educational background	Distribution
Basic level completed	4.6
Secondary education completed	13
Technical education completed	18.2
Higher education (incomplete)	33.7
Higher education completed	30.4
Did not respond	0.1
Total	100.0

Most participants (71.7%) worked in the private sector. The rest were from the public sector (20.8%) and from mixed organizations (6.6%), 0.9% did not disclose this information. According to the classification established by CORFO, the Chilean Economic Development Agency,¹ the majority of participants worked in SMEs.² Most participants worked at operational level in commercial, administration, finance, production, personnel and IT areas. Other areas included consultancy, planning, foreign commerce, academia, technical assistance, construction, marketing, logistics, police and housing leasing. Finally, the majority of participants had been working in their present organization for two years or less (see Table 3).

TABLE 3
Distribution of Participants by Length of Service

Years of service	Distribution
> 0-2	31.3
> 2-5	26.9
> 5-10	18.8
> 10-15	8.5
15 or more	13.3
Did not respond	1.2
Total	100.0

A 23-question self-completion questionnaire was used to gather data, which included HRM practices such as recruitment, selection, training, development opportunities, wages, performance appraisal and worker participation in decisions about work and relationships with peers and supervisors/line managers. The questionnaire included closed and open-ended questions. Researchers administered the questionnaire in almost all cases and completion lasted between 25-30 minutes. This process was conducted both within and outside work settings. In cases where contacts had been established with line managers and area

supervisors, some agreed to serve or appoint someone else as a contact person to administer the questionnaire. In these cases, questionnaires were returned in sealed envelopes.

HRM Practices in Chile: Empirical Findings and Analysis

Recruitment and Selection

Findings suggest that organizations in the Metropolitan Region are aware and make use of recruitment practices. For instance, posts are advertised using different means (newspapers being the most common although the use of internet has become increasingly popular). However, informal advertising via known associates, friends and family is fundamental. This was highlighted by Vargas and Paillacar (2000) in their exploratory study of fruit exporting organizations of the Central Valley. They noted that recruitment was very informal and mostly dominated by recommendations from friends and family. Given the strong stratification in Chilean society and the dominance of specific family groups, links through known associates is common. Friends and family operate under the umbrella of group preservation, which is common in collectivist societies (Hofstede, 1990).

However, selection practices include interviews, role-playing, teamwork and work scenario enactment, which are in place even if only to “fill out the paperwork.” In the present study, it was acknowledged that selection decisions are strongly determined by each candidate’s pedigree (who they know, with whom they are associated, who recommended them and the degree of power of the person recommending them). In this sense, selection processes perpetuate traditional patterns of societal dynamics that award importance to positions, titles and affiliation to relevant power groups (Valdivieso, 2000).

Direct discrimination is present in recruitment. For example, job adverts specify candidates falling within specific age groups and having specific characteristics (i.e., young, professional, engineering graduate, woman, man, etc.).³ A “cult of youth” in the labour market was acknowledged as participants, including the sample’s most representative age group (25-34), recognized its effect. One participant noted that “nobody wants you if you’re old” and hence there is pressure both to get a job before a certain age and keep it after a certain age. Rejection of the aging process that generally feeds a cult of youth and beauty has been identified as a Latin American characteristic (Torres, 1992: 26). However, in the Chilean case, this phenomenon is linked to non-managerial occupations. In the case of managers, most of whom were over 40 and male, seniority is associated with expertise and responsibility.

It was highlighted that although qualifications are relevant in selection, aspects such as address and educational establishment attended create differences between candidates. For instance, 54.7% of participants felt that workers are discriminated against because of their socio-economic background; 57.8% maintained that there is discrimination based on educational establishment attended and 48% stated that there is discrimination based on physical appearance. It has been suggested (Abarca, Majluf and Rodríguez, 1998) that in Chile, appearance, age and gender differences are correlated to social status and create negative categories of difference leading to discrimination. The normalization of this practice is

operationalized in the clear identification of “acceptable” neighbourhoods to include on a job application, which individuals perceive will increase their chances of being shortlisted.

These issues were highlighted when participants were asked to describe topics of conversation among workers: 37.7% of participants acknowledged that they spoke about other colleagues’ “pedigree” (i.e., where they came from, where they studied, where they lived, how they got the job and who they may know who helped them get it) and also about their status (whether they fit in, whether they “belonged,” their mannerisms and physical appearance). It was highlighted as important to establish links with the “right people,” namely individuals with appropriate connections or power, or, in the case of individuals with no connections or power, individuals with the potential to “blend in.”

The strong stratification in Chilean society is rooted in understandings of ethnic, cultural and socio-economic backgrounds as credentials for individuals (Valdivieso, 2000). Furthermore, a central legacy of post-colonial Chile was the dichotomy of poor/indigenous in contrast to rich/white, which has had a historical impact on the way resources and opportunities have been allocated and made available. In organizations, similar principles create a new dimension to ways in which workers articulate categories of difference. The fear of social isolation has been identified as a typical trait of Chilean character. For instance, in a conversation with Di Girólamo, Guzmán notes that Chileans seek to maintain uniformity by creating strong reference groups that have similar needs and expectations, dress similarly, and generally aim to be part of the group (Di Girólamo, 1984).

In terms of selection processes, the importance of recommendations of contacts was highlighted as fundamental in order to get a job and it is the case across all organizational spectrums: 64% of participants acknowledged having used the help of contacts (friends, family or political) to get their job. Double discourse was acknowledged and, in many cases, there were selection processes in place where candidates participated, yet these were used to “fill out the paperwork” whilst individuals secured appointments via informal networks either inside or outside the organization. *Compadrazgo* networks (Lomnitz and Melnick, 1991; Gómez and Rodríguez, 2006) find their popularity in the perceived guarantee they provide. The person recommending a candidate is usually someone in a relatively advantageous position and whose affiliation (of whichever type) with the organization is “worth keeping.” Recommendations are indeed recommendations, yet they are also part of the favour loyalty system (Gómez and Rodríguez, 2006), a way of cashing in on favours or returning favours.

In summary, organizations in the Metropolitan Region of Chile use formal technical criteria for recruitment and selection complemented by informal references and recommendations from individuals linked to the organization through friendship, kinship or *compadrazgo* relationships. Both mechanisms coexist to justify the professionalization of the HR selection function whilst at the same time comply with expectations and requirements of the social system.

Training and Development

Findings suggest that training is not widely present in organizations, with only 58.7% of participants acknowledging that there are training opportunities in their organizations. Training opportunities were stated to be unplanned and generally followed trends in the market in terms of what seemed popular rather than the result of Learning and Development strategies or Human Resource Planning. For instance, although 63.6% agreed that training received aimed at improving work, many acknowledged that participation in training was determined by line managers with no input from workers, which is also evidence of the lack of a human resource development agenda.

However, as Montero (1997: 209) argues, a new economic way of understanding organizational reality in Chile has led to the assumption that training is linked to job stability. Training is regarded as a protective measure and it is treated like an award. Thus work stability is perceived to be stronger in the case of workers chosen by line managers to attend training or participate in training. Many comments touched on this as development opportunities were seen as a reward, where attendance to external training events was said to be awarded to “closest allies”, “friends/buddies” and “right-hand people.” Internal events, on the other hand, tended to focus on IT training, teamwork and other forms of activities that were thought of by management as helpful in improving productivity. These were usually facilitated by both internal and external tutors and organized both in-post and after working hours. In cases where events were conducted during working hours, many participants reported having to make up the hours used, which discouraged many from requesting these opportunities. In this sense, the understanding of training as a reward is reinforced as something that organizations give to “deserving” workers. For instance, a participant indicated that in her organization, a form of punishment was to refuse training opportunities to workers.

Wages

Responses by participants suggested that secrecy is a key factor surrounding the topic of wages, as pay scales are not available either to prospective or current employees in organizations. The topic was generally considered highly sensitive and private, and participants did not discuss any aspects of their wages in detail.

Analysis of recruitment and selection indicated that information on pay scales was not provided to applicants and instead they were asked to indicate their pay expectations, which are discussed in the event of being called for interview. The majority of respondents (87%) perceived that this information played a major role in their ability to pass the first screening stages of the recruitment process.

All participants indicated that they had not received a formal written document stating their salary or any information about pay before or during the recruitment process. It was gathered that when applying for work, applicants found out through friends or acquaintances the typical salary associated with the post they were applying to and indicated a lesser amount in order to increase their chance

of being shortlisted. Public information provided by employers in vacancy adverts is usually limited to vague statements such as “competitive salary”, “salary according to experience” and “salary according to market” with no indication of ranges.

The issue of wages is also relevant in terms of the secrecy of pay scales in organizations. For instance, in the salmon industry, which is one of the strongest economic industries in the country, it has been raised by unions and NGOs that the wages of managers are “the best kept secret” and as the information is not publicly available, it is open for speculation and generates tensions. As none of the participants in the current research had ever received pay scale information from their organization or had ever been provided with information regarding pay ranges for their post, this could suggest that this is a common practice in organizations in the Metropolitan Region. Furthermore, it raises questions of fairness as it is unclear to workers what others in similar posts or doing similar jobs are earning. Some participants indicated that they would not ask questions about pay as it could be interpreted by the organization as being ungrateful.

Composition of wages in many cases (53%) included a variable component, said to be related to productivity. This confirms what has been suggested by Vergara del Río (1998) regarding the increasing flexibilization of wages in Chilean organizations with the inclusion of incentives, rewards and, in some cases, fringe benefits such as profit sharing, associated with productivity. Nonetheless, others (López, 2007a) have suggested that the most common variable wages do not reward productivity but rather seniority (over base salary) and increases in work intensity (via commissions, production bonuses and treats). This distinction is relevant because it is the case that all participants working in commercial areas (20.7%) indicated that they had a mixed wage system (a basic component plus a variable component) and asserted that the basic component was very low and the variable component was “where the real money is” as their final wage increased via commissions obtained when reaching higher targets. Consequently, productivity and work intensity are for practical reasons one and the same as an increase in work intensity is linked to monetary rewards for higher productivity levels. In turn, this has implications for work/life balance, with some participants commenting that organizations promoted and rewarded workers who were seen as workaholics.

Performance Appraisal

Though a large majority (68.8%) acknowledged that organizations valued and rewarded performance, performance appraisal was assessed by participants as “a piece of paper.” None of the participants in the study had either participated in or conducted a formal performance appraisal process (formally discussing with their line manager/supervisor their workload, accomplishments, improvements needed, targets for the next period and documenting these discussions). The lack of creditability of performance appraisal systems and processes in Chilean organizations has been documented (Koljatic and Rosene, 1993) and suggests that neither managers nor

workers consider it a valuable procedure. Instead, perceptions of loyalty and good behaviour equalled good performance. These terms were linked with desirable levels of productivity and, though not formally measured, workers perceived instances of positive/negative reinforcement associated with them.

Out of the total, 215 participants (16.5%) were in supervisory roles and comments reinforced the above notion, generally indicating that good performance is perceived to be obtained by “telling them what needs to be done” and “telling them to produce or do the job well or else there may be possible dismissals.” Other comments stated that “if they produce little, it means they’re performing their work badly” and “they perform well as long as you tell them clearly what they need to do.” The role of manager is strongly associated with surveillance and control and hence performance appraisal does not have a developmental dimension but is rather a tick-box exercise.

Participation in Work Decisions

Findings show that worker participation is perceived to be limited due to lack of freedom of expression for fear of repercussion (being punished, ostracized or dismissed) with 78.6% of participants admitting to speaking with suspicion and fear. Worker participation in Chile has been historically controversial; relationships are based on authority and there is an expectation that workers listen and do as they are told with no possibility for workers to voice their problems (Espinosa and Morris, 2002). The hierarchical and formal structure of relationships with managers was also highlighted as an aggravating factor. Participants considered line managers to be strict, arrogant and indifferent, with management styles that prioritize results over processes and people. Some participants stated that “bosses only care about the final result/outcome.” Passive worker response to the latter is questionable yet not surprising; the obedient and conforming attitude of workers in Chile has been noted (Gómez, 2001) as resulting from fear of ridicule and social exposure. The omnipotence of managers is indirectly reinforced by workers who, on the one hand, would not venture to challenge management, and on the other hand, would fear exposing themselves to being chastised in return.

Comments by participants in supervisory roles suggested that managers perceive that workers do little to engage. Some reported that workers “take advantage of situations”, “show no initiative” and “don’t put much effort because they don’t recognize the value of the work.” Nonetheless, a significant majority of participants (85%) acknowledged that decisions about the work that they do were made by people with more authority yet, in terms of expectations, 60.7% stated they would like to participate in those decisions and 27.9% said they would like to be responsible for them. There is a clear contradiction between these accounts, yet double discourse aside, the high degree of societal paternalism would explain why participatory styles are not prevalent and, rather, would be seen as managerial weakness.

Expectations of submissiveness were also highlighted with participants commenting that “bosses would be happy if one worked quietly and did everything they asked”

and others indicating that managers see workers as “machines”, “instruments” and “objects.” The emotionally-charged weight of these terms reflects the conflictual nature of manager/worker relationships (Montero, 1990; Gómez, 2001) and suggests similar expectations to those identified historically. Managers in the sample indicated that workers “should do as told.”

Finally, unionization was problematic. Half of the sample work in unionized organizations yet only 11% considered the union to be supported by employers and working alongside the employer to help worker wellbeing. The general overview was negative; 35% stated that the union in their organization responded to the needs of specific groups and 21% believed the union was manipulated by employers for their own interests. Some expressed that the formation of unions, whilst not openly rejected by employers, has been usually discouraged by HR staff. Measures in some cases included memos (sent amid rumours of the formation of a union) warning workers that interruptions to work or not meeting targets would lead to dismissals. Morris (2002) makes a similar argument, noting that unions in Chile usually have a semi-clandestine start attributed to employer opposition, and generally emerge amid workers’ fear of dismissals and employers’ fear of conflict.

Conclusion

Institutional, socio-historical and cultural dimensions are distinctly interrelated and determine how employment relations and HRM practices operate in this context. Elements associated with power and class are at the centre of organizational dynamics. These elements emerge from the societal order and exemplify how societal values and beliefs permeate activities in organizations.

Double discourse is a salient element. Chilean society has been identified as highly formal, to the extent that bureaucracy permeates most social and organizational dynamics. In this respect, the formalization of procedures promotes a public image of institutionalization. Accounts by workers confirm this, yet highlight the simultaneous presence of distinctive ideal discourse and material practices.

Organizational rhetoric is heavily influenced by the neoliberal stance, where organizations are presented within a managerialist discourse that praises their vanguard management techniques and technology. Similarly, in line with this neoliberal rhetoric, workers are said to be valued and considered an organizational asset. In practice, however, workers seem discontented with individualistic employment relations and discretionary HRM practices that force them to “look out for themselves.”

The key issues emerging from the findings suggest hierarchies and the impact of manager power are at the centre of employment relations, and HRM practices seem to perpetuate these patterns. Dávila and Elvira (2005) have noted that Latin American management models are characterized by social distance, respect for authority, benevolent paternalism and group loyalty. Whilst findings for the present study certainly confirm the importance of these characteristics, the hybridized way in which workers both navigate individualism and collectivism, and the resulting

dynamics which could at times seem contradictory, are not accounted for in these categorizations, raising questions as to the validity of adopting a uniform approach to analyzing Latin America. In the Chilean case, the salient element is how these traits are used to perpetuate the idea of organizations as living up to the expectation of modernity and global competitiveness created by the economic model. It is then the case that the value system emerges from the dynamic interaction between socio-cultural influences and business ideology (Ralston, 2008); the first rooted in the historical nature of employment relations, and the latter defined by political economy rooted in the neoliberal model.

Generally, the way HRM practices are perceived illustrates the normative HRM discourse, where organizations understand the employment relationship to be about employee control. In this sense, whilst HRM processes seem articulated in line with modern HRM rhetoric, in practice, the same patterns of subordination, abuse and mistreatment that have historically shaped employment relations in Chile continue to be repeated. For instance, recruitment processes are structurally sound, but practically distorted; workers have little input in decisions about work yet what is found in research on management in Chile is that managers claim to want workers to be more actively involved in work decisions. Interestingly, the latter contradicts the societal structure that places importance on positions and authority, and instead, employers treating workers as disposable labour would be more consistent with the operating cultural pattern.

Even with Chile being the strongest economic performer in the region, there is an acknowledgement that the country remains behind in HR investment, such as communication systems, development and flexibility in the workplace. Whilst the country is not one of the fragile democracies in the region and economically has been presented by some as a neoliberal miracle in Latin America, the ambivalence of employment practices highlights some of the unaccounted dimensions of the miracle, as examined by Winn (2004).

López (2007b) notes that Chile was significantly ahead of other Latin American countries in terms of implementing a labour and previsual legislation project. However, he argues that this project did not emerge from a concern over employment relations or the regulation of occupational issues. Rather, the structural reform aimed to dismantle labour and previsual institutionalization through a structural reform in order to promote the free market ideology. A report by the Fundación Instituto Estudios Laborales (FIEL-CUT) (2007: 18) suggests that the country's competitive strategy shows a naive and ideological conception of free-market competition. This has indeed seen market structures and business models hinder good employment relations, promote distrust and result in HRM practices with a short-term orientation.

Normative views are mostly reflective of an industrial relations model; the psychological contract is based on expectations of compliance, there is low trust and organizational design relies on strict hierarchical roles and managerial control. However, this would seem inconsistent with an overall model that is discursively

sustained on ideas of market-free competition, where autonomy and self-control are seen as regulating principles. This could be explained as a result of employment relations in Chile not being modernized at the same pace as other dimensions of the economy (Espinosa, 2000), which makes HRM practices not only restrictive but also archaic.

Interestingly, amid these findings, there is no evidence of open labour conflict between workers and employers. Instead, findings highlight workers' discontent yet they also highlight their passivity. The legacy of the dictatorship (Rodríguez and Gómez, 2009) remains a key element in the passive approach of workers when it comes to exercising their rights and challenging unfair practices in the workplace. Research by Rodríguez, Bozzo and Arnold (1989) in their study of Goodyear International in Chile provides some insight into this. They found that even when workers were over-worked by the organization, workers justified their passivity with arguments highlighting a sense of pride over the positive corporate image. This understanding of personal sacrifice as a demonstration of organizational commitment is also part of the dictatorship legacy.

A number of factors perpetuate these dynamics. On the one hand, there is the combined constraint of the limited scope of the Labour Code (Walker, 1997) and the stronghold of the legal framework in labour relations in Chile where workers are virtually unsupported in matters that fall outside of the Labour Code (Ugarte Cataldo, 2008). This translates into workers' perception that arguing a case is futile, and most importantly, dangerous, as it could lead to job loss. The latter highlights the issue of how, in trying to maintain the status quo, workers will accept unjust practices which in turn, helps to legitimize them.

The findings presented in this paper have important implications for understanding what underlies Chile's status as a "Neoliberal miracle" (Winn, 2004). Also, findings provide data for wider analyses of HRM practices in the country, particularly to explore workers' views of the employment relationship and how they perceive HRM practices to facilitate or hinder their performance. However, these results are representative of the Metropolitan Region and cannot be generalized to Chile's remaining fourteen regions. More research is needed both nationally and regionally in order to gather data that allow a more comprehensive overview of the country and provide grounds for regional comparison.

Notes

- 1 It is worth noting that the CORFO classifies businesses as follows: microenterprise up to four workers, small enterprise up to 49 workers, medium enterprise up to 199 workers and large enterprises more than 200.
- 2 Debates about the conceptualization of SMEs make it difficult to conclusively categorize a number of organizations as classifications used vary across countries and international agencies. For instance, Ayyagari, Demircuc-Kunt and Beck (2003: 3) note that the SME Department of the World Bank works with these classifications: microenterprise up to 10 workers, small enterprise up to 50 workers and medium enterprise up to 300 workers.

- 3 It must be noted that at the time of the study some forms of discrimination were not clearly addressed by the Labour Code. However, though the legal framework has now changed and explicitly states that it is unlawful to discriminate based on distinctions, exclusions and preferences such as race, colour, age, marital status, unionization, religion, public opinion, nationality, national or social origin, which hinder equal treatment or opportunities in employment or occupation (Ministerio del Trabajo y Previsión Social, 2008), a quick browse of job adverts in wide-circulation Chilean newspapers such as *El Mercurio*, shows job adverts still asking for “active person”, “presentable” and “age according to post.”

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SUMMARY

Employment Relations in Chile: Evidence of HRM Practices

This paper presents empirical evidence about HRM practices in Chilean organizations with the aims of providing insight into employment relations and adding to limited existing literature. The paper is based on research that explored organizational culture and HRM practices. Research was conducted in a non-probabilistic sample of 2000 Chilean workers employed in organizations in the Metropolitan Region of Chile.

The main argument presented in the paper is that HRM practices in Chilean organizations illustrate the normative perspective of modern HRM discourse, where managers understand the nature of employment relationships to be worker control. While HRM processes are articulated under the rhetoric of worker emancipation; discursive practices perpetuate patterns of subordination that have historically shaped employment relations in Chile. Discussion is framed by a conceptual discussion of HRM practices and a contextual discussion of social dynamics and the historical nature of employment relations in Chile.

Findings suggest that organizational rhetoric is heavily influenced by the neoliberal stance, where organizations are described with a managerialist discourse that praises their vanguard management techniques and technology. Similarly, workers are said to be valued and considered an organizational asset. In practice, however, workers seem discontented with individualistic employment relations and discretionary HRM practices that force them to "look out for themselves." Hierarchies and managerial power emerged as central to employment relations and HRM practices, where power of authority and class dictate organizational dynamics and relationships. This mirrors patterns of social relations found in Chile.

Findings provide data for wider analyses of HRM practices in the country, in particular to explore workers' views of, and experiences with the employment relationship. However, more research is needed nationally and regionally in order to gather data that allow for a more comprehensive overview of the country and provide grounds for regional comparison.

KEYWORDS: Chile, developing countries, employment relations, HRM, Latin America

RÉSUMÉ

Les relations de travail au Chili : résultats de l'examen des pratiques de GRH

Cet article fait état de résultats d'une étude empirique sur les pratiques de GRH (gestion des ressources humaines) dans les entreprises chiliennes dans le but de jeter un éclairage sur la compréhension des relations de travail, particulièrement au vu d'une littérature restreinte sur le sujet. L'analyse repose sur une recherche sur la culture organisationnelle et les pratiques de GRH auprès d'un échantillon non probabiliste de 2000 travailleurs et travailleuses chiliens employés dans des organisations de la région métropolitaine du Chili.

L'argument principal soutenu dans cet article est à l'effet que les pratiques de GRH au Chili sont révélatrices d'une perspective normative dans le discours contemporain en matière de GRH et dans lequel les gestionnaires conçoivent la nature de la relation d'emploi comme étant de l'ordre du contrôle ouvrier. Alors que les processus de GRH sont articulés selon une rhétorique de l'émancipation du travailleur, les pratiques en cours perpétuent plutôt un courant de subordination qui a historiquement forgé les relations de travail au Chili. L'analyse est structurée autour d'un discours conceptuel sur les pratiques de GRH et d'un discours contextuel des dynamiques sociales et de la nature historique des relations de travail au Chili.

Les résultats suggèrent que la rhétorique organisationnelle est fortement influencée par le crédo néolibéral, dans lequel les organisations sont décrites comme proposant un discours « managerial » qui fait la promotion de leurs techniques de management d'avant-garde et de la technologie. De même dans le discours, les travailleurs et travailleuses sont considérés comme des actifs de l'organisation et appréciés comme tel. En pratique toutefois, les travailleurs et travailleuses se disent insatisfaits des relations d'emploi sur une base individuelle et des pratiques discrétionnaires de GRH qui les obligent à « voir à leur propre bien-être ». Les hiérarchies et le pouvoir « managerial » émergent comme éléments centraux des relations de travail et des pratiques en GRH, où le pouvoir de l'autorité et le statut de classe dictent les dynamiques organisationnelles et les relations sociales. En fait cela reflète les schémas de relations sociales caractérisant le Chili.

De tels résultats constituent une source de données pour des analyses plus larges des pratiques de GRH au Chili, particulièrement pour explorer les perceptions des travailleurs et travailleuses concernant leurs relations d'emploi. Davantage de recherche sera toutefois nécessaire, tant aux niveaux national que régional, pour colliger des données qui permettront une meilleure compréhension nationale et favoriseront des comparaisons régionales.

MOTS CLÉS : Chili, pays en développement, relations de travail, Amérique Latine

RESUMEN

Relaciones laborales en Chile: Evidencias de la práctica en gestión de recursos humanos

Este artículo presenta evidencia empírica sobre las prácticas de gestión de recursos humanos (GRH) en las organizaciones chilenas con el objetivo de contribuir a la comprensión de las relaciones laborales y de aportar a la limitada literatura existente.

El artículo se basa en una investigación que exploraba la cultura organizacional y las prácticas de GRH. Esta investigación fue realizada con una muestra no probabilística de 2000 trabajadores chilenos empleados en organizaciones de la Región metropolitana de Chile.

El principal argumento presentado en este artículo es que las prácticas de GRH en las organizaciones chilenas ilustran la perspectiva normativa del discurso moderno en GRH, donde los directivos entienden la naturaleza de las relaciones laborales como un medio de control de los trabajadores. Mientras que los procesos de GRH son articulados bajo la retórica de la emancipación de los trabajadores, las prácticas discursivas perpetúan los esquemas de subordinación que han configurado históricamente las relaciones en Chile. El análisis se sitúa en el marco de una discusión conceptual de las prácticas de GRH y de una discusión contextual de las dinámicas sociales y de la naturaleza histórica de las relaciones laborales en Chile.

Los resultados sugieren que la retórica organizacional está fuertemente influenciada por las posiciones neoliberales donde las organizaciones son descritas con un discurso pro-empresarial que alaba sus técnicas y tecnologías de gestión vanguardistas. Del mismo modo, los trabajadores son considerados y valorados como un activo organizacional. En la práctica, sin embargo, los trabajadores parecen descontentos con las relaciones laborales individualistas y con las prácticas de GRH discrecionales que les fuerza a “velar por sí mismos”. Las jerarquías y el poder patronal emergieron como aspecto central de las relaciones laborales y de las prácticas de GRH, donde el poder de autoridad y de clase dicta las dinámicas y las relaciones organizacionales. Esto refleja los esquemas de las relaciones sociales establecidas en Chile.

Los resultados proveen datos para análisis más amplios de las prácticas de GRH en el país; en particular para explorar el punto de vista de los trabajadores y sus experiencias con las relaciones laborales. Sin embargo, otras investigaciones son necesarias a nivel nacional y regional a fin de acumular datos que permitan una visión más comprensiva del país y establezcan bases para una comparación regional.

PALABRAS CLAVES: Chile, países en desarrollo, relaciones laborales, GRH, América Latina