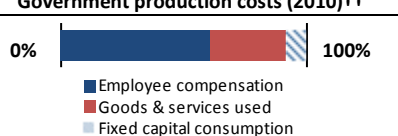


|                                    |                                       |   |                               |
|------------------------------------|---------------------------------------|---|-------------------------------|
| <a href="#">Background...</a>      | <a href="#">Restructuring...</a>      | <a href="#">Senior Management...</a>    | <a href="#">Challenges...</a> |
| <a href="#">Legal Framework...</a> | <a href="#">Organisation of HR...</a> | <a href="#">Industrial Relations...</a> |                               |
| <a href="#">Composition...</a>     | <a href="#">HR Management...</a>      | <a href="#">Reforms...</a>              |                               |

## Background

|   |  |  |                |   |   |                |  |       |        |  |
|---|--|--|----------------|---|---|----------------|--|-------|--------|--|
| <p><b>Employment in central government under the main General Employment Framework (GEF):<sup>1</sup></b></p> <p>2009: 181 051 employees<br/>2010: 186 757 employees</p> <p><b>Total employment in the general government sector as a percentage of labour force (2008):<sup>††</sup></b></p> <p>9.4%</p> | <p><b>Central human resources management body:</b></p> <p>National Directorate of Civil Service</p> <p><b>Government production costs (2010)<sup>††</sup></b></p>  | <p><b>Government centralisation (2008)<sup>††</sup></b></p> <p>Data unavailable</p> <p><b>Type of recruitment system (2010)</b></p> <table border="1"> <tr> <td>Career based</td> <td>■</td> <td>◆</td> <td>Position based</td> </tr> <tr> <td></td> <td>Chile</td> <td>OECD33</td> <td></td> </tr> </table> | Career based   | ■ | ◆ | Position based |  | Chile | OECD33 |  |
| Career based  | ■  | ◆  | Position based |   |   |                |  |       |        |  |
|   | Chile  | OECD33   |                |   |   |                |  |       |        |  |

## Legal Framework

|  |  |  |
|--|--|--|
| <p><b>GEF covers all employees:</b> Yes</p> <p><b>GEF includes fixed-term contracts:</b> Yes</p> <p><b>Private law applicable in public sector:</b> No</p> | <p>The legal framework regulating public employment in Chile includes several laws and policies. The most relevant is the Political Constitution of the Republic which establishes the general framework for the action of the state and the right to a career in the public sector. In addition, Act N° 18.575 establishes the Constitutional Organic Act for the Administration of the State, which regulates the organization of the State; Act N° 18.834 contains the Administrative Statute, which is the general code for public employment in Chile; and Act N° 19.882, creates the</p> | <p>Senior Public Management System and modernises important aspects of the Civil Service. There are also particular regulations for the operation of certain public entities. Additionally, in particular cases, the Labour Code applies. Under this framework, fixed-term contracts and temporary staff are allowed; guarantees are made in favour of life-long employment; there is partial funding of social security and pensions; and public employees are not given the right to strike.</p> |
|--|--|--|

|                | Staff have the right: |           | Benefits, to which employees are entitled to, are: |                                    |                          | Firing rules provide:                                 |  |
|----------------|-----------------------|-----------|--|------------------------------------|--------------------------|---|--|
|                | to unionise           | to strike | Full funding of social security                    | Partial funding of social security | Some funding of pensions | Different guarantees about job protection / dismissal | Guarantees in favour of life-long employment |
| Public sector  | Yes                   | No        | No   | Yes                                | Yes                      | Yes   | Yes  |
| Private sector | Yes                   | Yes       | No   | Yes                                | Yes                      | Yes   | Yes  |

## Composition of Employment

|   |   |  |
|---|---|--|
| <p><b>Central government employment (2010)<sup>1</sup></b></p> <p><b>Total employment under GEF:</b> 186 757 employees</p> <p><b>Part-time employment:</b> No Data</p> <p><b>Gender in central government (2009)<sup>1</sup></b></p> <p><b>Female participation in central government workforce:</b> 56.7%</p> <p><b>Share of top and middle positions who are women:</b> 43.5%</p> | <p><b>Percentage of employees aged 50 years or older in central government and total labour force (2000, 2005 and 2009)*</b></p>  | <p><b>Age structure of central government 2009</b></p>  |
|---|---|--|

<sup>1</sup> Data are for core ministries and agencies of central/federal governments

Data are unavailable regarding part-time employment in the Chilean public service. The age structure appears to be skewed to younger employees. Direct comparison with OECD averages cannot be made due to different reported age brackets. The percentage of public employees aged 55 or older accounted for 20.3%, compared to the OECD average of 34.3% for employees aged 50 or older. In addition, the representation of

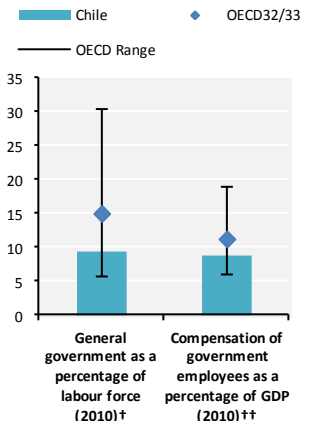
this group is much lower in the public service than in the total labour force, although the increasing trend is roughly consistent with that of the OECD average. Furthermore, female representation in the public service is quite high. Women accounted for 56.7% of central government employment and 43.5% of management in 2009, well above the OECD averages of 49.5% and 34.7%, respectively.

## Public Sector Restructuring

Chile is one of five OECD countries that reported no anticipated change in public employment levels as a result of planned reforms. Data are unavailable regarding recent restructuring measures. Employment in the general government sector (excluding public corporations) as a percentage of the labour force, 9.4% in 2010, is substantially less than the OECD average of 15.1%. Similarly, compensation of public employees as a percentage of GDP, 8.7% in 2010, is below the OECD average of 11.3%.

**Anticipated reforms' effect on employment level:** No change

**Implemented changes in employment levels affecting more than 50% of ministries/agencies since 2000:** Data unavailable



## Organisation of HR Management

### Decentralisation of HR Management

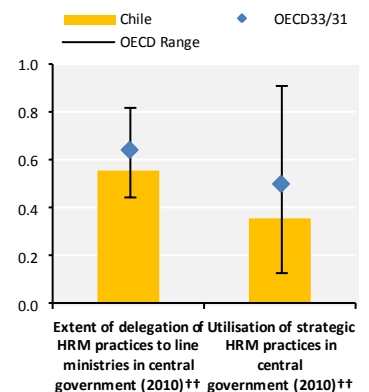
|  |  |
|--|--|
| <b>Central HRM unit:</b>                                     | National Directorate of Civil Service  |
| <b>Role:</b>   | Coordination, Monitoring and Improvement   |
| <b>Location:</b>   | Ministry of Finance  |
| <b>Responsibilities:</b>                                     | <ul style="list-style-type: none"> <li>Provide leadership and guidance</li> <li>Manage the Senior Civil Service</li> </ul>   |
| <b>Personnel, budget and pay delegation:</b>                 | <ul style="list-style-type: none"> <li>Pay systems, budget allocation and bonuses are managed centrally.</li> <li>The distribution of posts within organisations is managed centrally, with some latitude for ministries.</li> </ul>   |
| <b>Classification, recruitment and dismissal delegation:</b> | <ul style="list-style-type: none"> <li>The post classification system and dismissal following misconduct are managed centrally.</li> <li>Dismissal following restructuring is managed centrally, with some latitude for ministries.</li> <li>Recruitment, contract duration, career management and dismissal due to poor performance are managed by ministries.</li> </ul> |
| <b>Employment conditions delegation:</b>                     | <ul style="list-style-type: none"> <li>The flexibility of working conditions is set and monitored by the central HRM body.</li> <li>Performance appraisal and equal opportunity issues are managed centrally, with some latitude for ministries.</li> <li>Adjustments to working conditions and the code of conduct are managed by ministries.</li> </ul>                  |

Chile delegates HRM practices to line ministries to a somewhat lesser extent than the average OECD country. The central HRM body mostly coordinates policy, but is also responsible for a few issues, including the pay and post classification systems. Agencies have a fair amount of autonomy over most employment issues. Overall, delegation has led to a broadly

comparable employment framework across the whole of central government. Chile makes less use of strategic HRM practices than the average OECD country. In particular, there is no accountability framework for management in place, although management is required to report on some HR issues. In addition, forward planning is undertaken on an ad hoc basis.

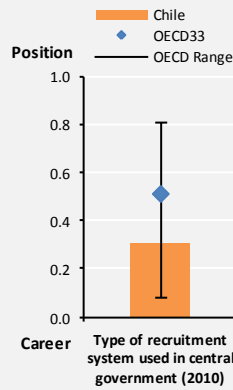
### Strategic HR Management

|  |  |
|--|--|
| <b>Existence of HRM accountability framework for managers:</b> | No General Accountability Framework exists.  |
| <b>HRM targets feed performance assessments:</b>               | Yes  |
| <b>Regular HRM assessment of ministries and departments:</b>   | Pilot programs have been launched by the central government, e.g., <i>ChileGestiona</i> (see <i>Reforms</i> below)   |
| <b>Top &amp; middle management plan and report on:</b>         | <ul style="list-style-type: none"> <li>Compliance with HR rules &amp; targets for employment and pay</li> <li>General people management</li> </ul>   |
| <b>Forward planning use:</b>                                   | Yes, on ad hoc basis.  |
| <b>Forward-planning horizon:</b>                               | 4 years (government period).   |
| <b>Key aspects explicitly considered in forward planning:</b>  | <ul style="list-style-type: none"> <li>Performance management</li> <li>Personnel planning</li> <li>Good practices regarding labour issues</li> <li>Retirement plans</li> <li>Salary</li> <li>Training and development</li> </ul> |



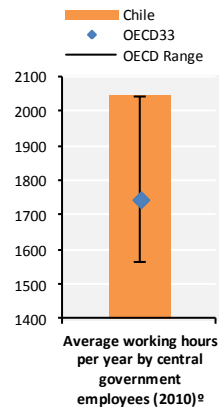
HR Management Practice

**RECRUITMENT:** The recruitment system used in Chile tends to be based on career development, rather than positions. Selection is based on open competition through a competitive examination, and promotions are filled with internal recruitment. There have been efforts to increase external recruitment, such as the senior public management system; however, most positions require internal promotion within the civil service. Open competition is mandatory for permanent staff. It is not mandatory for contractual staff but is used as good practice. There are no diversity policies in place regarding recruitment.

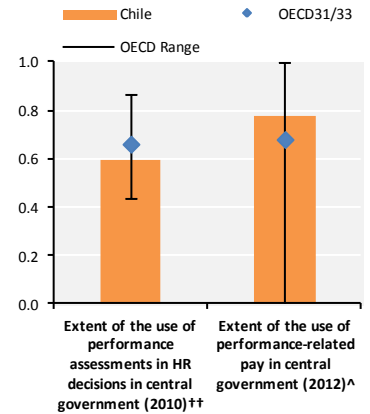


**WORK CONDITIONS:** The average yearly working hours in Chile, 2 048 hours in 2010, is the highest of all OECD countries and well above the OECD average of 1 745 hours. This is driven by the longest working week in the OECD. The absenteeism per year is 15.7 days per employee, which is high for OECD standards.

|   |       |
|---|-------|
| Number of regular working hours per week: <sup>a</sup>          | 44    |
| Average number of annual leave days per year: <sup>a</sup>      | 15    |
| Average number of bank (public) holidays per year: <sup>a</sup> | 13    |
| Total number of hours worked per year: <sup>a</sup>             | 2 048 |



**PERFORMANCE:** Chile makes slightly less use of performance assessment in HR decisions compared to the average OECD country. Assessment is mandatory for almost all public employees and takes the form of an annual meeting with, and written feedback from, the immediate superior. Assessment is of high importance for career advancement and remuneration, and of some importance for contract renewal. Chile uses performance-related pay (PRP) to a substantially greater level than the average OECD country. PRP is used for most employees (particularly senior management) and takes the form of one-off bonuses and permanent pay increments representing a maximum of 6-10% of base salary.



**PAY SETTING:** Base salary and bonuses are set through a centralised collective bargaining arrangement, with bonuses being further adjusted by sectors. Base salary is revised annually at a sectoral level. Seniority-based pay is not in use and data are unavailable regarding the determinants of base salary.

**PROMOTIONS:** Performance appraisals and qualifications are factors which determine promotion decisions for all grades of employment, with years of experience also relevant for all grades except top management. There are no formal restrictions to promotion between hierarchical grades; however, there are promotion contests for technical and professional grades. There are no diversity policies in place to advance promotion of under-represented groups.

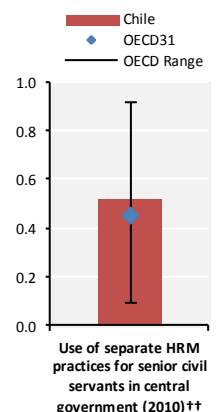
**MOBILITY:** Internal mobility has remained steady. There are legal provisions allowing assignment to execute specific functions, after which the employees return to their original positions. Unpaid leave is also in place, and cases in which a person holds permanency but hiring is exerting a greater degree in the same or another service.

**TRAINING:** Some agencies have been developing initial training programs, but there is no standard training for entrants into the public service. Data are unavailable regarding the yearly average training received per employee.

Senior Management

Chile uses separate HRM practices for senior civil servants (SCS) to a slightly greater extent than the average OECD country. SCS are considered a separate group and there is a centrally defined skills profile that applies to some organisations. The management of their careers and performance is accentuated and they are employed for a specific term which is shorter than for regular staff. They are recruited through a centralised system that undertakes the selection, training, evaluation and development of SCS. A good proportion of management positions are open to external recruitment and assessment centres are regularly used, with an independent Council overseeing the process and

making the final recommendations. The president and public service directors are in charge of the appointment and dismissal of SCS. The minister and independent Council have certain influence over the appointment/dismissal of directors general (highest level) and deputies in agencies (second highest level). The minister, ministry head and others in ministry have influence over the appointment/dismissal of other management levels. All advisors to the ministry's leadership turn over with a change in government, as well as many directors general, many deputy directors general and a few heads of division. A change of government normally implies changing some of the SCS.



## Industrial Relations

From a legal perspective, unions play a small role in industrial relations arrangements in the Chilean public service, and there is no binding obligation to consult them on any employment matter. However, unions are consulted on a voluntary basis regarding base salary, bonuses, the employment framework and the code of conduct, with negotiations taking place centrally. Unions are also

voluntarily consulted regarding the introduction of new management tools, which is negotiated at central and delegated levels. Unions are not normally involved in negotiations regarding working conditions and receive no public funding. All public employees are granted the right to unionise but they are not granted the right to strike.

## Reforms

- *ChileGestiona* is a program to improve the quality of management in the agencies that make up the central public sector. The 17 largest Undersecretaries have become fully accountable for supervising the quality of management at agencies in their sector and for providing them with support to improve their management. Agency chiefs have become accountable to the Undersecretaries, while gaining access to them (this allows requests for support with other Ministries or principals). The Undersecretaries must also endow themselves with personnel with the skills needed to support this two-way relationship with the agency heads, without neglecting their main task of leading the public policy debate in their areas (legislation, media). By June 2012, all 17 Undersecretaries had implemented this programme.
- For each year, *ChileGestiona* identifies specific tasks for the Undersecretaries and their teams. In 2012, there were 5 tasks, ranging from “driving agencies to establish output measures not

linked to salaries” to “programming monthly meetings with agency heads to review a preset list of management issues”. A special unit at the Ministry of Finance, working in coordination with the National Civil Service, reports on each Undersecretary’s progress to the Presidency and the Cabinet, on both a quantitative and qualitative basis. Since October 2012, “Bilateral Management Meetings” have been held between specific Undersecretaries and higher authorities to discuss the Undersecretaries’ progress and plans to recover lost time.

- The National Civil Service has provided guidance and advice on matters such as entrance to the public administration, performance management, development decisions and staff mobility. By the end of 2012, most of the Public Services involved in the 2012 plan are expected to implement improvements to these processes and have better information to make management decisions.

## Challenges

- A great challenge for the Chilean state is to have a substantive discussion among all stakeholders regarding the type of public employment used. The agreement of different interest groups is needed in order to combine the virtues of a career-based system (that allows continuity of public policies and an appropriate civil servants’ development) with the flexibility of a position-based system (which allows an appropriate decision-making by the authority).
- There is a need to face a growing population, more informed and empowered, and to keep up the challenge of transforming Chile into a developed country by 2018.
- Extending and standardising retirement benefits across all public sector employees is another challenge. In the past, some groups obtained special treatment, fragmenting the labour regime and reducing efficiency in the public sector.
- A smaller-scale challenge is to consolidate the powers of the National Civil Service, strengthening its role as the State Personnel Manager. This is particularly important to address matters that are of continuing concern to the National Civil Service, including: reform proposals, policy design, information management, and authority advice.

### Sources

Unless indicated otherwise, all data are sourced from OECD (2010), *Survey on Strategic Human Resources Management in Central/Federal Governments*, unpublished.

\* Data for Total Labour Force from OECD *Labour Force Statistics Database*; data for Central Government from OECD (2011), *Government at a Glance 2011*.

† Data from International Labour Organization (ILO) *LABORSTA Database* and OECD *National Accounts Statistics*. See Methodological Note.

†† OECD (2011), *Government at a Glance 2011*, OECD Publishing, Paris.

~ OECD (2012), *Restoring Public Finances, 2012 Update*, OECD Publishing, Paris.

° OECD (2010), *Survey on the Compensation of Employees in Central/Federal Governments*, unpublished.

^ OECD (2012), *Rewarding Performance in the Public Sector: Performance-related Pay in OECD Countries*, unpublished.

### Further Reading

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OECD (2011), *Public Servants as Partners for Growth: Toward a Stronger, Leaner and More Equitable Workforce*, OECD Publishing, Paris.

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