



## **Human Resources Management and Practices in Macedonian Civil Service**

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## **Introduction:**

Reforms of the public administration (PAR) have been on the political agenda in Macedonia for about a decade now. Yet, certain aspects of PAR, such as human resources management in the public sector, were only recently placed under the spotlight of political attention. We believe that HR management is a crucial element of the overall PAR process in Macedonia, because without effective management of the human resources it would not be possible to create a “professional, efficient, accountable, apolitical and service oriented” public administration – the goal set by the National Strategy for Public Administration Reforms.

Therefore, in this brief analysis our aim is to investigate the current state of human resources units and the entire human resources system of the Macedonian civil service. The timing is appropriate because PAR is not a new process and sufficient time has passed to allow for assessing and evaluating the success of the reforms. Yet, as reforms of the public administration is still a hot issue, especially in relation to EU integration efforts and related EU requirements and critiques, perhaps it is also wise to re-think some aspects of PAR and come up with suggestions for a better functioning of the civil service and the wider public sector.

**The following pages offer a brief evaluation of human resources management practices in the Macedonian civil service. Based on series of interviews with Human Resources experts, from academia and the administration, we outline the advantages and disadvantages of the current human resources system in the public administration. We then proceed with a summary of the assessment of human resources practices as implemented in some of the Macedonian public institutions, to sum up with several recommendations about how to improve the work and results of human resources units in the civil service in Macedonia.**

### **From paper to practice: the long road of human resources management:**

Management of human resources as part of the wider PAR process has been included in all strategic documents and legislation relating to PAR – the National PAR Strategy, laws and sub-legal acts relating to civil servants (Law on Civil Servants, government decrees on internal organization of the civil service etc.). Until recently, only a prerogative of the Civil Servant Agency (CSA), management and development of the human resources of the civil service has also become the daily task of each state institution. In August 2007, the government issued a decree which regulated establishing human resources units in all state institutions. Those units, along with the CSA, are responsible for the daily management of human resources in their institutions and the implementation of human resources provisions from relevant legislation as well as strategic planning and reporting in the area of human resources.

Yet, implementation of the legislative provisions is lacking. Though designed according to latest trends in public administration, human resources related legislation proves difficult to implement in practice. While all state institutions established human resources units in their organization, results are missing. According to the CSA Annual report for 2006, only 30 institutions and bodies prepared and submitted Annual programme for trainings to CSA, and even fewer implemented those. The situation is similar with the assessment of civil servants, where additional measures were required to motivate the state bodies and institutions to conduct and report on the assessment of their staff.<sup>1</sup> Moreover, the last Progress Report of the European Commission criticized Macedonia for politicization of appointments in the administration and lack of strategic planning in reorganization of the institutional structure.<sup>2</sup>

These are only few, very visible, problems in the practical implementation of human resources provisions in the Macedonian civil service. Taking them as a starting point, we conducted research and examined the reasons behind the malfunctioning human resources management in the civil service. Below we present the summary of the factors

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<sup>1</sup> Agencija za drzavni sluzbenici, “Izvestaj za rabota za 2006 godina”. No. 01-5337/1. April 23, 2007. Skopje.

<sup>2</sup> Commission of the European Communities, “The Former Yugoslav Republic of Macedonia Progress Report 2007”. Brussels, November 6, 2007. SEC(2007).

we identified as adversely affecting the proper management of human resources in the civil service.

**The system, the people, the resources: the problems that plague the civil service:**

Our analysis starts at the systemic level: is the whole civil service system in Macedonia designed properly? And, is it favourable to efficient human resources management?

- Career-based vs. Position-based system. This is the first dilemma when examining the civil service system in Macedonia. Following the 1999 strategy for reforms of the public administration, Macedonia adopted a mixed system of civil service, one leaning more towards the position-based system. This system is often criticized for a lack of flexibility, limited opportunities for career progress and development and over-employing through the spoils-system. Advocates of the career-based system claim it would close the civil service from additional employments and allow civil servants to progress faster through the ranks, thus increasing the motivation of the civil servants. Not to mention the fact that career-based system, by limiting new employments, can also contribute for creation of apolitical civil service.
- Management ideas and civil service incompatible. Importing practices from management and the private sector is a widespread trend in civil service and the public sector.<sup>3</sup> Yet, those practices can only be successful to a certain extent. The legal and procedural constraints in public administration make an entirely different context than the private or business sector, from where those ideas are borrowed. As some civil servant would put it: it is difficult to be a manager in the civil service where everything is regulated through legal acts. Yet, despite the legal and procedural constraints, an appropriate way to manage human resources in the civil service needs to be found.
- Insufficient capacity of the CSA. The CSA is the body responsible for coordination and monitoring the human resources of the civil service in Macedonia. The CSA, however, lacks sufficient capacity to push the whole process through, especially within the current context of limited interest and awareness about this issue. Only four people in CSA work on human resources issues, and moreover,

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<sup>3</sup> This is the basic idea behind the New Public Management (NPM) school and reforms trend from the 1980s onward.

the entire agency suffers underemployment. Yet, the CSA cooperates and communicates well with the state institutions, aiming to do most with the resources available. Despite the critiques addressed to CSA, its importance and successes achieved so far are crucial and latest recommendation from EC is directed towards strengthening its capacities in order to ensure its stronger role in the performance assessment of civil servants. Finally, not only CSA but also all other institutions need to support PAR.

Stepping inside the civil service system and looking at its functioning, several other factors impeding the proper functioning of human resources units can be identified at the operational level.

- Staffing policies – the staff working in the human resources management units do not have adequate background in management or human resources. Usually some of the permanent staff of the institution was re-shuffled in the position of human resources manager, without prior education or experience in the area. The majority of them have background in law or economics, and few understand the principles of management of human resources. This inevitably causes delays and problems in creating a working human resources system in the respective institutions as well as the entire civil service.
- Human Resources training – If the civil service lacks managers among its ranks, a proper training on human resources management would enable those who run the human resources units to do their job properly. Yet, there is no coherent training programme for human resources managers in the civil service, despite the fact that those people are the ones responsible for planning, designing and often implementing the trainings for the rest of the staff. Some incidental human resources training have taken place, by CSA and through donor-funded NGO projects, however no coherent frame for human resources management exists. The lack of training leads to inefficiency and malfunctioning of the human resources units, and overall lag in the PAR process.
- Little Awareness – Related to the above two points, the lack of knowledge and experience combined with little and scattered training, results with little awareness about the importance of human resources management. On the one hand, those who work in the human resources units lack the skills and awareness and thus do

not lobby successfully at higher levels of administration for more resources and attention devoted to human resources management.<sup>4</sup> Little awareness results with limited progress in the area.

- Little Motivation – The above points clearly lead to the conclusion that there is little motivation for developing and managing human resources in the civil service. On the one hand, human resources manager is not seen as attractive position to be held in any state institution, due to the limited responsibilities and authority of the position at present. That results with no motivated human resources managers in the civil service. This further leads to a lack of motivation in human resources and career development issues among the rest of the staff due to the lack of coordination among the few existing opportunities for training and professional upgrade. Even the training opportunities which exist, or the assessments conducted, are not seen as related to career development and promotion (or demotion). This undermines the purpose of the few human resources efforts of the state institutions, and results with civil servants often gaining the necessary skills and experience only to leave the civil service for a more attractive position in the private or non-governmental sectors.<sup>5</sup>

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<sup>4</sup> The small number of interviews Analytica and the difficulty to get them, show how limited is the awareness among both the practitioners and the higher level civil servants for this issue.

<sup>5</sup> See the latest CSA comment: Agencija za Drzavni Sluzbenici, "Politki za privlekuvanje i zadržavanje na mladi i visokoobrazovani kadri vo drazvnata sluzba". No. 01-13598/1. September 27, 2007. Skopje.

## **- POSSIBLE POLICY SOLUTIONS –**

### **The challenges of modern and efficient public administration:**

How to acquire the best practices for PA?

The following sections outline measures taken from different practices and PA systems, which through this analysis can serve as possible models for improvement. Introducing some of these models, according to experts, could significantly improve the climate for HR development and will contribute to overall PAR in Macedonia.

**Fast Tracking System (FTS)** – In order to infuse a necessary dynamic and to motivate and give chance to all and especially young civil servants, the CSA can follow the British PA or French systematization patterns, where a system of quicker and simpler vertical career progression (so called ‘Fast Tracking’) exists. Fast-Track promotion procedure is based on high quality performance (knowledge and achievements) that would enable the PA staff to rapidly progress, either vertically or horizontally, regardless of working experience. Fast-Track promotion is to be used only in exceptional cases. Otherwise, by maintaining the current legislative limitations, civil service will not only face lack of motivation for further development but will also sustain serious damage in losing HR capacities and difficulties in reaching high quality staff enrolment. The budgetary limits on implementing the chapter on salaries and rewards from the Law on Civil Servants were recognized as a weak point and cause of low motivation for civil servants. That is another argument for advocates for replacing the position-based system with career-based system. But, to avoid drastic changes in the current legislation, and associated costs and delays, introducing ‘Fast Tracking’ system can gradually repair the status quo without any painful measures.

**Academy for PA Training** – Following the remarks toward CSA for being underemployed but burdened with wide area of competencies, academics see the solution in creating an institute or academia specialized to conduct and coordinate the trainings for PA. A special training institution will ensure high standards and quality of PA

trainings, based on prior needs assessment. In addition, a training centre will keep trainings database permanently updated without difficulties as it is now.

**Political Cabinet** – The existing over-employment and the necessity of staff reduction can be alleviated by launching the system of Political Cabinet. Political cabinets may be defined as a policy supportive body of the Minister, composed of political and policy advisors on a temporary appointment. The Minister appoints his/her staff members personally, who consecutively remain outside the administrative hierarchy.<sup>6</sup> So far, public administration was burdened with staff recruited with the arrival of newly elected governments. According to the existing laws, they acquire the status of civil servants protected by law and stay in the administration after the new government shift, after which again a wave of new employments takes place without reducing the previous. Therefore, the idea of Political Cabinet that will “come and go” is welcomed by many in the civil service.

Establishing **Senior Public Service** (SPS) – groups of high performing managers, appointed to top-level positions who usually work on policy making in national government or lead major operating agencies.<sup>7</sup> The overall goal of the governments is to improve public organizations performance by using the expertise of senior public servants in shaping and guiding government strategies implementation. In most of the countries where SPS exist, there is a clear separation between political appointments and the SPS and therefore this service provide continuity when governments. Speaking about structuring SPS within the public service, it can be organized either as carrier-based or position-based system. Even more, the differences between two models are not water-tight and countries having one or other system—career based or position-based can adopt elements of the alternate system in order to improve their own SPS's

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<sup>6</sup> See more in: "Public Administration and Public Policy in Emerging Europe & Eurasia: For Professionalism, Impartiality and Transparency" available at:  
<http://unpan1.un.org/intradoc/groups/public/documents/NISPAcee/UNPAN025545.pdf>

<sup>7</sup> More in Senior Public Service : High Performing Managers of Government available at  
<http://www1.worldbank.org/publicsector/civilservice/epublishdocs/SPS>

effectiveness.<sup>8</sup> Thus, SPS should be easily applicable to current Position based system in Macedonian public service.

**HR Management Training** – Intensive course in HR for the Employees in HR Departments should be provided either from the CSA or through Projects funding. As previously mentioned, a proper training in HR is missing and except some incidental human resources training, no coherent frame for human resources management exists. Even more systematic, but very ambitious as well, is the idea of introducing a special Educational Courses in HR within PA studies and producing professionals in this field. Trainings are at this point the most efficient way to step forward in PAR implementation, but they are however only one sub–segment of HR management. In order to identify the training needs, institutions should conduct internal needs assessment analysis through questionnaires and discussions, but the fact that this is optional and depends on the will of the particular institution shows the lack of systematic approach to training and HR development in general.

Independently, besides legislative intervention or other measures, raising **Awareness in HR Development importance among PA servants** is a precondition for its full implementation. The general picture is that HR management is newly imposed term for a scope of functions that have already been incorrectly identified with certain simple administrative tasks and operations, remaining from past administrative cultures. This brings us to the point that, generally, HR management is still not introduced in its full meaning and therefore at this point this lack of awareness and scepticism are completely justified. Thus, the HR management advocacy should be the first personal career development oriented convincing civil servants that this would improve their own performance and after that it could highlight the impact toward organizational performance. One way to raise the awareness among PA servants is either general or specialized (internal) trainings and campaigns showing the positive impact, as well as study visit in HR departments in EU countries.

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<sup>8</sup> Senior Public Service : High Performing Managers of Government available at: <http://www1.worldbank.org/publicsector/civilservice/epublishdocs/SPS>

## **Conclusions:**

Evidently, the reform of public administration in Macedonia is facing many problems and challenges. The latest EC Progress Report points PAR as a priority area in need of much greater efforts and attention. Responsibilities, objectives and performance indicators of PA have now become of even greater importance and interest than before. Being criticised for inefficiency, corruption and politicization, PA is now facing a huge pressure and therefore urgent measures that would improve the general score are more than necessary.

The above analysis outlines a list of problems we identified with HR management in the Macedonian civil service – at systemic and operational levels. These show that stronger and more systematic efforts are needed in order to succeed in transforming PA into responsive, customer-oriented, non partisan service to what HR management development is starting point.

In the following sections, we suggested recommendations directed to the entire civil service and certain measures that can be adopted at both systemic and operational levels. Those are measures and managerial solutions that have been tried and used in various civil service systems, and ones that we believe can be beneficial to the Macedonian context and contribute to better human resources management in the civil service.