

Government cannot operate without employees. These employees might be policy advisers, health and safety officers, teachers, doctors, police officers or scientists, just to mention a few public sector occupations. Their wages and benefits have direct influence on public sector production costs and provide a proxy of the size of government in the economy. Furthermore, the share of people working for the public sector provides an indication of how public services are delivered in a given country (direct provision vs outsourcing).

In 2014, public sector employment reached 12% of total employment in the LAC countries under study, 9.3 p.p. below the OECD average of 21.4%. However, employment in the public sector varies greatly across LAC countries. On the one hand, public sector employment reached 23.4% of total employment in Barbados, a figure that is above OECD average. In stark contrast, only 4.0% of Colombia's total employment is in the public sector, signalling a relatively small public sector. Between 2009 and 2014, there has been on average a general increase in the size of public sector employment as a share of total employment in the region from 11.3% to 12.0%. The largest increase occurred in the Dominican Republic passing from 12.5% to 18.1%. Conversely, in Colombia and Mexico there was a slight drop of 0.5 p.p. and 0.6 p.p. respectively in public employment as a share of total employment.

When compared to the total labour force, public sector employment in 2014 accounted for the highest level in Barbados (17.2%), Argentina (16.5%) and Dominican Republic (15.5%), and the lowest in El Salvador (7.9%) and Colombia (3.7%). Trends of this figure, in 2009 and 2014, are similar to that of public employment as percentage of total employment. The only exception is Costa Rica, which experienced a slight increase between 2010 and 2013 in public sector employment as a percentage of total employment reaching 15.2% and a slight decrease as a percentage of labour force (from 14.1% to 13.9%). This different trend does not directly indicate a change in public sector employment, but it is a signal of a faster increase of the labour force as compared to total employment, which could indicate an increase in the unemployment component of the labour force.

Methodology and definitions

Data were extracted from the International Labour Organization (ILO) ILOSTAT Database. Public sector employment covers all employment of general government sector as defined in the System of National Accounts (SNA) plus employment of public corporations. The general government sector comprises all levels of government (central, state, local and social security funds) and includes core ministries, agencies, departments and non-profit institutions controlled by public authorities. Public corporations are legal units producing goods or services for the market and that are controlled and/or owned by government units. Public corporations also include quasi corporations. Data represent the total number of persons employed directly by those institutions, without regard for the particular type of employment contract. The labour force, or active population, comprises all persons who fulfil the requirements for inclusion among the employed or the unemployed. The employed comprise all persons of working age who, during a specified brief period such as one week or one day, were in the following categories: paid employment or self-employment. For international comparability, the working-age population is commonly defined as persons aged 15 years and older, although this might vary in some countries. Labour force refers to all persons of working age who supply labour for the production of goods and services during a specified time-reference period.

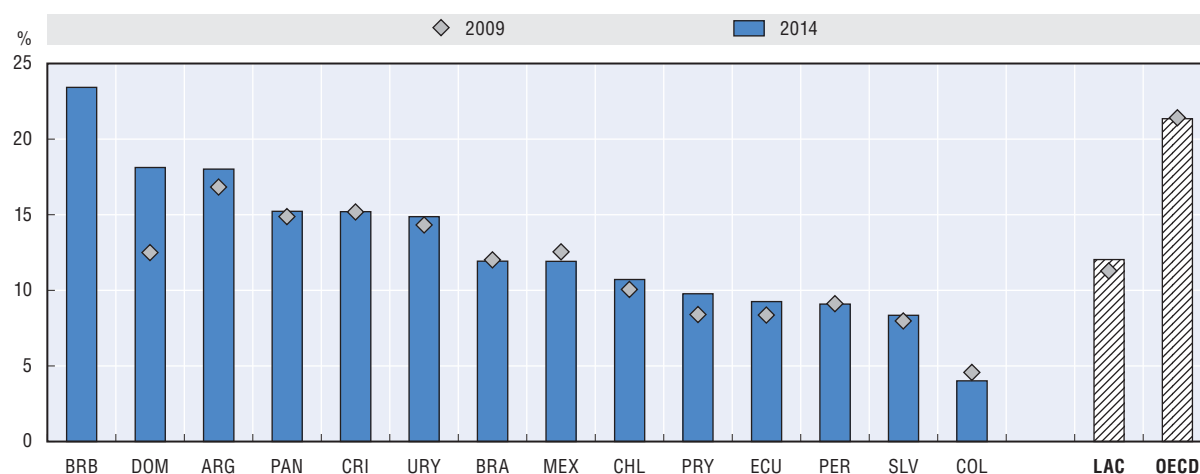
Further reading

OECD (2013), *Colombia, Implementing Good Governance*, OECD Public Governance Reviews, OECD publishing.
<http://dx.doi.org/10.1787/9789264202177-en>.

Figure notes

3.1 and 3.2: The number of employees in the Colombian public sector is underestimated, since it is not possible to get an accurate figure for the number of off-payroll staff. Additionally, in Colombia public employment in the health sector is low by comparative standards as most healthcare workers are employed as private contractors. Data for Argentina are for 2010 rather than 2009. Data for Brazil are for 2011 rather than 2009. Data for Costa Rica are for 2010 and 2013, rather than 2009 and 2014. Data for Ecuador, El Salvador and Peru are 2013 rather than 2014. Data for Barbados are not included in the LAC average. OECD average: data for Austria, Czech Republic, Germany, Iceland, Israel, Luxembourg, the Netherlands, New Zealand, Turkey and the United States are not available. Data for Australia, Denmark, Finland, Korea, Latvia and Portugal are not included in the average due to missing time-series.

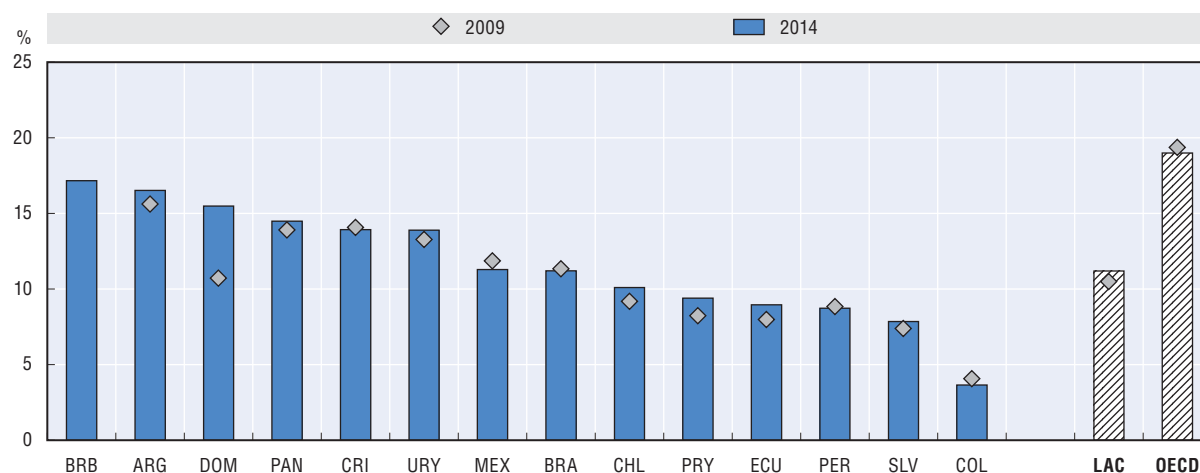
3.1. Public sector employment as a percentage of total employment, 2009 and 2014



Source: International Labour Organization (ILO), ILOSTAT Database 2015.

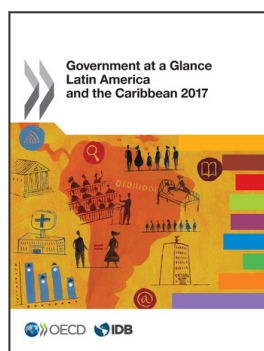
StatLink <http://dx.doi.org/10.1787/888933431105>

3.2. Public sector employment as a percentage of the labour force, 2009 and 2013



Source: International Labour Organization (ILO), ILOSTAT Database 2015.

StatLink <http://dx.doi.org/10.1787/888933431115>



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