Development of a Human Resources Development Strategy in Croatian Civil Service

Gordana Marčetić and Dubravka Prelec*

The Croatian civil service is determined to be prepared for the EU membership and to create organisational and cultural environment that can attract, develop and retain qualified civil servants. Besides creating, amending and revising legal and institutional provisions this process will also require a profound change of the administrative and organizational culture. In the article the authors present legal and policy framework in the Croatian civil service system after the fall of socialism and current situation of the structure of human resources in the civil service, as the reference framework within which the newly adopted 2010-2013 Civil Service HRD Strategy was developed. The article points to the key issues and problems of Croatian civil service system related to recruitment, career development and rewarding, performance appraisal, education and training. It discusses development, content and strategic objectives of the HRD Strategy with special attention on management development and recruitment policy. The authors conclude that the HRD Strategy represents a qualitative framework for attracting and promoting high quality, professional, dedicated and motivated individuals in civil service, emphasizing also the importance of connecting civil servant's individual development with organisational development.

Key words: human resources development, Croatian civil service, civil servants, HRD strategy, management development

1. Introduction

In addition to certain particularities, Croatia has many similarities with the majority of the countries in transition in building and developing civil society institutions, multi-party democracy and free markets, both in relation to the historical legacy of socialism and in relation to the standards established by the European Union (EU) and the wider international community. Experience has shown that a longer period of time has to elapse for the elements of the old system to be completely replaced with the new elements. In addition to formal - institutional, legislative and organizational changes, many less visible, subtle

* Gordana Marčetić, PhD, Associate Professor of Administrative Science at the Faculty of Law, University of Zagreb, Croatia, and Head of the Public Administration Study at the Social Studies Polytechnics in Zagreb; Dubravka Prelec, MA, Project Coordinator and Key Expert on the Danish bilateral assistance project Support to Development of a Civil Service Human Resources Development Strategy, implemented by British Council, Croatia; Deputy Director in the Croatian State School for Public Administration

changes on the social, cultural and psychological level need to happen.

One of the key questions is the impact of the EU on the direction of the development of post-socialist countries, which is particularly evident in the field of administrative reform and the establishment of modern civil service systems. All post-socialist countries, former or current candidates for the EU membership, have, under the guidelines of the EU, created and improved their civil service system. Comparative analyses of administrative systems suggest a strong link between the set EU standards and the development of civil service systems in the countries in transition. Significant correlation between the transition process and the development of modern civil service systems is also evident. While on the one hand, the transition process directly affects the transformation of the role and status of civil servants in the society and the development of civil service systems, the speed and quality of development of civil service systems and human resources development (HRD) in public administration influence the direction and quality of the transition process of individual country on the other (Marčetić, 2005: 342-343).

A major influence on civil service systems and human resources management (HRM) in the countries in transition is an initiative by SIGMA[1] and the creation of the so called European Administrative Space. SIGMA interprets the requirements of the EU in comparison to the countries in transition, codifies forms of administrative standards and assesses the administrative capacity of a country (Koprić and Marčetić, 2005:37). Among significant documents developed in this field is SIGMA Paper number 27 which defines European principles for public administration. Croatian civil service system is evaluated according to the following basic preconditions for efficient civil service:

(1) Separation between a public sphere and a private sphere;
(2) Separation between politics and administration;
(3) Development of individual accountability of civil servants;
(4) Sufficient job protection, stability, and level of pay, and clearly defined rights and duties of civil servants;
(5) Recruitment and promotion based on merit (SIGMA/27, 1999: 21).

A number of recommendations and EU standards are directed towards the classical Weber administrative model, highlighting the legal and democratic values, disciplined, loyal and politically neutral administration. The focus is on well-educated and well-paid public servants who are progressing in their careers according to their abilities and ensure professional execution of tasks of public administration which are at the service of public interest. Unlike the developed European countries which, to a greater or lesser degree, have abandoned the traditional administrative model replacing it with certain elements of the new public management, the EU considers these features precisely as desirable in the countries in transition. It is not surprising since most post-socialist administrative systems, including the Croatian system, are dominated by a high degree of politicization and a lack of professionalism of civil servants, legal rules are not respected enough, and are not applied consistently or do not even exist, while new political and administrative institutions are not yet stabilized.

The overall assumption is that the Croatian civil service *per se* is determined to be prepared for the EU membership and to create institutional, organisational and cultural environment that can attract, develop and retain qualified civil servants. Facilitating this process is not merely a matter of creating, amending and revising legal and institutional provisions. This process will require a profound change of the administrative culture and therefore the way of thinking of the bearers of this culture - executives, civil service managers, civil servants and public employees in the wider sense.

The mechanism and the course of EU accession negotiations are demanding and complex in many aspects. It is evident that they present an enormous constraint on the candidate country – financial, institutional and administrative – in order to fulfil the requirements for a future EU membership in a limited period of time during the pre-accession period.

Especially in this context, the Europeanization[2] of national public policies through the accession process should be reflected in the administrative set up in order to achieve the required level of policy implementation. It requires a shift in the perception of what is regarded as "good governance"[3] and transformation of the existent

(national) traditional administrative structures, styles and paradigms.

Since the aim of the accession negotiations is that a candidate is ready to fulfil all the prerequisites of the membership and demonstrate ability to play its role as a member, the significance of the issue of administrative preparedness is self-evident – no country is able to function as a member state without an efficient and well prepared public administration.

Among politicians as well as civil service executives, managers and staff there is an increasing recognition of urgent needs of profound changes within the spheres of HRM and HRD in public sector in order to benefit fully from the reforms of the legal and institutional framework.

2. Legal and policy framework

After the fall of socialism Croatia relatively quickly adopted the Civil Service Act in 1994 which promoted career civil service system and which was replaced in 2001 by the new one, which promoted the opposing position-based concept. Five years later the Civil Service Act, which was drafted under the EU financed CARDS[4] project, came into force on January 1, 2006. It is generally considered to comprise some improvements in comparison to the previous law from 2001 and thereby to coincide with basic European standards and values, including among others:

- depoliticization of the positions of Secretaries General of the ministries, Assistant Ministers (who became 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 Administration Organizations;
- an obligation for all state bodies with more than 50 employees to set up HRM departments;
- new uniform recruitment procedures in the civil service and 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 some principles of "the merit system";
- a basis for the civil servants' training system with particular emphasis on the Civil Service Training Centre;

- the establishment of a special body responsible for dealing with appeals against decisions by heads of state bodies in the field of civil service relationships (the Civil Service Board).

In normative sense, the law in question was adopted at short notice with some "cosmetic" changes and is deficient in as far as it omits and only partly regulates basic institutes of civil servants' system. Basic institutes – classification of working posts, promotion and remuneration – are not regulated by the law, but left for regulation by secondary legislation (decrees and rulebooks). In the following period a chaos in implementation caused by the missing secondary legislation decreased after the by-laws had been adopted.

The salary system which should follow the new classification has not as yet been established, for a separate Civil Servants' Salaries Act has not been adopted and the salaries are paid according to the old law dating from 2001.

In that sense the Governmental Decree on Civil Service Jobs Classification *de facto* cannot and has not been implemented in practice.

The policy documents which recognize the importance of civil servants' system improvement are the Government of the Republic of Croatia Mandate Programme for 2008-2011, the Strategic Development Framework for 2006-2013 and the State Administration Reform Strategy for 2008-2011.

The Government Programme establishes the following objectives in the area of public administration: "Public administration reform is one of key factors of further development of the Republic of Croatia. A good quality, professional and quick public administration stands as a precondition for accelerating the economic development and for guaranteeing the preservation of public interest. The guiding thought is that public administration exists because of citizens, rather than citizens for the sake of the administration". The State Administration Reform Strategy identifies a need for ensuring a greater degree of decision-making decentralisation and a greater individual accountability of civil servants in terms of attaining the set objectives as per the agreed work plans and a more precise definition of work assignments and duties of civil servants. Moreover, it identifies a need for

ensuring objective and measurable criteria for appraising performance and quality of work against the set and expected results.

3. Human resources in the civil service – current state of affairs

According to the available data of the Ministry of Administration, the number of civil servants currently employed in the state bodies is 49,977. In terms of the structure, the largest stake pertains to civil servants holding secondary education qualifications (28,576), followed by those with university degrees (14,898). The least represented are the civil servants holding 2-year university degrees (6,523).

The state bodies employ a total of 21,205 female and 28,792 male staffs, in which female staff is more represented in the structure of civil servants with university degrees, whereas male staff have greater representation amongst civil servants with 2-year university and secondary school qualifications (Table 1).

The highest number of civil servants with secondary school qualifications is employed in the Ministry of Interior. Should this number be excluded from the structure above, the number of civil servants with secondary school qualifications would be lower than the number of civil servants holding a 4-year university qualification.

In the majority of other state bodies the civil servants with university qualifications prevail, but their number is too low. The analysis made in 2007 and 2008 within the functional reviews of statebodies and their agencies[5] shows that in almost all reviewed organizations a majority of civil servants have university education, but it also shows that the number of staff is lower than envisaged by the rulebooks on internal order (Table 2).

The main reason for vacant posts for which a university degree is required is an inappropriate rewarding system as compared to the private sector, especially where highly educated experts are concerned. Due to low salaries and unattainable promotion, the civil service is not an attractive working place, especially for economists, lawyers, psychologists and IT-specialists (IMO, 2008: 35-36).

4. HRM and HRD – challenges in practice

4.1 Recruitment

Annual Civil Service Admission Plans have been in place and gazetted since 2006. Even though there is an option to pass medium- and long-term plans, these have not been to date. The civil service HR planning has not become a sufficiently systematic process and it does not follow organisational needs stemming from a dynamic environment. A broader lack of strategic HRM is reflected in an inadequate distribution of civil servants in respect of their skills, knowledge and abilities needed for individual jobs. Inadequate planning causes excessive workload, dissatisfaction and lack of motivation for some civil servants.

At the normative level, the recruitment in the civil service is merit-based and implemented through an open and competitive procedure. Prior to its announcement, a vacancy may be filled from among the existing civil servants through an internal announcement. In the formal one, the selection of candidates is based on their academic qualifications, skills, prior professional experience and the results of a written examination and an interview. However, there are no adequate criteria or procedures to examine competencies needed for a job position, which is a consequence of inadequately described job positions. Personal favouritism, nepotism and political loyalty still seem to govern a considerable amount of executive decisions concerning selection of staff and promotion. A large number of legalistic obstacles prevent the implementation of a true merit-based, transparent and fair recruitment and career system.

To ensure legality and impartiality of the recruitment procedure, the Ministry of Administration has to appoint its representative in all commissions charged with conducting a recruitment procedure organised either internally or via an external announcement. In practice these representatives are neither properly trained to act in a uniform manner in the recruitment commissions nor motivated, and thus their involvement sometimes comes down to a mere formality.

The selection and recruitment procedure for senior management positions is less demanding than for other civil service positions. Most of the senior civil servants are recruited after an inter-

Table 1: Breakdown of civil servants by qualification and gender

State bodies	Level of education			Gender	Gender Total	Gender and Education TOTAL
	4-year University	2-year University	High School			
Ministries	5.870	2.203	7.873	F	15.946	41.883
	5.573	3.307	17.057	M	25.937	
	11.443	5.510	24.930			
Central State Offices	54	1	12	F	67	101
	28	0	6	M	34	
	82	1	18			
State Administrative Organizations	848	217	879	F	1.944	3.803
	779	236	844	M	1.859	
	1.627	453	1.723			
State Administration Offices in the Counties	812	381	1214	F	2.546	3.276
	354	134	381	M	730	
	1.166	515	1.595			
Governmental Offices	117	8	101	F	226	291
	39	8	18	M	65	
	156	16	119			
Other State Bodies[7]	320	23	133	F	476	643
	104	5	58	M	167	
	424	28	191			
Education and Gender TOTAL	8.021	2.833	10.351	F	21.205	49.997
	6.877	3.690	18.225	M	28.792	
Level of Education Total	14.898	6.523	28.576			

Source: Ministry of Administration, 2009

Other State Bodies[7]- The Professional Service of the Parliament, the Office of the President of the Republic of Croatia, the Office of the Ombudsman, the Office of the Ombudsman for Children, the Office of the Ombudsman for Gender Equality, the Office of the Ombudsman for Persons with Disabilities, the State Audit Office, the State Electoral Committee Professional Service; data excluding the judicial bodies and the Professional Service of the Constitutional Court.

Table 2: Number of envisaged working posts according to the Rulebooks of internal order and number of employed civil servants (December 31, 2007)

Ministries[9]	MJ	MSES	MFVI	MC	MF	MEPC	MELE	MSTD	CSOA	SI
Numberof working posts	3361	353	332	546	No data	647	330	1181	105	140
Numberof staff	2931	290	211	469	7659	536	240	615	86	118

Ministries[9] - MJ: Ministry of Justice, MSES: Ministry of Science, Education and Sports, MFVI: Ministry of Family, Veterans' Affairs and Inter-generational Solidarity, MC: Ministry of Culture, MF: Ministry of Finance, MEPC: Ministry of Environmental Protection, Physical Planning and Construction, MELE: Ministry of Economy, Labour and Entrepreneurship, MSTD: Ministry of the Sea, Tourism, Transport and Development, CSOA: Central Sate Office for Administration, SI: State Inspectorate.

view usually conducted by a single person - a head of an institution or another authorised person. The appointments are made by the Government and in practice they continue to be political. That practice is supported by the Civil Service Act provisions and the Government Decree on Civil Service Jobs Classification.

At the normative level, the Civil Service Act had initiated the process of depoliticization which had an aim to professionalise the civil service by requiring government officials to pass a standard public announcement recruitment procedure if wishing to retain their position of a high level civil servant. Upon the formal assumption of the office, the new Government was faced with the need to implement this provision. Since this concerns top civil servant positions, it is a logical presumption that persons employed in these positions should possess the highest level of expertise and knowledge, if compared to their subordinates. This is a provision of the Decree on Civil Service Jobs Classification in 2007. However, in 2008 the Government amended this Decree and added the Article 29 which refers to the criteria for appointment of persons to all positions listed in the transitional provision of the Civil Service Act (Article 151), which were significantly alleviated when compared to the original Decree. In addition to the fact that leading senior civil servants under this provision are eligible for their jobs according to lower criteria than those required for a number of civil servant jobs, they are exempt from undergoing testing of their knowledge and skills in the recruitment process. In their case, the recruitment commission only establishes minimum requirements for appointment, while the head of the institution proposes to the Government the candidates for the appointment to these positions. Of course, in that case the actual selection of the leading civil servants is not made based on assessing and comparing the professional qualities of the candidate by the recruitment commission. Instead, the selection is made following an agreement between the heads of individual governmental organizations and the Government.

4.2 Career development and rewarding

The Civil Service Act establishes the criteria for the possibility of promotion, but there is neither obligation nor established basic framework for promotion and salary increase system. The law prescribes that prior to its announcement a vacancy may be filled from among the existing civil servants through an internal announcement or a transfer. As the promotion system is not implemented in practice, the transfers are used for promotion. It is one of the ways to avoid both internal announcement and open competition procedure.

In addition to regular promotion avenues, normative regulations provide for extraordinary promotion to enable accelerated promotion of qualified young professionals, which has been very rarely implemented in practice. It also serves as a reward for civil servants who continue to work on their academic or professional education in areas related to their job.

There is a practice in which seniority still continues to be a very common reason for promotion, especially on the first line-management position (head of unit, head of department) while other (non)competencies of civil servants are not taken into consideration when a decision is made. Sometimes even important changes in the organizational structure (establishment of a department, sector or directorate) are driven by a decision to reward a civil servant for his/her loyalty neglecting all other factors in assessing suitability for promotion (all management skills and previous working results).

Despite the existing regulations allowing for work from detached sites, part-time work and work outside the civil service, these flexible working conditions, which would influence motivation and performance of civil servants, are either rarely or not at all used in practice.

Further development of a civil service merit based recruitment and career advancement system and the parallel depoliticization of managerial positions are the means which shall ensure increased professionalism and a significant reduction of staff turnover at all levels.

Due to an underdeveloped and unjust remuneration system that has been in place to date, some civil servants decide to leave the civil service for better paid jobs in other sectors. There is a frequent practice of putting new, unnecessary internal organisational units in place to reward and motivate good quality civil servants, simply because there are no adequate positions to which

they could be promoted. Furthermore, this practice is sometimes employed to reward loyalty of some civil servants.

4.3 Performance appraisal

Managerial methods have brought significant changes in the systems of remuneration and career advancement. The system of automatic advancement (characteristic of the career systems) is becoming more similar to the open system of advancement (characteristic of job classification system) by introducing performance assessment (France, Hungary, etc.). There have appeared new types of stimulation in the form of different bonuses for exceptional performance at work, while classic career advancement is much more frequently accompanied by financial rewards as alternative or complementary stimulation. Two thirds of the OECD countries have introduced some forms of remuneration models based on performance into their civil service systems, or are in the process of introducing such models. Nevertheless, the degree of implementation varies significantly. The models vary depending on the nature of civil servants' and salaries systems and the level of centralization or delegation in management of financial and human resources, but even so some general and common trends are visible (OECD, 2003: 2-4).

The purpose of performance assessment should be to motivate civil servants to perform their duties efficiently and to establish the contribution civil servants give in the performance of their duties as a bonus and career advancement criterion. Performance appraisal which is based on the MBO[6] principles has been implemented in all Croatian state administration bodies. The process of performance appraisal is an annual process which starts with a conversation (interview) with the purpose of establishing working tasks and objectives followed by continuous monitoring of performance – advice, support and amendments of tasks and objectives. During the final conversation the evaluation of tasks performed and objectives attained are done and the overall performance rated. The form (report) is filled during conversations and agreement between the civil servant and his/her superior is being made.

However, the objective setting process itself, a lack of experience in providing feedback, the nonexistence of uniform standards and guidelines and

the fact that the decision on performance appraisal comes in the shape of an administrative act (signed by a head of a state body), prevent performance appraisal from becoming a development tool towards improved productivity and raised motivation of civil servants. Moreover, the Civil Service Act does not relate pay to performance and the Civil Servants' Salaries Act which should regulate increase in salary based on performance evaluation has not been adopted. Since the criterion of performance does not have an important role in a civil servant's career, the performance appraisal is not a reliable indicator of quality performance. Thus, over 90% of civil servants have high and the highest performance appraisal rates (Marčetić, 2005: 313-314). Civil Servants' Salaries Act which has been in preparation for more than two years should enable results-based rewarding and advancement to high expert positions for civil servants, which would reflect on their payroll.

It must be borne in mind that performance assessment of civil servants can produce more damage than benefit if it is not objective and if it is not implemented according to the prescribed criteria and defined standards. Applicable, transparent and fair criteria for performance assessment have to be put in place - setting new standards for underperformance, acceptable performance and over-average performance. That may require a "cultural" revolution among managers related to their way of giving feedback and evaluating performances. It includes recognition of some general errors that appear in the systems which have been using the mechanism of performance evaluation. Among them some are individual and refer to the evaluator personally, such as "hallo" effect, "pitch-fork" effect, recency error, length of service bias, and so on (Beaumont, 2002: 78), but also errors caused by organizational and structural characteristics which can result in many other errors in performance appraisal (Daley, 1998: 380-383).

4.4 Education and training

Many transition countries have developed a number of higher education institutions for education of civil servants. In addition to academic and educational institutions, many centres for training and specialization of civil servants were established (Marčetić, 2005: 280-301). Despite a great number of offers, in many post-socialist countries civil service training (CST) is still

carried out partially and *ad hoc*, and not as part of an integrated system. Most of these countries have not developed a public administration reform strategy or the CST strategy. They have generally not performed a detailed analysis of current situation with regard to the knowledge and skills of civil servants and related forms of CST. They do not have elaborated programmes, indicating short, medium and long term goals or systems for evaluating the results of a CST. They lack the HR staff specialized for the CST. These problems become even bigger due to lack of funds and because the managers often fail to recognize the importance of CST (Serban, 2003: 38).

CST is widely understood by the countries in the Balkan region as intimately linked to the objectives and processes of public administration reforms and the related HRM modernization efforts. The common main goal of CST is to obtain modern, professional and competent personnel in administration, delivering quality public services to citizens. This goal includes effectiveness and efficiency in the process of EU integration (RESPA, 2009). A central organization was established in each country, according to special legislation (law or decree) which is responsible directly to the Prime Minister or to the Government[7]. As in other East European countries, international bilateral and multilateral assistance plays an important role in civil service training. Those programmes often support the activities of the central institutions for CST which, in addition to independently conducting national civil service programmes financed from the state budget, implement a range of programmes in cooperation with foreign partners. It should, however, be mentioned that the evaluation of TAP[8] programmes that were previously conducted in some other post-socialist countries (Hungary, Lithuania, Romania, Ukraine) showed much lower levels of TAP-efficiency in relation to the national civil service training programmes (Gajduschek and Hajnal, 2003: 73-74).

Continuous improvement of professional knowledge and skills is a formal requirement for all civil servants. An integral civil servants' general training system is established and delivered centrally by the Civil Service Training Centre within the Ministry of Administration according to the Civil Servants' Training Strategy for 2004-2009. Each state body may organise specific specialized training programmes separately, in accordance with their institutional needs. In addition,

civil servants are allowed to attend specialised training programmes outside the civil service in order to improve their knowledge and skills.

Newly employed civil servants are being introduced to the civil service through training programmes, whilst trainees are also included in the mentoring system. Regardless of the fact that the importance of the mentoring system was recognised in regulatory terms, there is a range of obstacles for its implementation – restrictive requirements for mentors, a lack of a mentor training programme and a lack of funds allocated for mentors' fees.

After the probation period, the civil servants are obliged to pass the state exam. Currently there is no analysis of the extent to which an exam taken ensures that necessary knowledge, skills and competences have been acquired. Given the limited resources and the recommended positive approach to motivation and personal development, it would be worthwhile to consider whether or not the current state exam system produces results commensurate to financial and human resources invested or another, more modern approach to ensuring the necessary skills and knowledge could be applied through a structured mentoring system.

In spite of achieved progress, there is still no complete and coherent system of in-service training. Decentralized training programmes in individual ministries, as well as the programmes implemented through various international projects, are not coordinated or harmonized with the general programmes of the CST, resulting in irrational spending of funds and certain overlapping and discrepancies in some areas. Although the Training Centre has upgraded the contents of CST programmes for civil servants, it is necessary to continuously work on their development. The programmes should be more directly related to the activities performed by the trainees in administrative organizations, and seek a higher quality of the content and trainers. It is necessary to establish an integrated and coordinated system of in-service training that will be connected to educational institutions and public administration studies and that would cover all levels of the territorial administrative system. However, for that to happen it is necessary to provide the Centre with much more substantial financial, personal and professional support[9]. A civil service career development pro-

gramme has been developed. The purpose of the programme has to do with the concept of career development through a programme which would allow a civil servant to explore and improve his/her management potential, while enabling managerial staffs to pinpoint potential future candidates for management positions.

The existing civil service HRD system should improve and keep upgrading. The establishment of a comprehensive HRD framework will make the civil service capable of overcoming the problems mentioned earlier and responding to all new challenges yet to come.

5. Development of the strategy and key findings

5.1 Content and strategic objectives

2005 United Nations World Public Sector Report recommended the development of national strategies for HRM based on the best features of all three basic models - the traditional public administration, public management and good governance[10]. The report highlights that each model offers the essential elements that contribute to the improvement of HRM in the public sector. United principles of such a synthetic model can be concisely expressed in terms of impartiality, professionalism and responsibility. The basic framework for a model of HRM in public administration should be based on the following components (UN/WPSR, 2005: 69):

1. A politically impartial, professional and merit-based civil service;
2. A core "guardian" agency, exercising strategic leadership and monitoring a system of dispersed management rather than operating through bureaucratic controls;
3. A strong focus on results-oriented management in the public service through the use of effective performance standards and indicators as well as promotion criteria giving greater weight to relative efficiency (rather than relying only on seniority);
4. Tough, objective anti-corruption rules and agencies;
5. Legislative provisions and professional norms that facilitate making the civil service open to external scrutiny;
6. Systems and skill sets that provide high levels of communication capacity through being networked by the effective deployment of information technology.

The concept of the strategic HRM appeared at the beginning of the 1990s, after the managerial concept had already shown certain weaknesses. It stresses the need of systematic HRD in order to achieve the strategic goals of organisation, organisational competences and efficiency. The strategic approach requires explicit, two-way channels between the real nature of the decisions concerning HRM and the real nature of the exterior, competitive strategy of an organisation. It means that HRM determines the successfulness of an organisation's business strategy, while the organisation's business strategy determines the goals, sets the models, and directs the development and methods of HRM. Thus, an organisation has two strategies, exterior, whose purpose is to find ways for competitiveness on the market, and interior, which is oriented towards development, motivation, and the control of interior potentials (Beaumont, 2002: 16-19).

One should bear in mind that the strategic management of human resources is the concept that is conceived as an idea in the private sector to enhance the competitiveness of organizations in the market. However, public organizations can never decide autonomously on the strategic components as can organizations in the private sector. The issues of the mission, objectives, content and financing activities of public organizations, as well as ways of evaluating the execution of tasks, depend on political decisions and numerous conflicting interests which arise from competing values in public administration. In determining the strategies of public organizations outdoor environment is a crucial factor, while the problems related to HRM in public administration are political and not technical. In this sense, the strategy-making process is more complex, and effects it would produce are less predictable (Marčetić, 2005: 166-171).

HRD is concerned with change at all levels both organisational and personal, and should ensure that the personal development of staff links in with declared organisational objectives and performance targets. But, the practice often shows that there is a lack of understanding about the importance of the comprehensive and participative approach to strategy development. The newly adopted Civil Service HRD Strategy for 2010-

2013 is a qualitative framework for attracting and promoting high quality, professional, dedicated and motivated individuals in civil service. The drafting process of the HRD Strategy is a result of cooperation between the experts and civil servants but the last say is made by politics. The participants were ministries' Secretaries General and HR department heads and staff. A SWOT analysis was conducted and a draft vision, mission and strategic objectives proposal were produced to serve as the groundwork for the development of the Strategy. The process of drafting the Action Plan for implementation of the Strategy was organised in the same, participative manner.

The Strategy establishes vision, mission and fundamental civil service values. The vision statement gives a description of the civil service that will in the long term be a "professional, accountable, flexible and transparent civil service, user-oriented through its quality services and founded upon professional values".

The aim is to develop a new type of civil service – it needs to be creative, innovative, flexible, and capable to rapidly adapt to change. HRD shall produce competent civil servants, capable of and committed to delivering quality services to the citizens. The mission as a tool to achieve the set vision is "creating conditions conducive to attracting, motivating and retaining good quality civil servants and continuous development of their competencies". Shared values comprise service oriented behaviour and ethics that promote unquestionable accountability and transparency at all levels of administration.

The values are: Professionalism, Accountability, Ethics, Impartiality and Efficiency. Acceptance and application of these core values by staff as well as employers will contribute significantly to the achievement of the highest possible standards in all aspects of civil service responsibilities. Civil servants operate in a professional manner, which implies their competence and ability to perform their jobs within the administration. Civil servants assume the responsibility for their work and treat everyone with respect. They are expected to communicate effectively and to work together towards the organisational objectives. In their communication with the citizens, civil servants must abide by the principles of fairness, equality and information, and they are obliged to carry out de-

cisions legally in their dealings with the society at large. Impartiality of civil servants reflects in their objective behaviour regardless of parting convictions and excludes political patronising, nepotism, corruption and any other form of favouring others. Efficiency is an important integral part of organisational performance and an indicator of both work quantity and quality.

Main strategic objectives are to:

- Improve managers' development system;
- Conduct continuous civil servants' training;
- Improve recruitment system;
- Improve the career development and good quality civil servants' retention system;
- Improve organisational development.

The Croatian civil service should offer opportunities for development and advancement through improved performance and career management and development. Individuals are responsible for seeking opportunities for development and promotion in line with their own career aspirations. Managers have a responsibility for supporting and encouraging their staff to take advantage of education and training opportunities and managers' performance should be assessed, among other things, on whether they have fulfilled this responsibility. New directions of Croatian civil service development are focused on changes in organizational structure, system of rewards and incentives, management, leadership, teamwork and cooperation. These changes will enable improvements in the basic organizational models in their decision-making processes, information flow and communication.

The authors would like to emphasise the importance of key strategic issues that should be given special attention to in the sense of high priority implementation of activities related to them.

5.2 Management development

It is particularly important to start with the implementation of the first strategic objective, as many of senior civil servants are not actually public managers competent in strategy and policy development, in organization management and other managerial skills. Instead, they are politically suitable persons who were recruited in public compe-

tition procedure, *de facto* and *de iure* appointed by the Government.

A new classification envisages a job description adjustment to ensure better definition of authority and responsibilities of civil servants. However, they have not been clearly defined in the area of HR management and development. In practice, decision-making is mostly centralized at the highest levels of hierarchy. Communication mainly flows vertically across the hierarchy, while powers of middle- and lower-management are limited.

The implementation of the Management Training Programme started in 2008. In keeping with the Decree on Civil Service Jobs Classification, a total of 908 managerial staff was obliged to take part in the programme. The results of the 2010 Training Needs Assessment confirmed that this programme was recognised as an important one, and a large number of managers expressed their interest to voluntarily take part in it. Therefore, maximum capacities should be provided to implement the Management Training Programme, while financial and organisational resources, and qualified trainers, available for management training and professional improvement should be substantially increased.

In Western European countries the training courses on institutions, EU legislation and management programmes are among the main development programmes for managers (Maor, 2000: 9-10). In countries in transition the situation is different because of the lack of administrative and managerial professions, and lack of coherence and coordination between organizations and HRM. Therefore, programmes should focus primarily on the separation of political and professional leading positions and on defining the rights, obligations and responsibilities of the leading staff in the civil service. Furthermore, the quality of civil servants should be improved through selection, training and career development. Moreover, within the administration a central capacity should be established for the management of leading staff and a separate system of unified selection, appointment and career development for the top leading positions (Synnerström, 2002: 1-2, 5-17). The latter trend is evident in many developed countries. For example, typical systems of jobs classification (American, British, Norwegian, etc.) that used to be more flexible, more individualized,

and much more decentralized now give bigger role to the central bodies in charge of HRM and centralize their systems of top human resources management (OECD-HRM, 2004: 6).

A key role for managers is to become more proactive about development – they should expect and help to support the efforts of employees to learn and develop. If they are more directly involved there will be a better quality of learning and development at work for organisations and individuals. Their involvement will lead to a transformation of managers themselves. The final advantage is that they, as developers of people, can contribute to a broader organisational change and transformation of human relations at work.

According to Doyle (2000) in the context of organisational change "managers at all levels – but more especially those in the middle – are constantly being reminded of their pivotal role and the "criticality" of the strategic influence they exert in respect of organisational performance and renewal. At an individual level, it is considered that Management Development can assist managers to unlearn their old ways, change their attitudes, modify their management styles and update their professional skills. At the organisational level, arguments are made that it can operate as a catalyst and a means to transform the organisation by encouraging managers to innovate and provide the knowledge and skills to manage radical change".

"The skills of line managers to offer leadership, involve employees, manage change, communicate and motivate, will be an important element in affecting the level and nature of employee commitment" (Thornhill and Saunders, 1998: 463). The practices of line managers affect the level of employee commitment. Any resistance on the part of an organisation's line managers will dilute attempts to translate policy into practice.

Management development and training comprising also the development of appropriate managerial and leadership skills are essential to facilitate professionalization process and ensure an adequate capacity at management level. The emancipation of managers from undue political influence and the professionalization of management – in particular generic management – seem to be one of the most basic preconditions for better HR in civil service. A comprehensive,

strategic, transparent and uniform approach to HRD has to be supported by a genuine and profound change in management style and practices.

How people are engaged, treated and developed in the change process will ultimately determine whether the staff is productive or not. Thus, effective leadership and management of organizations are crucial to the success of state administration reform.

5.3 Recruitment policy

New methods and techniques of HRM have brought significant changes into the traditional civil servants' systems, particularly in the fields of recruitment and remuneration. Comparative researches of managerial reforms in OECD countries have shown certain common characteristics, such as (1) equalising work conditions in the public and private sectors, (2) decentralisation of competences from the central personnel services to the level of individual ministries and organisations, (3) recruitment of civil servants of different professions, (4) introduction of limited term contracts for civil servants and employees, (5) establishment of special services for directing professional development and issuing bonuses for the best servants, (6) introduction of a remuneration system that depends on performance at work, etc. (Jann and Reichard, 2001: 103).

Recruitment is an important process, and although considered to be a part of HRM, other HR policies including HRD heavily depend on the effectiveness of this process. Selection criteria should be based on competencies rather than undue over-emphasis on academic qualifications. Competency based selection presumes that the organization will identify which qualifications and skills are necessary for a certain job and then find the ways of the assessment of these qualities in a recruitment procedure. The selection procedure represents a prediction of a candidate's future performance quality based on information collected by certain methods and techniques. Thus its level of success essentially depends on quality of used methods and techniques which „measure" individual traits. The methods and techniques must have checked and defined metrical characteristics which enable judgement of their prognostic validity of which the most important are: objectivity, sensibility, reliability and validity (Hays, 1998: 312).

The most recognized and common method of selection in civil service is public announcement. It has to be accessible for as broader circle of interested persons as possible and many civil service systems prescribe an obligation of its announcement in the press. According to the law prior to its announcement a vacancy may be filled from among the existing civil servants through an internal announcement or a transfer. It is not rare that the public announcement is bypassed thus enabling no transparent transfers of civil servants for which monitoring mechanism does not exist (see 4.2).

The Civil Service Act prescribes the examination procedure based on the examination of knowledge and interviews. There are no criteria for construction of exams and there are inconsistencies in their length and content and it is not defined whether they should measure knowledge, skills or performance. Procedure is too long (even 6 to 9 months), there are no patterned interviews, and the final report prepared by the recruitment commission is not obligatory for the head of state body who makes the final decision. The fact that a head of institution is not obliged to confirm a first listed candidate calls into question the objectivity of time-consuming and expensive recruitment procedure and the recruitment commissions are in that case reduced to formality. As stated before the recruitment of higher managers suffer even larger irregularities (see 4.1).

Having an effective selection and recruitment system in place helps the organizations to select the right people for the right jobs. Improved recruitment shall ensure increased professionalism and a significant reduction of staff turnover at all levels, especially at the management level. So, a question of attracting bright and competent people is still a key issue for Croatian civil service.

6. Conclusions

There are different ways of public administration reform. However, it is obvious that the radical managerial approach is not appropriate for post-socialist countries whose transition to the new social and political systems is burdened with numerous political, economic, and social issues. Modernisation of the Croatian civil service system and harmonisation with European standards should not be seen as mechanical and undiscriminating copying of western models, but as the process of

creating a responsible, law-abiding, and politically neutral public administration. The basic orientation ought to be towards the professionalization of public servants and strengthening the status of quality servants, depoliticization of top positioned personnel, and introduction of the merit principle in the civil servants' regulations and practice of administrative organisations. That requires numerous measures at normative, organisational, personnel, and technical levels, at all levels of the territorial administrative system.

The adoption of HRD Strategy for Croatian civil service means one step further towards these objectives is. The missing, strategic framework for HRD has been put in place now and the change process can be accelerated in order to attract, develop and retain bright and competent people in the civil service.

Like many other reform activities in Croatia, the civil servants' system reforms often remain on normative and declarative level with no political commitment and preparedness for introduction of thorough organizational, functional and personal changes. These processes demand strong political commitment, which means that the politicians have to show willingness to invest in improving the competencies of civil servants. Political support (or lack of it) has consequently an enormous impact on the success and continuity of administrative reforms.

Therefore, there is a strong need for a structure in place that all political options would consider favourable and functioning in the common national interest.

As the implementation of the strategic and comprehensive HRD system is in its beginning in the Croatian civil service, it represents a challenge and opportunity to conduct it properly. It must not happen that it becomes isolated from other aspects of HRM, especially remuneration and careers paths. It could result then in the "dispersion of actions, lack of communications and the establishment of a system based on isolated training interventions" (United Nations, 2005: 33).

The Ministry of Administration is faced with multiple challenges in this process with regard to HRD. It should establish a clear link between the State Administration Reform Strategy and the HRD strategy. It has to develop effective coordination and cooperation between the various actors in the sector – notably the respective line ministries and their internal HRD units. HRD measures as an integral part of the structural reform and organisational process should be established thus corresponding to the needs in public sector. They have to be actively applied in support of respective state administration reform and pre-accession process.

Finally, we emphasize the importance of connecting civil servant's individual development with organisational development. The traditional HRD based on organizational stability and uniform CST oriented towards career development has been replaced with modern HRD oriented towards strategic personnel development through integrity in organisational mission and its objectives. Beside initial trainings it includes renewed trainings, refocusing and change of management style and systems, it spreads over individual career and integrates with organisational development which was previously disconnected from individual's development (Wart, 1998: 277-278).

NOTES

¹ ∑ SIGMA – Support for Improvement in Governance and Management - is a joint initiative of the Organisation for Economic Co-operation and Development (OECD) and the European Community (EC), principally financed by the EC

² Europeanization is a term used to describe the influence of the EU membership or pre-accession process in creating politics, policies or their implementation.

³ White Paper on European Governance by the European Commission, 2001, states 5 basic political principles regarded as essential for organizing the way the EU functioning and promoting reforms – openness, participation, accountability, effectiveness and coherence; the EU is its Member states, so national structures implementing policies should respond to those requirements (European Commission, 2001:10).

⁴ CARDS - Community Assistance for Reconstruction, Development and Stabilisation

⁵ Functional reviews and assistance in the restructuring of public administration bodies and their subordinate agencies in Croatia, project of Public Administration Reform of Swedish International Development Agency (SIDA) and the International Bank for Reconstruction and Development (IBRD), implemented by the Institute for International Relations (IMO), Zagreb, Croatia.

⁶ Management by objectives

⁷ In Bosnia and Herzegovina, at the state level, there is Agency for Civil Service of Bosnia and Herzegovina (RESPA, 2008). In addition, in the Federation there is Agency for Civil Service of Bosnia and Herzegovina Federation (ADS, 2009) in BiH Federation, and the same institutions - Agency for Civil Service Republic of Srpska (2002) in Republic of Srpska (ADU, 2009) and The Brčko District Sub-Department for Personnel and Salaries in District of Brčko (RESPA, 2008). Kosovo has a special Department of Civil Service Administration within the Ministry of Public Services (SIGMA, 2006:4) and, within the same Ministry, an executive agency The Kosovo Institute for Public Administration – KIPA (UNMIK, 2003). There is Agency for Civil Service in Macedonia (Analytica, 2007:4-5) and Personnel Administration in Montenegro (GOV, 2009). Serbia established Human Resource Management Service within the Ministry of State Administration and LS government (Zlatanović and Antonijević,

2007:2-3), and Slovenia established a Division for training and professional examinations of public servants (formerly Administrative Academy) within the Ministry of Public Administration.

⁸ TAP - Training Assistance Project. These are civil service training programmes that are financed by foreign donor organizations for a certain period

⁹ The SIGMA report on the progress of reforms of the Croatian Government in 2008 (Croatia Public Service and the Administrative Framework: Assessment June 2008) justifiably points out that there is insufficient understanding of the necessity of in-service training as part of the public administration reform and that it is necessary to increase funds in the state budget used for professional training of civil servants in order to ensure the change of culture in public administration. From a total of HRK 5.8 million requested funds for training programmes in the 2008, only 1.73 million were allocated, which are insufficient for the implementation of mandatory training programmes (Lalić, 2008:926).

¹⁰ Different models of HRM in PA correspond to the fundamental concepts and doctrines of public administration. Historically speaking, the first personnel management model was the political model, characteristic of the pre-Weberian concept of public administration. It can still be found in the contemporary totalitarian, autocratic, or undeveloped administrative systems. It was followed by the administrative or bureaucratic personnel management model based on legal and democratic values that corresponded to the concept of the traditional, Weberian public administration. Managerial model of HRM appeared next, promoted by the New Public Management stressing economic values (the three Es). In the contemporary public organisations, one usually finds either administrative or managerial models, or a combination of both. Finally, the integrated model of HRM appeared, supported by the concept of good governance. It seeks to integrate the good sides of the administrative and managerial models and ensure equal presence of democratic, legal, economic, and social values. It is oriented towards effective and efficient achievement of organisational goals, but within an elaborated system of rules that protect the merit system and civil servants' status together with the public interest and social accountability of civil servants (Marčetić, 2007:109-117, 396-397).

REFERENCES

ADS. 2009. Available online at www.ads.gov.ba

ADU. 2009. Available online at www.adu.vladars.net

Analytica. 2007. Human Resources Management and Practices in Macedonian Civil Service. Analytica thinking laboratory. Available online at www.analyticamk. org

Beaumont, P. B. 2002. Human Resource Management: Key Concepts and Skills. London: Sage Publications, Thousand Oaks, London, New Delhi, Print. Biddles Ltd, GB.

Brown, Mary Maureen, and Roger G. Brown. 1998. Strategic Planning for Human Resource Managers. In Stephen E. Condrey (ed.) Handbook of Human Resource Management in Government, 410-429, San Francisco: Jossey-Bass Publishers.

Daley, Dennis M. 1998. Designing Effective Performance Appraisal Systems, u: Stephen E. Condrey (ed.) Handbook of Human Resource Management in Government, 368-385, San Francisco: Jossey-Bass Publishers.

Doyle, M. 2000. Managing development in an era of radical change: evolving a relational perspective. Journal of Management Development, 19(7):579-601.

European Commission. 2001. White Paper on Good Governance. Bruxelles: EC.

Gajduschek, György and György Hajnal. 2003. Civil Service Training Assistance Project in the former Communist Countries: an Assessment, Budapest: Open Society Institute, Local Government and Public Service Reform initiative.

Government of the Republic of Croatia. 2004. Civil Servants Training Strategy for 2004-2009. Zagreb: Central State Office for Administration.

Government of the Republic of Croatia. 2008. Program Vlade Republike Hrvatske 2008.-2011. Zagreb: VRH. Government of the Republic of Croatia. 2006. Strategic Development Framework for 2006-2013. Zagreb: Central Office for Development Strategy and Coordination of EU Funds.

Government of the Republic of Croatia. 2008. State Administration Reform Strategy for 2008-2011. Zagreb: Central State Office for Administration.

Government of the Republic of Croatia. 2009. Civil Service Human Resources Development Strategy for 2010-2013. Zagreb: Ministry of Administration.

GOVM. 2000. EU Training Strategy for Macedonian Civil Servants. Government of the Republic of Macedonia, 12th Session, 30th of May 2000.

Hays, Steven W. 1998. Staffing the Bureaucracy. Employee Recruitment and Selection, in: Stephen E. Condrey (ed.) Handbook of Human Resource Management in Government, 298-321, San Francisco: Jossey-Bass Publishers.

IMO. 2008. Functional reviews and assistance in the restructuring of state administration bodies and their subordinate agencies in Croatia - Final Report. Project "Public Administration Reform" – SIDA, IBRD and IMO RH.

Jann, Werner i Christoph Reichard. 2001. Best Practice in Central Government Modernization, in: Hellmut Wollmann and Geraldo Tadeu Moreira Monterio (eds.) Evaluating Public Sector Reforms: An International and Comparative Perspective, 93–111, special issue of *International Journal of Political Studies*, 93-111.

Koprić, Ivan, and Gordana Marčetić. 2005. Prilagodba hrvatskog službeničkog sustava europskim standardima. U: Godišnjak Tribine Pravnog fakulteta u Zagrebu i Kluba pravnika Grada Zagreba, 35-70, Zagreb: Pravni fakultet Sveučilišta u Zagrebu.

Lalić, Goranka. 2008. Hrvatska uprava u izvještajima europskih tijela, *Hrvatska javna uprava* 8(4): 917-928.

Maor, Moshe. 2000. A Comparative Perspective on Executive Development: Trends in 11 European Countries. *Public Administration* 78(1):135-153.

Marčetić, Gordana. 2005. Javni službenici i tranzicija. Zagreb: Društveno veleučilište i Konrad Adenauer Stiftung.

Marčetić, Gordana. 2007. Upravljanje ljudskim potencijalima u javnoj upravi. Zagreb: Društveno veleučilište u Zagrebu.

OECD. 2003. Performance-related-pay for Government Employees, Working Party on Human Resources Management,. Also available online at www.oecd.org/dataoecd

OECD-HRM. 2004. Trends in Human Resources Management Policies in OECD Countries. An Analysis of the Results of the OECD Survey on Strategic Human Resources Management, Paris: Human Resources Management Working Party, OECD Headquarters, 7-8.10.2004. Available online at www.appli1.oecd.org/olis/2004.doc.nsf/linkto/gov-pgc-hrm(2004)3-final

RESPA. 2008. Civil Service Training Systems in the Balkans Region. Available online at www.cep.si/view

Serban, Daniel. 2002. A Practical Guide for Local Government Training in Central and Eastern Europe. Budapest: Local Government and Public Service Reform Initiative, Open Society Institute.

SIGMA. 1999. European Principles for Public Administration, Sigma Papers No. 27. Paris: OECD/SIGMA. Available online at www.sigmaweb.org

Synnerström, Staffan. 2002. Professionalism in Public Service Management: The Making of Highly Qualified, Efficient and Effective Public Managers. Available online at www.sigmaweb.org

Thornhill, A., and Saunders, M. 1998. What if line managers don't realize they're responsible for HR? *Personnel Review*, 27(6):460-476.

United Nations. 2005. Human Resources for Effective Public Administration in a Globalized World. New York: UN Department of Economic and Social Affairs, Division for Public Administration and Development Management.

UN/WPSR. 2005. Unlocking the Human Potential for Public Sector Performance – World Public Sector Report 2005. New York: United Nations, Department of Economic and Social Affairs, UN Publication.

UNMIK. 2003. Administrative Direction No. 2003/25, United Nations Interim Administration Mission in Kosovo, www.unmikonline.org.

Wart, Van Montgomery. 1998. Organizational Investment in Employee Development, u: Stephen E. Condrey (ed.) Handbook of Human Resource Management in Government, Jossey. - 276-297. San Francisco: Bass Publishers.

Zlatanović, Ivana and Snežana Antonijević. 2007. Experiences of Civil Servants training in Serbia, www.nispa.sk

***Civil Service Act, *Official Gazette*, 92/05, 107/07 and 27/08

***Decree on Civil Service Jobs Classification, *Official Gazette*, 77/07, 13/08 and 81/08