

Governments are key providers of goods and services to citizens. They depend to a significant extent on public sector employees to fulfil their obligations. As a result, the proportion of the labour force working for the government is one indicator of how public services are delivered, and may also have implications for the quality and cost of service delivery.

As a result of the general economic crisis that hit the Latin American region in the late 1980s, many governments underwent a process of restructuring and adherence to strict fiscal discipline in the early 1990s. More recently, public sector employment as a share of the total labour force remained constant at 10.7% between 2001 and 2010. Nevertheless, there is substantial heterogeneity across LAC countries regarding public employment. In Argentina, for example, employment in general government in 2010 (14.8%) was 4.1 percentage points higher than the average for LAC countries. General government employment in Colombia, on the other hand, reached 3.7% in 2010 making it the lowest in the LAC region.

On average, employment in general government is higher in OECD member countries. In 2010, 15.3% of the total labour force was employed by the government. Similarly, this figure was also higher for OECD member countries (16%) in 2001 than for LAC countries (10.7%).

In LAC countries with available information, government employment in public corporations constitutes 2.3% of the labour force. With the exception of Costa Rica, employment in public corporations as a share of the total labour force decreased in all countries between 2001 and 2010. However, very large differences exist in the size of public corporation employment. For example, in 2010, Panama employed 5.4% of the total labour force in public corporations in contrast to Peru, whose government employed only 0.05% of the labour force in public corporations. In comparison, OECD member countries employ a higher percentage of the total labour force in public corporations (4.7%). Similar to LAC countries, this share decreased by 1.2 percentage points between 2001 and 2010, dropping from 5.9% to 4.7% of the total labour force.

#### Methodology and definitions

Data refer to 2001 and 2010 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, which together comprise the public sector. 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. In LAC countries, the most common examples of public corporations include telecommunications, water and energy. Public corporations also include quasi-corporations.

The labour force comprises all persons who fulfil the requirements for inclusion among the employed or the unemployed.

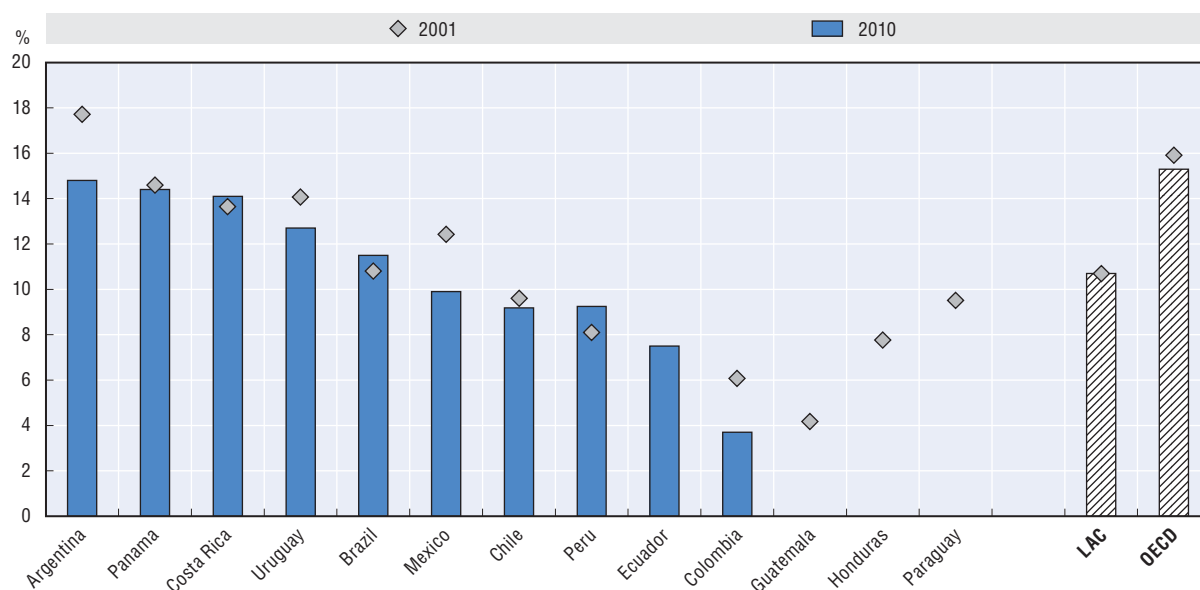
#### Further reading

Lora, E. (2007), *The State of State Reform in Latin America*, Inter-American Development Bank, Washington, DC.

#### Figure notes

- 3.1: Data for Argentina are for 2003 and 2006, rather than 2001 and 2010. Data for Panama are for 2002 and 2007, rather than 2001 and 2010. Data for Uruguay are for 2006, rather than 2010. Data for Brazil are for 2004 and 2009, rather than 2001 and 2010. Data for Mexico are for 2009, rather than 2010. Data for Peru are for 2004 and 2007, rather than 2001 and 2010. Data for Ecuador are for 2000 and 2008, rather than 2001 and 2010. Data for Guatemala are for 2004, rather than 2001. Data for Paraguay are for 2002, rather than 2001. For Peru, data for the labour force are from the National Institute of Statistics and comprise main cities and metropolitan Lima. Data exclude population below 15 years.
- 3.2: Data for Panama are for 2002, rather than 2001.

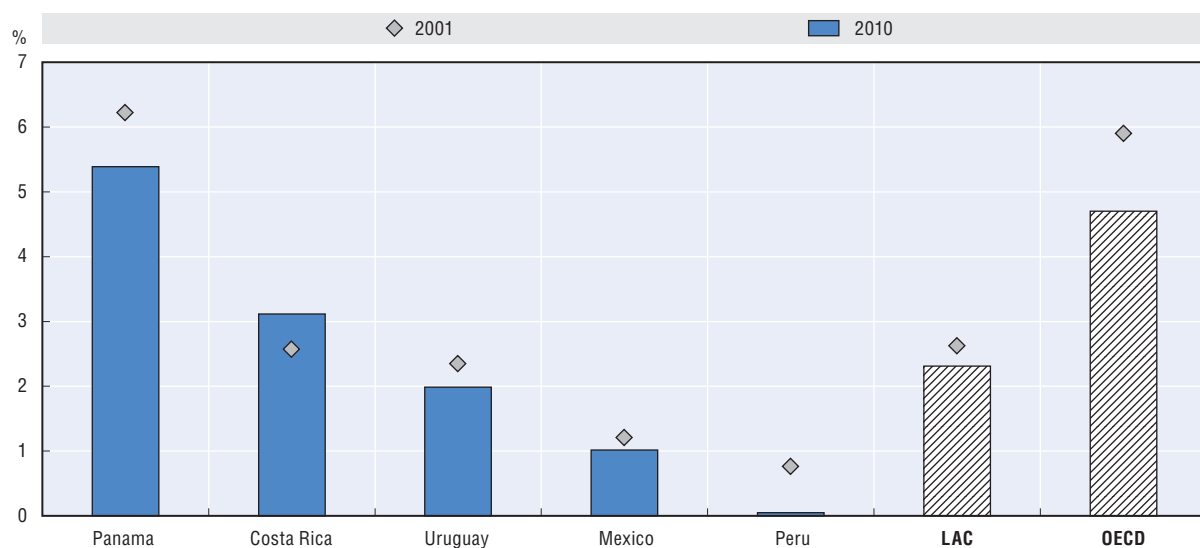
### 3.1. Employment in general government as a percentage of the labour force (2001 and 2010)



Sources: International Labour Organization (ILO), LABORSTA (database).

StatLink <http://dx.doi.org/10.1787/888933090004>

### 3.2. Employment in public corporations as a share of the total labour force (2001 and 2010)



Sources: International Labour Organization (ILO), LABORSTA (database).

StatLink <http://dx.doi.org/10.1787/888933090023>



**From:**

## **Government at a Glance**

### **Latin America and the Caribbean 2014: Towards Innovative Public Financial Management**

**Access the complete publication at:**

<https://doi.org/10.1787/9789264209480-en>

#### **Please cite this chapter as:**

OECD/Inter-American Development Bank (2014), “Public sector employment”, in *Government at a Glance: Latin America and the Caribbean 2014: Towards Innovative Public Financial Management*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264209480-15-en>

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