

12.1 Employment in the public sector

Governments are responsible for carrying out various crucial functions that require a skilled and dedicated public sector workforce. It is up to the government to decide which services should be provided directly by public entities and which should be delivered through partnerships with the private sector or non-profit organisations. As a result, the size and functions of the public sector workforce differ significantly across countries in the Latin American and Caribbean (LAC) region. For example, in some countries, the government employs most healthcare providers, educators and emergency response personnel. In contrast, in other countries, these essential roles are mainly fulfilled by employees in private or non-profit organisations. This diverse context highlights the different approaches to service provision and workforce allocation in response to the region's unique socio-economic contexts and citizen expectations.

According to ILO statistics, public sector employment accounted for 11.6% of total employment on average in LAC countries in 2022. This is a smaller share than the average in OECD countries (20.8%) in 2022. However, these averages disguise significant variation in the size of public employment across LAC countries. For instance, Trinidad and Tobago (22.8%) and Argentina (19.3%) reported the highest levels of public employment as a share of total employment. In contrast, Colombia and Guatemala report the lowest percentages among Latin American countries, with less than 6% of their total workforce in public employment. In Colombia, for instance, most healthcare workers are employed by private organisations, instead of being employed by the government, which represents a share of this country's private employment (Figure 12.1).

In the period 2011-22, public employment rates increased in 9 out of 18 LAC countries; the largest increases were in Argentina and Belize, where the share of public employment all grew by 3 percentage points (p.p.). In other countries the share decreased significantly between 2011 and 2022, including Trinidad and Tobago (-4 p.p.), Costa Rica (-3.7 p.p.) and Ecuador (-2.5 p.p.) (Figure 12.1).

The pace at which the public workforce grows or shrinks provides some insights into the capacity of the public sector to adapt to changes in societal needs and economic conditions, as well as its attractiveness as an employer. Between 2014 and 2021, public sector employment in the LAC region grew by an annual average of 0.6%. However, individual countries had very different

trends. For instance, public employment grew significantly in Chile (3.5%), Guatemala (4%) and Panama (2.3%), while it shrank considerably in Barbados (-2.5%), Costa Rica (-1.4%) and Ecuador (-1.9%). Except in Brazil (-0.1%) and Uruguay (-0.2%), total employment grew in all LAC countries over the period, with an annual average increase of 1.4% for the region. In a few countries, both public employment and total employment grew; for instance, Guatemala had the highest annual average growth rate of public sector employment (4%) and the second-highest annual average growth rate of total employment (3.2%). Conversely, in most of the countries where total employment grew between 2014 and 2021, public sector employment tended to either shrink or increase more slowly than total employment. This suggests that in those countries employment has shifted between the public and private sectors (Figure 12.2).

Methodology and definitions

Data are derived from the International Labour Organization (ILO) ILOSTAT database. Data are based on the Labour Force Survey. Public sector employment covers employment in the government sector plus employment in publicly owned resident enterprises and companies. Data represent the total number of persons employed directly by these institutions regardless of the employment contract. Total employment comprises all individuals of working age, who, during a specified brief period, were in either paid employment or self-employment.

Further reading

OECD (2023), *Public Employment and Management 2023: Towards a More Flexible Public Service*, OECD Publishing, Paris, <https://doi.org/10.1787/5b378e11-en>.

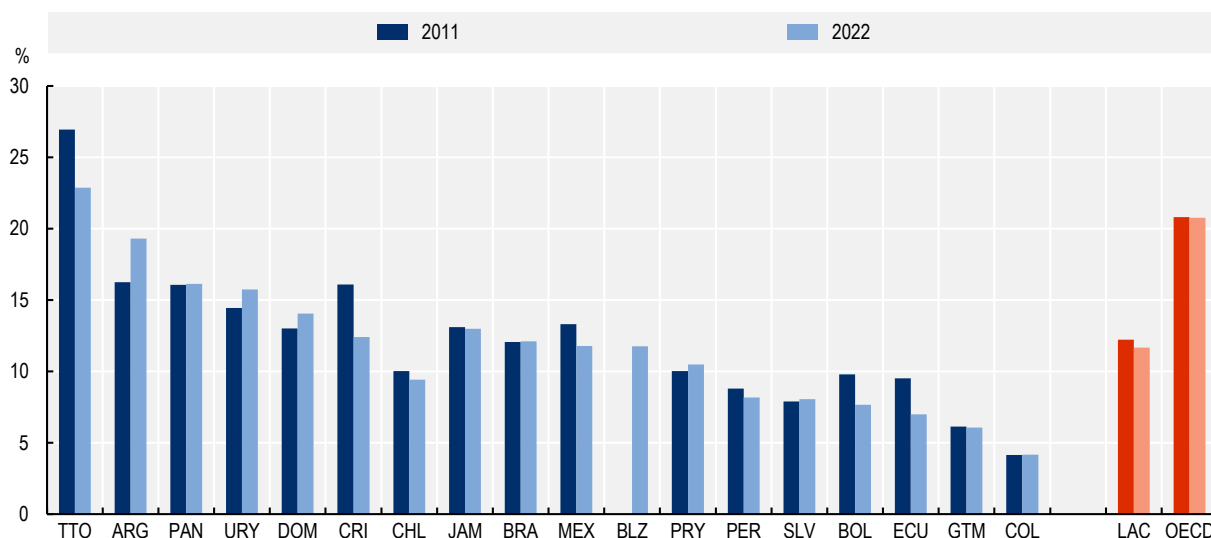
OECD (2021), *Public Employment and Management 2021: The Future of the Public Service*, OECD Publishing, Paris, <https://doi.org/10.1787/938f0d65-en>.

Figure notes

Figure 12.1. Data for OECD are for 2020 rather than 2022. Data for Belize is not available for 2011.

Figure 12.2. Data for Brazil, El Salvador, Honduras, Paraguay and Peru are based on other household surveys. Data for Argentina refer to urban areas only.

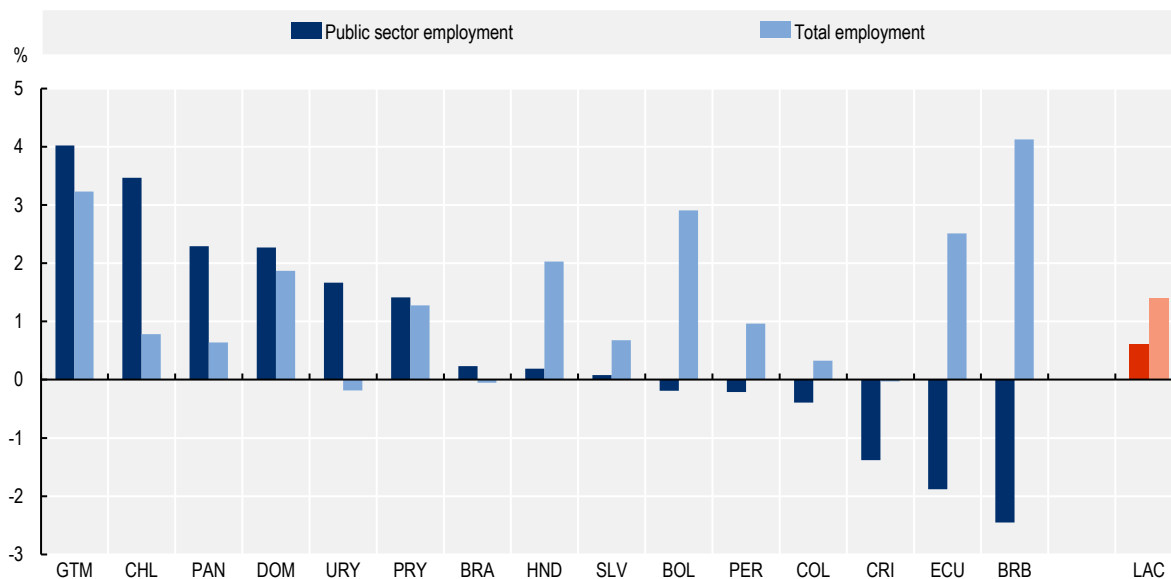
Figure 12.1. Public sector employment as a percentage of total employment, 2011 and 2022



Source: International Labour Organization (ILO) ILOSTAT (database), Employment by sex and institutional sector.

StatLink <https://stat.link/lq1wgv>

Figure 12.2. Annual average growth rate of public sector employment and total employment, 2014-21



Source: International Labour Organization (ILO) ILOSTAT (database), Employment by sex and institutional sector.

StatLink <https://stat.link/ujw0h5>



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