



SCHOOL OF BUSINESS

Stetson-Hatcher School of Business and Economics (SHSBE)

“Mercer University’s SHSBE delivers career-focused business education in order to develop innovative leaders who are responsible global citizens.”

Visual Reporting and Communication

Group Project

Country: Chile

Group members:

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Executive Summary:

Our team has carried out an extensive examination of the economic circumstances in Chile, concentrating on significant metrics from the previous ten years, in compliance with the CEO's order. Variables like GDP per capita, inflation rate, exchange rate, unemployment rate, literacy rate, economic freedom, and interest rate have all been carefully studied. By means of thorough data analysis and comparison with international standards, we have acquired important knowledge about these regions' economic environments.

Notable trends and patterns in the Chile's economic development are shown in our study. Inflation rates have changed, impacting consumer behavior and investment decisions, even as GDP per capita has varied between areas, reflecting differences in economic development. Exchange rates have fluctuated, which is indicative of trade dynamics and external economic variables. Moreover, variations in HDI ratings reveal variations in human rights and social development policies. Important background information for evaluating each territory's business environment is also provided by data on unemployment, literacy, economic freedom, and interest rates.

Based on our results, we recommend proceeding with caution when growing business into the listed regions. While some areas have encouraging economic statistics and business-friendly climates, others have issues like high rates of inflation, unstable sociopolitical systems, or restricted economic freedom. To reduce possible risks and increase chances of success, a thorough risk assessment and strategic planning procedure are therefore necessary. Maintaining the long-term viability and profitability of the MNC's growth endeavors will also need constant observation and adjustment to changing economic circumstances.

Background:

The multinational corporation in the apparel industry is looking at expansion potential in several countries. As part of this strategy, the CEO has assigned us the duty of assessing Chile's economic situation in order to determine the feasibility of establishing operations in Chile.

Problem Statement:

To determine if it is appropriate for the MNC to extend its activities into Chile, we must examine several economic data and assess the country's business climate.

Data:

i. Data Description and Sources:

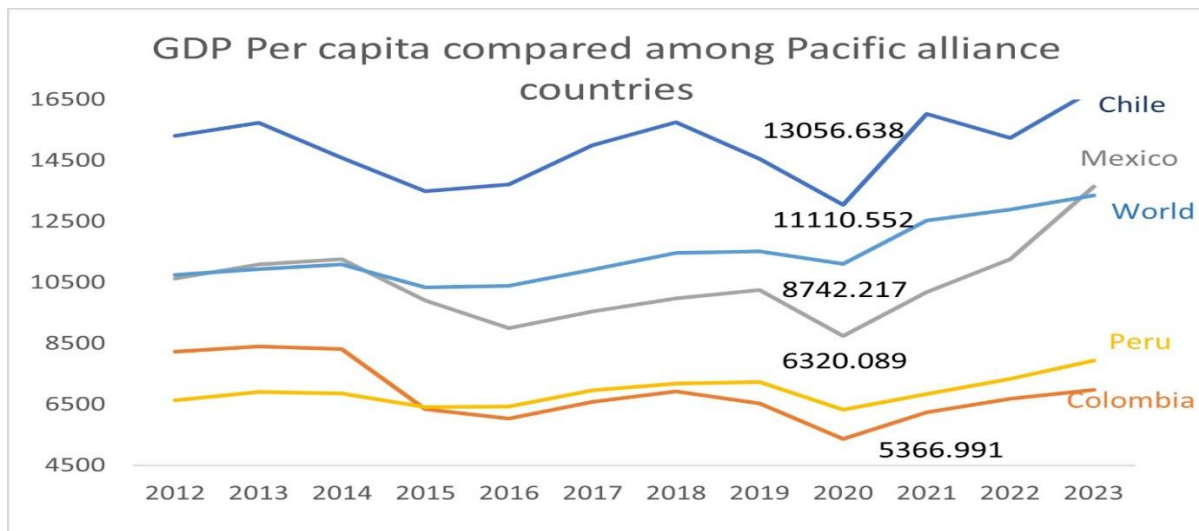
- The data for this analysis is sourced from reputable sources such as World Bank databases, International Monetary Fund (IMF) reports, HDX, Statista, Industry reports and research studies.
- It includes information on GDP per capita, inflation rate, exchange rate, Human Rights Development Index (HDI), unemployment rate, literacy rate, economic freedom, and interest rate.

ii. Descriptive Statistics:

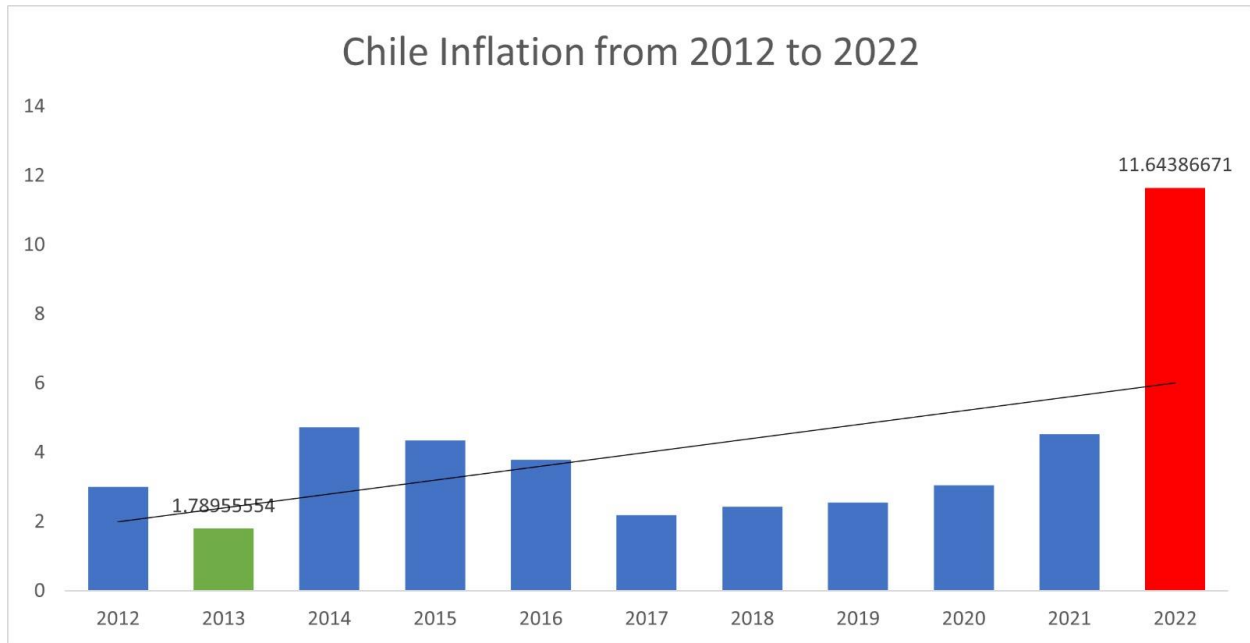
- Data has been analyzed and cleaned according to the requirements.
- GDP comparison has been reduced to only selected countries for the PACIFIC ALLIANCE group.
- Data with years had been redacted to required amount of years of required of last 10 years

Analysis:

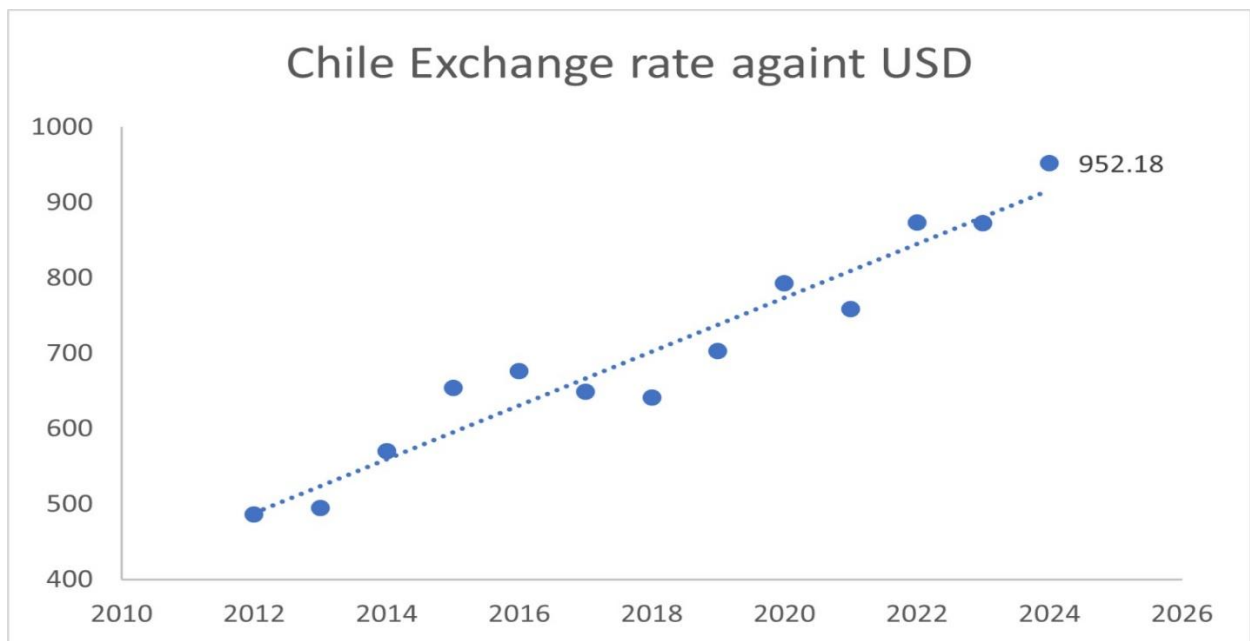
1. GDP per Capita regarding to other countries: Over the last decade, Chile's GDP per capita has steadily increased, demonstrating a favorable trend in economic success. Chile has a reasonably robust economy in Latin America, as evidenced by the fact that its GDP per capita has consistently outperformed regional norms when compared to other nations. However, it is important to remember that swings in global economic conditions can have an influence on Chile's GDP growth, and growth rates have moderated in recent years.



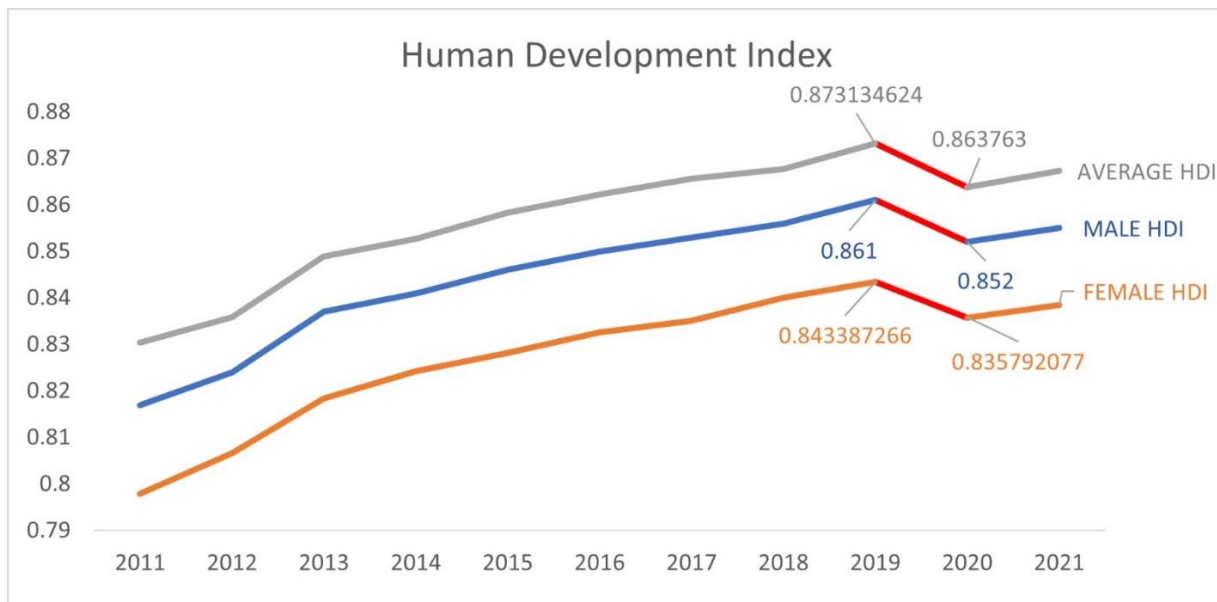
2. Inflation Rate: Chile's inflation rates have been relatively low over the previous decade, contributing to economic stability and affordability for consumers. While there have been periodic surges owing to foreign circumstances or internal policy changes, overall inflation is under control. Price stability boosts investor confidence and contributes to long-term economic growth.



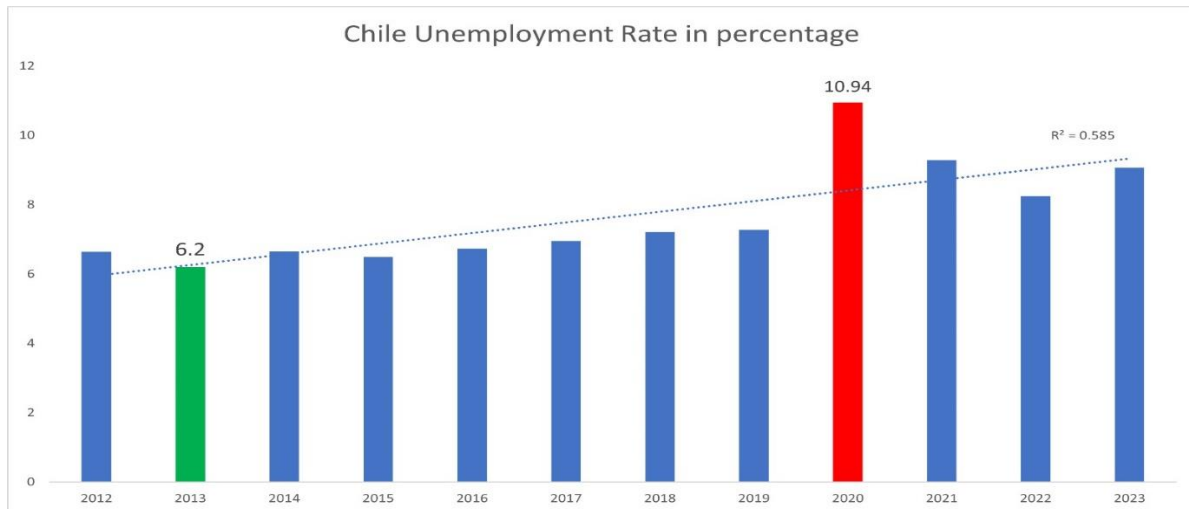
3. Exchange Rate: The exchange rate in Chile has experienced fluctuations over the past decade, influenced by global economic trends, commodity prices, and domestic policies. While the Chilean peso has typically stayed steady, volatility can have an influence on overseas firms. As a result, businesses extending operations to Chile must evaluate currency rate risks and execute proper hedging methods.



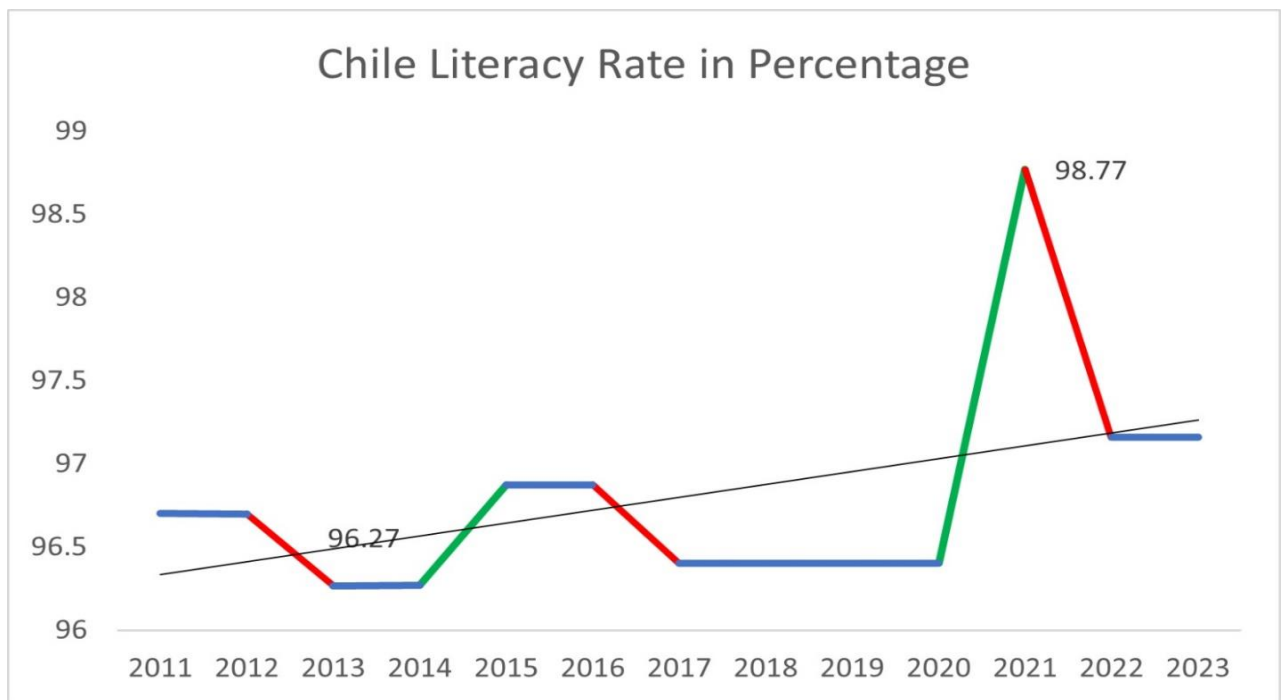
4. Human Rights Development Index (HDI): Chile has achieved great progress in human rights development throughout the years, as seen by improvements in its HDI score. Nonetheless, issues including socioeconomic injustice, gender equality, and indigenous rights continue to exist. Despite Chile's relatively good ranking in relation to other Latin American nations, more progress needs to be made to guarantee the defense and improvement of human rights for all of its residents.



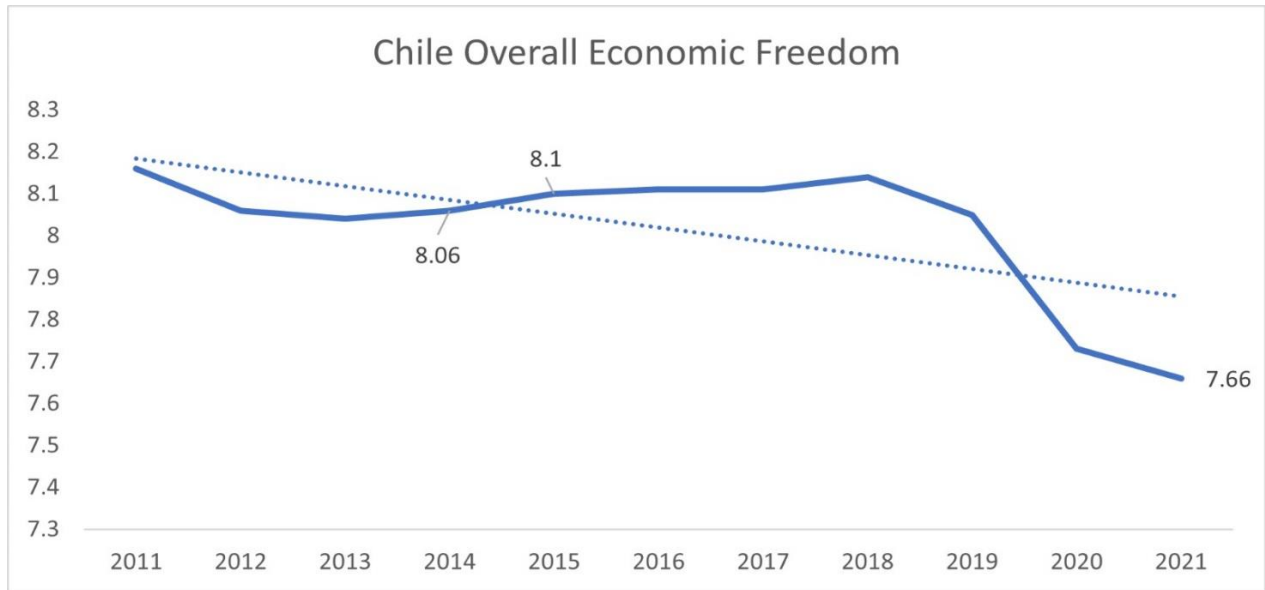
5. Unemployment Rate: Chile's unemployment rate has fluctuated in response to economic cycles and structural changes. Even while it has typically been declining, there may be brief spikes in unemployment during times of economic recession. Efforts to boost job creation and increase workforce skills are critical for a healthy labor market and sustained economic growth.



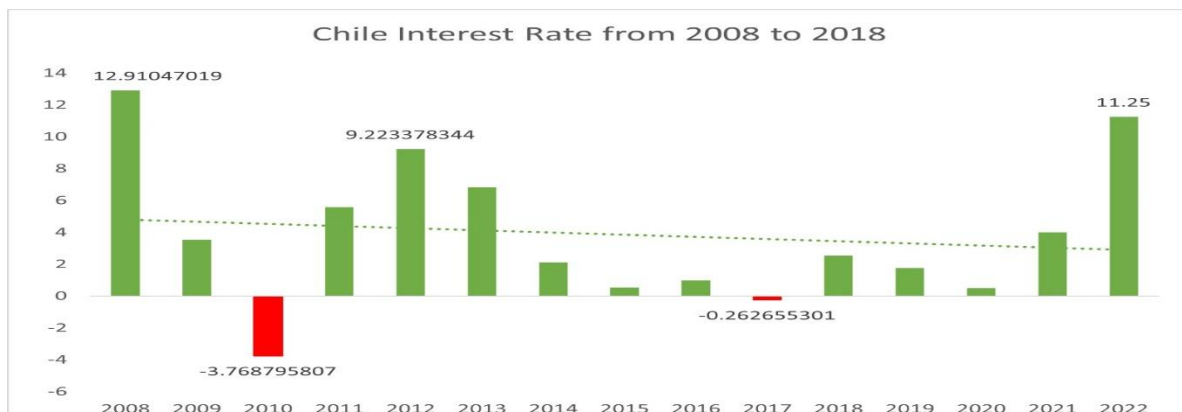
6. Literacy Rate: Chile has a high percentage of literacy, which suggests that its workforce is educated and can contribute to innovation and economic development. To reach this milestone, funding for literacy and education initiatives has been crucial. A country's competitiveness and appeal to international investors are increased when its population is literate.



7. Economic Freedom: Chile is known for its dedication to economic freedom, which is demonstrated by its open markets, robust protection of property rights, and business-friendly regulatory framework. This favorable business climate promotes entrepreneurship, investment, and commerce, resulting in economic growth and development.



8. Interest Rate: Chile's interest rates have changed during the last ten years in reaction to shifts in the country's monetary policy and the state of the economy. Although the Central Bank of Chile adjusts interest rates to promote economic growth and preserve price stability, companies need keep a careful eye on these changes to successfully manage borrowing costs and investment decisions.



Findings:

1. **GDP per Capita:** Chile has shown consistent growth in GDP per capita over the last decade, outperforming some neighboring countries.
2. **Inflation Rate:** The inflation rate in Chile has remained relatively low, contributing to economic stability.
3. **Exchange Rate:** Fluctuations in the exchange rate have occurred, influenced by global economic factors.
4. **Human Rights Development Index:** Chile's HDI has improved gradually but remains below optimal levels, indicating areas for social development.
5. **Unemployment Rate:** Unemployment rates have fluctuated, reflecting changes in economic conditions.
6. **Literacy Rate:** Chile boasts a high literacy rate, indicating a skilled workforce.
7. **Economic Freedom:** Chile scores relatively well in economic freedom indices, signaling a favorable business environment.
8. **Interest Rate:** Interest rates have varied, impacting borrowing and investment decisions.

Recommendation:

We advise the MNC to investigate Chile as a potential location for its operations expansion, based on the examination of these variables. Opportunities for investment and expansion are made more appealing by the nation's skilled labor, low inflation, business-friendly atmosphere, and steady economic growth. But it's crucial to evaluate legal frameworks, carry out in-depth market research, and reduce the risks brought on by shifting currency rates and sociopolitical variables. With proper preparation and strategic execution, entering the Chilean market can provide significant long-term benefits to the multinational corporation.