

# **New International Trends of the Public Sector Workforce**

## **Brazil Compared to other Countries**

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## 1. The International Panorama

The first half of the decade of 2000 is being marked, in countries of the Americas and Europe, by the reversion of the historical trend of reduction in the workers supply in the public sector. The recent data show that this stock starts to grow after a drawn out period of decline in previous decades.

Keeping up with the processes of fiscal adjustment and reform of the State in several countries, distinct reasons had led to a reduction of total offer of new workers in the public sector in the years 1980 and 1990. In first place, there was a political diagnosis of an abundance of workers in the sector and that the State could do more with less people. Then, the understanding that part of the functions directly executed by the State could be done, to a lesser global cost, through the privatization of state-owned companies or contracts with private entities or, still, by means of independent entities of public interest, but with private legal character. Finally, an organizational line of direction was adopted that praised the reorganization of the functions and the internal divisions of the public sector, in such way to diminish the number of bureaucratic instances as well as in the relationship with the citizens (reengineering of the public sector). In this case it is supposed that a good part of the activities of administrative and technical support, in charge of bureaucratic managers had lost its reason for existence, due to the increasing advance of the computational and technological resources, and also due to the emphasis on teamwork and focusing on the final user of the public services. Acting together, these three reasons were enough to evidence and to justify the expectations of efficiency gain for the State apparatus.

Currently, the evidence points to a renewed growth of the civil servants stock in diverse countries, including Brazil. In a contribution to an international meeting, in 2000, organized by the World Health Organization, concerning "a global strategy for the work force in health", Nogueira and Santana (2003) had already observed that in various countries an institutional and political process of valorization of the qualitative and quantitative aspects of the personnel offer was occurring in the public sector. Currently, a preliminary comparison allows to evidence well conclusive data for at least six countries: Brazil, United States, Canada, Australia, United Kingdom and France.

The data are presented in table I and mention the supply of civil servants of the central or federal sphere of the State, enclosing the executive, legislative and judiciary branches. The comparison would be more adequate if it included other countries of Latin America, but unfortunately it was not possible to attain recent information of these countries.

**Table I. Evolution of the number of civil servants in selected countries 1994-2004**

Country/Year	1994	1996	1998	2000	2001	2002	2003	2004
USA	2.971.600	2.847.400	2.789.500	2.708.100	2.710.000	2.715.500	2.725.900	N.R
Canada	224.640	201.009	179.831	141.253	149.339	157.510	163.314	165.796
Australia	N.R	143.264	121.062	113.704	119.495	123.368	131.720	131.522
United Kingdom	494.140	458.660	430.460	445.980	453.770	462.940	490.190	503.550
France	N.R	2.402.456	2.440.498	2.472.840	2.491.100	N.R	N.R	N.R
Brazil	N.R	694.221	659.314	636.711	632.084	632.769	639.425	644.563

Source: Statistics Agencies of the six countries (see References)

According to table II, two leader countries in the process of the Reform of the State, the United Kingdom and Australia, in recent years, had passed through a very expressive growth in the number of civil servants; the same took place in Canada. In turn, Brazil distinguishes itself for a delayed inflection; in fact, the total number of civil servants only started to grow from 2003 on and in a still reduced ratio. But there is, in the case of Brazil, a vigorous movement of expansion of the annual number of ingressions by public admission test competition, that he has been offset, however, by the increase in the annual number of pensioners.

**Table II. Growth of the number of federal civil servants (central) in selected countries, in recent periods**

Country	Period	% Growth
USA	2000-2003	0,7
Canada	2000-2004	17,5
Australia	2000-2004	15,7
The United Kingdom	1998-2002	17,0
France	1996-2001	3,7
Brazil	2002-2004	1,9

Source: Statistics Agencies of the six countries (see References)

Three hypotheses could be raised regarding the meaning of the renewed growth of the number of civil servants in these countries, namely:

- a) it indicates a new set of politics for the State and its staff necessities;
- b) it results from the simple exhaustion of the impetus of the State Reform policy, in its previous standards;
- c) it is the result of purely circumstantial political factors, in other words, restricted to the conjuncture of each country and with different motivations.

The interpretation that we present here presumes the combination of items *a* and *b*. We believe that we are facing a new and strong international trend, which corresponds to a pragmatic reply (therefore, not-doctrinaire) of the national governments in front of demands of especially qualified and essential staff to the good functioning of the State that demands a perspective of broad revalorization of the value of labor in the public sector.

In the scope of the international multilateral cooperation agencies, what was already detected, since the end of the 1990's, was a critical positioning in relation to the results attained in that decade by the initiatives of the reforms inspired by the "Washington consensus " and by some of "the efficient" objectives of the Reform of the State. An opinion that must be highlighted, in this particular case, for coming from a very respected authority in the field of economic and fiscal policies, is the one from the former-director of the Inter-American Development Bank, Enrique Iglesias. He considers that, in the decade of 2000, the role of the State would have to be interpreted in terms that exceed the two extremities of the debate: the great developing State of the past and the supposed almost minimum State of these reforms. He still refers that, from now on, all the fundamentalisms must be abandoned in order to reflect with seriousness upon the necessary role of the State in the new international context (Iglesias, 2000).

One of the consequences of the reduction of the global demand for public servants, which occurred in the 1990's in Brazil and in other countries, is due to the fact that the State stopped absorbing qualified personnel for strategic functions in the areas of finance, regulation, policy making and information technology, only to quote some of the more required skills in a strong competitive context of the economy. Thereby, in many cases, a recognized imbalance of expertise capacity of the State in relation to the private sector was brought along.

Among countries of the OECD (Organization for Economic Cooperation and Development), special difficulties in keeping the competitive capacity of the job in the public sector were informed, due to the difficulty to take on and to keep qualified staff, as shown in the following examples:

- information technology (Australia, Germany, Norway, Portugal, Sweden);
- tax auditors and engineers (Norway);
- staff for training and research (Sweden);
- high level managers (Canada, Portugal);
- lawyers (Australia).

In the context of the newly-formed European Union, in the beginning of the decade of 2000, these necessities of qualified staff began to depend on a supply and demand of transnational dimension and, thus, the job market in the public sector became, of course, more competitive. The current perspective is that the to be beginners of this sector have a broader skill profile, in some cases, or, in others, more specialized, but always constituting a workforce of higher qualification than the old contingents that gradually will be replaced over the next five or ten years.

The main issues that today concern the planners and managers of the public sector in the countries of the OECD are:

- How to increase the attractiveness of the public sector in the condition as employer of young, competent and talented people?
- How to improve the systems of human resources management to offer better organizational conditions of work?
- How to reduce staff in areas that are losing importance and how to increase staff in areas of increasing importance?
- How to create a positive image of working conditions, particularly in sectors traditionally seen as unfavorable, such as health?
- How to cope with the necessities of qualification and permanent education of this staff?

What it is apparently in course in some of these countries is prospective planning of the workforce of the public sector, which stresses the necessity of absorption of a new generation of especially qualified staff, in a situation of frank competition with the

private sector, and considering the multinational character of supply and demand. This implies in providing wage values and other advantages that are superior to the ones used by the staff already incorporated in previous generations. Granted, the problems identified by the different governments, as outlined in the following picture, do not only relate to the capacity to attract new talents (that is, adequately qualified staff) for the public sector, but it also it has to do with the means available for the retention of this staff in a market already heated up by the demands created by the private sector of service and industry.

**Picture I. OECD Countries: Problems identified in the present and in the future**

Country	Problems to select personnel		Problems in keeping personnel		Deficit on Special Competences
	Now	In a few years	Now	In a few years	
Austria		✓			
Canada	✓		✓		✓
Denmark	✓				
Finland	✓				
Germany		✓			
Italy					✓
Korea					✓
Norway		✓		✓	
Poland					✓
Portugal					✓
Spain				✓	✓
Sweden	✓		✓		

Source: OECD, 2000

To have an idea of the new demands, the case of the United Kingdom can be cited, in 2004, with a growth of 135% in the number of vacant positions offered by the public sector in the area of information technology, which is comparable to the growth of 148% occurred in the main software producing companies. Some of the OECD countries already refer to difficulties in selecting the necessary staff; others relate to greater difficulty in keeping the already selected qualified staff. Especially in relation to young servants (from 20 to 32 years old) and to recently graduated ones a high rate of rotation has been verified.

## 2. The Brazilian Case

We identified four different conjunctures in the evolution of the federal civil servant stock in Brazil, which can be characterized in accordance with the evolution of the number of pensioners and servants that enter annually (table III). The first one corresponds to the years 1991-94, which can be called of “the period of crisis and stagnation”. It is marked by the inconsequential attempt of reform of the State, promoted by the Collor Government, and for the expectations of welfare reform that had as an enormous increase of retirement requests from the servers. In 1991, 46,000 servants retired. The so publicized mote that public servants "earn a lot and do little"

was enough to denigrate the image of the public service and to justify an improper proposal of privatization and destruction of the functions of the State. During Itamar Franco's term, between 1992 and 1994, there was, in contrast, an effort of appreciation of the servants, with important wage improvements, but enlargement of new personnel take on via public admission test was not handled carefully.

**Table III. Brazil, federal public service, 1991-2004:  
number of retirees and new servants through public competition**

Conjuncture	Year	Retired servants	New servants
<b>Crisis and Stagnation</b>	1991	46.196	-
	1992	21.190	-
	1993	14.199	-
	1994	17.601	-
<b>Management reform</b>	1995	34.253	19.675
	1996	27.546	9.927
	1997	24.659	9.055
	1998	19.755	7.815
<b>Physical Orientation</b>	1999	8.783	2.927
	2000	5.951	1.524
	2001	6.222	660
	2002	7.465	30
<b>New Expansion</b>	2003	17.453	7.220
	2004	6.486	16.122

Source: Ministry of Planning

The second conjuncture corresponds to the *management reform*, perspective opened in the first mandate of Fernando Henrique Cardoso, between 1995 and 1999. The management reform followed, with some adaptations, the molds of the implanted New Public Administration, pioneered in the United Kingdom in the 1970's. The Managing Plan of the Reform of the State, in 1995, stressed the "public "entrepreneurship", that has as requirements, in staff management, the flexibility of labor linkage and performance evaluation. In this period, an effort of reorganization of the so called strategic state careers was made and public competition was retaken. Thus, in 1995, admission to the federal administration of about 20,000 civil servants was registered, a record. However, this impetus diminished in the following years, and, in 1999, there was only an ingression of 3,000. On the other hand, this conjuncture was marked by political quarrel and transaction in Congress of the welfare reform, that established a series of new rules for retirement for the group of the beneficiaries of this system, including the public servants (Constitutional Amendment N. 20). For this reason, a "race for retirement" on the part of the public servants took place, as they tried to guarantee their rights, anticipating their way towards inactivity. The final balance in this quadrennial, it was verified that 106,000 servants had left the government, while only 46,000 new servants had entered. The Federal Government adopted plans of voluntary resignation, in the direct administration, in the autarchies and the state companies, offering certain financial advantages to those who wished disconnection from the public sector. However, the effect of these measures lagged behind expectations: the retirement requests had had a much higher impact on the reduction in the number of active servants.

The third conjuncture corresponds to the second mandate of Fernando Henrique, marked by a strong *tax orientation*, in the middle of a serious currency exchange crisis initiated in 1999. The concerns in containing government expenses had been so drastic that they ended up obstructing the proper way to the State Reform, whose model of implementation depended on enlargement of expenditure, besides representing a politician onus due to the resistance of the servants. It was in this conjuncture, that in 2000, the Law of Fiscal Responsibility was passed, setting necessary parameters for the expenses with staff regarding of net revenues of each federative actor (Union, states and municipalities). In this period, a little bit more than 5,000 servers entered the federal administration through public competition. The number of pensioners also diminished but, still, exceeded 28,000, throughout the next four years. In accord with its orientation on tax affairs, the Federal Government tried to renew and to extend the plans of voluntary resignation and established incentives for the non-remunerated leave of the servants, achieving only a small adhesion though.

The fourth conjuncture is the *new contingent expansion* of the federal public servants, in place since 2003, under Lula's Government, whose political guidelines will be discussed further ahead. In years 2003 and 2004, 23,342 new servants had entered through public competition. The new expansion trend can be also proven through the number of vacancies offered in public competitions: between January 2003 and August 2005, nothing less than 59,507 vacant positions had been authorized for public competition, according to the distribution by ministries to be seen in the attachment. Nonetheless, the year 2003 was marked by a new peak in retirement requests that can be related to the workers' reaction in the sector front of the legislative project that originated the Constitutional Amendment N° 41, modifying the retirement regulations in the public service.

It can be said that the strategic planning activity for personnel of the public sector never assumed its due importance in none of the outlined conjunctures. In Fernando Henrique's government, for example, the pressure of the demand for human resources that ought to be created by the new technological functions and politics of "the managerial" State was underestimated, including the profile of human resources of the regulating agencies, which turned out to be the biggest organizational innovation introduced to the Brazilian State, despite not being foreseen clearly in the Managing Plan of the Reform of the State in 1995.

In turn, in the current government the expansion and reorganization of personnel obey the strategic and political decisions that have not been explained, in broader way, in terms of objectives and guidelines. Apparently, Lula's Government is attempting to overcome a series of problems that had accumulated during the last decade concerning educational, labor and administrative characteristics of the workforce of the public sector in Brazil. Some general descriptions and interpretations can be made from the number of vacancies opened for public competition between 2003 and 2005 (see table attached):

- I. 63% of the vacant positions refer to Higher Education and 37% to positions of Intermediate Level;
- II. 39% refers to teaching functions and support of the institutions of education from the Ministry of Education;

- III. 15% are of servants of the Social welfare system;
- IV. 12% are of servants of judiciary functions (Ministry of Justice);
- V. 9% mention functions of finance and economics of the State (Ministry of Finance);
- VI. 6% mention new careers related to the functions of the federal regulating agencies in the areas of communication, energy, health, etc.

In relation to item I, it is worthwhile noting that the ratio of vacancies for the Intermediate Level is relatively high and tries to correct a previous distortion, namely, the selectivity for Higher Education, on the expense of the administrative and technical activities carried out by the staff with an educational level correspondent to the intermediate (high school). As far as items II and III are concerned, the main objective is to supply permanent and regular personnel for functions that were being exerted by temporary and non-specialist workers - the example of the substitute professors of Federal Institutions of Superior Education and outsourced workers who acted in the social welfare. Concerning items IV and V, certain strategic careers of the State functions are contemplated, namely, the judiciary activities and the ones of financial control. Finally, with reference to item VI, it has been attempted to create permanent conditions of labor contract and remuneration for a new strategic sector of the State, the federal agencies for market regulation that were operating with staff in a precarious and irregular situation. In fact, one significant part of the authorized positions in this period, for the diverse ministries, refers to the fulfillment of determination of the Federal Public Office, in the sense of replacing irregularly hired workforce by duly submitted servants through public competition and with work contract conditions in agreement with the current law.

An important point to assess the economic and social meaning of this increasing wave in offers of positions is the degree of competitiveness of the job in the public sector compared to the private sector. An information source in this assessment are the successive articles published in the Brazilian press concerning the increase in the number of positions, announcing that the job in the public sector has become attractive to the middle class. In March of 2004, *Veja* magazine published a cover story headlined: "Good Jobs Only in the State" which said:

*With the uncertainties in the economy and the unemployment rate in the heights, the combination of good wage with job stability offered by the state machine seems to be irresistible. A study carried out by the political scientist Jose Matias Peartree, of the University of Brasilia (UnB), concluded that the concept of the public careers among Brazilians of better income and better schooling is the highest since the 70's. In that decade and in the 60's, the multiplication of autarchies and state-owned companies absorbed an important part of the brains of the country. The process was inverted in the 80's, when the bureaucracy lost prestige in a vertiginous way. The chronic inflation resulted in the lowering of wages and the mounts of funds that could modernize agencies and public institutions. At the time, there was abundance of chances in the private initiative for well-prepared and talented people. 'All of this provoked a great escape of talents and emphasized the idea that public competition was for losers', says Professor Pereira. The current scenario is the same, only with inverted signals.*

Another source of evaluation of the job competitiveness in the public sector comes from the information spread by the Annual List of Social Information (RAIS), of the Ministry of Labor, that discriminates the wage of the workers in each sector of activity. Here, for comparison purposes, three categories of workers had been selected: lawyer, systems analysts and physicians. It can be seen, in table IV that the federal sphere remunerates these categories better than the lucrative and non-lucrative private sector. Nonetheless, there are certain variations for the three categories in both public and private sector. For example, for two categories of workers (systems analyst and physicians), the federal sphere remunerates better than the two other spheres. However, for the lawyers, the state sphere pays better than the federal sphere.

**Table IV. Average value of the wage of some types of workers according to legal status of the employer, equivalent to full time, Brazil, December, the 2003**

Legal status of employer	Lawyers		System Analysts		Physician	
	Salary (R\$)	Rate	Salary (R\$)	Rate	Salary (R\$)	Rate
Federal Public Sector	6.307	100	4.221	100	4.309	100
State Public Sector	6.721	107	4.066	96	2.714	63
Municipal Public Sector	2.091	33	2.614	62	2.920	68
Companies	3.236	51	2.709	64	2.912	68
Non Profitable Entities	3.103	49	3.078	73	3.556	83
<b>Total</b>	<b>3.573</b>	<b>57</b>	<b>2.811</b>	<b>67</b>	<b>3.097</b>	<b>72</b>

Source: Ministry of Labor, RAIS/2003

In spite of this statistical evidence, there are clear problems of competitiveness in some areas of high technical qualification, like the case of the Regulating Agencies. The press has been publicizing that part of the competitors for those Agencies, especially the newly graduated ones, quits the job in the probationary training period. This is what the newspaper *Correio Braziliense* published (22/8/2005):

*The evasion of newly arrived professionals and the restraints of servants approved in competitions threaten the regulating agencies installed in the country. The alert is from the National Union of the Regulating Agencies (Sinagencias) that compiled recent numbers and detected 'holes' in the area of human resources. The lack of permanent staff, the use of temporary employees and the low remuneration threaten activities considered strategic. Although almost all the agencies have carried out public competitions, some have gone through serious difficulties and lost specialists approved in examinations.*

In May of 2004, a law was promulgated (Law n° 10,871) that deals with the careers of these agencies and that has as one of its objectives to promote the replacement of temporary staff, hired, in some cases, by international organisms. But the initial wage offered is below the one the private initiative offers in the areas that are object to state regulation (communications market, energy, health plans, etc.) and it provokes the evasion of talents from the public sector.

Despite counting on the benefit of the reborn expansion of the workforce in the Brazilian public sector, these new types of problems, of qualitative nature, will emerge in several ways and they will have to be faced with seriousness by Human Resources of the public sector, in this and the next decade. Regarding the references towards OECD countries, by no means we mean to deal with specific Brazilian issues; nevertheless, they are part of a new international conjuncture of the job market and the technological and social development, that requires strategic guidance on behalf of the

governmental authorities. The effectiveness of the state action is clearly to depend on careful and long term planning of the workforce of the public sector, which certainly has a foremost place within public policies.

**Attachment I****Brazil, 2003 to 2005: Authorized vacancies for public competition in the federal service**

Institution/Entity	Vacancies		Total
	Higher Education	Intermediary	
Ministry of Agriculture	415	-	415
Ministry of Science and Technology	367	97	464
Ministry of the Cities	136	69	205
Ministry of communications	480	380	860
Ministry of Culture	198	20	218
Ministry of Defense	1.038	348	1.386
Ministry of Agrarian Development	1.003	150	1.153
Ministry of Development	85	53	138
Ministry of Education	13.987	9.383	23.370
Ministry of Finance	5.102	129	5.231
Ministry of National Integration	43	-	43
Ministry of Justice	2.324	4.941	7.265
Ministry of Environment	1.785	-	1.785
Ministry of Mines and Energy	742	174	916
Ministry of Planning	603	1.165	1.768
Ministry of Social Welfare	4.843	4.012	8.855
Ministry of Foreign Affairs	369	112	481
Ministry of Health	876	602	1.478
Ministry of Labor	294	-	294
Ministry of Transportation	256	439	695
Presidency	2.487	-	2.487
<b>TOTAL</b>	<b>37.433</b>	<b>22.074</b>	<b>59.507</b>

Source: Ministry of Planning.

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