

Due to the ever-changing environment in which governments operate, challenges that require new policy responses arise constantly, which require a flexible public administration that is able to adapt. Therefore, the public sector as an employer, and public sector managers in individual institutions, should be able to make changes to the composition and size of the workforce when needed (i.e. due to poor performance, a fiscal crisis, etc.). Having mechanisms that enable such flexibility – based on reasonable justifications – and effectively using them when needed, are key to ensure the effectiveness of policies and the efficient use of public resources. In the context of Latin American and Caribbean (LAC) countries, such flexibility needs to be balanced with safeguards against workforce decisions based on political considerations.

Survey results for LAC countries indicate that most countries have regulations for the dismissal of permanent employees in certain cases. In 83% of respondent countries, the legal framework allows for termination of employment due to restructuring and in 100% due to poor performance (although rarely used). In Brazil and Uruguay, the law prohibits dismissal due to restructuring, and in Argentina, dismissing an employee is only feasible if the function and the associated job posts are eliminated within the organisational structure and the public servant chooses not to be reallocated. Legal frameworks allow employees to be made redundant due to restructuring in 86% of OECD countries and due to bad performance in 97% of them.

Dismissing public employees is not a common practice, despite legal provisions to do so. According to survey results, only 33% of the countries that allow employees to be dismissed due to restructuring do so regularly. Another 33% of the countries rarely do so and only one does so from time to time. In the OECD, only 19% of countries reported very infrequent dismissals due to management reasons (36% do so from time to time and the remaining 22% reported doing so regularly). In the case of dismissals due to poor performance, 15% of OECD countries reported using this mechanism frequently.

Probably due to the rigidities in practice explained above, LAC countries have opted for alternative mechanisms for restructuring their public workforce. One of them is recruiting employees on fixed-term contracts (as opposed to permanent staff), which presents fewer legal and procedural restrictions to terminate a contract. These currently constitute 24% of employees in LAC countries. There are large differences among countries: while in El Salvador there are no fixed-term employees, the proportion reaches 92% in the Dominican Republic (see two-pager on recruitment).

Another strategy has been to offer voluntary termination packages; 67% of the countries reported using such initiatives in recent years (early retirement programmes in Argentina, Chile, El Salvador and Jamaica

and voluntary separation programmes in Colombia, Costa Rica, Guatemala and Mexico). Only Brazil, Peru and Uruguay have not applied these schemes.

By comparison, 31% of OECD countries reported having regularly devised plans to encourage voluntary departures. However, during the last economic and financial crisis, OECD countries implemented a variety of measures (income freezes, cross-cutting employment cuts, outsourcing, voluntary termination) that allowed them to manage employment levels with greater speed and impact.

#### Methodology and definitions

LAC data refer to 2018 and were collected through the 2018 IDB-OECD Survey on Strategic Human Resources Management. The survey was completed by 11 LAC countries (Argentina, Brazil, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Jamaica, Mexico, Peru and Uruguay). Data for OECD countries are for 36 respondent countries, refer to 2016 and were collected through the 2016 Survey on Strategic Human Resources Management. Respondents were predominately senior officials from ministries/agencies with responsibilities for public employment/management of the civil service. Their main focus was HRM practices and institutions in the central public administration at the federal/national government level.

Civil servants are considered those public employees covered under a specific public legal framework or other specific provisions. For the purposes of this survey, it is assumed that civil servants are the dominant public employee profile.

#### Further reading

- Cortázar, J. et al. (2014), “The future agenda: Strategies and key tasks for enhancing the civil service in Latin America”, in: J. Cortázar, M. Lafuente and M. Sangines, *Serving Citizens: A Decade of Civil Service Reform in Latin America and the Caribbean (2004-2013)*, Inter-American Development Bank, Washington, DC.
- OECD (2015), *Government at a Glance 2015*, OECD Publishing, Paris, [https://doi.org/10.1787/gov\\_glance-2015-en](https://doi.org/10.1787/gov_glance-2015-en).
- OECD (2011), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264166707-en>.

#### Figure notes

- 6.9 Brazil, Peru and Uruguay did not answer the question regarding early retirement packages.

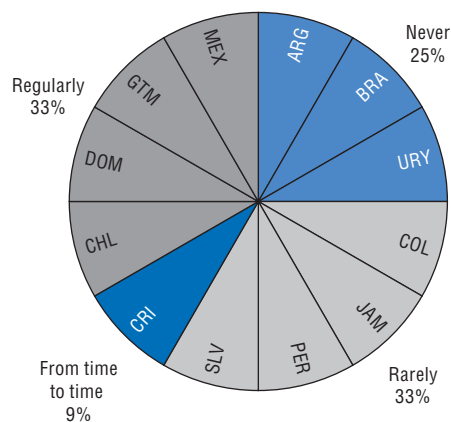
## 6.9. Feasibility to restructure the public workforce, 2018

Country	Possibility to dismiss employees due to restructuring			Existence of early retirement packages		
	The employee gets a leave allowance	The government is required to propose reallocation possibilities to staff beforehand	Not possible	With attractive leave allowances	With attractive early retirement packages	Do not exist
Argentina	○	○	●	○	●	○
Brazil	○	○	●	..	..	..
Chile	●	○	○	○	●	○
Colombia	●	○	○	○	●	○
Costa Rica	●	●	○	●	○	○
Dominican Republic	●	○	○	○	○	●
El Salvador	●	○	○	○	●	○
Guatemala	●	○	○	●	○	○
Jamaica	○	●	○	○	●	○
Mexico	○	○	○	●	○	○
Peru	●	○	○	..	..	..
Uruguay	○	○	●	..	..	..
<b>LAC total</b>						
● Yes	7	2	3	3	4	1
○ No	5	10	9	9	7	11
<b>OECD total</b>						
● Yes	17	18	5	6	5	23
○ No	19	18	31	30	31	13

Source: OECD/IDB (2018), Survey on Strategic Human Resources Management in Central/Federal Governments of Latin American and Caribbean Countries; OECD (2016), Survey on Strategic Human Resources Management.

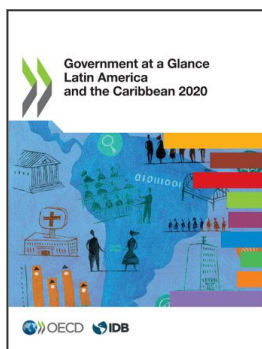
StatLink  <https://doi.org/10.1787/888934092284>

## 6.10. Frequency of dismissals in the central administration due to restructuring, 2018



Source: OECD/IDB (2018), Survey on Strategic Human Resources Management in Central/Federal Governments of Latin American and Caribbean Countries.

StatLink  <https://doi.org/10.1787/888934092303>



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