

InvestChile Executive Summary

Study title: IMD World Talent Ranking 2021

Author: *International Institute for Management Development (IMD Business School).*

What is it?

This study was conducted by the *International Institute for Management Development (IMD Business School)*. Firstly, The World Talent Ranking evaluates the degree to and effort with which an economy develops its national talent pool (*investment and development factor*). Secondly, it analyzes a country's capacity to retain local talent, while taking advantage of foreign potential and international staff to satisfy the market's demand for talent (*appeal factor*).

Thirdly, the ranking describes the skills and competencies available in a particular economy (*readiness factor*), by measuring a country's readiness to satisfy talent demands. This ability is determined by the effectiveness of its education system (for example, universities, education, and student mobility) and the type of skills and competencies it offers as a result of that effectiveness (for example, skilled labor, financial skills and senior managers with international skills). In general, it refers to readiness for future challenges.

Latin America and Chile

Chile has always stood out with a positive evaluation, surpassing all the Latin American countries included in the sample, and positioning itself, since 2017, as the leader in Latin America. In 2021, Chile ranked 48th, while its best global ranking rating corresponds to the ability to retain local talent and the ability to attract foreign talent (23rd place).

Table 1: Below is a table of positions that shows Chile's global ranking history as of 2017, which shows that the country fell seven positions, from 41 to 48.

Year	2017	2018	2019	2020	2021
Overall Ranking	44	43	46	41	48

Table 2: The following table shows the three factors evaluated in the World Talent Ranking. It should be noted that the numbers presented below correspond to Chile's position in the ranking, so the lower the number, the better positioned the country is.

Factor	2017	2018	2019	2020	2021
Investment and Development	53	55	50	48	46
Appeal	27	30	34	30	23
Readiness for the Future	43	35	46	48	58

Table 3: The following table shows the subfactors associated with the three factors mentioned in Table 2. It should be noted that, although the total number of subfactors are 31, only those in which Chile's position ascended or descended considerably were considered.

Factor	Sub-factors
Investment and development	<ul style="list-style-type: none">• Public spending on education
Attractiveness	<ul style="list-style-type: none">• Ability to attract foreign talent• Ability to maintain national talent• Personal taxes• Cost of living index
Readiness for the Future	<ul style="list-style-type: none">• Work force

In the 2021 evaluation for Latin America, following Chile (48th) Argentina ranks 54th, Colombia 55th, and Mexico 59th. Despite maintaining its lead, as shown in Table No. 1, Chile has dropped from 41st in 2020 to 48th in 2021.

This is mainly due to the *Readiness for the Future* factor. On this point, the decrease in the *labor force* was predominant, a sub-factor in which Chile ranked 63rd, experiencing a drop of 44 places due to declining employment as a result of the pandemic. In 2020, Chile ranked 19th in this sub-factor. However, the employment recovery will reverse this rating.

In the 2021 talent ranking, Chile mainly stands out in the *Appeal factor*, due to the ability to *attract talent from abroad (Foreign highly-skilled personnel)*, a sub-factor in which it ranks 7th (8th in the year 2020), along with the ability to maintain its own talent (*brain drain*), ranked 19th, a drop of 10 places from the previous version (9th in 2020).

Regarding improvements and progress, the country shows significant increases in the *personal taxes* sub-factor, ranking 9th (32nd in 2020), and the *cost of living index* sub-factor, rising from 32nd in 2020 to 19th in 2021.

In the *Investment and Development* factor, Chile obtained a good classification in the *public spending on education* sub-factor, ranking 18th.

Global results

The global evaluation of the South American countries is not encouraging since, as a region, it ranks last in two of the three factors: *Investment and Development*; and *Readiness*. The factor that stands out the most in South America is *Appeal*, despite the fact that it only surpasses Eastern Europe and the former Soviet republics (Kazakhstan, Mongolia, and Russia). However, it should be noted that several countries in Eastern Europe have had significant increases; for example, six of the ten economies that improved the most in the ranking are from that region (Ukraine, Hungary, Croatia, Estonia, Slovenia, and Romania), gaining ten places between 2017 and 2021. Chile – while leading the region - has lost four places during this period.

Leadership in the workplace

One of the ranking's central points is the importance of leadership when dealing with the effects of the pandemic on the labor market. Concepts such as "telework" and "home office" mean that required skills can be carried out remotely. This, plus worker preference for a more flexible model, ultimately translates into employees becoming increasingly enthusiastic about work, motivated by a high quality of life, flexible work, and on-the-job training

opportunities; before, pay was the driving force behind workers' desire to stay in their jobs. According to this IMD World Talent Ranking 2021, people's enthusiasm for work has proven crucial to economic success.

Arturo Bris, director of the IMD World Competitiveness Center (WCC), indicated at the ranking's presentation, *"the results have implications for leadership responsibilities in motivating workers, taking into consideration what they can offer so that they perform in a flexible way and have the best technology at their disposal"*.

Conclusion

The 2021 ranking shows that regional trends are dominated by Western European countries along with the stagnation of South American countries. It is especially noteworthy that, in terms of talent, the level of worker motivation is essential for competitiveness. This goes beyond economic incentives and an increase in the standard of living, since most emphasis is given to the role of organizational leadership in preparing workers for the new scenario. It is the worker motivation that will ultimately determine the success of the post-pandemic work context.