



WorldLink

Linking people management professionals around the globe

Be Socially Responsible

By Fernando Ariceta Bombet

Times have changed. The change is permanent and challenges us at every turn. Undoubtedly, the role of human resource managers is changing, too—and in very dynamic ways. Increasingly, we are strategic members of the teams in which we participate. But this new role, which we pride ourselves in, involves a number of additional responsibilities that we haven't had in the recent past.

In addition to dealing with people, we now must look after their environment and be concerned about the sustainability of the organization. Our work depends on the survival of the enterprise, the internal and external environments, and the quality of life for employees.

These new tasks take us to the field of human behavior analysis in organizations, without neglecting the proper handling of human resource management tools, and also correct application of labor relations laws and regulations.

It is in this new area of our responsibilities where our main challenges lie. We should be concerned about the work environment, the organizational culture, employee values and behaviors, leadership and teamwork, and how employees fit within those areas.

In Latin America in particular, this challenge is multiplied by different reasons, the most important being the natural rebellion of



our people. We are emancipated peoples, descended from a remote period of colonization but with attributes from those cultures that colonized us. We innately fight the power and will of authority figures, but when we ascend to those positions, we use our power to impose on the will of others without analyzing the consequences, resulting in conflicts that are difficult to overcome. This is what we call a leadership crisis.

As with every crisis, an opportunity presents itself. As human resource professionals, we must propose the development of a culture of participation and commitment at all levels of organizations so that everyone can rise to a higher standard of social responsibility. When human resource professionals raise the quality-of-life standard within their organizations, it spreads to the community, to the government and to the country as a whole.

To achieve this success, we must work with the leaders of our companies and countries, and strategically assist them with the development of their skills. Difficult tasks await us as human resource managers. As president of the Inter-American Federation of People Management Associations (FIDAGH), I invite all colleagues in the world to participate in this challenge. [WL](#)



Fernando Ariceta Bombet

Fernando Ariceta Bombet is president of FIDAGH.



Balancing Work
and Family in
Latin America



New HR Model
in Brazil



Worker Vitality:
The State of
Occupational
Health in Peru

Chile to Host 2014 World Congress

In this interview with the president of the HR Executive Circle in Chile, learn what to expect at the 15th Annual WFPMA World Congress on people management.

Every two years, the World Federation of People Management Associations (WFPMA) holds a World Congress on people management. Reflecting the event's international origins and concerns, the meeting location moves among its member countries. The World Congress has been held in 12 different countries since 1986.

The congress brings together HR professionals from around the world to discuss important issues and developments in human resources, such as talent management, innovation, leadership and development, organizational effectiveness, engagement, environment, and corporate social responsibility.

Indeed, the member associations of the Inter-American Federation of People Management Associations (FIDAGH) are highly anticipating the 2012 World Congress, to be held Sept. 25–27 in Melbourne, Australia, and to be hosted by the Australian Human Resources Institute. The robust agenda consists of presentations by interesting and insightful thought leaders, human resource practitioners, and professionals within and outside the HR community.

Remembering Chatphong Wongsuk

The World Federation of People Management Associations (WFPMA) Board of Directors regrets to announce the passing of a friend and colleague, Chatphong Wongsuk, WFPMA board member and immediate past president of the Personnel Management Association of Thailand. Wongsuk died peacefully on August 12, 2012, at the age of 54.

“Chatphong Wongsuk was one of our highly esteemed and most respected board members, representing the Asia Pacific Federation of Human Resource

Management on our board,” noted Horacio Quirós, president of the WFPMA.

WFPMA Secretary General Pieter Haen added, “In every HR institutional position Chatphong held at the national, regional and worldwide levels, he was recognized as a great contributor to the HR profession. His contributions and observations showed his wisdom, insight and enormous knowledge and experience in HR.”

Board members admired Wongsuk's thoughtful, considerate and friendly style. Haen recalled his calm, unimposing way of exercising influence over people and gaining acceptance of his ideas. “He always contributed wise and balanced points of view and was highly valued as a distinguished representative of the HR Asia Pacific community,” Haen said.

The death of Wongsuk is a big loss for the human resource family around the world. “Most of all, we have lost a very good friend on our board,” Quirós concluded. “We will dearly miss him.”



Chatphong Wongsuk

FIDAGH is already focused on delivering a rich experience at the 2014 World Congress in Chile. FIDAGH interviewed Miguel Ropert, president of the HR Executive Circle in Chile (CERH Chile), about expectations for this event.

FIDAGH: What is CERH Chile's mission?

Ropert: CERH Chile is an organization supported by Caja de Compensación La Araucana to contribute ideas, initiatives and projects that inform and transform human resource management, as well as to assist companies in achieving efficiency, profitability, competitiveness and productivity. The organization also provides insights on improving the quality of life of workers and their families in organizations throughout the country.

Its mission is to “be a meeting place for executives with diverse interests who recognize as fundamental the integral development of individuals, to encourage the sustainable growth of enterprises, and thereby, contribute to the progress of the country.”

FIDAGH: How will you prepare for the World Congress?

Ropert: Chile's nomination materialized during the general assembly of 15 countries at FIDAGH's 22nd Annual Latin American Congress of Human Resource Management in October 2011 in Quito, Ecuador. CERH Chile, along with the Chilean government and the Gold Sponsor, La Araucana, are honored to host the thousands of global attendees in 2014.

The congress will be held in Santiago, Chile, for three days with the support of the Government of Chile, the Labor Ministry, the Confederation of Production and Commerce, local and multinational companies, and public and private universities. FIDAGH will have a very important role in the coordination with the other Latin American HR associations to support CERH Chile in this event. All themes in the congress will address global issues in the areas of human resource management.




Miguel Ropert

FIDAGH: What can attendees expect for the 2014 Congress and visiting Chile?

Ropert: Our country and its capital, Santiago, bring together the perfect conditions for the realization of the next World Congress. Santiago boasts a modern infrastructure and high standards of services; hotels and a convention center of excellent quality; the most modern international airport in Latin America; political, economic and social stability; advanced technology and communications; and, most important, the genuine warmth of its people. Also associated with the congress, we will have networking opportunities and tourist outings to such popular destinations as Patagonia, the Atacama desert, the port of Valparaíso, and the beaches of Viña del Mar and Easter Island, to name a few.

We would like to highlight the extraordinary quality of speakers and professionals that we hope to convene; they will address future trends that fulfill the needs of participants of a congress of this caliber. We hope to offer a world-class conference as its name indicates.

Accept this as our invitation to you to live this great experience and be part of this great worldwide convention. We are expecting you. Until then, we will see you in Melbourne in September. 

Balancing **Work and Family** in Latin America

By Corina Rodríguez Enríquez

The increasing entrance of women into the labor market is one of the defining characteristics of recent developments in Latin American countries. In the last two decades, the female economic participation rate grew from 42 percent to 52 percent (while the male economic participation rate kept steady at 78 percent).

Higher female employment—combined with a decrease in the number of children, growing life expectancy, and a higher rate of both single-parent and dual-earner families—creates an inevitable tension with regard to the need to meet the demand for care of household dependents (children, the elderly, and the sick or disabled). This tension occurs because the increase in women’s participation in the labor force was not accompanied by an equal transformation in the social organization of care.

Indeed, in Latin America the social organization of care is largely sustained by unpaid home care work, disproportionately performed by women. The prevailing social view is still that home is the “natural” care environment (especially for children) and that the responsibility of care falls to women. Also, there has been weak government participation in terms of the regulation and provision of care services. And, in a profoundly unequal society where private care services are expensive, access to them is remarkably segmented and stratified.

Work-Family Balance

Addressing the issue of work-family balance should become a top priority for the Latin American public policy agenda in several ways.

First, improving work-family balance increases distributive justice. Several inequalities, such as gender, socioeconomic (or class) and intergenerational inequality, meet and synergize in the area of care. Current social organization of care in the region is unfair because it puts pressure on women’s time (and ultimately on their quality of life), particularly for poor women.

Second, the extreme burden of women’s domestic and care responsibilities is one of the main barriers that hinder their participation in the labor market. This entails economic losses not only for women themselves but for the entire social and economic system. This happens because the female labor force is being underutilized, and thus the economy reaches lower production levels than those it could have achieved if it had made full use of the women’s labor force. The loss in systemic productivity triggered by the exclusion of women from the labor market is getting bigger as women become more integrated into the educational system.

Ignoring the issue of care and work-family balance puts additional pressure on tax policies, which must allocate a portion of public spending to tackle issues derived from the tension in care organization, such as lower household incomes, greater difficulty in breaking the cycle of poverty, social unrest, and conflict caused by neglected children and adolescents. Thus, the argument that fiscal constraints interfere with the development and implementation of care and work-family balance policies fails to stand up to serious scrutiny, when confronted with the cost of the lack of adequate care policies.

Core Problems

In Latin America, the issues of organization of care and work-family balance face similar challenges as in other regions of the world: government resistance to addressing the problem; the dominance of conservative, sexist and patriarchal approaches to the organization of care; and the undervaluation of care work and those performing it. In addition, the region features certain specific aspects that further complicate dealing with the issue.

The composition and dynamics of the Latin American labor market is one of those aspects. Labor informality, or any form of capital-labor relationship that is non-compliant with labor law, is a

long-lasting, structural component. Thus, the aim of organizing care and facilitating work-family balance through legislation or by offering care services at the workplace has a poor outlook, and it will most likely have only a small impact. Small production firms with low productivity levels typically experience great difficulty in providing any form of care service.

Another feature in the region is the poor development of values associated with corporate social responsibility. While the very notion of corporate social responsibility is controversial and merits in-depth discussion, it undeniably provides a useful strategy to promote care services at production units. In Latin America, only big multinational companies employ this strategy, which is alien to most local production organizations. Furthermore, given the low productivity level of some sectors, even if corporate social responsibility is perceived as valuable, it will ultimately prove unfeasible.

Finally, the structural weakness of countries in the region is



another important aspect to consider when creating strategies and public policies designed to facilitate an adequate work-family balance. Once again, differences among countries are highly noticeable. One can argue that in many countries (particularly in Central America and some Andean countries), fiscal restrictions are huge and the institutional weakness is much too evident. However, the last decade has presented a more optimistic outlook in the region. The decline of the market regulation paradigm and of structural adjustment programs are clear indicators of a friendlier environment in which to promote public policies. The consolidated economic growth during the last decade has significantly helped to balance fiscal accounts and reduce national debts (again, with great variation among countries), making it easier to cover the costs of creating alternatives to better achieve work-family balance. Therefore, this seems to be the right time and scenario to discuss alternatives and strategies in this area.

Best Practices and Possible Alternatives

So far, governmental response to care demands and the need to attain

Work and Family continued on page 4

work-family balance has been weak in all countries of the region. With regard to legislation, legal protection for the working mother is virtually the only regulation in force. The law establishes a prenatal and post-natal maternity leave and protection against detriment or dismissal during that period.

While fathers' right to participate in child care is recognized, paternity leave is definitely uncommon. In a dozen countries in the region, fathers have the right to paid paternity leave, which ranges from two to five days in most cases. Parental leave in the case of a child's illness is very limited or almost non-existent in most countries.

Public Care Services

Public programs that take the form of assistance are focused on attending to the needs of the most socioeconomically vulnerable households. In terms of schooling, countries in the region are making progress in extending the coverage of basic educational services; in several countries, the enrollment rate at that level is close to 100 percent, with government playing an important role in managing the process. However, when one considers the supply of education to be a mechanism supporting work-family balance, there are still two weak points in this arena:

First, the school schedule is not usually compatible with working hours, because only half-day school schedules are offered in the majority of cases. Second, school coverage is very deficient for those under the age of compulsory education (5 years old in most cases). Nevertheless, the coverage of preschool education has improved recently, and some countries are implementing initiatives to lengthen the school day.

Chile is a pioneer in this field; in 2006, more than 7,000 schools throughout the country had implemented a longer school day. In Costa Rica, the pilot program "Second House" attempted a similar model and achieved good results. In both cases, infrastructural support was an enormous advantage.

The lack of public provision of care services for younger children and of quality, full-time services means that the best educational coverage comes from the private sector. The cost of such services makes their accessibility extremely segmented, and practically impossible to reach for the lower-income sectors of society. For families excluded from formal early education opportunities—and therefore from the mechanisms that facilitate work-family balance when care is needed for young children—governments in the region have developed assistance-based responses aimed at addressing the issue of child poverty.

Despite the lack of care services offered to facilitate work-family balance, there are a few good examples to note that show how the issue is slowly gaining space on the public policy agenda and how real progress can occur.

Chile's "Grows with You" program is one of the initiatives that demonstrates both the possibility of developing effective policies in the area as well as their relevance and usefulness. The program "Comprehensive Protection System for Early Childhood," created in 2006, establishes free nurseries for children under the age of 2, with the aim of supporting both the children's development and their mothers' participation in the labor market. The program focuses on the most vulnerable 40 percent of the population. An estimated 3,500 nurseries, providing care to 70,000 children, have been opened under the framework of this program.

Another notable example comes from Uruguay, where the government has made the reorganization of care a priority. In May 2010, a working group was created by presidential order to coordinate the design of a National System of Care. Since then, the group has made progress in the production of relevant information about care

needs and the discussion on system design. It has also made very solid progress developing the tools that will be used to create awareness of the issue and spread relevant knowledge, based on the notion of equal distribution of care responsibilities. Currently, the group is developing a legal framework for the National System of Care, as well as starting with some pilot experiences in home-based care and in long-residence units for the elderly.

Advances at the Corporate Level


Initiatives at the enterprise level to promote work-family balance in Latin America are scarce and dispersed. As mentioned earlier, they are taken mostly by large, multinational enterprises. Those initiatives are presented as part of actions in the field of corporate social responsibility rather than as actions to promote workers' rights.

Most initiatives have to do with flexibility in working hours, where the technical aspects of the work performed allow for that. Allowing employees to perform work at home some days during the month is the usual way of implementing this initiative. Some enterprises create "banks of hours" from which workers (both male and female) can take credit for hours that are later "repaid." Some corporations also extend maternity leave or allow for an incremental reincorporation to work after giving birth. The positive impact of this type of action, in terms of individual performance at work, is highlighted. Still, these initiatives at the corporate level are unusual.

Path to Work-Family Balance

Latin America presents a favorable context for public policy action that, combined with private and community groups, allows for improvement of care and facilitates work-life balance. The goal in this area should be to provide conditions that allow each person to choose how to create their own work-family balance. Creating a balance of social co-responsibility that promotes decent working conditions for all men and women may be a good model to work toward.

The examples cited here can provide valuable lessons along this path. Additionally, the following recommendations can be taken into account:

- Generate social awareness about the need and convenience of advancing toward a fairer and more equal social system of care.
- Generate information that shows the social and economic benefits of work-family balance schemes.
- Promote strategic alliances between the state, employers, unions and community organizations that enable the design of integrated and sustainable activities, created with social consensus.
- Promote further extension of maternity leave, paternity leave and parental leave, with financing mechanisms that prevent any kind of discrimination. Develop mechanisms to extend the coverage of these regulations to informal employment sectors.
- Promote the flexibility of time and work organization in the public and private sectors to accommodate household needs. Perform studies that show the positive effects these types of measures have on productivity.
- Generate mechanisms that facilitate the implementation of work-family balance measures in small and midsize companies.
- Prioritize social investment in care services. Promote initiatives for the gradual extension of the school day, as well as the gradual extension of early childhood education (from 6 weeks old to 5 years old). Expand the supply of child care (nurseries), and campaign to promote family trust in these institutions. 

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New HR Model in Brazil

By Leyla Nascimento

The talent management challenges in Brazil persist even as the country's economic growth rate has slowed from a blistering 7.5 percent in 2010 to 2.7 percent last year. With a forecasted growth rate of 1.9 percent in 2012, the economy added 100,000 fewer jobs in June 2012 than it did in June 2011.

Still, the labor market suffers from an accelerating gap between how universities prepare their graduates and what the business world demands from those graduates. The crucial challenge in Brazil is producing the quantity and the quality of professionals to fill the highly skilled openings that emerge daily in the job market.

Thus, it is left to human resource professionals to carry most of the burden of developing professionals with the skills needed to keep their organizations competitive and poised for the future.

In response to the skills gap, human resource processes are undergoing a shift that emphasizes education as the foundation for successful employment. How else to recruit and select employees than by basing the process on competencies that guarantee the continuous learning of the person hired and those around him?



Professional training is being geared toward the specialization of some functions but also on the knowledge required to keep the company ahead of its competitors and to position it for longevity in the market.

By modifying performance evaluations, the core measurement becomes an employee's capacity to retain and gain knowledge, and the results achieved from such knowledge. Thus, the performance evaluation system is an important piece in monitoring the company's ability to capitalize on new opportunities and to react to market changes.

Another point that must be underscored is generation management. Companies in Brazil are increasingly hiring Generation Y and Millennial generation youths, who seek companies with opportunities to learn and to share knowledge across multidisciplinary teams.

The Brazilian Human Resources Association has worked with human resource professionals and leaders in general in promoting this new HR model:

- Review the aspects of Brazilian legislation concerning labor relations to facilitate the entry of more workers in companies.
- Stand alongside the government and the National Confederation of Industries to face the challenge of education as a means for qualification and transformation.
- Mobilize leaders to expand their roles as educators and people developers.

Helping HR professionals achieve these goals has been the mission of our association. [WL](#)

Leyla Nascimento is president of the Brazilian Human Resources Association (ABRH) and vice president of the south region of the Inter-American Federation of People Management Associations (FIDAGH).

Worker Vitality: The State of Occupational Health in Peru

Contributed by the Peruvian Association of Human Resources (APERHU)

Occupational health and safety is considered essential for the progressive development of any country. In the case of Peru, which has a very high rate of informal, unregulated employment—nearly 80 percent of the total workforce—the practice of occupational health and safety is almost non-existent. But recent regulations, the influence of multinational companies and an emerging acceptance of the financial impact of healthy workers have brought attention to occupational health and safety in Peru.

Occupational health focuses on the promotion and protection of workers' well-being and the prevention of accidents. It not only contributes to the productivity and progress of employees but also to the development of a fair and balanced society. It also takes into consideration the inherent dangers of a particular industry. For example, one cannot compare the job of a miner, who is exposed to high temperatures, pollution and noise, with the job of an office clerk.

In addition to worksite dangers, any pathological condition, temporary or permanent, that arises from the type of work performed or the working environment is considered an occupational disease. These illnesses are typically chronic and long-term. The adequate treatment, and ideally prevention, of these conditions should be a top

priority for organizations in Peru due to their impact on health costs and productivity.

Regulatory Changes

Over the past five years, at least in the formal sector, health rights of Peruvian workers have undergone important changes: First came enactment of the Safety and Health at Work Regulation by Decree in 2005, followed by its amendment in 2007. Before these regulations, workers were protected under the Health General Law and the Complementary Workers Compensation Insurance (SCTR), which is

Occupational Health in Peru continued on [page 6](#)

exclusive for certain job activities, such as mining, but doesn't cover all industries, including construction.

In Peru, the law states that employers must maintain a safe and healthy work environment in compliance with occupational safety and health regulations, and are obliged to guarantee the safety and health of workers in performing all work-related tasks and while at the worksite.

Additionally, employers must provide workers with information concerning risks in the workplace and with occupational safety and health training when they begin their employment, at appropriate times during the course of their employment, and when any changes in function, job description or technology occur.

Employers in Peru must develop an action plan for prevention of workplace accidents, based on an initial risk evaluation of job requirements, the nature of the work activity, equipment, dangerous material and substances, and the work environment.

Depending on the results of the risk evaluation, the employer may be required to put in place periodic health screenings and regular controls on the conditions of work to detect potentially dangerous situations, as well as precautionary measures that guarantee an increased level of protection.

Employers are liable for all the economic costs associated with accidents or injuries suffered by workers in the performance of their duties, or as a consequence of them, including legal fees.

In Peru, workers are required to comply with occupational safety and health regulations and instructions given by their supervisors. They must use protective equipment effectively and may not operate or handle equipment, machinery or tools that they are not authorized or trained to use. Employees must participate in training programs and other preventive activities that are organized by the Ministry of Labor and Employment Promotion (MTPE) or the employer. They also must submit to medical exams that are required by company regulations.

Effective Supervision

Despite the regulations and the officials tasked with investigating the safety of workplaces, it appears enforcement is weak. According to a 2007 report by the U.S. Department of State, Peruvian officials lacked the resources, ability and authority to effectively monitor enterprises and to enforce compliance with, and even collect fines for violations of, occupational safety and health regulations.

"Five years ago, we had less than a hundred doctors working in the occupational health area," noted John Astete, president of the Peruvian Society of Occupational Health. "Currently, we have specialists, consultants and several private companies in this area, which, undoubtedly, is encouraging. But the doubt of how many are adequately trained persists."

Winds of Change

Employers must realize that occupational health is more than simple medical examinations of employees. The true value of occupational health lies in the knowledge, evaluation and control of the risk factors associated with employers' activities and how they affect employees.

In this sense, globalization has played a major role in forcing companies to create formal policies to secure new business. Carlos Palacios, commercial manager of Vital Group SA, a global manufacturing company with facilities in Peru, pointed out that "gradually, foreign corporations are only building relationships with those companies that manage health and safety services for their staff."



This is required not only for global certifications but also because of the possible risks entailed by the law that consider them third parties responsible for any accidents. Therefore, according to Palacios, "the private sector has had to assume a chain of obligations whose direct beneficiaries are the local workers."

Ronald Vargas, partner at Yataco Arias law firm in Lima, believes that beyond the legal and commercial obligations, a genuine new way of thinking and acting by entrepreneurs has emerged. "Today's human

Workplace Accidents in Peru by Industry, 2006

The number of workplace accidents formally reported to the Ministry of Labor and Employment Promotion

Mines	126
Manufacturing	101
Construction	49
Transportation	18
Vehicular repair	12
Sales	12

Source: U.S. Embassy in Lima, Peru, 2007.

resource managers are aware that the state of health of an employee considerably affects the productivity of the organization," he said. "Therefore, they improve their internal regulations and implement management systems that have as a main objective the promotion of a culture of prevention of occupational risks."


Sense and Awareness

Lagging behind the recent strides in workplace safety is progress on the prevention of workplace-related illnesses. Health care policy in Peru has focused more on fighting diseases or illnesses that have already developed rather than focusing on prevention, which is far more sustainable and inexpensive in the long run. This is one of the reasons the efforts made by public and private institutions since enactment of the 2005 occupational health laws in Peru have failed to make a positive impact on control or reduction of occupational hazards.

Palacios believes that limited health care coverage and weak preventive care are a matter of culture. The management of the family budget, which prioritizes food, clothing, housing and, in the end, health, is the same as that reflected in the national budget. "Unfortunately, health tends to occupy the last place in the list of outstanding expenses," he noted.


While awareness of the value of occupational health has increased, Peru has a long way to go. First we must understand that the main asset of a company is its workers and that the assurance of their safety and good quality of life is therefore an investment. We must recognize that this investment is a smart step toward retaining workers and taking advantage of all their skills for the benefit of the business. Therefore, we should not forget that the promotion of occupational health goes beyond the responsibility of compliance and the potential for new business with multinational firms. Its highest aim is the well-being of workers and the environment that surrounds them. **WL**

Argentina Workers' compensation reform bill


 The administration has completed legislation to reform the country's workers' compensation system (ART), mandating that employers contract with private companies for "labor risk insurance," combining workers' compensation insurance with occupational safety advice. The package, which will reach Congress soon, would now:

- Increase compensation for permanent disability by 20 percent but bar injured workers from suing their employers.
- Peg the compensation to the labor ministry's wage inflation index.
- Charge a regulator with creating and maintaining a list of occupational hazards subject to ART coverage.


Brazil Retirement age proposal

 Brazil's president plans to propose a minimum retirement age of 65 for men and 60 for women for private-sector employees to limit the country's future pensions deficit, according to the government. The anticipated rule, which would apply to future contributors to the National Institute of Social Insurance (INSS), would be designed to reduce long-term social security costs. It is also hoped that it would partially offset anticipated higher costs associated with proposals to ease retirement requirements for private-sector employees currently being considered by Congress. Brazil's private-sector employee pension fund reported a deficit of US\$18.5 billion for the year ending in June 2012, according to the INSS website.

Bolivia New law on workers with disabilities

 General Law on the Disabled was promulgated in March. It introduces employment rights, hiring incentives and building access standards for people with disabilities. An annual subsidy for the employment of workers with disabilities will be revised each year by regulatory decree. Activists staged protests when they learned that the subsidy would start at just US\$144.


Chile Job contingency plan, bankruptcy rights

 The finance minister has submitted a measure to Congress that would allow workers the choice of working half time at 75 percent of normal pay. Part of a contingency plan for economic instability, the bill would be passed and set aside to implement, if needed, in an emergency. Workers who choose to work half time at half pay would receive 25 percent income replacement via job insurance.

A draft bill would establish employee rights in corporate bankruptcies. The government has forwarded legislation, which has been signed by the president, to the National Congress that sets out workers' rights in a bankruptcy. Bankruptcy

trustees would be obliged to settle promptly with employees on all salary, allowances and pension contributions due to them, sparing workers the long court battles that often ensnare creditors in a bankruptcy.


Colombia Telework decree

 Effective April 30, 2012, Decree 884 of 2012 sets a regulatory framework for the employment of teleworkers. Under these rules:


- Contents of the employment agreement are detailed, including work schedules and employee responsibility for company property and the security of information on their computers.
- Workers are entitled to overtime, Sunday and holiday premiums when the work hours can be documented.
- Both the employer and the employee have occupational safety obligations.
- Employers must promote equal treatment in pay, training, education, access to better employment opportunities and other basic labor rights.

For more information, see the Ministry of Labor's website promoting telework (www.teletrabajoencolombia.com) that features FAQs on the decree.

Ecuador Shareholder liability for social security contributions


 The president has submitted a bill for fast tracking in the National Assembly that would hold shareholders responsible for unpaid social security contributions. The draft Law for the Defense of Labor Rights would extend employer liability to shareholders—even those outside the country—and their heirs. Their shares and all other personal assets would be subject to seizure. The bill also proposes that women in enterprises large enough to sponsor an obligatory nursery (50-plus workers) be extended the default right to nine months of reduced hours after giving birth, which is now offered to women in companies without nurseries. Legislators must act on the bill within 30 days or it will automatically go into effect. The president has the votes, and the bill has already cleared the Committee on Economic and Tax Regime.

Paraguay Personal income tax law

 Following the June 22, 2012, impeachment of Fernando Lugo, newly sworn-in president Federico Franco quickly moved to gain Senate approval and to implement a 10 percent income tax for people earning the equivalent of more than US\$4,000 a year—a wealthy income in this largely agricultural economy. Paraguay was the only country in the region that didn't have an income tax. It took effect Aug. 1, 2012, and includes exemptions for various employee benefit contributions and payments. Franco also struck a

deal with Canadian mining company Rio Tinto Alcan for a US\$4 billion aluminum plant on the shores of the Parana River that is forecast to create 1,250 jobs. The deal had been stalled by the Lugo administration due to concerns over the plant's environmental impact.

Peru Pension reform

 In June 2012, Congress approved the finance minister's legislation reforming the AFP private pension system. Once the legislation is signed into law, workers under the age of 40, including independent workers, would have to contribute 10 percent of income to a pension fund, provided they earn at least one and a half times the minimum wage. Supporters maintain that a centralized administrative process and a more competitive market would drive down fees, as would a gradual transition to basing fees on actual funds under management. One month after approval, opposition legislators said they planned to challenge the reform law in the Constitutional Tribunal, questioning the constitutionality of switching from commissions based on contributions to commissions based on assets. Asociacion de AFP, the association of private pension fund managers, has voiced constitutional concerns but said it would wait for the final regulations before joining a lawsuit. The sector's primary concern at this stage is that the reform's centralization of key administrative functions will prove far more complex than initially expected.

Venezuela Mercosur membership approved

 On July 31, 2012, the presidents of Argentina, Brazil and Uruguay formally admitted Venezuela into Mercosur, the world's third-largest trading bloc. Venezuela's full membership had been favored by all of Mercosur's member countries except Paraguay, whose Congress had obstructed the initiative for years. With Mercosur's recent suspension of Paraguay over its congressional impeachment of President Fernando Lugo, the US\$3 trillion trade grouping easily voted Venezuela in.

Sources: *Economist Intelligence Unit*, *BBC*, *BNamericas*, *Reuters News*, *The New York Times*, *The Wall Street Journal*, *Reuters* and *Bloomberg*.

THE WORLDLINK HR CALENDAR

September 5-6, 2012
47th Annual International
Congress of Human
Resources
AMEDIRH
Mexico City
E-mail: contacto@amedirh.com.mx
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September 25-28, 2012
WFPMA World Congress
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October, 31, 2012
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November 6-8, 2012
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WORLDLINK

welcomes news stories, announcements of events and ideas
for articles. These should be accompanied by a telephone
number and e-mail address.

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NEXT ISSUE

The next issue of *WorldLink* will
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news from the 2012 World
Congress in Melbourne, Australia.

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