

HEALTH WEALTH CAREER

Compensation and Benefits Trends Latin America

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October 2019



MAKE TOMORROW, TODAY



OUTLOOK FOR LATIN AMERICA

CONTEXT BY COUNTRY

ARGENTINA

- Inflation rate keeps on the rise: 53.7% expected for 2019
- Government resorts to capital controls in bid to combat currency crisis
- October's presidential elections generate political landscape with uncertainty and eventual harmful effects.

BRAZIL

- Turbulent political scenario; country still remains bipolarized what pushes back important agreements;
- The unemployment rate is still high, reaching 13 million people (mainly graduated from 18 to 25 years old). New posts were created; however, the informal economy is growing faster than ever;
- Country needs several reforms (pension, tax, political) that require intense negotiation held back by no1;
- Slowdown in the unemployment reduction and GDP growth. Expectations were higher than reality;
- Inflation under control. This slows down GDP growth since most part of it is based on consumption;
- Low interest rates than ever which is good for business investments;
- Labor reforms will allow more flexibility and more efficiency for business.

COLOMBIA

- Growth expectation for 2019 due the economic activity & a favorable tax reform for investment.
- Social and security crisis due to Venezuelans immigration.
- Structural reform agenda aims to promote inclusive growth and improve external competitiveness, while the implementation of peace agreements should further strengthen regional development.
- Inflation expectations remain anchored close to central bank's inflation target.
- Uncertain context due to low acceptability of first year of President Iván Duque's government.

CHILE

- The economy is growing at a steady rhythm with an annual expectation of 3-4% for 2019.
- Uncertainty due to the pension reform project. Raises the contribution from 10% to 14% where 4% will be contributed by the employer
- The government promotes a new labor reform where flexibility is one of the fundamental axes (remote work, flexible hours, for example)

OUTLOOK FOR LATIN AMERICA

CONTEXT BY COUNTRY

MEXICO

- Expectation towards a new labor reform and Psico-social risk mitigation norm implementation, promised by the new administration during last year's campaign.
- Due to security, the hospitality and aerospace industry has had low demand. Likewise, in the border area, the double digit increase of minimum wage had a very high impact in wages and bonuses demanded by the unions
- Approach to austerity management: significant downsizing in secretarial and government agencies, budget shortage and public expense containment, has caused several top executives unemployment, cost containment in the private sector, and operational effectiveness / productivity approaches to achieve year end goals.

PANAMA

- New government with the challenge of fueling the economy after deceleration of growth
- Government pursuing a change on the Constitution of the Country
- Commercial agreements with China on hold, subtle preferences for American deals
- Highest GDP growth in the region, low inflation.
- Decrease on water levels represents a critical risk for Panama Locks, the biggest source of income in the country

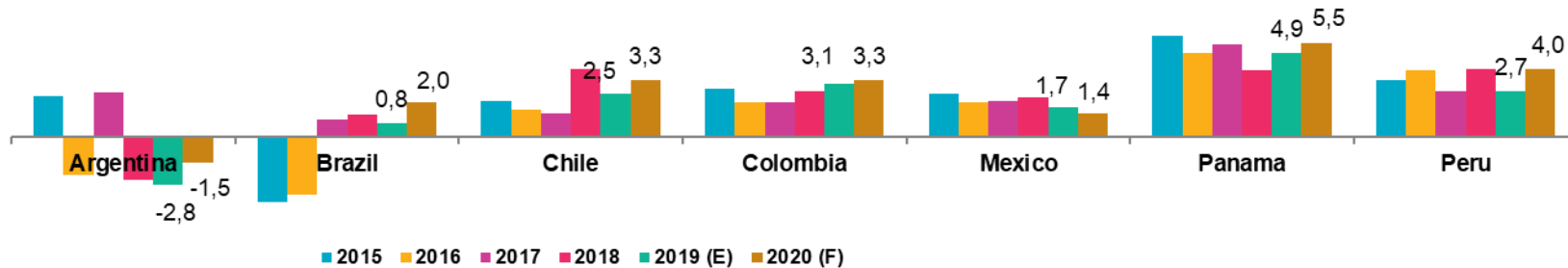
PERU

- Peruvian growth will be around 2.5% in 2019
- Political tension in Peru is maintained around executive, legislative and judicial powers
- Informality of labor market is over 70% - No short term changes are foreseen in this matter
- Lima climbs 11 positions in the Cost of Living index and is ranked 121, as the 4th most expensive city in Latin America
- Most frequent challenge in Peruvian companies: How to deal with digital transformation and its implications for business models and talent.

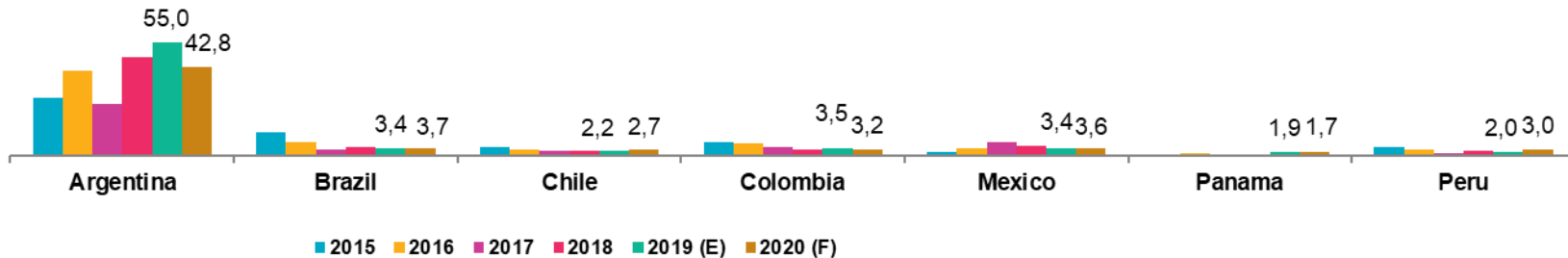
MACROECONOMIC LANDSCAPE

LATIN AMERICA 2015-2019

GDP



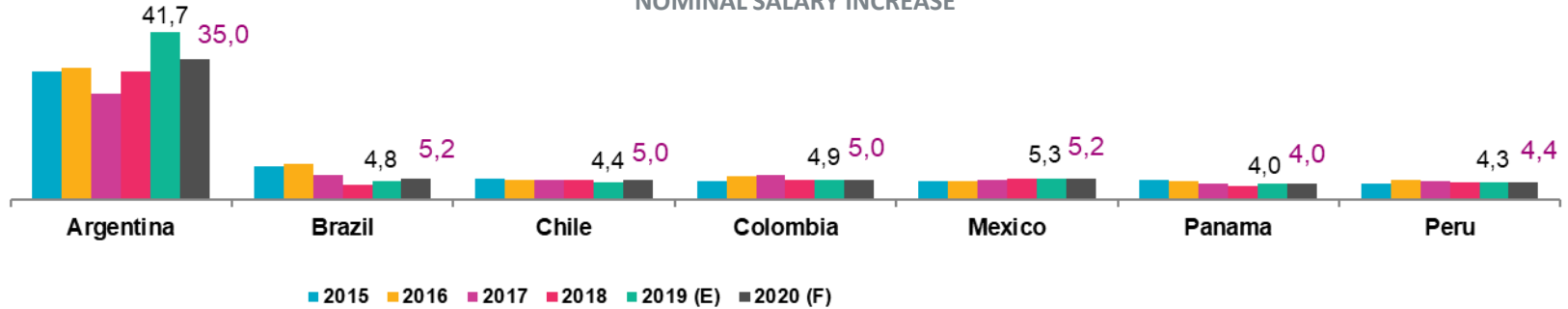
INFLATION



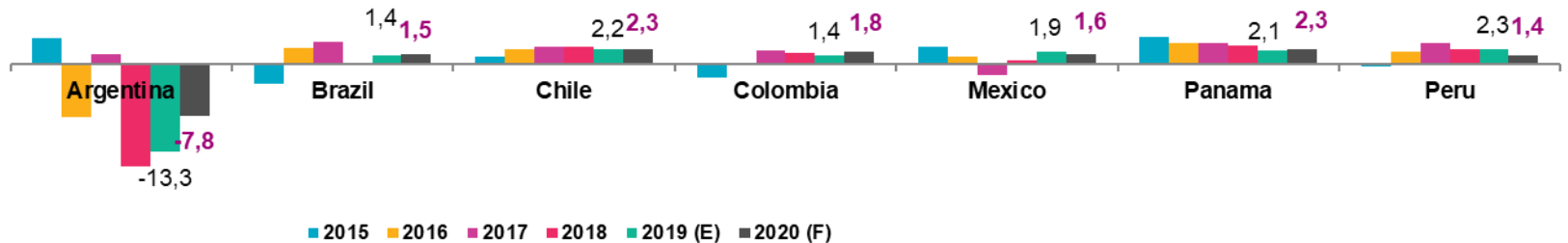
MACROECONOMIC LANDSCAPE

LATIN AMERICA 2015-2019

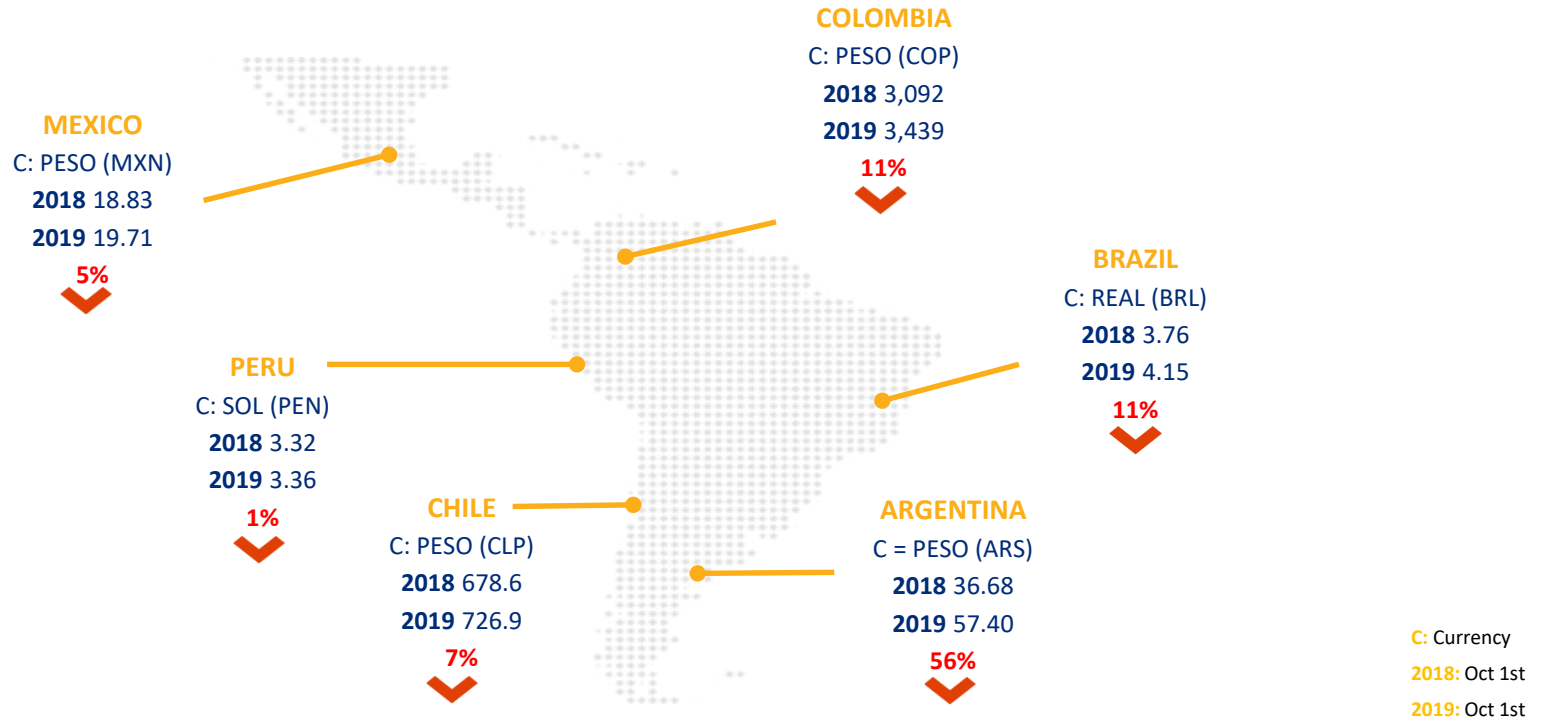
NOMINAL SALARY INCREASE



REAL SALARY INCREASE

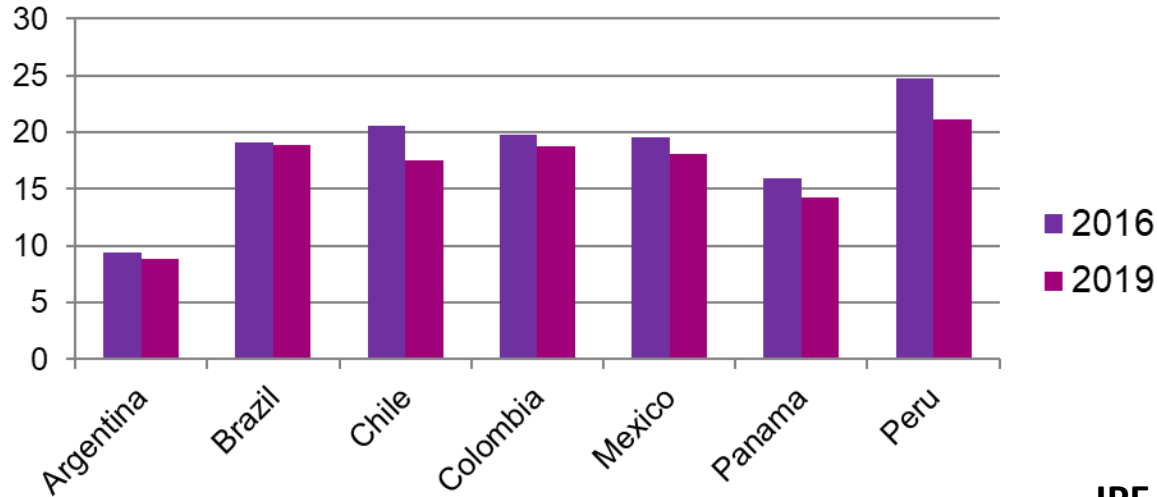


EXCHANGE RATE DEVALUATION AGAINST US DOLLARS IN THE PAST MONTHS

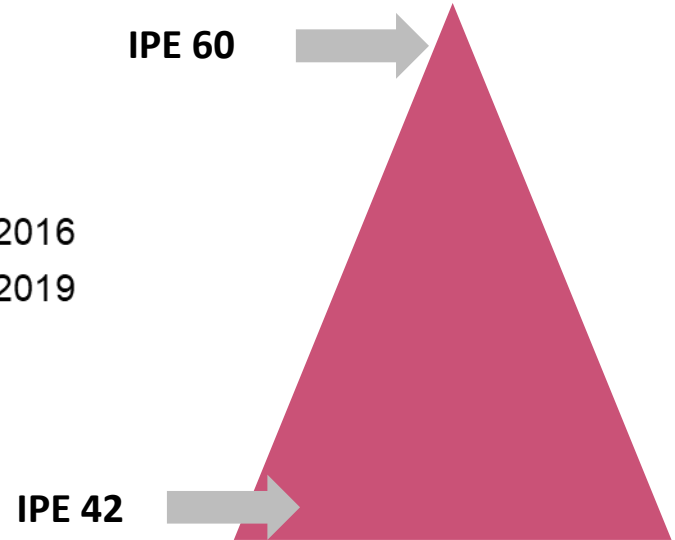


NUMBER OF SALARIES BETWEEN THE BASE OF THE PYRAMID AND THE PEAK- LATAM

IPE 42 – 60 GAP COMPARISON

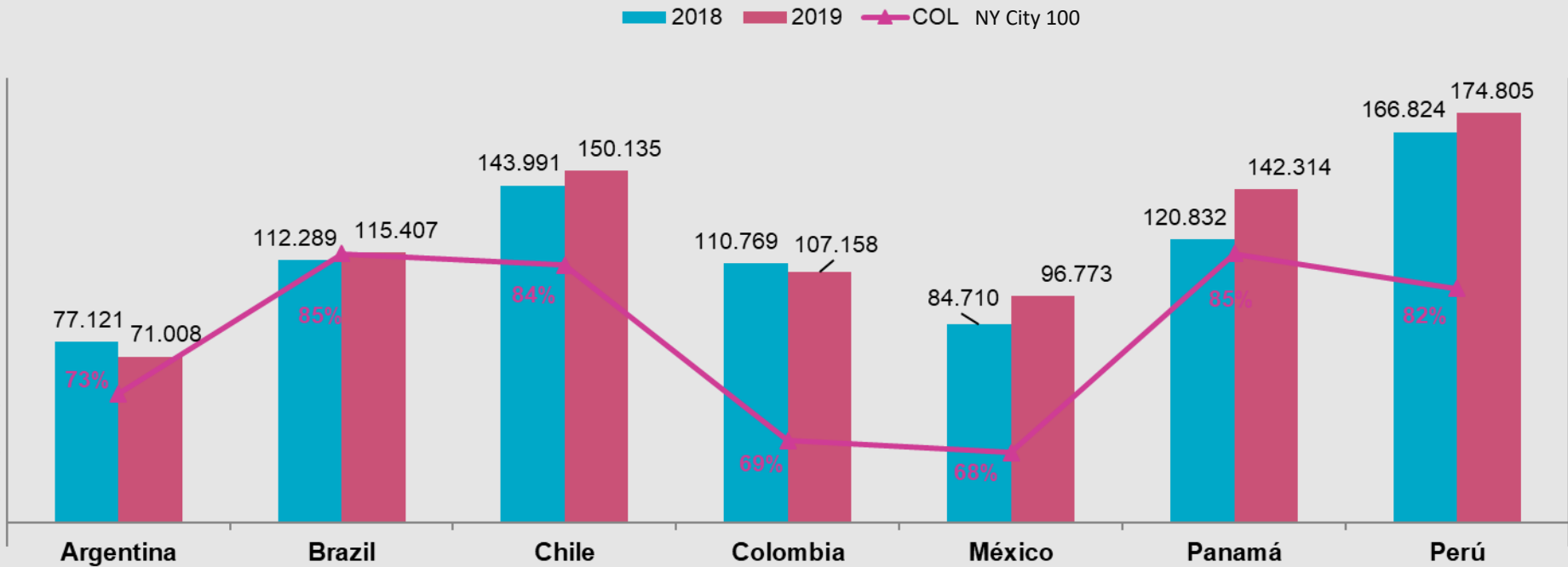


The trend across the region is to reduce the gap between support positions and executive positions



REGIONAL COMPARISONS - BASE SALARY

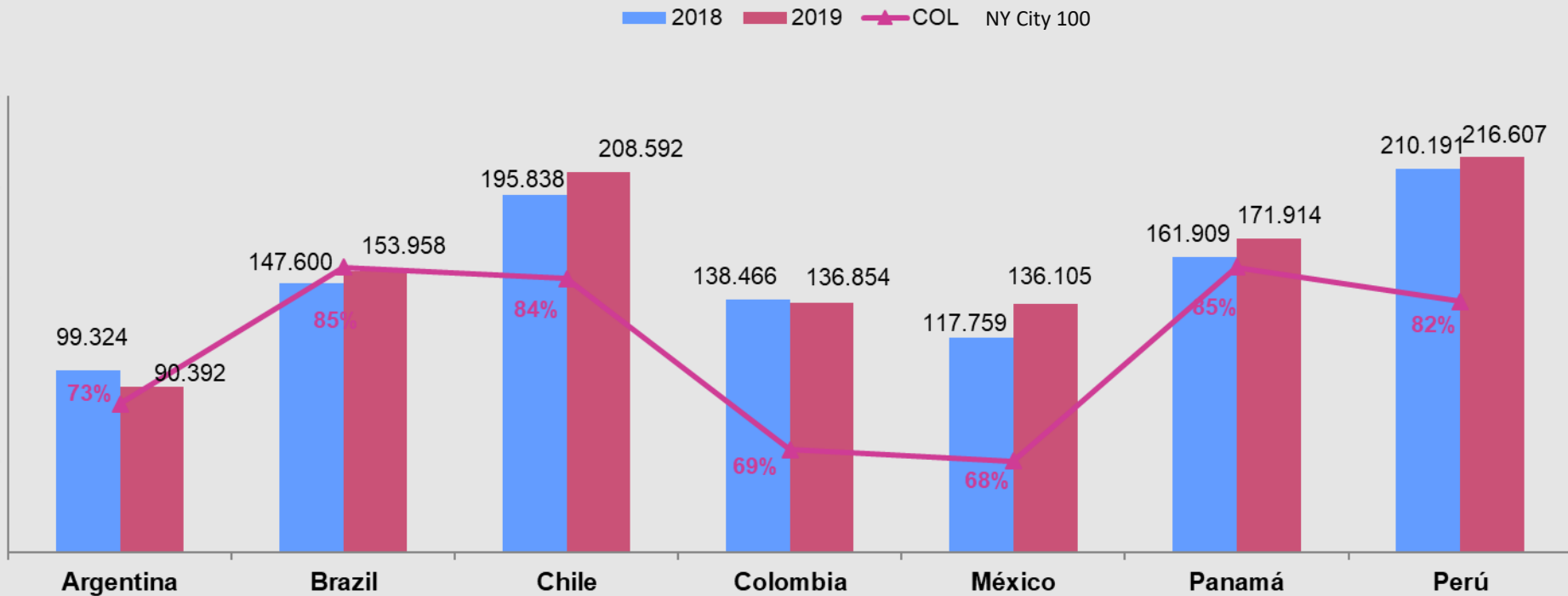
IPE 59 (USD)



Exchange Rates: 2018: ARG 36.63; BRA 3.76; CHI 678.6 COL 3.092; MEX 18.69; PER 3.32
2019: ARG 56.89; BRA 4.16; CHI 722.21 COL 3,420; MEX 19.46; PER 3.34

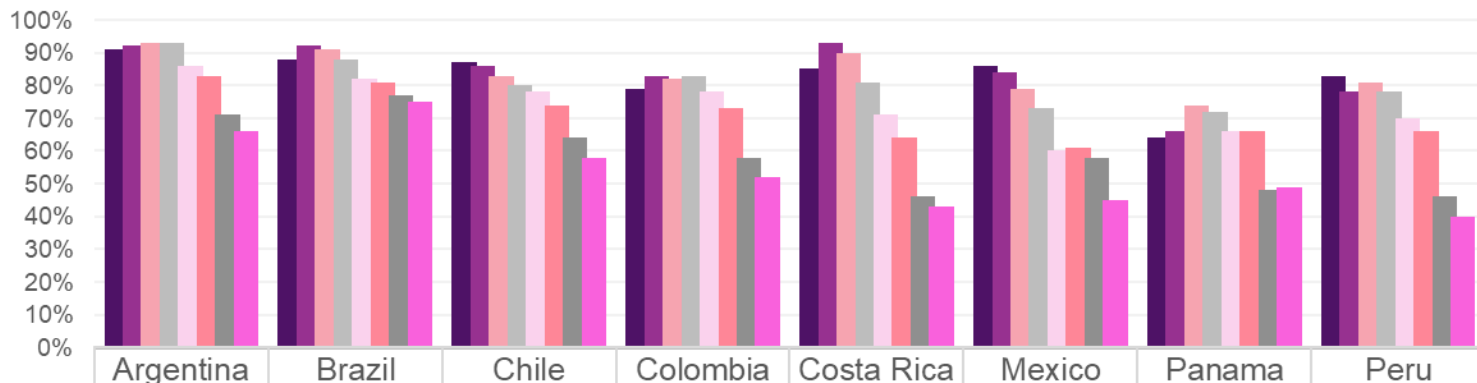
REGIONAL COMPARISONS

TOTAL CASH TARGET - IPE 59 (USD)



Exchange Rates: 2018: ARG 36.63; BRA 3.76; CHI 678.6 COL 3.092; MEX 18.69; PER 3.32
 2019: ARG 56.89; BRA 4.16; CHI 722.21 COL 3,420; MEX 19.46; PER 3.34

SHORT TERM INCENTIVES PREVALENCE BY LEVEL | VARIABLE BONUS

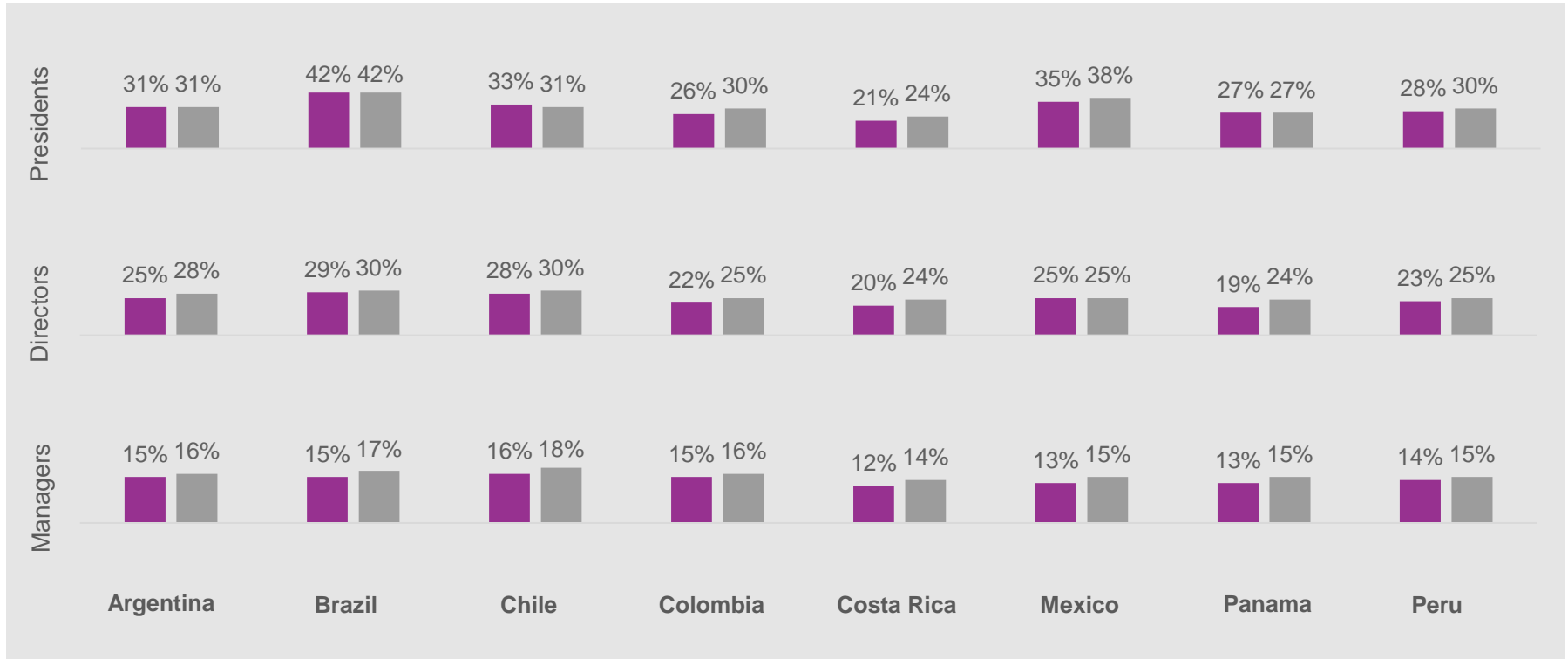


	Argentina	Brazil	Chile	Colombia	Costa Rica	Mexico	Panama	Peru
President	91%	88%	87%	79%	85%	86%	64%	83%
Director	92%	92%	86%	83%	93%	84%	66%	78%
Senior Managers	93%	91%	83%	82%	90%	79%	74%	81%
Managers	93%	88%	80%	83%	81%	73%	72%	78%
Supervisors	86%	82%	78%	78%	71%	60%	66%	70%
Professionals (no sales)	83%	81%	74%	73%	64%	61%	66%	66%
Professional sales	71%	77%	64%	58%	46%	58%	48%	46%
Operative (blue collar)	66%	75%	58%	52%	43%	45%	49%	40%

SHORT-TERM INCENTIVES

% OF BASE SALARY TARGET - MEDIAN

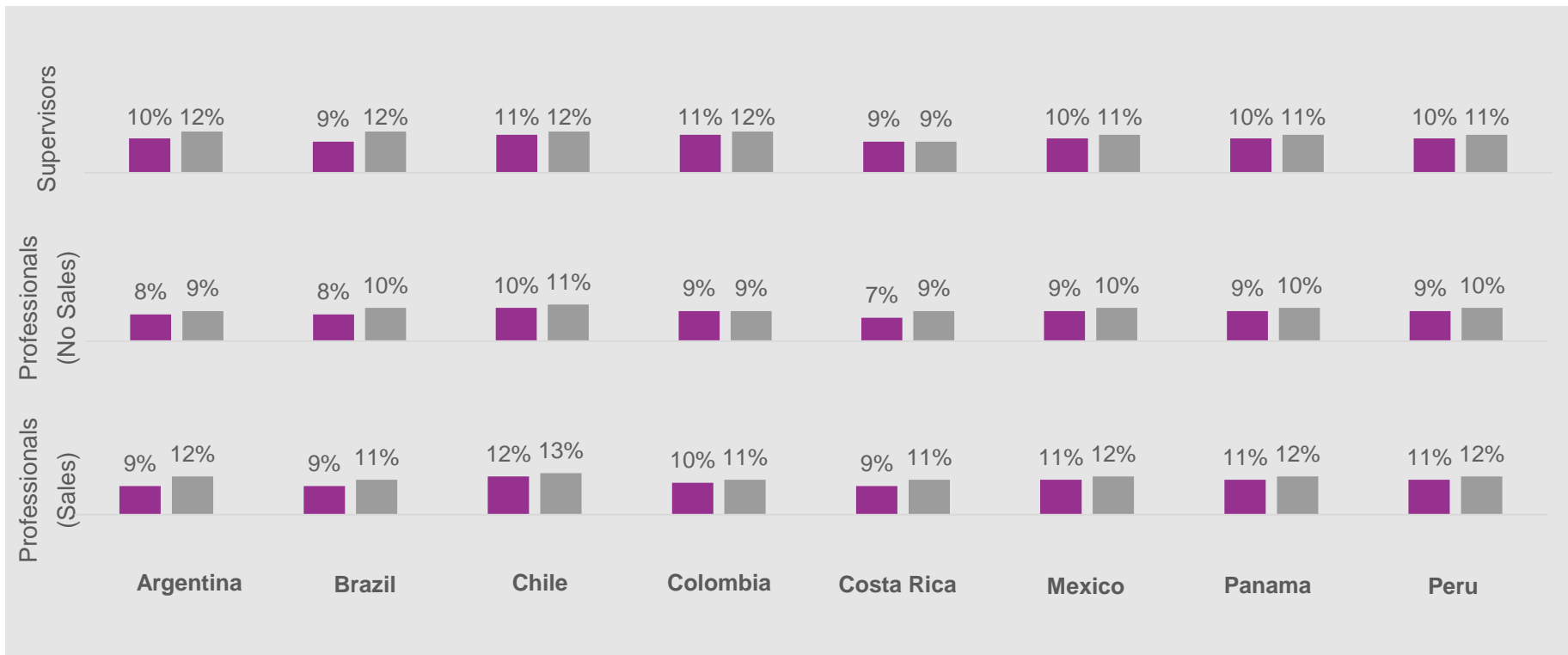
■ REAL
■ TARGET



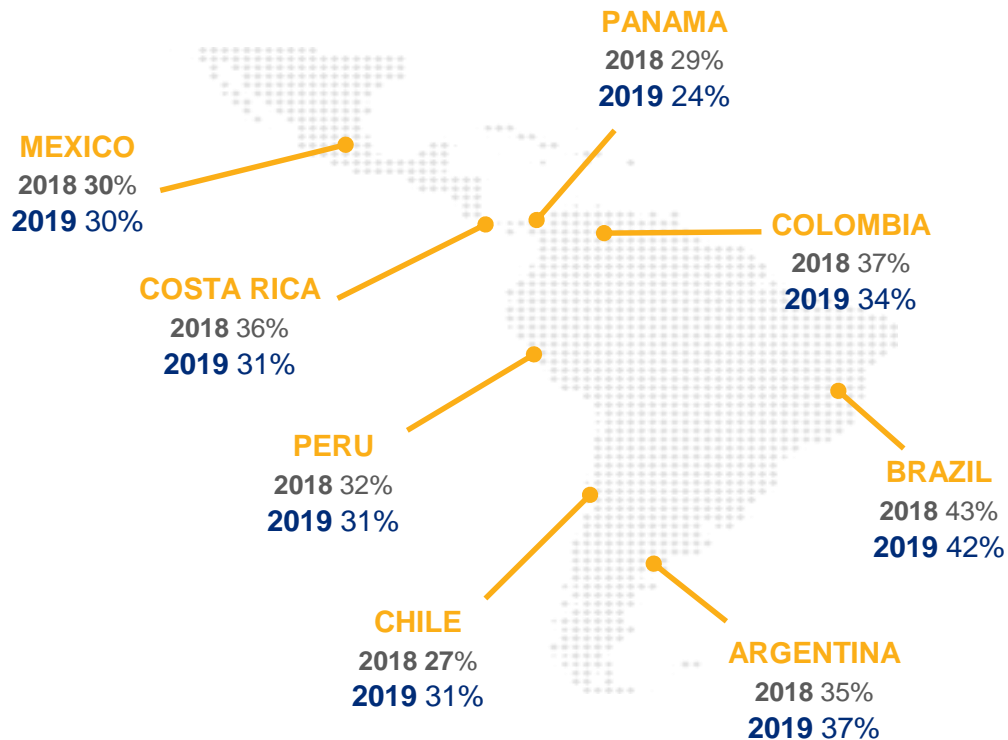
SHORT-TERM INCENTIVES

% BASE SALARY TARGET - MEDIAN

— REAL
— TARGET



LONG-TERM INCENTIVES PREVALENCE AND TYPE OF PLANS



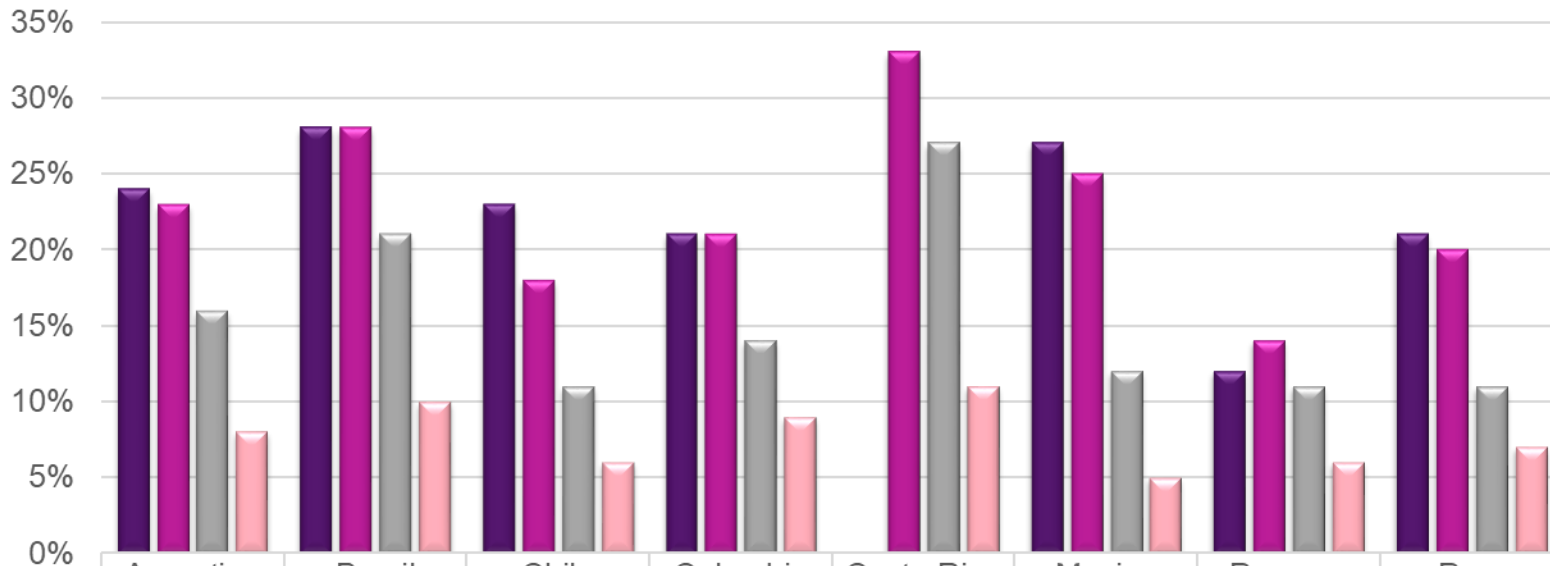
32.5%

Average Prevalence

Country	Stock Options	Restricted Stock	Long-term Bonus
Argentina	36%	60%	20%
Brazil	38%	57%	27%
Chile	39%	63%	20%
Colombia	29%	55%	35%
Costa Rica	41%	67%	15%
Mexico	40%	57%	23%
Panama	46%	59%	24%
Peru	41%	66%	18%

Some companies have more than one type of plan.

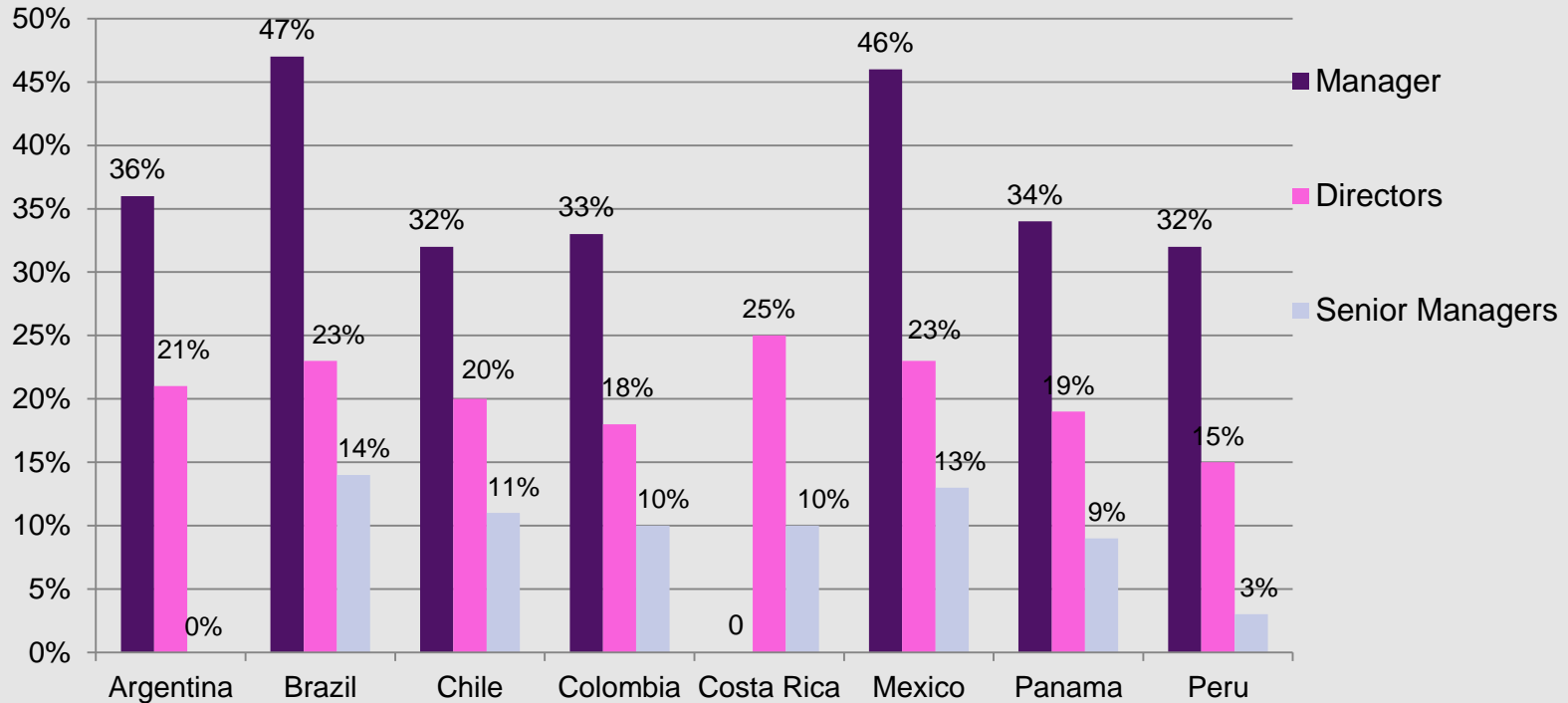
LONG-TERM INCENTIVES PREVALENCE BY LEVEL



	Argentina	Brazil	Chile	Colombia	Costa Rica	Mexico	Panama	Peru
■ President	24%	28%	23%	21%	0	27%	12%	21%
■ Director	23%	28%	18%	21%	33%	25%	14%	20%
■ Senior Managers	16%	21%	11%	14%	27%	12%	11%	11%
■ Managers	8%	10%	6%	9%	11%	5%	6%	7%

*President Level in Costa Rica, insufficient sample

LONG-TERM INCENTIVES % OF BASE SALARY - MEDIAN



BENEFIT PLANS

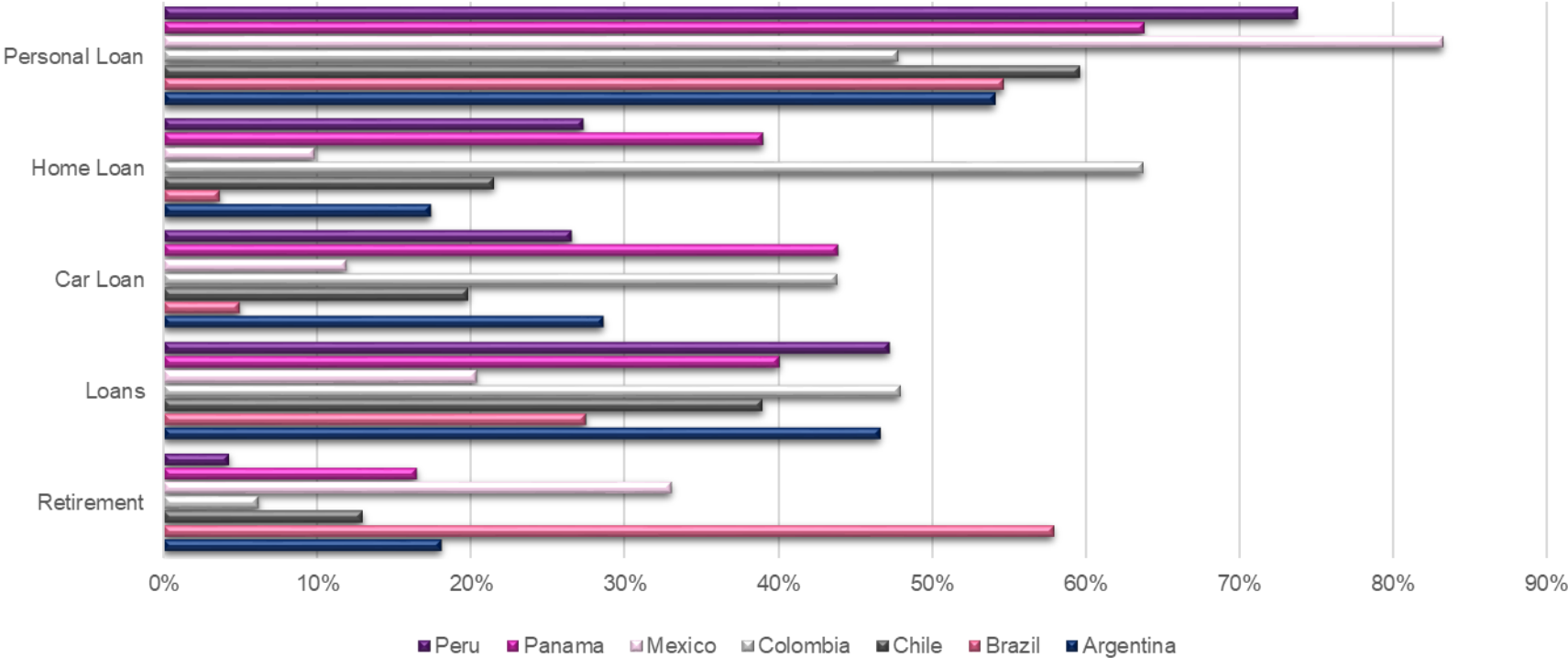


MAKE TOMORROW, TODAY



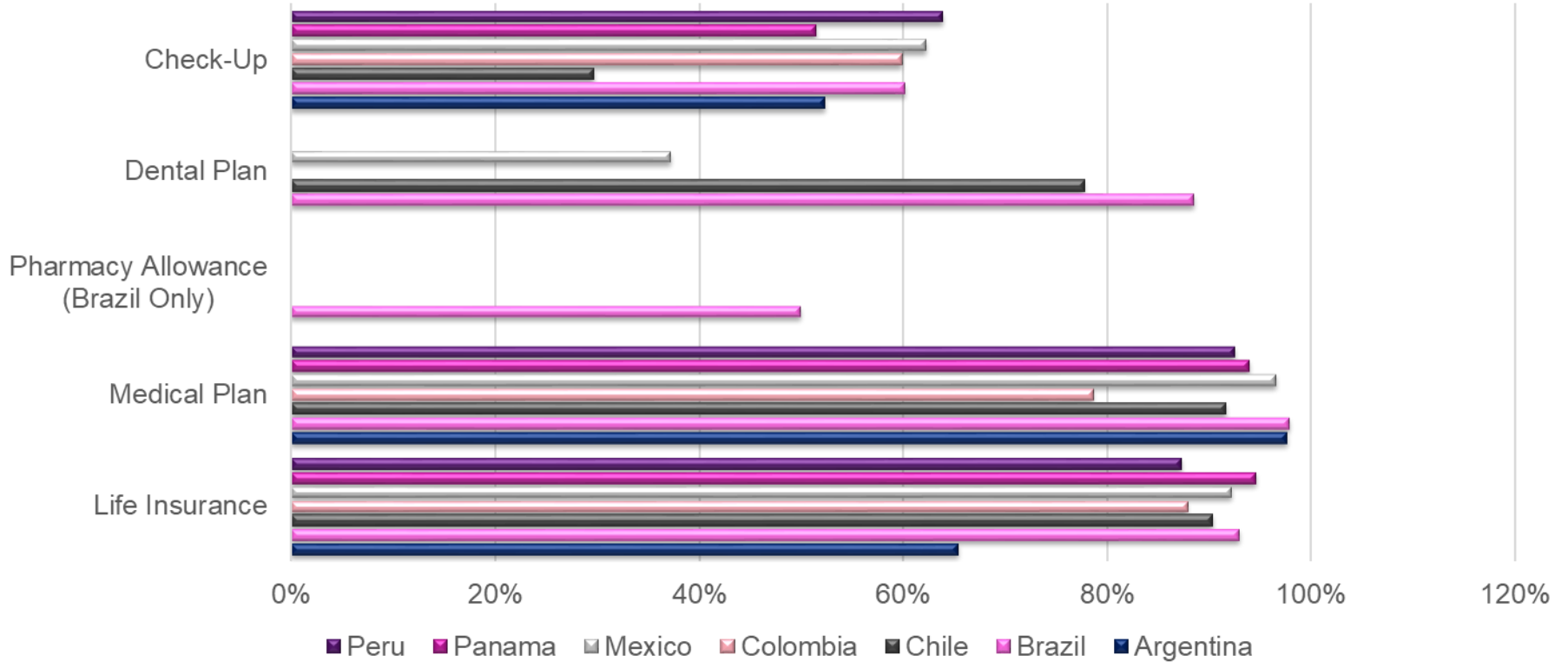
BENEFIT PREVALENCE

Retirement and Loans

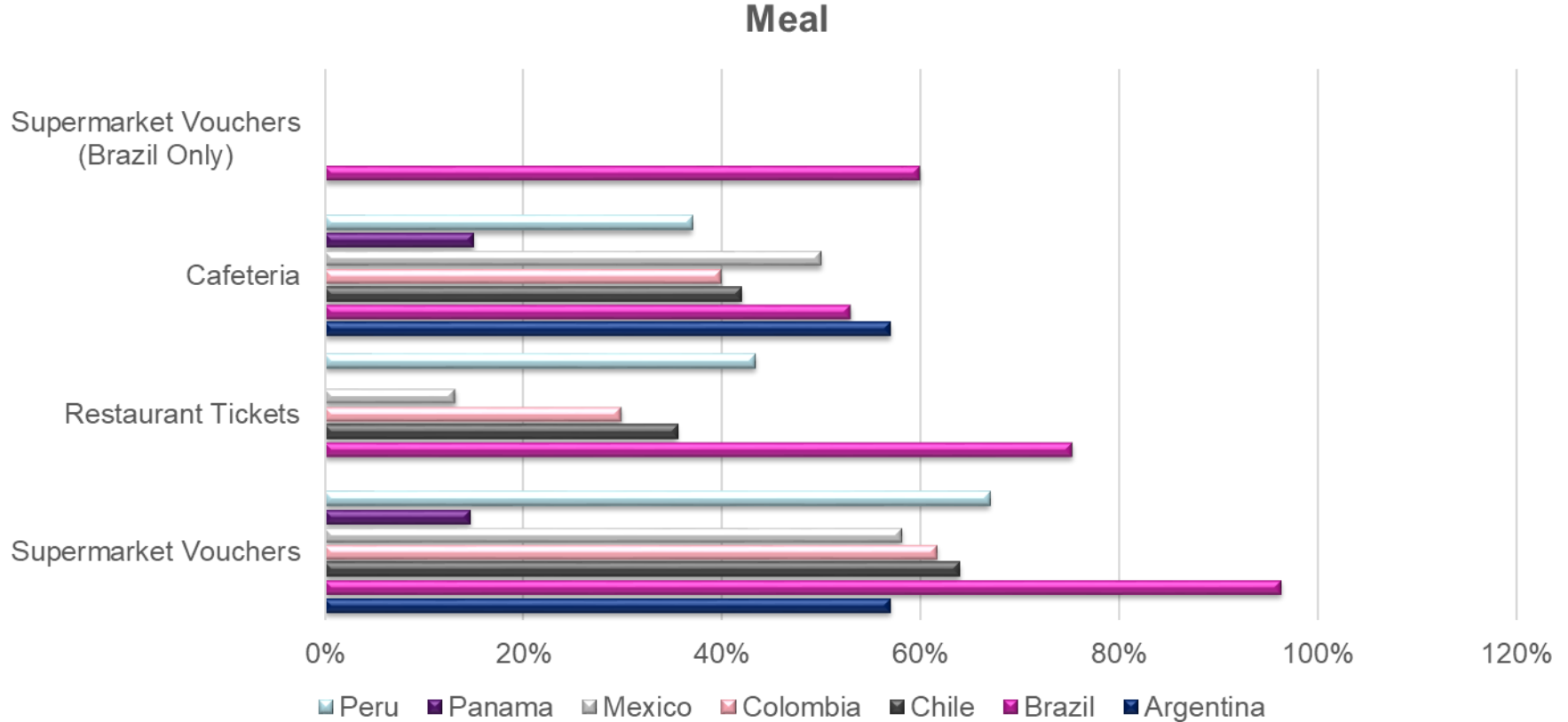


BENEFIT PREVALENCE

Life Insurance and Medical Plan

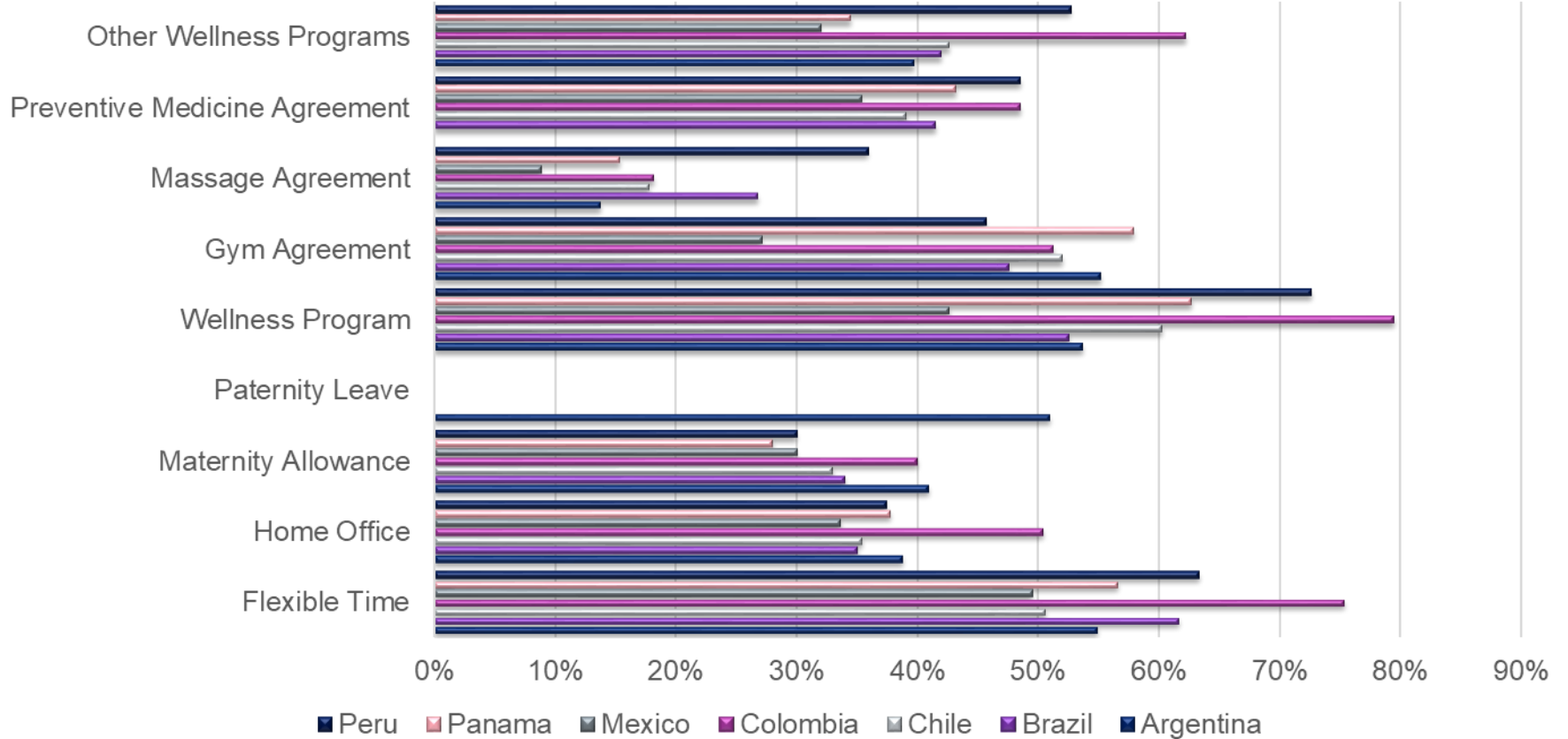


BENEFIT PREVALENCE

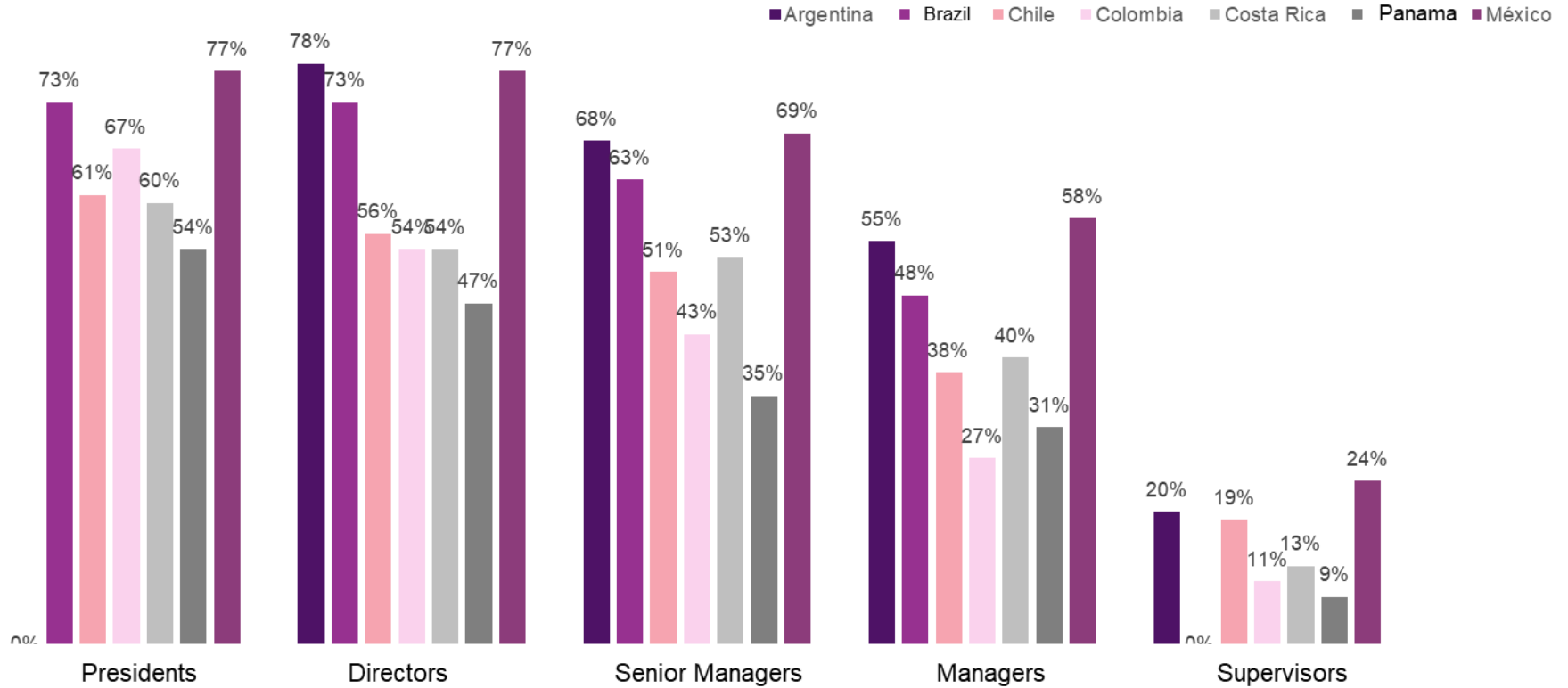


BENEFIT PREVALENCE

Life and Work Balance

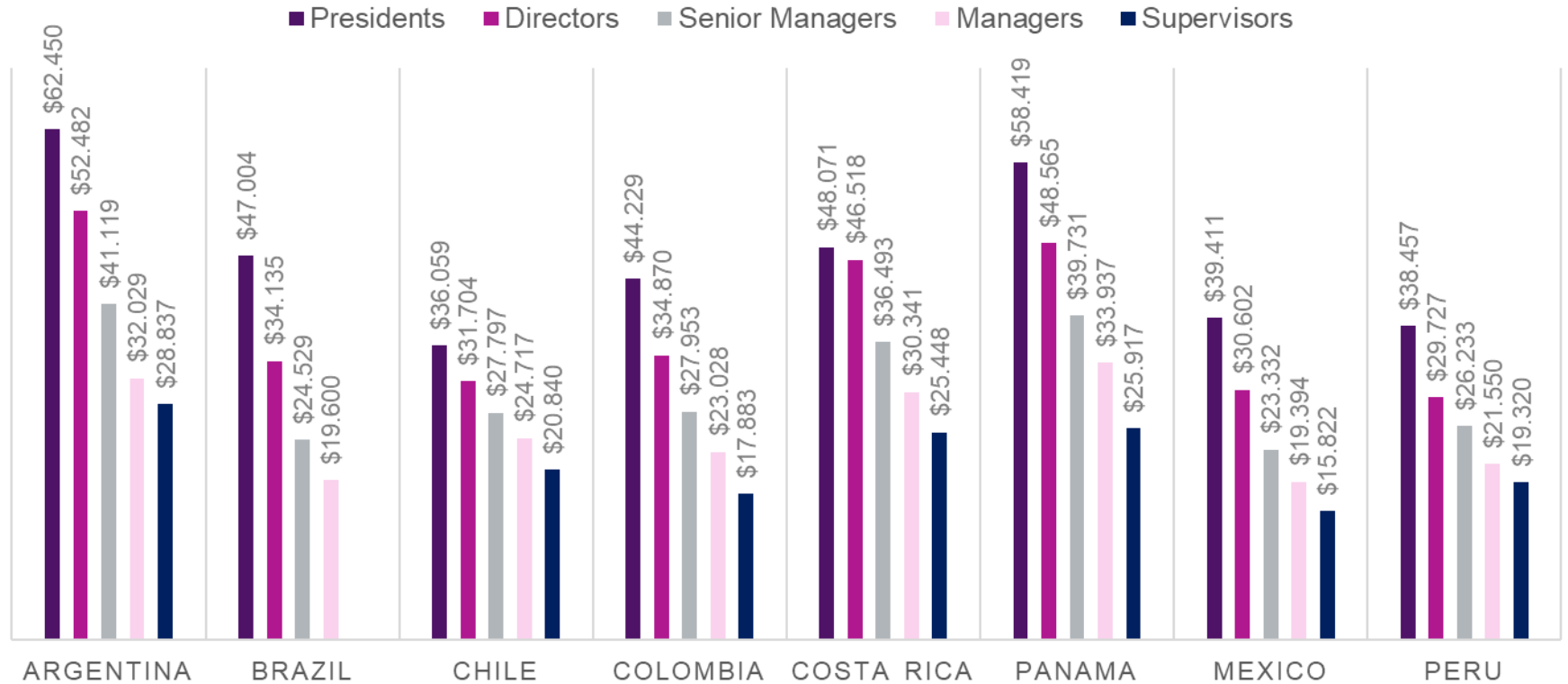


CAR BENEFIT PREVALENCE



*Car maintenance covered in 100% of the companies

CAR BENEFIT (AMOUNT)



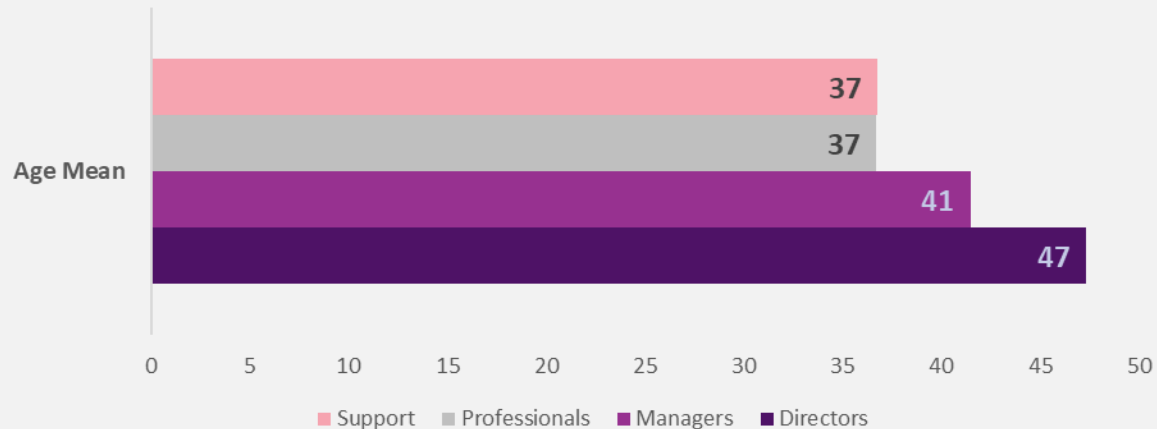
*USD Amount, Exchange rate: October 1st, 2019.

AGE, TENURE, GENDER SALARY GAP

MINIMUM AND MAXIMUM AVG AGE PER CAREER STREAM

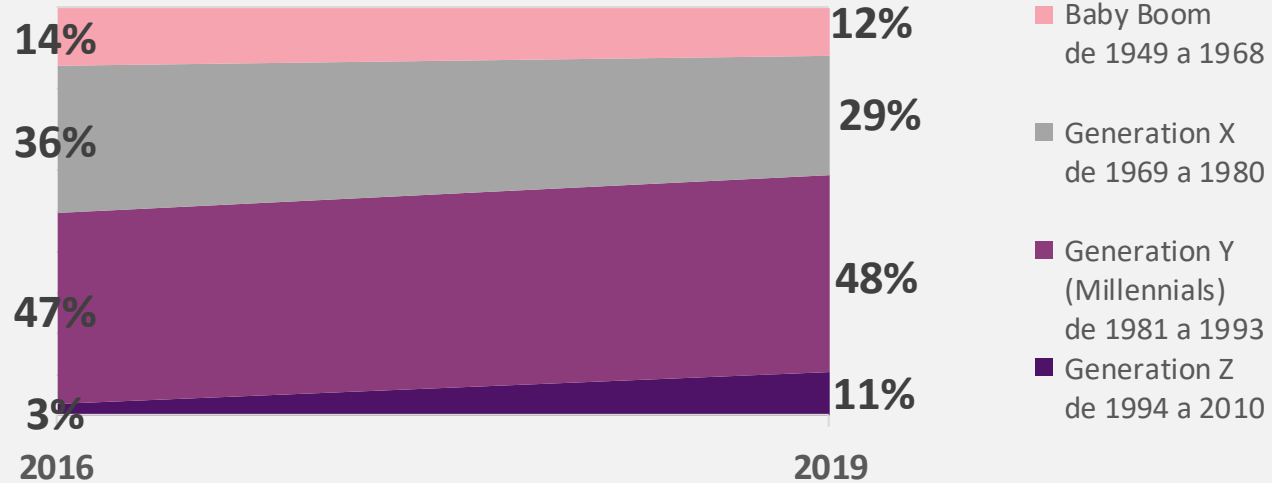
RANKING 2019

Level	Directors	Managers	Professionals	Support
Eldest (avg)	48.5 Argentina	43.1 Argentina	39 Chile	40.4 Chile
Youngest (avg)	45.9 Costa Rica	39.9 Costa Rica	35.5 Costa Rica	34.6 Costa Rica



DISTRIBUTION ACCORDING TO GENERATIONS

GENERATIONS DISTRIBUTION 2016 VS 2019



GENDER DISTRIBUTION AND SALARY GAPS- DIRECTORS



	# Obs.				# Obs.	Base Salary Differences Female vs. Male
Argentina	259	16,1%		83,9%	1.345	-28%
Brazil	1.078	23,9%		76,1%	3.439	-36%
Chile	105	15,7%		84,3%	562	-9%
Colombia	389	28,9%		71,1%	958	-28%
Costa Rica	31	26,3%		73,7%	87	-32%
Mexico	727	18,1%		81,9%	3.283	-36%
Panama	193	30,8%		69,2%	434	-19%
Peru	84	21,2%		78,8%	313	-35%

GENDER DISTRIBUTION AND SALARY GAPS- MANAGERS



	# Obs.				# Obs.	Base Salary Differences Female vs. Male	
Argentina	7.835	26,3%			73,7%	21.989	-1%
Brazil	25.678	33,4%			66,6%	51.115	-6%
Chile	5.819	30,1%			69,9%	13.494	-15%
Colombia	8.376	38,9%			61,1%	13.138	-13%
Costa Rica	1.825	40,3%			59,7%	2.706	-10%
Mexico	20.695	26,4%			73,6%	57.634	-5%
Panama	2.638	43,7%			56,3%	3.405	-9%
Peru	3.124	35,8%			64,2%	5.595	-3%

GENDER DISTRIBUTION AND SALARY GAPS- PROFESSIONALS



	# Obs.				# Obs.	Base Salary Differences Female vs. Male	
Argentina	24.614	41,9%			58,1%	34.126	-5%
Brazil	74.796	40,3%			59,7%	110.605	15%
Chile	14.535	41,3%			58,7%	20.694	-12%
Colombia	35.238	46,0%			54,0%	41.314	-6%
Costa Rica	6.588	41,1%			58,9%	9.447	-8%
Mexico	63.540	37,0%			63,0%	108.132	-22%
Panama	6.516	48,8%			51,2%	6.841	-16%
Peru	9.182	41,5%			58,5%	12.940	-2%

GENDER DISTRIBUTION AND SALARY GAPS- SUPPORT



	# Obs.				# Obs.	Base Salary Differences Female vs. Male		
Argentina	7.368	38,2%			61,8%	11.910	-3%	
Brazil	135.837	31,4%			68,6%	296.587	0%	
Chile	47.924	38,7%			61,3%	75.989	-1%	
Colombia	34.176	32,5%			67,5%	71.035		4%
Costa Rica	7.034	36,8%			63,2%	12.068		5%
Mexico	197.351	42,0%			58,0%	272.205	-2%	
Panama	5.961	39,5%			60,5%	9.128		8%
Peru	9.543	26,8%			73,2%	26.003		10%

GENDER AND TENURE TRENDS



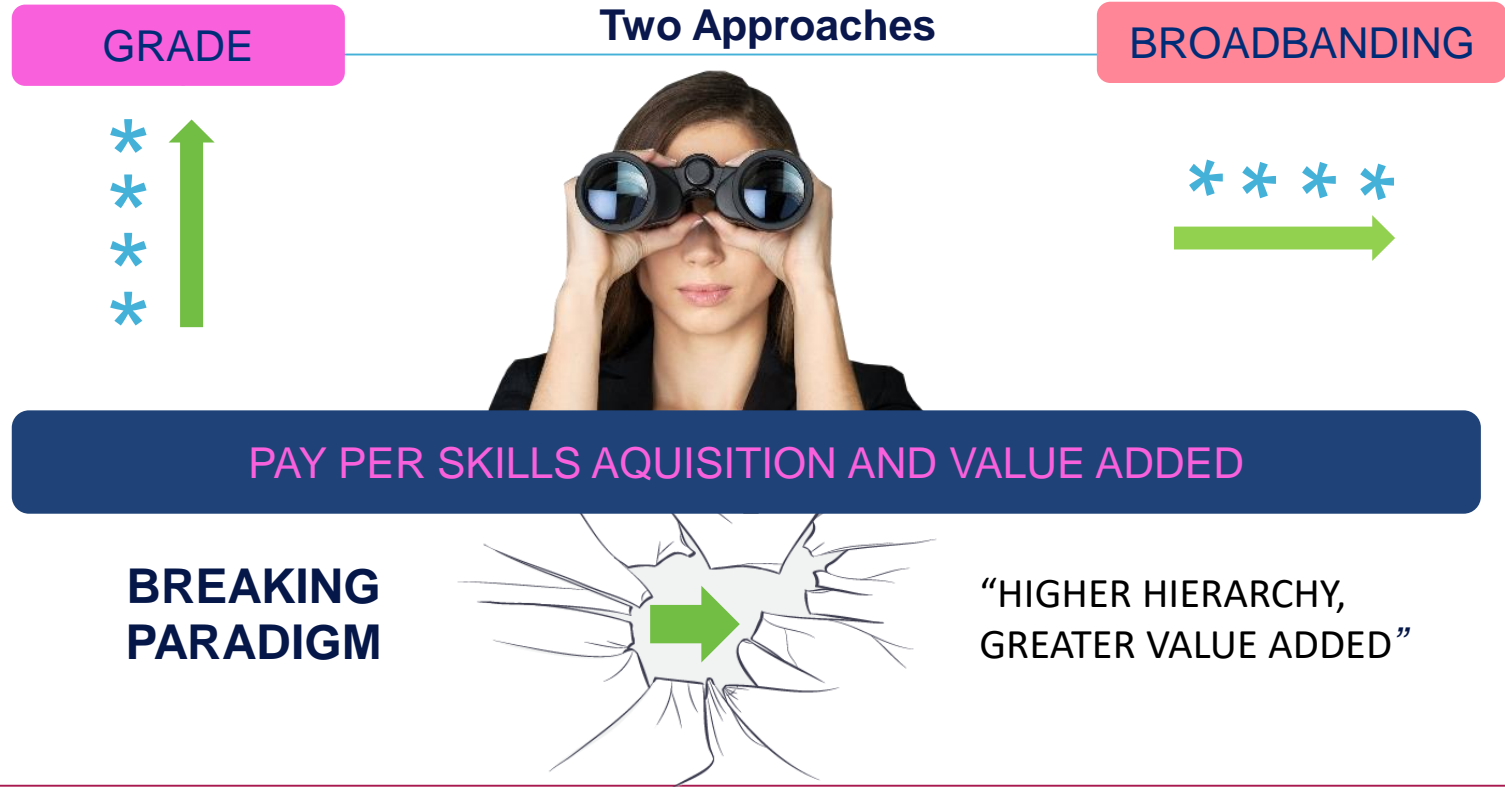
Career Level	TENURE Women	TENURE Men
Support	6.0	6.8
Professionals	6.0	6.6
Managers	8.4	9.0
Directors	9.5	10.3



Career Level	Age Women	Age Men
Support	36.1	37.4
Professionals	35.9	37.5
Managers	40.5	42.4
Directors	46.2	48.4

REWARDS IN THE NEAR FUTURE

REWARDS IN NEAR FUTURE – BASE SALARY DEFINITION



REWARDS IN NEAR FUTURE - LONG TERM INCENTIVES

INDIVIDUALIZATION VS. COLLECTIVISM

Short-term incentives review

- Simplifying plan rules, Project based payments
- Group incentives: Agile emphasizes collaboration, learning and collective intelligence
- Introducing Spot Bonus and Discretionary Elements

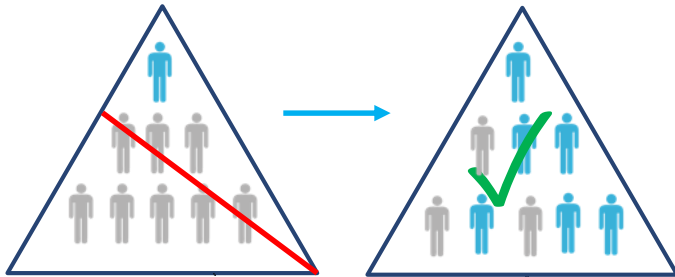


REWARDS IN NEAR FUTURE – LONG TERM INCENTIVES

NO ONE SIZE FITS ALL

Long Term Incentives Review

- Extended eligibility
- Possibility to choose mechanism
- Incorporation of metrics linked to ESG (environment, security and corporate governance).



QUESTIONS?

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THANK YOU VERY MUCH!