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AUGUST 2016

SUMMARY:

Adequate administrative capacities are one of the crucial preconditions for a successful and sustainable membership of Serbia in the EU. However, experienced employees have been increasingly leaving their public administration jobs due to inadequate work conditions. Given that over 50% of surveyed employees working on EU/IPA jobs have an intention of leaving the administration within the following year, a quality staff retention policy is essential, especially taking into account the relevance of these employees and their contribution to the EU accession and integration processes.

How often do you search for other work opportunities?



■ Regularly(19.35%) ■ Sometimes(45.70%)
 ■ Rarely(26.34%) ■ Never(8.60%)

50.3% respondents believe it is very likely or possible that they will willingly leave their current job within the next 12 months.

Why a staff retention policy?

The last few years have witnessed a significant staff turnover and outflow of the most qualified civil servants working on jobs related to the EU integration process, including the management of EU and other development funds (EU/IPA jobs). Although this turnover in particular units surpasses 30%, there are currently no official measures or policies developed with the goal of retaining these key employees who are essential to the sustainability and success of the EU integration process. In fact, these employees present an indispensable source of knowledge on EU policies, law, and funding within the public administration, and are hence crucial for enabling the creation, coordination, and implementation of accession-driven policies.

The high level of knowledge, skills, and experience of these civil servants, as well as the complexity of the jobs they perform, make them highly competitive on the job market. On the other hand, the current human resource management (HRM) system within the public administration does not provide adequate work conditions, which explains employee discontent and the high likelihood of these civil servants leaving the public administration. The problems caused by this outflow are numerous, however, during the research the following few emerged as the most stressing: lower quality in performance of certain tasks, inability to absorb available funding, work delays within units, deteriorating institutional memory, loss of contacts built within the EU and domestic institutions, et cetera.

In order to prevent the outflow of key civil servants and remedy the related problems for the process of EU integration in Serbia, it is of utmost importance to develop an evidence-based staff retention policy. This policy would need to improve the systems of advancement, rewards, professional development, as well as other work conditions which currently negatively affect employee motivation and satisfaction. Overall, a more modern approach to HRM is necessary, one which recognises the best civil servants and is able to compete with the offers on the job market outside of public administration. In addition, although this research focuses on employees working on EU/IPA jobs, it is necessary to acknowledge the relevance of improving the whole system of human resource management within the public administration.

Staff discontent: Why are employees leaving?

This research project was initiated with the goal of assessing and understanding the intensity and causes of staff turnover, as well as factors of motivation and demotivation, and the overall job satisfaction of employees working on EU/IPA jobs. Results were obtained through qualitative and quantitative analysis of a questionnaire filled out by 195 respondents currently working on EU/IPA jobs, two focus groups with former civil servants who have left these jobs (including both executive and managerial positions), and 16 interviews with current managers within relevant state administration bodies.

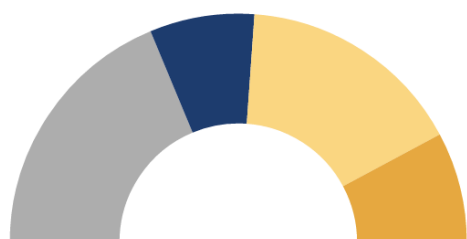
What negatively affects employee motivation?

- (1) *I am dissatisfied with my salary.*
- (2) *The value of my work is not recognised and I am not rewarded according to my achievements.*
- (3) *I do not have opportunities to advance at my job.*

3%

of respondents are really satisfied with their salary.

Have you been promoted since starting to work on EU integration-related jobs?



- No promotion.(37.45%)
- Higher salary.(14.81%)
- To a higher position.(32.10%)
- To a managerial position.(15.64%)

14.5%

of respondents are satisfied with their advancement at the job.

Do you think the workload is equally divided among coworkers in your unit?



- Yes(40.11%)
- No(56.68%)
- Other(3.21%)

Staff employed on EU/IPA jobs are most satisfied with their working atmosphere, job content, and the feeling of contributing to the public good. However, they are dissatisfied with the inadequate salary, low recognition of work achievements, lack of rewards according to job performance, as well as the lack of advancement opportunities. In fact, only 20% of respondents are satisfied with their salary to some extent, while 80% are dissatisfied. In addition, 57% believe that the low recognition of work achievements and the lack of rewards according to these achievements negatively affects their work motivation. Only 14.5% of civil servants are satisfied with their job advancement, which they claim is infrequent and carries only nominal benefits. However, different employee profiles are differently affected by particular factors of motivation. For example, the significance of salary as a factor of motivation increases with work experience and personal life developments (such as starting a family).

Civil servants are also dissatisfied with compensation for overtime, which is frequently necessary given that EU/IPA jobs require regular meetings with institutions and individuals whose work schedules are not aligned with that of the Serbian public administration. While almost 32% of civil servants work over 6h of overtime per week, only 9% of that overtime is compensated financially, while around 4% receives some form of non-monetary compensation, usually in the form of days off (which the employees claim that they can rarely actually make use of).

Apart from job dissatisfaction among civil servants, the research reveals a lack of flexibility in the HRM system. Namely, the responsibility of managing human resources is completely placed on the managers who do not have the adequate support of the units which should be in charge of HR. Interviewed managers are most frustrated with the lack of mechanisms with which they could recognise and reward the work of their employees, so they frequently need to utilise informal measures which circumvent the rigidity of the HRM system (e.g. flexible work schedule, motivational talks). Managers additionally emphasise that performance grading, as one of the few measures available to the managers, does not serve the purpose of recognising and removing individual work shortcomings because it is inadequately used, so that the majority of employees receives the highest grades.

The research also indicates a low level of managerial skills, which is best seen through the discontent of employees with the division of workload and the inability of the managers to recognise the affinities and skills of their employees. Namely, almost 57% of respondents believe that the workload is not equally divided among coworkers within their units, while over 60% claim that they do not have the possibility to be engaged on tasks they perform the best on a daily basis.

Despite these insights, the research indicates that the civil servants currently working on EU/IPA tasks remain devoted to their jobs, as well as to their colleagues, which suggests that a quality staff retention policy could succeed in retaining these categories of employees. In fact, while only around 13% of respondents are very satisfied with their job, over 60% are somewhat satisfied. Additionally, 86% of respondents indicate that they partially or fully identify with the goals and values of their job, and the same percentage feels that they have the necessary support of their colleagues. These results indicate that these civil servants generally like their jobs and that establishing adequate measures for retaining them could prevent the further outflow of quality employees.

52.5% of respondents have received a job offer outside of the public administration within the last year.

Options for introducing a staff retention policy

Options for introducing a staff retention policy were identified by taking into consideration the characteristics of the current public administration system in Serbia, the context of the wider public administration reform, as well as comparative practices identified in the EU member states. Apart from the **status quo option**, which implies the continuing absence of centrally implemented staff retention measures and reliance on the skills and

creativity of individual managers, this research has recognised three options for introducing a staff retention policy. In accordance with consultations with relevant stakeholders, **option 2 was chosen as the most appropriate for an effective and quick resolution of the turnover problem, as well as the establishment of a sustainable staff retention policy in the long term.**

	OPTION DESCRIPTION	PRIMARY WEAKNESSES
1	Option 1 entails the separation of EU/IPA jobs from the wider system through special measures exclusively intended for these employee categories (not taking into account the possible need for retaining other priority staff).	The option would be perceived as unjust by the remaining public administration staff. Hence, it could potentially create resistance in cooperation and deteriorate coordination processes within the systems and institutions.
2	This option entails integrating the EU/IPA staff retention policy within the wider HRM reform . Additionally, it proposes “ piloting ” concrete staff retention measures firstly on EU/IPA staff, which would enable that only the most successful measures are applied to other priority staff.	Option 2 might need more time for implementation (compared with option 1), but this problem is averted by introducing urgent measures recommended below. However, another relevant issue is that policy piloting is not a common practice in Serbia and could cause resistance during the preparation and implementation processes.
3	Systemic approach to conceptualising and implementing a staff retention policy for priority staff categories in the public administration, without piloting them on EU/IPA employees.	This option requires a much longer implementation period and does not prevent further staff outflow in the meantime, thus potentially increasing the overall indirect costs of implementing this policy.

Recommendations

Taking into consideration the current staff turnover and employee discontent, several groups of recommendations have been identified. **Group I** encompasses urgent, short-term recommendations, which do not require legal interventions and can be implemented quickly. **Group II** entails systemic recommendations, while **Group III** is comprised of smart staff retention policy measures which should firstly be piloted on EU/IPA employees. Proposed measures need to be combined with enhanced policies of employee recruitment and selection, professional development, and quality induction and job handover procedures, in order to prevent the further deterioration of the institutional memory and enable job continuity.

I Urgent measures for preventing staff outflow

- (1) Enabling **compensation for engagement in negotiating groups and sectoral groups** for programming and monitoring committees within the EU funds management system. Monthly compensation for involvement in working groups should depend on attendance on working group meetings, while cumulative compensation for participating in multiple working groups should not be allowed. Additionally, it is possible to introduce one-time bonuses for units whose projects are ready for execution.
- (2) Give a recommendation to all managers to, in accordance with the legal framework, put effort into

regularly providing compensation for overtime to EU/IPA employees. This should be done in accordance with both the legal constraints, as well as the actual number of overtime hours. Additionally, it is essential to secure the resources necessary for this type of financial compensation.

(3) Change the government decision which establishes the **daily subsistence allowance for work trips** so that allowance is increased for EU/IPA trips to Brussels (or exceptionally other locations), as well as on the spot checks in the country. Additionally, it is important to consider rising the allowance for study trips.

(4) Give a recommendation/order to all managers to, **promote** those employees, who have fulfilled the legal conditions for this type of promotion, **to a higher salary level**. This should be done according to the legal framework. Recommendations for particular promotions should be given by managers of the responsible sectors.

(5) Give a recommendation to all government bodies and agencies to amend their rule books on internal organisation and systematisation of work positions so that they more **clearly, precisely, and comprehensively describe the requirements for EU/IPA jobs**, with the support and council of the European Integration Office and the Human Resource Management Service. Where relevant work positions are missing from the rule books, they should be introduced according to the existing workload analyses.

(6) After amending the rule books, the employment ban should be abated and **recruiting new employees** for available EU/IPA positions could begin. The sequence of these recommendations is of utmost importance given that, before enabling the recruitment of new employees, the space for malpractice should be reduced.

(7) Continue and intensify the implementation of projects (potentially financed by available EU funding) for sending recently employed EU/IPA civil servants to **internships and high quality trainings in EU member states** (with adequate scholarships provided). These programmes could be made available especially to staff who has been working on EU/IPA jobs for a number of years, and who need additional motivational incentives and specialised professional training.

(8) Give a recommendation/order to all managers of public administration bodies and government agencies to enable **flexible work schedules in accordance with the job requirements** for staff working on EU/IPA jobs, in order to align their working hours with those of the European Commission and other relevant external partners.

(9) In accordance with the recommendations of the managers of relevant units and sectors, **a contact database of EU/IPA experts working in public administration bodies** should be formed. Engaging these experts outside of their daily tasks should be additionally financially compensated. Furthermore, even if some of these employees eventually leave their public administration jobs, this outflow could potentially be less costly for the state, given that the experts would remain available on a contractual basis.

II Systemic reforms in human resource management

Given that some of the issues employees are faced with arise from systemic deficiencies in the HRM system of the Serbian public administration, the policy study offers an array of recommendations in the context of the wider reform of the civil service system. These recommendations address particular issues recognised in the research and focus on: improving the position and capacities of HR units, developing managerial skills, introducing a system of competencies, reforming the grading system, et cetera.

III Smart staff retention measures

This group of recommendations aims to provide a framework for a smart and sustainable staff retention policy which can be successfully integrated into the overall HRM policy and is comprised of five categories: **(i)** financial measures; **(ii)** measures related to advancement and rewards; **(iii)** measures related to professional development and training; **(iv)** measures for building a community of practitioners and enhancing job embeddedness; **(v)** measures for improving managerial skills.

A general recommendation for implementing a staff retention policy is introducing a special body (working group) for monitoring the implementation of the policy in order to prevent malpractice. The work of this body would have to be fully transparent and the body itself should be comprised of experts from EU/IPA fields, as well as external members (e.g. representatives of the expert community, civil society, and others).

**The full list of recommendations is available in the policy study, which can be accessed at: www.cep.org.rs/.*

About CEP:

CEP is a non-governmental, non-profit, independent think tank, established by a group of experts in the fields of EU Law, EU Affairs, Economics and Public Administration Reform. The overall aim is to support the enhancement of the policymaking environment in Serbia, by making it more open, inclusive, evidence-based, and essentially EU accession driven.



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and Cooperation SDC

The research was conducted within the German-Serbian development cooperation programme Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and the project "Support to EU Accession Negotiations in Serbia." Additional financial support was provided by the Social Inclusion and Poverty Reduction Unit of the Government of the Republic of Serbia (SIPRU). During project implementation, CEP successfully cooperated with the European Integration Office, which is the main beneficiary.