

### 21. Employment in general government and public corporations

The proportion of the labour force working for the government is one indication of how public services are delivered in a country (whether predominantly by government workers or through the private and non-profit sectors as well) and is an important factor determining the costs of service delivery. In countries where a large proportion of the labour force works for government, government employment could also crowd out private sector employment.

Large differences exist across OECD countries in the size of government staff. For example, in 2008 governments in Norway and Denmark employed close to 30% of the labour force in contrast to Korea whose government employed only 5.7% of the labour force. However, employment data should be interpreted with caution and together with data on production costs (Indicator 8) and outsourcing (Indicator 48) since, alone, they are an unreliable indicator of the size of government.

On average across the OECD, government employment as a percentage of the labour force remained stable between 2000 and 2008 at 15%. However, the available data do not yet reflect the potential effects that the financial and economic crises and/or fiscal austerity measures could have on the size of government employment.

In most OECD member countries, employment in public corporations constitutes a minor part of the labour force. However, in certain countries (e.g. Greece and Poland), public corporations employ more workers than the general government. In the future, this trend may change as governments look to privatise some of these corporations to lower the high levels of debt that have accrued since the financial and economic crises.

#### Methodology and definitions

Data refer to 2000 and 2008 and were collected by the International Labour Organization (ILO). The data are based on *System of National Accounts* (SNA) definitions and cover employment in general government and public corporations. The general government sector comprises all levels of government (e.g. central, state, regional and local) and includes core Ministries, agencies, departments and non-profit institutions that are controlled and mainly financed by public authorities. Public corporations are legal units mainly owned or controlled by the government which produce goods and services for sale in the market. Examples of public corporations in some OECD countries include post offices, railways and mining operations. Public corporations also include quasi-corporations.

Data represent the number of employees except for Austria, the Czech Republic, Italy, the Netherlands, New Zealand and Poland where data represent full-time equivalents (FTEs). In New Zealand FTEs are included for education, health and community services and personal and other services. As a result, employment numbers for these six countries are understated in comparison. The labour force comprises all persons who fulfil the requirements for inclusion among the employed or the unemployed.

#### Further reading

- OECD (2008), *The State of the Public Service*, OECD Publishing, Paris.
- Pilichowski, E. and E. Turkisch (2008), "Employment in Government in the Perspective of the Production Costs of Goods and Services in the Public Domain", *OECD Working Papers on Public Governance*, No. 8, OECD Publishing, Paris.

#### Figure notes

Data for Iceland are not available. Employment data for Japan are not classified according to SNA definitions and are substituted by direct employment figures provided by central or sub-central governments. Data for Australia, Chile and the United States refer to the public sector (both general government and public corporations). Data for Finland, Israel, Mexico, Poland and Sweden are for 2007 rather than 2008. Data for France, Japan and New Zealand are for 2006 rather than 2008. Data for the Russian Federation are for 2005 rather than 2008. Data for Brazil are for 2003 rather than 2008. Data for Ireland, Japan, Luxembourg, Slovenia and Switzerland are for 2001 rather than 2000. Data for 2000 are not available for Brazil, Korea and the Russian Federation and Korea is not included in the OECD average.

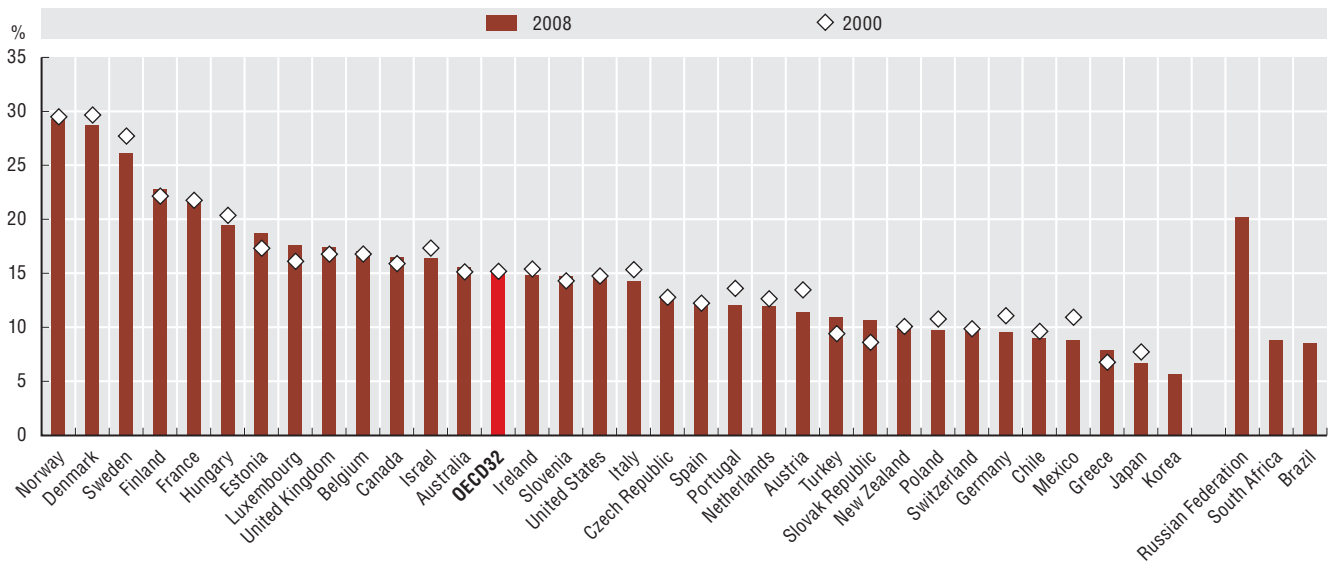
- 21.1: Data for Portugal are for 2006 rather than 2008. Data for South Africa are for 2003 rather than 2008. Data are not available for South Africa for 2000.
- 21.2: Data on public corporations for Austria, Belgium, Korea, Portugal and Sweden and South Africa are not available. Data for the Czech Republic and Norway are for 2007 rather than 2008. Data for the Netherlands are for 2005 rather than 2008. Data on public corporations for Japan refer to employment in Incorporated Administrative Institutions and Agencies.

Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

## V. EMPLOYMENT IN GENERAL GOVERNMENT AND PUBLIC CORPORATIONS

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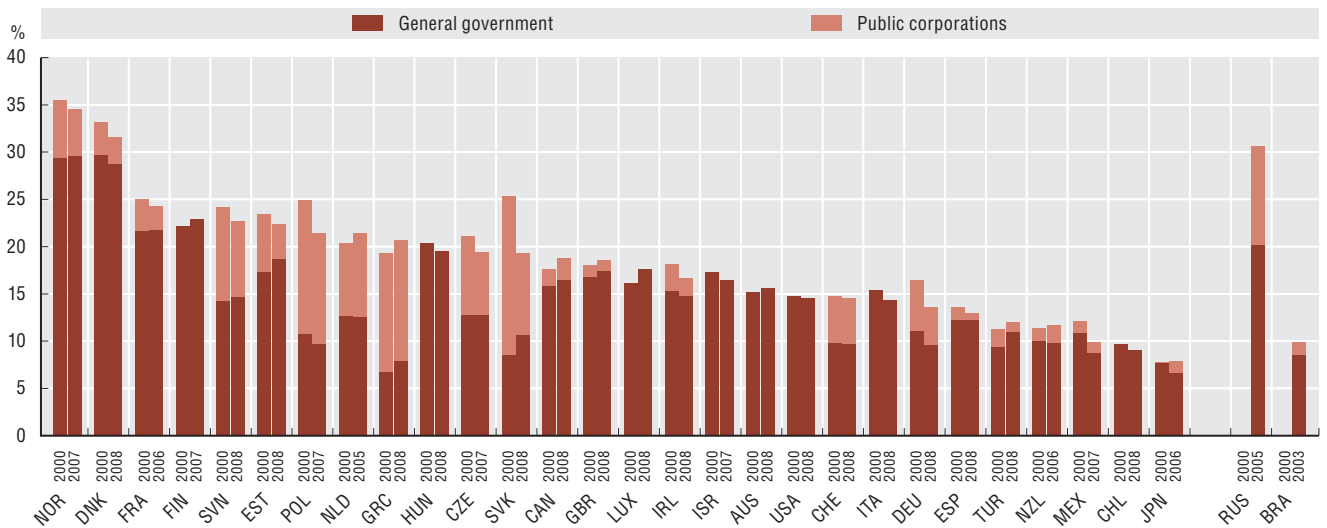
21.1 Employment in general government as a percentage of the labour force (2000 and 2008)



Source: International Labour Organization (ILO), LABORSTA Database. Data for Turkey are from the Ministry of Finance and the Turkish Statistical Institute. Data for Japan for employment are from the Establishment and Enterprise Census. Data for Korea were provided by government officials.

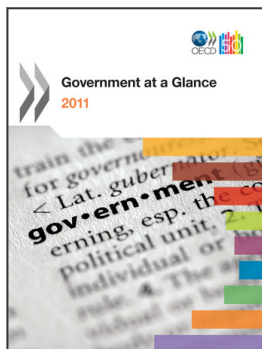
StatLink <http://dx.doi.org/10.1787/888932390538>

21.2 Employment in general government and public corporations as a percentage of the labour force (2000 and 2008)



Source: International Labour Organization (ILO), LABORSTA Database. Data for Turkey are from the Ministry of Finance and the Turkish Statistical Institute. Data for Japan for employment are from the Establishment and Enterprise Census.

StatLink <http://dx.doi.org/10.1787/888932390557>



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