

## Human resources at the local level as the most important link for quality public services

**Katarina Tadić, Junior Researcher, CEP**

**Vladimir Mihajlović, Researcher, CEP**

Public administration reform in Serbia, having entered a new stage with the endorsement of the Public Administration Reform Strategy<sup>1</sup> and its Action Plan for implementation,<sup>2</sup> aims, *inter alia*, at **establishing a harmonised and merit-based civil service system and at improving human resource management**. With endorsement of the PAR Strategy, Serbia defined its strategic framework and direction of a broader public administration reform, which encompasses all levels of governance. The Strategy defines the principles of the reform process emphasising decentralisation, depoliticisation, professionalisation, rationalisation and modernisation of public administration.

At the same time, a special aspect of the public service system relates to the local level, especially given the increasing orientation of administration toward citizens and businesses, as well as the changed roles and new competences of the local self-government in a modern state. Bearing in mind that the public servants' performance and work quality depend on their expertise, and so do

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the capacities to provide efficient and quality services available to all, the link between a modern human resource management (HRM) and the quality of public service delivery is particularly prominent at the local level, being the level of government nearest to the citizens. In other words, the services provided to the citizens depend most directly on the degree of professionalism, expertise and accountability of the local public employees<sup>3</sup> working on their delivery. Therefore the HRM function is the key in establishing a good governance system, i.e. in achieving a transparent, accountable and effective local self-government.

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<sup>1</sup> *Strategija reforme javne uprave u Republici Srbiji (Serbia's PARS)*, 2014, „The Official Gazette of RS“, no. 9/14, 42/14, Available at: <http://www.mduls.gov.rs/doc/Strategija%20reforme%20javne%20uprave%20u%20Republici%20Srbiji.pdf>

<sup>2</sup> *Akcioni plan za sprovođenje Strategije reforme javne uprave u Republici Srbiji za periodu 2015-2017. godine (Action Plan for PARS implementation 2015-2017)*, available at: [http://www.mduls.gov.rs/doc/AP\\_PAR\\_final\\_version19.03.15%20\(1\).pdf](http://www.mduls.gov.rs/doc/AP_PAR_final_version19.03.15%20(1).pdf)

<sup>3</sup> Local public employees are: local public servants, politically appointed officials and employees.

## I. The European standards for public servants

**The European Union Enlargement Strategy** from 2015<sup>4</sup> highlights the importance of quality administration for democratic governance and accountability, attaching a great importance to the government's capacity to provide the citizens and businesses with public services, emphasising the relevant role of the local authorities in this process. In other words, the Strategy places a stress on meritory principles in managing public service in order to prevent corruption and encourage competition and growth.<sup>5</sup> Accordingly, in the Annual Progress Reports in Serbia's EU Accession Process, the state of play in the area of public administration is regularly assessed.<sup>6</sup> Also, SIGMA<sup>7</sup> in its **Principles of Public Administration**<sup>8</sup>, a document constituting a framework and main requirements in the area of public administration to be met by an EU candidate country in absence of a "real *acquis*", largely focuses, *inter alia*, on the HRM system in state administration. The key requirement identified in this area calls for a clearly defined scope of public service and its implementation in practice, so that there should be a policy, legal framework and institutional set-up

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for a professional administration. There are seven principles established in this area. Although SIGMA in its analyses primarily focuses on the central government level, i.e. state administration, in the narrow sense, the requirements poised can and should be equally applied at the local government level. They should serve as a standard to be achieved by local self-government units.

Moreover, as early as 1985, the Council of Europe adopted the **European Charter on Local Self-Government** which, *inter alia*, addresses proper administrative structures, setting forth the "working conditions in local self-government such as to enable merit-based and professional selection and recruitment; to this end, adequate training must be provided, as well as remuneration and promotion"<sup>9</sup>. Further on, **the Strategy for Innovation and Good Governance at the Local Level**, also endorsed by the Council of Europe in 2008, enshrines twelve principles of good governance at the local level, with the seventh principle of the Strategy dealing with professional skills of local administration staff, pointing to the need for them to "constantly maintain and develop, in order to enhance the results of their work"<sup>10</sup>.

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<sup>4</sup> EU Enlargement Strategy available at:

[http://www.mei.gov.rs/upload/documents/eu\\_dokumenta/strategija\\_za\\_prosirenje/strategija\\_prosirenja\\_15.pdf](http://www.mei.gov.rs/upload/documents/eu_dokumenta/strategija_za_prosirenje/strategija_prosirenja_15.pdf)

<sup>5</sup> *Ibid.* p. 10

<sup>6</sup> The 2016 Report available at:

[https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key\\_documents/2016/20161109\\_report\\_serbia.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_serbia.pdf)

<sup>7</sup> SIGMA is a joint initiative of the Organisation for Economic Cooperation and Development (OECD) and the European Union (EU), chiefly financed by the EU.

<sup>8</sup> SIGMA/OECD *Principles of Public Administration*, available at: <http://www.sigmaxweb.org/publications/principles-public-administration.htm>.

<sup>9</sup> Article 6. The document is available at: <https://www.coe.int/en/web/conventions/full-list/-/conventions/rms/090000168007a088>

<sup>10</sup> See: [https://www.coe.int/en/web/good-governance/12-principles-and-elope#{"25565951":\[61\]}](https://www.coe.int/en/web/good-governance/12-principles-and-elope#{)

## II. Human resource management at the local level in Serbia

The necessity to develop and improve the human resource management system in local self-government was originally identified in the Public Administration Reform Strategy<sup>11</sup>, while the Action Plan for the Strategy's implementation envisages three separate outcomes relative to the local self-government units (LSGU):

- established regulatory framework for developing the HRM function;
- enhanced capacities of local public employees;
- established harmonised, viable and sustainable system of continued professional development for the LSGU employees.<sup>12</sup>

In order to achieve the defined results, the Action Plan lays down a whole range of activities, the key of which being the passage of the new Law on Employees in Autonomous Provinces and Local Self-Government Units (The Law on Employees in AP and LSGUs), passed in 2016. This Law for the first time establishes the principles of career public service system in the AP and LSGU bodies.

Among the identified problems that the Law is expected to resolve, there are issues of entering the service, i.e. the absence of mechanisms providing adequate candidate selection, as well as the system of positions not corresponding to qualification of tasks. The lack of regulation in the area of local public employees' career management is also problematic, including professional development, performance appraisal, promotion and rewarding, as well as the issue of politicisation on the administration. Therefore, the adoption of the Law aims, *inter alia*, at introducing a standardised system of entering the contract of service, performance monitoring and assessment, promotion and professional development.

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Introducing a modern HRM system was recognised as the key vehicle for Serbia's LSG units to be citizen's service. The fact that local public employees, besides the procedures, are the key link in the chain of adequate public service delivery to the citizens attaches additional importance to the issue of human resources. Namely, after the effectuation of the new Law on General Administrative Procedure in 2016, laying the foundations for efficient procedures more accessible to the citizens, the introduction of a modern HRM system would complete the range of solutions to the challenges identified in the course of LSG units' functioning so far.

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<sup>11</sup> PAR Strategy, the Official Gazette of RS, no. 9/2014-4, 42/2014-11 (corrigendum). Available at: <http://www.mduls.gov.rs/doc/Strategija%20reformne%20javne%20uprave%20u%20Republici%20Srbiji.pdf>

<sup>12</sup> The Action Plan for PARS implementation 2015-2017, available at: [http://www.mduls.gov.rs/doc/AP\\_PAR\\_final\\_version19.03.15%20\(1\).pdf](http://www.mduls.gov.rs/doc/AP_PAR_final_version19.03.15%20(1).pdf)

As a result, a special chapter, i.e. Articles 188-191 of the Law on Employees of the APs and LSGUs regulate the issue of HRM, stipulating that “the employer shall in particular regulate the tasks of human resource management” as well as that “the tasks of human resource management are performed for all organisational units”. Thus, the Law not only sets forth the conditions for introducing a modern HRM system, but it prescribes the obligation for LSGUs of addressing these issues in a systematic way. Still, the LSGUs are left with the possibility to organise the performance of these tasks in accordance with their own organisational set up, technical capacities, financial resources, headcount and competences of the staff.

### III. The novelties and challenges introduced by the Law

Among the key novelties introduced by the new legal framework, against the backdrop of HRM, a special place belongs to: human resource planning, recruitment and filling the vacancies, performance assessment and appraisal of staff, as well as professional development. These are precisely the areas with most challenges for LSGUs during the first year of the Law’s implementation. There are two main reasons for difficulties in establishing the new instruments and mechanisms in practice: the first one is internal, at the level of LSGUs and pertains to insufficient human and

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financial resources and capacities; the second ones are external and stem from the central level, relative to the lack of clear guidance and delays with other reform processes closely connected to the establishment of a modern HRM system at the local level.

In regard to **human resource planning and recruitment**, in the previous period the LSGUs have been very limited given the rationalisation and optimisation measures in public

administration. Therefore, despite the law-maker’s intention to abandon the simple quantitative approach in human resource planning, placing the emphasis on the headcount, and to shift the focus on the staff competencies, the old approach still prevails in practice. Therefore, in HR plans and rulebooks on internal organisation and systematisation of job positions, most LSGUs primarily focused on the number of executorial positions, adjusting their respective acts to the staff, not to the work requirements.

As a result, although according to the preliminary data of the Standing Conference of Towns and Municipalities (*in Serbian: SKGO*) most LSGUs have passed the rulebooks on internal organisation and systematisation of job positions, a detailed analysis shows numerous shortcomings in a certain sense (e.g. in most LSGUs there is no preparation of the prior job description as a mandatory phase) and content-wise (the descriptions are not accurate enough, certain titles in job positions do not correspond to the complexity of tasks, etc.). Ipso facto, it can be concluded that the envisaged instruments of HR planning do not perform their true function.<sup>13</sup>

In the area of **selection and recruitment**, the key novelties refer to the way and method of filling the vacancies. Similar to human resource planning, in the “recruitment ban” circumstances, it has been impossible to conduct a procedure of filling the vacancies adequately in accordance with the new Law. This particularly refers to open competitions, because they imply recruitment of candidates outside the system, but also other methods of filling the vacancies under the Law – re-assignment, internal competition and secondment of local public employees. Besides the financial, other limitations to conducting the procedure of filling the vacancies in a lawful way are the underdeveloped awareness of the need to depoliticise the process on one hand, as well as inadequate training of selection and recruitment officers on the other, given the brand new rules and procedures of filling the vacancies.

Regarding the **employees’ performance assessment**, as one of the main HRM functions, implementation of corresponding regulation on the appraisal of civil servants<sup>14</sup> is envisaged, pursuant to work performance (annual work goals), as well as to independence in work, creativity, accuracy, conscientiousness and quality of cooperation. Bearing in mind the large number of LSGUs without defined working goals for their staff in 2017, this function has not been implemented in most LSGUs. The introduction of appraisal system is additionally aggravated by the fact that the envisaged model has not achieved its purpose at the central government level, which imposes the question of why the Law stipulated the application of rules that have yielded poor results in the ten-year implementation at the central level.

The next key HRM function refers to **the employees’ professional development**, which is not only a right, but a duty.<sup>15</sup> In this area, there has not been a high degree of implementation either. The main problem is delay in endorsing general and special curricula for professional development defining the forms and contents of training.

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<sup>13</sup> The situation is better in the LSGUs which participated in the project of “Human Resource Management” implemented by the Council of Europe and supported by the SCTM and MPALSG. The findings of the implemented project indicate that: 19 out of 20 LSGUs covered by the project passed the Rulebook on internal organisation and systematisation of job positions; all 20 LSGUs passed HR plans for 2017, whereas 11 LSGUs have drafted their 2018 plans. Additionally, bearing in mind that these LSGUs had a professional consultancy support for introducing an HRM system, the quality of these documents is better too. Therefore, it wouldn’t be realistic to expect the same level of implementation in most other LSGUs not covered by this project, so these data cannot be used as an implementation level index for the Law on APS and LSGUs employees. The project information is available at: [https://www.coe.int/sr\\_RS/web/belgrade/human-resources-management-in-local-self-government](https://www.coe.int/sr_RS/web/belgrade/human-resources-management-in-local-self-government)

<sup>14</sup> The Law on Civil Servants, The Official Gazette of RS, no. 79/05, 81/05 – corrigendum and 83/05 – corrigendum, 64/07, 67/07 – corrigendum, 116/08, 104/09 and 99/14 and the Regulation on the Appraisal of Civil Servants, the Official Gazette RS, no. 11/06 and 109/09

<sup>15</sup> The Law on Employees of the Autonomous Provinces and Local Self-Government Units, the Official Gazette of RS, no. 21/2016, Article 116.

Thus, for instance, it was only in late October that the general professional training curricula were approved – the General Professional Development Curriculum for LSGU Staff on the General Administrative Procedure and the General Professional Development Curriculum for LSGU Staff on Project Preparation and Implementation,<sup>16</sup> which disabled not only the professional training of local public employees, but has had a negative impact on developing special professional training curricula by LSGUs.

Finally, a special part of the Law refers to keeping the **HR records and personal files**, as a very important instrument for HRM. A year after the Law implementation commenced, the existence of a complete and updated employees' database, as well as establishment of contemporary software solutions for HRM are still the goals aspired to be reached.

So, the passage of the new Law on AP and LSGU Employees is a very important step in the comprehensive process of public administration reform in Serbia, as it approaches the regulation of public service system at the local level in a systematic and strategic way, in accordance with the principles of professionalization, depoliticization and modernization for the first time, all in order to establish a civil service system which would be merit-based. Yet, after the first year of the Law's implementation, it is evident that the LSGUs are still far from the target of establishing a modern HRM system.

#### IV. Recommendations

In order for the still insufficiently strong LSGUS to be able to bear the burden of change and carry out the reform process, i.e. for the new institutional and procedural arrangements to be introduced in a proper way and efficiently applied in practice, it is necessary to take a gradualist and structured approach. In the first year of the Law's implementation, i.e. at the first steps towards establishing a new system, the key support to LSGUS was provided by the Council of Europe and the Standing Conference of Towns and Municipalities (SKGO) through the already mentioned project of "Human Resource Management in LSGUs ". Yet, in the continuation of the process, the role of civil society organisations (CSOs) at the local level could be of great importance.

Therefore, below are the recommendations aiming at further improvement of HRM in LSGUS, based on the understanding that it is only through cooperation of all stakeholders, providing support to administration, regular monitoring and objective evaluation of processes that adequate implementation of the Law can be ensured, i.e. the final goal can be achieved – professional local self-government as citizens' service.

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<sup>16</sup> The Rulebook on establishing a list of curricula for general professional development of staff in local self-government units, the Official Gazette of RS, no. 95/2017.

## 1. Analysing the Law on AP and LSGUs

Given that the Law will have been fully implemented for exactly one year on 1 December 2017, it is necessary for the Ministry of Public Administration and Local Self-Government (MPALSG), as an authority monitoring the Law's implementation, to **conduct and publish a detailed analysis of the Law's and by-laws' implementation**. The analysis should encompass all LSGUs, as well as city municipalities that the Law also applies to, in order to identify the degree to which the tools and mechanisms of a modern HRM system have been established at the local level.

The analysis findings are expected to indicate the way LSGUs have organised the HRM tasks, how many LSGUs have established HRM organisational units, whether the necessary acts on HR planning have been passed, as well as whether the acts in relevant areas of key importance for HRM have been passed. Also, the analysis of the Law's implementation should cover other segments of the public service system, like anti-corruption and public servants' integrity. With this regard, the document should contain an overview of LSGUs that have passed their codes of conduct for employees.<sup>17</sup> When developing the analysis, the MPALSG should be provided by professional support of relevant stakeholders like SKGO, and other local CSOs

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too, as they are most familiar with the work of their respective LSGUs, so they could play a control role. For instance, the Centre for Equitable Regional Development (CenTriR), within its project of "Human Resource Management – the Key to Efficient, Professional and Depoliticised Local Self-Government" conducted a survey in order to establish the condition and capacities of municipal and local administrations for introduction of HRM function in Gornji Milanovac, Požega and Užice. The findings of this and similar surveys should by all means be included in the findings of the report prepared by the MPALSG.<sup>18</sup>

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<sup>17</sup>Article 196 of the Law on AP and LSGU Employees stipulates that the employer, i.e. LSGU shall approve the Code within one year after the Law implementation commenced, i.e. by 01/12/2017

<sup>18</sup> A project implemented within the regional WeBER project (Western Balkans Enabling Project for Civil Society Monitoring of Public Administration Reform) <http://www.par-monitor.org/>

## 2. Improvement of the legal framework

On the basis of the findings of the first recommendation analysis, as well as the previously identified challenges in implementation, it is necessary to prepare the **amendments to the Law and the relevant secondary legislation**. In this sense, it is necessary to develop consultative mechanisms

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for obtaining opinions regarding the implementation of the regulations. The MPALSG, as an authority competent for preparing the regulations, should get other stakeholders aboard in this process, especially the LSGUs that have faced numerous problems during the Law implementation. Yet, in order to ensure transparency, it is very important to keep the interested public informed of and involved with the process of preparing the amendments to the Law.

## 3. Developing strategic framework

It is vital for the new Action Plan for implementation the Public Administration Reform Strategy, now in the pipeline for the period 2018-2020, to prepare the measures and activities aiming at **further improvement of the HRM system in LSGUs**. The passage of the Law, as well as other legal acts, is only the tools to enable the achievement of the goal, provided that their adequate application is ensured in practice. With this regard, it is commendable that the new Action Plan is being developed in an inclusive process, so that CSOs, including SKGO, have their own representatives in the Special Working Group for its drafting.

## 4. LSGU capacity building

In order to ensure a professional and efficient local administration, it is crucial, besides providing the political will, to work on the **LSGU capacity building**. An important role in this process can be played by local CSOs that could best respond to the real needs in their respective LSGUs, at the same time having a better expertise in certain fields, such as anti-corruption. In order to strengthen the LSGUs' capacities, it is necessary to continue conducting HRM training and workshops.

## 5. CSO capacity building

As mentioned above, the cooperation between the state administration bodies, LSGUs and CSOs is very important in these processes. **The role of local CSOS** could be very relevant in the **process of monitoring and evaluation** of the implementation of regulations. Their role assumes additional importance when taking into account that the EU, i.e. SIGMA, primarily deal with the central state administration.

Therefore, local CSOs should utilise the space and the fact that the local level has remained to a certain extent dependent on the national CSO capacities to monitor and exert internal pressure on decision-makers. For example, the key role of local CSOs as *watchdog* organizations could be in the monitoring of recruitment process, i.e. conducting competition procedures, but also other functions in their work. Therefore it is necessary to enhance the capacities of CSOs in two key areas. The first one refers to building their capacities to implement the monitoring not only of HRM, but of public administration reform in general, through developing adequate techniques and methodological tools. Then, the second area implies training on the issues of public service system getting the CSOs acquainted with all HRM functions and the way the new Law arranges those functions, in order to better understand the framework the implementation of which they are supposed to monitor in practice.

## 6. Improving the cooperation mechanisms

Finally, establishing strategic cooperation between LSGUs and CSOs should be considered, potentially resulting in inclusion of local CSOs in the HRM processes within LSGUs. Also, through development of specific mechanisms and improvement of individual HRM instruments, citizens can have a more immediate impact on these processes. Changing the local public employees' appraisal system should go for introducing the mechanisms through which the citizens as service users assess the work of employees. This demand development of additional innovative tools and outputs to enable and facilitate a two-way communication, like mobile applications and similar online platforms, to provide the citizens with possibility to assess the employees and their work after a direct contact with administration. Citizens' evaluation could then be used in measuring their performance, thus having citizens directly contributing to HRM at the local level. This would contribute to enhancing communication between local self-governments and citizens, and also provide a far greater accountability and transparency in the work of local public employees, as well as improvement of ethical standards in their work.