Improvement and development of public administration system take a significant role in the process of the Republic of Croatia's accession into the European Union. The system of human resource management in central state administrative bodies and in local administration assumes the importance of legal framework for human resource management. Strategic Human Resource Management deals with determining human resource needs, attracting potential employees, choosing employees, teaching or preparing, rewarding, evaluating performance, and creating a positive working environment. Planning of human resources in the context of results orientated management with its foundations in program evaluation presents a significant focal point for public managers.

Key words: Public administration, Human resource management, Education, Business processes

1. Introduction

At the end of the 20th century the process of globalization and revolution in information technology imposed the need for modernisation of national systems of public administration, at the same time making them more efficient and cheaper. The results of numerous analyses and surveys have shown that the only long-term worthwhile area for investment in changes is in the domain of human resources. According to one of numerous definitions, the particularity of human resource management in public administration is planning and guiding working life of employees and their earnings so that their motivation and efficiency in achieving work results have positive impact not only on the success of the company but also on achieving social wellbeing and overall progress.

The study of public administration assumes a broad range of disciplines such as psychology, sociology, philosophy and management sciences. Public administration considers concepts such as organizational theory, organizational behaviour, leadership, management, human resource management, economics, policy analysis, budgetary process, finance issues, administrative law, ethics, and the practice of social research, program evaluation, democratic governance, and public participation.

The bureaucratic ideal promoted by Weber, a German sociologist, has its origins in principles of social equity and focussed on maximizing organizational efficiency through the promotion of predictability, order and precision. According to Gordon (1999), basic tenets of the bureaucratic ideal include:

* Each employee within an organization having a specified and official area of responsibility that is assigned relative to the competence and experience of that employee,

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* Each employee having only one supervisor, thus creating a system of orderly supervision and subordination,
* The use of written directions from managers to employees, including manuals containing rules and procedures for employee conduct,
* The provision of extensive training for managers and employees alike with a view to enabling them to adequately perform their employment responsibility,
* Promotion based on achievement, and
* The expectation that managers will be consistent and that rules will be complete and learnable.

These basic, underlying foundations of bureaucracy would appear reasonable to most and yet present day bureaucracies are often criticized for being overly regimented, unresponsive, and inflexible organizations unable to meet the requirements of unique situations. The problems of bureaucracy have been equated to a situation of “not being able to see the forest through the trees”. In this regard, bureaucracies are at times said to be institutions whose processes perpetuate their existence; thus resulting in the “end” becoming the “means”.

The changes in organisational theories, new managerial skills, strategic planning and decision making all of which were used to improve the efficiency of economic subjects have been undertaken, with better or worse results, in public administrations of different countries.

Strict, classic approach to public administration organisation based on integration of horizontal governmental structures dependent on the central public authority, and supported by long dominant monopole is slowly changing according to rapid changes in the surroundings and the global development processes.

Today, public administrations are trying to create conditions for democratisation of the process of management, decision-making, participatory planning and development, while encouraging motivation, thrust and openness among the highest level of employees. One of the first countries to introduce systematic “public management” was Great Britain, followed by “Public governance” in France and Germany.

How shall Croatia proceed is still the subject of expert and scientific discussions. If the main goal is creating conditions for economic development and stimulating entrepreneurial surrounding, the choice of the system itself should not be a priority but the system should be organised in such a way as to choose the best and adopt it to present national development needs.

The reform of the public administration is also one of the tasks set forth to the Republic of Croatia on its path to European Union and its adjustment to European standards. In the last years several preparatory activities have been carried out. Some activities have been initiated by the administration itself (establishment of training centre, structure of trainings and the system of education, preparation of central civil servants’ registry, etc.), and others are being conducted thanks to international sources of financing. Moreover, the draft Strategy of public administration has been prepared and is being presented to the expert public.

The systematic approach of adjustment especially to European Union countries of theoretical knowledge and experience of particular Croatian conditions is related to possible introduction of systematic management of human resources in public administration and is the key challenge of reform of public administration which has still not been noted as the priority. Therefore, intense activities are expected not only on the level of Ministries, Government and governmental offices, but also on the level of local self-government and other governmental institutions and agencies.

Human resource management considers the most prominent aspect of administration configured of the function of “employee” that permeates every public sector organization, such as a municipal transit service, a territorial finance unit, or a Crown Corporation policy analysis section. For this reason, and through choice or circumstance, human resource management presents a significant focal point for public managers.

The various aspects of human resource management are worth consideration. In its most basic form, human resource planning includes attempts to forecast organizational demand and labour force supply of potential employees. In strategic human resource management, this type of planning also includes allocating financial resources and determining human resource priorities in such a way that an organization’s vision and strategic plan are reflected in its human resource planning. It is thus potentially leading to alternative employment scenarios such as downsizing, hiring temporary employees, privatizing, etc. in the event that the overall organizational strategic plan directs and supports such courses of action.
2. Croatian state administration on the road to European Union

The notion of public administration implies all employees in state administrative bodies, i.e. ministries, central public offices, public organisations and state administrative bodies in the counties. In state administrative bodies in Croatia there are 66,300 employees, divided in three categories: officials, employees and civil servants.

EU accession is the declared main strategic objective of the Croatian Government. The public administration is the main vehicle for driving through the accession process and, consequently, public administrative reforms in the current Croatian context become a main priority. EU pre-accession criteria stipulate that national reform programs should focus their attention on government performance and build a result-oriented and cost-conscious public administration. Within the EU context HR managers’ main responsibility is to assist their organisations to align with the EU public management policies (Sotirakou and Zeppou, 2005).

The Croatian public administration is presently not perceived as an attractive career opportunity and most of the public administration is facing the problem of not being sufficiently staffed with educated, trained and motivated civil servants (CARDS 2001 Public Administration Reform: Final Report, 2005). The main features of current Croatian civil service are:
- a rigid hierarchical organisational structure;
- a career based system, with almost no elements of merit; weak capacities for human resources planning and management;
- inadequate selection and recruitment procedures;
- inadequate civil service registry;
- inadequate, inconsistent and rigid job descriptions and classification of posts; limited delegation of powers;
- low salaries;
- almost no possibility for training and professional development.

It has been stated as a feature of the pre-accession process that “Governments in the CEEC’s make strategic calculations regarding the adoption of rules for which the benefits of complying with EU demands are set against the cost of losing EU funding and institutional ties” (Dimitrova, 2005, p. 72). This may well apply to the current Croatian situation as well.

The Ministry of Foreign Affairs and European Integration assumes a major role as a coordinator of the process of EU accession and consequently becomes a major stakeholder in the process of public administration reform. The main institutional body responsible for promoting and implementing reforms is the Central State Office for Administration which was established in 2004. This Office is a self-governing body of state administration headed by State Secretary. State Secretary of Central State Office for Administration is responsible for his/her work and the work of his/her office and answers directly to the Prime Minister. Such responsibility enables Central State Office for Administration to represent the authority of the Prime Minister himself in legal initiatives and supervises other administrative bodies. Central State Office for Administration has the full responsibility of former Ministry of Administration, conducting work related to adjustment of state administration to European standards performing numerous significant tasks in the following fields:
- strengthening and modernisation of legislation related to state administration in accordance to European standards,
- establishment of permanent civil servants’ training system, and
- strengthening of Central State Office for Administration personnel and organisational potential related to system of servants and employees.

Central State Office for Administration established Human Resource Management and Development Department and Civil Service Training Centre. Present activities related to planning and management of human resources are being conducted so that each administrative body leads its own personnel policy. The work mainly comes down to independent employment, independent care for additional training of employees and their career development. Establishing of Human Resource Management and Development Department enabled the creation of the basis for systematic planning, advancement and development of employment policy and unique human resource management in administrative bodies.

Civil Service Training Centre in Central State Office for Administration should contribute to public administration’s efficiency, professionalism and transparency which is in the service of citizens and for citizens.

Another central stakeholder is the Ministry of Finance, which by assuming its role in the pre-accession process will play increasingly important role in driving the public administrative reform. There are several reasons for that: (i) first and foremost by developing the necessary policies to match the fiscal and budgetary objectives embedded in the current Government programme; (ii) secondly, by man-
aging the process through which the national contributions are allocated for the institutional and administrative convergence with the EU requirements. (iii) thirdly, by assuming the designated role of a national coordinator of the substantial financial EU-assistance provided under the pre-accession programmes — and the management of continued financial assistance from the structural and cohesion funds which will be available upon accession.

3. Legal framework for the management of the civil servants

The main legislative instrument in the reform is the new Civil Service Act (Official Gazette 92/05) which came into force on 1 January 2006 and a number of its secondary regulations which are being drafted and are related to HR management and development. The new law contains significant improvements in comparison to the previous law from 2001, including among others:

* depolitization of the positions of Secretaries of the ministries, current Assistant Ministers (who will become Directors), Deputy Secretary of the Croatian Parliament, Deputy Secretary of the Government, Heads of the Government Offices, Deputy State Secretaries of the Central State Offices, Deputy and Assistant Directors of State Administrative Organisations;
* an obligation for all public bodies with more than 50 employees to set up human resources management departments;
* new uniform recruitment procedures in the civil service, announcement of vacancies and selection of candidates for vacancies will be regulated in a uniform manner (for all public bodies);
* the objective selection of candidates who have applied in response to an announcement, through mandatory testing of their knowledge, skills and abilities and the introduction of “the merit system” whereby it is necessary to take into account, on recruitment and job assignment, the knowledge, skills and abilities, performance and professional capacities acquired through work, which are assessed through mandatory tests, on the basis of letters of recommendation regarding previous work and job performance, which excludes political influence in recruitment and job promotion procedures;
* the introduction of a new classification of posts which will enable promotion within the civil service, in distinction from the current law in which the classification of posts is not sufficiently elaborated, thereby preventing sufficient room for promotion;
* a system of promotion (vertical – to a higher post, and horizontal – through salary increases) for civil servants who achieve good working results;
* the strengthening of the organisational and personnel capacity of the Central State Office for Administration;
* the establishment of an integral system of training for civil servants, with particular emphasis on the creation of the Civil Service Training Centre;
* the detailed regulation of possible conflicts of private and public interests in the performance of civil service tasks;
* the establishment of special internal bodies for the resolution of situations involving disputes between civil servants (mediators in the civil service), and a special body responsible for dealing with appeals against decisions by heads of public bodies in the field of civil service relationships (the Civil Service Board).

Although the new law will provide a comprehensive framework for the operation of the civil service, the successful implementation of the law will largely depend on the set of secondary regulations that will need to be passed by the Government of Croatia. The secondary regulations required are:

* Regulation elaborating in more detail the titles and positions within the category of civil servants and work posts of civil service employees
* Ordinance defining standards and criteria for the designation of work post titles and job descriptions
* An ethical code of conduct
* Regulation governing the procedure of employment in the civil service, and the procedure and implementation arrangements for competitions
* Regulation governing temporary employment of civil servants by international organisations, corporate entities with public competencies or administrative bodies of local units for the purpose of further training or providing professional assistance
* Regulation governing requirements and methods of promotion of civil servants
* Internal organisation and work methods of the Civil Service Committee
* Regulation governing forms, methods, terms and conditions of civil servants’ education and training
* Regulation governing the content and method of keeping a register and the central list of civil servants and civil service employees
* Ordinance prescribing the content of a special report on the assessment of work and efficiency of civil servants

However, drafting the regulations is only the first stage in the implementation of the new law.
There will be a considerable need to assist HR staff in all ministries in the implementation of the new law and regulations. Implementation of the law also requires new approaches to the management of the civil service, including comprehensive planning of human resources, performance management, career planning and the introduction of continuous professional development of civil servants. To deliver these changes, there is a need for greatly enhanced capacities at the centre of government and in ministries. In this context, HR Management and Development departments will have very important role in the implementation of the legislation and policies.

4. Basic problems of state administration in Croatia

The fall in competitiveness in Croatia in the past two years has resulted in the fact that Croatia has been surpassed by all countries members of the EU, and partly also by the EU candidate countries – Bulgaria and Rumania. The reasons for such conditions and movements, according to experts and analysts, are results of slow changes in business surroundings, and especially in low efficiency of state administration and legislature, and corruption.

Basic problems of state administration are mainly related to human resources:
* The number of employees in some administrative bodies is too big, while in others it is too small.
* Many employees conducting managerial functions and supervision do not have necessary qualifications, knowledge or professional skills. It is especially true in case of local self-government.
* The system of salaries is insufficient. Salaries are generally low, there is no unique system of emoluments, salaries are not dependent on work results, but are based on school certificates, position and years of service.
* There are some cases of patronage and sponsorship in positioning and promoting civil servants.
* The degree of centralisation on decision-making and financial disposals is too big. This is the reason for increased costs in management and slowness in offering services to citizens.
* The reason for lagging behind in information technology of management system is, among others, due to decrease in the budget ensured for that purpose.

Additional problem is the corruption of administration. As reported by the EU experts, there are indications, although there is no real evidence, that apart from “patronage and sponsorship” in the system of employees, in some administrative fields there is corruption, citizens have to pay for some services which they are entitled to free of charge, and some employees are willing not to fulfil legal requirements if they get certain reward.

State administration also cannot resist political pressure. All former regimes had influenced citizens and administrative employees depending on their political loyalty and dedication to ideological goals of the current regime. That had created a climate in which administration agreed to all political demands, even when such demands came from persons which were positioned low on political hierarchy. Thus the administration has lost the capability to fulfil one of its main political functions, namely to be counter-balance to administration authority or ideally, self-relying factor of continuity, moderateness and prudence.

Another shortcoming/limitation of state administration is inappropriate administrative-territorial division. During the last decade the number of local units – municipalities and towns – has grown five times.

Interactively, all faults create a syndrome of slowness and unreliability of the administration, piling of work, bureaucratic barriers in development of entrepreneurship, and growing feeling of citizens' dissatisfaction with the administration's performance.

5. Context of HR practices in Croatia

Over the last ten years the transition process generally and in particular its direct and indirect implications for the management of people has been put on the agenda in every country of the Central and South-Eastern Europe. It is hard to establish any tangible benchmarks for the requirements for Public Administrative Reforms since there are specific Public Administrative requirements published in the EU Acquis – not in the form of directives or other legal acts that commit the candidate country – however, there are conditionality embedded in the pre-accession process, which translates into requirements for implementation of administrative reforms and regulations in specific areas (for example – Public Internal Financial Control (PIFC) or Extended Decentralised Implementation System (EDIS)).

Between 1996 and 2000 a research was carried out in a series of HRM modules in Croatia (Taylor and Walley, 2002). Young Croatian managers from across the business and government scene, from 21 different organisations were asked “to as-
assess to what extent HR practices have been/are being introduced, the extent to which these practices contribute to “desirable” HR outcomes, and how the introduction of these practices is viewed by the employees, by applying these concepts to their own organisations” (p. 297). The general impressions were that negative perceptions of people management practices outweighed positive experience. There were many examples of new practices being introduced, but only in some of the cases the implementation of such new practices was perceived to be successful. The authors’ HRM structured analysis resulted in five categories of companies, which they have termed:

* “sleepers”
* “doers”
* “thinkers”
* “strivers” and
* “leaders”.

“Sleepers” are organisations with no strategic intent and no new policy implementation, and in the sample these are public sector organisations, either government organisations or public-owned companies. But all Croatian managers reported about the inevitability of the introduction of Western management practices in Croatia and they suggested that the introduction of HR policies and practices was part of a requirement to satisfy externally driven expectations, mainly the national process of preparation for the EU membership.

Analysis carried out in other transition countries (Garavan et al., 1998; Mills, 1998; Rees et al., 2005), clearly indicates that the formal HR function is best characterised as having a personnel rather than an HRM orientation. According to Garavan et al. (1998) “there is limited evidence of any involvement in strategy, policy or operational decision making or major HR issues. Few departments engaged in long-term HR planning and there was a significant administrative burden associated with the maintenance of personnel files and records” (p. 206).

Evaluation system often leads to low motivation as it is considered to be subjective. However, more developed performance management systems have the experience of the conflicts related to the appraisal system also. Cooper et al. (1998) summarize that “there is no means for ensuring that it is implemented uniformly across organizations. Some agencies give more than half of their managers top ratings, while others give less than 10 percent of their managers such evaluations. It is not likely that the former agencies really have several times as many outstanding managers as the latter agencies. Civil service jobs, however, often exist in rapidly chang-
tion (new public management model). Although those two models are similar in some segments, most experts point out clear distinctions. European model of good governance stresses the management process itself taking into consideration organisations and personnel outside the administration, stressing the importance of openness, coherency, effectiveness and responsibility of the administration and participation of citizens in the process of policy making (European Commission, 2001.). New public management especially stresses the results - organisational reforms of public sector, aiming at privatisation of numerous parts of public sector, delegating the sectors' functions to non-profit and private sector, reducing taxes, etc., and not the process itself (Peeters, Pierre, 1998.).

Declarative decision-making on the path Croatia will choose to modernise its public administration has been the subject of numerous discussions in recent years. Since both approaches can bring good improvements in certain segments of public administration in Croatia, the suggestion is to improve efficiency in certain activities having in mind concrete peculiarities of time and problems, choosing best from the both. The final goal of changes in public administration functioning should be the increase of quality and improvement of living and working conditions of Croatian citizens, with the support to economy development, achieving social rights, satisfying cultural needs, etc.

Since all systems, therefore also the public administration, present organised activities, the basic field of changes is connected to increase of human resources efficiency and redefining and modernising of functions undertaken in the public administration system.

The fact is that in Croatia the systematic approach to human potentials and human resource management cannot be done without the changes in legislation related to civil servants.

Human resource management has the key role in creating a modern and efficient public administration and self-administration, based on European Union standards.

Human resource management incorporates management functions such as planning, recruiting, selecting, training, evaluating, compensating, and of course, facilitating employee/employer relations. In a spirit of quasi-codification under the label of "Strategic Human Resource Management", these functions have been categorized into the following seven "steps": determining human resource needs; attracting potential employees; choosing employees; teaching/preparing; rewarding; evaluating performance; and creating a positive work environment (Noe et al., 2000).

A very challenging aspect of human resource management is the selecting the best applicant when filling an employment opportunity. In the hope of doing so, an employer may rely on interviews, ability tests, personality inventories, work samples, or reference checks in attempting to determine how well a potential employee will perform in a position. In varying degrees, each of selection techniques serve as predictive validity indicators - that is, they are independent variables used to assist an employer assess or predict how well a potential employee will function in a position. Unfortunately, such predictive validity indicators often have limited reliability when it comes to projecting performance and as such, human resource managers will often acknowledge and consider their personal feelings and/or impressions towards an applicant in combination with the above noted selection means when hiring.

When the term training is used in human resource management, reference is usually being made to the provision of essential skills and services for new employees in an organization in order to help that employee meet job requirements. However, some also use the term to refer to the notion of furthering the skills of existing employees. Training is often approached in terms of: 1) conducting a "needs" assessment; 2) ensuring employees readiness (attitudes and motivation); 3) identifying learning objectives and training outcomes; 4) ensuring the transfer of training, i.e. management support; 5) selecting training methods; and, 6) evaluating training programs.

The criteria of expertise should be applied when employing civil servants and employees. The changes in the systems of payment and advancement result in increased stimulation, which then result in better work quality, innovativeness, creativity and dedication. Salaries of highly expert civil servants should be on the same level as salaries of experts not working in public administration. This should attract experts and stop the process of negative selection. Systematic improvement of information system in administration as a result of detailed analysis of business processes will improve work efficiency in public administration.

It is important to undertake systematic additional education and continuous trainings of civil servants at all levels of public administrative bodies in order to create modern, efficient and successful public administration. Furthermore, it is necessary to enable those civil servants with lower education to attend additional courses in order to advance in their positions. Acquiring new skills and knowledge should be used as additional criteria for advancement in public administrative bodies. However, employees should be encouraged to use special portals
(e-learning) adapted to the needs of civil servants, as well as to the highest ranking officials in public administration.

The advancement system should be elaborated in such a way as to introduce more working posts, which should be precisely defined and described. Description of work and business plans should be the base for determining clear criteria for measuring work results. Advancement should be based on success. It is also necessary to determine an evaluation system as an additional condition for advancement in public administration. Evaluation system should be objective, allowing comparison and giving description for possible development of the servant in question. It implies determining a detailed scale for advancement with the aim to ensure gradual and horizontal career advancement, and reciprocal stimulation. After having advanced several steps, civil servants should have the possibility to compete for higher working post.

The description of work should possibly need readjustments after some time due to continuous control of efficiency of the civil servant in question and satisfaction of citizens.

This would enable systematic long-term planning of administration and its employees’ development, also employment based on actual needs arising from the programme of certain administrative body, as well as the control of the number (increase) of civil servants. Fulfilment of the actual needs should primarily be directed to fulfilment from the existing staff by additional education of employees, thus increasing their mobility. Creating new working positions must be related to the budget of certain body which must be self-reliant in budget management.

Reassessment of business functions, defining of business processes and reengineering of the overall running of business of public administration if the processes have already been defined, would enable dissolving of surplus and inefficient business processes, and, on the other hand, would enable the change in definition of work so that main obligations, necessary qualities and the level of responsibility are obvious. It would enable realistic business planning on all levels.

Constant control of business functions would enable transparent employment where the best candidates are chosen for the work in question, i.e. quality improvement, assessment and emoluments thus creating the base for establishing objective criteria, creating new posts with actual needs and recognizing possibilities of advancement and determining responsibilities of civil servants.

Introduction of information technology in public administration is also a key factor of increased efficiency enabling quicker fulfilment of business processes and continuity in work control and measurement of achieved results. Introduction of information technology in public administration using new technologies and modern e-management tools and techniques would enable decentralisation in decision making and responsibilities and thus would create new development policies and development improvements in relation to daily activities necessary for solving management tasks and standard formal work.

An expected change at all levels in public administration is continuous introduction of a system for controlling achieved results, as well as comparing same kind of organisations, i.e. comparing the effects of work of the same organisation in different time intervals whenever it is possible based on quantitative indicators (benchmarking) (Brudney et al., 1999, 22).

7. Recommendations

Since human resource management is the key factor of public administration reform, recommendations are mainly directed to necessary initial activities in the field.

It is important to stress that Croatia, while changing the system, should not declaratively follow already defined available alternatives (public management or public government) but should combine the best solutions with regard to existing problem.

Creating the prerequisites for future development and management of human resources in public administration must be done simultaneously with adjusting the legislation related to civil servants.

In the field of systematic human resource management which is the key sector for systematic changes of the overall Croatian administration, objective and expert analysis of human potentials is obligatory and is the prerequisite for planning and implementation of other activities. Based on the results of the analysis, it will be possible to prepare an optimal systematic targeted programme of continu-
ous education, plan the career, establish efficient business processes, introduce motivating system of rewarding, as well as select quality experts for key managerial positions in public administration.

Objective and expert selection of new employees and servants and the analysis of existing human potentials are done with the purpose of strengthening human resources and their organisational potential in administrative bodies, i.e. from systematic planning, advancement and elaborated employment policy to unified human resource management.

Results of analysis of human resources and competences of individual public employees and servants offer an insight into the organisation of public administration bodies, working dynamics of teams, manner and flow of inner communication, organisational and managerial values and decision making process.

This would enable integration of human potential into achieving strategic goals, more efficient positioning of individual administrative body in relation to other public institutions and participants of public administration, with efficient professional orientation of human potential.

On individual level, the analysis of human potential will offer the participants the possibility to analyse their personal and professional participation and consider present and future plans for career development.

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